

## Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

March 31, 2015 and 2014

|   | 2015               | 2014               |
|---|--------------------|--------------------|
| <b>Assets</b>   |                    |                    |
| Cash and Cash Equivalents:  |                    |                    |
| Cash & due from banks   | \$14,150           | \$15,633           |
| Interest bearing deposits   | 17,406             | 28,923             |
| Fed funds sold  | 6,094              | 7,080              |
| Total Cash and Cash Equivalents   | 37,650             | 51,636             |
| Securities available for sale   | 466,397            | 503,827            |
| Securities held to maturity   | 1,083              | 1,587              |
| Federal Home Loan Bank stock, at cost   | 2,827              | 2,945              |
| Pacific Coast Banker's Bank Stock, at cost  | 238                | 238                |
| Loans held for sale   | 1,527              | 1,119              |
| Loans   | 790,740            | 718,458            |
| Allowance for credit losses   | (12,552)           | (11,742)           |
| <b>Net loans</b>  | <b>778,188</b>     | <b>706,716</b>     |
| Premises and equipment  | 11,461             | 11,554             |
| Accrued interest receivable   | 5,274              | 5,236              |
| Foreclosed real estate  | 1,519              | 49                 |
| Bank Owned Life Insurance   | 13,286             | 12,794             |
| Goodwill  | 6,820              | 6,820              |
| Intangibles   | 14                 | 27                 |
| Mortgage servicing rights   | 1,825              | 1,939              |
| Other assets  | 7,013              | 7,146              |
| <b>Total assets</b>   | <b>\$1,335,122</b> | <b>\$1,313,633</b> |
| <b>Liabilities and Shareholders' Equity</b>   |                    |                    |
| <b>Liabilities</b>  |                    |                    |
| Deposits:   |                    |                    |
| Demand  | \$164,515          | \$142,520          |
| Savings and interest bearing demand   | 742,310            | 714,899            |
| Time  | 257,780            | 297,582            |
| <b>Total deposits</b>   | <b>1,164,605</b>   | <b>1,155,001</b>   |
| Accrued interest payable  | 449                | 642                |
| Short-term borrowings   | 12,747             | 7,381              |
| Long-term borrowings  | 2,860              | 3,099              |
| Other Liabilities   | 8,490              | 18,338             |
| <b>Total liabilities</b>  | <b>1,189,151</b>   | <b>1,184,461</b>   |
| <b>Shareholders' Equity</b>   |                    |                    |
| Common stock (no par value); authorized 10,000,000 shares;<br>issued and outstanding: 2015 - 4,067,329 ; 2014 - 4,044,259 | --                 | --                 |
| Retained Earnings   | 138,745            | 125,048            |
| Accumulated other comprehensive income  | 7,226              | 4,124              |
| <b>Total shareholder's equity</b>   | <b>145,971</b>     | <b>129,172</b>     |
| <b>Total liabilities and shareholders' equity</b>   | <b>\$1,335,122</b> | <b>\$1,313,633</b> |

## Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary

Three Months Ended March 31, 2015 and 2014

|  | 2015           | 2014           |
|--|----------------|----------------|
| <b>Interest Income</b>                                       |                |                |
| Loans  | \$7,876        | \$7,579        |
| Deposits at other financial institutions                     | 15             | 27             |
| Federal Funds Sold   | 1              | 1              |
| Securities available for sale:                               |                |                |
| Taxable  | 1,882          | 2,108          |
| Tax-exempt   | 1,067          | 1,022          |
| Securities held to maturity                                  | 5              | 12             |
| <b>Total interest income</b>                                 | <b>10,846</b>  | <b>10,749</b>  |
| <b>Interest Expense</b>                                      |                |                |
| Deposits   | 1,190          | 1,575          |
| Short-term borrowings  | 8              | 5              |
| Long-term borrowings   | 43             | 46             |
| <b>Total interest expense</b>                                | <b>1,241</b>   | <b>1,626</b>   |
| <b>Net interest income</b>                                   | <b>9,605</b>   | <b>9,123</b>   |
| <b>Provision for Credit Losses</b>                           | 600            | 990            |
| <b>Net interest income after provision for credit losses</b> | <b>9,005</b>   | <b>8,133</b>   |
| <b>Non-Interest Income</b>                                   |                |                |
| Service charges on deposit accounts                          | 222            | 214            |
| Net gain (loss) on mortgage loans sold                       | 332            | 164            |
| Servicing fees on loans sold                                 | 186            | 188            |
| Net gain (loss) on sales of securities available for sale    | 229            | (80)           |
| Brokerage commissions  | 139            | 137            |
| Insurance commissions and fees                               | 472            | 427            |
| Interchange income   | 710            | 636            |
| Net gain (loss) on foreclosed real estate sales              | 101            | (10)           |
| Other  | 506            | 436            |
| <b>Total non-interest income</b>                             | <b>2,897</b>   | <b>2,112</b>   |
| <b>Non-Interest Expense</b>                                  |                |                |
| Salaries and employee benefits                               | 3,386          | 3,172          |
| Occupancy  | 299            | 349            |
| Furniture and equipment                                      | 620            | 547            |
| Audits and examinations                                      | 49             | 85             |
| State and local business and occupation taxes                | 103            | 15             |
| FDIC Assessment  | 165            | 162            |
| Interchange expenses   | 362            | 268            |
| Collection and legal costs                                   | 93             | 108            |
| Check losses and charge-offs                                 | 69             | 87             |
| Low Income Housing Investment Losses                         | 120            | -              |
| Other  | 1,196          | 1,068          |
| <b>Total non-interest expense</b>                            | <b>6,462</b>   | <b>5,861</b>   |
| <b>Income before income taxes</b>                            | <b>5,440</b>   | <b>4,384</b>   |
| <b>Income Taxes</b>  | <b>1,233</b>   | <b>906</b>     |
| <b>Net income</b>  | <b>\$4,207</b> | <b>\$3,478</b> |
| <b>Earnings Per Share</b>                                    |                |                |
| Basic  | <b>\$1.04</b>  | <b>\$0.86</b>  |
| Diluted  | <b>\$1.03</b>  | <b>\$0.86</b>  |