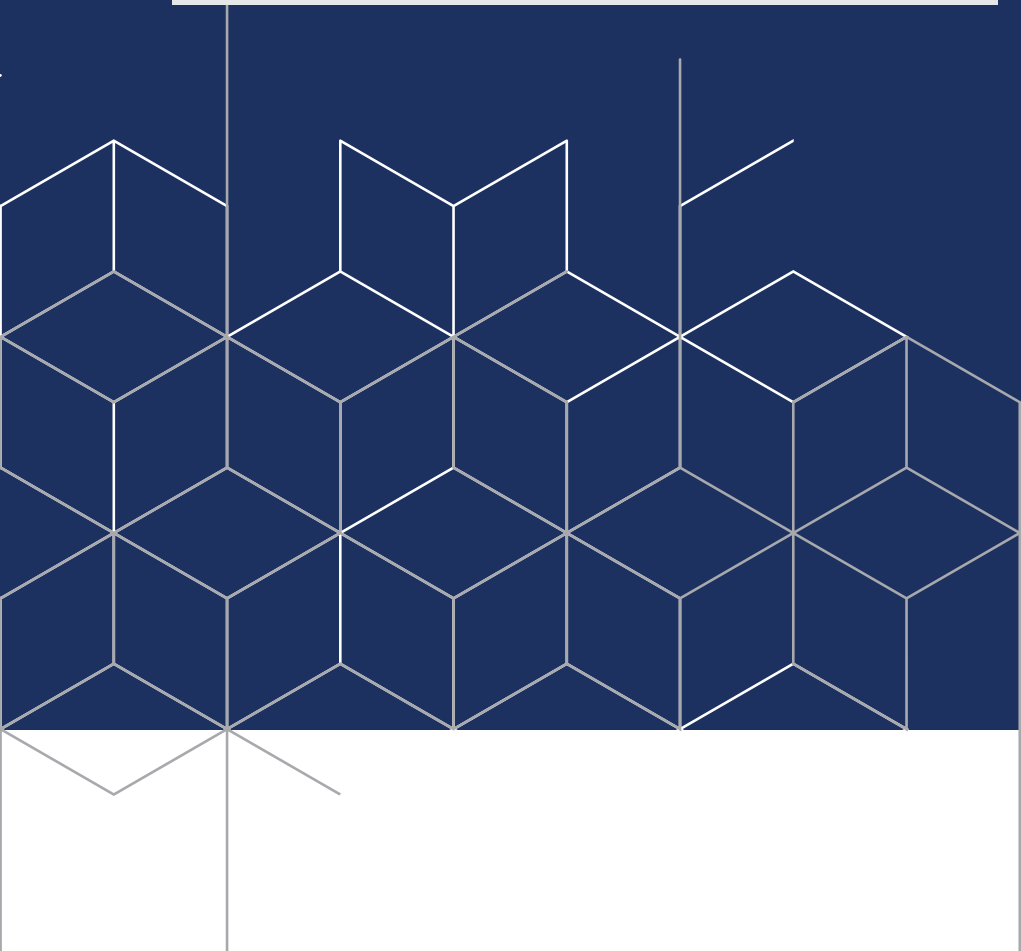
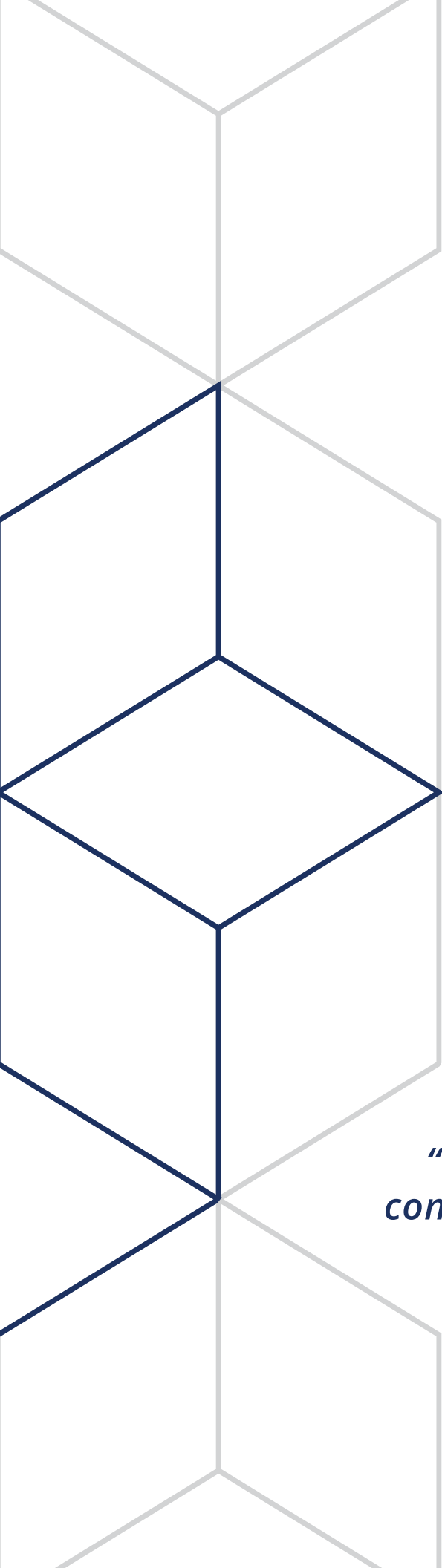


