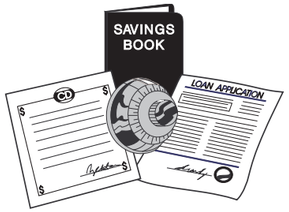


PremierBank's Trust & Investment Management Department

Rod Ellenbecker, VP & Senior Trust Officer

Retirement Income; a Different Approach

The first rule of retirement income planning is "never run out of money". The second rule is never forget the first. The reader will notice that there is no conflict between the two. But, there is plenty of conflict between the need for safety and the need for growth to hedge inflation over the life of a retiree.

Because inflation and interest rates so closely track each other, a safe "zero-risk portfolio" will steadily erode the value of the nest egg over time with very modest withdrawals. But we can guarantee that the "zero risk portfolio" will not meet any reasonable economic goals.

On the other hand, a stock only portfolio has a high expected return, but comes with a volatility that risks self-liquidation if withdrawals are continued during down markets. The appropriate strategy balances the two conflicting needs. What needs to be done is to design a portfolio of investments that balance income and liquidity with the ability to withstand down markets in a reasonable fashion. This happens by dividing the portfolio into two pieces: One piece with the widest possible diversification of equities (stocks) in an effort to provide the long -term growth necessary to hedge against inflation and meet the total return necessary to fund withdrawls. The second piece is fixed income (bonds and cash) to store value to fund distributions and mitigate the volatility of the total portfolio. Income production is not the primary goal with this piece, low volatility is.

Both portions of the portfolio contribute to the goal of sustainable withdrawals over an extended period of time. Notice that we are specifically not investing for income; rather we are investing for something known as "Total Return". Total Return investing abandons the artificial definition of "income" generation which has lead many to see their income shrink in this low interest rate environment. Many folks if given the choice would still chose a 4% dividend with a 2% expected growth over an 8% expected return with no dividend because they believe that the dividend is the "sure thing". As it has happened, that is not the case.

The last piece to this discussion is selecting a sustainable rate of withdrawal. We often coach our clients to use 4% as the rate. The reasoning is that it is sustainable and allows for growth above and beyond the annual distribution. This is important due to the fact that if you want your income to grow over time, you need the portfolio to grow in size. This is particularly handy in a low interest rate environment such as the one we see today.

So, what we see is a total return investment approach will achieve better returns with lower long-term risk than just looking for dividend income. This translates to higher distribution potential and increased long-term values of portfolios while reducing the probabilities of the funds self-liquidating. Investors have a lot to gain by embracing this approach. We would be happy to discuss this idea with you so give us a call to set an appointment.

- ✓ Living Trust
- ✓ Investment Management
- ✓ Trust Under Will
- ✓ Custody Account
- ✓ Insurance Trust
- ✓ Individual Retirement Account
- ✓ Guardianships
- ✓ Estate Settlement/ Administration

Trust & Investment Department Staff

Rod Ellenbecker, Vice President & Senior Trust Officer
Jan Ruster, AVP/Trust Officer
Jim Schafer, Trust Officer
Debbie Riddell, Admin. Assistant
Marj Dudzek, Operations
Sue Marks, Operations
Wendy Klug, Receptionist/Assistant

BANK AT HOME PremierBank V.S.P. Very Special People

PremierBank's V.S.P. Club boasts a membership of 850+! We would love to have you join us in this club for PremierBank customers age 55 and better!

Members Mark Your Calendars!

Tuesday, March 27th - Free Health & Financial Seminar; featuring Katy O'brien RN, BSN, CC Health and Happiness Coaching LLC 8:30 – 10:30 Fair View Sports Bar, Jefferson
May 3rd - The Pabst Mansion & The Domes, Milwaukee
June 27th - Dubuque Greyhound Park & Mystique Casino, Dubuque, IA
Summer Trip - TBD
Fall Trip - TBD
December 5th - Circa '21 Christmas Show, Rock Island, IL

NATIONAL

"TEACH CHILDREN TO SAVE DAY"

APRIL 24, 2012

Kids (and parents) tell your teachers….your bank loves to give fun presentations on the importance of saving! Contact Rochelle Mitchell, Marketing Director, PremierBank, 920-563-6616, Ext. 3004

BANK AT HOME PremierBank Junior Bankers Club

Kids 12 years old and younger – join this club, learn about the importance of saving, and have some fun doing it!

Plus enjoy special treats and prizes when you help us celebrate at PremierBank!

Special "Deposit Days"

You will get DOUBLE stickers for your "Money Tree" savers card when you make a deposit on the following days:

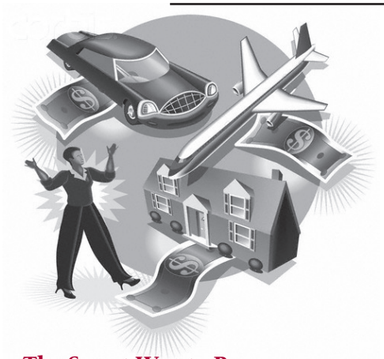
Saturday, March 17th (St. Patrick's Day)

Saturday, April 7 (Happy Easter!)

