W.T.B. Financial Corp

Audited Financial Statements
2024

Report of Independent Auditors

The Board of Directors and Shareholders
W.T.B. Financial Corporation and Subsidiary (Washington Trust Bank)

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of W.T.B. Financial Corporation and Subsidiary, which comprise the consolidated statement of financial condition as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of W.T.B. Financial Corporation and Subsidiary as of December 31, 2024 and 2023, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Washington Trust Bank's internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control—Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to internal reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) and our report dated March 18, 2025, expressed an unmodified opinion.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of W.T.B. Financial Corporation and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, in 2023, W.T.B. Financial Corporation and Subsidiary adopted new accounting guidance Accounting Standards Codification Topic 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about W.T.B. Financial Corporation and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about W.T.B. Financial Corporation and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Consolidated Financial Highlights on page 4 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on it.

Moss Adams LLP

Everett, Washington
March 18, 2025

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Selected Consolidated Financial Highlights

(unaudited) (dollars in thousands, except per share data)

	At or for the Years Ended December 31,				
	2024	2023	2022	2021	2020
PERFORMANCE					
Net interest revenue, fully tax-equivalent	**$ 280,255**	$ 285,403	$ 323,305	$ 299,320	$ 272,625
Fully tax-equivalent adjustment	**327**	310	185	263	368
Net interest revenue	**279,928**	285,093	323,120	299,057	272,257
Provision for (recapture of) credit losses	**8,460**	12,340	(20,500)	9,000	33,000
Net interest revenue, net	**271,468**	272,753	343,620	290,057	239,257
Noninterest revenue	**74,038**	57,242	58,183	67,848	67,372
Noninterest expense	**274,648**	258,855	256,026	229,910	208,740
Income before provision for income taxes	**70,858**	71,140	145,777	127,995	97,889
Provision for income taxes	**15,061**	15,289	31,724	27,965	21,577
Net income	**$ 55,797**	$ 55,851	$ 114,053	$ 100,030	$ 76,312
SELECTED YEAR-END DATA					
Interest-bearing deposits with banks	**$ 445,384**	$ 1,006,525	$ 273,938	$ 1,987,135	$ 1,463,300
Debt securities	**3,038,152**	3,565,548	3,759,164	3,325,754	2,578,360
Total loans	**6,892,693**	6,510,128	6,042,262	5,536,076	5,591,532
Allowance for credit losses on loans	**153,558**	146,156	120,839	140,603	132,811
Earning assets	**10,433,905**	11,146,670	10,133,251	10,854,717	9,561,272
Total assets	**10,736,971**	11,445,591	10,423,090	11,089,567	9,813,963
Deposits	**8,804,659**	8,118,301	9,217,086	9,890,270	8,698,791
Interest-bearing liabilities	**6,414,228**	7,053,707	5,180,503	5,556,691	4,763,925
Total shareholders' equity	**934,181**	897,443	867,129	832,945	806,518
Full-time equivalent employees	**1,189**	1,185	1,125	1,095	1,070
PER COMMON SHARE					
Net income available to common shareholders (basic)	**$ 22.33**	$ 22.30	$ 45.32	$ 39.46	$ 30.09
Net income available to common shareholders (diluted)	**22.32**	22.29	45.28	39.40	30.06
Cash dividends	**7.40**	7.40	10.40	9.40	7.40
Total shareholders' equity	**373.21**	355.53	344.59	328.11	316.30
PERFORMANCE RATIOS					
Return on average assets	**0.50%**	0.52%	1.06%	0.96%	0.89%
Return on average shareholders' equity	**6.10%**	6.35%	13.45%	12.34%	9.90%
Margin on average earning assets	**2.60%**	2.71%	3.08%	2.95%	3.28%
Noninterest expense to average assets	**2.48%**	2.40%	2.38%	2.21%	2.43%
Efficiency ratio	**77.5%**	75.5%	67.1%	62.6%	61.4%
Net loans to deposits	**76.5%**	78.4%	64.2%	54.6%	62.8%
Total cash dividends to net income	**33.1%**	33.2%	22.9%	23.8%	24.6%
CAPITAL RATIOS					
Total equity to total assets	**8.70%**	7.84%	8.32%	7.51%	8.22%
Tier 1 leverage	**8.95%**	8.32%	8.62%	7.64%	8.06%
Common equity tier 1 capital	**12.13%**	12.32%	12.49%	12.53%	13.29%
Tier 1 risk-based capital	**12.13%**	12.32%	12.49%	12.53%	13.29%
Total risk-based capital	**13.39%**	13.58%	13.75%	13.79%	14.55%
ASSET QUALITY RATIOS					
Allowance for credit losses on loans to total loans	**2.23%**	2.25%	2.00%	2.54%	2.38%
Allowance for credit losses on loans to noncurrent loans	**204%**	464%	3,743%	273%	1,162%
Net charge-offs (recoveries) to total average loans	**0.03%**	0.02%	(0.01%)	0.02%	(0.06%)
Noncurrent loans and ORE to assets	**0.70%**	0.27%	0.03%	0.46%	0.12%

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Financial Condition

(in thousands, except share amounts)	December 31, 2024	December 31, 2023
ASSETS		
Cash and due from banks	**$ 129,585**	$ 138,518
Interest-bearing deposits with banks	**445,384**	1,006,525
Securities available for sale, at fair value (amortized cost $329,691 and $521,352, respectively)	**301,435**	485,691
Securities held to maturity, at amortized cost	**2,736,717**	3,079,857
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**29,422**	28,808
Loans receivable:		
Held for sale	**10,143**	4,727
Held in portfolio	**6,882,550**	6,505,401
Total loans	**6,892,693**	6,510,128
Allowance for credit losses on loans	**(153,558)**	(146,156)
Loans, net of allowance for credit losses on loans	**6,739,135**	6,363,972
Premises and equipment, net	**91,440**	85,708
Operating lease right of use assets, net	**34,281**	12,822
Other real estate, net	**83**	-
Deferred income taxes, net	**50,108**	47,070
Cash surrender value of life insurance, net	**85,116**	82,034
Accrued interest receivable	**32,507**	35,879
Prepaid expenses and other assets	**61,758**	78,707
Total assets	**$ 10,736,971**	$ 11,445,591
LIABILITIES		
Deposits:		
Noninterest-bearing	**$ 3,217,655**	$ 3,316,555
Interest-bearing	**5,587,004**	4,801,746
Total deposits	**8,804,659**	8,118,301
Securities sold under agreements to repurchase	**327,224**	336,961
Federal Home Loan Bank borrowings	**500,000**	500,000
Other borrowings	**-**	1,415,000
Operating lease liabilities	**39,671**	13,602
Allowance for credit losses on off-balance sheet credit exposures	**13,333**	14,083
Accrued interest payable	**9,319**	53,919
Other liabilities	**108,584**	96,282
Total liabilities	**9,802,790**	10,548,148
COMMITMENTS AND CONTINGENCIES (NOTE 18)		
SHAREHOLDERS' EQUITY		
Class C preferred stock, no par value, 500,000 shares authorized; no shares issued and outstanding	**-**	-
Class A common stock, no par value, 25,000 shares authorized, issued and outstanding	**250**	250
Class B common stock, no par value, 3,475,000 shares authorized; 2,478,096 shares issued and outstanding at December 31, 2024; 2,499,273 issued and outstanding at December 31, 2023	**7,059**	12,972
Surplus	**32,665**	32,665
Undivided profits	**929,209**	891,901
	969,183	937,788
Accumulated other comprehensive loss, net of tax	**(35,002)**	(40,345)
Total shareholders' equity	**934,181**	897,443
Total liabilities and shareholders' equity	**$ 10,736,971**	$ 11,445,591

See notes to consolidated financial statements.

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Income

(in thousands)	Years Ended December 31, 2024	2023	2022
INTEREST REVENUE			
Loans, including fees	**$ 391,917**	$ 340,197	$ 257,234
Deposits with banks	**31,775**	28,468	13,712
Securities:			
Taxable	**62,965**	68,086	64,431
Tax-exempt	**116**	203	164
Other interest and dividend income	**2,977**	909	309
Total interest revenue	**489,750**	437,863	335,850
INTEREST EXPENSE			
Demand and savings deposits	**102,720**	71,281	11,789
Time deposits	**27,599**	13,557	589
Securities sold under agreements to repurchase	**8,461**	5,272	352
Federal Home Loan Bank borrowings	**33,596**	15,891	-
Other borrowings	**37,446**	46,769	-
Total interest expense	**209,822**	152,770	12,730
Net interest revenue	**279,928**	285,093	323,120
Provision for (recapture of) credit losses on loans	**9,210**	10,485	(20,500)
(Recapture of) provision for credit losses on off-balance sheet credit exposures	**(750)**	1,855	-
Total provision for (recapture of) credit losses	**8,460**	12,340	(20,500)
Net interest revenue after provision for (recapture of) credit losses	**271,468**	272,753	343,620
NONINTEREST REVENUE			
Fiduciary income	**30,525**	24,253	21,590
Investment services fees	**4,013**	3,681	3,986
Bank card and credit card fees, net	**9,808**	11,666	14,120
Mortgage banking revenue, net	**2,618**	1,185	2,140
Other fees on loans	**1,576**	1,191	1,174
Service charges on deposits	**6,197**	5,445	6,896
Other service charges, commissions and fees	**1,284**	1,174	952
Rental income	**4,035**	4,128	4,401
Other income	**13,982**	4,519	2,924
Total noninterest revenue	**74,038**	57,242	58,183
NONINTEREST EXPENSE			
Salaries	**137,157**	126,952	129,597
Pension and employee benefits	**28,754**	27,505	24,837
Occupancy expense	**18,303**	17,573	16,476
Furniture and equipment expense	**7,374**	8,546	8,474
Software expense	**15,338**	13,331	12,175
Data processing expense	**13,215**	12,440	11,970
Marketing and public relations	**7,421**	6,626	7,639
Professional fees	**6,605**	8,318	7,779
State revenue taxes	**7,580**	3,946	3,223
FDIC assessments	**7,086**	6,892	4,334
Other real estate operations	**5**	-	-
Other expense	**25,810**	26,726	29,522
Total noninterest expense	**274,648**	258,855	256,026
Income before provision for income taxes	**70,858**	71,140	145,777
Provision for income taxes	**15,061**	15,289	31,724
NET INCOME	**$ 55,797**	$ 55,851	$ 114,053

See notes to consolidated financial statements.

Continued

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Income (continued)

(in thousands, except shares and per share amounts)	Years Ended December 31, 2024	2023	2022
PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,498,571**	2,504,753	2,516,636
Diluted	**2,499,715**	2,505,711	2,518,920
Earnings per common share (based on weighted average shares outstanding)			
Basic	**$ 22.33**	$ 22.30	$ 45.32
Diluted	**$ 22.32**	$ 22.29	$ 45.28

See notes to consolidated financial statements.

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Comprehensive Income

(in thousands)	Years Ended December 31, 2024	2023	2022
NET INCOME	**$ 55,797**	$ 55,851	$ 114,053
Securities available for sale:			
Unrealized gains (losses) arising during the year	**7,406**	12,166	(52,135)
Income tax (expense) benefit related to unrealized gains (losses)	**(1,555)**	(2,555)	10,948
Net change in unrealized gains (losses)	**5,851**	9,611	(41,187)
Securities held to maturity:			
Amortization of previously unrealized net gains on securities reclassified to held to maturity	**(3,266)**	(3,795)	(4,903)
Income tax expense related to amortization of net unrealized gains	**686**	797	1,030
Net change in unrealized gains	**(2,580)**	(2,998)	(3,873)
Defined benefit pension plan:			
Unrealized gains (losses) arising during the year	**327**	(1,072)	(2,605)
Income tax (expense) benefit related to unrealized gains (losses)	**(69)**	225	547
Reclassification adjustment for amounts included in net income	**2,296**	2,644	1,921
Income tax benefit related to reclassification adjustment for amounts included in net income	**(482)**	(555)	(403)
Net change in unrealized losses	**2,072**	1,242	(540)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**5,343**	7,855	(45,600)
COMPREHENSIVE INCOME	**$ 61,140**	$ 63,706	$ 68,453

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Shareholders' Equity

(in thousands, except shares and per share amounts)	Number of Common Shares Outstanding	Total Shareholders' Equity	Common Stock Class A	Common Stock Class B	Surplus	Accumulated Other Comprehensive (Loss) Income, Net of Tax	Undivided Profits
Balance, December 31, 2021	2,538,617	$ 832,945	$ 250	$ 19,012	$ 32,665	$ (2,600)	$ 783,618
Net income, 2022	-	114,053	-	-	-	-	114,053
Other comprehensive loss, net of tax	-	(45,600)	-	-	-	(45,600)	-
Cash dividends of $10.40 per share	-	(26,109)	-	-	-	-	(26,109)
Share repurchases, net of retirements	(31,817)	(11,253)	-	(11,253)	-	-	-
Stock-based compensation	7,920	2,507	-	2,507	-	-	-
Stock-based directors' fees	1,710	586	-	586	-	-	-
Balance, December 31, 2022	2,516,430	867,129	250	10,852	32,665	(48,200)	871,562
Cumulative effect of adoption of ASU 2016-13, net	-	(16,972)	-	-	-	-	(16,972)
Net income, 2023	-	55,851	-	-	-	-	55,851
Other comprehensive income, net of tax	-	7,855	-	-	-	7,855	-
Cash dividends of $7.40 per share	-	(18,540)	-	-	-	-	(18,540)
Share repurchases, net of retirements	(2,852)	(1,032)	-	(1,032)	-	-	-
Stock-based compensation	8,319	2,520	-	2,520	-	-	-
Stock-based directors' fees	2,376	632	-	632	-	-	-
Balance, December 31, 2023	2,524,273	897,443	250	12,972	32,665	(40,345)	891,901
Net income, 2024	-	55,797	-	-	-	-	55,797
Other comprehensive income, net of tax	-	5,343	-	-	-	5,343	-
Cash dividends of $7.40 per share	-	(18,489)	-	-	-	-	(18,489)
Share repurchases, net of retirements	(32,135)	(9,041)	-	(9,041)	-	-	-
Stock-based compensation	8,870	2,495	-	2,495	-	-	-
Stock-based directors' fees	2,088	633	-	633	-	-	-
Balance, December 31, 2024	2,503,096	$ 934,181	$ 250	$ 7,059	$ 32,665	$ (35,002)	$ 929,209

See notes to consolidated financial statements.

