

**Peter F. Stanton**  
Chairman of the Board

July 18, 2024

Dear Shareholders:

By recent standards, the macro environment was relatively quiet in the second quarter. While GDP growth slowed to 1.4 percent from 3.4 percent in the fourth quarter of 2023, consumer spending remained a source of strength. In June, the unemployment rate remained historically low at just 4.1 percent. With inflation measures down significantly from their peaks back in early 2022, inflation has held steady in the three percent range more recently, though it is still above the Federal Reserve's target of 2.0 percent. The Fed has not changed its target Fed Funds interest rate over the past year, but the yield curve continues to be inverted, which typically precedes an economic downturn; we just haven't seen a scenario of economic weakness unfold yet.

With a generally stable macro environment, our performance continued to incrementally improve, with some important progress in key areas. Company earnings for the second quarter totaled \$11.7 million, up 3.1 percent from the first quarter. Loan yields rose while the cost of interest bearing liabilities declined. Higher loan yields and lower funding costs helped net interest margin widen by 11 basis points ("bps") to 2.46 percent, though on a lower average earning asset base as we reduced average outstanding borrowings significantly.

A stable landscape is also providing a relatively orderly environment for the continued evolution of our balance sheet towards a more historically typical structure. Our loan to deposit ratio ended the quarter at 83.1 percent, which is a much more typical position than the low of 53.6 percent reached back in the first quarter of 2022. While outstanding borrowings remain higher than historical norms, we have reduced that more expensive source of funding by \$443 million so far this year, and we should make further progress as the year unfolds and additional principal returns from the bond portfolio. The Company's equity to assets ratio improved 16 bps to 8.40 percent.

With that context, let's focus in on the balance sheet. Total assets declined \$141 million, or 1.3 percent in the quarter to \$10.8 billion, which was primarily due to a \$93 million decline in borrowings and a \$45 million decrease in customer repurchase agreement balances. The declines in customer repurchase agreement and wholesale funding balances were largely paid out of available cash, which decreased \$335 million during the quarter. Some of those cash balances went to fund loan growth, with loans up \$187 million, or 2.8 percent to \$6.8 billion. While total deposits were down slightly (total deposits declined \$5.0 million to \$8.0 billion during the quarter), noninterest

balances were down \$62.9 million, continuing a recent trend of a shifting deposit mix from noninterest bearing balances to interest bearing accounts. Period ending borrowings declined \$93.0 million to \$1.5 billion, and were down \$443 million since the beginning of the year. Shareholders' equity increased \$6.4 million to \$907.5 million and the Company's equity to assets ratio finished at 8.40 percent, up 66 bps from a recent low of 7.74 percent last September.

Second quarter earnings came in at \$11.7 million, up \$350,000, or 3.1 percent from first quarter results, while earnings per share were up \$0.16, or 3.4 percent to \$4.69. Net interest revenue for the quarter was down \$2.8 million, or 4.2 percent to \$64.2 million, even as net interest margin widened 11 bps to 2.46 percent. The principal cause behind the unusual outcome of lower net interest revenue, but wider net interest margin was a decline in average cash balances (down \$1.1 billion yielding 5.49 percent) being used, in part, to paydown average other borrowings (down \$796 million costing 4.76 percent). The decline in earning asset balances drove net interest revenue lower, but eliminating the narrow spread (73 bps) between yield on cash and the cost of borrowings helped widen net interest margin.

Provision expense was up \$1.7 million for the quarter to \$3.7 million, which was more due to solid loan growth (loans were up \$187 million, or 2.8 percent to \$6.8 billion) than any significant deterioration in credit quality. While noncurrent loans increased \$3.7 million to \$34.6 million, noncurrent loans remained relatively low at 0.53 percent of total loans. Additionally, the Bank's allowance to loans position remained significant at \$152 million, or 2.25 percent of total loans.

Noninterest revenue was up considerably, boosted by the one-time benefit of \$9.5 million from gains on some of our VISA stock holdings that we acquired 17 years ago as part of the Visa IPO process to provide protection to Class A and Class C shares from industry litigation that is just now getting close to resolution. Additionally, fiduciary income and investment services fees were up \$673,000, or 8.5 percent to \$8.6 million as that important line of business benefitted from higher levels of assets under management and stronger pricing. Noninterest expense increased \$4.1 million, or 6.1 percent to \$70.7 million driven higher primarily by an accrual for possible state tax expenses arising out of contested tax positions from a Department of Revenue tax audit. It is our belief that our tax positions align with state tax law, but the ultimate outcome of the audit and the contested tax positions is unknown at this time.

With earnings improving slightly in the second quarter, return on assets came in at 0.44 percent, up 5 bps from the first quarter, while return on equity improved 10 bps to 5.18 percent. The Company's book value per share finished the quarter at \$360.72, up \$3.38, or 0.9 percent from last quarter and \$13.20, or 3.8 percent higher than last year.

