



Cashmere Valley Bank

FOR IMMEDIATE RELEASE

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**CASHMERE VALLEY BANK REPORTS STRONG QUARTERLY EARNINGS OF \$8.0 MILLION,  
INCREASES SEMI-ANNUAL DIVIDEND TO \$0.95 PER SHARE**

CASHMERE, WA, July 22, 2025 – Cashmere Valley Bank (OTCQX: CSHX) (“Bank”), announced quarterly earnings of \$8.0 million for the quarter ended June 30, 2025. Year-to-date earnings totaled \$14.4 million as compared to \$13.9 million for the six months ended June 30, 2024. Year-to-date diluted earnings per share equaled \$3.69, representing an increase of \$0.11 per share, or 3.1%. Quarterly diluted earnings per share totaled \$2.04 in the second quarter, an increase of \$0.33 per share, or 19.3%, from the second quarter 2024.

As of June 30, 2025, deposit balances totaled \$1.839 billion, an increase of \$1.2 million, or 0.1%, from December 31, 2024. From the same period last year, deposit balances increased \$66.7 million, or 3.8%.

“I am very pleased with our financial results,” said Greg Oakes, President and CEO. “Our net interest margin is expanding slowly but steadily, which has benefited net income. Loan and deposit growth have been a challenge but we continue to look for opportunities to grow. We are hopeful that we will break ground during the third quarter for our new East Wenatchee location off Grant Rd.”

**Q2 Highlights**

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

- On July 22, 2025, the Bank’s Board of Directors declared a dividend of \$0.95 per share. The dividend will be payable on August 11, 2025 for shareholders of record on August 1, 2025.
- As of June 30, 2025, gross loans totaled \$971.7 million, representing a decrease from June 30, 2024 of \$43.8 million. Loan totals were adversely affected by significant loan payoffs, the majority of which were in multifamily loans.
- Non-interest deposits totaled \$397.4 million, or 21.6%, of the Bank’s total deposits. Non-interest deposits increased 2.0%, or \$7.8 million, from June 30, 2024.
- The Bank’s year to date return on assets was unchanged from the prior year at 1.37%.
- The Bank’s return on equity through the first six months of 2025 was 12.26% as compared to 13.48% one year ago. Return on equity has declined as the Bank’s capital levels have increased through earnings and a reduction in unrealized losses on available for sale securities.

**Cash, Cash Equivalents and Restricted Cash**

Total cash, cash equivalents and restricted cash totaled \$210.1 million at June 30, 2025, compared to \$159.1 million at June 30, 2024. Management has focused on retaining higher cash balances due to the inversion in the treasury yield curve and management’s goal to retain excess liquidity.

## **Investments**

The fair value of the Bank's investment portfolio totaled \$920.7 million at June 30, 2025, which represented an increase of \$135.2 million from June 30, 2024. Held to maturity securities, net of allowance, totaled \$126.6 million as of June 30, 2025 compared to \$133.4 million as of June 30, 2024. Interest income on the securities portfolio increased from the prior year by \$1.8 million to \$18.4 million.

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

## **Loans and Credit Quality**

Gross loans totaled \$971.7 billion as of June 30, 2025 which represented an increase of \$9.3 million from December 31, 2024 and a decrease of \$43.8 million from June 30, 2024. Since December 31, 2024, commercial and agriculture loans increased \$12.2 million, of which \$5.8 million in growth originated in Equipment Finance loans, and commercial real estate loans increased \$9.7 million. Construction and land development loans decreased \$16.0 million and multifamily loans decreased \$9.9 million since year end.

At June 30, 2025, the allowance for credit losses on loans (ACL) was 1.24% of gross loans as compared to 1.30% one year ago. The allowance balance was \$12.0 million as of June 30, 2025.

Credit quality remains strong with non-performing loans representing 0.41% of gross loans as of June 30, 2025. This is an increase from 0.23% as of June 30, 2024.

## **Deposits**

Total deposits increased by \$66.7 million, or 3.8%, from June 30, 2024. From December 31, 2024 to June 30, 2025 total deposits increased \$1.2 million, or 0.1%. Non-interest deposits totaled \$397.4 million as of June 30, 2025, which represented 21.6% of total deposits. Since June 30, 2024 time deposits have increased \$74.1 million to \$538.8 million. The Bank's cost of funds has increased one basis point from June 30, 2024 to 1.65%.

## **Equity**

As of June 30, 2025, Tier 1 capital remains strong. Tier 1 capital increased to \$290.3 million from \$266.7 million at June 30, 2024, due to earnings less dividends paid.

GAAP capital reflected an increase of \$31.1 million from June 30, 2024, and an increase of \$17.1 million from December 31, 2024. As of June 30, 2024, the Bank's GAAP capital to assets ratio was 11.38% as compared to 10.60% one year ago. GAAP capital levels increased primarily due to Bank earnings and a reduction of \$5.6 million in unrealized losses. As of June 30, 2025, the capital effect from unrealized losses on available for sale securities and swaps totaled \$53.1 million.

