W.T.B. Financial Corporation

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

April 20, 2017

Dear Shareholders:

This year is off to a strong start with favorable interest rate and credit conditions contributing to higher levels of profitability for the Company. Rate increases of 75 basis points over the past 15 months by the Federal Reserve (with the most recent two rate moves since the middle of December) are helping to increase yields on shorter repricing loans, expand margins and grow net interest revenue. Just how much the Fed will follow through with more rate increases in the future is difficult to predict, but we welcome the rate moves thus far. Credit quality is better than it has been in years and we remain dedicated to maintaining considerable balance sheet strength. These market conditions are conducive to improved financial performance, which we were successful in delivering in the first quarter.

Earnings in the first quarter increased $817,000, or 6.7%, over last year's first quarter to $13.0 million. Improved earnings were largely the result of wider margins and year-over-year growth in interest earning assets. Higher short-term interest rates helped drive net interest margin wider by 12 basis points, year-over-year to 3.61 percent. Average interest earning assets grew $433 million, or 8.6 percent, to nearly $5.5 billion. The combination of improved margins and higher interest earning asset balances contributed to growing net interest revenue, which increased $5.1 million, or 11.7 percent over last year to $48.5 million.

Improved earnings for the Company also led to improved per share performance. Diluted earnings per share ("EPS") in the first quarter increased to $5.10, which was $0.36, or 7.6 percent higher than year-ago results. The percentage increase in EPS was slightly higher than the comparable increase in earnings due to the opportunity we had in July of 2016 to repurchase 15,000 shares of Class B common stock at $200 per share. Book value per share increased year-over-year by $11.38, or 6.1 percent to $198.05 per share. As we announced this past February, we were also able to increase the Company's quarterly common dividend 12 percent to $0.84 per share. Key financial performance measures also came in favorably, with return on assets of 0.94 percent and return on equity of 10.45 percent.

While Company financial performance metrics were strong, what they really reflect is the success of our people in serving new and existing customers, and in the process, growing our business. At the end of March, assets totaled $5.6 billion, up $513 million, or 10.1 percent over first quarter of 2016 levels. That asset growth was largely the result of deposit growth totaling $417 million, or 9.5 percent, bringing total deposits at the end of the first quarter to $4.8 billion. Loans also grew, increasing $216 million, or 6.1 percent year-over-year to nearly $3.8 billion.

It remains a core part of our strategy to maintain balance sheet strength, while also growing our business and improving profitability year after year. Asset quality is currently quite good with noncurrent loans and other real estate totaling $13.2 million, or 0.24 percent of assets. The Bank's allowance for loan losses, which is available to cover credit losses in the loan portfolio, totaled nearly $88 million, or 2.33 percent of loans. On-balance sheet liquidity levels remain historically high with investible cash and bonds totaling almost $1.7 billion, or 30 percent of assets. Additionally, no wholesale borrowings were outstanding at quarter-end, which means all borrowing lines are untapped and available for use. Capital levels remain considerable, with total shareholders' equity of $509 million, up $28 million, or 5.8 percent year-over-year. The Bank's capital ratios all remain well above regulatory standards. At the end of the first quarter, the Bank's equity to assets ratio was 8.92 percent and its Leverage Ratio was 9.56 percent, which was 456 basis points above regulatory well capitalized minimums.

Our relationship banking business model continues to deliver growth across the varied markets we serve and that growth has contributed to a trend of increased earnings. 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 authorized a share repurchase plan of up to $2.0 million of W.T.B. Financial Corporation Class B common stock to be executed over the next twelve months. Common share repurchases under this plan 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 in executing to this plan.

We came off a very good year in 2016 and have seen that level of performance continue into the first quarter of 2017. Market conditions are generally favorable right now, especially with interest rates seemingly on an upward trajectory. While overall earning levels are good, profitability across the entire industry remains generally below historical norms and that likely won't change until rates return to more normalized levels. The rate environment remains largely under the influence of the Federal Reserve, so we watch its policy stance and key economic metrics closely. In the meantime, we continue to remain committed to our business model and traditional banking principles.

