

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

July 17, 2025

Dear Shareholders:

Over the past several quarters, I have been talking about the normalization of our balance sheet as it continues to adapt to current market conditions and the beneficial impact that is having on financial performance. I am gratified to report that recent improvement trends continued in the second quarter. For example, net interest margin widened 17 basis points (“bps”) quarter-over-quarter and 86 bps year-over-year to 3.32 percent. The Company’s efficiency ratio improved from 79.1 percent one-year ago to 70.3 percent in the most recent quarter. Our core banking business is strong, with loans up \$548 million, or 8.1 percent year-over-year and deposit growth of \$705 million, or 8.9 percent over the same period. These favorable trends, and others, helped second quarter earnings increase \$2.5 million, quarter-over-quarter and \$7.8 million year-over-year to \$19.6 million. Below, I will summarize important accomplishments, performance indicators and progress we have made thus far in 2025.

Through the first half of 2025, net income totaled \$36.6 million, up \$13.5 million from 2024 year-to-date levels. The primary driver of higher earnings during the quarter and year-to-date has been increased net interest income from improving net interest margin. Margin has improved due to a combination of higher earning asset yields (up 13 bps quarter-over quarter and 30 bps year-over-year to 4.78 percent) and lower funding costs (interest bearing liability costs declined 6 bps quarter-over-quarter and 82 bps year-over-year to 2.36 percent). The improvement in earning asset yields is a result of a more favorable mix due to lower bond balances and higher loan balances, combined with the beneficial impact of reinvesting lower yielding cash flows from bonds and loans into higher current market yields.

The balance sheet continued on a path of normalization during the quarter, as cash and investment securities were redeployed into customer loans. Overall assets were down slightly, but loan balances increased by \$256.2 million for the quarter. Loan growth occurred across many loan categories, with commercial real estate and construction and development accounting for the largest gains. This shift from lower-yielding cash and securities to loans contributed to a 17 bps increase in net interest margin for the quarter. Net interest income improved by \$5.3 million over the first quarter and \$34.1 million year-to-date, reflecting a substantial increase in core earnings power.

Noninterest fee revenues totaled \$16.1 million for the second quarter and were down \$1.0 million from the first quarter as a result of lower bank card fees and deposit service charges. Offsetting this decline was a quarter over quarter reduction in operating expense of \$1.2 million, mainly due to lower pension and payroll tax expenses. Year to date expense growth of 4.7% has been much less than the pace of revenue growth, leading to a 720 bps improvement in the efficiency ratio versus 2024 to 72.4 percent. The provision for credit losses expense was \$5.2 million for the second quarter, up from \$2.9 million in the first quarter due to strong loan growth.

The Company's improved performance trends are reflected across a variety of shareholder value metrics. Earnings per share were \$7.91 for the second quarter, up \$1.05, or 15.3 percent from \$6.86 in the first quarter of 2025 and up \$3.22 from the second quarter of 2024. Year-to-date, earnings per share totaled \$14.77, a 60% increase versus \$9.22 last year. The Company's book value per share ended the second quarter at \$385.71, up \$24.99, or 6.9 percent year-over-year. Returns on assets increased 9 bps from last quarter and 30 bps from last year to 0.74 percent, which is still below our expectations, but evidence of good progress. Balance sheet strength has always been an important financial management philosophy, and we are on a solid trend of improving capital ratios. Continued profitability along with steady asset balances led to a 13 basis point increase in the equity to assets ratio from the first quarter and a 57 bps increase from last year to 8.97 percent.

Uncertainty surrounding the interest rate environment and the potential impact of tariffs on the economy persists. However, we have continued to see strong loan demand and steady trends in delinquencies and the overall credit performance of loans. We continue to be in close contact with our customers and monitor the economic situation, and we feel good about our underwriting discipline. At June 30, loans on nonaccrual or 90 days past due totaled \$69.9 million, or 0.96 percent of loans, down slightly from \$72.4 million in the first quarter. Our allowance for credit losses was a healthy \$155.9 million or 2.13% of loan balances at June 30, up \$4.4 million from the prior quarter.

We continue to see improvements in our ability to generate core earnings as our balance sheet evolves. The ability to generate quality loans and core customer deposits has allowed us to shift balances away from investment securities and borrowings, which is having a meaningful impact on our net interest margin. We remain focused on our customers and meeting their needs and expectations. We are also investing for future growth, which we believe is key to building long-term shareholder value. Our strategy includes targeted geographic expansion through new locations and acquisition of talent, as well as the development of products and services desired by the market. Our people continue to be our most valuable asset, and we invest in them with training and development opportunities.

