

A Note From Paul Hoffmann



Happy 2020! I am happy to share with you that Monona Bank ended 2019 in great shape financially. In fact, we had our best year ever for Net Income and Pre-tax Net Income and reached our highest asset level during the year as well (which we subsequently surpassed in early 2020). These results were driven by four main factors — higher than expect mortgage volumes, income from Loan Swap referrals and lower FDIC premiums, as well as a lower loan loss provision versus the prior year.

While 2019 was a record year for the reasons mentioned above, we are also pleased that we were able to manage net interest margin during a pretty volatile interest rate environment. The volatile rates helped to drive our extra income in 2019, because we were well positioned to take advantage of the volatility. With rates beginning to stabilize this year, it could likely mean a little less income in 2020.

We had a very busy 2019 and our team completed a wide array of projects to both retain and gain clients, including a new web site (mononabank.com); an improved online consumer loans/credit card application; as well as an increased social media presence. These projects, together with the numerous improvements we've completed to our backend operations capabilities strengthen our abilities to meet the needs of clients and prospects however they wish to interact with us.

I'd also like to thank all of you who have referred potential shareholders and clients to us in the past year. We've seen a lot of interest in shares recently and I sincerely believe that your referrals, as owners in Monona Bank, are truly the best we can ever receive. Keep the referrals coming! Also, if you're looking to consolidate your banking as you're getting older, we'd love for you to consider us. You'll find we offer very competitive rates and have an experienced team of bankers to partner with you to ensure all your financial needs are met. Plus, you'll be reinvesting in your bank.

I look forward to sharing more information about the bank's financial performance and all the great projects we're working on to continue to grow our bank, and your investment, at the **2020 Annual Shareholders Meeting on Thursday, April 23rd**. Please save the date and plan to attend as I am excited to share with you how our bank is doing and what we're working on this year.

Dividend Update

Monona Bankshares, Inc. announces a fourth quarterly dividend for 2019 of \$0.18 per share. This dividend is payable on January 21, 2020 to shareholders of record as of December 17, 2019. On an annualized basis, this dividend is \$0.72 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?

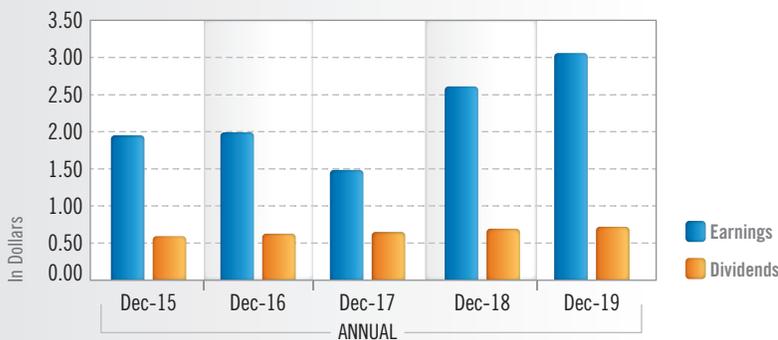
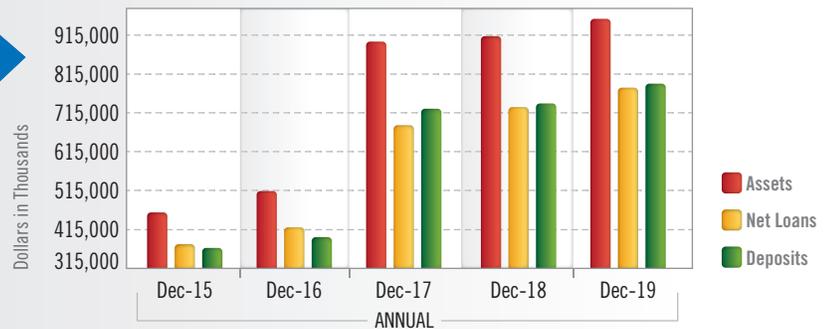
Monona Bank was the fourth largest mortgage originator in Dane County in 2019 — and 1st among all banks in Dane County.



> Strength in neighbors.

ASSETS, NET LOANS AND DEPOSITS

- Assets total \$957.4 million; 4.9% in growth since Dec-18
- Net loans \$779.8 million; 6.8% in growth since Dec-18
- Deposits \$790.5 million; 6.9% growth since Dec-18
- Middleton Community Bank (MCB) transaction added \$307.0 million in total assets

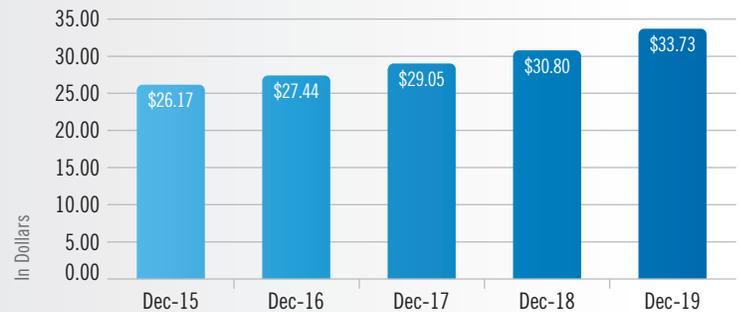


PER SHARE DATA

- 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 \$0.72 per share
- Total shares outstanding of 2,921,087 as of December 2019 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 28.9% since Dec-2015
- 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 SALE 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