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CASHMERE VALLEY BANK REPORTS QUARTERLY EARNINGS OF \$7.3 MILLION

CASHMERE, WA, April 20, 2021 – Cashmere Valley Bank (OTCQX: CSHX) ("Bank"), announced quarterly earnings of \$7.3 million for the quarter ended March 31, 2021. Diluted earnings per share were \$1.84, representing an increase of \$0.47 per share, or 34.0%.

As of March 31, 2021, deposit balances totaled \$1.9 billion. Deposit balances increased approximately \$132.3 million from December 31, 2020, representing a 7.7% increase.

"The Bank had a great start to 2021" said Greg Oakes, President and CEO. "Our deposit growth continued throughout the first quarter, well exceeding our expectations. We are thrilled with our substantial earnings increase. PPP loan forgiveness and our increasing asset base were the primary reasons for the increase. Our net interest margin is a concern going forward especially as PPP forgiveness begins to slow down."

Q1 Highlights

The Bank reported the following statement of condition highlights as of March 31, 2021:

- March 31, 2021 gross loans totaled \$963.0 million representing an increase of \$12.1 million or 1.3% from December 31, 2020.
- Total deposits increased by \$132.3 million or 7.7% from December 31, 2020. Non-interest bearing deposits have increased \$48.5 million or 13.3% since December 31, 2020. Non-interest bearing deposits total \$414.1 million and represent 22.4% of total deposits.
- On April 13, 2021 the Bank announced a share repurchase program in the form of a tender offer whereby the Bank is authorized to repurchase up to 340,000 shares of common stock at a price of \$70.00 per share.

Pandemic Response Update

As of March 31, 2021, loans with deferred payments or on interest only due to COVID-19 consisted of 0.08% of gross loans. There were 19 loans remaining on deferral as of March 31, 2021, the majority of which were indirect auto loans.

The Bank originated \$106.4 million in PPP loans including originations of \$35.8 million in the first quarter of 2021. PPP loan balances as of March 31, 2021 totaled \$57.4 million. Net deferred fees remaining as of March 31, 2021 totaled approximately \$2.3 million.

The Bank began providing support to its employees at the onset of COVID-19 including at-risk employees and employees with child care needs. Those employees have been allowed to stay home, Bank paid as

needed on an unlimited basis, or work from home if their position allows.

Cash, Cash Equivalents and Restricted Cash

Total cash, cash equivalents and restricted cash were \$131.2 million at March 31, 2021, compared to \$135.7 million at December 31, 2020. The \$4.5 million decrease was primarily due to increasing the size of the investment portfolio.

Investments

The investment portfolio totaled \$972.6 million at March 31, 2021, an increase of \$116.3 million from December 31, 2020 and an increase of \$312.4 million from March 31, 2020. The increase in the first quarter of 2021 was attributable to securities purchases of \$150.4 million. Securities purchases mainly consisted of \$66.3 million in collateralized mortgage obligations and \$58.7 million in municipal securities. The increase in available for sale securities year-over-year was primarily due to an increase in deposit balances.

Loans and Credit Quality

Gross loans totaled \$963.0 million as of March 31, 2021 an increase of \$12.1 million from December 31, 2020 and an increase of \$61.9 million from March 31, 2020. Year-over-year the main reason for the increase in loan balances was the \$57.4 million increase in PPP loans. Other significant changes include an increase of \$20.5 million in commercial real estate loans and a \$15.2 million increase in municipal loans. Growth in these categories was partially offset by a decrease of \$32.8 million in real estate loans driven by refinances into fixed rate government real estate loans.

The allowance for loans and lease losses (ALLL) was 1.43% of gross loans as compared to 1.26% one year ago. The Bank did not make any provisions during the first quarter of 2021 and the allowance totals \$13.8 million.

Credit quality remains exceptionally strong with non-performing loans representing 0.09% of gross loans as of March 31, 2021. This is a slight decrease from 0.12% as of December 31, 2020.

Deposits

Deposits totaled \$1.85 billion at March 31, 2021, as compared to \$1.72 billion at December 31, 2020. The \$132.3 million increase in deposits from the year end represented a 7.7% increase and the growth was in non-maturity deposits. The average cost of deposits decreased 13 basis points from the fourth quarter to 0.42% and has decreased 24 basis points from the first quarter of 2020.

