

**WEST TOWN BANK & TRUST**  
**Community Reinvestment Act Strategic Plan**  
**DECEMBER 7, 2016**  
**RESUBMITTED FEBRUARY 7, 2017**  
**RESUBMITTED FEBRUARY 27, 2017**  
**RESUBMITTED MARCH 14, 2017**  
**RESUBMITTED APRIL 10, 2017**

This is the Community Reinvestment Act Strategic Plan (“Strategic Plan”) adopted by West Town Bank & Trust (the “Bank”), an Illinois state bank that provides deposit and banking services insured by the Federal Deposit Insurance Corporation (“FDIC”). The Bank is the wholly owned subsidiary of West Town Bancorp, Inc. a North Carolina corporation and a Federal Reserve Board approved bank holding company. The Bank adopted this Strategic Plan in conformity with alternatives available to financial institutions under the Community Reinvestment Act of 1977 (“CRA” or the “Act”).

Certain Definitions: *Home mortgage loan* means a "home improvement loan," "home purchase loan," or a "refinancing" as defined in § 203.2 that appears in Regulation C - Home Mortgage Disclosure Act (HMDA)

*Small business loan* means a loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

**I. INTRODUCTION: THE COMMUNITY REINVESTMENT ACT**

Regulated financial institutions such as the Bank are required by law to demonstrate that they serve the financial services needs of the communities in which their offices are located, including adequately addressing both the deposit services and credit needs of the communities in which they are chartered to do business. This affirmative obligation to help meet the credit needs of the local communities served by each financial institution is the premise underlying the CRA, which was signed into law to address the deteriorating conditions of American cities - particularly lower-income and minority areas – and the perceived shortage of credit available to low- and moderate-income neighborhoods.

Community development is an important element of the CRA. Community development targets community service to LMI individuals; encompasses affordable housing (including multifamily rental housing) for LMI individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize LMI geographies, designated disaster areas or distressed or underserved non-metropolitan middle-income geographies designated by the Board of Governors, FDIC and OCC. It should be noted that the Bank’s Edenton, NC branch is located in a designated distressed census tract within its Chowan County Assessment Area.

Financial regulators such as the FDIC review the CRA performance of banks operating in the United States and evaluate compliance with the Act utilizing criteria that varies with the size of the institution. For small banks, such as the Bank, evaluation of performance for compliance with the material provisions of the CRA is typically reviewed in the bank-designated area (the “Assessment Area”) served by its full service banking offices, and measures such criteria as the bank's loan-to-deposit ratio, geographic distribution of loans, percentage of loans and lending activities in the Assessment Area, record of lending to borrowers of different income levels and businesses of different sizes, and responses to consumer complaints.

Before the advent of developments such as online banking and access to credit from diversified financial services providers via the Internet, small banks like the Bank designated their Assessment Areas based on the location of their full service banking offices and limited their lending efforts to these, often small, geographic areas. In the 39 years since the CRA was adopted, however, technology and modern financial systems have enabled small banks, including the Bank, to expand their operations beyond the limited geographic reach of their traditional banking locations.

As discussed in more detail later in this Strategic Plan, the Bank has, in the past seven years, developed a business strategy that focuses on making the Bank’s residential mortgage loan products available to individuals and families throughout the United States as well its commercial oriented Government Guaranteed Lending Department focused on SBA 7(a) and USDA B&I/REAP loans throughout the United States Department of Agriculture. This nationwide lending strategy is driven by the business operations and expertise of the investment groups that recapitalized the Bank (outlined below), portfolio diversification goals, lending opportunities (including low- and moderate-income lending) outside of the communities served by the Bank’s retail banking facilities, and the Bank’s mortgage banking and government guaranteed lending operations that require lending volumes that exceed what can be originated in the Banks primary assessment areas of Cook County, Illinois and Pitt County and Chowan County, North Carolina alone. In view of the Bank’s current business strategy, the Bank believes the CRA’s small bank lending test does not adequately measure the lending performance of the Bank, which serves a wide range of customers throughout the country including LMI borrowers and LMI census tracts. As an alternative to the standard evaluation method, and as a result of changes adopted by the Bank, the Act permits the Bank to comply with the CRA by electing to implement an approved CRA Strategic Plan. Accordingly, the Bank has elected to operate under this Strategic Plan in order to satisfactorily fulfill its CRA obligations.

## **II. WEST TOWN BANK & TRUST HISTORY AND BUSINESS OVERVIEW**

### **MISSION STATEMENT**

The Bank is dedicated to serving the financial needs of its customers and the communities in which its offices are located while exercising profitable stewardship over the resources of the Bank. The Bank is committed to providing personal banking services, affordable lending products in a sound, cost-effective way, assisting in making the dream of home ownership a reality for individuals and families, make loans available to small business

and to contributing to the economic stability and growth of the neighborhoods in which the Bank does business.

This Mission Statement reflects the Bank's 90+ year history of providing financial services to its local communities, and will continue to serve as the framework for the Bank's implementation of this Strategic Plan.

## **HISTORIC PRESENCE AND EXPANDED CAPABILITIES**

On January 1, 1922, the Bank opened its doors with a mission to serve the banking needs of families in the Cicero, Illinois community. For most of its history, the Bank grew slowly by providing traditional savings and deposit services to the residents of Cicero and a number of surrounding towns. The Bank's lending programs focused on conventional mortgage loans, home equity lines of credit and second mortgages to residents in the local communities served by the Bank that required a minimum of a twenty (20%) percent down payment or significant equity in the property. In 1999, the Bank opened its North Riverside, Illinois branch to expand its service area, and continued its focus on providing traditional banking and residential mortgage loan products. In 2014 the Bank commenced operations through its branch in Winterville, North Carolina and opened its Edenton, North Carolina branch in March 2016.

Effective August 31, 2014 the Bank converted from an Illinois savings bank to an Illinois state bank. On January 1, 2016 the Bank became a wholly owned subsidiary of West Town Bancorp, Inc., a North Carolina corporation, and a Federal Reserve Board approved bank holding company.

By 2009, the Bank had grown to \$60 million in assets – very small in comparison to most modern financial institutions. Rather than sell the Bank and have its offices become branches of a much larger regional or national bank, the Bank merged its operations with two North Carolina investment groups that shared its same commitment to the promotion of home ownership and entrepreneurial activities of small businesses. From 2009-2010, the Bank and the investment groups completed a series of private placement stock offerings and merger transactions, which significantly increased the Bank's capital and has allowed for expansion of banking and lending operations.

The past six years have been a time of growth and change for the Bank. December 31, 2015, the Bank's assets grew to \$215 million. The Bank's new investors have brought renewed energy and dedication to the Bank's historic operations. With new investor capital, the Bank has added modern banking services such as direct deposit, online banking, telephone banking, ATM and debit cards, and credit cards to its time-honored personal checking, savings and Certificate of Deposit offerings. Local business customers have also benefited from the Bank's addition of remote deposit capture, online banking, and merchant payment processing to the checking and deposit accounts traditionally available to neighborhood business and commercial customers. During this time, the Bank has remained dedicated to its core mission of providing personal and responsive service and banking products in a sound, cost-effective manner to enable the Bank's customers to achieve their personal financial objectives, home ownership goals and small business growth.

## LENDING OPERATIONS, LOAN PROGRAMS AND PORTFOLIO COMPOSITION

With the Bank’s recapitalization, the Bank has been able to expand its operations by developing the Bank’s Mortgage Loan Department as a direct national residential lender and the Bank’s mortgage loan services are now available to individuals and families throughout the United States. The growth in the Bank’s ability to meet a diverse spectrum of home financing needs is founded upon the Bank’s decision to offer more loan choices than the conventional twenty (20%) percent down payment / 20% equity products that were the hallmark of its historic operations. The Bank now offers a wide variety of lending programs to finance the purchase of a home or refinance an existing residential loan. These loan options can provide low cost and affordable entrance to and maintenance of home ownership and include the following:

- Federal Housing Administration (FHA) guaranteed loan programs;
- Veteran’s Administration (VA) guaranteed loan programs;
- Conventional and insured low-down payment programs; and

While bigger banks primarily focus on larger customers, the Bank remains committed to meeting the banking and home ownership financing needs of individuals and families. The chart below summarizes the types and net value of loans held in the Bank’s loan portfolio as of December 31, 2015:

Single family 1-4 unit residential closed-end loans secured by first lien mortgages	\$44,102,000	25.8%
Single family 1-4 unit residential closed-end loans secured by second lien mortgages	927,000	0.05%
Single family 1-4 unit residential open-end loans extended under revolving lines of credit secured by mortgages	9,323,000	5.4%
Consumer loans, including auto and installment	1,483,000	0.9%
Residential multifamily (5 or more units) secured by mortgages	2,552,000	1.5%
Other real estate secured loans, including construction, land development and commercial real estate loans	81,897,000	47.9%
Commercial, industrial and agriculture loans	32,670,000	19.1%

The Bank is also a provider of government guaranteed commercial loans through the Small Business Administration (“SBA”) 7(a) loan program nationally and the Business and Industrial (“B&I”) loan program sponsored by the United States Department of Agriculture (“USDA”) financing in qualifying rural areas across the country. Traditionally the Bank’s primary focus has been solely to promote savings and home ownership but has since expanded this into small business lending as well with a national footprint. As a community bank, the Bank is dedicated to helping its customers realize the American dream of home ownership and facilitate small business ownership as the Bank believes this promotes neighborhood stability, strengthens local communities, and contributes to local economic growth in the areas that it serves.

### III. REQUIRED ELEMENTS OF THE STRATEGIC PLAN

The Bank will take advantage of its existing residential lending expertise, small business lending products and financial services experience to meet the Bank’s obligations under CRA.

The Bank's business strategies are focused on its national lending activities, but the Bank's CRA Strategic Plan concentrates on residential and small businesses lending programs and community involvement designed to support home ownership, housing opportunities and small business growth within its designated Assessment Area of Cook County, Illinois, and Pitt County and Chowan County, North Carolina. In response to the Bank's efforts to ascertain the credit needs of the communities that surround its traditional banking facilities and as discussed in more detail below, comments and suggestions received by the Bank confirm that the current economic cycle has had a devastating effect on housing opportunities in the Bank's traditional market area. Therefore, the Bank's Strategic Plan was originally designed to increase the residential lending activities to LMI borrowers and in LMI census tracts in Chicago and the suburban communities of Cook County, Illinois. It is now being revised to address low and moderate income families residing in Winterville, Belvoir and Ayden, North Carolina and other communities in Pitt County, North Carolina and Edenton in Chowan County, North Carolina as well as small business lending in all assessment areas. Following is a discussion of elements of the Bank's Strategic Plan.

#### **DELINEATION OF ASSESSMENT AREA – COOK COUNTY, ILLINOIS AND PITT AND CHOWAN COUNTY, NORTH CAROLINA**

The Bank historically designated Cook and DuPage Counties in Illinois, which are part of the Chicago – Naperville – Joliet, Illinois Metropolitan Statistical Area (“MSA”), as the Bank's Assessment Area. Prior to the adoption of this Strategic Plan, the Bank identified an Assessment Area that extended beyond the communities traditionally served by the Bank's banking offices due to the intense competition in the communities of Cicero and North Riverside. In the Cook County Assessment Area there are 3,031 offices of 226 different banking institutions providing banking and lending services. With the Bank's increased lending authorities and capital added in 2009 & 2010, the Bank now believes it can effectively meet its lending goals in multiple assessment areas with a wider array of lending products for both residential and commercial customers. The Bank's original Strategic Plan identifies Cook County, Illinois as its sole delineated Assessment Area. With the establishment of the Bank's branch office in Winterville, Pitt County, North Carolina in 2014, and the recent opening in 2016 of its branch office in Edenton, Chowan County, North Carolina, the Bank is now reapplying for a new Strategic Plan for 5 years and to include Pitt County and Chowan County, North Carolina (Metropolitan Statistical Area – Greenville, North Carolina Metro Area). In Chowan County, North Carolina there are 4 offices of 4 different banking institutions and in Pitt County, North Carolina there are 48 offices of 14 different banking institutions. This new Strategic Plan addresses both of the Bank's North Carolina Assessment Areas.

#### **ASSESSMENT AREA WEIGHTING**

At December 31, 2015 the total assets of the Bank were \$214.6 million and the total savings deposits were approximately \$178 million of which \$143.6 million were generated from the North Riverside, Illinois office, \$23.5 million from the Cicero, Illinois office, \$10.9 Winterville, North Carolina office (\$2.4 million of the Winterville office can be attributed to residents of Chowan County).

