

Annual Report 2020

Important Questions Answered

RISING TO THE CHALLENGE OF “**WHAT ELSE SHOULD WE BE DOING?**”

THAT QUESTION IS ASKED AT THE END OF NEARLY EVERY LEADERSHIP MEETING AT FORWARD BANK, AND 2020 WAS A PERFECT CANVAS FOR US TO LAY OUT THE ANSWERS.

What Else Should We Be Doing?

MESSAGE FROM THE CEO

What else should we be doing?

I often ask that question of the leadership team here at Forward. It comes up at our Board meetings, Corporate Officer meetings and Strategic Implementation Team meetings. It is the constant challenge to look for new ways to live our mission and move our communities forward.

As I reflect on all that we faced personally and professionally in 2020, I am proud of how the Forward team has risen to the challenge and found answers to that question. The results of their creativity and dedication are heartwarming and truly impressive.

To move through the building in the evenings and see so many still working on that one last loan or taking the appointment to help one more customer is a motivating factor for me. Being part of an organization where title is secondary and stepping out of your normal role to help a teammate is the priority, is so rewarding.

We are stronger because of the partnerships we form and continue to gain momentum through our giving. The community response on every effort that Forward makes to be a good steward, fuels the next idea and opportunity.

As we continue to expand our reach into new markets with traditional banking products or by bringing new insurance offices into the fold, more customers will benefit from us asking that question – what else should we be doing.

It continues to be a privilege to be part of something bigger than myself and to move our communities FORWARD together!



A handwritten signature in black ink that reads 'Bill Sennholz'. The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Bill Sennholz
CEO | Forward Bank

What Else Should We Be Doing? FOR LOCAL CHARITIES & NON-PROFITS

As life for everyone changed very quickly and sometimes frequently, the team at Forward chose to not let the challenges we faced become the center of our decisions. We did what we do best and looked at our mission to help us find ways to address the trials that our communities were facing.

The ripple effect on the economy from the COVID-19 pandemic and the measures we all needed to follow to keep one another safe has lingered throughout the year. With businesses closed and individuals in our community furloughed or working reduced hours, tough budget decisions have been made in homes throughout the state. The first item often sacrificed in tough times is support of local charities.

Forward Bank – including Forward Insurance and Forward Investment Services – worked with the Federal Home Loan Bank (FHLB) to reach out to area charities in a big way. This partnership of community support includes maximizing grant funds and a loan program from the FHLB to benefit non-profits in each of the communities that Forward has offices in.



ANSWER: Engage Our Communities

Our team nominated non-profits in each of our communities that they felt needed the additional support. Using our Facebook pages, we encouraged community members to vote and guide our selection of one charity per community to receive \$10,000. Over 15,000 votes were cast.

Over 15,000 votes were cast during the Guide Our Giving campaign.

\$10,000

MEDFORD



With this donation, Black River Industries (BRI) launched virtual programming to help reach individuals with disabilities during the pandemic and into the future.



\$10,000

THORP



Thorp Fire & Ambulance put the funds towards the purchase of a new engine for their fire truck and frontline pumper.

\$10K RECIPIENTS

- Athens Fire Department
- Abbotsford School District
- Greenwood Fire & EMS
- Marshfield Area Pet Shelter
- Marshfield Area United Way
- Black River Industries
- Catkins Animal Rescue
- Red Apple Counseling & Development
- Orioles Give Back
- Thorp Fire & Ambulance
- Owen-Withee Ambulance

What Else Should We Be Doing? FOR LOCAL BUSINESSES



ANSWER: Maximize Funds

Forward Bank mobilized a small team to plan how we could most effectively use the funds made available through the **Federal Home Loan Bank of Chicago's Target Impact Fund** within our communities. Forward Bank contributed \$15,000 with the FHLB matching the entire amount and providing an additional \$5,000 to be shared with the beneficiaries.

Our team was excited at the opportunity to help not only non-profits, like we have in the past, but also to find a business that is critical to providing services to a community.

Tepito Heights, LLC in Abbotsford (pictured above) received \$20,000. Ivone Vazquez not only runs multiple successful businesses, but she also provides vital services to the Hispanic community such as aiding in paying utility bills, sending faxes, filling out applications, and assisting with DMV services. With the additional resources, Vazquez plans to purchase equipment and supplies to offer more English classes. Another service would be to guide students and families struggling with their virtual classes to help them successfully complete their assignments.