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows

(in thousands)	Years Ended December 31, 2024	2023	2022
Cash flows from operating activities:			
Net income	**$ 55,797**	$ 55,851	$ 114,053
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for (recapture of) credit losses on loans	**9,210**	10,485	(20,500)
(Recapture of) provision for credit losses on off-balance sheet credit exposures	**(750)**	1,855	-
Deferred income taxes (benefit) expense	**(4,333)**	(3,318)	1,411
Depreciation	**8,046**	8,206	8,640
Amortization of software	**16**	83	106
Net premium amortization of securities	**1,318**	2,325	6,834
Change in mortgage servicing rights	**(36)**	6	82
Losses on sales of premises and equipment	**42**	17	485
Origination of loans held for sale	**(143,515)**	(71,731)	(71,754)
Proceeds from sales of loans held for sale	**140,173**	67,558	77,501
Gains on sales of loans	**(2,074)**	(554)	(1,463)
Decrease (increase) in accrued interest receivable	**3,372**	(3,632)	(8,568)
Increase in cash surrender value of life insurance, net	**(3,082)**	(2,371)	(2,270)
Gain on settlement of life insurance	**-**	(1,299)	-
Stock-based compensation	**2,495**	2,520	2,507
Stock-based directors' fees	**633**	632	586
Decrease in other assets	**2,499**	6,526	14,552
(Decrease) increase in accrued expenses and other liabilities	**(29,300)**	43,026	4,327
Net cash provided by operating activities	**40,511**	116,185	126,529
Cash flows from investing activities:			
Net decrease (increase) in interest-bearing deposits with banks	**561,141**	(732,587)	1,713,197
Securities available for sale:			
Payments for purchases	**-**	-	(101,158)
Proceeds from maturities, calls, and paydowns	**191,584**	63,384	49,986
Securities held to maturity:			
Payments for purchases	**(8,302)**	-	(630,946)
Proceeds from maturities, calls, and paydowns	**346,936**	136,278	184,836
Net change in Federal Home Loan Bank stock	**(614)**	(18,748)	-
Net increase in loans held in portfolio	**(379,040)**	(464,562)	(529,798)
Purchases of premises and equipment	**(11,026)**	(6,565)	(8,563)
Proceeds from sales of premises and equipment	**201**	67	120
Purchase of investments	**(4,905)**	(6,493)	(7,170)
Proceeds from investments (including return of capital)	**10,000**	-	-
Proceeds from Visa stock sale	**9,496**	-	-
Proceeds from the settlement of life insurance	**-**	7,053	1,642
Proceeds from the settlement of insurance claims	**995**	-	-
Net cash provided by (used in) investing activities	**716,466**	(1,022,173)	672,146

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows (continued)

	Years Ended December 31,		
(in thousands)	**2024**	2023	2022
Cash flows from financing activities:			
Net increase (decrease) in deposits	**$ 686,357**	$ (1,098,784)	$ (673,184)
Net increase in Federal Home Loan Bank advances	**-**	500,000	-
Net (decrease) increase in other borrowings	**(1,415,000)**	1,415,000	-
Net (decrease) increase in securities sold under repurchase agreements	**(9,737)**	127,929	(30,479)
Repurchase of common stock, net of retirements	**(9,041)**	(1,032)	(11,253)
Common stock dividends paid	**(18,489)**	(18,540)	(26,109)
Net cash (used in) provided by financing activities	**(765,910)**	924,573	(741,025)
(Decrease) increase in cash and cash equivalents	**(8,933)**	18,585	57,650
Cash and cash equivalents at beginning of year	**138,518**	119,933	62,283
Cash and cash equivalents at end of year	**$ 129,585**	$ 138,518	$ 119,933
Supplemental disclosures of cash flow information:			
Cash paid for interest	**$ 254,422**	$ 99,222	$ 13,022
Cash paid for income taxes	**16,261**	14,675	27,353
Transfer from loans to other real estate	**83**	-	-
Cumulative effect of adoption of ASU 2016-13	**-**	16,972	-
Right of use assets obtained in exchange for operating lease liabilities	**27,717**	3,472	-

See notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

W.T.B. Financial Corporation ("W.T.B.") is a bank holding company headquartered in Spokane, Washington, and through its wholly-owned subsidiary, Washington Trust Bank (the "Bank"), is primarily engaged in the business of financial services in Washington, Idaho and Oregon. The Bank was originally chartered in 1902 and provides a wide range of banking, fiduciary, asset management, mortgage banking, and other financial services to corporate and individual customers. West Sprague Holding Company, LLC is a wholly-owned subsidiary of the Bank and is used to hold mortgage loans and other real estate ("ORE") properties.

Basis of Financial Statement Presentation and Consolidation

The consolidated financial statements of W.T.B. include the accounts of W.T.B. and its wholly-owned subsidiary. Intercompany transactions and balances have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses on loans, off-balance sheet credit exposures, available for sale debt securities, and held to maturity debt securities, valuation of the defined benefit pension obligation, and fair value of financial instruments.

Segment Reporting

W.T.B. has not established any independent business activity apart from acting as the parent company of the Bank. W.T.B. and the Bank are managed as a single entity. Based on management's analysis, no department or line of business meets the criteria established in Accounting Standards Codification ("ASC") 280, Segment Reporting, for reporting of selected information about operating segments. W.T.B's Planning Committee is considered to be the Chief Operating Decision Maker ("CODM"). The Planning Committee's purpose is to manage the strategic and capital management of the Bank and is comprised of the President, Chief Operating Officer, and other officers of the Bank. The CODM assesses performance based upon net income generated from assets, as presented in the consolidated financial statements.

Subsequent Events

Subsequent events are events or transactions that occur after the date of the consolidated statement of financial condition but before the consolidated financial statements are available to be issued. W.T.B. recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial condition, including the estimates inherent in the process of preparing the consolidated financial statements. W.T.B.'s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial condition but arose after the date of the consolidated statement of financial condition and before the consolidated financial statements are available to be issued.

W.T.B. has evaluated subsequent events through March 18, 2025, the date these consolidated financial statements were available to be issued.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold, and securities purchased under resale agreements. Federal funds sold and securities purchased under resale agreements typically have original maturities of three months or less.

Securities

Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Debt securities classified as available for sale are carried at fair value, with any unrealized gains and losses, net of tax, reported as a component of other comprehensive income ("OCI") and shareholders' equity. Securities transferred from available for sale to held to maturity are recorded at fair value at the date of transfer. The unrealized pre-tax gain or loss resulting from the difference between the fair value and amortized cost at the date of transfer becomes part of the new amortized cost basis of the transferred securities and remains in accumulated other comprehensive income. Such unrealized gains or losses are amortized to interest revenue as an adjustment to yield over the remaining life of the securities, offset by the amortization of the premium or discount resulting from the transfer at fair value, with no effect to net income. Gains and losses realized on the sale of securities are computed on the specific-identification method and are included in noninterest revenue. Interest and dividends on debt securities are included in interest revenue. Interest revenue includes amortization of purchase premiums or discounts. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are factored into the amortization method.

Equity securities are carried at fair value, with changes reported in net income, and are included in other assets in the consolidated statements of financial condition. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. During 2024, the Bank tendered its Visa Class B-1 common stock to Visa Inc. in exchange for a combination of Visa Class B-2 common stock and Visa Class C common stock. The Bank originally obtained the Class B-1 shares in 2008 following Visa Inc.'s Initial Public Offering ("IPO") and were recorded at no carrying value, due to restrictions on transferability and convertibility until certain legal matters were resolved. As a result of the conversion of a portion of the Visa Class B-1 shares into Visa Class C common stock, which in turn was convertible into Visa Class A shares that trade on the open markets, the Bank marked its Visa Class C common stock to fair value. All Visa Class C shares were subsequently sold during 2024, resulting in a gain of $9.5 million included in other income in the consolidated statements of income. The carrying value of the Bank's remaining Visa Class B-2 common stock is zero as of December 31, 2024.

Allowance for Credit Losses on Held to Maturity Debt Securities

W.T.B. measures expected credit losses on held to maturity debt securities on a collective basis by major security type. W.T.B.'s held to maturity debt securities portfolio consists of U.S. Treasury and federal agency securities, mortgage-backed securities, and bonds of state and political subdivisions. U.S. Treasury and federal agency securities and mortgage-backed securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Bonds of state and political subdivisions are also highly rated by major rating agencies. W.T.B. uses industry historical credit loss information, adjusted for current conditions and reasonable and supportable forecasts, to assess an allowance for credit losses on bonds of state and political subdivisions.

Allowance for Credit Losses on Available for Sale Debt Securities

For available for sale debt securities in an unrealized loss position, W.T.B. first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of these criteria are met, the security would be written down to fair value through earnings. For available for sale debt securities in an unrealized loss position that do not meet these criteria, W.T.B. assesses whether the decline in fair value is the result of credit losses or other factors. Various factors may indicate credit loss exists, including the extent to which fair value is less than amortized cost, performance of any underlying collateral, downgrades in the security's rating by a rating agency, the failure of the issuer to make scheduled interest or principal payments, or adverse conditions specifically related to the security, among other factors. If an assessment of these factors indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded, limited by the amount the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Changes in the allowance for credit losses are recorded as credit loss expense. Losses are charged against the allowance when the uncollectability of an available for sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Federal Home Loan Bank and Pacific Coast Bankers' Bancshares Stock

The Bank is a member of the Federal Home Loan Bank of Des Moines ("FHLB") and is required to maintain a minimum level of investment in FHLB stock based on the Bank's membership, the level of FHLB borrowings and other factors, and may invest in additional amounts. The FHLB provides a wide range of secured lending facilities and structures, which are an important source of supplemental funding and liquidity to the Bank. The Bank's investment in FHLB stock has no quoted market value, is carried at par value ($100 per share), and is classified as a restricted security. Ownership of FHLB stock is restricted to members and former members of the FHLB, and is purchased and redeemed at par. At December 31, 2024 and 2023, the Bank's investment in FHLB stock was $29.4 million and $28.8 million, respectively.

The Bank's investment in Pacific Coast Bankers' Bancshares ("PCBB") consists of shares of PCBB's common stock. No ready market exists for PCBB stock, and it has no quoted market value. This investment is carried at cost and classified as a restricted security. At December 31, 2024 and 2023, the Bank's investment in PCBB stock was $60,000.

Management periodically evaluates FHLB and PCBB stock for impairment. Management's determination of whether these investments are impaired is based on its assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as (1) the significance of any deterioration in earnings performance, credit rating or asset quality of the issuer, (2) the significance of any adverse changes in the regulatory or economic environment, and (3) the significance of adverse changes in the general market condition of either the geographic area or the industry in which they operate. Management has determined there is no other-than-temporary impairment on its investments in FHLB or PCBB stock as of December 31, 2024 or 2023.

Cash Surrender Value of Life Insurance

The Bank has purchased life insurance policies on certain current and/or former key executives. Bank owned life insurance is recorded at its cash surrender value, net of surrender charges, or the amount that can be realized.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost, net of the allowance for credit losses on loans. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts and loan origination fees and costs. Loans held for sale are carried at the lower of aggregate cost or market, as determined based on quoted secondary market prices for similar loans. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Interest income on loans is accrued on the principal amount outstanding. Accrued interest receivable is excluded from the estimate of credit losses on loans. Loan origination fees and costs are capitalized and recognized as an adjustment to the yield of the related loan over its estimated life.

Income Recognition on Nonaccrual Loans

Loans are classified as nonaccrual if the collection of principal and interest is doubtful. Generally, this occurs when a loan is past due as to maturity, or payment of principal or interest by 90 days or more, unless such loans are well-secured and in the process of collection. Generally, if a loan, or portion thereof, is partially charged-off, the loan is classified as nonaccrual. Loans that are less than 90 days past due may also be classified as nonaccrual if repayment in full of principal and/or interest is in doubt.

When a loan is classified as nonaccrual, all uncollected accrued interest is reversed from interest income and the accrual of interest income is discontinued. Generally, any subsequent cash payments are applied as a reduction of principal outstanding. In cases where the future collectability of the principal balance in full is expected, interest income may be recognized on a cash basis. A loan may be restored to accrual status when the borrower's financial condition improves so that full collection of future contractual payments is considered likely. Restoration to accrual status for those loans placed on nonaccrual status due to payment delinquency will generally not occur until the borrower demonstrates repayment ability over a period of not less than six months.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Loans may occasionally be restructured due to economic or legal reasons relating to the borrower's financial condition in order to protect the Bank's investment. On January 1, 2023, W.T.B. adopted Accounting Standards Update ("ASU") 2022-02, which eliminated the accounting guidance for troubled debt restructurings ("TDR's"), while enhancing disclosure requirements of borrowers experiencing financial difficulty for modifications related to principal reductions, interest rate reductions, term extensions, more than insignificant payment delays, or combinations thereof. A borrower is considered to be experiencing financial difficulty when there is significant doubt about the borrower's ability to make the required principal and interest payments or to get an equivalent financing from another creditor at a market rate for a similar loan.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. On January 1, 2023, W.T.B. adopted accounting provisions of ASC 326, Measurement of Credit Losses on Financial Instruments, which replaced the prior incurred loss model with the current expected credit losses ("CECL") model, which is a methodology that reflects current expected credit losses over the life of financial instruments carried at amortized cost, including loans and held to maturity debt securities, and to certain off-balance sheet credit exposures. This standard broadens the information that an entity must consider in developing its expected credit loss estimate for loans and other financial assets measured either collectively or individually. Prior U.S. GAAP delayed recognition of credit losses until it was probable a loss had occurred, generally only considering past events and current conditions in measuring the incurred loss. Loans are charged off against the allowance when management believes the uncollectability of a loan balance is confirmed. Recoveries are added back to the allowance to the extent that such recovered amounts were previously charged-off. The allowance for credit losses on loans represents management's estimate of lifetime credit losses inherent in loans as of the consolidated statement of financial condition date and is estimated using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

W.T.B. measures expected credit losses for loans on a collective (pooled) basis when similar risk characteristics exist. For loans evaluated collectively, the allowance for credit losses is calculated using life of loan historical losses, adjusted for economic forecasts and current conditions. Historical credit loss information provides the basis for the estimate of expected credit losses, with qualitative factor adjustments to historical loss information for current specific risk characteristics that may differ from historical experience. These qualitative adjustments include adjustments for lending policies and procedures, economic and business conditions, nature and volume of the loan portfolio, lending management and staff, volume and severity of problem loans, loan delinquencies and nonaccrual loans, trends in the underlying value of collateral for collateral-dependent loans, concentrations of credit, and other factors, such as legal and regulatory requirements. Additionally, management estimates adjustments to expected credit losses for reasonable and supportable forecasts of economic conditions for a one-year period, utilizing a qualitative adjustment overlay. The overlay adjustment for reasonable and supportable forecasts assumes an immediate revision after the one-year forecast period to historical loss rates for the remaining life of the loan portfolio.

The loan portfolio is segmented based upon loan type and credit risk rating. Loan types generally share similar risk characteristics, including, but not limited to, collateral type, borrower base, industry, and methods for monitoring and assessing credit risk. W.T.B.'s loan segments consist of the following disaggregation of loan types. Commercial and industrial loans are segmented into seven pools, including commercial taxable loans, commercial tax-exempt loans, commercial lines of credit, other commercial loans, commercial credit card loans, small business administration loans, and overdrafts. Agricultural loans are segmented into two pools, including agricultural loans secured by real estate and agricultural loans secured by crops and equipment. Commercial real estate loans are segmented into three pools, including commercial real estate owner-occupied loans, commercial real estate non-owner-occupied loans, and commercial real estate non-owner-occupied multi-family loans. Construction and development loans are segmented into four pools, including commercial construction loans, commercial land development loans, residential construction loans, and residential land development loans. Residential real estate loans are segmented into six pools, including first mortgage consumer loans, first mortgage non-conforming consumer loans, first mortgage commercial purpose loans, residential junior mortgage loans, revolving residential first loans and revolving residential junior loans. Consumer loans are segmented into three pools, including consumer lines of credit, consumer loans, and consumer credit card loans. All loan segments except for commercial and consumer credit card loans and overdrafts utilize a lifetime Probability of Default (PD) and Loss Given Default (LGD) calculation methodology to estimate expected credit losses, utilizing historical loss information. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments, when appropriate. The contractual term excludes expected extensions, renewals, and modifications, unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by W.T.B. Commercial and consumer credit card loans and overdrafts use a net charge-off calculation methodology, utilizing historical loss information.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. Factors involved in determining whether a loan is evaluated individually include, but are not limited to, the financial condition of the borrower and the payment status of the loan. Expected credit losses for loans evaluated individually are measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, or, when it is determined foreclosure is probable, the expected credit loss is measured based on the fair value of the collateral, less costs to sell, as applicable, as of the reporting date. As a practical expedient, expected credit losses are based on the fair value of the collateral at the reporting date when management determines foreclosure is probable or when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

Financial instruments include off-balance sheet credit instruments, such as loan commitments to extend credit. W.T.B. estimates expected credit losses over the contractual period in which W.T.B. is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by W.T.B. For the years ended December 31, 2024 and 2023, the allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense and is estimated under the CECL model using the same loan segments and methodology as portfolio loans, taking into consideration the likelihood that funding will occur. For the year ended December 31, 2022, the allowance for credit losses on off-balance sheet credit exposures was adjusted through other expense on the consolidated statements of income and was estimated under an incurred loss methodology. For the years ended December 31, 2024, 2023, and 2022, W.T.B. recognized ($750,000), $1.9 million, and $6.0 million, respectively, for the (recapture of) provision for off-balance sheet credit exposures.