While there is evidence of stabilization and encouraging trends, we recognize that our performance is not as strong as we would like and expect from the Company. The path towards moving the balance sheet and our performance in the direction of more historically typical levels has several key components. Deposit balances need to return

to more typical growth levels and funding costs need to settle in roughly where they are today. Loan growth with origination yields at market levels will continue to lift average portfolio yields and contribute to revenue growth. Our bond portfolio is methodically returning cash that is enabling us to reduce our borrowing position, which will benefit margin and net interest revenue. We are watching these trends closely, which we expect will lead to more normalized structure and performance in the future.

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 15,580 shares at an average cost of \$267.10 per share and total consideration of \$4.2 million. There is \$5.8 million of share repurchase authority left from the February 2024 authorization of \$10 million.

We remain grateful for your confidence in us. We are very focused on key strategic initiatives, while serving our clients' banking needs and patiently working hard to increase our financial performance. We are always focused both on the needs of the moment, and the long term objective of delivering solid shareholder value. You can trust that focus will not waiver. We look forward to reporting out to you on our progress 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,



Pete Stanton  
Chairman of the Board  
Enclosure



**Summary Financial Statements,  
Selected Financial Highlights and  
Selected Credit Performance Highlights  
Q2 2024**  
(unaudited)



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

	(dollars in thousands)		
	Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
<b>ASSETS</b>			
Cash and due from banks	\$ 106,687	\$ 88,210	\$ 110,570
Interest-bearing deposits with banks	223,681	558,337	372,671
Securities available for sale, at fair value	407,406	413,403	509,354
Securities held to maturity, at amortized cost	3,026,546	3,045,905	3,160,178
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	50,662	28,808	15,420
Loans receivable	6,771,159	6,584,271	6,285,985
Allowance for credit losses on loans	(152,056)	(147,848)	(141,009)
Loans, net of allowance for credit losses on loans	6,619,103	6,436,423	6,144,976
Premises and equipment, net	88,026	88,510	86,126
Accrued interest receivable	38,248	38,497	30,636
Other assets	237,775	241,348	217,047
Total assets	<u>\$ 10,798,134</u>	<u>\$ 10,939,441</u>	<u>\$ 10,646,978</u>
<b>LIABILITIES</b>			
Deposits:			
Noninterest-bearing	\$ 3,024,169	\$ 3,087,090	\$ 3,518,318
Interest-bearing	4,938,198	4,880,321	4,363,591
Total deposits	7,962,367	7,967,411	7,881,909
Securities sold under agreements to repurchase	275,915	320,857	205,874
Other borrowings	1,472,000	1,565,000	1,549,000
Accrued interest payable	20,532	36,823	17,749
Other liabilities	159,820	148,215	116,045
Total liabilities	<u>9,890,634</u>	<u>10,038,306</u>	<u>9,770,577</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	10,417	11,076	11,626
Surplus	32,665	32,665	32,665
Undivided profits	905,728	898,630	880,411
	948,810	942,371	924,702
Less treasury stock, at cost	(365)	-	-
	948,445	942,371	924,702
Accumulated other comprehensive loss, net of tax	(40,945)	(41,236)	(48,301)
Total shareholders' equity	907,500	901,135	876,401
Total liabilities and shareholders' equity	<u>\$ 10,798,134</u>	<u>\$ 10,939,441</u>	<u>\$ 10,646,978</u>

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

(dollars in thousands, except per share data)

	Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
<b>INTEREST REVENUE</b>			
Loans, including fees	\$ 95,962	\$ 92,171	\$ 82,669
Deposits with banks	4,151	18,933	3,419
Securities	16,138	16,448	16,239
Other interest and dividend income	622	553	397
Total interest revenue	116,873	128,105	102,724
<b>INTEREST EXPENSE</b>			
Deposits	31,484	31,461	18,690
Funds purchased and other borrowings	21,160	29,582	16,145
Total interest expense	52,644	61,043	34,835
Net interest revenue	64,229	67,062	67,889
Provision for credit losses on loans	4,690	2,020	2,300
(Recapture of) provision for credit losses on off-balance sheet credit exposures	(950)	-	800
Total provision for credit losses	3,740	2,020	3,100
Net interest revenue after provision for credit losses	60,489	65,042	64,789
<b>NONINTEREST REVENUE</b>			
Fiduciary and investment services income	8,637	7,964	7,003
Bank and credit card fees, net	2,245	2,888	3,161
Service charges on deposits	1,467	1,668	1,299
Mortgage banking revenue, net	807	442	254
Other income	11,963	3,029	2,359
Total noninterest revenue	25,119	15,991	14,076
<b>NONINTEREST EXPENSE</b>			
Salaries and benefits	41,501	40,651	38,000
Occupancy, furniture and equipment expense	6,823	6,746	6,280
Software and data processing expense	7,242	6,809	6,632
Professional fees	1,767	1,755	1,832
Other expense	13,408	10,715	9,741
Total noninterest expense	70,741	66,676	62,485
Income before provision for income taxes	14,867	14,357	16,380
Provision for income taxes	3,139	2,979	3,542
<b>NET INCOME</b>	<b>\$ 11,728</b>	<b>\$ 11,378</b>	<b>\$ 12,838</b>