Fruit of the Vine Food Pantry
\$5,000 (STANLEY)

Missionary Baptist Church
\$5,000 (GREENWOOD)

The Lord's Cupboard
\$5,000 (PARK FALLS)

Tepito Heights
\$20,000 (ABBOTSFORD)

ANSWER: Giveaway Gift Cards

Through spring and into early summer, our area restaurants were forced to change their business models to delivery and curbside only. That change and the increasing number of people sheltering in place at home had a huge impact on many businesses in our area. **The answer to how we can help benefited two groups: area restaurants and our own employees.**

Forward invested \$20,000 in gift cards and certificates from our local restaurants and distributed them to our employees for use with their families. This infusion into the local economy was designed to be an important step in helping small businesses, like many of our customer owners, survive until we return to normal.

ANSWER: Buy Lunch

At the same time, the **Thoughtful Thursday** concept was born. The drivers of the Forward mission – our employees – were rising to the challenge again and again. Taken out of their normal routines, offices, and some working from home for the health and safety of our organization; we needed reminders of our unity.

Every Thursday for two months, each location placed a take-out order from a local restaurant so our hard-working staff could enjoy lunch. Our area restaurants again felt the support of the Forward team and many employees brought this concept home and ordered for their families in the evenings and on weekends to help.



WE ASKED THE QUESTION AGAIN – WHAT ELSE SHOULD WE BE DOING – AND FOUND THERE WAS MUCH MORE WE COULD DO.

What Else Should We Be Doing? TO HELP OUR CUSTOMERS

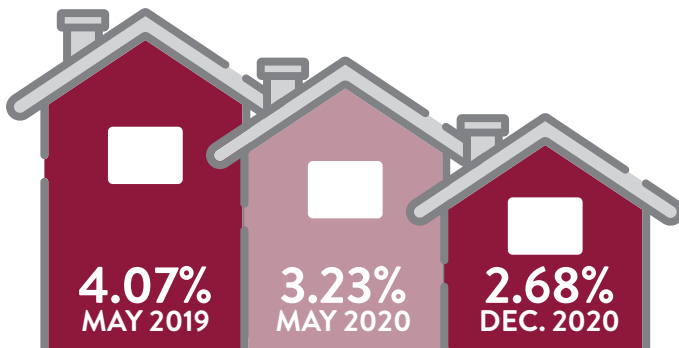
ANSWER: Provide Excellent Customer Service

Without even asking the question – what else should we be doing – the Commercial Lending team, Loan Processing team, and Credit Analysts made it their personal missions to help as many businesses as they could using the **SBA Paycheck Protection Program (PPP)**.

The lending team helped over 285 organizations and surpassed \$50 million in PPP loans in a very short period. These funds supported the businesses and non-profits in our area, helping them maintain steady income for their employees.

The lending team ended the year poised to help PPP recipients through the forgiveness process and ready to address the needs of businesses looking to participate in a second round of relief.

As rates hit record lows, the Mortgage team at Forward saw record highs in applications, booked mortgages, and new customers. This team quickly gained the reputation in the marketplace for getting the homeowner through the process quickly and providing the best service.



Rates according to Freddie Mac

Our team of mortgage experts leveraged the digital mortgage application solution available at Forward to speed up the process and allow borrowers to safely apply from the comfort of their home.

The drive to more digital access was accelerated out of necessity through 2020.

“

John Nystrom
YMCA (MARSHFIELD)

“I know the impact that the potential loss of income during this time would have on our 100+ employees. Working with the team at Forward Bank through the Payroll Protection Program calmed my worries. They made the process easy for my team, and my staff was able to stay at home safely with families without losing income during this time.”

