

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

January 23, 2025

Dear Shareholders:

After a period of subpar financial performance stretching back to 2023, earnings in the fourth quarter of 2024 made a significant move higher reflecting substantial progress in normalizing the balance sheet, adapting to higher interest rate levels and increasing Company earning power. While year-over-year earnings remained essentially flat at \$55.8 million, net income in the fourth quarter improved to \$20.8 million, an increase of \$9.0 million over third quarter results.

The significant improvement in fourth quarter earnings was largely a result of lower funding costs (down 45 basis points (“bps”) to 2.69 percent), lower wholesale borrowing levels (down \$500 million for the quarter), improved net interest margin (wider by 35 bps to 2.97 percent) and a small release of loss reserves (negative provision expense of \$1.0 million). All of these factors contributed to higher quarterly earnings levels and improved performance metrics, with the Company’s return on assets increasing to 0.76 percent and return on equity rising to 8.91 percent.

The past year saw notable progress in reducing certain non-customer elements of the balance sheet (bonds and wholesale funding) towards more historically typical levels, while also accomplishing substantial growth in the bank’s core business of originating loans and accumulating deposits. Throughout the year, we were able to reduce wholesale borrowings by \$1.4 billion to \$500 million. The decline in wholesale borrowings was funded by available cash, which decreased by \$561 million to \$445 million at year end, a \$527 million reduction of outstanding bond balances to \$3.0 billion and \$686 million in deposit growth. Interest expense from borrowings for the year totaled \$71 million, so reducing wholesale funding balances significantly contributed to a substantial ramp up in net interest revenue as the year progressed, especially in the fourth quarter. The decline in wholesale funding also resulted in a decline in total assets, which were down year-over-year by \$709 million to \$10.7 billion.

The external operating environment over the past couple of years has been challenging for consumers and businesses alike, mostly due to inflation and a sharp rise in interest rates. As we look at the credit performance of our loan portfolio, we do see some increases in delinquencies and an uptick in loans classified as substandard or doubtful. Classified loans at the end of the year totaled \$156 million, or 2.26 percent of loans, while noncurrent loans (loans on nonaccrual and borrowers that are delinquent 90 days, or more) totaled \$75 million, or 1.09

percent of total loans. We watch credit performance closely and are very cognizant that higher costs and higher rates can drive worsening credit performance for some clients, and there is certainly some of that. But our assessment of currently classified and delinquent borrowers is that their financial challenges seem to be mostly situational, rather than systemic across a region or particular loan type. Balancing the credit risk that exists in our loan portfolio is a substantial allowance for credit losses position of \$154 million, or 2.23 percent of loans.

The shifts in the balance sheet in 2024 strengthened our positioning in a variety of ways. The Company's equity to assets ratio improved 86 bps to 8.70 percent, as assets decreased year-over-year and shareholders' equity increased \$36.7 million, or 4.1 percent to \$934 million. Our reliance on relatively high cost wholesale funding dropped by \$1.4 billion from \$1.9 billion at the end of 2023 to \$500 million by the end of 2024. Our collateralized borrowing capacity at the Federal Home Loan Bank and the Federal Reserve increased throughout the year with the paydown of borrowings, and by year end, our borrowing capacity, based on available collateral, from these two important liquidity providers finished in excess of \$4.5 billion. Earning power has also improved, which is an important element of growing financial strength.

The improvement in earnings in the fourth quarter was almost entirely due to wider margins, driving net interest revenue higher. Net interest margin expanded 35 bps during the quarter and 55 bps for the year to 2.97 percent, with most of that improvement due to lower funding costs. Earning asset yields showed a small improvement of 3 bps during the quarter, despite three Fed rate moves lower totaling 100 bps beginning back on September 19<sup>th</sup>. While earning asset yields only showed a small improvement, the cost of interest bearing deposits dropped 30 bps to 2.39 percent and the broader measure of the cost of interest bearing liabilities, which includes wholesale borrowings, dropped 45 bps to 2.69 percent. This improvement in margin drove net interest revenue higher by \$9.8 million, or 14.1 percent to \$79 million for the quarter.

