

	2001	2000	1999	1998	1997
<b>Performance Results</b>					
Net income to average equity	16.80%	15.01%	16.15%	14.77%	14.37%
Equity to assets	9.29%	10.52%	9.94%	10.93%	12.19%
Earnings per share	\$3.08	\$2.51	\$2.51	\$2.30	\$2.15
Dividends per share	\$1.21	\$1.18	\$1.12	\$2.82	\$0.95
Book value per share	\$19.26	\$17.89	\$16.05	\$15.05	\$15.65
Net overhead to average assets	1.62%	1.84%	1.93%	1.94%	2.02%
Average earning assets to average total assets	95.06%	95.36%	94.91%	93.99%	93.86%
Allowance for possible credit losses to total loans at December 31	1.38%	1.13%	1.25%	1.35%	1.28%
<b>Yield and Cost of Funds</b>					
Yield on investments	5.5%	6.7%	6.0%	6.3%	6.3%
Yield on loans	8.9%	9.2%	9.1%	9.4%	9.5%
Cost of funds	3.8%	4.2%	3.8%	4.0%	4.1%
Net interest margin	4.3%	4.3%	5.0%	5.1%	5.2%
<b>Selected Items (in thousands)</b>					
Total cash and deposit balances	\$12,246	\$13,845	\$15,696	\$19,680	\$14,297
Total investments	\$156,434	\$105,595	\$112,566	\$85,003	\$64,015
Total loans	\$261,045	\$261,631	\$237,688	\$206,560	\$212,965
Total assets	\$439,174	\$390,049	\$374,327	\$319,250	\$298,282
Total deposits	\$367,516	\$314,073	\$288,596	\$282,220	\$260,419
Total equity	\$40,841	\$40,992	\$37,223	\$34,907	\$36,366

Cashmere Valley Bank enjoyed an extremely successful 2001. The hard work of our dedicated staff, combined with a growing loyal customer base, created record earning and asset levels for the Bank. I personally thank everyone who contributed to this outstanding accomplishment.

Cashmere Valley Bank has a long history of offering products of superior value to our customers. In the first half of 2001, our Information Services department made account statements available with check images in place of returned, canceled checks. The cost efficiencies gained by imaging statements allowed us to be one of the first banks in the nation to offer Free Business Checking to local business customers. This product has not only been well received by current customers, but it has attracted many new customers to the Bank as well. Leading in value creation and product innovation are critical components not only to our strategic plan, but also to our continued success.

We recently announced the planned construction of the new Financial Services Center, which will be located in Olds Station. The Financial Services Center will be the new home of our Online Banking, Investment Center, Contract Collection and Escrow, Credit Card, Retail Contract Purchasing, Leasing, and Real Estate Contract Purchasing departments, as well as housing Mitchell Reed and Associates. By consolidating these various functions into a single facility we will be able to achieve efficiencies in staffing and overhead.

We have received numerous comments since announcing construction of this new building expressing surprise over how many different business lines in which the Bank is engaged. Certainly, Cashmere Valley Bank is *the little Bank with the big circle of friends* with friendly staff and convenient locations, and it always will be. But in order to survive in an era of massive consolidation, and deregulation creating competition from ever more aggressive entities, we must deliver a complete line of financial services that are available at the customers' convenience, which may be at a branch, over the phone, or through the internet. New business lines will continue to evolve, just as customer needs and demands will evolve in an ever-changing financial services landscape. Indeed, much of this year's success came from these new lines of business and product innovation.

A rapidly changing financial services industry and an uncertain economy will be significant challenges for 2002, but long-term success will come from remaining true to the values of *the little Bank with the big circle of friends*.

Sincerely,



Ken Martin  
President & CEO

To the Board of Directors of **Cashmere Valley Bank**:

We have audited the accompanying consolidated balance sheet of **Cashmere Valley Bank and Subsidiary** as of December 31, 2001, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of **Cashmere Valley Bank and Subsidiary** as of and for the year ended December 31, 2000 were audited by Knight Vale & Gregory PLLC, independent accountants, whose members became partners of McGladrey & Pullen, LLP on September 1, 2001. Knight Vale & Gregory PLLC's report, dated January 5, 2001, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Cashmere Valley Bank and Subsidiary** as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Tacoma, Washington  
January 11, 2002

## Consolidated Balance Sheets

December 31, 2001 and 2000 (dollars in thousands)

	2001	2000
<b>Assets</b>		
Cash and due from banks	\$ 12,206	\$ 13,309
Interest bearing deposits at other financial institutions	40	536
Securities available for sale	146,567	95,398
Securities held to maturity (fair value \$7,236 and \$7,559)	7,108	7,620
Federal Home Loan Bank stock, at cost	2,759	2,577
Loans held for sale	1,775	605
Loans	261,045	261,631
Allowance for credit losses	(3,591)	(2,964)
Net loans	257,454	258,667
Premises and equipment	7,352	7,237
Accrued interest receivable	2,663	2,645
Foreclosed real estate	--	60
Goodwill	648	697
Other assets	602	698
<b>Total assets</b>	<b>\$439,174</b>	<b>\$390,049</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Demand	\$ 39,269	\$ 31,056
Savings and interest bearing demand	195,684	167,303
Time	132,563	115,714
Total deposits	367,516	314,073
Accrued interest payable	1,082	1,211
Demand notes issued to U.S. Treasury	596	2,240
Other short-term borrowings	27,500	31,100
Long-term borrowings	350	--
Other liabilities	1,289	433
Total liabilities	398,333	349,057
Commitments and Contingencies	--	--
<b>Shareholders' Equity</b>		
Common stock (no par value); authorized 10,000,000 shares; issued and outstanding 2,120,098 and 2,290,858 shares	--	--
Retained earnings	39,249	40,491
Accumulated other comprehensive income	1,592	501
Total shareholders' equity	40,841	40,992
<b>Total liabilities and shareholders' equity</b>	<b>\$439,174</b>	<b>\$390,049</b>

See notes to consolidated financial statements.

