W.T.B. Financial Corporation

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

January 25, 2018

Dear Shareholders:

Our objectives and expectations for 2017 were largely met and even exceeded in some ways. We had a strong growth year with increased customer deposits helping drive assets higher by more than $577 million to $6.2 billion. Growth in earning assets combined with the rising rate environment helped propel net interest revenue higher by nearly 14 percent to record levels. We maintained balance sheet strength, liquidity ended the year at significant levels and asset quality continued to be excellent. While we had considerable success against our own, internal performance markers, our team remained very focused on how innovation is reshaping our industry. With the continuous evolution of technology in financial services taking place, it is imperative that we keep pace with new opportunities to serve our customers in innovative ways. It seems apparent that there is a long runway for technology to continue transforming financial services, so we expect the investment in, and resource commitment to this crucial industry trend will be substantial well into the future.

Washington D.C. was busy this past year as well, with three more upward rate moves by the Federal Reserve and a major tax reform bill passed just before year end. While the impact of lower corporate income tax rates will clearly be favorable for us in 2018 and beyond, the irony is that lower tax rates in the future required a significant adjustment to the carrying value of deferred tax assets in 2017. That adjustment was in the form of increased tax expense in the fourth quarter. The accounting for this change in tax rates is complex, but essentially a 21 percent future federal income tax rate reduced the value of deferred tax assets on the books in 2017, which were previously calibrated at 35 percent. The impact of this non-cash accounting entry was an increase in tax expense in 2017 of $16.8 million, which resulted in a small reported loss for the fourth quarter and lowered full year earnings. While we regret the difficulty this poses for comparing performance over time, lower federal income tax rates are favorable for the Company and will provide additional financial resources in 2018 and beyond to reinvest in our business, including important technology initiatives.

The Company had a strong year of deposit growth, which helped drive both earning assets and total assets higher. Deposits were up $525 million, or 10.7 percent for the year to a historic high of $5.4 billion. Total assets grew $577 million, or 10.2 percent to $6.2 billion and earning assets grew $576 million, or 10.4 percent to $6.1 billion. While deposit growth was very strong, loan growth was moderate at $150 million, or 4.0 percent to $3.9 billion. That loan growth and three upward rate moves by the Fed during the year helped margins improve by 13 basis points year over year to 3.66 percent. Widening margins and a growing pool of earning assets combined to drive net interest revenue up more than $25 million, or 13.9 percent to a record level of $206.8 million for the year. Margin expansion was tempered somewhat by a growing pool of liquidity in the form of investment securities and cash, both earning moderate levels of interest, compared with loan yields. While we carry high levels of liquidity and our investment posture remains disciplined, we are comfortable with curtailing certain performance metrics in exchange for continued growth in our customer base and the flexibility a strong liquidity position provides.

Our risk metrics remained solid. Liquidity was ample with approximately one-third of the Company's balance sheet in either cash on deposit at the Federal Reserve, or in high quality, government issued bonds. Credit performance was excellent with noncurrent loans ending the year at just $10.3 million, or 0.26 percent of total loans, the lowest level we have seen in a decade. Despite not recording any provision for loan loss expense in 2017, the Bank's allowance position finished at a historic high of $89.6 million, or 2.28 percent of loans. The balance sheet strength we carry in the allowance position compliments the Company's capital levels, which remain well above regulatory minimums.

As a result of the necessity to write-down the value of deferred tax assets by $16.8 million, what looked like a potential record year for earnings at the end of the third quarter, turned into a much more modest performance, with net income of $41.8 million for the year, a decline of 19.2 percent over 2016 results. That accounting charge to revalue deferred tax assets also rippled through other performance metrics, including return on assets, which came in at 0.72 percent for the year and return on equity, which came in at 7.93 percent. Earnings per share for the year totaled $16.37, down 19.3 percent year over year, while book value per share ended at $206.48, up 6.6 percent over year end 2016.

While those performance levels appropriately reflect the accounting impact of tax reform, they do not properly reflect the operating success we had in growing the business in 2017 and they make period over period comparisons difficult. As an example, while increased tax expense in the fourth quarter resulted in a loss of $2.8 million, we also grew deposits over $215 million and net interest revenue by over $1 million, to levels that set new Company records. Despite these comparability challenges, lower tax rates in the future will lead to higher after-tax returns and increased capital generation capabilities.