Mortgage Servicing Rights

Mortgage servicing rights result from the sale of mortgage loans while retaining loan servicing responsibilities. Mortgage servicing rights are initially recorded at fair value with the income statement effect recorded in mortgage banking revenue, net. Fair value is based on a model that calculates the present value of estimated future net servicing income. Mortgage servicing rights are amortized in proportion to, and over the period of, the estimated net servicing revenues. Impairment of mortgage servicing rights is assessed based on the fair value of those rights. For purposes of measuring impairment, mortgage servicing rights are stratified based on the characteristics of the underlying loans, including loan type, size, note rate, origination date, and term. Subsequent loan prepayments and elevated prepayment assumptions in excess of those forecasted can adversely impact the carrying value of mortgage servicing rights. The amount of impairment recognized is the amount by which the capitalized mortgage servicing rights for each class exceed their calculated fair value.

Fees earned for servicing loans are recorded as noninterest income and included in mortgage banking revenue, net. The fees are based on a contractual percentage of the outstanding principal and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

Derivatives

Derivative instruments are contracts between two or more parties that have a notional and an underlying variable, require no net investment, and allow for the net settlement of positions. Derivative financial instruments are used to meet the ongoing credit needs of customers and the market exposure of certain types of interest rate risk. Derivative instruments are recognized as either assets or liabilities in the consolidated statements of financial condition at fair value. The Bank is party to various interest rate swaps that are considered derivative instruments. For stand-alone derivatives that have no hedging designation, changes in the fair value of a derivative are recorded in the consolidated statements of income in other income.

The Bank utilizes forward sales contracts and interest rate lock commitments associated with mortgage banking activities in its derivative risk management strategy. The fair value of interest rate lock commitments are recorded at the time the commitment to fund residential mortgage loan commitments and residential loans held for sale are executed and are adjusted for the expected exercise of the commitment before the loans are funded. In order to hedge the change in interest rates resulting from its commitments to fund these loans, the Bank enters into forward sales contracts with brokers/dealers to hedge the risk of changes in fair value, due to changes in interest rates, of these locked loans. The estimated fair values of these derivatives are determined by the changes in the market value of the related loans, caused by changes in market interest rates, during the period from the commitment date or contract date to the valuation date. At December 31, 2024, the estimated fair value of interest rate lock commitments was ($31,000) and the estimated fair value of forward sales agreements was $26,000. At December 31, 2023, the estimated fair value of interest rate lock commitments was $72,000 and the estimated fair value of forward sales agreements was ($37,000).

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Bank, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. Transfers of financial assets that do not meet the criteria to be accounted for as sales are accounted for under the secured borrowing accounting model in which the assets continue to be reported in the consolidated statements of financial condition and any cash proceeds received are treated as secured borrowings.

Premises and Equipment

Premises and equipment, including leasehold improvements, are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 39 years, or the terms of the associated operating leases. Gains or losses on disposition are reflected in current income. Normal costs of maintenance and repairs are treated as current expenses.

W.T.B. reviews long-lived and intangible assets any time that a change in circumstance indicates that the carrying amount of these assets may not be recoverable. Recoverability of these assets is determined by comparing the carrying value of the asset to the forecasted undiscounted cash flows of the operation associated with the asset. If the evaluation of the forecasted cash flows indicates that the carrying value of the asset is not recoverable, the asset is written down to fair value.

Other Real Estate

ORE acquired through, or in lieu of, loan foreclosure is recorded at fair value less costs to sell, which becomes the property's new basis. A provision to the valuation allowance on ORE is made for subsequent declines in fair value on a specific property basis. Direct costs incurred in connection with holding ORE are charged to expense when incurred. For the year ended December 31, 2024, the bank acquired properties valued at $83,000 which are included in the consolidated statements of financial condition. There were no sales of ORE or valuation adjustments during the year ended December 31, 2024, and there was no valuation allowance for ORE at December 31, 2024. During the year ended December 31, 2024, the bank incurred $5,000 in expenses related entirely to operations of ORE. For the years ended 2023, and 2022, there was no activity related to ORE included in the consolidated statements of income and there was no ORE included in the consolidated statements of financial condition. At December 31, 2024 and 2023, the Bank had $540,000 and $45,000 of recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process.

Qualified Affordable Housing Tax Credit Investments

The Bank invests in unconsolidated limited partnerships that operate affordable housing projects in order to receive tax benefits from tax deductible operating losses and tax credits. These investments qualify to be accounted for using the proportional amortization method under which amortization of the investment is recorded in the provision for income taxes in the consolidated statements of income, together with the tax credits and benefits received.

Advertising Costs

W.T.B. expenses advertising costs as incurred, which are included in marketing and public relations expense. Advertising expenses were $2.6 million, $3.1 million, and $3.6 million for 2024, 2023, and 2022, respectively.

Income Taxes

Income tax expense is separated into two components: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the current tax law to the taxable income or excess of deductions over revenues. W.T.B. determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

W.T.B. recognizes interest and penalties on income taxes, if any, as a component of income tax expense.

Stock-Based Compensation

Compensation cost related to restricted stock awards issued to executive officers is based on fair value at the date of grant. The fair value of the awards is estimated using the market value of W.T.B.'s common stock. Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures are recognized as they occur.

Earnings per Common Share

W.T.B.'s basic earnings per common share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period, excluding nonvested restricted stock. Diluted earnings per common share is computed using the weighted-average number of common shares outstanding for the basic earnings per share computation plus the dilutive effects of nonvested restricted stock using the treasury stock method.

Stock

Class A common stock has the right to vote on certain matters. Class B common stock does not have voting rights except in those circumstances for which class voting is required by law. Class C preferred stock may be issued in one or more series. The Board of Directors of W.T.B. has the express authority to fix and designate the preferences and various other rights of Class C preferred stock. Repurchased common stock shares not retired are recorded as treasury stock at cost. Treasury shares are not deemed outstanding for earnings per share calculations.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, the unrealized gains and losses on securities reclassified to held to maturity, and unrealized gains and losses related to the defined benefit pension plan, which are reported as a separate component of shareholders' equity.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, and other factors, especially in the absence of active markets that convey significant transaction-based pricing signals for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Reclassifications

Certain amounts appearing in the consolidated financial statements and notes thereto for the years ended December 31, 2023 and 2022, have been reclassified to conform to the December 31, 2024, presentation. These reclassifications had no effect on shareholders' equity or net income as previously reported and the effect of these reclassifications is not considered material.

Adoption of New Accounting Standards

ASU 2023-02, Investments – Equity Method and Joint Ventures (Topic 323): *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. The amendments in this standard allow entities to consistently account for equity method investments made primarily for the purpose of receiving income tax credits and other income tax benefits. Entities will be permitted to elect to account for tax equity investments, regardless of the tax credit program for which the income tax credits are received, using the proportional amortization method if certain conditions are met. Currently, accounting standards limit the use of the proportional amortization method to account for qualifying investments in low-income housing tax credit structures. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the tax credits being presented net in the income statement as a component of income tax expense (benefit). The adoption of the provisions of this ASU did not have a significant impact on W.T.B.'s consolidated financial statements.

ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. The amendments in this standard require public entities disclose information about their reportable segment's significant expenses. Significant expenses categories are derived from expenses that are regularly reported to an entity's Chief Operating Decision Maker ("CODM") and are included in a segment's reported measure of profit or loss. Entities are also required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss to assess segment performance. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023. The adoption of the provisions of this ASU did not have a significant impact on W.T.B.'s consolidated financial statements.

Standards Not Yet Adopted

ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures.* The amendments in this standard require disaggregated information about an entity's effective tax rate reconciliation, as well as information on income taxes paid. The amendments in this ASU are effective for fiscal years beginning after December 15, 2024, and early adoption is permitted. The adoption of the provisions of this ASU is not expected to have a significant impact on W.T.B.'s consolidated financial statements.

ASU 2024-03, Income Statement—Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation of Income Statement Expenses.* The amendments in this standard require public companies to disclose, in the notes to the financial statements, information about certain expenses, including, among other things, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for fiscal years beginning after December 15, 2026, and early adoption is permitted. The adoption of the provisions of this ASU is not expected to have a significant impact on W.T.B.'s consolidated financial statements.

Note 2: Cash and Due from Banks

Federal Reserve Board regulations may require depository institutions to maintain minimum reserve balances in the form of cash on hand or deposits with the Federal Reserve Bank. Beginning March 26, 2020, the Federal Reserve Board reduced the reserve requirement to zero percent. At December 31, 2024 and 2023, W.T.B. was in compliance with the Federal Reserve Board reserve requirements.

Note 3: Securities

The amortized costs and fair values for securities as of December 31, 2024 and 2023, were as follows:

(in thousands)	2024			
Securities Available for Sale:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$ 50,698	$ -	$ 837	$ 49,861
U.S. government agency securities	20,013	-	115	19,898
States and municipal securities	2,540	-	8	2,532
Commercial mortgage-backed securities	91,150	-	2,844	88,306
Residential mortgage-backed securities	165,290	-	24,452	140,838
	$ 329,691	$ -	$ 28,256	$ 301,435

(in thousands)	2023			
Securities Available for Sale:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$ 200,131	$ -	$ 6,043	$ 194,088
U.S. government agency securities	35,086	-	873	34,213
States and municipal securities	2,553	29	-	2,582
Commercial mortgage-backed securities	96,842	-	4,460	92,382
Residential mortgage-backed securities	186,740	-	24,314	162,426
	$ 521,352	$ 29	$ 35,690	$ 485,691

(in thousands)	2024			
Securities Held to Maturity:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$ 417,484	$ 49	$ 8,127	$ 409,406
U.S. government agency securities	1,075,730	159	115,888	960,001
States and municipal securities	1,283	-	34	1,249
Commercial mortgage-backed securities	507,381	114	65,724	441,771
Residential mortgage-backed securities	734,839	-	145,715	589,124
	$ 2,736,717	$ 322	$ 335,488	$ 2,401,551

(in thousands)	2023			
Securities Held to Maturity:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$ 614,464	$ 262	$ 22,596	$ 592,130
U.S. government agency securities	1,148,983	1,032	127,256	1,022,759
States and municipal securities	1,313	-	12	1,301
Commercial mortgage-backed securities	526,120	238	70,694	455,664
Residential mortgage-backed securities	788,977	146	132,229	656,894
	$ 3,079,857	$ 1,678	$ 352,787	$ 2,728,748

There were no transfers of debt securities from available for sale to held to maturity for the years ended December 31, 2024 and 2023. For securities transferred from available for sale to held to maturity in prior years, the pre-tax net gain associated with these securities that existed at the date of the transfer is being amortized to interest income as an adjustment to yield over the remaining life of the securities, offset by the amortization of the premium or discount resulting from the transfer at fair value, with no effect to net income. For securities transferred from available for sale to held to maturity, the amortized cost of securities in the preceding tables includes any previously unrealized pre-tax gains or losses at the date of the transfer and unrealized gains and losses presented in the preceding tables represent the change in fair value of the securities since the date of the transfer.

Securities pledged as of December 31, 2024, had a carrying value of $1.227 billion and were pledged to secure repurchase agreements, state and local government public deposits, Federal Reserve Bank borrowings, and other general obligations.

In 2024, 2023 and 2022, there were no sales of available for sale securities.

The following table shows the gross unrealized losses and fair values of available for sale debt securities for which an allowance for credit losses has not been recorded, aggregated by category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2024 and 2023:

2024 (in thousands)	Less Than 12 Months		12 Months or More		Total	
Securities Available for Sale:	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	$ -	$ -	$ 49,861	$ 837	$ 49,861	$ 837
U.S. government agency securities	-	-	19,898	115	19,898	115
States and municipal securities	2,532	8	-	-	2,532	8
Commercial mortgage-backed securities	-	-	88,306	2,844	88,306	2,844
Residential mortgage-backed securities	-	-	140,838	24,452	140,838	24,452
	$ 2,532	$ 8	$ 298,903	$ 28,248	$ 301,435	$ 28,256

2023 (in thousands)	Less Than 12 Months		12 Months or More		Total	
Securities Available for Sale:	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	$ -	$ -	$ 194,088	$ 6,043	$ 194,088	$ 6,043
U.S. government agency securities	-	-	34,213	873	34,213	873
States and municipal securities	-	-	-	-	-	-
Commercial mortgage-backed securities	-	-	92,382	4,460	92,382	4,460
Residential mortgage-backed securities	-	-	162,426	24,314	162,426	24,314
	$ -	$ -	$ 483,109	$ 35,690	$ 483,109	$ 35,690

There were 58 and 66 available for sale securities for which the fair value was less than the amortized cost at December 31, 2024 and 2023, respectively, and there were 168 and 172 held to maturity securities for which the fair value was less than the amortized cost at December 31, 2024 and 2023, respectively. Unrealized losses on these securities have not been recognized into earnings as management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery. The unrealized losses on these securities were largely due to increases in market interest rates and are not due to the underlying creditworthiness of the issuers. The issuers continue to make timely principal and interest payments and the fair value is expected to recover as the securities approach maturity. No allowance for credit losses was recorded on available for sale debt securities at December 31, 2024 and 2023.

No allowance for credit losses was recorded on held to maturity securities at December 31, 2024 and 2023. W.T.B. monitors the credit quality of debt securities held to maturity through the use of credit ratings, updated on a quarterly basis. As of December 31, 2024 and 2023, all held to maturity securities were rated Aaa by major rating agencies.

Accrued interest receivable on securities totaled $8.5 million and $10.4 million at December 31, 2024 and 2023, respectively, and is excluded from the estimate of credit losses. A debt security is placed on nonaccrual status at the time any principal or interest payment become 90 days delinquent. Interest accrued but not received for a debt security placed on nonaccrual is reversed against interest income. At December 31, 2024 and 2023, there were no debt securities classified as nonaccrual and no securities were past due 30 days or more as to principal or interest payments.

The amortized costs and fair values of debt securities by years to maturity as of December 31, 2024 and 2023, are in the table below. Securities not due at a single maturity date are shown separately. Expected maturities on certain securities may differ from contractual maturities since issuers may have the right to call or prepay obligations.

	2024			
	Securities Available for Sale		Securities Held to Maturity	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 70,710	$ 69,758	$ 422,940	$ 418,460
Due after one year through five years	-	-	646,666	598,650
Due after five years through ten years	-	-	361,344	304,951
Due after ten years	2,540	2,532	63,547	48,595
Commercial mortgage-backed securities	91,150	88,306	507,381	441,771
Residential mortgage-backed securities	165,291	140,839	734,839	589,124
	$ 329,691	$ 301,435	$ 2,736,717	$ 2,401,551

	2023			
	Securities Available for Sale		Securities Held to Maturity	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 164,951	$ 161,256	$ 264,842	$ 258,735
Due after one year through five years	70,267	67,046	994,643	932,082
Due after five years through ten years	-	-	437,892	371,970
Due after ten years	2,553	2,582	67,383	53,403
Commercial mortgage-backed securities	96,841	92,381	526,120	455,664
Residential mortgage-backed securities	186,740	162,426	788,977	656,894
	$ 521,352	$ 485,691	$ 3,079,857	$ 2,728,748

Note 4: Loans and Allowance for Credit Losses

Loans

Loans held in portfolio as of December 31 were as follows:

(in thousands)	2024	2023
Commercial and industrial	$1,557,022	$1,432,992
Agricultural	287,241	273,601
Commercial real estate		
Owner occupied	930,375	892,678
Non-owner occupied	1,610,153	1,474,686
Construction and development		
Commercial	408,495	420,183
Residential	193,972	222,396
Residential real estate		
First mortgage	1,438,985	1,384,779
Junior mortgage	37,254	22,323
Revolving	293,932	254,185
Consumer	125,121	127,578
Total portfolio loans	6,882,550	6,505,401
Allowance for credit losses on loans	(153,558)	(146,156)
Total portfolio loans, net	$6,728,992	$6,359,245

Loans were reduced by unamortized deferred fees and costs of $9.3 million and $10.3 million at December 31, 2024 and 2023, respectively. Loans with a principal balance of $4.099 billion and $3.377 billion were pledged at December 31, 2024 and 2023, respectively, to the FHLB and Federal Reserve to secure open borrowing lines of credit.

