

Mauneshia Bancshares, Inc.

ANNUAL REPORT 2017

"Bless the USA" by Jean Johnson



YOU HAVE *Dreams*

WE CAN HELP!

- CERTIFICATES OF DEPOSIT
- MONEY MARKET SAVINGS
- PERSONAL CHECKING ACCOUNTS
- DREAM BUILDER CD
- IRA's
- HEALTH SAVINGS ACCOUNTS
- RETIREMENT PLANNING
- MOBILE BANKING
- YOUTH SAVINGS



DOLLARS AND SENSE

\$2,240 was donated to area non-profits based on 830.75 volunteer hours worked by Farmers & Merchants staff in 2017. Every staff member is encouraged to volunteer 20 hours each year and a donation is made to the non-profit of their choice.

Our dollars and cents make sense because we live here, too!



1. Connie interacts with student tour group during "Teach Kids to Save" event.
2. F & M sponsored a donkey kissing contest during Main St. Mania - Gone Country Again. The Marshall FFA, Boy Scouts were fund raising recipients.
3. We celebrated our 120th anniversary with Penny our mascot during the Fireman's Festival Parade.
4. Monica joins Waterloo Merchants Trick and Treaters for some fun in the bank lobby.
5. Pam and Cheryl proudly represent us at the Jeff Setz Memorial Tournament.

FARMERS & MERCHANTS STATE BANK BOARD OF DIRECTORS

Dr. Joseph L. Arena
James A. Beyer
William Campbell
Gene Davis

Andrew Griggs
Terry Hellenbrand
Terry Weisensel

DIRECTORS EMERITUS

H. Griff Mason

Melvin C. Martin

OFFICERS

Kim Abraham..... Vice President & CMO
William Campbell..... President & CEO
Scott Cochems..... Vice President Commercial Lending
Pamela Davison..... Personal Banking Officer
Bobbi Franklin..... Human Resources Officer
Laura Frey..... Vice President Operations
Barbara Hennessy..... Vice President Commercial Lending
William Hogan..... Executive Vice President & CFO
Joy Probst..... AVP, Business Banking Coordinator
Jim Schaefer..... Assistant Vice President Mortgage Lending
David Stronach..... Senior Vice President Commercial Lending
Tammy Weisman..... Compliance Officer

FINANCIAL SERVICES

Malinda Weisensel..... CERTIFIED FINANCIAL PLANNER™

STAFF MEMBERS

Jena Bleecker	Justine Hellenbrand	Ann Renforth
Brad Chadwick	Shaun Hilliard	Autumn Rennhack
Kathy Elliott	Connie Jeschke	Monica Root
Anela Garcia	Kyler Kabat	Stephanie Schimmel
Rachel Geise	Kris Krenn	Connie Schumann
Austin German	Edwina Kulke	Cheryl Setz
Kathy Granzig	Abby McBride	Annette Stebnitz

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CORPORATE PROFILE

Mauneshia Bancshares, Inc. (the Company) is a Bank Holding Company incorporated in the State of Wisconsin. It conducts business primarily through its wholly owned subsidiary, Farmers & Merchants State Bank. Principal activities include commercial and retail lending, security investments and deposit services.

FandMstbk.com



Dear Shareholders and Friends,

We are pleased to report 2017 net income of \$1,618,573 compared to 2016 income of \$1,682,137. This represents earnings per share of \$11.31 in 2017 a 8.5% return on beginning book value. Dividends paid in 2017 were \$4.00 per share increased from \$3.75 paid in 2016.

Our balance sheet ended the year with \$177 million in assets, while our total assets under management rose from \$355 at beginning of the year to \$370 million. December 31, 2017 Shareholders Equity remains strong at 11.8% of average assets.

Maunesh Bancshares, Inc. through its 100% owned operating subsidiary Farmers & Merchants State Bank is proud to provide leading edge products and services to our communities.



William T. Hogan
President

Maunesh Bancshares, Inc.



