Cashmere Valley Bank

FOR IMMEDIATE RELEASE

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CASHMERE VALLEY BANK REPORTS INCREASED QUARTERLY EARNINGS OF $6.9 MILLION, YEAR TO DATE EARNINGS OF $12.7 MILLION

CASHMERE, WA, July 21, 2026 – Cashmere Valley Bank (OTCQX: CSHX) ("Bank"), announced quarterly earnings of $6.9 million for the quarter ended June 30, 2026. Diluted earnings per share totaled $1.88, which represented an increase of $0.34 per share, or 22.1% from the quarter ended March 31, 2026. Year to date diluted earnings per share were $3.42 as compared to $3.69 one year ago.

"The second quarter reflected a strong rebound from the first quarter. Along with the improvement in earnings, we are very pleased with our balance sheet growth in 2026," said Greg Oakes, President and CEO. "Loan and deposit totals are both above our expectations entering the year. We are also thrilled to report that we broke ground on our upcoming East Wenatchee facility along Grant Road. We expect that facility to open in the middle part of 2027."

The Bank reported the following statement of condition highlights as of June 30, 2026:

- As of June 30, 2026, gross loans totaled $1.033 billion, which represented an increase from June 30, 2025 of $61.7 million, or 6.3%. The Bank experienced loan growth in 2026 as loan balances increased $81.5 million, or 8.6%, since December 31, 2025.

- Deposit balances totaled $1.963 billion as of June 30, 2026. Deposit balances increased $123.6 million, or 6.7%, from June 30, 2025. Deposit balances increased from December 31, 2025 by $62.0 million, or 3.3%. Non-interest deposits totaled $420.0 million as of June 30, 2026, which represented 21.4% of total deposits.

- Quarterly return on assets increased to 1.21% from 1.04%, due to the increase in net income.

- Quarterly return on equity increased to 10.8% from 9.0%, due to reduced net income along with a decreasing equity base, primarily from share repurchases.

- Common stock tender offers to repurchase shares of the Bank's common stock were completed in January 2026 and April 2026 totaling 327,419 shares, or 8.38%, of the common shares outstanding. Cash paid for the repurchases totaled $24.6 million.

- At the July 21, 2026 Board of Director's meeting, the Bank's Board of Directors declared a cash dividend of $1.00 per share. The dividend will be payable on August 10, 2026 to shareholders of record July 31, 2026.

Cash, Cash Equivalents and Restricted Cash

Total cash, cash equivalents and restricted cash totaled $233.0 million at June 30, 2026, compared to $210.1 million at June 30, 2025. The $22.9 million increase was largely due to the rather significant deposit growth observed over the prior twelve months.

Investments

The investment portfolio, net of the held to maturity allowance, totaled $962.6 million at June 30, 2026, which was an increase of $41.8 million from June 30, 2025. As of June 30, 2026, available for sale securities totaled $841.8 million and held to maturity securities, net of the allowance, totaled $120.8 million. Unrealized losses on available for sale securities decreased from $53.1 million at June 30, 2025 to $45.7 million as of June 30, 2026.

During the second quarter of 2026, a loss on sale of available for sale securities of $9,000 was recorded as part of a bond portfolio restructure. Proceeds from the sale were reinvested into the available for sale securities portfolio as part of an interest rate risk management strategy.

Loans and Credit Quality

Gross loans increased $61.7 million from June 30, 2025, reaching $1.033 billion as of June 30, 2026. Gross loan totals increased $81.5 million from December 31, 2025. Loan growth was reflected in several diverse loan categories. Since December 31, 2025, commercial real estate loans increased $25.3 million, commercial loans increased $13.2 million, in-house adjustable-rate mortgages improved by $12.2 million, municipal loans increased $9.4 million, dealer paper improved by $9.6 million, multifamily loans were up $7.9 million, and equipment finance loans increased $7.2 million

The allowance for credit losses on loans (ACL) was 1.12% of gross loans as compared to 1.24% one year ago. During the second quarter of 2026, the Bank recorded $727,000 million in provision expense as compared to $1.4 million in the prior quarter and $517,000 in the second quarter of 2025. The allowance balance totaled $11.5 million as of June 30, 2026.

Non-performing loan totals decreased slightly from the prior quarter and represented 0.35% of gross loans as of June 30, 2026.

Deposits

Deposits totaled $1.963 billion at June 30, 2026, which represented an increase of $123.6 million, or 6.7%, from the prior year. Year to date, the average cost of funds decreased from the prior year at 1.65% to 1.61% as of June 30, 2026. Certificate of deposit balances increased $56.5 million over the past twelve months, however, certificate of deposit balances decreased slightly during the second quarter of 2026 by $2.8 million.

