

Town and Country Financial Corporation

For Immediate Release

Town and Country Financial Corporation Reports First Quarter 2019 Financial Results

Springfield, Illinois, April 30, 2019. Town and Country Financial Corporation (the “Company”), (OTC Pink: TWCF), today announced financial results for first quarter of 2019.

Key highlights included:

- Loans grew \$65 million (12.8%) from March 31, 2018 to March 31, 2019;
- Loans grew \$22 million (16.1% annualized) in the first quarter of 2019;
- Deposits grew \$20.9 million from March 31, 2018, to \$647 million as of March 31, 2019;
- 30.5% increase in core net income in the first quarter of 2019, to \$1.6 million, compared to \$1.2 million in the first quarter of 2018;
- Net interest margin increase of 14 basis points, to 3.48%, from 3.34% in the first quarter of 2018.

Core net income, which excludes securities gains and losses and other non-core items, increased \$374,000 (30.5%) from the first quarter of 2018 to the first quarter of 2019, as noted above. Reported net income was \$1.65 million (\$0.58 per share) in the first quarter of 2019 and \$1.41 million (\$0.49 per share) in the first quarter of 2018. In comparing the first quarter of 2019 to the first quarter of 2018, revenue was higher by \$475,000 while noninterest expenses were down \$260,000.

President and Chief Executive Officer, Micah R. Bartlett, commented, “The great momentum of 2018 continued in the first quarter of 2019. Loan growth remained strong, particularly in commercial loans, where we saw an increase of \$20.5 million or 18.7% annualized in the quarter. The mortgage business had a solid quarter during a time of year that is typically slow for the industry. And our focus on building revenue while also improving efficiency produced a significant improvement in profits.”

While deposits grew by \$20.9 million from March 31, 2018 to March 31, 2019, the mix of deposit types also changed. Time deposits grew by \$20.4 million, excluding brokered deposits, while transaction accounts, including checking, savings and money market accounts, declined by \$14.4 million.

Short term funding, either with Federal funds purchased from correspondent banks or advances from the Federal Home Loan Bank of Chicago, were \$58.8 million as of March 31, 2019. This was a \$14.3 million increase from a year earlier, but it was a decline of \$10.4 million during the first quarter of 2019, from \$69.2 million as of December 31, 2018.

The net interest margin increased from 3.34% in the first quarter of 2018 to 3.48% in the first quarter of 2019. The primary reason for the increase is a change in asset mix. Loan growth was funded, in part, with funds from maturing investments, improving the earning asset yield. Net interest income was \$6.0 million in the first quarter of 2019, compared to \$5.6 million in the first quarter of 2018. The increase resulted from a higher net interest margin and a larger loan portfolio.

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Noninterest income was unchanged in the first quarter of 2019, compared to the first quarter of 2018, at \$2.3 million. Noninterest expenses were \$6.0 million in the first quarter of 2019, compared to \$6.3 million in the first quarter of 2018. Compensation, marketing, and professional fees expenses were lower in the first quarter of 2019 than a year earlier.

Assets grew to \$796 million at March 31, 2019 from \$756 million a year earlier, an increase of \$40 million, of which \$14 million occurred in the first quarter of 2019. The loan portfolio, excluding loans held for sale, grew to \$576 million at March 31, 2019, from \$510 million a year earlier, an increase of \$66 million for the year, including the \$22 million in the first quarter of 2019. Total deposits grew to \$647 million as of March 31, 2019 from \$626 million a year earlier.

Nonperforming loans increased slightly but credit quality remained strong, with nonperforming loans at 0.63% of net loans at quarter-end compared to 0.62% a year earlier. The allowance for loan loss as a percent of total loans was slightly lower, at 1.02% at March 31, 2019, compared to 1.07% at March 31, 2018. Delinquencies were lower, at 0.47% as of March 31, 2019, from 0.59% as of March 31, 2018.

Town and Country Bank's capital levels remained strong at quarter-end, with a Tier 1 leverage ratio of 9.34% and a total risked-based ratio of 12.57%. These ratios compare to 9.08% and 12.71% a year earlier. Consolidated equity capital grew to \$61.7 million at March 31, 2019, from \$55.0 million at March 31, 2018. Book value was \$21.70 per share as of March 31, 2019, compared to \$19.34 per share as of March 31, 2018, an increase of 12.2%.