Years Ended December 31, 2001 and 2000 (dollars in thousands, except per share information)

	2001	2000
<b>Interest Income</b>		
Loans	\$23,899	\$22,930
Deposits at other financial institutions	203	31
Securities available for sale:		
Taxable	5,092	4,499
Tax-exempt	1,599	1,496
Securities held to maturity - tax-exempt	365	449
Total interest income	31,158	29,405
<b>Interest Expense</b>		
Deposits	12,825	12,039
Other short-term borrowings	985	1,776
Other long-term borrowings	13	--
Demand notes issued to U.S. Treasury	150	173
Total interest expense	13,973	13,988
Net interest income	17,185	15,417
Provision for Credit Losses	1,236	699
Net interest income after provision for credit losses	15,949	14,718
<b>Non-Interest Income</b>		
Service charges on deposit accounts	1,662	1,336
Income on mortgage loans sold	564	173
Servicing fees on loans sold	264	279
Net gain (loss) on sales of securities available for sale	110	(43)
Brokerage commissions	324	284
Insurance commissions and fees	525	534
Credit card income	218	257
Other	853	530
Total non-interest income	4,520	3,350
<b>Non-Interest Expense</b>		
Salaries and employee benefits	6,531	5,825
Occupancy	606	541
Furniture and equipment	1,008	1,192
Amortization of goodwill	49	32
Other	3,158	2,699
Total non-interest expense	11,352	10,289
Income before income taxes	9,117	7,779
Income Taxes	2,431	2,005
<b>Net income</b>	<b>\$ 6,686</b>	<b>\$ 5,774</b>
<b>Earnings Per Share</b>		
Basic	\$3.08	\$2.51
Diluted	3.03	2.48

See notes to consolidated financial statements.

## Consolidated Statements of Shareholders' Equity

Years Ended December 31, 2001 and 2000 *(dollars in thousands)*

	Shares of Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 1999	2,319,400	\$38,233	(\$1,010)	\$37,223
Comprehensive income:				
Net income	--	5,774	--	5,774
Other comprehensive income, net of tax:				
Change in fair value of securities available for sale	--	--	1,511	1,511
Comprehensive income				7,285
Cash dividends paid (\$1.18 per share)	--	(2,728)	--	(2,728)
Options exercised	3,200	35	--	35
Stock repurchased	(50,012)	(1,499)	--	(1,499)
Stock issued for purchase of subsidiary	18,270	676	--	676
Balance, December 31, 2000	2,290,858	40,491	501	40,992
Comprehensive income:				
Net income	--	6,686	--	6,686
Other comprehensive income, net of tax:				
Change in fair value of securities available for sale	--	--	1,091	1,091
Comprehensive income				7,777
Cash dividends paid (\$1.21 per share)	--	(2,698)	--	(2,698)
Options exercised	6,400	72	--	72
Stock repurchased	(177,160)	(5,315)	--	(5,315)
Tax benefit from exercise of stock options	--	13	--	13
Balance, December 31, 2001	2,120,098	\$39,249	\$1,592	\$40,841

*See notes to consolidated financial statements.*

Years Ended December 31, 2001 and 2000 (*dollars in thousands*)

	2001	2000
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 6,686	\$ 5,774
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	763	901
Amortization of goodwill	49	32
Provision for credit losses	1,236	699
Investment amortization - net	1,339	477
Deferred income taxes (benefit)	(184)	(115)
Stock dividends received	(182)	(162)
Net (gain) loss on sales of securities	(110)	43
Originations of loans held for sale	(53,581)	(13,116)
Proceeds from sales of loans held for sale	52,975	13,277
Gain on sales of loans	(564)	(173)
Increase in accrued interest receivable	(18)	(208)
Increase (decrease) in accrued interest payable	(129)	167
Other - net	516	216
Net cash provided by operating activities	8,796	7,812
<b>Cash Flows from Investing Activities</b>		
Net (increase) decrease in interest bearing deposits in banks	496	(527)
Activity in securities available for sale:		
Sales	16,157	8,697
Maturities, prepayments and calls	34,778	12,074
Purchases	(96,441)	(14,782)
Activity in securities held to maturity:		
Maturities, prepayments and calls	501	2,816
Net increase in loans	(5,492)	(24,825)
Additions to premises and equipment	(799)	(909)
Proceeds from sales of foreclosed real estate	293	186
Cash paid for purchase of subsidiary	--	(169)
Net cash used in investing activities	(50,507)	(17,439)

