W.T.B. Financial Corp

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

October 21, 2021

Dear Shareholders:

Despite an operating environment of sustained low rates and margins narrowing below three percent, Company earnings have accelerated to record levels with net income totaling $27.3 million for the third quarter and $71.0 million for the year-to-date.

We find ourselves well ahead of where we expected to be this year. For example, we originated far more Paycheck Protection Program ("PPP") loans than we expected (totaling nearly 9,000 loans for almost $1.8 billion), which has been favorable to earnings these last 18 months, or so. At the same time, forgiveness activity in the first half of 2021 was slower than anticipated. More loans on the books earning interest longer than expected has been a significant benefit to our performance. Beginning in June, the pace of PPP loan forgiveness picked up considerably and for the third quarter, approximately $5.4 million of deferred fee income was accelerated into earnings as a result of the pay-off of forgiven loans. Additionally, in September, we received a large recovery on a loan we charged-off a decade ago, which added $1.2 million (pre-tax) to interest revenue. Finally, given our substantial allowance for loan loss position and still manageable levels of nonperforming loans, no provision for loan loss expense was taken this quarter. So while I often find myself worrying about the range of things that could work against us, some significant issues are working for us right now. With this letter, we take a moment to appreciate these strong results and be grateful for the decisions and strategies that tilted our way, while we remain focused on executing on our plan into the future.

For the quarter, net income totaled $27.3 million, an increase of $4.2 million, or 18.4 percent over the prior quarter and an increase of $7.4 million, or 37.2 percent over last year's results. Earnings per share showed strong improvement as well, increasing $1.68, or 18.6 percent quarter-over-quarter and $2.90, or 37.0 percent year-over-year to $10.74, a new company record. Our strong earnings are reflected in our key performance measures of return on assets, which improved 15 basis points ("bps") year-over-year to 1.03 percent and return on equity, which improved 331 bps year-over-year to 13.28 percent. The impact of rising rates on our available for sale bond portfolio put a damper on equity growth, which increased $20.3 million, or 2.5 percent year-over-year to $819.6 million. Similarly, book value per share increased $9.09, or 2.9 percent year-over-year to $322.79.

Deposit growth has been the primary driver of increasing assets. Quarter-over-quarter, deposits increased $277 million, or 3.0 percent, while year-over-year, deposits grew $1.2 billion, or 15.3 percent to nearly $9.4 billion. That deposit growth drove assets higher by $303 million, or 2.9 percent quarter-over-quarter and $1.3 billion, or 14.5 percent year-over-year to $10.6 billion. Loans moved in the opposite direction due to significant forgiveness activity on PPP loans, which totaled $354 million in the latest quarter and $1.3 billion since September of 2020. As of the end of September, 2021, $424 million of PPP loans remain outstanding. For the third quarter of 2021, loans declined $193 million, or 3.4 percent and over the past year, loans

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declined $388 million, or 6.6 percent to $5.5 billion. In both cases, the decline in total loans was entirely due to PPP loan forgiveness. With deposits up and loan balances down, our on-balance sheet liquidity position of cash and bonds grew significantly. Over the past year, cash and bonds have grown over $1.6 billion, or 50.9 percent to $4.8 billion, which is over 45 percent of total assets.

With such a high proportion of our balance sheet carried in lower yielding cash and bonds, maintaining margin has been a real challenge. For the quarter, margin came in at 2.90 percent, down 4 bps quarter-over-quarter and down 24 bps year-over-year. In this environment, we find focusing on net interest revenue to be the more relevant metric driving performance. In the most recent quarter, net interest revenue hit a record $75.0 million, up $6.1 million, or 8.8 percent over last year. The year-over-year growth in net interest revenue was a result of average earning assets increasing $1.5 billion, or 17.6 percent, the benefits of which were offset by the 24 bps decline in margin. Year-over-year, noninterest revenue was down $690,000, or 4.0 percent to $16.7 million largely due to a decline in mortgage banking revenue as single family home loan refinance activity has decreased. While expenses were roughly flat quarter-over-quarter, expenses year-over-year grew $5.0 million, or 9.6 percent primarily due to salaries and benefits expense. Year-over-year compensation expenses are growing in large part due to our recent expansion into Bend, Oregon, staffing growth to cover a heavy cadence of IT initiatives and more back-office staffing needs related to crossing over $10 billion in assets.