Noninterest revenue for the quarter was down \$478,000, or 2.9 percent to \$16.3 million, with most of the decline due to some large, one-time revenue benefits in the third quarter coming out of our wealth management division. On a year-over-year basis, that group showed impressive growth, increasing revenues by \$6.6 million to \$34.5 million. Noninterest expense for the quarter was up \$2.4 million, or 3.6 percent to \$69.8 million, with most of that increase due to higher salaries, pension and employee benefits, which increased \$1.5 million, or 3.7 percent to \$42.6 million. Overall, the Company's efficiency ratio improved 510 basis points to 73.1 percent, which remains elevated, but should improve as margins return to more typical levels.

Earnings per share for the year came in at \$22.32 per share, exactly in-line with 2023 results, but fourth quarter earnings per share improved significantly, up \$3.62 to \$8.37. For the quarter, book value per share improved by \$6.21, or 1.7 percent, while for the year, book value per share increased \$17.68 per share, or 5.0 percent to \$373.21. As for key overall performance measures, return on assets during the quarter increased 32 bps to 0.76 percent and return on equity improved 378 bps to 8.91 percent.

Under the existing \$10 million share repurchase authorization, which expires at the end of February of this year, we have purchased 34,590 shares for total consideration of \$9.8 million, leaving us with \$160,000 of authorization capacity as of the date of this letter. The extent to

which the Company purchases shares and the timing of any such purchases will depend upon a variety of factors, including market conditions and relevant corporate considerations. The share repurchase program will be conducted in a manner intended to comply with the safe harbor provisions of Rule 10b-18 under the Securities and Exchange Act of 1934 and may be suspended or terminated at any time by the Company's Board of Directors without prior notice.

It took longer than we would have liked for earnings to turn around, but we welcome the improved performance and we greatly appreciate your patience over the past year, or so. I can tell you that our team has been very focused on both restoring the Company's financial performance to more customary levels, and executing on key strategies that position us to serve our clients' financial needs and take advantage of future growth opportunities.

The external operating environment continues to have considerable uncertainty as we all watch economic data for clues on the direction of inflation and economic growth. With the Fed already dropping rates by 100 bps and the unemployment rate at reasonable levels, the prospects for further rate cuts in 2025 seem to have diminished and we would welcome some rate stability for a while. And then there is the incoming administration, which seems intent on being an agent of significant change across the landscape. It is difficult to predict what form those changes may take, but we are hopeful that they will be generally favorable to our industry, our clients and the communities we serve. As always, we are grateful for the support of our shareholders and if we can help you in anyway, please let us know. For additional pertinent information, please also visit our Investor Relations webpage at [watrust.com/about/investor-relations](http://watrust.com/about/investor-relations).

Warm Regards,



Pete Stanton  
Chairman and CEO  
Enclosure



**Summary Financial Statements,  
Selected Financial Highlights and  
Selected Credit Performance Highlights  
Q4 2024**  
(unaudited)



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

	(dollars in thousands)		
	Three Months Ended		
	December 31, 2024	September 30, 2024	December 31, 2023
<b>ASSETS</b>			
Cash and due from banks	\$ 129,585	\$ 150,454	\$ 138,518
Interest-bearing deposits with banks	445,384	378,238	1,006,525
Securities available for sale, at fair value	301,435	411,760	485,691
Securities held to maturity, at amortized cost	2,736,717	2,946,097	3,079,857
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	29,422	29,422	28,808
Loans receivable	6,892,693	6,940,448	6,510,128
Allowance for credit losses on loans	(153,558)	(155,198)	(146,156)
Loans, net of allowance for credit losses on loans	6,739,135	6,785,250	6,363,972
Premises and equipment, net	91,440	90,274	85,708
Other real estate	83	83	-
Accrued interest receivable	32,507	36,653	35,879
Other assets	231,263	233,716	220,633
Total assets	<u>\$ 10,736,971</u>	<u>\$ 11,061,947</u>	<u>\$ 11,445,591</u>
<b>LIABILITIES</b>			
Deposits:			
Noninterest-bearing	\$ 3,217,655	\$ 3,258,655	\$ 3,316,555
Interest-bearing	5,587,004	5,383,737	4,801,746
Total deposits	8,804,659	8,642,392	8,118,301
Securities sold under agreements to repurchase	327,224	319,726	336,961
Other borrowings	500,000	1,000,000	1,915,000
Accrued interest payable	9,319	25,376	53,919
Other liabilities	161,588	153,106	123,967
Total liabilities	9,802,790	10,140,600	10,548,148
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	7,309	8,987	13,222
Surplus	32,665	32,665	32,665
Undivided profits	929,209	912,966	891,901
	969,183	954,618	937,788
Accumulated other comprehensive loss, net of tax	(35,002)	(33,271)	(40,345)
Total shareholders' equity	934,181	921,347	897,443
Total liabilities and shareholders' equity	<u>\$ 10,736,971</u>	<u>\$ 11,061,947</u>	<u>\$ 11,445,591</u>

