



Cashmere Valley Bank

FOR IMMEDIATE RELEASE

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## **CASHMERE VALLEY BANK REPORTS QUARTERLY EARNINGS OF \$5.8 MILLION**

CASHMERE, WA, April 21, 2026 – Cashmere Valley Bank (OTCQX: CSHX) (“Bank”), announced quarterly earnings of \$5.8 million for the quarter ended March 31, 2026. Diluted earnings per share totaled \$1.54, representing a decrease of \$0.10 per share, or 6.1%.

“We saw mixed results in the first quarter,” said Greg Oakes, President and CEO. “Loan and deposit totals are both up nicely from year end. We were also very pleased with the results of the tender offers to repurchase common shares, and the tender offers provided liquidity to previous shareholders. Conversely, net income declined from a year ago, which is disappointing. The decrease in net income was primarily due to increases in loan loss provision expense from delinquencies and charge-offs in the indirect dealer and equipment finance portfolios.”

### **Q1 Highlights**

The Bank reported the following statement of condition highlights as of March 31, 2026:

- As of March 31, 2026, gross loans totaled \$971.9 million, which represented an increase from March 31, 2025 of \$4.5 million, or 0.5%. The Bank experienced loan growth in 2026 as loan balances increased \$20.0 million since December 31, 2025.
- Deposit balances totaled \$1.94 billion as of March 31, 2026. Deposit balances increased \$113.7 million, or 6.2%, from March 31, 2025. Deposit balances increased from December 31, 2025 by \$42.6 million, or 2.2%. Non-interest deposits totaled \$407.2 million as of March 31, 2026, which represented 21.0% of total deposits.
- Return on assets decreased from 1.23% to 1.04%, due to reduced net income in combination with asset growth.
- Return on equity decreased from 11.1% to 9.0%, due to reduced net income along with an increasing equity base.
- 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.

### **Cash, Cash Equivalents and Restricted Cash**

Total cash, cash equivalents and restricted cash totaled \$263.3 million at March 31, 2026, compared to \$186.2 million at March 31, 2025. The \$77.1 million increase was primarily due to efforts to retain higher cash balances on overnight funds. Available borrowing lines from correspondent banks, the Federal Home Loan Bank and the Federal Reserve totaled approximately \$359.1 million.

### **Investments**

The investment portfolio, net of the held to maturity allowance, totaled \$980.6 million at March 31, 2026, which was an increase of \$101.2 million from March 31, 2025. As of March 31, 2026, available for sale

securities totaled \$858.4 million and held to maturity securities, net of the allowance, totaled \$122.1 million. Unrealized losses on available for sale securities decreased from \$55.4 million at March 31, 2025 to \$42.6 million at March 31, 2026.

During the first quarter of 2026, a gain on sale of securities of \$55,000 was recorded as part of a securities sale. Proceeds from the securities 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 \$4.5 million from March 31, 2025, reaching \$971.9 million as of March 31, 2026. Gross loan totals increased \$20.0 million from December 31, 2025. Since December 31, 2025, commercial and agricultural balances increased \$11.1 million, multifamily loans increased \$5.5 million and residential adjustable-rate mortgages increased \$5.1 million.

The allowance for credit losses on loans (ACL) was 1.17% of gross loans as compared to 1.28% one year ago. During the first quarter of 2026, the Bank recorded \$1.4 million in provision expense on loans, and the allowance balance totaled \$11.4 million. Provision for credit losses in the first quarter of 2025 totaled \$761,000.

Credit quality remains strong with non-performing loans representing 0.43% of gross loans as of March 31, 2026. This is a slight increase from 0.34% as of March 31, 2025.

## **Deposits**

Deposits totaled \$1.94 billion at March 31, 2026, which represented an increase of \$113.7 million, or 6.2%, from the prior year. During the first quarter of 2026, the average cost of funds was unchanged from the prior year at 1.63%. Certificate of Deposit balances increased \$77.0 million over the past twelve months.

## **Equity**

Tier 1 capital remains strong. Tier 1 capital increased to \$289.9 million as of March 31, 2026, which represented an increase of 2.8% from \$281.9 million at March 31, 2025. The Bank's semi-annual dividend was paid February 9, 2026 at a rate of \$1.00 per share.

