



2019 Annual Meeting

"The Community Bank Difference"

Presenters:



- Edward H. Schaefer, President & CEO

- Hired in July 2016
- Previously served as president and chief executive officer of Citizens Community Federal NA, a national bank headquartered in Altoona, Wisconsin, and its publicly traded holding company, Citizens Community Bancorp. Under his leadership, the bank grew from \$576 million to \$723 million, through both acquisitions and organic growth.
- Served for seven years as president and chief executive officer of Huntsinger Farms, Inc., one of the world's largest grower and processors of horseradish and horseradish-related products.



- Niki Schaumberg, CFO

- Hired in November 2012
- Previously served as vice-president and controller of Westbury Bank, f/k/a West Bend Savings Bank for eleven years. The bank grew from \$329 million to \$525 million during this time, including one merger.

Cautionary Statement Regarding Forward-Looking Statements

This presentation may contain forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect” and words of similar meaning. These forward-looking statements include, but are not limited to: statements of our goals, intentions and expectations; statements regarding our business plans, prospects, growth and operating strategies; statements regarding the quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits. These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

Actual outcomes may differ materially from those expressed or implied as a result of factors described under “Forward-looking Statements” and “Risk Factors” in FFBW, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2017 (“Form 10-K”) and in other filings of FFBW, Inc. (“FFBW”) with the Securities and Exchange Commission (the “SEC”). FFBW has no duty to, and does not intend to, update or revise forward-looking statements after the date on which they are made. For further information about FFBW, please see the Company’s most recent annual and quarterly reports filed on Form 10-K and Form 10-Q.

Branch Locations



★ **Home Office**
1617 E Racine Ave
Waukesha, Wisconsin

Full Service Branches

- ★ 1617 E Racine Ave
Waukesha, Wisconsin
- 2 1801 Summit Ave
Waukesha, Wisconsin
- 3 1360 S Moorland Rd
Brookfield, Wisconsin
- 4 3974 S Howell Ave
Milwaukee, Wisconsin



