

WCF BANCORP, INC.

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FOR IMMEDIATE RELEASE – January 26, 2024: WCF Bancorp, Inc. Announces Fourth Quarter (Unaudited) Financial Results & Dividend Declaration

WCF Bancorp, Inc. (OTC Pink: WCFB) (“WCFB” or the “Company”), the holding company for WCF Financial Bank (the “Bank”), today reported unaudited financial results for the three-month and twelve-month periods ended December 31, 2023.

Net income decreased \$675,000, or 666.8%, to (\$574,000) for the quarter ended December 31, 2023, compared to \$101,000 for the quarter ended December 31, 2022. The decrease in fourth quarter net income year-over-year was primarily attributable to an increase of \$836,000 in noninterest expense, resulting primarily from a one-time \$760,000 expense associated with the Bank’s withdrawal from our frozen multi-employer employee pension plan. The Company believes the expected longer-term cost saves through the elimination of this liability outweigh this one-time expense. Additionally, net interest income decreased \$136,000 and the provision for credit losses increased \$21,000. These were offset, in part, by income tax expense decreasing \$315,000 and noninterest income increasing \$3,000.

Net income decreased \$781,000, or 126.4%, to (\$163,000) for the twelve months ended December 31, 2023, compared to \$618,000 for the twelve months ended December 31, 2022. The decrease in twelve-month net income year-over-year was primarily attributable to noninterest income decreasing \$113,000 and noninterest expense increasing \$1,148,000, offset, in part, by net interest income increasing \$156,000, the provision for credit losses decreasing \$24,000, and income tax expense decreasing \$301,000. As previously stated, the increase in noninterest expense in the 4th quarter was the primary reason for the decrease in year to year net income.

Significant loan growth, the majority of which continues to come from the Bank’s newest market in Tama, Iowa, largely fueled the net interest income increase. Conversely it is noted that the Bank’s net interest margin, which expanded during 2022, declined in 2023 due to significantly increased funding costs as a result of the rapid increase in short term interest rates in 2023.

Total assets increased \$35.1 million, or 21.8%, to a Company-record \$196.2 million at December 31, 2023, compared to \$161.1 million at December 31, 2022. During the period, gross loans increased \$27.6 million, or 23.2%, to a Company-record \$146.9 million, total securities available for sale decreased \$2.5 million, or 9.6%, to \$23.1 million, cash and equivalents increased \$8.1 million, or 249.6%, to \$11.4 million, deposits increased \$23.9 million, or 20.3%, to a Company-record \$142.1 million, and other borrowed funds increased \$12.4 million, or 74.3%, to \$29.1 million.

Loan quality remains strong with 2023 gross charge offs of \$12,000, a decrease of \$60,000, or 83.8%, from 2022. Nonaccrual loans as of December 31, 2023 were \$184,000, representing 0.1% of gross loans outstanding, a decrease of \$363,000, or 66.3%, from December 31, 2022 results of \$547,000 and 0.5% of gross loans outstanding. The allowance for credit losses at December 31, 2023 totaled \$1.1 million, representing 0.8% of gross loans outstanding, as compared to \$953,000 and 0.8% of gross loans outstanding at December 31, 2022.

In accordance with regulatory requirements, on January 1, 2023, the Company implemented the Current Expected Credit Losses (CECL) accounting standard, which is the new, required methodology for estimating allowances for credit losses. We believe the allowance for credit loss is appropriate based on an assessment that includes prior loss experience, risk selection, underwriting standards, level of lending management experience, quality of the loan review system, volume and types of loans in the portfolio, past due loans, economic conditions, concentration of credit, and other factors related to the collectability of the loans.

The Company remains well-capitalized with stockholders' equity at December 31, 2023 of \$22.6 million, as compared to \$23.1 million at December 31, 2022. The ratio of stockholders' equity to total assets was 11.5% at December 31, 2023, compared to 14.3% at December 31, 2022. The year-over-year decrease resulted primarily from share repurchases totaling \$452,000 during this time.

