



Cashmere Valley Bank

FOR IMMEDIATE RELEASE

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CASHMERE VALLEY BANK REPORTS RECORD EARNINGS OF \$29.2 MILLION AND INCREASES SEMI-ANNUAL DIVIDEND

CASHMERE, WA, January 20, 2026 – Cashmere Valley Bank (OTCQX: CSHX) (“Bank”), announced annual earnings of \$29.2 million for the year ended December 31, 2025. Diluted earnings per share was \$7.46, which was an increase of \$0.22 from the prior year.

On January 20, 2026, the Bank’s Board of Directors declared a semi-annual dividend payment of \$1.00 per share to shareholders of record on January 30, 2026. The dividend will be paid on February 9, 2026. The dividend rate is an increase of \$0.05 per share from the dividend paid August 11, 2025.

“We are extremely pleased with our earnings,” said Greg Oakes, President and CEO. “Furthermore, our stock repurchase that was completed early in 2026 provided liquidity to shareholders looking to reduce their positions, and also rewarded shareholders by lowering the amount of shares outstanding. Looking forward, our indirect lending portfolio and lower interest rate environment are challenges that we will have to navigate.”

2025 Highlights

The Bank reported the following financial highlights for the period ending December 31, 2025 as compared to December 31, 2024:

- Cashmere Valley Bank was ranked in the top ten nationally in its asset size based on capital, earnings and asset quality metrics by Bank Director magazine.
- Net income increased to \$29.2 million for the year ended December 31, 2025, which was an increase of \$1.1 million.
- Fourth quarter net income totaled \$7.1 million, or \$1.81 per diluted share.
- Diluted earnings per share increased 3.0% from the prior year to \$7.46 per share as compared to \$7.24 in 2024.
- Return on equity decreased from 12.93% in fiscal 2024 to 11.76% for fiscal 2025. The decrease in return on equity was due to an increasing capital base from earnings and a reduction in unrealized losses on available for sale securities.
- Return on assets decreased 2 basis points to 1.34%. While earnings held steady, asset growth occurred during the second half of the year resulting in the reduction.
- The Bank’s net interest margin increased seven basis points to 3.21% in 2025 as compared to 3.14% a year ago. Yield on earning assets increased six basis points while cost of funds fell by one basis point.
- The efficiency ratio remained strong and decreased from 57.0% to 56.6% in spite of escalating personnel costs.

Cash, Cash Equivalents and Restricted Cash

Cash balances increased \$31.0 million to \$250.9 million at December 31, 2025 from \$219.9 million as of December 31, 2024. Deposit balances stabilized in the early part of the year, then grew in the latter half of the year. There were also a number of large loan payoffs throughout the year. Proceeds from deposit growth and reductions in the loan portfolio were utilized to increase on-hand liquidity as well as purchase Available for Sale (AFS) securities.

Investments

The fair value of the AFS securities portfolio increased \$145.6 million due to Security purchases in combination with a \$23.8 million reduction in unrealized losses on available for sale securities. The book value less allowance for credit losses of HTM securities totaled \$123.4 million at December 31, 2025. This represented a decrease of \$6.8 million from December 31, 2024.

Available for sale securities totaling \$33.8 million were sold during 2025, resulting in a gain of approximately \$130,000. There were no security sales in 2024.

Security purchases totaling \$267.5 million were made during 2025. The bulk of purchases were made in Collateralized Mortgage Obligation (CMO's), whose purchases totaled \$182.5 million in 2025.

Unrealized losses on available for sale securities decreased \$23.8 million during 2025 and totaled \$39.6 million as of December 31, 2025.

Loans and Credit Quality

At December 31, 2025 gross loans totaled \$951.9 million, representing a decrease of \$10.5 million, or 1.1%, from December 31, 2024. Significant loan payoffs adversely affected loan totals. Larger loan payoff activity occurred primarily in the multifamily and municipal loan portfolios.

The allowance for credit losses on loans (ACL) was 1.20%, or \$11.4 million, as of December 31, 2025 as compared to 1.32%, or \$12.7 million, as of December 31, 2024.

The Bank recorded provision expense of \$3.0 million in 2025 as compared to \$2.0 million in 2024. The decrease in provision expense was largely due to an increase in charged-off loans. Charged-off loans totaled \$4.4 million in 2025 as compared to \$3.5 million in 2024. The majority of charged-off loans came from the equipment finance division which continues to see charge-offs related to the trucking industry.

Non-performing loan totals increased from the prior year. As of December 31, 2025, non-performing loans totaled \$4.4 million, or 0.46%, of gross loans as compared to \$3.3 million, which represented 0.34% of gross loans as of December 31, 2024.

Deposits

Total deposits were \$1.9 billion as of December 31, 2025, which represented an increase of \$62.8 million, or 3.4%, from December 31, 2024. Non-interest bearing deposits totaled \$403.5 million, which represented 21.2% of total deposits. Certificate of deposit balances increased significantly from \$502.5 million at December 31, 2024 to \$579.9 million as of December 31, 2025. The majority of the increase in CD balances was represented by CD's with terms less than one year.