Granted that the Edenton, Chowan County, North Carolina office was recently opened, the current disparity of the origination of the Bank’s savings deposits with approximately 94% coming from its two offices in Cook County, Illinois, necessitates that the Bank will weigh its goals for lending, investment and service tests for each of the three Assessment Areas. Cook County, Illinois would receive the highest weighting, Pitt County, North Carolina the second highest and Chowan County, North Carolina third. The Bank feels the weighting is further supported by the vast differences in population (based on 2010 US Census figures) with Cook County, Illinois population approximately 5,195,000, Pitt County, North Carolina is approximately 175,000 and Chowan County, North Carolina approximately 15,000. Further support for the lowest weighting being afforded to Chowan County, North Carolina is the fact that the county consists of only three US Census Tracts with one being upper income and the other two being middle income with no low or moderate income Census Tracts. Based on these facts we are proposing that that the performance of the Cook County assessment area under this plan will account for 90% of the Bank’s overall CRA performance rating. The Pitt County assessment area performance will account for 7% with the remaining 3% resulting from the Chowan Count assessment area and will serve as “floors” (meaning they can’t decrease) for the term of the plan. See below and Exhibit “7”:

**Weighting per Assessment Area**

	Cook	Pitt	Chowan	
Low Income Tracts	17.68%	6.25%	0.00%	
Moderate Income Tracts	27.47%	21.88%	0.00%	
Low Income Households	28.37%	28.65%	27.18%	
Moderate Income Households	16.54%	12.91%	16.29%	
Population	5,194,675	168,148	14,793	5,377,616
Population % per AA	97%	3%	0%	
Deposits 12-31-15 (millions)	143.6	8.5	2.4	154.5
Deposit Percentage	92.9%	5.5%	1.6%	
<b><u>Weighting per AA</u></b>	<b><u>90%</u></b>	<b><u>7%</u></b>	<b><u>3%</u></b>	

The weighting analysis illustrates the deposit base, demographics and population in each of the three assessment areas and will be reviewed and adjusted annually. The deposit base within each assessment area will be the sole factor when considering the weighting for the three assessment areas and will be updated annually based on Summary of Deposits data from the June 30<sup>th</sup> of the year prior to the plan year with the exception that the weighting for Pitt and Chowan County Assessment Areas will have floors at 7% and 3% respectively for the term of this plan. The overall Bank goals are expected to naturally increase year over year as they are based on the Bank’s overall assets which typically experience growth in excess of 20% annually. It would be reasonable to expect the goals will increase accordingly.

## **COOK COUNTY, ILLINOIS**

### **ASCERTAINING THE HOUSING CREDIT NEEDS OF THE BANK'S COOK COUNTY ASSESSMENT AREA**

In order to fulfill the Bank's affirmative obligation to help meet the credit needs of the local communities in Cook County, Illinois to be served by the Bank, particularly in low- and moderate-income areas, representatives of the Bank contacted municipal officials and housing and social service providers throughout the Assessment Area with emphasis on outreach efforts in the Cicero, Berwyn and North Riverside areas. As a result of the Bank's discussions with municipal leaders and organizations active in these communities, the Bank determined that the recent economic climate has had a highly negative impact on housing gains made over the last ten years.

The economic picture for the Assessment Area is slowly improving, with small gains in the Cook County employment rates seen in recent months. Although the Assessment Area is slowly climbing out of recession, Cook County continues to struggle with high rates of unemployment and high foreclosure although the number of foreclosures has experienced a decline in the last few years.

Local communities' determination that housing credit and home ownership support is needed in the Assessment Area served by the Bank is confirmed by State of Illinois and Cook County officials, who have joined with Assessment Area cities and towns to address the devastating foreclosure epidemic.

This Strategic Plan recognizes affordable housing credit and home ownership support is needed throughout the Assessment Area and is designed to address those needs.

### **RECENT MARKET CONDITIONS**

Due to increasing distressed sales, housing supply continues to increase and put downward pressure on sale prices. Price stability has a direct relationship to the number of distressed sales and the unemployment rate in a neighborhood. In the Assessment Area market, distressed sales have accounted for a large percentage of transactions. Residential remodeling activity, however, is expected to increase, providing opportunities in Home Equity lending.

### **PUBLIC PARTICIPATION AND COMMUNITY OUTREACH ACTIVITIES USED IN DEVELOPMENT OF THE STRATEGIC PLAN**

The Bank has invited community contacts to participate in the development of the Bank's Strategic Plan by providing insight into the local community and its needs, particularly with respect to:

- affordable housing;
- community services;
- economic development; and
- the revitalization or stabilization of low- to moderate-income areas within the Bank's Assessment Area.

The Bank also has solicited input from entities, organizations, government agencies and other community development groups by participating in various outreach activities within the targeted local communities. The Bank has used the information obtained through public participation and its own community outreach activities to assess the credit needs of the Assessment Area and to assist the Bank in the development of this Strategic Plan. The Bank has focused outreach activities on entities, organizations, and government agencies within the targeted communities of the Assessment Area that offer innovative, flexible programs designed to meet the housing, medical, and family support needs of low- and moderate-income families and individuals residing in the Assessment Area. The following represents a few of the Bank's local community outreach participation efforts:

- **OPERATION HOPE.** The Mission of Operation HOPE is to expand economic opportunity in underserved communities through economic education and empowerment. Operation HOPE improves the economic quality of life for individuals, families, and communities through programs that create stakeholders; converting check cashing customers into banking customers, renters into home owners, small business dreamers into small business owners, and minimum wage workers into living wage workers.

The Bank participates in the Banking on Our Future ("BOOF") Program which executes a global delivery system for financial education to youth ages 9-18 at no cost to school districts with a focus on low-wealth communities. Representatives of the Bank participate in this BOOF Program.

- **JUNIOR ACHIEVEMENT.** Junior Achievement is the world's largest organization dedicated to inspiring and preparing young people to succeed in a global economy. Representatives of the Bank participate in the Junior Achievement in an in school program where volunteers from the Bank present Junior Achievement curriculum to assist students who participate in the Junior Achievement program in understanding more about personal financing and budgeting.
- **NEIGHBORHOOD HOUSING SERVICES OF CHICAGO COMMUNITY BANKS PARTNERSHIP.** NHS Community Banks Partnership is a group of banking organizations committed to investing in neighborhood revitalization, affordable housing and community reinvestment. Valuable information on the

Chicago Area Housing Market was obtained from NHS and considered during development of this Strategic Plan.

- **THE CHILDREN’S CENTER OF CICERO AND BERWYN.** The Children’s Center of Cicero and Berwyn is a non-profit, registered charitable organization dedicated to providing high quality services and educational opportunities to low income families residing and working in Cicero, Berwyn and other bordering communities. The agency depends on grants, fundraising and donations. The Bank sees this organization as a potential opportunity to assist with economic stability in the community through grants and/or donation assistance.

The efforts undertaken prior to and as this Strategic Plan was being formulated have exposed the extent and scope of the housing credit support and economic redevelopment efforts that are currently required to renew residential home ownership opportunities in the Bank’s Assessment Area. Moreover, the Bank’s meetings with municipal and nonprofit leaders have revealed that need for assistance to children and families in crisis, access to health care, and housing safety and security concerns are present in the low- and moderate-income neighborhoods included in the Bank’s Assessment Area. The Bank’s Strategic Plan will seek to address these issues.

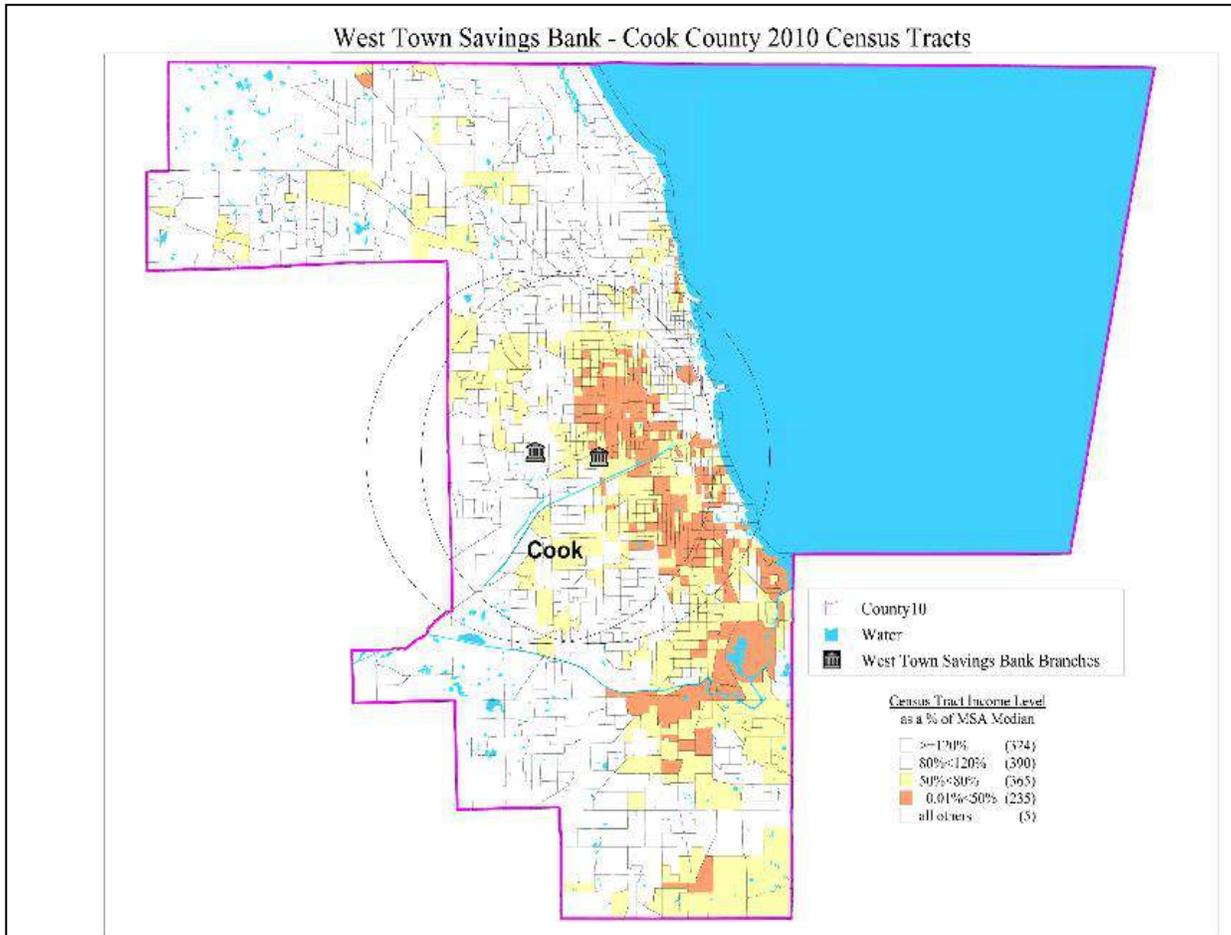
The Bank understands, however, that the credit and housing support needs of the Assessment Area will not remain static during the next five years, and changing economic conditions will present future opportunities for the Bank to meet the housing credit, community improvement and quality of life concerns of the low- and moderate-income communities of the Assessment Area. Although the Bank is limited by its relatively small size, the Bank’s community outreach activities are ongoing and will continue through the life of this Strategic Plan so the Bank may continue to identify investment, grant and service opportunities, in addition to the residential lending services it will provide, to enhance economic opportunities and quality of life improvement for low- and moderate-income residents of the Assessment Area.

## **OVERVIEW OF CHARACTERISTICS AND DEMOGRAPHICS OF THE COOK COUNTY ASSESSMENT AREA**

Data regarding the population, income levels and housing stock of the Bank’s Cook County Assessment Area is compiled and published by the United States Census Bureau. Information is organized in a variety of geographic formats, such as by state, MSA and county level, with the most detailed information provided in small, relatively permanent statistical subdivisions of each MSA known as *census tracts*. The U.S. Census Bureau also provides population and housing information in demographic groupings, such as age and race, and home ownership and rental categories. Because this Strategic Plan reflects the Bank’s commitment to fulfilling the housing credit needs of the Assessment Area served by the Bank, especially low- and moderate-income (“LMI”) individuals and households, statistical data disclosing economic information about the Assessment Area is of particular importance to the Bank’s efforts to identify areas in which target populations reside.

Population data released from the 2010 U.S. Census indicates that more than 9,461,000 individuals reside in the Chicago – Naperville – Joliet, Illinois MSA, which covers more than 7,200 square miles. Of these, approximately 5,195,000 live in Cook County, which covers more than 945 square miles (*PCI Corporation, Inc. Data Source: 2010 US Census*). A list of census tracts included in the Assessment Area is attached as Exhibit “1” to this Strategic Plan, and an overview of the Bank’s Assessment Area is presented below:

## DELINEATED ASSESSMENT AREA



As the overview of the Assessment Area census tracts indicates, significant differences in income levels are present within Cook County. The Assessment Area map is based on the weighted average median family income level for the Chicago – Naperville – Joliet, Illinois MSA that, for 2010, was estimated at \$72,329 (*PCI Corporation, Inc. Data Source: 2010 US Census*). For Cook County alone, for the period 2006-2010 (*PCI Corporation, Inc. Data Source: 2010 US Census*), the per capita median income was stated at \$29,335. Under the CRA, the census tracts are classified according to income codes defined as “upper-”, “middle-”, “moderate-” and “low-income”. Census tract classifications are important for evaluation of the Bank’s CRA performance because the purpose of the Act is to spur revitalization of low and moderate-income areas. In determining the income qualification for *low-income* (indicated in orange on the Assessment Area map), the CRA regulations define low-income as less than 50 percent of the area median family income, and *moderate-income* (indicated in yellow on the Assessment Area map) as income that is at least 50 percent but less than 80 percent of the area median family income. Data collected and compiled by the U.S. Census Bureau uses the same income qualification and terminology as that found in the CRA Regulations.