William E. Campbell
President

Farmers & Merchants State Bank

Maunesh Bancshares, Inc. Consolidated Statement of Condition December 31, 2017

ASSETS	
Cash & Due From Banks	\$ 3,371,624
Federal Funds Sold	848,000
Certificates of Deposit	1,702,000
Available for Sale Securities	17,946,669
Loans, net of Reserve for Loan Losses of \$1,893,696	149,842,922
Premises and Equipment, Net	1,699,485
Accrued Interest Receivable	839,531
Other Assets	871,577
Total Assets	\$ 177,121,808

LIABILITIES & STOCKHOLDERS EQUITY

Deposits:	
Non-interest Bearing	\$ 25,253,370
Interest Bearing	102,848,926
Total Deposits	128,102,296
Federal Home Loan Bank Advances	27,945,667
Interest Payable	139,844
Other Liabilities	880,008
Total Liabilities	157,067,815

Common Stock	489,120
Additional Paid in Capital	13,980,956
Undivided Profits	11,351,985
Accumulated Other Comprehensive Income	(100,698)
Treasury Stock, at cost	(5,667,370)
Total Stockholders Equity	20,053,993

Total Liabilities and Stockholders Equity	\$ 177,121,808
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Managed Investments	\$ 37,928,038
Serviced Assets	154,682,507
Total Assets	177,121,808
Total Managed Assets	\$ 369,732,353

Maunesh Bancshares, Inc. Consolidated Statements of Income Years ended December 31, 2017 & 2016

	2017	2016
INTEREST INCOME		
Interest & Fees on Loans	\$ 6,190,954	\$ 6,018,656
Interest Investments	365,231	323,494
Other	40,789	77,938
Total Interest Income	<u>6,596,974</u>	<u>6,420,088</u>

INTEREST EXPENSE		
Deposits	547,671	492,531
Borrowings	445,094	481,247
Total Interest Expense	<u>992,765</u>	<u>973,778</u>

Net Interest Income Before Provision for Loan Losses	5,604,209	5,446,310
Provisions for Loan Losses	-	10,000
Net Interest Income	<u>5,604,209</u>	<u>5,436,310</u>

NON-INTEREST INCOME		
Service Charges Deposit Accounts	189,535	186,097
Other Income	876,009	914,447
Gain (Loss) on Sale of Assets	464	58,187
Total Non-interest Income	<u>1,066,008</u>	<u>1,158,731</u>

NON-INTEREST EXPENSE		
Salaries & Employee Benefits	2,321,527	2,237,509
Occupancy & Equipment	313,884	304,264
Data Processing	495,595	462,674
FDIC Insurance	22,303	81,298
Foreclosed Assets & Loan Collection	53,315	30,645
Other Expenses	784,084	796,572
Total Non-interest Expense	<u>3,990,708</u>	<u>3,912,962</u>

Net Income Before Taxes	2,679,509	2,682,079
Income Taxes	1,060,936	999,942
Net Income	<u>\$ 1,618,573</u>	<u>\$ 1,682,137</u>

Earnings Per Share	<u>\$ 11.31</u>	<u>\$ 11.37</u>
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Maunesh Bancshares, Inc. Consolidated Statements of Equity Years ended December 31, 2017 & 2016

	2017	2016
STOCKHOLDERS EQUITY		
Beginning Equity	\$ 19,466,032	\$ 18,940,206
Net Income	1,618,573	1,682,137
Dividends	(570,416)	(546,188)
Change Unrealized Security Gains	(18,060)	(190,953)
Net Treasury, transactions	(442,136)	(419,170)
Ending Equity	<u>\$ 20,053,993</u>	<u>\$ 19,466,032</u>

	2017	2016
PER SHARE DATA		

Book Value	\$ 140.19	\$ 133.00
Adjusted Book Value ¹	\$ 140.89	\$ 133.57
Dividends	\$ 4.00	\$ 3.75
Earnings	\$ 11.31	\$ 11.37

¹Adjusted for accumulated comprehensive income.

	2017	2016
COMMON SHARES		
Authorized	200,000	200,000
Issued	195,648	195,648
Outstanding	143,053	146,360
Treasury	52,595	49,288
Weighted Average Outstanding	143,113	147,907

