West Town BANCORP

West Town Bancorp, Inc. Announces First Quarter 2018 Financial Results

Company Release 04/27/2018 08:30 AM Contact: Eric Bergevin, 252-482-4400

RALEIGH, NC, April 27, 2018 -- West Town Bancorp, Inc. (OTC PINK: WTWB) (the “Company” or “West Town”), the multi-bank holding company for West Town Bank & Trust and Sound Bank, reported record quarterly net income of $2,481,000 or $0.80 per diluted share for the first quarter 2018 compared to net income of $879,000, or $0.57 per diluted share for the first quarter of 2017, an increase of $1,602,000, or 182%. Return on average assets was 1.88%, and return on average shareholders’ equity was 15.02% as compared to 1.31% and 12.40%, respectively, in the first quarter 2017.

Eric Bergevin, President and CEO commented, “We are pleased to announce record quarterly earnings in the first three months of 2018. As planned, we began to reap the benefit of our “originate and hold” strategy for governmental guaranteed lending that was implemented in the fourth quarter of 2017. We resumed selling the guaranteed portion of these loans into the secondary market and recorded a net gain on the sale totaling $3,054,000 during the first quarter of 2018 as compared to $192,000 in the fourth quarter of 2017 and $1,636,000 in the first quarter of 2017. Our governmental guaranteed lending division originated loans of $81 million in the first quarter of 2018 as compared to $90 million in the fourth quarter of 2017. With $61 million in loans held for sale as of March 31, 2018, we are like-wise well positioned for the second quarter of 2018. Also enhancing our earnings for the first quarter was the $564,000 in income earned from our strategic investment in Windsor Advantage, LLC made in early 2017.”

First quarter 2018 highlights:

- Record quarterly earnings of $2,481,000 driven by net revenue of $3,054,000 in government lending compared to $1,636,000 for first quarter 2017.
    - West Town Bank & Trust earned net income totaling $1,879,000 for the first quarter of 2018, resulting in a return on average assets of 2.32% and a return on average common shareholders’ equity of 20.87%.
    - Sound Bank earned net income of $449,000 for the first quarter of 2018, resulting in a return on average assets of 0.91% and a return on average common equity of 6.69%.
- Tangible book value increased 5% from $19.07 as of December 31, 2017 to $19.94 as of March 31, 2018.
- Return on average assets of 1.88%, compared to 1.31% for the first quarter of 2017.
- Return on average common shareholders’ equity of 15.02%, compared to 12.40% for the first quarter of 2017.
- Return on average tangible common shareholders’ equity of 18.30%, compared to 12.57% for the first quarter of 2017.
- Efficiency ratio of 60.4%, compared to 70.5% for the first quarter of 2017.

Financial Performance (Consolidated)
(Includes Sound Bank as of 9/1/2017)

Dollars in thousands, except per share data; unaudited	Three Months Ended					Year-to-Date	
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17	3/31/18	3/31/17
Interest income							
Interest and fees on loans	$ 6,036	$ 6,062	$ 4,223	$ 3,288	$ 3,373	$ 6,036	$ 3,373
Investment securities & deposits	184	155	142	78	73	184	73
Total interest income	6,220	6,217	4,365	3,366	3,446	6,220	3,446
Interest expense							
Interest on deposits	771	792	712	684	677	771	677
Interest on borrowed funds	378	191	102	92	56	378	56
Total interest expense	1,149	983	814	776	733	1,149	733
Net interest income	**5,071**	**5,234**	**3,551**	**2,590**	**2,713**	**5,071**	**2,713**
Provision for loan losses	469	1,129	491	281	276	469	276
Noninterest income							
Government lending revenue	3,054	192	1,537	730	1,636	3,054	1,636
Mortgage revenue	455	515	699	1,938	1,555	455	1,555
Service charge revenue	219	203	89	15	17	219	17
Bank owned life insurance income	57	60	42	37	31	57	31
Income from Windsor investment	564	203	519	573	205	564	205
Loss on sale of securities	0	0	(7)	0	0	0	0
Other noninterest income	172	373	134	119	112	172	112
Total noninterest income	4,521	1,546	3,013	3,412	3,556	4,521	3,556
Noninterest expense							
Compensation	3,266	3,248	2,481	2,812	2,801	3,266	2,801
Occupancy and equipment	413	434	303	314	366	413	366
Loan, foreclosure and OREO	362	373	287	408	19	362	19
Professional services	274	313	155	404	258	274	258
Data processing	313	316	247	143	148	313	148
Communication	235	188	112	85	84	235	84
Advertising	54	109	91	77	92	54	92
Transaction-related expenses	14	60	231	125	172	14	172
Other operating expense	864	856	547	438	482	864	482
Total noninterest expense	5,795	5,897	4,454	4,806	4,422	5,795	4,422
Income (loss) before income taxes	3,328	(246)	1,619	915	1,571	3,328	1,571
Income tax expense (benefit)	847	(798)	672	401	692	847	692
Net income	**$ 2,481**	**$ 552**	**$ 947**	**$ 514**	**$ 879**	**$ 2,481**	**$ 879**
Basic earnings per common share (1) (3)	$ 0.84	$ 0.21	$ 0.59	$ 0.35	$ 0.60	$ 0.84	$ 0.60
Diluted earnings per common share (1) (3)	$ 0.80	$ 0.20	$ 0.56	$ 0.34	$ 0.57	$ 0.80	$ 0.57
Weighted average common shares outstanding (1)	2,952	2,649	1,626	1,467	1,465	2,952	1,465
Diluted average common shares outstanding (1)	3,087	2,755	1,932	1,534	1,531	3,087	1,531