Asset quality has been steady the past two quarters at moderate levels. At the end of September, noncurrent loans totaled $52.1 million, or 0.95 percent of total loans, while loans past due 30 to 89 days and still accruing interest totaled just $1.5 million. These measures of troubled loans are supported by an allowance position that totaled $139.3 million, or 2.54 percent of total loans. Given our significant allowance for loan loss position and stable troubled loan levels, there were no provisions taken for loan losses in the third quarter. The Company's capital position remains robust and well above regulatory minimums. Shareholders' equity totaled $819.6 million, or 7.74 percent of total assets at the end of September.

As you know, on February 23, 2021, 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. Under the current authorization, we have purchased 16,700 shares for an aggregate purchase price of $6.5 million, all of which were purchased in the third quarter.

While our performance this quarter was impressive, it is natural for us to remain cautious about the future. Many uncertainties remain in the external environment. COVID is still making things difficult for all of us and navigating that issue in the context of vaccination rates and mandates, our medical community's capacity and our desire to return to a more normal office work status, is a difficult, but crucial issue to get right. Interest rates remain low, but the Fed also seems to be laying the foundational narrative for scaling back its bond purchases, which should result in a steepening of the yield curve. We will wait to see when and how quickly the Fed tapers its quantitative easing program. Inflation is showing a resurgence, but there is a debate over whether it is "transitory," or not. Some of it no doubt is, but having lived through the rate cycles of the late 1970's, I can't help but harbor just a little anxiety about the prospects of inflation's return. Federal government budget deficits and our country's overall national debt are at levels no one has ever seen before, and there seems to be a tolerance for even more of the same. The government appears to be on the verge of spending extraordinary sums of money trying to revive and transform the economy, on top of the fantastic sums already spent, and I can't help wondering when something might finally break. Excess in any form, typically does not turn out well.

Here at the Bank, the beneficial earning power provided by PPP loans is diminishing as loans are forgiven. The technology that is enabling and transforming our industry will continue to need over-sized investment into the future and we must find a way to make those investments pay. As we seem to now be permanently on the high side of $10 billion in assets, we will continue to prepare for the increased back office expectations that come with it. We are aware of the challenges before us and are hard at work on our strategies to thrive while adapting to a changing and dynamic environment. We hope you all are adapting in your own way to all that is changing around us and also hope our positive quarter was a bit of good news for each of you. Please let us know if we can help you in any way. For additional pertinent information, please also visit our Investor Relations webpage at watrust.com/about/investor-relations.

Warm Regards,

Peter F. Stanton

Pete Stanton
Chairman of the Board and CEO

Enclosure

W.T.B. Financial Corp

Summary Financial Statements, Selected Financial Highlights and Selected Credit Performance Highlights Q3 2021

(unaudited)