Allowance for Credit Losses on Loans

The following table summarizes the activity related to the allowance for credit losses on loans by loan category for the years ended December 31, 2024 and 2023:

	2024						
	Commercial and Agricultural	Real Estate Secured					
		Commercial	Construction	Residential	Consumer	Unallocated	Total
(in thousands)							
Allowance for credit losses on loans:							
Beginning balance	$ 39,747	$ 46,543	$ 28,072	$ 29,016	$ 2,307	$ 471	$ 146,156
Charge-offs	(2,761)	-	-	(27)	(732)	-	(3,520)
Recoveries	1,099	12	-	312	289	-	1,712
Provision (recapture)	5,931	8,615	(5,748)	338	307	(233)	9,210
Ending balance	$ 44,016	$ 55,170	$ 22,324	$ 29,639	$ 2,171	$ 238	$ 153,558

	2023						
	Commercial and Agricultural	Real Estate Secured					
		Commercial	Construction	Residential	Consumer	Unallocated	Total
(in thousands)							
Allowance for credit losses on loans:							
Beginning balance	$ 30,694	$ 35,718	$ 17,277	$ 33,148	$ 1,531	$ 2,471	$ 120,839
Impact of adopting ASC 326	50	9,194	14,328	(5,337)	491	(2,471)	16,255
Charge-offs	(1,659)	-	-	(48)	(1,005)	-	(2,712)
Recoveries	732	-	-	108	449	-	1,289
Provision (recapture)	9,930	1,631	(3,533)	1,145	841	471	10,485
Ending balance	$ 39,747	$ 46,543	$ 28,072	$ 29,016	$ 2,307	$ 471	$ 146,156

Prior to the adoption of ASC 326 on January 1, 2023, W.T.B. calculated the allowance for loan losses under the incurred loss methodology. The following tables summarizes credit performance activity related to the allowance for loan losses by loan category and the recorded investment in loans by loan category and balances individually or collectively evaluated for impairment as of December 31:

	2022						
	Commercial and Agricultural	Real Estate Secured					
		Commercial	Construction	Residential	Consumer	Unallocated	Total
(in thousands)							
Allowance for loan losses:							
Beginning balance	$ 39,017	$ 42,143	$ 18,775	$ 31,743	$ 2,033	$ 6,892	$ 140,603
Charge-offs	(2,179)	-	-	-	(300)	-	(2,479)
Recoveries	2,251	-	52	645	267	-	3,215
Provision (recapture)	(8,395)	(6,425)	(1,550)	760	(469)	(4,421)	(20,500)
Ending balance	$ 30,694	$ 35,718	$ 17,277	$ 33,148	$ 1,531	$ 2,471	$ 120,839
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	30,694	35,718	17,277	33,148	1,531	2,471	120,839
Total allowance for loan losses	$ 30,694	$ 35,718	$ 17,277	$ 33,148	$ 1,531	$ 2,471	$ 120,839
Loans:							
Portfolio loans:							
Loans individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -		$ -
Loans collectively evaluated for impairment	1,606,858	2,195,464	615,316	1,499,184	125,440		6,042,262
Total portfolio loans	$1,606,858	$2,195,464	$ 615,316	$1,499,184	$ 125,440		$6,042,262

Collateral-Dependent Loans

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. There have been no significant changes in the level of collateralization from the prior periods.

The following tables present the collateral-dependent loans as of December 31:

	2024				
(in thousands)	Commercial Real Estate	Residential Real Estate	General Business Assets	Other	Total
Commercial and industrial	$ -	$ -	$ 19,971	$ 1,665	$ 21,636
Agricultural	-	-	4,600	-	4,600
Commercial real estate					
Owner occupied	2,510	-	-	-	2,510
Non-owner occupied	35,294	-	-	-	35,294
Residential real estate					
First mortgage	-	1,212	-	-	1,212
Revolving	-	479	-	-	479
Total portfolio loans	$ 37,804	$ 1,691	$ 24,571	$ 1,665	$ 65,731

	2023				
(in thousands)	Commercial Real Estate	Residential Real Estate	General Business Assets	Other	Total
Commercial and industrial	$ -	$ -	$ 11,612	$ 2,531	$ 14,143
Agricultural	-	-	-	-	-
Commercial real estate					
Owner occupied	10,687	-	-	-	10,687
Non-owner occupied	-	-	-	-	-
Residential real estate					
First mortgage	-	-	-	-	-
Revolving	-	-	-	-	-
Total portfolio loans	$ 10,687	$ -	$ 11,612	$ 2,531	$ 24,830

Delinquent and Nonaccrual Loans

The following tables present the recorded investment in past due portfolio loans as of December 31:

	2024						
	Past Due						
(in thousands)	30-59 Days	60-89 Days	90 or more days and still accruing	Total Past Due	Current	Nonaccrual	Total Loans
Commercial and industrial	$ 1,316	$ 529	$ 55	$ 1,900	$1,533,829	$ 21,293	$1,557,022
Agricultural	3,757	-	-	3,757	282,558	926	287,241
Commercial real estate							
Owner occupied	93	206	-	299	917,429	12,647	930,375
Non-owner occupied	-	-	1	1	1,574,858	35,294	1,610,153
Construction and development							
Commercial	-	-	-	-	408,495	-	408,495
Residential	-	-	-	-	193,972	-	193,972
Residential real estate							
First mortgage	6,026	397	-	6,423	1,429,680	2,882	1,438,985
Junior mortgage	106	-	-	106	36,607	541	37,254
Revolving	501	-	-	501	292,085	1,346	293,932
Consumer	189	55	7	251	124,536	334	125,121
Total portfolio loans	$ 11,988	$ 1,187	$ 63	$ 13,238	$6,794,049	$ 75,263	$6,882,550

	2023						
	Past Due						
(in thousands)	30-59 Days	60-89 Days	90 or more days and still accruing	Total Past Due	Current	Nonaccrual	Total Loans
Commercial and industrial	$ 1,907	$ 131	$ 54	$ 2,092	$1,414,438	$ 16,462	$1,432,992
Agricultural	-	-	-	-	273,580	21	273,601
Commercial real estate							
Owner occupied	-	-	-	-	880,303	12,375	892,678
Non-owner occupied	-	-	-	-	1,474,686	-	1,474,686
Construction and development							
Commercial	-	-	-	-	420,183	-	420,183
Residential	-	-	-	-	222,396	-	222,396
Residential real estate							
First mortgage	5,811	766	-	6,577	1,376,933	1,269	1,384,779
Junior mortgage	-	-	-	-	22,160	163	22,323
Revolving	192	9	-	201	253,200	784	254,185
Consumer	79	20	13	112	127,136	330	127,578
Total portfolio loans	$ 7,989	$ 926	$ 67	$ 8,982	$6,465,015	$ 31,404	$6,505,401

The following table presents the recorded investment of loans on nonaccrual status as of December 31, 2024 and 2023:

	2024		2023	
(in thousands)	Nonaccrual Loans with No Allowance for Credit Losses on Loans	Total Nonaccrual Loans	Nonaccrual Loans with No Allowance for Credit Losses on Loans	Total Nonaccrual Loans
Commercial and industrial	$ 13,373	$ 21,293	$ 5,000	$ 16,462
Agricultural	-	926	-	21
Commercial real estate				
Owner occupied	2,510	12,647	9,374	12,375
Non-owner occupied	35,294	35,294	-	-
Residential real estate				
First mortgage	1,211	2,882	-	1,269
Junior mortgage	-	541	-	163
Revolving	479	1,346	-	784
Consumer	-	334	-	330
Total nonaccrual loans	$ 52,867	$ 75,263	$ 14,374	$ 31,404

There was $550,000 and $103,000 of accrued interest receivable reversed against interest income during the year ended December 31, 2024 and 2023, respectively. Interest income recognized on nonaccrual loans during the years ended December 31, 2024 and 2023, was not significant.

Impaired Loans

Prior to the adoption of ASC 326 on January 1, 2023, a loan was considered impaired when, based on current information and circumstances, management determined it was probable that it would be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest payments.

The following table presents impaired loans by category as of December 31:

	2022				
(in thousands)	Recorded Investment	Unpaid Contractual Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Loans with no related allowance recorded:					
Commercial and industrial	$ 126	$ 146	$ -	$ 425	$ 115
Agricultural	-	-	-	3,218	2
Commercial real estate					
Owner occupied	-	-	-	-	40
Non-owner occupied	-	-	-	-	-
Construction and development					
Commercial	-	-	-	-	-
Residential	-	-	-	6	7
Residential real estate					
First mortgage	-	-	-	165	-
Junior mortgage	-	-	-	123	75
Revolving	-	-	-	-	2
Consumer	-	-	-	-	2
Total loans with no related allowance recorded	126	146	-	3,937	243
Loans with related allowance recorded:					
Commercial and industrial	1,816	2,190	187	1,917	230
Agricultural	39	96	4	13,671	10
Commercial real estate					
Owner occupied	79	98	8	168	-
Non-owner occupied	202	202	21	272	34
Construction and development					
Commercial	-	-	-	-	-
Residential	-	-	-	-	-
Residential real estate					
First mortgage	695	979	71	821	12
Junior mortgage	225	354	23	498	94
Revolving	908	976	93	569	2
Consumer	147	155	15	95	27
Total loans with related allowance recorded	4,111	5,050	422	18,011	409
Total impaired loans:					
Commercial and industrial	1,942	2,336	187	2,342	345
Agricultural	39	96	4	16,889	12
Commercial real estate					
Owner occupied	79	98	8	168	40
Non-owner occupied	202	202	21	272	34
Construction and development					
Commercial	-	-	-	-	-
Residential	-	-	-	6	7
Residential real estate					
First mortgage	695	979	71	986	12
Junior mortgage	225	354	23	621	169
Revolving	908	976	93	569	4
Consumer	147	155	15	95	29
Total impaired loans	$ 4,237	$ 5,196	$ 422	$ 21,948	$ 652

Loans Modifications to Borrowers Experiencing Financial Difficulty

Occasionally, W.T.B. may agree to modify the contractual terms of a loan to a borrower experiencing financial difficulty as a normal part of loss mitigation strategies. These modifications may include principal reductions, interest rate reductions, term extensions, or a more than insignificant payment delay. In some cases, W.T.B. may provide multiple types of concessions on one loan. When a principal reduction is provided, the amount of forgiveness is charged off against the allowance for credit losses. Upon determination that a modified loan, or a portion of a modified loan, has been subsequently deemed uncollectible, the loan, or portion thereof, is written off. The amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. At December 31, 2024 and 2023, there were no loans outstanding which were to borrowers that were both experiencing financial difficulty and modified during the respective years ended December 31, 2024 and 2023. During the year ended December 31, 2024, there were no loans modified for borrowers experiencing financial difficulty. During the year ended December 31, 2023, W.T.B. modified 3 loans resulting in 2 payment deferrals and 1 term extension. The financial effects of loan modifications made to borrowers experiencing financial difficulty during 2023 were not significant.

Troubled Debt Restructurings

Prior to the adoption of ASC 326 on January 1, 2023, loans restructured to borrowers experiencing financial difficulty in which the borrower was granted a concession in order to protect the Bank's investment were considered TDR's. A loan restructured in a TDR was considered an impaired loan and accounted for as such. During the years ended December 31, 2022, the Bank modified and recorded one residential real estate revolving loan as a TDR, with a pre-modification outstanding recorded investment of $373,000 and a post-modification outstanding recorded investment of $377,000. For the year ended December 31, 2022, there were no restructured loans which incurred a default within the year.

Credit Quality Indicators

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors.

The Bank analyzes all loans as to credit risk. All extensions of credit have a loan risk grade assigned either individually or on a pooled basis. This analysis is performed on a monthly basis.

The Bank uses risk categories that have the following definitions:

- Pass: Loans classified as pass have minimal risk to acceptable risk, but may require additional monitoring, and do not meet the criteria of the higher risk grade categories.
- Special Mention: Loans classified as special mention have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.
- Substandard: Loans classified as substandard are inadequately protected by the current net worth and/or paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt in full. Substandard loans are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.
- Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and collateral values, highly questionable and improbable.
- Loss: Loans classified as loss are considered uncollectible, and therefore, continuing to reflect their balances on the books is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off the asset, even though partial recovery may be possible in the future.

The following tables present the recorded investment in portfolio loans by credit quality indicators by year of origination as of December 31, 2024 and 2023:

As of December 31, 2024 (in thousands)	Term Loans Amortized Cost Basis by Origination Year 2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
Commercial and industrial								
Credit Quality Indicators								
Pass	$ 214,287	$ 189,740	$ 179,035	$ 116,040	$ 143,626	$ 599,792	$ 23,189	$ 1,465,709
Special mention	1,114	7,556	1,209	878	1,622	29,366	1,458	43,203
Substandard	313	338	16,551	8,745	3,212	15,753	3,198	48,110
Total commercial and industrial	$ 215,714	$ 197,634	$ 196,795	$ 125,663	$ 148,460	$ 644,911	$ 27,845	$ 1,557,022
Current period gross writeoff	$ 90	$ 100	$ 151	$ 66	$ 265	$ 2,041	$ 48	$ 2,761
Agricultural								
Credit Quality Indicators								
Pass	$ 30,898	$ 12,009	$ 13,664	$ 10,429	$ 20,339	$ 114,987	$ 16,276	$ 218,602
Special mention	12,466	8,099	3,742	-	1,056	4,210	1,081	30,654
Substandard	141	261	615	91	553	896	35,428	37,985
Total agricultural	$ 43,505	$ 20,369	$ 18,021	$ 10,520	$ 21,948	$ 120,093	$ 52,785	$ 287,241
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate:								
Owner occupied								
Credit Quality Indicators								
Pass	$ 95,385	$ 102,459	$ 194,662	$ 154,736	$ 306,339	$ 18,995	$ 424	$ 873,000
Special mention	-	-	10,940	5,483	18,203	2,127	-	36,753
Substandard	1,184	-	3,350	10,499	5,019	570	-	20,622
Total owner occupied	$ 96,569	$ 102,459	$ 208,952	$ 170,718	$ 329,561	$ 21,692	$ 424	$ 930,375
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonowner occupied								
Credit Quality Indicators								
Pass	$ 137,105	$ 128,375	$ 333,124	$ 237,006	$ 639,075	$ 41,322	$ 31,675	$ 1,547,682
Special mention	-	8,329	1,921	6,115	8,555	1,498	-	26,418
Substandard	-	-	-	-	28,272	7,781	-	36,053
Total nonowner occupied	$ 137,105	$ 136,704	$ 335,045	$ 243,121	$ 675,902	$ 50,601	$ 31,675	$ 1,610,153
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction and development:								
Commercial								
Credit Quality Indicators								
Pass	$ 70,770	$ 126,870	$ 46,745	$ 81,795	$ 34,837	$ 9,820	$ 220	$ 371,057
Special mention	-	1,999	-	17,993	-	17,410	-	37,402
Substandard	-	-	-	-	36	-	-	36
Total commercial	$ 70,770	$ 128,869	$ 46,745	$ 99,788	$ 34,873	$ 27,230	$ 220	$ 408,495
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential								
Credit Quality Indicators								
Pass	$ 56,695	$ 47,961	$ 28,129	$ 3,090	$ 9,740	$ 46,137	$ 371	$ 192,123
Special mention	-	1,498	-	-	-	-	-	1,498
Substandard	-	-	-	-	-	351	-	351
Total residential	$ 56,695	$ 49,459	$ 28,129	$ 3,090	$ 9,740	$ 46,488	$ 371	$ 193,972
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate:								
First mortgage								
Credit Quality Indicators								
Pass	$ 132,071	$ 185,468	$ 394,193	$ 429,847	$ 275,394	$ 190	$ 5,255	$ 1,422,418
Special mention	1,134	1,186	1,625	900	4,078	-	-	8,923
Substandard	-	-	3,889	1,897	1,858	-	-	7,644
Total first mortgage	$ 133,205	$ 186,654	$ 399,707	$ 432,644	$ 281,330	$ 190	$ 5,255	$ 1,438,985
Current period gross writeoff	$ -	$ -	$ 27	$ -	$ -	$ -	$ -	$ 27