ANNUAL REPORT 2023

Connections





*“Realize that everything
connects to everything else.”*

— Leonardo DaVinci

MESSAGE FROM THE CEO

Our communities, friends, and partners:

Every year, through this annual report and the letter that leads into our story, I try to provide a personal peek behind the curtain at Forward. It is insight from my perspective on what makes this the best place to connect with as customers or potential employees.

As I sat with other members of the Wisconsin Bankers Association Board of Directors, it struck me that our business and lives are built on the connections that we make. Throughout my career, I have worked with and stayed in touch with people that have made an impact on my life. Colleagues, mentors, and customers fill my now digital address book.

Personal connections are at the center of the business model at Forward. Our people and their unique personalities draw and keep our customers tied to us. How everyone connects as a team makes this one of the best places to work in our area!

How we connect with one another continues to change, as does how we connect our customers to their financial goals. Staying in front of these changes is a balancing act between progressive offerings and features that protect. The landscape is ever changing, and our connections help guide our way.

Thank you for moving FORWARD with us!

Sincerely,



Bill Sennholz
CEO | Forward



CONNECTING *services & locations*

Forward has been a leader in growth in our communities and in our industry for over ten years. It has been natural and nearly effortless because of the connections that our team has with members of our communities. We have also grown the Forward team through the relationships that we all have with professionals within the industry. At the center of this all remains our mission – Moving Our Communities Forward – a singular purpose that we all tie back to.

Through all this growth, there is the understanding that success comes if we are all under one roof. We have continued the drive to have our facilities be **full-service hubs with banking, insurance, and investment team members working together.**



Sara Brost, Aaron Schneider, Nathan Bilodeau, and Kim Heckel.

Investments

Our Investment Services teams in Medford and Phillips have moved into the bank offices to collaborate and uncover solutions for all Forward customers. This is increasingly important as the economy improves, rates begin to come down, and customers change their plans for the future.

Insurance

Another notable example of connections creating solutions for our customers is the addition of Melody Soleski and Robyn Schindler to our Insurance team.

Having two dedicated health and Medicare experts on the Forward team provides a valuable resource for everyone serving our customers. It also allows us to anticipate more needs and provide timely guidance to members of our communities.

Additionally, Forward acquired DSB Insurance in Dorchester when Dennis Bach retired. This expanded the connections made when we entered the community in 2022 filling a void left by another bank leaving. The partnership between team members and key community members is a shining example of mission driven decision making.

Forward Insurance has now become the largest bank-owned agency in Wisconsin with over twenty agents in nine of our communities!



Melody Soleski



Robyn Schindler

Three Lakes

Not only has Forward moved into communities that other larger banks have been abandoning, but we are also following the hearts of our customers. Many travel North to family cabins tucked in small quaint towns with beautiful lakes and recreation galore. We want to be there with them and help support the businesses that make the Northwoods a destination.

This summer, we opened our first Northwoods office in Three Lakes and expanded our team serving that area. Positioned in a professional center in the heart of the community, Forward is offering both banking and insurance services.

