

# 2021

## FIRST QUARTER REPORT

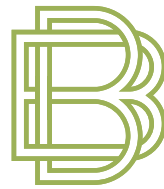


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### BOARD OF DIRECTORS

Megan F. Clubb, Chair

David B. Campbell	J. Eric Kimball
Charles H. Eglin	Clifford "Kip" W. Kontos
David B. Gordon	Michael J. Mahoney
Mark H. Kajita	Jason H. Pratt



## BAKER BOYER

FAMILY LEGACIES GROWN LOCALLY

*Walla Walla. Tri-Cities. Yakima.*

Dear Baker Boyer Shareholder:

April 23, 2021

In the 1st quarter of 2021 we have begun to see the light at the end of the tunnel. Although the Bank's public spaces continue to be closed, we are diligently working on a plan to re-open our physical locations for both our employees and clients. We expect that in the 2nd quarter of 2021 we will open these spaces and hope that once again all employees will be able to reconnect with those we haven't physically seen for over a year.

In the meantime, the Bank continues to support our communities through charitable gifts to non-profits and local municipalities that were strained under the pressure that COVID-19 brought upon them. I encourage all of you to review our "Annual Giving Report," located at [www.bakerboyer.com/communityimpact](http://www.bakerboyer.com/communityimpact).

As you know, the Bank had participated in the 1st Paycheck Protection Program (PPP) program by lending out \$44 million to 328 businesses. From the 1st PPP program, we have already helped 212 businesses obtain forgiveness of approximately \$25 million from the Small Business Administration (SBA) as of March 31, 2021. We will continue to assist businesses to obtain forgiveness on every dollar amount we can.

In addition, Baker Boyer has once again participated in the 2nd PPP Program. As of March 31, 2021, Baker Boyer has booked an additional \$19 million in loans to 186 businesses. The combined total of both PPP programs is \$63 million on 514 loans as of March 31, 2021.

Our communities have rewarded our assistance by increasing our average deposits for the 1st quarter by 20.7%, year-over-year, to an average of \$658 million as of March 31, 2021. In addition, Baker Boyer's net income, although weakened by the low interest rate environment, has remained relatively strong. Our 1st quarter net income for 2021 is being reported at \$1.1 million.

As we near the close of this chapter in our Nation's history, the Bank will continue to assist our economies and our communities to bounce back and thrive in the post COVID-19 World. Throughout our 151 year history, we have always been the beacon of strength for our communities and we will continue to be that for decades to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark H. Kajita".

Mark H. Kajita, CPA  
President and CEO

## Consolidated Balance Sheet - Average YTD

(Unaudited)

	March 31,		
	2021	2020	% Chg.
<i>(Dollars in Thousands)</i>			
<b>ASSETS</b>			
Cash and amounts due from banks	\$ 6,412	\$ 5,497	16.6
FFS and Int-bearing deposits at other financial institutions	159,327	180,502	(11.7)
<b>Total Cash and Cash Equivalents</b>	<b>165,739</b>	<b>185,999</b>	<b>(10.9)</b>
Investment securities:			
Available-for-sale, at fair value	198,459	129,734	53.0
Held-to-maturity at cost	1,323	1,315	0.6
Other investments, at cost	1,362	1,348	1.0
<b>Total Investments</b>	<b>201,144</b>	<b>132,397</b>	<b>51.9</b>
Loans	352,204	281,095	25.3
Allowance for credit losses	(6,372)	(6,359)	0.2
<b>Net Loans</b>	<b>345,832</b>	<b>274,736</b>	<b>25.9</b>
Bank premises and equipment, net	22,480	17,961	25.2
Accrued interest receivable	3,524	2,954	19.3
Other assets	2,752	2,675	2.9
<b>TOTAL ASSETS</b>	<b>\$ 741,471</b>	<b>\$ 616,722</b>	<b>20.2</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits			
Noninterest bearing	\$ 248,665	\$ 184,818	34.5
Interest bearing	409,121	360,107	13.6
<b>Total Deposits</b>	<b>657,786</b>	<b>544,925</b>	<b>20.7</b>
Federal funds purchased and security repurchase agreements	20,615	11,414	80.6
Other borrowed funds	0	5	-
Accrued interest payable	19	28	(32.1)
Other liabilities	1,729	959	80.3
<b>TOTAL LIABILITIES</b>	<b>680,149</b>	<b>557,331</b>	<b>22.0</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock (no par value, stated value \$3.125 per share)			
	3/31/21	3/31/20	
Shares authorized	4,000,000	4,000,000	
Shares issued and			
outstanding	1,292,774	1,296,563	4.047 / 4.043 / 0.1
Additional paid-in capital	225	391	(42.5)
Retained earnings	55,018	53,931	2.0
Accumulated other comprehensive income (loss)	2,032	1,026	98.1
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>61,322</b>	<b>59,391</b>	<b>3.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 741,471</b>	<b>\$ 616,722</b>	<b>20.2</b>

## Consolidated Statements of Income

(Unaudited)

	Three Months Ending March 31,		
	2021	2020	% Chg.
<i>(Dollars in Thousands, except per share amounts)</i>			
<b>Interest and Dividend Income</b>			
Loans, including fees	\$ 4,196	\$ 3,856	8.8
Federal funds sold and deposits at other financial institutions	366	897	(59.2)
Investment securities:			
Taxable	341	339	0.6
Tax-exempt	300	346	(13.3)
Other investment income and dividends	20	19	5.3
<b>Total Interest and Dividend Income</b>	<b>5,223</b>	<b>5,457</b>	<b>(4.3)</b>
<b>Interest Expense</b>			
Deposits	55	91	(39.6)
Federal funds purchased and security repurchase agreements	3	3	-
Other borrowed funds	0	0	-
<b>Total Interest Expense</b>	<b>58</b>	<b>94</b>	<b>(38.3)</b>
<b>Net Interest Income</b>	<b>5,165</b>	<b>5,363</b>	<b>(3.7)</b>
<b>Provision for credit losses</b>			
	0	3	(100.0)
<b>Net Interest Income after Provision for Credit Losses</b>	<b>5,165</b>	<b>5,360</b>	<b>(3.6)</b>
<b>Non-Interest Income</b>			
Trust and Investment Management fees	2,424	2,294	5.7
DS Baker Investment fees (brokerage)	217	213	1.9
Service charges on deposit accounts	117	167	(29.9)
Other service charges and fees	319	278	14.7
Other operating income	92	93	(1.1)
<b>Total Non-Interest Income</b>	<b>3,169</b>	<b>3,045</b>	<b>4.1</b>
<b>Non-Interest Expense</b>			
Salaries, wages, and other compensation	3,562	3,392	5.0
Retirement and employee benefits	1,202	1,222	(1.6)
Net occupancy expense	375	306	22.5
Furniture and equipment expense	126	138	(8.7)
Other operating expense	1,717	1,641	4.6
<b>Total Non-Interest Expense</b>	<b>6,982</b>	<b>6,699</b>	<b>4.2</b>
<b>Income Before Income Taxes</b>	<b>1,352</b>	<b>1,706</b>	<b>(20.8)</b>
<b>Provision For Income Taxes</b>			
	225	283	(20.5)
<b>NET INCOME</b>	<b>\$ 1,127</b>	<b>\$ 1,423</b>	<b>(20.8)</b>
<b>Basic Earnings Per Common Share</b>			
	\$ 0.88	\$ 1.11	(20.6)
<b>Weighted Average Number of Shares Outstanding</b>			
	1,279,319	1,282,797	