The economic landscape is changing almost daily, but our fundamental strategy of strength, stability and being there for our customers has not changed and will serve us well in any environment. To be sure, we are planning for whatever changes may come and anticipating the unexpected. As always, we are grateful for the support of our shareholders and if we can help you in any way, please let us know. For additional pertinent information, please also visit our Investor Relations webpage at watrust.com/about/investor-relations.

Warm Regards,



Pete Stanton
Chairman and CEO
Enclosure



**Summary Financial Statements,
Selected Financial Highlights and
Selected Credit Performance Highlights
Q2 2025**
(unaudited)



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

(dollars in thousands)			
Three Months Ended			
	June 30, 2025	March 31, 2025	June 30, 2024
ASSETS			
Cash and due from banks	\$ 165,405	\$ 145,351	\$ 106,687
Interest-bearing deposits with banks	320,307	473,744	223,681
Securities available for sale, at fair value	242,379	280,335	407,406
Securities held to maturity, at amortized cost	2,403,396	2,517,705	3,026,546
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	28,997	28,997	50,662
Loans receivable	7,319,089	7,062,930	6,771,159
Allowance for credit losses on loans	(155,927)	(151,550)	(152,056)
Loans, net of allowance for credit losses on loans	7,163,162	6,911,380	6,619,103
Premises and equipment, net	95,905	92,867	88,026
Other real estate	626	83	-
Accrued interest receivable	34,098	34,477	38,248
Other assets	230,706	227,066	237,775
Total assets	<u>\$ 10,684,981</u>	<u>\$ 10,712,005</u>	<u>\$ 10,798,134</u>
LIABILITIES			
Deposits:			
Noninterest-bearing	\$ 3,119,355	\$ 3,111,246	\$ 3,024,169
Interest-bearing	5,547,969	5,582,618	4,938,198
Total deposits	8,667,324	8,693,864	7,962,367
Securites sold under agreements to repurchase	393,253	376,592	275,915
Other borrowings	500,000	500,000	1,472,000
Accrued interest payable	8,030	8,091	20,532
Other liabilities	157,970	186,020	159,820
Total liabilities	9,726,577	9,764,567	9,890,634
SHAREHOLDERS' EQUITY			
Common stock	482	5,627	10,417
Surplus	32,665	32,665	32,665
Undivided profits	956,668	941,669	905,728
	989,815	979,961	948,810
Less treasury stock, at cost	-	-	(365)
	989,815	979,961	948,445
Accumulated other comprehensive loss, net of tax	(31,411)	(32,523)	(40,945)
Total shareholders' equity	958,404	947,438	907,500
Total liabilities and shareholders' equity	<u>\$ 10,684,981</u>	<u>\$ 10,712,005</u>	<u>\$ 10,798,134</u>

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

(dollars in thousands, except per share data)

	Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
INTEREST REVENUE			
Loans, including fees	\$ 105,982	\$ 99,552	\$ 95,962
Deposits with banks	3,515	4,117	4,151
Securities	12,605	13,800	16,138
Other interest and dividend income	655	661	622
Total interest revenue	122,757	118,130	116,873
INTEREST EXPENSE			
Deposits	29,025	29,565	31,484
Funds purchased and other borrowings	8,415	8,536	21,160
Total interest expense	37,440	38,101	52,644
Net interest revenue	85,317	80,029	64,229
Provision for (recapture of) credit losses on loans	5,650	(1,330)	4,690
(Recapture of) provision for credit losses on off-balance sheet credit exposures	(475)	4,200	(950)
Total provision for credit losses	5,175	2,870	3,740
Net interest revenue after provision for credit losses	80,142	77,159	60,489
NONINTEREST REVENUE			
Fiduciary and investment services income	9,138	8,574	8,637
Bank and credit card fees, net	2,325	3,103	2,245
Service charges on deposits	1,538	2,090	1,467
Mortgage banking revenue, net	542	585	807
Other income	2,521	2,750	11,963
Total noninterest revenue	16,064	17,102	25,119
NONINTEREST EXPENSE			
Salaries and benefits	44,631	45,103	41,501
Occupancy, furniture and equipment expense	6,106	6,318	6,823
Software and data processing expense	7,754	7,508	7,242
Professional fees	1,565	1,762	1,767
Other expense	11,250	11,837	13,408
Total noninterest expense	71,306	72,528	70,741
Income before provision for income taxes	24,900	21,733	14,867
Provision for income taxes	5,338	4,677	3,139
NET INCOME	\$ 19,562	\$ 17,056	\$ 11,728

