

COEUR D'ALENE BANCORP

Dear Shareholders,

We are pleased to report the 2025 financial results and operational highlights for Coeur d'Alene Bancorp. While economic growth in the Inland Northwest moderated compared to prior years, conditions remained solid. Continued inward migration into Spokane and Kootenai counties supported construction activity and job growth across our markets.

Financial Performance

Coeur d'Alene Bancorp reported net income of \$1,583,848, or \$0.83 per share, compared to \$1,475,207, or \$0.78 per share, in the prior year. This represents a 7.4% increase in net income despite higher operating expenses associated with opening two new branches. Although total asset growth was modest, several balance sheet components improved, deposit growth of \$13.2 million, or 6.77%, enabled us to exit long-term borrowings and reduce interest expense. Our net interest margin increased 74 basis points during the year as a result of reduced interest costs and strong investment portfolio cash flow reinvested at higher yields.

Operational Highlights

In support of our long-term strategic objectives, we opened two new branches in Washington State during 2025. Our Spokane branch opened in January, followed by our Richland branch in September. We are currently under contract to purchase land in Richland to build a permanent location in 2026. The addition of two branches increases our total locations to six, expansion into non-contiguous growth markets with limited community bank competition provides greater opportunity for growth. Ongoing industry consolidation continues to create opportunities for us to serve small- and mid-sized businesses through a relationship-based banking model, and we are encouraged by the early results of our expansion.

To better meet customer needs and diversify revenue, we began offering mortgage lending services in the fourth quarter. As interest rates continue to decline, we expect mortgage activity to gradually return to more normalized levels.

Financial Strength and Outlook

Coeur d'Alene Bancorp continues to maintain strong capital levels and asset quality. Net book value increased to \$13.85 per share, an increase of \$1.49 from the prior year. Consistent performance has enabled us to pay a cash dividend for the fourth consecutive year, reinforcing our commitment to shareholder value.

Looking ahead, we expect economic conditions in our markets to remain favorable in 2026, with a more stable interest rate environment supporting continued loan and deposit growth.

In closing, I would like to thank our shareholders, customers, and employees for their continued support and dedication. We remain focused on disciplined growth, delivering exceptional customer service, and creating long-term value for our stakeholders.

Sincerely,

Wes Veach

President and Chief Executive Officer