



## PUBLIC DISCLOSURE

September 12, 2022

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Baker Boyer National Bank

**Charter Number 3956**

7 West Main Street  
Walla Walla, WA 99362

Office of the Comptroller of the Currency

101 Stewart Street, Suite 1010  
Seattle, WA 98101

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

**The lending test is rated: Satisfactory.**

**The community development test is rated: Outstanding.**

The major factors that support this rating include:

The Lending Test rating is based on a combination of the Washington (WA), and Oregon (OR) ratings and the following factors:

- Baker Boyer National Bank (BBNB or bank) originated a substantial majority of loans, by number and dollar amount, within their Assessment Areas (AA) during the evaluation period.
- The bank's loan-to-deposit ratio is reasonable considering the size, financial condition, and the credit needs of its community.
- An overall reasonable geographic distribution of business loans.
- An overall reasonable distribution of business loans among businesses of different sizes.

The Community Development (CD) Test rating is based on a combination of the Washington and Oregon ratings and the following factors:

- The bank demonstrated excellent responsiveness to the CD needs within its assessment areas.
- The bank participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) and demonstrated excellent responsiveness to the community need for job preservation resulting from the economic stress caused by the COVID-19 pandemic.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's loan-to-deposit (LTD) ratio is reasonable. We calculated an LTD ratio of 50.4 percent over the entirety of the evaluation period since our prior August 2019 evaluation. We performed a comparison of BBNB's performance with five peer banks operating in the same regions of the states of WA and OR. Each comparable bank operates in at least one of BBNB's AAs. The comparable banks range from approximately \$500 million to \$2.0 billion in assets. Two of the banks are smaller than BBNB, and three of the banks are larger. The average LTD for the peer institutions was 59.5 percent during the assessment period. While BBNB's average LTD is slightly lower than the average LTD ratio among its peer institutions, it significantly surpasses the low LTD ratios among its peer institutions which is only 36.4 percent. As such, the LTD ratio supports a reasonable level of lending.

### Lending in Assessment Area

A substantial majority of BBNB's loans are inside its assessment areas.

The bank originated and purchased 96.6 percent of its commercial loans inside the bank's AAs during the evaluation period based on of our loan sample. This analysis is performed at the bank, rather than the

AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The table below shows the bank's lending volume by year inside and outside its AAs for commercial lending.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial	58	96.6	2	3.3	60	15,519	97.8	345	2.2	15,864
<b>Total</b>	<b>58</b>	<b>96.6</b>	<b>2</b>	<b>3.3</b>	<b>60</b>	<b>15,519</b>	<b>97.8</b>	<b>345</b>	<b>2.2</b>	<b>15,864</b>

*Source: Bank Data  
Due to rounding, totals may not equal 100.0%*

## Description of Institution

Baker Boyer National Bank is a federally chartered National Bank headquartered in Walla Walla, WA. The bank first opened in 1869 and is currently the oldest bank in the state of Washington. The bank received a national charter in 1889. Through December 31, 2021, the bank operated seven branches within the states of WA and OR. The bank is wholly owned by Baker Boyer Bancorp, a one bank holding company also based in Walla Walla, WA.

BBNB has four branch offices in Walla Walla, WA, and one each in Kennewick, and Yakima, WA and Milton-Freewater, OR. Management and the board have designated four separate AAs consisting of 122 census tracts (CTs). Within the state of Washington, BBNB has three AAs which are Walla Walla, Benton-Franklin, and Yakima. As of December 31, 2021, AAs in Washington consisted of 2 low-income CTs, 29 moderate-income CTs, 43 middle-income CTs, and 30 upper-income CTs. In Oregon, the bank's sole AA is Umatilla, which has 11 middle-income CTs and 4 upper-income CTs.

Each branch offers similar products and services, while also individually specializing in certain service and products. The main branch located in downtown Walla Walla offers the whole suite of products including retail, consumer, and commercial deposit and loan products along with trust, investment and family advising via D.S. Baker Advisor services. Both the Yakima and Kennewick branches also offer D.S. Baker Advisor services to go along with their commercial lending offerings. The remaining branches focus on retail banking activities. The bank's primary lending product is business and commercial loans with home mortgage lending also being a significant focus. Business loan types include commercial real estate, commercial and industrial, agricultural, and construction and land development loans. Lending products offered to individuals include fixed and variable rate home mortgage loans, personal loans, home equity lines of credit, auto, debt consolidation and land and construction loans. The bank's suite of deposit products includes checking accounts, savings accounts, certificates of deposit, and health savings accounts.

