



## MONONA BANKSHARES, INC.

5515 Monona Drive  
Monona, WI 53716

### PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Monona Bankshares, Inc. (the "Company") for use at the annual meeting of shareholders on April 25, 2019. All properly executed proxies will be voted at the meeting in accordance with their terms. A proxy may be revoked at any time prior to its exercise by timely communication to the Company's Secretary or in person at said meeting.

Each shareholder of record at the close of business on March 8, 2019 will be entitled to one vote for each share registered in such shareholder's name. At that date, there were 725,396 outstanding shares of common stock, the only class of stock of which shares are outstanding.

#### Matters To Be Voted On At The Meeting:

There will be two items to be voted on at the annual meeting of shareholders, the Election of Directors and an Amendment to Articles of Incorporation. The Board recommends voting FOR both items.

The following slate of directors is up for election: Michael Blake, Chris Homburg and Ronald Krantz. The Board Recommends voting FOR these candidates.

Amendment to Articles of Incorporation. The Company wishes to amend its Articles of Incorporation to increase its authorized common stock from 1,500,000 shares to 6,000,000 shares. Currently, there are 725,396 shares of common stock issued and outstanding. The Board of Directors has determined that the increase of the Company's authorized stock will provide the Company with the ability to issue a stock dividend on its outstanding shares to help enhance the marketability of the stock.

The Board has determined that it would be in the best interests of the shareholders and the Company to issue a stock dividend of three (3) shares of common stock for each share of common stock outstanding (for example, a shareholder of record holding one share of common stock would receive three (3) additional shares of common stock as a stock dividend for a total of four (4) shares. Assuming that the shareholders approve the amendment to the Articles of Incorporation to increase the Company's authorized stock, the stock dividend will be payable to shareholders of record at the close of business February 19, 2019. Assuming a majority of the outstanding shares approves the proposed amendment to the Articles of Incorporation, the Company will adjust the book-entry position of each shareholder of record as of February 19, 2019, or will provide each shareholder with a certificate representing the additional shares, if shares are not-held in book-entry form, in order to effectuate the three-for-one stock dividend. Shareholders will not be required to

surrender their original stock certificates. The stock dividend as described in this Proxy Statement is not intended to be a taxable event for shareholders pursuant to Internal Revenue Code §305(a).

If the Company's authorized shares are increased to 6,000,000, then upon completion of the stock dividend, the Company anticipates that it will have 2,901,584 shares issued and outstanding. Therefore, approximately 3,098,416 shares will remain as authorized but not outstanding shares, including the 13,281 shares issued but not outstanding which are held in the Company's treasury. By reserving a certain amount of Company stock as authorized but not outstanding shares, the Company has the opportunity to issue these additional shares to investors in the future to raise capital, if needed, for the Company and for its subsidiary, Monona Bank. This could have the result of diluting the proportional ownership of current shareholders. However, the Board of Directors has no present intention to issue these additional shares to investors for the purpose of raising capital. At this time, the Board of Directors' intention is to provide a better opportunity for current shareholders wishing to sell their shares at a fair price to do so because of the expected increased number of potential buyers.

A copy of the amendment to Articles of Incorporation is included in the online information. An affirmative vote of a majority of the outstanding shares is required to approve the proposed amendment. The shareholders will be asked to vote to approve the following Resolution:

RESOLVED, that Articles of Incorporation of the Company be amended to increase the Company's authorized common stock from 1,500,000 shares to 6,000,000 shares in the form of the Articles of Amendment as part of the online March 8, 2019, Proxy Statement, and such amendment is hereby authorized and approved.

The Board of Directors believes that the increase in the number of authorized shares is in the best interests of the Company and its shareholders. Therefore, the Board unanimously recommends that you vote to approve the amendment to the Articles of Incorporation in the form set forth in the attached Articles of Amendment.

**The Board urges you to vote in favor of this Resolution.**

Other Matters. The management of the Company knows of no other business to be presented at the meeting of the shareholders, but if other matters do properly come before this meeting, it is the intention of the person named in the enclosed proxy to vote the proxy in accordance with his or her best judgment in the matter.

The expense of printing and mailing proxy material, including forwarding expense to beneficial owners of stock held in the name of another, will be borne by the Corporation. No solicitation other than by mail is contemplated, except that officers or employees of the Corporation or its subsidiary bank may solicit the return of proxies from certain shareholders by telephone.

All proxy material, including the 2018 Consolidated Financial Statements, is available online at [www.mononabank.com/bankshares/](http://www.mononabank.com/bankshares/).