Performance Ratios

	Three Months Ended					Year-to-Date	
	3/31/18	12/31/17	9/30/17[1]	6/30/17[2]	3/31/17[2]	3/31/18	3/31/17
PER COMMON SHARE							
Basic earnings per common share	$ 0.84	$ 0.21	$ 0.59	$ 0.35	$ 0.60	$ 0.84	$ 0.60
Diluted earnings per common share	$ 0.80	$ 0.20	$ 0.56	$ 0.34	$ 0.57	$ 0.80	$ 0.57
Book value per common share	$ 23.02	$ 22.21	$ 22.03	$ 20.62	$ 20.25	$ 23.02	$ 20.25
Tangible book value per common share	$ 19.94	$ 19.07	$ 18.69	$ 20.62	$ 20.25	$ 19.94	$ 20.25
FINANCIAL RATIOS (ANNUALIZED)							
Return on average assets	1.88%	0.44%	1.09%	0.75%	1.31%	1.88%	1.31%
Return on average common shareholders' equity	15.02%	3.62%	9.62%	6.78%	12.40%	15.02%	12.40%
Return on average tangible common shareholders' equity	18.30%	4.31%	9.99%	6.96%	12.57%	18.30%	12.57%
Net interest margin (FTE)	4.26%	4.66%	4.58%	4.27%	4.46%	4.26%	4.46%
Efficiency ratio	60.4%	87.0%	67.8%	80.1%	70.5%	60.4%	70.5%

(1) Calculation of book value per common share and tangible book value per common share for September 30, 2017, includes the 698,580 common shares that were issued in October 2017 for the Sound Bank acquisition and the convertible preferred equity as if converted to 329,130 shares of common stock. **These incremental shares are not included in EPS calculations for the quarter ended September 30, 2017.**

(2) Calculation of book value per common share and tangible book value per common share for June 30, 2017 and March 31, 2017 include the convertible preferred equity outstanding as of such dates as if converted to 21,739 shares of common stock. **These incremental shares are not included in the quarter-end EPS calculations as of such dates.**

(3) Sum of quarterly EPS may not total YTD EPS due to the 698,580 common shares issued in October 2017 as part of the Sound Bank acquisition and the 329,130 common shares issued December 1, 2017, due to the conversion of the convertible preferred stock into common stock at the preferred stock's conversion ratio

Noninterest Income and Expense Data (Consolidated)
(Includes Sound Bank as of 9/1/2017)

