

A Note From Paul Hoffmann



It is incredible how fast the year has flown by and that it is already October. At least we've been able to enjoy some beautiful fall weather. Before I share some updates on how your investment is doing this year, I want to share some exciting news — Monona Bank was voted Dane County's Best Bank in the recent People's Choice Awards conducted by Madison.com. I am very proud of this award as it shows that all the hard work our team puts into "making banking extraordinary" is being recognized by our clients and communities.

I want to share some quick updates on our performance this year. Overall, we are having another fantastic year. In fact, compared to 2020, our assets increased by 11% to \$1.14 billion; net loans have increased 5% to \$915 million; and deposits are up 16% to \$995 million. Much of this growth has been driven by two areas this year: our PPP loan program and the mortgage area.

While the PPP loan program has been very beneficial to our bank, our involvement with the PPP loan program is winding down. This program has been very successful for our bank — we earned just over \$2 million in PPP loan fees in 2021 (about half of what we earned in 2020) due to changes in the program. Of the 1,460 PPP loans we completed since the program began, we only have about 280 that still need to be forgiven and expect to have less than 100 outstanding PPP loans by the end of this year. In addition to the financial impact of these loans, they had other positive impacts on both our bank and our communities. First, assuming 10-15 FTEs were kept on the payroll for each PPP loan, means we helped more than 15,000 of our neighbors to keep working during the pandemic. Now that is strength in neighbors! Also, we are now using the software tool we bought to help us originate and submit the PPP loans for many other non-PPP things that are helping to make our bank more efficient and convenient for our clients and associates.

While experts continued to predict a mortgage slow down over the past several years, our mortgage team, led by Marcia Howe, are having another incredible year. They've originated \$162 million in closed mortgages, for more than 600 clients, so far this year. They sold 62% of our new mortgages to the secondary market resulting in YTD gains of \$2.4 million, plus we've made an additional \$945,000 on our mortgage servicing work. Following our record 2020 year and despite rising home prices and limited inventory of homes for sale today, our new loan originations continue to run much higher than normal as we look to have our second-best year ever.

We will continue to update you on how your bank is doing in future quarterly updates. If you have not already checked it out, remember that we have posted our bank's current financial information on our Monona Bankshares web site at mononabankshares.com. We have also included contact information on the back of this newsletter in case you have any questions about your investment.

As always, thank you for your investment in our bank.

Paul Hoffmann

Dividend Update

Monona Bankshares, Inc. announces its third dividend for 2021 of \$0.21 per share. This dividend is payable on October 21, 2021, to shareholders of record as of September 21, 2021. On an annualized basis, this dividend is \$0.84 per share, or 5% over our 2020 dividend.

For shareholders in our Dividend Reinvestment Plan (DRIP), the purchase price of additional shares is \$38.20 (up 5.3% from \$36.27/share a year ago). If you are not yet enrolled in our DRIP, your dividend check is enclosed.

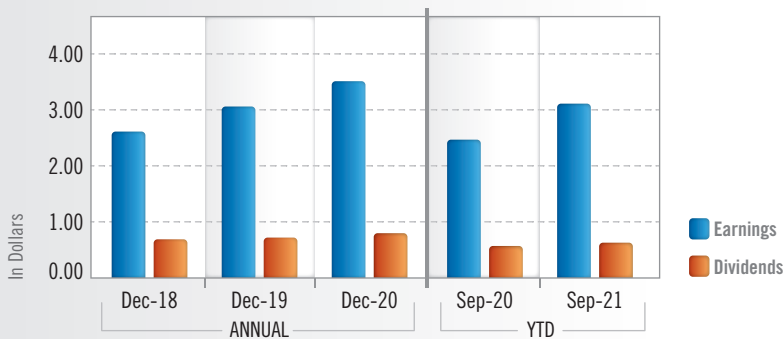
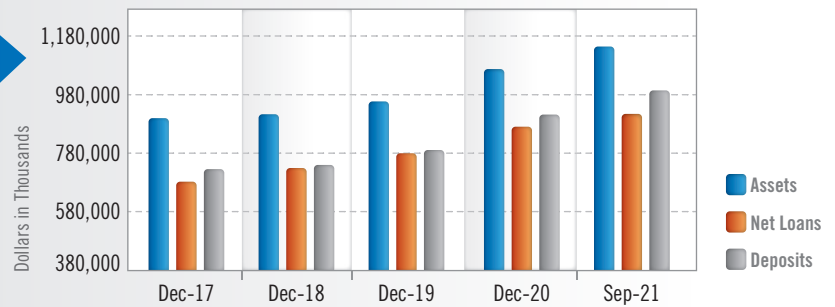
If you are not currently enrolled in our DRIP but would like to take advantage of this convenient way to purchase additional shares, contacts are listed on the back.



> Strength in neighbors.

ASSETS, NET LOANS AND DEPOSITS

- Assets total \$1.14 billion; 11% in growth since September-20
- Net loans \$914.8 million; 5% in growth since September-20
- Deposits \$994.5 million; 16% growth since September-20
- Growth impacted by PPP originations

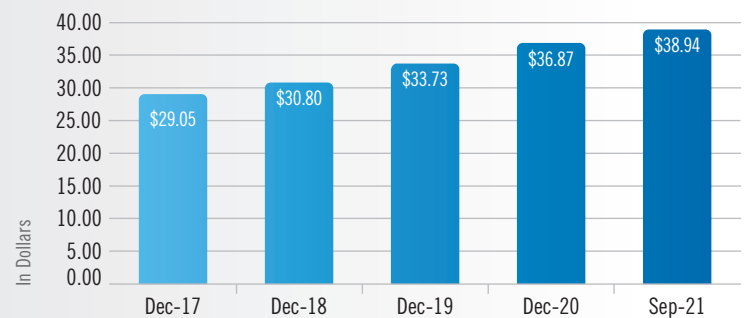


PER SHARE DATA

- The Dividend Reinvestment valuation amount is \$38.20 per share
- 2020 Dividend Payout Ratio was 23%; Dividend as percent of book value is 2.2%
- Dividend is being paid at an annualized rate of \$0.84 per share, 5% increase over 2020 dividend
- Total shares outstanding of 3,006,061 as of September 2021 reflects 3 for 1 stock dividend paid May 2019

BOOK VALUE PER SHARE

- Book value includes issuing 826,664 shares for the Middleton transaction
- Book value has increased 42% since Dec-2016
- 65% of Shareholders participate in dividend reinvestment plan



Year	Total Shares Bought/Sold	High	Low
2021	17,107	\$48.00	\$44.80
2020	21,233	\$45.00	\$41.00
2019	23,934	\$42.00	\$35.00
2018	42,136	\$36.25	\$33.75
2017	56,536	\$36.25	\$26.25

STOCK INFORMATION

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

PLEASE CONTACT:

Paul Hoffmann (608) 223-2183
 Tim Ryan (608) 223-2193
 Joanne Bell (608) 223-2187