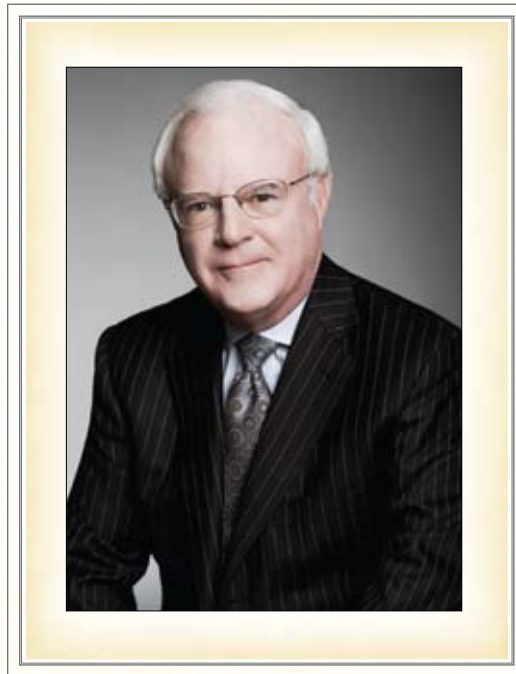


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*Straight Talk,  
Straight Answers*

# Straight Talk



P. MICHAEL MAHONEY  
*Chairman of the Board, President and CEO*

*“What are you seeing out there?”*

“Across the board, this is the most common question our bankers and I get when meeting with customers over the past 18 months. During these meetings, the questions eventually shift to our banking relationship. *What are your expectations of us? What do we need to do to continue our relationship? What’s different about Park Bank?*”

Be assured, we haven’t changed who we are. Open and ongoing dialogue with our customers is at the core of each good relationship. Despite the dramatic changes in the external environment, you will not see dramatic differences at Park Bank and how we look at relationships. That’s why we chose, in the pages to follow, to take the time to answer your questions directly — about our financial position, our commitment to relationships and our future.”

## Friends and shareholders,

These are truly unprecedented times. I do not know of a single customer that hasn't been significantly impacted by the economic environment. Questions about the stability of the financial industry and lending climate remain on our customers' minds. Despite these overall uncertainties, Park Bank has remained profitable and stable throughout this period. By sticking to the business we know best, we made prudent decisions in the past which are benefitting us now. We have been able to manage well through a very difficult period and maintain our focus on supporting the needs of our customers. With a growing number of economic signals pointing in a positive direction, we anticipate even stronger growth and profitability for the bank in 2010.

Our balance sheet remains strong. Tier 1 leverage capital was 10.81% as of December 31, 2009. Our capital level is extremely strong and composed completely of retained earnings and shareholder equity. We took no advances from the Federal Home Loan Bank, no TARP funds and have no need to raise additional capital. We are in a very liquid position and expect that to carry through in 2010.

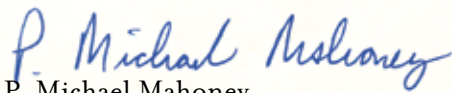
Our underlying earnings engine is working well. Due to a number of one-time occurrences and a significant increase in our loan loss provisions, our earnings decreased to \$2.5 million as of December 31, 2009 from \$9.7 million as of December 31, 2008. The major factor affecting our earnings in 2009 was the increase in loan loss provisions to appropriately reflect the economic challenges faced by some of our customers. Looking ahead, we are encouraged by the stabilizing trends we see.

In 2009, we grew new relationships and expanded existing relationships. Our priority is to provide superior service and satisfaction to our existing customers and to find ways to deepen these relationships. We are also looking to attract new customer relationships. In this highly regulated and risk-conscious environment, we will continue to be prudent in our approach by being thorough in our underwriting, testing assumptions and taking intelligent risks.

We are sincerely gratified by the trust and confidence our customers continue to show in us. And we are making every effort to keep the flow of communication and understanding at the forefront of our actions. The team at Park Bank is strong. Our board of directors is seasoned and involved. Our management team has been together for a very long time and understands the culture. We have a very significant group of loyal, professional employees who work hard to support the needs of our customers on a daily basis.

