2020 SECOND OUARTER REPORT

Dear Baker Boyer Shareholder:

The first six months of 2020 has challenged so many communities in the US, Eastern Washington and Oregon are no different. COVID-19 has left many scared and fearful for what the future will bring. One thing they can rely on is that Baker Boyer can offer them hope and a vision of how we will assist our communities not only survive the Pandemic, but also thrive after it has passed.

To that end, Baker Boyer has teamed with companies, charities, and government agencies to provide financial support and financing where needed. Whether our donations are to food banks, partnerships with local restaurants for "Food to First Responders," or working with the Walla Walla School District to provide supplies to kids for the Fall, Baker Boyer is supporting local businesses and families in need.

So far in 2020, Baker Boyer completed the onboarding and financing of over \$44 million in SBA's Paycheck Protection Program (PPP) loans. This money was instantly put to work in our communities to support the financing of employee expenses throughout our footprint.

All of our efforts have not gone unnoticed. The professionalism and service we provide our communities along with the stability and safety the Bank provides, resulted in a historic increase in deposits as well as interest in new lending relationships. Total deposits as of June 30, 2020 are \$598.6 million, a staggering \$84.4 million increase over the same date in 2019. In addition, equity has increased to \$61.1 million on June 30, 2020, a 6.0% increase over the same date in 2019.

Through it all, Baker Boyer's net income has remained strong at \$2.64 million for the first six months ending June 30, 2020, a 10.7% increase over our budget for the same time period. Additionally, the diversification of our loan portfolio continues to add stability and provide the Bank valuable risk management. Although we understand that our loan portfolio will not be unscathed by the Pandemic, the loan loss reserve continues to remain strong at 1.91%.

Baker Boyer's strategy of diversifying our net income streams continues to make the Bank extremely resilient. Revenue from the Asset Management Division is reported at \$4.7 million for the first six months ending June 30, 2020. This revenue was on par with the same time period in 2019.

Overall, the Bank continues to be strong. We are prepared to weather through the Pandemic and assist our communities strengthen after it is over. The communities we serve have also rallied around the Bank and voted their support through increases in deposits to historic levels. Baker Boyer pledges to remain the reliable financial institution it has always been, now and in the future. I wish you all a safe and healthy remainder of 2020. As always, if you have any questions, please feel free to contact me at Baker Boyer.

Sincerely, Mark H. Kajita, CPA President and CEO



Post Office Box 2175 Walla Walla, WA 99362-0175 (509) 525-2000

BOARD OF DIRECTORS

Megan F. Clubb, Chair Jason H. Pratt Clifford "Kip" W. Kontos David B. Campbell Michael J. Mahoney

I. Eric Kimball David B. Gordon Charles H. Eglin



FAMILY LEGACIES GROWN LOCALLY WaltaWalta. Dri-Cities Yakima.

Mark H. Kajita

Consolidated Balance Sheet - Average ytd

(Unaudited)

