

<p><b>Form 5500</b></p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p><b>Annual Return/Report of Employee Benefit Plan</b></p> <p>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</p> <p>▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p>	<p>OMB Nos. 1210-0110 1210-0089</p> <hr/> <p style="font-size: 24pt; font-weight: bold;">2009</p> <hr/> <p><b>This Form is Open to Public Inspection</b></p>
---	--	--

<b>Part I</b>	<b>Annual Report Identification Information</b>
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>	
<b>A</b> This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____
<b>B</b> This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input checked="" type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
<b>C</b> If the plan is a collectively-bargained plan, check here. . . . .	<input type="checkbox"/>
<b>D</b> Check box if filing under:	<input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

<b>Part II</b>	<b>Basic Plan Information</b> —enter all requested information				
<b>1a</b> Name of plan <u>1ST SECURITY BANK OF WASHINGTON 401(K) PLAN AND TRUST</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width:20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan <u>01/01/1998</u></td> </tr> </table>	<b>1b</b> Three-digit plan number (PN) ▶	<u>002</u>	<b>1c</b> Effective date of plan <u>01/01/1998</u>	
<b>1b</b> Three-digit plan number (PN) ▶	<u>002</u>				
<b>1c</b> Effective date of plan <u>01/01/1998</u>					
<b>2a</b> Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>1ST SECURITY BANK OF WASHINGTON</u>  <u>6920 220TH ST SW</u> <u># 205</u> <u>MOUNTLAKE TERRACE, WA 98043</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:80%;"><b>2b</b> Employer Identification Number (EIN) <u>91-0459933</u></td> </tr> <tr> <td><b>2c</b> Sponsor's telephone number <u>425-697-8056</u></td> </tr> <tr> <td><b>2d</b> Business code (see instructions) <u>522110</u></td> </tr> </table>	<b>2b</b> Employer Identification Number (EIN) <u>91-0459933</u>	<b>2c</b> Sponsor's telephone number <u>425-697-8056</u>	<b>2d</b> Business code (see instructions) <u>522110</u>	
<b>2b</b> Employer Identification Number (EIN) <u>91-0459933</u>					
<b>2c</b> Sponsor's telephone number <u>425-697-8056</u>					
<b>2d</b> Business code (see instructions) <u>522110</u>					

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	09/17/2010	TIPPI MATHISON
	<b>Signature of plan administrator</b>	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>			
	<b>Signature of employer/plan sponsor</b>	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	<b>Signature of DFE</b>	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2009)  
v.092307.1

<b>3a</b> Plan administrator's name and address (if same as plan sponsor, enter "Same") 1ST SECURITY BANK OF WASHINGTON  6920 220TH ST SW # 205 MOUNTLAKE TERRACE, WA 98043	<b>3b</b> Administrator's EIN 91-0459933
	<b>3c</b> Administrator's telephone number 425-697-8056

<b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:  <b>a</b> Sponsor's name	<b>4b</b> EIN
	<b>4c</b> PN

<b>5</b> Total number of participants at the beginning of the plan year	<b>5</b>	143
---	----------	-----

<b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).		
<b>a</b> Active participants.....	<b>6a</b>	92
<b>b</b> Retired or separated participants receiving benefits.....	<b>6b</b>	0
<b>c</b> Other retired or separated participants entitled to future benefits.....	<b>6c</b>	35
<b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....	<b>6d</b>	127
<b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	<b>6e</b>	0
<b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....	<b>6f</b>	127
<b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	<b>6g</b>	94
<b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	<b>6h</b>	0

<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....	<b>7</b>	
--	----------	--

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:  
2E 2F 2G 2J 2T 3D

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

<b>9a</b> Plan funding arrangement (check all that apply)	<b>9b</b> Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

- (1)  **R** (Retirement Plan Information)
- (2)  **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)  **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

- (1)  **H** (Financial Information)
- (2)  **I** (Financial Information – Small Plan)
- (3)  **A** (Insurance Information)
- (4)  **C** (Service Provider Information)
- (5)  **D** (DFE/Participating Plan Information)
- (6)  **G** (Financial Transaction Schedules)

<b>SCHEDULE C</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Service Provider Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).  <b>▶ File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2009</b>  <b>This Form is Open to Public Inspection.</b>
--	--	---

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<b>A</b> Name of plan <u>1ST SECURITY BANK OF WASHINGTON 401(K) PLAN AND TRUST</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;"><b>B</b> Three-digit plan number (PN) ▶</td> <td style="width:30%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2" style="background-color: #cccccc;"> </td> </tr> </table>	<b>B</b> Three-digit plan number (PN) ▶	<u>002</u>		
<b>B</b> Three-digit plan number (PN) ▶	<u>002</u>				
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>1ST SECURITY BANK OF WASHINGTON</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;"><b>D</b> Employer Identification Number (EIN)</td> <td style="width:30%; text-align: center;"><u>91-0459933</u></td> </tr> </table>	<b>D</b> Employer Identification Number (EIN)	<u>91-0459933</u>		
<b>D</b> Employer Identification Number (EIN)	<u>91-0459933</u>				

**Part I Service Provider Information (see instructions)**

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....  Yes  No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FID.INV.INST.OPS.CO.

