

UBI # 601 834 336

APPROVED

John Bley
Director of Financial Institutions

**ARTICLES OF INCORPORATION
OF
COMMUNITY FIRST BANK**

The undersigned, citizens of the United States, and acting as the incorporators of a banking corporation under the banking laws of the State of Washington, being over the age of eighteen (18) years, adopts in triplicate the following Articles of Incorporation:

STATE OF WASHINGTON

**ARTICLE I
NAME**

NOV 24 1997

RALPH MUNRO
SECRETARY OF STATE

The name of the corporation shall be COMMUNITY FIRST BANK.

**ARTICLE II
HEAD OFFICE**

The head office and principal place of business of this corporation shall be located at 7601 W. Clearwater Avenue, in the City of Kennewick, County of Benton, State of Washington.

**ARTICLE III
PURPOSE**

The purpose for which the corporation is organized is to carry on such activities as are permitted to banks under applicable law.

**ARTICLE IV
CAPITALIZATION**

The total number of shares of stock which the corporation is authorized to issue is One Million (1,000,000) shares of Common Stock with a par value of One Dollar (\$1.00) per share.

**ARTICLE V
SHAREHOLDER RIGHTS**

5.1 Shareholders shall not have a preemptive right to acquire unissued shares of capital stock of the corporation, whether now or hereafter authorized, or to acquire any obligations issued or sold which are convertible into stock of the corporation, other than such rights, if any, as the Board of Directors, in its discretion, may from time to time determine, and at such price as the Board of Directors may from time to time fix.

5.2 Each share of the capital stock of this corporation shall be entitled to one vote at all meetings of shareholders. Each shareholder entitled to vote at any election for directors shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, and no shareholder shall be entitled to cumulate his votes.

ARTICLE VI BOARD OF DIRECTORS

6.1 The Board of Directors shall consist of not fewer than five (5) or more than fifteen (15) persons. The exact number within such minimum and maximum limits shall be fixed and determined by resolution of the Board of Directors. The number of directors elected by the shareholders at the last preceding annual meeting may be increased by not more than two (2) directors by the Board between annual meetings of the shareholders, and no decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

6.2 Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder of any outstanding class of stock of the corporation entitled to vote for the election of directors. Nominations, other than those made by the Board of Directors must be made in writing and delivered or mailed to the Chairman of the corporation not less than fourteen (14) days nor more than sixty (60) days prior to any meeting of shareholders called for the election of directors; provided, however, if less than twenty-one (21) days' notice of the meeting is given to shareholders, such nominations shall be mailed or delivered not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of stock of the corporation that will be voted for each proposed nominee; (d) the name and address of the notifying shareholder; and (e) the number of shares of common stock of the corporation owned by the notifying shareholder. Any nomination not made in accordance with these provisions may, at the discretion of the Chairperson of the meeting, be disregarded.

6.3 The initial Board of Directors of this corporation shall be composed of eleven (11) directors. The names and places of residence of the persons who, as directors, are to manage the corporation until the first annual meeting of its shareholders and until their successors are elected and shall qualify are:

<u>Name</u>	<u>Address</u>
Lee A. Adams	6515 W. Clearwater Suite 214 Kennewick, WA 99336
Robert D. Bertsch	3905 S. Olson Court Kennewick, WA 99337
Stephen Ewer	216 W. 10 th Avenue #208 Kennewick, WA 99336
J. Tyler Haberling	1704 Silverwood Drive Richland, WA 99352
Floyd E. Ivey	404 N. Underwood Kennewick, WA 99336
Gregory S. Markel	8627 Gage Blvd. Kennewick, WA 99336
Michael R. McWhorter	609 South Jefferson Kennewick, WA 99336
Monte R. Nail	511 S. Grant Kennewick, WA 99336
Richard L. Peenstra	1508 S. Van Buren Kennewick, WA 99338
Bruce W. Ratchford	1207 W. Columbia Drive Kennewick, WA 99336
David V. Story	827 Columbia Drive SE Richland, WA 99352

ARTICLE VII
FAIR PRICE PROVISION

7.1 For purposes of this Article:

(a) An interested shareholder transaction means any transaction between a corporation, or any subsidiary thereof, and an interested shareholder of such corporation or an affiliated person to an interested shareholder, that must be authorized pursuant to applicable law by a vote of the shareholders.