During the fourth quarter of 2022 the Company announced a fourth share repurchase plan, authorizing the buyback of 206,400 shares, representing approximately 10% of then-outstanding shares. During 2023 the Company repurchased 56,715 shares at an average price of \$7.96/share, for an aggregate purchase price of \$452,000. These repurchases are accretive to all remaining shareholders, as the price paid is well below the Company's tangible book value/share, which was \$11.29 at December 31, 2023, an increase of \$0.08/share, or 0.7%, compared to \$11.21 at December 31, 2022. The Company's Board of Directors continues to strongly support these repurchases as a prudent utilization of capital that provides additional shareholder liquidity while being strongly accretive to all remaining shareholders. The Company's annualized Earnings Per Share decreased \$0.38, or 126.7%, to (\$0.08) for the twelve-month period ended December 31, 2023, compared to \$0.30 for the twelve-month period ended December 31, 2022.

WCF Bancorp, Inc. Declares Dividend

The Company announced that its Board of Directors has approved a quarterly cash dividend of \$0.05 per share on the Company's common stock. The dividend reflects an annual cash dividend rate of \$0.20 per share, which is the same rate as the dividend declared during the previous quarter. The cash dividend for the quarter ended December 31, 2023 will be paid to shareholders of record as of January 31, 2024, and is expected to be paid on February 9, 2024.

About Us

WCF Bancorp, Inc. is a bank holding company headquartered in Webster City, Iowa. The Company provides a wide range of banking and financial services to businesses, farmers, and individuals through its wholly owned subsidiary bank, WCF Financial Bank, which maintains offices in Webster City, Independence, and Tama, Iowa.

Forward-Looking Statements

This release may contain forward-looking statements within the meaning of the federal securities laws. These statements are not historical facts; rather, they are statements based on the company's current expectations regarding its business strategies and their intended results and its future performance. Forward-looking statements are preceded by terms such as "expects," "believes," "anticipates," "intends," and similar expressions.

Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties could cause or contribute to the company's actual results, performance and achievements to be materially different from those expressed or implied by the forward-looking statements. Factors that may cause or contribute to these differences include, without limitation, general economic conditions, including changes in market interest rates, changes in monetary and fiscal policies of the federal government, legislative and regulatory changes.

Because of the risks and uncertainties inherent in forward-looking statements, readers are cautioned not to place undue reliance on them, whether included in this report or made elsewhere from time to time by the company or on its behalf. Except as may be required by applicable law or regulation, the company assumes no obligation to update any forward-looking statements.

CONSOLIDATED FINANCIAL HIGHLIGHTS (Unaudited)

Dollar amounts, except per share data, in thousands

	3 Months Ended <u>12/31/23</u>	3 Months Ended <u>12/31/22</u>	12 Months Ended <u>12/31/23</u>	12 Months Ended <u>12/31/22</u>
Interest Income	\$2,368	\$1,558	\$8,259	\$5,367
Interest Expense	<u>\$1,279</u>	<u>\$ 333</u>	<u>\$3,540</u>	<u>\$ 804</u>
Net Interest Income	\$1,089	\$1,225	\$4,719	\$4,563
Credit Loss Provision	\$ 51	\$ 30	\$ 96	\$ 120
Noninterest Income	\$ 168	\$ 165	\$ 684	\$ 797
Noninterest Expense	<u>\$2,034</u>	<u>\$1,198</u>	<u>\$5,645</u>	<u>\$4,497</u>
Net Pre-Tax (Loss) Income	\$ (828)	\$ 162	\$ (338)	\$ 744
Income Tax (Benefit) Expense	<u>\$ (254)</u>	<u>\$ 61</u>	<u>\$ (175)</u>	<u>\$ 126</u>
Net After Tax (Loss) Income	\$ (574)	\$ 101	\$ (163)	\$ 617

	As of <u>12/31/23</u>	As of <u>12/31/22</u>
Total Assets	\$196,180	\$161,128
Gross Loans	\$146,897	\$119,272
Total Deposits	\$142,108	\$118,177
Total Capital	\$ 22,609	\$ 23,111
Book Value/Share	\$11.31	\$11.24
Tangible Book Value/Share	\$11.29	\$11.21
WCFB Stock Price	\$ 7.01	\$ 8.06
Price/Tangible Book Value (PTBV)	0.62	0.72
Earnings/Share*	\$(0.08)	\$ 0.30
Net Interest Margin* (Bank)	2.74	3.22
Return on Average Assets* (Bank)	(0.11)	0.44
Return on Average Equity* (Bank)	(0.93)	3.21

*annualized

WCF Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 (unaudited) and December 31, 2022