As we reflect back on 2017, many positive things were accomplished and the Company's performance across key growth and financial objectives was really very good. The economy seems to be strengthening and macro-economic trends appear to be on the uptick. Cues from the capital markets are largely positive with equities booming and further rate moves by the Fed expected in 2018. Although credit performance is outstanding, the economic winds are not all going in the same direction, with generally low commodity prices still challenging the agricultural sector and recent dollar weakness shifting international trade dynamics. Despite largely positive macro news and the anticipated benefits of a more favorable tax environment, we remain vigilant against the optimism that seems to occur late in an economic cycle. We have worked hard to position the Company to perform at competitive levels across a broad spectrum of environments, but know that it is easy to get surprised by conditions we did not expect.

As always, we remain cautious, but also maintain a strong belief in our organization, our customers and the communities we serve. Our share price has done quite well over the past several years and has participated in the overall stock market rally we all have witnessed. Since we announced a $2 million share repurchase program last April, we have not repurchased any shares, but we continue to monitor market activity and if we see opportunities for purchases that are consistent with overall corporate objectives, we may take advantage of those circumstances. We will keep you posted on this.

On behalf of our employees, clients and the communities we serve, we remain very appreciative of your continued support. Our shareholders make possible all that we accomplish and all the good our customers do for their communities. If we can help you in anyway, please reach out to us. For additional pertinent information, please visit our Investor Relations webpage at watrust.com/about/investor-relations.

Warm Regards,

Peter F. Stanton

Pete Stanton
Chairman and CEO

Enclosure

Fourth Quarter : 2017

Summary Financial Statements and Selected Financial Highlights

(unaudited)

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

	December 31, 2017	September 30, 2017	December 31, 2016
ASSETS			
Cash and due from banks	**$ 106,151,555**	$ 95,718,872	$ 97,412,042
Interest-bearing deposits with banks	**748,821,952**	449,352,864	326,001,529
Securities available for sale, at fair value	**906,663,938**	931,145,033	932,788,461
Securities held to maturity, at amortized cost	**480,511,844**	561,352,612	452,029,006
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**6,857,600**	6,857,600	6,421,500
Loans receivable	**3,934,875,545**	3,956,974,473	3,785,076,118
Allowance for loan losses	**(89,584,229)**	(89,569,043)	(85,786,743)
Loans net of allowance for loan losses	**3,845,291,316**	3,867,405,430	3,699,289,375
Premises and equipment, net	**50,888,675**	45,755,456	42,986,615
Other real estate	**310,500**	338,400	870,500
Accrued interest receivable	**19,574,352**	17,947,975	17,061,492
Other assets	**81,021,062**	86,317,161	94,092,679
Total assets	**$ 6,246,092,794**	$ 6,062,191,403	$ 5,668,953,199
LIABILITIES			
Deposits:			
Noninterest-bearing	**$ 2,357,204,208**	$ 2,196,968,589	$ 2,028,445,434
Interest-bearing	**3,091,661,772**	3,036,594,027	2,895,244,374
Total deposits	**5,448,865,980**	5,233,562,616	4,923,689,808
Securites sold under agreements to repurchase	**222,135,525**	246,368,513	211,462,438
Accrued interest payable	**570,243**	455,177	439,921
Other liabilities	**43,730,063**	41,739,544	37,075,124
Total liabilities	**5,715,301,811**	5,522,125,850	5,172,667,291
SHAREHOLDERS' EQUITY			
Total shareholders' equity	**530,790,983**	540,065,553	496,285,908
Total liabilities and shareholders' equity	**$ 6,246,092,794**	$ 6,062,191,403	$ 5,668,953,199

