

Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

June 30, 2016 and 2015

	2016	2015
Assets		
Cash and Cash Equivalents:		
Cash & due from banks	\$15,477	\$16,876
Interest bearing deposits	16,316	11,772
Certificates of Deposit	800	2,000
Fed funds sold	7,807	4,376
Total Cash and Cash Equivalents	40,400	35,024
Securities available for sale	445,066	420,945
Securities held to maturity	1,557	1,079
Federal Home Loan Bank stock, at cost	1,762	1,704
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	480	913
Loans	875,488	826,542
Allowance for credit losses	(12,766)	(12,706)
Net loans	862,722	813,836
Premises and equipment	13,664	11,923
Accrued interest receivable	4,878	4,543
Foreclosed real estate	-	1,519
Bank Owned Life Insurance	13,874	13,406
Goodwill	6,820	6,820
Intangibles	7	13
Mortgage servicing rights	1,737	1,824
Other assets	6,567	6,999
Total assets	\$1,399,772	\$1,320,786
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Demand	\$180,458	\$165,484
Savings and interest bearing demand	787,853	735,598
Time	240,019	251,880
Total deposits	1,208,330	1,152,962
Accrued interest payable	409	433
Short-term borrowings	10,549	9,457
Long-term borrowings	2,540	2,798
Other Liabilities	11,624	6,581
Total liabilities	1,233,452	1,172,231
Shareholders' Equity		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2016 - 4,091,556 ; 2015 - 4,067,329	--	--
Additional Paid in Capital	1,722	1,084
Retained Earnings	155,663	141,989
Accumulated other comprehensive income	8,935	5,482
Total shareholder's equity	166,320	148,555
Total liabilities and shareholders' equity	\$1,399,772	\$1,320,786

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Six Months Ended June 30, 2016 and 2015

	2016	2015
Interest Income		
Loans	\$16,557	\$16,046
Deposits at other financial institutions	59	24
Federal Funds Sold	4	2
Securities available for sale:		
Taxable	3,005	3,309
Tax-exempt	2,321	2,054
Securities held to maturity	10	10
Total interest income	21,956	21,445
Interest Expense		
Deposits	2,075	2,284
Short-term borrowings	13	19
Long-term borrowings	77	85
Total interest expense	2,165	2,388
Net interest income	19,791	19,057
Provision for Credit Losses	675	800
Net interest income after provision for credit losses	19,116	18,257
Non-Interest Income		
Service charges on deposit accounts	573	488
Mortgage banking operations	970	1,118
Net gain (loss) on sales of securities available for sale	414	212
Brokerage commissions	170	373
Insurance commissions and fees	989	951
Net Interchange income (expense)	964	860
BOLI cash value	247	239
Other	788	809
Total non-interest income	5,115	5,050
Non-Interest Expense		
Salaries and employee benefits	7,016	6,691
Occupancy and equipment	2,030	1,979
Audits and examinations	201	142
State and local business and occupation taxes	293	250
FDIC & WA State assessments	360	341
Legal and professional fees	205	299
Net loss (gain) on foreclosed real estate	(36)	(101)
Check losses and charge-offs	112	179
Low income housing investment losses	203	343
Data processing	366	389
Product delivery	582	607
Other	1,217	1,333
Total non-interest expense	12,549	12,452
Income before income taxes	11,682	10,855
Income Taxes	2,479	2,327
Net income	\$9,203	\$8,528
Earnings Per Share		
Basic	\$2.25	\$2.10
Diluted	\$2.24	\$2.09