



West Town Bancorp, Inc. (WTWB) Announces First Quarter 2016 Financial Results

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Contact: Eric Bergevin, 252-482-4400

RALEIGH, NC, April 29, 2016 -- West Town Bancorp, Inc. (WTWB), the newly formed holding company for West Town Bank & Trust (the "Bank"), announced today its financial results for the quarter ended March 31, 2016 and reported the Company earned net income of \$788,000, or \$0.55 per diluted common share, a decrease of \$161,000 or 17% as compared to financial results reported for the Bank for the quarter ended March 31, 2015. Return on average total assets was 1.44% and return on average shareholder's equity was 12.82% for the quarter ended March 31, 2016 as compared to 2.02% and 18.60% respectively for the first quarter of 2015. In comparison to the linked quarter ended December 31, 2015, net income decreased \$178,000 or 18.4%. The first quarter 2016 financial results were negatively impacted by a \$139,000 increase in income tax expense as a result of the valuation of the Bank's deferred tax liability position.

Select financial highlights for 1Q 2016:

- Increase in net interest income of \$451,000 or 24.3% as compared to first quarter 2015.
- Increase in loans held for investment, net of unearned income, outstanding of \$23,989,000 or 17.2% as compared to a year earlier.
- Increase in total deposits of \$10,590,000 or 6.5% as compared to a year earlier.
- Total nonperforming assets (NPAs) to total assets decreased from 2.59% at March 31, 2015 and 2.02% at December 31, 2015 to 1.55% at March 31, 2016.
- The Bank's Allowance for Loan and Lease Losses ("ALLL") to loans held for investment increased 2 basis points from 1.12% at December 31, 2015 to 1.14% at March 31, 2016 and decreased 12 basis points from 1.26% one year earlier due primarily to the reduction in NPAs.

Eric Bergevin, President and CEO commented, *"In addition to the tax expense adjustment noted above, our first quarter results were also negatively impacted by a significant reduction in mortgage originations, leading to decreased noninterest income. We are currently in the process of right-sizing this line of business to bring fixed overhead expenses more in-line with the reduced origination volume and anticipate this process to be complete by the end of the second quarter. We remain optimistic about 2016 as our credit quality trends continue to improve as evidenced by the significant reduction in nonperforming assets year over year, our governmental lending line of business continues to grow and maintains a strong pipeline and we recently celebrated the opening of our Edenton, NC full-service branch in mid-April which has been received with great enthusiasm. Additionally, our strong capital position enables us to continue to grow organically as well and affords us the opportunity to pursue merger and acquisition strategies in a thoughtful and prudent manner."*

STRONG LOAN AND DEPOSIT GROWTH

At March 31, 2016, the Company's total assets were \$229,530,000, loans held for investment at \$163,345,000, total deposits were \$204,512,000 and total shareholder's equity was \$25,018,000. Compared with March 31, 2015, total assets increased \$23,507,000 or 11.4%, loans held for investment increased \$23,989,000 or 17.2%, total deposits increased \$10,590,000 or 6.5% and total shareholder's equity increased \$4,299,000 or 20.7%.

Total loan originations for the Bank across all sectors for the three months ended March 31, 2016 totaled \$86,738,000, a decrease of 40.5% as compared to the same prior year three months of \$145,719,000. While mortgage originations dropped by 58% compared to the prior year, originations in the SBA/USDA portfolio grew by 31%. The Bank's loans held for investment portfolio grew by 17.2% due mainly to the SBA/USDA loans retained in the portfolio.

CAPITAL LEVELS

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

	"Well Capitalized" Minimums	3/31/16	12/31/15	3/31/15
Common equity tier 1 capital	6.5%	14.05%	13.59%	12.41%
Tier 1 risk based capital ratio	8.0%	14.05%	13.59%	12.41%
Total risk based capital ratio	10.0%	15.12%	14.63%	13.46%
Tier 1 leverage ratio	5.0%	11.33%	11.24%	10.94%

The book value per common share increased from \$15.70 at March 31, 2015 and \$17.69 at December 31, 2015 to \$18.21 at March 31, 2016.

ASSET QUALITY

The Bank's nonperforming assets to total assets ratio decreased 47 basis points during the first quarter of 2016 from 2.02% at December 31, 2015 to 1.55% at March 31, 2016. The decrease is primarily due to one loan that was in the 90 days and accruing interest category at December 31, 2015 and which was current as of March 31, 2016.

In comparison to March 31, 2015, the Bank's nonperforming assets to total assets ratio decreased 104 basis points from 2.59% to 1.55% at March 31, 2016. The reduction is due to a \$2,100,000 reduction in non-accrual loans.

The Bank recorded a \$123,000 provision for loan losses during the first quarter of 2016, as compared to a provision of \$211,000 during the same period last year.