**PER SHARE DATA**

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

Basic	2,502,341	2,508,910	2,505,390
Diluted	2,502,341	2,510,181	2,505,448
<b>Earnings per common share (based on weighted average shares outstanding)</b>			
Basic	\$ 4.69	\$ 4.54	\$ 5.12
Diluted	\$ 4.69	\$ 4.53	\$ 5.12

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

(dollars in thousands, except per share data)

	Six Months Ended	
	June 30, 2024	June 30, 2023
<b>INTEREST REVENUE</b>		
Loans, including fees	\$ 188,133	\$ 160,932
Deposits with banks	23,084	5,841
Securities	32,586	34,086
Other interest and dividend income	1,175	477
Total interest revenue	244,978	201,336
<b>INTEREST EXPENSE</b>		
Deposits	62,945	29,341
Funds purchased and other borrowings	50,742	22,306
Total interest expense	113,687	51,647
Net interest revenue	131,291	149,689
Provision for credit losses on loans	6,710	4,700
(Recapture of) provision for credit losses on off-balance sheet credit exposures	(950)	800
Total provision for credit losses	5,760	5,500
Net interest revenue after provision for credit losses	125,531	144,189
<b>NONINTEREST REVENUE</b>		
Fiduciary and investment services income	16,601	13,751
Bank and credit card fees	5,133	7,255
Service charges on deposits	3,134	2,752
Mortgage banking revenue, net	1,249	496
Other income	14,993	4,829
Total noninterest revenue	41,110	29,083
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	82,151	79,137
Occupancy, furniture and equipment expense	13,569	13,114
Software and data processing expense	14,051	12,545
Professional fees	3,522	3,820
Other expense	24,125	19,851
Total noninterest expense	137,418	128,467
Income before provision for income taxes	29,223	44,805
Provision for income taxes	6,117	9,714
<b>NET INCOME</b>	<b>\$ 23,106</b>	<b>\$ 35,091</b>
<b>PER SHARE DATA</b>		
<b>Weighted average number of common stock shares outstanding</b>		
Basic	2,505,625	2,503,935
Diluted	2,506,261	2,505,322
<b>Earnings per common share (based on weighted average shares outstanding)</b>		
Basic	\$ 9.22	\$ 14.01
Diluted	\$ 9.22	\$ 14.01

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

(dollars in thousands)

	Quarters Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<b>SELECTED DATA</b>					
Interest-bearing deposits with banks	\$ 223,681	\$ 558,337	\$ 1,006,525	\$ 988,411	\$ 372,671
Securities	3,433,952	3,459,308	3,565,548	3,577,332	3,669,532
Total loans	6,771,159	6,584,271	6,510,128	6,443,189	6,285,985
Allowance for credit losses (ACL) on loans	152,056	147,848	146,156	144,378	141,009
Earning assets <sup>1</sup>	10,514,393	10,666,773	11,146,670	11,088,508	10,389,254
Total assets	10,798,134	10,939,441	11,445,591	11,358,352	10,646,978
Deposits	7,962,367	7,967,411	8,118,301	8,041,591	7,881,909
Interest-bearing liabilities	6,686,113	6,766,177	7,053,707	6,891,530	6,118,466
Total shareholders' equity	907,500	901,135	897,443	878,639	876,401
Total equity to total assets	8.40%	8.24%	7.84%	7.74%	8.23%
Full-time equivalent employees	1,184	1,186	1,186	1,196	1,189
<b>ASSET QUALITY RATIOS</b>					
ACL on loans to total loans	2.25%	2.25%	2.25%	2.24%	2.24%
ACL on loans to noncurrent loans	439%	479%	464%	2987%	2548%
Net charge-offs to total average loans	0.01%	0.01%	0.01%	0.00%	0.00%
Noncurrent loans to total loans	0.51%	0.47%	0.48%	0.08%	0.09%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	June 30, 2024	March 31, 2024	June 30, 2023	Sequential Quarter	Year over Year
<b>PERFORMANCE</b>					
Net interest revenue, fully tax-equivalent	\$ 64,309	\$ 67,142	\$ 67,975	-4.2%	-5.4%
Fully tax-equivalent adjustment	80	80	86	0.0%	-7.0%
Net interest revenue	64,229	67,062	67,889	-4.2%	-5.4%
Provision for credit losses	3,740	2,020	3,100	85.1%	20.6%
Net interest revenue after provision for credit losses	60,489	65,042	64,789	-7.0%	-6.6%
Noninterest revenue	25,119	15,991	14,076	57.1%	78.5%
Noninterest expense	70,741	66,676	62,485	6.1%	13.2%
Income before provision for income taxes	14,867	14,357	16,380	3.6%	-9.2%
Provision for income taxes	3,139	2,979	3,542	5.4%	-11.4%
<b>Net income</b>	<b>\$ 11,728</b>	<b>\$ 11,378</b>	<b>\$ 12,838</b>	<b>3.1%</b>	<b>-8.6%</b>
<b>PER COMMON SHARE</b>					
Earnings per common share - basic	\$ 4.69	\$ 4.54	\$ 5.12	3.3%	-8.4%
Earnings per common share - diluted	4.69	4.53	5.12	3.5%	-8.4%
Common cash dividends	1.85	1.85	1.85	0.0%	0.0%
Common shareholders' equity	360.72	357.34	347.52	0.9%	3.8%