## **Earnings**

### *Net Interest Income*

For the six months ended, June 30, 2025, net interest income totaled \$33.0 million compared to \$30.9 million in the same period in 2024. Interest income from available for sale and held to maturity securities improved by \$1.8 million, and income from cash increased \$774,000. Interest income growth was partially offset by an increase in interest expense of \$465,000. Loan income increased by \$55,000 despite decreasing loan balances.

For the quarter ending June 30, 2025, net interest income increased \$580,000 from the quarter ended March 31, 2025. The increase from the prior quarter was due to additional interest income on loans and securities. These increases were partially offset by an increase in borrowing costs and a reduction in

income from cash holdings. The increase in borrowings was related to a \$50.0 million borrowing and security purchase transaction. Derivatives were used against the borrowings and a portion of the investment purchases to help reduce interest rate risk, while locking in income spreads.

The net interest margin was 3.20% for the first six months of 2025, compared to 3.11% during the first six months of 2024. For the quarter ending June 30, 2025 the net interest margin was 3.23% as compared to 3.17% in the first quarter of 2024.

#### *Non-Interest Income*

Non-interest income totaled \$11.1 million in the first six months of 2025 as compared to \$10.0 million in the first six months of 2024. Insurance commissions and fees from the Bank's subsidiary Mitchell, Reed and Schmitten increased \$974,000.

#### *Non-Interest Expense*

Non-interest expense totaled \$25.4 million in the first six months of 2025, as compared to \$23.7 million in the first six 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. From the prior quarter non-interest expenses declined \$1.0 million due to a decrease in salaries and benefits of \$424,000 and a true-up in low income housing losses.

The Bank's efficiency ratio was 58.9% in the first six months of 2025 as compared to 59.2% in the first six months of 2024.

Income tax expense increased from \$2.6 million to \$2.9 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 & 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, 2025	March 31, 2025	June 30, 2024
<b>Assets</b>			
Cash and Cash Equivalent:			
Cash & due from banks	\$33,936	\$27,192	\$21,484
Interest bearing deposits	172,379	156,653	134,051
Fed funds sold	3,742	2,342	3,578
Total Cash and Cash Equivalent	210,057	186,187	159,113
Securities available for sale	794,155	750,761	652,136
Securities held to maturity, net of allowance for credit losses of \$15, \$15 and \$18, respectively	126,587	128,589	133,434
Federal Home Loan Bank stock, at cost	5,053	2,848	2,936
Loans held for sale	504	7	673
Loans	971,669	967,398	1,015,444
Allowance for credit losses	(12,019)	(12,391)	(13,198)
<b>Net loans</b>	<b>959,650</b>	<b>955,007</b>	<b>1,002,246</b>
Premises and equipment	19,715	19,251	20,097
Accrued interest receivable	8,721	8,842	9,416
Other real estate and foreclosed assets	97	97	97
Bank Owned Life Insurance	28,080	27,862	27,212
Goodwill	7,579	7,579	7,579
Intangibles, net	2,367	2,562	3,152
Mortgage servicing rights	2,386	2,406	2,477
Net deferred tax assets	16,554	16,780	18,394
Other assets	10,023	13,649	14,404
<b>Total assets</b>	<b>\$2,191,528</b>	<b>\$2,122,427</b>	<b>\$2,053,366</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits:			
Non-interest bearing demand	\$397,399	\$386,886	\$389,580
Savings and interest-bearing demand	902,986	921,796	918,205
Time	538,795	521,007	464,688
<b>Total deposits</b>	<b>1,839,180</b>	<b>1,829,689</b>	<b>1,772,473</b>
Accrued interest payable	2,963	2,881	2,642
Borrowings	84,000	35,000	48,322
Other liabilities	16,076	14,627	11,725
<b>Total liabilities</b>	<b>1,942,219</b>	<b>1,882,197</b>	<b>1,835,162</b>
<b>Shareholders' Equity</b>			
Common stock (no par value); authorized 10,000,000 shares;			
Issued and outstanding: 6/30/2025 -- 3,900,683 ;			
3/31/2025 -- 3,897,994 ; 6/30/2024 -- 3,890,990	--	--	--
Additional paid-in capital	5,789	5,608	5,184
Treasury stock	(16,784)	(16,784)	(16,784)
Retained Earnings	312,542	304,544	290,710
Other comprehensive income	(53,095)	(53,947)	(61,360)
<b>Total Cashmere Valley Bank shareholders' equity</b>	<b>248,452</b>	<b>239,421</b>	<b>217,750</b>
Noncontrolling interest	857	809	454
<b>Total shareholders' equity</b>	<b>249,309</b>	<b>240,230</b>	<b>218,204</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$2,191,528</b>	<b>\$2,122,427</b>	<b>\$2,053,366</b>

