



2019 Annual Report



Historical Strength
Forward Vision

Celebrating **160 Years**



Steadfast

While much has changed since our founders established this bank more than 160 years ago, First Bank Financial Centre remains committed to the communities we serve. Our commitment was as evident in 2019 as it was in 1859, and your leadership team and board remain steadfast in our commitment to this bank's unchanging mission: Make Lives Better.

In 2019, the bank celebrated 160 years of making lives better with record performance, as measured by the unprecedented number of customers served, positive impact on Southeast Wisconsin, career opportunities afforded to our colleagues, and financial results delivered to our shareholders.



Bank Five Nine

Today, our commitment to independence, local ownership, our communities, and our employees is as strong as ever, and unrivaled among Wisconsin financial institutions. As you review this annual report, we hope you'll agree that in 2019 we continued our proven record of success that distinguishes your bank from the competition.

However, with 22 banks in our home state and nearly 1,000 U.S. financial institutions using the word "First" in their names, we no longer believe our current brand sets us apart for prospective customers in Southeast Wisconsin, or anywhere in the nation where we compete for commercial business. This is why we recently announced that we plan to change First Bank Financial Centre's name to Bank Five Nine.

We believe that this strategic decision will allow us to stand apart in a crowded financial services field, enabling us to remain financially strong and profitably growing for our shareholders and all who we serve.

Importantly, while the bank's name, logo and colors will evolve in the coming months, our board, executive management team, employees, and locations remain unchanged, as does our independence and commitment to Make Lives Better. The name of the bank's holding company, Oconomowoc Bancshares, Inc., will also remain unchanged.

Our new brand, Bank Five Nine, pays tribute to our founders, who believed that they could help build their community and support local families and businesses when they opened their doors in 1859. We still hold those values dear today and they motivate us each and every day as we continue to evolve as a company while staying true to our deep community banking history. It is the reason we so successfully attract and retain talented employees who are incredibly committed to serving their customers. It informs the strategic decisions made by our executive management team and board. Simply put, it's what your bank aims to do every day.



Financial Strength

The bank's holding company once again delivered profitable growth and excellent overall financial performance in 2019, making lives better for shareholders and their families who choose to invest in the bank that shares their commitment to Southeast Wisconsin.

The bank's liquidity position remained strong in 2019, with cash and investments totaling \$208.6 million at year end, compared to \$188.2 million at

the end of 2018. Together with growing deposits and access to Federal Home Loan Bank borrowing capacity, the bank maintained ample liquidity to meet individual and business borrowers' needs.

Deposits grew to a record \$909.0 million at December 31, 2019, an increase of \$11.0 million from one year prior. Balances reflected continued growth in the number of households we serve with deposit accounts, which expanded to a record 15,944 at year end 2019.

Financial Highlights (IN THOUSANDS)

Earnings



Capital



Deposits



Assets



On & Off Balance Sheet Loans



Our shareholders are well represented among the thousands of depositors and borrowers the bank serves. If you are a stockholder who has not already been introduced to our personal banking, business banking, cash management and wealth management products and services, please allow us the opportunity to do so.

By entrusting us with their deposits in 2019, customers fully funded all of the bank's new lending last year, translating directly into mortgages, small business loans and other commercial loans for borrowers in Wisconsin and beyond.

Our community bank's deposit gathering success also allowed us to reduce borrowings and use of brokered deposits last year, enhancing profitability and maintaining ample capacity to fund loans for individuals and businesses. While our mix of funding sources will always vary year-to-year, 2019 further validated the value of our community banking business model and deep commitment to relationship banking in Southeast Wisconsin.

Loans totaled a record \$926.6 million on our balance sheet at December 31, 2019, an increase of \$1.3 million from one year prior. In addition, loan production grew to \$685.9 million in 2019, increasing 16.3 percent from 2018 and marking a new record for the fifth year in a row. Total on and off balance sheet assets grew to \$1.71 billion at the