Earnings

Net Interest Income

Net interest income totaled \$12.7 million in the first quarter of 2021, compared to \$12.1 million in the prior quarter and \$11.7 million in the same quarter a year ago. The primary reason for increases in net interest income were increases in PPP fees which are generally recorded into income at the time of PPP forgiveness. Net PPP fees totaled approximately \$1.1 million in the first quarter of 2021 versus \$424,000 in the fourth quarter of 2020 and \$0 in the first quarter of 2020.

Interest income from available for sale securities totaled \$4.2 million in the first quarter of 2021, compared to \$3.9 million in the previous quarter and \$3.8 million in the first quarter of 2020. Yields on investment securities have decreased approximately 75 basis points from one year ago, however, the decrease in yields has been more than offset by the significant increase in securities balances.

The tax-equivalent net interest margin was 2.66% for the first quarter of 2021, compared to 2.60% in the prior quarter and 2.98% in the first quarter of 2020. The six basis point increase from the prior quarter was primarily due to increased loan income from PPP loan forgiveness. As compared to the same quarter one year ago the decrease in the net interest margin is largely due to a reduction in the yields earned on interest bearing deposits and available for sale securities in combination with significant growth in the balances of those two categories.

Non-Interest Income

Non-interest income totaled \$5.0 million in the first quarter of 2021 as compared to \$4.9 million in the fourth quarter of 2020 and compared to \$3.9 million in the first quarter of 2020. The increase over the prior quarter was primarily due to an increase in card fees and the increase from the first quarter of 2020 was primarily due to an increase in mortgage origination fees, which increased \$1.0 million from the same quarter one year ago. Income from mortgage origination fees remain at an elevated level as the Bank works through its refinance pipeline.

Non-Interest Expense

Non-interest expense totaled \$9.1 million in the first quarter of 2021 as compared to \$8.7 million in the fourth quarter of 2020 and \$8.7 million in the first quarter of 2020.

As compared to the same period one year ago, wages and benefits expense increased \$211,000 or 4.2% and mortgage banking expense increased \$103,000 due to volume increases.

As compared to the prior quarter, wages and benefits increased \$262,000. The increase was due to a \$104,000 increase in employee benefits which comprised of a \$78,000 increase in health insurance costs and a \$36,000 increase in 401(k) contributions. Wages also increased \$87,000 due to annual salary increases.

The Bank's efficiency ratio was 54.0% in the first quarter of 2021 as compared to 53.8% in the fourth quarter of 2020 and 58.3% in the first quarter of 2020.

Share Repurchase Program

On April 13, 2021, the Board issued a stock repurchase program in the form of a tender offer. The Board has approved a repurchase of up to 340,000 shares at a price of \$70.00 per share. Shareholders have up to 30 days to tender their shares.

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 wholly owned 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