Equity

Tier 1 capital remains strong. Tier 1 capital decreased to $289.4 million as of June 30, 2026, which represented a decrease of 0.3% from $290.3 million at June 30, 2025. Tier 1 capital was reduced by $914,000 between the two periods due to common stock share repurchases.

As of June 30, 2026, GAAP capital increased $8.6 million from June 30, 2025, or 3.4%. The Bank's GAAP equity to assets remained strong at 11.13% as of June 30, 2026 as compared to 11.38% as of June 30, 2025.

Earnings

Net Interest Income

For the six months ended, June 30, 2026, net interest income totaled $34.1 million compared to $33.0 million in the same period in 2025. For those six months, interest income increased $753,000 from loans, $631,000 from available for sale and held to maturity securities and $388,000 from cash balances. Interest income growth was partially offset by an increase in interest expense of $718,000 as compared to the six months ended June 30, 2025.

For the quarter ending June 30, 2026, net interest income increased $796,000 from the quarter ended March 31, 2026. Loan income increased $780,000 over the prior quarter.

The net interest margin was 3.10% for the first six months of 2026, compared to 3.20% during the first six months of 2025. For the quarter ending June 30, 2026 the net interest margin was 3.15% as compared to 3.23% in the second quarter of 2025. The Bank's quarterly net interest margin showed improvement of ten basis points as compared to the first quarter of 2026.

Non-Interest Income

Non-interest income totaled $10.9 million in the first six months of 2026 as compared to $11.1 million in the first six months of 2025. Non-interest income from brokerage commissions at Cashmere Valley Wealth Management decreased $314,000.

Non-Interest Expense

Non-interest expense totaled $27.1 million in the first six months of 2026, as compared to $25.4 million in the first six months of 2025. Salaries and benefits increased $490,000, or 3.3%. Occupancy and equipment increased $194,000 largely due to the investment in non-depreciable investments at the Bank's facilities. The State of Washington increased B&O tax rates that increased the Bank's B&O tax expense by $219,000 as compared to the prior year.

The Bank's efficiency ratio was 60.2% in the first six months of 2026 as compared to 57.7% in the first six months of 2025.

Income tax expense increased from $2.9 million in 2025 to $3.0 million in 2026.

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

	June 30, 2026	March 31, 2026	June 30, 2025
Assets			
Cash and Cash Equivalent:			
Cash & due from banks	$28,854	$24,654	$33,936
Interest bearing deposits	199,465	234,279	172,379
Fed funds sold	4,630	4,374	3,742
Total Cash and Cash Equivalent	232,949	263,307	210,057
Securities available for sale	841,798	858,446	794,155
Securities held to maturity, net of allowance for credit losses of $11, $12 and $15, respectively	120,758	122,139	126,587
Federal Home Loan Bank stock, at cost	5,009	5,054	5,053
Loans held for sale	4	328	504
Loans	1,033,361	971,887	971,669
Allowance for credit losses	(11,547)	(11,384)	(12,019)
Net loans	**1,021,814**	**960,503**	**959,650**
Premises and equipment	19,022	18,904	19,715
Accrued interest receivable	8,429	9,141	8,721
Other real estate and foreclosed assets	97	97	97
Bank Owned Life Insurance	27,819	27,580	28,080
Goodwill	7,661	7,661	7,579
Intangibles, net	2,292	2,462	2,367
Mortgage servicing rights	2,328	2,355	2,386
Net deferred tax assets	13,589	13,525	16,554
Other assets	13,265	9,495	10,023
Total assets	**$2,316,834**	**$2,300,997**	**$2,191,528**
Liabilities and Shareholders' Equity			
Liabilities			
Deposits:			
Non-interest bearing demand	$419,516	$407,167	$397,399
Savings and interest-bearing demand	948,003	938,174	902,986
Time	595,247	598,011	538,795
Total deposits	**1,962,766**	**1,943,352**	**1,839,180**
Accrued interest payable	2,882	2,867	2,963
Borrowings	81,000	82,000	84,000
Other liabilities	12,295	13,565	16,076
Total liabilities	**2,058,943**	**2,041,784**	**1,942,219**
Shareholders' Equity			
Common stock (no par value); authorized 10,000,000 shares; Issued and outstanding: 6/30/2026 -- 3,630,214 ; 3/31/2026 -- 3,713,761 ; 6/30/2025 -- 3,900,683	--	--	--
Additional paid-in capital	8,843	6,667	5,789
Treasury stock	(41,340)	(31,784)	(16,784)
Retained Earnings	332,386	325,737	312,542
Other comprehensive income	(43,278)	(42,634)	(53,095)
Total Cashmere Valley Bank shareholders' equity	**256,611**	**257,986**	**248,452**
Noncontrolling interest	1,280	1,227	857
Total shareholders' equity	**257,891**	**259,213**	**249,309**
Total liabilities and shareholders' equity	**$2,316,834**	**$2,300,997**	**$2,191,528**

