

Cashmere Valley Bank & Sub

YEAR TO DATE

Month Ended: Dec 2016

BALANCE SHEET (Unaudited)

	<u>Current Year</u>	<u>Mix</u>	<u>Prior Year End</u>	<u>Mix</u>	<u>Difference</u>	<u>% Change</u>
ASSETS:						
Cash and Due from Banks	\$18,581,325	1.3%	\$19,857,163	1.4%	(\$1,275,838)	-6.4%
Interest Bearing Deposits and Fed Funds	\$106,863,046	7.4%	\$61,457,498	4.4%	\$45,405,549	73.9%
Total Cash and Overnight Deposits	\$125,444,372	8.6%	\$81,314,661	5.9%	\$44,129,710	54.3%
						0.0%
HTM WCRA Bonds	\$42,673	0.0%	\$45,087	0.0%	(\$2,414)	-5.4%
HTM MBS	\$1,004,962	0.1%	\$1,023,447	0.1%	(\$18,485)	-1.8%
HTM Tax Exempt Muni's	<u>\$503,649</u>	0.0%	<u>\$0</u>	0.0%	\$503,649	0.0%
						0.0%
AFS Taxable Munis	\$3,062,490	0.2%	\$1,052,409	0.1%	\$2,010,081	191.0%
AFSCMO's	\$208,043,523	14.3%	\$210,953,801	15.3%	(\$2,910,278)	-1.4%
AFSHECMS	\$30,765,973	2.1%	\$0	0.0%	\$30,765,973	0.0%
SBA Pools	\$0	0.0%	\$6,790,918	0.5%	(\$6,790,918)	-100.0%
AFS Tax Exempt Muni	\$150,660,063	10.4%	\$144,617,019	10.5%	\$6,043,044	4.2%
ARMs	\$2,972,338	0.2%	\$822,428	0.1%	\$2,149,910	261.4%
MBS	\$15,560,978	1.1%	\$34,120,907	2.5%	(\$18,559,930)	-54.4%
Privately Placed Muni's	<u>\$6,760,579</u>	0.5%	<u>\$7,197,581</u>	0.5%	(\$437,002)	-6.1%
Money Market Mutual Funds	\$21,063	0.0%	\$20,986	0.0%	\$77	0.4%
AFS Equity Securities	\$1,994,200	0.1%	\$1,935,469	0.1%	\$58,731	3.0%
Unrealized G/L Hedged AFS Sec.	\$371,000	0.0%	\$606,000	0.0%	(\$235,000)	-38.8%
Unrealized G/L Unhedged AFS	\$3,043,000	0.2%	\$8,379,000	0.6%	(\$5,336,000)	-63.7%
Total Investments	\$424,806,491	29.2%	\$417,565,052	30.2%	\$7,241,439	1.7%
						0.0%
Loans held for sale	\$397,000	0.0%	\$540,350	0.0%	(\$143,350)	-26.5%
Overdrafts	\$57,479	0.0%	\$145,865	0.0%	(\$88,386)	-60.6%
Portfolio loans	\$864,866,261	59.5%	\$847,401,195	61.3%	\$17,465,066	2.1%
Gross loans	\$864,923,740	59.5%	\$847,547,060	61.3%	\$17,376,680	2.1%
Beginning allowance for loan and lease losses	(\$12,588,795)	-0.9%	(\$12,090,985)	-0.9%	(\$497,810)	4.1%
Charge-offs	\$1,743,399	0.1%	\$1,292,882	0.1%	\$450,518	34.8%
Recoveries	(\$926,283)	-0.1%	(\$590,691)	0.0%	(\$335,592)	56.8%
Provisions	\$735,000	0.1%	(\$1,200,000)	-0.1%	\$1,935,000	-161.3%
Current allowance for loan and lease losses	(\$11,036,678)	-0.8%	(\$12,588,795)	-0.9%	\$1,552,117	-12.3%