Other banking products and services include Automated Teller Machines (ATMs), night depositories, and drive-thru banking. Hours of operation vary depending on branch location. Walla Walla branches

are open typically 9:00AM to 5:30PM with extended afternoon hours on Fridays. The only exception is the Wheatland branch which is by appointment only. Both the Kennewick and Yakima branches operate until 4:00pm but open at 11:00am and 9:00am respectively. Branch services and operations remained available during the pandemic with customers utilizing drive-thru services or branch appointments due to state-mandated operating restrictions. Additional services are offered via telephone banking, text banking, the mobile banking app, as well as through online banking.

As of December 31, 2021, BBNB reported \$813 million in total assets and \$59.6 million in tier 1 capital. The bank's primary lending focus is on business loans (commercial and industrial and commercial real estate) and residential real estate loans. Commercial loan originations totaled 1,110 loans for \$299.0 million during the review period. This amount represents a majority of loans by number at 57.6 percent, and by dollar volume at 60.2 percent. Residential loans are the secondary product with 539 loans originated for \$139.3 million. Secondary products include agriculture and farmland loans as well as a small volume of consumer loans. Based on this lending data we selected business loans as the sole primary product for this review.

<b>Loan Portfolio Originations January 1, 2019 to December 31, 2021</b>				
<b>Loan Type</b>	<b># of Loans</b>	<b>% of #</b>	<b>Amount (\$000s)</b>	<b>% of \$</b>
Business Loans	1,110	57.6%	\$299,092	60.2%
Home Loans	539	28.0%	\$139,340	28.1%
Agriculture/Farmland	114	5.9%	\$52,003	10.5%
Consumer	165	8.6%	\$6,214	1.3%
<b>Totals</b>	<b>1,928</b>	<b>100.0%</b>	<b>\$496,649</b>	<b>100.0%</b>

*Source: Bank Records. May not sum to 100% due to rounding.*

The bank did not engage in any merger or acquisition activities during the evaluation period. BBNB does not have any financial or legal impediments that prevent it from meeting the credit needs of the AAs. BBNB's prior Community Reinvestment Act (CRA) Performance Evaluation dated August 5, 2019, resulted in a "Satisfactory" rating.

### **Innovative and/or Flexible Lending Products**

To support customers during COVID-19, the bank offered both retail and commercial customers a payment deferral option. Through these programs, principal and interest payments were deferred until the final payment of the loan. At the height of the pandemic the bank had 126 loans totaling \$33.4 million under these modified terms. This included 102 commercial loans totaling \$30 million and 24 consumer loans totaling \$3.4 million.

Management also participated in the SBA's PPP. The PPP was introduced in response to the economic impact of the COVID-19 pandemic as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to aid small businesses in remaining operational and avoiding layoffs. In total, management originated \$76 million in loans through this SBA program during the pandemic. Most PPP loans were forgiven by the SBA, while a small number are still being processed.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

BBNB's performance was evaluated under the Intermediate Small Bank Community Reinvestment Act exam procedures. These procedures consist of two components: a lending test and a CD test. The lending test is an assessment of the bank's record of meeting the credit needs of its assessment areas through its lending activities. The bank offers residential, consumer, agricultural, and commercial loan products, but is primarily a commercial lender. As a result, the OCC focused on small business loan products for this evaluation. The CD test is an assessment of the bank's responsiveness to community development needs within the AAs through engaging in qualified lending, investment, donation, and service activities. The evaluation period for both the lending and CD tests was January 1, 2019, through December 31, 2021.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The bank's overall rating is a blend of the State of Washington and State of Oregon ratings. We placed great emphasis on the State of Washington rating in our overall conclusions as most bank activity occurs within Washington.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Washington

**CRA rating for the State of Washington:** Outstanding

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Outstanding

The major factors that support this rating include:

- Overall, the bank lent 71.2 percent of their loans to businesses with annual revenues under one million dollars. Meanwhile, peer institutions only lent 48.2 percent of their loans to smaller businesses during the assessment period.
- The total percentage of low-income loans from our sample was 2.7 percent which is above the distribution of 1.4 percent for businesses located in low-income tracts.
- The bank's responsiveness to the needs of its communities through CD activities is excellent.

### Description of Institution's Operations in Washington

Three of BBNB's four AAs are in the state of Washington. The bank's headquarters, and most of its operations are located within the Walla Walla AA, which consists of the entirety of Walla Walla County. Walla Walla County is one of two counties that comprise the Walla Walla, WA MSA. The bank maintains four branches in Walla Walla. The remaining AAs in Washington are the Yakima AA and the Franklin-Benton AA. The Yakima AA consists of Yakima County, which is the sole county comprising the Yakima MSA. The Franklin-Benton AA consists of Franklin and Benton Counties, which compose the entirety of the Kennewick-Richland MSA. The bank operates one branch in the city of Yakima, and one branch in Kennewick within Benton County. ATM access is provided at the main office, along with the Eastgate and Plaza branches in Walla Walla.

