W.T.B. Financial Corporation

Peter F. Stanton
Chairman and
Chief Executive Officer

April 22, 2016

Dear Shareholders:

With a full quarter of the Fed's December 2015 rate move under our belt, our balance sheet responded nicely to the 25 basis point ("bps") increase in rates with a 16 bps widening of quarter-over-quarter net interest margin. If we can sustain that improvement in margin, core earning power should benefit as well. What the capital markets often do best, however, is confound the experts. So with short-term rates ticking up 25 bps, longer-term 10-year U.S. Treasury yields actually declined by 50 bps to the 1.80 percent range. With the short and long ends of the curve moving in opposite directions, the yield curve has flattened considerably. And market volatility wasn't limited just to interest rates; equities, currencies and commodities also showed a fair amount of unpredictability as valuations tried to digest just what the Fed and other central bankers might do next.

Central bank policies across the globe have had an exaggerated impact on the capital markets for a number of years now. I do wonder whether the Fed and other central bankers will be able to withdraw their influence in an orderly way, allowing the more native forces of supply and demand to drive economic growth. The Fed seems to want to normalize its policy stance, I just don't know whether there's enough underlying economic strength to allow it. Then there's always the question of what the capital market response might be to the Fed withdrawing monetary accommodation, while other central bankers continue to pour it on. While the capital markets are interesting to watch and an important factor in the direction of the broader economic landscape, our real focus remains on "Main Street" where our customers live and work and have financial needs that we meet every day.

You may recall that our results last quarter were impacted by several non-recurring events, which on balance were favorable to the company and contributed to $13.3 million in earnings. We had significant deposit inflows, some bond gains, and several one-time noninterest income and expense items. With those factors in mind, let's take a look at the first quarter, which showed increased earning power, elevated liquidity, strengthened capital levels, and continued improvement in asset quality.

First quarter results were very good on a number of fronts. Earnings this quarter came in at $12.2 million, or $4.74 per share. The company's overall financial performance was solid with a return on average assets of 0.95 percent and return on average equity of 10.32 percent. We were also fortunate to be able to increase our common shareholders' dividend $0.07 per share, or 10.3 percent to $0.75 per share.

In the first quarter, one-time items had much less of an impact on our performance and therefore our numbers are more typical of the underlying core earning power of the Bank. While quarter-over-quarter, earnings were down from $13.3 million in the fourth quarter to $12.2 million in the first quarter, net interest margin was up 16 bps to 3.49 percent. And our widening margin contributed to growth in net interest revenue, which was up $1.1 million, or 2.7 percent to $43.4 million, with one fewer day of earnings in the quarter.

The combination of higher net interest revenue and lower noninterest revenue and expense contributed to an improved efficiency ratio, which declined 120 bps to 64.9 percent. At that level, we still view our efficiency ratio as elevated. A historically narrow margin due to the low rate environment challenges us to make a lot of progress in getting our efficiency ratio lower. But our longer-term strategy is to strike a balance between the need to make the necessary investments in our business for important initiatives like electronic delivery of banking services and expanding both revenue and back office staff, with the desire for cost control and near-term performance.

The balance sheet moved around a fair amount this quarter as some of the strong funding growth we experienced late in 2015, which we knew was temporary, flowed back off the balance sheet. Deposits declined $137.6 million, or 3.0 percent to $4.4 billion, which contributed to a $216.3 million decline in assets to $5.1 billion. Making better use of our excess liquidity, we also invested an additional $128.4 million of available cash into the bond portfolio. The combination of funding outflows and deployment of cash into higher yielding investments reduced our investible cash position to $124.0 million and should have a favorable influence on our earning power, efficiency ratio, capital utilization and performance in the future.

Overall liquidity remained high with the Company's Liquidity Ratio at 22.7 percent. Asset quality continued to improve to very favorable levels with noncurrent loans and other real estate totaling just $18.8 million, or 0.37 percent of Bank assets. The Bank's allowance for loan loss position remained strong at $84.4 million, or 2.38 percent of loans. And finally, the Company's capital ratios improved in the quarter as a result of good earnings performance and the decrease in total assets. Our equity to assets ratio improved 70 bps to 9.45 percent, while our Leverage Ratio increased 30 bps to 9.71 percent. All our capital ratios remained well above regulatory minimums.

Macro conditions remain highly uncertain, but our balance sheet positioning is conservative, our core profitability is showing improvement and we are continuing to find success with our customers. Our business is competitive, as it always seems to be, and while we face threats, we also see many opportunities. We are executing to our business plan, keeping pace with the evolving banking environment, maintaining conservative balance sheet positioning and adapting to a very dynamic rate and economic environment.

