

**First Menasha
Bancshares, Inc. and
Subsidiaries**

Neenah, Wisconsin

Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2016 and 2015

<i>Assets</i>	2016	2015
Cash and due from banks	\$ 31,915,290	\$ 40,360,088
Interest - bearing deposits	15,852,476	10,940,625
Cash and cash equivalents	47,767,766	51,300,713
Securities available for sale	37,461,670	33,001,285
Loans, net	360,618,965	357,653,345
Premises and equipment, net	4,523,929	4,631,749
Other investments	1,961,396	1,959,596
Cash value of life insurance	8,388,356	8,134,724
Other real estate owned	106,270	106,270
Other assets	3,255,463	3,082,692
TOTAL ASSETS	\$ 464,083,815	\$ 459,870,374

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Balance Sheets (Continued) For the Years Ended December 31, 2016 and 2015

	2016	2015
Liabilities:		
Non-interest-bearing deposits	\$ 68,161,422	\$ 74,579,777
Interest-bearing deposits	315,022,301	287,513,559
Total deposits	383,183,723	362,093,336
Borrowed funds	25,631,886	34,394,912
ESOP Loans payable	1,200,466	1,651,192
Debentures	5,112,579	5,110,073
Other liabilities	2,132,371	1,736,757
Total liabilities	417,261,025	404,986,270
Stockholders' equity:		
Preferred stock -		
Senior noncumulative perpetual preferred stock - Series C		
Authorized – -0- shares December 31, 2016		
10,000 shares December 31, 2015		
Issued – -0- shares December 31, 2016	-	10,000,000
10,000 shares December 31, 2015		
Preferred stock - no par value - December 31, 2016		
Authorized – 50,000 shares; Issued -0- shares		
Common stock – \$0.025 par value		
Authorized – 900,000 shares 2016 and 2015		
Issued – 587,249 shares December 31, 2016	14,681	14,859
594,375 shares December 31, 2015		
Outstanding – 568,344 shares December 31, 2016		
568,297 shares December 31, 2015		
Capital surplus	19,873,969	20,422,465
Retained earnings	28,196,034	25,781,801
Accumulated other comprehensive income (loss)	(61,428)	316,159
Unearned ESOP shares	(1,200,466)	(1,651,180)
18,905 shares December 31, 2016		
26,078 shares December 31, 2015		
Total stockholders' equity	46,822,790	54,884,104
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 464,083,815	\$ 459,870,374

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Statements of Income

For the Years Ended December 31, 2016 and 2015

	2016	2015
Interest and dividend income:		
Loans, including fees	\$ 16,957,980	\$ 15,936,393
Securities:		
Taxable	291,587	206,792
Tax – exempt	531,405	619,719
Dividend income	80,653	53,660
Total interest and dividend income	17,861,625	16,816,564
Interest expense:		
Deposits	2,042,555	1,570,123
Borrowings	584,721	465,116
Total interest expense	2,627,276	2,035,239
Net interest income	15,234,349	14,781,325
Provision for loan losses	320,000	225,000
Net interest income after provision for loan losses	14,914,349	14,556,325
Other income:		
Service charges on deposit accounts	356,021	366,522
Loan origination and administrative fees	195,270	148,938
Mortgage banking activities	1,112,960	852,524
Fee income	615,281	474,697
Net increase in cash value of life insurance	253,632	252,105
Other	7,776	26,833
Total other income	\$ 2,540,940	\$ 2,121,619

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Statements of Income (Continued)

For the Years Ended December 31, 2016 and 2015

	2016	2015
Other expenses:		
Salaries and related employee benefits	\$ 6,113,046	\$ 5,825,871
Net occupancy expense	979,369	1,003,333
Equipment rentals, depreciation, and maintenance	842,120	740,682
Professional fees	1,089,970	587,881
Examinations and assessments	332,875	355,004
Data processing and telecommunication fees	993,231	852,421
Marketing, sponsorships, and business development	595,589	529,515
Loan collection	89,802	48,372
Other real estate owned, net	13,642	36,281
Other	1,264,179	1,007,463
Total other expenses	12,313,823	10,986,823
Income before provision for income taxes	5,141,466	5,691,121
Provision for income taxes	1,885,319	1,927,722
Net income	\$ 3,256,147	\$ 3,763,399
Dividend on preferred stock - Series C	40,278	100,000
Net income available to common shareholders	\$ 3,215,869	\$ 3,663,399
Earnings per common share - basic and diluted	\$ 5.48	\$ 6.33