**Population of the Cook County Assessment Area**

The Bank’s Strategic Plan targets the LMI population residing in the Bank’s Assessment Area and is designed to promote housing related lending and home ownership support for these households. The income demographic information provided in the Assessment Area map is presented in a more detailed fashion, which will be used by the Bank in its outreach efforts, below:

**DEMOGRAPHIC DETAIL – ASSESSMENT AREA – COOK COUNTY**  
*(PCI Corporation, Inc. Data Source: 2010 US Census)*

Tract Categories	Census Tracts		Total Population	
	#	%	#	%
Low Income	233	17.68	670,588	12.90
Moderate Income	362	27.47	1,482,560	28.53
Middle Income	390	29.59	1,696,962	32.66
Upper Income	329	24.96	1,344,565	25.88
NA	4	0.30	0	0.00
Total	1,318	100.00	5,194,675	100.00

Based on the 2010 Census estimates, 2,153,148 individuals, or 41.45% of the population of the Assessment Area, consist of LMI individuals who reside in a total of 595 census tracts in the Assessment Area. Low-income census tracts represent almost 18% of the total Assessment Area, where more than 670,000 individuals reside. The Assessment Area’s 362 moderate-income census tracts comprise more than 27% of all Cook County census tracts, with nearly 1.5 million inhabitants representing ample lending and investment opportunity for both residential and small business support activities. Combined, LMI individuals represent the largest demographic group in the Assessment Area.

**FAMILIES AND HOUSEHOLDS IN THE COOK COUNTY ASSESSMENT AREA**

For statistical purposes, the U.S. Census Bureau collects and compiles data relevant to the Bank’s Strategic Plan based on *households* in a particular census tract. As used throughout this Strategic Plan, a household consists of all the people who occupy a *housing unit*, defined as a house, an apartment or other group of *householder* (defined as the person or persons in whose name the housing unit is owned or rented or, if there is no such person, any adult member) and all other people in the housing unit who are rooms, or a single room, when it is occupied or intended for occupancy as separate living quarters. Households may be comprised of people unrelated by birth, marriage, or adoption who reside together (including roommates and foster children), or be occupied by the members of a family who share a housing unit. A *family* includes an individual characterized as those related to the householder by birth, marriage, or adoption. The following details the number of households in the Assessment Area, as well as the number of households comprised of families.

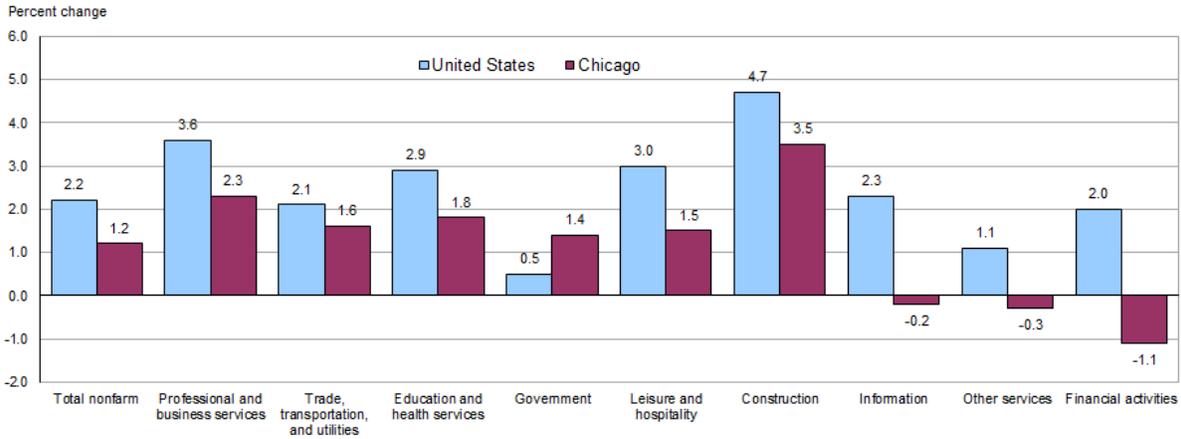
**HOUSEHOLDS AND FAMILIES – ASSESSMENT AREA – COOK COUNTY**

(PCI Corporation, Inc. Data Source: 2010 US Census)

Tract Categories	Census Tracts	Total Households		Households that are Families	
	#	#	%	#	%
Low Income	233	228,623	11.81	144,001	11.97
Moderate Income	362	505,174	26.09	332,030	27.59
Middle Income	390	651,162	33.62	410,034	34.07
Upper Income	329	551,522	28.48	317,356	26.37
NA	4	0	0	0	0
Total	1,318	1,936,481	100.00	1,203,421	100.00

According to the U.S. Bureau of Labor Statistics, total nonfarm employment in the Chicago-Naperville-Elgin, Ill.-Ind.-Wis. Metropolitan Statistical Area stood at 4,582,900 in May 2015, up 56,500 or 1.2 percent over the year, the U.S. Bureau of Labor Statistics reported today. During the same period, the national job counts increased 2.2 percent. Regional Commissioner Charlene Peiffer noted that the Chicago metropolitan area has had over-the-year employment increases each month since October 2010.

Chart 2. Total nonfarm and selected industry supersector employment, over-the-year percent change, United States and the Chicago metropolitan area, May 2015



Source: U.S. Bureau of Labor Statistics.

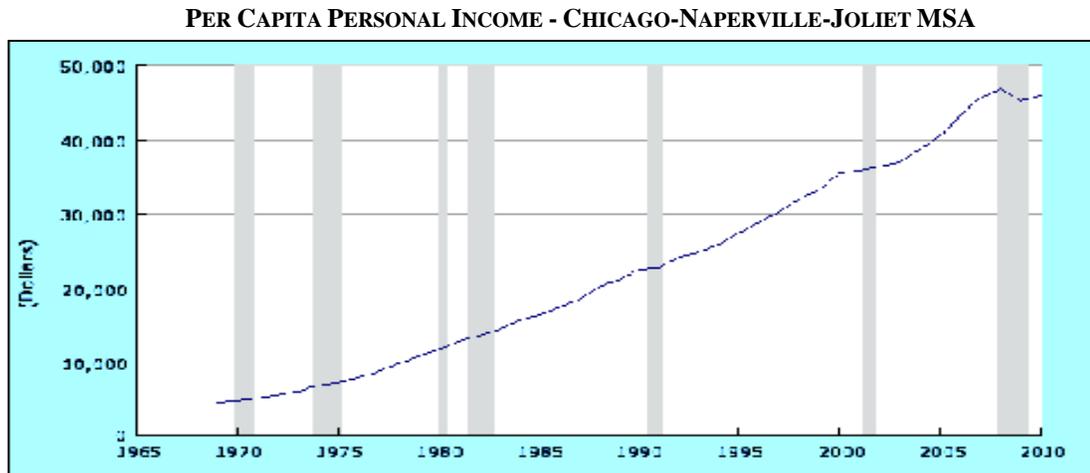
The national and Assessment Area climb out of recession has been both slow and tenuous, and continuing insecurity surrounding major economic variables, including oil and gasoline costs and resolution of Euro-zone debt issues, national political concerns and ISIS threats makes accurate prediction of both the momentum of the full economic recovery and the return to higher levels of employment uncertain.

**INCOME DEMOGRAPHICS OF THE COOK COUNTY ASSESSMENT AREA**

The Bureau of Labor statistics reported that as of 4<sup>th</sup> quarter of 2010, 2,379,799 workers in Cook County received an average weekly wage of \$1,157.00, including workers receiving

benefits under both State and Federal unemployment compensation programs (*Bureau of Labor Statistics*). The average national weekly wage during this time period was \$971.00

Total per capita personal income, as presented in the graph below, was noted at \$45,957 for individuals residing in the Chicago-Naperville-Joliet MSA as of January 1, 2010, recovering from the \$45,090 noted as of January 1, 2009, but still less than the January 1, 2008 high of \$46,769 noted immediately prior to the start of the most recent economic recession (*Federal Reserve Bank of St. Louis – Source: US Department of Commerce Bureau of Economic Analysis*).



**US Department of Commerce**  
*(Federal Reserve Bank of St. Louis – Source: US Department of Commerce Bureau of Economic Analysis. Gray bars represent recessionary periods.)*

Reflecting the continuing weakness in the Chicago-Naperville-Joliet MSA, the U.S. Department of Housing and Urban Development (“HUD”) estimates median family income for Cook County at \$76,000 for 2015. The HUD estimate differs, although not significantly, from the weighted average median family income level for the Chicago – Naperville – Joliet MSA that, for 2010, was estimated at \$72,329. Loan programs the Bank will offer within LMI census tracts of the Assessment Area will include (but will not be limited to) originating FHA Streamline and VA Interest Rate Reduction Refinance Loans which do not require income verification, but benefit LMI households and the families of veterans who have served the nation.

## **PITT COUNTY, NORTH CAROLINA**

### **ASCERTAINING THE HOUSING CREDIT NEEDS OF THE PITT COUNTY ASSESSMENT AREA**

In order to fulfill the Bank’s affirmative obligation to help meet the credit needs of the local communities in Pitt County, North Carolina to be served by the Bank, particularly in low- and moderate-income areas, representatives of the Bank contacted municipal officials and housing and social service providers throughout the Assessment Area with emphasis on outreach efforts in the Greenville, Belvoir, and Ayden, North Carolina areas. As a result of the Bank’s

discussions with municipal leaders and organizations active in these communities, the Bank determined that the economic picture for the Pitt County Assessment Area is slowly improving.

This Strategic Plan recognizes affordable housing credit and home ownership support is needed throughout the Pitt County Assessment Area and is designed to address those needs.

#### **RECENT ECONOMIC CONDITIONS IN PITT COUNTY**

According to the Pitt County Development Commission, Pitt County is well-diversified, including a major university and community technical college, a regional medical center, and a growing manufacturing sector, which complements the regions traditional agricultural base. Per capita personal income for Pitt County was \$32,758 in 2010 and was \$35,743 in 2012, a 9% increase. Estimated median family income for 2013 is \$57,600 for the Greenville, NC MSA. From 2010 to 2012 the civilian labor force in Pitt County expanded by 5.7%. Within the same period, employment increased by 7% or 5,336 person. As of September 2016 Pitt County unemployment rate was 5.1%. Pitt County's population grew from 133,719 in 2000 to 168,148 in 2010, an increase of 25.7%. The U.S Census Bureau estimates the population as of July 2015 to be 175,842, an increase of 4.4%.

#### **PUBLIC PARTICIPATION AND COMMUNITY OUTREACH ACTIVITIES USED IN DEVELOPMENT OF THE STRATEGIC PLAN FOR PITT COUNTY**

The Bank has invited community contacts to participate in the development of the Bank's Strategic Plan by providing insight into the local community and its needs, particularly with respect to:

- affordable housing;
- community services;
- economic development;
- the revitalization or stabilization of low- to moderate-income areas within the Bank's Pitt County Assessment Area; and
- actively soliciting loans for a small business owned and operated by low to moderate income borrowers or located in low to moderate income census tracts.

The Bank also has solicited input from entities, organizations, government agencies and other community development groups. The Bank has used the information obtained through public participation and its own community outreach activities to assess the credit needs of the Pitt County Assessment Area as to residential lending and small business loans. The Bank has focused outreach activities on entities, organizations, and government agencies within the targeted communities of the Assessment Area that offer innovative, flexible programs designed to meet the housing, medical, and family support needs of low- and moderate-income families and individuals residing in the Assessment Area. The Bank will work with the NC Assets Alliance, the lead agency for North Carolina Assets and Opportunity Network in implementing this Strategic Plan. The following represents a few of the Bank's local community outreach participation efforts:

1. **City of Greenville “Affordable Housing Loan Committee”.** To approve loans for the first time homebuyer down payment assistance, home mortgages, and elderly homeowner rehab loans; to make recommendations to City Council regarding the purchase of land to be used for affordable housing developments, creation and set up of loan pool mortgage agreements with other financial institutions and making changes in funding allocations by funding category. Opportunity: to become a member of the committee serving a three-year term.

2. **Greenville Housing Authority.** Promotes the development of affordable housing opportunities, self-sufficiency activities for residents and quality housing for low to moderate income families. Opportunity: To assist in offering one on one or group counseling on home purchase, credit repair, financial literacy and other topics that help meet the goal of home acquisition.

3. **Boys & Girls Club of Pitt County.** Mission Statement whose mission is “to enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens. 67% of their kids receive free or reduced lunches, 58% come from families whose total family income is less than \$25,000 and 54% come from single parent homes. Opportunity: To assist with volunteer efforts, possible board positions and opportunities to give monetarily to the financial needs of the Club.

4. **Little Willie Center.** Organized in 1990 as a grass roots effort to address the needs of Latchkey Kids. The center provides a safe alternative to being at home alone. Located in the heart of West Greenville, a predominantly low to moderate income area of Greenville. The mission is to empower youth, rebuild the community and reestablish the family structure. Opportunity: To provide volunteer opportunities and financial assistance through donations.

5. **Greenville Museum of Art- Through the Museum of Art “Art Outreach” Program.** The museum serves approximately 120 low income youth thru the Gorham Intergenerational Community Center, The Little Willie Center, Operation Sunshine and the Boys & Girls Club. They also serve low income elderly throughout Pitt County through the Council on Aging. Opportunity: Donations which will go to aid the youth and elderly programs for the low to moderate income.