“

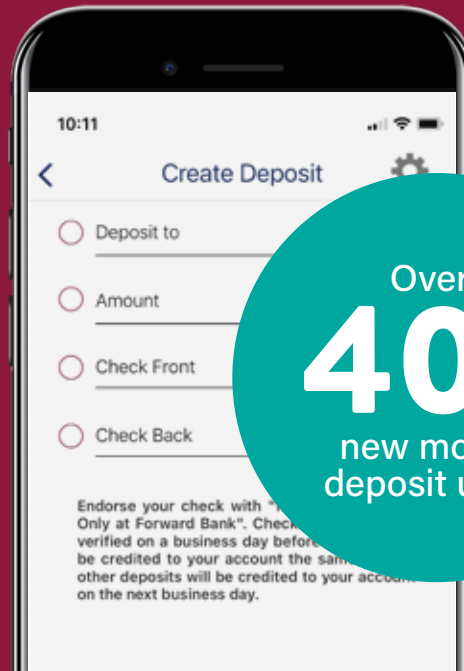
Flagstone Investment Properties
(MARSHFIELD)

“Great partnerships spur growth...Forward Bank has proven time after time to fit the mold of a great partner. Their professional customer first attitude continues long after the contracts are signed. With every deal that we present, their top tier team offers advice and guidance that helps close the deals. Our continued partnership with Forward Bank has helped us grow at an unprecedented rate. Truly a partnership worth nurturing.”

ANSWER: Focus on Digital

In a year like no other in the history of Forward Bank, we learned that the ability to pivot and offer new channels of service for our customers and communities is a vital skill. So is planning to offer more digital access.

Safer at home orders and COVID protections accelerated the use of digital banking services. The importance of offering mobile check deposit services was highlighted by doubling the volume being deposited digitally and increasing new users over 40%. Customers also took advantage of securely opening their deposit accounts online from the comfort of their homes.



The increasing reliance on digital access prompted a sweeping upgrade of the mobile banking and online banking system. Not only does the customer experience look and feel the same between a desktop and on a mobile device, but additional functionality was also added for both businesses and consumers. Speed of transactions and access to funds are increasing as a result.

We again asked – what else should we be doing – and added the **Propel financial management tool** within Digital Banking. This enables our customers to budget, see where their expenses are truly going, and to pull account information from outside of Forward into the analysis.

What Else Should We Be Doing?

TO GIVE BACK TO OUR COMMUNITIES

Beyond the additional community outreach efforts due to the economic impact of COVID, Forward continued to support the community through the Charitable Money Market Account and over \$100,000 in sponsorships and general donations.



OVER \$1.2 MILLION DONATED THROUGH OUR CHARITABLE MONEY MARKET ACCOUNT PROGRAM SINCE ITS INCEPTION IN 2006.

Seeing an opportunity
to do even more, we
committed to...

\$30,000
PARK FALLS

To update the Ice Arena in Park Falls.



\$60,000
MARSHFIELD

To sponsor a climbing wall at the new
Aquatic Center in Marshfield.



\$75,000
PHILLIPS

To help complete the Athletic Complex
in Phillips.



What Else Should We Be Doing?

TO MOVE OUR COMMUNITIES FORWARD



ANSWER: Join Other Communities

From the **Forward Insurance** vantage point, the question evolved into “where else can we help?” Serving markets along the Highway 29 and Highway 13 corridors, we saw opportunities to reach other communities.

In April, the team from **Precour Insurance in Phillips** joined the Forward family. Their reputation and dedication to the community made it a natural fit with our mission. Instantly Paul, Steve, Karyn and Sue began working with the Forward Bank team in Phillips to expand relationships and look for new community outreach opportunities.



At the end of November, Forward Insurance grew once more welcoming the team from **Western County Insurance in Athens**. Glen, Lynn, Cheryl, Julie, Renee, and Jenny are introducing the Forward mission to the Athens community while a new building that will house both bank and insurance staff is in the planning phases.

EVEN WITH THE UNCERTAINTY OF 2020, WE NEVER WAIVERED FROM OUR MISSION OF MOVING OUR COMMUNITIES FORWARD. FOCUS STAYED ON BEING STEWARDS OF OUR COMMUNITY FROM ECONOMIC, ENVIRONMENTAL, AND GIVING VIEW.

To reduce Forward's carbon footprint, each new building project will include solar panels. Our solar initiative kicked off with the installation of panels on the Marshfield facility.

The environmental benefit so far has been the equivalent of planting 76 trees with the system only live for a few months in 2020!



Forward Bank broke ground on a new facility in Park Falls that will anchor a downtown revitalization project. This has sparked a renewed interest in updating existing and adding new businesses in this area.

We will never stop asking questions and seeking new ways to further our mission and expand our impact on Central Wisconsin. This is ingrained in everyone at Forward and is something that makes us simply the best.