PER SHARE DATA

Weighted average number of common stock shares outstanding

Basic	2,471,986	2,482,475	2,502,341
Diluted	2,472,448	2,485,334	2,502,341

Earnings per common share (based on weighted average shares outstanding)

Basic	\$ 7.91	\$ 6.87	\$ 4.69
Diluted	\$ 7.91	\$ 6.86	\$ 4.69

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

(dollars in thousands, except per share data)

	Six Months Ended	
	June 30, 2025	June 30, 2024
INTEREST REVENUE		
Loans, including fees	\$ 205,534	\$ 188,133
Deposits with banks	7,632	23,084
Securities	26,405	32,586
Other interest and dividend income	1,316	1,175
Total interest revenue	<u>240,887</u>	<u>244,978</u>
INTEREST EXPENSE		
Deposits	58,589	62,945
Funds purchased and other borrowings	16,952	50,742
Total interest expense	<u>75,541</u>	<u>113,687</u>
Net interest revenue	165,346	131,291
Provision for credit losses on loans	4,320	6,710
Provision for (recapture of) credit losses on off-balance sheet credit exposures	3,725	(950)
Total provision for credit losses	<u>8,045</u>	<u>5,760</u>
Net interest revenue after provision for credit losses	<u>157,301</u>	<u>125,531</u>
NONINTEREST REVENUE		
Fiduciary and investment services income	17,712	16,601
Bank and credit card fees	5,428	5,133
Service charges on deposits	3,627	3,134
Mortgage banking revenue, net	1,127	1,249
Other income	5,272	14,993
Total noninterest revenue	<u>33,166</u>	<u>41,110</u>
NONINTEREST EXPENSE		
Salaries and benefits	89,734	82,151
Occupancy, furniture and equipment expense	12,424	13,569
Software and data processing expense	15,262	14,051
Professional fees	3,327	3,522
Other expense	23,087	24,125
Total noninterest expense	<u>143,834</u>	<u>137,418</u>
Income before provision for income taxes	<u>46,633</u>	<u>29,223</u>
Provision for income taxes	10,015	6,117
NET INCOME	<u>\$ 36,618</u>	<u>\$ 23,106</u>

PER SHARE DATA

Weighted average number of common stock shares outstanding

Basic	2,477,201	2,505,625
Diluted	2,478,855	2,506,261

Earnings per common share (based on weighted average shares outstanding)

Basic	\$ 14.78	\$ 9.22
Diluted	\$ 14.77	\$ 9.22

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

(dollars in thousands)

	Quarters Ended				
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
SELECTED DATA					
Interest-bearing deposits with banks	\$ 320,307	\$ 473,744	\$ 445,384	\$ 378,238	\$ 223,681
Securities	2,645,775	2,798,040	3,038,152	3,357,857	3,433,952
Total loans	7,319,089	7,062,930	6,892,693	6,940,448	6,771,159
Allowance for credit losses (ACL) on loans	155,927	151,550	153,558	155,198	152,056
Earning assets ¹	10,336,434	10,388,110	10,433,905	10,730,129	10,514,393
Total assets	10,684,981	10,712,005	10,736,971	11,061,947	10,798,134
Deposits	8,667,324	8,693,864	8,804,659	8,642,392	7,962,367
Interest-bearing liabilities	6,441,223	6,459,210	6,414,229	6,703,464	6,686,113
Total shareholders' equity	958,404	947,438	934,181	921,347	907,500
Total equity to total assets	8.97%	8.84%	8.70%	8.33%	8.40%
Full-time equivalent employees	1,217	1,206	1,189	1,197	1,184
ASSET QUALITY RATIOS					
ACL on loans to total loans	2.13%	2.15%	2.23%	2.24%	2.25%
ACL on loans to noncurrent loans	223%	209%	204%	456%	439%
Net charge-offs to total average loans	0.20%	0.01%	0.01%	0.01%	0.01%
Noncurrent loans and ORE to total loans	0.96%	1.03%	1.09%	0.49%	0.51%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	June 30, 2025	March 31, 2025	June 30, 2024	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	\$ 85,409	\$ 80,119	\$ 64,309	6.6%	32.8%
Fully tax-equivalent adjustment	92	90	80	2.2%	15.0%
Net interest revenue	85,317	80,029	64,229	6.6%	32.8%
Provision for credit losses	5,175	2,870	3,740	80.3%	38.4%
Net interest revenue after provision for credit losses	80,142	77,159	60,489	3.9%	32.5%
Noninterest revenue	16,064	17,102	25,119	-6.1%	-36.0%
Noninterest expense	71,306	72,528	70,741	-1.7%	0.8%
Income before provision for income taxes	24,900	21,733	14,867	14.6%	67.5%
Provision for income taxes	5,338	4,677	3,139	14.1%	70.1%
Net income	<u>\$ 19,562</u>	<u>\$ 17,056</u>	<u>\$ 11,728</u>	14.7%	66.8%
PER COMMON SHARE					
Earnings per common share - basic	\$ 7.91	\$ 6.87	\$ 4.69	15.1%	68.7%
Earnings per common share - diluted	7.91	6.86	4.69	15.3%	68.7%
Common cash dividends	1.85	1.85	1.85	0.0%	0.0%
Common shareholders' equity	385.71	378.33	360.72	2.0%	6.9%