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

	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
INTEREST REVENUE			
Loans, including fees	**$ 46,463,211**	$ 46,671,373	$ 41,345,217
Deposits with banks	**2,110,862**	1,043,740	559,085
Securities	**7,124,629**	6,814,466	6,024,178
Other interest and dividend income	**28,097**	19,302	14,355
Total interest revenue	**55,726,799**	54,548,881	47,942,835
INTEREST EXPENSE			
Deposits	**1,160,533**	1,033,581	961,173
Funds purchased and other borrowings	**47,759**	46,287	41,262
Total interest expense	**1,208,292**	1,079,868	1,002,435
Net interest revenue	**54,518,507**	53,469,013	46,940,400
(Recapture of) provision for loan losses	**(400,000)**	-	500,000
Net interest revenue after provision for loan losses	**54,918,507**	53,469,013	46,440,400
NONINTEREST REVENUE			
Fiduciary income	**3,924,991**	3,758,281	3,418,012
Mortgage banking revenue, net	**1,368,055**	1,472,249	2,664,520
Other fees on loans	**234,529**	250,038	328,052
Service charges, commissions and fees	**5,745,315**	6,019,480	5,615,405
Securities gains, net	**-**	-	34,218
Net gains (losses) on other real estate	**(1,259)**	-	4,615
Other income	**3,113,550**	283,426	332,417
Total noninterest revenue	**14,385,181**	11,783,474	12,397,239
NONINTEREST EXPENSE			
Salaries and benefits	**26,669,336**	24,589,697	23,650,768
Occupancy, furniture and equipment expense	**4,138,329**	3,672,144	3,821,015
Other expense	**18,818,123**	10,916,577	12,453,814
Total noninterest expense	**49,625,788**	39,178,418	39,925,597
Income before income taxes	**19,677,900**	26,074,069	18,912,042
Income taxes	**22,488,481**	9,199,494	6,649,816
NET INCOME (LOSS)	**$ (2,810,581)**	$ 16,874,575	$ 12,262,226
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,546,832**	2,546,676	2,537,464
Diluted	**2,546,832**	2,554,177	2,545,025
Earnings (loss) per common share (based on weighted average shares outstanding)			
Basic	**$ (1.10)**	$ 6.63	$ 4.83
Diluted	**$ (1.10)**	$ 6.61	$ 4.82

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

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
INTEREST REVENUE		
Loans, including fees	**$ 179,649,629**	$ 161,242,023
Deposits with banks	**4,173,196**	1,446,623
Securities	**27,134,222**	22,681,831
Other interest and dividend income	**91,610**	129,549
Total interest revenue	**211,048,657**	185,500,026
INTEREST EXPENSE		
Deposits	**4,096,573**	3,745,998
Funds purchased and other borrowings	**182,936**	193,039
Total interest expense	**4,279,509**	3,939,037
Net interest revenue	**206,769,148**	181,560,989
Provision for loan losses	**-**	2,250,000
Net interest revenue after provision for loan losses	**206,769,148**	179,310,989
NONINTEREST REVENUE		
Fiduciary income	**14,643,254**	13,565,832
Mortgage banking revenue, net	**6,184,067**	8,253,908
Other fees on loans	**974,228**	1,124,701
Service charges, commissions and fees	**23,392,692**	22,913,567
Securities gains, net	**-**	1,000,753
Net gains (losses) on other real estate	**(11,649)**	56,418
Other income	**3,954,696**	1,626,011
Total noninterest revenue	**49,137,288**	48,541,190
NONINTEREST EXPENSE		
Salaries and benefits	**100,997,360**	90,690,127
Occupancy, furniture and equipment expense	**15,587,409**	14,280,994
Other expense	**51,247,648**	43,457,859
Total noninterest expense	**167,832,417**	148,428,980
Income before income taxes	**88,074,019**	79,423,199
Income taxes	**46,276,428**	27,696,541
NET INCOME	**$ 41,797,591**	$ 51,726,658
PER SHARE DATA		
Weighted average number of common stock shares outstanding		
Basic	**2,545,414**	2,543,917
Diluted	**2,552,836**	2,549,894
Earnings per common share (based on weighted average shares outstanding)		
Basic	**$ 16.42**	$ 20.33
Diluted	**$ 16.37**	$ 20.29

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

	(dollars in thousands) Quarters Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
SELECTED DATA					
Interest-bearing deposits with banks	$ 748,822	$ 449,353	$ 139,317	$ 290,649	$ 326,002
Securities	1,387,176	1,492,498	1,383,167	1,401,520	1,384,817
Total loans	3,934,876	3,956,974	3,960,567	3,765,056	3,785,076
Allowance for loan losses	89,584	89,569	87,981	87,552	85,787
Earning assets[1]	6,098,153	5,918,736	5,501,453	5,481,936	5,522,413
Total assets	6,246,093	6,062,191	5,641,265	5,601,613	5,668,953
Deposits	5,448,866	5,233,563	4,860,761	4,820,251	4,923,690
Interest-bearing liabilities	3,313,797	3,282,963	3,135,628	3,121,951	3,106,707
Total shareholders' equity	530,791	540,066	525,965	508,934	496,286
Total equity to total assets	8.50%	8.91%	9.32%	9.09%	8.75%
Full-time equivalent employees	960	972	950	930	926
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.28%	2.26%	2.22%	2.33%	2.27%
Allowance for loan losses to noncurrent loans	842%	748%	796%	677%	598%
Net charge-offs (recoveries) to total average loans	-0.01%	-0.04%	-0.01%	-0.04%	0.03%
Noncurrent loans and ORE to assets	0.17%	0.20%	0.20%	0.24%	0.27%
Noncurrent loans, ORE and TDRs to assets	0.19%	0.22%	0.26%	0.29%	0.33%