As of March 31, 2026, GAAP equity capital decreased \$13.3 million from March 31, 2025, or 5.5%. In January 2026 the Bank repurchased 200,000 shares of its common stock at a price of \$75.00 per share. The repurchase decreased Tier 1 and GAAP equity by \$15.0 million. The Bank's GAAP equity to assets remained strong at 11.27% as of March 31, 2026 as compared to 11.32% as of March 31, 2025.

## **Earnings**

### *Net Interest Income*

Net interest income totaled \$16.6 million in the first quarter of 2026, compared to \$16.2 million in the same quarter a year ago. The increase from the prior year was largely attributable to improving loan rates in combination with growth in investment securities balances and cash on hand.

Interest income on available for sale and held to maturity securities increased \$467,000, or 5.2%, from one year ago. The increase was due to increasing balances which were partially offset by decreasing yields within the portfolio.

Loan interest income increased \$322,000 due average loan rates increasing to 5.56% as of March 31, 2026, from 5.40% at March 31, 2025.

Interest income from deposits with other financial institutions and federal funds sold increased \$101,000 due to an increase in average cash balances with other financial institutions. The increasing balances were partially offset by decreasing yields earned on cash balances as the federal funds rate has decreased 75 basis points in the prior twelve months.

The net interest margin was 3.05% for the first quarter of 2026 as compared to 3.17% one year ago, which was largely due to yields on earning assets decreasing 12 basis points.

#### *Non-Interest Income*

Non-interest income totaled \$5.6 million in the first quarter of 2026 as compared to \$5.7 million in the first quarter of 2025. Brokerage commissions from Cashmere Valley Wealth Management decreased \$124,000 due to changes in personnel.

#### *Non-Interest Expense*

Non-interest expense totaled \$13.7 million in the first quarter of 2026 as compared to \$13.2 million in the first quarter of 2025. Salaries and benefits increased \$308,000, or 4.0%, due to increasing wages. B&O taxes increased \$118,000, or 33.0%.

The Bank's efficiency ratio was 61.5% in the first quarter of 2026 as compared to 60.2% in the first quarter of 2025.

### **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 & Schmitt 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

	March 31, 2026	December 31, 2025	March 31, 2025
<b>Assets</b>			
Cash and Cash Equivalent:			
Cash & due from banks	\$24,654	\$31,097	\$27,192
Interest bearing deposits	234,279	216,434	156,653
Fed funds sold	4,374	3,389	2,342
Total Cash and Cash Equivalent	263,307	250,920	186,187
Securities available for sale	858,446	862,103	750,761
Securities held to maturity, net of allowance for credit losses of \$12, \$13 and \$15, respectively	122,139	123,412	128,589
Federal Home Loan Bank stock, at cost	5,054	5,008	2,848
Loans held for sale	328	1,135	7
Loans	971,887	951,869	967,398
Allowance for credit losses	(11,384)	(11,399)	(12,391)
<b>Net loans</b>	<b>960,503</b>	<b>940,470</b>	<b>955,007</b>
Premises and equipment	18,904	19,235	19,251
Accrued interest receivable	9,141	8,868	8,842
Other real estate and foreclosed assets	97	148	97
Bank Owned Life Insurance	27,580	27,343	27,862
Goodwill	7,661	7,579	7,579
Intangibles, net	2,462	2,233	2,562
Mortgage servicing rights	2,355	2,382	2,406
Net deferred tax assets	13,525	13,137	16,780
Other assets	9,495	9,339	13,649
<b>Total assets</b>	<b>\$2,300,997</b>	<b>\$2,273,312</b>	<b>\$2,122,427</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits:			
Non-interest bearing demand	\$407,167	\$393,002	\$382,582
Savings and interest-bearing demand	938,174	927,918	926,100
Time	598,011	579,856	521,007
<b>Total deposits</b>	<b>1,943,352</b>	<b>1,900,776</b>	<b>1,829,689</b>
Accrued interest payable	2,867	3,073	2,881
Borrowings	82,000	83,000	35,001
Other liabilities	13,565	13,992	14,626
<b>Total liabilities</b>	<b>2,041,784</b>	<b>2,000,841</b>	<b>1,882,197</b>
<b>Shareholders' Equity</b>			
Common stock (no par value); authorized 10,000,000 shares;			
Issued and outstanding: 3/31/2026 -- 3,713,761 ;			
12/31/2025 -- 3,907,525 ; 3/31/2025 -- 3,897,994	--	--	--
Additional paid-in capital	6,667	6,248	5,608
Treasury stock	(31,784)	(16,784)	(16,784)
Retained Earnings	325,737	323,653	304,544
Other comprehensive income	(42,634)	(41,823)	(53,947)
<b>Total Cashmere Valley Bank shareholders' equity</b>	<b>257,986</b>	<b>271,294</b>	<b>239,421</b>
Noncontrolling interest	1,227	1,177	809
<b>Total shareholders' equity</b>	<b>259,213</b>	<b>272,471</b>	<b>240,230</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$2,300,997</b>	<b>\$2,273,312</b>	<b>\$2,122,427</b>