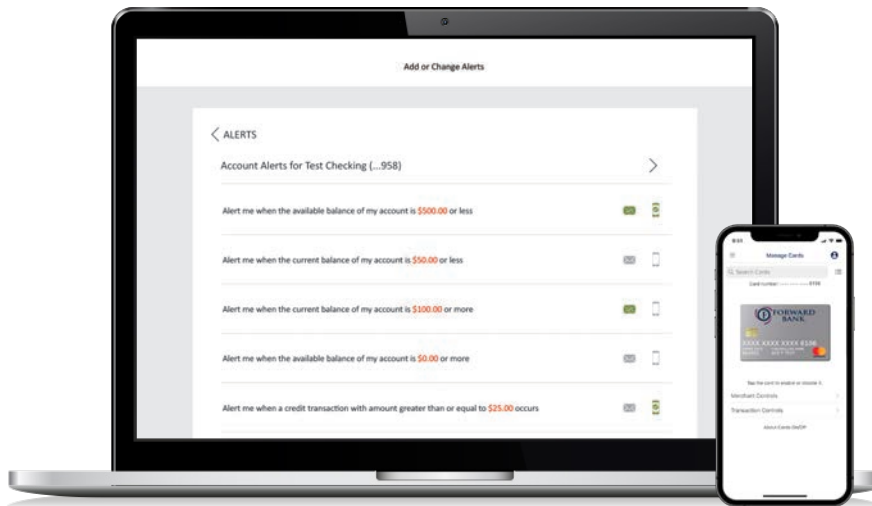
Through the connections of Jake Weinand and Larry Snedden, Forward continues to bring in professionals that understand the needs of community members and have well-established relationships. They share the Forward story with everyone they talk with, highlighting the benefits of working with a depositor-owned company.

There is more to look forward to in the Northwoods with expansion into St. Germain being completed in early 2024 and more on the horizon for years to come.

As our footprint of physical locations continues to grow, we understand that it is the customer's choice on how they want to connect with Forward. Innovation comes from the needs of our customers and adds value to the service that our team provides.



Unfortunately, there are times that connections are used against us and our customers. Fraud is on the rise in our industry and around the world, prompting Forward to work more with our customers to protect them. The features within digital banking are only beneficial when our customers are using them. That makes education a vital part of the digital innovation process.



FRAUD PREVENTION TOOLS



ALERTS

Customers can receive account and security alerts via email or text to help maintain an accurate balance in their register or to monitor for fraudulent activity. The connection between information and the action taken is the real value.



MANAGE CARDS

In a world where plastic is a preferred payment method, managing and protecting your cards is increasingly important. Ongoing education on the ability to turn off and on debit cards, especially if they are lost or stolen, can save our customers money and worry.



POSITIVE PAY

Services like Positive Pay for our business customers provide a necessary line of defense to slow the cases of fraud loss. It can prevent some of the most common and old-school types of fraud from hitting a customer's account.



TESTIMONIAL

We were told about Positive Pay several years ago and declined to enroll because it seemed unnecessary. But in the fall of 2022, Dave Krause visited to let us know that the bank was seeing increased check fraud and that he highly recommended we enroll in Positive Pay for our own protection. This time we enrolled, a process that was made quite simple with training from Missie and the ease of uploading a QuickBooks file to the bank each week. Positive Pay uploads and alerts became a routine part of our weekly payables.

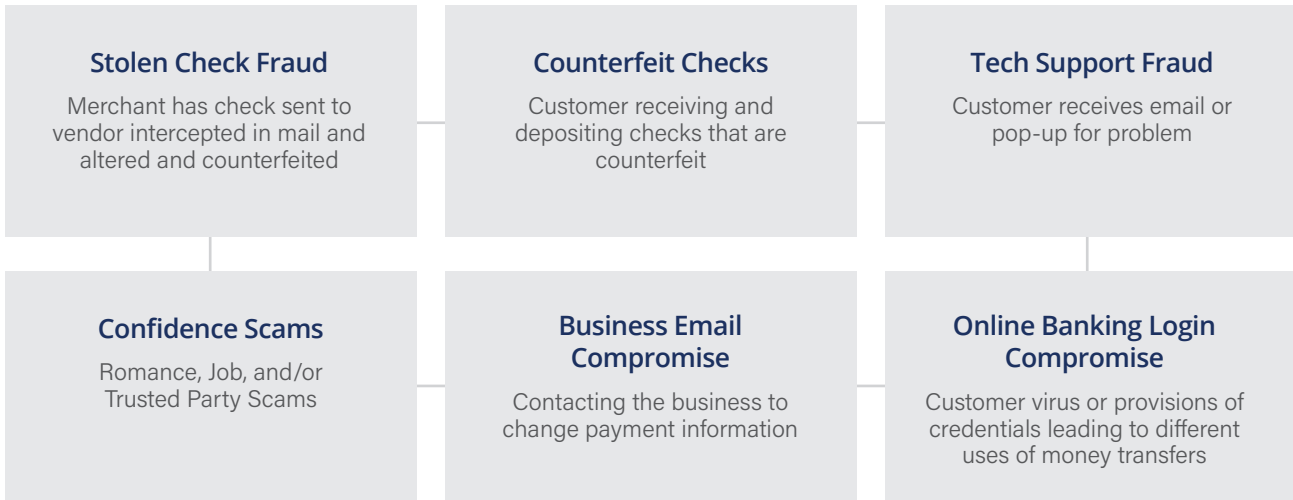
In December 2023, we received a Positive Pay alert that a check containing an exception was drawn on our account. Our office staff pulled up the check, and it quickly became clear that it had fallen into the wrong hands. After investigating further, we learned that a vendor had experienced mail theft and two of our checks totaling almost

