W.T.B. Financial Corp

Peter F. Stanton
Chairman of the Board

July 18, 2024

Dear Shareholders:

By recent standards, the macro environment was relatively quiet in the second quarter. While GDP growth slowed to 1.4 percent from 3.4 percent in the fourth quarter of 2023, consumer spending remained a source of strength. In June, the unemployment rate remained historically low at just 4.1 percent. With inflation measures down significantly from their peaks back in early 2022, inflation has held steady in the three percent range more recently, though it is still above the Federal Reserve's target of 2.0 percent. The Fed has not changed its target Fed Funds interest rate over the past year, but the yield curve continues to be inverted, which typically precedes an economic downturn; we just haven't seen a scenario of economic weakness unfold yet.

With a generally stable macro environment, our performance continued to incrementally improve, with some important progress in key areas. Company earnings for the second quarter totaled $11.7 million, up 3.1 percent from the first quarter. Loan yields rose while the cost of interest bearing liabilities declined. Higher loan yields and lower funding costs helped net interest margin widen by 11 basis points ("bps") to 2.46 percent, though on a lower average earning asset base as we reduced average outstanding borrowings significantly.

A stable landscape is also providing a relatively orderly environment for the continued evolution of our balance sheet towards a more historically typical structure. Our loan to deposit ratio ended the quarter at 83.1 percent, which is a much more typical position than the low of 53.6 percent reached back in the first quarter of 2022. While outstanding borrowings remain higher than historical norms, we have reduced that more expensive source of funding by $443 million so far this year, and we should make further progress as the year unfolds and additional principal returns from the bond portfolio. The Company's equity to assets ratio improved 16 bps to 8.40 percent.

With that context, let's focus in on the balance sheet. Total assets declined $141 million, or 1.3 percent in the quarter to $10.8 billion, which was primarily due to a $93 million decline in borrowings and a $45 million decrease in customer repurchase agreement balances. The declines in customer repurchase agreement and wholesale funding balances were largely paid out of available cash, which decreased $335 million during the quarter. Some of those cash balances went to fund loan growth, with loans up $187 million, or 2.8 percent to $6.8 billion. While total deposits were down slightly (total deposits declined $5.0 million to $8.0 billion during the quarter), noninterest balances were down $62.9 million, continuing a recent trend of a shifting deposit mix from noninterest bearing balances to interest bearing accounts. Period ending borrowings declined $93.0 million to $1.5 billion, and were down $443 million since the beginning of the year. Shareholders' equity increased $6.4 million to $907.5 million and the Company's equity to assets ratio finished at 8.40 percent, up 66 bps from a recent low of 7.74 percent last September.

Second quarter earnings came in at $11.7 million, up $350,000, or 3.1 percent from first quarter results, while earnings per share were up $0.16, or 3.4 percent to $4.69. Net interest revenue for the quarter was down $2.8 million, or 4.2 percent to $64.2 million, even as net interest margin widened 11 bps to 2.46 percent. The principal cause behind the unusual outcome of lower net interest revenue, but wider net interest margin was a decline in average cash balances (down $1.1 billion yielding 5.49 percent) being used, in part, to paydown average other borrowings (down $796 million costing 4.76 percent). The decline in earning asset balances drove net interest revenue lower, but eliminating the narrow spread (73 bps) between yield on cash and the cost of borrowings helped widen net interest margin.

Provision expense was up $1.7 million for the quarter to $3.7 million, which was more due to solid loan growth (loans were up $187 million, or 2.8 percent to $6.8 billion) than any significant deterioration in credit quality. While noncurrent loans increased $3.7 million to $34.6 million, noncurrent loans remained relatively low at 0.53 percent of total loans. Additionally, the Bank's allowance to loans position remained significant at $152 million, or 2.25 percent of total loans.

Noninterest revenue was up considerably, boosted by the one-time benefit of $9.5 million from gains on some of our VISA stock holdings that we acquired 17 years ago as part of the Visa IPO process to provide protection to Class A and Class C shares from industry litigation that is just now getting close to resolution. Additionally, fiduciary income and investment services fees were up $673,000, or 8.5 percent to $8.6 million as that important line of business benefitted from higher levels of assets under management and stronger pricing. Noninterest expense increased $4.1 million, or 6.1 percent to $70.7 million driven higher primarily by an accrual for possible state tax expenses arising out of contested tax positions from a Department of Revenue tax audit. It is our belief that our tax positions align with state tax law, but the ultimate outcome of the audit and the contested tax positions is unknown at this time.