04-2647786

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

---

---

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 60	RECORDKEEPER	1865	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation  ALLNZ NFJ DIV VAL AD - BOSTON FINAN  04-2526037	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.  0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation  DWS GLOBAL OPPTS S - DWS INVESTMENTS  02-0432775	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.  0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation  LOOMIS SM CAP VAL R - BOSTON FINAN  04-2526037	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.  0.40%	

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation  MSIF MID CAP GRTH P - JPMORGAN INVE  22-2382028	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.  0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation  ROYCE VALUE PLUS SER - BOSTON FINAN  04-2526037	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.  0.45%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

**Part II Service Providers Who Fail or Refuse to Provide Information**

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> Describe the information that the service provider failed or refused to provide
<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> Describe the information that the service provider failed or refused to provide
<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> Describe the information that the service provider failed or refused to provide
<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> Describe the information that the service provider failed or refused to provide
<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> Describe the information that the service provider failed or refused to provide
<b>(a)</b> Enter name and EIN or address of service provider (see instructions)	<b>(b)</b> Nature of Service Code(s)	<b>(c)</b> Describe the information that the service provider failed or refused to provide

**Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)**  
 (complete as many entries as needed)

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN;
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN;
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

**SCHEDULE H  
(Form 5500)**

Department of the Treasury  
Internal Revenue Service

Department of Labor  
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Financial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning **01/01/2009** and ending **12/31/2009**

<b>A</b> Name of plan <b>1ST SECURITY BANK OF WASHINGTON 401(K) PLAN AND TRUST</b>	<b>B</b> Three-digit plan number (PN) ▶ <b>002</b>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <b>1ST SECURITY BANK OF WASHINGTON</b>	<b>D</b> Employer Identification Number (EIN) <b>91-0459933</b>

**Part I Asset and Liability Statement**

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

<b>Assets</b>	<b>(a) Beginning of Year</b>	<b>(b) End of Year</b>
<b>a</b> Total noninterest-bearing cash .....	<b>1a</b>	
<b>b</b> Receivables (less allowance for doubtful accounts):		
<b>(1)</b> Employer contributions .....	<b>1b(1)</b>	
<b>(2)</b> Participant contributions .....	<b>1b(2)</b>	
<b>(3)</b> Other.....	<b>1b(3)</b>	
<b>c</b> General investments:		
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>	1191931
<b>(2)</b> U.S. Government securities.....	<b>1c(2)</b>	
<b>(3)</b> Corporate debt instruments (other than employer securities):		
<b>(A)</b> Preferred .....	<b>1c(3)(A)</b>	
<b>(B)</b> All other.....	<b>1c(3)(B)</b>	
<b>(4)</b> Corporate stocks (other than employer securities):		
<b>(A)</b> Preferred .....	<b>1c(4)(A)</b>	
<b>(B)</b> Common .....	<b>1c(4)(B)</b>	
<b>(5)</b> Partnership/joint venture interests .....	<b>1c(5)</b>	
<b>(6)</b> Real estate (other than employer real property) .....	<b>1c(6)</b>	
<b>(7)</b> Loans (other than to participants) .....	<b>1c(7)</b>	
<b>(8)</b> Participant loans .....	<b>1c(8)</b>	55185
<b>(9)</b> Value of interest in common/collective trusts.....	<b>1c(9)</b>	
<b>(10)</b> Value of interest in pooled separate accounts.....	<b>1c(10)</b>	
<b>(11)</b> Value of interest in master trust investment accounts .....	<b>1c(11)</b>	
<b>(12)</b> Value of interest in 103-12 investment entities .....	<b>1c(12)</b>	
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....	<b>1c(13)</b>	1102161
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....	<b>1c(14)</b>	
<b>(15)</b> Other .....	<b>1c(15)</b>	2029791

<b>1d</b> Employer-related investments:		<b>(a)</b> Beginning of Year	<b>(b)</b> End of Year
<b>(1)</b> Employer securities .....	<b>1d(1)</b>		
<b>(2)</b> Employer real property .....	<b>1d(2)</b>		
<b>e</b> Buildings and other property used in plan operation.....	<b>1e</b>		
<b>f</b> Total assets (add all amounts in lines 1a through 1e) .....	<b>1f</b>	1349277	2193510
<b>Liabilities</b>			
<b>g</b> Benefit claims payable .....	<b>1g</b>		
<b>h</b> Operating payables .....	<b>1h</b>		
<b>i</b> Acquisition indebtedness .....	<b>1i</b>		
<b>j</b> Other liabilities.....	<b>1j</b>		
<b>k</b> Total liabilities (add all amounts in lines 1g through 1j) .....	<b>1k</b>	0	0
<b>Net Assets</b>			
<b>l</b> Net assets (subtract line 1k from line 1f).....	<b>1l</b>	1349277	2193510

**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

<b>Income</b>		<b>(a)</b> Amount	<b>(b)</b> Total
<b>a Contributions:</b>			
<b>(1)</b> Received or receivable in cash from: <b>(A)</b> Employers.....	<b>2a(1)(A)</b>	116477	
<b>(B)</b> Participants .....	<b>2a(1)(B)</b>	274701	
<b>(C)</b> Others (including rollovers).....	<b>2a(1)(C)</b>	143426	
<b>(2)</b> Noncash contributions .....	<b>2a(2)</b>		
<b>(3)</b> Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> .....	<b>2a(3)</b>		534604
<b>b Earnings on investments:</b>			
<b>(1) Interest:</b>			
<b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit).....	<b>2b(1)(A)</b>	926	
<b>(B)</b> U.S. Government securities .....	<b>2b(1)(B)</b>		
<b>(C)</b> Corporate debt instruments .....	<b>2b(1)(C)</b>		
<b>(D)</b> Loans (other than to participants) .....	<b>2b(1)(D)</b>		
<b>(E)</b> Participant loans .....	<b>2b(1)(E)</b>	2657	
<b>(F)</b> Other .....	<b>2b(1)(F)</b>		
<b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....	<b>2b(1)(G)</b>		
<b>(2) Dividends: (A) Preferred stock.....</b>			
<b>(B)</b> Common stock .....	<b>2b(2)(B)</b>		
<b>(C)</b> Registered investment company shares (e.g. mutual funds).....	<b>2b(2)(C)</b>	44249	
<b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....	<b>2b(2)(D)</b>		
<b>(3)</b> Rents.....	<b>2b(3)</b>		
<b>(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds .....</b>			
<b>(B)</b> Aggregate carrying amount (see instructions) .....	<b>2b(4)(B)</b>		
<b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....	<b>2b(4)(C)</b>		