#### Walla Walla

The Walla Walla AA is in southeast Washington and is bordered to the north by Franklin County, to the west by Benton County, and to the east by Columbia County. The county's southern boundary forms part of the Washington-Oregon border, which is adjacent to the Umatilla AA in Oregon.

Moody's Analytics indicate that the Walla Walla AA has seen steady economic recovery since mid-2020. The unemployment rate continues to improve and is below the pre-pandemic low. The unemployment rate was 4.9 percent in 2019 increasing to 6.9 percent in 2020, primarily due to the impacts of the pandemic. However, with help from a strong manufacturing industry, the unemployment rate for 2021 was 4.3 percent. Walla Walla's manufacturing industry is a strong performer and payrolls are elevated. A strong labor market has translated into rapidly increasing house prices, with home values above the national average. The economic forecast is that Walla Walla's economic performance will be average in the short-term. This is driven primarily by the strong demand for Walla Walla's food products and an emerging tourist industry being offset by increasing manufacturing costs and weaknesses in the education and healthcare sectors. Low population growth, a limited labor pool, and a

lack of high value-added service industries are projected to result in only a moderate long-term growth rate for the area.

Walla Walla's top three industries, by employment, are education and health services at 23.2 percent of total employment, government at 22.4 percent of total employment, and manufacturing at 15.0 percent of total employment. Over 60 percent of Walla Walla's workforce is employed in these sectors. Tourism and wine production are also important to the local economy. However, during the evaluation period, the median household income dropped from \$61,300 in 2019 to \$59,800 in 2021. This is driven primarily by a slowdown in manufacturing growth, due to higher production costs. In general, salaries are lower in the Walla Walla AA than in the rest of the state of Washington, across all sectors.

The Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2021, shows that eight commercial banks operate in Walla Walla County. Banner Bank and BBNB hold 75.6 percent of the total deposit market share, with Banner Bank holding 40.4 percent and BBNB holding 35.2 percent. All other banks in the AA hold less than 10 percent of market share each.

To gather additional information and to gain perspective on the local community, we contacted a representative from a community-based organization that supports affordable housing initiatives in Walla Walla. The community contact indicated that the area was not overly impacted during the pandemic and that restaurants and small businesses are doing well, supported by strong tourism and wine production in the region. Although the local economy has recovered from the pandemic, residents are feeling the strain of inflation and rising costs of living expenses. The community contact also indicated that there is a need for more affordable housing in the area, but that local banks are reaching out to families in need to offer their services. In general, the community contact felt that the local financial institutions are meeting the needs of the community, but that opportunities to create more affordable housing do exist.

The following table provides key demographic information for the Walla Walla AA.

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	12	8.3	8.3	66.7	8.3	8.3
Population by Geography	59,726	4.9	9.1	66.6	14.6	4.8
Housing Units by Geography	23,768	4.4	11.0	69.7	14.9	0.0
Owner-Occupied Units by Geography	13,944	3.7	9.0	66.2	21.0	0.0
Occupied Rental Units by Geography	7,752	5.6	14.2	75.1	5.2	0.0
Vacant Units by Geography	2,072	4.5	12.6	72.9	10.0	0.0
Businesses by Geography	4,862	5.6	16.2	62.1	16.0	0.1
Farms by Geography	446	2.0	7.2	75.3	15.5	0.0
Family Distribution by Income Level	13,688	22.1	15.1	22.2	40.6	0.0
Household Distribution by Income Level	21,696	24.1	15.0	17.7	43.2	0.0



Median Family Income MSA - 47460 Walla Walla, WA MSA	\$62,309	Median Housing Value	\$192,318
		Median Gross Rent	\$733
		Families Below Poverty Level	12.3%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>			

## **Benton-Franklin**

The Benton-Franklin AA is located in the southern part of Washington. This AA includes the major cities of Kennewick, Pasco, and Richland, or Tri-Cities, which are the third most populous region in Washington. The Benton-Franklin AA is situated between the Walla Walla and Yakima AAs and centered on the Columbia River.

Moody's Analytics indicates the Benton-Franklin AA's labor market is still recovering, with unemployment now below pre-pandemic levels. Waste management and remediation service industries related to Hanford plutonium cleanup keep adding jobs. Retail activity in the area has been strong recently and exceeded statewide averages. The unemployment rate is now approaching its 30-year low at 5.3 percent. The unemployment rate in 2019 was 5.6 percent, while in 2020 the unemployment rate was 8.4 percent, largely due to the impacts of the pandemic. Housing prices have increased year-over-year while the median household salary decreased slightly. In 2019, the median household income was \$68,300, in 2020 it was \$67,200 and in 2021 it was \$67,500. Farms and factories and related manufacturing industries are facing smaller harvests and increased production costs, but this is offset by strong demand and commodity prices. Apple and grape producers, two of Benton-Franklin's largest farm products, face labor supply issues and challenging growing conditions. Below average supply has led to significant price increases for both crops, thereby increasing revenues.

