

Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

September 30, 2017 and December 31, 2016

	2017	2016
Assets		
Cash and Cash Equivalents:		
Cash & due from banks	\$23,560	\$19,516
Interest bearing deposits	67,935	95,337
Fed funds sold	5,903	10,591
Total Cash and Cash Equivalents	97,398	125,444
Securities available for sale	492,415	421,263
Securities held to maturity	1,542	1,551
Federal Home Loan Bank stock, at cost	1,834	1,755
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	1,073	397
Loans	900,778	864,924
Allowance for credit losses	(10,977)	(11,037)
Net loans	889,801	853,887
Premises and equipment	16,033	14,250
Accrued interest receivable	6,814	4,504
Foreclosed real estate	66	66
Bank Owned Life Insurance	14,475	14,118
Goodwill	7,162	6,820
Intangibles	2,734	-
Mortgage servicing rights	1,699	1,723
Other assets	7,764	8,223
Total assets	\$1,541,048	\$1,454,239
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Demand	\$225,709	\$199,633
Savings and interest bearing demand	872,977	830,310
Time	236,869	239,083
Total deposits	1,335,555	1,269,026
Accrued interest payable	401	445
Short-term borrowings	10,411	11,467
Long-term borrowings	2,192	2,404
Other Liabilities	15,500	5,018
Total liabilities	1,364,059	1,288,360
Shareholders' Equity		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2017 - 4,104,156 ; 2016 - 4,095,556	--	--
Additional Paid in Capital	2,428	1,962
Retained Earnings	171,450	161,939
Accumulated other comprehensive income	3,111	1,978
Total shareholder's equity	176,989	165,879
Total liabilities and shareholders' equity	\$1,541,048	\$1,454,239

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Nine months ended September 30, 2017 and 2016

	2017	2016
Interest Income		
Loans	\$24,369	\$24,748
Deposits at other financial institutions	570	108
Federal Funds Sold	8	6
Securities available for sale:		
Taxable	4,139	4,299
Tax-exempt	4,738	3,751
Securities held to maturity	22	18
Total interest income	33,846	32,930
Interest Expense		
Deposits	3,324	3,171
Short-term borrowings	16	20
Long-term borrowings	101	115
Total interest expense	3,441	3,306
Net interest income	30,405	29,624
Provision for Credit Losses	-	965
Net interest income after provision for credit losses	30,405	28,659
Non-Interest Income		
Service charges on deposit accounts	935	856
Mortgage banking operations	1,899	1,694
Net gain (loss) on sales of securities available for sale	439	414
Brokerage commissions	435	411
Insurance commissions and fees	1,082	1,445
Net Interchange income (expense)	1,244	1,390
BOLI cash value	356	370
Other	1,212	1,169
Total non-interest income	7,602	7,749
Non-Interest Expense		
Salaries and employee benefits	10,992	10,491
Occupancy and equipment	3,765	3,062
Audits and examinations	621	283
State and local business and occupation taxes	469	446
FDIC & WA State assessments	339	554
Legal and professional fees	289	306
Net loss (gain) on foreclosed real estate	(4)	(36)
Check losses and charge-offs	274	190
Low income housing investment losses	216	269
Data processing	865	554
Product delivery	936	885
Other	2,256	1,905
Total non-interest expense	21,018	18,909
Income before income taxes	16,989	17,499
Income Taxes	3,044	3,729
Net income	13,945	13,770
Earnings Per Share		
Basic	\$ 3.40	\$ 3.37
Diluted	\$ 3.38	\$ 3.37

*While core earnings continue to be strong, 3rd quarter was negatively impacted by a one time event related to the acquisition of 2 insurance agencies and accounting for commissions on the sale of policies.