

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

April 17, 2025

Dear Shareholders:

First quarter earnings came in at \$17.1 million, up \$5.7 million from the first quarter of 2024, but down \$3.8 million from the linked fourth quarter of 2024 results. The primary factors that caused the quarter-over-quarter decline in earnings included higher operating expenses (primarily seasonal payroll taxes and employee benefits), increased provision expense (due to significant loan growth and a change in our allowance model assumptions) and two fewer calendar days in which to earn net interest revenue.

Offsetting these adverse earnings impacts were continued favorable shifts in the balance sheet and improved core earning power. Loan growth was substantial in the first quarter, increasing \$170 million to \$7.1 billion, with most of that growth coming in commercial and industrial and construction and development loan categories. Deposit balances held fairly steady, down just \$111 million, or 1.3 percent to \$8.7 billion, despite the seasonal nature of our deposit base typically showing more significant outflows. The bond portfolio returned \$240 million in cash, which helped fund loan growth, cover deposit outflows and maintain a significant cash position exceeding \$400 million.

The evolution of the balance sheet is having favorable earning power impacts. Net interest margin has improved nicely (up 18 bps in the first quarter and 80 bps year-over-year) to 3.15 percent. The wider margin has helped drive net interest revenue higher, which improved \$825,000, or 1.0 percent quarter-over-quarter (on two fewer days) and \$13 million, or 19.3 percent year-over-year. The efficiency ratio has improved from 80.2 percent one year ago, to 74.6 percent in the most recent quarter. Return on assets increased 26 bps from one year ago to 0.65 percent in the quarter, and return on equity increased 225 bps over the past year to 7.33 percent, showing strong directional progress but still room to improve.

Earnings per share in the first quarter totaled \$6.86, up \$2.33 per share from first quarter 2024, but down \$1.51 from fourth quarter of last year. The Company's book value per share ended the quarter at \$378.33, up \$20.99, or 5.9 percent year-over-year and \$5.12, or 1.4 percent quarter-over-quarter. And finally, steady assets and growing shareholders' equity helped grow the Company's equity to assets ratio by 14 bps to 8.84 percent.

The president's recent trade policy and tariff actions have been the catalyst for some wild gyrations in the capital markets and brought disruption and uncertainty to many industries. Exactly how this drama unfolds and just what its lasting impact may be, we frankly don't know. You can be sure we will be in close contact with our clients. As of now, we watch it all closely

but have not yet seen substantial impacts on the credit standing of our clients, nor credit performance on our loans. Noncurrent loans (loans on nonaccrual and borrowers that are delinquent 90 days or more) reduced \$3 million to \$72 million, or 1.03 percent of total loans. Classified loans at the end of the quarter totaled \$166 million, or 2.35 percent of total loans. Our agricultural portfolio is showing some pressure, but beyond that segment, the challenges we have seem to be predominantly situational, rather than broadly concerning and systemic. Net charge-offs for the quarter remained low at \$677 thousand, and our allowance to cover loan credit losses remains significant at \$152 million, or 2.15 percent of total loans.

We anticipate the continued evolution of the balance sheet will be positive for the trajectory of net income. Loan demand by our commercial and consumer clients remains strong across our footprint with the caveat of recent volatility created in the political arena. This is an area we look closely at for any changing effects in the marketplace. Our strategy includes investment for growth, which we view as key to increasing shareholder value. We are enhancing customer experience by creating competitive product offerings coupled with desirable customer access. We continue to look for growth opportunities across our footprint through the acquisition of new talent and geographic expansion. We are developing internal and external training opportunities to expand the abilities of our employees, and we invest dollars and volunteer hours in support of communities across our Pacific Northwest footprint.

On February 25, 2025, the Board of Directors reauthorized a share repurchase plan for up to \$15.0 million of Class B common stock, which will be in effect over a twelve-month period. Common share repurchases under this plan, if any, 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 share repurchase 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. Under the current authorization, we purchased 3,773 shares of Class B common stock during the first quarter for a total consideration of \$1.2 million.

