



AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS  
ENDED DECEMBER 31, 2025 AND 2024

## Table of Contents

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Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated balance sheets	3
Consolidated statements of income	4
Consolidated statements of comprehensive income (loss)	5
Consolidated statements of changes in equity	6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8

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## Independent Auditor's Report

Board of Directors and Stockholders  
FFBW, Inc.  
Brookfield, Wisconsin

### ***Opinion***

We have audited the consolidated financial statements (the "financial statements") of FFBW, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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## ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

March 4, 2026

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**FFBW, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands, except share data)

	December 31, 2025	December 31, 2024
<b>Assets</b>		
Cash and due from banks	\$ 8,425	\$ 6,129
Available for sale securities, stated at fair value (amortized cost of \$31,339 and \$38,010, respectively)	29,660	34,924
Loans, net of allowance for credit losses of \$2,693 and \$2,736 respectively	216,175	224,493
Premises and equipment, net	5,832	6,150
Other equity investments	1,906	1,839
Accrued interest receivable	908	872
Cash value of life insurance	11,316	10,947
Other assets	2,021	2,563
<b>TOTAL ASSETS</b>	<b>\$ 276,243</b>	<b>\$ 287,917</b>
<b>Liabilities and Equity</b>		
Deposits and advance payments to borrowers for taxes and insurance	\$ 204,548	\$ 208,656
Accrued interest payable	291	279
Other liabilities	2,248	3,194
<b>Total liabilities</b>	<b>\$ 207,087</b>	<b>\$ 212,129</b>
Preferred stock (\$0.01 par value, 50,000,000 authorized, no shares issued or outstanding as of December 31, 2025 and December 31, 2024, respectively)	\$ —	\$ —
Common stock (\$0.01 par value, 100,000,000 authorized, 4,128,286 and 4,868,749 issued and outstanding as of December 31, 2025 and December 31, 2024, respectively)	41	48
Additional paid in capital	25,762	36,345
Unallocated common stock of Employee Stock Ownership Plan ("ESOP") (428,173 and 458,757 shares at December 31, 2025 and December 31, 2024, respectively)	(4,282)	(4,588)
Retained earnings	48,788	46,179
Accumulated other comprehensive income (loss), net of income taxes	(1,153)	(2,196)
<b>Total equity</b>	<b>\$ 69,156</b>	<b>\$ 75,788</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 276,243</b>	<b>\$ 287,917</b>

See accompanying notes to financial statements.

**FFBW, Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in thousands, except per share data)

	Years ended December 31,	
	2025	2024
Interest and dividend income:		
Loans, including fees	\$ 13,581	\$ 14,631
Securities		
Taxable	787	912
Tax-exempt	155	153
Other	392	344
<b>Total interest and dividend income</b>	<b>14,915</b>	<b>16,040</b>
Interest expense:		
Interest-bearing deposits	3,526	4,954
Borrowed funds	16	227
<b>Total interest expense</b>	<b>3,542</b>	<b>5,181</b>
Net interest income	11,373	10,859
(Reversal) Provision for credit losses	(80)	(101)
<b>Net interest income after (reversal) provision for credit losses</b>	<b>11,453</b>	<b>10,960</b>
Noninterest income:		
Service charges and other fees	474	516
Increase in cash surrender value of insurance	369	338
Other noninterest income	225	169
<b>Total noninterest income</b>	<b>1,068</b>	<b>1,023</b>
Noninterest expense:		
Salaries and employee benefits	5,547	5,239
Occupancy and equipment	1,116	1,142
Data processing	1,114	1,045
Technology	270	249
Professional fees	573	405
Other noninterest expense	775	948
<b>Total noninterest expense</b>	<b>9,395</b>	<b>9,028</b>
Income before income taxes	3,126	2,955
Provision for income taxes	517	562
<b>Net income</b>	<b>\$ 2,609</b>	<b>\$ 2,393</b>
Earnings per share		
Basic	\$ 0.66	\$ 0.54
Diluted	\$ 0.65	\$ 0.54

See accompanying notes to financial statements.

**FFBW, Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(Dollars in thousands)**

	<b>Years ended December 31,</b>			
	<b>2025</b>			<b>2024</b>
Net income	\$	2,609	\$	2,393
Other comprehensive income (loss):				
Unrealized holding gains (losses) arising during the period		1,407		402
Tax effect of other comprehensive income (loss) items		(364)		(84)
Other comprehensive income (loss), net of tax		1,043		318
Comprehensive income (loss)	\$	3,652	\$	2,711

See accompanying notes to financial statements.

**FFBW, Inc.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Dollars in thousands, except share data)

	Number of Shares	Common Stock	Additional Paid-In Capital	Unallocated Common Stock of ESOP	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2023	4,991,922	\$ 49	\$ 37,823	\$ (4,894)	\$ 43,786	\$ (2,514)	\$ 74,250
Net income	—	—	—	—	2,393	—	2,393
ESOP shares committed to be released (30,584 shares)	(3,073)	—	97	306	—	—	403
Stock based compensation expense	23,000	—	301	—	—	—	301
Repurchase of common stock	(143,100)	(1)	(1,876)	—	—	—	(1,877)
Other comprehensive income	—	—	—	—	—	318	318
Balance at December 31, 2024	<u>4,868,749</u>	<u>\$ 48</u>	<u>\$ 36,345</u>	<u>\$ (4,588)</u>	<u>\$ 46,179</u>	<u>\$ (2,196)</u>	<u>\$ 75,788</u>
Balance at December 31, 2024	4,868,749	\$ 48	\$ 36,345	\$ (4,588)	\$ 46,179	\$ (2,196)	\$ 75,788
Net income	—	—	—	—	2,609	—	2,609
ESOP shares committed to be released (30,584 shares)	—	—	121	306	—	—	427
Repurchase of ESOP Shares	(6,897)	—	(158)	—	—	—	(158)
Stock based compensation expense	17,077	—	353	—	—	—	353
Stock options exercised	7,300	—	85	—	—	—	85
Repurchase of common stock	(757,943)	(7)	(10,984)	—	—	—	(10,991)
Other comprehensive income	—	—	—	—	—	1,043	1,043
Balance at December 31, 2025	<u>4,128,286</u>	<u>\$ 41</u>	<u>\$ 25,762</u>	<u>\$ (4,282)</u>	<u>\$ 48,788</u>	<u>\$ (1,153)</u>	<u>\$ 69,156</u>

See accompanying notes to financial statements.

**FFBW, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)

	Years ended December 31,	
	2025	2024
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	\$ 2,609	\$ 2,393
Adjustments to reconcile net income to net cash provided by operating activities:		
(Reversal) provision for credit losses	(80)	(101)
Depreciation	405	376
Net accretion of loan portfolio discount and amortization of deposit premium	40	59
Net amortization on securities available for sale	127	201
Increase in cash surrender value of life insurance	(369)	(338)
Change in fair value of other equity investments	(7)	(33)
ESOP compensation	427	403
Stock based compensation	353	301
Changes in operating assets and liabilities:		
Accrued interest receivable	(36)	170
Other assets	76	(11)
Accrued interest payable	12	75
Other liabilities	(1,012)	1,049
<b>Net cash from operating activities</b>	<b>\$ 2,545</b>	<b>\$ 4,544</b>
Cash flows from investing activities:		
Maturities, calls, paydowns on available for sale securities	6,544	6,363
Net change in loans	8,368	24,298
Purchases of premises and equipment	(87)	(138)
Net change in other equity investments	(60)	(29)
<b>Net cash from investing activities</b>	<b>\$ 14,765</b>	<b>\$ 30,494</b>
Cash flows from financing activities:		
Net change in deposits and advance payments	\$ (4,108)	\$ (32,786)
Repayments of FHLB advances	(10,000)	(108,000)
Proceeds from FHLB advances	10,000	108,000
Repurchase of common stock	(10,991)	(1,877)
Exercise of stock options	85	—
<b>Net cash from financing activities</b>	<b>\$ (15,014)</b>	<b>\$ (34,663)</b>
Net change in cash and cash equivalents	\$ 2,296	\$ 375
Cash and cash equivalents at beginning	6,129	5,754
Cash and cash equivalents at end	<u>\$ 8,425</u>	<u>\$ 6,129</u>
Supplemental Cash Flow Disclosures:		
Cash paid for interest	\$ 3,530	\$ 5,106
Cash paid for income taxes	620	551
Excise tax attributable to repurchases of common stock recorded in Other Liabilities	108	13

See accompanying notes to financial statements.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

**NOTE 1 - Summary of Significant Accounting Policies**

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*Organization*

FFBW, Inc. (the “Company”), a Maryland corporation, provides a variety of financial services to individual and corporate customers through its wholly owned subsidiary, First Federal Bank of Wisconsin (the “Bank”). The Bank is a community bank headquartered in Waukesha, Wisconsin, with offices in Waukesha, Brookfield, and Milwaukee.

*Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the fair values of securities, fair value of financial instruments, the valuation of foreclosed assets and the valuation of deferred income tax assets.

*Revenue Recognition*

Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company's revenue-generating transactions are not subject to ASC 606, including all interest and dividend income generated from financial instruments. Certain noninterest income items, including loan servicing income, gain on sales of loans, gain on sales of securities, and other noninterest income have been evaluated and were determined to not fall within the scope of ASC 606. Elements of noninterest income that are within the scope of ASC 606, are as follows:

**Service charges and other fees** - The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Management reviewed the deposit account agreements and determined that the agreements can be terminated at any time by either the Company or the account holder. Transaction fees, such as balance transfers, wires and overdraft charges are settled the day the performance obligation is satisfied. The Company's monthly service charges and maintenance fees are for services provided to the customer on a monthly basis and are considered a series of services that have the same pattern of transfer each month. The review of service charges assessed on deposit accounts included the amount of variable consideration that is a part of the monthly charges.

**Interchange fees** - Customers use a Bank-issued debit card to purchase goods and services, and the Company earns interchange fees on those transactions, typically a percentage of the sale amount of the transaction. The Company records the amount due when it receives the settlement from the payment network. Payments from the payment network are received and recorded into income on a daily basis. These fees are included in “service charges and other fees” on the Statements of Income. There are no contingent debit card interchange fees recorded by the Company that could be subject to a claw-back in future periods.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

*Cash and Cash Equivalents*

For purposes of reporting cash flows, cash and cash equivalents include cash and balances due from banks, non-maturity deposits in the Federal Home Loan Bank of Chicago (FHLB), and fed funds sold. The Company has not experienced any losses in such accounts.

*Available for Sale Securities*

Securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital requirements, and other similar factors. Securities classified as available for sale are carried at fair value. Unrealized gains or losses are reported as increases or decreases in other comprehensive income, net of the related deferred tax effect. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Other premiums and discounts are amortized (accreted) over the estimated lives of the securities. Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

The Company evaluates individual securities available for sale in an unrealized loss position by first determining whether the decline in fair value below the amortized cost basis of the security has resulted from a credit loss or other factors. A credit loss exists when the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security. In determining whether a credit loss exists, the Company considers the extent to which the fair value is less than the amortized cost basis, adverse conditions related to the security, the payment structure of the debt security, failure of the issuer to make scheduled payments, and any changes to the rating of the security. Impairment related to credit losses is recognized through an allowance for credit losses up to the amount that fair value is less than the amortized cost basis. Changes to the allowance are recognized through earnings as a provision for (or recovery of) credit losses. Impairment related to other factors is recognized in other comprehensive income.

The accrual of interest on a security available for sale is discontinued when the security becomes 90 days delinquent or whenever management believes the issuer will be unable to make payments as they become due. When securities are placed on nonaccrual status, all unpaid accrued interest is reversed against interest income. No accrued interest was written off during 2025 and 2024.

The Company excludes accrued interest receivable from the amortized cost basis of securities available for sale when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on securities available for sale totaling \$146 and \$179 at December 31, 2025 and 2024, respectively, was excluded from the amortized cost basis of securities available for sale.

*Loans*

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, generally, are reported at their outstanding unpaid principal balances adjusted for deferred loan fees and costs, charge-offs, and an allowance for credit losses. Interest on loans is accrued and credited to income based on the unpaid principal balance. Loan-origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans is discontinued when the loan becomes 90 days past due or, in the opinion of management, there is an indication that the borrower may be unable to make payments as they become due. When loans are placed on nonaccrual status or charged off, all unpaid accrued interest is reversed against interest income. The interest on these loans is subsequently accounted for on the cash-basis or cost-recovery method until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

*Allowance for Credit Losses on Loan and Unfunded Loan Commitments*

The allowance for credit losses on loans is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the Company's loan portfolio. The allowance for credit losses on loans is established through provisions for credit losses charged against earnings. When available information confirms that specific loans, or portions thereof, are uncollectible, these amounts are charged against the allowance for credit losses on loans, and subsequent recoveries, if any, are credited to the allowance for credit losses on loans.

Management considers the following when assessing risk in the Company's loan portfolio segments:

- Commercial and industrial loans are primarily for working capital, physical asset expansion, asset acquisition loans, and other business purposes. These loans are made based primarily on historical and projected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to economic or individual performance factors. Financial information is obtained from the borrowers to evaluate cash flows sufficiency to service debt and is periodically updated during the life of the loan.
- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, small retail shopping facilities, and various special purpose properties, including hotels and restaurants. Financial information is obtained from the borrowers and/or the individual project to evaluate the cash flow sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and/or property type. Commercial real estate loans also include construction and land development loans, which are secured by vacant land and/or property that are in the process of improvement, including (a) land development preparatory to erecting vertical improvements or (b) the on-site construction of industrial, commercial, residential, or farm buildings. Repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for the end user. In the event a loan is made on property that is not yet approved for the planned development, there is the risk that necessary approvals will not be granted or will be delayed. Construction loans also run the risk that improvements will not be completed on time or in accordance with specifications and projected costs.
- Multifamily loans include loans to finance non-farm properties with five or more units in structures primarily to accommodate households on a temporary or permanent basis. Such credits are typically originated to finance the acquisition of an apartment or condominium building/complex. Multifamily loans are made based primarily on the historical and projected cash flow of the subject multifamily property, with assumptions made for vacancy rates. Cash flows and ultimate loan performance rely on the receipt of rental income from the tenants of the property, who are themselves subject to fluctuations in national and local economic and unemployment trends.
- Residential real estate loans are affected by the local residential real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores. Appraisals are obtained to support the loan amount. Financial information is obtained from the borrowers and/or the individual project to evaluate cash flows sufficiency to service debt at the time of origination.
- Consumer and other loans may take the form of installment loans, demand loans, or single payment loans and are extended to individual for household, family, and other personal expenditures. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores.

The Company uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on loans. The CECL model considers historical loss rates and other qualitative adjustments, as well as a forward-looking component that considers reasonable and supportable forecasts over the expected life of each loan. To develop the allowance for credit losses on loans estimate under the CECL model, the Company segments the loan portfolio into loan pools based on loan

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

type and similar credit risk elements; performs an individual evaluation of certain collateral dependent and other credit-deteriorated loans; calculates the historical loss rates for the segmented loan pools; applies the loss rates over the calculated life of the collectively evaluated loan pools; adjusts for forecasted macro-level economic conditions and other anticipated changes in credit quality; and determines qualitative adjustments based on factors and conditions unique to the Company's loan portfolio.

Under the CECL model, loans that do not share similar risk characteristics with loans in their respective pools are individually evaluated for expected credit losses and are excluded from the collectively evaluated loan credit loss estimates. Management individually evaluates collateral dependent loans over \$250, and other loans with evidence of credit deterioration. For loans individually evaluated, a specific reserve is estimated based on either the fair value of collateral or the discounted value of expected future cash flows.

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral as of the date of the balance sheet, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral.

The following describes the types of collateral that secure collateral dependent loans:

- Commercial and industrial loans considered collateral dependent are primarily secured by accounts receivable, inventory and equipment.
- Development loans are primarily secured by residential and commercial properties, which are under construction and/or redevelopment, and by raw land.
- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, retail shopping facilities and various special purpose properties, including hotels and restaurants.
- Multifamily real estate loans are primarily secured by apartment complexes and other buildings with five or more units.
- One-to-four family residential mortgages are primarily secured by first and/or junior liens on residential real estate.

Management evaluates all collectively evaluated loan pools using the weighted average remaining life ("remaining life") methodology. The remaining life methodology applies calculated annual net loss rates to collectively evaluated loan pools on a periodic basis based on the estimated remaining life of each pool. The estimated losses under the remaining life methodology are then adjusted for qualitative factors deemed appropriate by management.