With earnings improving slightly in the second quarter, return on assets came in at 0.44 percent, up 5 bps from the first quarter, while return on equity improved 10 bps to 5.18 percent. The Company's book value per share finished the quarter at $360.72, up $3.38, or 0.9 percent from last quarter and $13.20, or 3.8 percent higher than last year.

While there is evidence of stabilization and encouraging trends, we recognize that our performance is not as strong as we would like and expect from the Company. The path towards moving the balance sheet and our performance in the direction of more historically typical levels has several key components. Deposit balances need to return to more typical growth levels and funding costs need to settle in roughly where they are today. Loan growth with origination yields at market levels will continue to lift average portfolio yields and contribute to revenue growth. Our bond portfolio is methodically returning cash that is enabling us to reduce our borrowing position, which will benefit margin and net interest revenue. We are watching these trends closely, which we expect will lead to more normalized structure and performance in the future.

With regard to our share repurchase program, on February 27, 2024, the Board of Directors reauthorized a share repurchase plan for up to $10.0 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. As of this date, we have repurchased 15,580 shares at an average cost of $267.10 per share and total consideration of $4.2 million. There is $5.8 million of share repurchase authority left from the February 2024 authorization of $10 million.

We remain grateful for your confidence in us. We are very focused on key strategic initiatives, while serving our clients' banking needs and patiently working hard to increase our financial performance. We are always focused both on the needs of the moment, and the long term objective of delivering solid shareholder value. You can trust that focus will not waiver. We look forward to reporting out to you on our progress next quarter.

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 of the Board
Enclosure

W.T.B. Financial Corp

Summary Financial Statements, Selected Financial Highlights and Selected Credit Performance Highlights Q2 2024

(unaudited)

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

	(dollars in thousands) Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
ASSETS			
Cash and due from banks	**$ 106,687**	$ 88,210	$ 110,570
Interest-bearing deposits with banks	**223,681**	558,337	372,671
Securities available for sale, at fair value	**407,406**	413,403	509,354
Securities held to maturity, at amortized cost	**3,026,546**	3,045,905	3,160,178
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**50,662**	28,808	15,420
Loans receivable	**6,771,159**	6,584,271	6,285,985
Allowance for credit losses on loans	**(152,056)**	(147,848)	(141,009)
Loans, net of allowance for credit losses on loans	**6,619,103**	6,436,423	6,144,976
Premises and equipment, net	**88,026**	88,510	86,126
Accrued interest receivable	**38,248**	38,497	30,636
Other assets	**237,775**	241,348	217,047
Total assets	**$ 10,798,134**	$ 10,939,441	$ 10,646,978
LIABILITIES			
Deposits:			
Noninterest-bearing	**$ 3,024,169**	$ 3,087,090	$ 3,518,318
Interest-bearing	**4,938,198**	4,880,321	4,363,591
Total deposits	**7,962,367**	7,967,411	7,881,909
Securites sold under agreements to repurchase	**275,915**	320,857	205,874
Other borrowings	**1,472,000**	1,565,000	1,549,000
Accrued interest payable	**20,532**	36,823	17,749
Other liabilities	**159,820**	148,215	116,045
Total liabilities	**9,890,634**	10,038,306	9,770,577
SHAREHOLDERS' EQUITY			
Common stock	**10,417**	11,076	11,626
Surplus	**32,665**	32,665	32,665
Undivided profits	**905,728**	898,630	880,411
	948,810	942,371	924,702
Less treasury stock, at cost	**(365)**	-	-
	948,445	942,371	924,702
Accumulated other comprehensive loss, net of tax	**(40,945)**	(41,236)	(48,301)
Total shareholders' equity	**907,500**	901,135	876,401
Total liabilities and shareholders' equity	**$ 10,798,134**	$ 10,939,441	$ 10,646,978

