

BAKER  BOYER

2025 ANNUAL  
**REPORT**

WHEN LEADERSHIP REQUIRES COURAGE





# WHEN LEADERSHIP REQUIRES COURAGE

A Letter from our CEO, Mark H. Kajita

In 2025 I was struck by the fact that the year included the 5th anniversary since the start of the COVID-19 pandemic, an event that changed each one of our lives. I remember so clearly ending 2019 with the 150th anniversary of Baker Boyer. Having a communitywide party at the Walla Walla County Fairgrounds, fireworks, and just ending the two best years of profitability in the Bank's history.

Then the page turned. 2020 started with a flood in the Walla Walla Valley. Our employees helped our emergency services by filling sandbags and helping families and friends shore up their houses and properties. The Bank also provided an interest-free loan to the City of Walla Walla to repair its broken water lines as quickly as possible.

As soon as the flood waters started to recede, eerie tales were coming out of Seattle area nursing homes – a strange virus was creating a medical emergency. Within a week, the Bank started instituting our emergency protocols,

sending employees home who would become backups to others if they became ill.

Finally came the closure of the Bank to our customers. We had to become familiar with virtual meetings in order to keep operations functioning and to calm scared clients. We coordinated a call with our local Walla Walla County Department of Community Health, Providence St. Mary Medical Center and Dr. William Foege, a former Director of the Centers for Disease Control and Prevention (CDC). The purpose was to focus on facts and dispel myths and false cures. We did it so we would know how to lead and how to turn fear into hope.

The World had not seen a Pandemic of that scale in over 100 years. It created instability in markets, health facilities, businesses, charities and education to name just a few. Instability was the new normal and it was going to be with us for a while.

Mind you, stability for too long can also be detrimental. It can lead to stagnation, the inability to evolve, and eventual obsolescence. Likewise, too much instability can lead to confusion, doubt, lack of direction and burnout.

One thing I came to realize over my career is that I have seen a lot more instability than “normal times.” I even began to doubt if there ever really is a “normal,” or if it is just a fleeting myth. But in any case... instability can come with more or less intensity. During the Pandemic, it was incredibly intense.

What leaders need to do during a time of intense instability is to showcase a way forward. A way toward a solution that we can all agree on and then lead those willing to fight for their communities toward that goal. What I have come to also learn is that leading others to that goal means you need to focus on a guiding light on which to center.

Why I am reflecting on the last five years so much is that the guiding light people focus on is formed through a person's values (good or bad). Some people saw the Pandemic as a way to become a profiteer... Remember toilet paper hoarding and selling? Others focused on values that bind a community together, to prosper together, and to provide hope.

I was asked by a founder of a banking consortium, “What are Baker Boyer's values?” I responded, “We were founded by Dr. D.S. Baker and the fundamental values of ‘Do No Harm,’ are the values I truly see every day. We also embody the values of being a servant leader. We at the Bank serve the community, the community DOES NOT serve us.” Another way of saying this is... Our values are encapsulated in our culture and they are our guiding lights. The same guiding lights that have helped us through the Pandemic and times of distress. It will continue to steer us forward for our community

over the next several years as global instability rocks the entire world around us.

The Bank's commitment to our communities explains so much of what we did since 2020. We helped small businesses receive Payroll Protection Plan dollars, whether they were our own clients or not. The final tally was over \$76.3 million dollars doled out over nearly 547 loans. We showed our gratitude for the selfless sacrifices of first responders and hospital workers by providing meals to brighten their stressful days. We helped our restaurants by paying for free meals that they could dole out to patrons. Our employees helped by assisting vaccination clinics for our most at risk and elderly. We did our best to replace fear in the community with hope and leadership.

After the Pandemic, we stepped in to provide financing when other banks were pulling back after the collapse of Silicon Valley Bank, First Republic and others. We expanded when others were afraid to overcommit, because that's what our communities needed and we serve the communities.

From January 1, 2020 to December 31, 2025, our loan portfolio has grown \$111.5 million, or 39.4%. Loans that helped businesses grow and consumers finance homes. Arguably this time period has been the fastest loan growth the Bank has seen in its history.

We also saw deposits first flood in from Federal Programs to assist Americans, and then flow out again as the Pandemic receded. All in all, deposits still grew by \$99.4 million or 18.1% in the time period between January 1, 2020 and December 31, 2025. This mismatch between loan growth and deposit fluctuations created a lot of confusion about how to manage everything throughout a multiyear time period.