Assets	December 31, 2023	December 31, 2022
Cash and due from banks	\$ 4,007,459	\$ 3,250,136
Federal Funds sold	7,355,000	-
Cash and cash equivalents	11,362,459	3,250,136
Time deposits in other financial institutions	980,000	2,940,000
Securities available-for-sale, at fair value	23,060,819	25,517,881
Loans receivable	146,896,840	119,271,963
Allowance for loan losses	(1,101,279)	(953,272)
Loans receivable, net	145,795,561	118,318,691
Federal Home Loan Bank (FHLB) stock, at cost	1,405,200	830,200
Bankers' Bank stock, at fair value	626,800	585,900
Office property and equipment, net	6,087,363	3,732,176
Deferred taxes on income	770,120	797,155
Accrued interest receivable	2,060,152	1,253,270
Goodwill	55,148	55,148
Income taxes receivable	170,817	137,339
Bank-owned life insurance	3,647,981	3,562,462
Prepaid expenses and other assets	157,371	147,641
Total assets	\$ 196,179,790	\$ 161,127,999
Liabilities and Stockholders' Equity		
Deposits	\$ 142,108,486	\$ 118,176,816
FHLB advances	29,100,000	16,700,000
Fed funds purchased	-	1,688,000
Advance payments by borrowers for taxes and insurance	520,549	489,051
Accrued interest payable	1,160,992	171,506
Accrued expenses and other liabilities	681,013	791,206
Total liabilities	173,571,040	138,016,579
Stockholders' equity:		
Preferred stock, \$0.01 par value. Authorized 10,000,000 shares; issued none	-	-
Common stock, \$0.01 par value. Authorized 30,000,000 shares; 1,998,400 shares issued and outstanding at December 31, 2023 and 2,056,848 issued and outstanding at December 31, 2022	25,615	25,615
Additional paid-in capital	14,475,928	14,373,526
Treasury stock at cost, 563,142 shares as of December 31, 2023 and 504,694 shares on December 31, 2022	(4,423,526)	(3,909,746)
Retained earnings, substantially restricted	15,195,400	15,821,129
Unvested stock-based restricted stock and stock options	(118,467)	(92,229)
Unearned ESOP shares	(930,968)	(985,736)
Accumulated other comprehensive income	(1,615,233)	(2,121,139)
Total stockholders' equity	22,608,750	23,111,420
Total liabilities and stockholders' equity	\$ 196,179,790	\$ 161,127,999

WCF Bancorp, Inc. and Subsidiaries
Consolidated Statements of Income
(unaudited)

	Twelve Months Ended	
	December 31,	
	2023	2022
Interest income:		
Loans receivable	\$ 7,121,790	\$ 4,485,447
Investment securities - taxable	484,258	494,097
Investment securities - tax exempt	191,382	168,825
Other interest earning assets	461,228	218,425
Total interest income	<u>8,258,658</u>	<u>5,366,794</u>
Interest expense:		
Deposits	2,689,958	555,366
FHLB advances	846,772	234,577
Overnight borrowings	2,837	13,680
Total interest expense	<u>3,539,567</u>	<u>803,623</u>
Net interest income	4,719,091	4,563,171
Provision for losses on loans	96,235	120,000
Net interest income after provision for losses on loans	<u>4,622,856</u>	<u>4,443,171</u>
Noninterest income:		
Fees and service charges	549,703	502,788
Unrealized gain on privately held equity securities	40,900	56,800
Gain (loss) on sale of investment property	(11,354)	(2,239)
Increase in cash value - bank-owned life insurance	85,519	79,633
Other income (loss)	19,445	160,480
Total noninterest income	<u>684,213</u>	<u>797,462</u>
Noninterest expense:		
Compensation, payroll taxes, and employee benefits	3,436,810	2,586,585
Advertising	92,188	69,282
Office property and equipment	450,811	438,893
Federal insurance premiums	77,200	37,012
Data processing services	516,127	431,393
Charitable contributions	5,434	37,438
Other real estate expenses, net	(863)	8,997
Dues and subscriptions	25,355	28,160
Accounting, regulatory and professional fees	390,743	304,930
Other expenses	650,990	554,058
Total noninterest expense	<u>5,644,795</u>	<u>4,496,748</u>
Earnings (loss) before taxes on income	(337,726)	743,885
Tax expense (benefit)	(174,629)	126,406
Net income (loss)	<u>\$ (163,097)</u>	<u>\$ 617,479</u>