*(continued)*

*See notes to consolidated financial statements.*

## *Consolidated Statements of Cash Flows*

*(concluded)*

Years Ended December 31, 2001 and 2000 *(dollars in thousands)*

	2001	2000
<b>Cash Flows from Financing Activities</b>		
Net increase in deposits	\$53,443	\$25,477
Net decrease in short-term borrowings	(5,244)	(14,036)
Proceeds from long-term borrowings	350	--
Cash dividends paid	(2,698)	(2,728)
Exercise of stock options	72	35
Repurchase of common stock	(5,315)	(1,499)
Net cash provided by financing activities	40,608	7,249
Net decrease in cash and due from banks	(1,103)	(2,378)
Cash and Due from Banks		
Beginning of year	13,309	15,687
End of year	\$12,206	\$13,309
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	\$14,102	\$13,821
Income taxes paid	2,545	2,051
<b>Supplemental Disclosures of Non-Cash Investing and Financing Activities</b>		
Foreclosed real estate acquired in settlement of loans	\$ 310	\$ 279
Loans made on sales of foreclosed real estate	71	103
Fair value adjustment of securities available for sale, net of tax	1,091	1,511
Excess of cost over net assets acquired of subsidiary	--	(729)
Common stock issued for purchase of subsidiary	--	676
Tax benefit from exercise of stock options	13	--
Reclassification of municipal loans to securities available for sale	5230	--

*See notes to consolidated financial statements.*

## Note 1 - Summary of Significant Accounting Policies

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### Principals of Consolidation

The consolidated financial statements include the accounts of **Cashmere Valley Bank** (the Bank) and its wholly owned subsidiary, **Mitchell, Reed and Associates, Inc.** (MRA), an insurance agency. All significant intercompany transactions and balances have been eliminated.

### Nature of Operations

Cashmere Valley Bank operates six branches in suburban communities in Chelan County in eastern Washington. The Bank's lending and other banking activities are carried out in and around Chelan and Douglas Counties. The Bank provides loan and deposit services to customers, who are predominately small and middle-market businesses and middle income individuals. MRA is based in Wenatchee and provides personal and commercial lines of insurance, including property and casualty insurance, to a customer base similar to the Bank.

### Consolidated Financial Statement Presentation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and practices within the banking industry. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, as of the date of the balance sheet, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the valuation of foreclosed real estate and deferred tax assets.

Certain prior year amounts have been reclassified to conform to the 2001 presentation.

### Securities Available for Sale

Securities available for sale consist of debt securities that the Bank intends to hold for an indefinite period, but not necessarily to maturity. Such securities may be sold to implement the Bank's asset/liability management strategies and in response to changes in interest rates and similar factors, and certain equity securities. Securities available for sale are reported at fair value. Unrealized gains and losses, net of the related deferred tax effect, are reported as a net amount in a separate component of shareholders' equity entitled "accumulated other comprehensive income (loss)." Realized gains and losses on securities available for sale, determined using the specific identification method, are included in earnings. Amortization of premiums and accretion of discounts are recognized in interest income over the period to maturity.

### Securities Held to Maturity

Debt securities which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized in interest income over the period to maturity.

Declines in the fair value of individual securities held to maturity and available for sale below their cost that are other than temporary result in write-downs of the individual securities to their fair value. Such write-downs are included in earnings as realized losses.

### Loans Held for Sale

Mortgage loans originated for sale in the foreseeable future in the secondary market are carried at the lower of aggregate cost or estimated market value. Gains and losses on sales of loans are recognized at settlement date and are determined by the difference between the sales proceeds and the carrying value of the loans. All sales are made without recourse.

## Loans

Loans are stated at the amount of unpaid principal, reduced by an allowance for credit losses. Interest on loans is accrued daily based on the principal amount outstanding.

Generally the accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due or when they are past due 90 days as to either principal or interest, unless they are well secured and in the process of collection. When interest accrual is discontinued, all unpaid accrued interest is reversed against current income. If management determines that the ultimate collectibility of principal is in doubt, cash receipts on nonaccrual loans are applied to reduce the principal balance.

### Allowance for Credit Losses

The allowance for credit losses is maintained at a level considered adequate to provide for estimated losses on existing loans based on evaluating known and inherent risks in the loan portfolio. The allowance is reduced by loans charged off, and increased by provisions charged to earnings and recoveries on loans previously charged off. The allowance is based on management's periodic, systematic evaluation of factors underlying the quality of the loan portfolio, including changes in the size and composition of the loan portfolio, the estimated value of any underlying collateral, actual loan loss experience, current economic conditions, and detailed analysis of individual loans for which full collectibility may not be assured. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. While management uses the best information available to make its estimates, future adjustments to the allowance may be necessary if there is a significant change in economic conditions.

When available information confirms that specific loans or portions thereof are uncollectible, these amounts are charged off against the allowance for credit losses. The existence of some or all of the following criteria will generally confirm that a loss has been incurred: the loan is significantly delinquent and the borrower has not evidenced the ability or intent to bring the loan current; the Bank has no recourse to the borrower, or if it does, the borrower has insufficient assets to pay the debt; the estimated fair value of the loan collateral is significantly below the current loan balance, and there is little or no near-term prospect for improvement.

When management determines that it is probable that a borrower will be unable to repay all amounts due according to the terms of the loan agreement, including scheduled interest payments, the loan is considered impaired. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls are generally not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of shortfall in relation to the principal and interest owed. The amount of impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, when the primary source of repayment is provided by real estate collateral, at the fair value of the collateral less estimated selling costs.

The ultimate recovery of all loans is susceptible to future market factors beyond the Bank's control. These factors may result in losses or recoveries differing significantly from those provided for in the financial statements.

### Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation, which is computed on the straight-line method over the estimated useful lives of the assets. Gains or losses on dispositions are reflected in earnings.

### Foreclosed Real Estate

Real estate properties acquired through or in lieu of, foreclosure are to be sold and are initially recorded at the lower of cost or fair value of the properties less estimated costs of disposal. Any write-down to fair value at the time of transfer to foreclosed real estate is charged to the allowance for credit losses. Properties are evaluated regularly to ensure that the recorded amounts are supported by their current fair values. Any subsequent reduction in carrying values are charged to income.

## Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, a replacement of SFAS No. 125. This statement revised the standards for accounting for securitization and other transfers of financial assets and collateral, and requires certain disclosures; however, it carries over most of SFAS No. 125's provisions without reconsideration. The standards addressed in this statement are based on consistent application of a financial components approach that focuses on control. Under this approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. The statement became effective for transfers and servicing of financial assets and extinguishment of liabilities occurring after March 31, 2001. The adoption of this statement affects the disclosures in these financial statements; however, the adoption of this statement did not have a material impact on the Bank's financial position or results of operations for the year ended December 31, 2001.

## Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of its subsidiary acquired. The Bank periodically evaluates goodwill for impairment. Goodwill is amortized using the straight-line method over fifteen years.

## Income Taxes

Deferred tax assets and liabilities result from differences between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities, and are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. The deferred tax provision represents the difference between the net deferred tax asset/liability at the beginning and end of the year. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

## Fair Values of Financial Instruments

The following methods and assumptions were used by the Bank in estimating fair values of financial instruments as disclosed herein:

### *Cash and Short-Term Instruments*

The carrying amounts of cash and short-term instruments approximate their fair values.

### *Securities Available for Sale and Held to Maturity*

Fair values for securities available for sale and held to maturity are based on quoted market prices. The carrying values of restricted equity securities approximate fair values.

### *Federal Home Loan Bank Stock*

The carrying value of Federal Home Loan Bank stock approximates its fair value.

### *Loans*

For variable rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for fixed rate loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values of loans held for sale are based on their estimated market prices. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

### *Deposit Liabilities*

The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable rate, fixed term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flow calculation based on interest rates currently being offered on similar certificates.

### *Short-Term Borrowings*

The carrying amounts of federal funds purchased and other short-term borrowings maturing within 90 days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on the Bank's current incremental borrowing rates for similar types of borrowing arrangements.

### *Long-Term Borrowings*

The fair values of the Bank's long-term borrowings are estimated using discounted cash flow analyses based on the Bank's current incremental borrowing rate for similar types of borrowing arrangements.

### *Accrued Interest*

The carrying amount of accrued interest approximate their fair values.

### *Off-Balance Sheet Instruments*

The fair value of commitments to extend credit and standby letters of credit was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the customers.

## Stock-Based Compensation

The Bank accounts for stock-based awards to employees using the intrinsic value method, in accordance with APB No. 25, *Accounting for Stock Issued to Employees*. Accordingly, no compensation expense has been recognized in the consolidated financial statements for employee stock arrangements. However, the required pro forma disclosures of the effects of all options granted on or after January 1, 1995 have been provided in accordance with SFAS No. 123, *Accounting for Stock-Based Compensation*.

## Cash Equivalents

The Bank considers all amounts included in the balance sheet caption "Cash and due from banks" to be cash equivalents.

## Earnings Per Share

Basic earnings per share exclude dilution and are computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if common shares were issued pursuant to the exercise of options under the Bank's stock option plan.

## Recent Accounting Pronouncements

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, became effective and was adopted by the Bank effective January 1, 2001. The Bank does not engage in hedging activities, nor did it have any derivatives at December 31, 2001 or 2000. The adoption of SFAS No. 133 had no effect on the Bank's financial position or results of operations as of or for the year ended December 31, 2001.

In June 2001, the Financial Accounting Standards Board adopted Financial Accounting Standards Nos. 141, *Business Combinations*, and 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 requires that all business combinations entered into after June 30, 2001 be accounted for under the purchase method. SFAS No. 142 addresses how goodwill and other intangible assets should be accounted for after they have been initially recorded in the financial statements. Goodwill arising from business combinations prior to the effective date of this standard will no longer be amortized, starting in 2002, but will be subject to annual tests for impairment. Other identifiable intangible assets, and certain unidentifiable intangible assets arising from certain acquisitions, will continue to be amortized using the same lives and methods. The Bank, at December 31, 2001 had \$648,000 of goodwill in which amortization will cease effective January 1, 2002.

In June 2001, the FASB also issued SFAS No. 143, *Accounting for Asset Retirement Obligations*. This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for all fiscal years beginning after June 15, 2002. In August 2001 the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement is effective for fiscal years beginning after December 15, 2001. The Bank does not anticipate that the adoption of SFAS Nos. 143, and 144 will have a material effect on its financial position or results of operations.

## Note 2 - Business Combination

On May 4, 2000 the Bank acquired all of the common shares of Mitchell, Reed and Associates, Inc. (MRA), an insurance agency located in Wenatchee engaged in providing personal and commercial lines of insurance, including property and casualty insurance, to customers in and around the greater Wenatchee valley area. The purchase price of the MRA shares was \$845,000, paid \$169,000 in cash and \$676,000 through the issuance of 18,270 shares of the Bank's common stock. The acquisition was accounted for by the purchase method of accounting and, accordingly, the 2000 consolidated statements of income includes the results of MRA only for the period subsequent to May 4, 2000. Goodwill resulting from acquisition totaled \$729,000, which is being amortized on the straight-line method over 15 years.

## Note 3 - Restricted Assets

Federal Reserve Board regulations require that the Bank maintain certain minimum reserve balances on hand or on deposit with the Federal Reserve Bank. The amounts of such balances for the years ended December 31, 2001 and 2000 were approximately \$400,000 and \$350,000, respectively.