The estimated remaining life of each pool is determined using the Company's loan-level historical data adjusted by estimated prepayment factors. The Company's historical call report data is utilized for historical loss rate calculations, and the lookback period for each collectively evaluated loan pool is determined by management based upon the estimated remaining life of the pool. Historical loss rates are calculated using the Company's historical data based on the lookback period determined by management.

The quantitative analysis described above is supplemented with other qualitative factors based on the risks present for each collectively evaluated loan pool. These qualitative factors include: levels of and trends in delinquencies and nonaccrual loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. Management also adjusts historical losses based on short-term

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

forecasts of economic conditions. Management has elected to incorporate its loss forecasts into its overall qualitative factor adjustments.

The Company excludes accrued interest receivable from the amortized cost basis of loans when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on loans totaling \$762 and \$693 at December 31, 2025 and 2024, respectively, was excluded from the amortized cost basis of loans and is included in accrued interest receivable on the balance sheet.

In addition to the allowance for credit losses on loans, the Company maintains a reserve for unfunded loan commitments at a level that management believes is adequate to absorb estimated probable credit losses over the contractual terms of the Company's noncancellable loan commitments. The reserve for unfunded commitments, which is included in other liabilities on the accompanying balance sheet, is established through provisions for credit losses charged against earnings.

Unfunded loan commitments are segmented into the same pools used for estimating the allowance for credit losses on loans. Estimated credit losses on unfunded loan commitments are based on the same methodology, inputs, and assumptions used to estimate credit losses on collectively evaluated loans, adjusted for estimated funding probabilities. The estimated funding probabilities represent management's estimate of the amount of the current unfunded loan commitment that will be funded over the remaining contractual life of the commitment and is based on historical data.

The Company may modify loans to borrowers experiencing financial difficulty and grant certain concessions that include principal forgiveness, a term extension, an other-than-insignificant payment delay, an interest rate reduction, or a combination of these concessions. An assessment of whether the borrower is experiencing financial difficulty is made at the time of the loan modification.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

#### *Foreclosed Assets*

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less costs to sell, at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less costs to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

#### *Premises and Equipment*

Depreciable assets are stated at cost less accumulated depreciation. Provisions for depreciation are computed on straight-line and accelerated methods over the estimated useful lives of the assets.

#### *Other Equity Investments*

Other Equity Investments consist primarily of Federal Home Loan Bank of Chicago ("FHLB") stock and Bankers' Bank stock. The Company's investment in the FHLB stock is carried at cost, which approximates fair value. The Company is required to hold the stock as a member of the FHLB and transfer of the stock is substantially restricted. The stock is evaluated for impairment on an annual basis. The Company is required to adjust its reported value of Bankers' Bank stock, which is considered an equity security without a readily determinable market value, if a comparable transaction is observed.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

*Income Taxes*

Amounts provided for income tax expense are based on income reported for financial statement purposes and do not necessarily represent amounts currently payable under tax laws. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and income tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

As changes in tax laws or rates are enacted, deferred income tax assets and liabilities are adjusted through the provision for income taxes. The differences relate principally to the allowances for credit losses, deferred compensation, depreciation, FHLB stock dividends and non-accrual interest. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. During the periods shown, the Company did not recognize any interest or penalties related to income tax expense in its statements of income.

*Transfers of Financial Assets*

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

*Advertising*

Advertising costs are expensed as incurred.

*Other Comprehensive Income (Loss)*

Other comprehensive income (loss) is shown on the consolidated statements of comprehensive income (loss). The Company's accumulated other comprehensive income (loss) is composed of the unrealized gains (losses) on securities available for sale, net of tax and is shown on the consolidated statements of changes in equity.

*Off-Balance Sheet Financial Instruments*

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, unfunded commitments under lines of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

*Life Insurance*

The Company has purchased life insurance policies on certain key members of the management team. Life insurance is measured at the amount that could be realized under the insurance contract as of the balance sheet date, which is generally the cash surrender value of the policy.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

*New Accounting Pronouncements*

The following ASUs have been issued by FASB and adopted in Company's current period's consolidated financial statements.

ASU 2023-09, *Improvements to Income Tax Disclosures* – For public business entities, this standard requires disclosure about specific categories in the income tax rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The standard also requires entities to disclose certain disaggregated information regarding income (loss) before income taxes, income tax expense (benefit), and income taxes paid. Finally, the standard eliminates certain existing disclosure requirements. The Company adopted ASU No. 2023-09 on January 1, 2025. The Company has implemented the enhanced disclosure requirements in 2025 and retrospectively applied them to the prior periods presented. Refer to Note 10 for additional information.

The following ASUs have been issued by FASB and may impact the Company's consolidated financial statements in future reporting periods.

ASU 2024-03, *Disaggregation of Income Statement Expenses* – The amendments in this update require a public business entity to disclose specific information about certain costs and expenses in the notes to its financial statements for interim and annual reporting periods. The objective of the disclosure requirements is to provide disaggregated information about a public business entity's expenses to help investors (a) better understand the entity's performance, (b) better assess the entity's prospects for future cash flows, and (c) compare an entity's performance over time and with that of other entities. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026. Early adoption is permitted. The Company is currently evaluating the impact on its disclosures.

ASU 2025-08, *Purchased Loans* – The amendments in this update expand the gross-up approach for initial recognition and measurement of acquired financial assets to purchased seasoned loans. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026. Early adoption is permitted. The Company is currently evaluating the impact on its financial statements.

**NOTE 2 – Earnings Per Share**

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Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding, adjusted for weighted average unallocated ESOP shares, during the applicable period, excluding outstanding participating securities. Participating securities include non-vested restricted stock awards and restricted stock units, though no actual shares of common stock related to restricted stock units are issued until the settlement of such units, to the extent holders of these securities receive non-forfeitable dividends or dividend equivalents at the same rate as holders of the Company's common stock. Diluted earnings per share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method. Antidilutive options are disregarded in earnings per share calculations.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

The following table presents the earnings per share calculations for the years ended December 31:

	2025	2024
Net income	\$ 2,609	\$ 2,393
Basic potential common shares		
Weighted average shares outstanding	4,380,310	4,868,779
Weighted average unallocated Employee Stock Ownership Plan Shares	(443,465)	(474,047)
Basic weighted average shares outstanding	3,936,845	4,394,732
Dilutive potential common shares	74,689	57,407
Dilutive weighted average shares outstanding	4,011,534	4,452,139
Basic earnings per share	\$ 0.66	\$ 0.54
Diluted earnings per share	\$ 0.65	\$ 0.54

**NOTE 3 – Cash and Due from Banks**

In the normal course of business, the Company maintains cash and due from bank balances with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limit of \$250. Management believes these financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

**NOTE 4 – Available for Sale Securities**

The amortized cost and estimated fair value of securities available for sale with gross unrealized gains and losses at December 31, 2025 and 2024 follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>December 31, 2025</b>				
US government and agency securities	1,323	\$ -	\$ (91)	\$ 1,232
Obligations of states and political subdivisions	10,599	4	(649)	9,954
Mortgage-backed securities	17,267	-	(772)	16,495
Certificates of deposit	-	-	-	-
Corporate debt securities	2,150	-	(171)	1,979
Total available for sale securities	\$ 31,339	\$ 4	\$ (1,683)	\$ 29,660
<b>December 31, 2024</b>				
US government and agency securities	1,492	\$ -	\$ (146)	\$ 1,346
Obligations of states and political subdivisions	11,164	4	(1,137)	10,031
Mortgage-backed securities	19,554	-	(1,462)	18,092
Certificates of deposit	250	-	(3)	247
Corporate debt securities	5,550	-	(342)	5,208
Total available for sale securities	\$ 38,010	\$ 4	\$ (3,090)	\$ 34,924

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

Fair value of debt securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or other key inputs to the valuation estimate could change considerably, resulting in a material change in the estimated fair value of debt securities.

