West Town Bancorp, Inc. Announces
First Quarter 2017 Financial Results

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RALEIGH, NC, May 3, 2017 -- West Town Bancorp, Inc. (OTC PINK: WTWB) (the "Company"), the holding company for West Town Bank & Trust (the "Bank"), announced today its financial results for the quarter ended March 31, 2017 and reported the Bank earned net income of $1,050,000 resulting in the Company earning net income of $879,000, or $0.57 per diluted common share, an increase of $91,000, or 11.2%, as compared to net income of $788,000, or $0.55 per diluted common share for the quarter ended March 31, 2016. Return on average total assets was 1.31% and return on average shareholders' equity was 12.57% as compared to 1.44% and 12.82% respectively for the first quarter of 2016.

On February 17, 2017, the Company announced that it had entered into a definitive agreement with Sound Banking Company ("Sound Bank") whereby the Company will acquire all of the outstanding shares of Sound Bank, a North Carolina chartered bank. The acquisition will be accomplished through the merger of Sound Bank with and into SBC Interim Bank, which is an interim bank formed under North Carolina law by the Company for purposes of effecting the acquisition of Sound Bank. The Company anticipates the merger to be legally closed during the third quarter 2017, subject to receipt of regulatory approvals, the approval of the merger by the shareholders of Sound Bank and the satisfaction of other customary closing conditions. A complete copy of the amended and restated merger agreement with Sound Bank may be found by visiting the News and Events page of the Company's website at www.westtownbank.com.

Select financial highlights for 1Q 2017:

- The Bank's net income for the first quarter totaled $1,050,000, a 33% increase over the $788,000 reported for the first quarter of 2016.
- Total assets increased $45,735,000 or 19.9% from $229,608,000 to $275,343,000 year over year. Increase in net interest income of $552,000 or 25.5% as compared to March 31, 2016.
- Increase in total deposits of $51,285,000 or 30.0% as compared to March 31, 2016.
- The Bank's nonperforming assets ("NPAs") to total assets decreased 7 basis points from 1.55% at March 31, 2016 to 1.48% at March 31, 2017. In total dollars, NPAs increased $432,000 from $3,554,000 at March 31, 2016 to $3,986,000 at March 31, 2017.
- The Bank's Allowance for Loan and Lease Losses to loans held for investment increased 29 basis points to 1.44% as of March 31, 2017, from 1.14% one year earlier. The increase is primarily attributable to the significant growth in our governmental guaranteed lending portfolio.

Eric Bergevin, President and CEO commented, "Our first quarter results were driven by solid loan growth and increased net interest income. While noninterest income declined year over year due to reduced mortgage volumes, we are quite pleased with the increased income earned in governmental guaranteed lending for the first quarter. As we anticipated in our budget process for 2017, our governmental guaranteed lending pipeline has seasonality based on loan/industry mix, we are expecting lower income in the second quarter as compared to the same quarter last year. However, we expect the seasonality to be isolated to the second quarter with a stronger second half of the year than last year. We are excited about the pending acquisition of Sound Bank. Our senior management team is focused on planning for the successful integration of the Sound Bank franchise to ensure the transition is smooth and seamless for its customers and employees.”

STRONG YEAR-OVER-YEAR LOAN AND DEPOSIT GROWTH

At March 31, 2017, the Company’s total assets were $275,343,000, loans held for sale were $45,266,000, net loans held for investment were $173,325,000, total deposits were $224,104,000 and total shareholder’s equity was $29,338,000. Compared with March 31, 2016, total assets increased $45,735,000 or 19.9%, loans held for sale increased $15,944,000 or 54.4%, loans held for investment increased $11,848,000 or 7.3%, total deposits increased $51,285,000 or 30.0% and total shareholders’ equity increased $4,320,000 or 17.3%.

Total loan originations for the Bank across all sectors for the three months ended March 31, 2017 totaled $68,841,000, a decrease of $14,611,000 or 17.5% as compared to the same prior year three months of $83,452,000. The primary driver to the origination decrease was a $12,247,000 or 26.5% reduction in mortgage originations.

Interest checking deposits increased $11,419,000 or 88.5%, total money market deposits increased $36,596,000 or 161.9%, while retail CDs decreased $28,761,000 or 25.2% year-over-year.

CAPITAL LEVELS

The Bank continued to exceed "well capitalized" requirements for each of the four primary capital levels monitored by state and federal regulators:

	“Well Capitalized” Minimums	**3/31/17**	**12/31/16**	**3/31/16**
Common equity tier 1 capital	6.5%	12.43%	12.92%	14.05%
Tier 1 risk based capital ratio	8.0%	12.43%	12.92%	14.05%
Total risk based capital ratio	10.0%	13.58%	14.01%	15.12%
Tier 1 leverage ratio	5.0%	10.29%	10.34%	11.33%

The book value per common share increased from $18.21 at March 31, 2016 to $20.01 at March 31, 2017.

