



F_WB FIRST WOMEN'S BANK

Launching A New Bank: Capital, Regulatory and Risk Considerations
Maria Tabrizi, EVP, CRO & CTO



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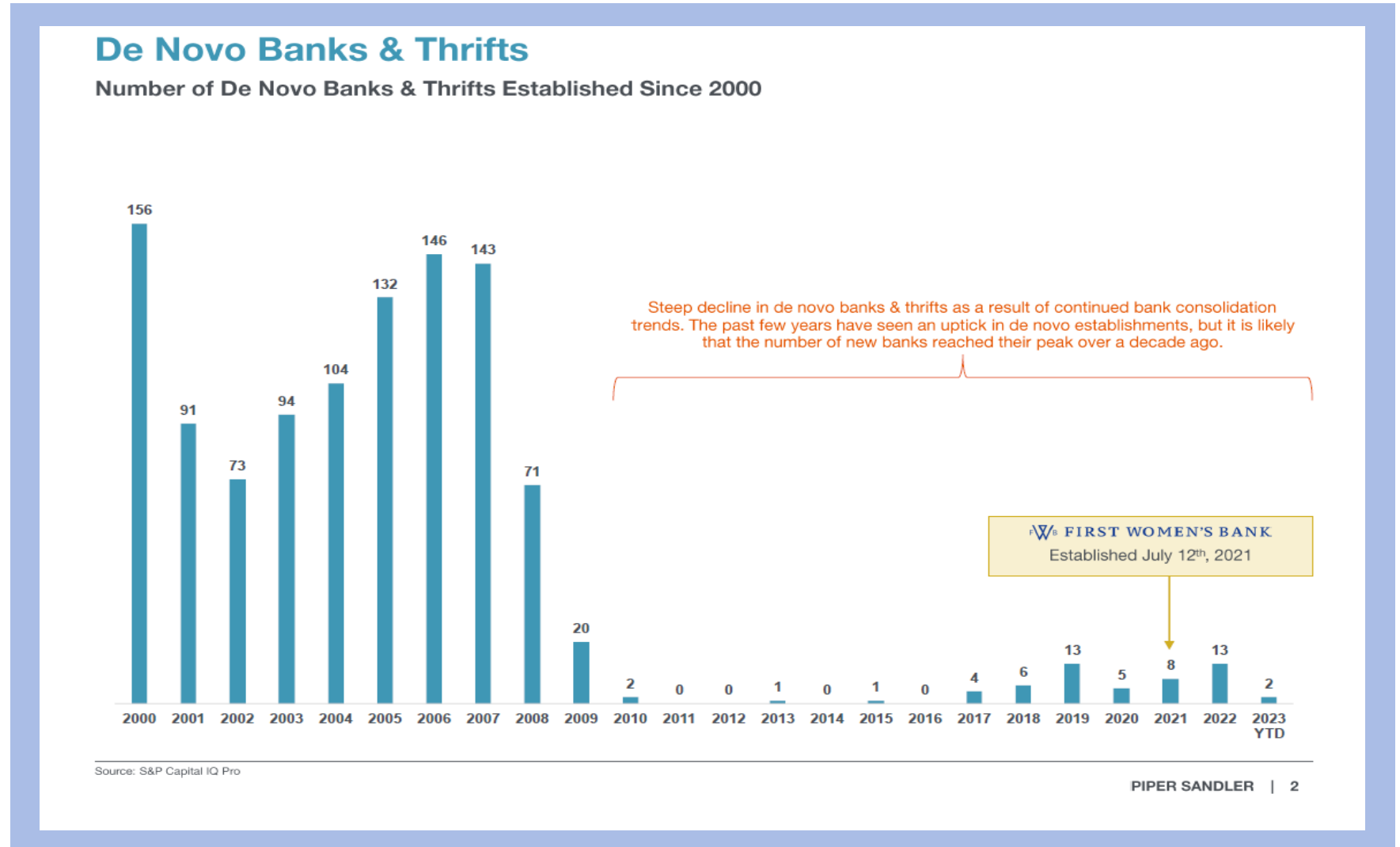
De Novo Bank Overview



De Novo Bank Trends

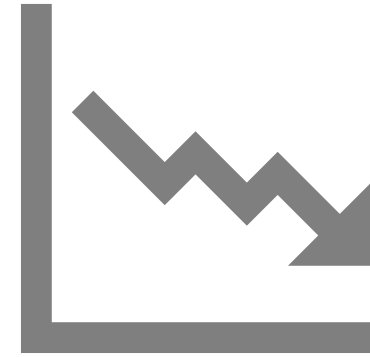
“De Novo” Bank is a new bank

History shows that de novo banks with well conceived business plans, qualified management, and appropriate financial support can be successful in addressing financial service needs of the communities to be served.



