



# Statement of Condition

DECEMBER 31, 2019



## Management Comments

The Corporation posted net income of \$18.7 million for the year ended December 31, 2019, an increase of \$1.8 million, or 10.4%, compared to the year ended December 31, 2018. Earnings per share increased to \$2.10 for the year 2019 compared to \$1.90 for the year 2018.

Net interest income was \$51.2 million for the year 2019, an increase of \$1.7 million or 3.5% over 2018. The increase was due to an additional \$3.3 million in interest income on loans and \$0.8 million in interest income on funds held at the Fed, which was partially offset by a \$0.4 million increase in interest paid on deposits and a \$2.0 million decrease in interest income on security investments. Loan interest income benefited from an increase in average loans outstanding in 2019 compared to 2018, plus an increase in yield on loans. Average security investment holdings decreased in 2019 compared to 2018 which impacted interest income, along with a decrease in yield on security investments.

Non-interest income during the year 2019 was \$18.4 million, an increase of \$1.6 million or 9.5% compared to 2018. The increase was primarily due to income of \$2.3 million related to death benefits on bank-owned life insurance, offset by a decrease in service charges on deposits of \$0.4 million and a decrease of \$0.4 million in acquisition-related purchase accounting income.

There was no provision for loan losses during 2019 or 2018 due to continued low levels of loan charge-offs and past due loans, along with the quality of the loan portfolio. >>>

>>> Non-interest expense during the year 2019 was \$47.1 million, an increase of \$2.4 million or 5.4% compared to 2018. The increase was primarily due to continued investment in personnel, branch expansion into Waukesha and upgrades in technology infrastructure.

Income tax expense for 2019 was \$3.7 million compared to \$4.5 million in 2018. The decrease in the effective tax rate from 21.2% to 16.6% is primarily due to the non-taxability of death benefits on bank-owned life insurance and an increase of \$0.5 million in new market tax credits from new investments in 2019.

The Corporation's total assets as of December 31, 2019 were \$1.47 billion, an increase of \$60.9 million, or 4.3%, compared to December 31, 2018. The increase in total assets was due to an increase in cash and due from banks, year-end security investments and other assets. Total net loans were essentially equal year over year with a balance of \$891.0 million as of December 31, 2019. Management continues to focus on redeploying the Bank's excess liquidity into higher yielding loans while maintaining our strong credit culture. Core deposits grew \$22.4 million or 1.8% during 2019.

Total shareholders' equity was \$174.5 million as of December 31, 2019, an increase of \$21.5 million compared to December 31, 2018. The increase was due to a \$14.1 million increase in retained earnings and a \$7.4 million change in the unrealized market value of investment securities. ▲

# Dividend Announcement

The Board of Directors declared a dividend of \$0.13 per share payable on February 13, 2020 to shareholders as of the record date of February 3, 2020.

The Corporation has a long history of maintaining capital ratios in excess of the levels required to be considered well capitalized, and maintained that position throughout 2019.

The Board will continue to monitor earnings, on-going regulatory requirements and other factors when approving future dividends.

## INCOME STATEMENT (unaudited)

	Twelve Months Ended		Three Months Ended	
	12.31.19	12.31.18	12.31.19	12.31.18
Interest Income	\$53,452,565	\$51,298,986	\$13,567,162	\$13,295,080
Interest Expense	\$2,296,014	\$1,878,617	\$517,311	\$528,230
<b>Net Interest Income</b>	<b>\$51,156,551</b>	<b>\$49,420,369</b>	<b>\$13,049,851</b>	<b>\$12,766,850</b>
Non-Interest Income	\$18,433,103	\$16,828,433	\$4,051,287	\$4,252,034
Less: Provision for Loan Losses	—	—	—	—
Non-Interest Expenses	\$47,137,124	\$44,735,236	\$11,657,084	\$11,168,441
Income Before Income Taxes	\$22,452,530	\$21,513,566	\$5,444,054	\$5,850,443
Income Tax Expense	\$3,729,500	\$4,552,500	\$730,000	\$1,203,000
<b>Net Income</b>	<b>\$18,723,030</b>	<b>\$16,961,066</b>	<b>\$4,714,054</b>	<b>\$4,647,443</b>
Net Income Per Common Share	\$2.10	\$1.90	\$0.53	\$0.52
Dividends Per Share	\$0.52	\$0.48	\$0.13	\$0.12

## BALANCE SHEET | DECEMBER 31, 2019 & 2018 (unaudited)

Assets	2019	2018	Liabilities & Equity	2019	2018
Cash & Due from Banks	\$84,918,940	\$64,379,595	Non-Interest Bearing Rates	\$298,876,234	\$300,283,663
Total Investment Securities	\$383,295,527	\$371,017,618	Interest Bearing Deposits	\$972,873,366	\$949,018,982
Federal Funds Sold	\$11,601,051	\$990,830	<b>Total Deposits</b>	<b>\$1,271,749,600</b>	<b>\$1,249,302,645</b>
<b>Total Loans</b>	<b>\$902,066,127</b>	<b>\$907,464,082</b>	Other Liabilities	\$21,177,644	\$4,114,235
Allowance for Loan Losses	(\$11,072,956)	(\$10,994,385)	<b>Total Liabilities</b>	<b>\$1,292,927,244</b>	<b>\$1,253,416,880</b>
Net Loans	\$890,993,171	\$896,469,697	Common Stock	\$8,904,915	\$8,904,915
Bank Premises & Equipment	\$16,555,094	\$15,750,707	Additional Paid-In Capital	\$26,543,470	\$26,543,470
Cash Surrender Value of Life Insurance	\$42,931,999	\$39,255,799	Unrealized (Loss) on Securities	\$1,031,716	(\$6,327,324)
Other Real Estate Owned	—	—	Retained Earnings	\$137,986,337	\$123,893,863
Other Assets	\$37,097,900	\$18,567,558	<b>Total Stockholders' Equity</b>	<b>\$174,466,438</b>	<b>\$153,014,924</b>
<b>Total Assets</b>	<b>\$1,467,393,682</b>	<b>\$1,406,431,804</b>	<b>Total Liabilities &amp; Equity</b>	<b>\$1,467,393,682</b>	<b>\$1,406,431,804</b>