ASSET QUALITY

The Bank’s nonperforming assets to total assets ratio decreased 6 basis points during the first quarter of 2017 from 1.54% at December 31, 2016 to 1.48% at March 31, 2017. The reduction is primarily related to the sale of one of the Bank’s OREO properties during the first quarter. The sale of the property resulted in a gain of $165,000.

The Company recorded a $276,000 provision for loan losses during the first quarter of 2017, as compared to a provision of $123,000 during the same period in 2016. The Company recorded $58,000 in net charge-offs during the quarter with the remaining provision expense due to volume growth primarily in the governmental guaranteed lending portfolio. The ratio of allowance for loan and lease losses as a percentage of total loans held for investment increased from 1.15% at March 31, 2016 and 1.36% at December 31, 2016 to 1.44% at March 31, 2017. Total reserves represented 68.3% of the non-accrual loan balances as of March 31, 2017, as compared to 58.8% a year earlier.

NET INTEREST INCOME IMPROVES YEAR OVER YEAR

Net interest income for the three months ended March 31, 2017 was $2,712,000, an increase of $552,000 or 25.5% as compared to $2,160,000 reported for the same prior year period. The increase was fueled by a $709,000 or 26.6% increase in interest and fee income earned on the Bank’s loan portfolio which was driven by volume growth. The Company’s net interest margin was 4.39%, unchanged from the same period last year and up 11 basis points as compared to the 4.28% reported for the linked quarter ending December 31, 2016.

NONINTEREST INCOME

Noninterest income for the three months ended March 31, 2017 was $3,556,000, a decrease of $403,000 or 10.2% as compared to the same prior year period. Specific items to note:

- Mortgage revenue decreased $626,000 or 28.7% year over year;
- Gains on the sale of government guaranteed loans increased $507,000 or 47.3% year over year;
- The fair value adjustment on loan servicing rights decreased $391,000 or 87.5% as compared to the quarter ended March 31, 2016. The reduction is attributable to several factors:
  - Current origination volume is more heavily weighted towards the USDA portfolio as compared to the previous year. USDA loans in general have a lower servicing fee thereby resulting in a lower fair value adjustment;
  - Higher prepayment speeds due to rising rate environment; and
  - Overall fair value marks on an individual loan basis are decreasing due to the rising rate environment (as prepayments are expected to increase).

NONINTEREST EXPENSE

Noninterest expense for the three months ended March 31, 2017 totaled $4,421,000, a decrease of $68,000 or 1.5% as compared to the same prior-year period. Specific items to note as compared to the quarter ended March 31, 2017:

- Salaries and benefits expenses increased 7.4% or $194,000 due to a “catch-up” of ASC 310-20 (previously FAS 91) salary deferrals in the first quarter of 2016;
- Loan expenses decreased $165,000 or 50.2% due to decreased mortgage volumes;
- Advertising expenses decreased $145,000 or 61.4% due to decreased mortgage volumes as well as a concentrated effort to reduce overall advertising expenses for the Company;
- Merger and acquisition expenses related to the pending acquisition of Sound Bank totaled $172,000 for the quarter. Note that a large majority of these expenses are not tax deductible, thereby contributing to the Company’s increased current year effective tax rate from 38.5% to 41.5%.

About West Town Bancorp, Inc.

West Town Bancorp, Inc. is the holding company for West Town Bank & Trust, a North Riverside, IL based state-chartered bank. The Bank provides banking services through its offices in Illinois and North Carolina and also maintains loan production offices in North Carolina, New York, Maryland, Pennsylvania, Florida and New Jersey. Its primary deposit products are checking, savings, and time certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Additionally, the Bank engages in mortgage banking activities and, as such, originates and sells one-to-four family residential mortgage loans in multiple states. The Company is registered with, and supervised by, the Federal Reserve, and the Bank’s primary regulators are the Illinois Department of Financial and Professional Regulation and FDIC.

For more information, visit www.westtownbank.com.

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of the Company and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause a difference include, among others: required governmental and shareholder approvals for the Sound Bank acquisition may be delayed or not received at all; changes in the national and local economies or market conditions; changes in interest rates, deposit flows, loan demand and asset quality, including real estate and other collateral values; changes in banking regulations and accounting principles, policies or guidelines; and the impact of competition from traditional or new sources. These and other factors that may emerge could cause decisions and actual results to differ materially from current expectations. The Company assumes no obligation to revise, update, or clarify forward-looking statements to reflect events or conditions after the date of this release.