6. **STRIVE – STRIVE** is a program of L.I.F.E. of North Carolina, Inc. (Lifestyle Innovations For Empowerment). STRIVE’s mission is to help men and women achieve financial independence, to assist others in adopting the STRIVE model, and to encourage effective employment policies and practices nationwide. STRIVE is a nationally recognized workforce initiative committed to individual and community empowerment through employment. STRIVE believes every individual deserves an opportunity to lead a fulfilling life and that the key to achieving this is gainful employment and career advancement.

The efforts undertaken prior to and as this Strategic Plan was being formulated have exposed the extent and scope of the housing credit support and economic redevelopment efforts that are currently required to renew residential home ownership opportunities in the Bank’s Assessment Area. Moreover, the Bank’s meetings with municipal and nonprofit leaders have

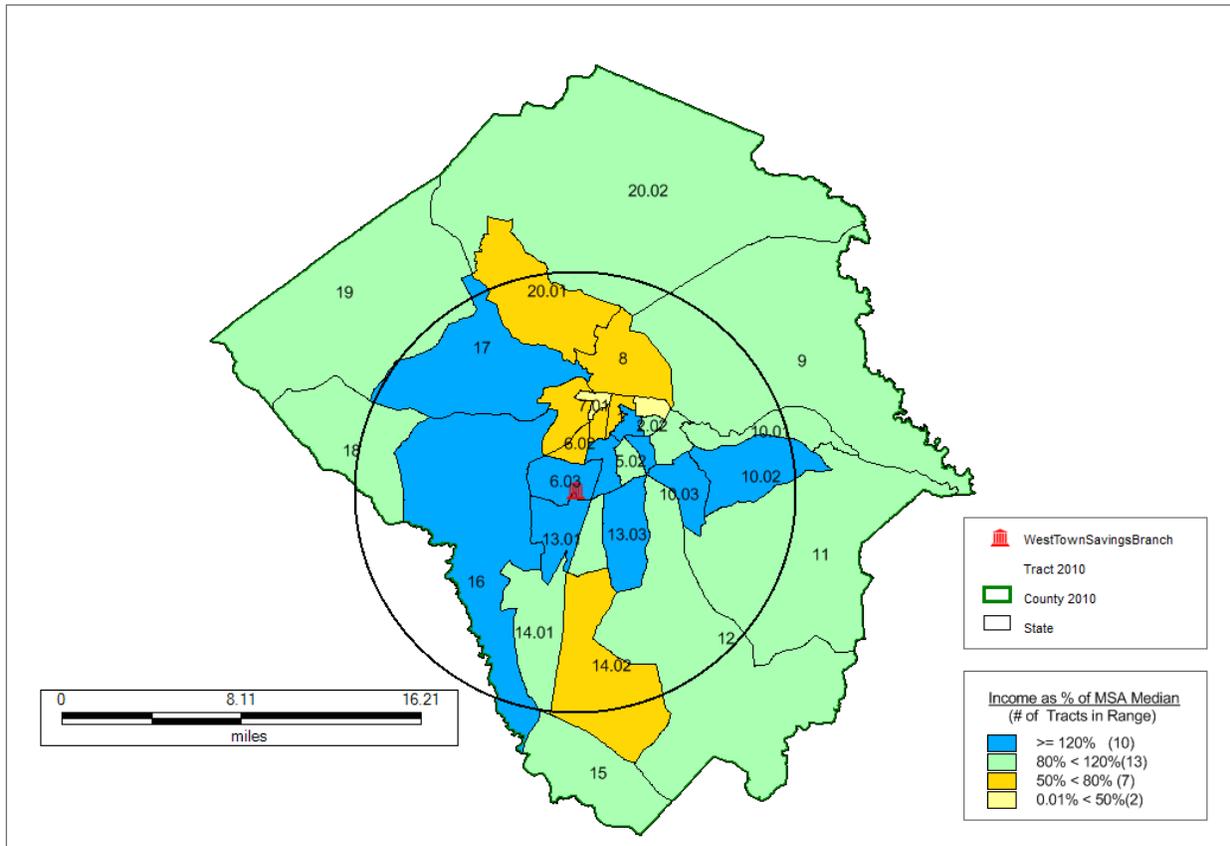
revealed that need for assistance to children and families in crisis, access to health care, and housing safety and security concerns are present in the low- and moderate-income neighborhoods included in the Bank’s Pitt County Assessment Area. The Bank’s Strategic Plan will seek to address these issues.

**OVERVIEW OF CHARACTERISTICS AND DEMOGRAPHICS OF THE PITT COUNTY ASSESSMENT AREA**

Data regarding the population, income levels and housing stock of the Bank’s Pitt County Assessment Area is compiled and published by the United States Census Bureau. Because this Strategic Plan reflects the Bank’s commitment to fulfilling the housing credit needs of the Pitt County Assessment Area (MSA 24780) to be served by the Bank, especially low- and moderate-income (“LMI”) individuals and households, statistical data disclosing economic information about the Assessment Area is of particular importance to the Bank’s efforts to identify areas in which target populations reside.

Population data released from the 2010 U.S. Census indicates that 168,148 individuals reside in the Pitt County MSA 24780, which covers 652 square miles. A list of the 32 census tracts included in the Pitt County Assessment Area is attached as Exhibit “2” to this Strategic Plan, and an overview of the Bank’s Pitt County Assessment Area is presented below (Map 2):

West Town Savings Pitt County, NC 2014 Assessment Area Map



As the overview of the Assessment Area census tracts indicates, significant differences in income levels are present within Pitt County. Of the 32 census tracts located in Pitt County, two are low income level, seven are moderate income level, thirteen are middle income level and ten are upper income level.

#### **POPULATION OF THE ASSESSMENT AREA**

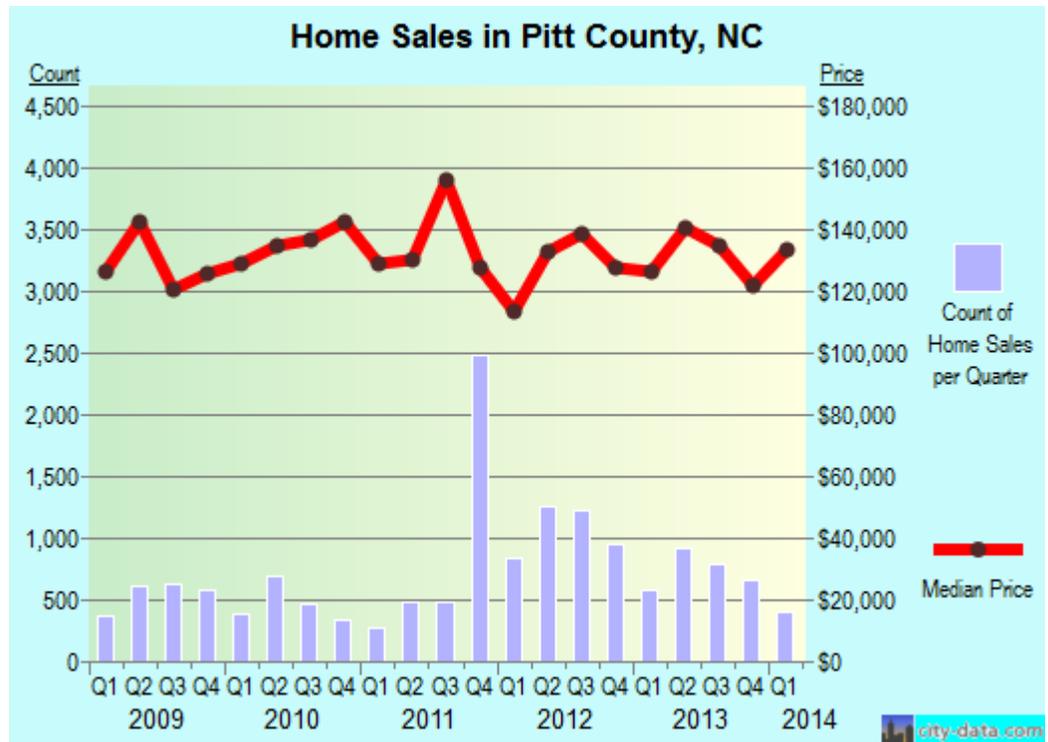
The Bank's Strategic Plan targets the LMI population residing in the Pitt County Assessment Area and is designed to promote housing related lending and home ownership support for these households. According to the 2010 US Census, Pitt County had 64,005 total households. Of those, 18,338 (28.65%) were Low Income households; 8,264 (12.91%) were Moderate Income households; 10,369 (16.20%) were Middle Income households; and 27,034 (42.24%) were Upper Income households.

#### **INCOME DEMOGRAPHICS OF THE PITT COUNTY ASSESSMENT AREA**

Median household income for Pitt County as of 2014 was \$42,011 according to the U.S Census Bureau. Per capita income as of 2014 is \$23,439. Pitt County's unemployment rate was 5.5% as of April 2015.

#### **HOUSING DEMOGRAPHICS OF THE ASSESSMENT AREA**

The collapse of the housing market, in terms of both value and demand, has been a hallmark of the current economic cycle. The unsustainable rise in the price of real estate propelled by speculative activities and fueled by lax lending standards has resulted in what can be characterized as a free-fall in the value of residential housing in many parts of the nation. The following Chart (Pitt County Development Commission) reflects that home sales in Pitt County at the first quarter of 2014 are very comparable to home sale in the first quarter of 2009 and indicated return to stabilization in home sales.



According to data from the Pitt County Development Commission in 2013 there were 75,934 housing units including single-family attached condos and rental units. Pitt County Development Commission also reports that at 2010 there was 27,068 owner occupied housing units with a mortgage consistent with both single-family detached condos and townhomes. In the same period there were 9,836 single-family residences and condos that had no mortgages and 30,673 renters occupied housing units. The median value of owner occupied housing units in the period 2008 to 2012 in Pitt County was \$133,800 compared to \$153,600 for the State of North Carolina. Homeownership rate for the period 2008 to 2012 for Pitt County was 55.1% compared to 67.1% for the State of North Carolina.

### CHOWAN COUNTY, NORTH CAROLINA

#### ASCERTAINING THE HOUSING CREDIT NEEDS OF THE CHOWAN COUNTY ASSESSMENT AREA

In order to fulfill the Bank’s affirmative obligation to help meet the credit needs of the local communities in Chowan County, North Carolina to be served by the Bank, representatives of the Bank contacted municipal officials and housing and social service providers throughout the Assessment Area. Chowan County is a relatively small county primarily rural located in North Carolina. From the U.S. Census Bureau its population in 2010 was 14,793 individuals while the entire State of North Carolina reflecting a population of 9,535,691. Since April 1, 2010 through July 1, 2014 the population of Chowan County decreased -1.5% while the population of North Carolina generally increased 4.3%. Chowan County consists of 3 U.S. census tracts with one being upper income and the other two being middle income. It is important to note that because of the small geographic area and population of Chowan County

CRA opportunities under the Service, Investment and Loan Test will be necessarily severely limited. A listing of those census tracts is appended as Exhibit 3.

The Bank is fortunate to have one of its Board Members, Jimmy Stallings as the Mayor Pro Tem of the town of Edenton, North Carolina. In addition to his other duties he also serves as Edenton Town Council liaison to the New Edenton Housing Authority.

#### **RECENT ECONOMIC CONDITIONS IN CHOWAN COUNTY**

According to the ACCESS NC published by the North Carolina Department of Commerce, Chowan County is by population 32.4% urban and 67.6% rural with the median age being 46. Per capita personal income for Chowan County was \$19,928 in 2014 and is projected to be \$21,304 in 2019. Estimated median family income for 2013 is \$43,512 for the Chowan County. As of April 2015 Chowan County's unemployment rate was 6.6% compared to 5.5% for the state of North Carolina. It is estimated that the population will increase to 15,004 or a small growth rate of 0.1%.

#### **PUBLIC PARTICIPATION AND COMMUNITY OUTREACH ACTIVITIES USED IN DEVELOPMENT OF THE STRATEGIC PLAN FOR CHOWAN COUNTY**

The Bank has invited community contacts to participate in the development of the Bank's Revised Strategic Plan by providing insight into the local community and its needs, particularly with respect to:

- affordable housing;
- community services;
- economic development; and
- actively seeking loans for small businesses

The Bank also has solicited input from entities, organizations, government agencies and other community development groups. The Bank has used the information obtained through public participation and its own community outreach activities to assess the credit needs of the Chowan County Assessment Area. The Bank has focused outreach activities on entities, organizations, and government agencies within the targeted communities of the Chowan County Assessment Area that offer innovative, flexible programs designed to meet the housing, medical, and family support needs of individuals residing in the Assessment Area.

Representatives of the Bank recently spoke with Deborah Davis at the New Edenton Housing Authority regarding the Bank's CRA Strategic Plan. The Bank was informed during those conversations that there were no affordable housing units in Edenton, North Carolina. The Bank will continue to work with the New Edenton Housing Authority. In addition, the Bank has talked to various realtors and other community groups regarding the Bank's Strategic Plan.