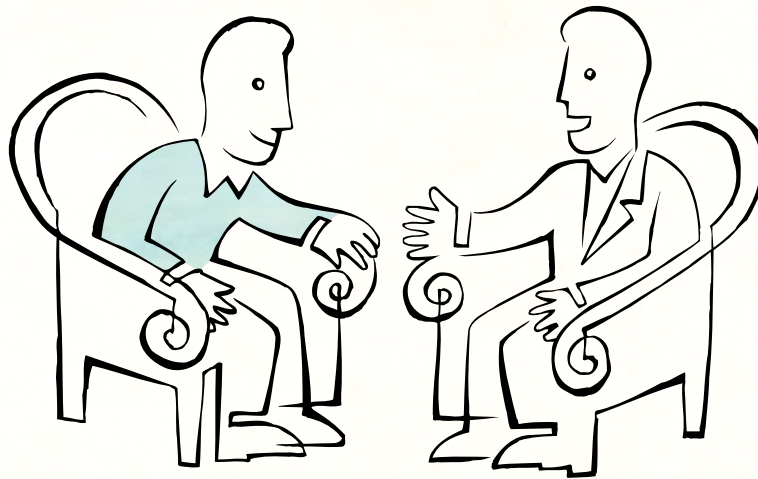
As we celebrate our 95th year in business, I want to thank you for your ongoing support and loyalty. We reached this milestone because of the strength of our customer relationships and the clarity of our purpose.

If you have any questions about Park Bank, I encourage you to contact me personally at 414.270.3207 or by email at [mikem@parkbankonline.com](mailto:mikem@parkbankonline.com).



P. Michael Mahoney  
Chairman of the Board  
President & CEO

# Straight Answers



*“In this environment, how does Park Bank show its support for me and my business?”*

*“By giving you peace of mind that our actions and mindset remain consistent.”*

David P. Werner  
Senior Vice President, Market Manager  
21 years with Park Bank

“We are staying very close to our customers. We are not avoiding tough discussions or the economic realities facing your business. We’re continuing to listen, be responsive and answer your questions.

We look at communication as a shared responsibility. Tell us the good and the bad, quickly. We can deal with the known, not the unknown. Expect the same of us and ask for a direct answer. This is what it takes to work together on all issues and be better prepared going forward.

It’s all about the relationship. Can we rely on each other to do what we both say we will do? Are we willing to share the benefits and the sacrifices? It’s give and take. When customers start thinking like bankers and bankers think like the customer, we can move forward together with a like mind and mutual support.”

*“Should I expect anything different in how my banker and I work together?”*

*“Be prepared for more. More questions, more information and more contact.”*



Kim D. Schaffer  
Senior Vice President, Market Manager  
14 years with Park Bank

“Basically, we’re more inquisitive and want more frequent contact with you. Anticipate the extra questions that probe deeper than ever before. We have always worked hard to know you and your business. Now we have an increased focus on knowing more about your entire financial situation beyond the banking needs we serve. Likewise, we have a responsibility to share more with you. It’s important that you’re comfortable with our financial position as well.

On a more operational level, we have tightened our monitoring methods to stay on top of developments. Quality and timeliness of information are critical. We look at this as a positive for you because this analysis allows us to determine together if your strategy or direction really makes sense.”



*“What does it take to maintain a strong lending relationship in today’s environment?”*

*“It’s back to the basics — the 5 Cs of credit, with ‘character’ being the key differentiator.”*

Phillip E. Hickman  
Senior Vice President, Market Manager  
14 years with Park Bank

“If you are a loan customer, this may be the biggest question on your mind. What it takes really hasn’t changed. There are things we can do and can’t do. We will give you a definite answer and tell you why or why not, specifically.

It goes beyond pure numbers. Much of it comes down to communication, and give and take. That’s where character comes in. We bring the character and stability of our management to each customer discussion, which breeds consistency, knowledge and fairness. And when we are confident in your character, we can go the extra step to more readily move forward.”

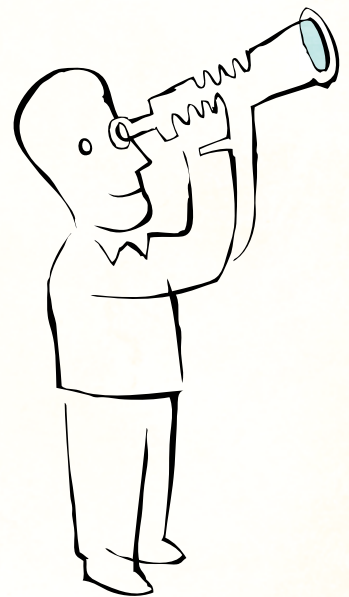
# An Eye Toward The Future



*“What is the bank’s strategy moving forward?”*

“It’s business as usual for us. We have not changed our focus.”