	Quarters Ended			% Change	
	June 30, 2024	March 31, 2024	June 30, 2023	Sequential Quarter	Year over Year
<b>PERFORMANCE RATIOS</b>					
Return on average assets	0.44%	0.39%	0.49%	0.05%	-0.05%
Return on average shareholders' equity	5.18%	5.08%	5.84%	0.10%	-0.66%
Margin on average earning assets <sup>1</sup>	2.46%	2.35%	2.67%	0.11%	-0.21%
Noninterest expense to average assets	2.64%	2.28%	2.39%	0.36%	0.25%
Noninterest revenue to average assets	0.94%	0.55%	0.54%	0.39%	0.40%
Efficiency ratio	79.1%	80.2%	76.2%	-1.1%	2.9%
Common cash dividends to net income	39.46%	40.86%	36.10%	-1.40%	4.76%

(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>Six Months Ended</b>		<b>% Change</b>
	June 30,	June 30,	Year over
	2024	2023	Year
<b>PERFORMANCE</b>			
Net interest revenue, fully tax-equivalent	\$ 131,451	\$ 149,843	-12.3%
Fully tax-equivalent adjustment	160	154	3.9%
Net interest revenue	131,291	149,689	-12.3%
Provision for credit losses	5,760	5,500	4.7%
Net interest revenue after provision for credit losses	125,531	144,189	-12.9%
Noninterest revenue	41,110	29,083	41.4%
Noninterest expense	137,418	128,467	7.0%
Income before provision for income taxes	29,223	44,805	-34.8%
Provision for income taxes	6,117	9,714	-37.0%
<b>Net income</b>	<b>\$ 23,106</b>	<b>\$ 35,091</b>	<b>-34.2%</b>
<b>PER COMMON SHARE</b>			
Earnings per common share - basic	\$ 9.22	\$ 14.01	-34.2%
Earnings per common share - diluted	9.22	14.01	-34.2%
Common cash dividends	3.70	3.70	0.0%
Common shareholders' equity	360.72	347.52	3.8%
<b>PERFORMANCE RATIOS</b>			
Return on average assets	0.41%	0.68%	-0.27%
Return on average shareholders' equity	5.13%	8.12%	-2.99%
Margin on average earning assets <sup>1</sup>	2.41%	2.98%	-0.57%
Noninterest expense to average assets	2.45%	2.49%	-0.04%
Noninterest revenue to average assets	0.73%	0.56%	0.17%
Efficiency ratio	79.6%	71.8%	7.8%
Common cash dividends to net income	40.15%	26.42%	13.73%

(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>June 30, 2024</b>	<b>March 31, 2024</b>	<b>June 30, 2023</b>
<b>Loans by Credit Risk Rating:</b>			
Pass	\$ 6,498,003	\$ 6,312,018	\$ 6,074,955
Special Mention	179,021	183,439	89,441
Substandard	94,118	88,768	121,531
Doubtful/Loss	17	46	58
Total	<u>\$ 6,771,159</u>	<u>\$ 6,584,271</u>	<u>\$ 6,285,985</u>

	<b>Quarters Ended</b>		
	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>June 30, 2023</b>
<b>Loans by Payment Status:</b>			
Current Loans	\$ 6,729,634	\$ 6,546,261	\$ 6,278,386
Loans Past Due 30-89 Days, Still Accruing	6,914	7,137	2,064
Noncurrent Loans	34,611	30,873	5,535
Total	<u>\$ 6,771,159</u>	<u>\$ 6,584,271</u>	<u>\$ 6,285,985</u>

	<b>Quarters Ended</b>		
	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>June 30, 2023</b>
<b>Allowance Position:</b>			
Allowance for Loans	\$ 152,056	\$ 147,848	\$ 141,009
Allowance to Total Loans	2.25%	2.25%	2.24%