

A Note From Paul Hoffmann



It was great to talk with so many of you at our recent Shareholders Meeting. As the President & CEO of Monona Bank, this event is always one of my favorites of the year and I am glad so many shareholders were able to attend. For those of you who were unable to attend, you will find important information regarding your investment that was discussed at the meeting, including the dividend announcement.

I want to introduce you to our first Monona Bankshares quarterly newsletter. As I mentioned at the Shareholder Meeting, we are very excited about the work we are doing to grow both your investment and our bank. This newsletter will give us a chance to provide you with updates on your investment in Monona Bankshares in a timelier manner than in the past. Beginning with this issue, look for a newsletter full of financial updates and key performance information about your investment each quarter.

Monona Bankshares News

One of the most frequent questions we are asked is how is the merger going? I am happy to share that after nearly a year the overall performance we have achieved is going better than we expected. Growth is the word I would use to best describe the past year. You may find it hard to believe that Monona Bank is on its way to becoming a billion-dollar bank, with \$899 Million in assets at the end of 2017. That is a five-year asset growth of 148% (from \$362 Million EOY 2012).

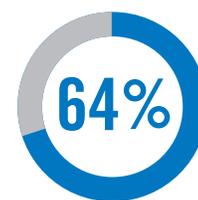
This year the theme is still growth and acquisition of good clients, although we need to accomplish the growth with increased profitability. Of course, our net income was impacted by one-time expenses this past year due to the transaction. Our Earnings per Share (EPS) was \$5.91 last year after one-time expenses, or \$8.44 taking out the merger related and deferred tax expenses. It would have been a \$.48 increase over the previous year EPS of \$7.96.

The Book Value of the Monona Bankshares, Inc. stock has now grown to \$116.22 which is a 5.91% increase in value over the previous year. Our recent independent stock valuation, we annually complete for our Dividend Reinvestment Plan, increased from \$120.02 per share to \$135.08 per share or almost a 13% increase in value.

Dividend Announced

Monona Bankshares, Inc. announces a quarterly dividend for 2018 of \$0.69, a 6.2% increase over 2017. This dividend is payable to shareholders of record as of April 17, 2018. For shareholders in our Dividend Reinvestment Plan (DRIP), the purchase price of additional shares is \$135.08/ share. If you are not enrolled in our DRIP, your dividend check is enclosed. On an annualized basis, this dividend is \$2.76 per share. Monona Bankshares, Inc. has paid dividends to shareholders since 1994.

DID YOU KNOW?

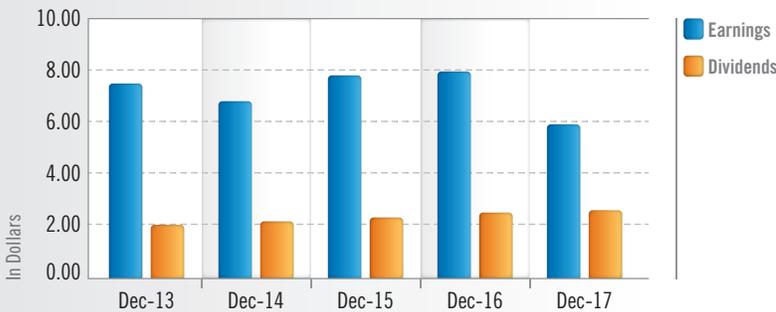
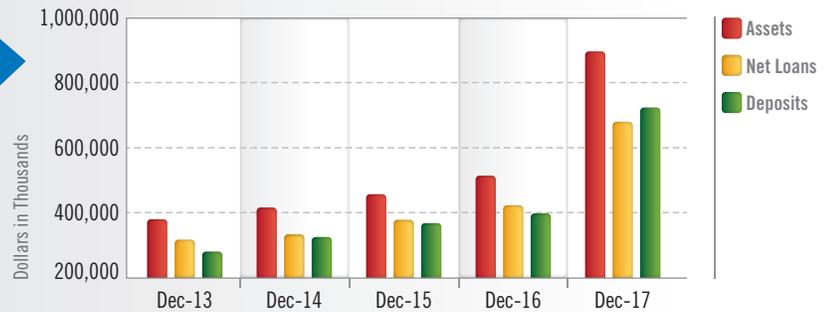


of shareholders are enrolled in our Dividend Reinvestment Plan!

If you are not currently enrolled in our DRIP but would like to take advantage of this plan to purchase additional shares, contacts are listed on the back.

ASSETS, NET LOANS AND DEPOSITS

- Assets total \$899.4 million; 10.3% in growth since Mar-17
- Net loans \$683.1 million; 10.1% in growth since Mar-17
- Deposits \$726.2 million; 11.3% annualized growth since Mar-17
- Middleton Community Bank (MCB) transaction added \$307.0 million in total assets



PER SHARE DATA

- MCB operations in for all of 2017
- December 2017 data includes expense of \$2.20 per share related to MCB merger
- 2017 quarterly dividend was being paid at an annualized rate of \$2.60 per share
- Total shares outstanding of 709,401 as of December 2017

BOOK VALUE PER SHARE

- Book value includes issuing 206,666 shares for the MCB transaction
- Book value has increased 5.9% since Dec-16
- 64% of Shareholders participate in dividend reinvestment plan



Year	Total Shares Bought/Sold	High	Low
2017	14,134	\$145.00	\$105.00
2016	10,608	\$105.00	\$94.17
2015	13,767	\$105.00	\$91.00
2014	7,599	\$95.00	\$90.00
2013	17,220	\$95.00	\$85.00

STOCK SALE INFORMATION

Have questions about your stock?
 Interested in buying or selling shares?
 Want to enroll in the dividend reinvestment plan (DRIP)?

PLEASE CONTACT:

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