bank five nine®

2022 ANNUAL REPORT

Making Lives *Better!*

To Our **Shareholders**

A Source of *Strength and Stability* in Our Communities

We are thrilled to share our successes with you and reflect on Bank Five Nine's commitment to maintaining a strong, stable and responsible approach to growth, while remaining an integral part of our community. Despite economic headwinds in 2022, we achieved strong financial performance and upheld our commitment to our longstanding mission of Making Lives Better.

In July of 2022, after 15 years in leadership roles with Bank Five Nine, Mark W. Mohr announced his retirement and since October, under the leadership of President and CEO, Tim Schneider, we have continued to build upon our past achievements and elevated position of strength from the success of our strategic planning. Our 2023 strategic priorities remain at the forefront of our operations, including remaining independent, maintaining a strong capital and liquidity position with solid asset quality, diversifying our revenue streams, investing in technology to create better customer experiences and enabling us to grow our customer base.

Our dedicated team has faced challenges with determination, as evidenced by our people-centered culture and our commitment to customer service. We are proud to have received recognition as a Top Workplace for the 13th consecutive year, and for the 7th consecutive year, American Banker named us

on their list of "Best Banks to Work For." Our employees and leadership team continue to be the driving force behind our success.

Despite the rapid rise in the interest rate environment and inflation, as well as the increased economic uncertainty over the past six months, we maintained our underwriting standards while we continued to grow our balance sheet. We effectively utilized the strength of our liquidity position to overcome the highly competitive and heightened demand for depository balances. Our diversified revenue sources, including U.S. Small Business Administration (SBA) fees, mortgage sales and servicing income, have contributed to our growth and success. We are one of the top lenders in the nation for SBA loan volume, which had a positive impact on profitability and loan growth for 2022. This success allows us to continue supporting the small businesses within all of our markets through SBA loans.

Our focus on our strategic priorities, dedication to community, and drive to grow our customer base remains unwavering. We are proud of what we have achieved this year and will continue to innovate, improve and grow. We look forward to continuing to serve our community with excellence. We remain committed to our mission of Making Lives Better for our shareholders, customers and employees.

Strong Liquidity Position

As we reflect on the past year, Bank Fine Nine achieved exceptional financial performance and made remarkable progress across all aspects of our business lines. Our strong liquidity position at the beginning of 2022 catapulted our asset growth. Our funding sources remain diversified through cash, investments, saleable loans, core customer deposits, FHLB borrowings and brokered deposits. The access to multiple liquidity sources and our excellent reputation in the mortgage and SBA lending space, enabled us to significantly expand loan balances in these two business units. The movement from cash earning zero percent to higher yielding assets increased our interest income and net interest margin.

Deposits ended the year at $1.4 billion, up 10% from 2021. Our growth was driven by retail and municipal accounts. The demand for deposits changed drastically in the summer months as the Federal Reserve aggressively increased the Federal Funds Rate. Many banks that are reliant on funding growth through investment portfolios were negatively impacted as the inverted yield curve pushed many investment classes into negative valuations. Our investment portfolio mirrored the banking industry with non-realized losses totaling roughly $25 million. Eventually, these paper losses will unwind themselves, however, in the near term we needed to utilize alternative sources such as wholesale funding and borrowings as called for in our liquidity contingency plans. These plans were successfully implemented and allow for the continued profitable funding of our loan demand.

Leading into 2022, the Bank's funding profile was positioned to benefit from lower costs, as customers' higher-rate deposits and the Bank's borrowings rolled off during the year. As the overall interest rate environment changed significantly mid-way through the year from Federal Reserve rate increases, our net interest margin composition needed to be managed very closely. During the year, our net interest margin increased from 3.5% to 3.9%, which is the strongest in over a decade. Asset yields increased from converting cash to higher yielding loans, however, our cost of funds increased in the latter part of the year from higher incremental funding costs. We experienced both growth and challenges in our retail deposits. Increased retail deposits due to strong household liquidity was tempered by the slowdown in deposit growth as consumers continued to spend, and inflation reduced purchasing power. As a result, increased competition and demand for deposits led to deposit outflows.