The ratio of allowance for loan and lease losses as a percentage of total loans held for investment decreased from 1.26% at March 31, 2015, but increased from 1.12% at December 31, 2015 to 1.14% at March 31, 2016. Total reserves represented 59% of the non-accrual loan balances as of March 31, 2016 as compared to 33% reported a year earlier.

NET INTEREST INCOME IMPROVES YEAR OVER YEAR

Net interest income for the three months ended March 31, 2016 was \$2,304,000, an increase of \$451,000 or 24.3% as compared to \$1,853,000 reported for the same prior year period. The increase was fueled by a 23.8% increase in interest and fee income earned on the Bank's loan portfolio.

The Bank's net interest margin was 4.63%, up 25 basis points as compared to the 4.38% reported for the first quarter of 2015. The margin was flat in comparison to the linked quarter.

NONINTEREST INCOME

Noninterest income for the three months ended March 31, 2016 was \$3,959,000, a decrease of \$2,526,000 or 39.0% as compared to the same prior year period. The reduction is driven by a decrease in mortgage related fees of \$3.1 million which were partially offset by an increase in SBA/USDA loan fees of \$307,000.

NONINTEREST EXPENSE

Noninterest expense for the three months ended March 31, 2016 totaled \$4,633,000, a decrease of \$1,921,000 or 29.3% as compared to the same prior year period. The decrease is primarily related to a \$1.1 million reduction in compensation expense and a \$517,000 reduction in held for sale mortgage loan related expenses.

Balance Sheet Comparison						
<i>Dollars in thousands</i>						
	Unaudited	Audited		Unaudited		Audited
	Actual	Actual	Actual	Actual	Actual	Actual
	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Assets						
Cash and due from banks	\$1,400	\$4,514	\$1,107	\$1,200	\$1,216	\$5,007
Interest bearing deposits with banks	12,082	7,832	13,377	7,152	6,064	2,008
Investment securities – taxable	5,908	6,371	5,807	6,066	6,379	5,689
Loans held for sale	29,322	14,194	13,115	21,242	35,384	28,718
Loans held for investment, net of unearned income	163,345	164,052	151,827	149,402	139,356	125,531
Less: Allowance for loan losses	-1,869	-1,834	-1,770	-1,750	-1,750	-1,600
Premises and equipment, net	6,256	6,092	6,008	6,009	6,097	6,205
Other real estate	378	270	333	270	55	0
Other assets	12,708	13,538	13,604	13,494	13,222	12,734
Total Assets	\$229,530	\$215,029	\$203,408	\$203,085	\$206,023	\$184,292
Liabilities						
Total Deposits	172,802	177,937	165,694	162,254	162,212	141,407
Accrued expenses and other liabilities	1,710	4,045	3,646	3,793	3,092	3,783
FHLB advances	30,000	8,900	11,000	15,000	20,000	19,000
Total Liabilities	204,512	190,882	180,340	181,047	185,304	164,190
Equity						
Common stock	1,374	1,365	1,350	1,353	1,320	1,314
Capital surplus	9,036	8,970	8,847	8,835	8,607	8,553
Retained earnings	13,756	9,755	9,755	9,755	9,755	6,123
Accumulated other comprehensive income (loss)	64	56	81	80	89	84
Net Income	788	4,001	3,035	2,015	949	4,028
Total Equity	25,018	24,147	23,068	22,038	20,719	20,102
Total Liabilities and Equity	\$229,530	\$215,029	\$203,408	\$203,085	\$206,023	\$184,292

Income Statement Quarterly Comparison						
<i>Dollars in thousands</i>						
	Unaudited		Audited			
	Actual	Actual	Actual	Actual	Actual	Actual
	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Interest Income						
Interest and fee income on loans	\$2,808	\$2,846	\$2,341	\$2,561	\$2,268	\$2,244
Interest income on securities	26	42	30	30	26	37
Other interest income	14	0	8	8	5	5
Total Interest Income	2,848	2,888	2,379	2,599	2,299	2,286
Interest Expense						
Interest on deposits	529	526	499	514	442	404
Interest on borrowings	15	7	2	5	4	4
Total Interest Expense	544	533	501	519	446	408
Net Interest Income	2,304	2,355	1,878	2,080	1,853	1,878
Provision for loan losses	123	64	188	18	211	3
Net Interest Income After Provision for Loan Losses	2,181	2,291	1,690	2,062	1,642	1,875
Total Noninterest Income	3,959	4,793	5,053	5,867	6,485	5,191
Total Noninterest Expense	4,633	5,697	5,030	6,145	6,554	5,428
Income Before Taxes	1,507	1,387	1,713	1,784	1,573	1,638
Income Taxes	719	421	693	718	624	629
Net Income	\$788	\$966	\$1,020	\$1,066	\$949	\$1,009

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 regulator is 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; 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. West Town Bank & trust takes no obligation to revise, update, or clarify forward looking statements to reflect events or conditions after the date of this release.