The major industries in the AA include professional and business services employing 18.5 percent of the workforce, education and health services at 15.8 percent, government at 15.6 percent, and retail trade which employs 11.9 percent of the total workforce. The top employers in the area include the Hanford site with 11 thousand employees, Battelle/Pacific Northwest National Laboratory which employs 4,700, and Kadlec Regional Medical Center which employs 3,600.

The population of Benton-Franklin continues to grow, driving the increase in housing prices. The population in 2019 was 300 thousand, while in 2021 the population was 305 thousand. Rapid growth in the working-age population continues to drive higher rates of household formations, which leads to additional demand for single family residence. In turn, this causes builders to add construction jobs at a faster pace than the rest of the region.

Benton-Franklin's economy is expected to be a national and regional outperformer. The industries of education and healthcare continue to expand, meeting the rising demand for these services. Demand for farm products and extensive activity at Hanford, one of the largest superfund sites in the nation, will keep the area ahead of its peers. Longer term, strong projected population growth will continue to drive and support a growing economy.

The FDIC Deposit Market Share Report, as of June 30, 2021, shows that 17 banks operate in the Benton-Franklin market area. Four banks hold 52.8 percent of the market share with U.S Bank, N.A. holding the largest share at 16.0 percent. Bank of America, N.A. holds 12.9 percent, Community First Bank has 12.0 percent, while Yakima Federal Savings and Loan Association holds 11.9 percent. BBNB ranks 14th amongst all 17 banks with a market share of 1.4 percent.

The following table provides key demographic information for the Benton-Franklin AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2019-2021 Benton-Franklin AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	50	2.0	30.0	32.0	32.0	4.0
Population by Geography	271,373	3.1	32.2	34.8	29.9	0.0
Housing Units by Geography	97,502	3.0	29.9	35.0	32.0	0.0
Owner-Occupied Units by Geography	62,103	1.2	25.1	35.0	38.7	0.0
Occupied Rental Units by Geography	30,052	7.0	39.6	34.5	18.9	0.0
Vacant Units by Geography	5,347	0.7	32.3	39.0	28.0	0.0
Businesses by Geography	20,040	1.2	27.7	36.6	34.2	0.4
Farms by Geography	1,247	0.9	24.7	53.1	21.1	0.2
Family Distribution by Income Level	65,837	21.6	17.6	19.5	41.3	0.0
Household Distribution by Income Level	92,155	23.9	16.1	19.0	41.0	0.0
Median Family Income MSA - 28420 Kennewick-Richland, WA MSA		\$66,500	Median Housing Value			\$179,030
			Median Gross Rent			\$843
			Families Below Poverty Level			12.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## **Yakima**

Yakima AA is located in central Washington. The AA includes the entirety of Yakima County, including the city of Yakima. The county is bordered on the east by the Benton-Franklin AA, to the south by Klickitat County, to the north by Kittitas County, and to the west by Lewis County.

Moody's Analytics indicates Yakima's economy is transitioning from recovery to expansion. Strong hiring in 2021 has improved employment conditions and led to payroll growth. The unemployment rate is trending lower and has now surpassed pre-pandemic lows. The unemployment rate in 2019 was 7.0 percent, rising to 9.6 percent in 2020, and was only 6.2 percent in 2021. House price appreciation trails that of the statewide average, but remains in line with the national pace, driven primarily by steady buyer demand and a low inventory of homes. Median household incomes are lower than previous years. The median household income in 2019 was \$56,200, \$55,300 in 2020, and \$54,800 in 2021. Agriculture

is the foremost economic driver as farming contributes more than 25.0 percent of Yakima’s economic output, making it one of the most farm-dependent metro areas in the United States.

Yakima’s largest economic sector is education and health services, which employs 21.3 percent of the workforce. Government employs 20.4 percent of workers and retail trade employs 13.4 percent of the workforce. The area’s largest employers are Yakima Valley Memorial Hospital employing 2,500, Walmart Inc, who employs 1,700, and Washington Fruit and Produce who employs 1,500.

The FDIC Deposit Market Share Report, as of June 30, 2021, shows that 15 banks operate in the Yakima AA. Four banks hold 63.3 percent of the market share with U.S. Bank, N.A. holding the largest share at 19.6 percent. Banner Bank holds 17.2 percent, Yakima Federal Savings and Loan Association holds 16.3 percent, and Bank of America, N.A. holds 10.1 percent. BBNB ranks 14th amongst all 15 banks with a market share of 0.50 percent.

