



"The Community Bank Difference"

# Presenters:

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- Edward H. Schaefer, President & CEO

- Hired in July 2016
- Previously served as president and chief executive officer of CCF Bank, a national bank headquartered in Altoona, Wisconsin, and its publicly traded holding company, Citizens Community Bancorp (CZWI). 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 Silver Spring Foods and Huntsinger Farms, Inc., 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

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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 Prospectus dated November 12, 2019 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

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FFBW has served the City of Waukesha and 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., completed in 2020.

Today, FFBW 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.

# 2019 Highlights:

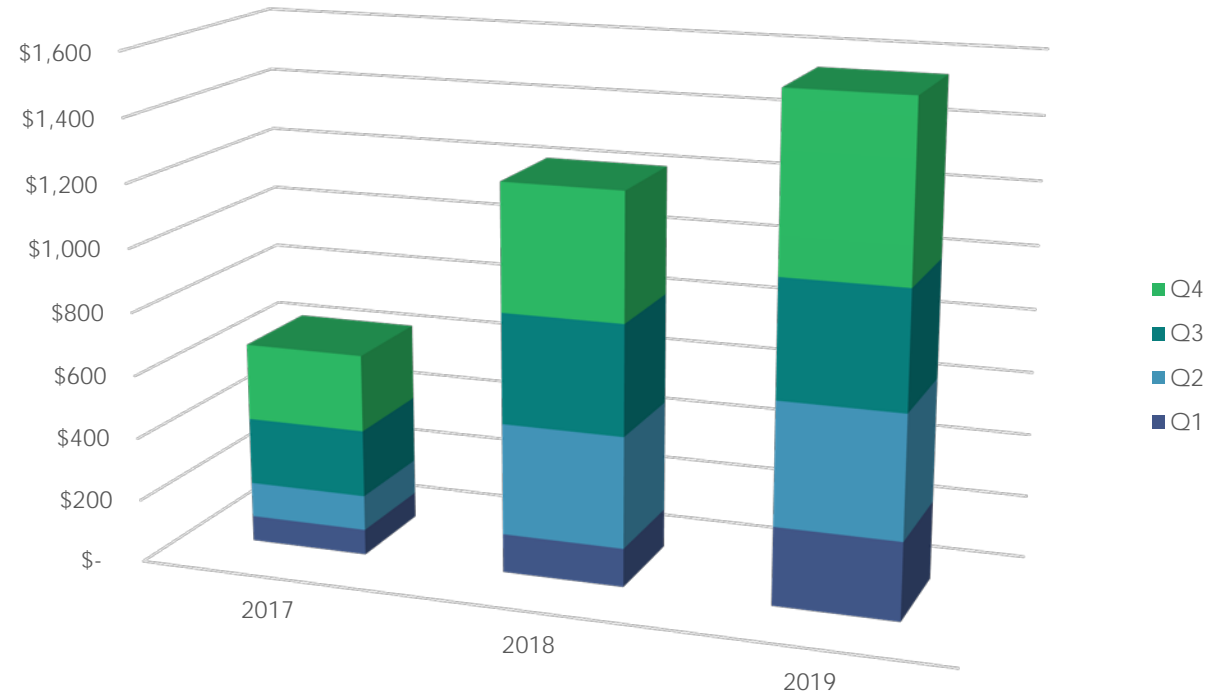
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- Strong Earnings Growth
- Emphasis on Expense Control
- Continued Strong Asset Quality
- Completion of Second-Step Mutual-to-Stock Conversion

# Strong Earnings Growth

- Adjusted annual core earnings increased 27% in 2019 compared to 2018.

