

**Peter F. Stanton**  
Executive Chairman

October 17, 2024

Dear Shareholders:

The third quarter operating environment was quite dynamic with a significant, 800,000 plus, downward revision in jobs data, cooling inflation, and a bigger than expected rate move lower by the Federal Reserve. With expectations growing that inflation was under control and the job market was softening, the market anticipated a rate cut by the Fed and the longer end of the yield curve dropped over 100 basis points (“bps”). The 10-year treasury bond yield dropped from a recent peak in April of 4.70 percent to a recent low of 3.64 percent in mid-September. Market expectations for lower rates took hold and the Fed moved aggressively by lowering its Target Fed Funds rate 50 basis points to 5.00 percent, apparently signaling a shift in the Fed’s policy focus from inflation to employment. Both the markets and the Fed are signaling more rate cuts into the future.

The Company’s third quarter earnings came in slightly higher than second quarter levels, but that incremental improvement in earnings masked some positive underlying trends. Third quarter results included solid loan and deposit growth, lower wholesale borrowing levels, lower overall funding costs, higher loan yields and widening margin. Widening margin, combined with growth in average earning assets, helped propel net interest revenue higher by \$5.2 million, or 8.1 percent quarter-over-quarter. These improving fundamentals reflect solid execution and progress by the team, and are a welcome improvement in the earnings generation capacity of the balance sheet.

For the quarter, net income totaled \$11.9 million, up \$123,000, or 1.1 percent from second quarter levels and up \$1.8 million, or 18.1 percent from year ago performance. Earnings per share were \$4.75, up \$0.06, or 1.3 percent from the second quarter and up \$0.75 per share, or 18.5 percent from the third quarter of 2023. Return on assets held steady at 0.44 percent quarter-over-quarter and increased 8 bps year-over-year. While return on equity declined 5 bps quarter-over-quarter, this performance measure increased 63 bps year-over-year to 5.13 percent. Book value per share was up \$6.28, or 1.7 percent for the quarter and \$18.60, or 5.3 percent year-over-year.

While bottom line performance showed modest improvement, there were a number of fundamental drivers of performance that improved significantly. Loan yields were up 15 bps for the quarter and 43 bps year-over-year to 5.94 percent. While the cost of interest-bearing deposits rose during the quarter (up 9 bps to 2.69 percent), the cost of total interest-bearing liabilities declined 4 bps to 3.14 percent. This divergence is explained by the paydown of higher cost wholesale borrowings (outstanding balances

down \$472 million to \$1.0 billion at quarter end). With loan yields up and total liability costs down, net interest margin widened 16 bps to 2.62 percent during the quarter. Wider margin (up 16 bps), and strong loan (up \$169 million) and deposit (up \$680 million) growth drove earning assets higher, and net interest revenue increased \$5.2 million, or 8.1 percent quarter-over-quarter to \$69.4 million. Solid growth in net interest revenue is the boost in balance sheet earning power we have been waiting to see.

With two significant one-time events in the second quarter impacting noninterest revenue and noninterest expense, quarter-over-quarter comparisons are difficult. Recall that in the second quarter, we recorded a roughly \$9 million gain on VISA stock and the \$3 million expense accrual for state taxes. For the third quarter, noninterest income decreased \$8.4 million, but year-over-year, noninterest income increased \$3.1 million, or 23.1 percent to \$16.7 million, reflecting primarily higher fiduciary revenue from our wealth management division. Similarly, noninterest expense quarter-over-quarter decreased \$3.3 million, but year-over-year increased \$3.3 million, or 5.2 percent to \$67.4 million, with most of that increase due to higher compensation expense.

