CONTACT: Greg Oakes, CEO (509) 782-2092 Mike Lundstrom, CFO (509) 782-5495

CASHMERE VALLEY BANK REPORTS ANNUAL EARNINGS OF \$23.4 MILLION, DIVIDEND OF \$0.70 PER SHARE

CASHMERE, WA, January 22, 2020 – Cashmere Valley Bank (OTCQB: CSHX) ("Bank"), announced earnings of \$23.4 million for the twelve months ended December 31, 2019, compared to \$21.8 million in the same period of 2018. Growth in net income was attributable to net interest income growth of \$2.5 million and a \$2.9 million increase in non-interest income primarily attributable to available for sale security sales, gains on mortgage loans sold, Wealth Management commissions and Mitchell Reed insurance commissions.

On a quarterly basis, earnings were \$6.0 million for the quarter ended December 31, 2019 versus \$5.3 million for the quarter ended December 31, 2018.

On January 21, 2020, the Bank's Board of Director's declared its semi-annual dividend payment of \$0.70 to shareholders of record on January 31, 2020. The dividend will be paid on February 10, 2020.

"2019 was an outstanding year for Cashmere Valley Bank," said Greg Oakes, President and CEO. "We are proud that the Bank's deposits increased \$109 million. We also returned \$15.3 million to shareholders in the form of the stock repurchase and dividends. We continue to maintain the Bank's relatively low risk profile and our credit quality is outstanding."

The Bank provided the following earnings highlights for the twelve months ended December 31, 2019 as compared to December 31, 2018:

- Net income increased 7.4% to \$23.4 million in 2019 versus \$21.8 million in 2018.
- Diluted earnings per share increased 7.9% to \$5.69 per share from \$5.27 per share.
- Return on Assets increased 4 basis points to 1.49%.
- Return on Equity decreased 80 basis points to 11.55%.
- Net interest margin improved 12 basis to 3.15% from increasing interest rates and higher average balances on loans.
- Non-interest income increased 21.4% at Mitchell, Reed and Schmitten the Bank's wholly owned subsidiary, gains on mortgage loans sold increased 58.0% and Cashmere Valley Wealth Management Commissions increase 71.1%.
- The efficiency ratio remained strong at 55.6%, which represented a very slight increase from 55.4% from the same period one year ago.
- Income tax expense increased \$1.2 million due to increased earnings and an increase in the Bank's effective tax rate.

The Bank reported the following Balance Sheet Highlights as of December 31, 2019 as compared to December 31, 2018:

- Deposits increased \$109.4 million or 8.3%. Total deposits are \$1.4 billion.
- Non-interest deposits increased \$31.3 million or 12.9%. Non-interest deposits represent 19.3% of total deposits.
- Gross loans decreased to \$918.5 million, a decrease of \$58.1 million, or 6.0% from December 31, 2018. While loan originations remained fairly strong throughout the year, there were a number of substantial loan payoffs in the second half of the year. Loan payoffs occurred primarily in the municipal and commercial real estate loan portfolios.
- Credit quality remained extremely strong with non-performing assets totaling 0.08% of gross loans.
- The book value in available for sale securities increased \$90.4 million to \$533.9 million.
- The Bank declared and paid regular dividends in 2019, totaling \$1.30 per share.
- The Bank completed a tender offer in the fourth quarter and repurchased 159,805 shares at \$62.00 per share totaling \$9,907,910.
- Due in part to the repurchase of shares in conjunction with strong earnings the Bank's book value per share increased to \$51.72 from \$43.79 a year ago representing an 18.1% increase.