Quarterly Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the quarters ended,		
	June 30, 2026	**March 31, 2026**	**June 30, 2025**
Interest Income			
Loans and leases	$13,936	$13,156	$13,506
Fed funds sold and deposits at other financial institutions	1,859	2,059	1,573
Securities available for sale:			
Taxable	8,569	8,201	8,375
Tax-exempt	349	449	356
Securities held to maturty:			
Taxable	726	726	748
Tax-exempt	25	25	25
Other interest income	--	--	--
Total interest income	**25,464**	**24,616**	**24,583**
Interest Expense			
Deposits	7,254	7,199	7,041
Borrowings	781	784	748
Total interest expense	**8,035**	**7,983**	**7,789**
Net interest income	**17,429**	**16,633**	**16,794**
Provision for Credit Losses	727	1,424	517
Net interest income after provision for credit losses	**16,702**	**15,209**	**16,277**
Non-Interest Income			
Service charges on deposit accounts	554	527	536
Mortgage banking operations	370	376	429
Net gain (loss) on sales of securities available for sale	(9)	55	--
Brokerage commissions	48	203	238
Insurance commissions and fees	2,475	2,635	2,482
Net interchange income	1,066	1,113	1,024
Earnings from Bank Owned Life Insurance	240	236	218
Dividends from correspondent banks	152	162	101
Other	411	297	323
Total non-interest income	**5,307**	**5,604**	**5,351**
Non-Interest Expense			
Salaries and employee benefits	7,516	8,066	7,334
Occupancy and equipment	1,055	839	832
Audits and examinations	120	241	190
State and local business and occupation taxes	489	476	383
FDIC insurance & WA state assessments	276	303	256
Legal and professional fees	358	431	330
Net (gain) on foreclosed real estate	--	(94)	--
Check losses and charge-offs	156	114	110
Low-income housing investment losses	70	45	(315)
Data processing	1,772	1,752	1,738
Product delivery	359	396	269
Other	1,249	1,097	1,077
Total non-interest expense	**13,420**	**13,666**	**12,204**
Income before income taxes	**8,589**	**7,147**	**9,424**
Income Taxes	**1,670**	**1,302**	**1,379**
Net income	**6,919**	**5,845**	**8,045**
Net income attributable to noncontrolling interest	52	49	47
Net income attributable to Cashmere Valley Bank	**$6,867**	**$5,796**	**$7,998**
Earnings Per Share			
Basic	**$1.89**	**$1.55**	**$2.05**
Diluted	**$1.88**	**$1.54**	**$2.04**

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

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the six months ended,	
	June 30, 2026	**June 30, 2025**
Interest Income		
Loans and leases	$27,093	$26,340
Fed funds sold and deposits at other financial institutions	3,918	3,530
Securities available for sale:		
Taxable	16,769	16,191
Tax-exempt	798	688
Securities held to maturity:		
Taxable	1,452	1,511
Tax-exempt	51	49
Other interest income	--	--
Total interest income	**50,081**	**48,309**
Interest Expense		
Deposits	14,454	14,152
Borrowings	1,565	1,149
Total interest expense	**16,019**	**15,301**
Net interest income	**34,062**	**33,008**
Provision for Credit Losses	2,152	1,278
Net interest income after provision for credit losses	**31,910**	**31,730**
Non-Interest Income		
Service charges on deposit accounts	1,081	1,033
Mortgage banking operations	746	780
Net gain (loss) on sales of securities available for sale	45	130
Brokerage commissions	251	565
Insurance commissions and fees	5,110	5,149
Net interchange income	2,179	2,162
Earnings from Bank Owned Life Insurance	476	433
Dividends from correspondent banks	314	210
Other	709	610
Total non-interest income	**10,911**	**11,072**
Non-Interest Expense		
Salaries and employee benefits	15,582	15,092
Occupancy and equipment	1,894	1,700
Audits and examinations	361	437
State and local business and occupation taxes	964	741
FDIC insurance & WA state assessments	579	523
Legal and professional fees	789	577
Net (gain) on foreclosed real estate	(94)	--
Check losses and charge-offs	270	228
Low-income housing investment losses	114	(157)
Data processing	3,524	3,506
Product delivery	755	633
Other	2,346	2,137
Total non-interest expense	**27,084**	**25,417**
Income before income taxes	**15,737**	**17,385**
Income Taxes	**2,972**	**2,881**
Net income	**12,765**	**14,504**
Net income attributable to noncontrolling interest	101	95
Net income attributable to Cashmere Valley Bank	**$12,664**	**$14,409**
Earnings Per Share		
Basic	**$3.44**	**$3.70**
Diluted	**$3.42**	**$3.69**