Funding composition and costs will be a key strategic initiative in the near term. We anticipate that the inverted yield curve will result in net interest margin compression. We will continue to focus on providing high-quality service to our customers through our existing network and digital channels. Our commitment to profitability, operational efficiency and cost management allows us to invest in innovative technology while still providing exceptional service to our customers.

Our shareholders are well represented among the thousands of depositors and borrowers that the bank serves. We welcome all shareholders, customers and future customers who have not already been introduced to our personal banking, cash management and wealth management products and services, to please allow us the opportunity to earn your business.

As we continue to manage our investment portfolio, we have been closely monitoring market trends and making strategic decisions to ensure our liquidity needs are met. We have limited our purchases at this time and are focused on managing our existing assets. Our diversified investment portfolio was $232 million at the end of 2022, relatively flat year on year. Despite the challenges presented by the fluctuations in markets and rates, our investment portfolio has performed well overall. Similar to most banks, we hold a net Available for Sale (AFS) loss of approximately $25 million. We are actively managing our investment ladder and liquidity needs to ensure we are well-positioned for future growth and success. We continue to look for tax credit investment opportunities that lower our effective tax rate with the focus being on Low Income Housing Tax Credits and Green Energy Credits. We remain confident in our ability to make sound investment decisions and create value for our shareholders.

Meet Our Wealth Management Team

five nine
wealth management

Since their inception, Summit Street Wealth Management has been a resource for our customers. In order to continue to grow, and to better support those customers, they made the strategic decision in 2022 to rebrand as Five Nine Wealth Management. Five Nine Wealth Management will continue to provide a high level of service to their existing clients, while welcoming the opportunity to forge new relationships. Other than the name and logo, nothing else about the team changed, and they are excited to be an even stronger presence in our communities moving forward.

Robust Loan and Asset Growth

We achieved remarkable success in growing our loan portfolio, evident from the substantial expansion of our loan portfolio to $1.3 billion, up $327 million, or 33% in the past 12 months. The growth was derived from SBA and mortgage loans. Growth in the first half of the year was driven from mortgage loans as we were converting low yielding cash to higher yielding, conservatively underwritten mortgage loans. The second half of the year saw a shift to SBA loans, which also carried a higher rate than low yielding cash. Loan production exceeded the $1 billion mark for the third consecutive year, year-end total on- and off-balance-sheet loans were $2.9 billion. Our loan growth continues to remain organic in nature. The growth in 2022 was equivalent to a small bank acquisition without a significant capital outlay to achieve the results. On-balance-sheet-assets grew 7.9 percent on higher loan balances. The abundant growth over the last three years has led to an increase of on-balance-sheet-assets of over 39 percent from the end of 2019. Our strategy remains consistent from years past, focusing on conservative, controlled and nimble growth.

Pristine Asset Quality Metrics

Even with strong loan growth, maintaining solid asset quality is critical in preserving the stability of our balance sheet and the confidence of our shareholders. Our asset quality ratios are the best in over 15 years. Non-performing assets declined to $2.6 million at the end of 2022 representing only 0.16% of total assets. The Bank ended the year with no Other Real Estate Owned for the first time in nearly two decades. Net loan charge offs declined to $20,000, or essentially 0.00 percent of average total loans, in 2022, compared to $506,000 in 2021. The strong asset quality metrics allowed management the flexibility to reduce our loan loss provision contribution for 2022 to $0. Management and the Board learned from the Great Recession that asset quality is key to protecting the Bank's capital and earnings. We believe that our continued focus on risk management and conservative underwriting is a key factor in our long-term success. We remain committed to managing our portfolio with a keen eye on risk management and quality.

