

Second Quarter : 2018

Summary Financial Statements and Selected Financial Highlights

(unaudited)

W.T.B. Financial Corporation
Condensed Consolidated Statements of Financial Condition
(unaudited)

	<u>June 30,</u> <u>2018</u>	<u>March 31,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
ASSETS			
Cash and due from banks	\$ 91,719,702	\$ 83,359,435	\$ 95,787,195
Fed funds sold and resale agreements	260,000	-	-
Interest-bearing deposits with banks	647,779,104	872,673,862	139,316,506
Securities available for sale, at fair value	918,574,189	884,814,074	951,561,150
Securities held to maturity, at amortized cost	444,468,041	456,300,951	431,605,392
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	7,540,600	7,540,600	6,857,600
Loans receivable	4,079,035,309	3,939,241,882	3,960,566,836
Allowance for loan losses	(89,235,844)	(87,551,289)	(87,980,922)
Loans net of allowance for loan losses	<u>3,989,799,465</u>	<u>3,851,690,593</u>	<u>3,872,585,914</u>
Premises and equipment, net	52,509,834	52,362,374	44,291,169
Other real estate	-	310,500	338,400
Accrued interest receivable	19,971,546	17,655,410	16,607,661
Other assets	53,107,007	54,584,511	82,314,199
Total assets	<u>\$ 6,225,729,488</u>	<u>\$ 6,281,292,310</u>	<u>\$ 5,641,265,186</u>
LIABILITIES			
Deposits:			
Noninterest-bearing	\$ 2,332,047,750	\$ 2,441,263,418	\$ 1,944,330,014
Interest-bearing	3,048,015,739	3,038,862,372	2,916,431,388
Total deposits	<u>5,380,063,489</u>	<u>5,480,125,790</u>	<u>4,860,761,402</u>
Securities sold under agreements to repurchase	252,277,496	222,552,453	219,196,695
Accrued interest payable	1,088,826	756,324	453,178
Other liabilities	39,174,290	39,800,613	34,888,466
Total liabilities	<u>5,672,604,101</u>	<u>5,743,235,180</u>	<u>5,115,299,741</u>
SHAREHOLDERS' EQUITY			
Common stock	30,999,729	30,432,744	29,208,742
Surplus	32,665,000	32,665,000	32,665,000
Undivided profits	546,170,793	529,038,443	495,340,312
	<u>609,835,522</u>	<u>592,136,187</u>	<u>557,214,054</u>
Accumulated other comprehensive loss	(56,710,135)	(54,079,057)	(31,248,609)
Total shareholders' equity	<u>553,125,387</u>	<u>538,057,130</u>	<u>525,965,445</u>
Total liabilities and shareholders' equity	<u>\$ 6,225,729,488</u>	<u>\$ 6,281,292,310</u>	<u>\$ 5,641,265,186</u>

W.T.B. Financial Corporation
Condensed Consolidated Statements of Income
(unaudited)

	Three Months Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
INTEREST REVENUE			
Loans, including fees	\$ 49,791,801	\$ 46,777,857	\$ 44,270,681
Deposits with banks	3,370,875	2,918,009	451,416
Securities	7,029,829	6,841,316	6,518,317
Other interest and dividend income	40,734	149,257	23,071
Total interest revenue	<u>60,233,239</u>	<u>56,686,439</u>	<u>51,263,485</u>
INTEREST EXPENSE			
Deposits	2,160,120	1,825,108	948,217
Funds purchased and other borrowings	45,396	42,659	45,922
Total interest expense	<u>2,205,516</u>	<u>1,867,767</u>	<u>994,139</u>
Net interest revenue	<u>58,027,723</u>	<u>54,818,672</u>	<u>50,269,346</u>
Provision for loan losses	1,300,000	400,000	-
Net interest revenue after provision for loan losses	<u>56,727,723</u>	<u>54,418,672</u>	<u>50,269,346</u>
NONINTEREST REVENUE			
Fiduciary income	4,254,429	4,004,692	3,508,464
Mortgage banking revenue, net	1,594,033	1,552,218	1,612,871
Other fees on loans	251,418	205,793	284,091
Service charges, commissions and fees	5,879,146	5,932,320	5,812,519
Net losses on other real estate	(92,638)	-	-
Other income	1,066,274	783,819	333,122
Total noninterest revenue	<u>12,952,662</u>	<u>12,478,842</u>	<u>11,551,067</u>
NONINTEREST EXPENSE			
Salaries and benefits	26,443,428	26,924,765	24,477,633
Occupancy, furniture and equipment expense	4,833,479	4,040,573	3,141,368
Other expense	12,515,002	11,619,109	11,503,369
Total noninterest expense	<u>43,791,909</u>	<u>42,584,447</u>	<u>39,122,370</u>
Income before income taxes	<u>25,888,476</u>	<u>24,313,067</u>	<u>22,698,043</u>
Income taxes	5,817,858	5,467,916	7,972,823
NET INCOME	<u>\$ 20,070,618</u>	<u>\$ 18,845,151</u>	<u>\$ 14,725,220</u>
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	2,555,016	2,550,103	2,546,676
Diluted	2,561,649	2,561,185	2,554,401
Earnings per common share (based on weighted average shares outstanding)			
Basic	\$ 7.86	\$ 7.39	\$ 5.78
Diluted	\$ 7.84	\$ 7.36	\$ 5.76