Why the Big Reduction in De Novo Banks Since 2008?

- **Capital requirements** to start a bank have more than **doubled**, in part due to the significant number of bank failures that stemmed from the Great Recession
- It is **really hard** to raise capital
- **Inadequate business plans** submitted with de novo regulatory applications
- Incomplete or **unqualified management teams or boards** identified
- Takes **lots of time**...and
- There's real **RISK**, including potential personal liability, if a bank fails!



With respect to bank failures occurring during the period of 2007 through year-end 2015, ***the FDIC brought claims against directors and officers in 39 percent of the failures***, and the ***FDIC's Board authorized suit against directors and officers of 151 failed institutions, or approximately 30 percent of the failures during the period***, with recoveries approximating 37 percent of total recoveries.

(Source: Applying for Deposit Insurance: A Handbook for Organizers of De Novo Institutions April 2017 – FDIC)

How to Launch a De Novo Bank

File an Interagency Charter and Federal Deposit Insurance Application

- Overview of the proposed bank's operations
- Business plan and proposed policies
- Details on the management team, including the proposed board of directors
- Description of the type and amount of capital to be raised, including any plans for employee stock ownership plans or stock incentives
- How the bank will meet the convenience and needs of the community to be served
- Description of the premises and fixed assets at inception
- Description of the information systems to be used by the institution



Hang on for the Ride!



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Introducing First Women's Bank



First Women's Bank Highlights

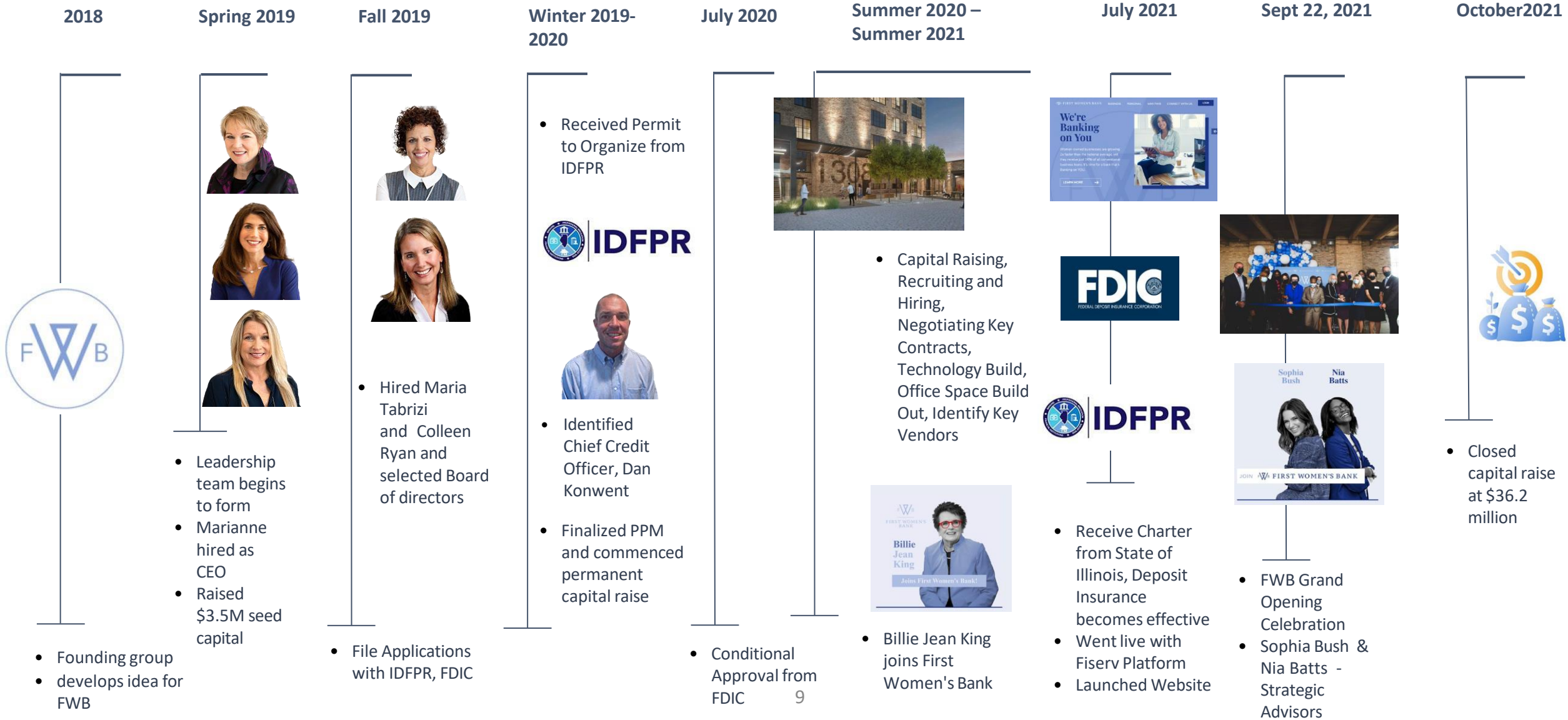
First Women's Bank is the only **women-founded, women-led and women-owned** commercial bank in the US with a strategic focus on serving the women's economy.