*Continued...*



*Levi Waggoner and community members help with cleanup from the Mill Creek flooding.*



*Kain Evans volunteers at the BMAC food distribution center.*



*Jolene Riggs demonstrates the importance of getting the COVID-19 vaccine.*

It wasn't easy. Trying to time the outflow of customer deposits with our loan growth patterns and investment maturities took patience and perseverance - something I am grateful our shareholders gave us the privilege to have. It allowed us to keep our eyes on those guiding values and to lead when others may have felt fear or were uncomfortable with the instability and the unknown.

Now and going forward we face a different kind of instability. Global instability caused by a dismantling of what my sociology professor would call norms and mores and rules of engagement. These globally agreed on rules of political, military and economic engagement are being stretched or just broken. These enduring rules, norms and mores have stood the test of time. They define our character and our integrity and are looked at by many as their guiding lights to continually recommit to our moral bearings. These norms and mores have been embodied in the values of Baker Boyer and Americans for generation upon generation. Laws are simply put into place when norms and mores are continually overstretched or broken without cause. We will eventually see new laws put in place to support ancient values that were stretched and tested. But, we must endure a long period of uncomfortable global instability before we get there.

In the meantime, the Bank and our communities must stiffen our fortitude and keep our eyes on those guiding lights that have steered our course over these last 156 years. Through thick and thin, grit and determination: sticking to our guiding lights is what has allowed the Bank to persevere when others have folded.



*Jessica Long teaches how to count money for the Baker Boyer Finance Academy at Berney Elementary School.*

In 2025, Baker Boyer's indispensable right-hand person Jessica Long has shown me what a person with grit and determination to persevere can do. For those of you who don't know Jessica, she is my Executive Assistant, Secretary of our Executive Committee and Compensation Committee and pretty much the person who helps steer all of us in the right direction. At our September board meeting in Yakima, Jessica suffered a series of strokes and was life-flighted to Harborview Medical Center in Seattle. After six weeks of intense work, she came home and is still working to get her life back to (her words not mine), "normal." She can have bad days, but she won't stop focusing on her recovery and making tomorrow better. She does it by focusing on her guiding light, toughening up, and not letting others tell her how she should feel or

what she should think. She has truly called on all angels in the words of the "Calling All Angels" song by Train. A true inspiration for me and others watching and supporting her.

And before you ask, Jessica gave me permission to tell her story. In fact, she mentioned that she needs to talk more about her story to others.

Why do I tell you about Jessica and what we have been through over the last few years? It's because the next few years may be even harder. Where our values: yours, mine and the Bank's, may be tested and it may be hard, if not frightful, to stand up for the guiding lights that have led us this far. It may be frightful to not be intimidated if you don't believe in false values.

*Continued...*



*A train provides rides at the 150th anniversary celebration for the Rawhide Railroad, which was founded by Dorsey Baker who also founded Baker Boyer.*

Just like Jessica, we may have bad days and want to give up. Times when you are singled out and chastised for living up to your values and not being silent. In Japanese the saying is “the nail that sticks up gets hammered down,” i.e., don’t cause a commotion or call attention to yourself. The saying is meant to caution people to not object and just follow along and be compliant.

When you feel those enduring values being stretched and disrespected, “I’m calling all you angels,” as the song by Train says, is a reminder to lead. Many people will follow when you continue to live values that show hope rather than fear. They are drawn to a guiding light they yearn to follow.

I know this is a different kind of annual letter, but 2025 and beyond has been and will be a different kind of time. A time where the Bank and its management need to be leaders and stewards once again and stand up for those who can’t stand up for themselves. To emulate those enduring values that have and are being stretched and ignored.

I am confident that Baker Boyer will continue to be the steady hand our communities have come to rely on. We have weathered World Wars, floods, pandemics and economic shocks. We have done this time and time again by choosing to lead with values that do not bend with circumstance. Our guiding lights have carried us through 156 years of challenge and change, and they will carry us through what comes next; with dignity, determination and perseverance.

My words reflect our commitment to ensure that as long as we hold fast to who we are, we will not only endure, we will help our communities endure alongside us. That is our promise. That is our purpose. And together we will meet the future with hope, not fear. We will fight to lead us toward those guiding lights. Will you lead beside us?