Top and Bottom Line Results

Revenues totaled $81.7 million for the year. Continued disciplined balance sheet management allowed Bank Five Nine to substantially grow interest income on higher levels of earning assets, including prudent deployment of excess liquidity. The FOMC embarked on an unprecedented path during 2022, raising interest rates 425 basis points from March through December 2022. Heading into 2022, we were well positioned to benefit from the rise in rates. Interest income increased to $67.1 million, up 17.5 percent in 2022, while interest expense of $9.4 million increased 17 percent from 2021. As a result, net interest income grew 17.6 percent to $57.7 million. The company's NIM expanded to 3.9 percent for 2022, an increase of 41 basis points from 2021.

Non-interest income totaled $14.6 million for 2022 down from $29.9 million the previous year, comprised of servicing fees, SBA loan fees and mortgage loan sales. The large decrease was from a reduction in PPP loan fees and mortgage loan sales. Servicing income totaled $5.2 million for the year, a slight decrease from 2021, as many of our SBA loans were prepaid as interest rates increased. Much like the entire industry, mortgage sale income was negatively impacted from the rapid interest rate increases that eliminated refinance activity. Mortgage sale income totaled $3.0 million. Mortgage lending is cyclical in nature and highly correlated to interest rates. Taking a more holistic approach, our mortgage business line generated $44 million in sale income over the past three years. Management believes that mortgage lending is a long term key strategic focus instrumental to our success.

Through thoughtful and disciplined expense management, non-interest expense was $52.2 million in 2022, up $571,000, or 1.1 percent compared to $51.1 million in 2021. Over the last five years, Bank Five Nine has grown assets more than 42 percent and doubled annual net income while maintaining our longstanding commitment to investing in technology and top talent.

In 2022, Oconomowoc Bancshares, once again, delivered strong net income and earnings per share. Net income totaled $16.7 million or $49.96 per share. Over the past three years we have generated $60 million in earnings. Our continued profitability enabled the Board to increase our dividend to $1.55 million or $4.64 per share. Retained earnings increased $15.2 million ending at $149.3 million. We remain well capitalized with a Leverage Ratio of 10.53%, more than double the amount as required by regulators. Our capital position allows for continued loan growth and acts as a buffer to an economic slowdown.

Community Support

As a community bank, Bank Five Nine is committed to making a positive impact on the communities we serve through various initiatives and programs. One of our primary community support initiatives is employee volunteerism. In 2022, our employees volunteered nearly 8,900 hours with more than 200 organizations, demonstrating our enduring commitment to helping our community. Our employees volunteered for various programs and initiatives, such as mentoring and tutoring students, participating in food drives and serving on local nonprofit boards. We believe that employee volunteerism is an essential part of our corporate values and helps us create a more vibrant and engaged community.

In addition to volunteerism, another critical area of our community support efforts is through corporate giving. In 2022, we provided over $145,000 in donations to 120 local non-profit organizations that support and benefit the communities we serve. We believe our investments in these organizations significantly impact and strengthen the communities throughout our service area. Additionally, we offer various programs and initiatives in support of financial management training and education for individuals and businesses in our community. These programs include financial literacy workshops, budgeting seminars and home buying classes. We believe that providing financial education opportunities is essential in creating stronger and more vibrant communities. Other programs we support provide after-school tutoring, job training, and entrepreneurial education that create opportunities for youth and adults to improve their skills and enhance their career prospects.

We continue to support our communities through sponsorships and fundraisers, including local festivals, charity runs and cultural celebrations. One of the essential areas of our community support efforts is our focus on supporting local non-profits that benefit low-to-moderate income areas in SE Wisconsin. In 2022, we continued to support 40 of these organizations with donations totaling over $41,000. We believe that investing in these organizations helps create a more equitable society and strengthens the communities we serve. We supported our veterans through a $10,000 donation to Operation Finally Home, and supported kids of fallen service members through our annual donation to Camp Hometown Heroes. We continued our work with Mel's Charities in Ozaukee County through our Presenting Sponsorship of Mel-A-Palooza, a weekend-long softball and music event in Grafton. Additionally, we deepened our relationship with the Wisconsin State Fair through a donation to the Wisconsin State Fair Park Foundation.

