



COMMUNITY REINVESTMENT ACT STATEMENT

Adopted by the Board of Directors

In conformance with the Community Reinvestment Act of 1977, which was enacted as Title VIII of the Housing and Community Development Act of 1977, the Board of Directors of Twin River Bank does hereby issue this statement and resolution.

Twin River Bank with offices located at 1507 G St, Lewiston, ID 83501, 900 5th Street, Clarkston, Washington, 201 2nd Street, Asotin, Washington, and 3330 10th Street, Lewiston, Idaho has as its primary objective to maintain public confidence and continue to maintain its reputation as a fiscally sound financial institution. These objectives require a reasonably conservative lending policy and an aggressive loan administration program to continue a high proportion of commercial, real estate and installment loans in its investment portfolio.

We wish to operate the Bank profitably and to maintain a base from which increased earnings can be realized in the future. We are limited by the factors of liquidity, risk, flexibility and market.

The management of the Bank believes that a sound loan policy combined with sound loan administration by its officers will result in a sound loan portfolio. A sound loan portfolio is a desirable and profitable means of employing shareholder and depositor funds. Management realizes that the lending of money includes the assumption of reasonable business risks. In the soundest of lending programs, losses will occur; but it is our belief that Bank profits will not be significantly affected by the assumption of reasonable business risks. A no-loss loan policy would be too restrictive and would inhibit severely our future growth. We will minimize loan losses through lending policies established by senior management.

In view of the foregoing, it is hereby resolved by this board that:

I. The bank's assessment area (AA) comprises the cities of Lewiston, Clarkston, and Asotin. The AA contains 16 census tracts, which are contiguous and separated only by the Snake River, the boundary between the States of Washington and Idaho. Cities in the assessment area include Asotin, Clarkston, Culdesac, Kendrick, and Lewiston. See Exhibit B. Occasionally, the Bank will extend credit to borrowers who do not reside in this established market area; but such extensions of credit will be limited to borrowers who exhibit exemplary creditworthiness.

II. Twin River Bank shall endeavor to help meet the needs of the communities it serves, including low and moderate income neighborhoods, offering the loans reflected in

Exhibit A. Loans shall be offered in a manner that is consistent with safe and sound Banking practices. The Bank does not and will not discriminate against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), or because all or part of the applicant's income is derived from public assistance programs, or because the applicant resides in, or is affiliated with, what is considered to be a low or moderate income area.

III. The management of the Bank is hereby directed to keep informed of the credit needs of Lewiston, Clarkston and Asotin; and, in particular, management should involve itself in organizations through personal involvement or through interviews of people involved in organizations that may reflect the needs of the community.

IV. Bank Management will continue to be involved in community affairs in Lewiston, Clarkston and Asotin. It is noted that they actively participate in the Lewis-Clark Chamber of Commerce, Asotin Chamber of Commerce, Valley Boys & Girls Club, Twin County United Way, Saint Joseph Regional Medical Center and the Lewiston Roundup. Also management regularly confers with the Bank's Board of Directors, all of whom are active in community affairs.

V. The complete staff of the Bank is to be trained to become aware that problems do exist in our community. When they are aware of problems that the Bank can help solve, they are to bring them to the attention of management.

VI. Management shall continue to work with the United States Small Business Administration, especially when special programs, educational in nature, are sponsored by them.

VII. Management shall utilize the tools provided by such organizations like the United States Department of Agriculture, available entities participating in the State Small Business Collateral Initiative, as well as others that may help promote and encourage the continuation of small business development.

VIII. The CRA Officer for Twin River Bank will be the Senior Lender.

EXHIBIT A

Unsecured Loans: When in the loan officer's judgment it is in the Bank's best interests to do so, we will lend on an unsecured basis to customers. Because unsecured loans necessarily involve greater risks than secured loans, the following factors should be carefully considered by the loan officer in making the decision:

- A. Customer history
- B. Debt ratio
- C. Maximum loan
- D. Employment
- E. Reason for the loan

Unsecured loans should be made with great caution and only after all of the above factors have been carefully considered.

Automobile Loans: Any loan in which an automobile or other consumer vehicle is used as collateral is classified as an automobile loan.