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	Six Months Ended	
	June 30, 2018	June 30, 2017
INTEREST REVENUE		
Loans, including fees	\$ 96,569,658	\$ 86,515,045
Deposits with banks	6,288,884	1,018,594
Securities	13,871,145	13,195,127
Other interest and dividend income	189,991	44,211
Total interest revenue	116,919,678	100,772,977
INTEREST EXPENSE		
Deposits	3,985,228	1,902,460
Funds purchased and other borrowings	88,055	88,889
Total interest expense	4,073,283	1,991,349
Net interest revenue	112,846,395	98,781,628
Provision for loan losses	1,700,000	400,000
Net interest revenue after provision for loan losses	111,146,395	98,381,628
NONINTEREST REVENUE		
Fiduciary income	8,259,121	6,959,983
Mortgage banking revenue, net	3,146,251	3,343,763
Other fees on loans	457,211	489,661
Service charges, commissions and fees	11,811,466	11,627,899
Net losses on other real estate	(92,638)	(10,390)
Other income	1,850,093	557,719
Total noninterest revenue	25,431,504	22,968,635
NONINTEREST EXPENSE		
Salaries and benefits	53,368,193	49,738,328
Occupancy, furniture and equipment expense	8,874,052	7,776,935
Other expense	24,134,111	21,512,950
Total noninterest expense	86,376,356	79,028,213
Income before income taxes	50,201,543	42,322,050
Income taxes	11,285,774	14,588,452
NET INCOME	\$ 38,915,769	\$ 27,733,598

PER SHARE DATA

Weighted average number of common stock shares outstanding

Basic	2,552,573	2,544,051
Diluted	2,561,418	2,552,432

Earnings per common share (based on weighted average shares outstanding)

Basic	\$ 15.25	\$ 10.90
Diluted	\$ 15.19	\$ 10.87

W.T.B. Financial Corporation
Selected Financial Highlights
(unaudited)

(dollars in thousands)

	Quarters Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
SELECTED DATA					
Interest-bearing deposits with banks	\$ 647,779	\$ 872,674	\$ 748,822	\$ 449,353	\$ 139,317
Securities	1,363,042	1,341,115	1,387,176	1,492,498	1,383,167
Total loans	4,079,035	3,939,242	3,932,076	3,956,974	3,960,567
Allowance for loan losses	89,236	87,551	86,784	89,569	87,981
Earning assets ¹	6,132,681	6,192,265	6,095,353	5,918,736	5,501,453
Total assets	6,225,729	6,281,292	6,246,093	6,062,191	5,641,265
Deposits	5,380,063	5,480,126	5,448,866	5,233,563	4,860,761
Interest-bearing liabilities	3,300,293	3,261,415	3,313,797	3,282,963	3,135,628
Total shareholders' equity	553,125	538,057	530,791	540,066	525,965
Total equity to total assets	8.88%	8.57%	8.50%	8.91%	9.32%
Full-time equivalent employees	977	973	960	972	950
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.19%	2.22%	2.21%	2.26%	2.22%
Allowance for loan losses to noncurrent loans	902%	724%	755%	748%	796%
Net charge-offs (recoveries) to total average loans	-0.01%	-0.01%	0.06%	-0.04%	-0.01%
Noncurrent loans and ORE to assets	0.16%	0.20%	0.19%	0.20%	0.20%
Noncurrent loans, ORE and TDRs to assets	0.18%	0.22%	0.21%	0.22%	0.26%

(1) Includes only the amortized cost for securities. Includes non-accrual loans.

