Cashmere Valley Bank

FOR IMMEDIATE RELEASE

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CASHMERE VALLEY BANK REPORTS STRONG EARNINGS TOTALING $7.4 MILLION FOR THE THIRD QUARTER AND $20.0 MILLION YEAR TO DATE, CEO ELECT LEN DEVAISHER BEGINS HIS TENURE WITH THE BANK

CASHMERE, WA, October 20, 2026 – Cashmere Valley Bank (OTCQX: CSHX) ("Bank"), announced quarterly earnings of $7.4 million for the quarter ended September 30, 2026 as compared to $7.7 million during the third quarter of 2025. Year to date earnings totaled $20.0 million as compared to $22.1 million for the nine months ended September 30, 2025. Year to date diluted earnings per share equaled $5.43, which represented a decrease of $0.23 per share, or 4.1%. Quarterly diluted earnings per share totaled $2.02 in the third quarter, an increase of $0.05 per share, or 2.5%, from the third quarter 2025.

As of September 30, 2026, deposit balances totaled $1.976 billion, an increase of $75.2 million, or 4.0%, from December 31, 2025. From the same period last year, deposit balances increased $78.6 million, or 4.1%.

"I was pleased to see an increase in our earnings over the linked quarter," said Greg Oakes, President and CEO. "In addition to the earnings improvement seen throughout the year, our deposit franchise continues to increase market share. Our share of the market in the Chelan and Douglas County MSA improved 1.63 percentage points to 44.95% as of June 30, 2026, reflecting our team's unequaled customer commitment. I am also pleased to announce that Len Devaisher has started at the Bank as CEO Elect. Len will assume his role as President & CEO after my retirement on December 31, 2026."

Len Devaisher, CEO Elect, commented, "I am thrilled to begin my role with Cashmere Valley Bank. This opportunity was compelling because of the capabilities and culture of the institution and its track record of positively impacting its customers and communities. As shown in this quarter's results, that impact translates into benefits for all of our stakeholders."

Q3 Highlights

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

- As of September 30, 2026, gross loans totaled $1.156 billion, which represented a significant increase from September 30, 2025 of $190.8 million, or 19.8%.

- Non-interest deposits totaled $421.4 million, or 21.3%, of the Bank's total deposits. Non-interest deposits increased $11.2 million from September 30, 2025.

- The Bank's year to date return on assets was 1.17%, which was a decrease from 1.37% from the prior year. Return on assets for the third quarter of 2026 was 1.26%.

- The Bank's return on equity through the first nine months of 2026 was 10.36% as compared to 12.24% one year ago. Return on equity has declined due to a reduction in net income in combination with a higher year to date average equity balance. Return on equity during the third quarter of 2026 was 11.34%.

- GAAP capital totaled $243.1 million at September 30, 2026. The Bank's equity to assets ratio totaled 10.3% on September 30, 2026. Equity decreased year over year due to share repurchases and an increase in unrealized losses on available for sale securities. Unrealized losses increased from $44.6 million to $62.3 million at the end of the third quarter.

Cash, Cash Equivalents and Restricted Cash

Total cash, cash equivalents and restricted cash totaled $135.1 million at September 30, 2026, compared to $270.0 million at September 30, 2025. Much of the Bank's loan portfolio growth has been funded out of cash on hand.

Investments

The fair value of the Bank's available for sale investment portfolio totaled $810.6 million at September 30, 2026, which represented a decrease of $5.8 million from September 30, 2025. Held to maturity securities, net of allowance, totaled $118.5 million as of September 30, 2026 compared to $124.8 million as of September 30, 2025.

Year to date the Bank recorded $76,000 as a gain on sale of securities and swaps as compared to $130,000 in the prior year to date.

