

## A Note From Paul Hoffmann



Due to the coronavirus (COVID-19) situation, I am disappointed I did not have a chance to speak with you personally at this year's annual shareholder meeting since we had to create alternative plans. Although I am happy to share some good news with you, namely that Monona Bank had one of our best years ever in 2019. We are confident our merger with Middleton Community Bank in 2017 is now completed and we're now truly operating as the more efficient, unified bank we knew we would be. We've included some of our bank's key 2019 financial highlights with this letter.

I am pleased to announce our board authorized a cash dividend for Q1 which is 5.6% higher than last year, or \$0.19 per share, per quarter, (\$0.76 if annualized). This dividend will be paid to shareholders of record as of February 18, 2020 and paid on April 28, 2020. The dividends are approved quarterly at the discretion of the board based on bank performance. I am also happy to share that shareholders voted to approve **Mark Burish**, **Tim Carey** and **Tom Gannon** to serve on our board for another three-year terms. I look forward to continuing to tap into their experience in the coming years. We are going to need it this year especially.

Obviously, the biggest things our bank is dealing with right now are all the issues related to the COVID-19 crisis. While we are still not sure of the extent of the impact, our bank is already taking many calls from our business, mortgage and other clients who are looking for financial assistance. I can honestly say I have never been prouder to be part of a community bank and our team. We've always said we believe in "strength in neighbors" and we're truly getting the opportunity to show our communities we mean it.

Our bank is providing assistance to impacted clients in many ways — from helping our small business clients to understand and submit their loan applications through the Paycheck Protection Program and other programs, to keep their businesses operating and people employed, to working with our mortgage, credit card and other loan clients who have been impacted by this crisis with payment deferrals, we're here for our clients and our communities. We've closed our lobbies and sent as many of our associates home to work as possible to help prevent the spread of the virus. However, as an "essential" business, our bank remains open to serve our client's financial needs through our drive ups, online apps, call center and in-person meetings as requested.

As far as the financial impact to our bank from COVID-19, it is too early to know. What I can tell you is that due to the low mortgage rates, we are having one of our best years ever for mortgage originations. We try to be disciplined as we underwrite business loans, balancing our desire to make loans with our need to minimize losses. But as this crisis evolves, we will continue to monitor the situation closely but remain hopeful that unlike with the 2008 financial crisis, we do not anticipate a prolonged distressed period. We will continue to work proactively with impacted clients to ensure we all make it through this crisis with as little financial impact as possible.

We will continue to update you on how your bank is doing in future quarterly updates. As always, thank you for your investment in our bank. I wish you the best of health.

Warm regards,

Paul Hoffmann

## Dividend Update

Monona Bankshares, Inc. announces a first quarterly dividend for 2020 of \$0.19 per share. This dividend is payable on April 28, 2020 to shareholders of record as of February 18, 2020. On an annualized basis, this dividend is \$0.76 per share. For shareholders in our Dividend Reinvestment Plan (DRIP), the purchase price of additional shares is \$32.07/share. If you are not enrolled in our DRIP, your dividend check is enclosed. **If you are not currently enrolled in our DRIP but would like to take advantage of this convenient way to purchase additional shares, contacts are listed on the back.**

## DID YOU KNOW?

**Monona Bank had a record year for mortgages in 2019 and was the leading lender among all banks in Dane County. From all early indications, 2020 will surpass 2019.**

	END OF PERIOD COMPARISONS				
	Mar-20	2019	2018	2017	2016
Total Assets *	\$ 947,127	\$ 957,147	\$ 913,043	\$ 899,398	\$ 514,717
Total Net Loans *	\$ 785,473	\$ 779,762	\$ 730,006	\$ 683,114	\$ 420,596
Total Deposits *	\$ 772,649	\$ 791,037	\$ 739,824	\$ 726,156	\$ 395,309
ROA	0.81%	0.97%	0.86%	0.50%	0.84%
ROE	7.01%	8.45%	7.57%	4.33%	7.43%
Earnings *	\$ 1,918	\$ 8,894	\$ 7,469	\$ 4,138	\$ 3,926
Total Equity *	\$ 101,100	\$ 98,524	\$ 88,655	\$ 82,444	\$ 54,145
Average Shares	2,929,708	2,902,067	2,861,101	2,802,062	1,972,508
Ending Shares	2,932,295	2,921,087	2,878,640	2,837,604	1,973,384
EPS YTD	\$ 0.65	\$ 3.06	\$ 2.61	\$ 1.48	\$ 1.99
Book Value	\$ 34.48	\$ 33.73	\$ 30.80	\$ 29.05	\$ 27.44
Recent Sales Price	\$ 42.00	\$ 42.00	\$ 36.25	\$ 35.00	\$ 27.50
Price to Book	1.2	1.2	1.2	1.2	1.0
Price to Earnings	13.5	13.7	13.9	23.9	13.2
Texas Ratio	2.02%	1.78%	3.24%	5.82%	5.65%
NPA/Assets	0.25%	0.22%	0.39%	0.68%	0.67%
<b>DIVIDEND INFORMATION</b>					
Dividend Per Share	\$ 0.190	\$ 0.720	\$ 0.690	\$ 0.650	\$ 0.625
Dividend Payout Ratio	29.02%	23.49%	26.43%	44.01%	32.08%
Yield Based on Recent Price	1.81%	1.71%	1.90%	1.86%	2.27%

## 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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