(b) An interested shareholder:

(1) Includes any person or group of affiliated persons who beneficially own twenty percent or more of the outstanding voting shares of a corporation. An affiliated person is any person who either acts jointly or in concert with, or directly or indirectly controls, is controlled by, or is under common control with another person; and

(2) Excludes any person who, in good faith and not for the purpose of circumventing this Article, is an agent, custodial bank, broker, nominee, or trustee for another person, if such other person is not an interested shareholder under Section 7.1(b)(1) of this Article.

7.2 Except as provided in Section 7.3 of this Article, an interested shareholder transaction must be approved by the affirmative vote of the holders of two-thirds of the shares entitled to be counted under this Section 7.2, or if any class of shares is entitled to vote thereon as a class, then by the affirmative vote of two-thirds of the shares of each class entitled to be counted under this Section 7.2 and of the total shares entitled to be counted under this Section 7.2. All outstanding shares entitled to vote under applicable law or the Articles of Incorporation shall be entitled to be counted under this Section 7.2, except shares owned by or voted under the control of an interested shareholder may not be counted to determine whether shareholders have approved a transaction for purposes of this Section 7.2. The vote of the shares owned by or voted under the control of an interested shareholder, however, shall be counted in determining whether a transaction is approved under other provisions of applicable law and for purposes of determining a quorum.

7.3 This Article shall not apply to a transaction:

(a) Approved by a majority vote of the board of directors. For such purpose, the vote of directors whose votes are otherwise entitled to be counted under the Articles of Incorporation and applicable law who are directors or officers of, or have a material financial interest in, an interested shareholder, or who were nominated for election as a director as a result of an arrangement with an interested shareholder and first elected as a director within twenty-four months of the proposed transaction, shall not be counted in determining whether the transaction is approved by such directors; or

(b) In which a majority of directors whose votes are entitled to be counted under Section 7.3(a) determines that the fair market value of the consideration to be received by noninterested shareholders for shares of any class of which shares are owned by any interested shareholder is not less than the highest fair market value of the consideration paid by any interested shareholder in acquiring shares of the same class within twenty-four months of the proposed transaction.

7.4 This Article may be amended or repealed only by the affirmative vote of the holders of two-thirds of the shares entitled to be counted under this Section 7.4. All outstanding shares entitled to vote under applicable law or the Articles of Incorporation shall be entitled to be counted under this Section 7.4, except shares owned by or voted under the control of an interested shareholder may not be counted to determine whether shareholders have voted to approve the amendment or repeal. The vote of the shares owned by or voted under the control of an interested shareholder, however, shall be counted in determining whether the amendment or repeal is approved under other provisions of applicable law and for purposes of determining a quorum.

7.5 The requirements imposed by this Article are to be in addition to, and not in lieu of, requirements imposed on any transaction by any provision of applicable law, or any other provision of the Articles of Incorporation, or the Bylaws or otherwise.

ARTICLE VIII CONSIDERATION OF NON-MONETARY FACTORS

The Board of Directors of the corporation, when evaluating any offer of another party to (a) make a tender or exchange offer for any equity security of the corporation, (b) merge or consolidate the corporation with another corporation, or (c) purchase or otherwise acquire all or substantially all of the properties and assets of the corporation, shall, in connection with the exercise of its judgment in determining what is in the best interests of the corporation and its stockholders, give due consideration to all relevant factors, including without limitation the social and economic effects on the employees, customers, suppliers, and other constituents of the corporation and its subsidiaries and on the communities in which the corporation and its subsidiaries operate or are located.

