

2025

W.T.B. Financial Corporation

Annual Shareholders' Meeting

Presented by:

Kevin Blair
President
Washington Trust Bank

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W.T.B. Financial Corporation

FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding our evaluation of macro-environment risks, Federal Reserve rate management, and trends reflecting things such a regulatory capital standards and adequacy. Forward looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact or guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statement include:

- the ability to attract new deposits and loans;
- demand for financial services in our market areas;
- competitive market pricing factors;
- deterioration in economic conditions that could result in increased loan losses;
- actions by competitors and other market participants that could have an adverse impact on our expected performance;
- risks associated with concentrations in real estate related loans;
- market interest rate volatility;
- stability of funding sources and continued availability of borrowings;
- risk associated with potential cyber threats;
- changes in legal or regulatory requirements or the results of regulatory examinations that could restrict growth;
- the ability to recruit and retain key management and staff;
- the ability to raise capital or incur debt on reasonable terms;
- effectiveness of legislation and regulatory efforts to help the U.S. and global financial markets.

There are many factors that could cause actual results to differ materially from those contemplated by forward-looking statements. Any forward-looking statement made by us in this presentation speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publically update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

PRESENTATION OUTLINE

- **Company Overview**
- **High Level Perspective on 2024**
 - Evidence of stability
 - Sources of Disruption
- **WTBFC 2024 Positioning and Performance**
- **Q1 2025 Performance Highlights**
- **Strategic Initiatives**
- **Closing Thoughts**

W.T.B. Financial Corporation Company Overview

MISSION AND GEOGRAPHIC FOOTPRINT

Our Mission

We will **be the best** at understanding and meeting the **financial needs of our customers**.

We will focus our unique strengths as a community bank on serving those customers who perceive a distinct value in **building long-term relationships** with us.

We will be **empowered to act** on behalf of Washington Trust to meet our customers' needs and will have the competencies to fulfill this mission.

We will conduct ourselves in accordance with our **guiding principles**.

We will organize and manage to best support one another in these efforts and to ensure the **long-term** viability of the Bank.

Markets Served



CORE IDENTITY: WTBFC | WTB

- **Pacific Northwest regional community bank**
 - 120 + years of heritage
 - 4th generation Chairman of the Board
- **Private ownership and family heritage**
 - Conservative risk profile
 - Balance sheet strength
 - Capital management discipline
 - Risk adjusted performance
 - Long-term franchise and shareholder value
- **Relationship banking business model**
 - High value customer relationships
 - Organic customer growth
- **Broad customer base and product line**
 - Commercial banking customer focus
 - Retail and private banking clients
 - Wealth Management/Trust expertise
 - Home lending division
 - Small Business Banking and SBA

FINANCIAL MANAGEMENT PRINCIPLES

Balance Sheet Strength:

- Credit discipline...strong allowance position
- Disciplined capital management
- Ample liquidity resources
- Moderate interest rate risk position
- Strive for strength > risk exposures

Shareholder Value / Capital Discipline:

- Maintain capital adequacy
- Internal capital generation for growth
- Competitive returns (dividends + BV growth)
- Minimize shareholder dilution
 - Ownership, BV/share, and EPS

Consistent Risk Adjusted Performance:

- Operate within established risk appetite
- Build recurring earning power
 - Earning assets = 98% of TA
- Strive for earnings durability across the business cycle

High Level Perspective on 2024

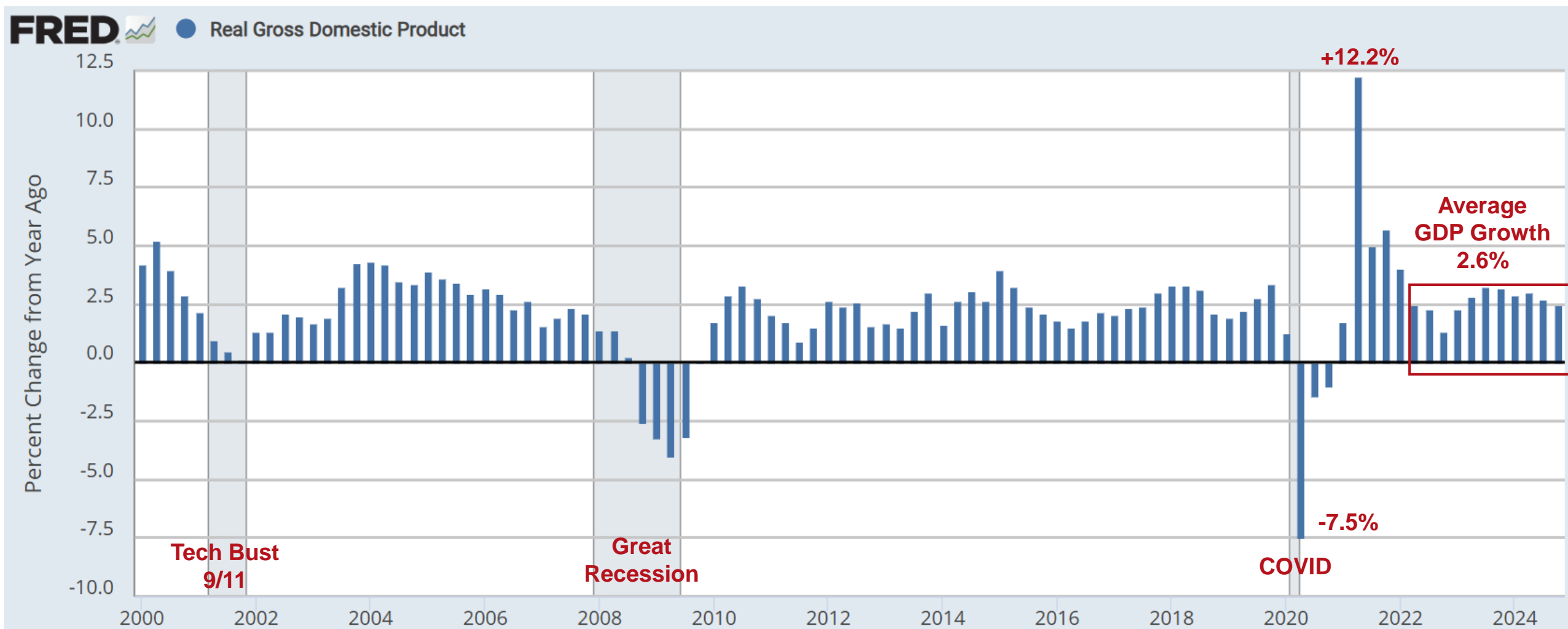
Evidence of Stability:

- GDP
- Unemployment
- Money Supply
- Inflation

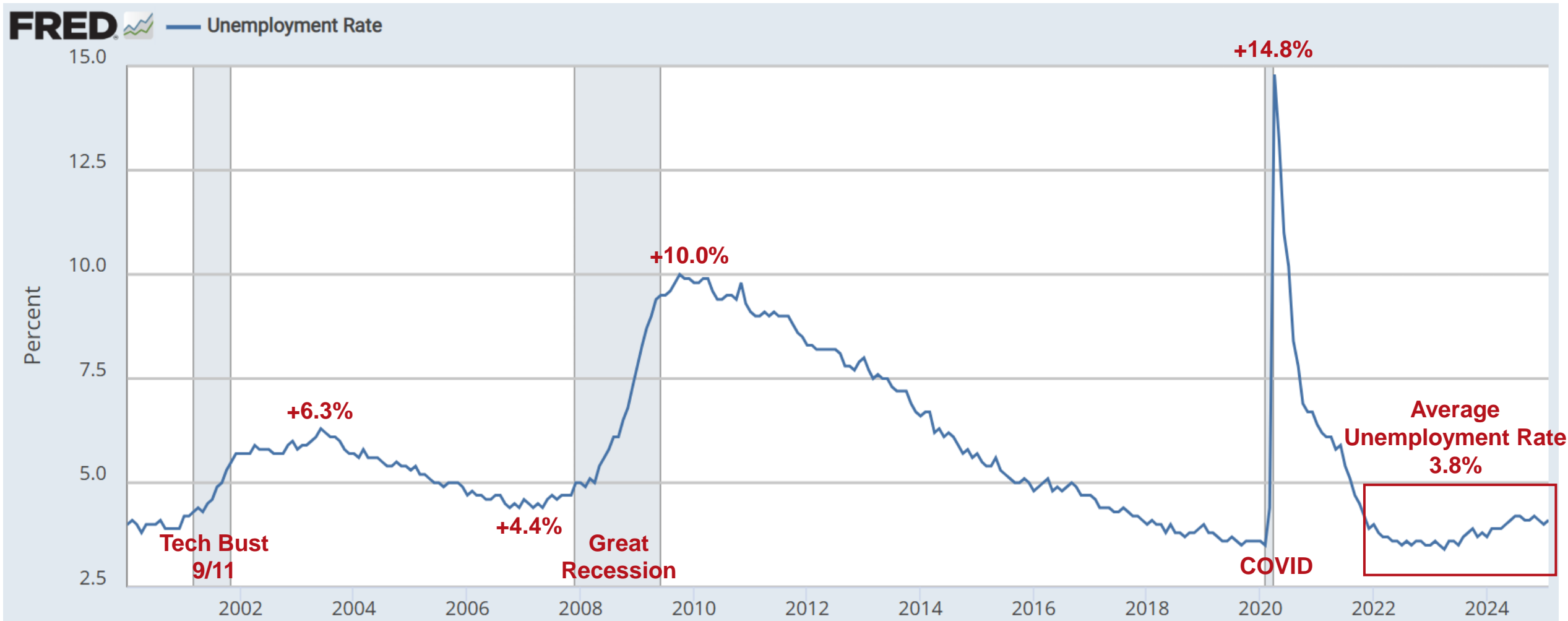
Sources of Disruption:

- Federal Fiscal Picture
- Monetary Challenges
- Political Landscape
- Trade Policy

GDP (Quarterly; YoY % Change)



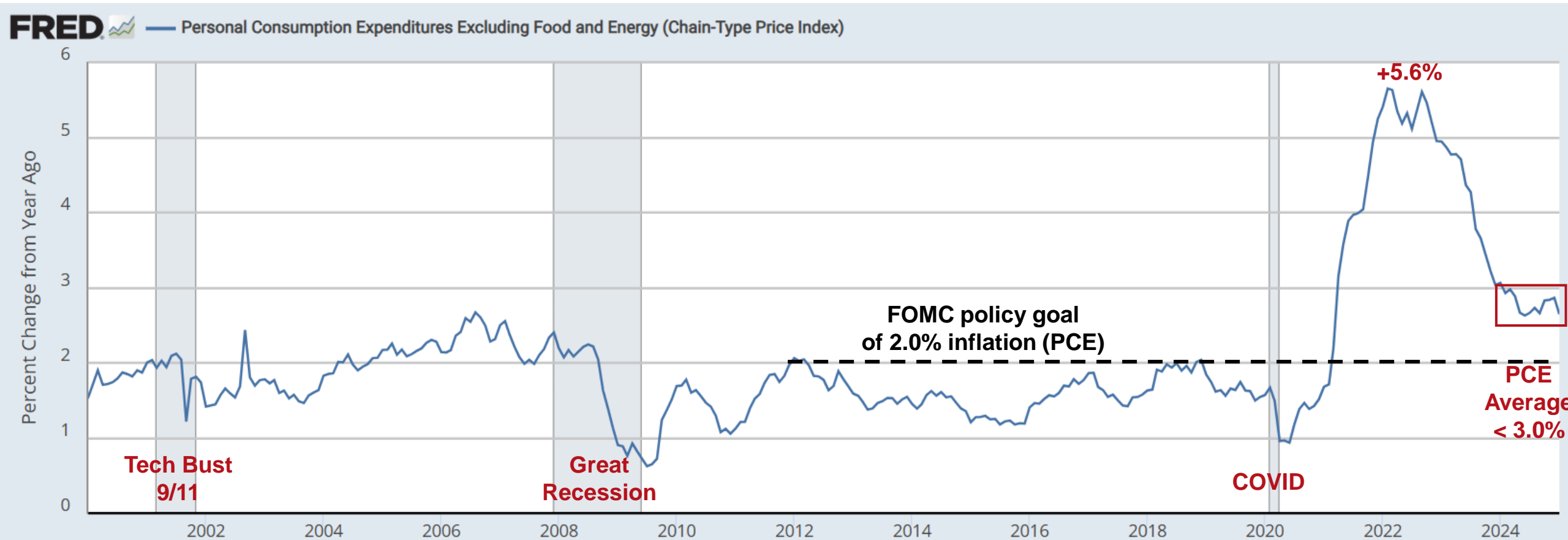
% Unemployment Rate (U3; Monthly)