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	June 30, 2018	March 31, 2018	June 30, 2017	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	\$ 58,145	\$ 54,942	\$ 50,584	5.8%	14.9%
Fully tax-equivalent adjustment	117	123	314	-4.9%	-62.7%
Net interest revenue	58,028	54,819	50,270	5.9%	15.4%
Provision for loan losses	1,300	400	-	225.0%	NM
Net interest revenue after provision for loan losses	56,728	54,419	50,270	4.2%	12.8%
Noninterest revenue	12,953	12,479	11,551	3.8%	12.1%
Noninterest expense	43,793	42,585	39,123	2.8%	11.9%
Income before income taxes	25,888	24,313	22,698	6.5%	14.1%
Income taxes	5,817	5,468	7,972	6.4%	-27.0%
Net income	\$ 20,071	\$ 18,845	\$ 14,726	6.5%	36.3%
PER COMMON SHARE					
Earnings per common share - basic	\$ 7.86	\$ 7.39	\$ 5.78	6.4%	36.0%
Earnings per common share - diluted	7.84	7.36	5.76	6.5%	36.1%
Common cash dividends	1.15	1.15	0.84	0.0%	36.9%
Common shareholders' equity	215.18	208.75	204.67	3.1%	5.1%

	Quarters Ended			% Change	
	June 30, 2018	March 31, 2018	June 30, 2017	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	1.29%	1.23%	1.06%	0.06%	0.23%
Return on average shareholders' equity	14.74%	14.30%	11.35%	0.44%	3.39%
Margin on average earning assets ¹	3.78%	3.65%	3.72%	0.13%	0.06%
Noninterest expense to average assets	2.81%	2.79%	2.81%	0.02%	0.00%
Noninterest revenue to average assets	0.83%	0.82%	0.83%	0.01%	0.00%
Efficiency ratio	61.6%	63.2%	63.0%	-1.6%	-1.4%
Common cash dividends to net income	14.64%	15.59%	14.53%	-0.95%	0.10%

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a tax rate of 21% in 2018 and 35% in 2017.

NM = not meaningful

W.T.B. Financial Corporation
Selected Financial Highlights
(unaudited)

(dollars in thousands, except per share data)

	Six Months Ended		% Change
	June 30, 2018	June 30, 2017	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	\$ 113,087	\$ 99,406	13.8%
Fully tax-equivalent adjustment	241	624	-61.4%
Net interest revenue	112,846	98,782	14.2%
Provision for loan losses	1,700	400	325.0%
Net interest revenue after provision for loan losses	111,146	98,382	13.0%
Noninterest revenue	25,432	22,969	10.7%
Noninterest expense	86,376	79,029	9.3%
Income before income taxes	50,202	42,322	18.6%
Income taxes	11,286	14,588	-22.6%
Net income	\$ 38,916	\$ 27,734	40.3%
PER COMMON SHARE			
Earnings per common share - basic	\$ 15.25	\$ 10.90	39.9%
Earnings per common share - diluted	15.19	10.87	39.7%
Common cash dividends	2.30	1.68	36.9%
Common shareholders' equity	215.18	204.67	5.1%
PERFORMANCE RATIOS			
Return on average assets	1.26%	1.00%	0.26%
Return on average shareholders' equity	14.53%	10.91%	3.62%
Margin on average earning assets ¹	3.71%	3.67%	0.04%
Noninterest expense to average assets	2.80%	2.85%	-0.05%
Noninterest revenue to average assets	0.82%	0.83%	-0.01%
Efficiency ratio	62.4%	64.6%	-2.2%
Common cash dividends to net income	15.10%	15.43%	-0.33%

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a tax rate of 21% in 2018 and 35% in 2017.