The following table presents the portion of the Company's portfolio which has gross unrealized losses, reflecting the length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>December 31, 2025</b>						
US government and agency securities	\$ —	\$ —	\$ 1,209	\$ (91)	\$ 1,209	\$ (91)
Obligations of states and political subdivisions	—	—	9,300	(649)	9,300	(649)
Mortgage-backed securities	—	—	16,481	(772)	16,481	(772)
Certificates of deposit	—	—	—	—	—	—
Corporate debt securities	—	—	1,979	(171)	1,979	(171)
Total available for sale securities	\$ —	\$ —	\$ 28,969	\$ (1,683)	\$ 28,969	\$ (1,683)
<b>December 31, 2024</b>						
US government and agency securities	\$ 19	\$ —	\$ 1,317	\$ (146)	\$ 1,336	\$ (146)
Obligations of states and political subdivisions	389	(11)	9,388	(1,126)	9,777	(1,137)
Mortgage-backed securities	—	—	18,077	(1,462)	18,077	(1,462)
Certificates of deposit	—	—	247	(3)	247	(3)
Corporate debt securities	—	—	5,208	(342)	5,208	(342)
Total available for sale securities	\$ 408	\$ (11)	\$ 34,237	\$ (3,079)	\$ 34,645	\$ (3,090)

The following table presents the number and aggregate depreciation from the Company's amortized cost basis of debt securities available for sale in a continuous unrealized loss position for 12 months or more by security type at December 31, 2025:

	Number of Securities	Aggregate Depreciation
US government and agency securities	6	7.0%
Obligations of states and political subdivisions	24	6.5%
Mortgage-backed securities	61	4.5%
Corporate debt securities	3	8.0%
Totals	94	5.5%

The unrealized losses relate principally to the changes in interest rates and are not due to changes in the financial condition of the issuer, the quality of any underlying assets, or applicable credit enhancements. In reaching the conclusion that an allowance for credit losses is unnecessary, management observed that the securities were issued by a government body or agency, the securities continue to be highly rated (AA or better) where applicable, the issuer continues to make contractual payments, and the quality of any underlying assets or credit enhancements has not changed. Since management has the ability to hold debt securities for the foreseeable future, the Company expects to recover the amortized cost basis of these securities before they are sold or mature.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

The amortized cost and fair value of available for sale securities by contractual maturity are shown below. Expected maturities will differ from contractual maturities in mortgage-backed securities since the anticipated maturities are not readily determinable. Therefore, these securities are not included in the maturity categories in the following maturity summary listed below:

	December 31, 2025	
	Amortized Cost	Fair Value
Due in one year or less	\$ 860	\$ 851
Due after one year through 5 years	3,122	3,056
Due after 5 years through 10 years	7,797	7,231
Due after 10 years	2,293	2,027
<b>Subtotal</b>	<b>\$ 14,072</b>	<b>\$ 13,165</b>
Mortgage-backed securities	17,267	16,495
<b>Total</b>	<b>\$ 31,339</b>	<b>\$ 29,660</b>

There were no sales of securities available for sale for the years ended December 31, 2025 and December 31, 2024.

Available for sale securities with a carrying value of \$879 and \$897 were pledged to secure lines of credit and for other purposes required or permitted by law at December 31, 2025 and December 31, 2024, respectively.

**NOTE 5 - Loans**

Major classifications of loans are as follows:

	As of December 31,	
	2025	2024
<b>Commercial</b>		
Development	\$ 14,902	\$ 18,436
Real estate	98,439	95,825
Commercial and industrial	26,277	22,863
<b>Residential real estate and consumer</b>		
One-to-four family owner-occupied	12,983	14,335
One-to-four family investor-owned	22,194	25,727
Multifamily	41,914	47,243
Consumer	2,564	3,197
<b>Subtotal</b>	<b>\$ 219,273</b>	<b>\$ 227,626</b>
Deferred loan fees	(405)	(397)
Allowance for credit losses	(2,693)	(2,736)
<b>Net loans</b>	<b>\$ 216,175</b>	<b>\$ 224,493</b>

Deposit accounts in an overdraft position and reclassified as loans approximated \$23 and \$11 at December 31, 2025 and December 31, 2024, respectively.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

Activity in the allowance for credit losses on loans by portfolio segment follows:

	<u>Commercial</u>	<u>Residential real estate and consumer</u>	<u>Total</u>
Balance at December 31, 2023	\$ 1,806	\$ 1,369	\$ 3,175
(Reversal) provision for credit losses	(473)	56	(417)
Loans charged off	—	(27)	(27)
Recoveries of loans previously charged off	—	5	5
Balance at December 31, 2024	<u>\$ 1,333</u>	<u>\$ 1,403</u>	<u>\$ 2,736</u>
(Reversal) provision for credit losses	84	(134)	(50)
Loans charged off	—	(1)	(1)
Recoveries of loans previously charged off	—	8	8
Balance at December 31, 2025	<u>\$ 1,417</u>	<u>\$ 1,276</u>	<u>\$ 2,693</u>

At December 31, 2025 and 2024, the Company maintained a reserve for unfunded loan commitments totaling \$468 and \$498, respectively, which is included in other liabilities on the accompanying balance sheet. The provision (reversal) for credit losses on unfunded loan commitments totaled \$(30) during 2025 and \$316 during 2024.

The Company had an insignificant amount of accrued interest written off by reversing interest income as of December 31, 2025 and 2024.

As of December 31, 2025 there was one collateral-dependent loan in the one-to-four family owner-occupied portfolio; the carrying value of \$36 was written down to its estimated fair value of \$18. As of December 31, 2024, there were no collateral dependent loans requiring a write down to their estimated fair value.

The Company regularly evaluates various attributes of loans to determine the appropriateness of the allowance for credit losses. The credit quality indicators monitored differ depending on the class of loan.

Loans are generally evaluated using the following internally prepared ratings:

- “Pass” ratings are assigned to loans with adequate collateral and debt service ability such that collectability of the contractual loan payments is highly probable.
- "Watch" ratings are assigned to loans where management has identified potential future concerns that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.
- “Special mention” ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.
- “Substandard” ratings are assigned to loans that do not have adequate collateral and/or debt service ability such that collectability of the contractual loan payments is no longer probable.
- “Doubtful” ratings are assigned to loans that do not have adequate collateral and/or debt service ability, and collectability of the contractual loan payments is unlikely.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2025, follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Development</b>								
Pass	\$ 11,980	\$ 1,377	\$ -	\$ 24	\$ -	\$ 437	\$ 550	\$ 14,368
Watch	534	-	-	-	-	-	-	534
Totals	\$ 12,514	\$ 1,377	\$ -	\$ 24	\$ -	\$ 437	\$ 550	\$ 14,902
<b>Commercial real estate</b>								
Pass	\$ 18,117	\$ 5,899	\$ 18,560	\$ 10,254	\$ 16,190	\$ 20,895	\$ 129	\$ 90,044
Watch	207	-	2,959	-	1,156	3,809	-	8,131
Special Mention	-	-	-	264	-	-	-	264
Totals	\$ 18,324	\$ 5,899	\$ 21,519	\$ 10,518	\$ 17,346	\$ 24,704	\$ 129	\$ 98,439
<b>Commercial and industrial</b>								
Pass	\$ 8,936	\$ 1,304	\$ 2,708	\$ 1,178	\$ 76	\$ -	\$ 6,272	\$ 20,474
Watch	-	-	236	-	177	-	-	413
Special Mention	-	-	-	5,390	-	-	-	5,390
Totals	\$ 8,936	\$ 1,304	\$ 2,944	\$ 6,568	\$ 253	\$ -	\$ 6,272	\$ 26,277
<b>One-to-four family owner-occupied</b>								
Pass	\$ -	\$ -	\$ 697	\$ 4,091	\$ 2,009	\$ 6,017	\$ -	\$ 12,814
Substandard	-	-	-	-	-	169	-	169
Totals	\$ -	\$ -	\$ 697	\$ 4,091	\$ 2,009	\$ 6,186	\$ -	\$ 12,983
<b>One-to-four family investor-owned</b>								
Pass	\$ 457	\$ 1,115	\$ 127	\$ 4,361	\$ 2,100	\$ 13,637	\$ 50	\$ 21,847
Watch	-	-	249	-	98	-	-	347
Totals	\$ 457	\$ 1,115	\$ 376	\$ 4,361	\$ 2,198	\$ 13,637	\$ -	\$ 22,194
<b>Multifamily</b>								
Pass	\$ 1,881	\$ 6,740	\$ 6,000	\$ 1,920	\$ 14,605	\$ 10,167	\$ 601	\$ 41,914
Totals	\$ 1,881	\$ 6,740	\$ 6,000	\$ 1,920	\$ 14,605	\$ 10,167	\$ 601	\$ 41,914
<b>Consumer</b>								
Pass	\$ 7	\$ 11	\$ 112	\$ 708	\$ 377	\$ 547	\$ 416	\$ 2,178
Watch	-	-	-	386	-	-	-	386
Totals	\$ 7	\$ 11	\$ 112	\$ 1,094	\$ 377	\$ 547	\$ 416	\$ 2,564
<b>Current period gross charge offs</b>								
	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Total Loans</b>								
Pass	\$ 41,378	\$ 16,446	\$ 28,204	\$ 22,536	\$ 35,357	\$ 51,700	\$ 8,018	\$ 203,639
Watch	741	-	3,444	386	1,431	3,809	-	9,811
Special Mention	-	-	-	5,654	-	-	-	5,654
Substandard	-	-	-	-	-	169	-	169
Totals	\$ 42,119	\$ 16,446	\$ 31,648	\$ 28,576	\$ 36,788	\$ 55,678	\$ 8,018	\$ 219,273
Current period gross charge offs								
	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2024, follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Development</b>								
Pass	\$ 5,782	\$ 8,976	\$ 2,339	\$ -	\$ -	\$ 459	\$ -	\$ 17,556
Watch	-	-	-	-	880	-	-	880
Totals	\$ 5,782	\$ 8,976	\$ 2,339	\$ -	\$ 880	\$ 459	\$ -	\$ 18,436