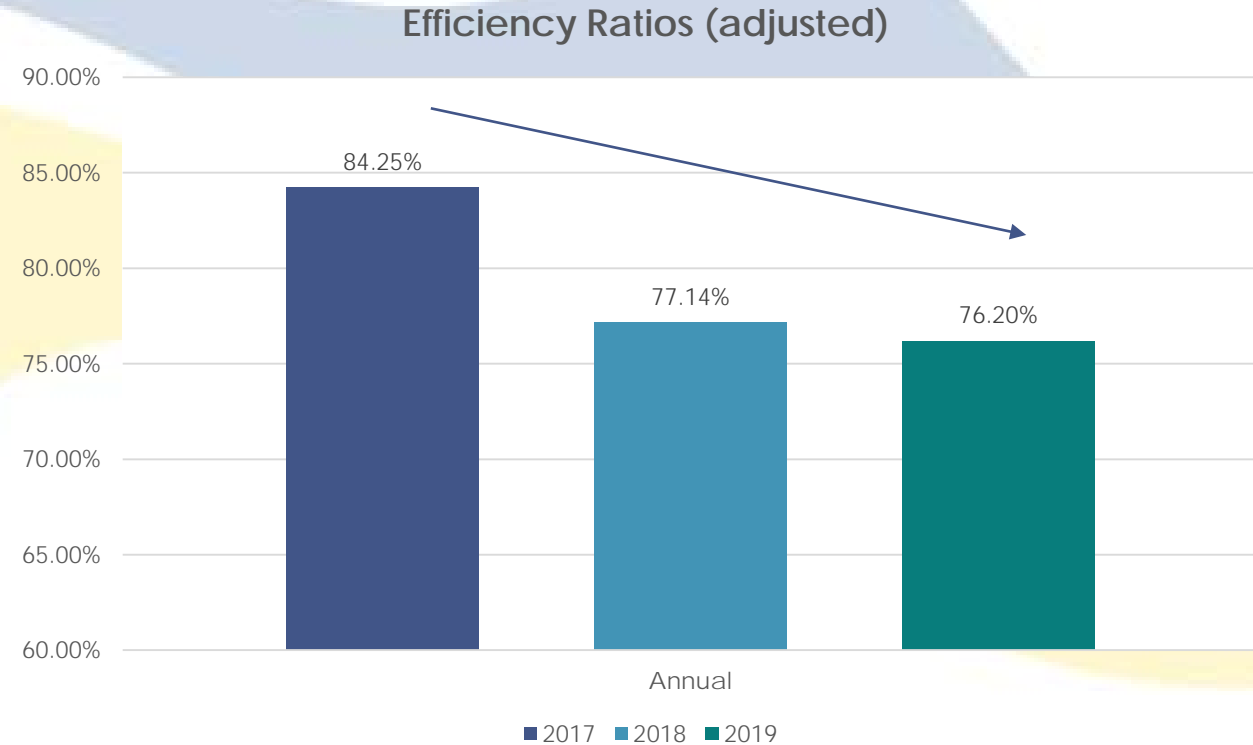
## Strong Earnings Growth



- 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).

# Emphasis on Expense Control

Decreasing  
Efficiency Ratio



- 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).