As we grow our business and focus on our customers, we also very much appreciate your continued support. Our employees, customers and the communities we serve are all crucial to our business, but our shareholders make all that we do possible, and for that we remain grateful.

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 and CEO

Enclosure

Summary Financial Statements and Selected Financial Highlights

(unaudited)

First Quarter
2016

W.T.B. Financial Corporation

watrust.com

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

	March 31, 2016	December 31, 2015	March 31, 2015
ASSETS			
Cash and due from banks	**$ 71,523,447**	$ 79,795,019	$ 71,311,162
Interest-bearing deposits with banks	**123,975,316**	438,603,226	351,053,533
Securities available for sale, at fair value	**811,356,405**	679,877,946	545,926,038
Securities held to maturity, at amortized cost	**479,363,230**	482,414,445	434,056,328
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**6,421,500**	5,781,300	13,195,500
Loans receivable	**3,548,740,521**	3,556,598,459	3,377,587,991
Allowance for loan losses	**(84,398,980)**	(84,968,885)	(83,249,606)
Loans net of allowance for loan losses	**3,464,341,541**	3,471,629,574	3,294,338,385
Premises and equipment, net	**44,254,110**	44,659,499	46,393,873
Other real estate	**310,500**	355,500	1,433,702
Accrued interest receivable	**12,761,519**	13,682,150	11,746,364
Other assets	**74,699,986**	88,473,701	84,021,342
Total assets	**$ 5,089,007,554**	$ 5,305,272,360	$ 4,853,476,227
LIABILITIES			
Deposits:			
Noninterest-bearing	**$ 1,743,906,900**	$ 1,825,070,343	$ 1,560,662,340
Interest-bearing	**2,659,087,911**	2,715,477,707	2,584,352,831
Total deposits	**4,402,994,811**	4,540,548,050	4,145,015,171
Securites sold under agreements to repurchase	**167,108,066**	264,887,110	214,730,762
Accrued interest payable	**510,724**	526,585	1,099,760
Other liabilities	**37,474,077**	34,903,602	40,748,626
Total liabilities	**4,608,087,678**	4,840,865,347	4,401,594,319
SHAREHOLDERS' EQUITY			
Preferred stock	**-**	-	19,571,000
Common stock	**30,204,574**	29,879,574	28,784,364
Surplus	**32,665,000**	32,665,000	32,665,000
Undivided profits	**438,069,299**	427,792,790	417,725,904
	500,938,873	490,337,364	498,746,268
Less treasury stock, at cost	**-**	-	(21,489,467)
	500,938,873	490,337,364	477,256,801
Accumulated other comprehensive loss	**(20,018,997)**	(25,930,351)	(25,374,893)
Total shareholders' equity	**480,919,876**	464,407,013	451,881,908
Total liabilities and shareholders' equity	**$ 5,089,007,554**	$ 5,305,272,360	$ 4,853,476,227

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

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
INTEREST REVENUE			
Loans, including fees	**$ 38,686,986**	$ 38,499,523	$ 36,537,264
Deposits with banks	**474,453**	371,302	196,212
Securities	**5,170,332**	4,416,322	3,748,718
Other interest and dividend income	**83,497**	8,217	9,223
Total interest revenue	**44,415,268**	43,295,364	40,491,417
INTEREST EXPENSE			
Deposits	**925,854**	933,641	1,219,230
Funds purchased and other borrowings	**62,266**	67,554	51,160
Total interest expense	**988,120**	1,001,195	1,270,390
Net interest revenue	**43,427,148**	42,294,169	39,221,027
Provision for loan losses	**500,000**	4	666,666
Net interest revenue after provision for loan losses	**42,927,148**	42,294,165	38,554,361
NONINTEREST REVENUE			
Fiduciary income	**3,326,907**	3,396,764	3,379,083
Mortgage banking revenue, net	**1,513,534**	1,408,917	871,383
Other fees on loans	**209,941**	286,002	334,212
Service charges, commissions and fees	**5,646,552**	5,738,534	5,518,907
Securities gains, net	**622,075**	605,669	-
Net gains on other real estate	**51,452**	13,019	35,929
Other income	**341,321**	3,066,849	238,880
Total noninterest revenue	**11,711,782**	14,515,754	10,378,394
NONINTEREST EXPENSE			
Salaries and benefits	**22,253,231**	20,319,939	20,539,762
Occupancy, furniture and equipment expense	**3,427,384**	3,745,690	3,393,121
Other expense	**10,361,570**	13,700,200	10,498,877
Total noninterest expense	**36,042,185**	37,765,829	34,431,760
Income before income taxes	**18,596,745**	19,044,090	14,500,995
Income taxes	**6,406,032**	5,697,762	4,976,880
NET INCOME	**$ 12,190,713**	$ 13,346,328	$ 9,524,115
NET INCOME	**$ 12,190,713**	$ 13,346,328	$ 9,524,115
Preferred stock dividends	**-**	-	(48,928)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	**$ 12,190,713**	$ 13,346,328	$ 9,475,187
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,546,826**	2,542,941	2,537,213
Diluted	**2,571,347**	2,567,734	2,561,784
Earnings per common share (based on weighted average shares outstanding)			
Basic	**$ 4.79**	$ 5.25	$ 3.73
Diluted	**$ 4.74**	$ 5.20	$ 3.70