ASSETS 2019 % Chg. Cash and amounts due from banks \$ 8,136 \$ 4,771 70.5 FFS and Int-bearing deposits at other financial institutions Total Cash and Cash Equivalents 180,355 159,788 12.9 Investment securities: Available-for-sale, at fair value 138,988 129,228 7.6 Available-for-sale, at fair value 138,988 129,228 7.6 Held-to-maturity at cost 1,316 1,308 0.6 Other investments, at cost 1,316 1,308 0.6 Other investments, at cost 141,653 131,886 7.4 Loans 299,830 285,365 5.1 Allowance for credit losses Net Loans 18,872 12,344 41.4 Accrued interest receivable 2,151 24,222 (11.2) Other sets TOTAL ASSETS 5 168,315 17.8 Interest bearing Total Deposits 366,598 350,571 4.4 Noninterest bearing 15,022 13,975 7.5 Itablifties 5 104000 26 44 (40.9)			(Unaudited)						
ASSETS (Dollars in Thousands) Cash and amounts due from banks \$ 8,136 \$ 4,771 70.5 FFS and Int-bearing deposits at other financial institutions 172,219 155,017 11.1 Investment securities: 180,355 159,788 12.9 Investment securities: 1.316 1.308 0.6 Available-for-sale, at far value 1.316 1.308 0.6 Other investments, at cost 1.316 1.308 0.6 Other investments, at cost 1.316 1.308 0.6 Allowance for credit losses 1.41,653 131,886 7.4 Accrued interest receivable 0.11 2.93,498 2.79,103 5.2 Bank premises and equipment, net 1.8,872 1.3.348 41.4 Accrued interest receivable 2.151 2.422 (1.2) Other assets TOTAL ASSETS 5 640,365 5 590,719 8.4 LIABILITIES AND SHAREHOLDER'S EQUITY 3.846 4.172 (8.1) 5 4.6 Deposits Total Deposits 5 1.98,975 7.5 1.4 4.00.0 <				June 30, 2020					
Cash and amounts due from banks \$ 8,136 \$ 4,771 70.5 FFS and Int-bearing deposits at other financial institutions Total Cash and Cash Equivalents 180,355 159,788 12.9 Investment securities: Available-for-sale, at fair value 138,988 129,228 7.6 Available-for-sale, at fair value 138,988 129,228 7.6 Held-to-matrity at cost 1,316 1,308 0.6 Other investments, at cost 1,316 1,308 0.6 Loans 1,349 1,350 (0.1) Allowance for credit losses Net Loans 299,830 285,365 5.1 Allowance for credit losses Net Loans 18,872 13,348 41.4 Accrued interest receivable 3,836 4,172 (11.2) Other assets TOTAL ASSETS 5 166,315 17.8 Interest bearing Total Deposits 5 168,315 17.8 Noninterest bearing Total Deposits 5 168,315 17.8 Interest bearing Total Deposits 5 168,315 17.8 State authorized 4,00					2020		2019	% Chg.	
FFS and Int-bearing deposits at other financial institutions 172,219 155,017 11.1 Total Cash and Cash Equivalents 180,355 159,788 12.9 Investment securities: Available-for-sale, at fair value 138,988 129,228 7.6 Held-to-maturity at cost 1.316 1.308 0.6 Other investments, at cost 1.316 1.308 0.6 Investment securities: Available-for-sale, at fair value 1.316 1.308 0.6 Other investments, at cost 1.316 1.308 0.6 0.1 Allowance for credit losses Total Investments 141,653 131,886 7.4 Allowance for credit losses TotAL ASSETS 18.872 13.348 41.4 Accrued interest receivable 2.151 2.422 (11.2) Other assets Total Deposits 5 509,719 8.4 IABLITITES AND SHAREHOLDERS' EQUTY 3.836 4.172 (8.1) Deposits Total Deposits 5 1 400.0 Accrued interest paring 5 1 140.00 8.5 1 Interest bearin	ASSETS				(Dollars ii	า Thousands)			
Total Cash and Cash Equivalents 180,355 159,788 12.9 Investment securities: Available-for-sale, at fair value 138,988 129.228 7.6 Held-to-maturity at cost 1,316 1,308 0.6 Other investments, at cost 1,316 1,308 0.6 Other investments, at cost 141,653 131,886 7.4 Loans 299,830 285,365 5.1 Allowance for credit losses Net Loans 293,498 279,103 5.2 Bank premises and equipment, net 18,872 13,348 41.4 Accrued interest receivable 2.151 2.422 (11.2) Other assets TOTAL ASSETS 5 640,365 5 507.19 8.4 LABILITIES AND SHAREHOLDERS' EQUITY 28346 4.172 (8.1) 17.8 Interest bearing 5 198,195 5 166,315 17.8 Interest bearing Total Deposits 5 1 400.0 Accrued interest payable 26 44 (40.9) <th>Cash and amounts due from</th> <th>banks</th> <th></th> <th>\$</th> <th>8,136</th> <th>\$</th> <th>4,771</th> <th>70.5</th>	Cash and amounts due from	banks		\$	8,136	\$	4,771	70.5	
