



Cashmere Valley Bank

FOR IMMEDIATE RELEASE

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CASHMERE VALLEY BANK REPORTS CONTINUED EARNINGS STRENGTH OF \$7.7 MILLION FOR THE THIRD QUARTER AND \$22.1 MILLION YEAR TO DATE

CASHMERE, WA, October 21, 2025 – Cashmere Valley Bank (OTCQX: CSHX) (“Bank”), announced quarterly earnings of \$7.7 million for the quarter ended September 30, 2025. Year to date earnings totaled \$22.1 million as compared to \$21.1 million for the nine months ended September 30, 2024. Year to date diluted earnings per share equaled \$5.66, representing an increase of \$0.24 per share, or 4.4%. Quarterly diluted earnings per share totaled \$1.97 in the second quarter, an increase of \$0.13 per share, or 7.1%, from the third quarter 2024.

As of September 30, 2025, deposit balances totaled \$1.897 billion, an increase of \$59.4 million, or 3.2%, from December 31, 2024. From the same period last year, deposit balances increased \$72.3 million, or 4.0%.

“Our earnings remain strong and ahead of the prior year,” said Greg Oakes, President and CEO. “Our deposit growth was very strong during the third quarter. The broader markets have remained fairly stable this year which has benefitted the Bank. We remain attentive to these markets and the risks we may face if fed funds or treasury interest rates were to change significantly.”

Q3 Highlights

The Bank reported the following statement of condition highlights as of September 30, 2025:

- As of September 30, 2025, gross loans totaled \$964.7 million, representing a decrease from September 30, 2024 of \$32.5 million. Loan totals were adversely affected by significant loan payoffs and paydowns, the majority of which were in multifamily loans.
- Non-interest deposits totaled \$416.0 million, or 21.9%, of the Bank’s total deposits. Non-interest deposits increased \$18.6 million, from June 30, 2025.
- The Bank’s year to date return on assets was unchanged from the prior year. Return on assets was 1.37% for the year.
- The Bank’s return on equity through the first nine months of 2025 was 12.24% as compared to 13.25% one year ago. Return on equity has declined as the Bank’s capital levels have increased through earnings along with a reduction in unrealized losses on available for sale securities.
- GAAP capital continued to grow totaling \$262.2 million at September 30, 2025. Cashmere Valley Bank’s equity to assets ratio totaled 11.6% at September 30, 2025. Equity has grown due to earnings and a reduction of accumulated other comprehensive income of \$6.0 million over the prior twelve months.

Cash, Cash Equivalents and Restricted Cash

Total cash, cash equivalents and restricted cash totaled \$270.0 million at September 30, 2025, compared to \$186.9 million at September 30, 2024. Due to the inversion in the treasury yield curve, higher cash balances met management’s goal to retain excess liquidity.

Investments

The fair value of the Bank's available for sale investment portfolio totaled \$816.4 million at September 30, 2025, which represented an increase of \$105.2 million from September 30, 2024. Held to maturity securities, net of allowance, totaled \$124.8 million as of September 30, 2025 compared to \$131.6 million as of September 30, 2024. Interest income on the securities portfolio increased from prior year by \$2.6 million to \$28.3 million.

A gain on sale of securities of \$130,000 was recorded in the first quarter as part of a repositioning effort within the securities portfolio.

Loans and Credit Quality

Gross loans totaled \$964.7 million as of September 30, 2025 which represented an increase of \$2.3 million from December 31, 2024 and a decrease of \$32.5 million from September 30, 2024. Since December 31, 2024, municipal loans increased \$11.4 million and equipment finance loans increased \$6.0 million. Year to date, construction and land development loans decreased \$14.4 million, commercial loans decreased \$14.7 million and real estate loans decreased \$6.8 million.

At September 30, 2025, the allowance for credit losses on loans (ACL) was 1.26% of gross loans as compared to 1.32% one year ago. The allowance balance was \$12.1 million as of September 30, 2025.

Credit quality remained strong with non-performing loans representing 0.48% of gross loans as of September 30, 2025. This was an increase from 0.28% as of September 30, 2024.

Deposits

Total deposits increased by \$72.3 million, or 4.0%, from September 30, 2024. From December 31, 2024 to June 30, 2025 total deposits increased \$59.4 million, or 3.2%. Most of the year to date deposit growth occurred during the third quarter. The Bank's cost of funds has decreased two basis points from September 30, 2024 to 1.66%.

Equity

As of September 30, 2025, Tier 1 capital remains strong. Tier 1 capital increased to \$294.7 million from \$290.3 million at June 30, 2025, due to earnings less dividends paid.