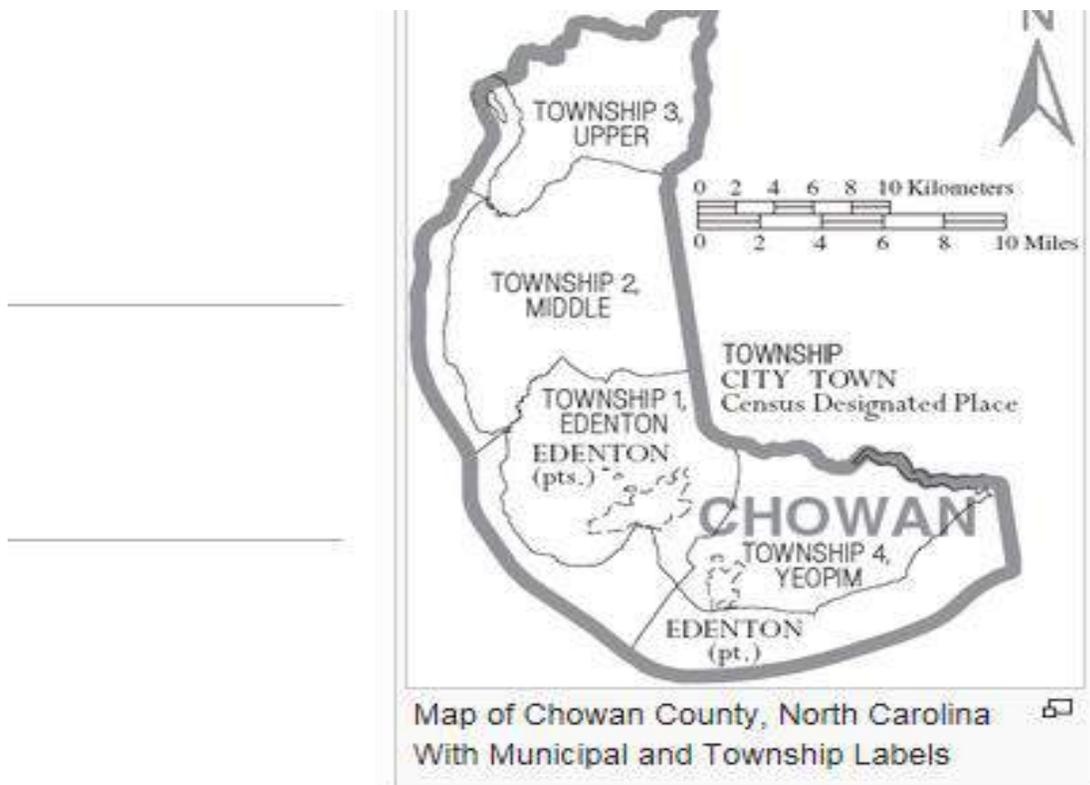
The efforts undertaken prior to and as this Strategic Plan was being formulated have exposed the extent and scope of the housing credit support and economic redevelopment efforts that are currently required for residential home ownership and small business loan opportunities in the Bank's Assessment Area. The Bank will work with the NC Assets Alliance, the lead

agency for North Carolina Assets and Opportunity Network in implementing this Strategic Plan. The Bank’s Strategic Plan will seek to address these issues.

**OVERVIEW OF CHARACTERISTICS AND DEMOGRAPHICS OF THE CHOWAN COUNTY ASSESSMENT AREA**

Data regarding the population, income levels and housing stock of the Bank’s Chowan County Assessment Area is compiled and published by the United States Census Bureau. Because this Strategic Plan reflects the Bank’s commitment to fulfilling the housing credit needs of the Chowan County Assessment Area which has no Metropolitan or Metropolitan Statistical Area designated to be served by the Bank, especially low- and moderate-income (“LMI”) individuals and households, statistical data disclosing economic information about the Assessment Area is of particular importance to the Bank’s efforts to identify areas in which target populations reside.

Population data released from the 2010 U.S. Census indicates that 14,793 individuals reside in the Chowan County North Carolina, which covers 172.47 square miles. A list of the 3 census tracts included in the Chowan County Assessment Area is attached as Exhibit “3” to this Strategic Plan, and an overview of the Bank’s Chowan County Assessment Area is presented below (Map 3):



As the overview of the Assessment Area census tracts indicates, significant differences in income levels are present within Chowan County. Under the CRA, the census tracts are classified according to income codes defined as “upper-”, “middle-”, “moderate-” and “low-income”. Census tract classifications are important for evaluation of the Bank’s CRA performance because the purpose of the Act is to spur revitalization of low and moderate-income areas. Of the 3 census tracts located in Chowan County, two are middle income level, and one is upper income level. There are no moderate or low income level census tracts.

**POPULATION OF THE ASSESSMENT AREA**

The Bank’s Revised Strategic Plan targets the population residing in the Chowan County Assessment Area and is designed to promote housing relating lending and home ownership support for these households. The following Chart from the FFIEC shows the summary census demographic information for Chowan County, North Carolina and sets forth the population by income level and will be used by the Bank in its outreach efforts:

**2015 FFIEC Census Report - Summary Census Demographic Information**

State: 37 - NORTH CAROLINA (NC)

County: 041 - CHOWAN COUNTY

Tract Code	Tract Income Level	Distressed or Under-served Tract	Tract Median Family Income %	2015 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	2015 Est. Tract Median Family Income	2010 Tract Median Family Income	Tract Population	Tract Minority %	Minority Population	Owner Occupied Units	1- to 4-Family Units
9301.01	Middle	Yes*	96.88	\$50,000	\$48,440	\$45,307	5424	55.60	3016	1224	2570
9301.02	Upper	No	132.23	\$50,000	\$66,115	\$61,840	2335	26.72	624	680	1043
9302.00	Middle	Yes*	96.22	\$50,000	\$48,110	\$45,000	7034	30.04	2113	2135	3345
<b>* Will automatically be included in the 2016 Distressed or Underserved Tract List</b>											

The Chowan County QuickFax from the US Census Bureau notes that for the period 2009 to 2013 there were 5,904 households with persons per household being 2.42. The median household income for the same period of 2009 to 2013 was \$34,420.

**2015 FFIEC Census Report - Summary Census Population Information**

**State:** 37 - NORTH CAROLINA (NC)

**County:** 041 - CHOWAN COUNTY

Tract Code	Tract Population	Tract Minority %	Number of Families	# of Households	Non-Hisp White Population	Tract Minority Population	American Indian Population	Asian/Hawaiian/Pacific Islander Population	Black Population	Hispanic Population	Other Population/ Two or More Races
9301.01	5424	55.60	1371	2512	2408	3016	7	32	2752	172	53
9301.02	2335	26.72	601	844	1711	624	4	2	554	48	16
9302.00	7034	30.04	1870	2548	4921	2113	27	19	1748	247	72

**INCOME DEMOGRAPHICS OF THE CHOWAN COUNTY ASSESSMENT AREA**

The average national weekly wage for all salaried and hourly employees in Chowan County for the 4<sup>th</sup> Quarter of 2014 was \$705.00 which consisted of 4,597 individuals. Of the 4,597 employees, 3,735 were private industry at a weekly wage of \$718.00 and 862 were government employees with an average weekly wage of \$649.00

The estimated median household income was \$43,512 in 2013. The following chart details Income Levels.

**2015 FFIEC Census Report - Summary Census Income Information**

**State:** 37 - NORTH CAROLINA (NC)

**County:** 041 - CHOWAN COUNTY

Tract Code	Tract Income Level	2010 MSA/MD Statewide non-MSA/MD Median Family Income	2015 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	% Below Poverty Line	Tract Median Family Income %	2010 Tract Median Family Income	2015 Est. Tract Median Family Income	2010 Tract Median Household Income
9301.01	Middle	\$46,764	\$50,000	22.63	96.88	\$45,307	\$48,440	\$27,317
9301.02	Upper	\$46,764	\$50,000	11.96	132.23	\$61,840	\$66,115	\$42,500
9302.00	Middle	\$46,764	\$50,000	15.01	96.22	\$45,000	\$48,110	\$38,986

**HOUSING DEMOGRAPHICS OF THE ASSESSMENT AREA**

According to data from the ACCESS NC from the North Carolina Department of Census in 2013 there were 7,193 housing units including single-family attached condos and rental units. The report also indicates that in 2013 there was 3,988 owner occupied housing units. The median value of owner occupied housing units in the period 2013 Chowan County was \$129,100 compared to \$153,600 for the State of North Carolina. Homeownership rate for the period 2013 for Chowan County was 66.4% compared to 67.1% for the State of North Carolina. The following chart demonstrates Housing Units in Chowan County.

## 2015 FFIEC Census Report - Summary Census Housing Information

State: 37 - NORTH CAROLINA (NC)

County: 041 - CHOWAN COUNTY

Tract Code	Total Housing Units	1- to 4-Family Units	Median House Age (Years)	Inside Principal City?	Owner Occupied Units	Vacant Units	Owner Occupied 1- to 4- Family Units	Renter Occupied Units
9301.01	2792	2570	47	No	1224	280	1173	1288
9301.02	1056	1043	30	No	680	212	680	164
9302.00	3345	3345	31	No	2135	797	2135	413

### IV. WEST TOWN BANK & TRUST'S STRATEGIC PLAN

Many public and private programs have sought to reduce barriers to home ownership for American families and individuals. Would-be home owners can be prevented from buying a home for a variety of reasons, such as lack of cash or other financial assets for the down payment and closing costs, poor credit history, insufficient income to make the mortgage payments, and other debt payments that reduce the amount of income available for the mortgage payment. The Bank believes the most effective way to increase home ownership opportunities in the Bank's Assessment Area is to provide loans that require a lower down payment for home purchase and to assist, where possible, in securing down payment assistance to home buyers. Other ways in which the Bank can assist potential homebuyers include financial literacy programs, home-purchase education and counseling services, encouragement of community development activities, and participation in community support service activities.

In addition to home ownership, the Bank also believes in the importance of small businesses to the economic growth of its assessment areas. Small businesses are the backbone of our economy and make up a sizeable portion of the commercial business environment in the Bank's assessment areas. The success of small businesses is vital to the stabilization and growth of our neighborhoods, particularly low- and moderate-income neighborhoods. The Bank can promote economic development by financing businesses that stabilize neighborhoods, including those small businesses that meet the eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or that have gross annual revenues of \$1 million or less. The Bank will continue to utilize its commercial loan authorities and Small Business Administration loan programs to facilitate and / or join in larger community development credit facilities benefiting LMI individuals in the Assessment Area if opportunities should arise during the term of this Strategic Plan. The CRA regulations require small banks like West Town to set forth their Strategic Plan utilizing measurable criteria so that performance can be measured in the areas of lending activities, community investments and grants, and community support service achievement over the stated life of the Strategic Plan. The Bank has designed its Strategic Plan for a five-year period and has established standards for Satisfactory performance for each year of the Plan. The Bank's Board of Directors has set a goal of meeting or exceeding the Satisfactory performance goals outlined in this Strategic Plan for the five years covered by the Plan. The Board believes that in meeting the goals set forth in this Plan, it will contribute to meet the credit needs and quality of life of the communities within its Assessment Areas in a meaningful way.

The CRA regulation requires a bank formulating a Strategic Plan to establish measurable goals for evaluating its performance in meeting the CRA needs of the bank's assessment areas, including the needs of low and moderate income areas and based on borrower profile through lending, community development investments and grants and community development services. The Bank has developed a scoring system, which will be explained in greater detail later in this Plan, to rate its achievement of goals in meeting the CRA needs of the Bank's assessment areas during the term of this Strategic Plan.

## LENDING GOALS AND MEASUREMENT STANDARDS

The Bank has established the following seven goals for each of its three assessment areas for consideration in assessing its performance under this Strategic Plan:

1. Purchase and origination of home mortgages in low income tracts;
2. Purchase and origination of home mortgages in moderate-income tracts;
3. Purchase and origination of small business loans in low-income tracts;
4. Purchase and origination of small business loans in moderate-income tracts;
5. Purchase and origination of home mortgages to low-income borrowers;
6. Purchase and origination of home mortgages to moderate-income borrowers;
7. Purchase and origination of small business loans to businesses with gross annual revenue of \$1 million or below.