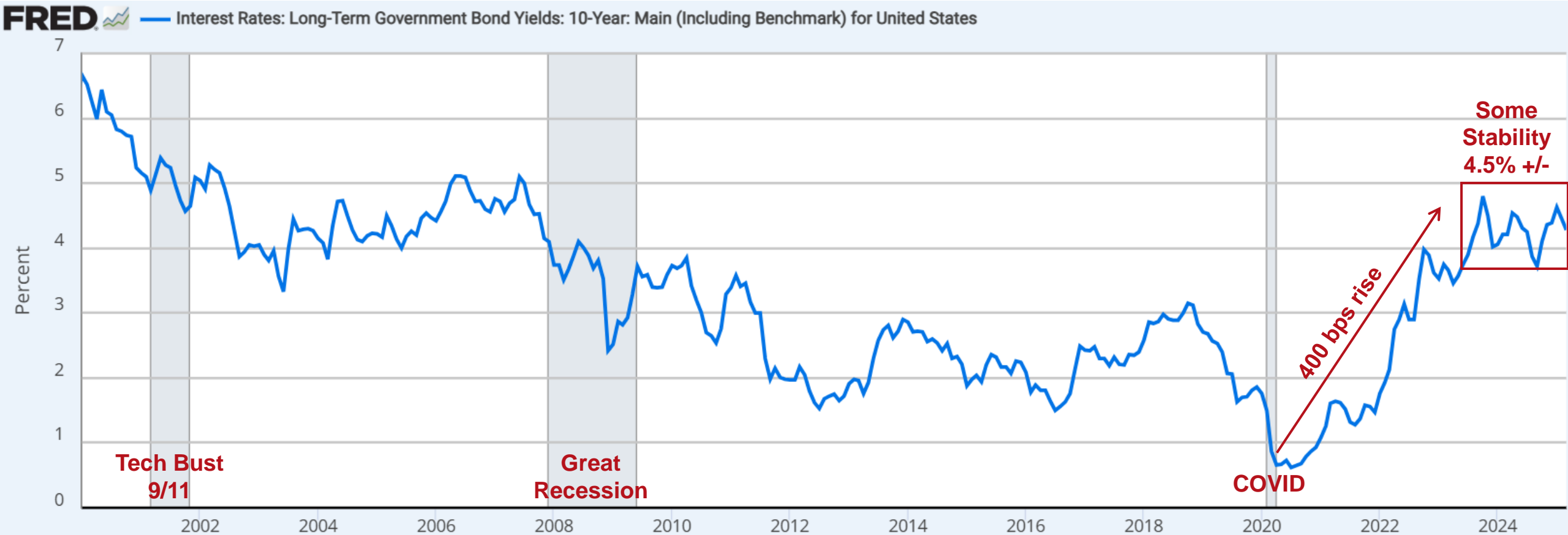
Money Supply (M2 YoY % Change)



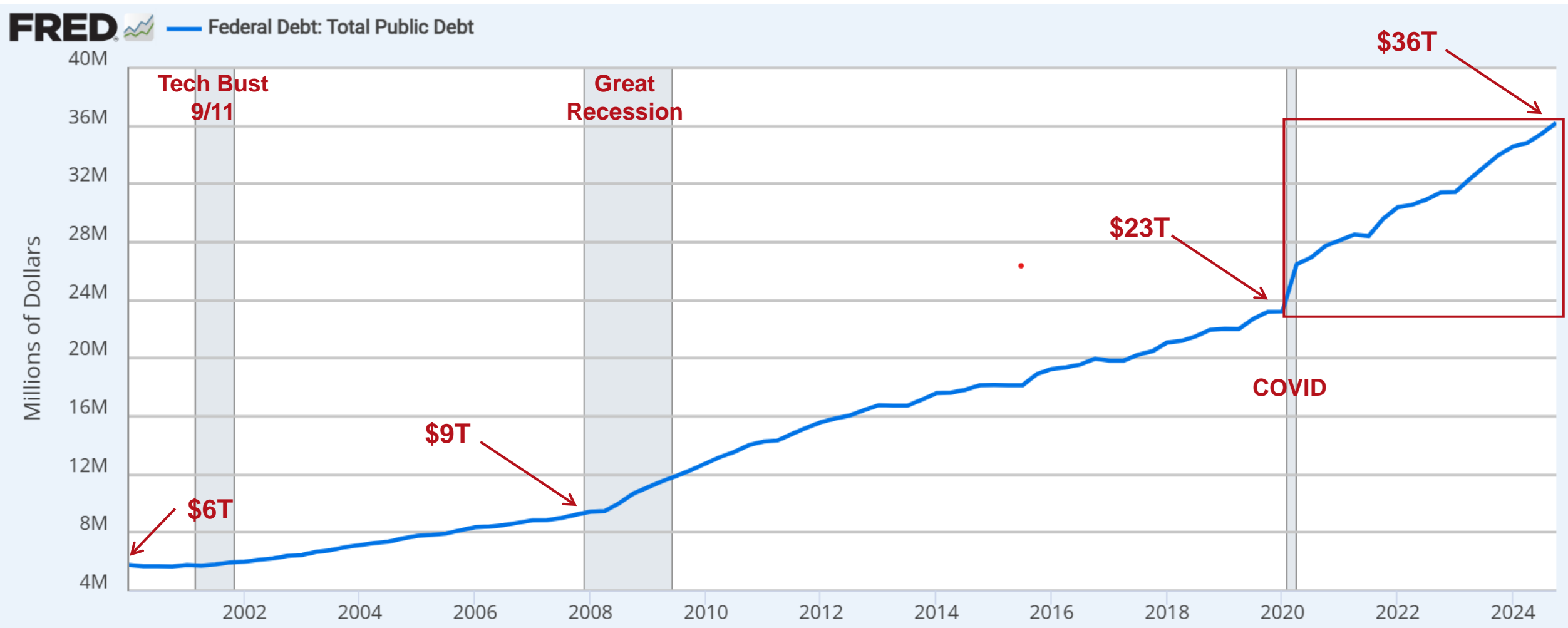
Inflation (Fed Target; PCE YoY % Change)