Home Improvement Loans: Home improvement loans can be made for a variety of reasons including, but not limited to, additions to a home, air conditioning, heating, a new roof, remodeling, swimming pools, fences, landscaping, etc. It is the Bank's policy to take a second mortgage on the real estate that is being improved with debt to value ratios not exceeding 80% of the appraised value of the real estate.

Stocks and Bonds as Collateral: It is the policy of Twin River Bank to not lend on certificated, non-book entry Securities. Book entry securities are exempt from reporting requirements and the Bank is exempt from signing up for the Securities & Exchange program through Thompson Financial as required by law for lending on physical securities. We have made this decision since the bank has had no requests to lend on certificated securities in the past several years and the financial cost for regulatory adherence for the low volume of requests made. Stock and bond loans fall into two categories: First, those made for the purpose of buying margin stocks and second, all other loans secured by stock. First category loans are made according to Regulation U. The second category of loans is made with a 25% margin on stocks listed on the NASDAQ.

Savings and Time Certificate of Deposit Loans: This type of loan is considered to be 100% secured and, when properly documented, is the safest loan a Bank can make. The Bank will loan only against its own savings or Certificates of Deposit and will make such loans for any legitimate purpose.

Mobile Home Loans: The Bank will finance mobile home purchases on a limited basis. A Property Evaluation or Appraisal will be necessary.

Recreational Equipment Loans: This class of loan includes campers, camp trailers, travel trailers, boats, boat motors, boat trailers and motor homes. This type of loan is made to customer who can afford the upkeep, insurance and monthly payment on the recreational equipment.

Commercial Line of Credit: It is our policy to grant all sound, short-term loans to local business customers that the Bank's resources permit and opportunity afford. This is a community responsibility as well as a sound and profitable Banking practice. Short-term lines of credit may be unsecured or may be secured with, among other things, accounts receivable or inventory.

Commercial Term Loans: Term loans are loans, not including qualifying real estate loans, with a maturity greater than one year, which regularly amortize and which are typically repaid from the business' cash flow. The purposes for which the Bank makes term loans are illustrated by, but not limited to, the expansion or modification of plant or equipment, refinancing a present

debt, replenishing working capital depleted by previous expansion.

Fixed Rate Real Estate Loans: The Bank occasionally receives requests for long-term, fixed rate mortgage financing, both residential and commercial. These loans are processed at the Bank and funded through the secondary market. The Bank receives a loan fee for their work in originating the loans.

Variable Rate Real Estate Loans: The Bank's policy is to offer variable rate real estate loans to customers tied to an index. This type of loan is very attractive to the Bank when the quality is sound and the loan to value ratio does not exceed 75 - 80%.

