W.T.B. Financial Corporation

Peter F. Stanton
Chairman of the Board and
Chief Executive Officer

April 19, 2018

Dear Shareholders:

We are pleased to report to you strong core results for the first quarter of 2018, which were complimented by the beneficial impact of lower federal income tax rates resulting from the tax reform law passed late in 2017. Earnings for the quarter were up 44.9 percent from the first quarter of 2017, while return on assets came in at a very solid 1.23 percent and return on equity an impressive 14.30 percent. These performance levels reflected the benefit of lower tax rates, but the Bank's underlying business trends were very favorable as well. Additionally, as we informed you back in February, quarterly common shareholder dividends were increased $0.31, or 37 percent to $1.15 per share, which helped accomplish our objective of delivering improved shareholder returns.

While tax reform was beneficial to bottom line results, there were important trends above the line that demonstrated considerable strength in our business. Year-over-year, deposits were up $660 million, or 13.7 percent, to nearly $5.5 billion, which is pretty remarkable for a relationship based, organic growth business model. Loans grew less than deposits, increasing $174 million, or 4.6 percent year-over-year to $3.9 billion. There are a number of factors that impacted loan growth, including a very competitive marketplace, continued efforts to remain disciplined in our underwriting standards and some evidence that our clients are taking gains on projects and reducing exposures at attractive pricing levels. Fed rate actions have also helped to boost loan yields, which increased 26 bps over the past year to 4.84 percent, while favorable economic conditions have kept problem loans at historically low levels. Overall earning asset yields increased 9 bps to 3.78 percent, with that increase tempered somewhat by the build-up of lower yielding cash balances. While the Fed is expected to continue raising rates, competitive pressures may make progress on margin a real challenge.

Credit performance remained excellent, as noncurrent loans at the end of the first quarter totaled just $12.1 million, or 0.31 percent of total loans, levels we haven't seen for nearly a decade. Prior to completing the Company's audited financial statements in mid-March, there was one borrower relationship where credit deteriorated from yearend levels and it was appropriate to charge-off $2.8 million of that loan exposure and reflect that charge-off in 2017's financial statements. The impact of that accounting entry was to reduce total loans and the Bank's allowance for loan losses by $2.8 million. As a result, the Bank's allowance for loan loss position was essentially unchanged year-over-year at $87.6 million, or 2.22 percent of loans. Our practice is to minimize credit risk in the Bank's bond portfolio, which continues to be comprised almost entirely of moderate duration, federal government and federal agency debt instruments. Overall yields on the Company's securities portfolio were 1.97 percent in the first quarter.

Earnings were very strong for the quarter, increasing $5.8 million, or 44.9 percent year-over-year to $18.8 million. Some of that $5.8 million improvement in earnings was due to lower tax rates, which reduced income tax expense by $1.1 million, but that still left considerable improvement from our core business. At a pre-tax income level, Company performance increased $4.7 million, or 23.9 percent to $24.3 million. The main drivers of the year-over-year increase in pre-tax income were higher levels of interest earning assets (up $710 million, or 13.0 percent) and a wider net interest margin (increasing by 4 bps to 3.65 percent). Higher earnings also brought higher earnings per share, which increased $2.26, or 44.3 percent to $7.36 per share for the quarter.

All of this excellent news on the Company's performance was accomplished while still maintaining discipline across the balance sheet. Capital levels remained well above regulatory minimums. The Bank's allowance for loan losses continued to be substantial at $87.6 million, or 2.22 percent of loans, especially when compared to just $12.1 million in noncurrent loans. Liquid assets are at historically high levels with investible cash and securities totaling over $2.2 billion, or 35 percent of total assets. The Bank's interest rate risk posture is moderately asset sensitive, which is positioned well for a rising rate environment. All of these elements of balance sheet strength come at a cost, but it feels like a prudent course given the dynamic environment in which we operate.

Our relationship banking business model continues to deliver growth across the varied markets we serve and that growth has contributed to a trend of improved core performance. We are gratified that the Company is performing at these levels while still maintaining considerable strength in our balance sheet. Given our operating results and balance sheet strength, and as an additional tool for managing the Company's capital position, the Board of Directors has reauthorized a share repurchase plan of up to $2.0 million of W.T.B. Financial Corporation Class B common stock, which will be in effect over the next twelve months. Common share repurchases under this plan, if any, may be made from time to time on the open market through broker dealers or in privately negotiated transactions, at the discretion of Company management. The extent to which the Company purchases shares and the timing of any such purchases will depend upon a variety of factors, including market conditions and relevant corporate considerations.

The program will be conducted in a manner intended to comply with the safe harbor provisions of Rule 10b-18 under the Securities and Exchange Act of 1934 and may be suspended or terminated at any time by the Company's Board of Directors without prior notice. We will report back to you periodically on our progress under this authorization.