Net loans	\$853,887,062	58.8%	\$834,958,266	60.4%	\$18,928,797	2.3%
						0.0%
Land	\$3,724,849	0.3%	\$3,724,849	0.3%	\$0	0.0%
Building & Improvements	\$15,073,603	1.0%	\$14,719,579	1.1%	\$354,024	2.4%
Furniture & Fixtures	\$5,043,678	0.3%	\$4,590,929	0.3%	\$452,749	9.9%
Data Processing Equipment	\$2,528,994	0.2%	\$2,339,871	0.2%	\$189,123	8.1%
Software	\$2,007,921	0.1%	\$1,924,840	0.1%	\$83,081	4.3%
Accumulated Depreciation	(\$14,777,821)	-1.0%	(\$13,869,824)	-1.0%	(\$907,997)	6.5%
Other Real Estate Owned	\$66,379	0.0%	\$343,202	0.0%	(\$276,823)	-80.7%
Goodwill	\$6,820,441	0.5%	\$6,820,441	0.5%	\$0	0.0%
Intangibles	\$0	0.0%	\$0	0.0%	\$0	0.0%
Mortgage Servicing Rights	\$1,722,706	0.1%	\$1,767,877	0.1%	(\$45,171)	-2.6%
Bank Owned Life Insurance	\$14,118,291	1.0%	\$13,626,520	1.0%	\$491,770	3.6%
Accrued Interest Receivable	\$4,503,536	0.3%	\$4,393,721	0.3%	\$109,814	2.5%
Other assets	\$7,320,578	0.5%	\$6,902,383	0.5%	\$418,196	6.1%
Net non-earning assets	\$48,153,156	3.3%	\$47,284,389	3.4%	\$868,766	1.8%
Total Assets	\$1,452,688,079	100.0%	\$1,381,662,718	100.0%	\$71,025,361	5.1%
LIABILITIES:						
Non-Interest Bearing Checking	\$199,632,532	13.7%	\$181,852,558	13.2%	\$17,779,975	9.8%
MMDA	\$213,713,091	14.7%	\$202,434,174	14.7%	\$11,278,916	5.6%
NOW Accounts	\$230,289,610	15.9%	\$222,795,514	16.1%	\$7,494,096	3.4%
Savings	\$386,307,188	26.6%	\$357,243,893	25.9%	\$29,063,294	8.1%
CD's & IRA's	\$239,083,245	16.5%	\$239,488,883	17.3%	(\$405,638)	-0.2%
Total Deposits	\$1,269,025,665	87.4%	\$1,203,815,022	87.1%	\$65,210,643	5.4%
Borrowed Funds	\$13,870,528	1.0%	\$14,872,425	1.1%	(\$1,001,897)	-6.7%
Other liabilities	\$3,912,930	0.3%	\$7,632,495	0.6%	(\$3,719,565)	-48.7%
Total Liabilities	\$1,286,809,124	88.6%	\$1,226,319,942	88.8%	\$60,489,181	4.9%
SHAREHOLDERS' EQUITY:						
Common Stock (No Par Value)	\$4,095,966	0.3%	\$4,079,179	0.3%	\$16,787	0.4%
Undivided Profits	\$142,281,459	9.8%	\$129,053,447	9.3%	\$13,228,012	10.3%
Unrealized Gain/(Loss) AFS Sec.	\$1,978,000	0.1%	\$5,446,000	0.4%	(\$3,468,000)	-63.7%
Year to Date Net Income	\$17,523,531	1.2%	\$16,764,150	1.2%	\$759,381	4.5%
Total Shareholders' Equity	\$165,878,956	11.4%	\$155,342,776	11.2%	\$10,536,179	6.8%
Total Liabilities and Shareholders' Equity	\$1,452,688,079	100.0%	\$1,381,662,718	100.0%	\$71,025,361	5.1%