\$100,000 had been altered and cashed at banks in other states. We immediately reached out to the team at Forward Bank, who guided us through the process of rejecting the fraudulent checks and designating them as fraud. If we hadn't had Positive Pay, we would not have known about any of this until it was too late, and the funds would have been long gone. With Positive Pay and the help of Missie and Traci, we recovered every cent. A couple of weeks later, the fraudster altered one of the same checks a second time, and it was again caught by Positive Pay.

We are extremely grateful that Forward Bank offered and encouraged Positive Pay. The minimal amount of extra work required is well worth the effort. We're \$100,000 richer because of it.

— *Happy Business Customer*

The Forward Fraud Committee continues to develop a cross-functional strategy to protect against the **most common types of fraud:**



It is beyond your financial relationships that are at risk, systems that we use to connect socially and professionally have vulnerabilities. The largest companies in the country deal with the same challenges that Forward faces and will advise you to be vigilant in protecting yourself and business.



"It really boils down to this: that all life is interrelated. We are all caught in an inescapable network of mutuality, tied into a single garment of destiny. Whatever affects one destiny, affects all indirectly." — Martin Luther King Jr.

Being a Mutual

2023 brought some challenges that Forward and the financial services industry overall have not seen for over a decade. The changes in both deposit and loan rates prompted customers to look at their finances in a different way. That was a gentle reminder of our priorities as a mutual – our depositor-owners, our communities, and our employees. We focused on striking a balance between providing the best rates for our owners, while retaining enough to continue a high level of community support and taking care of our employees. **The strength of our connections with these three stakeholder groups carried us through.**



Lake City Federal Bank was established in 1934 and has been serving customers in Wabasha and Goodhue counties from its current Lake City office since 1990. All ten members of their team will be joining Forward.

Lake City, MN

Near year-end 2023, we announced that Forward Bank had signed a definitive agreement to merge with **Lake City Federal Bank in Lake City, Minnesota.**

The merger with Lake City Federal Bank fulfills our desire to grow through partnerships with other mutual banks. This also can be a launching point to welcome other mutual banks to join the Forward family.

Mutual Banks (depositor-owned) have a unique position in our communities and face unique challenges. By Forward and Lake City joining forces, we can build on each legacy, continue the “community first” style of banking that both banks are known for, and utilize the expanded expertise that the larger organization will hold.

CONNECTING *our team*

We continue to keep our culture at the top of our strategic initiatives. Our internal connections are purposeful and drive the success of Forward!

It takes a commitment to bring now two hundred employees together in one room to collaborate, learn, and play together. The team of seasoned veteran employees help our new teammates understand the value of our ownership structure – being a mutual – and the power of our story in our communities. Everyone uses the connections that they make as they navigate through their careers and referring customers to other areas of Forward.



Employees work together during a team building challenge at EPIC, an employee development day.