Loans and Credit Quality

Gross loans totaled $1.156 billion as of September 30, 2026 which represented an increase of $202.5 million from December 31, 2025 and an increase of $190.8 million from September 30, 2025. Since December 31, 2025, loan balances have increased for: commercial real estate $41.0 million, dealer loans $33.5 million, municipal loans $31.1 million, adjustable-rate mortgages $18.3 million, commercial loans $14.7 million, and equipment finance loans $10.4 million. This growth has been the result of concerted efforts to increase loan balances as a percentage of our earning assets. With 58.5% loans to deposits as of September 30, 2026, we continue to benefit from a conservative risk profile with plenty of liquidity available to support our customers and communities.

At September 30, 2026, the allowance for credit losses on loans (ACL) was 1.02% of gross loans as compared to 1.26% one year ago. The allowance balance was $11.8 million as of September 30, 2026 as compared to $12.1 million as of September 30, 2025.

Credit quality remained strong with non-performing loans representing 0.23% of gross loans as of September 30, 2026. This was a decrease from 0.48% as of September 30, 2025.

Deposits

Total deposits increased by $78.6 million, or 4.1%, from September 30, 2025. During that time period certificates of deposits increased $33.1 million. Non-maturity deposit balances increased $45.5 million. The Bank's cost of funds decreased six basis points from September 30, 2025 to 1.60%.

Equity

As of September 30, 2026, Tier 1 capital remains strong. As of September 30, 2026, Tier 1 capital decreased slightly to $293.7 million from $294.7 million at September 30, 2025. The decrease was largely a product of share repurchases totaling $24.6 million that were completed in the first and second quarters of 2026.

GAAP capital reflected a decrease of $19.2 million from September 30, 2025, and a decrease of $29.4 million from December 31, 2025. As of September 30, 2026, the Bank's GAAP capital to assets ratio was 10.4% as compared to 11.6% as of September 30, 2025. GAAP capital levels decreased due to stock repurchases and a $17.7 million increase in unrealized losses on available for sale securities. As of

September 30, 2026, the capital effect from unrealized losses on available for sale securities and swaps totaled $62.3 million.

Earnings

Net Interest Income

For the nine months ended September 30, 2026, net interest income totaled $52.4 million compared to $50.4 million in the same period in 2025, which represented an improvement of $1.9 million, or 3.8%. Improving loan balances helped to increase loan income by $2.5 million. Interest income from available for sale and held to maturity securities improved by $431,000, while income from cash decreased $582,000. Interest income growth was partially offset by an increase in interest expense of $380,000. For the quarter ended September 30, 2026, net interest income increased $879,000 from the quarter ended June 30, 2026. The increase from the prior quarter was due to additional interest income from loans. These increases were partially offset by a decrease in income from cash on hand. Deposit and borrowing costs were flat quarter over quarter.

The net interest margin was 3.15% for the first nine months of 2026, compared to 3.20% during the first nine months of 2025. For the quarter ended September 30, 2026 the net interest margin was 3.25% as compared to 3.15% in the third quarter of 2025.

Non-Interest Income

Non-interest income totaled $16.2 million in the first nine months of 2026 as compared to $16.6 million in the first nine months of 2025. As compared to the first three quarters of 2025, net income from the Bank's subsidiary Mitchell, Reed and Schmitten decreased $84,000, earnings on Bank Owned Life Insurance decreased $254,000, and fees generated from Cashmere Valley Wealth Management decreased $536,000.

Non-Interest Expense

Non-interest expense totaled $40.7 million in the first nine months of 2026, as compared to $38.0 million in the first nine months of 2025. Salaries and benefits were the primary drivers of the change. Salaries and benefits increased $1.3 million, or 5.7%. CEO transition costs for recruitment and retention totaled $545,000 in the third quarter. Many of these costs will continue through year end before subsiding. State of Washington B&O taxes increased by $299,000 as compared to first nine months of 2025.

Construction has started in earnest on the new branch facility in East Wenatchee along Grant Rd. This location will be a full-service branch and is expected to open in the first half of 2027.

The Bank's efficiency ratio was 59.3% in the first nine months of 2026 as compared to 56.8% in the first nine months of 2025.

