



MW Bancorp, Inc. Reports Results for the Three and Six Months Ended December 31, 2017

Cincinnati, Ohio – February 12, 2018 – MW Bancorp, Inc. (the “Company”) (OTC: MWBC), the parent company of Watch Hill Bank (the “Bank”), today reported a net loss of \$(828,000), or \$(1.00) per diluted share, for the three months ended December 31, 2017, which was a decrease of \$952,000 from net income of \$124,000, or \$0.15 per diluted share, for the three months ended December 31, 2016.

The decrease in net income for the three months ended December 31, 2017, compared to the same quarter ended December 31, 2016, was due primarily to an \$801,000 increase in federal income taxes. The increase in federal income taxes was due primarily to an \$804,000 write-down of the Company’s deferred tax assets, which was attributable to the change in the federal income tax rates pursuant to the Tax Cuts and Jobs Act (the “Tax Act”) enacted in December 2017. The deferred tax assets had previously been carried using the 34% tax rate. The new Tax Act had the effect of changing the corporate tax rate to 21%, and accordingly, the Company adjusted the carrying value of the deferred tax assets to reflect the new rate. This charge was modestly offset by the \$151,000, or 118.0%, decrease in pre-tax income during the three months ended December 21, 2017 compared to the same quarter in 2016. In addition, the decrease in net income was due to a \$324,000 increase in noninterest expense and a \$43,000 decrease in noninterest income, which were partially offset by a \$215,000 increase in net interest income.

The net loss for the six months ended December 31, 2017 was \$(780,000), or \$(0.94) per diluted share, a \$977,000 decrease compared to net income of \$197,000, or \$0.24 per diluted share reported for the six months ended December 31, 2016. The decrease in net income was primarily due to a \$789,000 increase in income taxes, a \$442,000 increase in noninterest expense and a \$142,000 decrease in noninterest income, which were partially offset by a \$395,000 increase in net interest income.

The Company reported total assets of \$158.0 million at December 31, 2017, an increase of \$14.7 million, or 10.3%, over June 30, 2017. Total loans increased by 12.9% to \$137.2 million; total deposits increased by 14.3% to \$111.1 million; and shareholders’ equity decreased by 4.1% to \$16.6 million at December 31, 2017 compared to June 30, 2017.

Total nonperforming loans were \$846,000 and \$856,000 at December 31, 2017 and June 30, 2017, respectively. Classified loans totaled \$1.1 million at December 31, 2017, compared to \$1.2 million at June 30, 2017, and total loans past due greater than 30 days were \$611,000 and \$656,000 at those respective dates. As a percentage of nonperforming loans, the allowance for loan losses was 193.6% at December 31, 2017, compared to 191.6% at June 30, 2017.

Information contained in this press release may be considered forward-looking in nature as defined by the Private Securities Litigation Reform Act of 1995 and is subject to various risks, uncertainties, and assumptions. Such forward-looking statements in this release are inherently subject to many uncertainties arising in MW Bancorp's operations and business environment.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected. Among the key factors that may have a direct bearing on MW Bancorp's operating results, performance or financial condition are competition, the demand for our products and services, our ability to maintain current deposit and loan levels at current interest rates, deteriorating credit quality, including changes in the interest rate environment reducing interest margins, changes in prepayment speeds, loan origination and sale volumes, charge-offs and loan loss provisions, our ability to maintain required capital levels and adequate sources of funding and liquidity, our ability to secure confidential information through the use of computer systems and telecommunications networks, and other factors as set forth in filings with the Securities and Exchange Commission, including the risk factors set forth in our Annual Report on Form 10-K for the year ended June 30, 2017. MW Bancorp undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in our expectations, except as required to be reported under the rules and regulations of the Securities and Exchange Commission.

MW Bancorp, Inc.
Condensed Consolidated Statements of Operations
For the Three and Six Months Ended December 31, 2017 and 2016
(In thousands, except share data)