ARTICLE IX DIRECTOR LIABILITY AND INDEMNIFICATION

9.1 **Definitions.** As used in this Article:

(a) The term "Egregious Conduct" by a person shall mean acts or omissions that involve intentional misconduct or a knowing violation of law, conduct violating Section 23B.08.310 of the Revised Code of Washington, as amended, or participation in any transaction

from which the person will personally receive a benefit in money, property, or services to which the person is not legally entitled.

(b) The term "Finally Adjudged" shall mean stated in a judgment based upon clear and convincing evidence by a court having jurisdiction, from which there is no further right to appeal.

(c) The term "Director" shall mean any person who is a director of the corporation and any person who, while a director of the corporation, is serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, limited liability company, partnership, joint venture, trust, or other enterprise, or is a fiduciary or party in interest in relation to any employee benefit plan covering any employee of the corporation or of any employer in which it has an ownership interest; and "conduct as a Director" shall include conduct while a Director is acting in any of such capacities.

(d) The term "Officer-Director" shall mean any person who is simultaneously both an officer and director of the corporation and any person who, while simultaneously both an officer and director of the corporation, is serving at the request of the corporation as a director, officer, manager, partner, trustee, employee, or agent of another foreign or domestic corporation, limited liability company, partnership, joint venture, trust, or other enterprise, or is a fiduciary or party in interest in relation to any employee benefit plan covering any employee of the corporation or of any employer in which it has an ownership interest; and "conduct as an Officer-Director" shall include conduct while such a person is acting as an officer of the corporation or in any of such other capacities.

(e) The term "Subsidiary Corporation" shall mean any corporation or limited liability company at least eighty percent of the voting interests of which is held beneficially by this corporation.

(f) The term "Subsidiary Outside Director" shall mean any person who, while not principally employed by this corporation or any Subsidiary Corporation, is a director or manager of a Subsidiary Corporation and any such person who, while a director or manager of a Subsidiary Corporation, is serving at the request of such corporation as a director, officer, manager, partner, trustee, employee, or agent of another foreign or domestic corporation, limited liability company, partnership, joint venture, trust, or other enterprise, or is a fiduciary or party in interest in relation to any employee benefit plan covering any employee of such corporation or of any employer in which it has an ownership interest; and "conduct as a Subsidiary Outside Director" shall include conduct while such a person is acting in any of such capacities.

9.2 Liability of Directors. No Director, Officer-Director, former Director or former Officer-Director shall be personally liable to the corporation or its shareholders for monetary damages for conduct as a Director or Officer-Director occurring after the effective date of this Article unless the conduct is Finally Adjudged to have been Egregious Conduct.

9.3 Liability of Subsidiary Outside Directors. No Subsidiary Outside Director or former Subsidiary Outside Director shall be personally liable in any action brought directly by this corporation as a shareholder of the Subsidiary Corporation or derivatively on behalf of the Subsidiary Corporation (or by any shareholder of this corporation double-derivatively on behalf of this corporation and the Subsidiary Corporation) for monetary damages for conduct as a Subsidiary Outside Director occurring after the effective date of this Article unless the conduct is Finally Adjudged to have been Egregious Conduct.

9.4 Mandatory Indemnification of Directors. Subject to Sections 9.7 and 9.8 of this Article, the corporation shall indemnify any person who is, or is threatened to be made, a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, and whether by or in the right of the corporation or its shareholders or by any other party, by reason of the fact that the person is or was a Director, Officer-Director, or Subsidiary Outside Director against judgments, penalties or penalty taxes, fines, settlements (even if paid or payable to the corporation or its shareholders or to a Subsidiary Corporation) and reasonable expenses, including attorneys' fees, actually incurred in connection with such action, suit or proceeding unless the liability and expenses were on account of conduct Finally Adjudged to be Egregious Conduct.