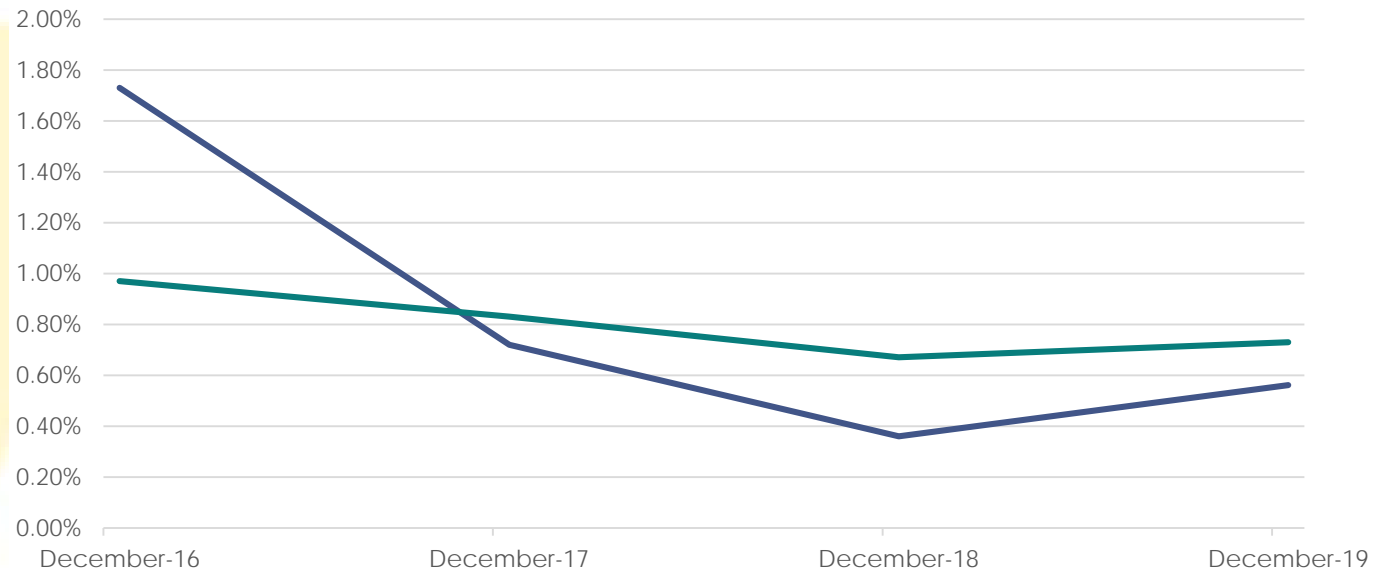


# Strong Asset Quality

## Nonaccrual Loans / Total Loans

### Continued Strong Asset Quality

Nonaccrual Loans / Total Loans has been consistently below peers since December 31, 2017.



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

\*NOTE that the last available data for peer group is as of 9/30/2019



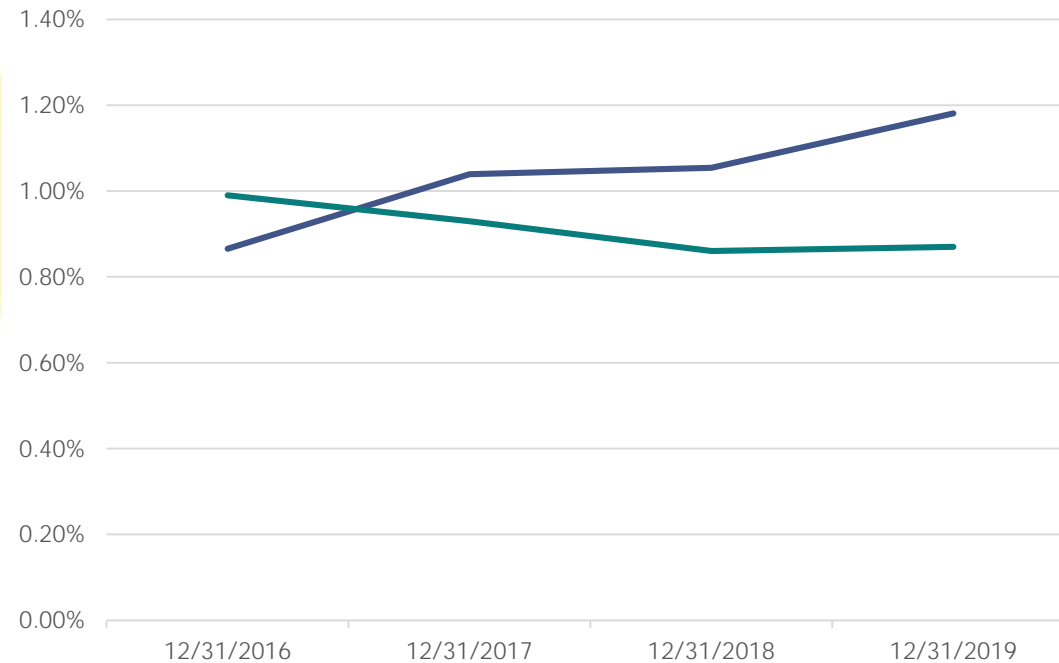
"The Community Bank Difference."

# Strong Asset Quality

## Continued Strong Asset Quality

Allowance has been increasing to provide an even stronger balance sheet.