	<u>Three Months Ended December 31,</u>		<u>Six Months Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interest Income	(Unaudited)			
Loans, including fees	\$ 1,358	\$ 1,053	\$ 2,630	\$ 2,071
Investment securities	26	15	47	31
Interest-bearing deposits	40	28	80	59
Total interest income	<u>1,424</u>	<u>1,096</u>	<u>2,757</u>	<u>2,161</u>
Interest Expense				
Deposits	281	195	539	390
Federal Home Loan Bank advances	115	88	228	176
Total interest expense	<u>396</u>	<u>283</u>	<u>767</u>	<u>566</u>
Net Interest Income	1,028	813	1,990	1,595
Provision for Loan Losses	-	-	-	-
Net Interest Income After Provision for Loan Losses	1,028	813	1,990	1,595
Noninterest Income				
Gain on sale of loans	41	103	57	227
Income from Bank owned life insurance	23	24	46	47
Other operating	21	1	40	11
Total noninterest income	<u>85</u>	<u>128</u>	<u>143</u>	<u>285</u>
Noninterest Expense				
Salaries, employee benefits and directors fees	599	486	1,100	933
Occupancy and equipment	92	67	179	133
Data processing	70	58	142	119
Franchise taxes	32	32	65	63
FDIC insurance premiums	26	1	49	21
Professional services	145	63	256	159
Advertising	21	12	34	27
Office supplies	19	14	36	27
Business entertainment	15	11	29	26
Other	117	69	201	142
Total noninterest expense	<u>1,136</u>	<u>813</u>	<u>2,091</u>	<u>1,650</u>
Income Before Federal Income Taxes	(23)	128	42	230
Federal Income Taxes	805	4	822	33
Net Income (Loss)	<u>\$ (828)</u>	<u>\$ 124</u>	<u>\$ (780)</u>	<u>\$ 197</u>
Basic earnings (loss) per share	<u>\$ (1.00)</u>	<u>\$ 0.15</u>	<u>\$ (0.94)</u>	<u>\$ 0.24</u>
Diluted earnings (loss) per share	<u>\$ (1.00)</u>	<u>\$ 0.15</u>	<u>\$ (0.94)</u>	<u>\$ 0.24</u>
Weighted-average shares outstanding				
Basic	<u>828,616</u>	<u>818,927</u>	<u>828,576</u>	<u>818,405</u>
Diluted	<u>828,616</u>	<u>827,667</u>	<u>828,576</u>	<u>825,772</u>

MW Bancorp, Inc.
Condensed Consolidated Balance Sheets
December 31, 2017 and June 30, 2017
(In thousands, except share data)

Assets	December 31, 2017	June 30, 2017
	(Unaudited)	
Cash and cash equivalents	\$ 7,198	\$ 7,868
Interest-bearing time deposits in other financial institutions	100	100
Available-for-sale securities	4,506	4,024
Held-to-maturity securities	141	264
Loans, net of allowance for loan losses of \$1,638 and \$1,640	137,235	121,520
Premises and equipment, net	1,881	1,905
Federal Home Loan Bank stock, at cost	1,203	1,203
Other assets	4,430	4,258
Deferred tax assets, net	1,290	2,103
Total assets	\$ 157,984	\$ 143,245
 Liabilities and Shareholders' Equity		
Liabilities		
Deposits	\$ 111,118	\$ 97,197
Federal Home Loan Bank advances	29,413	28,255
Other liabilities	812	445
Total liabilities	141,343	125,897
 Shareholders' Equity		
Preferred stock	-	-
Common stock	9	9
Additional paid-in capital	8,128	8,022
Shares acquired by ESOP	(564)	(627)
Unearned compensation - restricted stock awards	(466)	(463)
Retained earnings	9,884	10,715
Accumulated other comprehensive loss	(48)	(6)
Treasury stock	(302)	(302)
Total shareholders' equity	16,641	17,348
Total liabilities and shareholders' equity	\$ 157,984	\$ 143,245

MW Bancorp, Inc.
Selected Performance Ratios
At or For the Three and Six Months Ended December 31, 2017 and 2016

	At or for the three months ended		At or for the six months ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Performance Ratios: (1)	(Unaudited)			
Return on average assets (ratio of net income to average total assets) (2)	(0.53)%	0.39%	(0.52)%	0.32%
Return on average equity (ratio of net income to average total equity) (2)	(4.77)%	3.07%	(4.50)%	2.43%
Interest rate spread (3)	2.64%	2.54%	2.63%	2.55%
Net interest margin (4)	2.77%	2.68%	2.76%	2.69%
Loans to deposits	123.50%	128.16%	123.50%	128.16%
Average equity to average total assets	11.16%	12.82%	11.45%	13.16%
Asset Quality Ratios:				
Non-performing assets to total assets	0.54%	0.71%	0.54%	0.71%
Non-performing loans to total loans	0.62%	0.83%	0.62%	0.83%
Allowance for loan losses to non-performing loans	193.62%	180.18%	193.62%	180.18%
Allowance for loan losses to total loans	1.19%	1.50%	1.19%	1.50%
Net charge-offs (recoveries) to average outstanding loans	0.00%	0.00%	0.00%	0.00%
Capital ratios:				
Equity to total assets at period end	10.53%	12.64%	10.53%	12.64%
Total capital to risk weighted assets (5)	14.60%	18.10%	14.60%	18.10%
Tier 1 capital to risk-weighted assets (5)	13.30%	16.80%	13.30%	16.80%
Common equity to risk-weighted assets (5)	13.30%	16.80%	13.30%	16.80%
Tier 1 capital to average assets (5)	10.30%	11.70%	10.30%	11.70%

(1) Ratios are annualized where applicable.

(2) Ratios for the 2017 periods are annualized exclusive of the \$804,000 deferred tax asset charge related to the change in tax rates.

(3) The interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities for the period.

(4) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(5) Bank only capital ratios are presented.