9.5 Advancing Expenses. Except as prohibited by Sections 9.7 and 9.8 of this Article, the reasonable expenses, including attorneys' fees, of a Director, Officer-Director, Subsidiary Outside Director, or person formerly serving in any such capacities, incurred in connection with an action, suit or proceeding in which the individual is entitled to indemnification under Section 9.4 shall be paid or reimbursed by the corporation, upon request of such person, in advance of the final disposition of such action, suit or proceeding upon receipt by the corporation of a written, unsecured promise by the person to repay such amount if it shall be Finally Adjudged that the person is not eligible for indemnification. All expenses incurred by such person in connection with such action, suit or proceeding shall be considered reasonable unless Finally Adjudged to be unreasonable.

9.6 Procedure. Except as required by Sections 9.7 and 9.8 of this Article, no action by the Board of Directors, the shareholders, independent counsel, or any other person or persons shall be necessary or appropriate to the determination of the corporation's indemnification obligation under this Article in any specific case, to the determination of the reasonableness of any expenses incurred by a person entitled to indemnification under this Article, nor to the authorization of indemnification in any specific case.

9.7 Exception for Internal Claims. Notwithstanding anything else in these Articles, the corporation shall not be obligated to indemnify any person for any expenses, including attorneys' fees, incurred to assert any claim against the corporation (except a claim to enforce rights to indemnification) or any person related to or associated with it, including any person who would be entitled hereby to indemnification in connection with the claim.

9.8 Exception for Regulatory Claims.

(a) Regulatory Proceedings Generally. Notwithstanding anything else in these Articles, indemnification of any Director, Officer-Director or Subsidiary Outside Director, or any person formerly serving in any such capacities, and advancement of expenses in connection with either an administrative proceeding or a civil action instituted by a federal banking agency ("Regulatory Proceedings") shall be governed by this Section.

(b) Banking Regulations Defined. The term "Banking Regulations" shall mean any state or federal laws or regulations applicable to the corporation, or any formal policies adopted by a regulatory agency having jurisdiction over the corporation.

(c) Indemnification in Regulatory Proceedings. The corporation shall provide indemnification and advancement of expenses in connection with Regulatory Proceedings to the extent permitted, and in the manner prescribed by Banking Regulations. Insurance and other means to ensure payment of costs and expenses in Regulatory Proceedings may be obtained or provided to the extent permitted and in the manner prescribed by Banking Regulations.

(d) Federal Deposit Insurance Corporation. Notwithstanding anything else in these Articles, the Articles are subject to the requirements and limitations set forth in state and federal laws, rules, regulations, and orders regarding indemnification and prepayment of legal expenses and liabilities, including Section 18(k) of the Federal Deposit Insurance Act, as amended, and Part 359 of the Federal Deposit Insurance Corporation's Rules and Regulations or any successor regulations. To the extent of any conflict between state and federal law regarding the interpretation and scope of the Articles, federal law shall supercede and control.

9.9 Enforcement of Rights. The corporation shall indemnify any person granted indemnification rights under this Article against any reasonable expenses incurred by the person to enforce such rights.

9.10 Set-off of Claims. Any person granted indemnification rights herein may directly assert such rights in set-off of any claim raised against the person by or in the right of the corporation and shall be entitled to have the same tribunal which adjudicates the corporation's claim adjudicate the person's entitlement to indemnification by the corporation.

9.11 Continuation of Rights. The indemnification rights provided in this Article shall continue as to a person who has ceased to be a Director, Officer-Director, or Subsidiary Outside Director and shall inure to the benefit of the heirs, executors, and administrators of such person.

9.12 Effect of Amendment or Repeal. Any amendment or repeal of this Article shall not adversely affect any right or protection of a Director, Officer-Director, or Subsidiary Outside Director or person formerly serving in any of such capacities existing at the time of such amendment or repeal with respect to acts or omissions occurring prior to such amendment or repeal.