GAAP capital reflected an increase of \$29.4 million from September 30, 2024, and an increase of \$30.1 million from December 31, 2024. As of September 30, 2025, the Bank's GAAP capital to assets ratio was 11.6% as compared to 11.0% one year ago. GAAP capital levels increased primarily due to Bank earnings and a reduction of \$6.0 million in unrealized losses. As of September 30, 2025, the capital effect from unrealized losses on available for sale securities and swaps totaled \$44.6 million.

Earnings

Net Interest Income

For the nine months ended September 30, 2025, net interest income totaled \$50.4 million compared to \$47.2 million in the same period in 2024, which represented an improvement of \$3.2 million, or 6.9%. Interest income from available for sale and held to maturity securities improved by \$2.6 million, and income from cash increased \$939,000. Loan income increased by \$458,000 despite decreasing loan balances. Interest income growth was partially offset by an increase in interest expense of \$715,000. For the quarter ending September 30, 2025, net interest income increased \$643,000 from the quarter ended June 30, 2025. The increase from the prior quarter was due to additional interest income on cash and securities. These increases were partially offset by an increase in deposit and borrowing costs. The

increase in borrowings was related to a \$50.0 million borrowing and security purchase transaction completed in April 2025.

The net interest margin was 3.20% for the first nine months of 2025, compared to 3.14% during the first nine months of 2024. For the quarter ending September 30, 2025 the net interest margin was 3.21% as compared to 3.22% in the third quarter of 2024.

Non-Interest Income

Non-interest income totaled \$16.6 million in the first nine months of 2025 as compared to \$15.2 million in the first nine months of 2024. Net income from the Bank's subsidiary Mitchell, Reed and Schmittien increased \$660,000. Earnings on Bank Owned Life Insurance improved \$373,000 and a gain on sale of securities of \$130,000 was completed.

Non-Interest Expense

Non-interest expense totaled \$38.0 million in the first nine months of 2025, as compared to \$35.6 million in the first nine months of 2024. Salaries and benefits were the primary drivers of the increase due to investments in personnel along with significant increases in health insurance costs. Year to date salaries and benefits increased \$2.2 million, or 10.7%.

The Bank's efficiency ratio was 56.8% in the first nine months of 2025 as compared to 57.0% in the first nine months of 2024.

Income tax expense increased from \$4.2 million to \$4.6 million. The Bank received full credit from its application for the Employee Tax Retention Credit in 2025. Along with the full principal payment the IRS paid interest on the Bank's overpayment of payroll taxes. Interest of \$603,000 reduced the Bank's income tax expense. In 2024, \$349,000 was reduced from income tax expense during tax provision calculations related to 2023 income tax expense.

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 & Schmittien 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

	September 30, 2025	June 30, 2025	September 30, 2024
Assets			
Cash and Cash Equivalent:			
Cash & due from banks	\$26,245	\$33,936	\$33,150
Interest bearing deposits	239,553	172,379	149,764
Fed funds sold	4,212	3,742	3,982
Total Cash and Cash Equivalent	270,010	210,057	186,896
Securities available for sale	816,440	794,155	711,205
Securities held to maturity, net of allowance for credit losses of \$14, \$15 and \$17, respectively	124,814	126,587	131,558
Federal Home Loan Bank stock, at cost	5,053	5,053	2,891
Loans held for sale	5	504	964
Loans	964,663	971,669	997,119
Allowance for credit losses	(12,136)	(12,019)	(13,134)
Net loans	952,527	959,650	983,985
Premises and equipment	19,430	19,715	19,645
Accrued interest receivable	9,313	8,721	9,466
Other real estate and foreclosed assets	97	97	97
Bank Owned Life Insurance	27,101	28,080	27,428
Goodwill	7,579	7,579	7,579
Intangibles, net	2,427	2,367	2,964
Mortgage servicing rights	2,375	2,386	2,460
Net deferred tax assets	14,304	16,554	15,548
Other assets	9,608	10,023	10,152
Total assets	\$2,261,083	\$2,191,528	\$2,112,838
Liabilities and Shareholders' Equity			
Liabilities			
Deposits:			
Non-interest bearing demand	\$415,957	\$397,399	\$409,407
Savings and interest-bearing demand	912,712	902,986	928,238
Time	568,657	538,795	487,341
Total deposits	1,897,326	1,839,180	1,824,986
Accrued interest payable	3,138	2,963	2,991
Borrowings	84,000	84,000	37,000
Other liabilities	14,393	16,076	15,007
Total liabilities	1,998,857	1,942,219	1,879,984
Shareholders' Equity			
Common stock (no par value); authorized 10,000,000 shares;			
Issued and outstanding: 9/30/2025 -- 3,906,693 ;			
6/30/2025 -- 3,900,683 ; 9/30/2024 -- 3,890,990	--	--	--
Additional paid-in capital	6,191	5,789	5,233
Treasury stock	(16,784)	(16,784)	(16,784)
Retained Earnings	316,563	312,542	294,578
Other comprehensive income	(44,633)	(53,095)	(50,652)
Total Cashmere Valley Bank shareholders' equity	261,337	248,452	232,375
Noncontrolling interest	889	857	479
Total shareholders' equity	262,226	249,309	232,854
Total liabilities and shareholders' equity	\$2,261,083	\$2,191,528	\$2,112,838