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	FFS and Int-bearing deposits	at other financial i	nstitutions		172,219		155,017	11.1	
Available-for-sale, at fair value 138,988 129,228 7.6 Held-to-maturity at cost 1,316 1,308 0.66 Other investments, at cost 101 141,653 131,886 7.4 Loans 299,830 285,365 5.1 Allowance for credit losses (6,332) (6,262) 1.1 Net Loans 293,498 279,103 5.2 Bank premises and equipment, net 18,872 13,348 41.4 Accrued interest receivable 2.151 2,422 (11.2) Other assets TOTAL ASSETS 5 590,719 8.4 IABILITIES AND SHAREHOLDERS' EQUITY 5 640,365 5 590,719 8.4 Deposits Total Deposits 5 198,195 5 168,315 17.8 Interest bearing S 198,195 \$ 168,315 17.8 Interest payable Co 44 (40.9) 26 44 (40.9) Other borrowed funds 5 1 4000 4000 4000 4000 633,950 8.8 SHAREHOLDERS'		Total Cash and	d Cash Equivalents		180,355		159,788	12.9	
Held-to-maturity at cost 1.316 1.308 0.6 Other investments, at cost Total Investments 1.319 1.350 (0.1) Total Investments 1.41.653 1.31,886 7.4 Loans 299,830 285,365 5.1 Allowance for credit losses (6,332) (6,262) 1.1 Net Loans 293,498 279,103 5.2 Bank premises and equipment, net 18,872 13,348 41.4 Accrued interest receivable 2,151 2,422 (11.2) Other assets TOTAL ASSETS 5 640,365 5 590,719 8.4 ILABILITIES AND SHAREHOLDERS' EQUITY 5 646,365 5 590,719 8.4 ILABILITIES AND SHAREHOLDERS' EQUITY 5 64,0365 \$ 590,719 8.4 ILABILITIES AND SHAREHOLDERS' EQUITY 5 1.68,315 17.8 366,598 350,571 4.6 Noninterest bearing Total Deposits 5 1 4000 366,598 350,571 4.6 Federal funds purchased and security repurchase agreements 15,022 13,975	Investment securities:								
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Available-for-sale, at fair va	lue			138,988		129,228	7.6	
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Held-to-maturity at cost				1,316		1,308	0.6	
Loans 299,830 285,365 5.1 Allowance for credit losses Net Loans 293,498 279,103 5.2 Bank premises and equipment, net 18,872 13,348 41.4 Accrued interest receivable 2,151 2,422 (11.2) Other assets TOTAL ASSETS $640,365$ $$590,719$ 8.4 LIABILITIES AND SHAREHOLDERS' EQUITY 3.836 $4,172$ (8.1) Deposits $$198,195$ $$168,315$ 17.8 Interest bearing $$198,195$ $$168,315$ 17.8 Interest bearing $$198,195$ $$168,315$ 17.8 Interest bearing $$15,022$ 13,975 7.5 Other borrowed funds $$51,22$ 140,00 Accrued interest payable $$26$ 44 (40.9) Other liabilities $$1,296,863$ 1,295,935 $$4,042$ $$4,044$ (0.1) Additional paid-in capital $$408$ $$414$ (1.4) Retained earnings $$54,121$ $$52,313$ $$3.5$	Other investments, at cost				1,349		1,350	(0.1)	
Allowance for credit losses (6,332) (6,262) 1.1 Net Loans 293,498 279,103 5.2 Bank premises and equipment, net 18,872 13,348 41.4 Accrued interest receivable 2,151 2,422 (11.2) Other assets TOTAL ASSETS \$ 640,365 \$ 590,719 8.4 LIABILITIES AND SHAREHOLDERS' EQUITY \$ 640,365 \$ 590,719 8.4 Deposits Total Deposits \$ 198,195 \$ 168,315 17.8 Interest bearing \$ 198,195 \$ 168,315 17.8 Interest bearing Total Deposits $564,793$ 518,886 8.8 Federal funds purchased and security repurchase agreements $15,022$ $13,975$ 7.5 Other borrowed funds 5 1 400.0 Accrued interest payable 26 44 (40.9) 0ther liabilities $6/30/20$ $6/30/19$ 8.7 $533,950$ 8.8 SHAREHOLDERS' EQUITY Extended and security repurchase agreements $15,022$ $1,044$ (20.8) Shares authorized $4,000,000$ $6/30/19$			Total Investments		141,653		131,886	7.4	
