

WCF BANCORP, INC.

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WCF Bancorp, Inc. Announces Third Quarter (Unaudited) Financial Results & Dividend Declaration

WCF Bancorp, Inc. (“WCFB” or the “Company”) (OTC Pink: WCFB), the holding company for WCF Financial Bank (the “bank”), today reported unaudited financial results for the three-month and nine-month periods ended September 30, 2024.

Net income decreased \$55,500, or 59.2%, to \$38,300 for the quarter ended September 30, 2024, compared to \$93,800 for the quarter ended September 30, 2023. The decrease in third quarter net income year-over-year was primarily attributable to noninterest expense increasing \$183,900, and the provision for credit losses increasing \$30,000, offset, in part, by noninterest income increasing \$95,000, net interest income increasing \$45,900, and income tax expense decreasing \$17,600.

Net income decreased \$335,100, or 81.6 %, to \$75,700 for the nine months ended September 30, 2024, compared to \$410,800 for the nine months ended September 30, 2023. The decrease in nine-month net income year-over-year was primarily attributable to noninterest expense increasing \$392,000, net interest income decreasing \$209,700, and the provision for credit losses increasing \$71,100, offset, in part, by noninterest income increasing \$230,400, and income tax expense decreasing \$107,300.

In both the three-month and nine-month periods, noninterest expense increases led to decreased earnings. These increased costs are attributable to the newly constructed Tama branch, as well as higher costs for information technology, data processing, and regulatory services. Those increased expenses were offset, in part, by increased noninterest income, as the bank raised fees for associated loan and deposit-related services. Of note in the three-month period, net interest income increased modestly, despite decreasing in the nine-month period. This reflects a recent reversal in the Company’s net interest margin, which significantly declined during the prior two years as interest rates rapidly increased.

Total assets increased \$17.0 million, or 8.7%, to a Company-record \$213.1 million at September 30, 2024, compared to \$196.2 million at December 31, 2023. During the nine-month period, gross loans increased \$22.3 million, or 15.2%, to a Company-record \$169.2 million, total securities available for sale increased \$1.8 million, or 7.9%, to \$24.9 million, cash and equivalents decreased \$7.8 million, or 68.4%, to \$3.6 million, deposits increased \$14.5 million, or 10.2%, to a Company-record \$156.6 million, and other borrowed funds increased \$2.4 million, or 8.2%, to \$31.5 million.

Loan quality remains strong with 2024 year-to-date gross charge offs of \$2,300, compared to \$7,300 charge offs from the first nine months of 2023. Nonaccrual loans as of September 30, 2024, were \$430,400, representing 0.3% of gross loans outstanding, an increase of \$172,600, or 67.0%, from \$257,800 and 0.2% of gross loans outstanding at September 30, 2023. The allowance for credit losses at September 30, 2024, totaled \$1.2 million, representing 0.7% of gross loans outstanding, as compared to \$1.1 million and 0.8% of gross loans outstanding at September 30, 2023.

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 loan 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 September 30, 2024 of \$22.8 million, as compared to \$23.0 million at September 30, 2023. The ratio of stockholders' equity to total assets was 10.7% at September 30, 2024, compared to 12.3% at September 30, 2023. The year-over-year decrease resulted primarily from the Company's repurchase of its shares totaling \$296,100.

During the first quarter of 2023 the Company announced a fourth share repurchase plan, authorizing the buyback of 206,400 shares, representing approximately 10% of outstanding shares. During the most recent quarter 4,181 shares were repurchased. Since inception this plan resulted in the repurchase of 64,990 shares at an average price of \$7.76/share. These repurchases are accretive to all remaining shareholders, as the average price paid is well below the Company's tangible book value/share, which was \$11.42 at September 30, 2024. At September 30, 2024, 141,410 shares remained authorized for repurchase under the Company's announced repurchase plans.

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 September 30, 2024, will be paid to shareholders of record as of October 30, 2024, and is expected to be paid on November 8, 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 in thousands

	3 Months Ended <u>09/30/24</u>	3 Months Ended <u>09/30/23</u>	9 Months Ended <u>09/30/24</u>	9 Months Ended <u>09/30/23</u>
Interest Income	\$2,845	\$2,173	\$8,056	\$5,891
Interest Expense	<u>\$1,637</u>	<u>\$1,012</u>	<u>\$4,636</u>	<u>\$2,261</u>
Net Interest Income	\$1,207	\$1,161	\$3,420	\$3,630
Loan Loss Provision	\$ 45	\$ 15	\$ 116	\$ 45
Noninterest Income	\$ 256	\$ 161	\$ 746	\$ 515
Noninterest Expense	<u>\$1,386</u>	<u>\$1,202</u>	<u>\$4,003</u>	<u>\$3,611</u>
Net Pre-Tax Income	\$ 32	\$ 105	\$ 48	\$ 490
Income Tax (Credit) Expense	<u>\$ (6)</u>	<u>\$ 11</u>	<u>\$ (28)</u>	<u>\$ 79</u>
Net After Tax Income	\$ 38	\$ 94	\$ 76	\$ 411