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Commercial real estate</b>								
Pass	\$ 7,173	\$ 11,293	\$ 17,656	\$ 17,913	\$ 11,695	\$ 23,872	\$ 72	\$ 89,674
Watch	-	468	55	218	-	4,038	-	4,779
Special Mention	-	-	270	-	-	-	-	270
Substandard	-	-	-	1,102	-	-	-	1,102
Totals	\$ 7,173	\$ 11,761	\$ 17,981	\$ 19,233	\$ 11,695	\$ 27,910	\$ 72	\$ 95,825

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Commercial and industrial</b>								
Pass	\$ 1,996	\$ 3,940	\$ 1,628	\$ 849	\$ 51	\$ 102	\$ 6,420	\$ 14,986
Watch	-	311	-	1,667	-	-	-	1,979
Special Mention	-	-	5,898	-	-	-	-	5,898
Totals	\$ 1,996	\$ 4,251	\$ 7,526	\$ 2,516	\$ 51	\$ 102	\$ 6,420	\$ 22,863

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>One-to-four family owner-occupied</b>								
Pass	\$ 28	\$ 708	\$ 2,652	\$ 2,435	\$ 2,503	\$ 5,937	\$ -	\$ 14,263
Substandard	-	-	-	-	72	-	-	72
Totals	\$ 28	\$ 708	\$ 2,652	\$ 2,435	\$ 2,575	\$ 5,937	\$ -	\$ 14,335

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>One-to-four family investor-owned</b>								
Pass	\$ 1,196	\$ 288	\$ 4,775	\$ 1,476	\$ 4,314	\$ 12,835	\$ 75	\$ 24,960
Watch	-	249	-	-	-	-	-	249
Substandard	-	-	-	137	380	-	-	518
Totals	\$ 1,196	\$ 537	\$ 4,775	\$ 1,614	\$ 4,694	\$ 12,835	\$ 75	\$ 25,727

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
<b>Multifamily</b>								
Pass	\$ 782	\$ 5,929	\$ 4,899	\$ 14,467	\$ 5,289	\$ 10,907	\$ -	\$ 42,273
Watch	-	-	-	4,970	-	-	-	4,970
Totals	\$ 782	\$ 5,929	\$ 4,899	\$ 19,437	\$ 5,289	\$ 10,907	\$ -	\$ 47,243

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

	2024	2023	2022	2021	2020	Prior	Revolving	Total
<b>Consumer</b>								
Pass	\$ 13	\$ 153	\$ 1,054	\$ 338	\$ 190	\$ 748	\$ 683	\$ 3,179
Substandard	-	-	-	-	-	18	-	18
Totals	\$ 13	\$ 153	\$ 1,054	\$ 338	\$ 190	\$ 766	\$ 683	\$ 3,197
<b>Total Loans</b>								
Pass	\$ 16,970	\$ 31,287	\$ 35,003	\$ 37,478	\$ 24,041	\$ 54,861	\$ 7,250	\$ 206,891
Watch	-	1,028	55	6,855	880	4,038	-	12,857
Special Mention	-	-	6,168	-	-	-	-	6,168
Substandard	-	-	-	1,239	452	18	-	1,709
Totals	\$ 16,970	\$ 32,316	\$ 41,226	\$ 45,572	\$ 25,374	\$ 58,916	\$ 7,250	\$ 227,625

Loan aging information as of December 31, 2025 and 2024 follows:

	Current Loans	Loans Past Due 30-89 Days	Loans Past Due 90+ Days	Total Loans
<b>December 31, 2025</b>				
<b>Commercial</b>				
Development	\$ 14,902	\$ —	\$ —	\$ 14,902
Real estate	98,439	—	—	98,439
Commercial and industrial	26,277	—	—	26,277
<b>Residential real estate and consumer</b>				
One-to-four family owner-occupied	12,914	69	—	12,983
One-to-four family investor-owned	22,194	—	—	22,194
Multifamily	41,914	—	—	41,914
Consumer	2,564	—	—	2,564
Total	\$ 219,204	\$ 69	\$ —	\$ 219,273
<b>December 31, 2024</b>				
<b>Commercial</b>				
Development	\$ 18,436	\$ —	\$ —	\$ 18,436
Real estate	95,825	—	—	95,825
Commercial and industrial	22,863	—	—	22,863
<b>Residential real estate and consumer</b>				
One-to-four family owner-occupied	14,169	94	72	14,335
One-to-four family investor-owned	25,727	—	—	25,727
Multifamily	47,243	—	—	47,243
Consumer	3,197	—	—	3,197
Total	\$ 227,460	\$ 94	\$ 72	\$ 227,626

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

Information regarding nonaccrual loans during the years ended December 31, 2025 and 2024 follows:

	Nonaccrual Loans With No Allowance For Credit Losses	Nonaccrual Loans With an Allowance For Credit Losses	Total Nonaccrual Loans	Loans at Beginning of Year	Interest Income Recognized on Nonaccrual Loans
<b>2025</b>					
<b>Commercial</b>					
Development	\$ —	\$ —	\$ —	\$ —	\$ —
Real estate	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
<b>Residential real estate and consumer</b>					
One-to-four family owner-occupied	—	36	36	166	—
One-to-four family investor-owned	—	—	—	—	—
Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Totals	<u>\$ —</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 166</u>	<u>\$ —</u>
<b>2024</b>					
<b>Commercial</b>					
Development	\$ —	\$ —	\$ —	\$ —	\$ —
Real estate	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
<b>Residential real estate and consumer</b>					
One-to-four family owner-occupied	166	—	166	101	—
One-to-four family investor-owned	—	—	—	—	—
Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Totals	<u>\$ 166</u>	<u>\$ —</u>	<u>\$ 166</u>	<u>\$ 101</u>	<u>\$ —</u>

No loans were 90 days or more past due and accruing interest at December 31, 2025 or 2024.

During the year ended December 31, 2025, the Company had a single loan modification to a borrower experiencing financial difficulty within the multifamily loan portfolio; subsequent to the modification but before December 31, 2025, the borrower paid off the loan, at par. There were no loan modifications for borrowers experiencing financial difficulty as of December 31, 2025. The Company did not have any loan modifications to borrowers experiencing financial difficulty during the year ended December 31, 2024.

**NOTE 6 – Premises and Equipment**

Premises and equipment are stated at cost less accumulated depreciation and are summarized as follows:

	December 31,	
	2025	2024
Land	\$ 844	\$ 844
Buildings	7,149	7,073
Leasehold improvements	330	324
Furniture and equipment	1,738	1,733
Automobile	66	66
Totals	<u>10,127</u>	<u>10,040</u>
Less: Accumulated depreciation	<u>4,295</u>	<u>3,890</u>
Premises and equipment, net	<u>\$ 5,832</u>	<u>\$ 6,150</u>

Depreciation expense was \$405 and \$376 for the years ended December 31, 2025 and 2024, respectively.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

**NOTE 7 - Deposits**

The composition of deposits are as follows:

	December 31,	
	2025	2024
Non interest-bearing checking	\$ 48,503	\$ 44,903
Interest-bearing checking	9,023	8,969
Money market	52,958	54,688
Statement savings accounts	24,659	26,350
Health savings accounts	8,413	9,376
Certificates of deposit	60,952	64,325
Advance payments to borrowers for taxes and insurance	40	45
Total	<u>\$ 204,548</u>	<u>\$ 208,656</u>

Certificates of deposit that meet or exceed the FDIC insurance limit of \$250 totaled \$30,419 and \$31,071 at December 31, 2025 and December 31, 2024, respectively.