West Town Bancorp, Inc.
Consolidated Financial Highlights

	Three Months Ended (Unaudited)	
	Unaudited	Unaudited
	3/31/17	3/31/16
PER COMMON SHARE		
Earning per common share - basic	$ 0.60	$ 0.58
Earning per common share - diluted	$ 0.57	$ 0.55
Tangible book value per common share	$ 20.01	$ 18.21
FINANCIAL RATIOS (ANNUALIZED)		
Return on average assets	1.31%	1.44%
Return on average shareholders' equity	12.57%	12.82%
Net interest margin (FTE)	4.39%	4.39%
Efficiency ratio	70.54%	73.36%
Net charge-offs to average loans	0.10%	0.20%
CAPTIAL RATIOS - BANK		
Common equity Tier 1 risk based capital	12.43%	14.05%
Tier 1 risk based capital	12.43%	14.05%
Total risk based capital	13.58%	15.12%
Leverage ratio	10.29%	11.33%
ALLOWANCE FOR LOAN LOSSES		
(in thousands)		
Beginning balance	$ 2,318	$ 1,834
Provision for loan losses	276	123
Charge-offs	(80)	(89)
Recoveries	23	1
Ending Balance	$ 2,537	$ 1,869
ASSET QUALITY RATIOS		
Nonperforming assets to total assets	1.48%	1.55%
Allowance for loan losses to total loans held for investment	1.44%	1.15%
Allowance for loan losses to nonaccrual loans	68.3%	58.8%
COMPOSITION OF RISK ASSETS		
(in thousands)		
Nonperforming assets:		
Nonaccrual loans	$ 3,716	3,176
Foreclosed assets	270	378
Total nonperforming assets	$ 3,986	$ 3,554

West Town Bancorp, Inc.
Consolidated Balance Sheets
In thousands

ASSETS		**Unaudited March 31, 2017**		**Audited December 31, 2016**
Cash & due from banks	$	1,370	$	1,295
Interest bearing deposits		22,706		24,537
Total cash and cash equivalents		24,076		25,832
Securites available for sale		4,841		5,043
Loans held for sale		45,266		58,923
Loans held for investment, net of loan losses, 3/31/17: $2,537; 12/31/16: $2,318		173,325		167,794
Premises and equipment, net		6,699		6,781
Foreclosed assets		270		873
Servicing rights on loans		5,624		5,569
Bank owned life insurance		4,679		4,648
Accrued interest receivable		1,036		1,055
Other assets		9,527		3,640
TOTAL ASSETS	$	275,343	$	280,158
LIABILITIES & SHAREHOLDERS' EQUITY				
Noninterest bearing deposits	$	22,926	$	20,820
Interest bearing deposits		201,178		195,999
Total deposits		224,104		216,819
FHLB borrowings		10,000		30,000
Other borrowings		6,000		-
Accrued interest payable		130		102
Other liabilities		5,771		5,282
Total borrowings/other liabilities		21,901		35,384
Preferred stock and surplus		500		-
Common stock and surplus		12,362		12,359
Retained earnings		16,434		15,556
Accumulated other comprehensive income		42		40
Total shareholders' equity		29,338		27,955
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$	275,343	$	280,158

West Town Bancorp, Inc.
Consolidated Statements of Operations
In thousands

	Three Months Ended	
	Unaudited	Unaudited
Interest income	**3/31/17**	**3/31/16**
Interest on investment securities & deposits	$ 73	$ 40
Interest and fees on loans	3,373	2,663
Total interest income	3,446	2,703
Interest expense		
Interest on checking, savings and money market	248	61
Interest on CDs & IRAs	429	468
Interest expense on borrowed funds	56	15
Total interest expense	733	544
Net interest income	**2,713**	**2,159**
Provision for loan losses	**276**	**123**
Noninterest income		
Mortgage revenue	1,555	2,180
Government lending revenue	1,581	1,073
Fair value adjustment on loan servicing rights	55	447
Bank-owned life insurance income	30	33
Service charge fee income	17	26
Other noninterest income	318	201
Total noninterest income	**3,556**	**3,960**
Noninterest expense		
Compensation expense	2,801	2,607
Occupancy and equipment expense	366	343
Loan expense	164	329
Professional fees	258	289
Data processing and communications expense	231	250
Advertising expense	92	236
Foreclosed asset expense, net	(145)	7
Merger and acquisition expenses	172	-
Other operating expenses	483	428
Total noninterest expense	**4,422**	**4,489**
Income before income taxes	**1,571**	**1,507**
Income tax expense	692	719
Net income	$ **879**	$ **788**
Basic earnings per common share	$ 0.60	$ 0.58
Diluted earnings per common share	$ 0.57	$ 0.55
Weighted average common shares outstanding (*actuals*)	1,464,768	1,370,152
Diluted average common shares outstanding (*actuals*)	1,531,358	1,437,156