Statement of Condition - Unaudited December 31, 2020

ASSETS

| | |
|---------------------------|----------------------|
| Cash and Cash Equivalents | \$11,219,470 |
| Investments | 125,685,560 |
| Net Loan | 523,769,950 |
| Mortgage Servicing Rights | 3,769,950 |
| Other Assets | 58,643,897 |
| Total Assets | \$723,088,827 |

LIABILITIES & EQUITY

| | |
|---------------------------------------|----------------------|
| Deposits | \$622,072,152 |
| Borrowed Funds | 18,198,000 |
| Other Liabilities | 11,193,312 |
| Total Liabilities | \$651,463,464 |
| Equity | \$71,625,363 |
| Total Liabilities & Equity | \$723,088,827 |

Statement of Operations - Unaudited

INTEREST INCOME

| | |
|------------------------------|---------------------|
| Loans | \$24,404,747 |
| Securities | 2,600,089 |
| Other | - |
| Total Interest Income | \$27,004,563 |

INTEREST EXPENSE

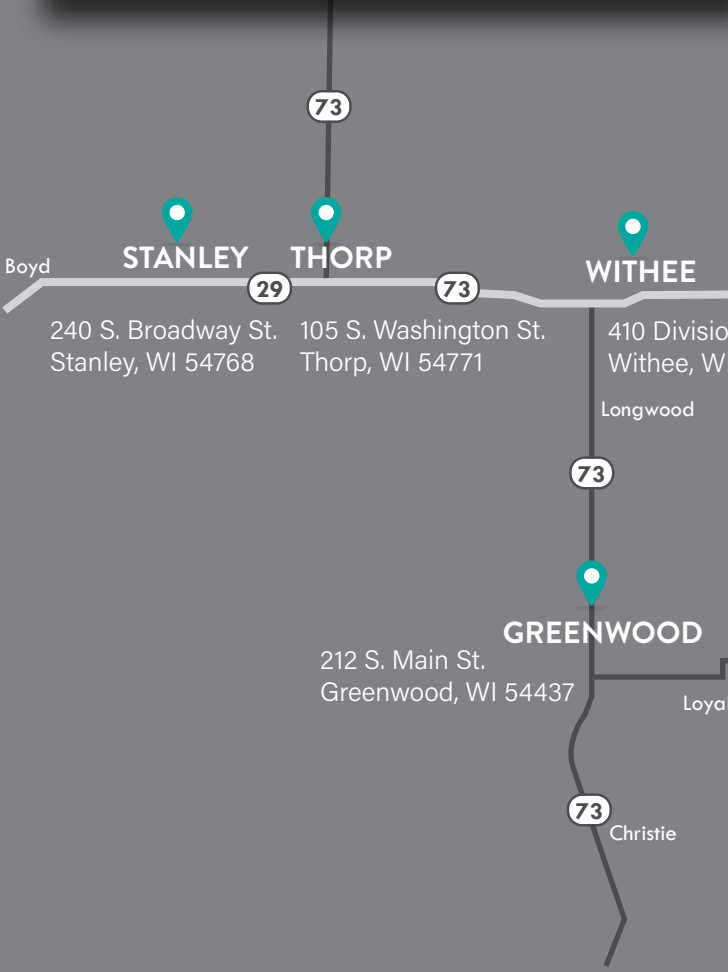
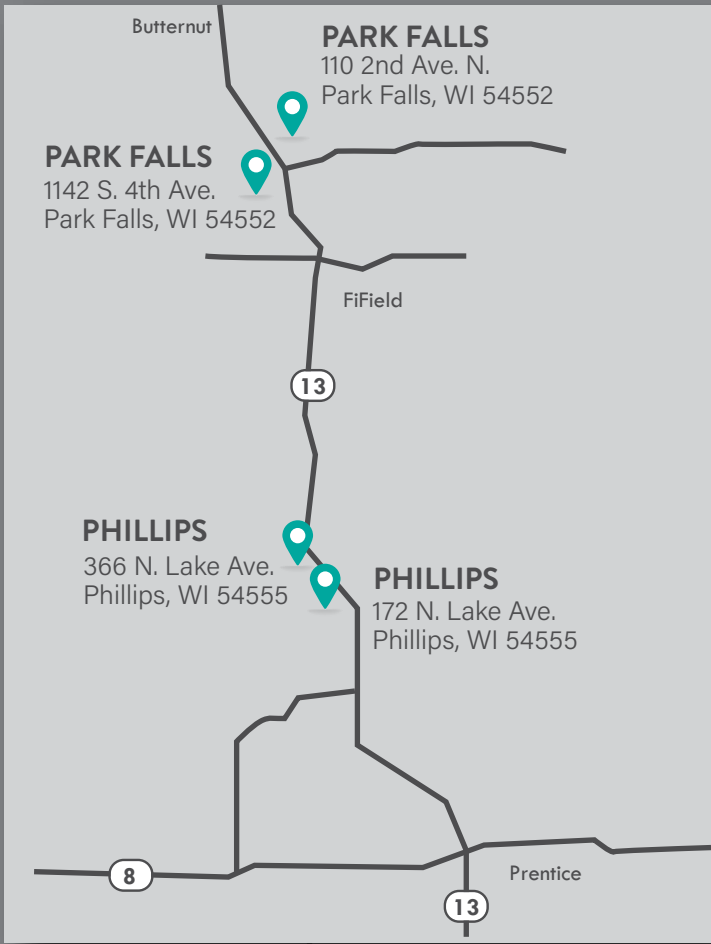
| | |
|--|---------------------|
| Deposits Accounts | \$3,347,323 |
| Borrowed Funds | 559,804 |
| Total Interest Expense | \$3,907,127 |
| Net Interest Income | \$23,097,436 |
| Provision for Loan Losses | 679,631 |
| Net Interest Income After Provision | \$22,417,805 |

