

A Note From Paul Hoffmann



I hope everyone is staying healthy and doing as well as possible as we continue through the ups and downs of the ongoing Covid-19 crisis. While no one knows what the next six months will bring, I am pleased to let you know that our bank's YTD results for the first six months of 2020 show we are having an exceptional year so far.

Currently, Monona Bank is on pace to have the best net income year in our history, and June was a record net income month for our bank. As we discussed during the shareholder meeting this Spring, the biggest unknown for 2020 will be asset quality and the impact the economic slowdown will have on our business and retail clients. As a community bank, we are committed to working with our clients through this crisis, because we truly believe in "Strength in Neighbors." The impact on our bank is still unknown but could lower net income prospects as the year progresses.

One of the biggest contributors to our record to date has been the work of our Business Banking team, providing SBA Paycheck Protection Program (PPP) loans to area businesses who needed help keeping their doors open and their employees employed. Our business banking team, together with many other associates, got up to speed on the continually evolving PPP loan rules and we were able to provide 734 PPP loans worth \$79,514,400 to Dane County area businesses. While the sheer volume of loans is impressive, even more amazing is that these loans meant 8,897 of our neighbors were able to remain working rather than being furloughed or let go. I have never been prouder to be part of a community bank and our amazing team of bankers.

Equally important in helping us beat prior profitability records this year has been the continued strength of our mortgage area. To say our mortgage team, led by our EVP Mortgage Lending, Marcia Howe, has been busy is an understatement. We have closed more than three times as many loans in the first half of this year compared to the same period last year. While we realized our highest income ever from mortgages last year in 2019, we have already surpassed that record income for the entire year of 2019, in just the first six months of 2020 – by a whopping 23%! With record-low interest rates, and the ease of our simple on-line (and contactless) technology we offer during this pandemic, new mortgage applications continue to come in at a record-high pace. This means Marcia and her team will continue to work extra hours to keep up with the volume and we expect continued record mortgage numbers for the remainder of 2020.

Like all communities, our bank continues to deal with issues related to the COVID-19 crisis, as well as the changing regulations from local health and other officials. Currently our lobbies remain closed to walk in visitors, although we still offer appointments for those who need in person assistance. Our drive throughs and online/phone services remain busy. We continue to get calls from our business, mortgage and other clients looking to see how we can help them through this crisis, but as far as the financial impact to our bank, it is still too early to know. We will continue to closely monitor the situation as it evolves and 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 regarding how your bank is doing in future quarterly updates. As always, I thank you for your investment in our bank and wish you the best of health.

Warm regards,
Paul Hoffmann

Dividend Update

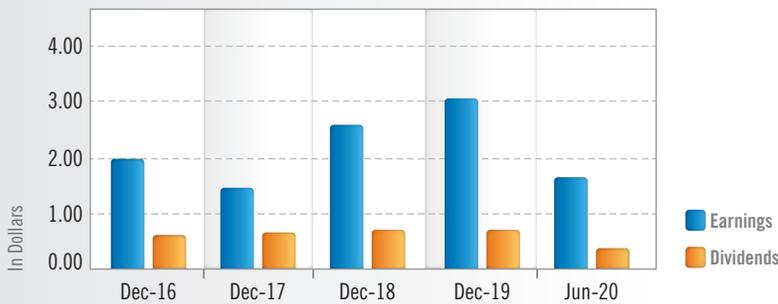
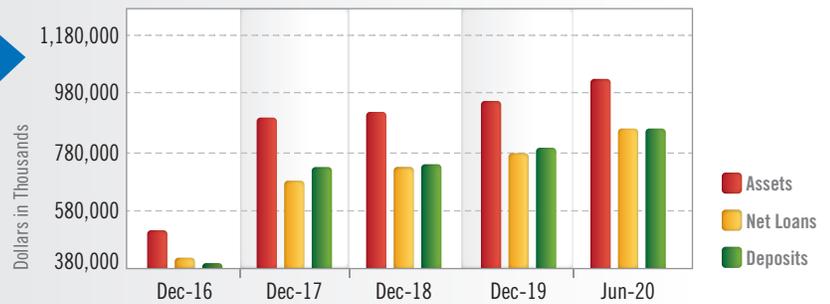
Monona Bankshares, Inc. announces a Q2 cash dividend of \$0.19 per share per quarter (\$0.76 per share on an annualized basis). This dividend is payable on July 23, 2020 to shareholders of record as of June 16, 2020. For shareholders in our Dividend Reinvestment Plan (DRIP), the purchase price of additional shares is \$36.27/share. The dividends are approved quarterly at the discretion of the board based on bank performance. 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?

In the first six months of 2020, Monona Bank recorded more mortgages in Dane County than any other bank!

ASSETS, NET LOANS AND DEPOSITS

- Assets total \$1.03 billion; 8.0% in growth since Dec-19
- Net loans \$892.8 million; 10.6% in growth since Dec-19; includes \$78.0 million in PPP lending
- Deposits \$862.9 million; 9.1% growth since Dec-19
- Middleton Community Bank (MCB) transaction added \$307.0 million in total assets from Dec-16 to Dec-17



PER SHARE DATA

- MCB operations included for all of 2017
- December 2017 data includes expense of \$0.46 per share related to MCB merger
- Dividend is being paid at an annualized rate of \$0.76 per share
- Total shares outstanding of 2,946,065 as of June 2020 reflects 3 for 1 stock dividend paid May 2019

BOOK VALUE PER SHARE

- Book value includes issuing 826,664 shares for the MCB transaction
- Book value has increased 29.1% since Dec-2016
- 70% of Shareholders participate in dividend reinvestment plan



| Year | Total Shares Bought/Sold | High | Low |
|------|--------------------------|---------|---------|
| 2019 | 23,934 | \$42.00 | \$35.00 |
| 2018 | 42,136 | \$36.25 | \$33.75 |
| 2017 | 56,536 | \$36.25 | \$26.25 |
| 2016 | 42,432 | \$26.25 | \$23.54 |
| 2015 | 55,068 | \$26.25 | \$22.75 |

STOCK 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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