

2025

SECOND QUARTER REPORT



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BOARD OF DIRECTORS

Megan F. Clubb, Chair

Carrie Asprinio	Mark H. Kajita
Edward Chvatal Jr.	J. Eric Kimball
Riley B. Clubb	Clifford “Kip” Kontos
Russell S. Colombo	Michael J. Mahoney
Jim Edmunds	Jason H. Pratt
Martha C. Huber	



BAKER BOYER

FAMILY LEGACIES GROWN LOCALLY

Tri-Cities Yakima Walla Walla

Dear Baker Boyer Shareholder:

July 17, 2025

We have closed the books on the 2nd quarter of 2025 and, in comparison to the same period last year, we continue to see strengthening of our financial position, including growth in loan balances and overall balance sheet strength. I am pleased that although there have been bumps in the road, the Bank remains both resilient and stable, even as we navigate the uncertainties that surround all of us every day.

This has been a very temperate spring and start of summer in the Walla Walla Valley and we are hopeful that the wheat yields remain strong as the pricing has been depressed. Although there may be pockets of agricultural decline in our footprint, we are confident that overall, our ag portfolio is strong enough to weather this crop season.

In other news, we have seen continued growth in our loan portfolio and as of June 30, 2025 our end of month loan balance was \$403.8 million, growth of \$18.2 million over the same time last year. This is an overall increase of 4.7% year-over-year. Combined with our stabilized deposit balances and continual investment maturities, this enables us to fund our own loan growth while growing our cash reserves held at the Federal Reserve, which totaled \$56.8 million on June 30, 2025.

In addition, Wealth Management revenue has weathered the turbulence of both the stock and bond markets well. We have posted \$5.8 million in revenue for the first six months of 2025, which is a 2.7% increase in revenue for the same time period in 2024.

All of this growth comes along with the Bank’s non-interest expense being \$0.8 million below budget for the first six months of 2025. This has allowed the Bank to post net income for the six months ending June 30, 2025, of \$1.5 million as compared to \$0.1 million for the same time period in 2024. This is a tremendous improvement over the same time period one year ago.

As we look at the rest of the year, we do see some headwinds including the uncertainty of tariffs, the new tax bill and its aftermath, and the uncertainty of the global economy and environment. We hope to see more stability in the future, but we must prepare for more market and economic fluctuations.

We don’t know what the rest of 2025 holds for us, but we are hopeful and have prepared the Bank and its finances to continue to be resilient and thriving. We hope to also see you at another D.S. Baker success story, the 150th Anniversary of the founding of the Rawhide Railroad. The Baker Family and Baker Boyer invite you to join us at Fort Walla Walla on October 25, 2025 as we celebrate another entrepreneurial success of our founder, D.S. Baker.

As always, if you have any questions, please reach out to me directly at the Bank.

Respectfully,

Mark H. Kajita, CPA
President & CEO

Consolidated Balance Sheet - Average YTD

(Unaudited)

	June 30,		% Chg.
	2025	2024	
	(Dollars in thousands)		
Assets			
Cash and noninterest bearing due from banks	\$ 3,788	\$ 3,929	(3.6)
Int-bearing deposits at other financial institutions	39,880	18,778	112.4
Total cash and cash equivalents	43,668	22,707	92.3
Debt securities available-for-sale, at fair value	197,497	266,723	(26.0)
Debt securities held-to-maturity	495	492	0.6
Other investments, at cost	1,144	1,795	(36.3)
Total investments	199,136	269,010	(26.0)
Loans	397,003	377,942	5.0
Allowance for credit losses	(3,964)	(3,361)	17.9
Net loans	393,039	374,581	4.9
Bank premises and equipment, net	19,317	20,098	(3.9)
Accrued interest receivable	3,830	4,082	(6.2)
Other assets	4,786	7,047	(32.1)
Total assets	\$ 663,776	\$ 697,525	(4.8)
Liabilities and Shareholders' Equity			
Liabilities:			
Demand deposits- noninterest bearing	\$ 212,693	\$ 226,343	(6.0)
Interest bearing deposits	369,362	375,266	(1.6)
Total deposits	582,055	601,609	(3.3)
Securities sold under agreements to repurchase	23,587	25,300	(6.8)
Borrowed funds	1,238	20,108	(93.8)
Accrued interest payable	483	428	12.9
Other liabilities	1,224	1,094	11.9
Total liabilities	608,587	648,539	(6.2)
Shareholders' equity			
Common stock (no par value, stated value \$3.125 per share)			
4,000,000 shares authorized			
June 30, 2025 - 1,315,711 shares issued and outstanding;			
June 30, 2024 - 1,310,290 shares issued and outstanding	4,106	4,092	0.3
Additional paid-in capital	1,304	1,050	24.2
Retained earnings	58,312	58,328	(0.0)
Accumulated other comprehensive loss	(8,533)	(14,484)	(41.1)
Total Shareholders' equity	55,189	48,986	12.7
Total liabilities and Shareholders' equity	\$ 663,776	\$ 697,525	(4.8)

Consolidated Statements of Income

(Unaudited)

	Six Months Ending June 30,		% Chg.
	2025	2024	
	(Dollars in thousands, except per share amounts)		
Interest income			
Interest and fees on loans	\$ 11,514	\$ 10,539	9.3
Interest on deposits in other banks	726	236	207.6
Interest on taxable debt securities	1,283	1,725	(25.6)
Interest on debt securities exempt from Federal taxes	217	302	(28.1)
Interest income on other investments	37	59	(37.3)
Total interest income	13,777	12,861	7.1
Interest expense			
Interest on deposits	2,471	2,153	14.8
Interest on securities sold under agreements to repurchase	352	475	(25.9)
Interest on borrowings	32	550	(94.2)
Total interest expense	2,855	3,178	(10.2)
Net interest income	10,922	9,683	12.8
Provision for credit losses-loans	150	285	(47.4)
Net interest income after provision for credit losses	10,772	9,398	14.6
Non-interest income			
Wealth Management fees	5,760	5,606	2.7
Service charges on deposit accounts	225	204	10.3
Other service charges and fees	618	587	5.3
Other operating income	10	72	(86.1)
Total non-interest income	6,613	6,469	2.2
Non-interest expense			
Salaries, wages, and other compensation	8,065	8,146	(1.0)
Retirement and employee benefits	2,481	2,521	(1.6)
Net occupancy expense	785	720	9.0
Furniture and equipment expense	330	325	1.5
Other operating expense	3,947	4,032	(2.1)
Total non-interest expense	15,608	15,744	(0.9)
Income before provision for income taxes	1,777	123	1,344.7
Provision for income taxes	304	7	4,242.9
Net income	\$ 1,473	\$ 116	1,169.8
Basic earnings per common share	\$ 1.14	\$ 0.09	1,165.8
Weighted average number of shares outstanding	1,292,567	1,288,476	