### Allowance / Total Loans



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

\*NOTE that the last available data for peer group is as of 9/30/2019

# Completed Second Step Mutual to Stock Conversion

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- **Effective January 16, 2020**
- **Additional \$42.6 million raised**
- **Total Shares Outstanding = 7,704,875**

# Utilization of Capital

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With the capital raised in the offering, FFBW is positioned for profitable growth. We will achieve this by focusing on the following:

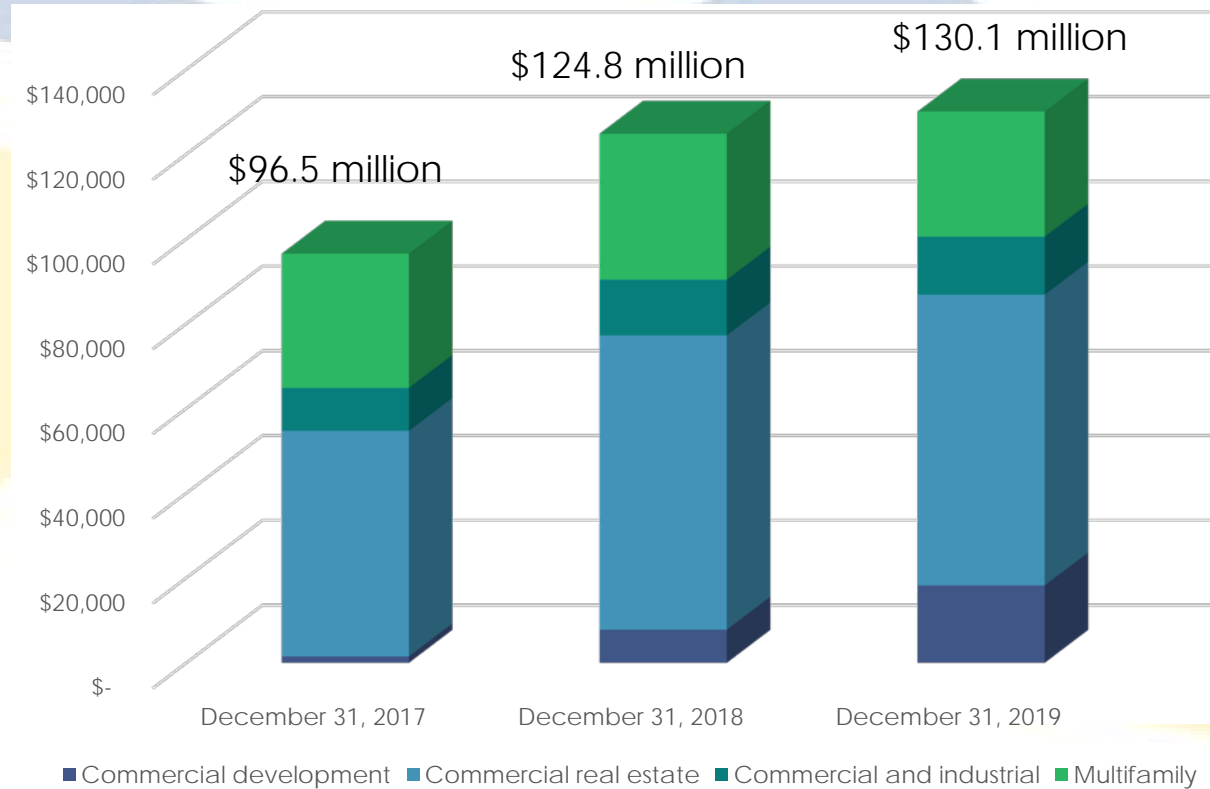
- **Organic Commercial Banking Growth**
- **Organic Residential Lending Growth**
- **Potential Branch Expansion**
- **Potential M&A Activities**

