

## 3rd Quarter 2023 Financial Results

**Our dividend is \$0.38 per share in 3rd Quarter.** At the end of the third quarter, our net income is projected at \$1.8 Million with projected assets of \$719.3 Million and loan growth at \$74.2 Million.

The interest rate environment continues to be problematic. Our Net Interest Margin has compressed by 60 basis points compared to year end of 2022. As mentioned last quarter, this is largely attributed to deposit interest rates repricing as a result of the monetary policy of the Federal Open Market Committee (FOMC). While this has had a negative impact on bank profitability, the bank continues to be in line with its peers in Dane County through second quarter. Recently, pauses or slow interest rate increases by the FOMC have helped provide relative stability in the bank's Net Interest Margin over the last few months.

Loan Demand has slowed significantly because of the economic environment we are operating in. Our 30–59-day past dues are expected to end the quarter at 0.14%. This is a very low level of past dues; therefore, the overall health of the portfolio remains strong. That said, we did experience a business owner that decided to abruptly close their business. This is a one off, largely triggered by the loss of a key employee. As we have worked through the liquidation process, we set aside over \$700,000 in our Loan Loss Reserve in third quarter. At this point, we believe we have an above average chance to recover a portion of what was set aside in our Loan Loss Reserve over the next 3-6 months.

As discussed at the Stockholder Meeting, 2023 was expected to be a very challenging year for banks in our market. I think it is safe to say that has held true, thankfully the bank remains in a stable position.

Warm regards,



Jimmy Kauffman, President & CEO, Chairman of the Board

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**Best Financial Institution and Best Financial Advisor Luke McElhenie**