		(a) Amount	(b) Total
<b>2b</b> (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate.....	<b>2b(5)(A)</b>		
<b>(B)</b> Other .....	<b>2b(5)(B)</b>		
<b>(C)</b> Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....	<b>2b(5)(C)</b>		
<b>(6)</b> Net investment gain (loss) from common/collective trusts .....	<b>2b(6)</b>		
<b>(7)</b> Net investment gain (loss) from pooled separate accounts .....	<b>2b(7)</b>		
<b>(8)</b> Net investment gain (loss) from master trust investment accounts .....	<b>2b(8)</b>		
<b>(9)</b> Net investment gain (loss) from 103-12 investment entities .....	<b>2b(9)</b>		
<b>(10)</b> Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	<b>2b(10)</b>		454588
<b>c</b> Other income.....	<b>2c</b>		
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....	<b>2d</b>		1037024

**Expenses**

<b>e</b> Benefit payment and payments to provide benefits:			
<b>(1)</b> Directly to participants or beneficiaries, including direct rollovers .....	<b>2e(1)</b>	190924	
<b>(2)</b> To insurance carriers for the provision of benefits .....	<b>2e(2)</b>		
<b>(3)</b> Other .....	<b>2e(3)</b>		
<b>(4)</b> Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....	<b>2e(4)</b>		190924
<b>f</b> Corrective distributions (see instructions) .....	<b>2f</b>		
<b>g</b> Certain deemed distributions of participant loans (see instructions).....	<b>2g</b>		
<b>h</b> Interest expense.....	<b>2h</b>		
<b>i</b> Administrative expenses: <b>(1)</b> Professional fees .....	<b>2i(1)</b>		
<b>(2)</b> Contract administrator fees .....	<b>2i(2)</b>		
<b>(3)</b> Investment advisory and management fees .....	<b>2i(3)</b>		
<b>(4)</b> Other .....	<b>2i(4)</b>	1867	
<b>(5)</b> Total administrative expenses. Add lines <b>2i(1)</b> through <b>(4)</b> .....	<b>2i(5)</b>		1867
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total.....	<b>2j</b>		192791

**Net Income and Reconciliation**

<b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> .....	<b>2k</b>		844233
<b>l</b> Transfers of assets:			
<b>(1)</b> To this plan.....	<b>2l(1)</b>		
<b>(2)</b> From this plan .....	<b>2l(2)</b>		

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)**  Unqualified **(2)**  Qualified **(3)**  Disclaimer **(4)**  Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

Yes  No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: MOSS ADAMS

**(2)** EIN: 91-0189318

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)**  This form is filed for a CCT, PSA, or MTIA. **(2)**  It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
<b>4a</b> Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
<b>4b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
<b>4c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....		X	
<b>4d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
<b>4e</b> Was this plan covered by a fidelity bond?.....	X		5000000
<b>4f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>4g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>4h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>4i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
<b>4j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
<b>4k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
<b>4l</b> Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>4m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
<b>4n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....		X	

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year .....  Yes  No **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

<b>SCHEDULE R</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Retirement Plan Information</b>  This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).  <b>► File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2009</b>  <b>This Form is Open to Public Inspection.</b>
--	--	---

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<b>A</b> Name of plan <u>1ST SECURITY BANK OF WASHINGTON 401(K) PLAN AND TRUST</u>	<b>B</b> Three-digit plan number (PN) <b>►</b> <u>002</u>	
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>1ST SECURITY BANK OF WASHINGTON</u>	<b>D</b> Employer Identification Number (EIN) <u>91-0459933</u>	

<b>Part I</b>	<b>Distributions</b>
---------------	----------------------

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions..... 

<b>1</b>	<u>0</u>
----------	----------

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):  
EIN(s): 04-6568107

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year..... 

<b>3</b>	
----------	--

<b>Part II</b>	<b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	---

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....  Yes  No  N/A  
**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_  
**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

<b>6 a</b> Enter the minimum required contribution for this plan year .....	<b>6a</b>	
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	<b>6b</b>	
<b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<b>6c</b>	

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? .....  Yes  No  N/A

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....  Yes  No  N/A

<b>Part III</b>	<b>Amendments</b>
-----------------	-------------------

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....  Increase  Decrease  Both  No

<b>Part IV</b>	<b>ESOPs</b> (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....  Yes  No

**11 a** Does the ESOP hold any preferred stock? .....  Yes  No

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) .....  Yes  No

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? .....  Yes  No

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

**a** Name of contributing employer \_\_\_\_\_

**b** EIN \_\_\_\_\_

**c** Dollar amount contributed by employer \_\_\_\_\_

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box  and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box  and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure:  Hourly  Weekly  Unit of production  Other (specify): \_\_\_\_\_

**a** Name of contributing employer \_\_\_\_\_

**b** EIN \_\_\_\_\_

**c** Dollar amount contributed by employer \_\_\_\_\_

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box  and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box  and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure:  Hourly  Weekly  Unit of production  Other (specify): \_\_\_\_\_

**a** Name of contributing employer \_\_\_\_\_

**b** EIN \_\_\_\_\_

**c** Dollar amount contributed by employer \_\_\_\_\_

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box  and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box  and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure:  Hourly  Weekly  Unit of production  Other (specify): \_\_\_\_\_

**a** Name of contributing employer \_\_\_\_\_

**b** EIN \_\_\_\_\_

**c** Dollar amount contributed by employer \_\_\_\_\_

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box  and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box  and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure:  Hourly  Weekly  Unit of production  Other (specify): \_\_\_\_\_