# Commercial Loan Portfolio Focus

## Commercial Loan Portfolio Focus

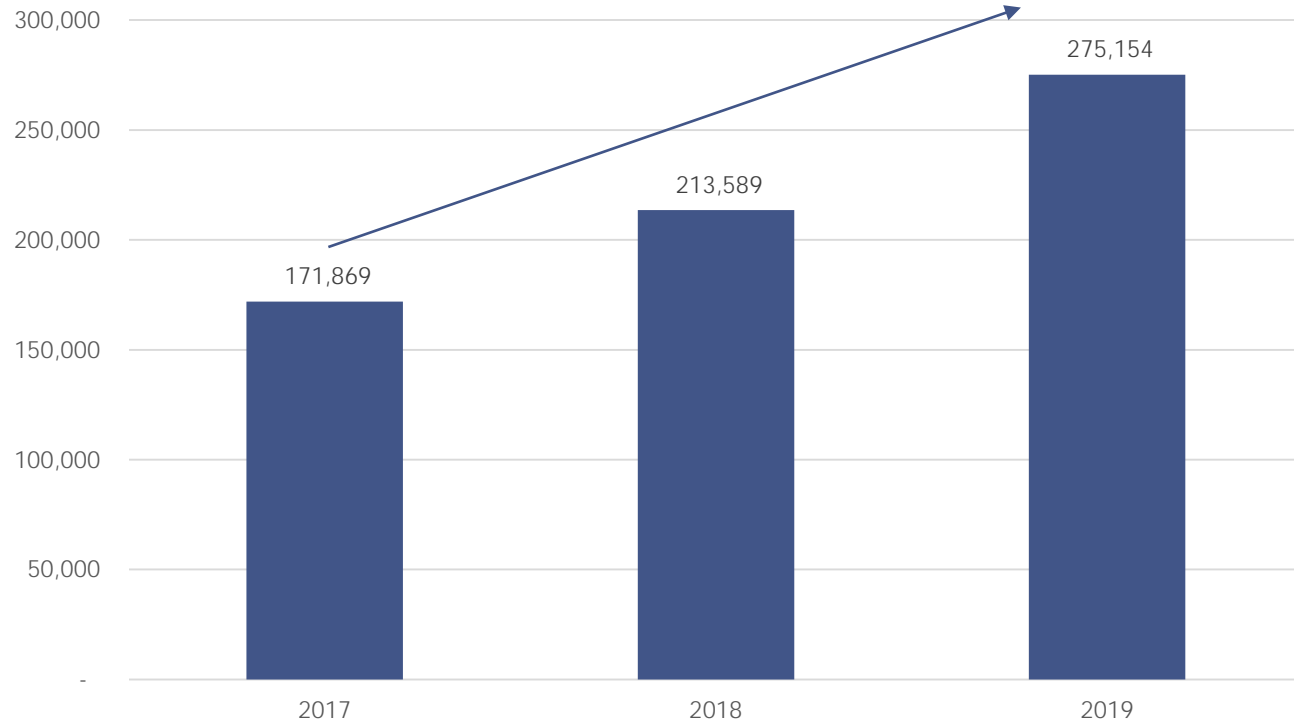
- Commercial & Industrial
- Multifamily
- Commercial Real Estate
- Commercial Development

