

Fourth Quarter : 2018

Summary Financial Statements and Selected Financial Highlights

(unaudited)

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

	<u>December 31,</u> <u>2018</u>	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
ASSETS			
Cash and due from banks	\$ 106,555,393	\$ 106,029,130	\$ 106,151,555
Fed funds sold and resale agreements	-	225,000	-
Interest-bearing deposits with banks	751,180,001	650,873,185	748,821,952
Securities available for sale, at fair value	1,031,058,762	1,022,195,424	906,663,938
Securities held to maturity, at amortized cost	558,191,770	518,268,017	480,511,844
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	7,540,600	7,540,600	6,857,600
Loans receivable	4,047,398,419	4,054,934,767	3,932,075,545
Allowance for loan losses	<u>(90,748,593)</u>	<u>(91,026,155)</u>	<u>(86,784,229)</u>
Loans net of allowance for loan losses	3,956,649,826	3,963,908,612	3,845,291,316
Premises and equipment, net	55,522,989	54,128,425	50,888,675
Other real estate	-	-	310,500
Accrued interest receivable	20,929,201	20,922,133	19,574,352
Other assets	64,721,736	63,649,906	81,021,062
Total assets	<u>\$ 6,552,350,278</u>	<u>\$ 6,407,740,432</u>	<u>\$ 6,246,092,794</u>
LIABILITIES			
Deposits:			
Noninterest-bearing	\$ 2,413,512,717	\$ 2,375,481,763	\$ 2,357,204,208
Interest-bearing	<u>3,225,410,150</u>	<u>3,173,508,190</u>	<u>3,091,661,772</u>
Total deposits	5,638,922,867	5,548,989,953	5,448,865,980
Securities sold under agreements to repurchase	259,857,022	242,444,729	222,135,525
Accrued interest payable	2,084,277	1,468,208	570,243
Other liabilities	48,821,466	47,590,617	43,730,063
Total liabilities	<u>5,949,685,632</u>	<u>5,840,493,507</u>	<u>5,715,301,811</u>
SHAREHOLDERS' EQUITY			
Common stock	32,424,650	31,531,734	30,169,275
Surplus	32,665,000	32,665,000	32,665,000
Undivided profits	584,433,474	563,300,471	513,131,560
	<u>649,523,124</u>	<u>627,497,205</u>	<u>575,965,835</u>
Accumulated other comprehensive loss	<u>(46,858,478)</u>	<u>(60,250,280)</u>	<u>(45,174,852)</u>
Total shareholders' equity	602,664,646	567,246,925	530,790,983
Total liabilities and shareholders' equity	<u>\$ 6,552,350,278</u>	<u>\$ 6,407,740,432</u>	<u>\$ 6,246,092,794</u>

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

	Three Months Ended		
	December 31, 2018	September 30, 2018	December 31, 2017
INTEREST REVENUE			
Loans, including fees	\$ 53,610,725	\$ 52,053,221	\$ 46,463,211
Deposits with banks	4,942,573	4,168,027	2,110,862
Securities	8,532,456	7,524,273	7,124,629
Other interest and dividend income	63,877	68,329	28,097
Total interest revenue	<u>67,149,631</u>	<u>63,813,850</u>	<u>55,726,799</u>
INTEREST EXPENSE			
Deposits	3,832,194	3,361,961	1,160,533
Funds purchased and other borrowings	220,199	143,980	47,759
Total interest expense	<u>4,052,393</u>	<u>3,505,941</u>	<u>1,208,292</u>
Net interest revenue	<u>63,097,238</u>	<u>60,307,909</u>	<u>54,518,507</u>
(Recapture of) provision for loan losses	400,000	600,000	(400,000)
Net interest revenue after provision for loan losses	<u>62,697,238</u>	<u>59,707,909</u>	<u>54,918,507</u>
NONINTEREST REVENUE			
Fiduciary income	5,699,608	4,178,519	3,924,991
Investment services fees	903,218	759,983	1,019,067
Bank and credit card fees	3,219,313	3,177,814	2,917,489
Mortgage banking revenue, net	940,756	1,733,028	1,368,055
Other fees on loans	277,991	270,789	234,529
Service charges on deposits	1,676,011	1,717,849	1,654,672
Other income	1,247,387	(225,350)	3,266,378
Total noninterest revenue	<u>13,964,284</u>	<u>11,612,632</u>	<u>14,385,181</u>
NONINTEREST EXPENSE			
Salaries and benefits	26,607,215	26,401,832	26,669,336
Occupancy, furniture and equipment expense	4,424,673	4,719,128	4,138,329
Other expense	16,677,074	14,917,972	18,818,123
Total noninterest expense	<u>47,708,962</u>	<u>46,038,932</u>	<u>49,625,788</u>
Income before income taxes	<u>28,952,560</u>	<u>25,281,609</u>	<u>19,677,900</u>
Income taxes	4,880,460	5,213,663	22,488,481
NET INCOME (LOSS)	<u>\$ 24,072,100</u>	<u>\$ 20,067,946</u>	<u>\$ (2,810,581)</u>
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	2,555,674	2,555,016	2,546,832
Diluted	2,562,801	2,563,132	2,546,832
Earnings (loss) per common share (based on weighted average shares outstanding)			
Basic	\$ 9.42	\$ 7.85	\$ (1.10)
Diluted	\$ 9.39	\$ 7.83	\$ (1.10)