Even as dramatic action out of the current administration causes great disruption and uncertainty, we remain clear on our strategies, key initiatives and path forward, which has already accomplished a partial, yet meaningful, recovery in the Company's financial performance. As always, we are grateful for the support of our shareholders and if we can help you in any way, please let us know. For additional pertinent information, please also visit our Investor Relations webpage at watrust.com/about/investor-relations.

Warm Regards,



Pete Stanton
Chairman and CEO
Enclosure



**Summary Financial Statements and
Selected Financial Highlights**
Q1 2025
(unaudited)



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

(dollars in thousands)
Three Months Ended

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|----------------------|----------------------|----------------------|
| ASSETS | | | |
| Cash and due from banks | \$ 145,351 | \$ 129,585 | \$ 88,210 |
| Interest-bearing deposits with banks | 473,744 | 445,384 | 558,337 |
| Securities available for sale, at fair value | 280,335 | 301,435 | 413,403 |
| Securities held to maturity, at amortized cost | 2,517,705 | 2,736,717 | 3,045,905 |
| Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost | 28,997 | 29,422 | 28,808 |
| Loans receivable | 7,062,930 | 6,892,693 | 6,584,271 |
| Allowance for credit losses on loans | (151,550) | (153,558) | (147,848) |
| Loans, net of allowance for credit losses on loans | 6,911,380 | 6,739,135 | 6,436,423 |
| Premises and equipment, net | 92,867 | 91,440 | 88,510 |
| Other real estate | 83 | 83 | - |
| Accrued interest receivable | 34,477 | 32,507 | 38,497 |
| Other assets | 227,066 | 231,263 | 241,348 |
| Total assets | <u>\$ 10,712,005</u> | <u>\$ 10,736,971</u> | <u>\$ 10,939,441</u> |
| LIABILITIES | | | |
| Deposits: | | | |
| Noninterest-bearing | \$ 3,111,246 | \$ 3,217,655 | \$ 3,087,090 |
| Interest-bearing | 5,582,618 | 5,587,004 | 4,880,321 |
| Total deposits | 8,693,864 | 8,804,659 | 7,967,411 |
| Securites sold under agreements to repurchase | 376,592 | 327,224 | 320,857 |
| Other borrowings | 500,000 | 500,000 | 1,565,000 |
| Accrued interest payable | 8,091 | 9,319 | 36,823 |
| Other liabilities | 186,020 | 161,588 | 148,215 |
| Total liabilities | 9,764,567 | 9,802,790 | 10,038,306 |
| SHAREHOLDERS' EQUITY | | | |
| Common stock | 5,627 | 7,309 | 11,076 |
| Surplus | 32,665 | 32,665 | 32,665 |
| Undivided profits | 941,669 | 929,209 | 898,630 |
| | 979,961 | 969,183 | 942,371 |
| Accumulated other comprehensive loss, net of tax | (32,523) | (35,002) | (41,236) |
| Total shareholders' equity | 947,438 | 934,181 | 901,135 |
| Total liabilities and shareholders' equity | <u>\$ 10,712,005</u> | <u>\$ 10,736,971</u> | <u>\$ 10,939,441</u> |

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

(dollars in thousands, except per share data)