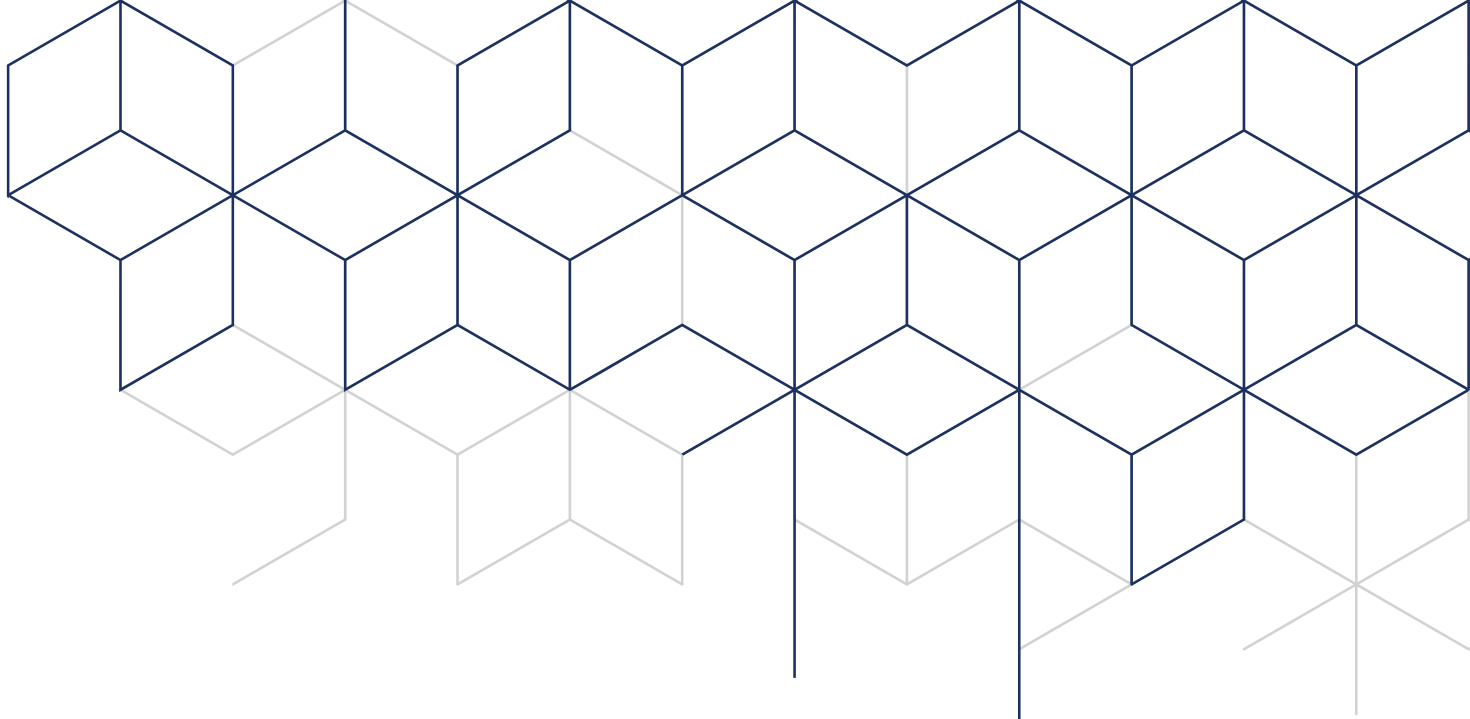
Longest tenured employee has 36 years of service

2023 employee turnover rate was 7.3% - more than half of the industry average at 19.5%

27 employees were promoted in 2023

13 employees at Forward started as students and came back to work full time

5 employees have returned to Forward in the last 4 years



TESTIMONIALS

What our employees say about Forward each year in the annual engagement survey helped to launch us to be **certified by Great Places to Work**. Our purpose resonates with them fueling the service model we have and the dedication to giving back to the community.

"This is the first company I have worked for that truly lives up to their mission."

"I love how the Bank gives back to the communities and how well they treat the employees with time off, benefits, etc. I love that it feels like my co-workers are family. We work well together and also do fun things together. I plan to work here until I retire."

"Great things come from the Forward team. We are innovative and caring. We donate a lot of our time and money to Move our Communities Forward. Not just a slogan, it's real!"