The scheduled maturities of certificates of deposit are as follows as of December 31, 2025:

2026	\$ 59,154
2027	1,166
2028	335
2029	221
2030	76
Total	<u>\$ 60,952</u>

**NOTE 8– FHLB Advances**

There were no outstanding FHLB advances at December 31, 2025 or 2024.

The Company has a master contract agreement with the FHLB that provides for a borrowing up to the lesser of a determined multiple of FHLB stock owned or a determined percentage of the book value of the Company’s qualifying one-to-four family, multifamily, commercial real estate and commercial business loans. The Company pledged approximately \$164,085 and \$176,756 of one-to-four family, multifamily, commercial real estate and commercial business loans to secure FHLB advances at December 31, 2025 and December 31, 2024, respectively. FHLB provides both fixed and floating rate advances. Floating rates are tied to short-term market rates of interest, such as Federal funds, FHLB discount note or prime rates. Fixed rate advances are priced in reference to market rates of interest at the time of the advance, namely the rates that FHLB pays to borrowers at various maturities. Certain FHLB advances are subject to a prepayment penalty if they are repaid prior to maturity. FHLB advances are also secured by \$900 of FHLB stock owned by the Company at December 31, 2025 and December 31, 2024.

At December 31, 2025, the Company’s available and unused portion of this borrowing agreement totaled approximately \$114,382. In addition, the Company has a \$7,000 federal funds line of credit through Bankers’ Bank of Wisconsin, which was not drawn on as of December 31, 2025. The Company also has the authority to borrow through the Federal Reserve’s Discount Window.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

**NOTE 9 – 401(k) Plan**

The Company sponsors a 401(k) plan that covers substantially all employees. To be eligible to participate, an employee must have completed 90 days of service and be 18 years of age or older. The Company matches 100% of employee contributions up to 4% of their annual compensation. The Company may also make non-elective contributions to the plan at the discretion of the Board of Directors. Expense charged to operations for this plan was \$173 and \$194 for the years ended December 31, 2025 and 2024, respectively.

**NOTE 10 – Income Taxes**

The provision for income taxes included in the accompanying financial statements consists of the following components:

	Years ended December 31,	
	2025	2024
Current Taxes (Benefit)		
Federal	\$ 618	\$ 574
State	—	—
Total Current Taxes	618	574
Deferred Income Taxes (Benefit)		
Federal	(32)	(12)
State	(358)	(457)
Total Deferred Income Taxes	(390)	(469)
Change in Valuation Allowance - Deferred	358	457
Change in Valuation Allowance - Stranded Tax Effect	(69)	—
Total Provision for Income Taxes	<u>\$ 517</u>	<u>\$ 562</u>

On July 5, 2023, a new Wisconsin tax law created an exemption of income on certain commercial and agricultural loans issued by financial institutions. With this new tax law, the Bank no longer believes it will receive a benefit for the state portion of net deferred tax assets recognized. As a result, the Company has recognized a valuation allowance against the state deferred tax assets at December 31, 2025 and 2024. In recording the valuation allowance, \$(358) and \$(457) was recognized against results from operations in 2025 and 2024, respectively.

Income taxes paid by jurisdiction were as follows:

	Years ended December 31,	
	2025	2024
Federal	\$ 620	\$ 551
State (Wisconsin)	—	—
Total Income Taxes Paid	<u>\$ 620</u>	<u>\$ 551</u>

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax asset in the accompanying balance sheet includes the following amounts of deferred tax assets and liabilities

	December 31,	
	2025	2024
<b>Deferred Tax Assets</b>		
Allowance for credit losses	\$ 861	\$ 881
Deferred compensation	83	90
Non-accrual interest	—	5
Purchase accounting	68	65
Equity compensation	176	159
Deferred loan fees	110	107
State net operating loss	1,238	895
Unrealized loss on available for sale securities	525	890
Other	76	18
<b>Deferred Tax Assets</b>	<b>\$ 3,137</b>	<b>\$ 3,110</b>
<b>Deferred Tax Liabilities</b>		
FHLB stock	(23)	(23)
Other	(68)	(66)
<b>Deferred Tax Liabilities</b>	<b>\$ (91)</b>	<b>\$ (89)</b>
Valuation Allowance - deferred	(1,539)	(1,181)
Valuation Allowance - stranded tax effect	(173)	(242)
<b>Net Deferred Tax Asset</b>	<b>\$ 1,334</b>	<b>\$ 1,598</b>

A summary of the sources of differences between income taxes at the federal statutory rate and the provision for income taxes follows:

	Years ended December 31,			
	2025		2024	
	Amount	% of Pretax Income	Amount	% of Pretax Income
<b>Reconciliation of statutory to effective rates</b>				
Federal income taxes at statutory rate	\$ 656	21.0 %	\$ 620	21.0 %
Adjustments for:				
Tax exempt interest on municipal obligations	(23)	(0.7) %	(19)	(0.6) %
State income taxes, net of federal income tax benefit	(358)	(11.5) %	(457)	(15.5) %
Increase in CSV of life insurance	(77)	(2.5) %	(71)	(2.4) %
Equity Compensation	22	0.7 %	18	0.6 %
State Valuation Allowance – deferred tax	358	11.5 %	457	15.5 %
State Valuation Allowance – stranded tax effect	(69)	(2.3) %	—	— %
Other	8	0.3 %	14	0.5 %
<b>Provision for income taxes</b>	<b>\$ 517</b>	<b>16.5 %</b>	<b>\$ 562</b>	<b>19.0 %</b>

With few exceptions, the Company is no longer subject to federal or state examinations by taxing authorities for years before 2021.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

**NOTE 11 – Commitments and Contingencies**

In the normal course of business, the Company may be involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Company's financial statements.

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets.

The Company's exposure to credit loss is represented by the contractual, or notional, amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments. Since some of the commitments are expected to expire without being drawn upon, and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements of the Company.

The contract amounts of credit-related financial instruments at December 31, 2025 and 2024 are summarized below:

	Notional Amount	
	2025	2024
Unused lines of credit		
Fixed	29,574	22,741
Variable	5,085	3,415
Undisbursed portion of loan proceeds	1	222
Standby letters of credit	2,745	2,151

Unused commitments under lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit may or may not require collateral and may or may not contain a specific maturity date.

The undisbursed portion of loan proceeds represents undrawn amounts under construction loans. These loans are generally secured by real estate and generally have a specific maturity date.

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the performance of a customer to a third party. Generally, all standby letters of credit issued have expiration dates within one year. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments. Standby letters of credit are not reflected in the financial statements, since recording the fair value of these guarantees would not have a significant impact on the financial statements.

**NOTE 12 – Related-Party Transactions**

Deposits from directors, executive officers, and their affiliates totaled \$1,893 and \$2,093 at December 31, 2025 and 2024, respectively.

A summary of loans to directors, executive officers, and their affiliates follows:

	Years ended December 31,	
	2025	2024
Beginning balance	\$ 1,991	\$ 9,414
Adjustments for changes in related parties	—	(8,808)
New loans	—	1,663
Repayments	(56)	(278)
Ending balance	\$ 1,935	\$ 1,991

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

**NOTE 13 – Fair Value**

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Accounting standards describe three levels of inputs that may be used to measure fair value (the fair value hierarchy). The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability.

Following is a brief description of each level of the fair value hierarchy:

- *Level 1:* Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.
- *Level 2:* Fair value measurement is based on: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in markets that are not active; or (3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.
- *Level 3:* Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the Company's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

Some assets and liabilities, such as securities available for sale, are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as collateral dependent loans, may be measured at fair value on a nonrecurring basis.

Following is a description of the Company's valuation methodology and significant inputs used for each asset and liability measured at fair value on a recurring or nonrecurring basis, as well as the classification of the asset or liability within the fair value hierarchy.