**a** Name of contributing employer \_\_\_\_\_

**b** EIN \_\_\_\_\_

**c** Dollar amount contributed by employer \_\_\_\_\_

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box  and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box  and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure:  Hourly  Weekly  Unit of production  Other (specify): \_\_\_\_\_

**a** Name of contributing employer \_\_\_\_\_

**b** EIN \_\_\_\_\_

**c** Dollar amount contributed by employer \_\_\_\_\_

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box  and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box  and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure:  Hourly  Weekly  Unit of production  Other (specify): \_\_\_\_\_

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

<b>a</b> The current year .....	<b>14a</b>	
<b>b</b> The plan year immediately preceding the current plan year .....	<b>14b</b>	
<b>c</b> The second preceding plan year .....	<b>14c</b>	

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year .....	<b>15a</b>	
<b>b</b> The corresponding number for the second preceding plan year .....	<b>15b</b>	

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

<b>a</b> Enter the number of employers who withdrew during the preceding plan year .....	<b>16a</b>	
<b>b</b> If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers .....	<b>16b</b>	

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment.

**Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment.

**19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:  
 Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%
- b** Provide the average duration of the combined investment-grade and high-yield debt:  
 0-3 years  3-6 years  6-9 years  9-12 years  12-15 years  15-18 years  18-21 years  21 years or more
- c** What duration measure was used to calculate item 19(b)?  
 Effective duration  Macaulay duration  Modified duration  Other (specify): \_\_\_\_\_

MOSSES ADAMS



**1ST SECURITY BANK**  
Of Washington

**1ST SECURITY BANK OF  
WASHINGTON 401(K)**

---

**Independent Auditor's Report  
and Financial Statements  
with Supplemental Schedule**

**December 31, 2009 and 2008**

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2009 AND 2008**

---

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	1
 <b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets Available for Benefits .....	2
Statement of Changes in Net Assets Available for Benefits .....	3
Notes to Financial Statements .....	4-9
 <b>SUPPLEMENTAL SCHEDULE REQUIRED BY THE DEPARTMENT OF LABOR</b>	
Form 5500, Required Portions of Schedule H .....	10

**INDEPENDENT AUDITOR'S REPORT**

To the Administration Committee  
1st Security Bank of Washington 401(k)

We were engaged to audit the accompanying statement of net assets available for benefits of 1st Security Bank of Washington 401(k) (the "Plan") as of December 31, 2009 and 2008, and the statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedule presented on page 10. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 7, which was certified by Fidelity Management Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the Plan administrator by the custodian is complete and accurate.

Because of the significance of the information we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from information certified by Fidelity Management Trust Company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Bellingham, Washington  
August 25, 2010

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**  
**DECEMBER 31, 2009 AND 2008**

---

	2009	2008
<b>ASSETS</b>		
Investments, at fair value:		
Participant directed investments	\$ 2,141,700	\$ 1,294,092
Loans to participants	51,810	55,185
Total investments, at fair value	2,193,510	1,349,277
Receivable:		
Participant contribution	7,320	11,857
Employer matching contribution	—	7,049
Total receivables	7,320	18,906
Total assets	2,200,830	1,368,183
<b>LIABILITIES</b>		
Excess contributions payable	4,966	—
Total liabilities	4,966	—
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 2,195,864</b>	<b>\$ 1,368,183</b>

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**YEAR ENDED DECEMBER 31, 2009**

---

**ADDITIONS TO NET ASSETS ATTRIBUTED TO:**

**Investment Income**

Net appreciation in fair value of investments	\$ 454,588
Interest and dividends on investments	45,175
Interest from loans to participants	<u>2,657</u>
Total investment income	<u>502,420</u>

**Contributions**

Participant	270,164
Employer	109,428
Employee rollover	<u>143,426</u>
Total contributions	<u>523,018</u>
Total additions	<u>1,025,438</u>

**DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:**

Benefits paid to participants	195,890
Administrative expenses	<u>1,867</u>
Total deductions	<u>197,757</u>

**NET INCREASE** 827,681

**NET ASSETS AVAILABLE FOR BENEFITS**

Beginning of year	<u>1,368,183</u>
End of year	<u>\$ 2,195,864</u>

**NOTE 1 – DESCRIPTION OF PLAN**

The following description of the 1st Security Bank of Washington 401(k) (the “Plan”) provides only general information. Participants should refer to the Plan Agreement, as amended, for a more complete description of Plan provisions.

**General** – The Plan is a 401(k) salary deferral and profit sharing plan covering substantially all employees of 1st Security Bank of Washington, and is subject to provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments. 1st Security Bank of Washington (the “Bank”) is the Plan’s sponsor and serves as Plan administrator.

**Eligibility** – Employees of the Bank are eligible to participate in the Plan upon reaching age 21 and after completing one year of service in which at least 1,000 hours are worked.

**Contributions** – Participants may elect to contribute between 1% and 100% of eligible compensation to the Plan each year. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Bank may elect to make discretionary profit sharing contributions to the Plan. Participants must complete at least 1,000 hours of service during the Plan year, and be employed as of the last day of the Plan year, to be eligible to receive any profit sharing contributions. Profit sharing contributions are allocated to participants in the same proportion as a participant’s compensation bears to the total of all participants’ compensation. There were no profit sharing contributions for the year ended December 31, 2009. Matching contributions were suspended in September 2009. Matching contributions totaled \$109,428 for the year ended December 31, 2009.

Contributions are subject to regulatory limitations.

**Participant Accounts** – Each participant’s account is credited with the participant’s contribution and allocations of (a) the Bank’s contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants may direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

**Vesting** – Participants are fully vested in their salary deferrals and Bank contributions plus actual earnings thereon.

**Loans to Participants** – Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loans are secured by the balance of the participant’s account and bear fixed, reasonable rates of interest, as determined by the Plan administrator. The maximum loan term is five years unless the loan term qualifies as a home loan, in which case the administrator may permit a longer repayment term. Principal and interest are paid ratably through payroll deductions. As of December 31, 2009, the rates of interest on outstanding loans ranged from 3.75% to 7.00% with various maturities through December 2014.

