West Town Bancorp, Inc. Announces
2016 Financial Results

Company Release 2/16/2017 04:00 PM Contact: Eric Bergevin, 252-482-4400

RALEIGH, NC, February 16, 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 year ended December 31, 2016 and reported the Company earned net income of $1,800,000, or $1.24 per diluted common share, a decrease of $2,201,000, or 55%, as compared to net income of $4,001,000 and $2.83 per diluted common share for the year ended December 31, 2015. Return on average total assets was 0.74% and return on average shareholders' equity was 6.99% as compared to 2.01% and 18.09% respectively for fiscal year 2015.

Financial results for 2016 were negatively impacted by significant one-time, nonrecurring costs throughout the year totaling $2,692,000, the most significant of which was the establishment of a $1,400,000 litigation reserve in the fourth quarter. The reserve was established following the United States Court of Appeals for the Fourth Circuit's denial in December 2016 of the Bank's petition to appeal class certification in the *Fangman, et al., v. Genuine Title, LLC, et al*. litigation, which was previously discussed in the Company's third-quarter earnings release. Additionally, the Company absorbed $315,000 in conversion costs for changing core processing systems, $300,000 in charge-offs taken on the sale of a legacy classified loan portfolio, approximately $397,000 in strategic advisory expenses and a $139,000 tax adjustment taken earlier in 2016.

Financial highlights for 2016 include the following:

- Total assets increased $65,549,000 or 30.5% year over year, including a $44,729,000 or 315.1% increase in loans held for sale and a $6,111,000 or 3.8% increase in loans held for investment.
- Increase in net interest income of $1,699,000 or 21.4% as compared to 2015.
- Increase in total deposits of $38,650,000 or 21.7% as compared to 2015.
- Total nonperforming assets ("NPAs") to total assets decreased 48 basis points from 2.02% at December 31, 2015 to 1.54% at December 31, 2016.
- The Bank's Allowance for Loan and Lease Losses ("ALLL") to loans held for investment increased 24 basis points to 1.36% as of December 31, 2016, from 1.12% one year earlier.
- The Company raised $2,000,011 in new capital during the fourth quarter to support faster than expected growth.

The Company reported a net loss of $537,000 for the three-month period ended December 31, 2016 as compared to net income of $966,000 for the same period last year. The net loss was primarily driven by the $1,400,000 litigation reserve discussed above.

Eric Bergevin, President and CEO commented, "We are obviously disappointed to report a net loss for the fourth quarter, but believe we are better positioned to focus on the future. The balance sheet growth experienced in 2016 is evidence of our strong engine to originate loans and deposits and our already strong capital base was enhanced with the $2 million in capital raised. While 2016 was a challenging year with litigation, the core conversion and mortgage restructure, we believe we are well positioned to execute on our growth strategy heading into 2017 with a strong loan pipeline and continued core deposit growth."

STRONG LOAN AND DEPOSIT GROWTH

At December 31, 2016, the Company's total assets were $280,158,000, loans held for sale were $58,923,000, net loans held for investment were $167,794,000, total deposits were $216,819,000 and total shareholder's equity was $27,955,000. Compared with December 31, 2015, total assets increased $65,549,000 or 30.5%, loans held for sale increased $44,729,000 or 315.1%, loans held for investment increased $6,111,000 or 3.8%, total deposits increased $38,650,000 or 21.7% and total shareholders' equity increased $3,808,000 or 15.8%.

Total loan originations for the Bank across all sectors for the three months ended December 31, 2016 totaled $104,595,000, a decrease of 4% as compared to the same prior year three months of $109,325,000. The primary driver to the origination decrease was a $15.4 million or 26% reduction in mortgage originations, mostly offset by $18,800,000 or 53% increase in government lending originations. Community bank originations were also down $8,200,000 or 53%.

The Bank made great strides in changing the mix of its total deposit portfolio during 2016. Interest checking deposits increased $17,993,000 or 358.4%, total money market deposits increased $28,246,000 or 132.5%, while retail CDs decreased $27,622,000 or 23.2% year-over-year. The Bank raised $20,525,000 in new brokered CDs during the third quarter of 2016 to lock in longer-term funding to fund the increased governmental lending pipeline.

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	12/31/16	12/31/15
Common equity tier 1 capital	6.5%	12.92%	13.59%
Tier 1 risk based capital ratio	8.0%	12.92%	13.59%
Total risk based capital ratio	10.0%	14.01%	14.63%
Tier 1 leverage ratio	5.0%	10.34%	11.24%

The book value per common share increased from $17.69 at December 31, 2015 to $19.11 at December 31, 2016.