Assets Cash and Cash Equivalent: Cash & due from banks \$21,959 \$27,258 \$27,714 Interest bearing deposits 101,786 97,466 30,397 Fed funds sold 7,435 10,990 5,973 Total Cash and Cash Equivalent 131,180 135,714 64,084 Securities available for sale 972,609 856,327 660,205 Securities held to maturity - - - Federal Home Loan Bank stock, at cost 2,393 1,982 1,982 Loans 963,046 950,970 901,139 Allowance for credit losses (13,776) (13,730) (11,352) Net loans 963,046 950,970 901,139 Allowance for credit losses (13,776) (13,730) (11,352) Net loans 949,270 937,240 889,787 Premises and equipment 16,811 16,381 16,533 Accrued interest receivable - - - Forcolosed real estate - - - Intangibles 1,451 1,564 1,807 <t< th=""><th>Cashmere Valley Bank and Subsidiary</th><th></th><th></th><th></th></t<>	Cashmere Valley Bank and Subsidiary			
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Liabilities Deposits: Non-interest bearing demand \$414,109 \$365,645 \$274,171 Savings and interest-bearing demand 1,214,123 1,121,111 913,276 Time 224,021 233,215 257,431 Total deposits 1,852,253 1,719,971 1,444,878 Accrued interest payable 551 612 734 Short-term borrowings 18,752 16,395 7,453 Long-term borrowings - - - Other liabilities 19,475 18,632 16,678 Total liabilities 1,214,123 1,7155,610 1,469,743 Shareholders' Equity 1,891,031 1,755,610 1,469,743 Common stock (no par value); authorized 10,000,000 shares; Isued and outstanding: 3/31/2021 - 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453 207,453 <	Other assets	9,900	9,835	7,454
Liabilities Deposits: Non-interest bearing demand Savings and interest-bearing demand 1,214,123 Time 224,021 233,215 257,431 Total deposits Accrued interest payable Short-term borrowings Long-term borrowings Long-term borrowings Other liabilities Total liabilities 19,475 1882 Common stock (no par value); authorized 10,000,000 shares; Issued and outstanding: 3/31/2021 3,972,304 ; 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 7,62 3,762 3,762 3,762 3,762 3,762 3,763 2,801 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 12,801 27,376 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453	Total assets	\$2,119,509	\$1,994,288	\$1,677,196
Deposits: Non-interest bearing demand $\$414,109$ $\$365,645$ $\$274,171$ Savings and interest-bearing demand $1,214,123$ $1,21,111$ $913,276$ Time $224,021$ $233,215$ $257,431$ Total deposits $1,852,253$ $1,719,971$ $1,444,878$ Accrued interest payable 551 612 734 Short-term borrowings $18,752$ $16,395$ $7,453$ Long-term borrowings $ -$ Other liabilities $19,475$ $18,632$ $16,678$ Total labilities $1,891,031$ $1,755,610$ $1,469,743$ Shareholders' Equity Common stock (no par value); authorized $10,000,000$ shares; $12/31/2020 - 3,972,149$; $3/31/2020 - 3,972,024$ $3,762$ $3,723$ $3,609$ Treasury stock(9,908)(9,908)(9,908)(9,908)Retained Earnings $221,823$ $217,487$ $200,203$ Accumulated other comprehensive income $12,801$ $27,376$ $13,549$ Total shareholders' equity $228,478$ $238,678$ $207,453$	Liabilities and Shareholders' Equity			
Non-interest bearing demand \$414,109 \$365,645 \$274,171 Savings and interest-bearing demand 1,214,123 1,121,111 913,276 Time 224,021 233,215 257,431 Total deposits 1,852,253 1,719,971 1,444,878 Accrued interest payable 551 612 734 Short-term borrowings 18,752 16,395 7,453 Long-term borrowings 19,475 18,632 16,678 Total liabilities 19,475 18,632 16,678 Shareholders' Equity 1,2131/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 3,549 Total shareholders' equity 228,478 238,678 207,453	Liabilities			
Savings and interest-bearing demand 1,214,123 1,121,111 913,276 Time 224,021 233,215 257,431 Total deposits 1,852,253 1,719,971 1,444,878 Accrued interest payable 551 612 734 Short-term borrowings 18,752 16,395 7,453 Long-term borrowings - - - Other liabilities 19,475 18,632 16,678 Total liabilities 1,214,123 1,719,971 1,444,878 Shareholders' Equity - - - Common stock (no par value); authorized 10,000,000 shares; 19,475 18,632 16,678 Shareholders' Equity 1,214,123 1,755,610 1,469,743 Common stock (no par value); authorized 10,000,000 shares; 1,891,031 1,755,610 1,469,743 Shareholders' Equity 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) Retained Earnings 21,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549	▲			
Time 224,021 233,215 257,431 Total deposits 1,852,253 1,719,971 1,444,878 Accrued interest payable 551 612 734 Short-term borrowings 18,752 16,395 7,453 Long-term borrowings - - - Other liabilities 19,475 18,632 16,678 Total liabilities 1,891,031 1,755,610 1,469,743 Shareholders' Equity 3/31/2021 3,972,304 ; 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453		· · · · · ·		
Total deposits 1,852,253 1,719,971 1,444,878 Accrued interest payable 551 612 734 Short-term borrowings 18,752 16,395 7,453 Long-term borrowings - - - Other liabilities 19,475 18,632 16,678 Total liabilities 1,891,031 1,755,610 1,469,743 Shareholders' Equity 12/31/2021 3,972,304 ; 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453				
Accrued interest payable 551 612 734 Short-term borrowings 18,752 16,395 7,453 Long-term borrowings - - - Other liabilities 19,475 18,632 16,678 Total liabilities 19,475 18,632 16,678 Shareholders' Equity 1,891,031 1,755,610 1,469,743 Shareholders' Equity Common stock (no par value); authorized 10,000,000 shares; 12/31/2020 3,972,304 ; 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 220,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453				
Short-term borrowings 18,752 16,395 7,453 Long-term borrowings 19,475 18,632 16,678 Other liabilities 19,475 18,632 16,678 Total liabilities 19,475 18,632 16,678 Shareholders' Equity 1,891,031 1,755,610 1,469,743 Shareholders' Equity Common stock (no par value); authorized 10,000,000 shares; 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 20,203 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453 207,453	Total deposits	1,852,253	1,719,971	1,444,878
Long-term borrowings -	Accrued interest payable	551	612	734
Other liabilities 19,475 18,632 16,678 Total liabilities 1,891,031 1,755,610 1,469,743 Shareholders' Equity 12/31/2021 3,972,304 ; 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453	Short-term borrowings	18,752	16,395	7,453
Other liabilities 19,475 18,632 16,678 Total liabilities 1,891,031 1,755,610 1,469,743 Shareholders' Equity 12/31/2021 3,972,304 ; 12/31/2021 3,972,304 ; 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453	Long-term borrowings	-	-	-
Shareholders' Equity Common stock (no par value); authorized 10,000,000 shares; Issued and outstanding: 3/31/2021 3,972,304 ; 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 Treasury stock (9,908) Retained Earnings 221,823 Accumulated other comprehensive income 12,801 Total shareholders' equity 228,478	Other liabilities	19,475	18,632	16,678
Common stock (no par value); authorized 10,000,000 shares; Issued and outstanding: 3/31/2021 3,972,304 ; 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 Treasury stock (9,908) Retained Earnings 221,823 217,487 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453	Total liabilities	1,891,031	1,755,610	1,469,743
Common stock (no par value); authorized 10,000,000 shares; Issued and outstanding: 3/31/2021 3,972,304 ; 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453	Shareholders' Fauity			
Issued and outstanding: 3/31/2021 3,972,304 ; 3,762 3,723 3,609 12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453				
12/31/2020 3,972,149 ; 3/31/2020 3,972,024 3,762 3,723 3,609 Treasury stock (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453				
Treasury stock (9,908) (9,908) (9,908) Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453		2 762	2 722	2 600
Retained Earnings 221,823 217,487 200,203 Accumulated other comprehensive income 12,801 27,376 13,549 Total shareholders' equity 228,478 238,678 207,453		,	· · · · ·	
Accumulated other comprehensive income12,80127,37613,549Total shareholders' equity228,478238,678207,453				
Total shareholders' equity 228,478 238,678 207,453				
Total liabilities and shareholders' equity \$2,119,509 \$1,994,288 \$1,677,196	i otal shareholders' equity	228,478	238,678	207,453
Total liabilities and shareholders' equity \$2,119,509 \$1,994,288 \$1,677,196				
	Total liabilities and shareholders' equity	\$2,119,509	\$1,994,288	\$1,677,196