- **Mission** is our differentiator in the crowded banking industry
 - Formed to bridge the significant gender gap in access to capital
- The first new bank in the State of Illinois in 13+ years
 - Opened July 12, 2021
 - Raised more capital than any de novo bank in Illinois history
- Start up small business with \$113 Million in assets as of 09/30/2023...**except different than most startups...**
 - Highly regulated industry requires more infrastructure and oversight than a typical start up
- Leadership team that balances **entrepreneurial spirit** with **solid risk management**





First Women's Bank Formation to Launch Timeline



2018

Spring 2019

Fall 2019

Winter 2019-2020

July 2020

Summer 2020 – Summer 2021

July 2021

Sept 22, 2021

October 2021



- Founding group develops idea for FWB

- Leadership team begins to form
- Marianne hired as CEO
- Raised \$3.5M seed capital

- Hired Maria Tabrizi and Colleen Ryan and selected Board of directors
- File Applications with IDFPR, FDIC

- Received Permit to Organize from IDFPR

- Identified Chief Credit Officer, Dan Konwent
- Finalized PPM and commenced permanent capital raise

- Conditional Approval from FDIC

- Capital Raising, Recruiting and Hiring, Negotiating Key Contracts, Technology Build, Office Space Build Out, Identify Key Vendors



- Billie Jean King joins First Women's Bank

- Receive Charter from State of Illinois, Deposit Insurance becomes effective
- Went live with Fiserv Platform
- Launched Website

- FWB Grand Opening Celebration
- Sophia Bush & Nia Batts - Strategic Advisors

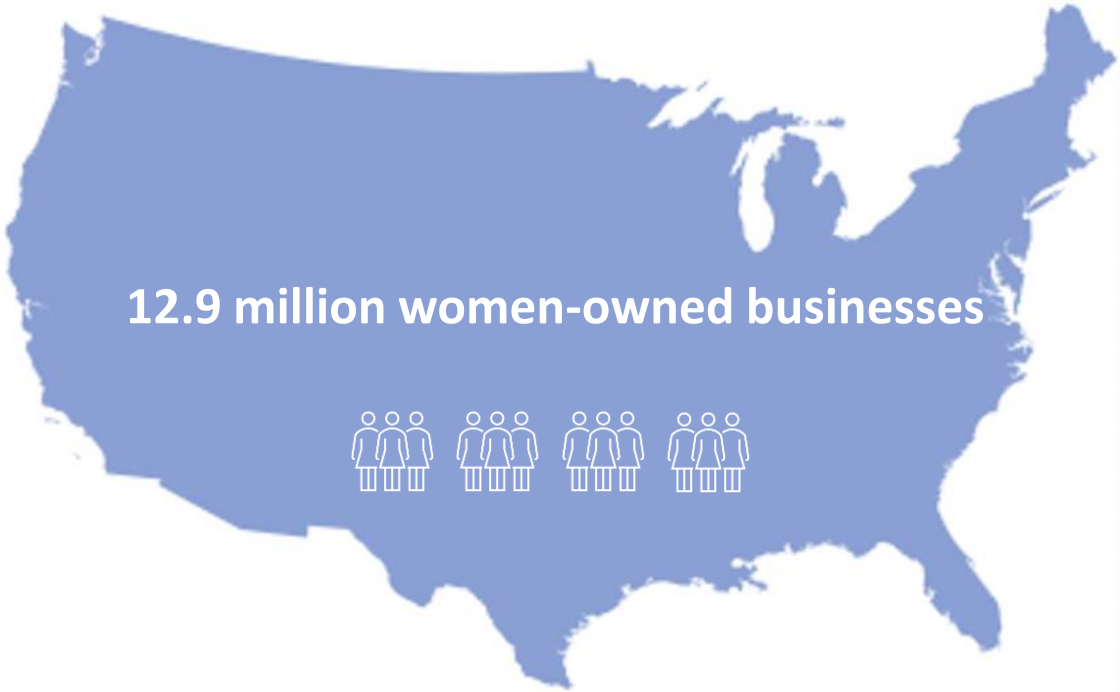
- Closed capital raise at \$36.2 million

