

## A Note From Paul Hoffmann



Happy 2021! If anyone had told me last January that we were going to have a worldwide pandemic, have to shut down our branches for ten months, and move 80% of our associates home to work; while still achieving more than \$110 million of balance sheet growth and record profits for 2020, I would not have believed them. Before I get into the year we had, I want to tell you that in addition to the Q1 dividend of \$0.19/share, our Board has also approved a special dividend of \$0.04/share in recognition of the success our Bank enjoyed in 2020 and as a thank you for your continued investment in our bank.

While we are still not certain what the impact of the ongoing COVID-19 pandemic will have on either our clients or our bank, I am happy to share with you that Monona Bank truly did finish 2020 in great shape financially. In fact, while it was an unusual year for sure due to the pandemic, we did see record growth in many of our performance metrics, including:

- EPS of \$3.51, increasing 15%
- Dividends per share of \$0.80, increasing 11%
- Asset Growth of 12%
- Loan Growth 12%
- Deposit Growth of 15%

Our year-end assets were \$1.1 billion, compared to the prior year of \$957.1 million. Net income was \$10.4 million compared to \$8.9 million in 2019, increasing 16%. These results were largely attributable to our bank's mortgage sale and servicing income, as well as the fee income we received in 2020 for the 750+ Payroll Protection Program (PPP) loans we issued. Monona Bankshares' 2020 ROE was 9.95%.

In addition to all the COVID-19 related projects we completed to ensure we continued to meet our clients' needs while also keeping everyone healthy and safe, our team completed a wide array of projects to both retain and gain clients. In fact, we grew our clients by over 500 during 2020. Some of the work we completed included originating and assisting with the forgiveness of more than 750 PPP loans, the complete remodeling of our Atwood location into a neighborhood hub with an in-lobby Rotunda Café, and very close to 24/7 mortgage originating and servicing work. These projects, together with the numerous improvements we've made on our backend operations capabilities strengthen our bank's ability to meet the changing needs of clients and prospects, however they wish to interact with us. 2020 highlighted the importance of past investments we made in people and technology.

For clients, the pandemic has certainly highlighted the importance of banking locally with a team that understands the local economy. Many of our 500+ new clients came to us looking for a mortgage or PPP loan, then switched to our bank because they were impressed with our service. Another source of growth was all your referrals of potential shareholders and clients. I sincerely believe your referrals, as owners in Monona Bank, are truly the best we receive, so please keep them coming!

I look forward to sharing more information about our bank's financial performance and all the great projects we are working on to grow our bank, and your investment, at our 2021 Annual Shareholders Meeting tentatively scheduled for April 29, 2021. Due to COVID-19 and our concern for the health and safety of our shareholders and associates, we will again be hosting a virtual (online) Shareholder Meeting this year. While this is not the way we would prefer to meet, please plan to attend as I will be sharing how our Second Draw PPP Loans are going, as well as everything else we are working on this year. Stay healthy!

Paul Hoffmann

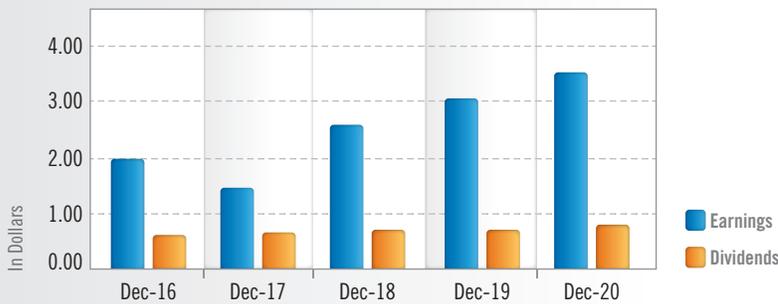
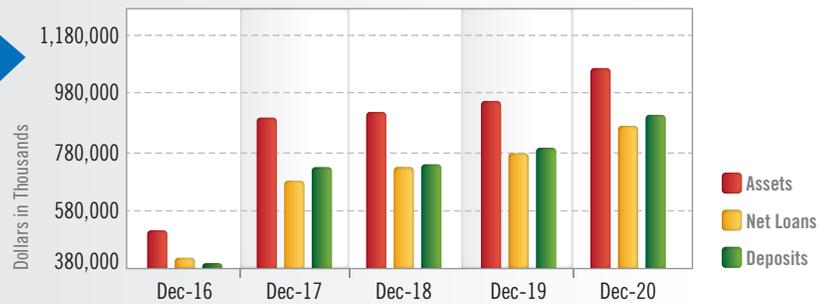
## Dividend Update

Monona Bankshares, Inc. announces a fourth quarterly dividend for 2020 of \$0.19 per share. This dividend is payable on January 22, 2021 to shareholders of record as of December 15, 2020. On an annualized basis, this dividend is \$0.76 per share. The Board also authorized a special fourth quarter dividend of \$0.04 per share in recognition of our bank's incredible financial performance for 2020.

For shareholders in our Dividend Reinvestment Plan (DRIP), the purchase price of additional shares is \$36.27 (up from \$32.07/share a year ago). 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.**

## ASSETS, NET LOANS AND DEPOSITS

- Assets total \$1.1 billion; 12% in growth since Dec-19
- Net loans \$870.2 million; 12% in growth since Dec-19
- Deposits \$911.0 million; 15% 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 \$0.80 per share
- Total shares outstanding of 2,966,919 as of December 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 34% since Dec-2016
- 70% of Shareholders participate in dividend reinvestment plan



Year	Total Shares Bought/Sold	High	Low
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
2016	42,432	\$26.25	\$23.54

## 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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