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands) Cashmere Valley Bank & Subsidiary

Cashmere Valley Bank & Subsidiary		For the quarters ended,	
	March 31, 2021	December 31, 2020	March 31, 2020
Interest Income	,	,	
Loans	\$9,922	\$9,761	\$9,489
Deposits at other financial institutions	23	26	331
Federal funds sold	2	1	24
Securities available for sale:			
Taxable	2,554	2,259	2,686
Tax-exempt	1,641	1,617	1,096
Total interest income	14,142	13,664	13,626
Interest Expense			
Deposits	1,437	1,515	1,915
Short-term borrowings	8	9	9
Long-term borrowings	-	_	_
Total interest expense	1,445	1,524	1,924
Net interest income	12,697	12,140	11,702
Provision for Credit Losses	(4)	321	463
Net interest income after provision for credit losses	12,701	11,819	11,239
Non-Interest Income			
Service charges on deposit accounts	327	327	463
Mortgage banking operations	1,879	2,110	1,149
Net gain (loss) on sales of securities available for sale	-	2,110	1,149
		-	222
Brokerage commissions	215	202	
Insurance commissions and fees	1,252	1,182	1,186
Net interchange income (expense)	710	587	401
BOLI cash value	114	117	112
Dividends from correspondent banks	22	15	22
Other Total non-interest income	<u> </u>	<u>332</u> 4,872	<u> </u>
	1,902		0,071
Non-Interest Expense			
Salaries and employee benefits	5,213	4,951	5,002
Occupancy and equipment	745	799	750
Audits and examinations	303	216	280
State and local business and occupation taxes	251	239	203
Legal and professional fees	222	98	135
Net loss (gain) on foreclosed real estate	-	-	-
Check losses and charge-offs	201	99	105
Low income housing investment losses	144	134	82
Data processing	1,050	1,155	1,182
Product delivery	233	255	252
Other	742	786	741
Total non-interest expense	9,104	8,732	8,732
Income before income taxes	8,579	7,959	6,378
Income Taxes	1,264	967	922
Net income	\$7,315	\$6,992	\$5,456
Earnings Per Share			
Basic	\$ 1.84	\$ 1.76 \$	5 1.37
Diluted	\$ 1.84		