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**Integrated Financial Holdings, Inc. (IFHI - OTC Pink)**  
**(Formerly West Town Bancorp, Inc.)**

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<b>Price:</b>	\$16.25	<b>EPS *</b>	<b>2018A:</b>	\$ 2.75	<b>P/E</b>	<b>2018A:</b>	5.9 x
<b>52 Wk. Range:</b>	\$13.25 - \$23.00	(FY: DEC)	<b>2019A:</b>	\$ 2.41		<b>2019A:</b>	6.7 x
<b>Div/Div Yld:</b>	\$0.00 / 0.0%		<b>2020E:</b>	NA		<b>2020E:</b>	NA
<b>Shrs/Mkt Cap:</b>	2.2 mm / \$36 mm	<b>Book Value: **</b>		\$ 33.19	<b>Price/Book Value:</b>		0.49 x

\* 2018 EPS excludes \$1.15 per share in a nonrecurring gain. 2019 EPS excludes recapitalization related gains, net of merger expenses, of roughly \$1.79 per share. For at least the next quarter or two, we are suspending our earnings projections given the difficulties of assessing the impact of COVID-19. We anticipate resuming earnings projections once economic conditions become clearer.

\*\* Tangible book value is \$23.90 per share; price to tangible book value is 0.68x.

**Background**

Integrated Financial Holdings, Inc. (“Integrated Financial”) is the Raleigh, NC based holding company for West Town Bank & Trust, a North Riverside, IL based state-chartered bank. (The name was recently changed to reflect the fact that its scope of services is much broader than a typical bank’s.) The Company is also the parent company of several subsidiaries, two of which are Windsor Advantage, LLC, (“Windsor”) a loan servicing company, and West Town Insurance Agency, Inc., an insurance agency. The Company is registered with, and supervised by, the Federal Reserve. West Town Bank & Trust’s primary regulators are the Illinois Department of Financial and Professional Regulation and the FDIC. The Company’s web site is located at [www.ifhinc.com](http://www.ifhinc.com). Note: On May 6, 2019, the Company sold the majority of its interest in Sound Bank, and it currently retains slightly less than 10% of Sound Bank’s ownership, half of which is non-voting.

**Second Quarter Results Greatly Benefitted from PPP Processing and Windsor Performance**

If there was one thing that was borne out in the second quarter of 2020, it was the quality of the team at Windsor Advantage, LLC, the Company’s loan servicing company, which processed more than 13,500 of the SBA’s Paycheck Protection Plan (“PPP”) loans in response to the COVID-19 crisis. In terms of principal amount, Windsor processed a total of roughly \$2.3 billion in loans for 40 of its institutional lender clients. In addition to helping sustain thousands of small businesses, the brisk activity resulted in quite the windfall for the Company, generating over \$14 million in revenues. That led to a surge in overall revenues, with Windsor’s performance eclipsing all other fee-based areas. Not that there wasn’t strength elsewhere, as mortgage related revenues, for example, were up 41%. But the Windsor performance clearly drove both revenues and earnings, the latter of which exceeded \$6 million. Looking ahead, we expect revenues to return to more normalized levels, although additional small business relief measures could lead to another surge in processing activity.

In terms of bottom line results, net income for 2020’s second quarter was \$6,258,000, or \$2.84 per diluted share, as compared to \$5,919,000, or \$1.94 per diluted share, in the year-ago quarter. Included in the year-ago quarter, was a gain of \$6,425,000 from the deconsolidation of Sound Bank, as well as transaction fees and loan/special asset expenses. If we exclude these items, we see that the pretax, pre-provision adjusted income was \$9,667,000 for the second quarter of 2020, as compared to \$3,571,000 for the second quarter of 2019, and roughly three or four times what they typically have been over the preceding four quarters. Although earnings will obviously not be

	2019	2019	2019	2020	2020
Quarterly Results (\$000s)	Q2	Q3	Q4	Q1	Q2
Net Income	5,919	2,154	1,731	(832)	6,258
Pretax Income	8,093	2,841	1,768	(1,073)	8,182
Adjustments:					
Provision (Add)	477	200	1,155	3,460	665
Gain - Sound Bank (Deduct)	6,425	-	-	-	-
Transaction-related costs (Add)	916	1	16	17	4
Loan & Special Asset Expenses (Add)	510	(523)	318	242	816
<b>Pretax Inc. Bef. Nonrec/Credit Charges</b>	<b>3,571</b>	<b>2,519</b>	<b>3,257</b>	<b>2,646</b>	<b>9,667</b>

ASSETS: \$356 MM

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2<sup>ND</sup> QUARTER HIGHLIGHTS:

WINDSOR REVENUES WERE UP SIGNIFICANTLY DUE TO THE HIGH DEMAND FOR PPP LOAN PROCESSING

EPS: \$2.84 VS. \$1.94 (THE YEAR-AGO FIGURES INCLUDES A GAIN RELATING TO SOUND BANK)

WINDSOR’S REVENUES TOTALED \$14 MILLION

ALTHOUGH EARNINGS WILL NOT BE SUSTAINED AT THIS HIGH LEVEL, THERE COULD BE MORE OPPORTUNITIES IF ADDITIONAL RELIEF MEASURES ARE ADOPTED

NET INTEREST INCOME  
DECREASED 19%

TOTAL REVENUES WERE NEARLY  
\$20 MILLION

EXCLUDING THE GAIN FROM THE  
SOUND BANK  
DECONSOLIDATION,  
NONINTEREST INCOME WAS  
\$16.2 MILLION VS. \$5.1 MILLION

ROATCE: 49.9%

FIRST HALF HIGHLIGHTS:

EPS: \$2.44 VS. \$2.34

REPORTED NET INCOME WAS  
\$5.4 MILLION VS. \$7.0 MILLION,  
PRETAX PRE-PROVISION  
ADJUSTED INCOME WAS \$12.3  
MILLION VS. \$5.4 MILLION

TANGIBLE EQUITY/TANGIBLE  
ASSETS: 17.0%

ALTHOUGH UP FROM THE YEAR-  
AGO LEVEL, NPAS WERE DOWN  
SLIGHTLY FROM 3/31/20

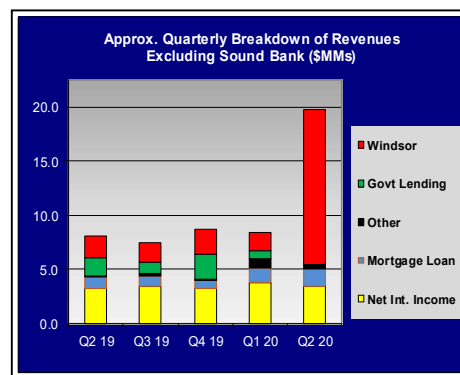
NPAS/ASSETS: 3.45%

RESERVES/LOANS HFI: 2.05%

EPS:\*  
2018A: \$2.75  
2019A: \$2.41  
2020E: NA

\* 2018A EPS EXCLUDES \$1.15  
PER SHARE IN NONRECURRING  
GAINS, WHILE 2019E EPS  
EXCLUDES \$1.79 PER SHARE IN  
RECAPITALIZATION GAINS, NET  
OF MERGER EXPENSES

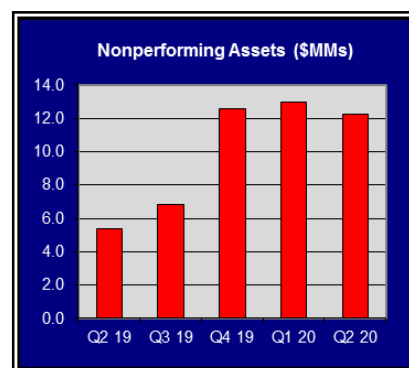
sustained at this level, the figures do provide some sense of scale as to how strong the quarter was. In terms of some of the other key metrics in the quarter, net interest income was \$3,486,000 in 2020's second quarter, down from \$4,283,000 in the year-ago quarter (which included Sound Bank), while the provision for loan losses was \$665,000, versus \$477,000, over the same respective periods. Noninterest income totaled \$16,208,000 in the second quarter of 2020, up from \$5,072,000 (excluding the Sound Bank gain) in the year-ago quarter. Windsor accounted for the vast majority (nearly three fourths) of total revenues, which were nearly \$20 million. Mortgage related income was \$1,573,000 in 2020's second quarter, up from \$1,113,000 in the year-ago quarter. Income relating to government guaranteed loans was lower, reflecting the Bank's recent decision to originate and hold many of these loans. Finally, noninterest expense was \$10,847,000, up from \$7,210,000 in 2019's second quarter. Not surprisingly, profitability metrics were unusually high. Annualized ROAA was 7.11%, while annualized ROAE was 35.3%. Annualized return on average tangible equity was 49.9%.



Earnings for the first half of 2020 were likewise impacted by several unusual/nonrecurring factors, such as a much higher provision for loan losses (\$4,125,000 in 2020's first half versus \$650,000 in 2019's first half), the \$6,425,000 gain from the Sound Bank deconsolidation in the year-ago first half and loan and special asset expenses/transaction-related costs (\$1,079,000 versus \$1,648,000 in 2019's first half). Reported net income totaled \$5,426,000, or \$2.44 per diluted share, in the first six months of 2020, as compared to \$6,984,000, or \$2.34 per diluted share, in the year-ago period, while pretax income before the provision and the above-mentioned items was \$12.3 million, up from \$5.4 million. Net interest income was down 29%, noninterest income (excluding the Sound Bank gain) more than doubled and noninterest expense (before the loan and special asset expenses/transaction-related costs) was up 21%. As was the case with the quarterly results, income from Windsor processing and servicing was up substantially, totaling \$15.9 million in 2020's first half, compared to \$3.5 million in 2019's first half. Also notable was the performance of SBA Loan Documentation Services, LLC, which started in late 2019 and has had nearly \$500,000 in revenues and \$125,000 in earnings year to date. Balance sheet growth was in the double-digits, with assets and loans reflecting Integrated Financial's PPP participation.

### Nonperforming Assets Declined 5% from March 31, 2020

As can be seen from the adjacent chart, nonperforming assets ("NPAs", including nonaccruing loans, accruing loans more than 90 days past due and OREO) improved slightly at June 30, 2020 relative to March 31, 2020, even though they were up from the year-ago level. Specifically, NPAs were \$12.3 million, or 3.45% of total assets, at June 30, 2020, versus \$13.0 million, or 4.16% of total assets, at March 31, 2020 and \$5.4 million, or 1.77% of total assets, at the year-ago date. The allowance for loan losses as of June 30, 2020 was \$4.9 million, or 2.05% of loans held for investment, up 44% from \$3.4 million, or 1.62% of loans held for investment, at the year-ago date.



### Projections Suspended Due to COVID-19

For at least the next few quarters, we are suspending our earnings projections given the difficulties of assessing the impact of COVID-19. We anticipate resuming earnings projections once economic conditions become clearer.

ADDITIONAL INFORMATION UPON REQUEST

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