

Summary Financial Statements and Selected Financial Highlights

(unaudited)

Third Quarter
2016



W.T.B. Financial Corporation

watrust.com

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

	<u>September 30,</u> <u>2016</u>	<u>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
ASSETS			
Cash and due from banks	\$ 87,706,427	\$ 81,339,858	\$ 74,731,132
Interest-bearing deposits with banks	299,272,101	95,452,863	369,891,659
Securities available for sale, at fair value	797,132,759	783,457,685	519,276,697
Securities held to maturity, at amortized cost	397,956,801	456,419,074	471,470,331
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	6,421,500	6,421,500	5,781,300
Loans receivable	3,738,649,010	3,687,400,513	3,563,965,146
Allowance for loan losses	(86,402,668)	(85,377,830)	(84,760,450)
Loans net of allowance for loan losses	3,652,246,342	3,602,022,683	3,479,204,696
Premises and equipment, net	45,961,657	45,044,135	44,375,287
Other real estate	1,195,827	310,500	549,900
Accrued interest receivable	12,856,003	14,693,332	12,136,611
Other assets	72,326,887	87,182,207	91,865,862
Total assets	<u>\$ 5,373,076,304</u>	<u>\$ 5,172,343,837</u>	<u>\$ 5,069,283,475</u>
LIABILITIES			
Deposits:			
Noninterest-bearing	\$ 1,875,780,403	\$ 1,829,135,907	\$ 1,690,492,732
Interest-bearing	2,764,388,621	2,662,096,776	2,589,943,475
Total deposits	4,640,169,024	4,491,232,683	4,280,436,207
Securities sold under agreements to repurchase	194,522,541	150,978,726	292,261,464
Accrued interest payable	426,756	512,124	548,248
Other liabilities	35,846,881	34,784,550	43,218,527
Total liabilities	4,870,965,202	4,677,508,083	4,616,464,446
SHAREHOLDERS' EQUITY			
Common stock	27,917,793	30,592,793	29,334,365
Surplus	32,665,000	32,665,000	32,665,000
Undivided profits	461,525,859	449,858,718	416,175,401
	522,108,652	513,116,511	478,174,766
Accumulated other comprehensive loss	(19,997,550)	(18,280,757)	(25,355,737)
Total shareholders' equity	502,111,102	494,835,754	452,819,029
Total liabilities and shareholders' equity	<u>\$ 5,373,076,304</u>	<u>\$ 5,172,343,837</u>	<u>\$ 5,069,283,475</u>

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

	Three Months Ended		
	September 30, 2016	June 30, 2016	September 30, 2015
INTEREST REVENUE			
Loans, including fees	\$ 41,345,340	\$ 39,864,480	\$ 38,565,376
Deposits with banks	301,612	111,473	216,842
Securities	5,621,597	5,865,724	3,778,410
Other interest and dividend income	17,235	14,462	3,266
Total interest revenue	<u>47,285,784</u>	<u>45,856,139</u>	<u>42,563,894</u>
INTEREST EXPENSE			
Deposits	944,399	914,571	948,647
Funds purchased and other borrowings	39,826	49,686	63,883
Total interest expense	<u>984,225</u>	<u>964,257</u>	<u>1,012,530</u>
Net interest revenue	<u>46,301,559</u>	<u>44,891,882</u>	<u>41,551,364</u>
Provision for loan losses	750,000	500,000	1,000,011
Net interest revenue after provision for loan losses	<u>45,551,559</u>	<u>44,391,882</u>	<u>40,551,353</u>
NONINTEREST REVENUE			
Fiduciary income	3,384,309	3,436,604	3,450,079
Mortgage banking revenue, net	2,280,700	1,795,154	1,718,219
Other fees on loans	360,708	226,001	200,111
Service charges, commissions and fees	5,947,212	5,704,397	5,725,123
Securities gains, net	-	344,461	-
Net gains on other real estate	350	-	333,155
Other income	738,260	214,014	370,918
Total noninterest revenue	<u>12,711,539</u>	<u>11,720,631</u>	<u>11,797,605</u>
NONINTEREST EXPENSE			
Salaries and benefits	23,492,252	21,293,876	20,667,762
Occupancy, furniture and equipment expense	3,592,681	3,439,913	3,279,675
Other expense	10,321,725	10,320,751	10,452,564
Total noninterest expense	<u>37,406,658</u>	<u>35,054,540</u>	<u>34,400,001</u>
Income before income taxes	<u>20,856,440</u>	<u>21,057,973</u>	<u>17,948,957</u>
Income taxes	7,286,344	7,354,349	6,264,798
NET INCOME	<u>\$ 13,570,096</u>	<u>\$ 13,703,624</u>	<u>\$ 11,684,159</u>
NET INCOME	<u>\$ 13,570,096</u>	<u>\$ 13,703,624</u>	<u>\$ 11,684,159</u>
Preferred stock dividends	-	-	(43,491)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 13,570,096</u>	<u>\$ 13,703,624</u>	<u>\$ 11,640,668</u>
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	2,539,230	2,552,273	2,542,563
Diluted	2,563,225	2,576,268	2,567,356
Earnings per common share (based on weighted average shares outstanding)			
Basic	\$ 5.34	\$ 5.37	\$ 4.58
Diluted	\$ 5.29	\$ 5.32	\$ 4.53