Capital

As of December 31, 2025, shareholders' equity increased \$39.9 million and totaled \$271.3 million, which represented a 17.2% increase from \$231.4 million at December 31, 2024. Equity increased due to an improvement in unrealized losses on available for sale securities and swaps totaling \$16.9 million in combination with annual earnings less dividends paid. At period end, the Bank's GAAP capital to assets ratio was 11.99% as compared to 10.94% one year ago.

Earnings

Net Interest Income

Net interest income totaled \$68.3 million for the year ended December 31, 2025 as compared to \$63.2 million for the year ended December 31, 2024. The increase of \$5.1 million represented an increase of 8.1%.

Interest income increased \$6.4 million, while interest expense increased by \$1.3 million. Interest income was increased by \$595,000 due to interest paid on overpayment of taxes related to the Employee Retention Tax Credit. Additionally, income from available for sale and held to maturity income increased \$3.8 million, fed funds and deposits with other financial institutions increased \$1.3 million and income from loans increased \$764,000 despite decreasing loan balances.

The average yield on earning assets improved from 4.66% to 4.72%, while the Bank's cost of funds decreased from 1.68% to 1.67%.

Non-Interest Income

Non-interest income increased \$1.5 million, or 7.3%, as compared to 2024. Insurance commission and fees increased \$859,000 million in 2025, and Bank Owned Life Insurance income increased \$396,000 due primarily to a death benefit payment along with higher returns on existing policies. Gains on sales of available for sale securities improved by \$130,000 in 2025 as compared to 2024 when no securities were sold.

Non-Interest Expense

Non-interest expense increased \$3.4 million, or 7.1%. Salaries and benefits increased \$2.7 million. The increase in salaries and benefits was largely related to significant investments in personnel late in 2024 that were not reflected in expense until 2025, in combination with a significant increase in health insurance expense. Data processing costs increased \$733,000, or 11.6%.

Federal income tax expense increased \$1.1 million from the prior year to \$6.9 million. The Bank's effective tax rate was 19.0% for 2025 as compared to 17.1% in 2024.

About Cashmere Valley Bank

Cashmere Valley Bank was established September 24, 1932 and now has 11 retail offices in Chelan, Douglas, Kittitas and Yakima Counties and a municipal lending office in King County. The Bank provides business and personal banking, commercial lending, insurance services through its subsidiary Mitchell, Reed & Schmitten Insurance, investment services, mortgage services, equipment lease financing, auto and marine dealer financing and municipal lending. The success of Cashmere Valley Bank is the result of maintaining a high level of personal service and controlling expenses so our fees and charges offer our customers the best value available. We remain committed to those principles that we feel are best summarized as, "the little Bank with the big circle of friends."

Forward-Looking Statements

This release may contain certain forward-looking statements that are based on management's current expectations regarding economic, legislative, and regulatory issues that may impact the Bank's earnings in future periods. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "intend," "anticipate," "estimate," "will," "would," "should," "could" or "may." Factors that could cause future results to vary materially from current management expectations include, but are not limited to, general economic conditions, economic uncertainty in the United States and abroad, changes in interest rates, deposit flows, real estate values, costs or effects of acquisitions, competition, changes in accounting principles, policies or guidelines, legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting the Bank's operations. The Bank undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

	December 31, 2025	September 30, 2025	December 31, 2024
Assets			
Cash and Cash Equivalent:			
Cash & due from banks	\$31,097	\$26,245	\$27,642
Interest bearing deposits	216,434	239,553	188,370
Fed funds sold	3,389	4,212	3,909
Total Cash and Cash Equivalent	250,920	270,010	219,921
Securities available for sale	862,103	816,440	716,508
Securities held to maturity, net of allowance for credit losses of \$13, \$14 and \$16, respectively	123,412	124,814	130,254
Federal Home Loan Bank stock, at cost	5,008	5,053	2,846
Loans held for sale	1,135	5	4
Loans	951,869	964,663	962,369
Allowance for credit losses	(11,399)	(12,136)	(12,748)
Net loans	940,470	952,527	949,621
Premises and equipment	19,235	19,430	19,472
Accrued interest receivable	8,868	9,313	8,952
Other real estate and foreclosed assets	148	97	97
Bank Owned Life Insurance	27,343	27,101	27,647
Goodwill	7,579	7,579	7,579
Intangibles, net	2,233	2,427	2,749
Mortgage servicing rights	2,382	2,375	2,441
Net deferred tax assets	13,137	14,304	18,037
Other assets	9,339	9,608	15,435
Total assets	\$2,273,312	\$2,261,083	\$2,121,563
Liabilities and Shareholders' Equity			
Liabilities			
Deposits:			
Non-interest bearing demand	\$403,456	\$415,957	\$395,327
Savings and interest-bearing demand	917,464	912,712	940,084
Time	579,856	568,657	502,542
Total deposits	1,900,776	1,897,326	1,837,953
Accrued interest payable	3,073	3,138	2,842
Borrowings	83,000	84,000	36,000
Other liabilities	13,992	14,393	12,601
Total liabilities	2,000,841	1,998,857	1,889,396
Shareholders' Equity			
Common stock (no par value); authorized 10,000,000 shares;			
Issued and outstanding: 12/31/2025 -- 3,907,525 ; 9/30/2025 -- 3,906,693 ; 12/31/2024 -- 3,891,000	--	--	--
Additional paid-in capital	6,248	6,191	5,229
Treasury stock	(16,784)	(16,784)	(16,784)
Retained Earnings	323,653	316,563	301,636
Other comprehensive income	(41,823)	(44,633)	(58,674)
Total Cashmere Valley Bank shareholders' equity	271,294	261,337	231,407
Noncontrolling interest	1,177	889	760
Total shareholders' equity	272,471	262,226	232,167
Total liabilities and shareholders' equity	\$2,273,312	\$2,261,083	\$2,121,563

