

A Note From Paul Hoffmann



It was great to see so many of you at our recent Monona Bankshares Annual Shareholder Meeting. For those who were unable to attend, I want to let you know what happened at the meeting.

First, congratulations to **Mike Blake**, **Chris Homburg**, and **Ron Krantz** who were re-elected to three-year terms on the Board of Directors. I look forward to continuing to work with them.

At the meeting, our shareholders voted to amend our holding company's Articles of Incorporation to increase Monona Bankshare's authorized common stock from 1,500,000 shares to 6,000,000 shares. This increase in stock allows us to do a Board approved stock dividend transaction. Commonly, this stock dividend transaction is referred to as a "stock split", yet it is referred to legally as a "stock dividend."

Since we have not done a stock dividend for many years, I want to make sure everyone understands how this affects their investment. We will issue three (3) additional shares of common stock for each share of common stock outstanding you now own for a total of four (4) "split adjusted" shares. ***Please note, this stock dividend does not increase the overall book value of the stock you hold, it just means you have more shares in Monona Bankshares, Inc.***

The statement from our stock transfer company, AST, was mailed out with your "split adjusted" stock summary indicating the number of shares you now own. Monona Bankshares currently has 725,396 shares of common stock issued and outstanding. After our authorized shares are increased to 6,000,000 and the stock dividend is completed, we will have 2,901,584 shares issued and outstanding, with additional shares to be held in reserve that could be used to raise capital in the future. This stock dividend is not intended to be a taxable event for shareholders pursuant to Internal Revenue Service Code §305(a).

While our bank is very fortunate to have many long-term shareholders, we realize a few of you may need to sell your shares at some point. Prior to the stock dividend, our book value was about \$124 per share so now the book value will be about \$31 per share ($\$124/4 = \31). The Board is confident the stock dividend should make our stock even more attractive to investors at the "split adjusted" price.

I am also pleased to announce our Board recently approved an increase in our quarterly dividend (split adjusted) for 2019 to \$0.18 per share (from \$0.1725 in 2018). This dividend will be paid on **May 10, 2019** to shareholders of record as of **May 3, 2019**. On an annualized basis, the dividend will be \$0.72 per share (up from \$0.69 per share last year).

For shareholders not in our Dividend Reinvestment Plan (DRIP), your quarterly dividend check is enclosed in this mailing. To make it even faster and easier next time, ask us how we can direct deposit the dividend check into your account. For shareholders in our DRIP, the purchase price of additional shares is \$32.07 per share (split adjusted). If you are not currently enrolled in our DRIP but would like to learn more about how you can take advantage of this plan to purchase additional shares, please contact us.

Finally, we've included updated financials through the first quarter of 2019 on the reverse side of this newsletter. As always, if you have any questions regarding your investment in Monona Bankshares, please contact either Tim Ryan (608-223-2193), Joanne Bell (608-223-2187) or me at (608-223-2183.)

Thank you for your investment in our locally-owned Monona Bank.



FINANCIAL HIGHLIGHTS

AS OF MARCH 2019

All dollars in thousands except Per Share amounts.

	Total Assets	Total Net Loans	Total Deposits	ROA	ROE	YTD Per Share	
						Earnings	Dividends
2015	\$ 458,775	\$ 377,962	\$ 367,518	0.91	7.71	1.95	0.59
2016	\$ 514,717	\$ 420,596	\$ 395,309	0.84	7.43	1.99	0.63
2017	\$ 899,398	\$ 683,114	\$ 726,156	0.50	4.33	1.48	0.65
2018	\$ 913,043	\$ 730,006	\$ 739,824	0.86	7.57	2.61	0.69
Q1 2019	\$ 894,492	\$ 745,356	\$ 709,163	0.80	7.01	0.61	0.18
5 yr. Growth	95%	97%	93%				

