

Consolidated Balance Sheets

(Dollars in Thousands)

Cashmere Valley Financial Corporation and Subsidiary

March 31, 2008 and 2007

	2008	2007
Assets		
Cash & due from banks	\$ 17,674	\$ 17,469
Interest bearing deposits	845	1
Fed funds sold	701	37,592
Securities available for sale	330,705	243,480
Securities held to maturity	2,520	3,071
Federal Home Loan Bank stock, at cost	3,138	3,138
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	1,171	135
Loans	538,644	501,144
Allowance for credit losses	(8,651)	(8,299)
Net loans	529,993	492,845
Premises and equipment	12,625	12,021
Accrued interest receivable	4,961	4,459
Foreclosed real estate	304	
Goodwill	6,590	6,590
Intangibles	405	553
Mortgage servicing rights	709	535
Other assets	3,301	4,201
Total assets	\$ 915,880	\$ 826,328
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Demand	\$ 79,124	\$ 76,928
Savings and interest bearing demand	534,715	467,899
Time	206,793	191,007
Total Deposits	820,632	735,834
Accrued interest payable	1,486	1,416
Short-term borrowings	3,253	5,691
Long-term borrowings	5,076	5,328
Other Liabilities	5,889	6,698
Total Liabilities	836,336	754,967
Shareholders' Equity		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2008 - 4,119,220; 2007 - 4,116,319	--	--
Retained Earnings	76,762	68,500
Accumulated other comprehensive income	2,782	2,861
Total shareholder's equity	79,544	71,361
Total liabilities and shareholders' equity	\$ 915,880	\$ 826,328

Consolidated Statements of Income

(Dollars in Thousands)

Cashmere Valley Financial Corporation & Subsidiary
Three Months Ended March 31, 2008 and 2007

	2008	2007
Interest Income		
Loans	\$ 10,082	\$ 9,415
Deposits at other financial institutions	3	3
Federal funds sold	70	488
Securities available for sale:		
Taxable	2,892	1,888
Tax-exempt	1,020	992
Securities held to maturity - tax-exempt	31	37
Total interest income	14,098	12,823
Interest Expense		
Deposits	6,284	6,181
Short-term borrowings	64	55
Long-term borrowings	75	77
Total interest expense	6,423	6,313
Net interest income	7,675	6,510
Provision for Credit Losses	205	50
Net interest income after provision for credit losses	7,470	6,460
Non-Interest Income		
Service charges on deposit accounts	361	379
Net gain on mortgage loans sold	87	61
Servicing fees on loans sold	94	130
Net gain (loss) on sales of securities available for sale	-	(18)
Net gain (loss) on sales of foreclosed real estate	-	8
Brokerage commissions	91	92
Insurance commissions and fees	185	271
Interchange income	341	300
Other	253	223
Total non-interest income	1,412	1,446
Non-Interest Expense		
Salaries and employee benefits	2,785	2,516
Occupancy	260	240
Furniture and equipment	410	373
Audits and examinations	61	21
State and local business and occupation taxes	87	93
Interchange expenses	146	116
Collection and legal costs	40	28
Check losses and charge-offs	40	27
Other	974	880
Total non-interest expense	4,803	4,294
Income before income taxes	4,079	3,612
Income Taxes	979	979
Net income	\$ 3,100	\$ 2,633
Earnings Per Share		
Basic	\$ 0.75	\$ 0.64
Diluted	\$ 0.74	\$ 0.63