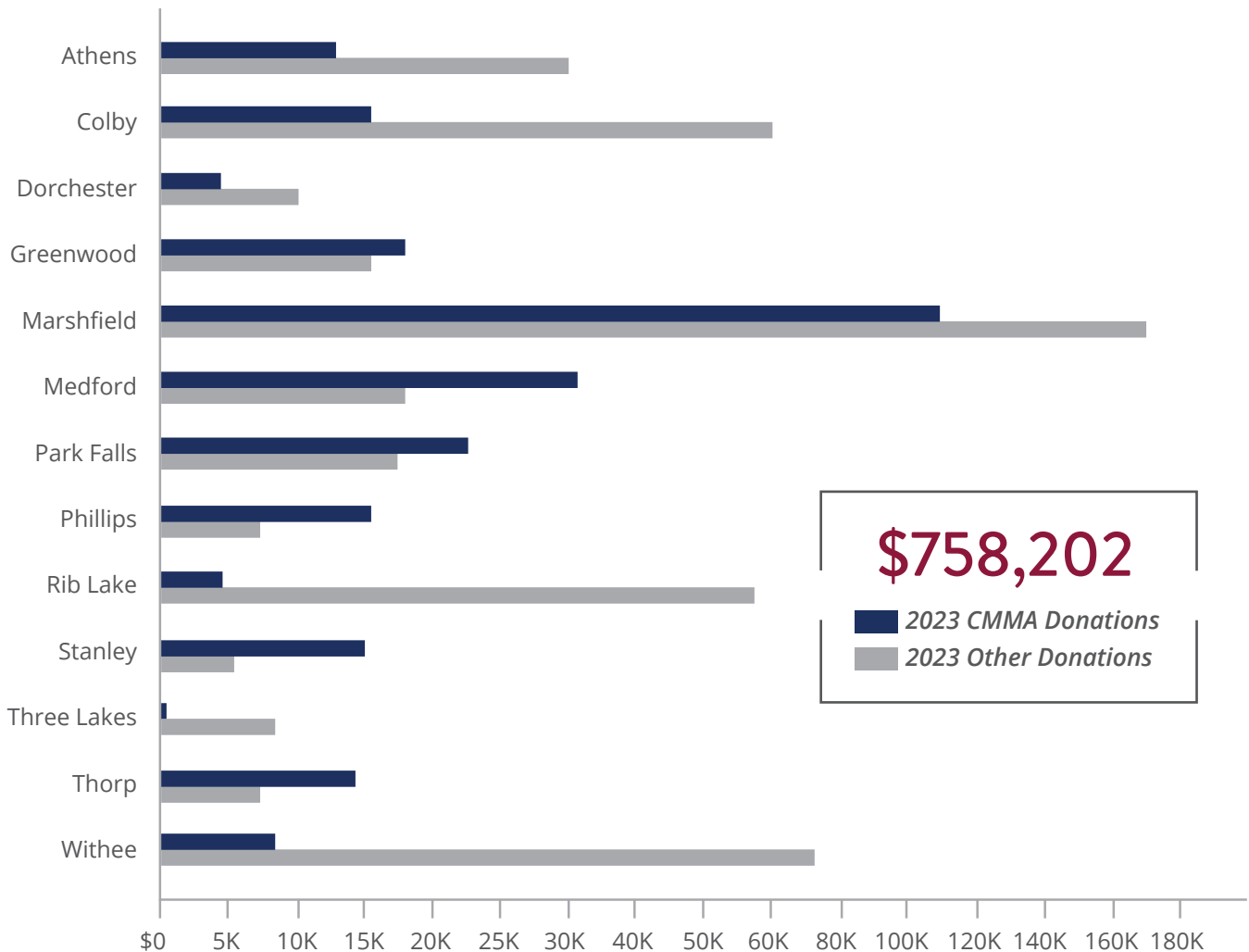
"Employees treat each other like family, very fun place to work, but everyone gets their job done at a very high level. We celebrate each other's accomplishments and support each other in and out of the office."



CONNECTING *to our communities*

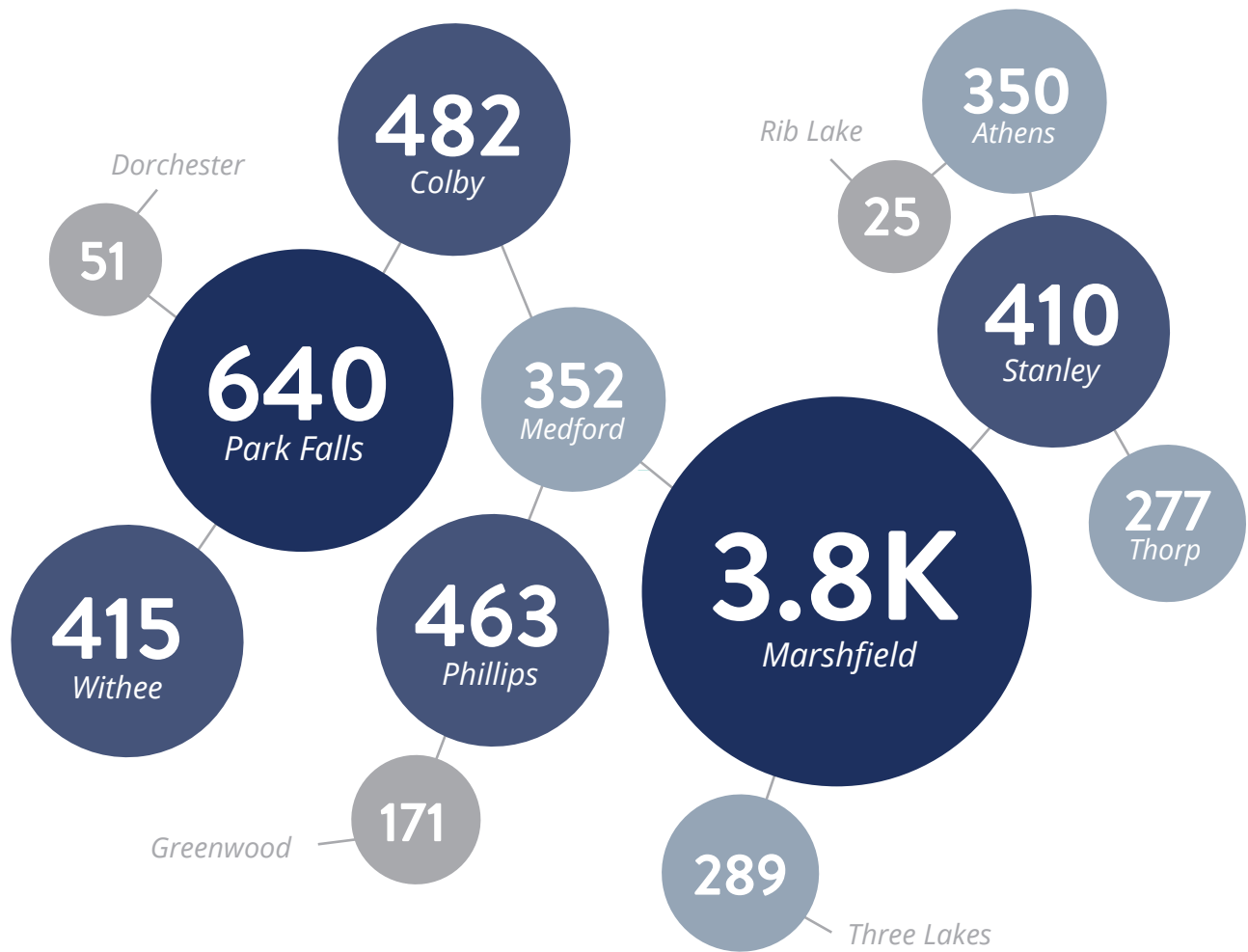
Maximizing our connections to further the mission is a cornerstone of the Forward brand. Our team serves on 54 boards and committees within our communities providing expertise and labor to projects that matter.