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

	(dollars in thousands, except per share data)		
	Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
INTEREST REVENUE			
Loans, including fees	**$ 95,962**	$ 92,171	$ 82,669
Deposits with banks	**4,151**	18,933	3,419
Securities	**16,138**	16,448	16,239
Other interest and dividend income	**622**	553	397
Total interest revenue	**116,873**	128,105	102,724
INTEREST EXPENSE			
Deposits	**31,484**	31,461	18,690
Funds purchased and other borrowings	**21,160**	29,582	16,145
Total interest expense	**52,644**	61,043	34,835
Net interest revenue	**64,229**	67,062	67,889
Provision for credit losses on loans	**4,690**	2,020	2,300
(Recapture of) provision for credit losses on off-balance sheet credit exposures	**(950)**	-	800
Total provision for credit losses	**3,740**	2,020	3,100
Net interest revenue after provision for credit losses	**60,489**	65,042	64,789
NONINTEREST REVENUE			
Fiduciary and investment services income	**8,637**	7,964	7,003
Bank and credit card fees, net	**2,245**	2,888	3,161
Service charges on deposits	**1,467**	1,668	1,299
Mortgage banking revenue, net	**807**	442	254
Other income	**11,963**	3,029	2,359
Total noninterest revenue	**25,119**	15,991	14,076
NONINTEREST EXPENSE			
Salaries and benefits	**41,501**	40,651	38,000
Occupancy, furniture and equipment expense	**6,823**	6,746	6,280
Software and data processing expense	**7,242**	6,809	6,632
Professional fees	**1,767**	1,755	1,832
Other expense	**13,408**	10,715	9,741
Total noninterest expense	**70,741**	66,676	62,485
Income before provision for income taxes	**14,867**	14,357	16,380
Provision for income taxes	**3,139**	2,979	3,542
NET INCOME	**$ 11,728**	$ 11,378	$ 12,838
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,502,341**	2,508,910	2,505,390
Diluted	**2,502,341**	2,510,181	2,505,448
Earnings per common share (based on weighted average shares outstanding)			
Basic	**$ 4.69**	$ 4.54	$ 5.12
Diluted	**$ 4.69**	$ 4.53	$ 5.12

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

	(dollars in thousands, except per share data) Six Months Ended	
	June 30, 2024	June 30, 2023
INTEREST REVENUE		
Loans, including fees	**$ 188,133**	$ 160,932
Deposits with banks	**23,084**	5,841
Securities	**32,586**	34,086
Other interest and dividend income	**1,175**	477
Total interest revenue	**244,978**	201,336
INTEREST EXPENSE		
Deposits	**62,945**	29,341
Funds purchased and other borrowings	**50,742**	22,306
Total interest expense	**113,687**	51,647
Net interest revenue	**131,291**	149,689
Provision for credit losses on loans	**6,710**	4,700
(Recapture of) provision for credit losses on off-balance sheet credit exposures	**(950)**	800
Total provision for credit losses	**5,760**	5,500
Net interest revenue after provision for credit losses	**125,531**	144,189
NONINTEREST REVENUE		
Fiduciary and investment services income	**16,601**	13,751
Bank and credit card fees	**5,133**	7,255
Service charges on deposits	**3,134**	2,752
Mortgage banking revenue, net	**1,249**	496
Other income	**14,993**	4,829
Total noninterest revenue	**41,110**	29,083
NONINTEREST EXPENSE		
Salaries and benefits	**82,151**	79,137
Occupancy, furniture and equipment expense	**13,569**	13,114
Software and data processing expense	**14,051**	12,545
Professional fees	**3,522**	3,820
Other expense	**24,125**	19,851
Total noninterest expense	**137,418**	128,467
Income before provision for income taxes	**29,223**	44,805
Provision for income taxes	**6,117**	9,714
NET INCOME	**$ 23,106**	$ 35,091
PER SHARE DATA		
Weighted average number of common stock shares outstanding		
Basic	**2,505,625**	2,503,935
Diluted	**2,506,261**	2,505,322
Earnings per common share (based on weighted average shares outstanding)		
Basic	**$ 9.22**	$ 14.01
Diluted	**$ 9.22**	$ 14.01

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

(dollars in thousands)

	Quarters Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
SELECTED DATA					
Interest-bearing deposits with banks	$ 223,681	$ 558,337	$ 1,006,525	$ 988,411	$ 372,671
Securities	3,433,952	3,459,308	3,565,548	3,577,332	3,669,532
Total loans	6,771,159	6,584,271	6,510,128	6,443,189	6,285,985
Allowance for credit losses (ACL) on loans	152,056	147,848	146,156	144,378	141,009
Earning assets [1]	10,514,393	10,666,773	11,146,670	11,088,508	10,389,254
Total assets	10,798,134	10,939,441	11,445,591	11,358,352	10,646,978
Deposits	7,962,367	7,967,411	8,118,301	8,041,591	7,881,909
Interest-bearing liabilities	6,686,113	6,766,177	7,053,707	6,891,530	6,118,466
Total shareholders’ equity	907,500	901,135	897,443	878,639	876,401
Total equity to total assets	8.40%	8.24%	7.84%	7.74%	8.23%
Full-time equivalent employees	1,184	1,186	1,186	1,196	1,189
ASSET QUALITY RATIOS					
ACL on loans to total loans	2.25%	2.25%	2.25%	2.24%	2.24%
ACL on loans to noncurrent loans	439%	479%	464%	2987%	2548%
Net charge-offs to total average loans	0.01%	0.01%	0.01%	0.00%	0.00%
Noncurrent loans to total loans	0.51%	0.47%	0.48%	0.08%	0.09%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	June 30, 2024	March 31, 2024	June 30, 2023	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	$ 64,309	$ 67,142	$ 67,975	-4.2%	-5.4%
Fully tax-equivalent adjustment	80	80	86	0.0%	-7.0%
Net interest revenue	64,229	67,062	67,889	-4.2%	-5.4%
Provision for credit losses	3,740	2,020	3,100	85.1%	20.6%
Net interest revenue after provision for credit losses	60,489	65,042	64,789	-7.0%	-6.6%
Noninterest revenue	25,119	15,991	14,076	57.1%	78.5%
Noninterest expense	70,741	66,676	62,485	6.1%	13.2%
Income before provision for income taxes	14,867	14,357	16,380	3.6%	-9.2%
Provision for income taxes	3,139	2,979	3,542	5.4%	-11.4%
Net income	$ 11,728	$ 11,378	$ 12,838	3.1%	-8.6%
PER COMMON SHARE					
Earnings per common share - basic	$ 4.69	$ 4.54	$ 5.12	3.3%	-8.4%
Earnings per common share - diluted	4.69	4.53	5.12	3.5%	-8.4%
Common cash dividends	1.85	1.85	1.85	0.0%	0.0%
Common shareholders’ equity	360.72	357.34	347.52	0.9%	3.8%