CONGRATULATIONS TO – Hannah Westerdale, age 7, Johnson Creek

Hannah was the Junior Bankers Club's NINTH Annual Money Tree card Winner! Hannah won a $50 Toy's R Us Gift Card! Hannah's card was drawn from a total of 141 completed Money Tree cards! Great job everyone! A new year has now started – good luck and have fun saving!

PremierBank's Loan Department



You have Places to Go, Plans to Carry Out, Dreams to Bring to Life… We Want to Help.

Vacation, Tuition, Home Addition… We have a Home Equity Loan for You..

The Smart Way to Borrow

The probability is that your home is worth more now than when you purchased it. The difference between this increased value and your present mortgage can represent instant cash to you.

Loans for Any Purpose

Whatever your reason for needing a loan – tuition bills, a new car or a vacation – home equity loans are an increasingly popular way to borrow.

Tax Deductible Interest

While interest deductions for personal loans have been eliminated, interest on your home equity loans may still be deductible on your itemized tax return. Consult a tax advisor regarding the deductibility of interest.

Since interest rates are still somewhat low, this is one of the best times to apply for a Home Equity Loan!

Call, or stop by and visit one of our friendly Loan Officers today!

LOAN DEPARTMENT STAFF

Deb Hale, Supervisor
Chris Heinz
Laura Bernard
Pam Wheeler
Cheryl Hanen

In Fort Atkinson
920-563-6616
Jeff Adsit
Chuck Bieberitz
Dave Bienfang
Roy Budlong
Bob Huber
Steve Schafer
Matt Lee

In Jefferson
920-674-4500
Susie Polk
Jim van Lieshout
Brian Armstrong

In Johnson Creek
920-699-6900
Theresa Copp
Jeff Cloute

In Sullivan
262-593-2227
Mark Catton

EQUAL HOUSING LENDER

Upcoming Events & Important Dates

MARCH

3 "Winter Wine Fest & Craft Show"; 10am-5pm, Jefferson County Fair Park Activity Center
11 Daylight Savings Time – Set your clocks ahead before you go to bed the night before!
17 Happy St. Patrick's Day!
17 Junior Bankers Club Special Deposit Day – all bank locations
17 "Geology of Mining in WI"; 1pm, Dwight Foster Public Library, Fort Atkinson
20 Happy Spring!
25 "Grape Cause for Special Olympics"; 1pm, Vetro Winery, Jefferson
27 VSP Club Free Health Seminar; featuring Katy O'Brien, call PremierBank for info and reservations
30 Lions Club Smelt & Fish Fry; Fort Atkinson Municipal Building
30 - April 1 Jefferson County Home Show; Jefferson County Fair Park Activity Center

APRIL

6 Good Friday, Main Banks close at Noon; Drive-ups reopen at 3pm
7 Junior Bankers Club Special Deposit Day – all bank locations
8 Happy Easter!
13 Bowl for Kids' Sake benefiting Big Brothers Big Sisters; 5-8pm; Rock River Lanes, Fort Atkinson
21 Jefferson County Holiday Extravagansa Spring Fling; JC Plaza Hotel and Conference Center, Johnson Creek
27 -29 Madison Classics Spring Car & Swap Meet; Jefferson County Fair Park
28 Johnson Creek Spring Rummage-O-Rama

MAY

5 Jefferson City Wide Rummage Sale; 7am – 4pm
5 Fort Farmers Market-Green Thumb Spring Preview; 8am – Noon
11 Jefferson Chamber of Commerce Golf Outing
12 Fort Farmers Market; 8am – Noon
12 Geumuetlichkeit May Ball Dance; Fairview Sports Bar, Jefferson
13 Happy Mother's Day!
19 Jefferson County Dairy Breakfast; 6am – 11am, Jefferson County Fair Park Activity Center
19 Fort Farmers Market; 8am – Noon
19 "Trot for the Pot" 5k Run & Fun Walk to raise funds for a bathroom facility in Barrie Park, Fort Atkinson
26-27 Fort Koshkonong Rendezvous: "The Long Rifle", Rock River Park
28 Memorial Day – banks closed

Source: Jefferson Country Tourism, Fort Atkinson Chamber of Commerce & Jefferson County Fair Park Calendar of Events

Meet Your Friends at PremierBank

Look for this special section each quarter in Highlights, and become more familiar with your friends at PremierBank!