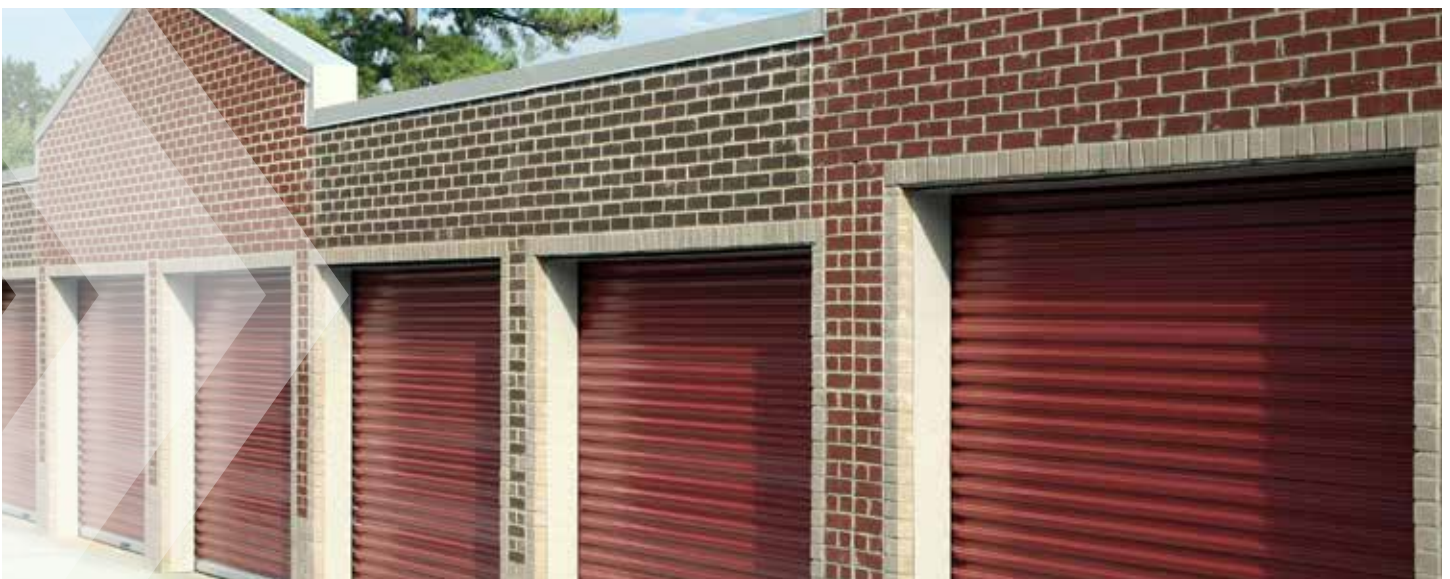
end of 2019, compared to \$1.63 billion one year prior.

The bank's strategic focus on lending locally, regionally and nationally through government guaranteed loan programs, such as the U.S. Small Business Administration (SBA), continued to be an important contributor to the profitable growth in loans and production in 2019. We were pleased to maintain the bank's position as one of the leading SBA lenders in the nation in 2019.

SBA commercial real estate lending continues to be particularly beneficial for our small business customers, and for the bank itself.

Helping individuals and families in Wisconsin to achieve their home ownership dreams has long been a cornerstone of our mission to Make Lives Better, and in-state residential mortgage lending continued to be a key contributor to prudent loan growth last year. Overall, mortgage loan production totaled \$482.4 million in 2019, increasing by \$192.0 million over the year prior.

Controlled loan growth and disciplined balance sheet management enabled the company to increase total revenues to an all-time high \$76.6 million in 2019, with the top line growing by 18.4 percent over the year before.



FBFC lenders are experts in SBA lending for self-storage facilities.

Net interest income, generated by the bank's growing loan portfolio and other earning assets, contributed \$40.1 million to revenue in 2019, growing 6.0 percent over the year before. Net interest margin (NIM) grew to 3.65 percent in 2019, expanding by 7 basis points from 2018. Our ability to grow this key profitability benchmark, measuring the difference between the yields a bank charges for lending and the rates paid on deposits and other funding sources, is all-the-more noteworthy given that average NIM declined among all U.S. commercial banks with assets of \$1 billion to \$5 billion.

Net interest income and NIM in 2019 reflected a continuation of our balance sheet management strategy to improve profitability while increasing the availability of credit among the bank's individual and business customers, prudently shifting the bank's earning asset mix to further moderate securities balances, in terms of both absolute dollars and as a percentage of total assets. We increased lending and decreased securities balances to 13.5 percent of assets at the end of 2019, compared to 14.1 percent in 2018 and 18.2 percent in 2017. For the second consecutive year, we increased loan yields across every category of lending, averaging 5.52 percent in 2019, up 46 basis points from 5.06 percent in 2018.

Non-interest income from fees and gains contributed another \$21.1 million to revenue in 2019, growing 35.2 percent over the year before. Key contributors to fee income growth in 2019 from 2018 included mortgage loan sale and servicing fees, which were up 86.9 percent to \$9.6 million, as well as loan sale and servicing fees from SBA lending, which was up 10.3 percent to \$8.0 million. In addition, wealth management fees grew 2.6 percent to \$988,000 in 2019.