	Quarters Ended			% Change	
	June 30, 2024	March 31, 2024	June 30, 2023	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	0.44%	0.39%	0.49%	0.05%	-0.05%
Return on average shareholders’ equity	5.18%	5.08%	5.84%	0.10%	-0.66%
Margin on average earning assets [1]	2.46%	2.35%	2.67%	0.11%	-0.21%
Noninterest expense to average assets	2.64%	2.28%	2.39%	0.36%	0.25%
Noninterest revenue to average assets	0.94%	0.55%	0.54%	0.39%	0.40%
Efficiency ratio	79.1%	80.2%	76.2%	-1.1%	2.9%
Common cash dividends to net income	39.46%	40.86%	36.10%	-1.40%	4.76%

(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 Financial Highlights
(unaudited)

(dollars in thousands, except per share data)

	Six Months Ended		% Change
	June 30, 2024	June 30, 2023	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	$ 131,451	$ 149,843	-12.3%
Fully tax-equivalent adjustment	160	154	3.9%
Net interest revenue	131,291	149,689	-12.3%
Provision for credit losses	5,760	5,500	4.7%
Net interest revenue after provision for credit losses	125,531	144,189	-12.9%
Noninterest revenue	41,110	29,083	41.4%
Noninterest expense	137,418	128,467	7.0%
Income before provision for income taxes	29,223	44,805	-34.8%
Provision for income taxes	6,117	9,714	-37.0%
Net income	$ 23,106	$ 35,091	-34.2%
PER COMMON SHARE			
Earnings per common share - basic	$ 9.22	$ 14.01	-34.2%
Earnings per common share - diluted	9.22	14.01	-34.2%
Common cash dividends	3.70	3.70	0.0%
Common shareholders' equity	360.72	347.52	3.8%
PERFORMANCE RATIOS			
Return on average assets	0.41%	0.68%	-0.27%
Return on average shareholders' equity	5.13%	8.12%	-2.99%
Margin on average earning assets [1]	2.41%	2.98%	-0.57%
Noninterest expense to average assets	2.45%	2.49%	-0.04%
Noninterest revenue to average assets	0.73%	0.56%	0.17%
Efficiency ratio	79.6%	71.8%	7.8%
Common cash dividends to net income	40.15%	26.42%	13.73%

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

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

Loans by Credit Risk Rating:	Quarters Ended June 30, 2024	March 31, 2024	June 30, 2023
Pass	$ 6,498,003	$ 6,312,018	$ 6,074,955
Special Mention	179,021	183,439	89,441
Substandard	94,118	88,768	121,531
Doubtful/Loss	17	46	58
Total	$ 6,771,159	$ 6,584,271	$ 6,285,985

Loans by Payment Status:	Quarters Ended June 30, 2024	March 31, 2024	June 30, 2023
Current Loans	$ 6,729,634	$ 6,546,261	$ 6,278,386
Loans Past Due 30-89 Days, Still Accruing	6,914	7,137	2,064
Noncurrent Loans	34,611	30,873	5,535
Total	$ 6,771,159	$ 6,584,271	$ 6,285,985

Allowance Position:	Quarters Ended June 30, 2024	March 31, 2024	June 30, 2023
Allowance for Loans	$ 152,056	$ 147,848	$ 141,009
Allowance to Total Loans	2.25%	2.25%	2.24%