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

(dollars in thousands, except per share data)

	Three Months Ended		
	December 31, 2024	September 30, 2024	December 31, 2023
<b>INTEREST REVENUE</b>			
Loans, including fees	\$ 101,656	\$ 102,127	\$ 91,044
Deposits with banks	5,640	3,051	14,127
Securities	14,994	15,502	16,879
Other interest and dividend income	858	943	261
Total interest revenue	123,148	121,623	122,311
<b>INTEREST EXPENSE</b>			
Deposits	32,856	34,517	29,556
Funds purchased and other borrowings	11,088	17,673	24,993
Total interest expense	43,944	52,190	54,549
Net interest revenue	79,204	69,433	67,762
(Recapture of) provision for credit losses on loans	(1,150)	3,650	2,385
Provision for credit losses on off-balance sheet credit exposures	150	50	105
Total (recapture of) provision for credit losses	(1,000)	3,700	2,490
Net interest revenue after provision for credit losses	80,204	65,733	65,272
<b>NONINTEREST REVENUE</b>			
Fiduciary and investment services income	8,409	9,529	7,321
Bank and credit card fees, net	2,374	2,300	1,947
Service charges on deposits	1,510	1,553	1,341
Mortgage banking revenue, net	789	580	257
Other income	3,143	2,741	3,719
Total noninterest revenue	16,225	16,703	14,585
<b>NONINTEREST EXPENSE</b>			
Salaries and benefits	42,646	41,114	37,204
Occupancy, furniture and equipment expense	6,010	6,097	6,631
Software and data processing expense	7,240	7,262	6,509
Professional fees	1,475	1,608	2,401
Other expense	12,463	11,316	13,570
Total noninterest expense	69,834	67,397	66,315
Income before provision for income taxes	26,595	15,039	13,542
Provision for income taxes	5,755	3,188	2,817
<b>NET INCOME</b>	<b>\$ 20,840</b>	<b>\$ 11,851</b>	<b>\$ 10,725</b>

**PER SHARE DATA**

**Weighted average number of common stock shares outstanding**

Basic	2,487,226	2,495,961	2,505,726
Diluted	2,489,692	2,496,790	2,506,544
<b>Earnings per common share (based on weighted average shares outstanding)</b>			
Basic	\$ 8.38	\$ 4.75	\$ 4.28
Diluted	\$ 8.37	\$ 4.75	\$ 4.28

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

(dollars in thousands, except per share data)