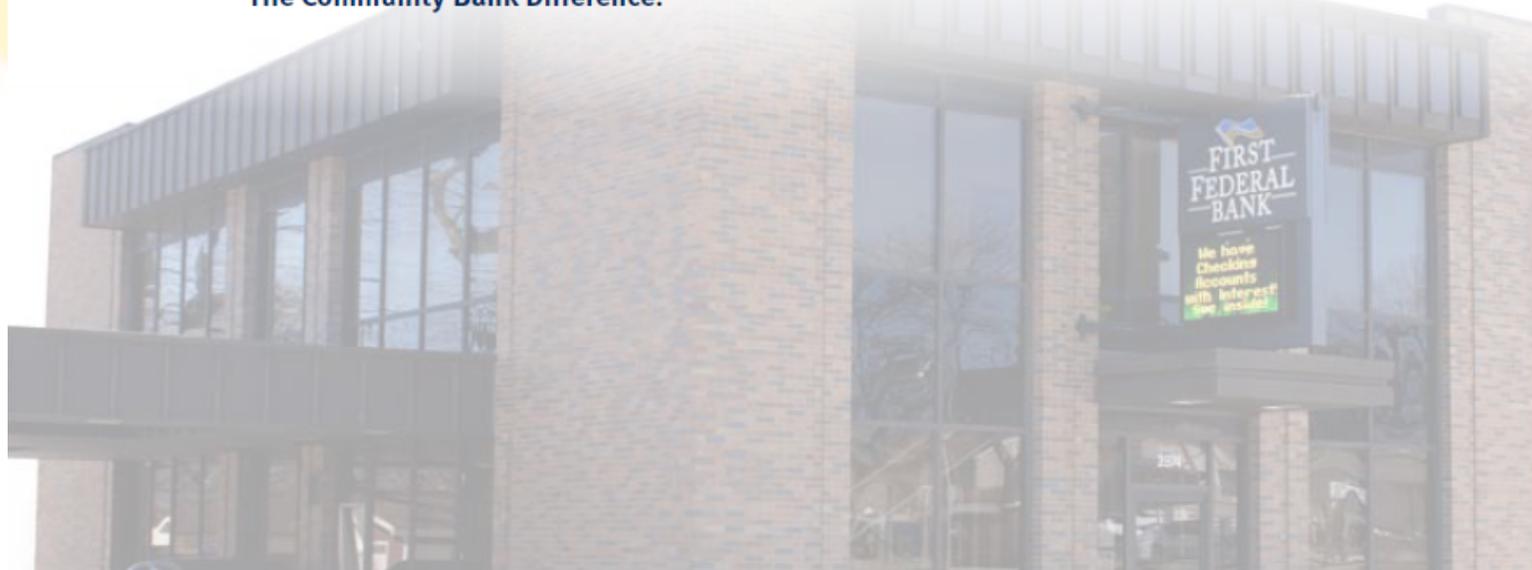
History

First Federal Bank of Wisconsin (FFBWI) has served the City of Waukesha and its surrounding communities since 1922. For many years, FFBW functioned as a savings and loan institution with most of its customer base holding certificates of deposits and loans.

Originally an association, the institution converted to a bank once it began to offer checking account products in the late 1970's and early 1980's. The once sleepy hometown community bank has grown substantially in the last 10 years including a merger with Bay View Federal Savings and Loan Association in 2014, the construction of the Brookfield / New Berlin branch in 2015, and the reorganization into the publicly-traded stock holding company, FFBW, Inc., in 2017.

Today, FFBWI is a markedly strong financial institution thanks to the efforts of our team members to solidify our policies, procedures, and internal controls to build a platform for future profitable growth.

**FFBWI will continue to differentiate itself from its competitors by living
" The Community Bank Difference."**





Our Tagline Is...

The Community Bank Difference

As a community bank serving the needs of our customers, First Federal Bank of Wisconsin (FFBW) provides **The Community Bank Difference**. **The Community Bank Difference** is our ability to provide local and responsive decision-making, personalized service and a commitment to actively serve the communities in which we do business.

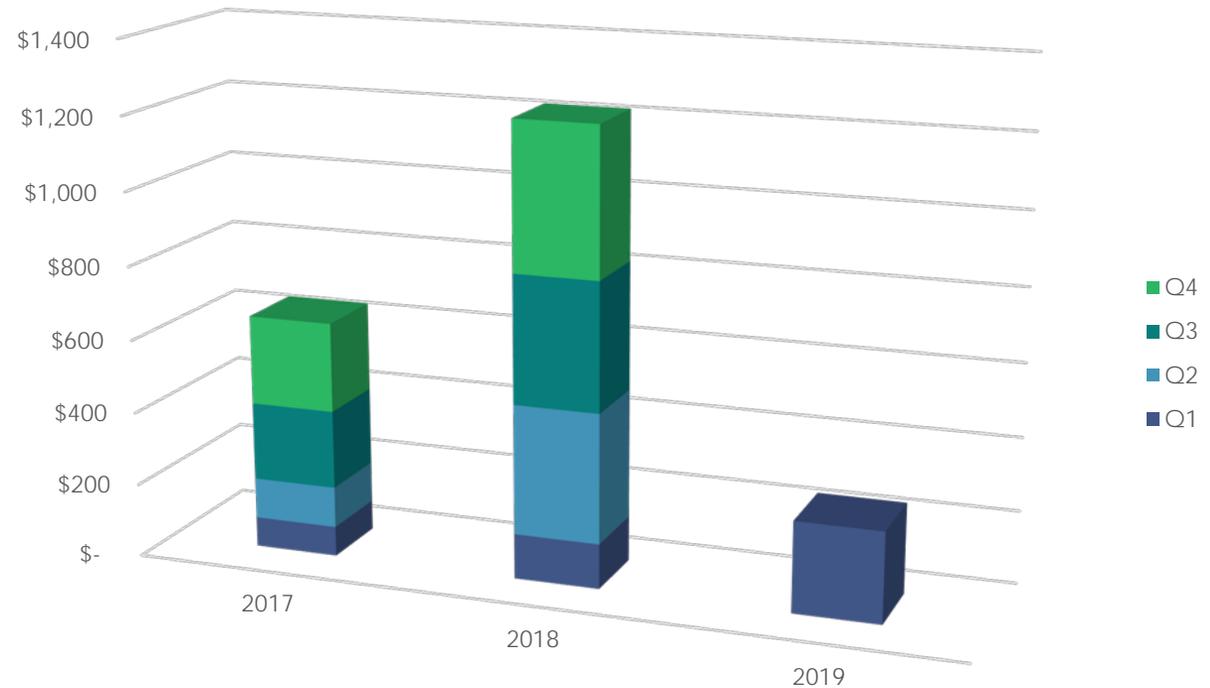
2018 / Q1 2019 Highlights:

- Continued strong earnings growth
- Strong asset quality
- Strong loan portfolio growth

Continued Strong Earnings Growth:

- Adjusted annual core earnings increased 90% in 2018 compared to 2017, and Q1 2019 improved 102% over Q 2018.

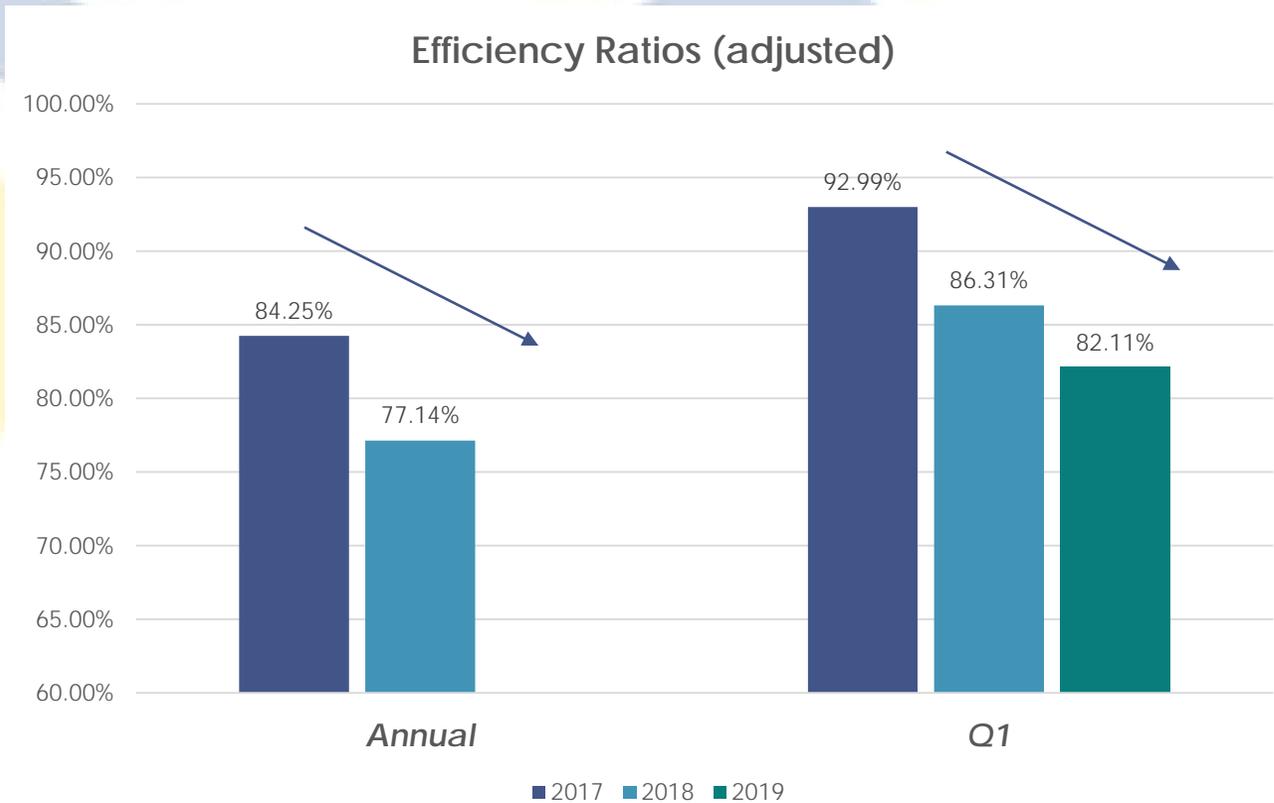
Strong Earnings Growth:



- 2017 adjusted earnings exclude the donation of the downtown office building donation (\$173 net), the setup of the FFBW Community Foundation (\$306 net) and the effect of the Tax Cuts and Jobs Act valuation adjustment (\$353).
- 2018 adjusted earnings excludes the one-time loss on securities sold at a loss (\$168 net).

Continued Strong Earnings Growth:

**Decreasing
Efficiency Ratios**
Emphasis on Cost Controls



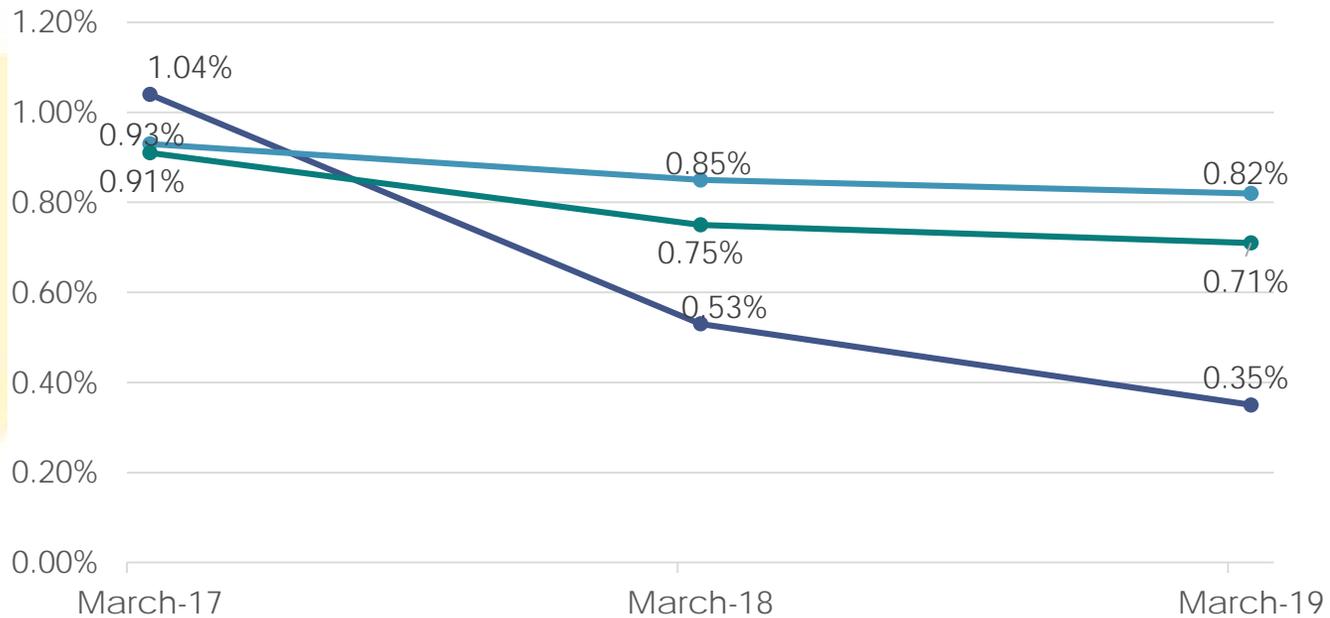
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Strong Asset Quality

Nonaccrual Loans / Total Loans

Continued Strong Asset Quality:

Nonaccrual Loans / Total Loans were 1.04% as of March 31, 2017, steadily dropping to a low of 0.35% as of March 31, 2019.