Our Mission

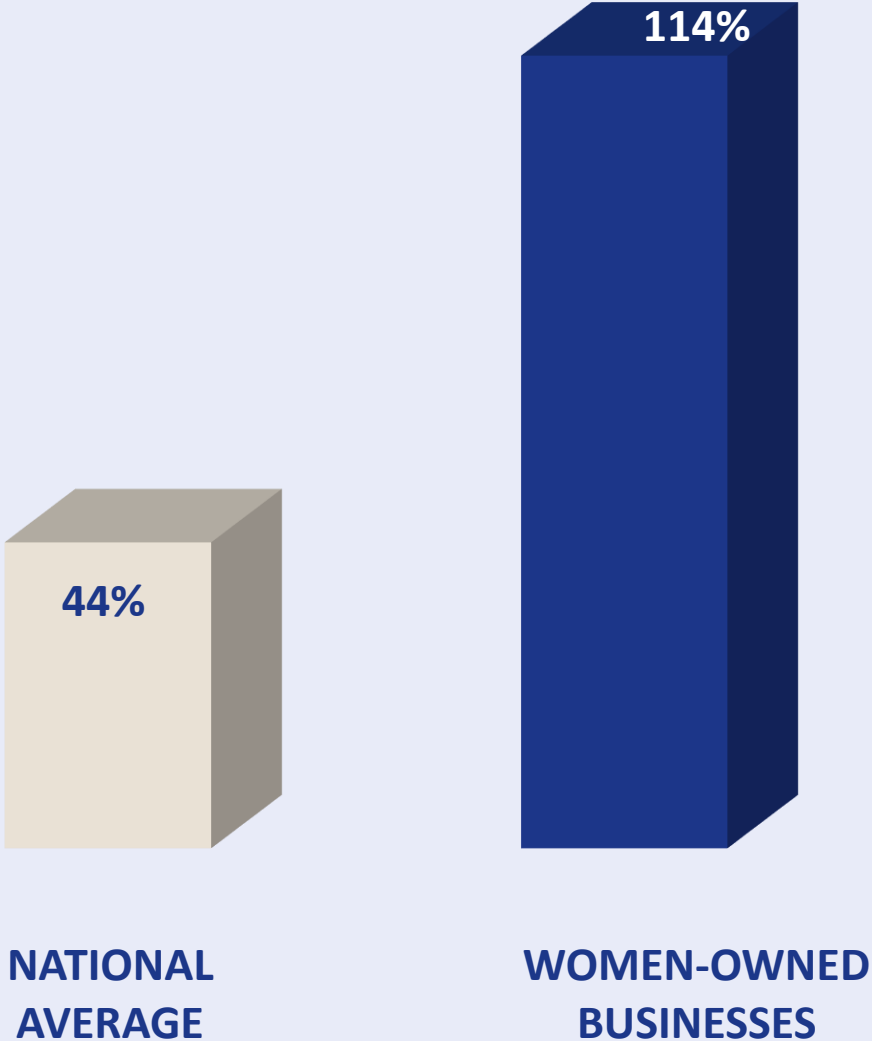
First Women's Bank is an innovative commercial bank on a mission to grow the economy and elevate the role of women within it



