

Stephens Financial Institutions Group Transaction Announcement

Finward Bancorp (OTCPK: FNWD) has agreed to acquire Royal Financial, Inc. (OTCQX: RYFL)
Stephens served as exclusive financial advisor to Finward Bancorp and rendered a fairness opinion to its Board

July 29, 2021

\$53 MILLION



HAS AGREED TO ACQUIRE



Transaction Details

- On July 29, 2021, Finward Bancorp ("Finward") announced that it has entered into a definitive merger agreement to acquire Royal Financial, Inc. ("Royal")
- Under the terms of the definitive merger agreement, stockholders of Royal who hold 101 or more shares of Royal common stock will have the right to elect to receive \$20.14 per share in cash or 0.4609 shares of Finward common stock, or a combination of both, for each outstanding share of Royal common stock, subject to allocation provisions to assure that, in the aggregate, 65% of Royal's outstanding shares of common stock will receive Finward common stock and 35% will receive cash⁽¹⁾.
- One current director or executive officer of Royal, as mutually agreed upon, shall be appointed to Finward's Board of Directors
- The transaction is expected to close in the first quarter of 2022

Transaction Overview⁽²⁾

Deal Value (Millions):	\$	53
Price / Tg. Book Value:		1.15x
Price / LTM Net Income:		10.2x

Royal Financial, Inc. Highlights

Headquarters:		Chicago, IL
Branches:		9
Assets (Millions):	\$	533
Total Net Loans (Millions):	\$	460
Total Deposits (Millions):	\$	466
ROAA (LTM):		1.01%
Net Interest Margin (LTM):		3.42%
Efficiency Ratio (LTM):		57.1%
NCOs / Avg. Loans (LTM):		(0.05%)

Pro Forma Footprint



Note: Reflects financial data as of June 30, 2021.

1) Stockholders of Royal holding less than 101 shares of Royal common stock will have the right to receive \$20.14 in cash and no stock consideration for each share of Royal common stock.

2) Based on FNWD closing price of \$44.00 as of July 28, 2021.

Sources: Company Documents, S&P Global Market Intelligence and publicly available information.

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