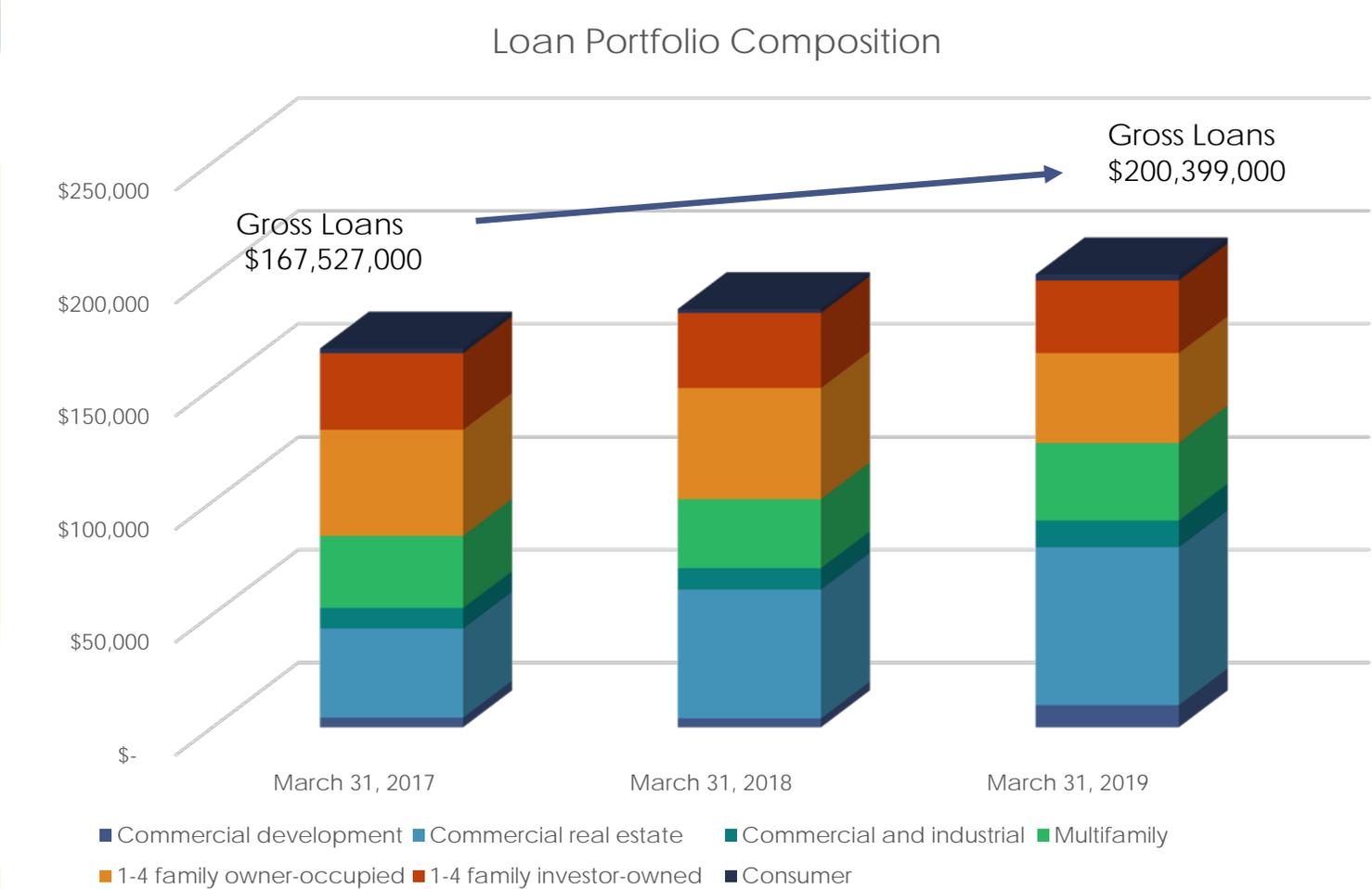


FDIC Commercial Banks \$100 Million - \$300 Million
FDIC Savings Banks \$100 Million - \$300 Million
First Federal Bank of Wisconsin



Loan Portfolio

Loan Portfolio Growth and Diversification:
 20% Growth Since 3/31/2017





Questions?