*Note: Goals #1 through #4 will not apply to the Chowan County, NC Assessment Area, as that Area does not contain any low- or moderate-income census tracts.*

Under the Bank's scoring system, specific achievements in each CRA criteria translate into a numeric score for that criteria. The Bank may earn points in each of the above lending goals based upon its achievements in each category. In developing the scoring system for evaluating the Bank's CRA lending performance, the Bank has analyzed its own historic lending activities from 2011 through 2015. In addition, the Bank has analyzed the lending activities of 12 other banks in its Cook County Assessment Area, 4 other banks in its Pitt County Assessment Area and 4 other banks in its Chowan County Assessment Area which are similarly situated to West Town Bank & Trust in size (assets), number of in market branches and number of employees. The Bank has reviewed such lending activities both with respect to the geographic distribution of lending activity within each Assessment Area and with respect to borrower profile. In developing its Strategic Plan, the Bank has developed lending goals for each of the seven lending categories listed above. Under the Strategic Plan and the scoring system set forth below, the Bank will successfully meet its CRA lending goals by either originating or purchasing loans meeting one or more of the seven outlined goals in each of its assessment areas. The Bank will receive credit toward its CRA lending goals for loans originated by the Bank even if such loans are subsequently sold after their origination but will require a "hold period" for purchased loans to receive credit as described in more detail later in this plan. The Bank, its Board and Management are dedicated to enhancing its CRA lending and are of the opinion that the purchase or origination of loans to small businesses, LMI borrowers or loans made in LMI Census Tracts and the subsequent sale of those loans can be viewed favorably from a safety soundness basis. The maintenance of sound interest rate risk management and liquidity practices in effect

increases the amount of funding available to such CRA loans and borrowers and insures ongoing access to funding not only to the Bank, but to the other financial institutions who sell the loans to the Bank. Without a fluid secondary market to sell loans, particularly loans with fixed rate terms of five (5) years or more lending of this nature would cease to exist due to the risk to capital based on elevated interest rate risk and liquidity risk. In general, the opposite is true that by having a fluid secondary market, lenders can effectively manage their interest rate risk position in either a rising rate or falling rate environment as well as manage liquidity needs without tying up valuable funding in long maturity loans such as a thirty (30) year fixed rate mortgage. Being a small community bank loan repricing duration is a critical part of interest rate risk management and is paramount to preserve capital in any rate environment and with a limited balance sheet the Bank is restricted on the amount it can fund and hold with repricing terms of five (5) years or more. Quasi government agencies such as Freddie Mac and Fannie Mae were developed specifically to take the risk of longer-term fixed rate products off of Banks' balance sheet and develop a strong secondary market to facilitate the sale of such products.

Accordingly, it is the Bank's philosophy, in most cases, to sell loans shortly after their origination but with particular emphasis on selling of loans with repricing terms of five (5) years or more. The CRA Act was enacted by Congress in 1977 with the intention of encouraging depository institutions to help meet the credit needs of surrounding communities (particularly low and moderate income neighborhoods). Access to credit is the basis and focus of the act. A Bank can only originate, purchase or acquire assets to the extent that its capital can support while maintaining safe and sound financial and credit practices.

In the spirit of regulatory cooperation, the Bank will commit to holding loans and investments purchased for a period of 6 months to qualify for credit for either lending or "outstanding" investment goals in the plan. In an effort to define the hold period for loans; the Bank may purchase a loan in the latter part of a plan year (i.e. October) that would not have the opportunity to season on the Bank's balance sheet for six months but the Bank will get credit for this loan as if it had been held for six months in the year it was purchased. As way of example if the Bank purchases a qualified CRA loan in October of 2017 and sells it in April of 2018 it would receive credit towards the 2017 lending goal. If the loan is sold before April of 2018 it would not receive any credit. The hold period for an investment is defined in the investment goal section of this plan below.

In analyzing the Bank's required lending activities under this Strategic Plan, the Bank has analyzed the available lending data of other similarly situated banks in its assessment areas. The Bank believes that this peer group accurately reflects the CRA activities of comparable institutions within the Bank's areas of operation.

See Exhibit "4" and "5" hereto for a Summary of Bank Peer Group Institutions for all 3 assessment areas with regard to lending and investment activities. See Exhibit "6" hereto for a Summary of the Bank's historical performance:

## V. SCORING FOR THE BANK'S LENDING, INVESTMENT AND SERVICE GOALS

The following color coded table shows the range of possible points the Bank can earn, and the points necessary to achieve Satisfactory and Outstanding scores: This table applies to all CRA goals set forth below (also see Exhibit "13").

Scale	Min	Max
Outstanding	9	11
Satisfactory	6	8
Needs to Improve	3	5
Substantial Noncompliance	0	2

### LENDING GOALS FOR COOK COUNTY ASSESSMENT AREA

The Bank's lending goals for its Cook County Assessment Area are shown below but defined as a percentage of banks assets as measured by the immediately preceding year-end asset size of the bank (also see Exhibit "8"):

Cook County AA Lending Goals - Exhibit 8									
<b>Residential Lending Goals</b>									
	Percentage of Assets								
Points	1	3	6	7	8	9	10	11	
P&O of home mortgages in low-income tracts	0.10%	0.20%	0.27%	0.52%	0.81%	1.10%	1.38%	1.67%	
P&O of home mortgages in Moderate-income tracts	0.35%	0.70%	0.94%	1.06%	1.18%	1.31%	1.43%	1.56%	
P&O of home loans to low-income borrowers	0.05%	0.10%	0.14%	0.18%	0.22%	0.27%	0.31%	0.36%	
P&O of home loans to Moderate-income borrowers	0.13%	0.26%	0.35%	0.45%	0.55%	0.64%	0.74%	0.84%	
	Percentage of Assets			Percentage of AA Loans HMDA Reported					
	Peer	Peer Well	West Town	Peer	Peer Well	West Town			
	Average	Above Average	Bank & Trust	Average	Above Average	Bank & Trust			
Low-income tracts	0.52%	1.10%	0.15%	10.45%	36.37%	1.53%			
Moderate-income tracts	1.06%	1.31%	0.34%	21.81%	51.59%	3.37%			
Low-income borrowers	0.13%	0.27%	0.23%	1.99%	3.10%	2.30%			
Moderate-income borrowers	0.45%	0.64%	0.12%	8.28%	16.67%	1.20%			
	<b>Small Business Lending Goals</b>								
	Percentage of Assets								
Points	1	3	6	7	8	9	10	11	
P&O Small Bus Loans Low-income tracts	0.04%	0.08%	0.10%	0.12%	0.14%	0.17%	0.20%	0.22%	
P&O Small Bus Loans Moderate-income tracts	0.23%	0.45%	0.60%	0.65%	0.80%	0.94%	1.07%	1.21%	
P&O Loans to Small Business <\$1mm Annual Revenue	0.20%	0.40%	0.46%	0.50%	0.55%	0.61%	0.67%	0.73%	
	Percentage of Assets								
	Peer	Peer Well	West Town						
	Average	Above Average	Bank & Trust						
Low-income tracts	0.12%	0.17%	0.00%						
Moderate-income tracts	0.60%	0.94%	0.00%						
Loans to Small Business <\$1mm Annual Revenue	0.46%	0.61%	0.68%						

The Bank will receive a score for its lending activity in each of the seven categories shown above in each of its Assessment Areas. For example, in order to achieve a “Satisfactory” score for Purchase and Origination of home mortgages in low-income tracts in the Cook County assessment area, the Bank would have to purchase or originate at least 0.27% of its total assets in a low-income tract in order to earn 6 points, the minimum score for a “Satisfactory” score (green highlighted scores). To achieve an “Outstanding” score (blue highlighted scores) in this category, the Bank would need to purchase or originate at least 1.10% of total assets in a low-income tract. The Bank arrived at its mean Satisfactory percentage by considering the “Peer Average” for lending in each category and then analyzing in-market resources (branches and employees) as compared to peers, its own historical performance and guidance on levels that may be acceptable for a Strategic Plan. The Bank believes these goals to be very aggressive but will dedicate resources as required to meet these goals. The Bank arrived at its minimum “Outstanding” percentage by taking the “Peer Well Above Average” in each category. “Peer Well Above Average” is defined as one standard deviation above average as noted in the “Peer Analysis”. So in this example, the 1.10% needed for an “Outstanding” score is one standard deviation above 0.52%, which is average among our peers for this category. In the Bank’s previous CRA Strategic Plan, it could achieve a Satisfactory score under the Lending Test by originating or purchasing residential CRA eligible loans in the amount of 1.0% of its total year-end assets. In this Strategic Plan for the Bank to score satisfactory it could represent an increase of nearly 50% in its CRA residential lending goals.

For Small Business Lending goals in its Cook County Assessment Area in order to achieve a “Satisfactory” score for Purchase and Origination of Small Business Loans in Low-income tracts, the Bank would have to purchase or originate 0.10% of total assets in a Low-income tract. To achieve an “Outstanding” score in this category, the Bank would have to purchase or originate 0.17% of total assets in Low-income tracts. Again, the Bank believes these goals to be very aggressive but will dedicate the required resources to meet its goals and the scoring system is identical to the residential lending goals with a score of “6” to “8” representing a satisfactory score and a score of “9” to “11” representing an outstanding score.



## LENDING GOALS FOR CHOWAN COUNTY

The Bank’s lending goals for its Chowan County Assessment Area are shown below (also see Exhibit “8”):

Chowan County AA Lending Goals - Exhibit 8								
Residential Lending Goals								
Percentage of Assets	1	3	6	7	8	9	10	11
Points								
P&O of home mortgages in low-income tracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&O of home mortgages in Moderate-income tracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&O of home loans to low-income borrowers	0.01%	0.02%	0.05%	0.06%	0.07%	0.08%	0.09%	0.10%
P&O of home loans to Moderate-income borrowers	0.01%	0.03%	0.06%	0.07%	0.08%	0.09%	0.10%	0.11%
Percentage of Assets								
	Peer	Peer Well	West Town	Percentage of AA Loans HMDA Reported				
	Average	Above Average	Bank & Trust	Peer	Peer Well	West Town		
Low-income tracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Moderate-income tracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Low-income borrowers	0.006%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	
Moderate-income borrowers	0.056%	0.08%	0.00%	10.08%	18.31%	0.00%		
Small Business Lending Goals								
Percentage of Assets	1	3	6	7	8	9	10	11
Points								
P&O Small Bus Loans Low-income tracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&O Small Bus Loans Moderate-income tracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
P&O Loans to Small Business <\$1mm Annual Revenue	0.010%	0.020%	0.030%	0.040%	0.050%	0.060%	0.070%	0.080%
Percentage of Assets								
	Peer	Peer Well	West Town					
	Average	Above Average	Bank & Trust					
Low-income tracts	0.000%	0.00%	0.00%					
Moderate-income tracts	0.000%	0.00%	0.00%					
Loans to Small Business <\$1mm Annual Revenue	0.000%	0.00%	0.00%					

*Note: Goals #1 through #4 will not apply to the Chowan County, NC Assessment Area, as that Area does not contain any low- or moderate-income census tracts.*

For Small Business lending in the Chowan County Assessment Area, in order to achieve a “Satisfactory” score for Purchase and Origination of Small Business loans to Small Businesses with annual revenues of \$1 million or less, the Bank would have to purchase or originate 0.03% of total assets to businesses in that revenue category. In order to achieve an “Outstanding” score for Purchase and Origination of Small Businesses in that revenue category, the Bank would have to purchase or originate 0.06% of total assets to businesses in that revenue category.

Within each table of the Lending Goals for all 3 Assessment Areas, the Bank has included its Peer Group average and Peer Group Well Above Average percentages of total assets for each of the 7 lending categories listed. Also shown is West Town’s historical performance over the 5-year period of 2011-2015 in each lending category. Although the Bank has been operating under a FDIC approved CRA Strategic Plan for the period of October 18, 2012 through October 17, 2015, it is evident that the Bank has generally been performing below the level of its peers, particularly in the lending categories. The Bank’s goals set forth in this Strategic Plan represent a significant increase in percentage of total assets over the old Strategic Plan. This increase represents the Bank’s intention to be fully compliant with both the letter and the spirit of the CRA Act. The Bank believes that the lending goals it has set above are reasonable, particularly

in light of the fact that they are based on its peers’ average lending as a percentage of total assets, and also given the fact that the majority of the peer institutions have more “in-market” focus verses the Bank resulting in “in-market” resources. The table below represents the bank wide lending goals (also see Exhibit “9”):

Total Lending Goals - Exhibit 9									
Residential Lending Goals									
Points	Percentage of Assets								
	1	3	6	7	8	9	10	11	
P&O of home mortgages in low-income tracts	0.14%	0.28%	0.37%	0.63%	0.93%	1.25%	1.54%	1.84%	
P&O of home mortgages in Moderate-income tracts	0.47%	0.94%	1.26%	1.44%	1.63%	1.84%	2.03%	2.23%	
P&O of home loans to low-income borrowers	0.07%	0.14%	0.22%	0.29%	0.36%	0.45%	0.51%	0.58%	
P&O of home loans to Moderate-income borrowers	0.15%	0.32%	0.47%	0.61%	0.75%	0.88%	1.02%	1.16%	
		Percentage of Assets			Percentage of AA Loans HMDA Reported				
		Peer Average	Peer Well Above Average	West Town Bank & Trust	Peer Average	Peer Well Above Average	West Town Bank & Trust		
Low-income tracts		0.62%	1.24%	0.15%	17.05%	46.43%	1.53%		
Moderate-income tracts		1.38%	1.83%	0.34%	42.46%	81.63%	3.37%		
Low-income borrowers		0.14%	0.29%	0.23%	2.31%	3.75%	2.30%		
Moderate-income borrowers		0.56%	0.81%	0.20%	24.81%	43.80%	14.28%		
Small Business Lending Goals									
Points	Percentage of Assets								
	1	3	6	7	8	9	10	11	
P&O Small Bus Loans Low-income tracts	0.05%	0.11%	0.15%	0.20%	0.24%	0.30%	0.35%	0.40%	
P&O Small Bus Loans Moderate-income tracts	0.28%	0.53%	0.70%	0.78%	0.95%	1.12%	1.27%	1.44%	
P&O Loans to Small Business <\$1mm Annual Revenue	0.31%	0.57%	0.69%	0.79%	0.90%	1.02%	1.14%	1.26%	
		Percentage of Assets							
		Peer Average	Peer Well Above Average	West Town Bank & Trust					
Low-income tracts		0.12%	0.17%	0.00%					
Moderate-income tracts		0.60%	0.94%	0.00%					
Loans to Small Business <\$1mm Annual Revenue		0.46%	0.61%	0.68%					

The table below represents the bank wide lending goals as compared to historical results and further demonstrates our commitment to both the spirit and letter of the CRA regulations (also see Exhibit “9”):

Total Lending Goals as compared to WTBT historical performance									
Lending Goals	Percentage of Assets								
Points	1	3	6	7	8	9	10	11	
P&O of home mortgages in low-income tracts	-0.01%	0.13%	0.22%	0.48%	0.78%	1.10%	1.39%	1.69%	
P&O of home mortgages in Moderate-income tracts	0.13%	0.60%	0.92%	1.10%	1.29%	1.50%	1.69%	1.89%	
P&O of home loans to low-income borrowers	-0.16%	-0.09%	-0.01%	0.06%	0.13%	0.22%	0.28%	0.35%	
P&O of home loans to Moderate-income borrowers	-0.05%	0.12%	0.27%	0.40%	0.55%	0.68%	0.82%	0.96%	
P&O Small Bus Loans Low-income tracts	0.05%	0.11%	0.15%	0.20%	0.24%	0.30%	0.35%	0.40%	
P&O Small Bus Loans Moderate-income tracts	0.28%	0.53%	0.70%	0.78%	0.95%	1.12%	1.27%	1.44%	
P&O Loans to Small Business <\$1mm Annual Revenue	-0.37%	-0.11%	0.01%	0.11%	0.22%	0.34%	0.46%	0.58%	

To complete the scoring process for the overall bank lending goals you must first compute the score in each category within one assessment area. The average score for each of the seven categories will determine the score for that assessment area.