The bank's credit quality metrics also improved in 2019, as we continue to take a disciplined approach to underwriting, balanced against demand for credit among the individuals and small businesses we serve. For example, non-performing assets improved as a percentage of total assets, declining by 87 basis points to 1.68 percent in 2019, while non-performing loans improved as a percentage of total loans, declining by 77 basis points to 1.63 percent.

Importantly, about 93 percent of FBFC's total non-accrual loan balances carry a government guarantee, such as through the SBA program, further enhancing the bank's already favorable credit risk profile.

Non-interest expense grew modestly in 2019 by 7.6 percent over the year before, as we continue to invest in our ability to serve record numbers of customers. At the same time, we remain disciplined, keeping increases in operating expenses well below our revenue growth rate of 18.4 percent in 2019.

As a result, we increased total capital by 15.4 percent during 2019 to \$102.7 million at year end, through growth in retained earnings and disciplined management of the bank's investment portfolio. Retained earnings grew by 12.2 percent during 2019 to \$94.1 million, while book value per share grew by 15.0 percent to \$306. During 2019, we also improved return on average assets (ROAA) to 1.03 percent from 0.78 percent in 2018, and enhanced return on average equity (ROAE) to 11.06 percent from 8.96 percent the year before.

Bottom line, consolidated net income of \$11.6 million grew 40.9 percent from \$8.2 million in 2018. Stockholders received dividend payouts of \$1.26 million in 2019, or \$3.76 per share, an increase of \$0.14 per share over the prior year, representing the ninth consecutive year of increased cash dividends for our investors.

People Devoted to Making Lives Better

The record financial performance achieved in 2019 was possible thanks to a workforce that is fully committed to improving the lives of their customers by helping them achieve their financial goals. In turn, this company is making lives better for our employees and their families, by creating an award-winning workplace environment to advance their careers and realize their full potential.

American Banker named us to its annual "Best Banks to Work For" list in 2019 for the fourth consecutive year, making FBFC the only bank based in Southeast Wisconsin to receive the nationwide honor last year. FBFC was also named

a Milwaukee Journal Sentinel Top Workplace for the 10th consecutive year in 2019, and we are proud to be one of only a handful of companies to have made the list every year since its inception in 2010.

We continue to believe the strength of our workforce and employees' dedication to their customers and communities provides us with a real competitive advantage in the marketplace.

Making Lives Better in the Community

Several of our new hires in 2019 were recruited thanks to our participation in "BankWork\$," a powerful program that was launched in Southeast Wisconsin in partnership with Employ Milwaukee and other area financial institutions. BankWork\$ helps young adults, from low-income communities with a lack of employment opportunities, build meaningful careers in banking through training, placement assistance and ongoing coaching. We were proud to be part of BankWork\$ in Milwaukee in 2019 and look forward to continuing our participation in 2020.

No matter where we aim to make a positive impact on our communities as a business and an employer, we believe our commitment must extend beyond writing checks. Financing community and philanthropic programs in Southeast Wisconsin will always be important, which is why this bank has donated more than \$1 million over the last five years alone. Just important as dollars, though, is the multiplier effect we believe we can create by putting our people, know-how and creativity to work for our community. For example, in the last year, the entire management team and 73 percent of all other employees generously volunteered their time, translating into more than 12,000 volunteer hours.

In addition, the bank has developed and launched a number of innovative programs aimed at enhancing financial literacy among our customers and the public alike. Our Financial Education Centre is a dynamic online resource available not only to customers, but anyone who wants to learn more about making informed decisions around

banking and personal finance. Our Financial Education Centre is available for free to anyone, with no registration or sign-up required to access these great articles, videos and podcasts.

Our "That's So Money" audio program is available as a free podcast and also airs weekly on Milwaukee radio station WISN-AM 1130. Half of each program is dedicated to financial education, and the other half is used to showcase the work of a local non-profit organization or small business.

THAT'S \$O MONEY

The bank highlighted the work of more than 20 local non-profits in 2019, through "That's So Money," as well as through our partnership with The Morning Blend on Milwaukee NBC television affiliate TMJ4. This popular morning show segment draws attention and support to these vital community organizations, while donating \$1,000 to each non-profit featured on air.

We were grateful to have these, and other efforts, recognized by some of Southeast Wisconsin's leading civic and community organizations in 2019. We were especially proud to be named the Large Business of the Year for Waukesha County by the Waukesha County Business Alliance.





Making Lives Better for Generations to Come

During 2019, we celebrated the bank's 160th anniversary of independence and local ownership with record performance, an unprecedented number of customers served, an award-winning workplace and a positive impact on the communities we serve. Still, we believe we're just getting started, and the best is yet to come.