Robert J. Makowski, Jr.  
Senior Vice President, CFO  
22 years with Park Bank



“At our core, we are a relationship bank focused on serving businesses and individuals in southeastern Wisconsin. We will not change that. We are in the business to build relationships and we will continue to grow in a measured and managed way. We will continue to focus on investing in our primary banking activities — commercial banking, private banking, personal banking, treasury management, investment services and residential mortgages. Having this consistent strategy has been a comfort to our customers.

We are in a fortunate position. We did not get involved in areas outside of our expertise — no subprime lending or exotic investing. Like you, we too have been impacted by the downturn in the economy, and have had to manage the risk and uncertainties. We will continue to be on guard to manage risk properly and prudently.

Going forward, we have strong capital, substantial liquidity and the ability to lend. Our first priority will continue to be serving our existing relationship customers; second is attracting new businesses and individuals who truly value a full-service relationship. We see real opportunities for us to grow selectively in the markets we know best.”

# FINANCIAL HIGHLIGHTS

2009 marked the second consecutive year of economic challenges experienced by many of our customers, the financial industry and the nation as a whole. Likewise, Park Bank's financial performance continued to reflect the unprecedented market conditions in which we operate. Despite the setback in our earnings over the last two years, we remain financially strong and profitable.

## Highlights of Our Financial Strength:

### **Strong Balance Sheet**

Total assets grew by 5.9% in 2009 to end the year at \$798.3 million. Gross loans, which represent 82.2% of assets as of December 31, 2009, were virtually unchanged at year end. During the year we strengthened our liquidity levels, in part from a 7.7% increase in total deposits. Core capital grew by 5.8% to \$75.8 million. Park Bank remains well-capitalized with a tier 1 leverage capital ratio of 10.81% at year end.

### **Strong Core Revenue Generation**

Net interest income and other income remained solid in 2009 despite record low interest rates and a challenging credit environment. Fee income from residential mortgage origination made a significant contribution to other income. The strength and consistency of core revenues were offset by higher-than-expected FDIC insurance premiums, higher loan losses and an increase in loan loss provisions which resulted in net income of \$2.5 million after gains from security transactions.

### **Strong Loan Loss Reserve Level**

We boosted our loan loss reserves from \$8.7 million to \$12.5 million as of December 31, 2009. Loan loss reserves represented 1.9% of outstanding loans at year end. We are working closely with our regulators and external auditors to maintain a range of sufficient reserves. This calls for an active and ongoing evaluation of a moving target which is so dependent on market conditions and our customers' ability to withstand economic uncertainty.

## 2010 Business Priorities:

### **Prudent Financial Management**

Managing responsibly through this financial period will remain our top priority, which includes active dialogue with our customers, careful growth and maintaining sound capital ratios. This involves a good deal of investment in time and resources for the long term, which is how we have always viewed our customer relationship horizon and business model.

### **Enhancements in Technology**

With the astonishing rate of technological innovation, businesses are faced with the need to continually assess their options and make smart decisions. To this end, we are committed to providing up-to-date electronic services that meet the pressing needs of our customers. We have recently enhanced our business online banking product to make it easier to conduct ACH and wire transactions. Secure tokens were recently introduced to assist businesses in preventing online fraud. We will continue to adopt new electronic services such as remote deposit capture and image lockbox which streamline operations for our customers.

### **Expanding Opportunities**

Businesses and individuals are looking to local and financially strong institutions with management who they know and trust. As an independent commercial bank, we are capitalizing on these opportunities to gain new relationships with businesses and individuals who value the consistency and dependability of our approach. With the capacity to provide loan facilities up to \$15 million to any one customer relationship, we have the ability and desire to serve both large and small businesses.