As of December 31, 2024 (continued) (in thousands)	Term Loans Amortized Cost Basis by Origination Year 2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
Junior mortgage								
Credit Quality Indicators								
Pass	$ 16,172	$ 8,278	$ 3,554	$ 1,459	$ 1,879	$ 2,680	$ 2,106	$ 36,128
Special mention	-	-	569	-	-	-	-	569
Substandard	-	203	182	-	148	-	24	557
Total junior mortgage	$ 16,172	$ 8,481	$ 4,305	$ 1,459	$ 2,027	$ 2,680	$ 2,130	$ 37,254
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Revolving								
Credit Quality Indicators								
Pass	$ 576	$ -	$ -	$ -	$ -	$ 276,399	$ 7,127	$ 284,102
Special mention	-	-	-	-	-	5,768	-	5,768
Substandard	-	-	-	-	197	3,092	773	4,062
Total revolving	$ 576	$ -	$ -	$ -	$ 197	$ 285,259	$ 7,900	$ 293,932
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer								
Credit Quality Indicators								
Pass	$ 17,930	$ 11,232	$ 6,472	$ 2,475	$ 4,998	$ 79,715	$ 1,398	$ 124,220
Special mention	-	-	-	15	117	5	296	433
Substandard	134	2	40	3	168	69	52	468
Total consumer	$ 18,064	$ 11,234	$ 6,512	$ 2,493	$ 5,283	$ 79,789	$ 1,746	$ 125,121
Current period gross writeoff	$ 3	$ 47	$ 46	$ 19	$ 86	$ 517	$ 14	$ 732
Portfolio loans								
Credit Quality Indicators								
Pass	$ 771,889	$ 812,392	$1,199,578	$1,036,877	$1,436,227	$ 1,190,037	$ 88,041	$ 6,535,041
Special mention	14,714	28,667	20,006	31,384	33,631	60,384	2,835	191,621
Substandard	1,772	804	24,627	21,235	39,463	28,512	39,475	155,888
Total portfolio loans	$ 788,375	$ 841,863	$1,244,211	$1,089,496	$1,509,321	$ 1,278,933	$ 130,351	$ 6,882,550
Total current period gross writeoff	$ 93	$ 147	$ 224	$ 85	$ 351	$ 2,558	$ 62	$ 3,520

As of December 31, 2023 (in thousands)	Term Loans Amortized Cost Basis by Origination Year 2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
Commercial and industrial							
Credit Quality Indicators							
Pass	$ 216,913	$ 235,412	$ 155,769	$ 190,984	$ 532,298	$ 19,361	$ 1,350,737
Special mention	1,247	6,965	2,073	8,051	37,448	3,164	58,948
Substandard	913	2,362	5,328	3,718	10,217	769	23,307
Total commercial and industrial	$ 219,073	$ 244,739	$ 163,170	$ 202,753	$ 579,963	$ 23,294	$ 1,432,992
Current period gross writeoff	$ -	$ 18	$ 151	$ 285	$ 1,200	$ 5	$ 1,659
Agricultural							
Credit Quality Indicators							
Pass	$ 28,076	$ 24,015	$ 13,368	$ 26,763	$ 90,310	$ 47,840	$ 230,372
Special mention	8,736	6,743	-	1,475	20,106	5,655	42,715
Substandard	-	-	-	21	-	493	514
Total agricultural	$ 36,812	$ 30,758	$ 13,368	$ 28,259	$ 110,416	$ 53,988	$ 273,601
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate:							
Owner occupied							
Credit Quality Indicators							
Pass	$ 83,087	$ 206,032	$ 162,746	$ 385,502	$ 16,283	$ 4,931	$ 858,581
Special mention	-	-	6,207	4,915	-	-	11,122
Substandard	246	11,150	9,778	1,801	-	-	22,975
Total owner occupied	$ 83,333	$ 217,182	$ 178,731	$ 392,218	$ 16,283	$ 4,931	$ 892,678
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonowner occupied							
Credit Quality Indicators							
Pass	$ 124,531	$ 299,418	$ 228,506	$ 690,943	$ 59,525	$ 14,066	$ 1,416,989
Special mention	8,373	1,511	6,235	5,508	138	-	21,765
Substandard	-	-	-	28,154	7,778	-	35,932
Total nonowner occupied	$ 132,904	$ 300,929	$ 234,741	$ 724,605	$ 67,441	$ 14,066	$ 1,474,686
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction and development:							
Commercial							
Credit Quality Indicators							
Pass	$ 57,968	$ 120,118	$ 149,985	$ 36,000	$ 36,199	$ 242	$ 400,512
Special mention	1,629	-	18,042	-	-	-	19,671
Substandard	-	-	-	-	-	-	-
Total commercial	$ 59,597	$ 120,118	$ 168,027	$ 36,000	$ 36,199	$ 242	$ 420,183
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential							
Credit Quality Indicators							
Pass	$ 67,507	$ 81,695	$ 8,677	$ 23,483	$ 40,032	$ 1,002	$ 222,396
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Total residential	$ 67,507	$ 81,695	$ 8,677	$ 23,483	$ 40,032	$ 1,002	$ 222,396
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate:							
First mortgage							
Credit Quality Indicators							
Pass	$ 203,616	$ 388,569	$ 470,283	$ 304,223	$ 1,052	$ 1,803	$ 1,369,546
Special mention	-	3,378	2,262	4,202	-	-	9,842
Substandard	2,508	110	1,144	1,629	-	-	5,391
Total first mortgage	$ 206,124	$ 392,057	$ 473,689	$ 310,054	$ 1,052	$ 1,803	$ 1,384,779
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -

As of December 31, 2023 (continued) (in thousands)	Term Loans Amortized Cost Basis by Origination Year 2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted To Term	Total
Residential real estate (continued):							
Junior mortgage							
Credit Quality Indicators							
Pass	$ 9,098	$ 5,242	$ 1,555	$ 2,405	$ 2,501	$ 945	$ 21,746
Special mention	-	394	-	-	-	-	394
Substandard	-	-	-	183	-	-	183
Total junior mortgage	$ 9,098	$ 5,636	$ 1,555	$ 2,588	$ 2,501	$ 945	$ 22,323
Current period gross writeoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Revolving							
Credit Quality Indicators							
Pass	$ -	$ 1,439	$ -	$ 899	$ 229,288	$ 9,671	$ 241,297
Special mention	-	-	-	-	4,720	33	4,753
Substandard	-	-	-	456	7,307	372	8,135
Total revolving	$ -	$ 1,439	$ -	$ 1,355	$ 241,315	$ 10,076	$ 254,185
Current period gross writeoff	$ -	$ -	$ -	$ -	$ 48	$ -	$ 48
Consumer							
Credit Quality Indicators							
Pass	$ 19,243	$ 16,644	$ 7,404	$ 6,457	$ 75,324	$ 1,752	$ 126,824
Special mention	-	-	20	152	239	-	411
Substandard	-	66	24	196	19	38	343
Total consumer	$ 19,243	$ 16,710	$ 7,448	$ 6,805	$ 75,582	$ 1,790	$ 127,578
Current period gross writeoff	$ 28	$ 119	$ 44	$ 60	$ 435	$ 319	$ 1,005
Portfolio loans							
Credit Quality Indicators							
Pass	$ 810,039	$ 1,378,584	$ 1,198,293	$ 1,667,659	$ 1,082,812	$ 101,613	$ 6,239,000
Special mention	19,985	18,991	34,839	24,303	62,651	8,852	169,621
Substandard	3,667	13,688	16,274	36,158	25,321	1,672	96,780
Total portfolio loans	$ 833,691	$ 1,411,263	$ 1,249,406	$ 1,728,120	$ 1,170,784	$ 112,137	$ 6,505,401
Total current period gross writeoff	$ 28	$ 137	$ 195	$ 345	$ 1,683	$ 324	$ 2,712

Note 5: Loan Servicing

Mortgage loans serviced for others are not assets of the Bank and therefore were not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of mortgage loans serviced for others at December 31, 2024 and 2023, were $89.0 million and $92.1 million, respectively. Custodial escrow balances maintained in connection with loans serviced for others, and included in the Bank's demand deposits, were $797,000 and $776,000 at December 31, 2024 and 2023, respectively.

A summary of the carrying values and fair values of mortgage servicing rights, included in other assets, at December 31 were as follows:

(in thousands)	2024	2023
Unamortized cost	$ 163	$ 156
Valuation allowance	(9)	(38)
Carrying value	$ 154	$ 118
Fair value	$ 1,098	$ 1,195

At December 31, 2024 and 2023, the key economic assumptions of the current fair value of mortgage servicing rights were as follows:

	2024	2023
Prepayment speed assumption (constant prepayment rate)	9.06%	9.14%
Discount rate	11.00%	11.00%

Originated loans that were sold with servicing retained were $10.0 million, $9.3 million and $2.6 million in 2024, 2023, and 2022, respectively. Following is an analysis of the activity for mortgage servicing rights and the related valuation allowance for the years ended December 31:

(in thousands)	2024	2023	2022
Unamortized cost:			
Balance at beginning of year	$ 156	$ 125	$ 223
Mortgage servicing rights capitalized	68	98	17
Amortization	(61)	(67)	(115)
Balance at end of year	$ 163	$ 156	$ 125

(in thousands)	2024	2023	2022
Valuation allowance:			
Balance at beginning of year	$ (38)	$ (1)	$ (17)
Additions	(69)	(39)	-
Reductions	98	2	16
Balance at end of year	$ (9)	$ (38)	$ (1)

Note 6: Premises and Equipment

A summary of W.T.B. premises and equipment at December 31 follows:

(in thousands)	2024	2023
Land	$ 19,915	$ 19,119
Buildings	122,589	114,671
Furniture and equipment	68,703	67,829
	211,207	201,619
Less accumulated depreciation	(119,767)	(115,911)
	$ 91,440	$ 85,708

Depreciation on W.T.B. premises and equipment was charged to occupancy expense or furniture and equipment expense in the amounts of $8.1 million, $8.2 million and $8.6 million in 2024, 2023, and 2022, respectively.

Note 7: Deposits

At December 31 deposits were as follows:

(in thousands)	2024	2023
Noninterest-bearing demand	$ 3,217,655	$ 3,316,555
Interest-bearing:		
Demand	1,406,503	1,339,054
Savings	3,423,651	2,913,832
Time deposits under $250,000	374,843	291,006
Time deposits $250,000 or more	363,231	231,880
Brokered time deposits	18,776	25,974
Total interest-bearing	5,587,004	4,801,746
Total deposits	$ 8,804,659	$ 8,118,301

At December 31, 2024, the scheduled maturities of time deposits, including brokered time deposits, were as follows:

(in thousands)	
2025	$ 743,228
2026	7,388
2027	2,395
2028	1,501
2029	2,338
	$ 756,850

At December 31, 2024 and 2023, overdraft deposit accounts with balances of $1.2 million and $1.6 million, respectively, have been reclassified and were reported as loans.

Note 8: Securities Sold Under Agreements to Repurchase and Federal Funds Purchased

The following table presents information regarding securities sold under agreements to repurchase:

(in thousands)	2024	2023
December 31:		
Repurchase amount	$ 327,224	$ 336,961
Rate	2.31%	2.85%
Average for the year:		
Amount	$ 305,333	$ 250,486
Rate	2.77%	2.10%
Maximum outstanding at any month end	$ 345,885	$ 358,778

Securities sold under agreements to repurchase are performed with sweep accounts in conjunction with a master repurchase agreement on an overnight basis. Investment securities are pledged as collateral in an amount greater than the repurchase agreements. The Bank maintains custodial control over the securities.

At December 31, 2024 and 2023, the Bank had no outstanding federal funds purchased balances. The Bank had uncommitted federal funds line of credit agreements with financial institutions totaling $100.0 million at December 31, 2024 and 2023, respectively. Availability of the lines is subject to federal funds balances available for loan and continued borrower eligibility, which is reviewed and renewed periodically by the issuing correspondent banks throughout the year. These lines are intended to support the Bank's short-term liquidity needs, and the agreements may restrict consecutive day usage. Federal funds purchased typically mature within one day and interest is payable at the then stated rate.

Note 9: FHLB Borrowings

The Bank maintains a borrowing arrangement with the FHLB to borrow funds under a short-term floating-rate cash management advance program and fixed-term loan agreements. The Bank's borrowing line with the FHLB allows borrowings up to the lesser of 45 percent of total assets or adjusted qualifying collateral pledged, which, based upon adjusted qualifying collateral pledged, provided a maximum available credit line of $1.195 billion and $1.477 billion at December 31, 2024 and 2023, respectively.

At December 31, 2024 and 2023, the Bank had an FHLB advance outstanding of $500.0 million, scheduled to mature in 2025 with an interest rate of 5.21%. The following table summarizes FHLB advances for the years ended December 31:

(in thousands)	2024	2023
Average for the year:		
Amount	$ 626,392	$ 309,135
Rate	5.36%	5.14%
Maximum outstanding during the year	$ 1,500,000	$ 1,413,000

Note 10: Other Borrowings

Other borrowings consist of Federal Reserve Bank discount window borrowings and loans available through the Federal Reserve Bank's Bank Term Funding Program ("BTFP"). The Bank has established a borrowing line with the Federal Reserve Bank to borrow up to the qualifying collateral pledged, which provided a maximum available credit line of $2.390 billion and $889.9 million at December 31, 2024 and 2023, respectively, with interest payable at the then stated rate. Federal Reserve Bank discount window borrowings are intended to support short term liquidity needs. There were no Federal Reserve Bank discount window borrowings outstanding at December 31, 2024 or 2023.

In March 2023, the Federal Reserve Board established the BTFP for eligible depository institutions. The BTFP ceased extending new loans in March 2024. The BTFP offered loans of up to one year in length to institutions pledging collateral eligible for purchase by the Federal Reserve Bank in open market operations such as U.S. Treasuries, U.S. government agency securities, and U.S. government agency mortgage-backed securities. These assets were valued at par for pledging purposes. The amount that could be borrowed under the BTFP was based upon the par value of securities pledged as collateral and the borrowings could be prepaid without penalty. As of December 31, 2024, the Bank had no outstanding borrowings through the program and no securities pledged. W.T.B. pledged securities with a par value of $1.428 billion as of December 31, 2023, of which the Bank had outstanding borrowings of $1.415 billion through the program bearing interest rates ranging from 4.38% to 4.71%, all of which either matured or were prepaid in 2024.

Note 11: Pension and Employee Benefit Plans

Qualified Defined Benefit Pension Plan

W.T.B. maintains a qualified defined benefit pension plan ("Pension Plan") for employees hired before January 1, 2004. Benefits under the Pension Plan are based on the number of years of service and the employee's career average compensation during such years.