Net Loans $293,498$ $279,103$ 5.2 Bank premises and equipment, net Accrued interest receivable Other assets 18,872 13,348 41.4 Accrued interest receivable Other assets 2.151 2.422 (11.2) Bank premises and equipment, net Accrued interest receivable 3.836 4.172 (8.1) Other assets TOTAL ASSETS $$640,365$ $$590,719$ 8.4 LIABILITIES AND SHAREHOLDERS' EQUITY $$640,365$ $$590,719$ 8.4 Deposits Noninterest bearing $$198,195$ $$168,315$ 17.8 Interest bearing Total Deposits $$564,793$ $$18,886$ 8.8 Federal funds purchased and security repurchase agreements $15,022$ $13,975$ 7.5 Other borrowed funds 5 1 400.0 26 44 (40.9) Other liabilities TOTAL LIABILITIES $580,673$ $533,950$ 8.8 SHAREHOLDERS' EQUITY Total LIABILITIES $580,673$ $533,950$ 8.8 SHAREHOLDERS' EQUITY $6/30/19$ <	Loans				299,830		285,365	5.1	
Bank premises and equipment, net 18.872 13.348 41.4 Accrued interest receivable 2.151 2.422 (11.2) Other assets 3.836 4.172 (8.1) LABILITIES AND SHAREHOLDERS' EQUITY $$$$$ 640,365 $$$ $$90,719 8.4 Deposits Noninterest bearing $$ 198,195 $$ $$ 168,315 17.8 Interest bearing $$ 198,195 $$ $$ 168,315 17.8 Interest bearing $$ 198,195 $$ $$ 168,315 17.8 Interest bearing $$ 15.022 13.975 7.5 Other borrowed funds 5 1 400.0 Accrued interest payable 26 44 (40.9) Other liabilities 580,673 533,950 8.8 SHAREHOLDERS' EQUITY 580,673 533,950 8.8 SHAREHOLDERS' EQUITY 6/30/20 6/30/19 58.8 8.8 Shares authorized 6/30/20 6/30/19 58.7 5.4,042 4,048 (0.1) Additional paid-in capital 408 414 (1.4)$	Allowance for credit losses				(6,332)		(6,262)	1.1	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			Net Loans		293,498		279,103	5.2	
3,836 4,172 (8,1) Other assets 3,836 4,172 (8,1) Other assets 3,836 4,172 (8,1) LIABILITIES AND SHAREHOLDERS' EQUITY Deposits Noninterest bearing \$ 198,195 \$ 168,315 17.8 Interest bearing \$ 166,598 350,571 4.6 Total Deposits 564,793 518,886 8.8 Federal funds purchased and security repurchase agreements 15,022 13,975 7.5 Other borrowed funds 5 1 400.0 Accrued interest payable 26 44 (40.9) 827 1,044 (20.8) SHAREHOLDERS' EQUITY Common stock (no par value, stated value \$3.125 per share) 6/30/20 6/30/20 6/30/20 6/30/20 6/30/19 <th< td=""><td>Bank premises and equipmer</td><td>ıt, net</td><td></td><td></td><td>18,872</td><td></td><td>13,348</td><td>41.4</td></th<>	Bank premises and equipmer	ıt, net			18,872		13,348	41.4	
TOTAL ASSETS $$ 040,365 $ 090,719 $ 0.000 $ 0.00$	Accrued interest receivable				2,151		2,422	(11.2)	
LABILITIES AND SHAREHOLDERS' EQUITY Deposits Noninterest bearing1000000000000000000000000000000000000	Other assets				3,836		4,172	(8.1)	
$ \begin{array}{c c c c c c c } \mbox{Deposits} & & & & & & & & & & & & & & & & & & &$			TOTAL ASSETS	\$	640,365	\$	590,719	8.4	
Noninterest bearing \$ 198,195 \$ 168,315 17.8 Interest bearing Total Deposits 366,598 350,571 4.6 Federal funds purchased and security repurchase agreements 564,793 518,886 8.8 Federal funds purchased and security repurchase agreements 15,022 13,975 7.5 Other borrowed funds 5 1 400.0 Accrued interest payable 26 44 (40.9) Other liabilities 327 1,044 (20.8) SHAREHOLDERS' EQUITY 580,673 533,950 8.8 SHAREHOLDERS' EQUITY 6/30/20 6/30/19 54,022 4,048 (0.1) Shares authorized 4,000,000 4,000,000 4,048 (0.1) Additional paid-in capital 408 414 (1.4) Retained earnings 54,121 52,313 3.5	LIABILITIES AND SHAREHO	LDERS' EQUITY							
$ \begin{array}{c c c c c c } \mbox{Interest bearing} & & & & & & & & & & & & & & & & & & &$	Deposits								