The following table provides key demographic information for the Yakima AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2019-2021 Yakima AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	45	0.0	28.9	42.2	28.9	0.0
Population by Geography	247,408	0.0	28.5	42.6	28.9	0.0
Housing Units by Geography	86,208	0.0	23.9	42.3	33.8	0.0
Owner-Occupied Units by Geography	49,969	0.0	17.6	41.2	41.3	0.0
Occupied Rental Units by Geography	30,003	0.0	35.1	45.0	19.9	0.0
Vacant Units by Geography	6,236	0.0	20.0	38.7	41.3	0.0
Businesses by Geography	14,851	0.0	27.0	39.4	33.6	0.0
Farms by Geography	1,271	0.0	8.7	56.0	35.2	0.0
Family Distribution by Income Level	57,541	20.2	18.1	20.6	41.1	0.0
Household Distribution by Income Level	79,972	22.0	17.4	19.5	41.1	0.0
Median Family Income MSA - 49420 Yakima, WA MSA		\$49,907	Median Housing Value			\$154,614
			Median Gross Rent			\$787
			Families Below Poverty Level			16.5%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in Washington

We analyzed borrower distribution by borrower income and geographic distribution in all three of BBNB’s assessment areas in Washington. Our assessments incorporated performance context factors such as economic conditions, local competition, the bank’s strategic emphasis on Washington, and the need for essential community development services such as affordable housing, economic development that creates middle-income jobs, and financial education.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WASHINGTON**

### **LENDING TEST**

The bank's performance under the Lending Test in Washington is rated Satisfactory.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews of the bank's assessment areas, the bank's lending performance in the state of Washington is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the state.

#### ***Small Loans to Businesses***

Refer to Table Q in the state of Washington section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. BBNB's business lending in the Walla Walla AA performed similarly to business distributions in low-income tracts, and slightly below the distribution for moderate-income tracts. Within our loan sample, the bank originated 6.0 percent of their business loans to low-income tracts, which compares favorably to the 5.7 percent of businesses in the AA which are also located in low-income tracts. The bank originated 15.2 percent of their loans to moderate-income tracts, which is slightly below the 16.2 percent of businesses which are located in moderate-income areas.

In Benton-Franklin, the sample indicates that the bank performs favorably in moderate-income tracts, and slightly worse in low-income tracts. The bank did not originate any loans in low-income tracts within the Kennewick-Richland AA; however, only 1.3 percent of businesses in the AA are located within low-income tracts. For moderate-income tracts, the bank originated 35.0 percent of their commercial loans within moderate-income tracts, which compares favorably with the local distribution of 28.6 percent of businesses which operate in moderate-income tracts.

In Yakima, the AA has no low-income tracts, and the bank's distribution of commercial loans to moderate-income tracts is lower than the local distribution of borrowers. BBNB originated 15.0 percent of their loans within our sample to businesses located in moderate-income tracts. This is significantly lower than the actual distribution of businesses, which have 28.4 percent of businesses located in moderate-income tracts.

Overall, the bank's lending was slightly above the distribution of businesses in low-income areas, and slightly below the distribution in moderate-income areas. The total percentage of low-income loans from our sample was 2.7 percent, which is above the distribution of 1.4 percent for businesses located in low-income tracts. In moderate-income tracts, the combined level of lending was 20.5 percent, which is slightly lower than the average 27.0 percent for the state of Washington.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank. For each census tract designation based on income, the tables state the percentage of businesses or households in the designated tract categories. Demographic data is compared to the bank's commercial loans made in designated tract categories, which is derived from the business loan sample.

### ***Small Loans to Businesses***

Refer to Table R in the state of Washington section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The bank's lending to small businesses in the state of Washington overall was slightly below the number of businesses; however, it compared favorably to peer. Overall, the bank lent 71.2 percent of their loans to businesses with revenue under one million dollars. This is similar to the fact that 83.1 percent of businesses in their AA have revenue under one million dollars. Meanwhile, peer institutions only lent 48.2 percent of their loans to smaller businesses during the assessment period.

In Walla Walla, the bank originated 84.8 percent of their loans to small businesses, which is comparable to the fact that census data indicates that 84.7 percent of businesses have revenues under one million dollars. Aggregate CRA data for the AA indicates that 52.8 percent of loans were to small businesses in the AA.

In Benton-Franklin, the bank originated 60.0 percent of their loans to small businesses, which is slightly lower than the 84.3 percent of businesses in the AA which census data indicates have revenues under one million dollars. However, the bank's lending exceeds the aggregate lending to small businesses in the AA which is only 46.3 percent.