W.T.B. uses a December 31 measurement date for the Pension Plan. The following table provides a reconciliation of the changes in the Pension Plan's benefit obligation and fair value of assets over the two-year period ended December 31, 2024, and a statement of the funded status, the excess or shortfall of the Pension Plan's fair value of assets over the Pension Plan's projected benefit obligation, at December 31 of both years:

(in thousands)	2024	2023
Accumulated benefit obligation at end of year	$ 66,406	$ 69,810
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 73,979	$ 69,748
Service cost - benefits earned during the period	1,011	977
Interest cost	3,487	3,579
Actuarial (gain) loss	(4,669)	3,320
Benefits paid	(3,948)	(3,645)
Projected benefit obligation at end of year	69,860	73,979
Change in Pension Plan assets:		
Fair value of Pension Plan assets at beginning of year	80,789	78,370
Actual (loss) return on Pension Plan assets	(406)	6,064
Employer contributions	-	-
Benefits paid	(3,948)	(3,645)
Fair value of Pension Plan assets at end of year	76,435	80,789
Funded status of projected benefit obligation at end of year	$ 6,575	$ 6,810
Accumulated other comprehensive loss not yet reflected in net periodic pension cost (pre-tax)	$ (20,263)	$ (22,886)
Cumulative employer contributions in excess of net periodic pension cost	26,838	29,696
Amounts recognized in the consolidated statements of financial condition at end of year:		
Other assets	$ 6,575	$ 6,810

W.T.B. selects various assumptions in measuring the Pension Plan's defined benefit obligation and recording the net periodic benefit cost. W.T.B. selects the discount rate used to measure liabilities at year ends after reviewing both bond indices with similar durations to the Pension Plan as well as a supportable discount rate from an actuary's proprietary yield curve, under which the Pension Plan's projected benefit payments are matched against a series of spot rates derived from high quality fixed income securities.

W.T.B.'s assumption for expected long-term return on Pension Plan assets is based on a periodic review and modeling of the Pension Plan's asset allocation over a long-term horizon. The expected long-term rate of return on assets is selected from within the reasonable range of rates determined by (a) historical real returns for the asset classes covered by the investment policy, and (b) expected economic conditions over the long-term period during which benefits are payable to plan participants. Assumptions utilized for measuring the present value of the accumulated benefit obligation, projected benefit obligation, and net pension expense were as follows:

	2024	2023	2022
Assumptions used in computing the present value of the accumulated benefit obligation and the projected benefit obligation at year-end:			
Discount rate	5.43%	4.83%	5.18%
Rates of increase in compensation	5.00%	5.00%	5.00%
Expected long-term rate of return on assets used in computing the net pension expense determined at beginning of year	5.00%	5.00%	3.00%

Net periodic pension costs for 2024, 2023, and 2022, included the following components:

(in thousands)	2024	2023	2022
Service cost	$ 1,011	$ 977	$ 1,646
Interest cost	3,487	3,579	2,503
Expected return on Pension Plan assets	(3,936)	(3,816)	(3,229)
Amortization of net loss	2,296	2,644	1,921
Net periodic pension cost	$ 2,858	$ 3,384	$ 2,841

Total service costs in the table above are recognized in pension and employee benefits expense on the consolidated statements of income. Non-service cost components of net periodic pension cost are recorded in other expense.

W.T.B.'s Pension Plan asset allocations at December 31, 2024 and 2023, by asset category, were as follows:

	2024	2023
Asset category:		
Fixed income securities	55%	53%
Group annuity contract	30%	32%
Equity securities	0%	14%
Cash equivalents	15%	1%
Total	100%	100%

W.T.B.'s target asset allocation as of December 31, 2024, was 100 percent liability hedging assets, excluding the group annuity contract.

W.T.B.'s investment policy provides direction regarding the investment philosophy, objectives, and guidelines for Pension Plan assets. Pension Plan assets are to be invested in a diversified structure that appropriately balances risk and rewards. Diversification includes asset allocation between equity, fixed income, alternative and cash/cash equivalent securities, foreign and domestic securities, industry sectors, and asset management styles. W.T.B. seeks to reduce its net interest rate exposure of Pension Plan assets and liabilities with a target interest rate hedge ratio between 95 percent and 105 percent.

W.T.B. has elected, as a practical expedient, to measure the fair value of investments that do not have readily determinable fair values on the basis of the net asset value ("NAV") per share of the investment. Investments that are measured on the basis of the NAV per share have not been classified in the fair value hierarchy.

The Pension Plan investment policy is periodically reviewed by W.T.B.'s Retirement Benefits Committee. The investment policy is established and administered in a manner so as to comply at all times with applicable government regulations. The Retirement Benefits Committee sets funding targets to contribute amounts not less than the minimum required to be fully funded under ERISA.

A summary of estimated future pension benefit payments are as follows:

(in thousands)	
2025	$ 4,292
2026	4,572
2027	4,805
2028	4,898
2029	4,928
Five years thereafter	25,461

The fair value of W.T.B.'s Pension Plan assets by asset category were as follows:

(in thousands)	Fair Value Measurements at December 31, 2024			
	Total	Level 1	Level 2	Level 3
Group annuity contract	$ 23,017	$ -	$ -	$ 23,017
Money market fund	11,458	-	11,458	-
Assets at fair value	34,475	$ -	$ 11,458	$ 23,017
Investments measured at NAV:				
Fixed income funds	41,960			
Total assets reported	$ 76,435			

(in thousands)	Fair Value Measurements at December 31, 2023			
	Total	Level 1	Level 2	Level 3
Group annuity contract	$ 25,605	$ -	$ -	$ 25,605
Money market fund	424	-	424	-
Assets at fair value	26,029	$ -	$ 424	$ 25,605
Investments measured at NAV:				
Fixed income funds	42,995			
Global equity funds	7,394			
U.S. equity funds	4,371			
	54,760			
Total assets reported	$ 80,789			

Employee Savings Plan

Substantially all of W.T.B.'s employees are eligible to participate in the WTB Defined Contribution Retirement and 401(k) Plan ("WTB 401(k) Plan"), a defined contribution plan sponsored by the Bank. This plan allows qualified employees, at their option, to make contributions up to certain percentages of pre-tax base salary through salary deductions under Section 401(k) of the Internal Revenue Code. Employer contributions may be made at the discretion of the Board of Directors of the Bank (and electing affiliates of the Bank). The Bank matches a portion of qualified employee contributions. Matching contribution expense for 2024, 2023, and 2022 was $3.5 million, $3.4 million and $3.2 million, respectively. Employees hired on or after January 1, 2004, are placed in an eligible class for an annual nonelective supplementary contribution equal to at least three percent of eligible compensation after meeting certain requirements. The defined contribution expense for 2024, 2023, and 2022 was $2.9 million, $2.7 million and $2.4 million, respectively. Contributions are invested at the employees' direction among a variety of investment alternatives.

Supplemental Retirement Plans

W.T.B. is obligated under various nonqualified deferred compensation plans to help supplement the retirement income of certain executives, including certain retired executives. These unfunded plans are defined benefit plans and provide for payments after the executive's retirement.

At December 31, 2024 and 2023, liabilities recorded for the various supplemental retirement and salary continuation plan benefits totaled $6.2 million and $5.8 million, respectively, and were recorded in other liabilities. Changes in the valuation of those liabilities increased benefit expense by $308,000 and $161,000 for the years ended December 31, 2024 and 2023, respectively, and decreased benefit expense by $299,000 for the year ended December 31, 2022.

Self-Insured Medical, Dental, and Vision Plans

W.T.B. offers medical, dental, and vision plans to its employees and self-insures many of these plans. W.T.B. contracts with third parties to act as claims administrators. Funding for benefits is derived from employer and employee contributions. W.T.B. limits its potential losses through insurance policies with stop-loss carriers. Medical, dental, and vision plan expenses were $9.7 million, $9.1 million and $7.6 million for 2024, 2023, and 2022, respectively. Self-insurance reserves were $932,000 and $843,000 for 2024 and 2023, respectively, and were included in other liabilities.

Note 12: Stock-Based Compensation Plans
W.T.B. has a nonqualified deferred compensation "phantom stock" plan for executive officers ("Phantom Stock Plan"). The values of the Phantom Stock Plan awards are indexed to W.T.B.'s book value per share and vest over a five-year period. The stock awards and the change in value of the prior years' stock awards are expensed as compensation over the vesting period. Phantom Stock Plan compensation expense for 2024, 2023, and 2022 was $2.8 million, $2.2 million and $2.0 million, respectively. Dividend payments on vested and unvested phantom stock are recorded as compensation expense during the period in which they are paid. Phantom Stock Plan dividend payments for 2024, 2023, and 2022 were $479 thousand, $441 thousand and $546 thousand, respectively.

A summary of changes in the Phantom Stock Plan follows:

(in thousands, except for shares)	Number of Shares	Total Share Value
Balance, December 31, 2021	46,545	$ 15,272
Granted	5,993	1,966
Increase in value	-	866
Forfeited	-	-
Settled	-	-
Balance, December 31, 2022	52,538	18,104
Granted	7,092	2,444
Increase in value	-	652
Forfeited	-	-
Settled	-	-
Balance, December 31, 2023	59,630	21,200
Granted	5,467	1,944
Increase in value	-	1,141
Forfeited	(466)	(166)
Settled	(61)	(22)
Balance, December 31, 2024	64,570	$ 24,097

At December 31, 2024 and 2023, there were 14,032 and 13,509 unvested phantom shares with total share values of $5.2 million and $4.8 million, and those unvested shares had related liabilities recorded in the amounts of $1.6 million and $1.3 million, respectively. Included in other liabilities are Phantom Stock Plan liabilities in the amounts of $20.5 million and $17.7 million at December 31, 2024 and 2023, respectively.

On February 23, 2010, the Board of Directors approved the W.T.B. Financial Corporation 2010 Restricted Stock Incentive Plan (the "Restricted Stock Plan") to enhance the long-term shareholder value of W.T.B. by offering opportunities to select persons to participate in the growth and success of W.T.B., encourage them to remain in service, and to acquire stock and maintain ownership of W.T.B. Under the Restricted Stock Plan, W.T.B. is authorized to grant up to 150,000 shares of Class B common stock, of which 115,232 shares have been granted. A total of 54,436 shares are available for future grants at December 31, 2024. Any awards that lapse, expire, terminate, forfeit, or are cancelled prior to delivery to a participant are available for reuse. Awards tendered or withheld to satisfy tax withholding are also available for reuse. The vesting period, if any, is determined by the plan administrator on an individual grant basis. Generally, the vesting is 20 percent per year over five years, however, 1,745 shares were granted in 2024 and 1,597 shares were granted in 2023 with immediate vesting. Recipients do not have the right to receive dividends on unvested restricted shares.

The following is a summary of W.T.B.'s unvested restricted stock activity for the years ended December 31, 2024, 2023, and 2022:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance, December 31, 2021	14,120	$ 347.46
Granted	7,020	389.49
Vested	(6,062)	350.56
Forfeited	-	-
Balance, December 31, 2022	15,078	365.78
Granted	7,869	368.00
Vested	(6,440)	368.91
Forfeited	-	-
Balance, December 31, 2023	16,507	371.35
Granted	8,870	287.00
Vested	(6,962)	349.00
Forfeited	-	-
Balance, December 31, 2024	18,415	339.17

The grant date fair value of the restricted shares is estimated using recent observable sales. Compensation expense related to the Restricted Stock Plan was $2.5 million, $2.5 million and $2.3 million for the years ended December 31, 2024, 2023, and 2022, respectively. The total income tax benefit recognized related to this Plan was $433 thousand, $523 thousand and $533 thousand for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, there was $4.6 million of unrecognized compensation cost related to the unvested restricted stock awards under this Plan, which is expected to be recognized over a weighted average period of 3.1years.

Note 13: Income Taxes

The current and deferred portions of income taxes for the years ended December 31 were as follows:

(in thousands)	2024	2023	2022
Current expense:			
Federal	$ 18,005	$ 17,427	$ 28,417
State	1,389	1,181	1,895
	19,394	18,608	30,312
Deferred expense (benefit):			
Federal	(4,041)	(2,807)	1,331
State	(292)	(512)	81
	(4,333)	(3,319)	1,412
Income taxes	$ 15,061	$ 15,289	$ 31,724

Income taxes on pre-tax income differ from the statutory rate of 21 percent for the years ended December 31, 2024, 2023, and 2022 for the following reasons:

(in thousands)	2024		2023		2022	
Federal income taxes at statutory rate	$ 14,880	21.00%	$ 14,939	21.00%	$ 30,616	21.00%
State income taxes, net of federal tax benefit	862	1.22%	529	0.74%	1,532	1.05%
Decrease in income taxes due to tax-exempt interest on securities and loans of states and political subdivisions	(371)	(0.52%)	(318)	(0.45%)	(150)	(0.10%)
Nondeductible interest expense from carrying tax-exempt assets	113	0.16%	73	0.10%	4	-
Bank owned life insurance	(640)	(0.90%)	(755)	(1.06%)	(457)	(0.31%)
Other nondeductible expenses	837	1.18%	860	1.21%	424	0.29%
Low-income housing tax credits	(524)	(0.74%)	(336)	(0.47%)	(197)	(0.14%)
Other	(96)	(0.14%)	297	0.42%	(48)	(0.03%)
Income taxes	$ 15,061	21.26%	$ 15,289	21.49%	$ 31,724	21.76%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred assets and liabilities at December 31 were as follows:

(in thousands)	2024	2023
Deferred tax assets:		
Allowance for credit losses on loans	$ 34,045	$ 32,425
Allowance for credit losses on off-balance sheet credit exposures	2,956	3,140
Credit card rewards	1,683	974
Deferred compensation	10,290	8,939
Lease liability	8,819	3,067
Unrealized losses on AFS Securities	5,934	7,489
Interest on nonaccrual loans	676	185
Commitment fees	164	160
Research and development expenses	1,470	1,230
Other	501	628
Total deferred tax assets	66,538	58,237
Deferred tax liabilities:		
Unrealized gains on HTM Securities	884	1,570
Pension benefits	1,691	1,778
Financial-over-tax depreciation	2,388	1,560
Deferred loan origination costs	2,759	2,419
Right of use assets - lease	7,600	2,845
Prepaid expenses	528	413
State income taxes	379	377
Other	201	205
Total deferred tax liabilities	16,430	11,167
Net deferred tax assets	$ 50,108	$ 47,070

W.T.B. files income tax returns in the U.S. federal jurisdiction and various states. With few exceptions, W.T.B. is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2021.

W.T.B. determined that it is not required to establish a valuation allowance for deferred tax assets since it is more likely than not that the deferred tax asset will be realized through future reversals of existing taxable temporary differences, and, to a lesser extent, future taxable income.

At December 31, 2024 and 2023, W.T.B. had no unrecognized tax benefits. W.T.B. does not expect the total amount of unrecognized tax benefits to significantly increase within the next twelve months.

W.T.B. had no uncertain tax positions as of December 31, 2024 or 2023; therefore, no liabilities were necessary for unrecognized tax benefits.

Qualified Affordable Housing Tax Credit Investments

The Bank holds investments in unconsolidated limited partnerships and similar entities that construct, own, and operate affordable housing communities, which are reported in other assets on the consolidated statements of financial condition. The Bank earns a return primarily through the receipt of tax credits allocated to the projects and tax deductible operating losses. The Bank accounts for these investments by amortizing the cost of tax credit investments over the life of the investment using a proportional amortization method and tax credit investment amortization expense is a component of the provision for income taxes. All unfunded commitments related to tax credit investments are expected to be paid by 2039. All tax credit investments are evaluated for impairment at the end of each reporting period.

The balances of the Bank's tax credit investments included in other assets and related unfunded commitments included in other liabilities at December 31 were as follows:

(in thousands)	2024	2023
Tax credit investments	$ 31,558	$ 33,780
Unfunded commitments - tax credit investments	17,638	22,284

The following table presents other information related to the Bank's tax credit investments for the years ended December 31:

(in thousands)	2024	2023	2022
Tax credits and other tax benefits recognized	$ 3,429	$ 2,363	$ 1,210
Tax credit amortization expense included in provision for income taxes	(2,905)	(2,027)	(1,013)
Net credits included in provision for income taxes	$ 524	$ 336	$ 197

Note 14: Financial Instruments with Off-Balance Sheet Risk

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. The Bank's financial instruments with off-balance sheet risk include commitments to extend credit, standby letters of credit, and commercial letters of credit.