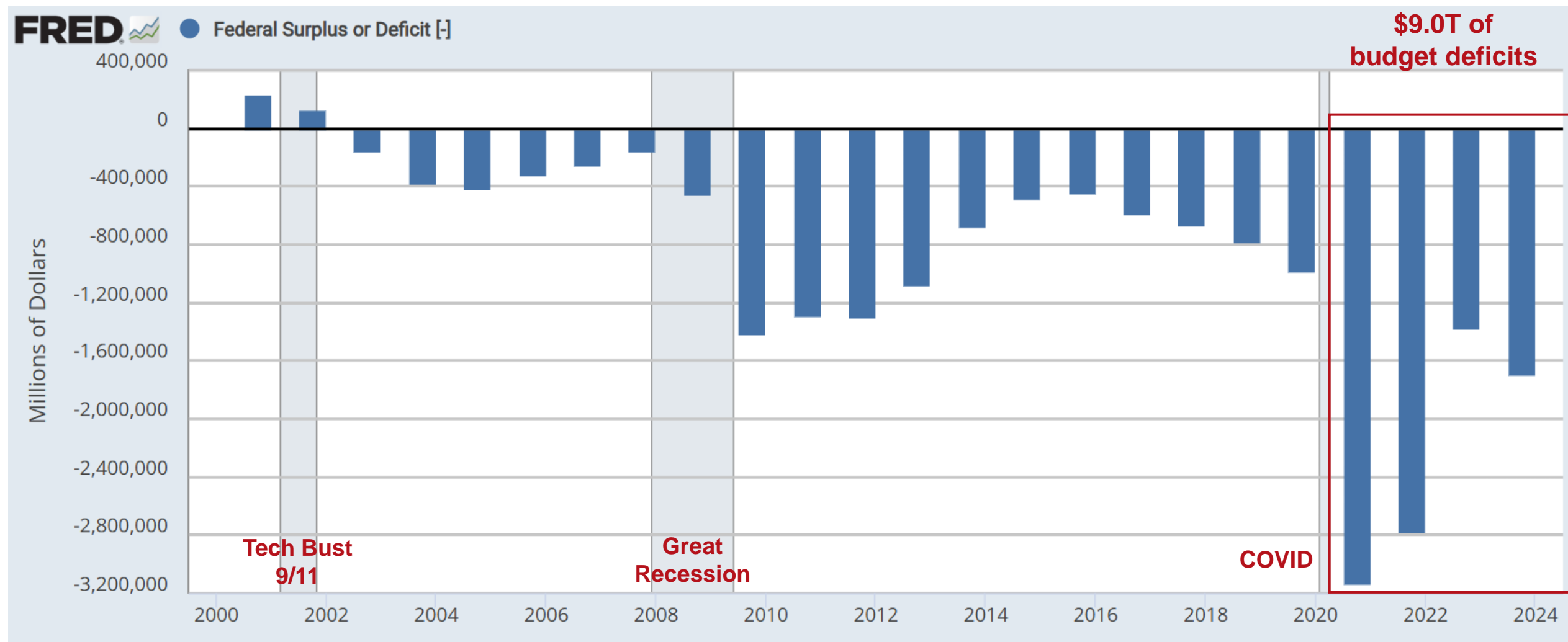
10-Year UST Bond Yields



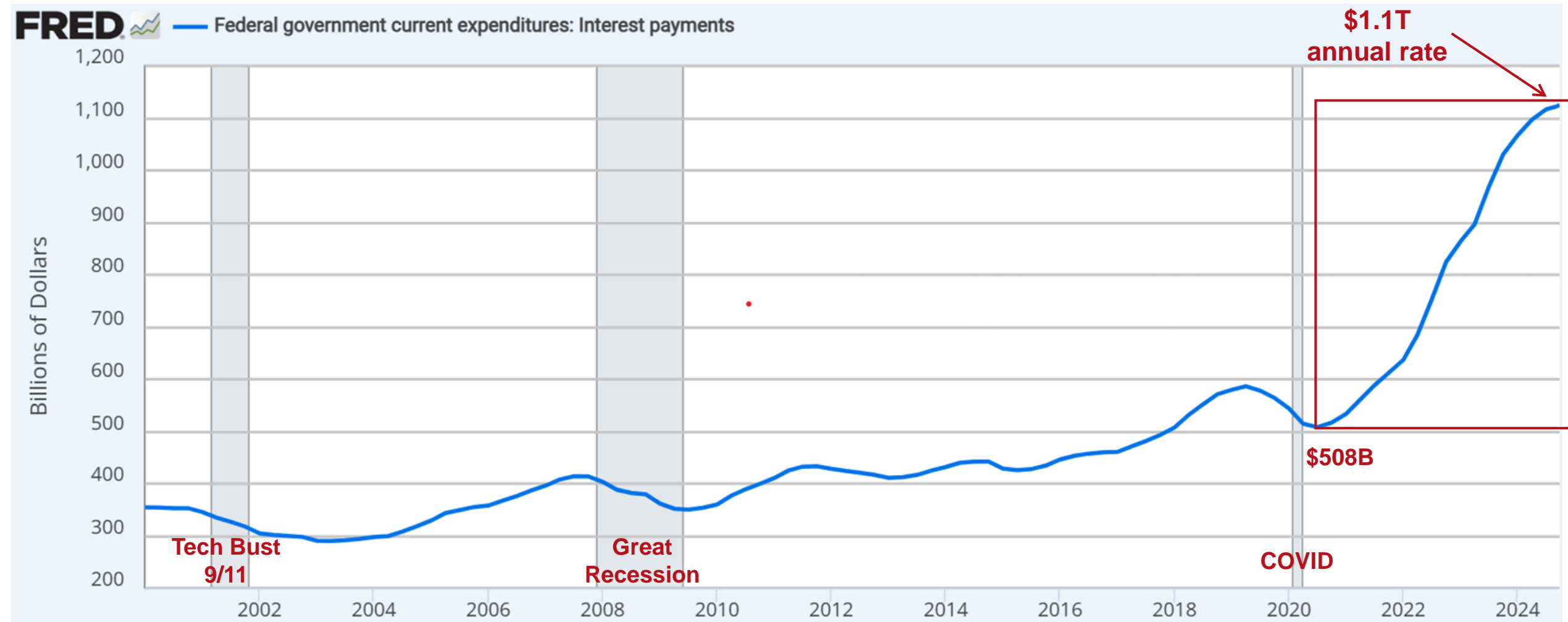
National Debt



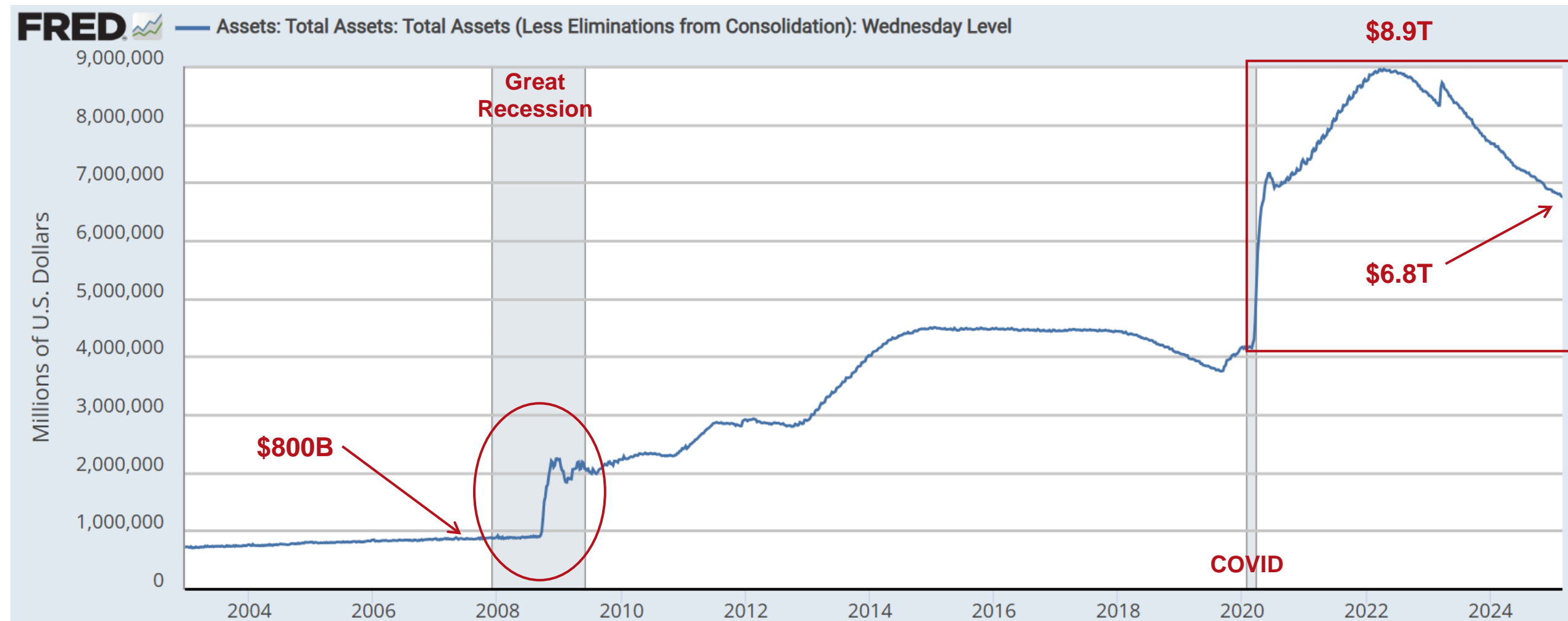
Federal Budget Deficits



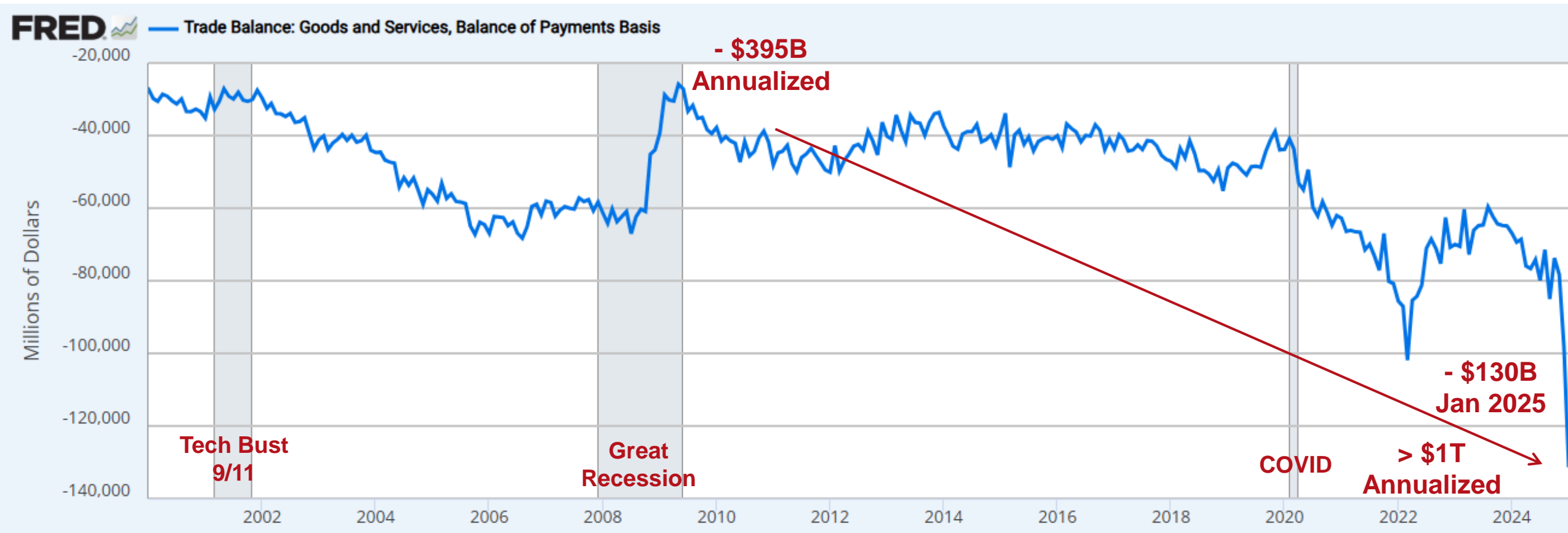
Interest on National Debt



Federal Reserve Total Assets



Annual Trade Deficit (monthly)



Political Disruption

Political change and instability in an uncertain world:

- **Trade Policy...Tariffs**
- **DOGE**
- **Immigration**
- **Cultural Polarity**
- **Russia/Ukraine**
- **Middle East**
- **China/Taiwan**

Uncertainty and instability brings volatility

Balance sheet strength crucial in uncertain times

WTBFC 2024

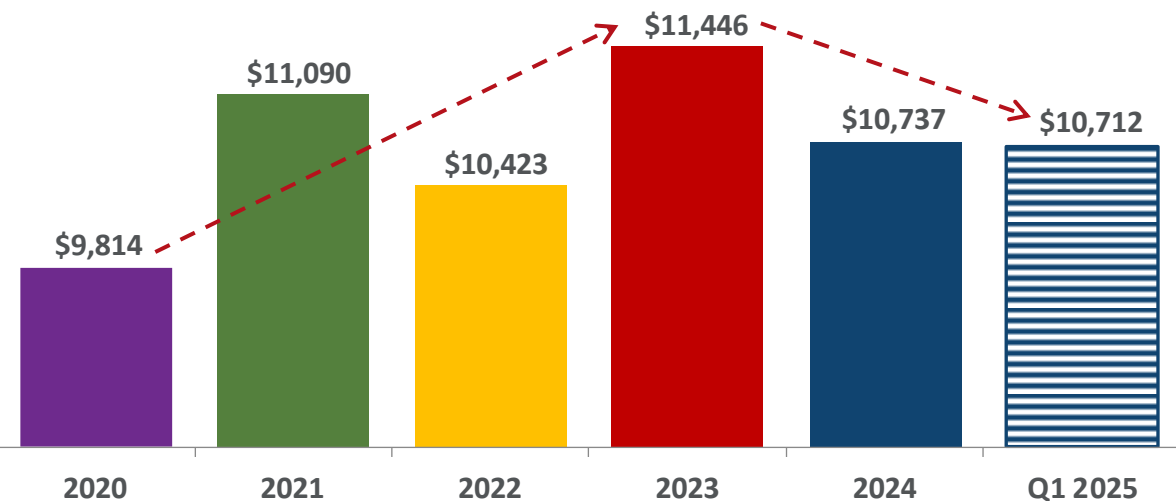
Positioning and Performance

BALANCE SHEET NORMALIZING

- **Deposit portfolio stabilizing:**
 - Deposits up \$923 million to \$8.8 billion since bottoming at \$7.9 billion in Q2 2023
 - Noninterest deposits of \$3.2 billion, or 37% of total...down from peak of 48% at YE 2020
 - Cost of interest-bearing liabilities declining on lower borrowings and rates
 - Overall cost of funds declined 70 bps to 2.42 percent (Q1 2025 vs. Q4 2023)
- **Borrowings down significantly from peak:**
 - Down \$1.4 billion since YE 2023 to \$500 million
 - Remaining borrowing of \$500 million at 5.21% matures in August 2025
 - Bond cash flow earmarked for repayment
- **Bond portfolio declining as proportion of assets**
 - Down \$527 million in 2024 (actual), with returning principal in 2025 of \$653 million (projected)
 - Cash flow available to paydown higher costing borrowings and fund loan growth
- **Capital ratios boosted by declining assets and growing capital:**
 - Equity to assets ratio up 137 bps to 8.84 percent in Q1 2025 from recent low in Q1 2022

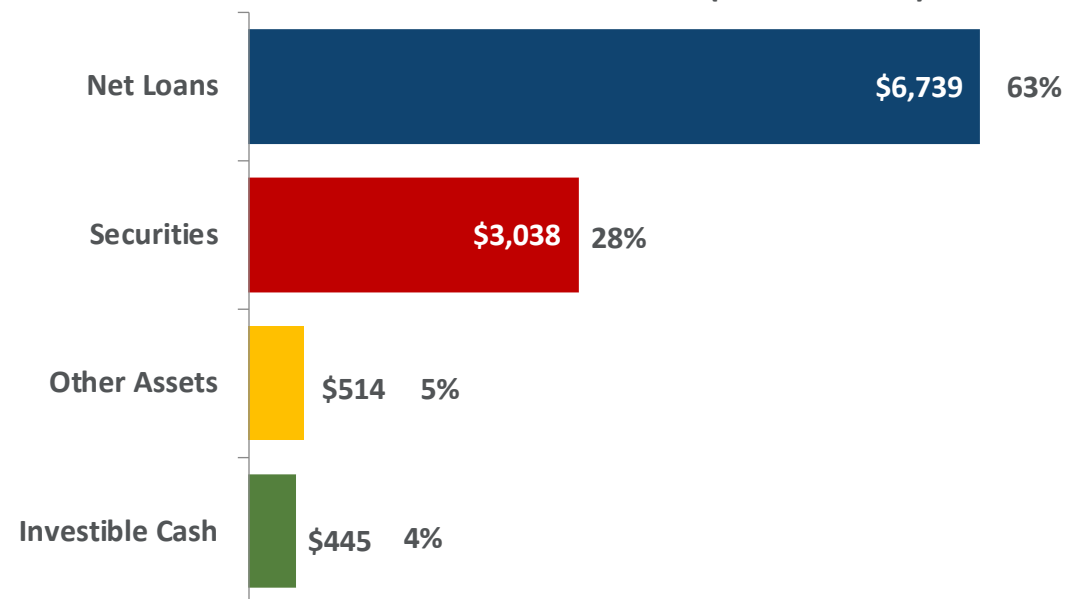
TOTAL ASSETS AND MIX

Total Assets (\$ in millions)



