

CASHMERE VALLEY BANK
FINANCIAL HIGHLIGHTS (UNAUDITED)
June 30, 2017

	MTD 2017 June	MTD 2016 June	Q2 QTD 2017 April-June	Q2 QTD 2016 April-June	YTD JUN2017 Jan-Jun	YTD JUN2016 Jan-Jun
EARNINGS:						
Net Income	\$ 1,600,538	\$ 1,444,268	\$ 5,358,115	\$ 4,487,079	\$ 9,582,976	\$ 9,203,204
Earnings Per Share	\$ 4.68	\$ 4.24	\$ 5.16	\$ 4.34	\$ 4.64	\$ 4.48
Net Interest Margin	2.89%	2.98%	2.92%	3.01%	2.87%	3.05%
Net Interest Margin (Tax Equivalent)	3.07%	3.15%	3.12%	3.18%	3.06%	3.22%
ROA	1.29%	1.25%	1.43%	1.28%	1.29%	1.33%
ROE	10.98%	10.58%	12.27%	10.92%	11.21%	11.43%
CAPITAL:						
Regulatory: (Estimated)						
Tier 1 Leverage (to average assets)	11.08%	11.03%				
Tier 1 Capital (to risk weighted assets)	17.85%	16.41%				
Total Capital (to risk weighted assets)	19.06%	17.67%				
Shareholder:						
Book Value Per Share	\$ 42.63	\$ 40.06	\$ 42.10	\$ 39.80	\$ 41.44	\$ 39.23
Market Value	\$ 53.35	\$ 40.61	\$ 52.85	\$ 40.61	\$ 51.01	\$ 38.78
Market Value to Book Value	1.25	1.01	1.26	1.02	1.23	0.99
Market Value to Annualized EPS	\$ 11.40	\$ 9.58	\$ 10.23	\$ 9.35	\$ 10.98	\$ 8.65
Credit Quality:						
ALLL to Total Loans (%)	1.27%	1.45%	1.27%	1.47%	1.28%	1.48%
Net Charge Off's	-0.001%	0.426%	0.010%	0.114%	0.004%	0.029%
NPA's	\$ 253,702	\$ 589,846	\$ 217,271	\$ 667,262	\$ 231,505	\$ 800,910
Classified Loans (June 30)	\$ 28,170,148	\$ 33,256,820				
Liquidity:						
Primary Liquidity Ratio	29.54%	21.59%	28.72%	22.71%	27.74%	22.68%
Primary Liquidity to Total Deposits	33.95%	24.86%	32.95%	26.15%	31.79%	26.09%
Balance Sheet:						
Earning Assets	96.99%	97.21%	96.96%	97.16%	97.01%	97.19%
Deposits to Total Assets	87.00%	86.82%	87.16%	86.86%	87.27%	86.90%
Loans to Assets	58.52%	62.99%	58.43%	62.30%	58.61%	61.88%
Loans to Deposits	67.27%	72.55%	67.04%	71.73%	67.16%	71.20%
Averages - Respective Periods						
Loans	\$ 868,780,403	\$ 872,157,887	\$ 865,151,406	\$ 861,625,164	\$ 863,556,651	\$ 853,632,302
Deposits	\$ 1,291,440,706	\$ 1,202,099,937	\$ 1,290,439,976	\$ 1,201,275,389	\$ 1,285,816,493	\$ 1,198,856,059
Investments AFS	\$ 499,745,705	\$ 443,001,266	\$ 487,003,251	\$ 450,080,328	\$ 464,846,971	\$ 447,297,660
Capital	\$ 174,984,196	\$ 163,871,374	\$ 172,773,121	\$ 162,606,642	\$ 170,039,882	\$ 160,168,167
Assets	\$ 1,484,495,548	\$ 1,384,513,306	\$ 1,480,610,595	\$ 1,383,049,612	\$ 1,473,394,819	\$ 1,379,509,819

Consolidated Balance Sheets (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank and Subsidiary

June 30, 2017 and December 31, 2016

	2017	2016
Assets		
Cash and Cash Equivalents:		
Cash & due from banks	\$24,008	\$19,516
Interest bearing deposits	53,658	95,337
Fed funds sold	8,698	10,591
Total Cash and Cash Equivalents	86,364	125,444
Securities available for sale	497,765	421,263
Securities held to maturity	1,545	1,551
Federal Home Loan Bank stock, at cost	1,835	1,755
Pacific Coast Banker's Bank Stock, at cost	238	238
Loans held for sale	424	397
Loans	870,543	864,924
Allowance for credit losses	(11,034)	(11,037)
Net loans	859,509	853,887
Premises and equipment	14,873	14,250
Accrued interest receivable	5,015	4,504
Foreclosed real estate	66	66
Bank Owned Life Insurance	14,363	14,118
Goodwill	6,820	6,820
Mortgage servicing rights	1,692	1,723
Other assets	10,521	8,223
Total assets	\$1,501,030	\$1,454,239
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Demand	\$204,224	\$199,633
Savings and interest bearing demand	862,516	830,310
Time	237,476	239,083
Total deposits	1,304,216	1,269,026
Accrued interest payable	387	445
Short-term borrowings	10,373	11,467
Long-term borrowings	2,264	2,404
Other Liabilities	8,381	5,018
Total liabilities	1,325,621	1,288,360
Shareholders' Equity		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding: 2017 - -4,104,456 ; 2016 - -4,095,966	- -	- -
Additional Paid in Capital	2,384	1,962
Retained Earnings	169,347	161,939
Accumulated other comprehensive income	3,678	1,978
Total shareholder's equity	175,409	165,879
Total liabilities and shareholders' equity	\$1,501,030	\$1,454,239

Consolidated Statements of Income (UNAUDITED)

(Dollars in Thousands)

Cashmere Valley Bank & Subsidiary
Six months ended June 2017 and 2016

	2017	2016
Interest Income		
Loans	\$16,039	\$16,398
Deposits at other financial institutions	372	59
Federal Funds Sold	4	4
Securities available for sale:		
Taxable	2,724	3,005
Tax-exempt	3,008	2,481
Securities held to maturity	14	10
Total interest income	22,161	21,957
Interest Expense		
Deposits	2,213	2,075
Short-term borrowings	11	13
Long-term borrowings	68	77
Total interest expense	2,292	2,165
Net interest income	19,869	19,792
Provision for Credit Losses	-	675
Net interest income after provision for credit losses	19,869	19,117
Non-Interest Income		
Service charges on deposit accounts	561	573
Mortgage banking operations	1,211	970
Net gain (loss) on sales of securities available for sale	382	414
Brokerage commissions	294	170
Insurance commissions and fees	1,338	989
Net Interchange income (expense)	824	964
BOLI cash value	244	247
Other	752	788
Total non-interest income	5,606	5,115
Non-Interest Expense		
Salaries and employee benefits	7,300	7,016
Occupancy and equipment	2,422	2,030
Audits and examinations	336	201
State and local business and occupation taxes	307	293
FDIC & WA State assessments	206	360
Legal and professional fees	135	205
Net loss (gain) on foreclosed real estate	(4)	(36)
Check losses and charge-offs	166	112
Low income housing investment losses	144	203
Data processing	569	366
Product delivery	593	582
Other	1,464	1,218
Total non-interest expense	13,638	12,550
Income before income taxes	11,837	11,682
Income Taxes	2,254	2,479
Net income	9,583	9,203
Earnings Per Share		
Basic	\$ 2.33	\$ 2.25
Diluted	\$ 2.32	\$ 2.24