Furthermore, the vision Forward has as THE nonprofit bank in our markets and growth through the Midwest has resulted in growth of 11% each year for the past three years of new non-profit relationships. What may be surprising to some is the complimentary services that both insurance and investments bring to the table for our charities.



“In a world of algorithms, hashtags and followers, know the true importance of human connection.” - Unknown

Employees volunteered 7,798 hours in 2023



Video Emails

The future brings more efficiency and technology, and when used correctly it can deepen the loyalty of our customers. Simple personalization of an email with a video humanizes Forward and highlights our people as caring professionals.

Each generation is different in how they like to connect, as is each customer. The uniqueness we all bring to the table fuels the future at Forward. *Thank you for helping us move our communities forward!*



**Statement of Condition - Unaudited
December 31, 2023**

ASSETS

Cash and Cash Equivalents	\$19,367,865
Investments	172,817,900
Net Loan	716,315,886
Mortgage Servicing Rights	2,646,435
Other Assets	79,028,184
Total Assets	\$990,176,270

LIABILITIES & EQUITY

Deposits	\$832,535,679
Borrowed Funds	64,266,000
Other Liabilities	15,239,079
Total Liabilities	\$912,040,758
Equity	\$78,135,512
Total Liabilities & Equity	\$990,176,270

Statement of Operations - Unaudited

INTEREST INCOME

Loans	\$36,693,584
Securities	4,219,625
Other	-
Total Interest Income	\$40,913,209

INTEREST EXPENSE

Deposits Accounts	9,118,596
Borrowed Funds	2,319,012
Total Interest Expense	\$11,437,608

Net Interest Income **\$29,475,601**

Provision for Loan Losses 714,380

Net Interest Income After Provision **\$28,761,221**

NON-INTEREST INCOME

Other Loan Income	\$923,656
Deposit Account Income	788,605
Other Income	7,639,109
Total Non-interest Income	\$9,351,370