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

	September 30, 2021	June 30, 2021	September 30, 2020
ASSETS			
Cash and due from banks	**129,303,180**	$ 111,332,899	$ 109,193,825
Interest-bearing deposits with banks	**1,806,151,265**	1,330,547,291	903,065,828
Securities available for sale, at fair value	**387,940,890**	403,692,368	1,711,102,209
Securities held to maturity, at amortized cost	**2,606,021,411**	2,661,838,499	566,225,808
Federal Home Loan Bank and Pacific Coast Bankers' Bancshares stock, at cost	**10,060,000**	10,060,000	8,642,400
Loans receivable	**5,482,823,353**	5,675,804,551	5,871,073,297
Allowance for loan losses	**(139,315,575)**	(139,112,930)	(121,077,177)
Loans, net of allowance for loan losses	**5,343,507,778**	5,536,691,621	5,749,996,120
Premises and equipment, net	**87,828,618**	88,987,871	91,523,731
Accrued interest receivable	**25,311,301**	27,589,783	28,159,479
Other assets	**187,322,829**	110,123,472	76,075,912
Total assets	**$ 10,583,447,272**	$ 10,280,863,804	$ 9,243,985,312
LIABILITIES			
Deposits:			
Noninterest-bearing	**$ 4,266,671,173**	$ 4,316,714,723	$ 3,798,531,120
Interest-bearing	**5,130,332,287**	4,803,369,864	4,353,387,684
Total deposits	**9,397,003,460**	9,120,084,587	8,151,918,804
Securites sold under agreements to repurchase	**242,293,447**	235,736,087	205,480,849
Other borrowings	**20,063,287**	20,063,287	-
Accrued interest payable	**299,749**	427,357	693,227
Other liabilities	**104,180,181**	98,724,089	86,553,103
Total liabilities	**9,763,840,124**	9,475,035,407	8,444,645,983
SHAREHOLDERS' EQUITY			
Common stock	**19,152,179**	25,057,245	23,233,755
Surplus	**32,665,000**	32,665,000	32,665,000
Undivided profits	**764,317,151**	741,698,974	693,291,429
	816,134,330	799,421,219	749,190,184
Less treasury stock, at cost	**(154,006)**	-	-
	815,980,324	799,421,219	749,190,184
Accumulated other comprehensive gain, net of tax	**3,626,824**	6,407,178	50,149,145
Total shareholders' equity	**819,607,148**	805,828,397	799,339,329
Total liabilities and shareholders' equity	**$ 10,583,447,272**	$ 10,280,863,804	$ 9,243,985,312

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

	Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
INTEREST REVENUE			
Loans, including fees	**$ 61,713,229**	$ 61,255,688	$ 60,582,662
Deposits with banks	**583,130**	312,414	224,357
Securities	**14,569,917**	14,137,707	11,505,316
Other interest and dividend income	**86,757**	80,682	76,260
Total interest revenue	**76,953,033**	75,786,491	72,388,595
INTEREST EXPENSE			
Deposits	**1,802,376**	2,289,786	3,086,395
Funds purchased and other borrowings	**96,744**	217,663	297,905
Total interest expense	**1,899,120**	2,507,449	3,384,300
Net interest revenue	**75,053,913**	73,279,042	69,004,295
Provision for loan losses	**-**	3,000,000	9,000,000
Net interest revenue after provision for loan losses	**75,053,913**	70,279,042	60,004,295
NONINTEREST REVENUE			
Fiduciary income	**5,411,728**	5,643,578	4,733,665
Investment services fees	**1,213,051**	966,166	880,868
Bank and credit card fees, net	**4,629,972**	4,324,851	3,725,160
Mortgage banking revenue, net	**1,344,664**	1,804,678	4,681,839
Other fees on loans	**320,591**	465,859	219,924
Service charges on deposits	**1,576,381**	1,433,817	1,368,941
Other income	**2,202,656**	1,893,619	1,778,367
Total noninterest revenue	**16,699,043**	16,532,568	17,388,764
NONINTEREST EXPENSE			
Salaries and benefits	**35,358,469**	35,527,713	32,592,089
Occupancy, furniture and equipment expense	**5,901,188**	6,143,861	5,576,155
Other expense	**15,567,633**	15,605,585	13,673,985
Total noninterest expense	**56,827,290**	57,277,159	51,842,229
Income before provision for income taxes	**34,925,666**	29,534,451	25,550,830
Provision for income taxes	**7,631,757**	6,481,574	5,663,480
NET INCOME	**$ 27,293,909**	$ 23,052,877	$ 19,887,350

PER SHARE DATA			
Weighted average number of common stock shares outstanding			
Basic	**2,535,537**	2,541,723	2,534,504
Diluted	**2,540,458**	2,545,526	2,535,688
Earnings per common share (based on weighted average shares outstanding)			
Basic	**$ 10.76**	$ 9.07	$ 7.85
Diluted	**$ 10.74**	$ 9.06	$ 7.84