There were some significant moves and positive trends in the balance sheet during the third quarter. Total deposits came back strong with balances increasing \$680 million, or 8.5 percent to \$8.6 billion, and of that growth, \$234 million was in noninterest-bearing demand accounts, which is to our overall benefit from a cost of funds perspective. Noninterest-bearing deposits now comprise 38 percent of total deposits, reflecting our significant book of commercial banking clients. That inflow of deposits helped fund a paydown of higher cost borrowings, which decreased \$472 million during the quarter to \$1.0 billion. Deposit inflows plus a \$76 million decline in investment securities helped fund growth in loans and our cash position. During the quarter, loans grew \$169 million, or 2.5 percent to \$6.9 billion and investible cash increased \$155 million to \$378 million. These balance sheet dynamics helped increase earning asset yields (up 11 basis points to 4.59 percent), lower overall cost of funds (down 4 bps to 2.14 percent) and widen margin (higher by 16 basis points to 2.62 percent).

Overall, assets increased \$264 million, or 2.4 percent to \$11.1 billion, while shareholders equity grew by \$13.8 million, or 1.5 percent quarter-over-quarter and \$42.7 million, or 4.9 percent year-over-year to \$921 million. Asset quality remained solid, with noncurrent loans totaling \$34 million, or 0.5 percent of total loans and classified loans totaling \$114.6 million, or 1.7 percent of total loans. The Bank's allowance for credit losses remained substantial at \$155.2 million, or 2.24 percent.

With regard to our share repurchase program, on February 27, 2024, the Board of Directors reauthorized a share repurchase plan for up to \$10.0 million of Class B common stock, which will be in effect over a twelve-month period. Common share repurchases under this plan, if any, may be made from time to time on the open market through broker dealers or in privately negotiated transactions, at the discretion of Company management. The extent to which the Company purchases shares and the timing of any such purchases will depend upon a variety of factors, including market conditions and relevant corporate considerations. The share repurchase program will



be conducted in a manner intended to comply with the safe harbor provisions of Rule 10b-18 under the Securities and Exchange Act of 1934. As of this date, we have repurchased 21,740 shares at an average cost of \$274.34 per share and total consideration of \$6.0 million. There is \$4.0 million of share repurchase authority left from the February 2024 authorization of \$10 million.

We have made much progress over the past two years navigating through the spike in rates and industry disruptions in the spring of 2023. While our financial performance has been below our standards, the team has continued to grow the business, reshape the balance sheet, improve earning power and execute across our strategic initiatives. Adapting to this new rate environment has required patience, but we believe our progress can accelerate from here, and the building that has gone on behind the scenes has progressed, despite a difficult operating environment. For example, in November, we will be opening a new, full service, financial center in Vancouver, Washington. We have been building out our Vancouver team for some time and are now ready to open up this new market. If you happen to live in the area, please come down and visit us after our grand opening on November 12<sup>th</sup>; the team will be pleased to show you around.

We say this often, but we really are grateful for your loyalty and support for the Company and all of our employees. Your trust in us makes all the good we do for our clients and the communities we serve possible. All of us here appreciate your confidence and we are hard at work building the future of the bank. We look forward to reporting out to you on our progress again next quarter.

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,

A handwritten signature in blue ink that reads "Peter F. Stanton".

Pete Stanton  
Executive Chairman  
Enclosure



**Summary Financial Statements,  
Selected Financial Highlights and  
Selected Credit Performance Highlights  
Q3 2024**  
(unaudited)