Twelve Months Ended

	<b>December 31, 2024</b>	December 31, 2023
<b>INTEREST REVENUE</b>		
Loans, including fees	\$ 391,917	\$ 340,197
Deposits with banks	31,775	28,468
Securities	63,081	68,289
Other interest and dividend income	2,977	909
Total interest revenue	<b>489,750</b>	437,863
<b>INTEREST EXPENSE</b>		
Deposits	130,319	84,838
Funds purchased and other borrowings	79,503	67,932
Total interest expense	<b>209,822</b>	152,770
Net interest revenue	<b>279,928</b>	285,093
Provision for credit losses on loans	9,210	10,485
(Recapture of) provision for credit losses on off-balance sheet credit exposures	(750)	1,855
Total provision for credit losses	<b>8,460</b>	12,340
Net interest revenue after provision for credit losses	<b>271,468</b>	272,753
<b>NONINTEREST REVENUE</b>		
Fiduciary and investment services income	34,538	27,934
Bank and credit card fees	9,808	11,666
Service charges on deposits	6,197	5,445
Mortgage banking revenue, net	2,618	1,185
Other income	20,877	11,012
Total noninterest revenue	<b>74,038</b>	57,242
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	165,911	154,457
Occupancy, furniture and equipment expense	25,677	26,119
Software and data processing expense	28,553	25,771
Professional fees	6,605	8,318
Other expense	47,902	44,190
Total noninterest expense	<b>274,648</b>	258,855
Income before provision for income taxes	<b>70,858</b>	71,140
Provision for income taxes	15,061	15,289
<b>NET INCOME</b>	<b>\$ 55,797</b>	\$ 55,851
<b>PER SHARE DATA</b>		
<b>Weighted average number of common stock shares outstanding</b>		
Basic	2,498,571	2,504,753
Diluted	2,499,715	2,505,711
<b>Earnings per common share (based on weighted average shares outstanding)</b>		
Basic	\$ 22.33	\$ 22.30
Diluted	\$ 22.32	\$ 22.29

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

(dollars in thousands)

	Quarters Ended				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
<b>SELECTED DATA</b>					
Interest-bearing deposits with banks	\$ 445,384	\$ 378,238	\$ 223,681	\$ 558,337	\$ 1,006,525
Securities	3,038,152	3,357,857	3,433,952	3,459,308	3,565,548
Total loans	6,892,693	6,940,448	6,771,159	6,584,271	6,510,128
Allowance for credit losses (ACL) on loans	153,558	155,198	152,056	147,848	146,156
Earning assets <sup>1</sup>	10,433,905	10,730,129	10,514,393	10,666,773	11,146,670
Total assets	10,736,971	11,061,947	10,798,134	10,939,441	11,445,591
Deposits	8,804,659	8,642,392	7,962,367	7,967,411	8,118,301
Interest-bearing liabilities	6,414,229	6,703,464	6,686,113	6,766,177	7,053,707
Total shareholders' equity	934,181	921,347	907,500	901,135	897,443
Total equity to total assets	8.70%	8.33%	8.40%	8.24%	7.84%
Full-time equivalent employees	1,189	1,197	1,184	1,186	1,186
<b>ASSET QUALITY RATIOS</b>					
ACL on loans to total loans	2.23%	2.24%	2.25%	2.25%	2.25%
ACL on loans to noncurrent loans	204%	456%	439%	479%	464%
Net charge-offs to total average loans	0.01%	0.01%	0.01%	0.01%	0.01%
Noncurrent loans and ORE to total loans	1.09%	0.49%	0.51%	0.47%	0.48%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	December 31, 2024	September 30, 2024	December 31, 2023	Sequential Quarter	Year over Year
<b>PERFORMANCE</b>					
Net interest revenue, fully tax-equivalent	\$ 79,290	\$ 69,514	\$ 67,848	14.1%	16.9%
Fully tax-equivalent adjustment	86	81	86	6.2%	0.0%
Net interest revenue	79,204	69,433	67,762	14.1%	16.9%
(Recapture of) provision for credit losses	(1,000)	3,700	2,490	-127.0%	-140.2%
Net interest revenue after provision for credit losses	80,204	65,733	65,272	22.0%	22.9%
Noninterest revenue	16,225	16,703	14,585	-2.9%	11.2%
Noninterest expense	69,834	67,397	66,315	3.6%	5.3%
Income before provision for income taxes	26,595	15,039	13,542	76.8%	96.4%
Provision for income taxes	5,755	3,188	2,817	80.5%	104.3%
<b>Net income</b>	<b>\$ 20,840</b>	<b>\$ 11,851</b>	<b>\$ 10,725</b>	<b>75.9%</b>	<b>94.3%</b>
<b>PER COMMON SHARE</b>					
Earnings per common share - basic	\$ 8.38	\$ 4.75	\$ 4.28	76.4%	95.8%
Earnings per common share - diluted	8.37	4.75	4.28	76.2%	95.6%
Common cash dividends	1.85	1.85	1.85	0.0%	0.0%
Common shareholders' equity	373.21	367.00	355.53	1.7%	5.0%