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

	Twelve Months Ended	
	December 31, 2018	December 31, 2017
INTEREST REVENUE		
Loans, including fees	\$ 202,233,603	\$ 179,649,629
Deposits with banks	15,399,484	4,173,196
Securities	29,927,874	27,134,222
Other interest and dividend income	322,200	91,610
Total interest revenue	247,883,161	211,048,657
INTEREST EXPENSE		
Deposits	11,179,382	4,096,573
Funds purchased and other borrowings	452,236	182,936
Total interest expense	11,631,618	4,279,509
Net interest revenue	236,251,543	206,769,148
Provision for loan losses	2,700,000	-
Net interest revenue after provision for loan losses	233,551,543	206,769,148
NONINTEREST REVENUE		
Fiduciary income	18,137,249	14,643,254
Investment services fees	3,528,012	3,999,719
Bank and credit card fees	12,373,651	11,667,417
Mortgage banking revenue, net	5,820,035	6,184,067
Other fees on loans	1,005,992	974,228
Service charges on deposits	6,890,245	6,909,474
Other income	3,253,236	4,759,129
Total noninterest revenue	51,008,420	49,137,288
NONINTEREST EXPENSE		
Salaries and benefits	106,377,241	98,510,924
Occupancy, furniture and equipment expense	18,017,853	15,587,409
Other expense	55,729,156	53,734,084
Total noninterest expense	180,124,250	167,832,417
Income before income taxes	104,435,713	88,074,019
Income taxes	21,379,897	46,276,428
NET INCOME	\$ 83,055,816	\$ 41,797,591
 PER SHARE DATA		
Weighted average number of common stock shares outstanding		
Basic	2,553,971	2,545,414
Diluted	2,562,199	2,554,837
Earnings per common share (based on weighted average shares outstanding)		
Basic	\$ 32.52	\$ 16.42
Diluted	\$ 32.42	\$ 16.36

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

(dollars in thousands)