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

(dollars in thousands)  
Three Months Ended

	September 30, 2024	June 30, 2024	September 30, 2023
<b>ASSETS</b>			
Cash and due from banks	\$ 150,454	\$ 106,687	\$ 116,620
Interest-bearing deposits with banks	378,238	223,681	988,411
Securities available for sale, at fair value	411,760	407,406	480,044
Securities held to maturity, at amortized cost	2,946,097	3,026,546	3,097,288
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	29,422	50,662	30,060
Loans receivable	6,940,448	6,771,159	6,443,189
Allowance for credit losses on loans	(155,198)	(152,056)	(144,378)
Loans, net of allowance for credit losses on loans	6,785,250	6,619,103	6,298,811
Premises and equipment, net	90,274	88,026	85,106
Other real estate	83	-	-
Accrued interest receivable	36,653	38,248	36,706
Other assets	233,716	237,775	225,306
Total assets	<u>\$ 11,061,947</u>	<u>\$ 10,798,134</u>	<u>\$ 11,358,352</u>
<b>LIABILITIES</b>			
Deposits:			
Noninterest-bearing	\$ 3,258,655	\$ 3,024,169	\$ 3,423,839
Interest-bearing	5,383,737	4,938,198	4,617,752
Total deposits	8,642,392	7,962,367	8,041,591
Securities sold under agreements to repurchase	319,726	275,915	358,778
Other borrowings	1,000,000	1,472,000	1,915,000
Accrued interest payable	25,376	20,532	37,029
Other liabilities	153,106	159,820	127,315
Total liabilities	<u>10,140,600</u>	<u>9,890,634</u>	<u>10,479,713</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	8,987	10,417	12,108
Surplus	32,665	32,665	32,665
Undivided profits	912,966	905,728	885,811
	954,618	948,810	930,584
Less treasury stock, at cost	-	(365)	-
	954,618	948,445	930,584
Accumulated other comprehensive loss, net of tax	(33,271)	(40,945)	(51,945)
Total shareholders' equity	921,347	907,500	878,639
Total liabilities and shareholders' equity	<u>\$ 11,061,947</u>	<u>\$ 10,798,134</u>	<u>\$ 11,358,352</u>

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

(dollars in thousands, except per share data)

	Three Months Ended		
	September 30, 2024	June 30, 2024	September 30, 2023
<b>INTEREST REVENUE</b>			
Loans, including fees	\$ 102,127	\$ 95,962	\$ 88,221
Deposits with banks	3,051	4,151	8,500
Securities	15,502	16,138	17,324
Other interest and dividend income	943	622	170
Total interest revenue	121,623	116,873	114,215
<b>INTEREST EXPENSE</b>			
Deposits	34,517	31,484	25,942
Funds purchased and other borrowings	17,673	21,160	20,631
Total interest expense	52,190	52,644	46,573
Net interest revenue	69,433	64,229	67,642
Provision for credit losses on loans	3,650	4,690	3,400
Provision for (recapture of) credit losses on off-balance sheet credit exposures	50	(950)	950
Total provision for credit losses	3,700	3,740	4,350
Net interest revenue after provision for credit losses	65,733	60,489	63,292
<b>NONINTEREST REVENUE</b>			
Fiduciary and investment services income	9,529	8,637	6,862
Bank and credit card fees, net	2,300	2,245	2,465
Service charges on deposits	1,553	1,467	1,352
Mortgage banking revenue, net	580	807	432
Other income	2,741	11,963	2,463
Total noninterest revenue	16,703	25,119	13,574
<b>NONINTEREST EXPENSE</b>			
Salaries and benefits	41,114	41,501	38,116
Occupancy, furniture and equipment expense	6,097	6,823	6,374
Software and data processing expense	7,262	7,242	6,717
Professional fees	1,608	1,767	2,096
Other expense	11,316	13,408	10,770
Total noninterest expense	67,397	70,741	64,073
Income before provision for income taxes	15,039	14,867	12,793
Provision for income taxes	3,188	3,139	2,758
<b>NET INCOME</b>	<b>\$ 11,851</b>	<b>\$ 11,728</b>	<b>\$ 10,035</b>

**PER SHARE DATA**

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

Basic	2,495,961	2,502,341	2,505,390
Diluted	2,496,790	2,502,341	2,505,646
<b>Earnings per common share (based on weighted average shares outstanding)</b>			
Basic	\$ 4.75	\$ 4.69	\$ 4.01
Diluted	\$ 4.75	\$ 4.69	\$ 4.00

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

(dollars in thousands, except per share data)