ASSET QUALITY

The Bank's nonperforming assets to total assets ratio increased 28 basis points during the fourth quarter of 2016 from 1.26% at September 30, 2016 to 1.54% at December 31, 2016. The increase in the nonperforming assets is due to an increase in nonaccrual loans from $2,396,000 at September 30, 2016 to $3,447,000 at December 31, 2016. The Bank's nonperforming assets to total assets ratio decreased 48 basis points during 2016 from 2.02% at December 31, 2015, to 1.54% one year later.

The Company recorded a $570,000 provision for loan losses during the fourth quarter of 2016, as compared to a provision of $64,000 during the same period in 2015. The Company recorded $419,000 in net charge-offs during the quarter with the remaining provision expense due to volume growth in the portfolio. The ratio of allowance for loan and lease losses as a percentage of total loans held for investment increased from 1.12% at December 31, 2015 to 1.36% at December 31, 2016. Total reserves represented 67% of the non-accrual loan balances as of December 31, 2016, as compared to 55% a year earlier.

NET INTEREST INCOME IMPROVES YEAR OVER YEAR

Net interest income for the three months ended December 31, 2016 was $2,654,000, an increase of $355,000 or 15.4% as compared to $2,299,000 reported for the same prior year period. The increase was fueled by a $515,000 or 18.4% 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 4.28%, down 68 basis points as compared to the 4.96% reported for the fourth quarter of 2015.

For the year ended December 31, 2016, net interest income was $9,634,000, an increase of $1,699,000 or 21.4% as compared to the $7,935,000 for the same prior year period. The increase was attributable to a $2,103,000 increase in interest and fee income earned on the Bank's loan portfolio. In comparison to the year ended December 31, 2015, the Company's net interest margin decreased slightly by 5 basis points from 4.38% to 4.33%.

NONINTEREST INCOME

Noninterest income for the three months ended December 31, 2016 was $4,093,000, a decrease of $916,000 or 18.3% as compared to the same prior year period. The reduction was driven by a decrease in mortgage revenue of $910,000 which was partially offset by an increase in gains on the sale of government guaranteed loans of $219,000. Additionally, the fair value adjustment on loan servicing rights totaled $209,000, a decrease of $105,000 or 33.4% from the prior year period.

For the year ended December 31, 2016, noninterest income declined $6,037,000 or 26.7% to $16,569,000, driven by a $7,364,000 or 46.3% reduction in mortgage revenue. Gains on the sale of government guaranteed loans increased by $1,074,000 or 22.6% during this same time period while the fair value adjustment on loan servicing rights increased $186,000 or 16.7%.

NONINTEREST EXPENSE

Noninterest expense for the three months ended December 31, 2016 totaled $6,995,000, an increase of $1,138,000 or 19.4% as compared to the same prior year period. The primary driver to the increased expense is the $1,400,000 litigation reserve discussed earlier. In comparison to the prior year period, the Company experienced reductions in compensation expense of $238,000, reductions in occupancy and equipment expense of $150,000, reductions in loan expense of $165,000 and reductions in advertising expense of $131,000, all related to the decrease in mortgage originations and mortgage operations. Data processing and communications expense increased $131,000 and other operating expenses increased $299,000. The increase in data processing and communications expense were driven by additional costs related to the core conversion earlier in 2016 while the increase in other expenses were mainly driven by an increase in software expense.

For the year ended December 31, 2016, noninterest expense totaled $21,653,000, a decrease of $1,950,000 or 8.3% as compared to $23,603,000 for the same prior year period. The decrease was driven by a $3,100,000 or 20.1% reduction in compensation expense, a $215,000 or 13.9% reduction in occupancy and equipment expense, a $942,000 or 40.9% reduction in loan expenses, and a $366,000 or 35.5% decrease in advertising expenses, all related to the reduction in mortgage originations and mortgage operations. Offsetting these expense reductions were increases of professional fees totaling $1,866,000 (primarily driven by the litigation reserve), increased data processing and communications expense of $219,000 (core conversion expenses noted above) and increases in other operating expenses totaling $588,000 due to strategic advisory expenses, increased software expense and increased net foreclosed assets expense.