**Payment of Benefits** – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant’s account balance, or annual installments over a period not to exceed assumed life expectancy. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** – The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using the accrual method of accounting.

***Use of Estimates*** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that may affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

***FASB Codification*** – On July 1, 2009, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) became the single authoritative source for nongovernmental U.S. generally accepted accounting principles (GAAP). The ASC supersedes all previous authoritative GAAP applicable to the Plan and is effective for interim and annual periods ended after September 15, 2009.

***Investment Valuation*** – Investments are stated at fair value as certified by the Plan’s custodian, Fidelity Management Trust Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

***Income Recognition*** – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

***Payment of Benefits*** – Benefits are recorded when paid.

***Expenses*** – Administrative expenses may be paid by the Bank. Remaining administrative and transaction fees are paid by the Plan.

***Excess Contributions Payable*** – Excess contributions payable represent amounts refunded to participants after year end to comply with regulatory contribution limitations.

***Subsequent Events*** – Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before financial statements are issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net assets available for benefits but arose after the statement of net assets available for benefits date and before financial statements are issued.

The Plan has evaluated subsequent events through August 25, 2010, which is the date the financial statements were issued.

***Reclassification*** – Certain amounts from the prior year financial statements have been reclassified in order to conform to the current year presentation.

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

---

**NOTE 3 – INVESTMENTS**

*Investments* – Investments representing 5% or more of net assets available for benefits consist of the following as of December 31:

	<u>2009</u>	<u>2008</u>
Fidelity Balanced	\$ 284,649	\$ 199,870
Fidelity Freedom 2020	202,079	148,734
Fidelity Freedom 2015	151,768	108,171
Fidelity Freedom 2035	132,921	89,680
Morgan Stanley Mid Cap Growth P	128,802	–
Fidelity Retire MMkt	111,909	191,931
Fidelity Freedom 2040	–	77,584
	<u>\$ 1,012,128</u>	<u>\$ 815,970</u>

During 2009, the Plan’s investments (including gains and losses on investments purchased, sold, as well as held during the year) appreciated in fair value as follows:

Registered investment companies	<u>\$ 454,588</u>
Net appreciation in fair value of investments	<u>\$ 454,588</u>

**NOTE 4 – FAIR VALUE MEASUREMENTS**

In accordance with authoritative guidance, the Plan classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Basis of Fair Value Measurement**

- Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly;
- Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Shares of registered investment company funds are valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and is classified within level 1 of the valuation hierarchy.

Loans to participants are not actively traded and significant other observable inputs are not available. Loans to participants are stated at amortized cost which approximates fair value and are classified within level 3 of the valuation hierarchy. Loans are secured by each respective participant's account balance.

The following table discloses by level, the fair value hierarchy of the Plan's assets at fair value as of December 31, 2009 and 2008:

	Investment Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Mid/Large Cap Equity	\$ 1,580,990	\$ –	\$ –	\$ 1,580,990
International Equity	219,377	–	–	219,377
Fixed Income	210,385	–	–	210,385
Money Market	111,909	–	–	111,909
Small Cap Equity	19,039	–	–	19,039
Loans to participants	–	–	51,810	51,810
	<u>\$ 2,141,700</u>	<u>\$ –</u>	<u>\$ 51,810</u>	<u>\$ 2,193,510</u>

	Investment Assets at Fair Value as of December 31, 2008			
	Level 1	Level 2	Level 3	Total
Mid/Large Cap Equity	\$ 932,008	\$ –	\$ –	\$ 932,008
International Equity	191,931	–	–	191,931
Fixed Income	81,725	–	–	81,725
Money Market	79,964	–	–	79,964
Small Cap Equity	8,464	–	–	8,464
Loans to participants	–	–	55,185	55,185
	<u>\$ 1,294,092</u>	<u>\$ –</u>	<u>\$ 55,185</u>	<u>\$ 1,349,277</u>

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

---

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

The following table discloses the summary of changes in the fair value of the Plan’s Level 3 investment assets:

	Loans to Participants
Balance, beginning of year	\$ 55,185
Issuance of new loans	17,570
Principal repayments	(20,945)
Balance, end of year	\$ 51,810

**NOTE 5 – TAX STATUS**

The Internal Revenue Service has determined and informed the Bank by a letter dated January 12, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**NOTE 6 – RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. It is reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect a participant’s account balance and the amounts reported in the financial statements.

**NOTE 7 – INFORMATION CERTIFIED BY THE CUSTODIAN**

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company has certified to the completeness and accuracy of:

	December 31,	
	2009	2008
<i>Statement of Net Assets Available for Plan Benefits</i>		
Investments at fair value	\$ 2,193,510	\$ 1,349,277
<i>Statement of Changes in Net Assets Available for Plan Benefits</i>		
Net appreciation in fair value of investments	454,588	

*Investments reflected on the Supplemental Schedule of Assets (Held at End of Year).*

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

---

**NOTE 8 – PARTY-IN-INTEREST**

Plan investments include shares of registered investment company funds managed by Fidelity Management Trust Company, the custodian of the Plan and affiliate of Fidelity Management Trust Company and, therefore, transactions with this entity qualify as exempt party-in-interest transactions. Plan investments also include loans to participants.

**NOTE 9 – PLAN TERMINATION**

Although it has not expressed any intention to do so, the Bank has the right to terminate the Plan and discontinue its contributions at any time. If the Plan is terminated, amounts allocated to a participant's account become fully vested.