	Nine Months Ended	
	September 30, 2024	September 30, 2023
<b>INTEREST REVENUE</b>		
Loans, including fees	\$ 290,261	\$ 249,153
Deposits with banks	26,135	14,341
Securities	48,088	51,410
Other interest and dividend income	2,118	648
Total interest revenue	366,602	315,552
<b>INTEREST EXPENSE</b>		
Deposits	97,463	55,282
Funds purchased and other borrowings	68,415	42,939
Total interest expense	165,878	98,221
Net interest revenue	200,724	217,331
Provision for credit losses on loans	10,360	8,100
(Recapture of) provision for credit losses on off-balance sheet credit exposures	(900)	1,750
Total provision for credit losses	9,460	9,850
Net interest revenue after provision for credit losses	191,264	207,481
<b>NONINTEREST REVENUE</b>		
Fiduciary and investment services income	26,129	20,613
Bank and credit card fees	7,434	9,720
Service charges on deposits	4,687	4,104
Mortgage banking revenue, net	1,829	928
Other income	17,734	7,292
Total noninterest revenue	57,813	42,657
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	123,265	117,253
Occupancy, furniture and equipment expense	19,667	19,488
Software and data processing expense	21,314	19,262
Professional fees	5,130	5,917
Other expense	35,438	30,620
Total noninterest expense	204,814	192,540
Income before provision for income taxes	44,263	57,598
Provision for income taxes	9,306	12,472
<b>NET INCOME</b>	<b>\$ 34,957</b>	<b>\$ 45,126</b>

**PER SHARE DATA**

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

Basic	2,502,380	2,504,426
Diluted	2,503,081	2,505,431

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

Basic	\$ 13.97	\$ 18.02
Diluted	\$ 13.97	\$ 18.01

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

(dollars in thousands)

	Quarters Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<b>SELECTED DATA</b>					
Interest-bearing deposits with banks	\$ 378,238	\$ 223,681	\$ 558,337	\$ 1,006,525	\$ 988,411
Securities	3,357,857	3,433,952	3,459,308	3,565,548	3,577,332
Total loans	6,940,448	6,771,159	6,584,271	6,510,128	6,443,189
Allowance for credit losses (ACL) on loans	155,198	152,056	147,848	146,156	144,378
Earning assets <sup>1</sup>	10,730,129	10,514,393	10,666,773	11,146,670	11,088,508
Total assets	11,061,947	10,798,134	10,939,441	11,445,591	11,358,352
Deposits	8,642,392	7,962,367	7,967,411	8,118,301	8,041,591
Interest-bearing liabilities	6,703,464	6,686,113	6,766,177	7,053,707	6,891,530
Total shareholders' equity	921,347	907,500	901,135	897,443	878,639
Total equity to total assets	8.33%	8.40%	8.24%	7.84%	7.74%
Full-time equivalent employees	1,197	1,184	1,186	1,186	1,196
<b>ASSET QUALITY RATIOS</b>					
ACL on loans to total loans	2.24%	2.25%	2.25%	2.25%	2.24%
ACL on loans to noncurrent loans	456%	439%	479%	464%	2987%
Net charge-offs to total average loans	0.01%	0.01%	0.01%	0.01%	0.00%
Noncurrent loans and ORE to total loans	0.49%	0.51%	0.47%	0.48%	0.08%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	September 30, 2024	June 30, 2024	September 30, 2023	Sequential Quarter	Year over Year
<b>PERFORMANCE</b>					
Net interest revenue, fully tax-equivalent	\$ 69,514	\$ 64,309	\$ 67,712	8.1%	2.7%
Fully tax-equivalent adjustment	81	80	70	1.3%	15.7%
Net interest revenue	69,433	64,229	67,642	8.1%	2.6%
Provision for credit losses	3,700	3,740	4,350	-1.1%	-14.9%
Net interest revenue after provision for credit losses	65,733	60,489	63,292	8.7%	3.9%
Noninterest revenue	16,703	25,119	13,574	-33.5%	23.1%
Noninterest expense	67,397	70,741	64,073	-4.7%	5.2%
Income before provision for income taxes	15,039	14,867	12,793	1.2%	17.6%
Provision for income taxes	3,188	3,139	2,758	1.6%	15.6%
<b>Net income</b>	<b>\$ 11,851</b>	<b>\$ 11,728</b>	<b>\$ 10,035</b>	<b>1.0%</b>	<b>18.1%</b>
<b>PER COMMON SHARE</b>					
Earnings per common share - basic	\$ 4.75	\$ 4.69	\$ 4.01	1.3%	18.5%
Earnings per common share - diluted	4.75	4.69	4.00	1.3%	18.8%
Common cash dividends	1.85	1.85	1.85	0.0%	0.0%
Common shareholders' equity	367.00	360.72	348.40	1.7%	5.3%