In Yakima, census data indicated that 81.0 percent of businesses have revenues under one million dollars, while a review of our sample indicated that the bank made 60.0 percent of their loans to small businesses. However, the bank's level of lending to businesses with revenue under one million dollars exceeds the aggregate CRA data which indicates only 49.6 percent of loans were originated to small businesses in the AA.

### **Responses to Complaints**

There were no complaints in relation to the bank's CRA performance in the state of Washington.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the state of Washington is rated Outstanding.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank exhibits excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area(s).

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Walla Walla AA	12	70.6%	\$2,941	50.5%
Yakima AA	2	11.8%	\$591	10.1%
Benton-Franklin AA	3	17.6%	\$2,296	39.4%
<b>Total</b>	<b>17</b>	<b>100%</b>	<b>\$5,828</b>	<b>100%</b>

The bank's CD lending exhibits excellent responsiveness to the CD needs of the bank's AAs. The bank provided CD qualifying loans to low- and moderate-income individuals (LMI) as well as loans that benefited low- and moderate-income census tracts within the AAs. During the three-year evaluation period, the bank originated 17 CD loans totaling \$5.8 million within their AAs. Examples of CD qualifying loans made during the evaluation period include:

- \$1.7 million SBA 504 loan providing economic development and healthcare services.
- \$200 thousand loan to a local non-profit which provides services to LMI individuals.
- \$111 thousand qualifying loan to local affordable housing complex.

Additionally, the bank funded and processed 484 loans totaling \$66.6 million through the SBA's PPP within the state of WA. The purpose of the program was to help small businesses retain their workforce during the COVID-19 pandemic.

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Walla Walla AA	3	495	29	628	32	30.7	1,123	9.9	0	0
Yakima AA	4	1,355	11	1,289	15	14.5	2,644	23.2	0	0
Benton-Franklin AA	5	1,620	52	6,019	57	54.8	7,639	66.9	0	0
<b>Total</b>	<b>12</b>	<b>3,470</b>	<b>92</b>	<b>7,936</b>	<b>104</b>	<b>100</b>	<b>11,406</b>	<b>100</b>	<b>0</b>	<b>0</b>

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank made a significant number and dollar amount of qualified investments within their three AAs. The Qualified Investments Table, shown above, sets forth information and data used to evaluate the bank's level of qualifying investments. The table includes all current evaluation period CD investments and donations, including prior period investments that remain outstanding as of the examination date.

The bank exhibited excellent responsiveness to the needs of their communities through donations and investments made. Baker Boyer made over 50 donations across their AAs to organizations and non-profits that promote affordable housing and social service programs that focus on LMI families and individuals. In addition to the donations, investments were made into general obligation school bonds providing the necessary support of school systems where the majority of students qualify for free or reduced fare lunches.

Additionally, the bank made significant investments in both minority and women owned (MWO) institutions as well as community development financial institutions (CDFI). Over the evaluation period, BBNB invested \$2.5 million in CDFIs and over \$7.3 million in MWO institutions.

### Extent to Which the Bank Provides Community Development Services

The bank's CD service performance represents excellent responsiveness to the community needs within their assessment areas. Over the evaluation period, bank employees dedicated 1,239 hours of qualifying service hours. Examples of CD services provided by the bank staff include:

- Committee member service for an organization focused on providing financial aid and educational services for LMI youth.
- Volunteer service providing support at local vaccine sites supporting the community during the global COVID-19 pandemic.
- Selection and Financial Committee member service for an organization providing affordable housing for LMI families.
- Board member service for an organization providing free medical, mental health, and social support for students.

## State Rating

### State of Oregon

**CRA rating for the State of Oregon<sup>1</sup>:** Outstanding

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Outstanding

The major factors that support this rating include:

- During the assessment period, BBNB originated 75.0 percent of sampled business loans to small businesses with gross annual revenues of \$1 million or less. This performance exceeds the aggregate CRA data which indicates that 54.9 percent of loans originated in the AA area were to small businesses.
- The bank's responsiveness to the needs of its communities through CD activities is excellent.

### Description of Institution's Operations in Oregon

Throughout the review period, the bank maintained one branch in the city of Milton-Freewater, OR. Management designated the county of Umatilla as its sole AA in the State of Oregon. As of June 2022, the Milton-Freewater branch closed. Customers were notified that the last day the branch was open was June 17, 2022, including the ATM and safe deposit boxes.