We remain determined to provide access to credit and other financial services to growing numbers of individuals, small businesses and non-profits, in Southeast Wisconsin and beyond. Our ability to deliver on that promise, given the bank's financial strength and capital position, has never been stronger.

The new brand we are implementing in 2020, Bank Five Nine, will further distinguish your bank from the competition, enabling us to continue to live our mission and Make Lives Better for generations to come.

On behalf of the entire team, thank you for your support and commitment to your community bank.



Mark W. Mohr

President and CEO



Nate Zastrow

Executive Vice President
and CFO



Consolidated Financial Highlights

Oconomowoc Bancshares, Inc.

(In thousands, except per share data) as of December 31

Balance Sheet

Assets	2017	2018	2019
Cash & Cash Equivalents	25,246	22,975	46,572
Investments	206,994	165,197	162,002
Loans, Net	831,229	912,303	914,488
Premises & Equipment	31,745	31,400	30,443
Servicing Assets	14,905	15,768	16,715
Other Real Estate	3,749	2,999	5,276
Other Assets	23,119	25,994	27,936
Total Assets	1,136,987	1,176,636	1,203,432

Liabilities & Capital	2017	2018	2019
Deposits	843,695	897,988	909,017
Borrowed Funds	189,622	168,160	165,876
Subordinated Debentures	17,984	18,010	18,036
Other Liabilities	2,747	3,495	7,814
Capital	82,939	88,983	102,689
Total Liabilities & Capital	1,136,987	1,176,636	1,203,432
Book Value Per Share	\$247	\$266	\$306

Income Statement	2017	2018	2019
Interest Income	43,194	49,108	55,501
Interest Expense	(7,822)	(11,243)	(15,383)
Net Interest Income	35,372	37,865	40,118
Provision for Loan Losses	(925)	(630)	(800)
Net Interest Income After Provision for Loan Losses	34,447	37,235	39,318
Non-interest Income	17,561	15,570	21,053
Non-interest Expense	(43,122)	(43,945)	(47,289)
Income Before Income Tax Expense	8,886	8,860	13,082
Income Tax Expense	(566)	(642)	(1,502)
Net Income	8,320	8,218	11,580
Earnings Per Share	\$24.83	\$24.52	\$34.56

Selected Other Bank Data	2017	2018	2019
Return on Average Assets	0.81%	0.78%	1.03%
Return on Average Equity	9.44%	8.96%	11.06%
Net Interest Margin	3.50%	3.58%	3.65%
Non-performing Assets to Total Assets	0.85%	2.55%	1.68%
Allowance for Loan Losses as a Percent of Total Loans	0.62%	0.60%	0.61%
Leverage Ratio	8.68%	8.95%	9.40%
Risk Based Capital Ratio	12.90%	11.95%	12.52%



Board of Directors

Dear Shareholders,

The title of this year's annual report perfectly describes our year in 2019: Historical Strength, Forward Vision.

In 2019 we celebrated our 160th anniversary as a strong, local, independent community bank. Since 1859, we've been making lives better for our customers who wish to buy a home, start a business, or save for important milestones like a child's college education. As I think of the generations of customers we've served, I remain confident that our founders would be proud that the foundation they laid all those years ago is still helping people achieve their dreams today.

At the same time, we recognize that in order to continue to fulfill our founders' vision, our bank must adapt to the realities of today's marketplace. Our dedication to adopting modern technology has allowed our customers to bank with us whenever, and wherever they wish, right from the phone in their pocket. From depositing checks to transferring money, a visit to a branch is no longer required

(although we still offer great coffee and cookies).

Further, we must continue to differentiate ourselves from other local banks, credit unions, and national online banks who compete with us for the same customers. With that in mind, we've chosen to adopt a new name that honors our founding in 1859: Bank Five Nine. Rather than being one of 22 banks with "First" in our name in Wisconsin, we've chosen a name that is uniquely ours and will allow us to continue to serve generations of customers to come.

Rest assured that while our name is changing, our offices, management team and employees will remain the same. We all continue to be committed to our mission, and I thank you for your support of our bank during this exciting time.

Robert W. Snyder
Chairman

Board of Directors

(Listed left to right, Back row first)

Mark T. McCune
First Bank Financial Centre

Craig S. Schiefelbein
Observation Tower LLC

Charles J. Folkman, Jr.
Vice Chairman
L.F. George, Inc.

