

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>\$ 17,056</u>	<u>\$ 20,840</u>	<u>\$ 11,378</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%