## Note 4 - Securities

Securities have been classified according to management's intent. The carrying amount of securities and their approximate fair values are as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Securities Available for Sale</b>				
December 31, 2001				
State and municipal securities	\$ 43,077	\$1,469	(\$185)	\$ 44,361
US Government agencies	7,113	73	--	7,186
Corporate bonds	7,287	152	--	7,439
Collateralized mortgage obligations	49,312	1,030	(249)	50,093
Mortgaged backed securities	37,366	300	(178)	37,488
<b>Total</b>	<b>\$144,155</b>	<b>\$3,024</b>	<b>(\$612)</b>	<b>\$146,567</b>
December 31, 2000				
State and municipal securities	\$30,973	\$ 410	(\$399)	\$30,984
Corporate bonds	7,300	--	(116)	7,184
Collateralized mortgage obligations	44,038	740	(20)	44,758
Mortgaged backed securities	12,326	168	(22)	12,472
<b>Total</b>	<b>\$94,637</b>	<b>\$1,318</b>	<b>(\$557)</b>	<b>\$95,398</b>
<b>Securities Held to Maturity</b>				
December 31, 2001				
State and municipal securities	\$7,108	\$153	(\$25)	\$7,236
December 31, 2000				
State and municipal securities	\$7,620	\$45	(\$106)	\$7,559

The contractual maturities of securities held to maturity and available for sale at December 31, 2001 are shown below (dollars in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

	Held to Maturity		Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$1,730	\$1,745	\$ 3,314	\$ 3,363
Due from one year to five years	2,231	2,333	12,842	13,200
Due from five years to ten years	849	870	20,304	20,404
Due after ten years	2,298	2,288	70,329	72,112
Mortgage backed securities	--	--	37,366	37,488
<b>Total</b>	<b>\$7,108</b>	<b>\$7,236</b>	<b>\$144,155</b>	<b>\$146,567</b>

Gross gains realized on sales of securities were \$214,000 and \$4,000 in 2001 and 2000, respectively, and gross losses realized were \$104,000 and \$47,000, respectively.

Securities carried at approximately \$33,749,000 and \$20,834,000 at December 31, 2001 and 2000, respectively, were pledged to secure public deposits, and for other purposes required or permitted by law.

#### Note 5 - Loans

Loans at December 31 consist of the following (dollars in thousands):

	2001	2000
Commercial and agricultural	\$ 30,780	\$ 37,372
Real estate:		
Residential 1-4 family	89,003	92,843
Commercial	89,311	86,576
Construction	8,694	7,269
Farmland	2,337	2,439
Credit card	5,362	6,507
Consumer	35,558	28,625
<b>Total loans</b>	<b>\$261,045</b>	<b>\$261,631</b>

Changes in the allowance for credit losses for the years ended December 31 are as follows (dollars in thousands):

	2001	2000
Balance at beginning of year	\$2,964	\$2,777
Provision for credit losses	1,236	699
Charge-offs	(783)	(578)
Recoveries	174	66
Net charge-offs	(609)	(512)
<b>Balance at end of year</b>	<b>\$3,591</b>	<b>\$2,964</b>

Following is a summary of information pertaining to impaired loans:

	2001	2000
December 31		
Impaired loans without a valuation allowance	\$1,591	\$1,140
Impaired loans with a valuation allowance	1,908	60
<b>Total impaired loans</b>	<b>\$3,499</b>	<b>\$1,200</b>
<b>Valuation allowance related to impaired loans</b>	<b>\$456</b>	<b>\$60</b>
Years Ended December 31		
Average investment in impaired loans	\$2,267	\$1,377
Interest income recognized on a cash basis on impaired loans	--	--

At December 31, 2001, there were no commitments to lend additional funds to borrowers whose loans have been modified. Loans over 90 days past due still accruing interest were \$107,000 and \$349,000 at December 31, 2001 and 2000, respectively.

Certain related parties of the Bank, principally directors and their associates, were loan customers of the Bank in the ordinary course of business during 2001 and 2000. Total loans outstanding at December 31, 2001 and 2000 to key officers and directors were \$4,021,000 and \$4,325,000, respectively. During 2001, loan advances totaled \$2,417,000, and loan repayments totaled \$2,721,000 on these loans.

Mortgage loans serviced for others are not included on the accompanying balance sheets. The unpaid principal balances of mortgage loans serviced for others were \$95,421,257 and \$106,786,000 at December 31, 2001 and 2000, respectively.

#### Note 6 - Premises and Equipment

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The components of premises and equipment at December 31 are as follows (dollars in thousands):

	2001	2000
Land	\$ 1,814	\$ 1,384
Buildings and improvements	6,876	6,768
Furniture	3,004	3,150
Equipment	2,047	2,748
Construction in process	17	24
<b>Total cost</b>	<b>13,758</b>	<b>14,074</b>
Less accumulated depreciation	6,406	6,837
<b>Total premises and equipment</b>	<b>\$ 7,352</b>	<b>\$ 7,237</b>

During 2001 and 2000, the Bank leased facilities and ATM space under operating leases. Rental expense was approximately \$33,000 and \$20,000 for the year ending December 31, 2001 and 2000, respectively, which is included in occupancy expense.

At December 31, 2001 minimum net rental commitments under noncancelable leases having an original or remaining term of more than one year are \$14,000, due in 2002.

