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For immediate release:
Aug. 7, 2009

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Community First Bank closed, acquired by Home Federal Bank *Customers can expect business as usual*

(Salem) — The Oregon Department of Consumer and Business Services today ordered the closure of Community First Bank and announced its acquisition by Home Federal Bank of Idaho. The department appointed the Federal Deposit Insurance Corporation (FDIC) as receiver of Community First Bank.

Community First Bank's main office is in Prineville, and it has seven branch offices in Bend, Redmond, Madras, LaPine, and Terrebone. All deposit accounts of Community First Bank are being transferred to Home Federal Bank, and will be available immediately. On Monday, Community First Bank branches will reopen as Home Federal Bank. In the meantime, depositors of Community First Bank can continue to access their accounts through automated teller machine transactions, checks, and debit transactions. Loan customers should make their payments as usual.

"While we are saddened to see Community First Bank close, we are pleased that Home Federal Bank is acquiring the bank, to ensure Central Oregonians continue to have a variety of options for financial services," said Cory Streisinger, director of the department. "Community First Bank depositors should experience a seamless transition as their deposits and loans are transferred to Home Federal Bank."

Community First Bank was founded in 1980. As of March 31, 2009, Community First Bank had total assets of approximately \$210 million and total deposits of \$178 million. Based in Nampa, Idaho, Home Federal Bank has \$660 million in total assets and \$376 million in total deposits. Home Federal Bank was founded in 1920 and has 15 branches throughout the Treasure Valley region in southwestern Idaho.

Because Home Federal Bank is acquiring all of Community First Bank's operations – including its deposits, loans, and the majority of its assets – there won't be any losses for former Community First Bank depositors who have deposits exceeding the FDIC Deposit Insurance amount.

David Tatman, administrator of the department's Division of Finance & Corporate Securities, said Community First Bank had been experiencing critically low levels of capital, and ultimately, became insolvent. The bank's problems resulted primarily from a heavy dependence on residential construction loans, many of which were of poorer quality and were not performing or being repaid when the economy deteriorated.

"In these current economic conditions, Community First Bank was not able to resolve these significant issues," Tatman said.

Community banks in Oregon and across the nation continue to face significant challenges due to the downturn in the economy, particularly the real estate market. High levels of nonperforming real estate loans are reducing capital and earnings at many banks.

Community First Bank is the third Oregon bank to close this year and among more than 70 banks in the nation to close this year. Two banks in Oregon closed in February: the deposits of Pinnacle Bank in Beaverton were

assumed by Washington Trust Bank of Spokane, Wash., and the deposits of Silver Falls Bank were assumed by Citizens Bank of Corvallis. No Oregon depositor has lost money as the result of a bank closure.

“Although the economy is showing signs of a recovery, it’s too soon to say that the banking industry is out of the woods,” Streisinger said. “While we don’t foresee any more bank closures in the immediate future, additional consolidation among Oregon banks is a possibility as the recession continues.”

Streisinger noted that in addition to continued softness in the residential real estate market, increased weakness in commercial income property is making it difficult for banks to recover from the downturn.

“The coming months may continue to be challenging, but we remain confident that most of Oregon’s community banks will emerge from the downturn strong and continue to serve their communities for many years to come,” she said.

The FDIC has established a Web site and a toll-free phone number to answer questions from depositors, creditors, and other interested parties regarding the receivership of Community First Bank. The Web site is <http://www.fdic.gov/bank/individual/failed/community-prineville.html>, and the toll-free phone number is 1-800-913-3062. The phone number will be operational this evening until 9 p.m., PDT; on Saturday from 9 a.m. to 6 p.m., PDT; on Sunday from noon to 6 p.m., PDT; and thereafter from 8 a.m. to 8 p.m., PDT.

Deposits of all banks are now insured by the FDIC up to \$250,000. Special rules are in place for accounts held in trust status, joint accounts, and non-interest bearing transaction accounts that may further expand deposit insurance coverage. You can find additional information on FDIC Deposit Insurance and other protections for your financial accounts at http://egov.oregon.gov/DCBS/safe_money.shtml.

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. The department’s Division of Finance and Corporate Securities regulates Oregon financial institutions. For more information on Oregon banks as well as frequently asked questions about today’s transaction, visit www.dfcs.oregon.gov.

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