

Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary
September 30, 2016 and 2015

	2016	2015
Assets		
Cash and Cash Equivalents:		
Cash & due from banks	\$15,373	\$13,236
Interest bearing deposits	47,143	50,918
Certificates of Deposit	550	800
Fed funds sold	11,795	6,912
Total Cash and Cash Equivalents	74,861	71,866
Securities available for sale	466,422	409,490
Securities held to maturity	1,554	1,074
Federal Home Loan Bank stock, at cost	1,759	1,702
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	1,270	899
Loans	879,731	835,900
Allowance for credit losses	(12,775)	(12,101)
Net loans	866,956	823,799
Premises and equipment	13,738	12,373
Accrued interest receivable	5,589	5,363
Foreclosed real estate	56	881
Bank Owned Life Insurance	13,996	13,528
Goodwill	6,820	6,820
Intangibles	5	11
Mortgage servicing rights	1,742	1,791
Other assets	6,743	7,342
Total assets	\$1,461,749	\$1,357,177
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Demand	\$204,338	\$181,436
Savings and interest bearing demand	821,239	755,651
Time	242,370	245,493
Total deposits	1,267,947	1,182,580
Accrued interest payable	400	420
Short-term borrowings	12,601	11,247
Long-term borrowings	2,472	2,735
Other Liabilities	10,692	7,374
Total liabilities	1,294,112	1,204,356
Shareholders' Equity		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2016 - 4,095,556 ; 2015 - 4,073,829	--	--
Additional Paid in Capital	1,853	1,301
Retained Earnings	158,186	144,390
Accumulated other comprehensive income	7,598	7,130
Total shareholder's equity	167,637	152,821
Total liabilities and shareholders' equity	\$1,461,749	\$1,357,177

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Nine Months Ended September 30, 2016 and 2015

	2016	2015
Interest Income		
Loans	\$24,934	\$24,298
Deposits at other financial institutions	108	49
Federal Funds Sold	6	3
Securities available for sale:		
Taxable	4,301	4,682
Tax-exempt	3,565	3,152
Securities held to maturity	18	15
Total interest income	32,932	32,199
Interest Expense		
Deposits	3,171	3,358
Short-term borrowings	20	26
Long-term borrowings	115	126
Total interest expense	3,306	3,510
Net interest income	29,626	28,689
Provision for Credit Losses	965	800
Net interest income after provision for credit losses	28,661	27,889
Non-Interest Income		
Service charges on deposit accounts	856	743
Mortgage banking operations	1,694	1,651
Net gain (loss) on sales of securities available for sale	414	212
Brokerage commissions	411	565
Insurance commissions and fees	1,445	1,358
Net Interchange income (expense)	1,390	1,210
BOLI cash value	370	362
Other	1,169	1,182
Total non-interest income	7,749	7,283
Non-Interest Expense		
Salaries and employee benefits	10,491	10,072
Occupancy and equipment	3,062	3,144
Audits and examinations	283	287
State and local business and occupation taxes	446	394
FDIC & WA State assessments	554	529
Legal and professional fees	306	413
Net loss (gain) on foreclosed real estate	(36)	261
Check losses and charge-offs	190	267
Low income housing investment losses	269	507
Data processing	554	589
Product delivery	885	924
Other	1,906	1,963
Total non-interest expense	18,910	19,350
Income before income taxes	17,500	15,822
Income Taxes	3,729	3,094
Net income	\$13,771	\$12,728
Earnings Per Share		
Basic	\$3.37	\$3.13
Diluted	\$3.36	\$3.12