The women's economy is a large and powerful market

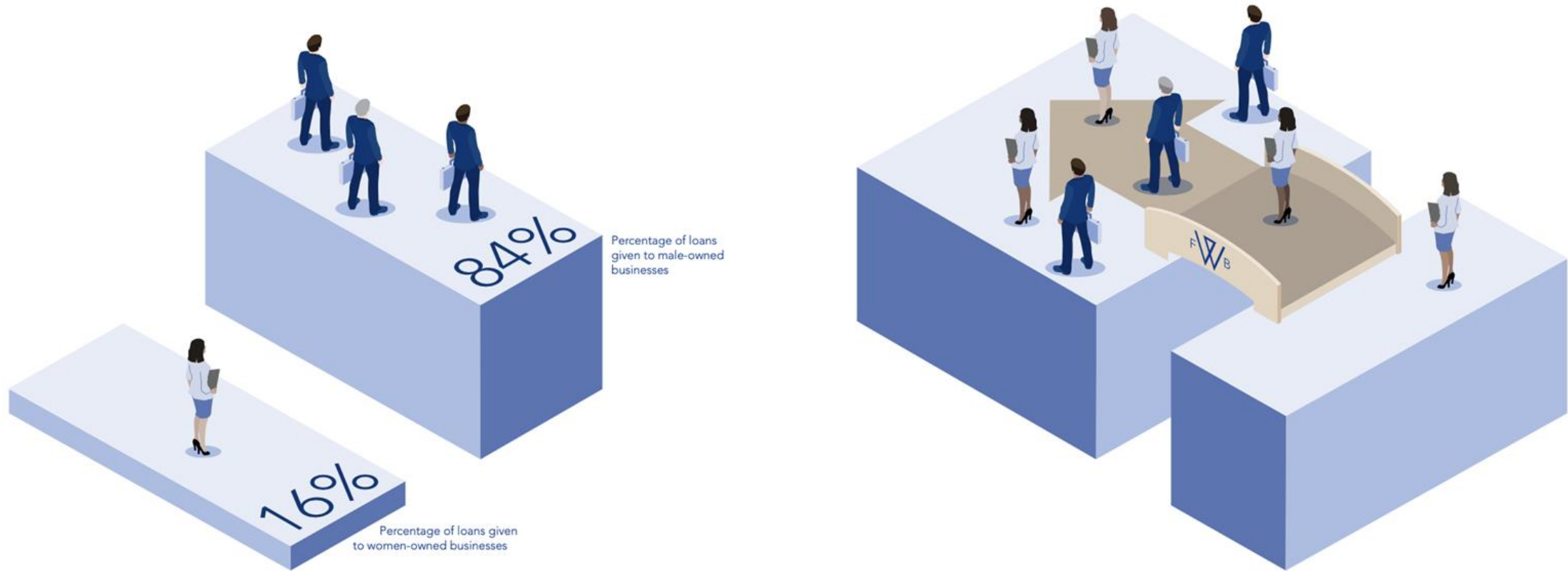


The number of women-owned businesses in the US has grown by more than **2x the national average** in the last 20 years.



Despite consistent growth in the market, there is a significant gender gap in access to capital

First Women's Bank formed to bridge this gap



Women receive just 16% of all conventional business loans and just **4.4% of the total dollar amount**, limiting their businesses from reaching their full potential.

The global economy could grow by **\$2.5 trillion** if women and men around the world participated equally.

First Women's Bank is More Than A Bank

**Women are leading an economic revolution in the US.
They deserve a different banking experience.**

First Women's Bank is more than a commercial bank.
It is a first-of-its-kind platform designed to:

- ❖ Connect small businesses with innovative capital solutions
- ❖ Provide individuals and corporations with opportunities to promote gender equality
- ❖ Build a community of resources, support and inspiration for small businesses



First Women's Bank Mission Partners





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Capital Considerations



Capital Considerations

The Tasks

1. Raise minimum capital of \$28 Million or no Bank
 - Learn how to do a capital pitch
 - Identify type of stock to offer: voting and/or non voting
 - Determine how much stock to set aside for stock incentive plans
 - Be ready to hear potential investors tell you how this will dilute any investment they make
 - Develop Private Placement Memorandum with *key risk factors identified – don't hold back*
 - Research and develop list of potential Private Investors and Institutional Investors to pitch and *then pitch!*
2. Maintain Tier 1 capital to assets leverage ratio of 8% through first 3 years of Bank operations

The Results

- After meetings with over **1,000** distinct potential investors spanning a period of January 2020 – September 2021:
 - Raised **\$36.2 Million** from 200+ distinct investors
 - By the way – ***this was during a pandemic!***
 - Achieved majority women ownership goal
 - That's a win!
- Continue to exceed **8% minimum capital ratio** requirement since Bank's inception

Capital Considerations – Key Take Aways

Always take
the meeting

Get used to
hearing “no”,
getting
“ghosted” or
just ignored

Believe in the
vision and
mission no
matter the
obstacles

Be nimble
and pivot

Don't Give Up!



