

AmBanc

 Financial Services Inc.



 American Bank

AMBANC FINANCIAL SERVICES, INC.

BOARD OF DIRECTORS 2019

Martin E. Sell Chairman of the Board

John R. Oathout

John M. Belmonte

Patricia A. Frankenstein

Todd M. Nehls



AMERICAN BANK

BOARD OF DIRECTORS 2019

Martin E. Sell Chairman of the Board

John R. Oathout

Rhonda M. Steiner

Mark E. Holsapple

Todd M. Nehls

Kenneth L. O'Connell

Michael S. Horak

Jason C. Smelcer

March, 2020

Dear Shareholder:

On behalf of our directors and officers, it is my pleasure to present to you the Ambanc Financial Services, Inc. 2019 Annual Report.

The report reflects record operating results along with a continued investment in the future of our independently-owned and operated community bank. The financial highpoints include record earnings, a stable core deposit base, a strong capital position and exceptional credit quality.

Several factors have allowed for our improved performance in 2019. As a corporation, we have realized the benefits from the many strategic initiatives we have implemented since 2017. We were able to lower our non-interest expenses by 3.2 percent while continuing to make significant investments in technology, marketing and rebranding. In addition, non-interest income increased by 30 percent due to the favorable mortgage refinance market as a result of sustained low rates.

Several new shareholder services are now available for your convenience. Electronic storage of shares, also known as book-entry shares, is available to eliminate the need to keep track of and safeguard your paper certificate(s). Periodic statements are provided which show the number of shares owned and can be used for recordkeeping purposes.

Another optional service is the ability to designate a Transfer on Death (TOD) beneficiary. Similar to a Payable on Death designation, the Transfer on Death allows you to directly transfer your shares to one or more beneficiaries.

One of the most popular services is direct deposit of dividend payments. Enjoy the convenience of having your dividends deposited into an account of your choosing. Direct deposit is a faster, safer way of receiving payments and avoids a trip to the bank.

For shareholders interested in buying or selling shares, a Buy Interest Form and Sales Offer Form are available to formally express their interest.

Request forms to take advantage of any or all of these services can be found on Ambanc's new website, www.ambancbd.com, under the 'Documents' tab or obtained by request to Pat Frankenstein via email to pfrankenstein@americanbankbd.com or phone to 920-356-6982.

With so many fundamental changes in place, we look forward to 2020 as we will incorporate more changes to improve the customer experience. We will enhance our high-touch tradition of face-to-face relationship building with emerging technologies that will help us remain competitive and satisfy our customers' needs.

Our Annual Meeting will be held on Tuesday, March 31, 2020 at 9:00 am at American Bank. Please note the change in time from our traditional 2:00 pm meeting time. We are hopeful the change will allow more shareholders to attend. In addition, a continental breakfast will be served starting at 8:30 am. In order to make proper preparations, it will be appreciated if you can RSVP your plans to attend by email or phone call to Pat Frankenstein (contact information is listed above) by March 27. I would encourage you to attend to get the latest updates on your corporation.

Thank you for your continued support of Ambanc Financial Services, Inc. and American Bank.



John R. Oathout

President and Chief Executive Officer, American Bank

Ambanc Financial Services, Inc.

Consolidated Balance Sheets

Assets	2019	2018
Cash and due from banks	\$7,744,055	\$4,011,742
Federal funds sold	<u>\$2,617,880</u>	<u>\$15,077,000</u>
Cash and cash equivalents	\$10,361,935	\$19,088,742
Certificates of deposit in banks	\$10,069,880	\$17,079,919
Available-for-sale securities	\$22,973,437	\$12,889,255
Investments in restricted stock	\$335,320	\$184,800
Loans, net of allowance for loan losses	\$108,594,145	\$109,483,409
Interest receivable	\$446,879	\$406,056
Premises and equipment, net	\$2,027,985	\$2,264,813
Foreclosed assets	\$150,000	\$117,502
Deferred taxes	-	\$274,935
Other assets	<u>\$1,204,317</u>	<u>\$532,142</u>
Total assets	<u>\$156,163,898</u>	<u>\$162,321,573</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	\$139,258,643	\$143,471,535
Borrowings	\$477,750	\$3,481,317
Interest payable	\$171,957	\$120,014
Accrued expenses & other liabilities	<u>\$97,157</u>	<u>\$153,963</u>
Total liabilities	<u>\$140,099,004</u>	<u>\$147,226,829</u>
Stockholders' Equity		
Common stock, \$20 par value, 250,000 shares authorized, 200,000 shares issued	\$4,000,000	\$4,000,000
Surplus	\$1,886,638	\$1,886,638
Retained earnings	\$15,652,484	\$14,758,415
Unearned employee stock ownership plan shares	(\$1,303,369)	(\$1,496,388)
Accumulated other comprehensive loss	\$40,865	(\$13,767)
Treasury stock, at cost (52,750 shares in 2019 & 50,955 shares in 2018)	<u>(\$4,211,724)</u>	<u>(\$4,040,154)</u>
Total stockholders' equity	<u>\$16,064,894</u>	<u>\$15,094,744</u>
Total liabilities and stockholders' equity	<u>\$156,163,898</u>	<u>\$162,321,573</u>
Additional Assets	2019	2018
Managed investments*	\$40,035,273	\$36,398,038
Serviced assets^	\$71,262,414	\$78,199,196
Total assets	\$156,163,898	\$162,118,494
Total Managed Assets	\$267,461,585	\$276,715,728

*Managed investments are the assets in our Brokerage Department

^Serviced assets are FHLB Loans we made and service and participation loans we sold to other banks.