Dollars in thousands; unaudited	Three Months Ended					Year-to-Date	
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17	3/31/18	3/3(1/17
Noninterest income							
Government lending revenue	$ 3,054	$ 192	$ 1,537	$ 730	$ 1,636	$ 3,054	$ 1,636
Mortgage revenue	455	515	699	1,938	1,555	455	1,555
Service charge revenue	219	203	89	15	17	219	17
Bank owned life insurance income	57	60	42	37	31	57	31
Income from Windsor investment	564	203	519	573	205	564	205
Loss on sale of securities	0	0	(7)	0	0	0	0
Other noninterest income	172	373	134	119	112	172	112
Total noninterest income	$ 4,521	$ 1,546	$ 3,013	$ 3,412	$ 3,556	$ 4,521	$ 3,556
Noninterest expense							
Compensation	$ 3,266	$ 3,248	$ 2,481	$ 2,812	$ 2,801	$ 3,266	$ 2,801
Occupancy and equipment	413	434	303	314	366	413	366
Loan, foreclosure and OREO	362	373	287	408	19	362	19
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Communication	235	188	112	85	84	235	84
Advertising	54	109	91	77	92	54	92
Transaction-related expenses	14	60	231	125	172	14	172
Other operating expense	864	856	547	438	482	864	482
Total noninterest expense	$ 5,795	$ 5,897	$ 4,454	$ 4,806	$ 4,422	$ 5,795	$ 4,422

Total noninterest income for the first quarter of 2018 was $4,521,000, an increase of $2,975,000 or 192% from $1,546,000 for the fourth quarter of 2017. The increase in noninterest income was primarily attributable to increased sales volume to the secondary market as the Company unwound a portion of its "originate and hold" strategy implemented in the fourth quarter of 2017. Other notable changes in the noninterest income category, as compared to the linked quarter, are an increase in income from Windsor due to an increase in secondary market fees; a reduction in mortgage revenue primarily due to seasonal effects on new originations; and a decrease in other noninterest income as the fourth quarter 2017 was elevated due to a gain on the sale of fixed assets at West Town Bank & Trust.

In comparison to the prior year, comparative quarter noninterest income increased $965,000, or 27% as compared to the first quarter 2017 primarily due to a $1,418,000, or 87%, increase in governmental lending revenue. Mortgage revenue was down $1,100,000, or 71%, from the first quarter 2017 due to the Company's shift away from a national mortgage operation that was completed in mid-year 2017. Income earned from the Company's investment in Windsor totaled $564,000 for the first quarter of 2018 as compared to $205,000 for the same period last year. This $359,000 or 175% increase is due to the timing of the Company's investment which was made in mid-February 2017 as well as increased secondary market fees earned by Windsor for the first quarter of 2018. Service charge revenue increased $202,000 or 1,188% as compared to the first quarter of 2017 due to the inclusion of Sound Bank in the first quarter of 2018.

Total noninterest expense was $5,795,000 for the first quarter of 2018, a decrease of $102,000, or 2%, from the $5,897,000 for the linked quarter ended December 31, 2017. The only notable increase was communication expense which increased $47,000, or 25%, due to the integration of the two banks' networks. Notable decreases include professional services declining $39,000, or 12%, due to lower litigation and audit costs; advertising costs decreasing $55,000, or 50%, due to elevated promotional expenses in the fourth quarter 2017; and transaction-related expenses decreasing $46,000, or 77%, due to the Sound Bank transaction costs being primarily completed by December 31, 2017.

Total noninterest expense increased $1,373,000, or 31%, from the $4,422,000 recorded in the first quarter 2017. The increases are primarily related to first quarter 2018 activity for Sound Bank. The only decreases were advertising and transaction-related costs.

Selected Consolidated Balance Sheet Data

Dollars in thousands; unaudited	**Ending Balance**				
	3/31/18	**12/31/17**	**9/30/17**	**6/30/17**	**3/31/17**
Portfolio loans:					
Originated loans	$ 265,887	$ 242,744	$ 206,133	$ 200,863	$ 175,862
Acquired loans, net	124,919	135,808	144,994	0	0
Allowance for loan losses	(3,791)	(3,427)	(2,841)	(2,580)	(2,537)
Portfolio loans, net	387,015	375,125	348,286	198,283	173,325
Loans held for sale	61,286	66,706	21,023	30,166	45,266
Investment securities and deposits	44,470	48,080	64,970	25,953	26,807
Total interest-earning assets	492,771	489,911	433,896	254,402	245,398
Loan servicing rights	4,969	5,237	5,568	5,721	5,624
Goodwill	7,016	7,016	7,016	0	0
Other intangible assets, net	2,102	2,272	2,450	0	0
Total assets	549,427	544,134	487,904	283,628	275,343
Deposits					
Noninterest bearing deposits	$ 86,561	$ 84,178	$ 70,984	$ 24,141	$ 22,926
Interest-bearing deposits	298,711	308,556	317,714	201,072	201,179
Total deposits	385,272	392,734	388,698	225,213	224,105
Borrowings	87,814	78,903	19,309	22,599	16,000
Total fundings	473,086	471,637	408,007	247,812	240,105
Shareholders' equity:					
Preferred equity	$ 0	$ 0	$ 7,570	$ 500	$ 500
Common equity	47,337	47,300	39,485	13,218	13,159
Retained earnings	20,765	18,284	17,895	16,949	16,434
Accumulated other comprehensive income	(134)	(4)	28	50	42
Total shareholders' equity	$ 67,968	$ 65,580	$ 64,978	$ 30,717	$ 30,135