Provision expense for credit losses increased to $3.0 million from $2.1 million year to date. Provision expenses increased in the first quarter as charge-offs were larger than anticipated. Charge-off levels have decreased somewhat since the first quarter; however, loan growth has necessitated an increased provision. Third quarter provision expense totaled $873,000.

Income tax expense increased from $4.6 million for the nine months ended September 30, 2025 to $4.7 million as of September 30, 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

	September 30, 2026	June 30, 2026	September 30, 2025
Assets			
Cash and Cash Equivalent:			
Cash & due from banks	$21,172	$28,854	$26,245
Interest bearing deposits	110,413	199,465	239,553
Fed funds sold	3,467	4,630	4,212
Total Cash and Cash Equivalent	135,052	232,949	270,010
Securities available for sale	810,615	841,798	816,440
Securities held to maturity, net of allowance for credit losses of $10, $11 and $14, respectively	118,484	120,758	124,814
Federal Home Loan Bank stock, at cost	5,009	5,009	5,053
Loans held for sale	4	4	5
Loans	1,155,511	1,033,361	964,663
Allowance for credit losses	(11,826)	(11,547)	(12,136)
Net loans	**1,143,685**	**1,021,814**	**952,527**
Premises and equipment	19,640	19,022	19,430
Accrued interest receivable	9,526	8,429	9,313
Other real estate and foreclosed assets	97	97	97
Bank Owned Life Insurance	28,081	27,819	27,101
Goodwill	7,661	7,661	7,579
Intangibles, net	2,172	2,292	2,427
Mortgage servicing rights	2,291	2,328	2,375
Net deferred tax assets	18,752	13,589	14,304
Other assets	37,153	13,265	9,608
Total assets	**$2,338,222**	**$2,316,834**	**$2,261,083**
Liabilities and Shareholders' Equity			
Liabilities			
Deposits:			
Non-interest bearing demand	$421,385	$419,516	$410,200
Savings and interest-bearing demand	952,820	948,003	918,469
Time	601,764	595,247	568,657
Total deposits	**1,975,969**	**1,962,766**	**1,897,326**
Accrued interest payable	2,894	2,882	3,138
Borrowings	81,000	81,000	84,000
Other liabilities	35,286	12,295	14,393
Total liabilities	**2,095,149**	**2,058,943**	**1,998,857**
Shareholders' Equity			
Common stock (no par value); authorized 10,000,000 shares; Issued and outstanding: 9/30/2026 -- 3,635,717 ; 6/30/2026 -- 3,630,214 ; 9/30/2025 -- 3,906,693	--	--	--
Additional paid-in capital	9,260	8,843	6,191
Treasury stock	(41,340)	(41,340)	(16,784)
Retained Earnings	336,137	332,386	316,563
Other comprehensive income	(62,316)	(43,278)	(44,633)
Total Cashmere Valley Bank shareholders' equity	**241,741**	**256,611**	**261,337**
Noncontrolling interest	1,332	1,280	889
Total shareholders' equity	**243,073**	**257,891**	**262,226**
Total liabilities and shareholders' equity	**$2,338,222**	**$2,316,834**	**$2,261,083**