NON-INTEREST INCOME

| | |
|----------------------------------|---------------------|
| Other Loan Income | \$5,286,159 |
| Deposit Account Income | 492,852 |
| Other Income | 4,689,900 |
| Total Non-interest Income | \$10,468,911 |

Income Before Operating Expenses & Income Taxes

| | |
|-----------------------------------|--------------------|
| Operating Expenses | 23,419,108 |
| Income Before Income Taxes | 9,467,611 |
| Income Taxes | 2,290,003 |
| NET INCOME | \$7,177,608 |



BOARD OF DIRECTORS

JOHN MARSHALL, *Current Chair* – Owner | Furniture by Jake
LORI GROPP, *Past Chair* – Academic Business Systems Manager | Marshfield Clinic
ALLAN MICHALSKI – Chief Financial Officer | Felker Brothers Corp.
JON PESKO – CEO | United Pride Dairy
MARK VIEGUT – President | Colby Metal
TERRY PALECEK – President/Owner | Palecek Inc.
BILL SENNHOLZ – CEO | Forward Bank
DAVE CLARK – President | Forward Bank

SENIOR MANAGEMENT TEAM

BILL SENNHOLZ – CEO
DAVE CLARK – President
ROB MORT – Treasurer/CFO

CORPORATE OFFICERS

BILL NEVILLE – VP/Commercial Lender
CARISSA MILLER – VP/Credit Administration Officer
CHAD HOERMAN – VP/Senior Commercial Lender
CHRISTOPHER MUELLER – VP/Compliance Officer
DAVID KRAUSE – VP/Senior Commercial Lender
GARY SCHRAUFNAGEL – VP/Senior Ag Lender
GENE KNOLL – VP/Senior Commercial Lender
HOLLY ZOPFI – VP/Loan Operations Officer
JENNIFER SOBOTTA – VP/Marketing Director
JESSE NELSON – VP/Internal Auditor
JESSICA FRAHM – VP/Commercial Lender
JOHN KAPRELIAN – VP/Retail Manager
JOHN WHITE JR. – VP/IT Director
LORI SCHUTZ – VP/Project Manager
MEGAN GENTEMAN – VP/Deposit Operations Manager
MIKE HENKE – VP/Ag Lender
RON WILCZEK – VP/Senior Lending Manager
SAM PRITZL – VP/Commercial Loan Officer
STEVE BROST – VP/Ag Officer
TERRY JOHNSON – VP/Ag Officer
TODD WALDHART – VP/Loan Officer
CHRIS WALCZAK – AVP/Controller
GWEN SCHNITZLER – AVP/Human Resources Director
JILL SCHEPPLER – AVP/Mortgage Lending Manager
MOLLY KNOLL – AVP/Commercial Lender
SANDY KLATT – AVP/Executive Administrator