## Quarterly Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the quarters ended,		
	March 31, 2026	December 31, 2025	March 31, 2025
<b>Interest Income</b>			
Loans and leases	\$13,156	\$13,408	\$12,834
Fed funds sold and deposits at other financial institutions	2,059	2,361	1,958
Securities available for sale:			
Taxable	8,201	8,688	7,816
Tax-exempt	449	461	332
Securities held to maturity:			
Taxable	726	733	762
Tax-exempt	25	25	24
Other interest income	--	595	--
<b>Total interest income</b>	<b>24,616</b>	<b>26,271</b>	<b>23,726</b>
<b>Interest Expense</b>			
Deposits	7,199	7,605	7,111
Borrowings	784	829	401
<b>Total interest expense</b>	<b>7,983</b>	<b>8,434</b>	<b>7,512</b>
<b>Net interest income</b>	<b>16,633</b>	<b>17,837</b>	<b>16,214</b>
<b>Provision for Credit Losses</b>	1,424	859	761
<b>Net interest income after provision for credit losses</b>	<b>15,209</b>	<b>16,978</b>	<b>15,453</b>
<b>Non-Interest Income</b>			
Service charges on deposit accounts	527	523	496
Mortgage banking operations	376	514	351
Net gain (loss) on sales of securities available for sale	55	--	130
Brokerage commissions	203	330	327
Insurance commissions and fees	2,635	2,330	2,667
Net interchange income	1,113	1,063	1,138
Earnings from Bank Owned Life Insurance	236	242	215
Dividends from correspondent banks	162	156	109
Other	297	305	288
<b>Total non-interest income</b>	<b>5,604</b>	<b>5,463</b>	<b>5,721</b>
<b>Non-Interest Expense</b>			
Salaries and employee benefits	8,066	7,758	7,758
Occupancy and equipment	839	834	868
Audits and examinations	241	29	247
State and local business and occupation taxes	476	464	358
FDIC insurance & WA state assessments	303	267	268
Legal and professional fees	431	264	247
Net (gain) on foreclosed real estate	(94)	--	--
Check losses and charge-offs	114	145	118
Low-income housing investment losses	45	66	158
Data processing	1,752	1,787	1,768
Product delivery	396	354	364
Other	1,097	1,072	1,059
<b>Total non-interest expense</b>	<b>13,666</b>	<b>13,040</b>	<b>13,213</b>
<b>Income before income taxes</b>	<b>7,147</b>	<b>9,401</b>	<b>7,961</b>
<b>Income Taxes</b>	<b>1,302</b>	<b>2,280</b>	<b>1,502</b>
<b>Net income</b>	<b>5,845</b>	<b>7,121</b>	<b>6,459</b>
Net income attributable to noncontrolling interest	49	32	48
<b>Net income attributable to Cashmere Valley Bank</b>	<b>\$5,796</b>	<b>\$7,089</b>	<b>\$6,411</b>
<b>Earnings Per Share</b>			
Basic	\$ 1.55	\$ 1.81	\$ 1.65
Diluted	\$ 1.54	\$ 1.81	\$ 1.64