**NOTE 10 – RECONCILIATION TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to Form 5500 for each year:

	<u>2009</u>	<u>2008</u>
Net assets available for benefits per the financial statements	\$ 2,195,864	\$ 1,368,183
Plus: excess contributions payable	4,966	–
Less: contribution receivable	<u>(7,320)</u>	<u>(18,906)</u>
Net assets available for benefits per Form 5500	<u>\$ 2,193,510</u>	<u>\$ 1,349,277</u>
Net increase in net assets available for Plan benefits per financial statements	\$ 827,681	
Plus: excess contributions payable	4,966	
Plus: 2008 contribution receivable	18,906	
Less: 2009 contribution receivable	<u>(7,320)</u>	
Net increase in net assets per Form 5500	<u>\$ 844,233</u>	

**SUPPLEMENTAL SCHEDULE**  
**REQUIRED BY THE DEPARTMENT OF LABOR**

---

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**EIN NUMBER 91-0459933**  
**PLAN NUMBER 002**  
**FORM 5500, REQUIRED PORTIONS OF SCHEDULE H**  
**DECEMBER 31, 2009**

**FORM 5500, REQUIRED PORTIONS OF SCHEDULE H**

*Line 4(i) – Schedule of Assets (Held at End of Year)*

(a)	(b) Issuer	(c) Investment Description	(d) Cost	(e) Current Value
*	Fidelity Balanced	Registered Investment Company	**	\$ 284,649
*	Fidelity Freedom 2020	Registered Investment Company	**	202,079
*	Fidelity Freedom 2015	Registered Investment Company	**	151,768
*	Fidelity Freedom 2035	Registered Investment Company	**	132,921
	MSIF Mid Cap Grth P	Registered Investment Company	**	128,802
*	Fidelity Retire Mmkt	Registered Investment Company	**	111,909
*	Fidelity Total Bond	Registered Investment Company	**	104,238
*	Fidelity Cap Appreciation	Registered Investment Company	**	95,450
*	Fidelity Freedom 2040	Registered Investment Company	**	92,702
*	Fidelity Intl Discover	Registered Investment Company	**	89,707
*	Fidelity Emerg Mrkts	Registered Investment Company	**	88,977
*	Fidelity Disciplined Eqty	Registered Investment Company	**	69,815
*	Fidelity Capital & Income	Registered Investment Company	**	67,838
*	Fidelity Value	Registered Investment Company	**	67,593
*	Fidelity Leveraged Co Stk	Registered Investment Company	**	57,533
	Spartan US Eq Index	Registered Investment Company	**	55,278
*	Fidelity Freedom 2025	Registered Investment Company	**	42,800
*	Fidelity Freedom 2030	Registered Investment Company	**	40,159
*	Fidelity Freedom 2050	Registered Investment Company	**	37,492
*	Fidelity Freedom 2045	Registered Investment Company	**	35,074
*	Fidelity Freedom 2010	Registered Investment Company	**	34,815
	Spartan Intl Index	Registered Investment Company	**	31,051
	Royce Value Plus Ser	Registered Investment Company	**	27,958
*	Fidelity Freedom 2000	Registered Investment Company	**	27,016
	Allnz NFJ Div Val AD	Registered Investment Company	**	24,102
	Loomis Sm Cap Val R	Registered Investment Company	**	19,039
*	Fidelity Freedom 2005	Registered Investment Company	**	10,770
	DWS Global Opps S	Registered Investment Company	**	9,642
*	Fidelity Freedom Income	Registered Investment Company	**	523
*	Loans to participants	Interest rates range from 3.75% to 7.00%, maturing through December 2014.	–	51,810
				<u>\$ 2,193,510</u>

\* Indicates Party-in-interest

\*\* Historical cost information not required for participant directed accounts.

MOSSES ADAMS



**1ST SECURITY BANK**  
Of Washington

**1ST SECURITY BANK OF  
WASHINGTON 401(K)**

---

**Independent Auditor's Report  
and Financial Statements  
with Supplemental Schedule**

**December 31, 2009 and 2008**

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2009 AND 2008**

---

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	1
 <b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets Available for Benefits .....	2
Statement of Changes in Net Assets Available for Benefits .....	3
Notes to Financial Statements .....	4-9
 <b>SUPPLEMENTAL SCHEDULE REQUIRED BY THE DEPARTMENT OF LABOR</b>	
Form 5500, Required Portions of Schedule H .....	10

**INDEPENDENT AUDITOR'S REPORT**

To the Administration Committee  
1st Security Bank of Washington 401(k)

We were engaged to audit the accompanying statement of net assets available for benefits of 1st Security Bank of Washington 401(k) (the "Plan") as of December 31, 2009 and 2008, and the statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedule presented on page 10. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 7, which was certified by Fidelity Management Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the Plan administrator by the custodian is complete and accurate.

Because of the significance of the information we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from information certified by Fidelity Management Trust Company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Bellingham, Washington  
August 25, 2010

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**  
**DECEMBER 31, 2009 AND 2008**

---

	2009	2008
<b>ASSETS</b>		
Investments, at fair value:		
Participant directed investments	\$ 2,141,700	\$ 1,294,092
Loans to participants	51,810	55,185
Total investments, at fair value	2,193,510	1,349,277
Receivable:		
Participant contribution	7,320	11,857
Employer matching contribution	—	7,049
Total receivables	7,320	18,906
Total assets	2,200,830	1,368,183
<b>LIABILITIES</b>		
Excess contributions payable	4,966	—
Total liabilities	4,966	—
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 2,195,864</b>	<b>\$ 1,368,183</b>

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**YEAR ENDED DECEMBER 31, 2009**

---

**ADDITIONS TO NET ASSETS ATTRIBUTED TO:**

**Investment Income**

Net appreciation in fair value of investments	\$ 454,588
Interest and dividends on investments	45,175
Interest from loans to participants	<u>2,657</u>
Total investment income	<u>502,420</u>

**Contributions**

Participant	270,164
Employer	109,428
Employee rollover	<u>143,426</u>
Total contributions	<u>523,018</u>
Total additions	<u>1,025,438</u>

**DEDUCTIONS TO NET ASSETS ATTRIBUTED TO:**

Benefits paid to participants	195,890
Administrative expenses	<u>1,867</u>
Total deductions	<u>197,757</u>

**NET INCREASE** 827,681

**NET ASSETS AVAILABLE FOR BENEFITS**

Beginning of year	<u>1,368,183</u>
End of year	<u>\$ 2,195,864</u>

**NOTE 1 – DESCRIPTION OF PLAN**

The following description of the 1st Security Bank of Washington 401(k) (the “Plan”) provides only general information. Participants should refer to the Plan Agreement, as amended, for a more complete description of Plan provisions.

