

Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

March 31, 2017 and December 31, 2016

	2017	2016
Assets		
Cash and Cash Equivalents:		
Cash & due from banks	\$23,854	\$19,516
Interest bearing deposits	96,620	95,337
Fed funds sold	7,257	10,591
Total Cash and Cash Equivalents	127,731	125,444
Securities available for sale	462,809	421,263
Securities held to maturity	1,548	1,551
Federal Home Loan Bank stock, at cost	1,837	1,755
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	237	397
Loans	861,025	864,924
Allowance for credit losses	(11,003)	(11,037)
Net loans	850,022	853,887
Premises and equipment	14,462	14,250
Accrued interest receivable	5,587	4,504
Foreclosed real estate	97	66
Bank Owned Life Insurance	14,240	14,118
Goodwill	6,820	6,820
Intangibles	2	4
Mortgage servicing rights	1,696	1,723
Other assets	7,715	8,219
Total assets	\$1,495,041	\$1,454,239
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Demand	\$204,145	\$199,633
Savings and interest bearing demand	865,662	830,310
Time	238,571	239,083
Total deposits	1,308,378	1,269,026
Accrued interest payable	391	445
Short-term borrowings	10,145	11,467
Long-term borrowings	2,334	2,404
Other Liabilities	5,260	5,018
Total liabilities	1,326,508	1,288,360
Shareholders' Equity		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2017 - -4,104,246 ; 2016 - -4,079,179	--	--
Additional Paid in Capital	2,263	1,962
Retained Earnings	163,989	161,939
Accumulated other comprehensive income	2,281	1,978
Total shareholder's equity	168,533	165,879
Total liabilities and shareholders' equity	\$1,495,041	\$1,454,239

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Three months ended March 2017 and 2016

	2017	2016
Interest Income		
Loans	\$7,999	\$8,227
Deposits at other financial institutions	215	42
Federal Funds Sold	2	2
Securities available for sale:		
Taxable	1,274	1,579
Tax-exempt	1,352	1,179
Securities held to maturity	4	5
Total interest income	10,846	11,034
Interest Expense		
Deposits	1,111	1,027
Short-term borrowings	6	7
Long-term borrowings	35	39
Total interest expense	1,152	1,073
Net interest income	9,694	9,961
Provision for Credit Losses	-	250
Net interest income after provision for credit losses	9,694	9,711
Non-Interest Income		
Service charges on deposit accounts	277	277
Mortgage banking operations	594	442
Net gain (loss) on sales of securities available for sale	-	404
Brokerage commissions	142	58
Insurance commissions and fees	608	477
Net Interchange income (expense)	286	433
BOLI cash value	122	124
Other	401	377
Total non-interest income	2,430	2,592
Non-Interest Expense		
Salaries and employee benefits	3,701	3,585
Occupancy and equipment	1,221	1,020
Audits and examinations	190	88
State and local business and occupation taxes	136	149
FDIC & WA State assessments	66	191
Legal and professional fees	61	115
Net loss (gain) on foreclosed real estate	-	(36)
Check losses and charge-offs	113	51
Low income housing investment losses	72	138
Data processing	271	161
Product delivery	303	281
Other	803	560
Total non-interest expense	6,937	6,303
Income before income taxes	5,187	6,000
Income Taxes	962	1,284
Net income	4,225	4,716
Earnings Per Share		
Basic	\$1.03	\$1.16
Diluted	\$1.03	\$1.15