Quarterly Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the quarters ended,		
	December 31, 2025	September 30, 2025	December 31, 2024
Interest Income			
Loans and leases	\$13,408	\$13,613	\$13,102
Fed funds sold and deposits at other financial institutions	2,361	2,358	2,037
Securities available for sale:			
Taxable	8,688	8,601	7,511
Tax-exempt	461	464	344
Securities held to maturity:			
Taxable	733	734	764
Tax-exempt	25	25	24
Other interest income	595	--	--
Total interest income	26,271	25,795	23,782
Interest Expense			
Deposits	7,605	7,496	7,348
Borrowings	829	862	457
Total interest expense	8,434	8,358	7,805
Net interest income	17,837	17,437	15,977
Provision for Credit Losses		859	837
Net interest income after provision for credit losses	16,978	16,600	15,512
Non-Interest Income			
Service charges on deposit accounts	523	502	541
Mortgage banking operations	514	463	413
Net gain (loss) on sales of securities available for sale	--	--	--
Brokerage commissions	330	304	317
Insurance commissions and fees	2,330	2,134	2,402
Net interchange income	1,063	1,073	1,105
Earnings from Bank Owned Life Insurance	242	559	220
Dividends from correspondent banks	156	142	102
Other	305	341	276
Total non-interest income	5,463	5,518	5,376
Non-Interest Expense			
Salaries and employee benefits	7,758	7,476	7,197
Occupancy and equipment	834	840	918
Audits and examinations	29	43	21
State and local business and occupation taxes	464	417	300
FDIC insurance & WA state assessments	267	257	253
Legal and professional fees	264	356	238
Check losses and charge-offs	145	101	127
Low-income housing investment losses	66	58	156
Data processing	1,787	1,734	1,562
Product delivery	354	330	326
Other	1,072	1,020	1,037
Total non-interest expense	13,040	12,632	12,135
Income before income taxes	9,401	9,486	8,753
Income Taxes			
Net income	7,121	7,759	7,076
Net income attributable to noncontrolling interest	32	30	17
Net income attributable to Cashmere Valley Bank	\$7,089	\$7,729	\$7,059
Earnings Per Share			
Basic	\$ 1.81	\$ 1.98	\$ 1.81
Diluted	\$ 1.81	\$ 1.97	\$ 1.81

Year-to-Date Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the twelve months ended,	
	December 31, 2025	December 31, 2024
Interest Income		
Loans and leases	\$53,361	\$52,597
Fed funds sold and deposits at other financial institutions	8,249	6,986
Securities available for sale:		
Taxable	33,478	29,797
Tax-exempt	1,614	1,313
Securities held to maturity:		
Taxable	2,978	3,094
Tax-exempt	100	142
Other interest income	595	--
Total interest income	100,375	93,929
Interest Expense		
Deposits	29,254	28,524
Borrowings	2,840	2,226
Total interest expense	32,094	30,750
Net interest income	68,281	63,179
Provision for Credit Losses	2,974	1,971
Net interest income after provision for credit losses	65,307	61,208
Non-Interest Income		
Service charges on deposit accounts	2,057	2,045
Mortgage banking operations	1,757	1,565
Net gain (loss) on sales of securities available for sale	130	--
Brokerage commissions	1,199	1,382
Insurance commissions and fees	9,613	8,754
Net interchange income	4,298	4,571
Earnings from Bank Owned Life Insurance	1,234	838
Dividends from correspondent banks	508	255
Other	1,259	1,147
Total non-interest income	22,055	20,557
Non-Interest Expense		
Salaries and employee benefits	30,326	27,584
Occupancy and equipment	3,374	3,471
Audits and examinations	509	507
State and local business and occupation taxes	1,622	1,247
FDIC insurance & WA state assessments	1,047	965
Legal and professional fees	1,197	1,073
Check losses and charge-offs	474	509
Low-income housing investment losses	(33)	483
Data processing	7,028	6,295
Product delivery	1,317	1,380
Other	4,227	4,188
Total non-interest expense	51,088	47,702
Income before income taxes	36,274	34,063
Income Taxes	6,889	5,829
Net income	29,385	28,234
Net income attributable to noncontrolling interest	158	75
Net income attributable to Cashmere Valley Bank	\$29,227	\$28,159
Earnings Per Share		
Basic	\$ 7.49	\$ 7.24
Diluted	\$ 7.46	\$ 7.24