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

	Nine Months Ended	
	September 30, 2021	September 30, 2020
INTEREST REVENUE		
Loans, including fees	**$ 181,610,216**	$ 173,697,231
Deposits with banks	**1,197,939**	2,189,801
Securities	**42,532,219**	35,042,605
Other interest and dividend income	**244,784**	231,468
Total interest revenue	**225,585,158**	211,161,105
INTEREST EXPENSE		
Deposits	**6,707,522**	10,802,485
Funds purchased and other borrowings	**629,519**	1,298,246
Total interest expense	**7,337,041**	12,100,731
Net interest revenue	**218,248,117**	199,060,374
Provision for loan losses	**9,000,004**	23,500,000
Net interest revenue after provision for loan losses	**209,248,113**	175,560,374
NONINTEREST REVENUE		
Fiduciary income	**16,167,099**	14,052,483
Investment services fees	**3,096,907**	2,410,162
Bank and credit card fees	**12,553,895**	9,403,567
Mortgage banking revenue, net	**7,095,628**	8,114,916
Other fees on loans	**1,045,398**	714,972
Service charges on deposits	**4,456,130**	4,379,522
Other income	**6,097,077**	9,932,680
Total noninterest revenue	**50,512,134**	49,008,302
NONINTEREST EXPENSE		
Salaries and benefits	**105,565,876**	94,615,151
Occupancy, furniture and equipment expense	**18,059,783**	16,237,163
Other expense	**45,187,673**	39,906,166
Total noninterest expense	**168,813,332**	150,758,480
Income before provision for income taxes	**90,946,915**	73,810,196
Provision for income taxes	**19,938,433**	16,284,621
NET INCOME	**$ 71,008,482**	$ 57,525,575
PER SHARE DATA		
Weighted average number of common stock shares outstanding		
Basic	**2,538,459**	2,536,290
Diluted	**2,542,605**	2,538,692
Earnings per common share (based on weighted average shares outstanding)		
Basic	**$ 27.97**	$ 22.68
Diluted	**$ 27.93**	$ 22.66

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

(dollars in thousands)

	Quarters Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
SELECTED DATA					
Interest-bearing deposits with banks	$ 1,806,151	$ 1,330,547	$ 961,600	$ 1,463,300	$ 903,066
Securities	2,993,962	3,065,531	3,102,849	2,578,360	2,277,328
Total loans	5,482,823	5,675,805	5,832,079	5,591,532	5,871,073
Allowance for loan losses	139,316	139,113	139,160	132,811	121,077
Earning assets [1]	10,282,215	10,068,641	9,884,576	9,561,272	8,968,308
Total assets	10,583,447	10,280,864	10,108,189	9,813,963	9,243,985
Deposits	9,397,003	9,120,085	9,003,460	8,698,791	8,151,919
Interest-bearing liabilities	5,392,689	5,059,169	4,983,178	4,763,925	4,558,869
Total shareholders' equity	819,607	805,828	776,568	806,518	799,339
Total equity to total assets	7.74%	7.84%	7.68%	8.22%	8.65%
Full-time equivalent employees	1,101	1,100	1,087	1,066	1,060
ASSET QUALITY RATIOS					
Allowance for loan losses to total loans	2.54%	2.45%	2.39%	2.38%	2.06%
Allowance for loan losses to noncurrent loans	267%	257%	406%	1162%	853%
Net charge-offs (recoveries) to total average loans	0.00%	0.05%	-0.01%	-0.04%	-0.01%
Noncurrent loans and ORE to assets	0.49%	0.53%	0.34%	0.12%	0.15%
Noncurrent loans, ORE and TDRs to assets	0.50%	0.54%	0.35%	0.13%	0.17%

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

(dollars in thousands, except per share data)

	Quarters Ended			% Change	
	September 30, 2021	June 30, 2021	September 30, 2020	Sequential Quarter	Year over Year
PERFORMANCE					
Net interest revenue, fully tax-equivalent	$ 75,117	$ 73,349	$ 69,084	2.4%	8.7%
Fully tax-equivalent adjustment	63	70	80	-10.0%	-21.3%
Net interest revenue	75,054	73,279	69,004	2.4%	8.8%
Provision for loan losses	-	3,000	9,000	-100.0%	-100.0%
Net interest revenue after provision for loan losses	75,054	70,279	60,004	6.8%	25.1%
Noninterest revenue	16,699	16,533	17,389	1.0%	-4.0%
Noninterest expense	56,827	57,278	51,842	-0.8%	9.6%
Income before provision for income taxes	34,926	29,534	25,551	18.3%	36.7%
Provision for income taxes	7,632	6,481	5,664	17.8%	34.7%
Net income	$ 27,294	$ 23,053	$ 19,887	18.4%	37.2%
PER COMMON SHARE					
Earnings per common share - basic	$ 10.76	$ 9.07	$ 7.85	18.6%	37.1%
Earnings per common share - diluted	10.74	9.06	7.84	18.5%	37.0%
Common cash dividends	1.84	1.85	1.85	-0.5%	-0.5%
Common shareholders' equity	322.79	315.29	313.70	2.4%	2.9%

