

## Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

March 31, 2016 and 2015

	2016	2015
<b>Assets</b>		
Cash and Cash Equivalents:		
Cash & due from banks	\$13,187	\$14,150
Interest bearing deposits	24,729	17,406
Fed funds sold	5,491	6,094
Total Cash and Cash Equivalents	43,407	37,650
Securities available for sale	458,815	466,397
Securities held to maturity	1,063	1,083
Federal Home Loan Bank stock, at cost	1,765	2,827
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	176	1,527
Loans	850,821	790,740
Allowance for credit losses	(12,627)	(12,552)
<b>Net loans</b>	<b>838,194</b>	<b>778,188</b>
Premises and equipment	13,438	11,461
Accrued interest receivable	5,596	5,274
Foreclosed real estate	-	1,519
Bank Owned Life Insurance	13,750	13,286
Goodwill	6,820	6,820
Intangibles	8	14
Mortgage servicing rights	1,745	1,825
Other assets	6,800	7,013
<b>Total assets</b>	<b>\$1,391,815</b>	<b>\$1,335,122</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Demand	\$183,410	\$164,515
Savings and interest bearing demand	789,057	742,310
Time	239,168	257,780
<b>Total deposits</b>	<b>1,211,635</b>	<b>1,164,605</b>
Accrued interest payable	403	449
Short-term borrowings	9,671	12,747
Long-term borrowings	2,606	2,860
Other Liabilities	7,734	8,490
<b>Total liabilities</b>	<b>1,232,049</b>	<b>1,189,151</b>
<b>Shareholders' Equity</b>		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2016 - 4,080,229 ; 2015 - 4,067,329	--	--
Additional Paid in Capital	1,503	1,037
Retained Earnings	151,183	137,708
Accumulated other comprehensive income	7,080	7,226
<b>Total shareholder's equity</b>	<b>159,766</b>	<b>145,971</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$1,391,815</b>	<b>\$1,335,122</b>

## Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Three Months Ended March 31, 2016 and 2015

	2016	2015
<b>Interest Income</b>		
Loans	\$8,227	\$7,876
Deposits at other financial institutions	42	15
Federal Funds Sold	2	1
Securities available for sale:		
Taxable	1,579	1,882
Tax-exempt	1,179	1,067
Securities held to maturity	5	5
<b>Total interest income</b>	<b>11,034</b>	<b>10,846</b>
<b>Interest Expense</b>		
Deposits	1,027	1,190
Short-term borrowings	7	8
Long-term borrowings	39	43
<b>Total interest expense</b>	<b>1,073</b>	<b>1,241</b>
<b>Net interest income</b>	<b>9,961</b>	<b>9,605</b>
<b>Provision for Credit Losses</b>	250	600
<b>Net interest income after provision for credit losses</b>	<b>9,711</b>	<b>9,005</b>
<b>Non-Interest Income</b>		
Service charges on deposit accounts	277	222
Mortgage banking operations	442	518
Net gain (loss) on sales of securities available for sale	404	229
Brokerage commissions	58	139
Insurance commissions and fees	477	484
Net Interchange income (expense)	433	348
BOLI cash value	124	120
Other	377	386
<b>Total non-interest income</b>	<b>2,592</b>	<b>2,446</b>
<b>Non-Interest Expense</b>		
Salaries and employee benefits	3,585	3,392
Occupancy and equipment	1,020	919
Audits and examinations	88	49
State and local business and occupation taxes	149	103
FDIC & WA State assessments	191	175
Legal and professional fees	115	138
Net loss (gain) on foreclosed real estate	(36)	(101)
Check losses and charge-offs	51	69
Low income housing investment losses	138	120
Data processing	161	184
Product delivery	281	302
Other	560	661
<b>Total non-interest expense</b>	<b>6,303</b>	<b>6,011</b>
<b>Income before income taxes</b>	<b>6,000</b>	<b>5,440</b>
<b>Income Taxes</b>	<b>1,284</b>	<b>1,233</b>
<b>Net income</b>	<b>\$4,716</b>	<b>\$4,207</b>
<b>Earnings Per Share</b>		
Basic	<b>\$1.16</b>	<b>\$1.04</b>
Diluted	<b>\$1.15</b>	<b>\$1.03</b>