

A Note From Paul Hoffmann



I hope everyone is staying healthy and doing well as we continue to navigate through the uncertainties of the ongoing Covid-19 pandemic and upcoming elections. While no one knows what the coming months will bring, I am pleased to report that your bank is continuing to have an exceptional year.

Monona Bank remains on pace to have the best net income year in our history. The biggest unknowns for the rest of 2020 and beyond continue to be asset quality and the impact the economic slowdown will have on our business and retail clients, though we are doing everything we can to lessen the impact of both. As a community bank, we remain committed to working with our clients through this crisis to help ensure we all get through this together in good shape.

I am very excited to share that the remodel of our Atwood location is complete. The renovation on the 1923 Frank Riley designed building included a full modernization of the building's rotunda and lobby, as well as the installation of multiple community conference rooms and even a podcasting room. Monona Bank partnered with local business owners, Paul and Kim Schwoerer, who run two popular Madison-area businesses, Paul's Pel'meni and Oasis Café, to operate the new in-lobby Rotunda Café coffee shop. Business at the café continues to grow and I encourage all of you to stop by and check out our exciting newly remodeled bank and community space. And the food and coffee are excellent!

As I mentioned last quarter, our bank was heavily involved with the SBA's Paycheck Protection Program (PPP) loan program giving out almost \$80 million in loans. These 717 loans continue to be a learning process for everyone. While many clients who took out larger PPP loans are beginning the loan forgiveness process, we are expecting the rules may change to make the forgiveness process easier for the smaller loans. Either way, I am very proud of the way our team has partnered with our clients to help them manage through this crisis, saving jobs and even businesses.

Our mortgage area continues to set records in both new loan originations and profitability. Clients find our easy to use technology combined with our experienced lending team makes us the best choice. Do you know someone buying a home or needing to refinance? We will take great care of your referrals. We have helped hundreds of new and existing clients take advantage of some of the lowest mortgage rates on record. Mortgage income in the first three quarters of 2020 has shattered all previous records, with YTD income exceeding the income earned over the past five years – combined!

Like everyone, our bank continues to deal with COVID-19 issues. We have had several associates test positive for the virus, and at this time, our lobbies remain closed to walk in visitors, although we still offer appointments for those who need in person assistance, and our drive throughs remain busy. As far as the financial impact to our bank, it is still too early to say. We believe 2021 could be a challenging year for us, but we have a solid client base to grow from and an experienced team of bankers. Further, we will continue to work with impacted clients to ensure everyone makes 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

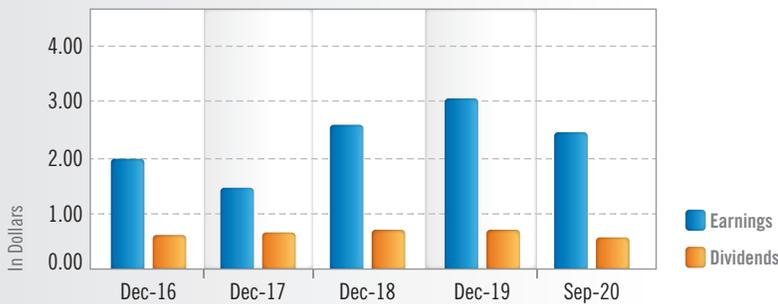
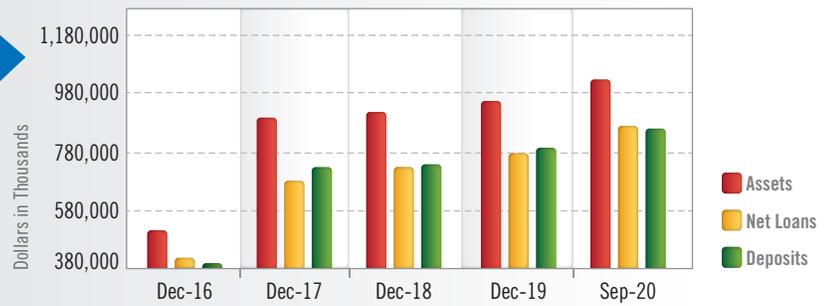
Monona Bankshares, Inc. announces a Q3 cash dividend of \$0.19 per share per quarter (\$0.76 per share on an annualized basis). This dividend is payable on October 23, 2020 to shareholders of record as of September 15, 2020. For shareholders in our Dividend Reinvestment Plan (DRIP), the purchase price 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?

Monona Bank was voted Dane County's "Best Bank" in the 2020 Star of Madison Awards.

ASSETS, NET LOANS AND DEPOSITS

- Assets total \$1.03 billion; 7.7% in growth since Dec-19
- Net loans \$869.8 million; 11.6% in growth since Dec-19; includes \$80.0 million in PPP lending
- Deposits \$856.2 million; 8.2% 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 2,956,437 as of September 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 31.5% 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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