9.13 Severability of Provisions. Each of the substantive provisions of this Article is separate and independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions.

ARTICLE X REPURCHASE OF SHARES

To the extent authorized by the Washington Director of Financial Institutions and the Federal Deposit Insurance Corporation, as applicable, the corporation may use its unreserved and unrestricted surplus to purchase its own shares which will be held as authorized but unissued shares.

ARTICLE XI AMENDMENT TO BYLAWS

The Board of Directors shall have full power to adopt, alter, amend, or repeal the Bylaws or adopt new Bylaws; provided nothing herein shall deny the concurrent power of the shareholders to adopt, alter, amend, or repeal the Bylaws so long as any Bylaw is not inconsistent with law or these Articles.

ARTICLE XII AMENDMENT TO ARTICLES

This corporation reserves the right to amend all or change or repeal any provision contained in its Articles of Incorporation in any manner now or hereafter prescribed or permitted by law. All rights of shareholders of this corporation are granted subject to this reservation.

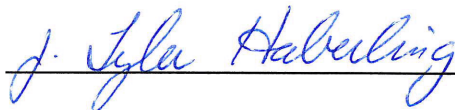
IN WITNESS WHEREOF, we, the incorporators, have hereunto set our hands this 11TH day of July, 1997. This document may be signed in two or more counterparts, manually or via facsimile, each of which will be deemed an original, but all of which together will constitute one and the same instrument.



Lee A. Adams



Robert E. Bertsch



J. Tyler Haberling



Floyd E. Ivey



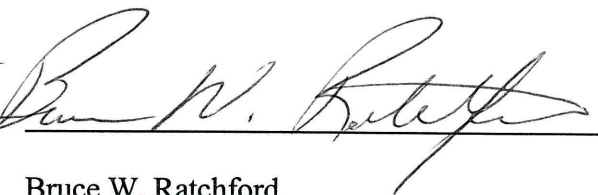
Gregory S. Markel



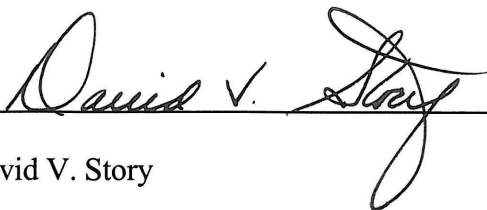
Monte R. Nail



Richard L. Peenstra



Bruce W. Ratchford

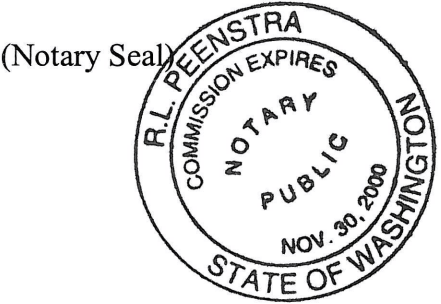


David V. Story

STATE OF WASHINGTON)
) ss.
County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Lee A. Adams, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.



R.L. PEENSTRA
Signature

R.L. PEENSTRA
Please print name

Notary Public in and for the State of
Washington, residing at KENNEWICK
My Commission Expires: 11-30-2000

STATE OF WASHINGTON)
) ss.
 County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert E. Bertsch, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.

(Notary Seal)



[Handwritten Signature]
 Signature

R.L. PEENSTRA
 Please print name

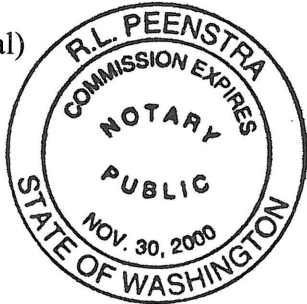
Notary Public in and for the State of
 Washington, residing at KENNEWICK
 My Commission Expires: 11-30-2000

STATE OF WASHINGTON)
) ss.
County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Floyd E. Ivey, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.

