# 2026

## SECOND QUARTER REPORT

Dear Baker Boyer Shareholder: July 21, 2026

In Eastern Washington, we started off the summer with mild weather and a spring filled with moisture that was really needed for our crops. The green we've seen on the Blue Mountains is now turning gold as we approach harvest season.

As we ended the 2nd quarter of 2026, the Bank finalized its long process to find a successor to our current CFO, Jolene Riggs, who is set to retire in mid-2027. After a nationwide search, we have selected Alan Crain to succeed Jolene as CFO. He has already started working for Baker Boyer in the 2nd Quarter and has moved to Walla Walla from the west side of the state. He comes with experience as both the former CFO of Kitsap Bank and Cashmere Valley Bank in Wenatchee. You can learn more about Alan on our website at bakerboyer.com/resources/announcements-and-events.

The 2nd quarter of 2026 has also been prosperous for the Bank. We continue to see increases in both income and asset size as of June 30, 2026 versus one year prior in 2025. Starting with income, for the six months ending June 30, 2026, net interest income increased $1.3 million to $12.2 million, a 12% increase from the same time period in 2025. In addition, non-interest income also increased by $0.7 million or 10% for the first six months of 2026 versus 2025.

Deposits continue to strengthen. Average Total Deposits and repurchase agreements increased $17 million to $622 million in 2026 over the same period in 2025. This is a 3% increase in deposits for Baker Boyer.

All of this has led net income for the six months ending June 30, 2026 of $2.0 million, a 34% increase over the same time period in 2025.

This continued strengthening of our financials also helped the Bank's management and Board make a historic decision. We will expand our footprint in the Northwest to include Wenatchee. We have committed to entering the Wenatchee market with a physical presence and employees dedicated to the market within the next 18 months. We believe this decision will allow us to expand our market, diversify our geographic resilience, and strengthen our long-term profit margins.

As you can see, there are many exciting things taking place at the Bank right now. As always, if you have any questions, please contact me and thank you again for your continued support.

Respectfully,

Mark H. Kajita, CPA
President & CEO

BAKER BOYER

FAMILY LEGACIES GROWN LOCALLY

*Tri-Cities Yakima Walla Walla*


BAKER BOYER

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## Consolidated Balance Sheet - Average YTD

(Unaudited)

| | June 30, 2026 | June 30, 2025 | % Chg. |
|---|---|---|---|
| | *(dollars in thousands)* | | |
| **Assets** | | | |
| Cash and noninterest bearing due from banks | $ 9,553 | $ 7,752 | 23.2 |
| Int-bearing deposits at other financial institutions | 74,842 | 35,916 | 108.4 |
| Total cash and cash equivalents | 84,395 | 43,668 | 93.3 |
| Debt securities available-for-sale, at fair value | 192,494 | 197,497 | (2.5) |
| Debt securities held-to-maturity | 254 | 495 | (48.7) |
| Other investments, at cost | 1,088 | 1,144 | (4.9) |
| Total investments | 193,836 | 199,136 | (2.7) |
| Loans | 383,955 | 397,003 | (3.3) |
| Allowance for credit losses | (4,186) | (3,964) | 5.6 |
| Net loans | 379,769 | 393,039 | (3.4) |
| Bank premises and equipment, net | 18,768 | 19,317 | (2.8) |
| Accrued interest receivable | 3,928 | 3,830 | 2.6 |
| Other assets | 4,621 | 5,441 | (15.1) |
| **Total assets** | **$ 685,317** | **$ 664,431** | **3.1** |
| **Liabilities and shareholders' equity** | | | |
| Liabilities: | | | |
| Demand deposits- noninterest bearing | $ 206,505 | $ 212,693 | (2.9) |
| Interest bearing deposits | 415,815 | 369,362 | 12.6 |
| Total deposits | 622,320 | 582,055 | 6.9 |
| Securities sold under agreements to repurchase | 0 | 23,587 | (100.0) |
| Borrowed funds | 0 | 1,238 | (100.0) |
| Accrued interest payable | 460 | 483 | (4.8) |
| Other liabilities | 2,034 | 1,879 | 8.2 |
| **Total liabilities** | **624,814** | **609,242** | **2.6** |
| Shareholders' equity | | | |
| Common stock (no par value, stated value $3.125 per share) | | | |
| 4,000,000 shares authorized | | | |
| June 30, 2026 - 1,319,121 shares issued and outstanding; | | | |
| June 30, 2025 - 1,315,711 shares issued and outstanding | 4,118 | 4,106 | 0.3 |
| Additional paid-in capital | 1,509 | 1,304 | 15.7 |
| Retained earnings | 59,138 | 58,312 | 1.4 |
| Accumulated other comprehensive loss | (4,262) | (8,533) | (50.1) |
| **Total shareholders' equity** | 60,503 | 55,189 | 9.6 |
| **Total liabilities and shareholders' equity** | **$ 685,317** | **$ 664,431** | **3.1** |

## Consolidated Statements of Income

(Unaudited)

| | Six Months Ending June 30, 2026 | Six Months Ending June 30, 2025 | % Chg. |
|---|---|---|---|
| | *(dollars in thousands, except per share amounts)* | | |
| **Interest income** | | | |
| Interest and fees on loans | $ 11,214 | $ 11,514 | (2.6) |
| Interest on deposits in other banks | 1,443 | 726 | 98.8 |
| Interest on taxable debt securities | 1,759 | 1,283 | 37.1 |
| Interest on debt securities exempt from federal taxes | 382 | 217 | 76.0 |
| Interest income on other investments | 30 | 37 | (18.9) |
| **Total interest income** | **14,828** | **13,777** | **7.6** |
| **Interest expense** | | | |
| Interest on deposits | 2,619 | 2,471 | 6.0 |
| Interest on securities sold under agreements to repurchase | 0 | 352 | (100.0) |
| Interest on borrowings | 1 | 32 | (96.9) |
| **Total interest expense** | **2,620** | **2,855** | **(8.2)** |
| **Net interest income** | **12,208** | **10,922** | **11.8** |
| **Provision for credit losses-loans** | 50 | 150 | - |
| **Net interest income after provision for credit losses** | **12,158** | **10,772** | **12.9** |
| **Non-interest income** | | | |
| Wealth Management fees | 6,363 | 5,760 | 10.5 |
| Service charges on deposit accounts | 207 | 225 | (8.0) |
| Other service charges and fees | 610 | 618 | (1.3) |
| Other operating (loss) income | 90 | 10 | 800.0 |
| **Total non-interest income** | **7,270** | **6,613** | **9.9** |
| **Non-interest expense** | | | |
| Salaries, wages, and other compensation | 8,361 | 8,065 | 3.7 |
| Retirement and employee benefits | 2,716 | 2,481 | 9.5 |
| Net occupancy expense | 778 | 785 | (0.9) |
| Furniture and equipment expense | 379 | 330 | 14.8 |
| Other operating expense | 4,752 | 3,947 | 20.4 |
| **Total non-interest expense** | **16,986** | **15,608** | **8.8** |
| **Income before provision for income taxes** | **2,442** | **1,777** | **37.4** |
| **Provision for income taxes** | 469 | 304 | 54.3 |
| **Net income** | **$ 1,973** | **$ 1,473** | **33.9** |
| **Basic earnings per common share** | **$ 1.52** | **$ 1.14** | **33.6** |
| **Weighted average number of shares outstanding** | **1,296,380** | **1,292,567** | |