



## **FFBW, Inc. Announces Financial Results for the Three Months Ended December 31, 2023**

**Brookfield, WI, March 8, 2024** – FFBW, Inc. (OTCQX: FFBW) (the “Company”), the parent company of First Federal Bank of Wisconsin (the “Bank”), a federally chartered stock savings bank offering full-service commercial banking, and consumer banking, today announced unaudited financial results for the three months ended December 31, 2023. For the three months ended December 31, 2023, net income was \$138,000, or \$0.03 per diluted share, compared to \$626,000, or \$0.13 per diluted share, for the three months ended December 31, 2022, a 78% decrease quarter to quarter. For the three months ending December 31, 2023, the dilutive weighted average shares outstanding, which excludes unallocated employee stock ownership plan shares, were 4,509,000 compared to 4,983,000 for the three months ended December 31, 2022.

Net income for the three months ended December 31, 2023, reflects the impact of the changes to Wisconsin state tax law that exempts the income on certain qualified commercial loans from state taxation. Based on our current interpretation of the law, the exemption will eliminate the Company’s Wisconsin state taxable income in 2023 and future years. As a result, the Company reduced the value of deferred tax assets that rely on future taxable state income and eliminated any state tax payable accrued during the year. The net impact on the quarterly results was a reduction in earnings of \$321,000, or \$0.07 per dilutive share.

### **Share Repurchase Program**

On December 18, 2023, the Company announced the adoption of a new repurchase program of up to an additional 400,000 shares of its common stock. As of March 7, 2024, 22,000 shares have been purchased since the new program was announced, reducing the number of shares outstanding to 4,992,000.

### **Financial Highlights at December 31, 2023**

- At December 31, 2023, the Company had 4,992,000 shares outstanding, resulting in a tangible book value per share of \$14.85.
- At December 31, 2023, the Bank’s leverage ratio was 20.2%.

Edward H. Schaefer, President and CEO, commented, “In spite of the uncertain rate environment, we continue to see attractive opportunities to add new relationships, both lending and depository; however, we will only provide financing based on strong credit quality and an appropriate relationship return. Additionally, with our recently announced stock repurchase program, we will continue to use our excess capital to buy back stock which remains a reliable way to increase shareholder value.”

### **Income Statement and Balance Sheet Overview**

Total interest and dividend income increased \$587,000 or 17.2%, to \$4.0 million for the three months ended December 31, 2023, compared to \$3.4 million for the three months ended December 31, 2022. The increase is the result of loan growth and more favorable loan pricing on new and renewed deals.

Total interest expense increased \$1.0 million or 305.4%, to \$1.4 million for the three months ended December 31, 2023, compared to \$334,000 for the three months ended December 31, 2022, as a result of increased market rates and competitive pressures on deposits. Net interest margin for the three months ended December 31, 2023 was 3.5%, compared to 4.2% at December 31, 2022.

The credit loss provision was \$0 for the three months ended December 31, 2023, compared to \$101,000 for the three months ended December 31, 2022. At December 31, 2023, our allowance for credit losses was \$3.2 million, or 1.26%, of total loans.

Noninterest income decreased \$17,000, or 5.5%, to \$293,000 for the three months ended December 31, 2023, compared to \$310,000 for the three months ended December 31, 2022.

Noninterest expense decreased \$93,000, or 3.8%, to \$2.4 million for the three months ended December 31, 2023, compared to \$2.5 million for the three months ended December 30, 2022. The decrease was primarily due to a decrease in occupancy and equipment expense, and regulatory expense.

Total assets decreased \$5.0 million, or 1.5%, to \$318.0 million at December 31, 2023, from \$323.0 million at December 31, 2022, resulting primarily from a decrease in liquid assets. Accumulated other comprehensive loss, net of income taxes was \$2.5 million at December 31, 2023, down from \$3.1 million at December 31, 2022.

Nonaccrual loans were \$101,000, or 0.04% of total loans, at December 31, 2023, and \$146,000, or 0.06% of total loans, at December 31, 2022.

### **About the Company**

FFBW, Inc. is the holding company for First Federal Bank of Wisconsin, a wholly owned subsidiary. The Company's stock trades on OTCQX under the symbol "FFBW." First Federal Bank of Wisconsin is a full-service stock savings bank based in Waukesha, Wisconsin, servicing customers in Waukesha and Milwaukee Counties in Wisconsin through six branch locations.

### **Cautionary Statement Regarding Forward-Looking Statements**

This release contains 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. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: general economic conditions, either nationally or in our market areas, that are worse than expected; changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses; our ability to access cost-effective funding; fluctuations in real estate values and both residential and commercial real estate market conditions; demand for loans and deposits in our market area; our ability to implement and change our business strategies; competition among depository and other financial institutions; inflation and changes in the interest rate environment that reduce our margins and yields, our mortgage banking revenues, the fair value of financial instruments or our level of loan originations, or increase the level of defaults, losses and prepayments on loans we have made and make; adverse changes in the securities or secondary mortgage markets; changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements; changes in the quality or composition of our loan or investment portfolios; technological changes that may be more difficult or expensive than expected; the inability of third-party providers to perform as expected; our ability to manage market risk, credit risk and operational risk in the current economic environment; our ability to enter new markets successfully and capitalize on growth opportunities; changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board; and our ability to retain key employees;. Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

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**FBW, Inc.**  
**Balance Sheets**  
**December 31, 2023 (Unaudited) and December 31, 2022**  
**(In thousands)**

<b>Assets</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$5,754	\$10,887
Available for sale securities, stated at fair value	41,085	47,330
Net loans	248,690	242,018
Premises and equipment, net	6,388	6,668
Intangible assets	139	221
Other assets	15,985	15,911
<b>TOTAL ASSETS</b>	<b>\$318,041</b>	<b>\$323,035</b>
<b>Liabilities and Equity</b>		
Deposits and escrow	\$241,442	\$234,658
Borrowings	-	8,000
Other liabilities	2,349	2,279
Total liabilities	\$243,791	\$244,937
Total equity	\$74,250	\$78,098
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$318,041</b>	<b>\$323,035</b>

**FBW, Inc.**  
**Condensed Statements of Income**  
**Three Months Ended December 31, 2023 and 2022 (Unaudited)**  
**(In thousands, except share data)**

	<b>2023</b>	<b>2022</b>
Interest and dividend income	\$4,007	\$3,420
Interest expense	1,354	334
Net interest income	\$2,653	\$3,086
Provision for loan losses	-	101
Net interest income after provision for credit losses	\$2,653	\$2,985
Noninterest income	293	310
Noninterest expense	2,362	2,455
Income before income taxes	\$584	\$840
Provision for income taxes	446	214
Net income	\$138	\$626
Earnings per share:		
Basic	\$0.03	\$0.13
Diluted	\$0.03	\$0.13