	As of <u>09/30/24</u>	As of <u>12/31/23</u>	As of <u>09/30/23</u>
Total Assets	\$213,139	\$196,168	\$186,267
Gross Loans	\$169,183	\$146,897	\$141,904
Total Deposits	\$156,570	\$142,109	\$132,452
Total Capital	\$ 22,843	\$ 22,609	\$ 22,955
Book Value/Share	\$11.45	\$11.31	\$11.29
Tangible Book Value/Share	\$11.42	\$11.29	\$11.27
WCFB Stock Price	\$ 6.82	\$ 7.01	\$ 7.21
Price/Tangible Book Value (PTBV)	0.60	0.62	0.64
Earnings/Share*	\$ 0.05	\$(0.08)	\$ 0.27
Net Interest Margin* (Bank)	2.34	2.74	2.88
Return on Average Assets* (Bank)	0.06	(0.11)	0.30
Return on Average Equity* (Bank)	0.56	(0.93)	2.55

*annualized

WCF Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2024 (unaudited) and December 31, 2023

Assets	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Cash and due from banks	\$ 2,892,795	\$ 4,007,459
Federal Funds sold	698,000	7,355,000
Cash and cash equivalents	<u>3,590,795</u>	<u>11,362,459</u>
Time deposits in other financial institutions	-	980,000
Securities available-for-sale, at fair value	24,881,434	23,060,819
Loans receivable	169,182,692	146,896,840
Allowance for credit losses	<u>(1,216,386)</u>	<u>(1,101,279)</u>
Loans receivable, net	167,966,306	145,795,561
Federal Home Loan Bank (FHLB) stock, at cost	1,534,700	1,405,200
Bankers' Bank stock, at fair value	661,500	626,800
Office property and equipment, net	6,970,500	6,087,363
Deferred taxes on income	656,509	770,120
Accrued interest receivable	2,777,458	2,060,107
Goodwill	55,148	55,148
Income taxes receivable	157,303	170,817
Bank-owned life insurance	3,718,186	3,647,981
Prepaid expenses and other assets	169,226	146,103
Total assets	<u><u>\$ 213,139,065</u></u>	<u><u>\$ 196,168,478</u></u>
Liabilities and Stockholders' Equity		
Deposits	\$ 156,570,115	\$ 142,108,833
FHLB advances	31,500,000	29,100,000
Fed funds purchased	-	-
Advance payments by borrowers for taxes and insurance	340,629	520,549
Accrued interest payable	1,155,779	1,160,992
Accrued expenses and other liabilities	<u>729,522</u>	<u>669,354</u>
Total liabilities	<u>190,296,045</u>	<u>173,559,728</u>
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; 1,995,197 shares issued and outstanding at September 30, 2024 and 1,998,400 issued and outstanding at December 31, 2023	25,615	25,615
Additional paid-in capital	14,475,928	14,475,928
Treasury stock at cost, 566,345 shares as of September 30, 2024 and 563,142 shares on December 31, 2023	(4,490,458)	(4,423,526)
Retained earnings, substantially restricted	14,988,505	15,195,401
Unvested stock-based restricted stock and stock options	(118,466)	(118,467)
Unearned ESOP shares	(889,892)	(930,968)
Accumulated other comprehensive income	<u>(1,148,212)</u>	<u>(1,615,233)</u>
Total stockholders' equity	<u>22,843,020</u>	<u>22,608,750</u>
Total liabilities and stockholders' equity	<u><u>\$ 213,139,065</u></u>	<u><u>\$ 196,168,478</u></u>

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

	Nine Months Ended	
	September 30,	
	2024	2023
Interest income:		
Loans receivable	\$ 7,272,309	\$ 5,060,651
Investment securities - taxable	399,689	369,212
Investment securities - tax exempt	129,726	144,771
Other interest earning assets	254,507	316,126
Total interest income	<u>8,056,231</u>	<u>5,890,760</u>
Interest expense:		
Deposits	3,726,684	1,696,165
FHLB advances	904,244	561,854
Overnight borrowings	4,995	2,743
Total interest expense	<u>4,635,923</u>	<u>2,260,762</u>
Net interest income	3,420,308	3,629,998
Provision for credit losses	116,144	45,000
Net interest income after provision for credit losses	<u>3,304,164</u>	<u>3,584,998</u>
Noninterest income:		
Fees and service charges	633,582	407,324
Unrealized gain on privately held equity securities	34,700	40,900
Gain on sale of investment property	0	(11,354)
Increase in cash value - bank-owned life insurance	70,205	63,269
Other income (loss)	7,420	15,341
Total noninterest income	<u>745,907</u>	<u>515,480</u>
Noninterest expense:		
Compensation, payroll taxes, and employee benefits	2,080,850	2,078,073
Advertising	57,027	70,156
Office property and equipment	523,001	335,257
Federal insurance premiums	69,064	40,900
Data processing services	428,852	377,084
Charitable contributions	7,775	5,085
Other real estate expenses, net	8,299	(988)
Dues and subscriptions	24,245	18,882
Accounting, regulatory and professional fees	251,949	216,950
Other expenses	551,451	469,126
Total noninterest expense	<u>4,002,513</u>	<u>3,610,525</u>
Earnings (loss) before taxes on income	47,559	489,953
Tax expense (benefit)	(28,134)	79,179
Net income (loss)	<u>\$ 75,693</u>	<u>\$ 410,774</u>