Ambanc Financial Services, Inc.

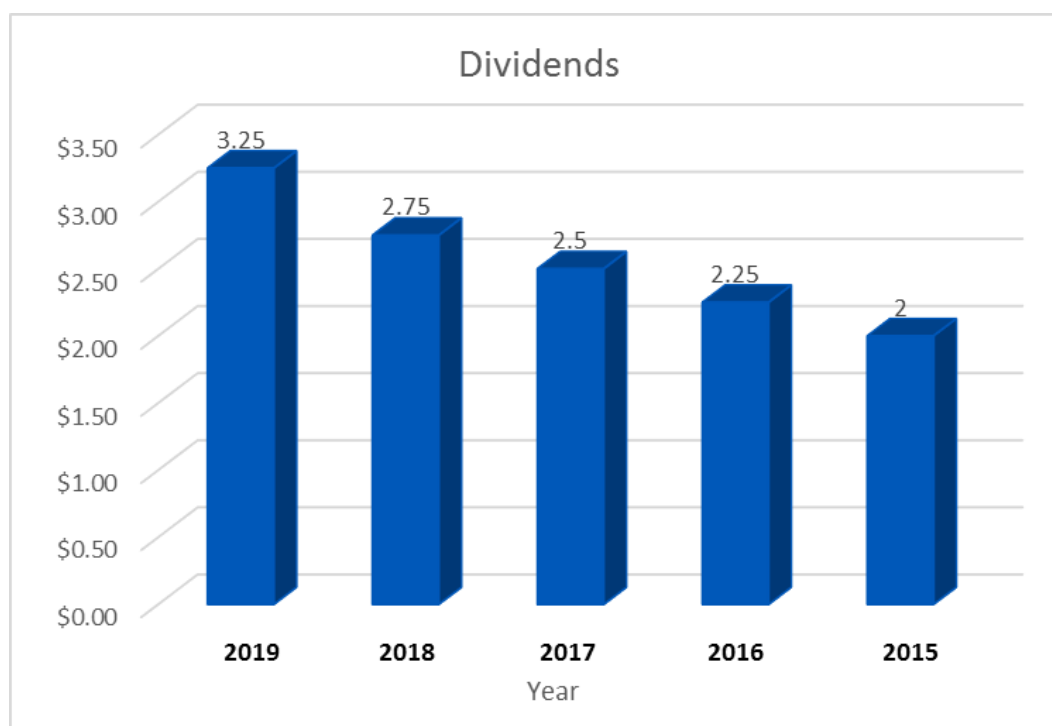
Consolidated Statements of Operations

	<u>2019</u>	<u>2018</u>
Interest Income		
Loans, including fees	\$5,402,154	\$5,304,315
Securities	\$744,861	\$497,755
Other	<u>\$258,811</u>	<u>\$227,114</u>
Total interest income	<u>\$6,405,826</u>	<u>\$6,029,184</u>
Interest Expense		
Deposits	\$417,181	\$381,794
Other borrowings	<u>\$31,900</u>	<u>\$42,134</u>
Total interest expense	<u>\$449,081</u>	<u>\$423,928</u>
Net Interest Income	\$5,956,745	\$5,605,256
Provision for Loan Losses	<u>\$45,000</u>	<u>\$132,484</u>
Net Interest Income After Provision for Loan Losses	<u>\$5,911,745</u>	<u>\$5,472,772</u>
Non-Interest Income		
Service fees	\$1,127,118	\$898,968
Gain on sale of securities	\$52,720	\$803
Other	<u>\$28,810</u>	<u>\$29,987</u>
Total non-interest income	<u>\$1,208,648</u>	<u>\$929,758</u>
Non-Interest Expenses		
Compensation and employee benefits	\$2,826,825	\$2,835,007
Data processing	\$623,667	\$600,632
Occupancy and equipment expenses	\$655,666	\$634,926
Directors' fees	\$201,265	\$216,865
Professional and legal fees	\$137,023	\$263,178
Foreclosed asset expenses	\$64,171	\$125,112
Other	<u>\$803,495</u>	<u>\$844,091</u>
Total non-interest expenses	<u>\$5,339,112</u>	<u>\$5,519,811</u>
Income Before Income Taxes	\$1,781,281	\$882,719
Income Tax Expense	<u>\$471,647</u>	<u>\$229,568</u>
Net Income	<u>\$1,309,634</u>	<u>\$653,151</u>
Earnings per share	\$8.84	\$4.38