	Quarters Ended			% Change	
	September 30, 2021	June 30, 2021	September 30, 2020	Sequential Quarter	Year over Year
PERFORMANCE RATIOS					
Return on average assets	1.03%	0.90%	0.88%	0.13%	0.15%
Return on average shareholders' equity	13.28%	11.60%	9.97%	1.68%	3.31%
Margin on average earning assets [1]	2.90%	2.94%	3.14%	-0.04%	-0.24%
Noninterest expense to average assets	2.14%	2.25%	2.29%	-0.11%	-0.15%
Noninterest revenue to average assets	0.63%	0.65%	0.77%	-0.02%	-0.14%
Efficiency ratio	61.9%	63.7%	60.0%	-1.8%	1.9%
Common cash dividends to net income	17.13%	20.40%	23.58%	-3.27%	-3.18%

(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)

	Nine Months Ended		% Change
	September 30, 2021	September 30, 2020	Year over Year
PERFORMANCE			
Net interest revenue, fully tax-equivalent	$ 218,454	$ 199,318	9.6%
Fully tax-equivalent adjustment	206	258	-20.2%
Net interest revenue	218,248	199,060	9.6%
Provision for loan losses	9,000	23,500	-61.7%
Net interest revenue after provision for loan losses	209,248	175,560	19.2%
Noninterest revenue	50,512	49,008	3.1%
Noninterest expense	168,813	150,758	12.0%
Income before provision for income taxes	90,947	73,810	23.2%
Provision for income taxes	19,939	16,284	22.4%
Net income	$ 71,008	$ 57,526	23.4%
PER COMMON SHARE			
Earnings per common share - basic	$ 27.97	$ 22.68	23.3%
Earnings per common share - diluted	27.93	22.66	23.3%
Common cash dividends	5.55	5.55	0.0%
Common shareholders' equity	322.79	313.70	2.9%
PERFORMANCE RATIOS			
Return on average assets	0.93%	0.93%	0.00%
Return on average shareholders' equity	11.81%	10.11%	1.70%
Margin on average earning assets [1]	2.93%	3.33%	-0.40%
Noninterest expense to average assets	2.21%	2.44%	-0.23%
Noninterest revenue to average assets	0.66%	0.79%	-0.13%
Efficiency ratio	62.8%	60.7%	2.1%
Common cash dividends to net income	19.83%	24.48%	-4.65%

(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)

Loans by Credit Risk Rating:	Quarters Ended September 30, 2021	June 30, 2021	September 30, 2020
Pass	$ 5,179,790,797	$ 5,360,668,095	$ 5,609,056,578
Special Mention	162,814,511	165,554,800	117,508,945
Substandard	140,214,932	149,575,870	144,441,415
Doubtful	3,114	5,786	66,359
Total	$ 5,482,823,354	$ 5,675,804,551	$ 5,871,073,297

Loans by Payment Status:	Quarters Ended September 30, 2021	June 30, 2021	September 30, 2020
Current Loans	$ 5,429,189,074	$ 5,619,739,509	$ 5,854,744,437
Noncurrent Loans	52,169,933	54,176,640	14,197,292
Loans Past Due 30-89 Days, Still Accruing	1,464,346	1,888,402	2,131,568
Total	$ 5,482,823,354	$ 5,675,804,551	$ 5,871,073,297

Allowance for Loan Losses Position:	Quarters Ended September 30, 2021	June 30, 2021	September 30, 2020
Allowance for Loan Losses	$ 139,315,575	$ 139,112,930	$ 121,077,177
Allowance to Total Loans	2.54%	2.45%	2.06%