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

	Nine Months Ended	
	September 30, 2016	September 30, 2015
INTEREST REVENUE		
Loans, including fees	\$ 119,896,806	\$ 112,964,785
Deposits with banks	887,538	618,098
Securities	16,657,652	11,336,261
Other interest and dividend income	115,195	23,201
Total interest revenue	137,557,191	124,942,345
INTEREST EXPENSE		
Deposits	2,784,824	3,266,897
Funds purchased and other borrowings	151,778	168,431
Total interest expense	2,936,602	3,435,328
Net interest revenue	134,620,589	121,507,017
Provision for loan losses	1,750,000	2,666,696
Net interest revenue after provision for loan losses	132,870,589	118,840,321
NONINTEREST REVENUE		
Fiduciary income	10,147,820	10,468,128
Mortgage banking revenue, net	5,589,388	4,342,819
Other fees on loans	796,650	935,987
Service charges, commissions and fees	17,298,161	16,963,797
Securities gains, net	966,536	-
Net gains on other real estate	51,802	729,185
Other income	1,293,595	901,487
Total noninterest revenue	36,143,952	34,341,403
NONINTEREST EXPENSE		
Salaries and benefits	67,039,358	61,567,902
Occupancy, furniture and equipment expense	10,459,978	9,995,458
Other expense	31,004,048	31,040,752
Total noninterest expense	108,503,384	102,604,112
Income before income taxes	60,511,157	50,577,612
Income taxes	21,046,725	17,564,226
NET INCOME	\$ 39,464,432	\$ 33,013,386
NET INCOME	\$ 39,464,432	\$ 33,013,386
Preferred stock dividends	-	(141,346)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 39,464,432	\$ 32,872,040
PER SHARE DATA		
Weighted average number of common stock shares outstanding		
Basic	2,546,084	2,540,799
Diluted	2,570,254	2,565,519
Earnings per common share (based on weighted average shares outstanding)		
Basic	\$ 15.50	\$ 12.94
Diluted	\$ 15.35	\$ 12.81

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

(dollars in thousands)

	Quarters Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
SELECTED DATA					
Interest-bearing deposits with banks	\$ 299,272	\$ 95,453	\$ 123,975	\$ 438,603	\$ 369,892
Securities	1,195,090	1,239,877	1,290,720	1,162,292	990,747
Total loans	3,738,649	3,687,401	3,548,741	3,556,598	3,563,965
Allowance for loan losses	86,403	85,378	84,399	84,969	84,760
Earning assets ¹	5,232,755	5,019,834	4,963,213	5,165,726	4,925,887
Total assets	5,373,076	5,172,344	5,089,008	5,305,272	5,069,283
Deposits	4,640,169	4,491,233	4,402,995	4,540,548	4,280,436
Interest-bearing liabilities	2,958,911	2,813,076	2,826,196	2,980,365	2,882,205
Preferred equity	-	-	-	-	-
Common equity	502,111	494,836	480,920	464,407	452,819
Total shareholders' equity	502,111	494,836	480,920	464,407	452,819
Common equity to total assets	9.34%	9.57%	9.45%	8.75%	8.93%
Total equity to total assets	9.34%	9.57%	9.45%	8.75%	8.93%
Full-time equivalent employees	932	901	881	880	876