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

Summary Financial Statements and Selected Financial Highlights

(unaudited)

First Quarter
2017

W.T.B. Financial Corporation

watrust.com

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

	March 31, 2017	December 31, 2016	March 31, 2016
ASSETS			
Cash and due from banks	**$ 82,576,770**	$ 97,412,042	$ 71,523,447
Interest-bearing deposits with banks	**290,649,435**	326,001,529	123,975,316
Securities available for sale, at fair value	**962,562,779**	932,788,461	811,356,405
Securities held to maturity, at amortized cost	**438,957,403**	452,029,006	479,363,230
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**6,857,600**	6,421,500	6,421,500
Loans receivable	**3,765,055,613**	3,785,076,118	3,548,740,521
Allowance for loan losses	**(87,551,815)**	(85,786,743)	(84,398,980)
Loans net of allowance for loan losses	**3,677,503,798**	3,699,289,375	3,464,341,541
Premises and equipment, net	**43,238,635**	42,986,615	44,254,110
Other real estate	**310,500**	870,500	310,500
Accrued interest receivable	**14,527,649**	17,061,492	12,761,519
Other assets	**84,428,471**	94,092,679	74,699,986
Total assets	**$ 5,601,613,040**	$ 5,668,953,199	$ 5,089,007,554
LIABILITIES			
Deposits:			
Noninterest-bearing	**$ 1,931,087,141**	$ 2,028,445,434	$ 1,743,906,900
Interest-bearing	**2,889,164,195**	2,895,244,374	2,659,087,911
Total deposits	**4,820,251,336**	4,923,689,808	4,402,994,811
Securites sold under agreements to repurchase	**232,787,077**	211,462,438	167,108,066
Accrued interest payable	**418,479**	439,921	510,724
Other liabilities	**39,221,952**	37,075,124	37,474,077
Total liabilities	**5,092,678,844**	5,172,667,291	4,608,087,678
SHAREHOLDERS' EQUITY			
Common stock	**28,863,663**	28,542,925	30,204,574
Surplus	**32,665,000**	32,665,000	32,665,000
Undivided profits	**482,754,301**	471,885,130	438,069,299
	544,282,964	533,093,055	500,938,873
Accumulated other comprehensive loss	**(35,348,768)**	(36,807,147)	(20,018,997)
Total shareholders' equity	**508,934,196**	496,285,908	480,919,876
Total liabilities and shareholders' equity	**$ 5,601,613,040**	$ 5,668,953,199	$ 5,089,007,554

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

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
INTEREST REVENUE			
Loans, including fees	**$ 42,244,364**	$ 41,345,217	$ 38,686,986
Deposits with banks	**567,178**	559,085	474,453
Securities	**6,676,810**	6,024,178	5,170,332
Other interest and dividend income	**21,140**	14,355	83,497
Total interest revenue	**49,509,492**	47,942,835	44,415,268
INTEREST EXPENSE			
Deposits	**954,243**	961,173	925,854
Funds purchased and other borrowings	**42,967**	41,262	62,266
Total interest expense	**997,210**	1,002,435	988,120
Net interest revenue	**48,512,282**	46,940,400	43,427,148
Provision for loan losses	**400,000**	500,000	500,000
Net interest revenue after provision for loan losses	**48,112,282**	46,440,400	42,927,148
NONINTEREST REVENUE			
Fiduciary income	**3,451,519**	3,418,012	3,326,907
Mortgage banking revenue, net	**1,730,892**	2,664,520	1,513,534
Other fees on loans	**205,570**	328,052	209,941
Service charges, commissions and fees	**5,815,380**	5,615,405	5,646,552
Securities gains, net	**-**	34,218	622,075
Net gains (losses) on other real estate	**(10,390)**	4,615	51,452
Other income	**224,597**	332,417	341,321
Total noninterest revenue	**11,417,568**	12,397,239	11,711,782
NONINTEREST EXPENSE			
Salaries and benefits	**25,260,695**	23,650,768	22,253,231
Occupancy, furniture and equipment expense	**4,635,567**	3,821,015	3,427,384
Other expense	**10,009,581**	12,453,814	10,361,570
Total noninterest expense	**39,905,843**	39,925,597	36,042,185
Income before income taxes	**19,624,007**	18,912,042	18,596,745
Income taxes	**6,615,629**	6,649,816	6,406,032
NET INCOME	**$ 13,008,378**	$ 12,262,226	$ 12,190,713
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,541,397**	2,537,464	2,546,826
Diluted	**2,548,798**	2,545,025	2,571,347
Earnings per common share (based on weighted average shares outstanding)			
Basic	**$ 5.12**	$ 4.83	$ 4.79
Diluted	**$ 5.10**	$ 4.82	$ 4.74