| | Three Months Ended | | |
|---|-------------------------|-------------------------|-------------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| INTEREST REVENUE | | | |
| Loans, including fees | \$ 99,552 | \$ 101,656 | \$ 92,171 |
| Deposits with banks | 4,117 | 5,640 | 18,933 |
| Securities | 13,800 | 14,994 | 16,448 |
| Other interest and dividend income | 661 | 858 | 553 |
| Total interest revenue | <u>118,130</u> | <u>123,148</u> | <u>128,105</u> |
| INTEREST EXPENSE | | | |
| Deposits | 29,565 | 32,856 | 31,461 |
| Funds purchased and other borrowings | 8,536 | 11,088 | 29,582 |
| Total interest expense | <u>38,101</u> | <u>43,944</u> | <u>61,043</u> |
| Net interest revenue | 80,029 | 79,204 | 67,062 |
| (Recapture of) provision for credit losses on loans | (1,330) | (1,150) | 2,020 |
| Provision for credit losses on off-balance sheet credit exposures | 4,200 | 150 | - |
| Total provision for (recapture of) credit losses | <u>2,870</u> | <u>(1,000)</u> | <u>2,020</u> |
| Net interest revenue after provision for credit losses | <u>77,159</u> | <u>80,204</u> | <u>65,042</u> |
| NONINTEREST REVENUE | | | |
| Fiduciary and investment services income | 8,574 | 8,409 | 7,964 |
| Bank and credit card fees, net | 3,103 | 2,374 | 2,888 |
| Service charges on deposits | 2,090 | 1,510 | 1,668 |
| Mortgage banking revenue, net | 585 | 789 | 442 |
| Other income | 2,750 | 3,143 | 3,029 |
| Total noninterest revenue | <u>17,102</u> | <u>16,225</u> | <u>15,991</u> |
| NONINTEREST EXPENSE | | | |
| Salaries and benefits | 45,103 | 42,646 | 40,651 |
| Occupancy, furniture and equipment expense | 6,318 | 6,010 | 6,746 |
| Software and data processing expense | 7,508 | 7,240 | 6,809 |
| Professional fees | 1,762 | 1,475 | 1,755 |
| Other expense | 11,837 | 12,463 | 10,715 |
| Total noninterest expense | <u>72,528</u> | <u>69,834</u> | <u>66,676</u> |
| Income before provision for income taxes | <u>21,733</u> | <u>26,595</u> | <u>14,357</u> |
| Provision for income taxes | 4,677 | 5,755 | 2,979 |
| NET INCOME | <u><u>\$ 17,056</u></u> | <u><u>\$ 20,840</u></u> | <u><u>\$ 11,378</u></u> |
| PER SHARE DATA | | | |
| Weighted average number of common stock shares outstanding | | | |
| Basic | 2,482,475 | 2,487,226 | 2,508,910 |
| Diluted | 2,485,334 | 2,489,692 | 2,510,181 |
| Earnings per common share (based on weighted average shares outstanding) | | | |
| Basic | \$ 6.87 | \$ 8.38 | \$ 4.54 |
| Diluted | \$ 6.86 | \$ 8.37 | \$ 4.53 |

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

(dollars in thousands)

| | Quarters Ended | | | | |
|--|-----------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 |
| SELECTED DATA | | | | | |
| Interest-bearing deposits with banks | \$ 473,744 | \$ 445,384 | \$ 378,238 | \$ 223,681 | \$ 558,337 |
| Securities | 2,798,040 | 3,038,152 | 3,357,857 | 3,433,952 | 3,459,308 |
| Total loans | 7,062,930 | 6,892,693 | 6,940,448 | 6,771,159 | 6,584,271 |
| Allowance for credit losses (ACL) on loans | 151,550 | 153,558 | 155,198 | 152,056 | 147,848 |
| Earning assets ¹ | 10,388,110 | 10,433,905 | 10,730,129 | 10,514,393 | 10,666,773 |
| Total assets | 10,712,005 | 10,736,971 | 11,061,947 | 10,798,134 | 10,939,441 |
| Deposits | 8,693,864 | 8,804,659 | 8,642,392 | 7,962,367 | 7,967,411 |
| Interest-bearing liabilities | 6,459,210 | 6,414,229 | 6,703,464 | 6,686,113 | 6,766,177 |
| Total shareholders' equity | 947,438 | 934,181 | 921,347 | 907,500 | 901,135 |
| Total equity to total assets | 8.84% | 8.70% | 8.33% | 8.40% | 8.24% |
| Full-time equivalent employees | 1,206 | 1,189 | 1,197 | 1,184 | 1,186 |
| ASSET QUALITY RATIOS | | | | | |
| ACL on loans to total loans | 2.15% | 2.23% | 2.24% | 2.25% | 2.25% |
| ACL on loans to noncurrent loans | 209% | 204% | 456% | 439% | 479% |
| Net charge-offs to total average loans | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| Noncurrent loans and ORE to total loans | 1.03% | 1.09% | 0.49% | 0.51% | 0.47% |