Mark H. Kajita  
President & CEO

Postscript: After writing of this article, Dr. William Foege who I mention helped inform Baker Boyer executives and Walla Walla medical professionals about the COVID-19 Pandemic, passed away on January 24, 2026. Dr. Foege was the uncle of a former employee, Anne Sumner who facilitated the forum. I personally want to say how generous he was with his time helping the Bank prepare our communities for COVID prior to the vaccine. Dr. Foege was a Medal of Freedom winner and is known for his hard work in the eradication of smallpox.

# FINANCIAL HIGHLIGHTS

- ◆ **Strong loan growth continued**, with average loans increasing over \$9 million (2.4%). Over the past two years, average loan growth totaled \$34.3 million. The year ended with loan balances of \$394.7 million.
- ◆ **Prudent credit risk management remained a priority**, with a \$243 thousand contribution to the allowance for credit losses to support continued loan growth.
- ◆ **Total assets grew significantly**, increasing nearly \$40 million (6.0%) to \$710 million at year-end, up from \$670 million as of December 31, 2024.
- ◆ **Deposits and repurchase agreements increased \$35 million** (5.8%), year-over-year, reflecting strong customer relationships and funding growth.
- ◆ **Trust and investment management fees increased \$398 thousand** (3.4%), compared to the prior year.
- ◆ **Trust assets under management rose 9.7%**, reaching \$1.75 billion, up from \$1.60 billion at the end of 2024.
- ◆ **Book value per share at year-end increased 11%**, rising to \$45.74 at year-end from \$41.19.
- ◆ **Net income for 2025 was \$3.31 million**, reflecting a solid operating performance.

# MOMENTS OF LEADERSHIP & COURAGE

Throughout our history, Baker Boyer has stepped forward during moments that called for leadership and courage. This timeline reflects times when values guided action and leadership helped shape our communities for the better.



1875

## Railroad Sparks Growth

Dorsey Baker founded the railroad connecting Walla Walla to the Columbia River, helping stimulate the region's early economic growth.



1933

## Stability Through Crisis

During the Great Depression Baker Boyer remained open due to its sound financial health and practices while other banks in the area were forced to close under a federal declaration.



1990

## Revitalizing Downtown

Baker Boyer helped lead the local improvement district effort to beautify downtown Walla Walla and stimulate the growth that has made it what it is today.



2008

## Progressive Workplace

Baker Boyer was recognized as one of the Best Places to Work for its progressive policies, including offering extended sick leave before Washington state even had FMLA leave.



2013

## Repairing Mill Creek

Baker Boyer helped lead the effort to solicit and then secure the vital federal funding necessary to make crucial repairs to Mill Creek to keep Walla Walla safe from flooding.



2020

## Recovering from the Flood

Baker Boyer made an interest-free loan to the City of Walla Walla to make necessary repairs after the floods.



2021

## Community Health Leadership

During the Pandemic, Baker Boyer hosted an internal video forum where local and national health experts discussed the probable Pandemic outcomes and what the Bank would need to do to support the community.



2025

## Helping Fight Food Insecurity

Baker Boyer made critical food security donations to local food banks across the communities it serves as federal funding was reduced.

# FINANCIAL HIGHLIGHTS

(Unaudited, Dollars in Thousands Except Per Share Amounts)

YEAR-TO-DATE	12/31/25	12/31/24	% CHANGE
Net income	\$3,307	\$1,894	74.6
Cash dividends paid	2,631	2,621	0.4
Return on average assets	0.49%	0.28%	
Return on average shareholders' equity	5.83%	3.73%	
Basic weighted average number of shares outstanding	1,294,255	1,290,126	

**Net Income improved over prior 2 years**

PER SHARE	12/31/25	12/31/24	% CHANGE
Earnings	\$2.52	\$1.45	73.8
Cash dividends paid	2.00	2.00	0.0
Book value	45.74	41.19	11.0
Book value (exc. unrealized gains/losses)*	48.98	48.50	1.0