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. The Bank also maintains 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 principals 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)

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Federal Home Loan Bank stock, at cost 1,825 1,819 Pacific Coast Banker's Bank Stock, at cost 238	Securities available for sale	542,087	439,891	
Pacific Coast Banker's Bank Stock, at cost 238 238 Loans held for sale 1,804 666 Loans held for sale 1,804 666 Loans held for sale 1,804 666 Loans held for sale 918,541 976,619 Allowance for credit loses (11,188) (11,299) Net loans 907,353 965,320 Premises and equipment 16,772 17,993 Accrued interest receivable 5,625 5,396 Foreclosed real estate - - Foredosed real estate - - Goodwill 7,162 7,162 Intangibles 1,907 2,046 Mortgage servicing rights 2,147 1,657 Other assets \$1,651,499 \$1,520,631 Liabilities Deposits: Liabilities Deposits: 889,417 849,378 Time 259,759 221,646 Savings and interest-bearing demand 889,417 849,378	Securities held to maturity	-	37	
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Accrued interest receivable 5,625 5,396 Foreclosed real estate	Premises and equipment	16 772	17 003	
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Deposits: Non-interest bearing demand \$274,171 \$242,906	Liabilities and Shareholders' Equity			
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Time 259,759 221,646 Total deposits 1,423,347 1,313,930 Accrued interest payable 765 509 Short-term borrowings 10,154 9,830 Long-term borrowings - - Other Liabilities 11,829 8,859 Total liabilities 1,446,095 1,333,128 Shareholders' Equity Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 20194,119,289; 20184,115,025 -	Non-interest bearing demand	\$274,171	\$242,906	
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Retained Earnings 205,473 187,434 Accumulated other comprehensive income 6,434 (2,852) Treasury stock (9,908) - Total shareholder's equity 205,404 187,503	issued and outstanding: 20194,119,289; 20184,115,025	-	-	
Accumulated other comprehensive income 6,434 (2,852) Treasury stock (9,908) - Total shareholder's equity 205,404 187,503	Additional Paid in Capital	3,405	2,921	
Accumulated other comprehensive income 6,434 (2,852) Treasury stock (9,908) - Total shareholder's equity 205,404 187,503	Retained Earnings	205,473	187,434	
Treasury stock (9,908) - Total shareholder's equity 205,404 187,503				
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Total liabilities and shareholders' equity \$1,651,499 \$1,520,631			187,503	
Total liabilities and shareholders' equity \$1,651,499 \$1,520,631				
	Total liabilities and shareholders' equity	\$1,651,499	\$1,520,631	

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere \	Valley	Bank &	Subsidiary
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Cushmere variety Bank & Substituting	For	For the years ended December 31,		
		2019	2018	
Interest Income				
Loans		\$40,465	\$36,883	
Deposits at other financial institutions		1,413	451	
Federal Funds Sold		174	75	
Securities available for sale:				
Taxable		7,872	6,350	
Tax-exempt		4,913	6,382	
Securities held to maturity		-	14	
Total interest income		54,837	50,155	
Interest Expense				
Deposits		7,334	4,893	
Short-term borrowings		36	30	
Long-term borrowings		-	217	
Total interest expense	-	7,370	5,140	
Net interest income		47,467	45,015	
Provision for Credit Losses		709	1,026	
Net interest income after provision for credit losses		46,758	43,989	
Non-Interest Income				
Service charges on deposit accounts		1,914	1,886	
Mortgage banking operations		3,390	2,214	
Net gain (loss) on sales of securities available for sale		772	(94)	
Brokerage commissions		882	515	
Insurance commissions and fees		4,579	4,140	
Net Interchange income (expense)		1,549	1,544	
BOLI cash value		437	428	
Dividends from correspondent banks		67	65	
Other		1,191	1,226	
Total non-interest income		14,781	11,924	
Non-Interest Expense				
Salaries and employee benefits		18,745	17,023	
Occupancy and equipment		3,139	3,005	
Audits and examinations		672	889	
State and local business and occupation taxes		783	651	
Legal and professional fees		615	373	
Net loss (gain) on foreclosed real estate		-	-	
Check losses and charge-offs		702	478	
Low income housing investment losses		694	476	
Data processing		4,718	4,208	
Product delivery		1,008	1,045	
Other		3,174	3,278	
Total non-interest expense		34,250	31,426	
Income before income taxes		27,289	24,487	
Income Taxes		3,894	2,699	
Net income		\$23,395	\$21,788	
Earnings Per Share				
Basic	\$	5.70 \$	5.29	
Diluted	\$	5.69 \$	5.27	