Such commitments involve, to varying degrees, elements of credit, liquidity, and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition. The Bank's exposure to credit losses is represented by the contractual amounts of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as used in the lending process.

Commitments to extend credit are agreements to lend to customers as long as there are no violations of any conditions established in the commitment contracts. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates customers' creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the customer.

Collateral varies, but may include accounts receivable; inventory; property, plant and equipment; residential real estate; or income producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of commercial customers to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers.

Through commercial letters of credit, the Bank guarantees customers' trade transactions to third parties, generally to finance commercial contracts for the shipment of goods. The Bank's credit risk in these transactions is limited, since the contracts are supported by the merchandise being shipped and are generally of short duration. There were no commercial letters of credit outstanding at December 31, 2024 and 2023.

Following is a summary of the Bank's exposure to off-balance sheet risk at December 31:

(in thousands)	2024	2023
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 3,217,442	$ 3,158,973
Standby letters of credit	112,541	101,110

The Bank maintains an allowance for off-balance sheet credit exposures, such as unfunded balances for existing lines of credit, unfunded loan commitments, and commitments to extend future credit when the commitments are not unconditionally cancelable. As of December 31, 2024 and 2023, the balance of the allowance was $13.3 million and $14.1 million, respectively.

The following table presented the balance and activity in the allowance for credit losses on off-balance sheet credit exposures for the years ended December 31, 2024 and 2023:

	2024						
	Commercial and	Real Estate Secured					
(in thousands)	Agricultural	Commercial	Construction	Residential	Consumer	Unallocated	Total
Allowance for credit losses on off-balance sheet credit exposures:							
Beginning balance	$ 4,617	$ 626	$ 6,949	$ 1,346	$ 326	$ 219	$ 14,083
Provision (recapture)	715	(25)	(1,346)	(179)	(93)	178	(750)
Ending balance	$ 5,332	$ 601	$ 5,603	$ 1,167	$ 233	$ 397	$ 13,333

	2023						
	Commercial and	Real Estate Secured					
(in thousands)	Agricultural	Commercial	Construction	Residential	Consumer	Unallocated	Total
Allowance for credit losses on off-balance sheet credit exposures:							
Beginning balance	$ 3,343	$ 245	$ 1,036	$ 1,449	$ 457	$ 470	$ 7,000
Impact of adopting ASC 326	1,168	387	4,417	(153)	(121)	(470)	5,228
Provision (recapture)	106	(6)	1,496	50	(10)	219	1,855
Ending balance	$ 4,617	$ 626	$ 6,949	$ 1,346	$ 326	$ 219	$ 14,083

Note 15: Fair Value Measurements

W.T.B. measures some of its assets on a fair value basis. Fair value is used on a recurring basis for certain assets, such as securities available for sale and interest rate swaps, for which fair value is the primary basis of accounting. Fair value is defined as the price that would be received for the sale of an asset in an orderly transaction between market participants at the measurement date. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair value measurement, among other things, requires W.T.B. to maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect W.T.B.'s market assumptions. Three types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical instruments in active markets that W.T.B. has the ability to access as of the measurement date.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable market data.

Level 3 - Valuations for instruments with inputs that are unobservable, are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such instruments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents information about W.T.B.'s assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy of the fair value measurements for those assets at December 31:

	2024			
(in thousands)	Total	Level 1	Level 2	Level 3
Securities available for sale:				
U.S. Treasury securities	$ 49,861	$ -	$ 49,861	$ -
U.S. government agency securities	19,898	-	19,898	-
States and municipal securities	2,532	-	2,532	-
Commercial mortgage-backed securities	88,306	-	88,306	-
Residential mortgage-backed securities	140,838	-	140,838	-
Interest rate swap assets	859	-	859	-
Total assets	$ 302,294	$ -	$ 302,294	$ -
Interest rate swap liabilities	$ 859	$ -	$ 859	$ -
Total liabilities	$ 859	$ -	$ 859	$ -

	2023			
(in thousands)	Total	Level 1	Level 2	Level 3
Securities available for sale:				
U.S. Treasury securities	$ 194,088	$ -	$ 194,088	$ -
U.S. government agency securities	34,213	-	34,213	-
States and municipal securities	2,582	-	2,582	-
Commercial mortgage-backed securities	92,382	-	92,382	-
Residential mortgage-backed securities	162,426	-	162,426	-
Equity securities at fair value	24	24	-	-
Interest rate swap assets	311	-	311	-
Total assets	$ 486,026	$ 24	$ 486,002	$ -
Interest rate swap liabilities	$ 311	$ -	$ 311	$ -
Total liabilities	$ 311	$ -	$ 311	$ -

The following methods and assumptions were used by W.T.B. in estimating its fair value of each class of financial instrument that is carried at fair value in the table above.

Securities Available for Sale

W.T.B. estimates fair values using external, independent pricing models that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, live trading levels, trade execution data, market consensus prepayment speeds, and credit spreads. Examples of such instruments that would generally be classified within Level 2 of the valuation hierarchy include government-sponsored entity obligations, corporate bonds, and other securities. Mortgage-backed securities are included in Level 2 if observable inputs are available. In certain cases, where there is limited activity or less transparency around inputs to the valuation, W.T.B. classifies those securities as Level 3.

Equity Securities at Fair Value

W.T.B. determines the fair value using quoted market prices.

Interest Rate Swaps

The fair value of interest rate swaps is estimated by discounting the estimated expected cash flows of the swap using a discount curve and implied forward rates.

The following table presents the fair value measurement of assets on a nonrecurring basis and the level within the fair value hierarchy for those assets at December 31, 2024 and 2023:

	2024			
(in thousands)	Total	Level 1	Level 2	Level 3
Collateral-dependent loans	$ 7,503	$ -	$ -	$ 7,503
Total	$ 7,503	$ -	$ -	$ 7,503

	2023			
(in thousands)	Total	Level 1	Level 2	Level 3
Collateral-dependent loans	$ 17,028	$ -	$ -	$ 17,028
Total	$ 17,028	$ -	$ -	$ 17,028

The following table provides additional quantitative information about the unobservable inputs for W.T.B.'s assets classified as Level 3 and measured at fair value on a nonrecurring basis at December 31, 2024 and 2023:

(in thousands)	2024			
Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Weighted Average
Collateral-dependent loans	$ 7,503	Market approach	Discount to appraised value	49.0%
			Selling costs	14.1%
	$ 7,503			

(in thousands)	2023			
Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Weighted Average
Collateral-dependent loans	$ 17,028	Market approach	Discount to appraised value	22.5%
			Selling costs	6.3%
	$ 17,028			

Collateral-dependent loans are reported at the fair value of the underlying collateral if repayment is expected solely from collateral. The collateral-dependent loans are reported at fair value through a specific valuation allowance. If it is determined that the fair value of a collateral-dependent loan is less than the recorded investment in the loan, the carrying value of the loan is adjusted to fair value through a charge to the allowance for credit losses on loans. Depending on the characteristics of a loan, the fair value of collateral is generally estimated by obtaining external appraisals. The significant unobservable inputs used in the fair value measurement of collateral-dependent loans may include estimated selling costs, discounts that may be required to dispose of the property, and management assumptions regarding market trends and other relevant factors.

W.T.B. is required to disclose the estimated fair value of financial instruments, whether or not recognized in the consolidated statements of financial condition, for which it is practicable to estimate those values. These fair value estimates are made at December 31 based on relevant market information and information about the financial instruments. Fair value estimates are intended to represent the price at which an asset could be sold or the price at which a liability could be settled. The estimated fair value of loans held in portfolio is based on an exit price assumption. Given there is no active market or observable market transactions for many of W.T.B.'s financial instruments, W.T.B.'s estimates of many of these fair values are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimated values. Nonfinancial instruments are excluded from disclosure requirements. Specifically, land and buildings are not disclosed at fair value, nor is the value derived from retaining customer deposit relationships, commonly referred to as a core deposit intangible. Accordingly, the aggregate fair value amounts presented are not intended to represent the fair value of W.T.B.'s assets and liabilities taken as a whole, nor W.T.B.'s shareholders' equity.

Carrying Amounts and Estimated Fair Value of Financial Instruments

The carrying amounts and estimated fair values of W.T.B.'s financial instruments at December 31 were as follows:

	2024		
(in thousands)	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
Financial assets:			
Cash and due from banks and interest-bearing deposits with banks	1	$ 574,969	$ 574,969
Securities available for sale	2	301,435	301,435
Securities held to maturity	2	2,736,717	2,401,551
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock	2	29,422	29,422
Loans held for sale	2	10,143	10,152
Loans held in portfolio, net	3	6,728,992	6,600,829
Cash surrender value of life insurance	1	85,116	85,116
Mortgage servicing rights	3	154	1,098
Interest rate swaps	2	859	859
Financial liabilities:			
Demand and savings deposits[1]	1	8,047,809	8,047,809
Time deposits	2	756,850	756,983
Securities sold under agreements to repurchase	1	327,224	327,224
Federal Home Loan Bank borrowings	2	500,000	502,574
Interest rate swaps	2	859	859

	2023		
(in thousands)	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
Financial assets:			
Cash and due from banks and interest-bearing deposits with banks	1	$ 1,145,043	$ 1,145,043
Securities available for sale	2	485,691	485,691
Securities held to maturity	2	3,079,857	2,728,748
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock	2	28,808	28,808
Loans held for sale	2	4,727	4,734
Loans held in portfolio, net	3	6,359,245	6,193,438
Cash surrender value of life insurance	1	82,034	82,034
Mortgage servicing rights	3	118	1,195
Interest rate swaps	2	311	311
Equity securities at fair value	1	24	24
Financial liabilities:			
Demand and savings deposits[1]	1	7,569,441	7,569,441
Time deposits	2	548,860	548,272
Securities sold under agreements to repurchase	1	336,961	336,961
Federal Home Loan Bank borrowings	2	500,000	505,977
Other short-term borrowings	2	1,415,000	1,411,152
Interest rate swaps	2	311	311

[1] Fair value equals or approximates carrying amount. The fair value of deposits with no stated maturity does not take into consideration the value ascribed to core deposit intangibles.

Note 16: Interest Rate Swaps

W.T.B. utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and other terms of the individual interest rate swap agreements. At December 31, 2024 and 2023, there were no interest rate swap agreements designated as hedging instruments.

Derivatives Not Designated As Hedges

W.T.B. also enters into interest rates swaps with its loan customers. The notional amounts of interest rate swaps with loan customers as of December 31, 2024 and 2023, were $39.4 million and $44.5 million, respectively. W.T.B. enters into corresponding offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

W.T.B. presents its derivative position gross on the consolidated statements of financial condition. The following table reflects the derivatives recorded on the consolidated statements of financial condition as of December 31:

	2024		2023	
(in thousands)	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Derivatives not designated as hedging instruments:				
Interest rates swaps	$ 39,423	$ 859	$ 44,545	$ 311
Total included in other assets		$ 859		$ 311
Included in other liabilities:				
Derivatives not designated as hedging instruments:				
Interest rates swaps	$ 39,423	$ 859	$ 44,545	$ 311
Total included in other liabilities		$ 859		$ 311

Note 17: Leases

W.T.B. Lessor Arrangements

W.T.B. has various operating lease arrangements granting the use of certain premises. Payment terms are generally fixed; however, in some agreements, lease payments during the lease term may be indexed to a rate or index, such as the Consumer Price Index. Leases are typically payable in monthly installments with terms ranging from one to nine years and may contain renewal options. Total operating lease income was $3.5 million, $3.6 million and $3.9 million for the years ended December 31, 2024, 2023, and 2022, respectively, and is included in rental income in the consolidated statements of income.

The remaining maturities of lease receivables as of December 31, 2024, are as follows:

(in thousands)	
2025	$ 3,258
2026	2,818
2027	2,310
2028	2,008
2029	1,471
2030 and thereafter	3,429
Total lease receivables	$ 15,294

W.T.B. Lessee Arrangements

W.T.B. enters into operating leases obtaining the use of certain premises. These leases have remaining terms ranging from one year to 20 years, some of which include renewal or termination options to extend the lease for up to five years and some of which include options to terminate the lease within one year.

W.T.B. includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain W.T.B will exercise the option. W.T.B. did not elect to account for any non-lease components in its real estate leases as part of the associated lease component. W.T.B. elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the consolidated statements of financial condition.

Leases are classified as operating leases at the lease commencement date. Lease expense for operating leases and short-term leases are recognized on a straight-line basis over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

W.T.B. uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. W.T.B.'s incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors.

Right-of-use assets and lease liabilities by lease type, and the associated consolidated statements of financial condition classifications for the years ended December 31 are as follows:

(in thousands)	2024	2023
Right-of-use assets:		
Operating leases	$ 34,281	$ 12,822
Total right-of-use assets	$ 34,281	$ 12,822
Lease liabilities:		
Operating leases	$ 39,671	$ 13,602
Total lease liabilities	$ 39,671	$ 13,602

Lease Expense

The components of total lease cost were as follows for the three years ended December 31:

(in thousands)	2024	2023	2022
Operating lease cost	$ 4,873	$ 3,565	$ 3,885
Short-term lease cost	55	32	14
Variable lease cost	-	-	8
Total lease cost, net	$ 4,928	$ 3,597	$ 3,907

Lease Obligations

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2024, are as follows:

(in thousands)	
2025	$ 3,949
2026	4,027
2027	3,798
2028	3,611
2029	3,133
2030 and thereafter	38,175
Total future minimum lease payments	56,693
Less: imputed interest	(17,022)
Present value of lease liabilities	$ 39,671

Supplemental Lease Information

Weighted Average Lease Term - Operating Leases	15.58 years
Weighted Average Discount Rate - Operating Leases	4.34%

Note 18: Commitments and Contingencies

Concentrations of Credit Risk

The Bank grants commercial and agricultural, real estate, and consumer loans to customers, mainly in Washington, Idaho, and Oregon, secured by business, real, and personal property. The loans are expected to be repaid from cash flow or proceeds from the sale of selected assets of the borrowers. Although the loan portfolio is diversified, a substantial portion of the borrower's ability to honor their agreements is dependent upon economic conditions in Washington, Idaho, and Oregon. The Bank has no significant exposure to foreign credits in its loan portfolio.

Legal Proceedings

During the normal course of business, W.T.B. and the Bank are involved as defendants in various legal matters. In the opinion of W.T.B.'s management, the potential liability, if any, upon resolution of all litigation currently pending would not have a material adverse effect on W.T.B.'s financial position or results of operations.