Here is an example of scoring for each assessment areas lending goals (also see Exhibit “8”):

Cook County										
Grading Example										
Points	1	3	6	7	8	9	10	11		
P&O of home mortgages in low-income tracts			0.30%							
P&O of home mortgages in Moderate-income tracts		0.83%								
P&O of home loans to low-income borrowers	0.07%									
P&O of home loans to Moderate-income borrowers										0.37%
P&O Small Bus Loans Low-income tracts					0.13%					
P&O Small Bus Loans Moderate-income tracts					0.73%					
P&O Loans to Small Business <\$1mm Annual Revenue							0.63%			
Calculated Points	1	3	6	14	0	9	0	11		
									Sum	44
									Average	6.29

Pitt County										
Grading Example										
Points	1	3	6	7	8	9	10	11		
P&O of home mortgages in low-income tracts						0.15%				
P&O of home mortgages in Moderate-income tracts				0.42%						
P&O of home loans to low-income borrowers			0.03%							
P&O of home loans to Moderate-income borrowers							0.18%			
P&O Small Bus Loans Low-income tracts	0.02%									
P&O Small Bus Loans Moderate-income tracts										0.37%
P&O Loans to Small Business <\$1mm Annual Revenue						0.32%				
Calculated Points	1	0	6	7	8	9	10	11		
									Sum	52
									Average	7.43

Chowan County										
Grading Example										
Points	1	3	6	7	8	9	10	11		
P&O of home mortgages in low-income tracts										
P&O of home mortgages in Moderate-income tracts										
P&O of home loans to low-income borrowers		0.02%								
P&O of home loans to Moderate-income borrowers				0.07%						
P&O Small Bus Loans Low-income tracts										
P&O Small Bus Loans Moderate-income tracts										
P&O Loans to Small Business <\$1mm Annual Revenue							0.07%			
Calculated Points	0	3	0	7	0	0	10	0		
									Sum	20.00
									Average	6.67

A weighting will then be applied to the total score for each assessment area as indicated in the “Assessment Area Weighting” section above and the sum of that calculation will be the score for the lending goals for the bank.

Here is an example (also see Exhibit “13”):

**Goal Test**

Lending Test			
	Cook	Pitt	Chowan
Score	6.29	7.43	6.67
Weighting	90%	7%	3%
Weighted Score	5.66	0.52	0.20
		<b>Total</b>	<b>6.38</b>
		<b>Grade</b>	<b>Satisfactory</b>

**Investment and Grant Goals and Measurement Standards**

As a recapitalized institution with less than \$250 million in average assets at December 31, 2015, the Bank has limited resources that it may annually commit to investments and charitable gifts unrelated to its primary business operations. Nevertheless, the Bank understands that CRA-related investments and grants provide support for the efforts of local social service organizations and non-profit agencies active in the Assessment Area. In fact, in the current economic environment, many of these organizations and agencies depend on private investment funds and charitable gifts to execute critical programs that improve the lives of residents in the local communities served by the Bank, particularly LMI individuals, and help build stronger neighborhoods.

The Bank may make investments that support LMI housing opportunities, the safety and security of LMI neighborhoods and dwellings, and contribute to the economic development of LMI census tracts within the Assessment Area. Likewise, the Bank may make contributions or provide funding to community-based housing, advocacy and social services groups dedicated to improvement of the lives of LMI individuals residing in low- and moderate-income census tracts of the Bank’s service area. The Bank will begin acquiring CRA-qualified investments and/or providing grant funds (or assets with verifiable third party values) within the Assessment Area and will adjust the level of investments and grants to housing-related service and charitable organizations during each of the five years of the Strategic Plan as a result of changes in asset size of the bank.

In determining to make CRA-qualified investments during the term of this Strategic Plan, the Bank will seek to support flexible and innovative organizations and proposals designed to meet the rental, rehabilitation and transitional housing and family support needs of low- and moderate-income families and individuals residing in the Assessment Area. Similarly, in determining to provide grant funds or other Bank assets to provide assistance to worthy non-for-profit and charitable groups, the Bank will seek to identify nonprofit and community based activities that support children and families in crisis, facilitate access to health care, offer training and economic improvement opportunities, and address housing safety and security concerns that are present in the low-income and moderate-income neighborhoods included in the Bank’s Assessment Area.

As with LMI lending, the Bank's investments in organizations benefiting LMI individuals or providing services in LMI census tracts may be resold and still qualify for investments and grants benefiting LMI individuals or LMI census tracts under this Strategic Plan. Thus, awards of "points" for reaching higher levels of new CRA-qualified investments and grants the Bank may make for community development purposes, will include but not be limited to those grants and investments, which relate to housing and security concerns, access to medical services, programs benefiting women and children, job training and economic improvement needs within LMI census tracts of the Assessment Area, will be awarded during each year of this Strategic Plan. Due to the longer-term goals such investments will seek to achieve, the Bank has set goals and will receive points under this Strategic Plan towards its "New" investment goals for an investment that is purchased and resides on its balance sheet for a six-month period. Likewise, the Bank can also receive points under this Strategic Plan towards its "Outstanding" investment goals for an investment that resides on its balance sheet for a six-month period but can only be counted once as an "Outstanding" investment in any given plan year. This does not make the New and Outstanding goals mutually exclusive and investments can be counted towards both the New and Outstanding goals in the same plan year as long as they reside on the Bank's balance sheet for a period of six months.

As a point of clarity the Bank may purchase an investment in the latter part of a plan year (i.e. October) that would not have the opportunity to season on the Bank's balance sheet for six months but should get credit for these investments as if they held them for six months in the year they were purchased and the subsequent year if held for an additional six months in the subsequent year. As way of example if the Bank purchases a qualified CRA investment in October of 2017 and sells it in October of 2018 it would receive credit as a New and Outstanding investment in 2017 and as an Outstanding investment in 2018. If the investment is sold before October of 2018 it would receive credit as a New and Outstanding investment in 2017 and no credit in 2018.

The points earned by the Bank for its CRA investment activities are part of those that will be used to determine if the Bank's performance under this Strategic Plan is "Satisfactory" or "Outstanding".

For its Cook County Assessment Area, the Bank has established its goals for new and existing CRA-qualified investments and grants based upon the Bank's analysis of community development investments and grants made by the Bank's peer group. The Bank's peer group for investments and grants consists of 9 Chicago area and other Illinois banks that have undergone CRA examinations in 2016 or 2015 and are of an asset size that requires them to report CRA investments. The investment data from this peer group was obtained from the CRA Performance Evaluations of each peer bank and can be found as Exhibit "5" hereto.

The Bank’s Investment and Grant goals for its 3 Assessment Areas are shown below (also see Exhibit “10”):

Investment Goals per AA - Exhibit 10								
Investment Goals								
<b>Cook County</b>								
Points	1.0	3.0	6.0	7.0	8.0	9.0	10.0	11.0
New Investments	0.30%	0.35%	0.40%	0.45%	0.50%	0.55%	0.60%	0.65%
Outstanding Investment	0.70%	0.75%	0.80%	0.85%	0.90%	0.95%	1.00%	1.05%
Percentage of Assets								
	Peer	Peer Well	West Town					
Assessment Area Demographics 2015	Average	Above Average	Bank & Trust					
New and or Outstanding Investment	0.90%	1.46%	0.88%					
<b>Pitt County</b>								
Points	1	3	6	7	8	9	10	11
New Investments	0.021%	0.025%	0.028%	0.032%	0.035%	0.039%	0.042%	0.046%
Outstanding Investment	0.049%	0.053%	0.056%	0.060%	0.063%	0.067%	0.070%	0.074%
Percentage of Assets								
	Peer	Peer Well	West Town					
Assessment Area Demographics 2015	Average	Above Average	Bank & Trust					
New and or Outstanding Investment	0.00%	0.00%	0.00%					
<b>Chowan County</b>								
Points	1	3	6	7	8	9	10	11
New Investments	0.009%	0.011%	0.012%	0.014%	0.015%	0.017%	0.018%	0.020%
Outstanding Investment	0.021%	0.023%	0.024%	0.026%	0.027%	0.029%	0.030%	0.032%
Percentage of Assets								
	Peer	Peer Well	West Town					
Assessment Area Demographics 2015	Average	Above Average	Bank & Trust					
New and or Outstanding Investment	0.00%	0.00%	0.00%					

For its Pitt County and Chowan County Assessment Areas, CRA Investment data was not readily available for peer banks. The Investment goals for those assessment areas are based on the weighting of those areas in relation to the Cook County Assessment Area investment goals, which is weighted at 90%. Pitt County is weighted at 7% and Chowan County is weighted at 3%. The lack of such investment data in the Pitt County and Chowan County Assessment Areas is due to the fact that our peers in those areas are not large enough in asset size to be required to report such data. In the absence of such data, the Bank believes it is reasonable to use the same weighting to establish the goals in these assessment areas. which is based on both deposit base allocation and population.

Once again, the Bank is committed to enhancing its performance as compared to historical performance to demonstrate its’ commitment to the spirit and letter of the CRA

regulation. Below is the Bank’s historical performance which shows the results of New and Outstanding investment and they are not mutually exclusive:

Historical Investment Performance	2011	2012	2013	2014	2015
CRA New Investments	-	-	3	1,722	1,885
CRA Outstanding Investment	-	-	-	1,725	1,722
New Investment as % of Total Assets	-	-	0.00%	0.94%	0.88%
Outstanding Investment as % of Total Assets	0.00%	0.00%	0.00%	0.94%	0.80%
Total Assets	131,079	140,392	150,121	183,453	214,636

To complete the scoring process for the overall bank investment goals you must first compute the score in each category within one assessment area. The average score for each of the two categories will determine the score for that assessment area.

Here is an example (also see Exhibit “10”):

Cook County										
Grading Example										
Points	1	3.00	6.00	7.00	8.00	9.00	10.00	11.00		
New Investments			0.42%							
Outstanding Investment			0.83%							
Calculated Points	0.00	0.00	12.00	0.00	0.00	0.00	0.00	0.00		
								Sum		12.00
								Average		6.00
Pitt County										
Grading Example										
Points	1	3.00	6.00	7.00	8.00	9.00	10.00	11.00		
New Investments			0.028%							
Outstanding Investment					0.63%					
Calculated Points	0.00	0.00	6.00	0.00	8.00	0.00	0.00	0.00		
								Sum		14.00
								Average		7.00
Chowan County										
Grading Example										
Points	1	3.00	6.00	7.00	8.00	9.00	10.00	11.00		
New Investments			0.013%							
Outstanding Investment		0.023%								
Calculated Points	0.00	3.00	6.00	0.00	0.00	0.00	0.00	0.00		
								Sum		9.00
								Average		4.50

A weighting will then be applied to the total score for each assessment area as indicated in the “Assessment Area Weighting” section above and the sum of that calculation will be the score for the lending goals for the Bank.

Here is an example (also see Exhibit “13”):

**Goal Test**

Investment Test			
	Cook	Pitt	Chowan
Score	6.00	7.00	4.50
Weighting	90%	7%	3%
Weighted Score	5.40	0.49	0.14
		<b>Total</b>	<b>6.03</b>
		<b>Grade</b>	<b>Satisfactory</b>

**SERVICE GOALS AND MEASUREMENT STANDARDS**

The Bank recognizes that community banks have an opportunity to fulfill a unique role in the communities that they serve. Unlike larger financial institutions, community banks such as the Bank can be more responsive to the needs of the Assessment Area, and provide a more personal approach to the financial and other services offered by the Bank with a chance to get to know our customers and the needs of the neighborhoods in which they reside. As part of the social and economic fabric of the communities in which the Bank’s offices are located, the Bank is positioned to offer support of local goals and to provide assistance in addressing neighborhood concerns.