The holding company reported an investment in Town and Country Bank of \$80.1 million at March 31, 2019, compared with \$74.7 million as of March 31, 2018. Borrowings were \$9.3 million and trust preferred securities were \$13.5 million at quarter-end, as compared with \$11.2 million in borrowings and \$13.5 million in trust preferred securities as of March 31, 2018.

Town and Country Financial Corporation is the parent holding company for Town and Country Bank and Town and Country Banc Mortgage Services, Inc. with offices in Bloomington, Buffalo, Decatur, Edwardsville, Fairview Heights, Jacksonville, Lincoln, Mt. Zion, Springfield, and Quincy. The Quincy branch operates under the name of Peoples Prosperity Bank. Town and Country Financial Corporation shares are quoted under the symbol TWCF.

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Town and Country Financial Corporation

CONSOLIDATED STATEMENT OF CONDITION

As of the dates indicated:	March 31, 2019 (unaudited)	March 31, 2018
ASSETS		
Cash and due from banks	\$ 10,525,404	\$ 17,896,249
Investments	157,057,599	166,326,410
Loans held for sale	1,776,218	7,562,656
Loans	575,661,744	510,252,958
Less: Allowance for loan losses	5,839,218	5,447,469
Net loans	569,822,526	504,805,489
Other assets	57,051,238	59,305,136
Total assets	\$ 796,232,985	\$ 755,895,940
LIABILITIES & EQUITY		
Deposits	\$ 647,100,127	\$ 626,165,178
Borrowed money	68,100,000	55,675,000
Other liabilities	5,751,038	5,528,760
Total liabilities	\$ 720,951,165	\$ 687,368,938
Trust preferred securities	13,542,510	13,489,804
Equity capital	61,739,310	55,037,198
Total liabilities & equity	\$ 796,232,985	\$ 755,895,940

SUMMARY INCOME STATEMENT

	Three Months Ended March 31,	
	2019 (Unaudited)	2018
Interest income	\$ 7,748,861	\$ 6,661,223
Interest expense	1,716,071	1,096,106
Net interest income	\$ 6,032,790	\$ 5,565,117
Provision for loan losses	300,000	110,000
Noninterest income	2,281,827	2,297,628
Noninterest expense	5,999,925	6,260,218
Income before income taxes	\$ 2,014,692	\$ 1,492,527
Income taxes	412,015	264,033
Core Net Income	1,602,677	1,228,494
Non-Core items after tax	43,250	181,123
Net income	\$ 1,645,927	\$ 1,409,617

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Selected Highlights:

Three Months Ended March 31,

	2019 (Unaudited)		2018	
Basic earnings per share	\$	0.58	\$	0.49
Net charge offs to average loans less HFS		0.04%		0.00%
Net revenue (in 000s)	\$	8,315	\$	7,839
Net interest margin		3.48%		3.34%
Fees from mortgage banking activities (in 000s)	\$	1,075	\$	1,251
Return on common equity		10.70%		10.35%
Return on assets		0.83%		0.77%

Balance Sheet Ratios

As of the dates indicated:	March 31, 2019 (unaudited)		December 31, 2018		March 31, 2018	
Book value per common share	\$	21.70	\$	20.90	\$	19.34
Tier 1 leverage ratio (TCB only per Basel III)		9.34%		9.28%		9.08%
Total risk-based capital ratio (TCB only per Basel III)		12.57%		12.85%		12.71%
Nonperforming loans		0.63%		0.67%		0.62%
Delinquent loans, excluding nonperforming		0.47%		0.80%		0.59%
Allowance for loan loss		1.02%		1.05%		1.07%
Coverage ratio (allowance to NPLs)		163%		156%		172%
Mortgage loans sold with servicing retained (in 000s)	\$	678,499	\$	676,098	\$	629,113
Trust assets under management (in 000s)	\$	162,281	\$	147,804	\$	162,321

HOLDING COMPANY ONLY

As of the dates indicated:	March 31, 2019 (unaudited)		March 31, 2018	
ASSETS				
Cash and other assets	\$	5,245,957	\$	6,080,874
Investment in TCB		80,103,972		74,664,234
Total assets	\$	85,349,929	\$	80,745,108
LIABILITIES & EQUITY				
Other liabilities	\$	793,109	\$	1,043,106
Borrowings		9,275,000		11,175,000
Trust preferred securities		13,542,510		13,489,804
Equity capital		61,739,310		55,037,198
Total liabilities & equity	\$	85,349,929	\$	80,745,108