Total assets were $549,427,000, an increase of $5,293,000 or 1% as compared to total assets of $544,134,000 at December 31, 2017. Total net portfolio loans were $387,015,000 at March 31, 2018, an increase of $11,890,000, or 3% as compared to $375,125,000 at December 31, 2017. Loans held for sale decreased $5,420,000 or 8% to $61,286,000 as compared to $66,706,000 at December 31, 2017. The decreases in loans held for sale is primarily attributable to the partial unwinding of the “originate and hold” strategy implemented in the fourth quarter of 2017 offset by new originations totaling $81 million during the first quarter of 2018.

Total deposits were $385,272,000 at March 31, 2018, a decrease of $7,462,000, or 2%, as compared to total deposits of $392,734,000 at December 31, 2017. The deposit account balance reductions were balance fluctuations on consumer interest-bearing deposit products. Borrowings increased $8,911,000, or 11%, as compared to the linked quarter to offset the deposit reductions.

Total shareholders’ equity was $67,968,000 at March 31, 2018, an increase of $2,388,000 or 4% as compared to $65,580,000 at December 31, 2017. At March 31, 2018, both banks’ capital ratios exceed the minimum thresholds established for well-capitalized banks by regulatory measures.

	“Well Capitalized” Minimums	**West Town Bank & Trust**	**Sound Bank**
Tier 1 common equity ratio	6.5%	14.6%	12.0%
Tier 1 risk based capital ratio	8.0%	14.6%	12.0%
Total risk based capital ratio	10.0%	15.8%	12.3%
Tier 1 leverage ratio	5.0%	11.1%	9.9%

Acquired Loan Summary

Dollars in thousands		**3/31/18**		**12/31/17**		**9/30/17**
Performing acquired loans	$	121,852	$	132,846	$	142,087
Less: remaining FMV adjustments		(1,400)		(1,592)		(1,783)
Performing acquired loans, net	$	120,452	$	131,254	$	140,304
FMV adjustment %		1.1%		1.2%		1.3%
Purchase credit impaired loans (PCI)	$	5,293	$	5,386	$	5,657
Less: remaining FMV adjustments		(826)		(832)		(967)
PCI loans, net	$	4,467	$	4,554	$	4,690
FMV adjustment %		15.6%		15.4%		17.1%
Total acquired performing loans		120,452		131,254		140,304
Total acquired PCI loans		4,467		4,554		4,690
Total acquired loans		124,919		135,808		144,994
FMV adjustment %		1.8%		1.8%		1.9%

The performing acquired loan pool decreased $10,994,000 during the first quarter of 2018. The reduction is due to $9,139,000 in net principal payments and $1,855,000 in renewals which moved to the originated category at the time of renewal. The PCI loan pool decreased $93,000 during the first quarter due to net principal payments.

Asset Quality

The Company’s nonperforming assets to total assets ratio decreased 9 basis points during the first quarter of 2018 from 1.35% at December 31, 2017 to 1.26% at March 31, 2018. Excluding acquired loans, nonperforming assets to total loans and OREO declined 25 basis points, from 2.56% at December 31, 2017 to 2.31% at March 31, 2018.

The reduction is related to the net charge-offs during the quarter and a decline in nonaccrual balances. In comparison to the prior year, the Company's nonperforming assets to total loans and OREOs ratio increased 5 basis points from 2.26% at March 31, 2017.