**Book value increased 11%**

AT DECEMBER 31	12/31/25	12/31/24	% CHANGE
Total assets	\$709,634	\$669,906	5.9
Total loans	394,712	393,147	0.4
Allowance for credit losses	(4,160)	(3,950)	5.3
Total investment securities	181,536	211,624	(14.2)
Cash and Interest-bearing deposits at other financial institutions	109,946	39,580	177.8
Total deposits and repurchase agreements	647,551	612,164	5.8
Total shareholders' equity	60,163	53,949	11.5
Total shareholders' equity (exc. unrealized gains/losses)*	64,430	63,521	1.4

**Core growth continued across assets, loans, and deposits**

DAILY AVERAGE FOR THE YEAR	12/31/25	12/31/24	% CHANGE
Assets	\$673,382	\$687,074	(2.0)
Loans	393,925	384,848	2.4
Investment securities	186,340	251,510	(25.9)
Cash and Interest-bearing deposits at other financial institutions	68,257	22,850	198.7
Deposits and repurchase agreements	614,296	618,916	(0.7)
Total shareholders' equity	56,766	50,715	11.9
Total shareholders' equity (exc. unrealized gains/losses)*	63,762	63,281	0.8

**Strengthened capital position**

# FIVE YEAR HIGHLIGHTS

(Unaudited)

PER SHARE	2025	2024	2023	2022	2021
Earnings per share**	\$2.52	\$1.45	\$2.43	\$5.80	\$4.15
Cash dividends	2.00	2.00	2.64	3.28	3.28
Book value, year-end	45.74	41.19	38.05	31.78	45.58
Book value, year-end (exc. UGL)*	48.98	48.50	48.96	49.15	46.54

**Earnings per share up \$1.07 to \$2.52**

FOR THE YEAR (dollars in thousands)	2025	2024	2023	2022	2021
Net income	\$3,307	\$1,894	\$3,172	\$7,552	\$5,374
Cash dividends	2,631	2,621	3,443	4,275	4,252

PERFORMANCE MEASURES	2025	2024	2023	2022	2021
Return on average assets	0.49%	0.28%	0.44%	0.95%	0.69%
Return on average equity	5.83	3.73	7.19	16.01	8.86
Yield on average earning assets - fully taxable equivalent	4.48	4.08	3.56	2.88	2.87
Average cost of interest bearing liabilities	1.46	1.54	0.84	0.06	0.05
Net interest margin - fully taxable equivalent	3.57	3.10	3.03	2.84	2.84
Tier 1 capital (to average assets)	9.24	9.28	8.77	8.05	7.47
Dividend payout ratio	79.56	138.38	108.54	56.61	79.12
Net charge-offs (recoveries) to average loans	0.01	0.04	0.03	(0.21)	(0.05)
Year-end ratio of allowance for credit losses to total loans	1.05	1.00	0.89	0.97	1.92

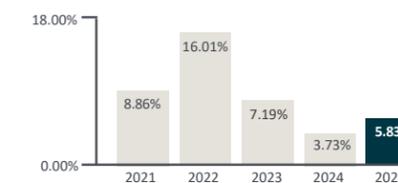
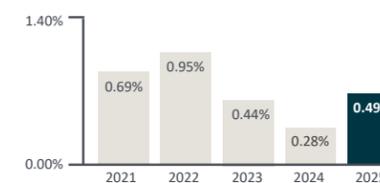
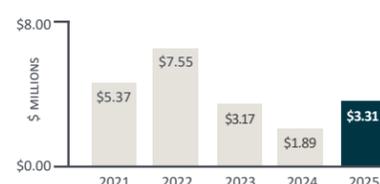
**Net interest margin highest since 2020**

EMPLOYMENT	2025	2024	2023	2022	2021
Number of full-time equivalent employees at year-end	175	171	184	183	187

\*Unrealized gains and losses on available-for-sale securities are recorded as accumulated other comprehensive income found in the shareholders' equity section of the balance sheet. These gains (losses) represent changes in the fair value of securities due to market-to-market accounting requirements. Return on average equity includes unrealized gains and losses.