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YEAR TO DATE

Month Ended: Dec 2016

INCOME STATEMENT (Unaudited)

Interest Income	Current Year	Mix	Year Ago	Mix	Difference	% Change
Loans	\$33,781,562	64.1%	\$33,082,720	61.6%	\$698,842	2.1%
Overnight Investments	\$191,311	0.4%	\$91,339	0.2%	\$99,972	109.5%
Investment Securities	\$10,378,768	19.7%	\$10,210,743	19.0%	\$168,025	1.6%
Total interest income	\$44,351,641	84.1%	\$43,384,803	80.7%	\$966,839	2.2%
Interest Expense						
MMDA's	\$511,535	1.0%	\$491,211	0.9%	\$20,324	4.1%
NOW's	\$244,077	0.5%	\$199,882	0.4%	\$44,195	22.1%
Savings	\$758,202	1.4%	\$734,382	1.4%	\$23,820	3.2%
CD's & IRA's	\$2,781,202	5.3%	\$2,964,474	5.5%	(\$183,272)	-6.2%
Borrowed Funds	\$179,292	0.3%	\$200,077	0.4%	(\$20,784)	-10.4%
Total Interest Expense	\$4,474,308	8.5%	\$4,590,025	8.5%	(\$115,718)	-2.5%
Net Interest Income	\$39,877,334	75.7%	\$38,794,777	72.2%	\$1,082,556	2.8%
Provision for Loan Losses	(\$735,000)	-1.4%	\$1,200,000	2.2%	(\$1,935,000)	-161.3%
Net Interest Income After Provision	\$40,612,334	77.1%	\$37,594,777	70.0%	\$3,017,556	8.0%
Non-Interest Income						
Loan fees and late charges	\$648,530	1.2%	\$719,645	1.3%	(\$71,115)	-9.9%
FASB 91 Deferred Fees	(\$286,122)	-0.5%	(\$316,165)	-0.6%	\$30,043	-9.5%
FASB 91 Accreted Fees	\$334,957	0.6%	\$309,461	0.6%	\$25,497	8.2%
Service charges on deposit accts	\$1,126,504	2.1%	\$1,028,531	1.9%	\$97,973	9.5%
Mortgage banking operations	\$2,359,619	4.5%	\$2,173,904	4.0%	\$185,715	8.5%
Net gain (loss) on investment sales	(\$1,924,524)	-3.7%	\$212,238	0.4%	(\$2,136,762)	-1006.8%
Brokerage Commissions	\$517,558	1.0%	\$683,704	1.3%	(\$166,146)	-24.3%
Insurance commissions and fees	\$1,832,865	3.5%	\$1,785,343	3.3%	\$47,522	2.7%
Net Interchange income	\$1,715,641	3.3%	\$1,634,436	3.0%	\$81,204	5.0%
BOLI Cash Value	\$491,770	0.9%	\$460,207	0.9%	\$31,563	6.9%
Other	\$1,538,066	2.9%	\$1,658,120	3.1%	(\$120,054)	-7.2%
Total non-interest income	\$8,354,864	15.9%	\$10,349,424	19.3%	(\$1,994,559)	-19.3%
Non-Interest Expense						
Salaries & employee benefits	\$15,089,183	28.6%	\$14,509,900	27.0%	\$579,283	4.0%
FASB 91 Deferred Origination Costs	(\$1,078,637)	-2.0%	(\$1,187,233)	-2.2%	\$108,596	-9.1%
FASB 91 Amortized Origination Costs	\$1,197,033	2.3%	\$1,238,263	2.3%	(\$41,230)	-3.3%
Depreciation	\$1,244,914	2.4%	\$1,083,850	2.0%	\$161,064	14.9%
Maintenance and repairs	\$1,666,813	3.2%	\$1,856,268	3.5%	(\$189,455)	-10.2%
Other occupancy, furn. and equip	\$1,243,109	2.4%	\$1,311,895	2.4%	(\$68,787)	-5.2%
Accounting, Audits, and Examinations	\$651,320	1.2%	\$643,101	1.2%	\$8,219	1.3%
Advertising	\$171,673	0.3%	\$190,071	0.4%	(\$18,397)	-9.7%
B&O Taxes	\$614,906	1.2%	\$427,921	0.8%	\$186,985	43.7%
EDP & Telephone charges	\$639,177	1.2%	\$652,088	1.2%	(\$12,911)	-2.0%
Postage, Stationary, & Printing Supplies	\$703,142	1.3%	\$751,594	1.4%	(\$48,452)	-6.4%
Credit Reports & Misc Loan Docs	\$432,976	0.8%	\$432,393	0.8%	\$583	0.1%
Bond Insurance	\$214,841	0.4%	\$225,486	0.4%	(\$10,645)	-4.7%
Customer Checks & Deposits	\$282,749	0.5%	\$274,744	0.5%	\$8,004	2.9%
Employee Education & Educ. Travel	\$167,306	0.3%	\$223,673	0.4%	(\$56,367)	-25.2%
Collection and legal costs	\$224,729	0.4%	\$352,375	0.7%	(\$127,647)	-36.2%
Net loss (gain) on sales of foreclosed real estate	(\$25,716)	0.0%	\$616,024	1.1%	(\$641,740)	-104.2%
Check losses and charge-offs	\$251,626	0.5%	\$305,242	0.6%	(\$53,616)	-17.6%
Low Income Housing Fund Losses	\$341,177	0.6%	\$470,120	0.9%	(\$128,943)	-27.4%
FDIC & WA State Assessment	\$827,974	1.6%	\$696,356	1.3%	\$131,618	18.9%
Other	\$2,030,579	3.9%	\$1,931,293	3.6%	\$99,286	5.1%
Total Non-Interest Expense	\$26,890,871	51.0%	\$27,005,423	50.3%	(\$114,552)	-0.4%
Net Non-Interest Expense	\$18,536,007	35.2%	\$16,655,999	31.0%	\$1,880,007	11.3%
Total Revenue	\$52,706,506	100.0%	\$53,734,226	100.0%	(\$1,027,720)	-1.9%
Total Expense	\$30,630,179	58.1%	\$32,795,448	61.0%	(\$2,165,270)	-6.6%
Income Before Income Taxes	\$22,076,327	41.9%	\$20,938,778	39.0%	\$1,137,549	5.4%
Income Taxes	\$4,552,796	8.6%	\$4,174,626	7.8%	\$378,170	9.1%
NET INCOME	\$17,523,531	33.2%	\$16,764,152	31.2%	\$759,379	4.5%