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

(dollars in thousands, except per share data)

| | Quarters Ended | | | % Change | |
|--|-----------------------|----------------------|-------------------|-----------------------|-------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 | Sequential Quarter | Year over Year |
| PERFORMANCE | | | | | |
| Net interest revenue, fully tax-equivalent | \$ 80,119 | \$ 79,290 | \$ 67,142 | 1.0% | 19.3% |
| Fully tax-equivalent adjustment | 90 | 86 | 80 | 4.7% | 12.5% |
| Net interest revenue | 80,029 | 79,204 | 67,062 | 1.0% | 19.3% |
| Provision for (Recapture of) credit losses | 2,870 | (1,000) | 2,020 | -387.0% | 42.1% |
| Net interest revenue after provision for credit losses | 77,159 | 80,204 | 65,042 | -3.8% | 18.6% |
| Noninterest revenue | 17,102 | 16,225 | 15,991 | 5.4% | 6.9% |
| Noninterest expense | 72,528 | 69,834 | 66,676 | 3.9% | 8.8% |
| Income before provision for income taxes | 21,733 | 26,595 | 14,357 | -18.3% | 51.4% |
| Provision for income taxes | 4,677 | 5,755 | 2,979 | -18.7% | 57.0% |
| Net income | <u>\$ 17,056</u> | <u>\$ 20,840</u> | <u>\$ 11,378</u> | -18.2% | 49.9% |
| PER COMMON SHARE | | | | | |
| Earnings per common share - basic | \$ 6.87 | \$ 8.38 | \$ 4.54 | -18.0% | 51.3% |
| Earnings per common share - diluted | 6.86 | 8.37 | 4.53 | -18.0% | 51.4% |
| Common cash dividends | 1.85 | 1.85 | 1.85 | 0.0% | 0.0% |
| Common shareholders' equity | 378.33 | 373.21 | 357.34 | 1.4% | 5.9% |

| | Quarters Ended | | | % Change | |
|---|-----------------------|----------------------|-------------------|-----------------------|-------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 | Sequential Quarter | Year over Year |
| PERFORMANCE RATIOS | | | | | |
| Return on average assets | 0.65% | 0.76% | 0.39% | -0.11% | 0.26% |
| Return on average shareholders' equity | 7.33% | 8.91% | 5.08% | -1.58% | 2.25% |
| Margin on average earning assets ¹ | 3.15% | 2.97% | 2.35% | 0.18% | 0.80% |
| Noninterest expense to average assets | 2.78% | 2.55% | 2.28% | 0.23% | 0.50% |
| Noninterest revenue to average assets | 0.65% | 0.59% | 0.55% | 0.06% | 0.10% |
| Efficiency ratio | 74.6% | 73.1% | 80.2% | 1.5% | -5.6% |
| Common cash dividends to net income | 26.95% | 22.06% | 40.86% | 4.89% | -18.80% |

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

NM = not meaningful

W.T.B. Financial Corporation
Selected Credit Performance Highlights
(unaudited) (dollars in thousands)

| | Quarters Ended | | |
|-------------------------------------|---------------------|----------------------|---------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| Loans by Credit Risk Rating: | | | |
| Pass | \$ 6,717,706 | \$ 6,545,186 | \$ 6,312,018 |
| Special Mention | 179,324 | 191,621 | 183,439 |
| Substandard | 165,875 | 155,828 | 88,768 |
| Doubtful/Loss | 25 | 58 | 46 |
| Total | <u>\$ 7,062,930</u> | <u>\$ 6,892,693</u> | <u>\$ 6,584,271</u> |

| | Quarters Ended | | |
|---|---------------------|----------------------|---------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| Loans by Payment Status: | | | |
| Current Loans | \$ 6,984,302 | \$ 6,804,191 | \$ 6,546,261 |
| Loans Past Due 30-89 Days, Still Accruing | 6,189 | 13,175 | 7,137 |
| Noncurrent Loans | 72,439 | 75,327 | 30,873 |
| Total | <u>\$ 7,062,930</u> | <u>\$ 6,892,693</u> | <u>\$ 6,584,271</u> |

| | Quarters Ended | | |
|----------------------------|-------------------|----------------------|-------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| Allowance Position: | | | |
| Allowance for Loans | \$ 151,550 | \$ 153,558 | \$ 147,848 |
| Allowance to Total Loans | 2.15% | 2.23% | 2.25% |