## Note 7 - Deposits

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The composition of deposits is as follows (dollars in thousands):

	Deposits 2001	2000	Interest Expense 2001	2000
Demand deposits, non-interest bearing	\$39,269	\$31,056	--	--
NOW accounts	81,846	61,728	\$2,265	\$3,819
Money markets and savings accounts	113,838	105,575	3,531	2,062
Time certificates \$100,000 and over	43,075	27,463	2,049	1,442
Other time certificates	89,488	88,251	4,980	4,716
	<b>\$367,516</b>	<b>\$314,073</b>	<b>\$12,825</b>	<b>\$12,039</b>

Certificates of deposit at December 31, 2001, are scheduled to mature as follows (dollars in thousands):

	Under \$100,000	Over \$100,000
0 - 90 days	\$28,369	\$7,665
91 - 365 days	36,932	15,995
1 year - 3 years	17,954	10,604
Over 3 years	6,233	8,811
	<b>\$89,488</b>	<b>\$43,075</b>

## Note 8 - Federal Home Loan Bank Borrowings

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Short-term borrowings at December 31, 2001 represent amounts due the Federal Home Loan Bank of Seattle (FHLB) due in varying amounts through February 22, 2002 and bearing interest rates ranging from 1.92% to 5.36%. Long-term borrowings at December 31, 2001 represent amounts due the FHLB due on June 8, 2011 and bearing interest rate of 6.13%. All funds borrowed from the FHLB are secured by a blanket pledge of 15% of the Bank's assets.

Information concerning short-term Federal Home Loan Bank borrowings for the years ended December 31, is summarized as follows (dollars in thousands):

	2001	2000
Average balance during the year	\$18,000	\$27,000
Average interest rate during the year	5.38%	6.47%
Maximum month-end balance during the year	\$28,000	\$31,000
Weighted average interest rate at year end	3.42%	6.62%

## Note 9 - Demand Notes Issued to U.S. Treasury

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Information concerning U.S. Treasury direct investment deposits during 2001 and 2000 is summarized as follows (dollars in thousands):

	2001	2000
Average balance during the year	\$4,000	\$3,000
Average interest rate during the year	3.5%	5.9%
Maximum month-end balance during the year	\$14,000	\$10,216

The Bank has pledged securities totaling \$13,707,000 to the Federal Reserve Bank of San Francisco to secure these direct investment deposits. The Bank has limited the amount the Treasury may deposit at the Bank to a maximum of \$15,000,000.

## Note 10 - Income Taxes

Income taxes are comprised of the following for the years ended December 31 (dollars in thousands):

	2001	2000
Current	\$2,615	\$2,120
Deferred benefit	(184)	(115)
<b>Total income taxes</b>	<b>\$2,431</b>	<b>\$2,005</b>

The following is a reconciliation between the statutory and the effective federal income tax rate for the years ended December 31 (dollars in thousands):

	2001	Percent of Pre-tax Income	2000	Percent of Pre-tax Income
	Amount		Amount	
Income tax at statutory rates	\$3,191	35.0%	\$2,723	35.0%
Increase (decrease) resulting from:				
Tax-exempt income	(712)	(7.8)	(628)	(8.1)
Other	(48)	(.6)	(90)	(1.1)
<b>Total income tax expense</b>	<b>\$2,431</b>	<b>26.6%</b>	<b>\$2,005</b>	<b>25.8%</b>

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31 are (dollars in thousands):

	2001	2000
<b>Deferred Tax Assets</b>		
Allowance for credit losses	\$1,174	\$ 875
Other	120	124
<b>Total deferred tax assets</b>	<b>1,294</b>	<b>999</b>
<b>Deferred Tax Liabilities</b>		
Accumulated depreciation	265	232
Deferred income	759	681
Unrealized gain on securities available for sale	820	260
<b>Total deferred tax liabilities</b>	<b>1,844</b>	<b>1,173</b>
<b>Net deferred tax liabilities</b>	<b>(\$ 550)</b>	<b>(\$ 174)</b>

## Note 11 - Commitments and Contingencies

The Bank is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the balance sheets.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. A summary of the Bank's commitments at December 31 is as follows (dollars in thousands):

	2001	2000
Commitments to extend credit:		
Credit card lines	\$19,903	\$21,650
Other	23,462	18,946
<b>Total commitments to extend credit</b>	<b>\$43,365</b>	<b>\$40,596</b>
Standby letters of credit	\$659	\$624

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank's experience has been that approximately 50% of loan commitments are drawn upon by customers. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the party. Collateral held varies, but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held varies as specified above, and is required in instances which the Bank deems necessary.

The Bank has agreements with commercial banks for lines of credit totaling \$17,000,000 none of which was used at December 31, 2001 and a credit line with the Federal Home Loan Bank totaling 15% of assets, \$500,000 of which was used at December 31, 2001. The Bank has entered into a Blanket Pledge Agreement with the Federal Home Loan Bank to secure this credit line. (See Note 8)

The Bank has entered into an employment contract with certain key employees which provides for contingent payments subject to future events.

The Bank has approved a stock repurchase program, which expires in May 2002 and are limited, in that repurchases can not take regulatory capital ratios below 6%.

## Note 12 - Significant Concentrations of Credit Risk

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Most of the Bank's business activity is with customers located in the State of Washington. Investments in state and municipal securities involve government entities primarily within the State. Loans are generally limited, by state banking regulations, to 20% of the Bank's shareholders' equity, excluding accumulated other comprehensive income (loss). Standby letters of credit were granted primarily to commercial borrowers. The Bank, as a matter of practice, generally does not extend credit to any single borrower or group of related borrowers in excess of \$4,000,000.