Financial Highlights (in thousands)

	Assets	On & Off Balance Sheet Loans	Earnings	Capital	Deposits
2022	$1,676,734 ↑	$2,914,866 ↑	$16,742	$131,887	$1,398,488 ↑
2021	$1,554,325	$2,438,897	$21,745	$140,221	$1,270,277
2020	$1,424,348	$2,199,665	$21,086	$123,710	$1,074,094

$1.55M *total cash dividend*

$4.64 *per share*

$0.32 *per share increase*

At Bank Five Nine, we are proud to be recognized year after year as a Top Workplace by the Milwaukee Journal Sentinel and a Best Bank to Work For by American Banker Magazine. We recognize that our employees are the backbone of our success, and we remain committed to fostering a culture of excellence that values and supports them.

Strong Performance and Conservative Strategy

We are proud of Bank Fine Nine's outstanding financial performance in 2022, and we thank our shareholders for their continued support. Our remarkable balance sheet growth, along with our strong profitability, demonstrate our commitment to excellence and delivering value to our shareholders.

Despite economic and industry challenges, we believe that our conservative strategic plan will assist in guiding our financial performance. Our conservative financial position, strong capital, access to liquidity, and controlled balance sheet growth, coupled with our diversified investment portfolio and disciplined approach to managing risk, position us for continued growth to deliver value to our shareholders, customers and employees in the following ways:

- Provide a consistent and dependable return on investment to our shareholders
- Be a financial resource that evolves to meet the changing needs of our customers
- Be a catalyst for growth, development and well-being for our communities
- Empower every employee to achieve his/her fullest potential

In addition, our highly talented team, coupled with our commitment to excellence, and vision to serve others with respect, integrity, passion, and humility position Bank Fine Nine for continued success in 2023.

We look forward to continuing to serve our customers and communities and delivering value to our shareholders in the years to come. Thank you for your trust and support in Bank Fine Nine.

Tim Schneider,
President and CEO

Nate Zastrow,
Executive Vice President and CFO

POSITIVE IMPACT GIVING Community Support culture volunteerism values

COMMUNITY INVOLVEMENT

Our employees *volunteered* nearly
8,900 hours

with more than
200
organizations

We *donated* more than
$145,000
to 120 local non-profits

Consolidated Financial Highlights

Oconomowoc Bancshares, Inc.

(in thousands, except per share data) as of December 31

Balance Sheet

Assets	2020	2021	2022
Cash & Cash Equivalents	194,992	212,159	21,649
Investments	148,189	255,424	232,454
Loans, net	995,823	1,002,442	1,329,248
Premises & Equipment	32,665	31,776	31,350
Servicing Assets	18,246	19,085	17,549
Other Real Estate	997	438	269
Other Assets	33,436	33,001	44,215
Total Assets	**1,424,348**	**1,554,325**	**1,676,734**

Liabilities & Capital	2020	2021	2022
Deposits	1,074,094	1,270,277	1,398,488
Borrowed Funds	184,233	106,439	111,500
Subordinated Debentures	26,112	26,177	26,242
Other Liabilities	16,199	11,211	8,617
Capital	123,710	140,221	131,887
Total Liabilities & Capital	**1,424,348**	**1,554,325**	**1,676,734**
Book Value Per Share	$369	$418	$394