- Assets rose above \$11B in 2021/2023, then declined:
 - PPP success + deposit surge during COVID
 - Rising market yields drove excess deposit outflows
 - Borrowings helped fund outflows
 - Paydown of borrowings helping shrink assets
 - Lower assets / higher equity grows capital ratios

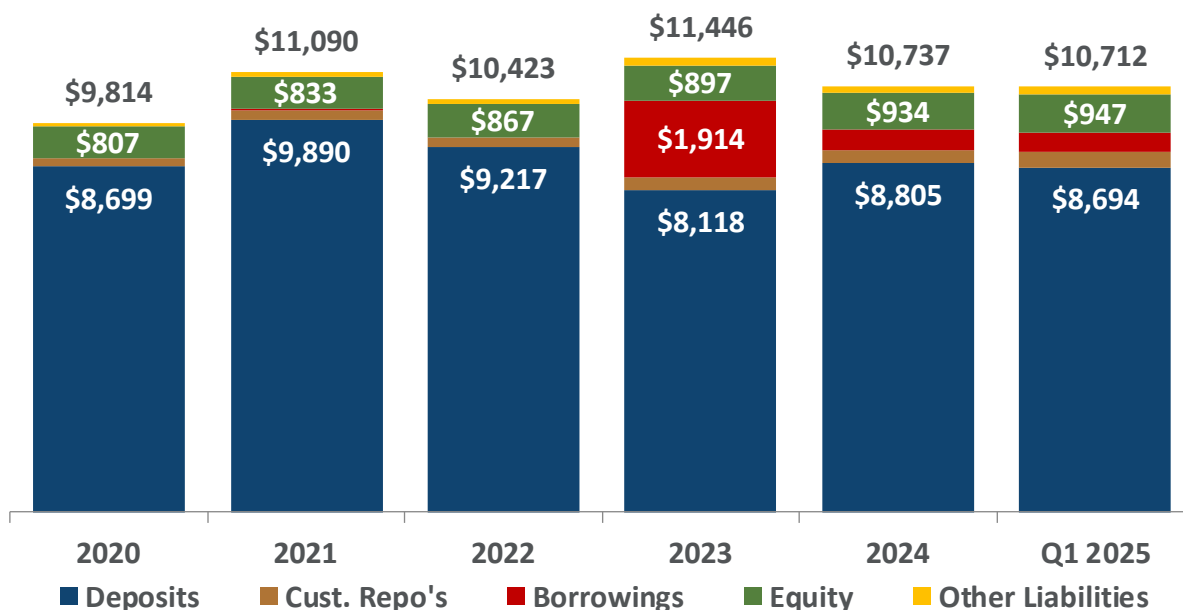
YE 2024 Asset Mix (\$ in millions)



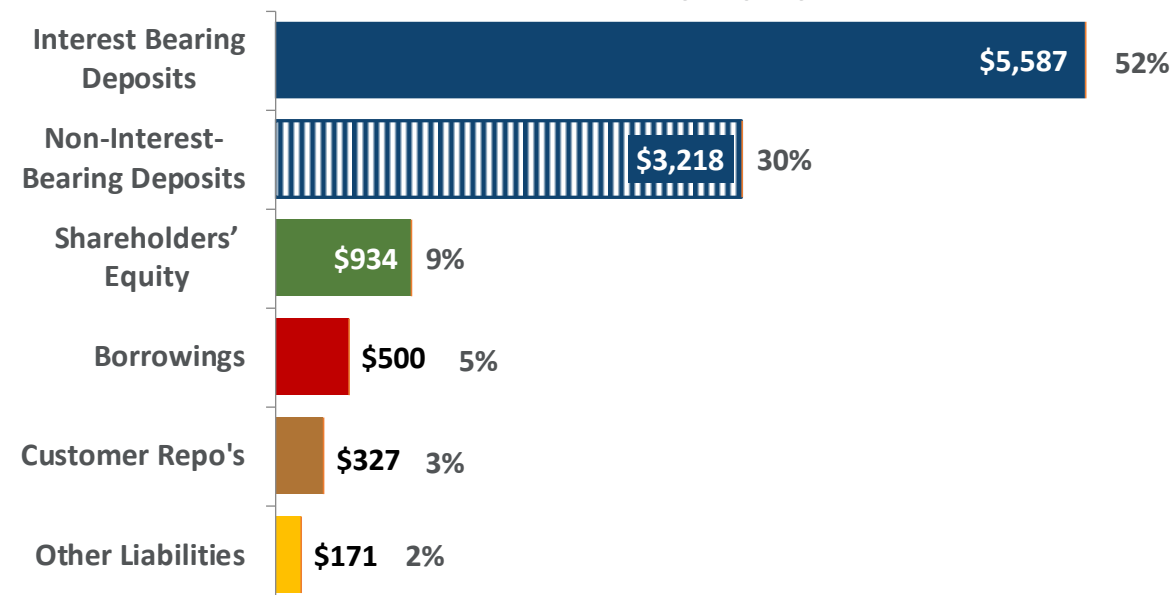
- Asset mix reverting back to more typical structure:
 - Loans at 63% of assets (grew \$383 million, or 5.9%)
 - Bonds at 27% of assets (down \$527 million to \$3.0 billion)
 - Cash position declined \$561 million to \$445 million
 - Cash flow helped paydown borrowings in 2024
 - In 2024, borrowings declined \$1.4 billion

TOTAL LIABILITIES, EQUITY AND MIX

Total Liabilities and Equity (\$ in millions)



YE 2024 Liability/Equity Mix (\$ in millions)

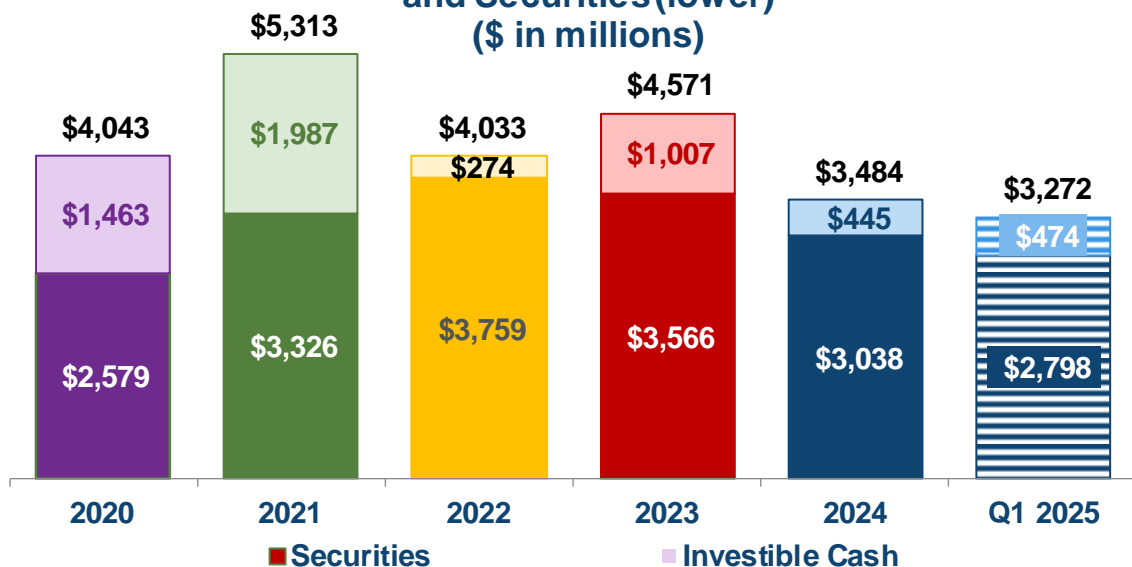


- Deposits surged to \$9.9B in 2021 driving assets higher
 - Rising rates led to disintermediation
 - Borrowings in 2023 and 2024 helped fund outflows
 - Deposit growth resumed in 2024 (up \$687M, or 8.5%)
 - Bond cash flow helped pay down borrowings

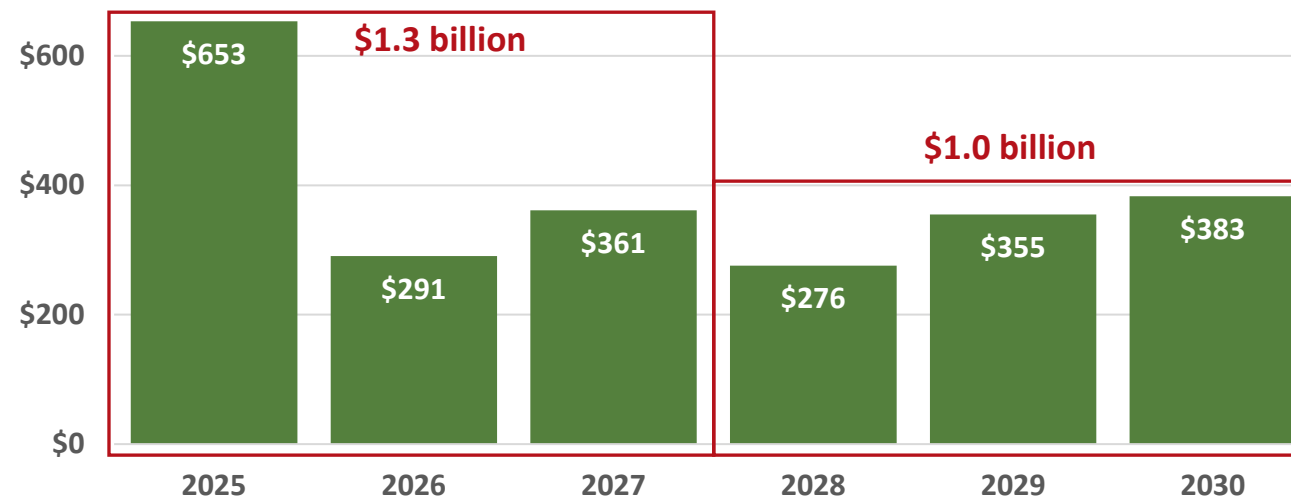
- Liability mix reverting back to more typical structure:
 - Deposits 82% of total assets
 - \$3.2 billion in noninterest deposits
 - Net loans to deposits trending higher (76.5%)
 - Borrowings down \$1.4 billion to \$500 million

CASH/INVESTMENT PORTFOLIO POSITIONING

Investible Cash (upper)
and Securities (lower)
(\$ in millions)



Bond Cash Flow Annually
(\$ in millions)



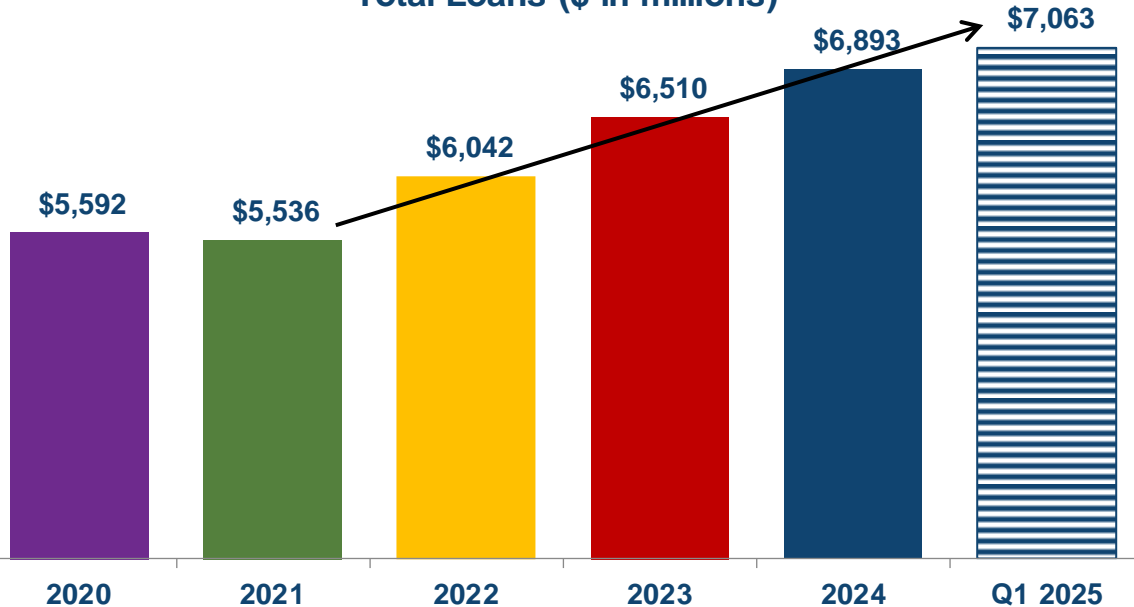
YE 2024 Investment Portfolio Key Points:

- Cash position totals \$445 million, supporting liquidity
 - Yield on cash at Fed of 4.40%
- Securities portfolio down \$962 million from peak (YE 2022)
- Virtually all bonds are eligible collateral for borrowings

- Returning principal supports normalization and reinvestment
- Average securities yield (2024) was 1.84%
- Projected cash flow available to:
 - Paydown \$500 million borrowing (cost 5.21% +/-)
 - Fund loan originations (recent yields 7.00% +/-)

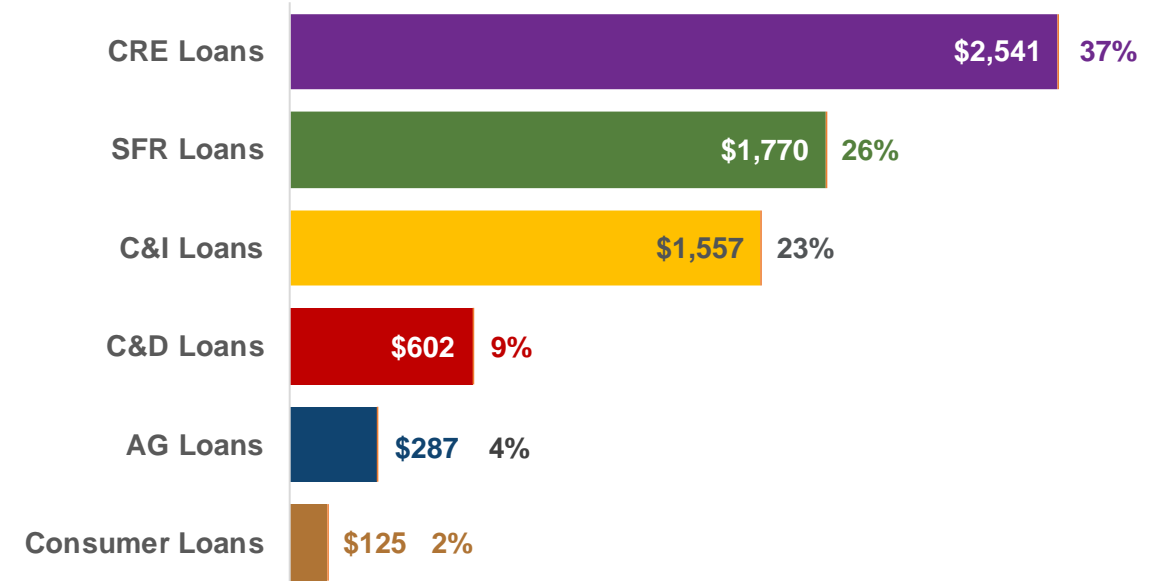
LOAN PORTFOLIO POSITIONING (YE 2024)

Total Loans (\$ in millions)



- Loan growth trends are solid:
 - Up \$383 million, or 5.9% in 2024
 - Up \$170 million, or 2.5% in Q1 2025
- Commercial client growth returning
 - \$194 million of growth in C&I loans since YE 2023

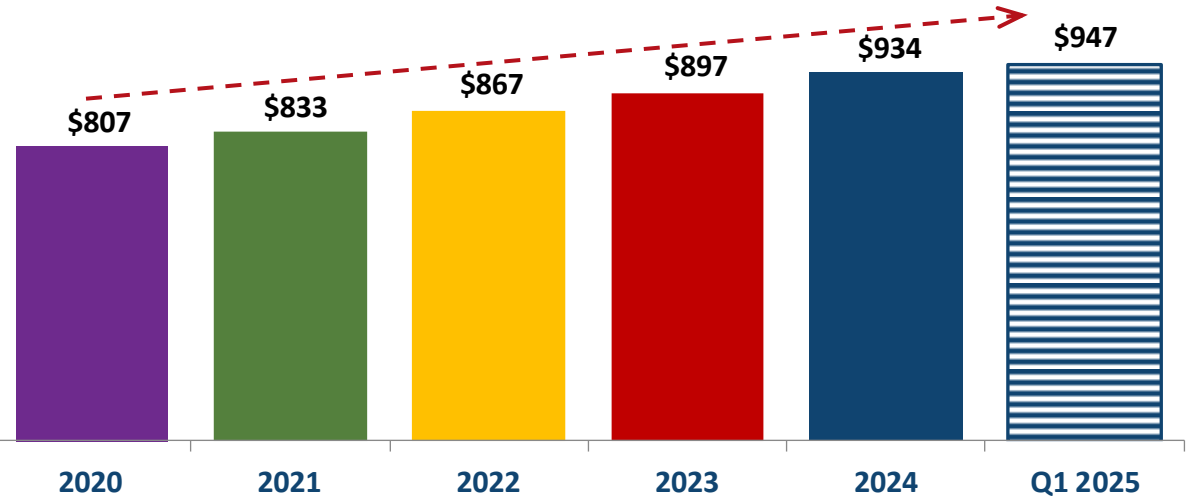
Loan Mix (\$'s in millions)



- Mix remains diversified across CRE, SFR and C&I
- C&I balances below historical levels
 - Still building back balances after PPP lending
- Expect SFR growth to slow
 - Selling more originations

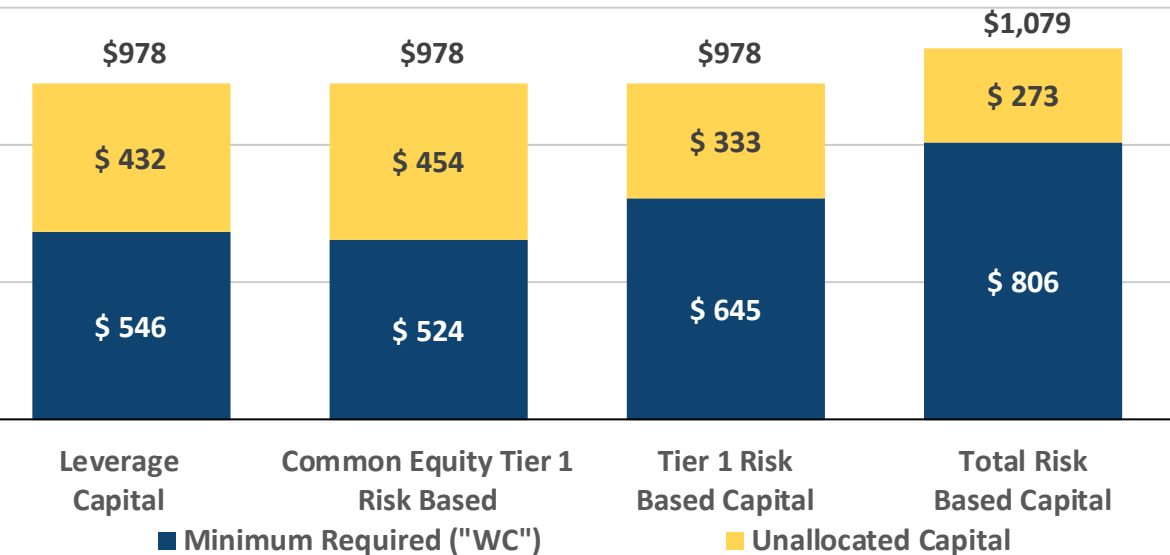
FOCUS ON CAPITAL

Shareholders' Equity (\$'s in millions)

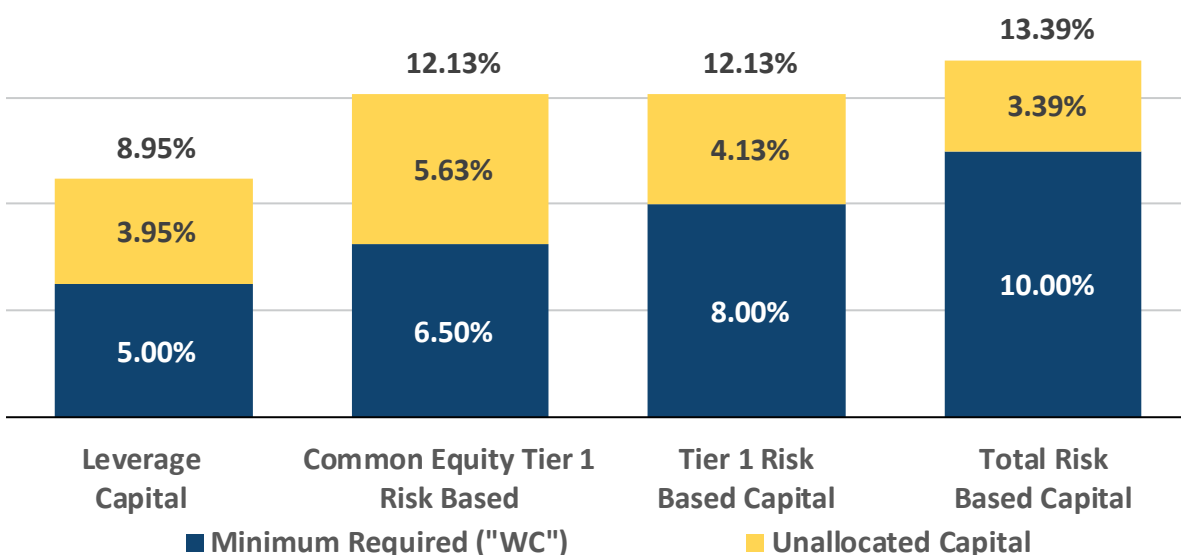


- Shareholders' equity:
 - Up \$37 million, or 4.1% in 2024
 - Up \$127 million, or 16% since YE 2020
- Capital levels well above regulatory minimums
- Significant capital buffers
 - \$273 million for Total Risk Based Capital
 - 339 bps for Total Risk Based Capital
- No intangible assets
- Strong allowance position supports capital position

WTBFC Regulatory Capital Position (\$'s in millions)



WTBFC REGULATORY CAPITAL RATIOS

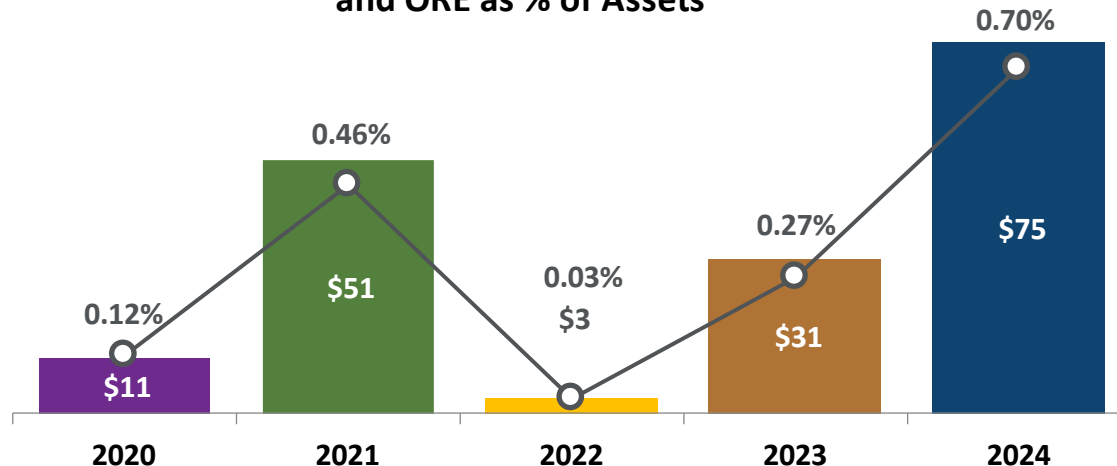


CREDIT PERFORMANCE

- **Credit performance has seen some erosion:**
 - Ag sector showing some pressure
 - Noncurrent/Classified loans were up on a few large borrowers
 - Classified loans remain at moderate levels
 - \$97 million at YE 2023, or 1.5% of total loans
 - \$156 million at YE 2024, or 2.3% of total loans
- **Net charge-off levels minimal (\$1.8 million in 2024)**
 - Provision expense during 2024 (\$8.5 million) kept pace with loan growth (\$383 million)
- **Allowance for Credit Loss (“ACL”) position well above industry levels**
 - ACL totals \$154 million, or 2.23% of loans at YE 2024
 - Industry ACL to loans = 1.75% at YE 2024