(Notary Seal)



[Handwritten Signature]
Signature

R.L. PEENSTRA
Please print name

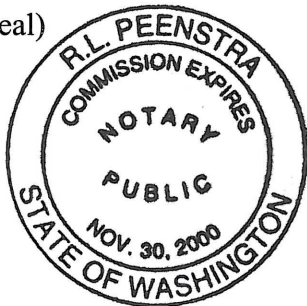
Notary Public in and for the State of
Washington, residing at KENNEWICK
My Commission Expires: 11-30-2000

STATE OF WASHINGTON)
) ss.
 County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Gregory S. Markel, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.

(Notary Seal)



[Handwritten Signature]
 Signature

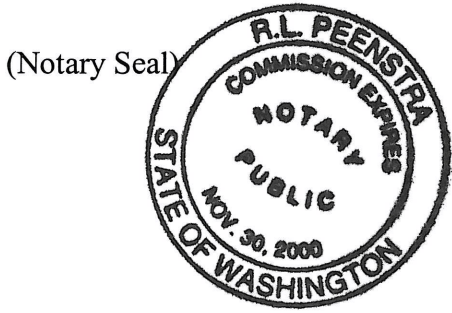
R. L. PEENSTRA
 Please print name

Notary Public in and for the State of
 Washington, residing at KENNEWICK
 My Commission Expires: 11-30-2000

STATE OF WASHINGTON)
) ss.
County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Monte R. Nail, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.



[Handwritten Signature]
Signature

R. L. PEENSTRA
Please print name

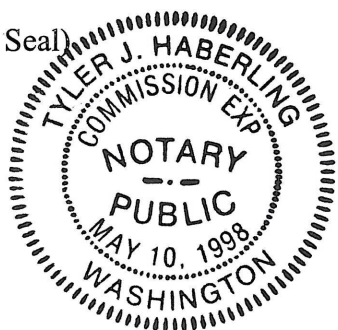
Notary Public in and for the State of
Washington, residing at KENNEWICK
My Commission Expires: 11-30-2000

STATE OF WASHINGTON)
) ss.
County of Benton)

On the _____ day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Richard L. Peenstra, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.

(Notary Seal)



J. Tyler Haberling
Signature

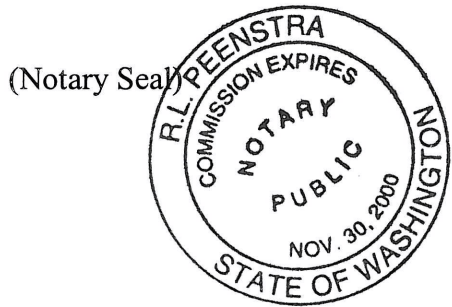
J. TYLER HABERLING
Please print name


Notary Public in and for the State of
Washington, residing at Kennewick
My Commission Expires: 5-10-98

STATE OF WASHINGTON)
) ss.
County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Bruce W. Ratchford, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.




Signature

R. L. PEENSTRA
Please print name

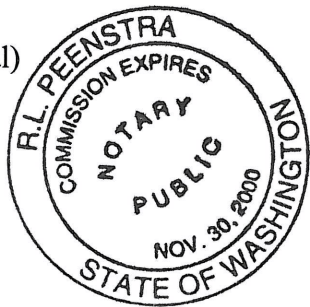
Notary Public in and for the State of
Washington, residing at KENNEWICK
My Commission Expires: 11-30-2000

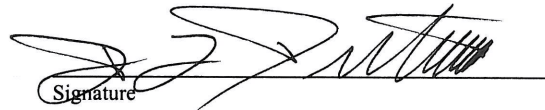
STATE OF WASHINGTON)
) ss.
County of Benton)

On the 11th day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared David V. Story, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereunto affixed, the day and year of this Certificate above written.

(Notary Seal)




Signature


Please print name

Notary Public in and for the State of
Washington, residing at KENNEWICK
My Commission Expires: 11-30-2000