Commercial Loan Portfolio



# Commercial Fee Generation Focus

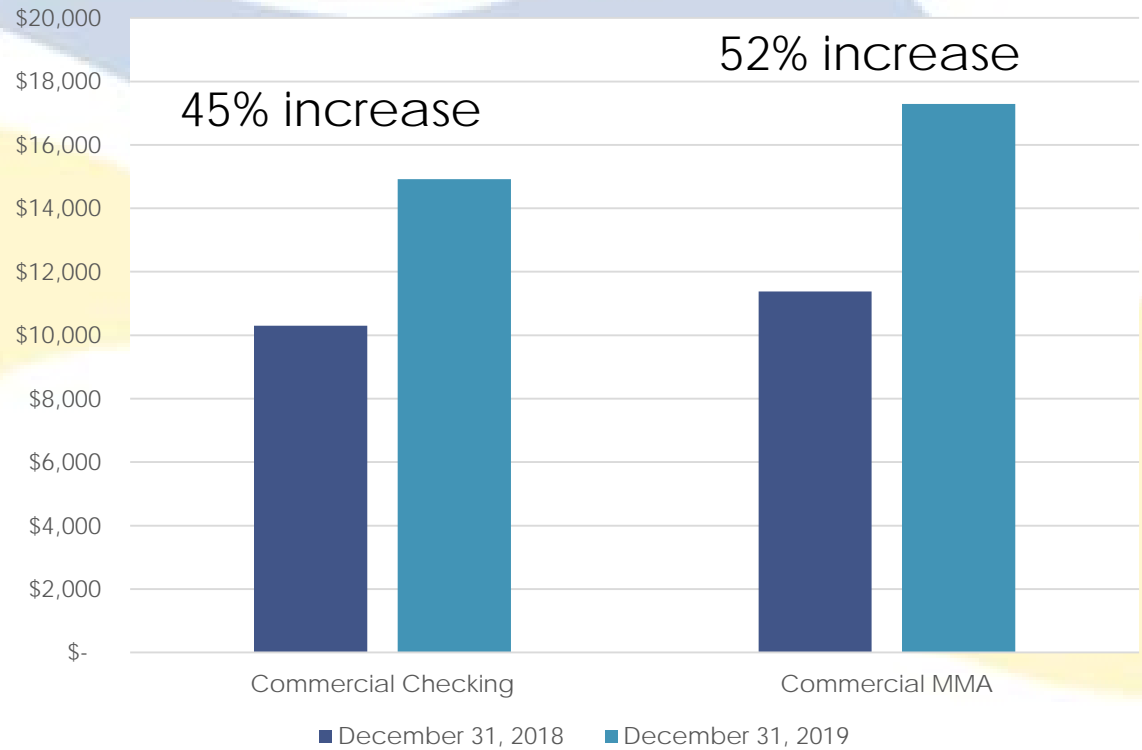
**Increasing  
Commercial Fee  
Growth**



# Commercial Deposit Focus

## June 30, 2019 Bank Added Treasury Management Products:

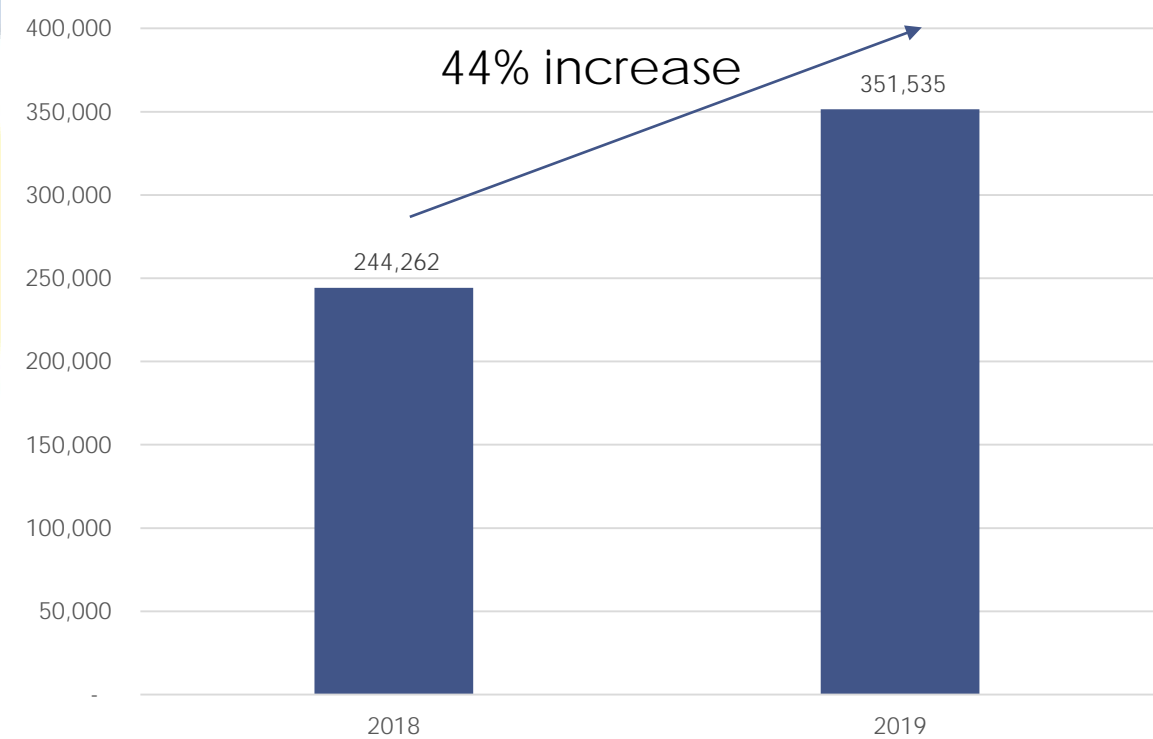
- Positive Pay
- Business Online (includes)
  - ACH Manager
  - Wire Manager
  - Mobile Deposit Capture
  - Sweep Products