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income For the Years Ended December 31, 2016 and 2015

	2016	2015
Net income	\$ 3,256,147	\$ 3,763,399
Other comprehensive loss – Unrealized loss on securities available for sale	(629,291)	(66,067)
Tax effect	251,704	26,427
Other comprehensive loss	(377,587)	(39,640)
Comprehensive income	\$ 2,878,560	\$ 3,723,759

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity For the Years Ended December 31, 2016 and 2015

	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total Stockholders' Equity
Balance at January 1, 2015	\$ 10,000,000	\$ 8,148	\$ 3,031,614	\$ 22,345,630	\$ 355,799	\$ (1,189,920)	\$ 34,551,271
Issuance of 268,000 shares of common stock under stock offering		6,700	17,287,608				17,294,308
Issuance of 458 shares of common stock for employee incentive plan		11	31,461				31,472
Purchase of 10,000 shares in ESOP						(686,500)	(686,500)
Net income				3,763,399			3,763,399
Dividends - common shares				(237,659)			(237,659)
Dividends - preferred shares				(100,000)			(100,000)
Other comprehensive loss					(39,640)		(39,640)
Release of 3,754 shares of common stock to ESOP			71,782	10,431		225,240	307,453
Balance at December 31, 2015	\$ 10,000,000	\$ 14,859	\$ 20,422,465	\$ 25,781,801	\$ 316,159	\$ (1,651,180)	\$ 54,884,104
Redemption of Preferred Stock	(10,000,000)	-	-				(10,000,000)
Redemption of 9,183 Common Shares		(230)	(677,800)				(678,030)
Issuance of 2,057 shares of common stock for employee incentive plans		52	12,968				13,020
Net income				3,256,147			3,256,147
Dividends - common shares				(821,486)			(821,486)
Dividends - preferred shares				(40,278)			(40,278)
Other comprehensive loss					(377,587)		(377,587)
Release of 7,173 shares of common stock to ESOP			116,336	19,850		450,714	586,900
Balance at December 31, 2016	\$ -	\$ 14,681	\$ 19,873,969	\$ 28,196,034	\$ (61,428)	\$ (1,200,466)	\$ 46,822,790

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income	\$ 3,256,147	\$ 3,763,399
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and net amortization	544,751	510,575
Provision for loan losses	320,000	225,000
ESOP compensation expense	586,900	307,453
Net amortization of securities premiums	159,688	205,768
Net loss on sale of other real estate owned	-	3,050
Credit for deferred taxes	(11,306)	(129,422)
Increase in cash value of life insurance	(253,632)	(252,105)
Changes in operating assets and liabilities:		
Other assets	165,734	91,294
Other liabilities	127,585	(419,959)
Total adjustments	1,639,720	541,654
Net cash provided by operating activities	4,895,867	4,305,053
Cash flows from investing activities:		
Proceeds from maturities of securities available for sale	7,190,622	13,285,376
Purchase of securities available for sale	(12,439,986)	(17,675,633)
Purchase of other investments	(1,800)	(408,602)
Net increase in loans	(3,285,620)	(28,684,900)
Premises and equipment expenditures	(434,425)	(454,495)
Proceeds from sales of other real estate owned	-	24,850
Net cash used in investing activities	\$ (8,971,209)	\$ (33,913,404)

First Menasha Bancshares, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from financing activities:		
Net increase in deposits	\$ 21,090,387	\$ 14,459,169
Proceeds from borrowings	10,000,000	20,686,500
Principal payments on borrowings	(19,213,752)	(15,251,161)
Purchase of ESOP Shares	-	(686,500)
Net proceeds from common stock issuances	-	17,294,308
Redemptions of capital stock	(10,678,030)	-
Dividends paid	(656,210)	(337,659)
Net cash provided by financing activities	542,395	36,164,657
Net increase (decrease) in cash and cash equivalents	(3,532,947)	6,556,306
Cash and cash equivalents at beginning	51,300,713	44,744,407
Cash and cash equivalents at end	\$ 47,767,766	\$ 51,300,713
Supplemental cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 1,852,455	\$ 1,818,780
Interest	2,568,846	2,052,160
Noncash investing and financing activities:		
Loans transferred to other assets	\$ -	178,104