Income Statement	2020	2021	2022
Interest Income	55,703	57,092	67,090
Interest Expense	(11,669)	(8,019)	(9,384)
Net Interest Income	44,034	49,073	57,706
Provision for Loan Losses	(4,000)	(600)	—
Net Interest Income After Provision for Loan Losses	40,034	48,473	57,706
Non-interest Income	39,871	29,845	14,587
Non-interest Expense	(53,539)	(51,586)	(52,157)
Income Before Income Tax Expense	26,366	26,732	20,136
Income Tax Expense	(5,280)	(4,987)	(3,394)
Net Income	21,086	21,745	16,742
Earnings Per Share	$62.92	$64.89	$49.96

Selected Other Bank Data:	2020	2021	2022
Return on Average Assets	1.70%	1.50%	1.10%
Return on Average Equity	17.0%	14.4%	11.4%
Net Interest Margin	3.70%	3.50%	3.90%
Non-performing Assets to Total Assets	0.90%	0.50%	0.20%
Allowance for Loan Losses as a Percent of Total Loans	0.90%	0.90%	0.70%
Leverage Ratio	10.1%	10.5%	10.5%
Risk Based Capital Ratio	15.7%	15.5%	13.0%

Dear Shareholders,

I have often said that the most important job we have as your Board of Directors is to hire and retain the Bank's President & CEO. Nothing else we do matters if we don't have the right individual leading our organization. Leadership at Bank Five Nine not only drives the strategy to generate positive financial results, but also develops the culture that creates a Top Workplace for our employees.

A little over 15 years ago we hired Mark W. Mohr to fill that role. During his time at Bank Five Nine, our assets grew by $1 billion, we doubled our branch footprint and expanded the corporate headquarters. He led our bank through a complete rebrand in 2020 and he is particularly proud of our advancements in support of small businesses, non-profit organizations and low-to-moderate income families.

After 40+ years in banking, Mark announced his retirement in early 2022. We thank Mark for his exemplary leadership of our organization and look forward to his future contributions as a member of our Board of Directors.

With Mark's retirement, our promise is that we remain committed to staying strong, local and independent. We also recognize that Mark built a strong culture, one that resonated with many of our employees, and our intent was to find a leader that would continue that heritage. I believe we have found someone who shares our vision.

We conducted a national search for our next President and CEO, and Tim Schneider quickly rose to the top of a very competitive candidate pool. Tim has extensive experience in community banking throughout Wisconsin, and most recently served as a Senior Vice President at Nicolet National Bank. Prior to that, he was the CEO and Co-Founder of Investors Community Bank in Manitowoc. Investors Community Bank was acquired by Nicolet National Bank in 2021.

I am confident Tim will continue the legacy Mark built at Bank Five Nine. Please join me in welcoming him to Bank Five Nine and in wishing him success as he leads our team.

Finally, on behalf of the Board of Directors and employees of Bank Five Nine, I want to thank Maureen Stapleton for over 30 years of dedication and service to our great organization. Maureen is stepping down from our Board in order to better serve her business and the charities she supports. Maureen is family to me and to many of us at this Bank. We are going to miss her in the Boardroom, but we know we will maintain our close relationships as she continues to be our best ambassador and advocate in her role as the unofficial Mayor of Lake Country. Thank you, Maureen!

Robert W. Snyder
Chairman

Board of Directors

(Listed left to right, Back row first)

Mark T. McCune
Bank Five Nine

Craig S. Schiefelbein
Observation Tower LLC

Charles J. Folkman, Jr.
Vice Chairman
L.F. George, Inc.

Pat Hammer
Rogers Behavioral Health System

James P. Siepmann
Siepmann Realty Corporation

Mark W. Mohr
Bank Five Nine (retired)

Larry Tomsyck
Ernst & Young LLC (retired)

Monica Stern
Village of Grafton

Robert W. Snyder
Board Chairman
Snyder and Ek, S.C.