First Federal Bank of Wisconsin Capital Ratios

Strong Capital Ratios:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
March 31, 2019						
Common Equity Tier 1 capital (to risk-weighted assets)	\$ 48,822	23.9%	\$ ≥ 9,178	≥ 4.5%	\$ ≥ 13,257	≥ 6.5%
Tier 1 capital (to risk-weighted assets)	48,822	23.9	≥ 12,237	≥ 6.0	≥ 16,316	≥ 8.0
Total capital (to risk-weighted assets)	51,010	25.0	≥ 16,316	≥ 8.0	≥ 20,395	≥ 10.0
Tier 1 capital (to average assets)	48,822	18.7	≥ 10,471	≥ 4.0	≥ 13,089	≥ 5.0
December 31, 2018						
Common Equity Tier 1 capital (to risk-weighted assets)	\$ 48,502	23.7%	\$ ≥ 9,209	≥ 4.5%	\$ ≥ 13,302	≥ 6.5%
Tier 1 capital (to risk-weighted assets)	48,502	23.7	≥ 12,279	≥ 6.0	≥ 16,372	≥ 8.0
Total capital (to risk-weighted assets)	50,620	24.7	≥ 16,372	≥ 8.0	≥ 20,465	≥ 10.0
Tier 1 capital (to average assets)	48,502	18.4	≥ 10,542	≥ 4.0	≥ 13,178	≥ 5.0

FFBW, Inc. Summary Balance Sheet

Balance Sheet:

FFBW, Inc.
Balance Sheets
March 31, 2019 (Unaudited) and December 31, 2018
(In thousands, except share data)

	March 31, 2019	December 31, 2018
Assets		
Cash and due from banks	\$ 2,135	\$ 1,746
Fed funds sold	418	2,742
Cash and cash equivalents	2,553	4,488
Available for sale securities, stated at fair value	44,169	43,751
Loans held for sale	-	679
Loans, net of allowance for loan and lease losses of \$2,188 and \$2,118, respectively	198,090	198,694
Premises and equipment, net	4,975	5,057
Foreclosed assets	69	69
FHLB stock, at cost	609	739
Accrued interest receivable	856	768
Cash value of life insurance	7,054	7,007
Other assets	1,212	1,474
TOTAL ASSETS	\$ 259,587	\$ 262,726
Liabilities and Equity		
Deposits	\$ 180,942	\$ 183,205
Advance payments by borrowers for taxes and insurance	430	55
FHLB advances	15,750	17,750
Accrued interest payable	364	70
Other liabilities	1,260	1,284
Total liabilities	\$ 198,746	\$ 202,364
Preferred stock (\$0.01 par value, 1,000,000 authorized, no shares issued or outstanding as of March 31, 2019 and December 31, 2018, respectively)	\$ -	\$ -
Common stock (\$0.01 par value, 19,000,000 authorized, 6,696,742 issued and outstanding as of March 31, 2019 and December 31, 2018, respectively)	67	67
Additional paid in capital	28,406	28,326
Unallocated common stock of Employee Stock Ownership Plan ("ESOP") (240,063 and 243,303 shares at March 31, 2019 and December 31, 2018, respectively)	(2,401)	(2,433)
Retained earnings	35,244	34,995
Accumulated other comprehensive loss, net of income taxes	(156)	(593)
Less common stock repurchased, 29,436 and 0 shares at cost, at March 31, 2019 and December 31, 2018, respectively	(319)	-
Total equity	\$ 60,841	\$ 60,362
TOTAL LIABILITIES AND EQUITY	\$ 259,587	\$ 262,726

FFBW, Inc. Income Statement

Income Statement:

FFBW, Inc.
Statements of Income
Three Months Ended March 31, 2019 and 2018 (Unaudited)
(In thousands, except per share data)

	Three months ended March 31,	
	2019	2018
Interest and dividend income:		
Loans, including fees	\$ 2,448	\$ 1,968
Securities		
Taxable	275	340
Tax-exempt	2	23
Other	25	16
Total interest and dividend income	2,750	2,347
Interest Expense:		
Interest-bearing deposits	599	346
Borrowed funds	88	53
Total interest expense	687	399
Net interest income	2,063	1,948
Provision for loan losses	70	115
Net interest income after provision for loan losses	1,993	1,833
Noninterest income:		
Service charges and other fees	35	60
Net gain on sale of loans	41	39
Net gain (loss) on sale of securities	(8)	8
Increase in cash surrender value of insurance	47	46
Other noninterest income	25	23
Total noninterest income	140	176
Noninterest expense:		
Salaries and employee benefits	1,097	1,057
Occupancy and equipment	242	233
Data processing	175	152
Technology	78	55
Foreclosed assets, net	1	46
Professional fees	112	118
Other noninterest expense	103	172
Total noninterest expense	1,808	1,833
Income before income taxes	325	176
Provision for income taxes	76	53
Net income	\$ 249	\$ 123
Earnings per share		
Basic	\$ 0.04	\$ 0.02
Diluted	\$ 0.04	\$ 0.02

GAAP to Non-GAAP Reconciliation

Net Income

	Three Months Ended								
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019
Net Income	\$ 81	\$ 111	\$ 39	\$ (417)	\$ 123	\$ 353	\$ 349	\$ 233	\$ 249
Plus: Donation of downtown office building	-	-	283	-	-	-	-	-	-
Tax effect of downtown office building donation	-	-	(110)	-	-	-	-	-	-
Plus: Donation to set up FFBW Community Foundation, Inc.	-	-	-	500	-	-	-	-	-
Tax effect of foundation donation	-	-	-	(194)	-	-	-	-	-
Plus: Adjustment to deferred tax asset due to Tax Cuts and Jobs Act of 2017	-	-	-	353	-	-	-	-	-
Plus: Adjustment for one-time loss on securities portfolio realignment	-	-	-	-	-	-	-	224	-
Tax adjustment for securities sale	-	-	-	-	-	-	-	(56)	-
Adjusted net income (non-GAAP)	\$ 81	\$ 111	\$ 212	\$ 242	\$ 123	\$ 353	\$ 349	\$ 401	\$ 249

Non-GAAP Financial Measures

Regulation G, a rule adopted by the Securities and Exchange Commission (SEC), applies to certain SEC filings, including earnings releases, made by registered companies that contain "non-GAAP financial measures." GAAP is generally accepted accounting principles in the United States of America. Under Regulation G, companies making public disclosures containing non-GAAP financial measures must also disclose, along with each non-GAAP financial measure, certain additional information, including a reconciliation of the non-GAAP financial measure to the closest comparable GAAP financial measure (if a comparable GAAP measure exists) and a statement of the Company's reasons for utilizing the non-GAAP financial measure as part of its financial disclosures. The SEC has exempted from the definition of "non-GAAP financial measures" certain commonly used financial measures that are not based on GAAP. When these exempted measures are included in public disclosures, supplemental information is not required. Financial institutions like the Company and its subsidiary bank are subject to an array of bank regulatory capital measures that are financial in nature but are not based on GAAP and are not easily reconcilable to the closest comparable GAAP financial measures, even in those cases where a comparable measure exists. The Company follows industry practice in disclosing its financial condition under these various regulatory capital measures in its periodic reports filed with the SEC, including period-end regulatory capital ratios for itself and its subsidiary banks, and does so without compliance with Regulation G, on the widely-shared assumption that the SEC regards such non-GAAP measures to be exempt from Regulation G. The Company uses additional non-GAAP financial measures in this presentation to make the review of trends of earnings and efficiency ratios more useful by excluding large, one-time expenses that should not be included in core earnings.