	Quarters Ended			% Change	
	June 30, 2025	March 31, 2025	June 30, 2024	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	0.74%	0.65%	0.44%	0.09%	0.30%
Return on average shareholders' equity	8.19%	7.33%	5.18%	0.86%	3.01%
Margin on average earning assets ¹	3.32%	3.15%	2.46%	0.17%	0.86%
Noninterest expense to average assets	2.70%	2.78%	2.64%	-0.08%	0.06%
Noninterest revenue to average assets	0.61%	0.65%	0.94%	-0.04%	-0.33%
Efficiency ratio	70.3%	74.6%	79.1%	-4.3%	-8.8%
Common cash dividends to net income	23.32%	26.95%	39.46%	-3.63%	-12.51%

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

NM = not meaningful

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

(dollars in thousands, except per share data)

	Six Months Ended		% Change
	June 30, 2025	June 30, 2024	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	\$ 165,527	\$ 131,451	25.9%
Fully tax-equivalent adjustment	181	160	13.1%
Net interest revenue	165,346	131,291	25.9%
Provision for credit losses	8,045	5,760	39.7%
Net interest revenue after provision for credit losses	157,301	125,531	25.3%
Noninterest revenue	33,166	41,110	-19.3%
Noninterest expense	143,834	137,418	4.7%
Income before provision for income taxes	46,633	29,223	59.6%
Provision for income taxes	10,015	6,117	63.7%
Net income	\$ 36,618	\$ 23,106	58.5%
PER COMMON SHARE			
Earnings per common share - basic	\$ 14.78	\$ 9.22	60.3%
Earnings per common share - diluted	14.77	9.22	60.2%
Common cash dividends	3.70	3.70	0.0%
Common shareholders' equity	385.71	360.72	6.9%
PERFORMANCE RATIOS			
Return on average assets	0.70%	0.41%	0.29%
Return on average shareholders' equity	7.76%	5.13%	2.63%
Margin on average earning assets ¹	3.24%	2.41%	0.83%
Noninterest expense to average assets	2.74%	2.45%	0.29%
Noninterest revenue to average assets	0.63%	0.73%	-0.10%
Efficiency ratio	72.4%	79.6%	-7.2%
Common cash dividends to net income	25.01%	40.15%	-15.14%

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

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

	Quarters Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Loans by Credit Risk Rating:			
Pass	\$ 6,956,018	\$ 6,717,706	\$ 6,498,003
Special Mention	196,166	179,324	179,021
Substandard	166,869	165,875	94,118
Doubtful/Loss	36	25	17
Total	<u>\$ 7,319,089</u>	<u>\$ 7,062,930</u>	<u>\$ 6,771,159</u>

	Quarters Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Loans by Payment Status:			
Current Loans	\$ 7,234,665	\$ 6,984,302	\$ 6,729,634
Loans Past Due 30-89 Days, Still Accruing	14,491	6,189	6,914
Noncurrent Loans	69,933	72,439	34,611
Total	<u>\$ 7,319,089</u>	<u>\$ 7,062,930</u>	<u>\$ 6,771,159</u>

	Quarters Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Allowance Position:			
Allowance for Loans	\$ 155,927	\$ 151,550	\$ 152,056
Allowance to Total Loans	2.13%	2.15%	2.25%