*Available for sale securities* - Available for sale securities may be classified as Level 1 or Level 2 measurements within the fair value hierarchy. Level 1 securities include equity securities traded on a national exchange. The fair value measurement of a Level 1 security is based on the quoted price of the security. Level 2 securities include U.S. government and agency securities, obligations of states and political subdivisions, corporate debt securities, and mortgage related securities. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

*Loans* - Loans are not measured at fair value on a recurring basis. However, loans considered to be collateral dependent may be measured at fair value on a nonrecurring basis. The fair value measurement of collateral dependent is based on the fair value of the underlying collateral. Independent appraisals are obtained that utilize one or more valuation methodologies - typically they will incorporate a comparable sales approach and an income approach. Management routinely evaluates the fair value measurements of independent appraisers and adjusts those valuations based on differences noted between actual selling prices of collateral and the most recent appraised value. Such adjustments are usually significant, which results in a Level 3 classification. All other collateral dependent loan measurements are based on the present value of expected future cash flows discounted at the applicable effective interest rate and, thus, are not fair value measurements.

*Foreclosed assets* - Real estate acquired through or in lieu of loan foreclosure is not measured at fair value on a recurring basis. However, foreclosed assets are initially measured at fair value (less estimated costs to sell) when they are acquired and may also be measured at fair value (less estimated costs to sell) if they become subsequently impaired. The fair value measurement for each asset may be obtained from an independent appraiser or prepared internally. Fair value measurements obtained from independent appraisers generally utilize a market approach based on sales of comparable assets and/or an income approach. Such measurements are usually considered Level 2 measurements. However, management routinely evaluates fair value measurements of independent appraisers by comparing actual selling prices to the most recent appraisals. If management determines significant adjustments should be made to the independent appraisals based on these evaluations, these measurements are considered Level 3 measurements. Fair value measurements prepared internally are based on management's comparisons to sales of comparable assets but include significant unobservable data and are therefore considered Level 3 measurements.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

*Other equity investments* - Certain equity investments are measured at fair value on a non-recurring basis using observable transactions and are classified as Level 2.

Assets measured at fair value on a recurring basis are summarized below:

	<u>Recurring Fair Value Measurements Using</u>			<u>Total</u>
	<u>Quoted Prices in Active Markets for Identical Instruments (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<b>As of December 31, 2025</b>				
Assets:				
Available for sale securities:				
US government and agency securities	\$ —	\$ 1,232	\$ —	\$ 1,232
Obligations of states and political subdivisions	—	9,954	—	9,954
Mortgage-backed securities	—	16,495	—	16,495
Certificates of deposit	—	—	—	—
Corporate debt securities	—	1,979	—	1,979
<b>Total available for sale securities</b>	<b>\$ —</b>	<b>\$ 29,660</b>	<b>\$ —</b>	<b>\$ 29,660</b>

<b>As of December 31, 2024</b>				
Assets:				
Available for sale securities:				
US government and agency securities	\$ —	\$ 1,346	\$ —	\$ 1,346
Obligations of states and political subdivisions	—	10,031	—	10,031
Mortgage-backed securities	—	18,092	—	18,092
Certificates of deposit	—	247	—	247
Corporate debt securities	—	5,208	—	5,208
<b>Total available for sale securities</b>	<b>\$ —</b>	<b>\$ 34,924</b>	<b>\$ —</b>	<b>\$ 34,924</b>

Information regarding the fair value of assets measured at fair value on a nonrecurring basis follows:

	<u>Assets Measured at Fair Value</u>	<u>Nonrecurring Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Instruments (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>As of December 31, 2025</b>				
Assets:				
Other equity investments	\$ 1,006	\$ —	\$ 1,006	\$ —
Collateral-dependent loans	\$ 18	\$ —	\$ —	\$ 18
<b>As of December 31, 2024</b>				
Assets:				
Other equity investments	\$ 939	\$ —	\$ 939	\$ —
Collateral-dependent loans	\$ —	\$ —	\$ —	\$ —

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

As of December 31, 2025 there was one collateral-dependent loan in the one-to-four family owner-occupied portfolio; the carrying value of \$36 was written down to its estimated fair value of \$18. As of December 31, 2024, there were no collateral dependent loans requiring a write down to their estimated fair value.

There were no foreclosed assets as of December 31, 2025 or December 31, 2024.

The carrying value and estimated fair value of financial instruments as of December 31, 2025 and December 31, 2024 follow:

	December 31, 2025				
	Carrying Value	Fair Value			Total Fair Value
		Level 1	Level 2	Level 3	
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 8,425	\$ 8,425	\$ —	\$ —	\$ 8,425
Available for sale securities	29,660	—	29,660	—	29,660
Loans	216,175	—	—	214,651	214,651
Accrued interest receivable	908	908	—	—	908
Cash value of life insurance	11,316	11,316	—	—	11,316
Other equity investments	1,906	—	1,006	900	1,906
<b>Financial liabilities:</b>					
Deposits and advance payments to borrowers for taxes and insurance	\$ 204,548	\$ 143,596	\$ —	\$ 60,372	\$ 203,968
Accrued interest payable	291	291	—	—	291

	December 31, 2024				
	Carrying Value	Fair Value			Total Fair Value
		Level 1	Level 2	Level 3	
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 6,129	\$ 6,129	\$ —	\$ —	\$ 6,129
Available for sale securities	34,924	—	34,924	—	34,924
Loans	224,493	—	—	219,661	219,661
Accrued interest receivable	872	872	—	—	872
Cash value of life insurance	10,947	10,947	—	—	10,947
Other equity investments	1,839	—	939	900	1,839
<b>Financial liabilities:</b>					
Deposits and advance payments to borrowers for taxes and insurance	\$ 208,656	\$ 144,331	\$ —	\$ 64,001	\$ 208,332
Accrued interest payable	279	279	—	—	279

*Limitations* - The fair value of a financial instrument is the current amount that would be exchanged between market participants, other than in a forced liquidation. Fair value is best determined based on quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Consequently, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters that could affect the estimates. Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business. Deposits with no stated maturities are defined as having a fair value equivalent to the amount payable on demand. This prohibits adjusting fair value derived from retaining those deposits for an expected future period of time. This component, commonly referred to as a deposit base intangible, is neither considered in the above amounts, nor is it recorded as an intangible asset on the consolidated balance sheets. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

**NOTE 14 – Equity and Regulatory Matters**

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1, Tier 1, and Total capital to risk-weighted assets and of Tier 1 capital to average assets. It is management's opinion, as of December 31, 2025, that the Bank met all applicable capital adequacy requirements.

As of December 31, 2025, the Bank is categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum regulatory capital ratios as set forth in the table. There are no conditions or events since December 31, 2025 that management believes have changed the category.

The Bank's actual capital amounts and ratios are presented in the following tables:

	Actual		For Capital Adequacy Purposes				To Be Well Capitalized Under Prompt Corrective Action Provisions			
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio		
<b>December 31, 2025</b>										
Common Equity Tier 1 capital (to risk-weighted assets)	\$ 62,934	25.1 %	\$ ≥ 11,295	≥ 4.5 %	\$ ≥ 16,315	≥ 6.5 %				
Tier 1 capital (to risk-weighted assets)	62,934	25.1	≥ 15,060	≥ 6.0	≥ 20,080	≥ 8.0				
Total capital (to risk-weighted assets)	66,071	26.3	≥ 20,080	≥ 8.0	≥ 25,100	≥ 10.0				
Tier 1 capital (to average assets)	62,934	22.4	≥ 11,238	≥ 4.0	≥ 14,048	≥ 5.0				
<b>December 31, 2024</b>										
Common Equity Tier 1 capital (to risk-weighted assets)	\$ 68,584	26.8 %	\$ ≥ 11,525	≥ 4.5 %	\$ ≥ 16,648	≥ 6.5 %				
Tier 1 capital (to risk-weighted assets)	68,584	26.8	≥ 15,367	≥ 6.0	≥ 20,490	≥ 8.0				
Total capital (to risk-weighted assets)	71,785	28.0	≥ 20,490	≥ 8.0	≥ 25,612	≥ 10.0				
Tier 1 capital (to average assets)	68,584	22.9	≥ 11,966	≥ 4.0	≥ 14,957	≥ 5.0				

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

**NOTE 15 – Deferred Compensation**

The Company has entered into various deferred compensation agreements with key officers. The liability outstanding under the agreements was \$306 at December 31, 2025 and \$332 at December 31, 2024. The amount charged to operations was \$17 and \$18 for the twelve months ended December 31, 2025 and 2024, respectively.