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

	(dollars in thousands, except per share data) Quarters Ended			% Change	
	December 31, 2017	September 30, 2017	December 31, 2016	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	$ 54,833	$ 53,781	$ 47,254	2.0%	16.0%
Fully tax-equivalent adjustment	314	312	314	0.6%	0.0%
Net interest revenue	54,519	53,469	46,940	2.0%	16.1%
(Recapture of) provision for loan losses	(400)	-	500	NM	-180.0%
Net interest revenue after provision for loan losses	54,919	53,469	46,440	2.7%	18.3%
Noninterest revenue	14,385	11,783	12,397	22.1%	16.0%
Noninterest expense	49,626	39,178	39,925	26.7%	24.3%
Income before income taxes	19,678	26,074	18,912	-24.5%	4.1%
Income taxes	22,489	9,199	6,650	144.5%	238.2%
Net income (loss)	$ (2,811)	$ 16,875	$ 12,262	-116.7%	-122.9%
PER COMMON SHARE					
Earnings (loss) per common share - basic	$ (1.10)	$ 6.63	$ 4.83	-116.6%	-122.8%
Earnings (loss) per common share - diluted	(1.10)	6.61	4.82	-116.6%	-122.8%
Common cash dividends	0.84	0.84	0.75	0.0%	12.0%
Common shareholders' equity	206.48	210.16	193.66	-1.8%	6.6%

	Quarters Ended			% Change	
	December 31, 2017	September 30, 2017	December 31, 2016	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	-0.18%	1.14%	0.88%	-1.32%	-1.06%
Return on average shareholders' equity	-2.04%	12.44%	9.68%	-14.48%	-11.72%
Margin on average earning assets [1]	3.59%	3.72%	3.45%	-0.13%	0.14%
Noninterest expense to average assets	3.19%	2.65%	2.85%	0.54%	0.34%
Noninterest revenue to average assets	0.92%	0.80%	0.89%	0.12%	0.03%
Efficiency ratio	71.7%	59.8%	66.9%	11.9%	4.8%
Common cash dividends to net income	NM	12.68%	15.52%	NM	NM

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a 35% tax rate.
NM = not meaningful

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

	(dollars in thousands, except per share data)		
	Twelve Months Ended		% Change
	December 31, 2017	December 31, 2016	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	$ 208,018	$ 182,948	13.7%
Fully tax-equivalent adjustment	1,249	1,387	-9.9%
Net interest revenue	206,769	181,561	13.9%
Provision for loan losses	-	2,250	-100.0%
Net interest revenue after provision for loan losses	206,769	179,311	15.3%
Noninterest revenue	49,137	48,541	1.2%
Noninterest expense	167,832	148,429	13.1%
Income before income taxes	88,074	79,423	10.9%
Income taxes	46,276	27,696	67.1%
Net income	$ 41,798	$ 51,727	-19.2%
PER COMMON SHARE			
Earnings per common share - basic	$ 16.42	$ 20.33	-19.2%
Earnings per common share - diluted	16.37	20.29	-19.3%
Common cash dividends	3.36	3.00	12.0%
Common shareholders' equity	206.48	193.66	6.6%
PERFORMANCE RATIOS			
Return on average assets	0.72%	0.98%	-0.26%
Return on average shareholders' equity	7.93%	10.53%	-2.60%
Margin on average earning assets [1]	3.66%	3.53%	0.13%
Noninterest expense to average assets	2.89%	2.81%	0.08%
Noninterest revenue to average assets	0.85%	0.92%	-0.07%
Efficiency ratio	65.3%	64.1%	1.2%
Common cash dividends to net income	20.47%	14.76%	5.71%

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a 35% tax rate.