The Bank has therefore established the goal of increased Bank participation in matters important to residents of the Assessment Area. As a small community based financial institution, the Bank employs relatively few individuals, but believes its branch employees - who primarily reside in the branch’s Assessment Area - possess a unique ability to understand the challenges modern banking and loan requirements, adverse economic conditions, and depressed housing and employment markets may pose to individuals and households in the Assessment Area. As residents of the areas surrounding the Bank’s branches, the Bank’s branch employees are aware of the needs of their communities, and share the Bank’s commitment to contributing to positive change in the Assessment Area. To support its employees, the Bank has implemented a program to provide employees with paid time off that is devoted to community service activities that advance economic and housing opportunities for LMI individuals residing in the Assessment Area during the five years of this Strategic Plan.

Service by the Bank and its employees performed pursuant to this Strategic Plan may be performed in a variety of ways. The Bank’s branch employees have an unparalleled capacity to effectively share the knowledge and expertise they have acquired through their employment with the Bank, and provide meaningful service to the communities of the Assessment Area. Bank and employee participation in and sponsorship of the efforts of educational institutions, service organizations, charities, community groups, nondenominational and religious organizations, and municipal / governmental sponsored pursuits are among the many types of the service activities that may be considered in satisfaction of the Bank’s service goals. The services the Bank provides shall qualify for CRA credit so long as their primary purpose is community development, which includes, but is not limited to, community based child care, educational,

health or social services targeted to low – or moderate - income individuals, and activities that revitalize or stabilize low- or moderate-income areas.

The Bank will earn points based on the number of hours its employees have devoted to qualified CRA community service activities and the number of employees will be based on the number of employees as reported in the call report on December 31<sup>st</sup> of the year prior to the plan year. The bank wide service hour goals will start with a baseline of an assumed 1.5 hours of service required per bank employee. The Bank will apply adjustments to this goal based on in market resources (number of employees available to perform service hours in the assessment area without extensive travel) and historical performance. Currently 35% of the Bank employees work in one of the assessment areas and 65% work outside of the assessment. Cook County has 16 employees, Pitt County has 9 employees and Chowan County has 10 employees in the assessment area for a total of 35 employees out of 100. The historical performance for the Bank is exclusive to the Cook County assessment area and summarized below (Pitt and Chowan Counties are recent additions and have not conducted community service hours to date):

WTBT Historical Performance	2011	2012	2013	2014	2015
Service Hours	0	29	39	43	40
Total Bank Employees	177	192	104	145	128
Hours Per Employee	0.00	0.15	0.38	0.30	0.31
				5-year Average	0.23
				3-year Average	0.33

Based on the population and qualified CRA programs available for community service hours as outlined in each of assessment areas detailed review included earlier in this plan, the Bank has established that 80% of the total hours will be allocated to establish the goal for Cook County, 15% for Pitt County and 5% for Chowan County assessment areas. Again, the Bank believe this to be a fair allocation of hours between the assessment areas based on the available services and implied need as the detail review sections above clarifies.

Based on our historical performance and only 35% of the Bank’s employee working in the assessment area (or residing within a reasonable distance) the Bank has established a goal for “Satisfactory” performance at 0.5 hours per bank employee for the first year of this plan. We believe this to be a challenging but achievable goal and was developed based on using 1.5 hours per employee and adjusting it for “in market” resources (35% of total) and an enhancement to past performance by 51.5% ( $0.5 - 0.33 = 0.17 / 0.33 = 51.5\%$ ).

In years 2-5 of this Strategic Plan the service hours per employee will increase by 0.1 hours per Bank employee and be allocated based on the same 80%, 15% and 5% split to each assessment area unless the assessment areas “characteristics” change significantly as compared to each other. The Bank, in an abundance of caution, will also observe the assessment area score weighting factors (as noted on page 6) as a ballast for potential adjustment to the allocation factors and use these weighting factors as allocation figures if the weighting for Cook County scores drops below 80% which would result in higher than 15% and 5% allocation factors in Pitt and Chowan Counties respectively for service hours. See Exhibit 11 for year 2-5 goals.

The Bank's service hour goals for all 3 Assessment Areas, historical performance and grading example are shown below (also see Exhibit "11"):

Community Service Hours per AA - Exhibit 11									
WTBT Historical Performance	2011	2012	2013	2014	2015				
Service Hours	0	29	39	43	40				
Total Bank Employees	177	192	104	145	128				
Hours Per Employee	0.00	0.15	0.38	0.30	0.31				
			5-year Average		0.23				
			3-year Average		0.33				
			Goal per employee		0.50				
			Goal Total Hours		64				
	Allocation of Hours	Total Hours for 6 pts							
Cook County	80%	51							
Pitt County	15%	10							
Chowan County	5%	3							
	Total	100%	64						
Service Hours									
Points	1	3	6	7	8	9	10	11	
Cook County	0.334	0.367	0.400	0.480	0.560	0.640	0.720	0.800	
Pitt County	0.063	0.069	0.075	0.090	0.105	0.120	0.135	0.150	
Chowan County	0.021	0.023	0.025	0.030	0.035	0.040	0.045	0.050	
Hours Per Total Employees	0.42	0.46	0.50	0.60	0.70	0.80	0.90	1.000	
Grading Example									
Points	1	3	6	7	8	9	10	11	
Cook County			0.430						
Pitt County			0.082						
Chowan County			0.029						
Calculated Points	0.00	0.00	6.00	0.00	0.00	0.00	0.00	0.00	
							Sum	6.00	
							Average	2.00	

A weighting will then be applied to the total score for each assessment area as indicated in the "Assessment Area Weighting" section above and the sum of that calculation will be the score for the lending goals for the Bank.

Here is an example (also see Exhibit "13"):

### Goal Test

Service Test	Cook	Pitt	Chowan
Score	6.00	6.00	6.00
Weighting	90%	7%	3%
Weighted Score	5.40	0.42	0.18
	<b>Total</b>	<b>6.00</b>	
	<b>Grade</b>	<b>Satisfactory</b>	

## **CATEGORY WEIGHTING**

The Bank will also consider the weighting of each goal category for Lending, Investments/Grants and Community Service in the following fashion:

1. Lending Goal - 60%
2. Investment Goals – 20%
3. Service Goals – 20%

These weightings will be applied to the Overall Bank Test and the State Test.

## **STATE TEST**

The Bank will perform a “State Test” and grade the activity within each of the three assessment areas that are contained in two states under this strategic plan. To complete the scoring process for the Illinois State goals you must first compute the score in each category within Cook County before summing to achieve the total score for the state. For computing the North Carolina State goals, you must first compute the score in each goal category for each of the two assessment areas separately within the state and then apply the weighting factors (AA weighting and goal category weighting) before summing to achieve the total score for the state. The two weighting factors for the NC State test are the assessment area weighting and the goal category weighting as described above in the “Weighting per Assessment Area” and the “Category Weighting” sections. The weighting per assessment area between Pitt County and Chowan County calls for a 2.33 to 1 ratio and will be used accordingly or translated into a 70% and 30% weighting respectively. These percentages will then be multiplied by the category weighting to achieve a weighting factor for each assessment area and each goal category as illustrated in the below scoring table.

For example, the above indicated scores for Pitt County lending test was 7.43 and for Chowan County 6.67. If we use Pitt County as an example in the lending test we would first multiply the 70% AA weighting by the 60% goal category weighting for a 42% weighting factor for lending in Pitt County. Once all assessment area and categories have been scored you can sum to achieve the NC State Test total.

Here is an example (also see Exhibit “13”):

**State Test**

<b>Illinois</b>	Score	Weight	Adj Total
Lending	6.29	60%	3.77
Investment	6.00	20%	1.20
Service	6.00	20%	1.20
<b>Total</b>			<b>6.17</b>
<b>Grade</b>			<b>Satisfactory</b>
<b>North Carolina</b>			
<b>North Carolina</b>	Score	Weight	Adj Total
Lending Pitt (70%)	7.43	42%	3.12
Lending Chowan (30%)	6.67	18%	1.20
<b>Lending Total</b>		<b>60%</b>	<b>4.32</b>
Investment Pitt (70%)	7.00	14%	0.98
Investment Chowan (30%)	4.50	6%	0.27
<b>Investment Total</b>		<b>20%</b>	<b>1.25</b>
Service Pitt (70%)	6.00	14%	0.84
Service Chowan (30%)	6.00	6%	0.36
<b>Service Total</b>		<b>20%</b>	<b>1.20</b>
<b>Total</b>			<b>6.77</b>
<b>Grade</b>			<b>Satisfactory</b>

**OVERALL BANK TEST**

The Bank’s regulatory CRA rating will be based on the Overall Bank Test. The Overall Bank Test will take each category grade as graded above and apply the category weighting to each.

Here is an example (also see Exhibit “13”):

**Overall Bank Test**

	Score	Weight	Adj Total
<b>Lending Test</b>	<b>6.38</b>	<b>60%</b>	<b>3.83</b>
<b>Investment Test</b>	<b>6.03</b>	<b>20%</b>	<b>1.21</b>
<b>Service Test</b>	<b>6.00</b>	<b>20%</b>	<b>1.20</b>
<b>Total</b>			<b>6.23</b>
<b>Grade</b>			<b>Satisfactory</b>

All of the above grading examples are based on hypothetical data as described in Exhibit 12 for example grading purposes only.

## **VI. OTHER STRATEGIC PLAN PROVISIONS**

### **EFFECTIVE DATE AND TERM OF THE STRATEGIC PLAN**

The Bank anticipates that it will receive approval for its revised and extended Strategic Plan from the FDIC by December 31, 2016, and intends this Strategic Plan become immediately effective on the date such approval is received. The Bank's Strategic Plan covers the five (5) years beginning on January 1, 2017, through December 31, 2021. The Bank's Board of Directors and management will oversee the Bank's progress in meeting the Strategic Plan's objectives. The Bank will request FDIC approval to modify or amend the Strategic Plan only if there is a material change in the assumptions underlying the Strategic Plan or in the objectives or operations of the Bank, and such changes would make the Strategic Plan no longer appropriate or viable. In such event, the Bank will administer the modified or amended Strategic Plan in accordance with the FDIC regulatory requirements, timeframes, and guidelines for approval of a CRA strategic plan. Any proposed changes to this Strategic Plan will follow the appropriate procedures for approval and notification.

### **TERM OF THE STRATEGIC PLAN**

### **MAIN OFFICE AND BRANCH OFFICE INFORMATION**

The Bank's main office is located at 7820 West 26<sup>th</sup> Street, North Riverside, Illinois, and its full service branch offices are located at 4852 West 30<sup>th</sup> Street, Cicero, Illinois and 4051 S. Memorial Drive, Winterville, North Carolina and 216 Broad Street, Edenton, North Carolina. Banking services are provided through the Bank's main and branch offices Monday through Saturday through its teller and drive-up facilities. Customers may visit either of the Bank's full service offices to meet with residential lending personnel, or may contact the Bank through phone, email or the Internet.

### **BANKING MARKETS**

The Bank targets banking customers based upon their geographic proximity to the Bank's full service deposit facilities, mortgage loan customers based on their residential financing needs, and business credit customers based on business size, funding structure and geographic location. As such, the Bank generally has banking customers within a ten-mile radius of the Bank's main office and branch office locations, and mortgage and business loan customers from all over the United States, including areas that are not in close proximity to the Bank's full service offices. Therefore, the Bank views all areas of the country which are being supported by the Bank's mortgage and business loan services as part of its banking market.

### **SATISFACTORY AND OUTSTANDING GOALS**

The Bank believes the measurable goals for Lending, Investments and Grants, and Service as specified above, adequately considers the realities of the Bank's current and projected business model, operating environment, asset size, competitive abilities including legal

restrictions on maximum loan amount, and limitations on the number and areas of expertise of Bank personnel, and meeting the goals constituting a "Satisfactory" or "Outstanding" performance, as appropriate, set forth under this Strategic Plan shall fulfill the Bank's obligations under the CRA.

#### **ONGOING REVIEW OF PERFORMANCE GOALS AND MEASUREMENT STANDARDS**

The Bank recognizes that the Lending, Investment and Grants, and Service goals outlined in this Strategic Plan are based on projections relating to the Bank's business model, legal and regulatory assumptions affecting the banking industry generally, as well as general economic conditions. As the projections, assumptions and economic conditions used in creating this Strategic Plan are subject to change, the Bank's Board of Directors and senior management of the Bank will monitor the Bank's performance in relation to the goals of this Strategic Plan on a quarterly basis. Should modifications to this Strategic Plan as a result of the Bank's quarterly reviews be required in the future, all such changes will be made in accordance with the FDIC's requirements, guidelines and approval process. Future adjustments are expected to be made only if the changes in the assumptions underlying this Strategic Plan are so significant as to render the goals of this Plan no longer viable or appropriate.

#### **ELECTION OF ALTERNATIVE PERFORMANCE EVALUATION**

Although the management and employees of the Bank both intend and expect that the Bank will meet or exceed all goals established in this Strategic Plan, the Bank will elect to be evaluated under the appropriate alternative assessment method under the regulation. If the Bank fails to achieve a Satisfactory rating under this Strategic Plan.

#### **PRIOR PUBLICATION NOTICES**

Exhibit 14 reflects the prior publication notices in our defined assessment areas.