## Note 13 - Employee Compensation Plans

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### Stock Option Plan

The Bank has a stock-based option plan under which certain key employees have been granted options to purchase shares of common stock. Under the plan, the Bank may grant options for up to 200,000 shares of its common stock to certain key employees, of which 23,068 were available for grant at December 31, 2001. Options are exercisable at the fair market value of the stock as of the date of grant. All options granted since 1994 are 40% vested on the date of grant, with 20% vesting on each of the three subsequent anniversaries of the grant date. The Bank applies APB Opinion No. 25 and related interpretations in accounting for this plan. Accordingly, no compensation cost has been recognized for the plan. Had compensation cost for the Bank's stock option plan been determined based on the fair value at the grant dates for awards granted since December 31, 1994 under this plan, consistent with the method of SFAS No. 123, the Bank's net income and earnings per share would have been reduced to these pro forma amounts:

	2001	2000
Net income:		
As reported	\$6,686	\$5,774
Pro forma	6,671	5,749
Earnings per share:		
Basic:		
As reported	\$3.08	\$2.51
Pro forma	3.07	2.50
Diluted:		
As reported	3.03	2.48
Pro forma	3.02	2.47

The fair value of each option grant is estimated on the date of grant, based on the Black-Scholes option-pricing model and using the following weighted-average assumptions:

	2001	2000
Dividend yield	3.90%	3.50%
Expected life	10 years	10 years
Risk-free interest rate	5.34%	6.45%

The weighted average fair value of options granted during 2001 and 2000 was \$2.64 and \$6.20, respectively.

A summary of the status of the Bank's stock option plan as of December 31, and changes during the years ending on those dates, is presented below:

	2001		2000	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	72,801	\$22.95	68,949	\$21.15
Granted	6,531	30.09	7,052	35.15
Exercised	(6,400)	11.29	(3,200)	11.00
<b>Outstanding at end of year</b>	<b>72,932</b>	<b>24.61</b>	<b>72,801</b>	<b>22.95</b>
<b>Options exercisable at year-end</b>	<b>64,483</b>	<b>23.55</b>	<b>62,750</b>	<b>21.45</b>

The following information summarizes information about stock options outstanding and exercisable at December 31, 2001:

Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$15.50	7,600	1	\$15.50	7,600	\$15.50
19.06–25.00	43,200	5	21.62	43,200	21.62
30.00–37.00	22,132	8	33.60	13,683	34.11

### Profit Sharing Plans

The Bank has a 401(k) employee benefit plan for those employees who meet eligibility requirements set forth in the plan. Eligible employees may contribute up to 16% of their compensation. The Bank matches two-thirds of the first 6% contributed by participants. Additionally, matching contributions may be made by the Bank pursuant to a prescribed formula based on the Bank's achievement of at least a 1.5% return on assets or 15% return on equity. The Bank contributed \$151,000 and \$142,000 in 2001 and 2000, respectively.

Incentive compensation is awarded to all employees based on the financial performance of the Bank. Cash bonuses are awarded pursuant to a prescribed formula targeted on the Bank achieving a 1.5% return on assets or a 15% return on equity. Amounts awarded under the plan for 2001 and 2000 were \$526,000 and \$443,000, respectively.

### Insurance

The Bank provides certain health care, disability and life insurance benefits for current employees. The cost of health care benefits for employees is recognized as expense when paid. Life insurance benefits for employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The Bank recognizes the cost of providing such benefits by expensing the monthly insurance premiums. For 2001 and 2000, the cost of providing health care, disability and life insurance benefits was \$432,000 and \$430,000, respectively.

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory — and possibly additional discretionary — actions by regulators that, if undertaken, could have a direct material effect on the Bank’s consolidated financial statements. Under capital adequacy guidelines of the regulatory framework for prompt corrective action, the Bank must meet specific capital adequacy guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank’s capital classification is also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Tier 1 capital (as defined in the regulations) to total average assets (as defined), and minimum ratios of Tier 1 and total capital (as defined) to risk-weighted assets (as defined).

As of December 31, 2001, the most recent notification from the Bank’s regulator categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution’s category.

The Bank’s actual capital amounts and ratios are also presented in the table (dollars in thousands). Management believes as of December 31, 2001 that the Bank meets all capital requirements to which it is subject.

	Actual Amount	Ratio	Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
			Amount	Ratio	Amount	Ratio
<b>December 31, 2001</b>						
Tier 1 capital (to average assets)	\$38,601	8.84%	\$17,466	4.00%	\$21,833	5.00%
Tier 1 capital (to risk-weighted assets)	38,601	14.34	10,766	4.00	16,149	6.00
Total capital (to risk-weighted assets)	41,972	15.59	21,532	8.00	26,915	10.00
<b>December 31, 2000</b>						
Tier 1 capital (to average assets)	\$39,794	10.35%	\$15,381	4.00%	\$19,266	5.00%
Tier 1 capital (to risk-weighted assets)	39,794	15.45	10,304	4.00	15,456	6.00
Total capital (to risk-weighted assets)	42,952	16.67	20,609	8.00	25,761	10.00

**Restrictions on Retained Earnings**

The Bank is restricted from paying dividends in an amount that would decrease regulatory capital below the minimum amounts shown above. Under the most restrictive of the Bank’s capital adequacy requirements at December 31, 2001, approximately \$20,000,000 of retained earnings is unrestricted.