	Quarters Ended			% Change	
	September 30, 2024	June 30, 2024	September 30, 2023	Sequential Quarter	Year over Year
<b>PERFORMANCE RATIOS</b>					
Return on average assets	0.44%	0.44%	0.36%	0.00%	0.08%
Return on average shareholders' equity	5.13%	5.18%	4.50%	-0.05%	0.63%
Margin on average earning assets <sup>1</sup>	2.62%	2.46%	2.51%	0.16%	0.11%
Noninterest expense to average assets	2.48%	2.64%	2.32%	-0.16%	0.16%
Noninterest revenue to average assets	0.61%	0.94%	0.49%	-0.33%	0.12%
Efficiency ratio	78.2%	79.1%	78.8%	-0.9%	-0.6%
Common cash dividends to net income	38.93%	39.46%	46.19%	-0.53%	-6.73%

(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>Nine Months Ended</b>		<b>% Change</b>
	September 30,	September 30,	Year over
	2024	2023	Year
<b>PERFORMANCE</b>			
Net interest revenue, fully tax-equivalent	\$ 200,965	\$ 217,555	-7.6%
Fully tax-equivalent adjustment	241	224	7.6%
Net interest revenue	200,724	217,331	-7.6%
Provision for credit losses	9,460	9,850	-4.0%
Net interest revenue after provision for credit losses	191,264	207,481	-7.8%
Noninterest revenue	57,813	42,657	35.5%
Noninterest expense	204,814	192,540	6.4%
Income before provision for income taxes	44,263	57,598	-23.2%
Provision for income taxes	9,306	12,472	-25.4%
<b>Net income</b>	<b>\$ 34,957</b>	<b>\$ 45,126</b>	<b>-22.5%</b>
<b>PER COMMON SHARE</b>			
Earnings per common share - basic	\$ 13.97	\$ 18.02	-22.5%
Earnings per common share - diluted	13.97	18.01	-22.4%
Common cash dividends	5.55	5.55	0.0%
Common shareholders' equity	367.00	348.40	5.3%
<b>PERFORMANCE RATIOS</b>			
Return on average assets	0.42%	0.57%	-0.15%
Return on average shareholders' equity	5.13%	6.89%	-1.76%
Margin on average earning assets <sup>1</sup>	2.48%	2.82%	-0.34%
Noninterest expense to average assets	2.46%	2.43%	0.03%
Noninterest revenue to average assets	0.70%	0.54%	0.16%
Efficiency ratio	79.1%	74.0%	5.1%
Common cash dividends to net income	39.74%	30.81%	8.93%

(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		
	September 30, 2024	June 30, 2024	September 30, 2023
<b>Loans by Credit Risk Rating:</b>			
Pass	\$ 6,639,363	\$ 6,498,003	\$ 6,238,105
Special Mention	186,438	179,021	106,843
Substandard	114,630	94,118	98,214
Doubtful/Loss	17	17	27
Total	<u>\$ 6,940,448</u>	<u>\$ 6,771,159</u>	<u>\$ 6,443,189</u>

	Quarters Ended		
	September 30, 2024	June 30, 2024	September 30, 2023
<b>Loans by Payment Status:</b>			
Current Loans	\$ 6,901,859	\$ 6,729,634	\$ 6,429,832
Loans Past Due 30-89 Days, Still Accruing	4,564	6,914	8,524
Noncurrent Loans	34,025	34,611	4,833
Total	<u>\$ 6,940,448</u>	<u>\$ 6,771,159</u>	<u>\$ 6,443,189</u>

	Quarters Ended		
	September 30, 2024	June 30, 2024	September 30, 2023
<b>Allowance Position:</b>			
Allowance for Loans	\$ 155,198	\$ 152,056	\$ 144,378
Allowance to Total Loans	2.24%	2.25%	2.24%