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

(dollars in thousands)

	Quarters Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
SELECTED DATA					
Interest-bearing deposits with banks	$ 290,649	$ 326,002	$ 299,272	$ 95,453	$ 123,975
Securities	1,401,520	1,384,817	1,195,090	1,239,877	1,290,720
Total loans	3,765,056	3,785,076	3,738,649	3,687,401	3,548,741
Allowance for loan losses	87,552	85,787	86,403	85,378	84,399
Earning assets [1]	5,481,936	5,522,413	5,232,755	5,019,834	4,963,213
Total assets	5,601,613	5,668,953	5,373,076	5,172,344	5,089,008
Deposits	4,820,251	4,923,690	4,640,169	4,491,233	4,402,995
Interest-bearing liabilities	3,121,951	3,106,707	2,958,911	2,813,076	2,826,196
Total shareholders' equity	508,934	496,286	502,111	494,836	480,920
Total equity to total assets	9.09%	8.75%	9.34%	9.57%	9.45%
Full-time equivalent employees	930	926	932	901	881
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.33%	2.27%	2.31%	2.32%	2.38%
Allowance for loan losses to noncurrent loans	677%	598%	562%	507%	457%
Net charge-offs (recoveries) to total average loans	-0.04%	0.03%	-0.01%	-0.01%	0.03%
Noncurrent loans and ORE to assets	0.24%	0.27%	0.31%	0.33%	0.37%
Noncurrent loans, ORE and TDRs to assets	0.29%	0.33%	0.37%	0.40%	0.63%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	March 31, 2017	December 31, 2016	March 31, 2016	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	$ 48,821	$ 47,254	$ 43,799	3.3%	11.5%
Fully tax-equivalent adjustment	309	314	372	-1.6%	-16.9%
Net interest revenue	48,512	46,940	43,427	3.3%	11.7%
Provision for loan losses	400	500	500	-20.0%	-20.0%
Net interest revenue after provision for loan losses	48,112	46,440	42,927	3.6%	12.1%
Noninterest revenue	11,418	12,397	11,712	-7.9%	-2.5%
Noninterest expense	39,906	39,925	36,042	0.0%	10.7%
Income before income taxes	19,624	18,912	18,597	3.8%	5.5%
Income taxes	6,616	6,650	6,406	-0.5%	3.3%
Net income	$ 13,008	$ 12,262	$ 12,191	6.1%	6.7%
PER COMMON SHARE					
Net income available to common shareholders (basic)	$ 5.12	$ 4.83	$ 4.79	6.0%	6.9%
Net income available to common shareholders (diluted)	5.10	4.82	4.74	5.8%	7.6%
Common cash dividends	0.84	0.75	0.75	12.0%	12.0%
Common shareholders' equity	198.05	193.66	186.67	2.3%	6.1%

NM = not meaningful

	Quarters Ended			% Change	
	March 31, 2017	December 31, 2016	March 31, 2016	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	0.94%	0.88%	0.95%	0.06%	-0.01%
Return on average shareholders' equity	10.45%	9.68%	10.32%	0.77%	0.13%
Margin on average earning assets [1]	3.61%	3.45%	3.49%	0.16%	0.12%
Noninterest expense to average assets	2.89%	2.85%	2.80%	0.04%	0.09%
Noninterest revenue to average assets	0.83%	0.89%	0.91%	-0.06%	-0.08%
Efficiency ratio	66.2%	66.9%	64.9%	-0.7%	1.3%
Common cash dividends to net income	16.44%	15.52%	15.70%	0.92%	0.74%

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