Income Before Operating Expenses & Income Taxes **38,112,591**

Operating Expenses 30,328,113

Income Before Income Taxes **7,784,478**

Income Taxes 2,132,664

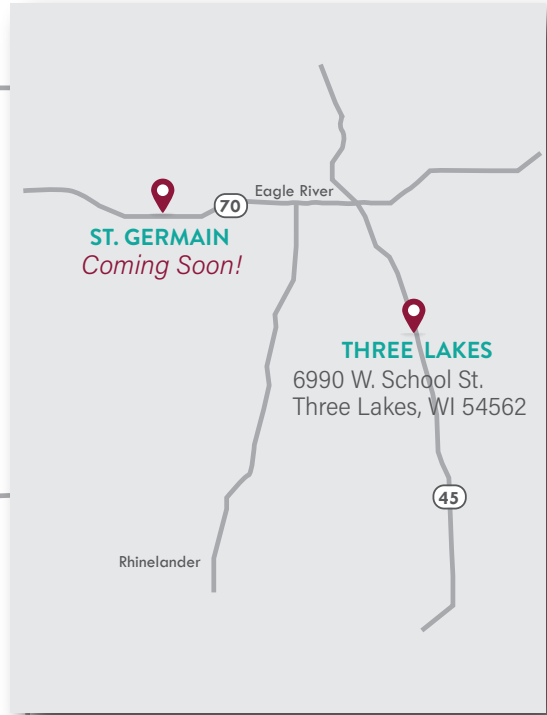
NET INCOME **\$5,651,814**

"I define connection as the energy that exists between people when they feel seen, heard, and valued; when they can give and receive without judgment; and when they derive sustenance and strength from the relationship." — Brené Brown

WISCONSIN

PARK FALLS
177 4th Ave. S.
Park Falls, WI 54552

366 N. Lake Ave.
Phillips, WI 54555
172 N. Lake Ave.
Phillips, WI 54555
PHILLIPS



ST. GERMAIN
Coming Soon!

THREE LAKES
6990 W. School St.
Three Lakes, WI 54562



LAKE CITY
Coming Soon!

MINNESOTA

Prentice
Westboro
RIB LAKE
667 Pearl St.
Rib Lake, WI 54470

240 S. Broadway St.
Stanley, WI 54768
STANLEY

THORP
105 S. Washington St.
Thorp, WI 54771

450 E Bus City Rd A
Dorchester, WI 54425
DORCHESTER

WITHEE
410 Division St.
Withee, WI 54498

212 S. Main St.
Greenwood, WI 54437
GREENWOOD

Loyal

98

721 S. 8th St.
Medford, WI 54451
MEDFORD

Stetsonville

DORCHESTER

Curtiss

COLBY
1122 N. Division St.
Colby, WI 54421

Unity

Spencer

13

ATHENS
225 Alfred St.
Athens, WI 54411

MARSHFIELD
1001 N. Central Ave.
Marshfield, WI 54449

BOARD OF DIRECTORS

ALLAN MICHALSKI, *Current Chair* — CFO | Felker Brothers Corp.
JOHN MARSHALL, *Past Chair* — Owner | Furniture by Jake
LORI GROPP — CPA-Retiree, Community Volunteer
JON PESKO — CEO | United Pride Dairy
MARK VIEGUT — Owner/CEO | Colby Metal
TERRY PALECEK — VP/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
SHERI DICK — COO

CORPORATE OFFICERS

BILL NEVILLE — VP/Sr. Commercial Loan Officer
BRIAN FRITZ — VP/Commercial Loan Officer
BRYAN TROYER — VP/Insurance Services
CARISSA MILLER — VP/Credit Administration Officer
CHAD HOERMAN — VP/Sr. Commercial Loan Officer
CHRISTOPHER MUELLER — VP/Compliance Officer
DAVE KRAUSE — VP/Sr. Commercial Loan Officer
GARY SCHRAUFNAGEL — VP/Sr. Ag Loan Officer
GENE KNOLL — VP/Sr. Commercial Loan Officer
GWEN SCHNITZLER — VP/Human Resources Director
HOLLY ZOPFI — VP/Mortgage Lending Director
JAKE WEINAND — VP/Market President
JASON LINDEMAN — VP/Sr. Ag & Commercial Loan Officer
JEFF DENNEE — VP/Commercial Loan Officer
JENNIFER SOBOTTA — VP/Marketing Director
JESSE NELSON — VP/Internal Auditor
JESSICA FRAHM — VP/Commercial Loan Officer
JOHN KAPRELIAN — VP/Retail Manager
JOHN WHITE JR. — VP/IT Director
LARRY SNEDDEN — VP/Commercial Loan Officer
LORI SCHUTZ — VP/Project Manager
MEGAN GENTEMAN — VP/Deposit Operations Manager
MIKE HENKE — VP/Sr. Ag Loan Officer
MOLLY KNOLL — VP/Commercial Loan Officer
RON WILCZEK — VP/Sr. Lending Manager
SCOT THOMPSON — VP/Sr. Business Development Leader
SCOTT WUCHERPFENNIG — VP/Investment Services
STEVE BROST — VP/Ag Loan Officer
TERRY JOHNSON — VP/Ag Lending Manager
TODD WALDHART — VP/Mortgage Loan Officer
ALLIE PLESSNER — AVP/Insurance Agent
CHRIS DAMERELL — AVP/Private Banker
NATHAN BILODEAU — AVP/Financial Advisor
SANDY KLATT — AVP/Executive Administrator