Pat Hammer
Rogers Behavioral Health System

James P. Siepmann
Siepmann Realty Corporation

Mark W. Mohr
First Bank Financial Centre

Larry Tomsyck
Ernst & Young LLC (retired)

Monica Stern
Village of Grafton

Robert W. Snyder
Board Chairman
Snyder and Ek, S.C.

Maureen Stapleton
Stapleton Realty and Appraisal

Peter G. Roehl
Roehl Corporation

Executive Management

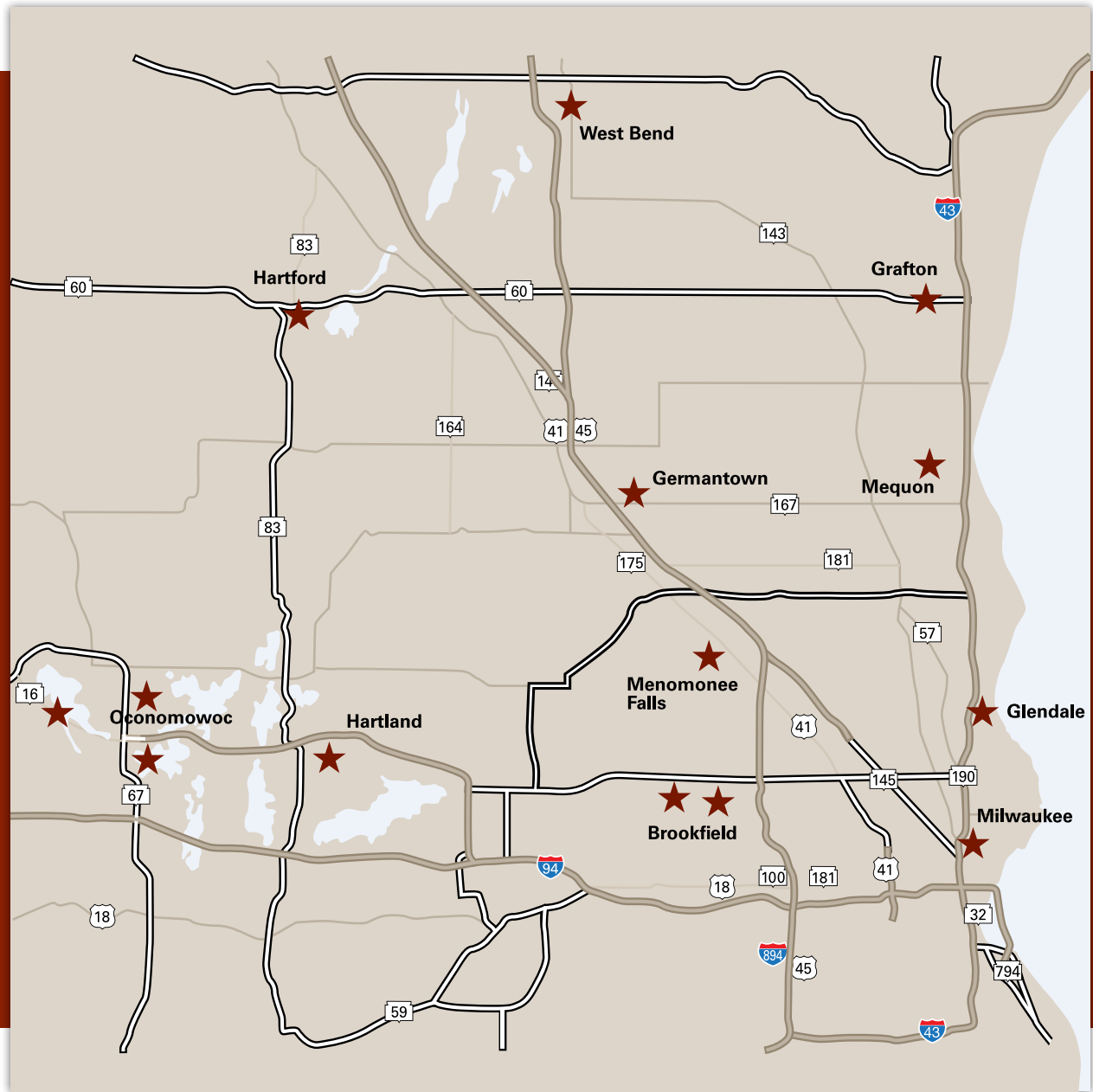
Mark W. Mohr
President,
Chief Executive Officer

Mark T. McCune
Executive Vice President,
Chief Lending Officer

Nate Zastrow
Executive Vice President,
Chief Financial Officer
& Treasurer

Bank — Locations —

To find a branch near you, visit
FBFCWI.com



MEMBER FDIC
NMLS #: 410817