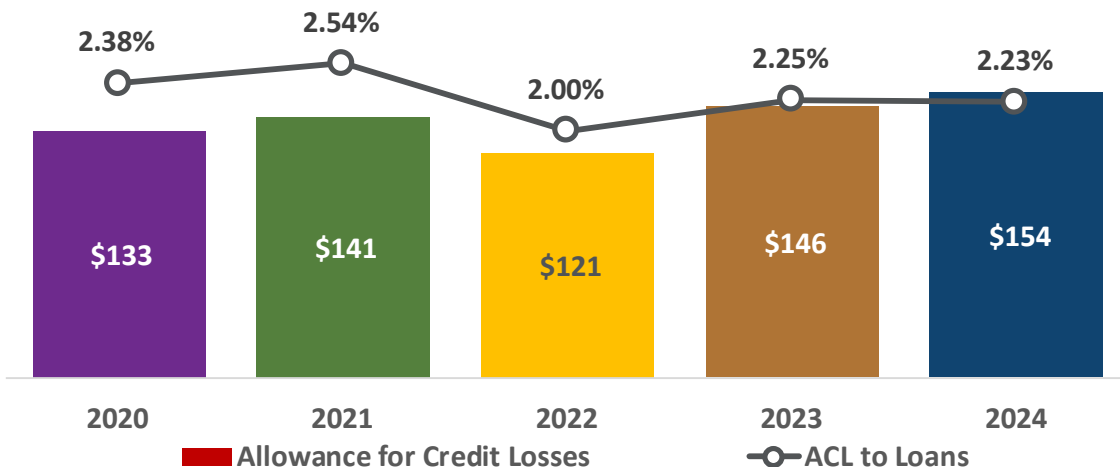
CREDIT PERFORMANCE METRICS

Noncurrent Loans (\$'s in millions)
and ORE as % of Assets

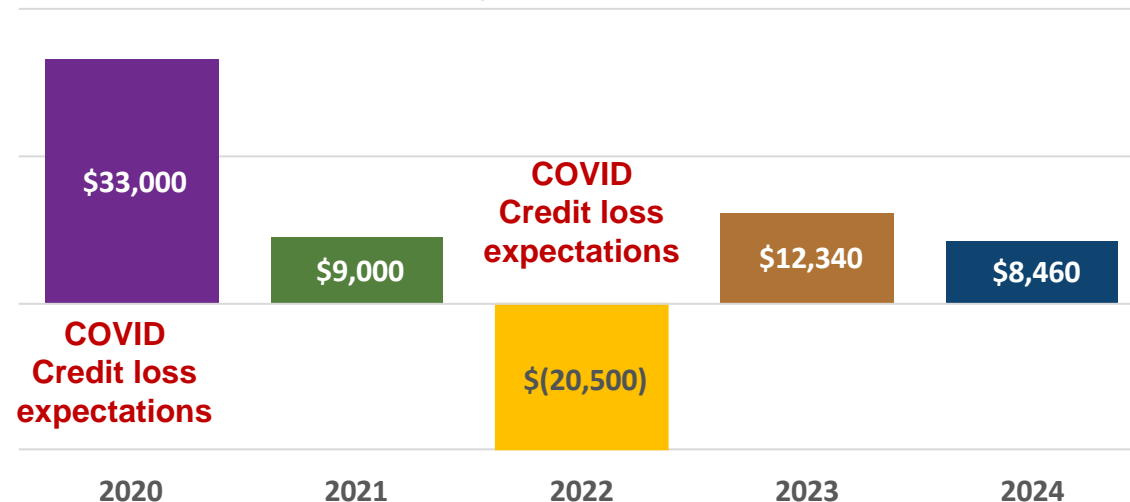


- Noncurrent loans rose to \$75 million, or 0.70% of assets
 - Some emerging weakness in AG portfolio
 - A few larger loans went nonaccrual (largely situational)
 - Deterioration does not appear systemic at this time
- Allowance for Credit Losses (“ACL”) substantial
 - \$154 million, or 2.23% of loans
 - ACL (\$154 million) = 2X of noncurrent loans (\$75 million)
 - ACL/Loans > Industry average (1.75%)
- Volatility in Provision Expense largely due to external factors
 - 2020: COVID impact and PPP loan growth
 - 2022: Released reserves in 2022 (post COVID)

Allowance for Credit Losses (\$'s in millions)



Provision Expense (\$'s in thousands)

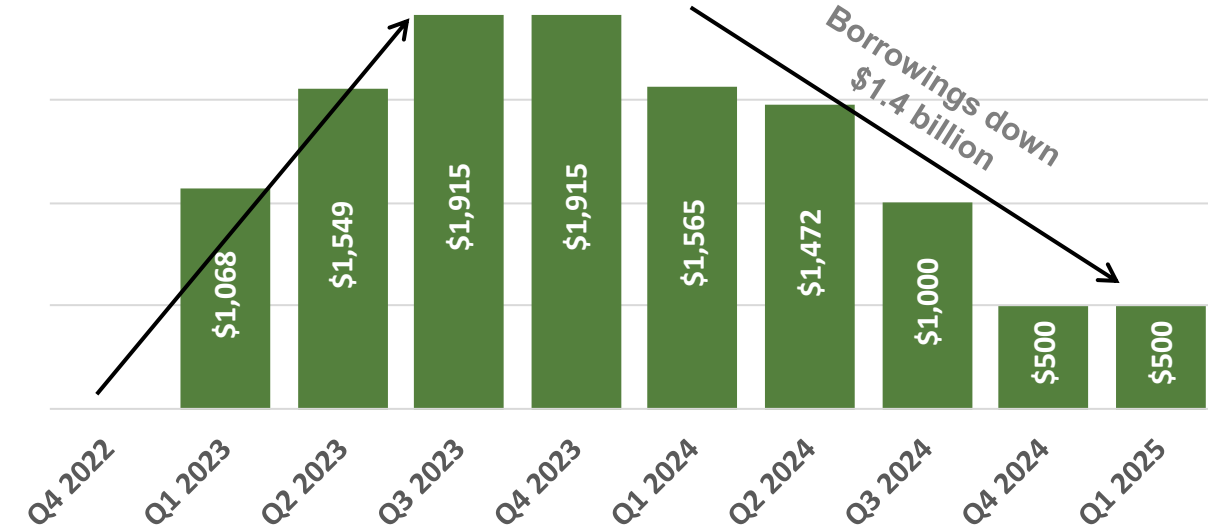


FINANCIAL PERFORMANCE OVERVIEW

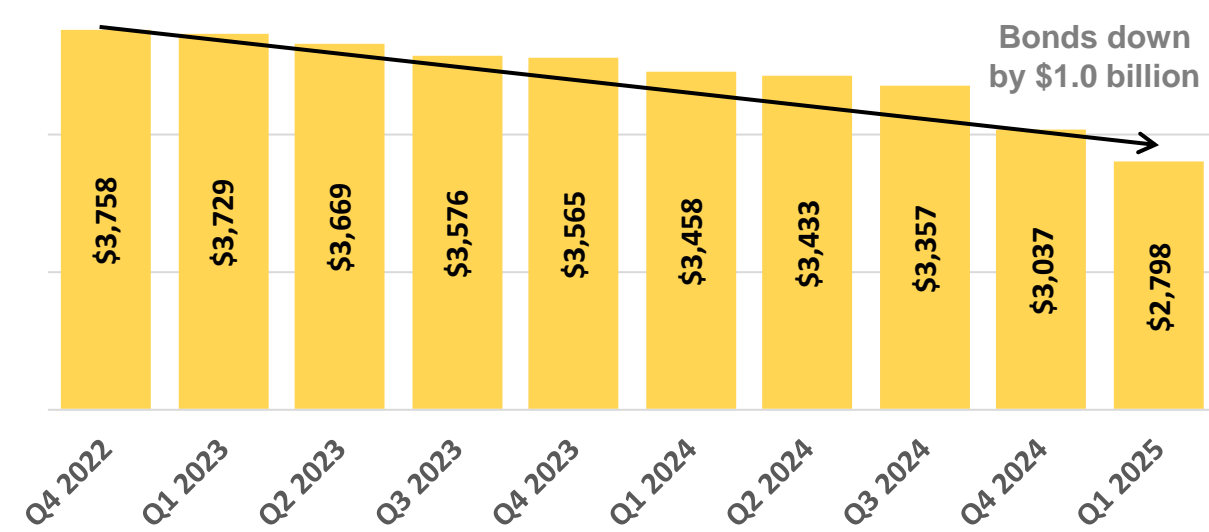
- **Major Progress Normalizing the Balance Sheet**
 - Borrowings down \$1.9 billion from peak to \$500 million
 - Bond portfolio cash flow coming back for reinvestment
 - E/A and Leverage Ratios growing
- **Performance Metrics improving**
 - Low yielding fixed rate cash flows being reinvested higher
 - Funding costs on the decline (deposits and borrowings)
 - Margin widening
 - Efficiency ratio dropping
- **Restoring Financial Performance**
 - Net interest revenue on the rise
 - Q4 and Q1 earnings, ROA and ROE are up significantly from prior quarters
- **Balance sheet strength is considerable**

Normalization: Key BS Elements

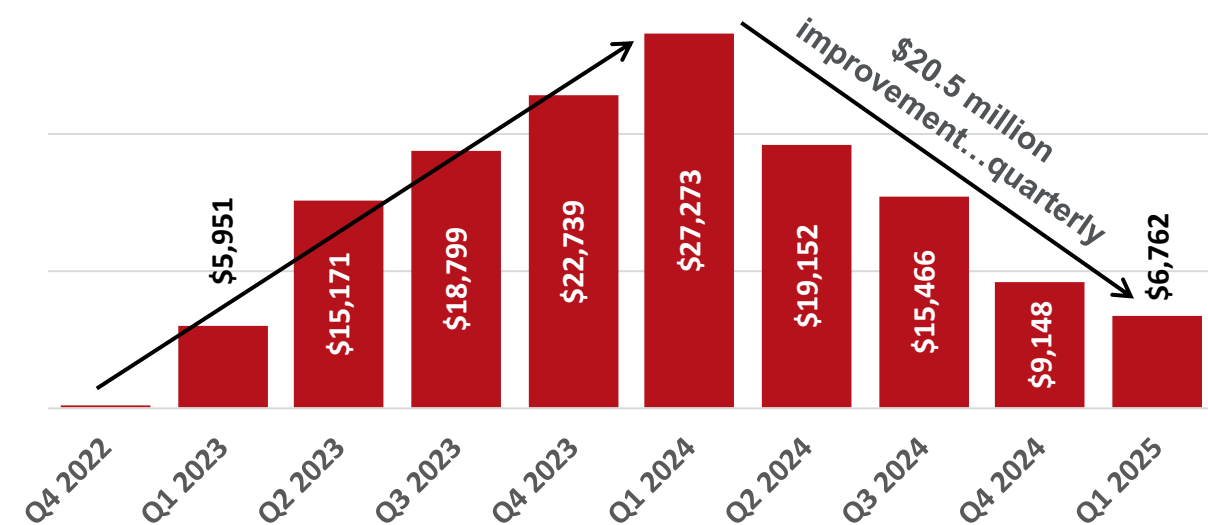
Borrowings (\$'s in millions)