Total Deposits $564,793$ $518,886$ 8.8 Federal funds purchased and security repurchase agreements $15,022$ $13,975$ 7.5 Other borrowed funds 5 1 400.0 Accrued interest payable 26 44 (40.9) Other liabilities 827 $1,044$ (20.8) TOTAL LIABILITIES580,673 $533,950$ 8.8 SHAREHOLDERS' EQUITYCommon stock (no par value, stated value \$3.125 per share) $6/30/20$ $6/30/19$ Shares authorized $4,000,000$ $4,000,000$ Shares issued and outstanding $1,296,863$ $1,295,935$ $4,042$ $4,048$ (0.1) Additional paid-in capital 408 414 (1.4) Retained earnings $54,121$ $52,313$ 3.5	Noninterest bearing			\$	198,195	\$	168,315	17.8	
Federal funds purchased and security repurchase agreements $15,022$ $13,975$ 7.5 Other borrowed funds51 400.0 Accrued interest payable2644 (40.9) Other liabilities827 $1,044$ (20.8) TOTAL LIABILITIES580,673 $533,950$ SHAREHOLDERS' EQUITYCommon stock (no par value, stated value \$3.125 per share) $6/30/20$ $6/30/19$ Shares authorized $4,000,000$ $4,000,000$ Shares issued and $0utstanding$ $1,296,863$ $1,295,935$ $4,042$ $4,048$ (0.1) Additional paid-in capital408414 (1.4) Retained earnings $54,121$ $52,313$ 3.5	Interest bearing				366,598		350,571	4.6	
$\begin{array}{c c c c c c } \hline \begin{tabular}{ c c c c } \hline & & & & & & & & & & & & & & & & & & $			Total Deposits		564,793		518,886	8.8	
$\begin{array}{cccc} & 26 & 44 & (40.9) \\ & & & & & & & & & & & & & & & & & & $	Federal funds purchased and	security repurchas	e agreements		15,022		13,975	7.5	
8271,044(20.8)TOTAL LIABILITIES 827 1,044(20.8)TOTAL LIABILITIES $580,673$ $533,950$ 8.8 SHAREHOLDERS' EQUITYCommon stock (no par value, stated value \$3.125 per share) $6/30/20$ $6/30/19$ $6/30/20$ $6/30/19$ Shares authorized $4,000,000$ $4,000,000$ $5hares issued andoutstanding1,296,8631,295,9354,0424,048(0.1)Additional paid-in capital408414(1.4)Retained earnings54,12152,3133.5$	Other borrowed funds				5		1	400.0	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Accrued interest payable				26		44	(40.9)	
SHAREHOLDERS' EQUITY Common stock (no par value, stated value \$3.125 per share) 6/30/20 6/30/19 Shares authorized 4,000,000 Shares issued and 4,000,000 outstanding 1,296,863 1,295,935 Additional paid-in capital 408 414 Retained earnings 54,121 52,313 3.5	Other liabilities				827		1,044	(20.8)	
Or common stock (no par value, stated value \$3.125 per share) 6/30/20 6/30/19 Shares authorized 4,000,000 Shares issued and 4,000,000 outstanding 1,296,863 1,295,935 4,042 4,048 (0.1) Additional paid-in capital 408 414 (1.4) Retained earnings 54,121 52,313 3.5		тот	AL LIABILITIES		580,673		533,950	8.8	
6/30/20 6/30/19 Shares authorized 4,000,000 Shares issued and 4,000,000 outstanding 1,296,863 1,295,935 4,042 4,048 (0.1) Additional paid-in capital 408 414 (1.4) Retained earnings 54,121 52,313 3.5	SHAREHOLDERS' EQUITY								
Shares authorized 4,000,000 4,000,000 Shares issued and	Common stock (no par value	, stated value \$3.12	5 per share)						
Shares issued and 1,296,863 1,295,935 4,042 4,048 (0.1) Additional paid-in capital 408 414 (1.4) Retained earnings 54,121 52,313 3.5	-	6/30/20	6/30/19						
outstanding 1,296,863 1,295,935 4,042 4,048 (0.1) Additional paid-in capital 408 414 (1.4) Retained earnings 54,121 52,313 3.5	Shares authorized	4,000,000	4,000,000						
Additional paid-in capital 408 414 (1.4) Retained earnings 54,121 52,313 3.5	Shares issued and								
Retained earnings 54,121 52,313 3.5	outstanding	1,296,863	1,295,935		4,042		4,048	(0.1)	
	Additional paid-in capital				408		414	(1.4)	
Accumulated other comprehensive income (loss) 1,121 (6) (18,783.3)	Retained earnings				54,121		52,313	3.5	
	Accumulated other comprehensive income (loss)				1,121		(6)	(18,783.3)	