Market conditions across our geography are competitive, but generally strong. We do keep an eye on capital market conditions and note there has been considerable volatility recently. Whether that volatility is an indicator of future difficulty in our markets is unknown, but we are mindful that the recovery has been going on for some time, and sooner, or later, conditions will turn.

As we look around us, we see a few more grey hairs on the team and succession planning is something we have spent considerable time on the past several years. At the end of March, Scott Luttinen, the head of the Bank's Commercial Division, decided to step away from banking and leave the Company. Eighteen years ago, Scott led an initiative to open up the Puget Sound market for us on a de novo basis and that region is now one of our largest. He has built a strong and highly capable team of bankers in Seattle and Bellevue and was a driving force in our Relationship Manager Development Program that is training our bankers of the future.

Scott and I have been having lengthy discussions over the last few months and after 35 years in Banking, he has made the decision to leave in order to spend more time with his family and focus on new opportunities and ventures. While gone from the Company, he will continue to be an advocate for Washington Trust Bank. I would like to personally thank him for all he contributed in helping build our bank over the last 18 years. I know our team will continue the legacy of taking passionate care of our clients. With the promotion in January of Kevin Blair to the new Market President and Jay Lewis, a 30 year banking veteran, positioned to assume the Commercial Division leadership role, the pieces have been put in place for a seamless transition for our team and clients.

The first quarter was an excellent start to 2018 and we are positioning the Company to adapt to a changing world. We very much appreciate the hard work and contributions of our employees, the loyalty of our customers and the support of our shareholders. Please let us know if we can help you in anyway. For additional pertinent information, please also visit our Investor Relations webpage at watrust.com/about/investor-relations.

Warm Regards,

Peter F. Stanton

Pete Stanton
Chairman of the Board and CEO
Enclosure

First Quarter : 2018

Summary Financial Statements and Selected Financial Highlights

(unaudited)

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

	March 31, 2018	December 31, 2017	March 31, 2017
ASSETS			
Cash and due from banks	**$ 83,359,435**	$ 106,151,555	$ 82,576,770
Interest-bearing deposits with banks	**872,673,862**	748,821,952	290,649,435
Securities available for sale, at fair value	**884,814,074**	906,663,938	962,562,779
Securities held to maturity, at amortized cost	**456,300,951**	480,511,844	438,957,403
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**7,540,600**	6,857,600	6,857,600
Loans receivable	**3,939,241,882**	3,932,075,545	3,765,055,613
Allowance for loan losses	**(87,551,289)**	(86,784,229)	(87,551,815)
Loans net of allowance for loan losses	**3,851,690,593**	3,845,291,316	3,677,503,798
Premises and equipment, net	**52,362,374**	50,888,675	43,238,635
Other real estate	**310,500**	310,500	310,500
Accrued interest receivable	**17,655,410**	19,574,352	14,527,649
Other assets	**54,584,511**	81,021,062	84,428,471
Total assets	**$ 6,281,292,310**	$ 6,246,092,794	$ 5,601,613,040
LIABILITIES			
Deposits:			
Noninterest-bearing	**$ 2,441,263,418**	$ 2,357,204,208	$ 1,931,087,141
Interest-bearing	**3,038,862,372**	3,091,661,772	2,889,164,195
Total deposits	**5,480,125,790**	5,448,865,980	4,820,251,336
Securites sold under agreements to repurchase	**222,552,453**	222,135,525	232,787,077
Accrued interest payable	**756,324**	570,243	418,479
Other liabilities	**39,800,613**	43,730,063	39,221,952
Total liabilities	**5,743,235,180**	5,715,301,811	5,092,678,844
SHAREHOLDERS' EQUITY			
Common stock	**30,432,744**	30,169,275	28,863,663
Surplus	**32,665,000**	32,665,000	32,665,000
Undivided profits	**529,038,443**	513,131,560	482,754,301
	592,136,187	575,965,835	544,282,964
Accumulated other comprehensive loss	**(54,079,057)**	(45,174,852)	(35,348,768)
Total shareholders' equity	**538,057,130**	530,790,983	508,934,196
Total liabilities and shareholders' equity	**$ 6,281,292,310**	$ 6,246,092,794	$ 5,601,613,040