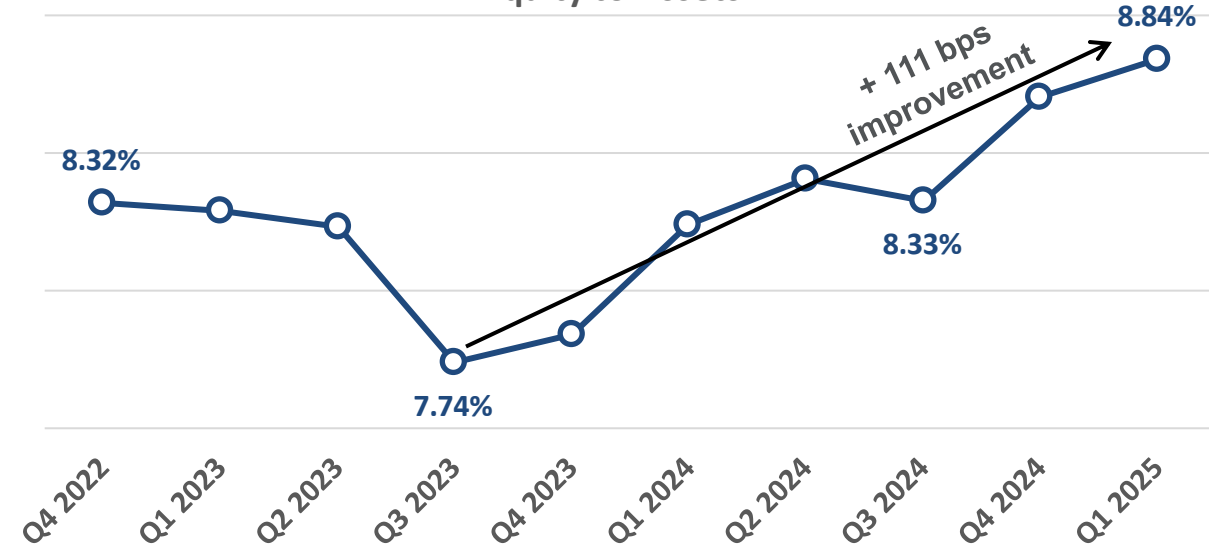
Bond Balances (\$'s in millions)



Interest Expense: Borrowings (Quarterly; \$'s in 000's)

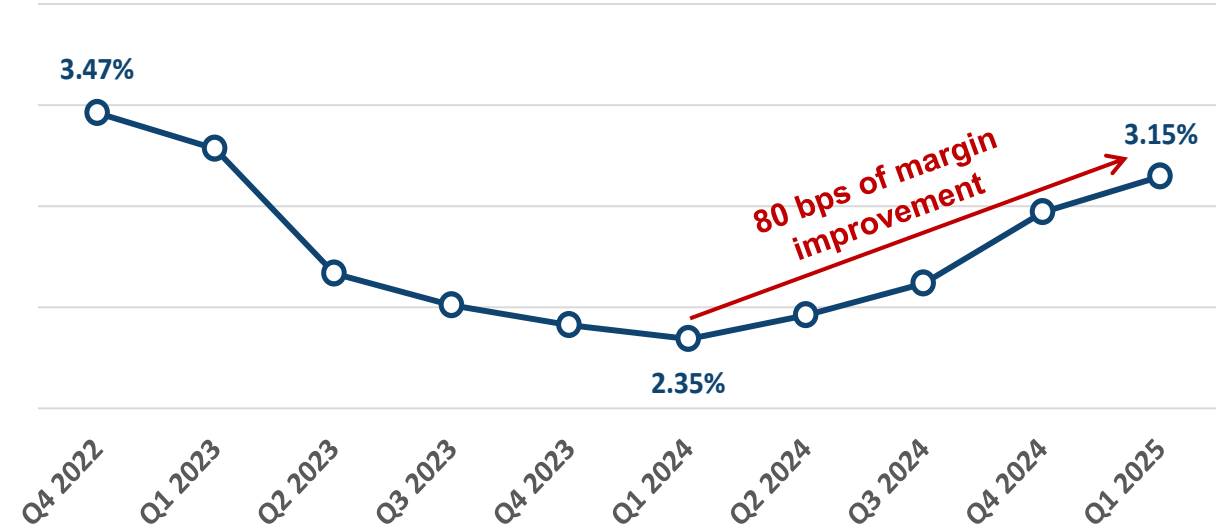


Equity to Assets



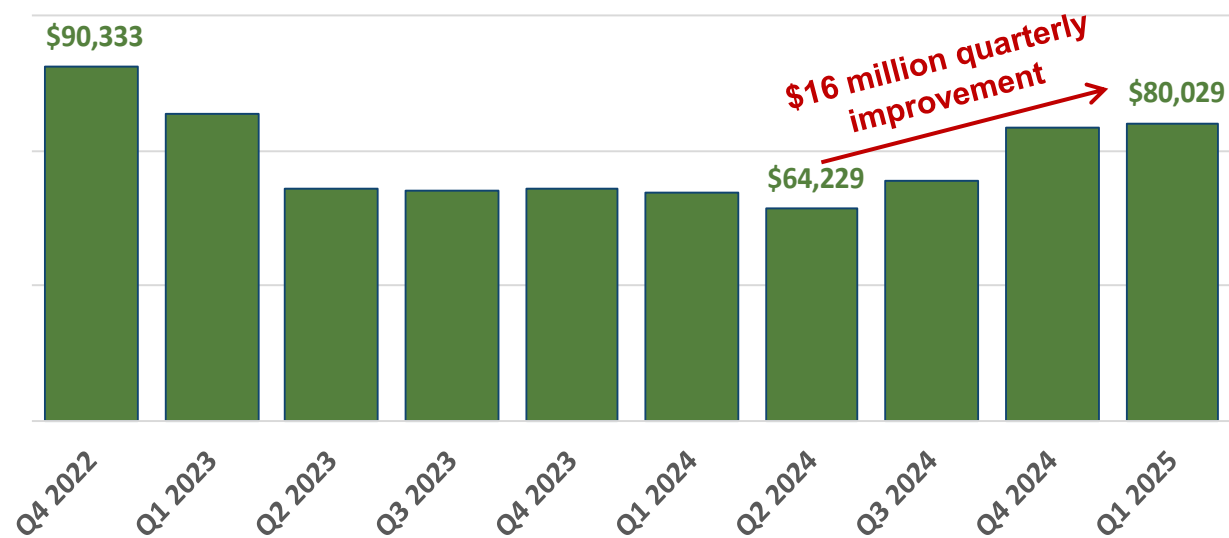
Normalization: Restoring Earning Power

Net Interest Margin

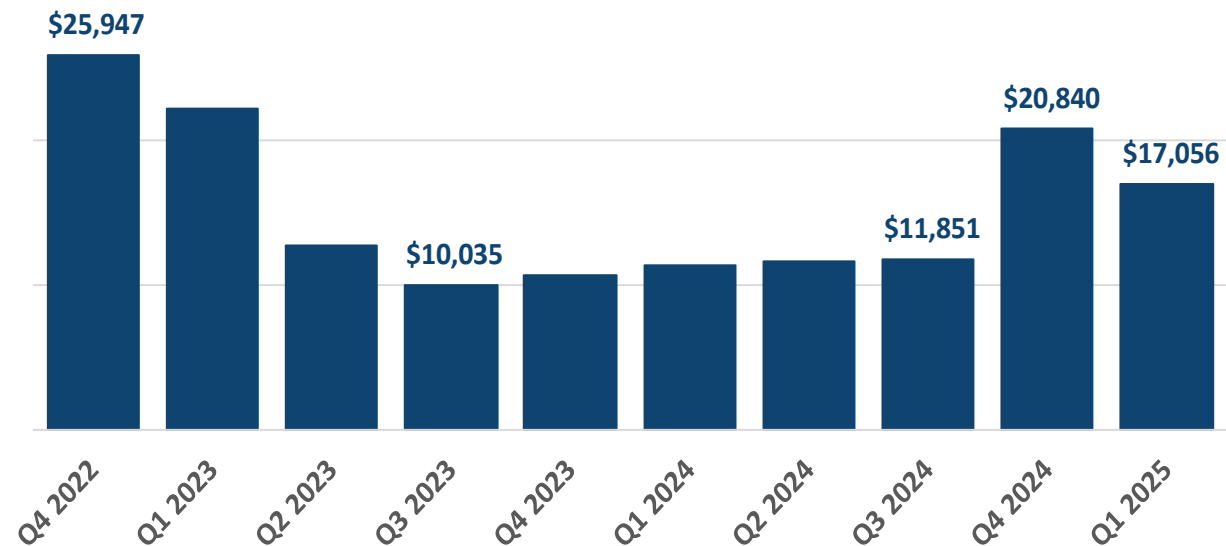


- Margin has widened 80 bps since Q1 2024
 - Pay down of high cost borrowings
 - Declining deposit costs
 - Recycling of lower rate fixed asset cash flows to market
- Quarterly net interest revenue is up \$16 million since Q2 2024
 - Improvement due to same factors driving wider margins
 - Annual run-rate improvement of \$64 million
- Net income recovering and trending higher