Note 19: Parent Company Statements

W.T.B.'s parent company statements are presented using the equity method of accounting; therefore, accounts of its subsidiary have not been included. Intercompany transactions and balances have not been eliminated. The condensed parent company statements follow:

Statements of Financial Condition	Years Ended December 31,	
(in thousands)	2024	2023
Assets		
Cash	$ 19,585	$ 24,610
U.S. Treasury securities available for sale, carried at fair value	998	965
Equity in underlying net book value of bank subsidiary	904,591	863,952
Premises and equipment, net	7,447	8,057
Other assets	3,127	1,524
Total assets	$ 935,748	$ 899,108
Liabilities		
Other liabilities	$ 1,567	$ 1,665
Shareholders' equity	934,181	897,443
Total liabilities and shareholders' equity	$ 935,748	$ 899,108

Statements of Income	Years Ended December 31,		
(in thousands)	2024	2023	2022
Revenue			
Dividends from banking subsidiary	$ 20,416	$ 22,290	$ 32,995
Other	1,434	1,712	1,562
Total revenue	21,850	24,002	34,557
Expense			
Salaries and employee benefits	1,059	924	880
Other	2,170	2,462	2,440
Total expense	3,229	3,386	3,320
Income before income tax benefit and equity in undistributed net income of subsidiary	18,621	20,616	31,237
Income tax benefit	(394)	(368)	(396)
Income before equity in undistributed net income of subsidiary	19,015	20,984	31,633
Equity in undistributed net income of banking subsidiary	36,782	34,867	82,420
Net income	$ 55,797	$ 55,851	$ 114,053

Statements of Cash Flows	Years Ended December 31,		
(in thousands)	2024	2023	2022
Cash flows from operating activities:			
Net income	$ 55,797	$ 55,851	$ 114,053
Adjustments to reconcile net income to cash provided by operating activities:			
Undistributed net income of subsidiary	(36,782)	(34,867)	(82,420)
Depreciation	610	610	610
Deferred income taxes benefit	(135)	(161)	(112)
Other, net	(17)	393	187
Net cash provided by operating activities	19,473	21,826	32,318
Cash flows from investing activities:			
Purchase of securities available for sale	-	-	(1,005)
Proceeds from maturities of securities available for sale	-	-	1,000
Purchase of other assets and investments	(113)	(123)	(273)
Proceeds from investments (including return of capital)	24	-	-
Net cash used by investing activities	(89)	(123)	(278)
Cash flows from financing activities:			
Common share repurchase and retirement	(9,041)	(1,032)	(11,253)
Proceeds from issuance of common stock	3,121	3,108	3,084
Common stock dividends paid	(18,489)	(18,540)	(26,109)
Net cash used in financing activities	(24,409)	(16,464)	(34,278)
(Decrease) increase in cash	(5,025)	5,239	(2,238)
Cash at beginning of year	24,610	19,371	21,609
Cash at end of year	$ 19,585	$ 24,610	$ 19,371

Note 20: Related Parties

In the ordinary course of business, W.T.B. and the Bank make loans and enter into other transactions with certain related parties, its directors, and entities having a specified relationship with W.T.B.'s and the Bank's directors. Such transactions are made on substantially the same terms and conditions as transactions with other customers. Total deposits from these related parties were $29.9 million and $24.6 million at December 31, 2024 and 2023, respectively. Related party loan amounts for the years ended December 31, 2024 and 2023, are summarized in the table below. The reclassifications represent loans that were not related party that subsequently became related party, or loans that were once considered related party but are no longer considered related party.

(in thousands)	2024	2023
Balance at beginning of year	$ 41,166	$ 34,369
New loans and advances	2,068	6,421
Repayments	(1,801)	(1,659)
Other and reclassifications	166	2,035
Balance at end of year	$ 41,599	$ 41,166

Under current federal regulations, W.T.B. is limited in the amount that may be borrowed from the Bank. At December 31, 2024 and 2023, a maximum of $4.3 million could be loaned to W.T.B. No such loans have been made.

Note 21: Earnings per Share

The numerators and denominators used in computing basic and diluted earnings per common share for the years ended December 31, 2024, 2023, and 2022, can be reconciled as follows:

(in thousands, except shares and per share amounts)	2024	2023	2022
Numerator:			
Net income	$ 55,797	$ 55,851	$ 114,053
Denominator:			
Weighted-average number of common shares outstanding - basic	2,498,571	2,504,753	2,516,636
Effect of potentially dilutive common shares	1,144	958	2,284
Weighted-average number of common shares - diluted	2,499,715	2,505,711	2,518,920
Earnings per common share:			
Basic	$ 22.33	$ 22.30	$ 45.32
Diluted	$ 22.32	$ 22.29	$ 45.28

As of December 31, 2024, there were no antidilutive shares. For the year ended December 31, 2023, there were 10,727 shares that would have been antidilutive and were excluded from the diluted earnings per share calculation. There were no antidilutive shares for the year ended December 31, 2022.

Note 22: Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) includes the after-tax change in unrealized market value adjustment of securities available for sale, the net amortization of unrealized gains and losses on securities reclassified to held to maturity, and the unrealized net losses related to W.T.B.'s defined benefit plan. Changes in accumulated other comprehensive income (loss), by component, net of tax, for the years ended December 31, 2024, 2023, and 2022, were as follows:

(in thousands)	Unrealized (Losses) Gains on Securities Available for Sale	Unrealized Gains on Securities Reclassified to Held to Maturity	Unrealized Losses on Defined Benefit Pension Plan	Total
Balance, December 31, 2021	$ 3,404	$ 12,779	$ (18,783)	$ (2,600)
Other comprehensive loss before reclassifications	(41,187)	-	(2,058)	(43,245)
Amounts reclassified from other comprehensive income	-	(3,873)	1,518	(2,355)
Net current period other comprehensive loss	(41,187)	(3,873)	(540)	(45,600)
Balance, December 31, 2022	(37,783)	8,906	(19,323)	(48,200)
Other comprehensive income (loss) before reclassifications	9,611	-	(847)	8,764
Amounts reclassified from other comprehensive income	-	(2,998)	2,089	(909)
Net current period other comprehensive income (loss)	9,611	(2,998)	1,242	7,855
Balance, December 31, 2023	(28,172)	5,908	(18,081)	(40,345)
Other comprehensive income before reclassifications	5,851	-	258	6,109
Amounts reclassified from other comprehensive income	-	(2,580)	1,814	(766)
Net current period other comprehensive income (loss)	5,851	(2,580)	2,072	5,343
Balance, December 31, 2024	$ (22,321)	$ 3,328	$ (16,009)	$ (35,002)

The following were the significant amounts reclassified out of each component of accumulated other comprehensive income (loss):

(in thousands)	Years Ended December 31, 2024	2023	2022	Affected Line in the Consolidated Statements of Income
Securities held to maturity:				
Amortization of previously unrealized net gains	$ 3,266	$ 3,795	$ 4,903	Interest revenue, securities
Total before tax	3,266	3,795	4,903	
Income tax expense	(686)	(797)	(1,030)	Provision for income taxes
Net of tax	2,580	2,998	3,873	
Defined benefit pension plan:				
Amortization of net loss	(2,296)	(2,644)	(1,921)	Other expense
Total before tax	(2,296)	(2,644)	(1,921)	
Income tax benefit	482	555	403	Provision for income taxes
Net of tax	(1,814)	(2,089)	(1,518)	
Total reclassifications for the period, net of tax	$ 766	$ 909	$ 2,355	

Previously unrealized net gains on securities reclassified to held to maturity are amortized to interest revenue on securities as an adjustment to yield over the remaining life of the securities, offset by the amortization of the premium or discount resulting from the transfer at fair value, with no effect to net income.

Note 23: Regulatory Matters

W.T.B. (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on W.T.B.'s and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, W.T.B. and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. W.T.B.'s and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

The Bank was well capitalized under the regulatory framework for prompt corrective action as of December 31, 2024. W.T.B. is not subject to the regulatory framework for prompt corrective action. To be categorized as well capitalized, a bank must maintain minimum capital ratios as set forth in the following table.

The capital amounts and ratios, as calculated under regulatory guidelines at December 31, 2024 and 2023, were as follows:

(in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024						
Tier 1 capital to average assets:						
W.T.B. Financial Corporation	$ 977,669	8.95%	$ 436,826	4.00%	N/A	N/A
Washington Trust Bank	948,077	8.69%	436,456	4.00%	$ 545,570	5.00%
Common equity tier 1 capital to risk-weighted assets:						
W.T.B. Financial Corporation	977,669	12.13%	362,569	4.50%	N/A	N/A
Washington Trust Bank	948,077	11.78%	362,186	4.50%	523,158	6.50%
Tier 1 risk-based capital to risk-weighted assets:						
W.T.B. Financial Corporation	977,669	12.13%	483,426	6.00%	N/A	N/A
Washington Trust Bank	948,077	11.78%	482,915	6.00%	643,887	8.00%
Total risk-based capital to risk-weighted assets:						
W.T.B. Financial Corporation	1,079,067	13.39%	644,567	8.00%	N/A	N/A
Washington Trust Bank	1,049,370	13.04%	643,887	8.00%	804,859	10.00%

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2023						
Tier 1 capital to average assets:						
W.T.B. Financial Corporation	$ 950,517	8.32%	$ 456,876	4.00%	N/A	N/A
Washington Trust Bank	915,539	8.02%	456,484	4.00%	$ 570,605	5.00%
Common equity tier 1 capital to risk-weighted assets:						
W.T.B. Financial Corporation	950,517	12.32%	347,115	4.50%	N/A	N/A
Washington Trust Bank	915,539	11.88%	346,716	4.50%	500,811	6.50%
Tier 1 risk-based capital to risk-weighted assets:						
W.T.B. Financial Corporation	950,517	12.32%	462,820	6.00%	N/A	N/A
Washington Trust Bank	915,539	11.88%	462,287	6.00%	616,383	8.00%
Total risk-based capital to risk-weighted assets:						
W.T.B. Financial Corporation	1,047,527	13.58%	617,094	8.00%	N/A	N/A
Washington Trust Bank	1,012,439	13.14%	616,383	8.00%	770,479	10.00%

The payment of cash dividends by W.T.B. to its shareholders is subject to federal regulatory requirements for capital levels and other restrictions. In addition, the cash dividends paid by the Bank to W.T.B. are subject to both federal and state regulatory requirements.

The Federal Reserve and the Federal Deposit Insurance Corporation regulations (the "Basel III Capital Regulation") include a capital conservation buffer that equals 2.5 percent of risk-weighted assets in addition to adequately capitalized regulatory minimums across all three risk-based capital ratios. An institution that does not maintain risk-based capital ratio levels above the sum of adequately capitalized levels plus the conservation buffer will be subject to restrictions on certain activities including payment of dividends, stock repurchases, and discretionary bonuses to executive officers. As part of the implementation of the Basel III Capital Regulation, W.T.B. and the Bank made a one-time election to exclude accumulated other comprehensive income or loss from regulatory capital calculations. Management believes as of December 31, 2024, W.T.B. and the Bank meet all capital adequacy requirements to which it was subject.

Note 24: Revenue from Contracts with Customers

All of W.T.B.'s revenue from contracts with customers in the scope of ASC 606 was recognized within noninterest revenue. The following table presents W.T.B.'s noninterest revenue by revenue stream for the years ended December 31, 2024, 2023, and 2022. Items outside the scope of ASC 606 are noted as such.

(in thousands)	2024	2023	2022
Noninterest revenue:			
Fiduciary income	$ 30,525	$ 24,253	$ 21,590
Investment services fees	4,013	3,681	3,986
Bank card and credit card fees, net:			
Interchange income, net	7,516	9,139	11,745
Merchant services income, net	1,155	1,189	1,153
ATM surcharge fees	616	614	611
All other fees (a)	521	724	611
Total bank card and credit card fees, net	9,808	11,666	14,120
Mortgage banking revenue, net (a)	2,618	1,185	2,140
Other fees on loans (a)	1,576	1,191	1,174
Service charges on deposits	6,197	5,445	6,896
Other service charges, commissions and fees (a)	1,284	1,174	952
Other income (a)	18,017	8,647	7,325
Total noninterest revenue	$ 74,038	$ 57,242	$ 58,183

(a) Not within scope of ASC 606

Fiduciary Income

The Bank earns fiduciary income from its contracts with trust customers to manage assets for investment and/or to transact on their accounts. These fees are primarily earned over time as the Bank provides the contracted services and are generally assessed based on a tiered scale of the market value of assets under management. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed. Other related services that are based on a fixed fee schedule, are recognized when the services are rendered.

Investment Services Fees

The Bank earns fees from investment brokerage services provided to its customers by a third-party service provider. The Bank receives commissions from the third-party service provider on a monthly basis based upon customer activity for the month. The fees are recognized monthly and a receivable is recorded until commissions are paid the following month. Because the Bank acts as an agent in arranging the relationship between the customer and the third-party service provider and does not control the services rendered to the customer, investment services fees are presented net of costs.

Bank Card and Credit Card Fees

The Bank earns fees when a debit card or credit card issued by the Bank is used. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized when the cost of the transaction is charged to the cardholder's bank card or credit card. Certain expenses directly associated with the credit and debit card are recorded on a net basis with the interchange income. The Bank also earns income for card payment services provided to its merchant customers. The Bank outsources these services to a third party to provide card payment services to these merchants. The third-party provider passes a portion of the payments made by the merchants to the Bank, and they are recorded as income. The Bank also has to pay interchange expense for debit card or credit card transactions processed by these merchants. These payments are recorded as a net reduction against fee income when they are made to the payment network.

Service Charges on Deposits

The Bank earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Services charges on deposits are withdrawn directly from the customer's account balance. Transaction-based fees are charges for specific services, such as ATM use charges, stop payment charges, and wire fees, and are recognized at the time the transaction is executed, which is the point in time the Bank fulfills the customer's request. Account maintenance fees consist primarily of base service charge fees and analyzed account fees. The performance obligation is satisfied and the fees are recognized primarily on a monthly basis as the service period is completed. Overdraft fees are recognized at the point in time that the overdraft occurs.

W.T.B. FINANCIAL CORPORATION AND SUBSIDIARY
Directors and Officers
(Effective December 31, 2024)

W.T.B. Financial Corporation

BOARD OF DIRECTORS
- Peter F. Stanton
  Chairman of the Board and Chief Executive Officer
- John E. (Jack) Heath, III
  President and Chief Operating Officer
- Christopher H. Ackerley
  Managing Partner, Ackerley Partners, LLC
- Steven M. Helmbrecht
  President and CEO, Treasury 4, Inc.
- John J. Luger
  Manager, JDL Enterprises, LLC

ADMINISTRATION
- Peter F. Stanton
  Chairman of the Board and Chief Executive Officer
- John E. (Jack) Heath, III
  President and Chief Operating Officer
- Larry V. Sorensen
  Senior Vice President and Chief Financial Officer
- Benjamin J. Loewen
  Vice President, Assistant General Counsel and Assistant Secretary
- Johanne Lapointe
  Senior Vice President and Chief Auditor

Washington Trust Bank

BOARD OF DIRECTORS
- Peter F. Stanton
  Executive Chairman of the Board
- John E. (Jack) Heath, III
  Chief Executive Officer
- Christopher H. Ackerley
  Managing Partner, Ackerley Partners, LLC
- Craig O.Dawson
  CEO and President, Retail Lockbox, Inc.
- Jinyoung L. Englund
  Digital Service Expert, U.S. Department of Defense
- Steven M. Helmbrecht
  President and CEO, Treasury 4, Inc.
- Michael J. Lee
  President, Lakeside Industries, Inc.
- John J. Luger
  Manager, JDL Enterprises, LLC
- Dennis P. Murphy
  Chief Executive Officer, Hayden Homes, LLC
- Peter D. Nickerson
  Co-founder and Principal, Chinus Asset Management
- Jeffrey J. Wright
  Chairman, Space Needle Corporation

ADMINISTRATION
- Peter F. Stanton
  Executive Chairman of the Board
- John E. (Jack) Heath, III
  Chief Executive Officer
- Kevin L. Blair
  President
- Jim D. Branson
  Senior Vice President and Chief Operating Officer

COMMERCIAL BANKING
- Andy G. Beitia
  Chief Lending Officer

CREDIT ADMINISTRATION
- Steven K. Roberts
  Senior Vice President and Chief Credit Officer

FINANCE
- Larry V. Sorensen
  Senior Vice President and Chief Financial Officer
- Nicholas K. Olsen
  Vice President and Chief Accounting Officer

HUMAN RESOURCES
- Katy J. Bruya
  Senior Vice President and Chief Human Resources Officer

INTERNAL AUDIT
- Johanne Lapointe
  Senior Vice President and Chief Auditor

LEGAL
- Benjamin J. Loewen
  Vice President, Assistant General Counsel and Assistant Secretary

WEALTH MANAGEMENT AND ADVISORY SERVICES
- Alicia C. O'Mary
  Senior Vice President and Managing Director WMAS

COMPLIANCE
- Shannon M. Cowley
  Senior Vice President and Chief Compliance Officer

CLIENT EXPERIENCE ADMINISTRATION
- Tami T. Ferguson
  Senior Vice President and Chief Client Experience Officer

INFORMATION TECHNOLOGY
- Michael A. Slama
  Senior Vice President and Chief Information Officer

Additional information or copies of this report may be obtained by referencing the Investor Relations webpage at watrust.com/about/investor-relations, or by writing to:

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