ASSET QUALITY RATIOS

Allowance for loan losses to total loans	2.31%	2.32%	2.38%	2.39%	2.38%
Allowance for loan losses to noncurrent loans	562%	507%	457%	454%	395%
Net charge-offs (recoveries) to total average loans	-0.01%	-0.01%	0.03%	-0.01%	0.00%
Noncurrent loans and ORE to assets	0.31%	0.33%	0.37%	0.36%	0.43%
Noncurrent loans, ORE and TDRs to assets	0.37%	0.40%	0.63%	0.64%	0.73%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	September 30, 2016	June 30, 2016	September 30, 2015	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	\$ 46,639	\$ 45,256	\$ 41,876	3.1%	11.4%
Fully tax-equivalent adjustment	337	364	325	-7.4%	3.7%
Net interest revenue	46,302	44,892	41,551	3.1%	11.4%
Provision for loan losses	750	500	1,000	50.0%	-25.0%
Net interest revenue after provision for loan losses	45,552	44,392	40,551	2.6%	12.3%
Noninterest revenue	12,712	11,721	11,798	8.5%	7.7%
Noninterest expense	37,408	35,055	34,400	6.7%	8.7%
Income before income taxes	20,856	21,058	17,949	-1.0%	16.2%
Income taxes	7,286	7,354	6,265	-0.9%	16.3%
Net income	13,570	13,704	11,684	-1.0%	16.1%
Preferred stock dividends	-	-	43	NM	-100.0%
Net income available to common shareholders	<u>\$ 13,570</u>	<u>\$ 13,704</u>	<u>\$ 11,641</u>	-1.0%	16.6%
PER COMMON SHARE					
Net income available to common shareholders (basic)	\$ 5.34	\$ 5.37	\$ 4.58	-0.6%	16.6%
Net income available to common shareholders (diluted)	5.29	5.32	4.53	-0.6%	16.8%
Common cash dividends	0.75	0.75	0.68	0.0%	10.3%
Common shareholders' equity	196.04	192.07	176.38	2.1%	11.1%

NM = not meaningful

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

	<u>Quarters Ended</u>			<u>% Change</u>	
	September 30, 2016	June 30, 2016	September 30, 2015	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	1.02%	1.08%	0.93%	-0.06%	0.09%
Return on average shareholders' equity	10.83%	11.33%	9.94%	-0.50%	0.89%
Margin on average earning assets ¹	3.60%	3.67%	3.45%	-0.07%	0.15%
Noninterest expense to average assets	2.81%	2.77%	2.75%	0.04%	0.06%
Noninterest revenue to average assets	0.95%	0.93%	0.94%	0.02%	0.01%
Efficiency ratio	63.0%	61.5%	64.1%	1.5%	-1.1%
Common cash dividends to net income	14.02%	13.97%	14.80%	0.05%	-0.78%
Preferred cash dividends to net income	0.00%	0.00%	0.37%	0.00%	-0.37%
Total cash dividends to net income	14.02%	13.97%	15.17%	0.05%	-1.15%

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

(dollars in thousands, except per share data)

	<u>Nine Months Ended</u>		<u>% Change</u>
	September 30, 2016	September 30, 2015	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	\$ 135,694	\$ 122,492	10.8%
Fully tax-equivalent adjustment	1,073	985	8.9%
Net interest revenue	134,621	121,507	10.8%
Provision for loan losses	1,750	2,667	-34.4%
Net interest revenue after provision for loan losses	132,871	118,840	11.8%
Noninterest revenue	36,144	34,342	5.2%
Noninterest expense	108,504	102,604	5.8%
Income before income taxes	60,511	50,578	19.6%
Income taxes	21,047	17,565	19.8%
Net income	39,464	33,013	19.5%
Preferred stock dividends	-	141	-100.0%
Net income available to common shareholders	<u>\$ 39,464</u>	<u>\$ 32,872</u>	20.1%

PER COMMON SHARE

Net income available to common shareholders (basic)	\$ 15.50	\$ 12.94	19.8%
Net income available to common shareholders (diluted)	15.35	12.81	19.8%
Common cash dividends	2.25	2.04	10.3%
Common shareholders' equity	196.04	176.38	11.1%

PERFORMANCE RATIOS

Return on average assets	1.02%	0.91%	0.11%
Return on average shareholders' equity	10.83%	9.64%	1.19%
Margin on average earning assets ¹	3.58%	3.47%	0.11%
Noninterest expense to average assets	2.79%	2.82%	-0.03%
Noninterest revenue to average assets	0.93%	0.94%	-0.01%
Efficiency ratio	63.1%	65.4%	-2.3%
Common cash dividends to net income	14.52%	15.71%	-1.19%
Preferred cash dividends to net income	0.00%	0.43%	-0.43%
Total cash dividends to net income	14.52%	16.14%	-1.62%

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