## Note 15 - Fair Values of Financial Instruments

The estimated fair values of the Bank's financial instruments at December 31 were as follows (dollars in thousands):

	2001 Carrying Amount	Fair Value	2000 Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and due from banks, and interest bearing deposits in banks	\$ 12,246	\$ 12,246	\$ 13,845	\$ 13,845
Securities available for sale	146,567	146,567	95,398	95,398
Securities held to maturity	7,108	7,236	7,620	7,559
Federal Home Loan bank stock	2,759	2,759	2,577	2,577
Loans held for sale	1,775	1,775	605	605
Loans, net	257,454	254,296	258,667	256,841
Accrued interest receivable	2,663	2,663	2,645	2,645
	2001 Carrying Amount	Fair Value	2000 Carrying Amount	Fair Value
<b>Financial Liabilities</b>				
Deposits	\$367,516	\$369,299	\$314,073	\$313,739
Demand notes issued to U.S. Treasury	596	596	2,240	2,240
Other short-term borrowed funds	27,500	27,500	31,100	31,100
Long-term borrowed funds	350	374	--	--
Accrued interest payable	1,082	1,082	1,211	1,211

## Note 16 - Earnings Per Share Disclosures

Following is information regarding the calculation of basic and diluted earnings per share for the years indicated (dollars in thousands, except per share amounts):

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
<b>Year Ended December 31, 2001</b>			
Basic earnings per share:			
Net income	\$6,686	2,173,387	\$3.08
Effect of dilutive securities:			
Options	--	35,759	(.05)
Diluted earnings per share:			
Net income	\$6,686	2,209,146	\$3.03
<b>Year Ended December 31, 2000</b>			
Basic earnings per share:			
Net income	\$5,774	2,303,440	\$2.51
Effect of dilutive securities:			
Options	--	23,262	(.03)
Diluted earnings per share:			
Net income	\$5,774	2,326,702	\$2.48

The number of shares shown for "options" is the number of incremental shares that would result from exercise of options and use of the proceeds to repurchase shares at the average market price during the year.

## Note 17 - Comprehensive Income

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Net unrealized gains and losses include, net of tax, \$1,091,000 of unrealized gains arising during 2001 and \$1,511,000 of unrealized gains arising during 2000, less reclassification adjustments of \$73,000 for gains and \$29,000 for losses included in net income in 2001 and 2000, respectively, as follows (dollars in thousands):

	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
<b>Year Ended December 31, 2001</b>			
Unrealized holding gains arising during the year	\$1,761	(\$597)	\$1,164
Reclassification adjustment for gains realized in net income	(110)	37	(73)
<b>Net unrealized gain</b>	<b>\$1,651</b>	<b>(\$560)</b>	<b>\$1,091</b>
<b>Year Ended December 31, 2000</b>			
Unrealized holding gains arising during the year	\$2,249	(\$767)	\$1,482
Reclassification adjustments for losses realized in net income	43	(14)	29
<b>Net unrealized gain</b>	<b>\$2,292</b>	<b>(\$781)</b>	<b>\$1,511</b>

**Board of Directors**

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G. Todd Cowan, Vice Chairman  
Gary Hannon, M.D.  
Ken Martin  
Brian Nelson  
Lyman Boyd  
Judy Conner, CPA

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Alan Crain, CPA, Vice President and CFO  
Connie Fritz, Vice President Retail Operations  
Pam James, Vice President and CIO  
Greg Oakes, Vice President and Loan Administrator.

**Administration**

Greg Burck, CPA, Assistant Vice President and Controller  
Barbara Douglass, Assistant Vice President  
Janae O'Brien, Assistant Vice President  
Jan Reinhart, Assistant Vice President  
Dennis Combs, Audit Liaison  
Debbie Vines, Compliance Officer

**Information Services**

Julie Dunlap, Assistant Vice President

**Cashmere**

Jim Geary, Vice President and Manager  
Bruce Law, Assistant Vice President  
Shaune McGill, Operations Supervisor

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Carolyn Early, Assistant Vice President  
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Jill White, Assistant Vice President

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Shawna Alexander, Operations Supervisor  
Carolyn Barnes, Assistant Vice President

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Dorothy Johnson, Operations Supervisor

**Chelan Street**

Jenny Pulver, Operations Supervisor

**Easy Street**

Bryan Campbell, Vice President and Manager  
Annie Horey, Operations Supervisor

**Mortgage Department:**

Larry Bendtsen, Vice President and Manager

**Financial Services Group**

Art Hansen, Vice President

**Contract Purchasing and Leasing**

Michael Schultz, Assistant Vice President

**Retail Investments**

Sean Gross, Assistant Vice President

**Electronic Banking**

Sharon Low, Electronic Banking Coordinator

**Mitchell Reed and Associates**

Ken Martin, CEO  
Mike Reed, President & COO  
Greg Burck, CPA, CFO  
Art Hansen, Secretary & Treasurer

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117 Aplets Way, Cashmere  
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*Leavenworth Office*

980 Highway 2, Leavenworth  
548-5231

*East Wenatchee Office*

199 Valley Mall Parkway, East Wenatchee  
884-0622

*Chelan Street Office*

124 South Chelan Street, Wenatchee  
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*Easy Street Office*

127 Easy Street, Wenatchee  
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*Mortgage Department*

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*Contract Purchasing and Leasing*

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*Retail Investments*

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*Contract Collections*

118 Cottage Avenue, Cashmere  
782-5407

*Insurance Services*

118 Cottage Avenue, Cashmere  
782-0704

*Electronic Banking*

118 Cottage Avenue, Cashmere  
782-5411

*Entiat ATM*

14581 Highway 97A, Entiat

*Plain ATM*

*Plain Grocery*

18632 Beaver Valley Road, Plain

*Pangborn ATM*

*Pangborn Memorial Airport*

*Wenatchee Valley Clinic ATM*

Wenatchee Valley Clinic Main Lobby

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