# Residential Lending Focus

**Products offered:**

- Construction Loans
- First-Time Homebuyer Loans
- Portfolio Loans



Gain on Sale of Loans



# Potential Branch Expansion:

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FFBW will focus on the following when considering branch expansion

- **Core Deposits**
- **Expanded Footprint in Southeast Wisconsin**
- **Expanded Commercial Banking Potential**
- **Expanded Residential Lending Potential**
- **Expanded Non-Interest Income Potential**

# Potential M&A Activities:

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FFBW will focus on the following when considering acquisition targets:

- Core Deposits
- Expanded Footprint in Southeast Wisconsin
- Expanded Commercial Lending Potential
- Expanded Residential Lending Potential
- Expanded Non-Interest Income Potential
- Acquisitions that are Immediately Accretive to EPS
- Acquisitions that are Minimally Dilutive to TBV
- Acquisitions that Earn Back Premium Paid Rapidly

# FFBW, Inc. Summary Balance Sheet

## Balance Sheet

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

<b>Assets</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents	\$ 39,377	\$ 4,488
Available for sale securities, stated at fair value	48,179	43,751
Net loans	189,489	199,373
Premises and equipment, net	4,807	5,057
Foreclosed assets	84	69
Other assets	10,280	9,988
<b>TOTAL ASSETS</b>	<b>\$ 292,216</b>	<b>\$ 262,726</b>
<b>Liabilities and Equity</b>		
Deposits and escrow	\$ 217,298	\$ 183,260
Borrowings	11,500	17,750
Other liabilities	1,548	1,354
<b>Total liabilities</b>	<b>230,348</b>	<b>202,364</b>
<b>Total equity</b>	<b>61,870</b>	<b>60,362</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 292,216</b>	<b>\$ 262,726</b>

# FFBW, Inc. Income Statement

## Income Statement

**FFBW, Inc.**  
**Condensed Statements of Income**  
**Three Months and Year Ended December 31, 2019 and 2018 (Unaudited)**  
**(In thousands, except share data)**

	<i>Three months ended December 31,</i>		<i>Years ended December 31,</i>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Interest and dividend income:	\$ 2,865	\$ 2,828	\$ 11,231	\$ 10,609
Interest expense:	658	645	2,788	2,109
Net interest income	2,207	2,183	8,443	8,500
Provision for loan losses	1	98	201	513
Net interest income after provision for loan losses	2,206	2,085	8,242	7,987
Noninterest income:	420	167	1,048	700
Noninterest expense:	1,897	1,949	7,232	7,311
Income before income taxes	729	303	2,058	1,376
Provision for income taxes	179	70	502	318
Net income (loss)	\$ 550	\$ 233	\$ 1,556	\$ 1,058
Earnings (loss) per share				
Basis	\$ 0.09	\$ 0.04	\$ 0.24	\$ 0.17
Diluted	\$ 0.08	\$ 0.04	\$ 0.24	\$ 0.17



Questions?

# 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	6/30/2019	9/30/2019	12/31/2019
Net Income	\$ 81	\$ 111	\$ 39	\$ (417)	\$ 123	\$ 353	\$ 349	\$ 233	\$ 249	\$ 388	\$ 370	\$ 549
Plus: Donation of downtown office building	-	-	283	-	-	-	-	-	-	-	-	-
Tax effect of downtown office building	-	-	(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)	<u>\$ 81</u>	<u>\$ 111</u>	<u>\$ 212</u>	<u>\$ 242</u>	<u>\$ 123</u>	<u>\$ 353</u>	<u>\$ 349</u>	<u>\$ 401</u>	<u>\$ 249</u>	<u>\$ 388</u>	<u>\$ 370</u>	<u>\$ 549</u>

## 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.