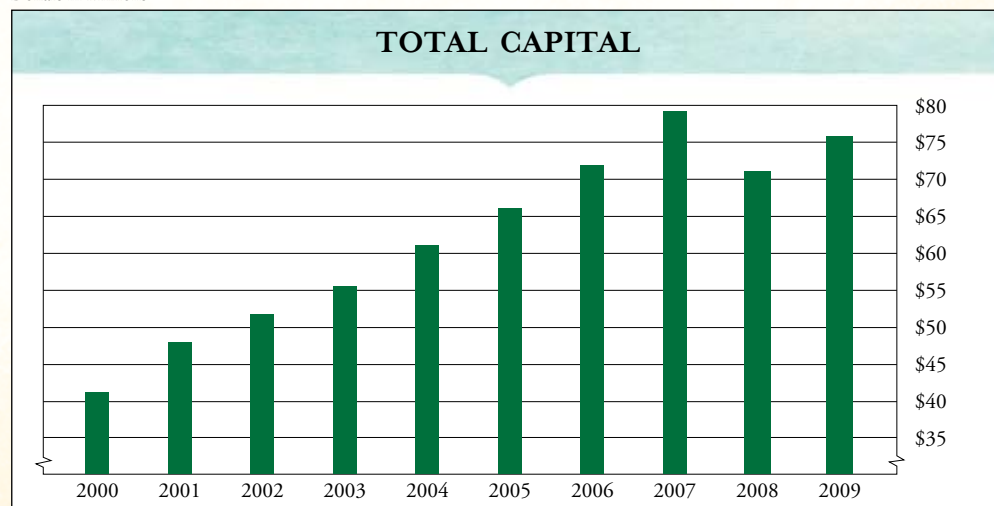
Signs of economic recovery are present and our customers are approaching 2010 with more confidence. For financial institutions, political and regulatory uncertainty remains. The direction and scope of regulatory reform are still being debated, and Americans have a vested interest in making sure it is done right. We have always looked at federal and state regulators as stakeholders. No matter the direction, our core commitment to customer relationships and our community banking approach will not change.

<b>BALANCE SHEET</b>					
<b>ASSETS</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Cash and Due from Banks	\$50,737	\$16,180	\$25,139	\$19,122	\$20,411
U.S. Government Securities	40,715	45,970	56,929	53,644	31,635
Asset-Based Securities	6,850	11,237	24,208	24,629	24,704
Mortgage-Based Securities	24,925	27,113	48,582	54,055	41,367
Other Investments	415	372	385	1,016	4,193
Federal Funds Sold	22,487	1	82,170	52,016	11,924
Loans	655,870	655,171	586,812	600,643	560,824
Less Loan Loss Reserve	(12,500)	(8,700)	(8,700)	(8,700)	(8,700)
Land, Building and Equipment	2,201	1,647	1,690	1,818	1,278
Interest Earned (Not Collected)	1,695	2,093	2,568	3,533	2,798
Other Assets	4,925	3,070	1,623	911	974
<b>TOTAL ASSETS</b>	<b><u>\$798,320</u></b>	<b><u>\$754,154</u></b>	<b><u>\$821,406</u></b>	<b><u>\$802,687</u></b>	<b><u>\$691,408</u></b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>					
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Noninterest-Bearing Demand Deposits	\$120,793	\$120,802	\$135,273	\$128,821	\$110,726
Interest-Bearing Demand Deposits	308,239	334,821	430,712	363,229	299,105
Time Deposits	271,082	194,460	132,030	192,483	187,385
Total Deposits	700,114	650,083	698,015	684,533	597,216
Repurchase Agreements	18,519	28,588	39,340	40,502	23,170
Other Liabilities	3,912	3,839	4,413	5,552	4,783
Total Liabilities	722,545	682,510	741,768	730,587	625,169
Capital Stock	2,500	2,500	2,500	2,500	2,500
Capital Surplus	20,000	20,000	20,000	20,000	20,000
Unrealized Appreciation (Depreciation) on Investment Portfolio	(4,114)	(8,720)	(20)	(663)	(1,117)
Undivided Profits	57,389	57,864	57,158	50,263	44,856
Total Stockholders' Equity	75,775	71,644	79,638	72,100	66,239
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b><u>\$798,320</u></b>	<b><u>\$754,154</u></b>	<b><u>\$821,406</u></b>	<b><u>\$802,687</u></b>	<b><u>\$691,408</u></b>

### Total Capital

At the end of 2009, Park Bank's total capital grew by 5.8% to \$75.8 million. We will continue to increase our core capital through retention of earnings, which will provide us with opportunities to support the growing needs of our existing and new customers.

