

PILOT BANCSHARES, INC.

PILOT BANK

FY 2019 FIRST QUARTER FINANCIAL SUMMARY

Pilot Bank

The Pilot Bank business plan projected modest first quarter earnings as the Bank absorbs costs associated with the opening of the St. Petersburg office, the addition of an Executive Retail Manager (Core Deposit Focus) and a Treasury Business Development Officer (Core Deposit Office).

Pilot Bank closed the quarter meeting or exceeding plan relative to all key balance sheet and profitability measures for the period. From the balance sheet perspective, Pilot Bank met or exceeded plan relative to total loans outstanding, Demand Deposits, Money Market, and total core deposits outstanding.

Pilot Bank closed the first quarter with \$301 million of gross loans outstanding, representing an increase of \$9.4 million or 3.23% over FYE 2018. Total loans exceeded plan for the period by \$2.5 million or 1%. Turning to the liability side of the balance sheet, total core (DDA; MMA; SAV) increased by \$13.7 million or 6.75%. Total core deposits are essentially on plan as of the end of the first quarter.

On a year over year basis, total loans increased by approximately \$59.5 million or 24.81%. This was driven by roughly balanced production by our aviation lending and commercial lines of business. For the full fiscal year of 2018, Pilot Bank closed 510 aircraft loans for a combined value of approximately \$67 million. In addition, the Bank closed total commercial loans with a combined value north of \$60 million.

As we enter the second quarter, the outlook for loan growth remains solid. Recent concerns relating to an inversion of the yield curve have abated somewhat as the Federal Reserve has effectively announced a pause relative to increasing rates and will end the contracting of the balance sheet in the near future. The markets have reacted favorably. In addition, job gain and wage increases supported by enhanced productivity further support the view of continued near term growth.

Pilot Bank's loan pipelines in each of our three primary lending lines (aviation, commercial, and SBA) reflect continuing market strength. That said, competition in each of these sectors continues to strengthen as we have seen five year fixed rates in some cases fall below the 5% threshold.

Management views the overall market in the Tampa Bay area as being fairly balanced and on a solid foundation. We are beginning to see a relative higher number of "cash-out" loan requests and we continue to evaluate the multi-family market carefully as a significant amount of product is coming online.