**General** – The Plan is a 401(k) salary deferral and profit sharing plan covering substantially all employees of 1st Security Bank of Washington, and is subject to provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments. 1st Security Bank of Washington (the “Bank”) is the Plan’s sponsor and serves as Plan administrator.

**Eligibility** – Employees of the Bank are eligible to participate in the Plan upon reaching age 21 and after completing one year of service in which at least 1,000 hours are worked.

**Contributions** – Participants may elect to contribute between 1% and 100% of eligible compensation to the Plan each year. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Bank may elect to make discretionary profit sharing contributions to the Plan. Participants must complete at least 1,000 hours of service during the Plan year, and be employed as of the last day of the Plan year, to be eligible to receive any profit sharing contributions. Profit sharing contributions are allocated to participants in the same proportion as a participant’s compensation bears to the total of all participants’ compensation. There were no profit sharing contributions for the year ended December 31, 2009. Matching contributions were suspended in September 2009. Matching contributions totaled \$109,428 for the year ended December 31, 2009.

Contributions are subject to regulatory limitations.

**Participant Accounts** – Each participant’s account is credited with the participant’s contribution and allocations of (a) the Bank’s contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants may direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

**Vesting** – Participants are fully vested in their salary deferrals and Bank contributions plus actual earnings thereon.

**Loans to Participants** – Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loans are secured by the balance of the participant’s account and bear fixed, reasonable rates of interest, as determined by the Plan administrator. The maximum loan term is five years unless the loan term qualifies as a home loan, in which case the administrator may permit a longer repayment term. Principal and interest are paid ratably through payroll deductions. As of December 31, 2009, the rates of interest on outstanding loans ranged from 3.75% to 7.00% with various maturities through December 2014.

**Payment of Benefits** – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant’s account balance, or annual installments over a period not to exceed assumed life expectancy. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** – The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using the accrual method of accounting.

***Use of Estimates*** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that may affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

***FASB Codification*** – On July 1, 2009, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) became the single authoritative source for nongovernmental U.S. generally accepted accounting principles (GAAP). The ASC supersedes all previous authoritative GAAP applicable to the Plan and is effective for interim and annual periods ended after September 15, 2009.

***Investment Valuation*** – Investments are stated at fair value as certified by the Plan’s custodian, Fidelity Management Trust Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

***Income Recognition*** – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

***Payment of Benefits*** – Benefits are recorded when paid.

***Expenses*** – Administrative expenses may be paid by the Bank. Remaining administrative and transaction fees are paid by the Plan.

***Excess Contributions Payable*** – Excess contributions payable represent amounts refunded to participants after year end to comply with regulatory contribution limitations.

***Subsequent Events*** – Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before financial statements are issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net assets available for benefits but arose after the statement of net assets available for benefits date and before financial statements are issued.

The Plan has evaluated subsequent events through August 25, 2010, which is the date the financial statements were issued.

***Reclassification*** – Certain amounts from the prior year financial statements have been reclassified in order to conform to the current year presentation.

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

---

**NOTE 3 – INVESTMENTS**

*Investments* – Investments representing 5% or more of net assets available for benefits consist of the following as of December 31:

	<u>2009</u>	<u>2008</u>
Fidelity Balanced	\$ 284,649	\$ 199,870
Fidelity Freedom 2020	202,079	148,734
Fidelity Freedom 2015	151,768	108,171
Fidelity Freedom 2035	132,921	89,680
Morgan Stanley Mid Cap Growth P	128,802	–
Fidelity Retire MMkt	111,909	191,931
Fidelity Freedom 2040	–	77,584
	<u>\$ 1,012,128</u>	<u>\$ 815,970</u>

During 2009, the Plan’s investments (including gains and losses on investments purchased, sold, as well as held during the year) appreciated in fair value as follows:

Registered investment companies	<u>\$ 454,588</u>
Net appreciation in fair value of investments	<u>\$ 454,588</u>

**NOTE 4 – FAIR VALUE MEASUREMENTS**

In accordance with authoritative guidance, the Plan classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Basis of Fair Value Measurement**

- Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly;
- Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Shares of registered investment company funds are valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and is classified within level 1 of the valuation hierarchy.

Loans to participants are not actively traded and significant other observable inputs are not available. Loans to participants are stated at amortized cost which approximates fair value and are classified within level 3 of the valuation hierarchy. Loans are secured by each respective participant's account balance.