Quarterly Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the quarters ended,		
	September 30, 2026	**June 30, 2026**	**September 30, 2025**
Interest Income			
Loans and leases	$15,318	$13,936	$13,613
Fed funds sold and deposits at other financial institutions	1,388	1,859	2,358
Securities available for sale:			
Taxable	8,539	8,512	8,601
Tax-exempt	357	406	464
Securities held to maturty:			
Taxable	702	726	734
Tax-exempt	25	25	25
Other interest income	--	--	--
Total interest income	**26,329**	**25,464**	**25,795**
Interest Expense			
Deposits	7,224	7,254	7,496
Borrowings	797	781	862
Total interest expense	**8,021**	**8,035**	**8,358**
Net interest income	**18,308**	**17,429**	**17,437**
Provision for Credit Losses	873	727	837
Net interest income after provision for credit losses	**17,435**	**16,702**	**16,600**
Non-Interest Income			
Service charges on deposit accounts	566	554	502
Mortgage banking operations	362	370	463
Net gain (loss) on sales of securities available for sale	--	(9)	--
Brokerage commissions	82	48	304
Insurance commissions and fees	2,487	2,475	2,134
Net interchange income	1,026	1,066	1,073
Earnings from Bank Owned Life Insurance	262	240	559
Dividends from correspondent banks	159	152	142
Other	372	411	341
Total non-interest income	**5,316**	**5,307**	**5,518**
Non-Interest Expense			
Salaries and employee benefits	8,262	7,516	7,476
Occupancy and equipment	879	1,055	840
Audits and examinations	78	120	43
State and local business and occupation taxes	499	489	417
FDIC insurance & WA state assessments	277	276	257
Legal and professional fees	279	358	356
Net (gain) on foreclosed real estate	--	--	--
Check losses and charge-offs	142	156	101
Low-income housing investment losses	134	70	58
Data processing	1,618	1,772	1,734
Product delivery	376	359	330
Other	1,046	1,249	1,020
Total non-interest expense	**13,590**	**13,420**	**12,632**
Income before income taxes	**9,161**	**8,589**	**9,486**
Income Taxes	**1,726**	**1,670**	**1,727**
Net income	**7,435**	**6,919**	**7,759**
Net income attributable to noncontrolling interest	52	52	30
Net income attributable to Cashmere Valley Bank	**$7,383**	**$6,867**	**$7,729**
Earnings Per Share			
Basic	**$2.04**	**$1.89**	**$1.98**
Diluted	**$2.02**	**$1.88**	**$1.97**

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

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the nine months ended,	
	September 30, 2026	**September 30, 2025**
Interest Income		
Loans and leases	$42,411	$39,953
Fed funds sold and deposits at other financial institutions	5,306	5,888
Securities available for sale:		
Taxable	25,197	24,791
Tax-exempt	1,266	1,152
Securities held to maturity:		
Taxable	2,154	2,245
Tax-exempt	76	74
Other interest income	--	--
Total interest income	**76,410**	**74,103**
Interest Expense		
Deposits	21,678	21,649
Borrowings	2,362	2,011
Total interest expense	**24,040**	**23,660**
Net interest income	**52,370**	**50,443**
Provision for Credit Losses	3,024	2,115
Net interest income after provision for credit losses	**49,346**	**48,328**
Non-Interest Income		
Service charges on deposit accounts	1,647	1,534
Mortgage banking operations	1,107	1,243
Net gain (loss) on sales of securities available for sale	45	130
Brokerage commissions	333	869
Insurance commissions and fees	7,598	7,283
Net interchange income	3,205	3,235
Earnings from Bank Owned Life Insurance	738	992
Dividends from correspondent banks	473	352
Other	1,080	953
Total non-interest income	**16,226**	**16,591**
Non-Interest Expense		
Salaries and employee benefits	23,844	22,568
Occupancy and equipment	2,773	2,540
Audits and examinations	439	480
State and local business and occupation taxes	1,463	1,158
FDIC insurance & WA state assessments	855	780
Legal and professional fees	1,068	933
Net (gain) on foreclosed real estate	(94)	--
Check losses and charge-offs	412	329
Low-income housing investment losses	249	(99)
Data processing	5,142	5,240
Product delivery	1,131	963
Other	3,394	3,156
Total non-interest expense	**40,676**	**38,048**
Income before income taxes	**24,896**	**26,871**
Income Taxes	**4,698**	**4,608**
Net income	**20,198**	**22,263**
Net income attributable to noncontrolling interest	152	126
Net income attributable to Cashmere Valley Bank	**$20,046**	**$22,137**
Earnings Per Share		
Basic	**$5.47**	**$5.68**
Diluted	**$5.43**	**$5.66**