\*\*Earnings per share are calculated on the net weighted average number of shares outstanding. The weighted average number of shares outstanding was:

2025: 1,294,255  
 2024: 1,290,126  
 2023: 1,285,864  
 2022: 1,285,195  
 2021: 1,279,872



# AVERAGE DAILY BALANCE SHEETS

(Unaudited, Dollars in Thousands)

ASSETS	2025	2024	
Cash and amounts due from banks	\$55,255	\$8,614	<b>Liquidity increased from \$23 million to \$68 million average year-to-date</b>
Interest-bearing deposits at other financial institutions	13,002	14,236	
Securities available for sale, at fair value	185,865	251,017	
Securities held to maturity, at cost	475	493	
Other investments, at cost	1,115	1,704	
Loans	393,925	384,848	<b>Average loans grew \$9 million or 2.4%</b>
Allowance for credit losses	(4,008)	(3,433)	
<b>Net Loans</b>	<b>389,917</b>	<b>381,415</b>	
Premises and equipment, net	19,174	19,877	
Accrued interest receivable	2,729	2,980	
Other assets	5,850	6,738	
<b>Total Assets</b>	<b>\$673,382</b>	<b>\$687,074</b>	
LIABILITIES AND SHAREHOLDERS' EQUITY	2025	2024	
<b>Deposits</b>			
Demand, non-interest-bearing	\$213,314	\$223,581	
Savings and interest-bearing demand	289,660	290,738	
Time	92,889	79,350	
<b>Total Deposits</b>	<b>595,863</b>	<b>593,669</b>	
Securities sold under agreements to repurchase	18,433	25,247	
Other borrowed funds	614	16,730	<b>Reduced expensive borrowing to \$0 by mid-year</b>
Accrued interest payable	510	447	
Other liabilities	1,196	266	
<b>Total Liabilities</b>	<b>616,616</b>	<b>636,359</b>	
<b>Shareholders' Equity</b>			
Common stock (no par value, stated value \$3.125 per share)	4,108	4,093	
Additional paid-in capital	1,360	1,128	
Retained earnings	58,294	58,060	
Accumulated other comprehensive income	(6,996)	(12,566)	<b>Unrealized losses reduced by nearly half from prior year-to-date average</b>
<b>Total Shareholders' Equity</b>	<b>56,766</b>	<b>50,715</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$673,382</b>	<b>\$687,074</b>	

# AUDITOR & STOCK INFORMATION

## INDEPENDENT PUBLIC ACCOUNTANTS AND AUDITORS

CliftonLarsonAllen LLP, 8101 West Grandridge Blvd., STE 130 Kennewick, WA 99336 | (509) 735-1561

## MARKET MAKERS FOR BAKER BOYER BANCORP STOCK

Jefferies Group, Inc. – 520 Madison Ave., New York, NY 10022 | (212) 284-2300

VIRTU Financial, Inc. – 1633 Broadway 41st Floor, New York, NY 10019 | (646) 682-6000

BNY Mellon | Pershing – One Pershing Plaza, Jersey City, NJ 07399 | (800) 445-4467

UBS Financial Services, Inc – 480 Washington Blvd., Jersey City, NJ 07310 | (201) 318-5900

Wedbush Securities – 225 S. Lake Ave., Penthouse, Pasadena, CA 91101 | (213) 688-8000

## DIRECT CONTACTS FOR STOCK REPURCHASES

Jolene Riggs, Executive Vice President/Chief Financial Officer | (509) 526-1317

Mark H. Kajita, President/Chief Executive Officer | (509) 526-1412

## CORPORATE AND INVESTOR INFORMATION

Baker Boyer Bancorp is a Washington corporation registered under the Bank Holding Company Act of 1956 as a bank holding company. The Company's shares are not registered under the Securities Exchange Act of 1934.

As of April 1994, the Company's shares were listed on the Over-The-Counter (OTC) Bulletin Board under the symbol BBBK. As of December 31, 2025, there were 1,315,411 shares of common stock issued and outstanding.

General shareholder account inquiries should be directed to the Company's Chief Financial Officer at the following address and telephone number:

Jolene Riggs, Executive Vice President/Chief Financial Officer  
7 W. Main St., P.O. Box 2175, Walla Walla, WA 99362  
(509) 525-2000 | (800) 234-7923

I, the undersigned, hereby attest to the correctness of information contained in the Annual Report of Baker Boyer Bancorp and its wholly-owned subsidiary, Baker Boyer National Bank. This Annual Report is also furnished to customers of Bancorp pursuant to the requirements of the Federal Deposit Insurance Corporation (FDIC) to provide an annual disclosure statement. This Annual Report has not been reviewed for accuracy or relevance by the FDIC.