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

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
INTEREST REVENUE			
Loans, including fees	**$ 46,777,857**	$ 46,463,211	$ 42,244,364
Deposits with banks	**2,918,009**	2,110,862	567,178
Securities	**6,841,316**	7,124,629	6,676,810
Other interest and dividend income	**149,257**	28,097	21,140
Total interest revenue	**56,686,439**	55,726,799	49,509,492
INTEREST EXPENSE			
Deposits	**1,825,108**	1,160,533	954,243
Funds purchased and other borrowings	**42,659**	47,759	42,967
Total interest expense	**1,867,767**	1,208,292	997,210
Net interest revenue	**54,818,672**	54,518,507	48,512,282
(Recapture of) provision for loan losses	**400,000**	(400,000)	400,000
Net interest revenue after provision for loan losses	**54,418,672**	54,918,507	48,112,282
NONINTEREST REVENUE			
Fiduciary income	**4,004,692**	3,924,991	3,451,519
Mortgage banking revenue, net	**1,552,218**	1,368,055	1,730,892
Other fees on loans	**205,793**	234,529	205,570
Service charges, commissions and fees	**5,932,320**	5,745,315	5,815,380
Net losses on other real estate	**-**	(1,259)	(10,390)
Other income	**783,819**	3,113,550	224,597
Total noninterest revenue	**12,478,842**	14,385,181	11,417,568
NONINTEREST EXPENSE			
Salaries and benefits	**26,924,765**	26,669,336	25,260,695
Occupancy, furniture and equipment expense	**4,040,573**	4,138,329	4,635,567
Other expense	**11,619,109**	18,818,123	10,009,581
Total noninterest expense	**42,584,447**	49,625,788	39,905,843
Income before income taxes	**24,313,067**	19,677,900	19,624,007
Income taxes	**5,467,916**	22,488,481	6,615,629
NET INCOME (LOSS)	**$ 18,845,151**	$ (2,810,581)	$ 13,008,378
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,550,103**	2,546,832	2,541,397
Diluted	**2,561,185**	2,546,832	2,550,441
Earnings (loss) per common share (based on weighted average shares outstanding)			
Basic	**$ 7.39**	$ (1.10)	$ 5.12
Diluted	**$ 7.36**	$ (1.10)	$ 5.10

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

(dollars in thousands)

	Quarters Ended				
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
SELECTED DATA					
Interest-bearing deposits with banks	$ 872,674	$ 748,822	$ 449,353	$ 139,317	$ 290,649
Securities	1,341,115	1,387,176	1,492,498	1,383,167	1,401,520
Total loans	3,939,242	3,932,076	3,956,974	3,960,567	3,765,056
Allowance for loan losses	87,551	86,784	89,569	87,981	87,552
Earning assets [1]	6,192,265	6,095,353	5,918,736	5,501,453	5,481,936
Total assets	6,281,292	6,246,093	6,062,191	5,641,265	5,601,613
Deposits	5,480,126	5,448,866	5,233,563	4,860,761	4,820,251
Interest-bearing liabilities	3,261,415	3,313,797	3,282,963	3,135,628	3,121,951
Total shareholders' equity	538,057	530,791	540,066	525,965	508,934
Total equity to total assets	8.57%	8.50%	8.91%	9.32%	9.09%
Full-time equivalent employees	973	960	972	950	930
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.22%	2.21%	2.26%	2.22%	2.33%
Allowance for loan losses to noncurrent loans	724%	755%	748%	796%	677%
Net charge-offs (recoveries) to total average loans	-0.01%	0.06%	-0.04%	-0.01%	-0.04%
Noncurrent loans and ORE to assets	0.20%	0.19%	0.20%	0.20%	0.24%
Noncurrent loans, ORE and TDRs to assets	0.22%	0.21%	0.22%	0.26%	0.29%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	March 31, 2018	December 31, 2017	March 31, 2017	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	$ 54,942	$ 54,833	$ 48,821	0.2%	12.5%
Fully tax-equivalent adjustment	123	314	309	-60.8%	-60.2%
Net interest revenue	54,819	54,519	48,512	0.6%	13.0%
(Recapture of) provision for loan losses	400	(400)	400	-200.0%	0.0%
Net interest revenue after provision for loan losses	54,419	54,919	48,112	-0.9%	13.1%
Noninterest revenue	12,479	14,385	11,418	-13.2%	9.3%
Noninterest expense	42,585	49,626	39,906	-14.2%	6.7%
Income before income taxes	24,313	19,678	19,624	23.6%	23.9%
Income taxes	5,468	22,489	6,616	-75.7%	-17.4%
Net income (loss)	$ 18,845	$ (2,811)	$ 13,008	-770.4%	44.9%
PER COMMON SHARE					
Earnings (loss) per common share - basic	$ 7.39	$ (1.10)	$ 5.12	-771.8%	44.3%
Earnings (loss) per common share - diluted	7.36	(1.10)	5.10	-769.1%	44.3%
Common cash dividends	1.15	0.84	0.84	36.9%	36.9%
Common shareholders' equity	208.75	206.48	198.05	1.1%	5.4%

	Quarters Ended			% Change	
	March 31, 2018	December 31, 2017	March 31, 2017	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	1.23%	-0.18%	0.94%	1.41%	0.29%
Return on average shareholders' equity	14.30%	-2.04%	10.45%	16.34%	3.85%
Margin on average earning assets [1]	3.65%	3.59%	3.61%	0.06%	0.04%
Noninterest expense to average assets	2.79%	3.19%	2.89%	-0.40%	-0.10%
Noninterest revenue to average assets	0.82%	0.92%	0.83%	-0.10%	-0.01%
Efficiency ratio	63.2%	71.7%	66.2%	-8.5%	-3.0%
Common cash dividends to net income	15.59%	NM	16.44%	NM	-0.80%

(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