Maureen Stapleton
Stapleton Realty and Appraisal

Peter G. Roehl
Roehl Corporation

Executive Management

Tim Schneider
President,
Chief Executive Officer

Mark T. McCune
Executive Vice President,
Chief Lending Officer

Nate Zastrow
Executive Vice President,
Chief Financial Officer

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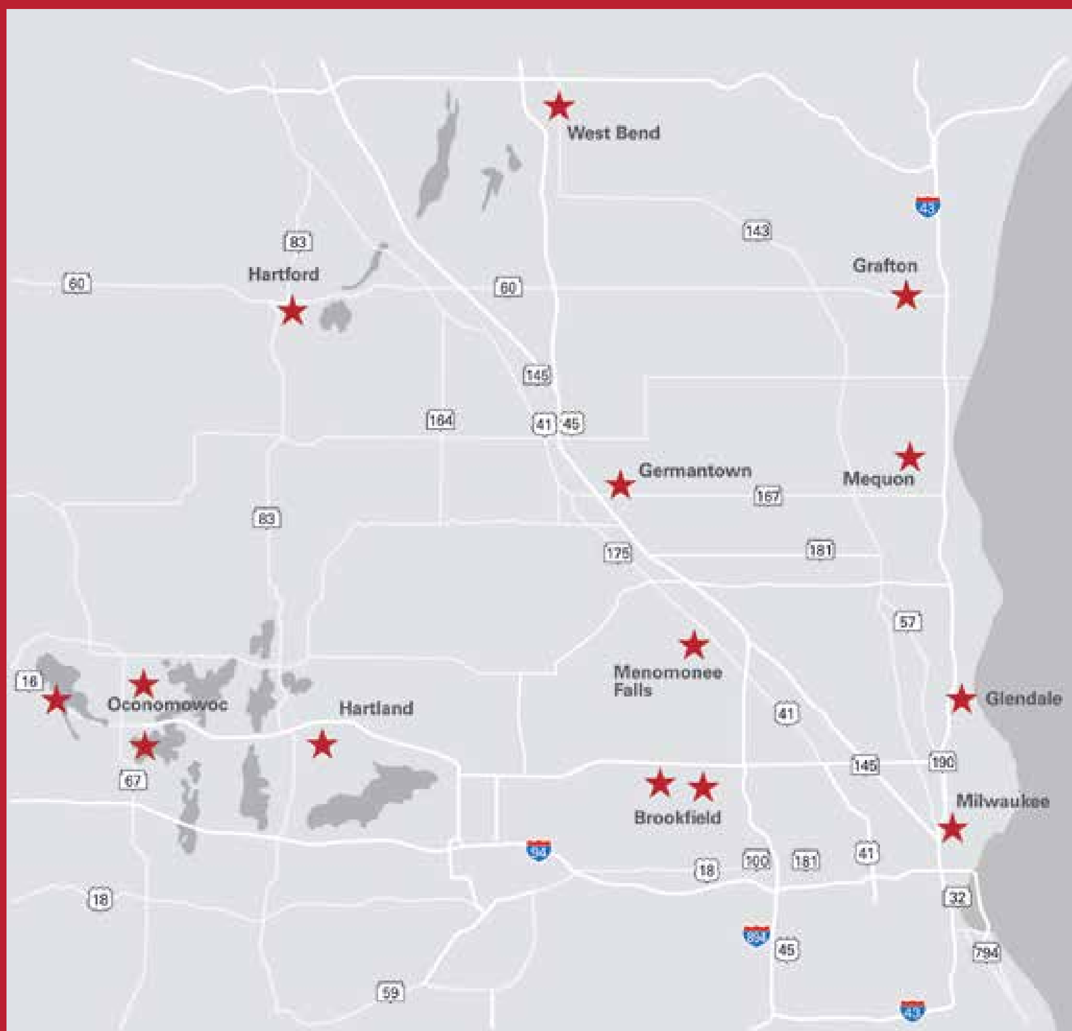

BRANCH LOCATIONS

EXCELLENCE
potential
mpower
INNOVATION
service
TECHNOLOGY

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