Megan F. Clubb  
Chair of the Board  
Baker Boyer Bancorp

Member FDIC

# Awarded 2025

## Best Companies to Work For

by Seattle Business Magazine & Tri-Cities Area Journal of Business

Strong leadership and a people-first culture have long been foundational to Baker Boyer. We believe the way we lead matters, not only in how decisions are made, but in how people feel showing up to work each day. By fostering an environment rooted in trust, accountability, and care for one another, we create space for employees to do their best work and build meaningful, long-term careers.

That culture is reflected in Baker Boyer being named one of Washington's Best Companies to Work For by Seattle Business Magazine and a Best Place to Work in the Mid-Columbia by the Tri-Cities Area Journal of Business. While recognition is never the goal, it affirms what we see every day. When leadership invests in people and culture, it strengthens our teams and carries through to the clients and communities we serve.



## BOARD OF DIRECTORS



**MEGAN F. CLUBB**  
Chair, Baker Boyer Bancorp  
Retired, President and CEO  
Baker Boyer National Bank  
Chair of the Executive  
Compensation Committee



**MARK H. KAJITA, CPA**  
President and CEO  
Baker Boyer National Bank



**CARRIE ASPRINIO**  
Founder and CEO at Ascension  
Digital Partners | Member of the  
Audit Committee



**ED CHVATAL JR.**  
Owner of Chvatal Farms  
Member of the Executive  
Compensation Committee



**RILEY B. CLUBB**  
Co-owner, Harvust | Member  
of the Audit Committee



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Retired, SVP | Sr. Credit  
Administrator, Baker Boyer  
National Bank | Member of the  
Audit Committee



**JIM EDMUNDS**  
President and CEO,  
Ingeniux Corp. | Member of  
the Audit Committee



**MARTHA C. HUBER**  
Former Director, J.M. Huber  
Corporation | Member of the  
Executive Compensation Committee



**J. ERIC KIMBALL, CPA**  
Certified Public Accountant  
Owner, J. Eric Kimball CPA  
Member of the Audit Committee



**CLIFFORD "KIP" W. KONTOS**  
Secretary to the Board of  
Directors | Captain, Alaska  
Airlines | Member of the Executive  
Compensation Committee



**MICHAEL MAHONEY**  
Retired Senior Managing  
Director, Falcon Point Capital  
LLC | Member of the Executive  
Compensation Committee



**JASON H. PRATT**  
Senior Director of  
Supportability, Microsoft  
Chair of the Audit Committee

## EXECUTIVE COMMITTEE



**MARK H. KAJITA, CPA**  
Chair of the Executive Committee  
President and CEO



**JOSHUA ALLINGTON**  
EVP | Chief Banking Officer



**ROB BLETHEN, CFP®**  
EVP | D.S. Baker Advisors



**VESNA DODGE, JD, CTFP**  
EVP | Wealth Management and Trust



**KAIN EVANS**  
EVP | Chief Technology Officer



**JOLENE RIGGS**  
EVP | Chief Financial Officer



**JESSICA LONG**  
VP | Secretary of the Executive Committee  
and Senior Executive Assistant



**LACEY BRASWELL**  
VP | Properties Manager and Interim  
Secretary of the Executive Committee

## CONTINUITY & ADVISORY COMMITTEE



**DORSEY F.  
BAKER**



**BRIAN  
BUSH**



**TOM J.  
CAMPBELL**



**AMY  
HESS**



**ELIZABETH  
A. HILL**



**TESSA  
KIMBALL**

To contact any of the individuals listed above, please email [shareholderrelations@bakerboyer.com](mailto:shareholderrelations@bakerboyer.com).

# LOCATIONS

## MAIN OFFICE

7 W. Main St.  
Walla Walla, WA 99362

## PLAZA BRANCH

1530 Plaza Way  
Walla Walla, WA 99362

## EASTGATE BRANCH

1931 E. Isaacs Ave.  
Walla Walla, WA 99362

## WHEATLAND VILLAGE

1500 Catherine St.  
Walla Walla, WA 99362

## MILTON-FREEWATER DRIVE-THRU ATM

320 N. Columbia St.  
Milton-Freewater, OR 97862

## YAKIMA FINANCIAL CENTER

921 Seattle Slew Run  
Yakima, WA 98908

## TRI-CITIES OFFICE

1149 N. Edison St.  
Kennewick, WA 99336



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