59,692

640,365

\$

56,769

590,719

\$

5.1

8.4

TOTAL SHAREHOLDERS' EQUITY TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

Consolidated Statements of Income

(Unaudited)

Weighted Average Number of Shares Outstanding		283,229		,282,989	(
Basic Earnings Per Common Share	\$	2.06	\$	2.55	(19.2
NET INCOME	\$	2,644	\$	3,273	(19.2
Provision For Income Taxes		518		625	(17.1
Income Before Income Taxes		3,162		3,898	(18.9
Total Non-Interest Expense		13,495		12,946	4.2
Other operating expense	3,452		3,442		0.3
Furniture and equipment expense		249		327	(23.9
Net occupancy expense		600		612	(2.0
Retirement and employee benefits		2,338		2,148	8.8
Salaries, wages, and other compensation		6,856		6,417	6.8
Non-Interest Expense					
Total Non-Interest Income		6,023		5,837	3.2
Other operating income		404		194	108.2
Other service charges and fees		595		554	7.4
Service charges on deposit accounts		285		340	(16.2
DS Baker Investment fees (brokerage)		4,378 361		496	(27.2
Non-Interest Income Trust and Investment Management fees		4,378		4,253	2.9
Net Interest Income after Provision for Credit Losses		10,634		11,007	(3.4
Provision for credit losses		8	8		-
Net Interest Income		10,642		11,015	(3.4
Total Interest Expense		165		428	(61.4
Other borrowed funds		0		0	-
Federal funds purchased and security repurchase agreements		6		10	(40.0
Deposits		159		418	(62.0
Interest Expense					
Total Interest and Dividend Income		10,807		11,443	(5.6
Other investment income and dividends		32		32	-
Tax-exempt		685		891	(23.1
Taxable		724		389	86.1
Investment securities:					
Federal funds sold and deposits at other financial institutions		1,588		1,878	(15.4
Loans, including fees	\$	7,778	\$	8,253	(5.8
Interest and Dividend Income	(Dollars in Thousands, except per sl		except per sha	-	
		2020		2019	% Chg.