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Regulatory Considerations



Regulatory Considerations

The Tasks

1. Obtain regulatory approval

- Select the charter type and regulator(s)
 - State or national charter
- Be transparent – “*the good, the bad and the ugly*”
- Recruit the right team
- Do the hard work needed to pass each milestone during the approval process
- Respect the process and understand the regulations
- Predict the questions/issues and have answers/solutions formulated
- Proactively manage the process
- Build strong regulatory relationships

2. Receive bank charter, FDIC Insurance certificate and open bank *within 1 year of regulatory approval...during a pandemic*

3. Once opened, get ready for a three-year regulatory “de novo” period



Regulatory Considerations

The Results

- FDIC approval obtained *July 13, 2020*
- First Women's Bank opened *July 12, 2021*...one day to spare!
- 2+ years into 3-year de novo period

Key Take Aways

- Manage the process and build strong regulatory relationships
- Opening the bank was only step 1 – successful execution of the pre-opening Regulatory tasks sets the stage for the future of First Women's Bank





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Other Risk Considerations



Risk Considerations

Risk Management

- Identify and categorize risk into “bite size” pieces
- Eliminate, transfer and/or manage risks
- Recognize what you can and can’t control
- Shift priorities commensurate with changing risks and complexities, both internal and external
- It’s a business enabler

Considerations

- Mind Set - *Why can’t we be the first ____ (insert blank)?*
- Start-up mentality in traditionally conservative industry
- Diversity in thought and skills
- Be comfortable being uncomfortable
- Falling and scraping your knees is OK – learn from it
- Focus – can’t be everything to everyone
- Proactively manage risks and obstacles
 - Business Model (i.e., cashless bank)
 - Covid Pandemic
 - “March Madness”

Risk Management is constant and evolving – embrace it!

Risk Categories



FAST COMPANY

WE MADE

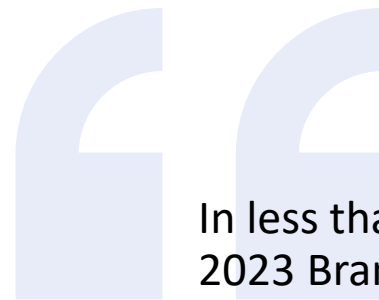
THE

LIST!

BRANDS THAT
MATTER 2023

Fast Company's **Brands that Matter** list recognizes companies making a significant impact on business and culture.

In October 2023, First Women's Bank was honored to be named as one of Fast Company's 2023 **Brands That Matter on the Rise!**



In less than five years, the honorees for the 2023 Brands That Matter On The Rise category have managed to **build relevant brands** making a **significant impact** across finance, healthcare, and consumer household products.

<https://www.fastcompany.com/90953742/rising-brands-that-matter-2023>





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Connect With Us



Maria Tabrizi, CPA, CRP



Maria is an organizer and member of the leadership team of First Women's Bank in the role of Executive Vice President, Chief Risk Officer and Chief Technology Officer. She has responsibility for risk management, technology, infrastructure and operations.

Maria is a graduate of Loyola University of Chicago and a CPA. Maria has over 30 years of experience in banking and public accounting. She started her career in public accounting having spent 5 years in the financial institutions practice of Laventhol and Horwath. She has significant experience in audit, risk management, financial reporting, operations, regulatory compliance, IT, information security and mortgage banking. Prior to joining First Women's Bank, Maria served as the Chief Audit Executive of MB Financial Bank and was a member of MB's Bank Executive Management Committee. She was also the Executive Sponsor of MB's Diversity and Inclusion Committee. Prior to MB, Maria was Group Senior Vice President, member of the Executive Management Committee and Chair of the Risk Management Committee of Cole Taylor Bank.

Maria currently serves as a member of the Federal Reserve Bank of Chicago's Community Depository Institutions Advisory Council, American Bankers Association Community Banking Council and various other professional organizations including the Chicago Finance Exchange.

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