

## Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

December 31, 2017 and December 31, 2016

	2017	2016
<b>Assets</b>		
Cash and Cash Equivalents:		
Cash & due from banks	\$25,401	\$19,516
Interest bearing deposits	27,065	95,337
Fed funds sold	4,220	10,591
Total Cash and Cash Equivalents	<u>56,686</u>	<u>125,444</u>
Securities available for sale	514,848	421,261
Securities held to maturity	1,539	1,551
Federal Home Loan Bank stock, at cost	1,831	1,757
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	1,171	397
Loans	894,250	864,924
Allowance for credit losses	<u>(10,639)</u>	<u>(11,037)</u>
<b>Net loans</b>	<b>883,611</b>	<b>853,887</b>
Premises and equipment	16,834	14,250
Accrued interest receivable	5,578	4,504
Foreclosed real estate	-	66
Bank Owned Life Insurance	14,582	14,118
Goodwill	7,162	6,820
Intangibles	2,557	4
Mortgage servicing rights	1,696	1,723
Other assets	7,681	8,220
<b>Total assets</b>	<b><u>\$1,516,014</u></b>	<b><u>\$1,454,239</u></b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Demand	\$218,418	\$199,633
Savings and interest bearing demand	862,484	830,310
Time	233,400	239,083
<b>Total deposits</b>	<b><u>1,314,302</u></b>	<b><u>1,269,026</u></b>
Accrued interest payable	454	445
Short-term borrowings	9,438	11,467
Long-term borrowings	2,119	2,404
Other Liabilities	9,243	5,019
<b>Total liabilities</b>	<b><u>1,335,556</u></b>	<b><u>1,288,360</u></b>
<b>Shareholders' Equity</b>		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2017 - 4,110,845 ; 2016 - 4,095,966	--	--
Additional Paid in Capital	2,508	1,962
Retained Earnings	175,912	161,939
Accumulated other comprehensive income	2,038	1,978
<b>Total shareholder's equity</b>	<b><u>180,458</u></b>	<b><u>165,879</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$1,516,014</u></b>	<b><u>\$1,454,239</u></b>

## Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Twelve months ended December 31, 2017 and 2016

	2017	2016
<b>Interest Income</b>		
Loans	\$33,051	\$33,282
Deposits at other financial institutions	748	183
Federal Funds Sold	13	8
Securities available for sale:		
Taxable	5,550	5,605
Tax-exempt	6,540	4,738
Securities held to maturity	30	36
<b>Total interest income</b>	<b>45,932</b>	<b>43,852</b>
<b>Interest Expense</b>		
Deposits	4,438	4,296
Short-term borrowings	21	28
Long-term borrowings	133	151
<b>Total interest expense</b>	<b>4,592</b>	<b>4,475</b>
<b>Net interest income</b>	<b>41,340</b>	<b>39,377</b>
<b>Provision for Credit Losses</b>	-	(735)
<b>Net interest income after provision for credit losses</b>	<b>41,340</b>	<b>40,112</b>
<b>Non-Interest Income</b>		
Service charges on deposit accounts	1,366	1,127
Mortgage banking operations	2,623	2,360
Net gain (loss) on sales of securities available for sale	439	(1,925)
Brokerage commissions	664	518
Insurance commissions and fees	2,955	1,833
Net Interchange income (expense)	1,509	1,716
BOLI cash value	464	492
Other	260	1,538
<b>Total non-interest income</b>	<b>10,280</b>	<b>7,659</b>
<b>Non-Interest Expense</b>		
Salaries and employee benefits	14,678	14,011
Occupancy and equipment	5,140	4,155
Audits and examinations	791	431
State and local business and occupation taxes	600	615
FDIC & WA State assessments	466	828
Legal and professional fees	453	439
Net loss (gain) on foreclosed real estate	(3)	(26)
Check losses and charge-offs	354	252
Low income housing investment losses	363	341
Data processing	1,205	775
Product delivery	1,268	1,231
Other	3,374	2,642
<b>Total non-interest expense</b>	<b>28,689</b>	<b>25,694</b>
<b>Income before income taxes</b>	<b>22,931</b>	<b>22,077</b>
<b>Income Taxes</b>	<b>4,523</b>	<b>4,553</b>
<b>Net income</b>	<b>18,408</b>	<b>17,524</b>
<b>Earnings Per Share</b>		
Basic	\$ 4.49	\$ 4.29
Diluted	\$ 4.47	\$ 4.27