Net Interest Revenue

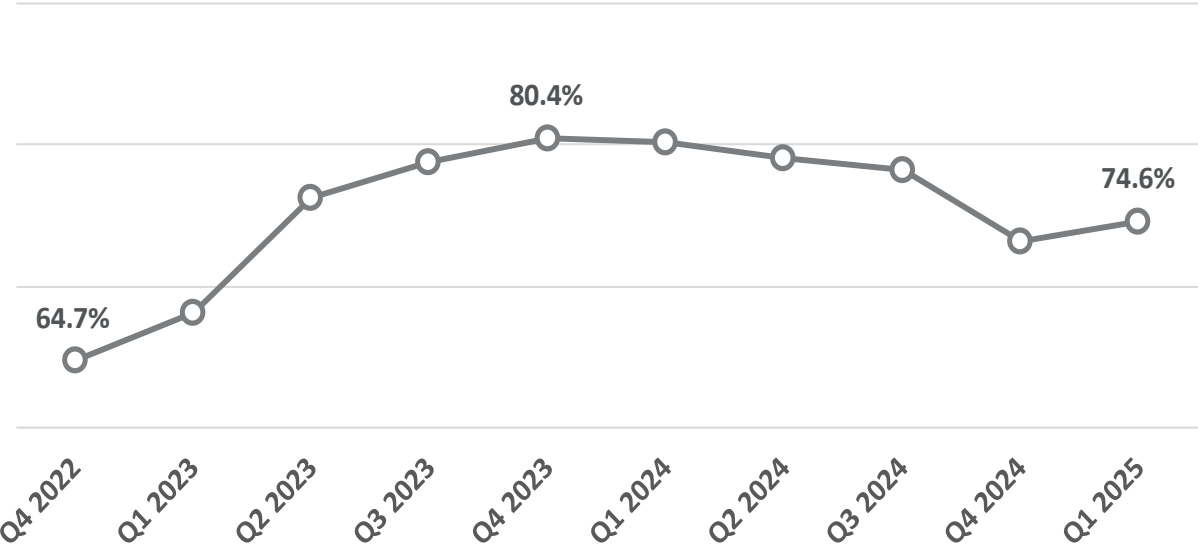


Net Income



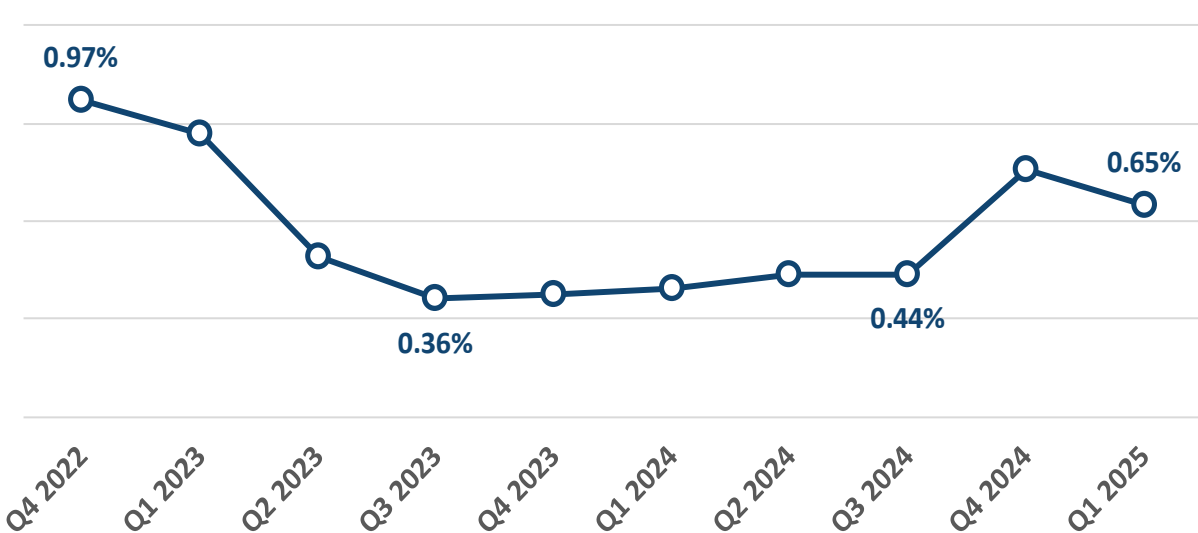
Normalization: Key Performance Metrics

Efficiency Ratio

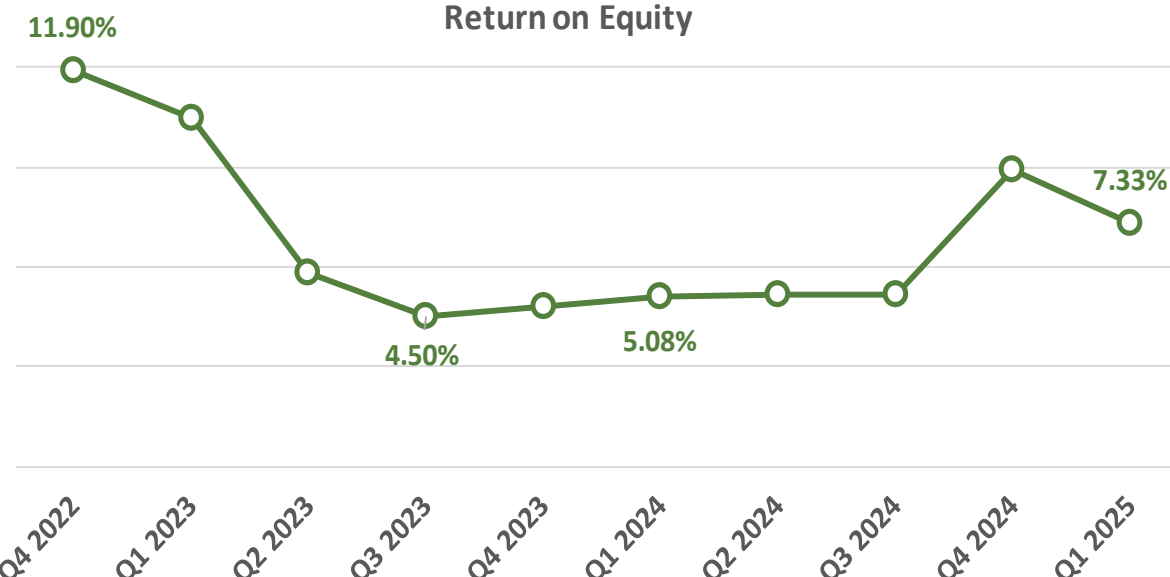


- Efficiency ratio coming down from peak
 - Expense discipline
 - Wider margins and higher net interest revenue
 - More progress to be made
- Return on assets improving
 - Higher earnings
 - Lower assets
 - More progress to be made
- Return on equity also improving
 - Recovery in earnings
 - More progress to be made

Return on Assets



Return on Equity



WEALTH MANAGEMENT AND TRUST DIVISION

Key business line...complements banking client book

- Wealth management, fiduciary, trust and investment services
- Competitive advantage for high value and affluent customers
- Long-term, relationship-based business line

Attractive financial dynamics

- Stable, fee income-based business
 - Recurring revenue stream (Over \$25 million annually)
 - Diversifies revenue base
- Off-balance sheet business line
- Capital neutral/Capital efficient
- Profitability enhances ROA and ROE

Financial Performance:

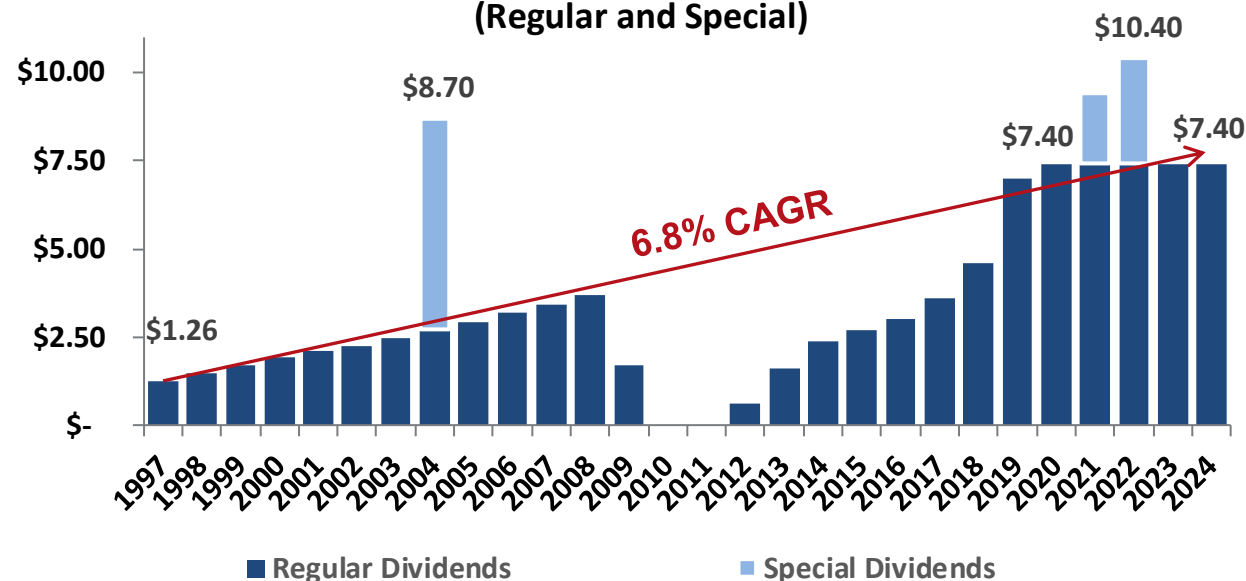
- \$9.6 billion in managed and non-managed client assets
 - 28% growth in client assets past 5 years (since YE 2020)
 - 53% growth in division revenues past 5 years (since YE 2020)

WTBFC SHAREHOLDER VALUE METRICS

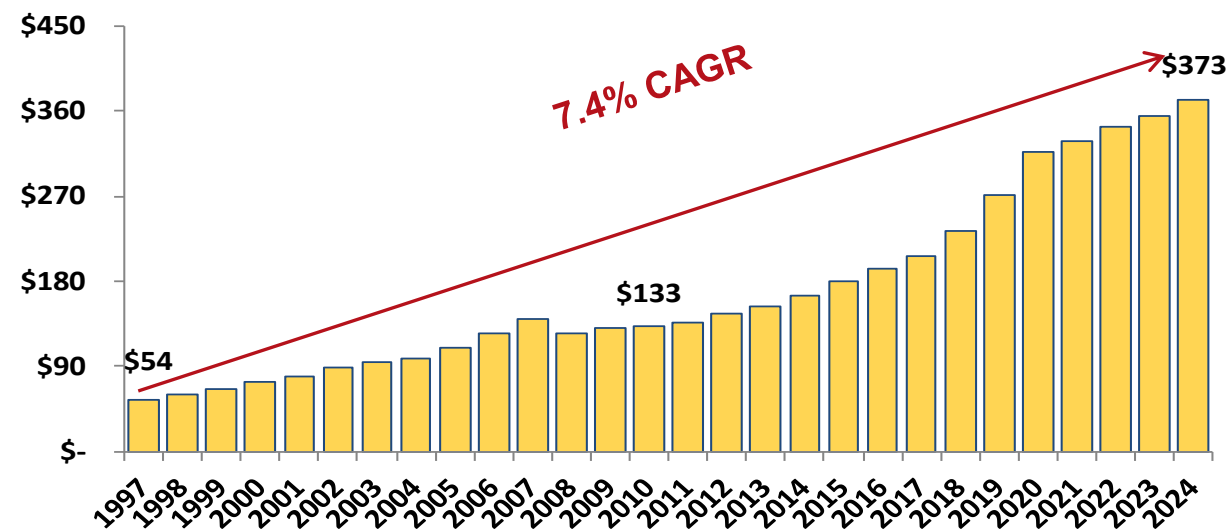
Income (000's) and Per Share Data	Years Ended December 31,		\$ Change	% Change
	2023	2024		
Net Income	\$ 55,851	\$ 55,797	\$ (54)	-0.10%
Diluted Earnings per Common Share	\$ 22.29	\$ 22.32	\$ 0.03	0.13%
Dividends per Common Share	\$ 7.40	\$ 7.40	\$ -	0.00%
Book Value per Share	\$ 355.53	\$ 373.21	\$ 17.68	4.97%

- Earnings flat YoY, but on the rise in Q4
 - Regular dividends steady at \$7.40
 - Special dividend omitted on lower earnings
- Book value per share up
 - Increases \$17.68 to \$373.21 per share
 - Long cycle CAGR of 7.4%

WTBFC Common Dividends per Share
(Regular and Special)



WTBFC Book Value per Share



WTBFC Q1 2025 PERFORMANCE HIGHLIGHTS

- Net income totaled \$17.1 million, down \$3.8 million from Q4 2024
 - Provision expense: Increased \$3.9 million to \$2.9 million in Q1 2025
 - There was a release of \$1 million in loan loss reserves in Q4 2024 due to a decline in loans
 - Two less days for earnings in Q1 2025 vs. Q4 2024
 - Net interest margin: Widened by 18 bps QoQ to 3.15%
 - Earning asset yields increased 3 bps to 4.65 percent
 - Cost of interest-bearing deposits down 22 bps to 2.17%
- Balance Sheet Dynamics:
 - Securities declined \$240 million to \$2.8 billion as cash flow returned from the portfolio
 - Loans were up \$170 million, or 2.5 percent to \$7.1 billion
 - Deposits were lower by \$111 million to \$8.7 billion, reflecting typical seasonal patterns
 - Shareholders' equity increased \$13 million to \$947 million
 - The Company's equity to assets ratio improved 14 bps to 8.84%
 - Borrowings remained steady at \$500,000 (FHLB advance that matures in August)
 - Borrowing capacity at FRB and FHLB remains substantial (nearly \$5 billion)

WTBFC

Strategic Initiatives

Key Strategic Initiatives



Modernized Corporate Website

Enhanced user interface with improved site navigation and content management system.



Business Mobile Banking App

Enhance mobile banking experience for business customers with an easy-to-use app that offers improved speed, and intuitive navigation.



Upgrade Loan Origination System

Enhanced loan origination process for all Small Business loans.



Personal Money Management Tool

Deployed personal financial money management solution within Consumer Digital Banking for consumer customers.

Technology is critical to enabling capabilities, reducing friction, enhancing customer experience and achieving scale

Key Strategic Operational Enhancements

Information Management



Enhanced sales and operational management reporting tools to improve visibility to key metric attainment, leading and lagging KPIs.

WTB Innovation Lab



Launched process for cross functional team to oversee and facilitate discrete innovation efforts with intention of introducing compelling capabilities to enhance customer experience.

Enterprise Risk Management



In Process: Multi-year effort to enhance enterprise framework and methodology that includes processes for risk assessment, identification, remediation, and reporting to strengthen discipline of ongoing risk management.

Strategic Initiatives: Locations

Market Moves

Western Washington

- Southwest Washington:
 - Entered **Vancouver** market with financial Center (Opened November 2024)
 - Hired Commercial Team Lead in **Tacoma**.
- Downtown Seattle:
 - Consolidated onto single floor of Two Union Square.
- Northwest Washington:
 - Secured location for **Bellingham** Financial Center.



**Thank you
for your continued support!
We appreciate it!**