The Company recorded a $469,000 provision for loan losses during the first quarter of 2018, as compared to a provision of $1,129,000 in the fourth quarter 2017 and $276,000 in first quarter 2017. The decreased provision expense compared to the fourth quarter 2017 is primarily due to a $438,000 decrease in net charge-offs in comparison to the fourth quarter 2017. Excluding acquired loans, the ratio of allowance for loan and lease losses as a percentage of total non-acquired loans decreased 1 basis point from one year earlier, from 1.44% at March 31, 2017, to 1.43% at March 31, 2018.

Dollars in thousands	**Ending Balance**				
	3/31/18	**12/31/17**	**9/30/17**	**6/30/17**	**3/31/17**
Nonaccrual loans – non-acquired	$ 5,910	$ 6,218	$ 6,803	$ 6,967	$ 3,717
Nonaccrual loans – acquired	182	413	0	0	0
OREO – non-acquired	54	0	0	270	270
OREO – acquired	0	0	0	0	0
90 days past due – non-acquired	186	0	0	0	0
90 days past due – acquired	594	697	1,396	0	0
Total nonperforming assets	6,926	7,328	8,199	7,237	3,987
Total nonperforming assets – non-acquired	6,150	6,218	6,803	7,237	3,987
Net charge-offs, QTD	$ 105	$ 543	$ 230	$ 238	$ 58
Annualized net charge-offs to total average portfolio loans	0.09%	0.54%	0.34%	0.43%	0.10%
Ratio of total nonperforming assets to total assets	1.26%	1.35%	1.68%	2.55%	1.45%
Ratio of total nonperforming loans to total portfolio loans	1.78%	1.95%	2.35%	3.51%	2.14%
Ratio of total allowance for loan losses to total portfolio loans	0.97%	0.91%	0.81%	1.28%	1.44%
Excluding acquired (Non-GAAP)					
Ratio of nonperforming assets to loans and OREO	2.31%	2.56%	3.30%	3.60%	2.26%
Ratio of nonperforming loans to loans	2.29%	2.56%	3.30%	3.47%	2.11%
Ratio of allowance for loan losses to loans	1.43%	1.41%	1.38%	1.28%	1.44%

Net Interest Income and Margin
(Includes Sound Bank as of 9/1/2017)

Dollars in thousands	Three Months Ended					Year-to-Date	
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17	3/31/18	3/31/17
Quarterly average balances:							
Loans	$ 446,857	$ 400,324	$ 273,225	$ 222,099	$ 226,218	$ 446,857	$ 226,218
Investment securities	11,353	7,346	6,944	4,778	4,954	11,353	4,954
Interest-bearing balances and other	24,803	37,640	27,171	16,482	15,384	24,803	15,384
Total interest-earning assets	483,013	445,310	307,340	243,359	246,556	483,013	246,556
Noninterest deposits	82,849	75,707	40,028	21,089	22,576	82,849	22,576
Interest-bearing liabilities:							
Interest bearing deposits	302,119	312,155	239,475	201,027	199,399	302,119	199,399
Borrowed funds	76,422	31,574	13,748	15,680	16,249	76,422	16,249
Total interest-bearing liabilities	378,541	343,729	253,223	216,707	215,648	378,541	215,648
Total assets	536,185	495,958	343,328	274,137	272,015	536,185	272,015
Common shareholders' equity	67,013	60,432	40,848	29,629	28,334	67,013	28,334
Tangible common equity	57,799	50,795	37,617	29,629	28,334	57,799	28,334

Dollars in thousands	Three Months Ended					Year-to-Date	
	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17	3/31/18	3/31/17
Interest Income/Expense:							
Loans	$ 6,036	$ 6,061	$ 4,223	$ 3,288	$ 3,373	$ 6,036	$ 3,373
Investment securities, tax	64	39	47	29	29	64	29
Interest-bearing balances and other	120	117	95	49	44	120	44
Total interest income	6,220	6,217	4,365	3,366	3,446	6,220	3,446
Deposits	771	791	712	684	677	771	677
Borrowings	378	192	102	92	56	378	56
Total interest expense	1,149	983	814	776	733	1,149	733
Net interest income	$ 5,071	$ 5,234	$ 3,551	$ 2,590	$ 2,713	$ 5,071	$ 2,713
Average Yields and Costs:							
Loans	5.48%	6.01%	6.13%	5.94%	6.05%	5.48%	6.05%
Investment securities	2.25%	2.12%	2.71%	2.43%	2.34%	2.25%	2.34%
Interest-bearing balances and other	1.96%	1.23%	1.39%	1.19%	1.16%	1.96%	1.16%
Total interest-earning assets	5.22%	5.54%	5.63%	5.55%	5.67%	5.22%	5.67%
Total interest-bearing deposits	1.03%	1.01%	1.18%	1.36%	1.38%	1.03%	1.38%
Borrowed funds	2.01%	2.41%	2.94%	2.35%	1.40%	2.01%	1.40%
Total interest-bearing liabilities	1.23%	1.13%	1.28%	1.44%	1.38%	1.23%	1.38%
Cost of funds	1.01%	0.93%	1.10%	1.31%	1.25%	1.01%	1.25%
Net interest margin	4.26%	4.66%	4.58%	4.27%	4.46%	4.26%	4.46%