	Quarters Ended			% Change	
	December 31, 2024	September 30, 2024	December 31, 2023	Sequential Quarter	Year over Year
<b>PERFORMANCE RATIOS</b>					
Return on average assets	0.76%	0.44%	0.37%	0.32%	0.39%
Return on average shareholders' equity	8.91%	5.13%	4.78%	3.78%	4.13%
Margin on average earning assets <sup>1</sup>	2.97%	2.62%	2.42%	0.35%	0.55%
Noninterest expense to average assets	2.55%	2.48%	2.31%	0.07%	0.24%
Noninterest revenue to average assets	0.59%	0.61%	0.51%	-0.02%	0.08%
Efficiency ratio	73.1%	78.2%	80.4%	-5.1%	-7.3%
Common cash dividends to net income	22.06%	38.93%	43.22%	-16.87%	-4.29%

(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)

	<b>Twelve Months Ended</b>		<b>% Change</b>
	December 31,	December 31,	Year over
	2024	2023	Year
<b>PERFORMANCE</b>			
Net interest revenue, fully tax-equivalent	\$ 280,255	\$ 285,403	-1.8%
Fully tax-equivalent adjustment	327	310	5.5%
Net interest revenue	279,928	285,093	-1.8%
Provision for credit losses	8,460	12,340	-31.4%
Net interest revenue after provision for credit losses	271,468	272,753	-0.5%
Noninterest revenue	74,038	57,242	29.3%
Noninterest expense	274,648	258,855	6.1%
Income before provision for income taxes	70,858	71,140	-0.4%
Provision for income taxes	15,061	15,289	-1.5%
<b>Net income</b>	<b>\$ 55,797</b>	<b>\$ 55,851</b>	<b>-0.1%</b>
<b>PER COMMON SHARE</b>			
Earnings per common share - basic	\$ 22.33	\$ 22.30	0.1%
Earnings per common share - diluted	22.32	22.29	0.1%
Common cash dividends	7.40	7.40	0.0%
Common shareholders' equity	373.21	355.53	5.0%
<b>PERFORMANCE RATIOS</b>			
Return on average assets	0.50%	0.52%	-0.02%
Return on average shareholders' equity	6.10%	6.35%	-0.25%
Margin on average earning assets <sup>1</sup>	2.60%	2.71%	-0.11%
Noninterest expense to average assets	2.48%	2.40%	0.08%
Noninterest revenue to average assets	0.67%	0.53%	0.14%
Efficiency ratio	77.5%	75.5%	2.0%
Common cash dividends to net income	33.13%	33.20%	-0.07%

(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)**

	<b>Quarters Ended</b>		
	<b>December 31, 2024</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Loans by Credit Risk Rating:</b>			
Pass	\$ 6,545,186	\$ 6,639,363	\$ 6,243,727
Special Mention	191,621	186,438	169,621
Substandard	155,828	114,630	96,763
Doubtful/Loss	58	17	17
Total	<u>\$ 6,892,693</u>	<u>\$ 6,940,448</u>	<u>\$ 6,510,128</u>

	<b>Quarters Ended</b>		
	<b>December 31, 2024</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Loans by Payment Status:</b>			
Current Loans	\$ 6,804,191	\$ 6,901,859	\$ 6,469,742
Loans Past Due 30-89 Days, Still Accruing	13,175	4,564	8,914
Noncurrent Loans	75,327	34,025	31,472
Total	<u>\$ 6,892,693</u>	<u>\$ 6,940,448</u>	<u>\$ 6,510,128</u>

	<b>Quarters Ended</b>		
	<b>December 31, 2024</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Allowance Position:</b>			
Allowance for Loans	\$ 153,558	\$ 155,198	\$ 146,156
Allowance to Total Loans	2.23%	2.24%	2.25%