#### Umatilla

The Umatilla AA comprises the entire county of Umatilla in Oregon. The county is located in the Northeastern region of Oregon, south of the Washington border at the convergence of the Umatilla and Columbia Rivers. Umatilla County comprises the majority of the Pendleton-Hermiston, OR Micropolitan Statistical Area. Umatilla County is 3,231 square miles in size. It borders Walla Walla County, WA and Benton County, WA to the north, both of which are part of the bank's AAs. Umatilla County is also bordered by the Oregon counties of Wallowa, Union, Grant, and Morrow. The U.S. Census Bureau estimates the county population at 79,988 as of July 1, 2021. The growth rate for the county from July 1, 2018, to July 1, 2021, was approximately 4.2 percent. The largest city in Umatilla County is Hermiston, which has a 2021 population of 19,455, per estimates from the U.S. Census Bureau. Pendleton, the county seat, is the second largest city with a population of 16,841. Milton-Freewater, the city in which BBNB's branch resided, has a population of 7,144. Umatilla County's top industries are healthcare and social assistance employing 4,255, retail trade employing 3,940, and manufacturing which employs 3,450. The median family income for Umatilla County is \$57,973 which is a 6 percent growth year over year.

The following table provides key demographic information for the Umatilla AA.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.



<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2019-2021 Umatilla AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	15	0.0	0.0	73.3	26.7	0.0
Population by Geography	76,738	0.0	0.0	71.5	28.5	0.0
Housing Units by Geography	29,741	0.0	0.0	75.6	24.4	0.0
Owner-Occupied Units by Geography	16,791	0.0	0.0	73.4	26.6	0.0
Occupied Rental Units by Geography	10,003	0.0	0.0	78.5	21.5	0.0
Vacant Units by Geography	2,947	0.0	0.0	78.1	21.9	0.0
Businesses by Geography	5,591	0.0	0.0	79.2	20.8	0.0
Farms by Geography	579	0.0	0.0	59.6	40.4	0.0
Family Distribution by Income Level	18,288	19.1	15.5	19.6	45.8	0.0
Household Distribution by Income Level	26,794	20.9	14.6	16.8	47.6	0.0
Median Family Income Non-MSAs - OR		\$51,555	Median Housing Value			\$144,672
			Median Gross Rent			\$694
			Families Below Poverty Level			13.9%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in Oregon

We conducted a full-scope review of the bank's performance in its sole AA in Oregon, the Umatilla County AA. Since this AA has no low- or moderate-income census tracts, the geographic distribution of lending within the AA is not meaningful. The results of the lending test will be based on the bank's performance in lending to businesses of different sizes.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Oregon

### LENDING TEST

The bank's performance under the Lending Test in Oregon is rated Satisfactory.

### Conclusions for Areas Receiving Full-Scope Reviews.

Based on full-scope reviews, the bank's lending performance in the state of Oregon is reasonable.

This conclusion is based on performance within the Umatilla AA, which is the bank's sole AA in the state. The bank has significant penetration in small businesses within the AA, particularly relative to both the census and peer business information for the AA. Due to a lack of low- or moderate-income

tracts within the AA, the geographic distribution of lending for small businesses did not factor into the overall performance for this area.

### **Distribution of Loans by Income Level of the Geography**

Geographic analysis was not meaningful for Oregon due to an absence of low- or moderate- income tracts located within the AA. The bank exhibits reasonable geographic distribution of loans in the state of Oregon but due to the absence of low- or moderate- income tracts to assess, the geographic analysis was not performed. The tables for geographic distribution in Oregon below are included for reference.

#### ***Small Loans to Businesses***

There are no low- or moderate- income tracts within the Oregon assessment area. As such, for reviewing the volume of loans to LMI individuals, we focused our review on the distribution of loans by income level within the state of Oregon.

Refer to Table Q in the state of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

#### ***Small Loans to Businesses***

Refer to Table R in the state of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to businesses with gross annual revenues of \$1 million or less in the Umatilla AA reflects reasonable penetration among small businesses of different sizes. During the assessment period, BBNB originated 75.0 percent of sampled business loans to small businesses with gross annual revenues of \$1 million or less. This performance exceeds the aggregate CRA data which indicates that 54.9 percent of loans originated in the AA area were to small businesses. Census data further indicates that 82.7 percent of businesses have revenues of \$1 million or less.

### **Responses to Complaints**

There were no complaints with relation to the bank's CRA performance in the state of Oregon.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the state of Oregon is rated Outstanding.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank exhibits excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area(s).

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Umatilla AA	2	100	390	100

The bank exhibited excellent responsiveness to CD needs in the Umatilla AA through CD lending specifically relative to the level of opportunities available within the AA. During the evaluation period, the bank originated two qualifying community development loan totaling \$390 thousand that benefited the Umatilla AA. These loans supported a local non-profit providing assisted living opportunities for individuals with disabilities.

Additionally, the bank funded and processed 59 loans totaling \$9.5 million through the SBA's PPP. The purpose of the program was to help small businesses retain their workforce during the COVID-19 pandemic. The majority of these loans made within the state of Oregon supported the Umatilla AA with the remainder benefiting a broader statewide area.

### Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Umatilla AA	0	0	20	2,987	20	100	2,987	100	0	0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank exhibited excellent responsiveness to community development needs in the Umatilla AA through qualified investments relative to opportunities available within the AA. The Qualified Investment Table, shown above, sets forth information and data used to evaluate the bank's level of qualified investments.

During the evaluation period, the bank donated \$7 thousand to two qualified organizations operating in the Umatilla AA. These organizations provided LMI individuals housing opportunities as well as providing food. The bank also made significant investments into the Umatilla AA via the purchasing of general obligation municipal bonds. These bonds provide infrastructure support to schools where over fifty percent of students received free or reduced fare lunches.

### **Extent to Which the Bank Provides Community Development Services**

The bank's CD service performance represents reasonable responsiveness to the community needs within their assessment area. Over the evaluation period, bank employees dedicated 33 hours of qualifying service hours. Examples of CD services provided by the bank staff include:

- Budget Committee member for school board where a majority of the students receive free or reduced lunches.
- Committee member for organization that provides scholarships for LMI students.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	January 1, 2019, through December 31, 2021	
<b>Bank Products Reviewed:</b>	Small business loans, community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Washington</b>		
Walla Walla	Full-scope	Walla Walla County
Yakima	Full-scope	Yakima County
Benton-Franklin	Full-scope	Benton and Franklin Counties
<b>Oregon</b>		
Umatilla	Full-scope	Umatilla County

## Appendix B: Summary of MMSA and State Ratings

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RATINGS Baker Boyer National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Baker Boyer National Bank	Satisfactory	Outstanding	Outstanding
State:			
Washington	Satisfactory	Outstanding	Outstanding
Oregon	Satisfactory	Outstanding	Outstanding

(\* ) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.



**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Washington - Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-2021	
Assessment Area:	Total Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Benton-Franklin AA	20	10,612	27.4	4,207	1.3	0	1.0	28.6	35.0	28.8	37.4	40.0	36.8	32.3	25.0	33.0	0.4	0.0	0.4	
Walla Walla AA	33	3,788	45.2	839	5.7	6.0	7.9	16.2	15.2	16.1	63.3	60.6	62.5	14.7	18.2	13.6	0.1	0.0	0.0	
Yakima AA	20	11,147	27.4	3,167	0.0	0	0.0	28.4	15.0	25.7	39.4	35.0	39.8	32.2	50.0	34.5	0.0	0.0	0.0	
<b>Total</b>	<b>73</b>	<b>25,547</b>	<b>100.0</b>	<b>8,213</b>	<b>1.4</b>	<b>2.7</b>	<b>1.3</b>	<b>27.0</b>	<b>20.5</b>	<b>26.3</b>	<b>41.4</b>	<b>47.9</b>	<b>40.6</b>	<b>30.1</b>	<b>28.8</b>	<b>31.6</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>	

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Oregon - Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	2019-2021	
Assessment Area:	Total Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Umatilla AA	20	2,645	100.0	1,042	0.0	--	0.0	0.0	--	0.0	79.1	70.0	77.8	20.9	30.0	22.2		
<b>Total</b>	<b>20</b>	<b>2,645</b>	<b>100.0</b>	<b>1,042</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>79.1</b>	<b>70.0</b>	<b>77.8</b>	<b>20.9</b>	<b>30.0</b>	<b>22.2</b>		

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Washington - Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2019-2021</b>
Assessment Area:	Total Loans				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Benton-Franklin AA	20	10,612	27.4	4,207	84.3	60.0	46.3	4.5	40.0	11.2	--	
Walla Walla AA	33	3,788	45.2	839	84.7	84.8	52.8	4.3	15.2	11.0	--	
Yakima AA	20	11,147	27.4	3,167	81.0	60.0	49.6	5.9	40.0	13.1	--	
<b>Total</b>	<b>73</b>	<b>25,547</b>	<b>100.0</b>	<b>8,213</b>	<b>83.1</b>	<b>71.2</b>	<b>48.2</b>	<b>5.0</b>	<b>28.8</b>	<b>11.9</b>	<b>--</b>	

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Oregon - Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2019-2021</b>
Assessment Area:	Total Loans				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Umatilla AA	20	2,645	100.0	1,042	82.7	75.0	54.9	4.5	25.0	12.7	--	
<b>Total</b>	<b>20</b>	<b>2,645</b>	<b>100.0</b>	<b>1,042</b>	<b>82.7</b>	<b>75.0</b>	<b>54.9</b>	<b>4.5</b>	<b>25.0</b>	<b>12.7</b>	<b>--</b>	

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%