**NOTE 16 – Employee Stock Ownership Plan**

The Company maintains a leveraged employee stock ownership plan (“ESOP”) that covers substantially all employees. The Bank makes annual contributions to the ESOP equal to the ESOP’s debt service. The ESOP shares initially were pledged as collateral for this debt. As the debt is repaid, shares are released from collateral and allocated to active participants, based on the proportion of debt service paid in the year. Because the debt is intercompany, it is eliminated in consolidation for presentation in these financial statements. The shares pledged as collateral are reported as unearned ESOP shares in the balance sheet.

As shares are committed to be released from collateral and allocated to active participants, the Company reports compensation expense equal to the current market price of the shares and the shares will become outstanding for earnings-per-shares (EPS) computations. During the years ended December 31, 2025 and 2024, 30,584 shares were committed to be released. During the year ended December 31, 2025, the average fair value per share of stock was \$13.97 resulting in total ESOP compensation expense of \$427. During the year ended December 31, 2024, the average fair value per share of stock was \$13.16 resulting in total ESOP compensation expense of \$403.

The ESOP shares as of December 31, were as follows:

	2025	2024
Shares allocated to active participants	174,210	147,234
Shares committed to be released and allocated to participants	30,584	30,584
Shares distributed	(6,897)	(3,608)
Total unallocated shares	428,173	458,757
Total ESOP shares	<u>626,070</u>	<u>632,967</u>
Fair Value of unallocated shares (based on \$14.94 and \$14.24 share price at December 31, 2025 and December 31, 2024, respectively)	<u>\$ 6,397</u>	<u>\$ 6,533</u>

**NOTE 17 - Share-based Compensation Plans**

The Company adopted the FFBW, Inc. 2018 Equity Incentive Plan in 2018. In May 2021, the Company adopted the FFBW, Inc. 2021 Equity Incentive Plan. ASC Topic 718 requires that the grant date fair value of equity awards to employees and directors be recognized as compensation expense over the period during which they are required to provide service in exchange for such awards.

The following table summarizes the impact of the Company’s share-based payment plans in the financial statements for the period shown:

	Year Ended December 31,	
	2025	2024
Total cost of stock grant plan during the year	\$ 188	\$ 164
Total cost of stock option plan during the year	165	137
Total cost of share-based payment plans during the year	<u>\$ 353</u>	<u>\$ 301</u>
Amount of related income tax benefit recognized in income	\$ 74	\$ 63

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

The Company adopted the FFBW, Inc. 2018 Equity Incentive Plan (the “2018 Equity Incentive Plan”) in 2018. In November 2018, the Company’s stockholders approved the 2018 Equity Incentive Plan which authorized the issuance of up to 152,027 restricted stock awards and up to 380,066 stock options. As of December 31, 2025, there were 4,586 restricted stock awards and 101,368 options available for future grants under this plan. In May 2021, the Company’s stockholders approved the FFBW, Inc. 2021 Equity Incentive Plan which authorized the issuance of up to 170,742 restricted stock awards and up to 426,857 stock options. As of December 31, 2025, there were 123,742 restricted awards and 321,357 options available for future grants under this plan.

Shares granted under these Equity Incentive Plans may be authorized but unissued, currently held or, to the extent permitted by applicable law, subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. Forfeited or canceled shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of stock available for delivery under the Plan.

Options are granted with an exercise price equal to no less than the market price of the Company’s shares at the date of grant: those option awards generally vest pro-rata over five years of service and have 10-year contractual terms. Restricted shares typically vest pro-rata over a five-year period, 20% per year beginning one year from the issuance date. Under the FFBW, Inc. 2021 Equity Incentive Plan, certain restricted shares awarded to Board of Director members vest in one year.

Share amounts related to periods prior to the date of the closing of the Offering on January 16, 2020 have been restated to give retroactive recognition to the 1.1730 exchange ratio applied in the offering.

The following tables summarize stock options activity for the years ended December 31, 2025 and 2024:

	Stock Option Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in dollars)
Options outstanding as of December 31, 2024	405,145	\$ 10.80		
Granted	96,000	13.93		
Exercised	(7,300)	11.64		
Expired, cancelled or forfeited	(123,889)	11.16		
Options outstanding as of December 31, 2025	<u>369,956</u>	<u>\$ 11.88</u>	<u>6.05</u>	<u>\$ 1,133,797</u>
Options exercisable as of December 31, 2025	<u>216,856</u>	<u>\$ 10.92</u>	<u>4.20</u>	<u>\$ 872,481</u>

	Stock Option Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in dollars)
Options outstanding as of December 31, 2023	359,929	\$ 10.39		
Granted	60,000	13.15		
Exercised	—	—		
Expired, cancelled or forfeited	(14,784)	10.50		
Options outstanding as of December 31, 2024	<u>405,145</u>	<u>\$ 10.80</u>	<u>5.81</u>	<u>\$ 1,245,715</u>
Options exercisable as of December 31, 2024	<u>277,573</u>	<u>\$ 10.76</u>	<u>1.39</u>	<u>\$ 967,008</u>

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, except share data)

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model based on certain assumptions. Since the Company does not have sufficient historical fair value estimates of its stock, the Company calculates expected volatility using the historical volatility of the Dow Jones U.S. Financial Services Index. The risk-free interest rate for periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life of options is estimated based on the assumption that options will be exercised evenly throughout their life after vesting and represents the period of time that options granted are expected to remain outstanding.

	Number of Options	Weighted Average Grant Date Fair Value
Nonvested options outstanding as of December 31, 2024	127,572	\$ 4.44
Granted	96,000	5.19
Vested	(36,772)	4.02
Forfeited	(33,700)	4.78
Nonvested options outstanding as of December 31, 2025	<u>153,100</u>	<u>\$ 4.96</u>

The following assumptions were used for options granted during the years ended December 31:

	2025		2024	
Risk-free interest rate	4.23	%	4.42	%
Expected volatility	20.83	%	24.92	%
Expected dividend yield	—	%	—	%
Expected life of options (years)	8.0		7.5	
Weighted average fair value per option of options granted during the year	\$ 5.19		\$ 5.38	

The following is a summary of changes in restricted shares for the years ended December 31, 2025 and 2024:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested stock awards as of December 31, 2024	46,100	\$ 12.19
Granted	35,500	13.92
Vested	(13,800)	12.17
Expired or cancelled	(11,850)	12.50
Nonvested stock awards as of December 31, 2025	<u>55,950</u>	<u>\$ 13.22</u>
Nonvested stock awards as of December 31, 2023	34,950	\$ 11.19
Granted	23,500	13.13
Vested	(12,350)	11.17
Expired or cancelled	—	—
Nonvested stock awards as of December 31, 2024	<u>46,100</u>	<u>\$ 12.19</u>

As of December 31, 2025, there was \$1,271 of total unrecognized compensation cost related to non-vested share-based compensation arrangements (including share option and non-vested share awards) granted under both Equity Incentive Plans. At December 31, 2025, the weighted-average period over which the unrecognized compensation expense is expected to be recognized was approximately 2.42 years.

**FFBW, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in thousands, except share data)**

**NOTE 18 – Liquidation Account**

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In connection with the Company's second-step mutual to stock conversion which was consummated on January 16, 2020 and in accordance with applicable federal bank regulations, at the time of the Conversion, the Company and the Bank established liquidation accounts which are maintained for the benefit of eligible account holders of the Bank who continue to maintain their accounts at the Bank after the second-step conversion. The liquidation accounts are reduced annually to the extent that eligible holders have reduced their qualifying deposits. Subsequent increases do not restore an eligible account holder's interest in the liquidation account. In the event of a complete liquidation by the Bank, and only in such event, each eligible account holder will be entitled to receive a distribution from the liquidation account in an amount proportionate to the adjusted qualifying account balances then held. The Bank may not pay dividends if those dividends would reduce equity capital below the required liquidation account amount.

**NOTE 19 – Subsequent Events**

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Subsequent events have been evaluated through March 4, 2026, which is the date the financial statements are available to be issued, and there are no matters that require additional disclosure.