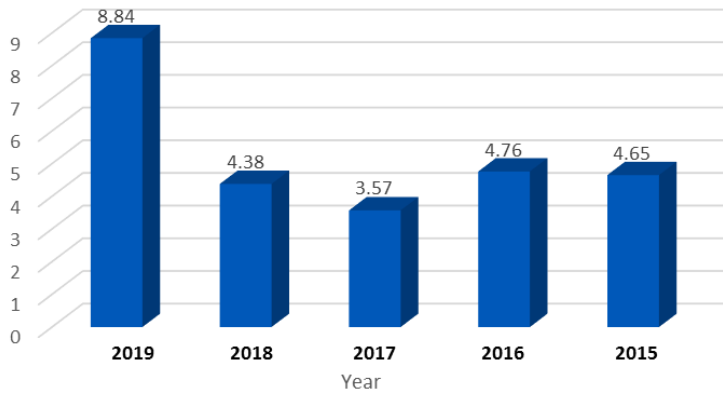
Ambanc Financial Services, Inc.

Consolidated Statements of Changes in Stockholders' Equity

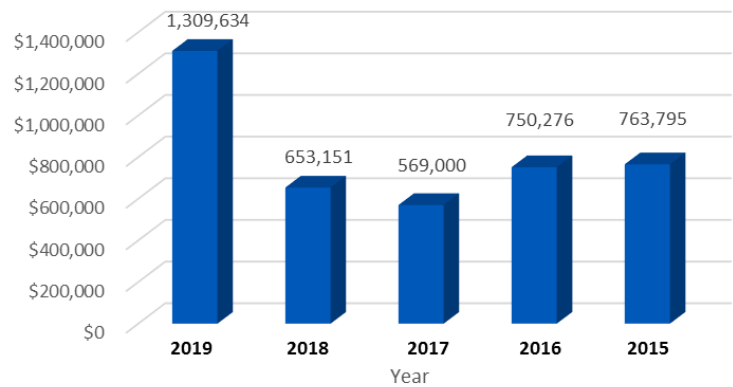
Stockholders' Equity	<u>2019</u>	<u>2018</u>
Beginning balance	\$15,094,744	\$15,868,984
Net income	\$1,309,634	\$653,151
Dividends paid	(\$478,565)	(\$410,310)
Common shares committed to be released under the ESOP	\$256,019	\$37,500
Stock-based compensation	\$0	\$0
Unearned ESOP shares	\$0	(\$698,515)
Purchase of treasury stock	(\$171,570)	(\$374,239)
Other comprehensive income	<u>\$154,632</u>	<u>\$18,173</u>
Ending Equity	<u>\$16,064,894</u>	<u>\$15,094,744</u>



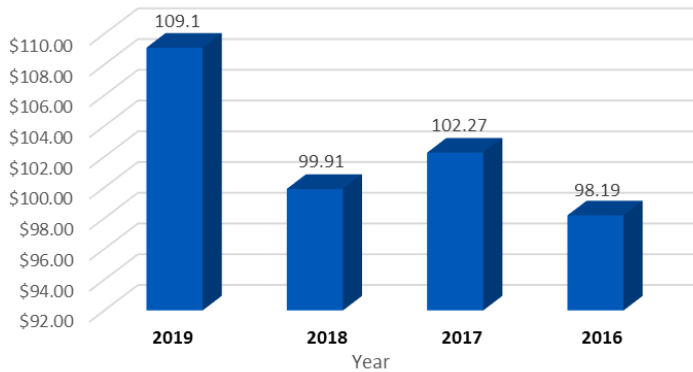
Earnings Per Share (EPS)



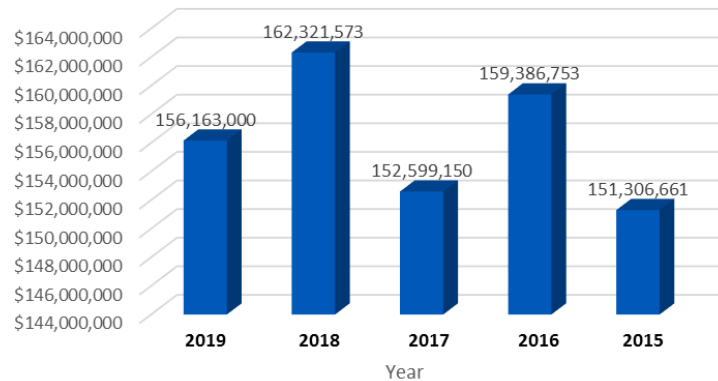
Annual Net Income



Book Value at End of Year



Total Assets





1. American Bank's Necedah Office raised funds to send local veterans on a Badger Honor Flight in 2019 by donating \$1,000 to the local VFW Post.
2. In the fall of 2019, American Bank officially became a Dementia Friendly site.
3. American Bank employees taught children about savings during Teach Children to Save Day.
4. Necedah Office employees supported the Necedah School District at their annual Pulled Pork Cookoff event during homecoming festivities.
5. In July, American Bank once again presented the volunteer board of Beaver Dam Lake Days with a donation check to help with event expenses.