	Quarters Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
SELECTED DATA					
Interest-bearing deposits with banks	\$ 751,180	\$ 650,873	\$ 647,779	\$ 872,674	\$ 748,822
Securities	1,589,251	1,540,463	1,363,042	1,341,115	1,387,176
Total loans	4,047,398	4,054,935	4,079,035	3,939,242	3,932,076
Allowance for loan losses	90,749	91,026	89,236	87,551	86,784
Earning assets ¹	6,420,888	6,293,542	6,132,681	6,192,265	6,095,353
Total assets	6,552,350	6,407,740	6,225,729	6,281,292	6,246,093
Deposits	5,638,923	5,548,990	5,380,063	5,480,126	5,448,866
Interest-bearing liabilities	3,485,267	3,415,953	3,300,293	3,261,415	3,313,797
Total shareholders' equity	602,665	567,247	553,125	538,057	530,791
Total equity to total assets	9.20%	8.85%	8.88%	8.57%	8.50%
Full-time equivalent employees	994	992	977	973	960
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.24%	2.24%	2.19%	2.22%	2.21%
Allowance for loan losses to noncurrent loans	755%	963%	902%	724%	755%
Net charge-offs (recoveries) to total average loans	0.02%	-0.03%	-0.01%	-0.01%	0.06%
Noncurrent loans and ORE to assets	0.18%	0.15%	0.16%	0.20%	0.19%
Noncurrent loans, ORE and TDRs to assets	0.20%	0.16%	0.18%	0.22%	0.21%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	December 31, 2018	September 30, 2018	December 31, 2017	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	\$ 63,230	\$ 60,432	\$ 54,833	4.6%	15.3%
Fully tax-equivalent adjustment	133	124	314	7.3%	-57.6%
Net interest revenue	63,097	60,308	54,519	4.6%	15.7%
(Recapture of) provision for loan losses	400	600	(400)	-33.3%	-200.0%
Net interest revenue after provision for loan losses	62,697	59,708	54,919	5.0%	14.2%
Noninterest revenue	13,964	11,613	14,385	20.2%	-2.9%
Noninterest expense	47,708	46,039	49,626	3.6%	-3.9%
Income before income taxes	28,953	25,282	19,678	14.5%	47.1%
Income taxes	4,881	5,214	22,489	-6.4%	-78.3%
Net income (loss)	\$ 24,072	\$ 20,068	\$ (2,811)	20.0%	-956.4%
PER COMMON SHARE					
Earnings (loss) per common share - basic	\$ 9.42	\$ 7.85	\$ (1.10)	20.0%	-956.4%
Earnings (loss) per common share - diluted	9.39	7.83	(1.10)	19.9%	-953.6%
Common cash dividends	1.15	1.15	0.84	0.0%	36.9%
Common shareholders' equity	234.45	220.67	206.48	6.2%	13.5%

	Quarters Ended			% Change	
	December 31, 2018	September 30, 2018	December 31, 2017	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	1.45%	1.24%	-0.18%	0.21%	1.63%
Return on average shareholders' equity	16.49%	14.12%	-2.04%	2.37%	18.53%
Margin on average earning assets ¹	3.87%	3.77%	3.59%	0.10%	0.28%
Noninterest expense to average assets	2.87%	2.83%	3.19%	0.04%	-0.32%
Noninterest revenue to average assets	0.84%	0.71%	0.92%	0.13%	-0.08%
Efficiency ratio	61.8%	63.9%	71.7%	-2.1%	-9.9%
Common cash dividends to net income	12.21%	14.64%	NM	-2.43%	NM

(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

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Selected Financial Highlights
(unaudited)

(dollars in thousands, except per share data)

	Twelve Months Ended		% Change
	December 31, 2018	December 31, 2017	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	\$ 236,749	\$ 208,018	13.8%
Fully tax-equivalent adjustment	497	1,249	-60.2%
Net interest revenue	236,252	206,769	14.3%
Provision for loan losses	2,700	-	NM
Net interest revenue after provision for loan losses	233,552	206,769	13.0%
Noninterest revenue	51,008	49,137	3.8%
Noninterest expense	180,124	167,832	7.3%
Income before income taxes	104,436	88,074	18.6%
Income taxes	21,380	46,276	-53.8%
Net income	\$ 83,056	\$ 41,798	98.7%
PER COMMON SHARE			
Earnings per common share - basic	\$ 32.52	\$ 16.42	98.1%
Earnings per common share - diluted	32.42	16.36	98.2%
Common cash dividends	4.60	3.36	36.9%
Common shareholders' equity	234.45	206.48	13.5%
PERFORMANCE RATIOS			
Return on average assets	1.30%	0.72%	0.58%
Return on average shareholders' equity	14.94%	7.93%	7.01%
Margin on average earning assets ¹	3.77%	3.66%	0.11%
Noninterest expense to average assets	2.82%	2.89%	-0.07%
Noninterest revenue to average assets	0.80%	0.85%	-0.05%
Efficiency ratio	62.6%	65.3%	-2.7%
Common cash dividends to net income	14.15%	20.47%	-6.32%

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