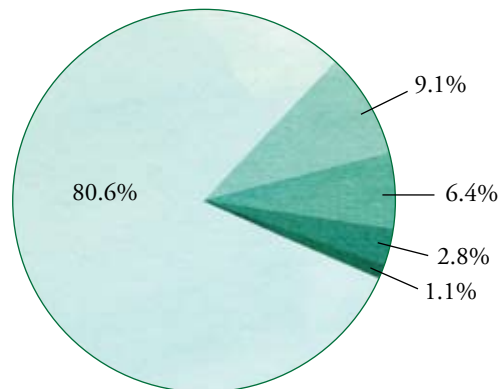
Dollars in Millions



## INCOME STATEMENT

	2009	2008	2007	2006	2005
Interest Income	\$38,701	\$44,808	\$56,709	\$51,806	\$40,334
Interest Expense	(8,797)	(13,716)	(26,195)	(21,923)	(13,012)
Net Interest Income	29,904	31,092	30,514	29,883	27,322
Provision for Loan Losses	(11,621)	(6,715)	(590)	(1,760)	(1,075)
Net Interest Income after Provision for Loan Losses	18,283	24,377	29,924	28,123	26,247
Other Income	3,835	2,704	2,573	2,407	2,776
Other Expense	(20,242)	(17,271)	(16,810)	(15,301)	(15,227)
Income before Income Taxes and Security Gains (Losses)	1,876	9,810	15,687	15,229	13,796
Provision for Income Taxes	(109)	(128)	(75)	(45)	(63)
Income before Security Gains (Losses)	1,767	9,682	15,612	15,184	13,733
Security Gains (Losses)	758	23	(67)	(177)	(135)
<b>TOTAL NET INCOME</b>	<b>\$2,525</b>	<b>\$9,705</b>	<b>\$15,545</b>	<b>\$15,007</b>	<b>\$13,598</b>

### ASSET COMPOSITION



NET LOANS    INVESTMENTS    CASH  
 FEDERAL FUNDS SOLD    OTHER ASSETS

#### Asset Composition

80.6% of Park Bank's total assets are composed of loans net of reserves, primarily commercial and industrial loans, line of credit facilities and commercial real estate loans. Total assets grew by 5.9% in 2009.

### LOANS TO FUNDING LIABILITIES



#### Loans to Funding Liabilities

Loans as a percentage of funding liabilities remained strong at 91.3% as of December 31, 2009, representing our consistent focus on supporting the credit needs of businesses, individuals and community organizations in southeastern Wisconsin. Funding liabilities are composed of deposits and repurchase agreements, which are generated primarily from local businesses and individuals in the community.

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Foley & Lardner LLP

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Attorney

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Chairman of the Board,  
President and CEO  
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Chairman and CEO  
Continental Properties Company, Inc.

**K. Terrence Wakefield**  
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The Wakefield Company, LLC

**Michael H. White**  
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Rite-Hite Holding Corporation

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President and CEO

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Senior Vice President  
Market Manager

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Senior Vice President,  
CFO and Cashier

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Senior Vice President  
Market Manager

**David P. Werner**  
Senior Vice President  
Market Manager

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Chief Credit Officer

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Senior Commercial Banker

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First Vice President  
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Audit

**Robert A. Mihm**  
Vice President  
Controller

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Vice President  
Credit Risk Management

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Vice President  
Treasury Management

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Assistant Vice President  
Credit Risk Management

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Personal Banking

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Private Banking

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Assistant Vice President  
Compliance & CRA

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Assistant Vice President  
Deposit Support

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Audit

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Personal Banking Officer

**Jeffrey G. Gebhardt, Jr.**  
Personal Banking Officer

**Lisa M. Herman**  
Business Information Systems  
Officer

**Ronald W. Johnson**  
Banking Officer

**Karen Lanser**  
Business Information Systems  
Officer

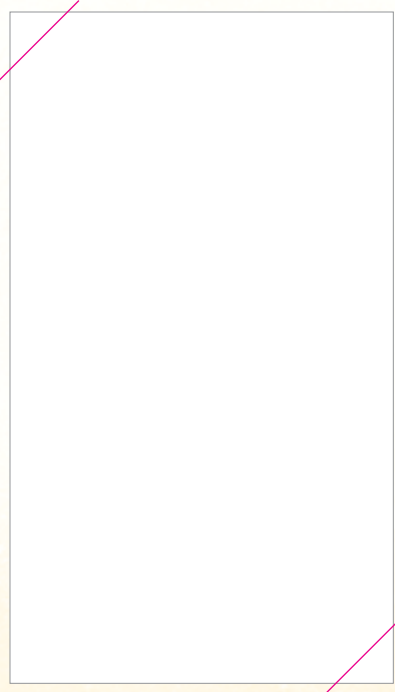
**Jeffrey M. Mair**  
Accounting Officer

**Bea Punke**  
Accounting Officer

**Adam Raychel**  
Credit Officer

**Nina Sanfilippo-Wolf**  
Personal Banking Officer

**Tamie Wallschlaeger**  
Business Information Systems  
Officer



# PARK BANK

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