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

	(dollars in thousands) Quarters Ended				
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
SELECTED DATA					
Interest-bearing deposits with banks	$ 123,975	$ 438,603	$ 369,892	$ 213,096	$ 351,054
Securities	1,290,720	1,162,292	990,747	944,932	979,982
Total loans	3,548,741	3,556,598	3,563,965	3,534,320	3,377,588
Allowance for loan losses	84,399	84,969	84,760	83,647	83,250
Earning assets[1]	4,963,213	5,165,726	4,925,887	4,695,551	4,717,351
Total assets	5,089,008	5,305,272	5,069,283	4,841,934	4,853,476
Deposits	4,402,995	4,540,548	4,280,436	4,109,565	4,145,015
Interest-bearing liabilities	2,826,196	2,980,365	2,882,205	2,785,625	2,799,084
Preferred equity	-	-	-	19,571	19,571
Common equity	480,920	464,407	452,819	441,383	432,311
Total shareholders' equity	480,920	464,407	452,819	460,954	451,882
Common equity to total assets	9.45%	8.75%	8.93%	9.12%	8.91%
Total equity to total assets	9.45%	8.75%	8.93%	9.52%	9.31%
Full-time equivalent employees	881	880	876	861	852
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.38%	2.39%	2.38%	2.37%	2.46%
Allowance for loan losses to noncurrent loans	457%	454%	395%	339%	322%
Net charge-offs (recoveries) to total average loans	0.03%	-0.01%	0.00%	0.02%	-0.04%
Noncurrent loans and ORE to assets	0.37%	0.36%	0.43%	0.53%	0.56%
Noncurrent loans, ORE and TDRs to assets	0.63%	0.64%	0.73%	0.83%	0.90%

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

	(dollars in thousands, except per share data) Quarters Ended			% Change	
	March 31, 2016	December 31, 2015	March 31, 2015	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	$ 43,799	$ 42,658	$ 39,577	2.7%	10.7%
Fully tax-equivalent adjustment	372	364	356	2.2%	4.5%
Net interest revenue	43,427	42,294	39,221	2.7%	10.7%
Provision for loan losses	500	-	667	NA	-25.0%
Net interest revenue after provision for loan losses	42,927	42,294	38,554	1.5%	11.3%
Noninterest revenue	11,712	14,516	10,378	-19.3%	12.9%
Noninterest expense	36,042	37,766	34,431	-4.6%	4.7%
Income before income taxes	18,597	19,044	14,501	-2.3%	28.2%
Income taxes	6,406	5,698	4,977	12.4%	28.7%
Net income	12,191	13,346	9,524	-8.7%	28.0%
Preferred stock dividends	-	-	49	NA	-100.0%
Net income available to common shareholders	$ 12,191	$ 13,346	$ 9,475	-8.7%	28.7%
PER COMMON SHARE					
Net income available to common shareholders (basic)	$ 4.79	$ 5.25	$ 3.73	-8.8%	28.4%
Net income available to common shareholders (diluted)	4.74	5.20	3.70	-8.8%	28.1%
Common cash dividends	0.75	0.68	0.68	10.3%	10.3%
Common shareholders' equity	186.67	180.79	168.39	3.3%	10.9%

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

	Quarters Ended			% Change	
	March 31, 2016	December 31, 2015	March 31, 2015	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	0.95%	1.01%	0.81%	-0.06%	0.14%
Return on average shareholders' equity	10.32%	11.56%	8.61%	-1.24%	1.71%
Margin on average earning assets[1]	3.49%	3.33%	3.48%	0.16%	0.01%
Noninterest expense to average assets	2.80%	2.87%	2.94%	-0.07%	-0.14%
Noninterest revenue to average assets	0.91%	1.10%	0.89%	-0.19%	0.02%
Efficiency ratio	64.9%	66.1%	68.9%	-1.2%	-4.0%
Common cash dividends to net income	15.70%	12.96%	18.16%	2.74%	-2.46%
Preferred cash dividends to net income	0.00%	0.00%	0.51%	0.00%	-0.51%
Total cash dividends to net income	15.70%	12.96%	18.67%	2.74%	-2.97%

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