## Quarterly Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the quarters ended,		
	June 30, 2025	March 31, 2025	June 30, 2024
<b>Interest Income</b>			
Loans and leases	\$13,506	\$12,834	\$13,264
Fed funds sold and deposits at other financial institutions	1,573	1,958	1,458
Securities available for sale:			
Taxable	8,375	7,816	7,145
Tax-exempt	356	332	344
Securities held to maturity:			
Taxable	748	762	786
Tax-exempt	25	24	47
<b>Total interest income</b>	<b>24,583</b>	<b>23,726</b>	<b>23,044</b>
<b>Interest Expense</b>			
Deposits	7,041	7,111	7,166
Borrowings	748	401	612
<b>Total interest expense</b>	<b>7,789</b>	<b>7,512</b>	<b>7,778</b>
<b>Net interest income</b>	<b>16,794</b>	<b>16,214</b>	<b>15,266</b>
<b>Provision for Credit Losses</b>	517	761	657
<b>Net interest income after provision for credit losses</b>	<b>16,277</b>	<b>15,453</b>	<b>14,609</b>
<b>Non-Interest Income</b>			
Service charges on deposit accounts	536	496	502
Mortgage banking operations	429	351	463
Net gain (loss) on sales of securities available for sale	--	130	--
Brokerage commissions	238	327	349
Insurance commissions and fees	2,482	2,667	2,225
Net interchange income	1,024	1,138	1,131
Earnings from Bank Owned Life Insurance	218	215	203
Dividends from correspondent banks	101	109	59
Other	323	288	309
<b>Total non-interest income</b>	<b>5,351</b>	<b>5,721</b>	<b>5,241</b>
<b>Non-Interest Expense</b>			
Salaries and employee benefits	7,334	7,758	6,537
Occupancy and equipment	832	868	855
Audits and examinations	190	247	195
State and local business and occupation taxes	383	358	239
FDIC insurance & WA state assessments	256	268	224
Legal and professional fees	330	247	303
Check losses and charge-offs	110	118	148
Low-income housing investment losses	(315)	158	169
Data processing	1,738	1,768	1,578
Product delivery	269	364	369
Other	1,077	1,059	1,087
<b>Total non-interest expense</b>	<b>12,204</b>	<b>13,213</b>	<b>11,704</b>
<b>Income before income taxes</b>	<b>9,424</b>	<b>7,961</b>	<b>8,146</b>
<b>Income Taxes</b>	<b>1,379</b>	<b>1,502</b>	<b>1,472</b>
<b>Net income</b>	<b>\$8,045</b>	<b>\$6,459</b>	<b>\$6,674</b>
Net income attributable to noncontrolling interest	47	48	27
<b>Net income attributable to Cashmere Valley Bank</b>	<b>\$7,998</b>	<b>\$6,411</b>	<b>\$6,647</b>
<b>Earnings Per Share</b>			
Basic	\$ 2.05	\$ 1.65	\$ 1.71
Diluted	\$ 2.04	\$ 1.64	\$ 1.71

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

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

	For the six months ended,	
	June 30, 2025	June 30, 2024
<b>Interest Income</b>		
Loans and leases	\$26,340	\$26,285
Fed funds sold and deposits at other financial institutions	3,530	2,756
Securities available for sale:		
Taxable	16,191	14,365
Tax-exempt	688	621
Securities held to maturity:		
Taxable	1,511	1,571
Tax-exempt	49	94
<b>Total interest income</b>	<b>48,309</b>	<b>45,692</b>
<b>Interest Expense</b>		
Deposits	14,152	13,615
Borrowings	1,149	1,221
<b>Total interest expense</b>	<b>15,301</b>	<b>14,836</b>
<b>Net interest income</b>	<b>33,008</b>	<b>30,856</b>
<b>Provision for Credit Losses</b>	1,278	602
<b>Net interest income after provision for credit losses</b>	<b>31,730</b>	<b>30,254</b>
<b>Non-Interest Income</b>		
Service charges on deposit accounts	1,033	962
Mortgage banking operations	780	753
Net gain (loss) on sales of securities available for sale	130	--
Brokerage commissions	565	718
Insurance commissions and fees	5,149	4,175
Net interchange income	2,162	2,297
Earnings from Bank Owned Life Insurance	433	403
Dividends from correspondent banks	210	93
Other	610	567
<b>Total non-interest income</b>	<b>11,072</b>	<b>9,968</b>
<b>Non-Interest Expense</b>		
Salaries and employee benefits	15,092	13,606
Occupancy and equipment	1,700	1,735
Audits and examinations	437	378
State and local business and occupation taxes	741	573
FDIC insurance & WA state assessments	523	468
Legal and professional fees	577	545
Check losses and charge-offs	228	268
Low-income housing investment losses	(157)	169
Data processing	3,506	3,177
Product delivery	633	700
Other	2,137	2,079
<b>Total non-interest expense</b>	<b>25,417</b>	<b>23,698</b>
<b>Income before income taxes</b>	<b>17,385</b>	<b>16,524</b>
<b>Income Taxes</b>	<b>2,881</b>	<b>2,565</b>
<b>Net income</b>	<b>14,504</b>	<b>13,959</b>
Net income attributable to noncontrolling interest	95	33
<b>Net income attributable to Cashmere Valley Bank</b>	<b>\$14,409</b>	<b>\$13,926</b>
<b>Earnings Per Share</b>		
Basic	\$ 3.70	\$ 3.58
Diluted	\$ 3.69	\$ 3.58