The following table discloses by level, the fair value hierarchy of the Plan's assets at fair value as of December 31, 2009 and 2008:

	Investment Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Mid/Large Cap Equity	\$ 1,580,990	\$ –	\$ –	\$ 1,580,990
International Equity	219,377	–	–	219,377
Fixed Income	210,385	–	–	210,385
Money Market	111,909	–	–	111,909
Small Cap Equity	19,039	–	–	19,039
Loans to participants	–	–	51,810	51,810
	<u>\$ 2,141,700</u>	<u>\$ –</u>	<u>\$ 51,810</u>	<u>\$ 2,193,510</u>

	Investment Assets at Fair Value as of December 31, 2008			
	Level 1	Level 2	Level 3	Total
Mid/Large Cap Equity	\$ 932,008	\$ –	\$ –	\$ 932,008
International Equity	191,931	–	–	191,931
Fixed Income	81,725	–	–	81,725
Money Market	79,964	–	–	79,964
Small Cap Equity	8,464	–	–	8,464
Loans to participants	–	–	55,185	55,185
	<u>\$ 1,294,092</u>	<u>\$ –</u>	<u>\$ 55,185</u>	<u>\$ 1,349,277</u>

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

---

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

The following table discloses the summary of changes in the fair value of the Plan’s Level 3 investment assets:

	Loans to Participants
Balance, beginning of year	\$ 55,185
Issuance of new loans	17,570
Principal repayments	(20,945)
Balance, end of year	\$ 51,810

**NOTE 5 – TAX STATUS**

The Internal Revenue Service has determined and informed the Bank by a letter dated January 12, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**NOTE 6 – RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. It is reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect a participant’s account balance and the amounts reported in the financial statements.

**NOTE 7 – INFORMATION CERTIFIED BY THE CUSTODIAN**

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company has certified to the completeness and accuracy of:

	December 31,	
	2009	2008
<i>Statement of Net Assets Available for Plan Benefits</i>		
Investments at fair value	\$ 2,193,510	\$ 1,349,277
<i>Statement of Changes in Net Assets Available for Plan Benefits</i>		
Net appreciation in fair value of investments	454,588	

*Investments reflected on the Supplemental Schedule of Assets (Held at End of Year).*

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

---

**NOTE 8 – PARTY-IN-INTEREST**

Plan investments include shares of registered investment company funds managed by Fidelity Management Trust Company, the custodian of the Plan and affiliate of Fidelity Management Trust Company and, therefore, transactions with this entity qualify as exempt party-in-interest transactions. Plan investments also include loans to participants.

**NOTE 9 – PLAN TERMINATION**

Although it has not expressed any intention to do so, the Bank has the right to terminate the Plan and discontinue its contributions at any time. If the Plan is terminated, amounts allocated to a participant's account become fully vested.

**NOTE 10 – RECONCILIATION TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to Form 5500 for each year:

	<u>2009</u>	<u>2008</u>
Net assets available for benefits per the financial statements	\$ 2,195,864	\$ 1,368,183
Plus: excess contributions payable	4,966	–
Less: contribution receivable	<u>(7,320)</u>	<u>(18,906)</u>
Net assets available for benefits per Form 5500	<u>\$ 2,193,510</u>	<u>\$ 1,349,277</u>
Net increase in net assets available for Plan benefits per financial statements	\$ 827,681	
Plus: excess contributions payable	4,966	
Plus: 2008 contribution receivable	18,906	
Less: 2009 contribution receivable	<u>(7,320)</u>	
Net increase in net assets per Form 5500	<u>\$ 844,233</u>	

**SUPPLEMENTAL SCHEDULE  
REQUIRED BY THE DEPARTMENT OF LABOR**

---

**1ST SECURITY BANK OF WASHINGTON 401(K)**  
**EIN NUMBER 91-0459933**  
**PLAN NUMBER 002**  
**FORM 5500, REQUIRED PORTIONS OF SCHEDULE H**  
**DECEMBER 31, 2009**

**FORM 5500, REQUIRED PORTIONS OF SCHEDULE H**

*Line 4(i) – Schedule of Assets (Held at End of Year)*

(a)	(b) Issuer	(c) Investment Description	(d) Cost	(e) Current Value
*	Fidelity Balanced	Registered Investment Company	**	\$ 284,649
*	Fidelity Freedom 2020	Registered Investment Company	**	202,079
*	Fidelity Freedom 2015	Registered Investment Company	**	151,768
*	Fidelity Freedom 2035	Registered Investment Company	**	132,921
	MSIF Mid Cap Grth P	Registered Investment Company	**	128,802
*	Fidelity Retire Mmkt	Registered Investment Company	**	111,909
*	Fidelity Total Bond	Registered Investment Company	**	104,238
*	Fidelity Cap Appreciation	Registered Investment Company	**	95,450
*	Fidelity Freedom 2040	Registered Investment Company	**	92,702
*	Fidelity Intl Discover	Registered Investment Company	**	89,707
*	Fidelity Emerg Mrkts	Registered Investment Company	**	88,977
*	Fidelity Disciplined Eqty	Registered Investment Company	**	69,815
*	Fidelity Capital & Income	Registered Investment Company	**	67,838
*	Fidelity Value	Registered Investment Company	**	67,593
*	Fidelity Leveraged Co Stk	Registered Investment Company	**	57,533
	Spartan US Eq Index	Registered Investment Company	**	55,278
*	Fidelity Freedom 2025	Registered Investment Company	**	42,800
*	Fidelity Freedom 2030	Registered Investment Company	**	40,159
*	Fidelity Freedom 2050	Registered Investment Company	**	37,492
*	Fidelity Freedom 2045	Registered Investment Company	**	35,074
*	Fidelity Freedom 2010	Registered Investment Company	**	34,815
	Spartan Intl Index	Registered Investment Company	**	31,051
	Royce Value Plus Ser	Registered Investment Company	**	27,958
*	Fidelity Freedom 2000	Registered Investment Company	**	27,016
	Allnz NFJ Div Val AD	Registered Investment Company	**	24,102
	Loomis Sm Cap Val R	Registered Investment Company	**	19,039
*	Fidelity Freedom 2005	Registered Investment Company	**	10,770
	DWS Global Opps S	Registered Investment Company	**	9,642
*	Fidelity Freedom Income	Registered Investment Company	**	523
*	Loans to participants	Interest rates range from 3.75% to 7.00%, maturing through December 2014.	–	51,810
				<u>\$ 2,193,510</u>

\* Indicates Party-in-interest

\*\* Historical cost information not required for participant directed accounts.