Net interest income for the first quarter of 2018 was $5,071,000, a decrease from $5,234,000 for the fourth quarter of 2017.

- West Town Bank & Trust contributed $3,256,000 for the first quarter of 2018, as compared to $3,453,000 for the fourth quarter of 2017, a decrease of $197,000 or 6%. The decrease is due to elevated funding costs and decreased accretion income on early loan payoffs.
- Sound Bank contributed $1,925,000 for the first quarter of 2018, as compared to $1,896,000 for the fourth quarter of 2017, an increase of $29,000 or 2%.
- Interest expense at the holding company totaled $111,000 for the first quarter of 2018, as compared to $115,000 for the fourth quarter of 2017.

Net interest margin was 4.26% for the first quarter of 2018, a 40 basis point decrease as compared to 4.66% for the fourth quarter of 2018.

- West Town Bank & Trust net interest margin was 4.30% for the first quarter 2018, as compared to 5.03% for the fourth quarter of 2017. The drivers for the decrease include 10 basis point lower start rates for new government guaranteed lending originations specifically in the solar farm loans as compared to our seasoned solar farm loan portfolio; increased overnight borrowing costs due to recent rate hikes; and lower prepayments in government lending.

- Sound Bank net interest margin was 4.45% for the first quarter 2018, as compared to 4.35% for the fourth quarter. The primary increase in the margin was the purchase of $7.7 million of investment securities with excess cash. Excluding accretion of the loan and deposit fair value marks, the Sound Bank net interest margin was 3.95% for the first quarter 2018, as compared to 3.82% for the fourth quarter of 2017.
- On a consolidated basis, the Company's cost of funds increased 8 basis points as compared to the fourth quarter of 2017. This is primarily due to an increase in overnight borrowing costs and CD campaigns with a 2.00% interest rate.

Average interest-earning assets for the first quarter of 2018 were $483,013,000, an increase of $37,703,000, or 9% as compared to $445,310,000 for the fourth quarter of 2017. The increase was primarily due to the "originate and hold" strategy that began to unwind with loan sales occurring primarily in March 2018. Likewise, average interest-bearing liabilities were $378,541,000, an increase of $34,812,000, or 10%, as compared to the $343,729,000 for the fourth quarter of 2017.

About West Town Bancorp, Inc.
West Town Bancorp, Inc. is the multi-bank holding company for West Town Bank & Trust, a North Riverside, IL based state-chartered bank and Sound Bank, a Morehead City, NC based state-chartered bank. West Town Bank & Trust provides banking services through its offices in Illinois and North Carolina, while Sound Bank provides banking services through its offices in North Carolina. Primary deposit products are checking, savings, and time certificate accounts, and primary lending products are government guaranteed lending, residential mortgage, commercial, and installment loans. The Company is registered with, and supervised by, the Federal Reserve. West Town Bank & Trust's primary regulators are the Illinois Department of Financial and Professional Regulation and the FDIC. Sound Bank's primary regulators are the North Carolina Commissioner of Banks and the FDIC.

For more information, visit www.westtownbank.com.

Important Note Regarding Forward-Looking Statements
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: 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 Small Business Administration rules, regulations, or loan products, including the section 7(a) program; changes in other government guaranteed loan programs or our ability to participate in such programs; recent changes in tax law, including the impact of such changes on our tax assets and liabilities; changes in banking regulations and accounting principles, policies, or guidelines; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with the Sound Banking Company acquisition; the failure of our strategic investments or acquisitions to perform as anticipated and the impact of any impairments to our intangible assets, such as goodwill; 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.