Quarterly Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the quarters ended,		
	September 30, 2025	June 30, 2025	September 30, 2024
Interest Income			
Loans and leases	\$13,613	\$13,506	\$13,210
Fed funds sold and deposits at other financial institutions	2,358	1,573	2,193
Securities available for sale:			
Taxable	8,601	8,375	7,921
Tax-exempt	464	356	348
Securities held to maturity:			
Taxable	734	748	759
Tax-exempt	25	25	24
Total interest income	25,795	24,583	24,455
Interest Expense			
Deposits	7,496	7,041	7,560
Borrowings	862	748	548
Total interest expense	8,358	7,789	8,108
Net interest income	17,437	16,794	16,347
Provision for Credit Losses	837	517	904
Net interest income after provision for credit losses	16,600	16,277	15,443
Non-Interest Income			
Service charges on deposit accounts	502	536	543
Mortgage banking operations	463	429	399
Net gain (loss) on sales of securities available for sale	--	--	--
Brokerage commissions	304	238	346
Insurance commissions and fees	2,134	2,482	2,177
Net interchange income	1,073	1,024	1,169
Earnings from Bank Owned Life Insurance	559	218	216
Dividends from correspondent banks	142	101	60
Other	341	323	303
Total non-interest income	5,518	5,351	5,213
Non-Interest Expense			
Salaries and employee benefits	7,476	7,334	6,781
Occupancy and equipment	840	832	818
Audits and examinations	43	190	108
State and local business and occupation taxes	417	383	374
FDIC insurance & WA state assessments	257	256	244
Legal and professional fees	356	330	290
Check losses and charge-offs	101	110	115
Low-income housing investment losses	58	(315)	157
Data processing	1,734	1,738	1,555
Product delivery	330	269	354
Other	1,020	1,077	1,073
Total non-interest expense	12,632	12,204	11,869
Income before income taxes	9,486	9,424	8,787
Income Taxes	1,727	1,379	1,587
Net income	7,759	8,045	7,200
Net income attributable to noncontrolling interest	30	47	25
Net income attributable to Cashmere Valley Bank	\$7,729	\$7,998	\$7,175
Earnings Per Share			
Basic	\$ 1.98	\$ 2.05	\$ 1.84
Diluted	\$ 1.97	\$ 2.04	\$ 1.84

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

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the nine months ended,	
	September 30, 2025	September 30, 2024
Interest Income		
Loans and leases	\$39,953	\$39,495
Fed funds sold and deposits at other financial institutions	5,888	4,949
Securities available for sale:		
Taxable	24,791	22,286
Tax-exempt	1,152	969
Securities held to maturity:		
Taxable	2,245	2,330
Tax-exempt	74	118
Total interest income	74,103	70,147
Interest Expense		
Deposits	21,649	21,177
Borrowings	2,011	1,768
Total interest expense	23,660	22,945
Net interest income	50,443	47,202
Provision for Credit Losses	2,115	1,506
Net interest income after provision for credit losses	48,328	45,696
Non-Interest Income		
Service charges on deposit accounts	1,534	1,504
Mortgage banking operations	1,243	1,152
Net gain (loss) on sales of securities available for sale	130	--
Brokerage commissions	869	1,065
Insurance commissions and fees	7,283	6,352
Net interchange income	3,235	3,467
Earnings from Bank Owned Life Insurance	992	619
Dividends from correspondent banks	352	153
Other	953	868
Total non-interest income	16,591	15,180
Non-Interest Expense		
Salaries and employee benefits	22,568	20,387
Occupancy and equipment	2,540	2,553
Audits and examinations	480	486
State and local business and occupation taxes	1,158	947
FDIC insurance & WA state assessments	780	712
Legal and professional fees	933	834
Check losses and charge-offs	329	382
Low-income housing investment losses	(99)	327
Data processing	5,240	4,732
Product delivery	963	1,054
Other	3,156	3,153
Total non-interest expense	38,048	35,567
Income before income taxes	26,871	25,309
Income Taxes	4,608	4,152
Net income	22,263	21,157
Net income attributable to noncontrolling interest	126	57
Net income attributable to Cashmere Valley Bank	\$22,137	\$21,100
Earnings Per Share		
Basic	\$ 5.68	\$ 5.43
Diluted	\$ 5.66	\$ 5.42