SANDY ZECHEL

Part-Time Teller, Fort Atkinson South Motorbank

Sandy started her banking career in 1960, when "Woody" Bienfang (father of current bank President & CEO Dave Bienfang) wanted her to come to work at (then) The First National Bank. Sandy says "He said he knew I'd enjoy the work and the people!" The bank's name was later changed to First American Bank & Trust, and then to PremierBank, "and believe it or not I'm still working part-time!"

Sandy remembers that the bank was the first to have a drive up in Fort Atkinson, and she worked it when it started in the lower level of what is now known as the main bank located on Main Street. The Fort North Motorbank was soon built, so Sandy went to work there, then the South Motorbank was built and she worked there as Teller Supervisor until going part-time. "I work with really good people and the customers become our friends. I am happy to be a part of this bank family."

Sandy has lived in Fort Atkinson all of her life. She and her husband enjoy a lot of summer trips to northern Wisconsin, and are both Badger and Packer fans! She is a member of St. Paul's Lutheran Church in Fort Atkinson. She is also a Grandma and Great Grandma which keeps her busy!

CHANGE YOUR CLOCK

CHANGE YOUR BATTERY

Don't forget to SPRING AHEAD! Daylight Savings Time begins Sunday March 11th!

2012 PremierBank Directors

David P. Bienfang
President & CEO, PremierBank
Roy J. Budlong
Executive Vice President, PremierBank
Randall S. Knox
Vice President - Finance, W.D. Hoard, Co.
Robert V. Leslie
President, Fort Transportation Co.
William R. Wettstein
Consultant, Spacesaver Group
Philip H. Jones
President & CEO, Jones Dairy Farm
Robert W. Niebler
Pharmacist/Owner, The Drug Store
Sally L. O'Brien
President, Badger Press
Fred Negus, Jr.
President, Wisconsin Packaging, Co., Inc.

HONORARY DIRECTORS

James S. Schafer
Chairman of the Board, PremierBank
James H. Weiss
Retired, Real Estate Development
Milo C. Jones
Chairman of the Board, Jones Dairy Farm
Donley V. Henning
Business Consultant, Badger Press, Inc.
Henry A. Fischer
Retired Bank Executive

Member FDIC

Spring 2012

BANK AT HOME • PremierBank

Highlights

A QUARTERLY CUSTOMER NEWSLETTER PUBLISHED BY PREMIERBANK

President's Greetings...

I am pleased to report that your bank completed another solid year and did so in times that are still very challenging, nationally and well as locally. When I reviewed my message to you from the spring newsletter of last year, it was quite evident that while things are improving, many of the same conditions exist today that were challenging a year ago.

The economy, though improved, has not reached levels we'd like to see. The level of unemployment, though improved from a year ago, is still much higher than desired. It will be difficult for the economy to reach desired levels without significant improvement in the employment picture. The real estate market is sluggish as is the construction/home building industry. That being said, it is clear the 2012 will be another year of significant challenge.

Because it is so relevant in today's banking/financial world, I want to again mention one of the most important characteristics of a bank, from the standpoint of safety and soundness, is its capital structure. This is true because the level of a bank's capital structure is an indication of the bank's strength and its ability to prevail during difficult times. As has been mentioned many times in the past, the capital structure of your bank places it in the top 10% of all banks, nationally.

The VSP Club the social club for those "55 and better" is a good thing that keeps growing and getting better. Four or five trips have been planned for this year. Membership in this club is free-if you have any questions, contact Rochelle Mitchell or ask any of our officers. Our Junior Bankers's Club has continued to grow and prosper. The club, made up of the "customers of tomorrow" is an excellent way to help youth learn the value of saving and personal money management. Soon we will be preparing for Financial Literacy Month (April) and celebrate "Teach Children to Save" day. Many of our staff will be making presentations before youth groups and classrooms in the communities we serve. Feel free to give us a call, if would like to have our staff make a presentation.

One area that we are particularly excited about is that of the Trust Department & Investment services. The partnership we formed a couple of years ago with MainStreet Advisors has enabled us to raise the bar in the quality of service provided in the investment area. The improved performance in this service has pleased current customers and brought many new ones.

On behalf of the Board of Directors, Officers and Staff, please know we appreciate your being a member of the PremierBank family, and for helping us to grow and prosper this past year. Feel free to contact us, if you have suggestions for our improvement.

Thanks for listening...
Dave Bienfang

Character in Action – School District of Jefferson

Building Character…One Student at a Time.

Character Traits

The following traits will be emphasized throughout the school year:

March Perseverance – Pursuing worthy objectives with determination and patience while exhibiting fortitude when confronted with failure.
April: Courage – Doing the right thing in the face of difficulty and following your conscience instead of the crowd.
May: Citizenship – Being law abiding and involved in service to school, community, and country.

Look for other character traits in future PremierBank Highlights!