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, Idaho 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 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 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: changes in the national and local economies or market conditions; the outcome of ongoing litigation, including any potential settlement or appeal; 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)		Twelve Months Ended (Unaudited)	
	Unaudited	Audited	Unaudited	Audited
	12/31/16	12/31/15	12/31/16	12/31/15
PER COMMON SHARE				
Earning per common share - basic	$ (0.39)	$ 0.71	$ 1.31	$ 2.99
Earning per common share - diluted	$ (0.38)	$ 0.67	$ 1.24	$ 2.83
Tangible book value per common share			$ 19.11	$ 17.69
FINANCIAL RATIOS (ANNUALIZED)				
Return on average assets	-0.80%	1.80%	0.74%	2.01%
Return on average shareholders' equity	-7.82%	16.58%	6.99%	18.09%
Net interest margin (FTE)	4.28%	4.96%	4.33%	4.38%
Efficiency ratio	103.68%	80.15%	82.64%	77.28%
Net charge-offs to average loans	0.74%	0.00%	0.42%	0.15%
CAPTIAL RATIOS - BANK				
Common equity Tier 1 risk based capital			12.92%	13.59%
Tier 1 risk based capital			12.92%	13.59%
Total risk based capital			14.01%	14.63%
Leverage ratio			10.34%	11.24%
ALLOWANCE FOR LOAN LOSSES				
(in thousands)				
Beginning balance			$ 1,834	$ 1,600
Provision for loan losses			1,319	481
Charge-offs			(837)	(251)
Recoveries			2	4
Ending Balance			$ 2,318	$ 1,834
ASSET QUALITY RATIOS				
Nonperforming assets to total assets			1.54%	2.02%
Allowance for loan losses to total loans held for investment			1.36%	1.12%
Allowance for loan losses to nonaccrual loans			67.3%	55.4%
COMPOSITION OF RISK ASSETS				
(in thousands)				
Nonperforming assets:				
Nonaccrual loans			$ 3,447	3,312
Foreclosed assets			873	270
Loans past due >90 days and accruing			-	764
Total nonperforming assets			$ 4,320	$ 4,346

West Town Bancorp, Inc.
Consolidated Balance Sheets
In thousands

ASSETS		**(Unaudited) December 31, 2016**		**(Audited) December 31, 2015**
Cash & due from banks	$	1,295	$	883
Interest bearing deposits		24,537		11,462
Total cash and cash equivalents		25,832		12,345
Securites available for sale		5,043		6,371
Loans held for sale		58,923		14,194
Loans held for investment, net of loan losses, 12/31/16: $2,318; 12/31/15: $1,834		167,794		161,683
Premises and equipment, net		6,781		6,092
Foreclosed assets		873		270
Servicing rights on loans		5,569		4,276
Bank owned life insurance		4,648		4,509
Accrued interest receivable		1,055		825
Other assets		3,640		4,044
TOTAL ASSETS	$	280,158	$	214,609
LIABILITIES & SHAREHOLDERS' EQUITY				
Noninterest bearing deposits	$	20,820	$	15,892
Interest bearing deposits		195,999		162,277
Total deposits		216,819		178,169
FHLB borrowings		30,000		8,900
Accrued interest payable		102		21
Other liabilities		5,282		3,372
Total borrowings/other liabilities		35,384		12,293
Common stock and surplus		12,359		10,335
Retained earnings		15,556		13,756
Accumulated other comprehensive income		40		56
Total shareholders' equity		27,955		24,147
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$	280,158	$	214,609

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

	Three Months Ended		Twelve Months Ended	
	Unaudited	Audited	Unaudited	Audited
Interest income	12/31/16	12/31/15	12/31/16	12/31/15
Interest on investment securities & deposits	$ 55	$ 36	$ 209	$ 142
Interest and fees on loans	3,311	2,796	11,895	9,792
Total interest income	3,366	2,832	12,104	9,934
Interest expense				
Interest on checking, savings and money market	205	41	526	141
Interest on CDs & IRAs	469	485	1,827	1,840
Interest expense on borrowed funds	38	7	117	18
Total interest expense	712	533	2,470	1,999
Net interest income	**2,654**	**2,299**	**9,634**	**7,935**
Provision for loan losses	**570**	**64**	**1,319**	**481**
Noninterest income				
Mortgage revenue	1,809	2,719	8,539	15,903
Government lending revenue	1,902	1,683	5,831	4,757
Fair value adjustment on loan servicing rights	209	314	1,298	1,112
Bank-owned life insurance income	32	34	139	147
Service charge fee income	21	30	105	117
Other noninterest income	120	229	657	570
Total noninterest income	**4,093**	**5,009**	**16,569**	**22,606**
Noninterest expense				
Compensation expense	3,525	3,763	12,291	15,391
Occupancy and equipment expense	331	481	1,336	1,551
Loan expense	213	378	1,362	2,304
Professional fees	1,606	214	2,444	578
Data processing and communications expense	409	278	1,287	1,068
Advertising expense	185	316	666	1,032
Other operating expenses	726	427	2,267	1,679
Total noninterest expense	**6,995**	**5,857**	**21,653**	**23,603**
Income before income taxes	**(818)**	**1,387**	**3,231**	**6,457**
Income tax expense	(281)	421	1,431	2,456
Net income	$ **(537)**	$ **966**	$ **1,800**	$ **4,001**
Basic earnings per common share	$ (0.39)	$ 0.71	$ 1.31	$ 2.99
Diluted earnings per common share	$ (0.38)	$ 0.67	$ 1.24	$ 2.83
Weighted average common shares outstanding (*actuals*)	1,379,929	1,354,864	1,374,732	1,339,404
Diluted average common shares outstanding (*actuals*)	1,445,451	1,436,024	1,450,254	1,416,056