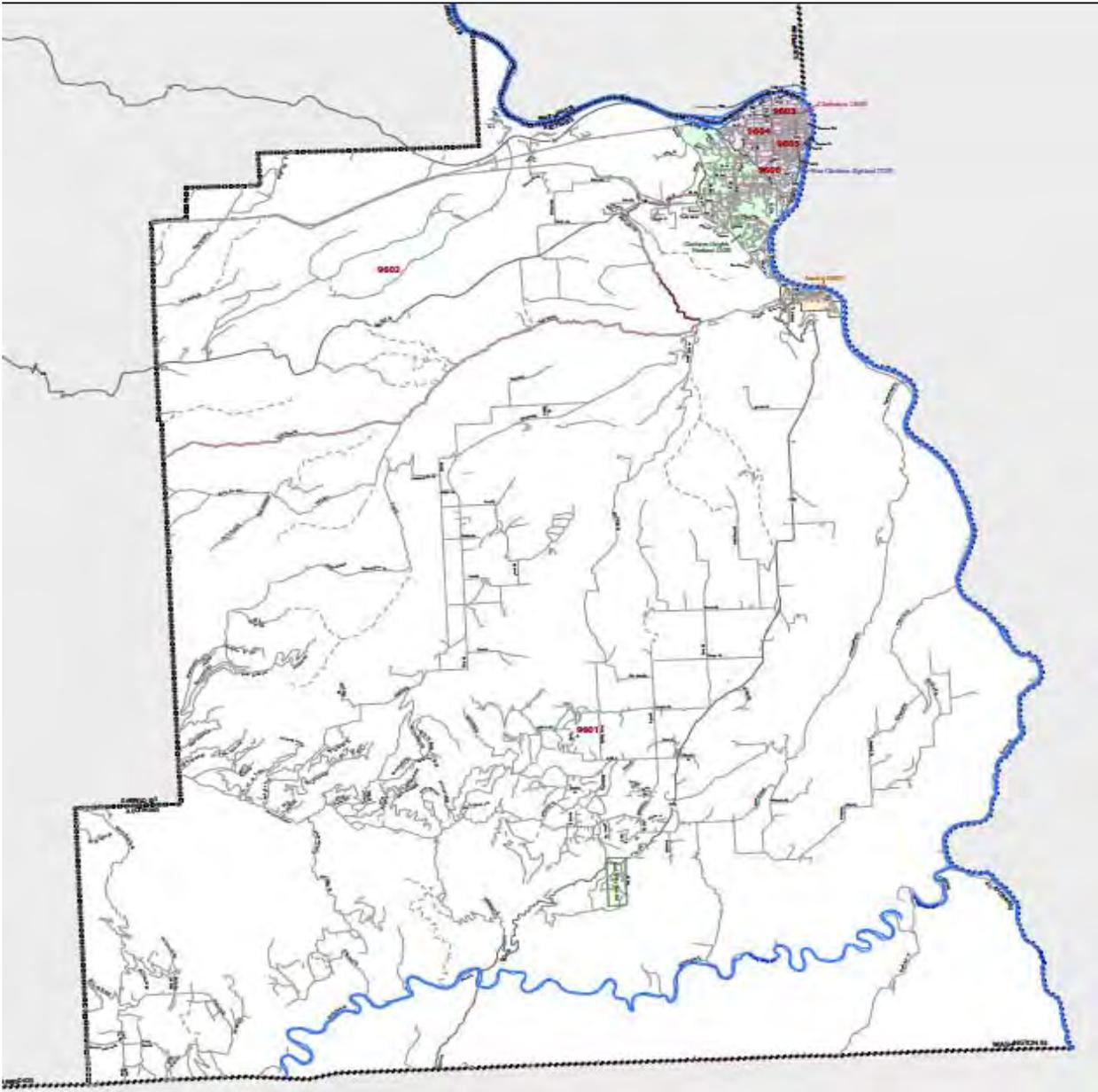
Interim Real Estate Loans: Our Bank's policy is to establish a portfolio which will assure fulfillment of the Bank's responsibilities in (1) keeping its depositors' money safe, (2) earnings income to provide adequate return on its capital, and (3) enabling our community and trade area to grow and prosper. The extension of interim loans is considered a proper form of commercial lending. Because this type of loan is generally very short and is paid when the project is completed, the Bank attempts to make as many loans of this type as can safely be made within the bounds of sound Banking practice.

Land Loans: Land loans for purposes of developing property are made to established customers. Generally, the customer has to demonstrate that construction will go forward on the land within three years. Land loans are not made to speculators on the basis of hopes for future appreciation.

Loans to Small Businesses: Between large corporations and individual consumers are thousands of small businesses whose existence provides the foundation underlying the American philosophy of living. It is the policy of this Bank to provide a complete range of services to the small businessman. Because this type of borrower is generally not as sophisticated as the officers of larger corporations, our loan officers should be prepared to spend sufficient time with the customer to properly analyze and help solve the customer's business problems. Often, it is the need for a consultant, an outside opinion that brings the small businessman to his Banker. Although we may not realize immediate interest income in such instances, customer loyalty is developed, a more stable deposit relationship is nurtured, and referrals are often forthcoming. Small business loans are made after careful consideration is given to the profitability and liquidity of the business, the reason for the loan, the character of the owner, and the collateral offered. Also, the Bank will make Small Business Association insured loans where (1) the term of the loan is too long and the Bank's liquidity requirements dictate that the loan be sold in the secondary market, or (2) the borrowing requirement would put the Bank above its lending limit.

EXHIBIT B

ASOTIN COUNTY BY CENSUS TRACT



NEZ PERCE COUNTY BY CENSUS TRACT



CITY OF LEWISTON

