

RiverLines

A Quarterly Publication of Two Rivers Bank

Spring 2008

Mortgages, Safe and Sound



We have all heard a lot lately about the big rise in foreclosures. The news media have spent many hours of air time and thousands of words de-

tailing how these foreclosures are the result of defaults on subprime loans—that is, loans made to people with a less-than-perfect credit history.

With all the attention focused on this issue, there's been some confusion about the source of those bad loans. A lot of people incorrectly think that banks are somehow responsible. Because when most people think about loans, they think about banks. After all, that's where the money comes from—doesn't it?

That's not the case here. Most banks don't make the kinds of loans that have led to these foreclosures. The majority of those bad loans were made by lenders—mortgage brokers and mortgage companies—that operate outside the rules governing the banking industry. Those non-bank lenders aren't required to make the same commitment to safety and soundness that banks do.

When banks make loans, we must look very carefully at the borrower's resources and ability to pay. We don't want to see you get caught in a cash-flow crunch, or fall behind in payments and lose your home. That's why we examine your credit history, income and other resources, before we approve a loan. We want to be certain that you can afford to repay it with room to spare.

Banks don't do this simply because we have many government regulations that we have


to meet. We do it because we want to *keep* you in your house, not put you in a house you can't afford, just so we can make money off the loan.

You are our customers. Your financial well-being is one of our chief concerns.

A lot of the subprime loans that led to foreclosures contained terms the borrowers simply could not meet. They shouldn't have been made in the first place. Those borrowers, much as they might have dreamed about owning a house, lacked the ability to pay back the money.

When it came to the real estate boom of the last few years, we were prudent where many non-banks were not. That puts Two Rivers Bank in a great position to keep mortgage dollars flowing to creditworthy borrowers in the communities we serve.

The staff of Two Rivers Bank is here to help you find solutions to your financial needs. That's why the best place to start your search for a mortgage loan is with us. We're prepared to advise you on the best options for your situation because we want you as our customer for a long time, not just the time it takes to sign a mortgage document at closing.

Now is actually the perfect time to lock in a great mortgage rate. Our mortgage specialists, Holly Rogge in Blair and LeeAnn Wilcox in Arlington, are waiting to help make your dreams come true. Contact Holly at 426-9500 or hollyr@2riversbank.com. LeeAnn can be reached at 478-4114 or leeannw@2riversbank.com. They are waiting to hear from you! 



Positive Thoughts

Dear Friends,

It is hard to open the paper or turn on the TV anymore and not hear some

of the bad news regarding the economy and, more specifically, about banking. The sub-prime mortgage debacle and other credit issues in banking are making headlines. While one should not ignore the recent publicity, you should understand the majority of the bad news is associated with a small number of large banking institutions. Here at Two Rivers Bank, we prefer to focus on the positive news from the last year and the outlook for the future.

The bank enjoyed another good year in 2007 and here are a few highlights:


- Growth in total assets was near 7%, exceeding expectations.
- Growth in total loans was near 8%, exceeding expectations.
- Growth in total deposits was 3%, but non-maturity deposit growth was over 9%.
- Growth in net income was over 8% and equated to an ROA near 0.90%. While this was below expectations, it falls in line with industry peers.
- The bank has continued to operate efficiently, while supplying the best in customer service.
- The bank and holding company successfully converted to a Subchapter S tax election during the year.
- Bank management has continued to address strategic initiatives and has updated the action plan based upon market conditions and risks.

- The bank has continued to be a strong corporate citizen by donating to local philanthropies and civic groups. We have also been proud of our employees as involvement in the communities is higher than ever before.
- We have added Karen Aman to our board of directors. She is a strong business leader with great knowledge.

As we progress through the first quarter of 2008, Two Rivers Bank assets now exceed \$115 million and our strong growth pattern will continue well into the future. We continue to overcome the challenges of the economy and the industry. The bank remains highly profitable, efficiently managed, and strong. Our solid capital ratio allows us to keep reinvesting into the communities we serve. The new building project continues to progress and the response from the community has been very favorable. We are proud to be a part of the continued growth in the community and are excited about the future. Our employees continue to work hard to exceed the expectations of our most important asset—our increasing loyal customer base. Look for more exciting news in 2008 regarding new products and services.

Speaking of positive thoughts, let's all hope for an early spring after a long and cold winter season!

Warm regards,

Randy Lock
President/CEO 

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makes it easy to maximize deductions. TurboTax Online Premier also helps with investments and rental properties. And TurboTax Online Home & Business can simplify your Schedule C. These TurboTax products are also available for purchase in downloadable versions.**

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New Manager in Arlington




Randy W. Lock, president and CEO of Two Rivers Bank, has announced a new manager for the Arlington branch.

Scott Hoffschneider, senior vice-president, will assume his new

duties immediately, overseeing the day-to-day management of the branch. Scott has been with Two Rivers since 1998, specializing in agricultural lending.

Scott is actively involved with the 4-H Club and Future Producers in Washington County, is a member of the Arlington Lions Club, Washington County Feeders, Logan View Boosters and currently serves as treasurer for St. Paul Lutheran Church in Arlington.

This restructure of bank duties will allow Carol Wasenius, previous branch manager, to continue with her 2007 appointment to Chief Operating Officer at Two Rivers Bank. LeeAnn Wilcox, assistant vice-president, will assist Scott with lending responsibilities in Arlington. 



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TRB prides itself on making convenience and customer service our top priority. Our lobbies are open 8 AM to 4:30 PM Monday-Wednesday and Friday, and until 6 PM Thursdays.

Looking for a Gift?

It might still be cold out, but spring is just around the corner... and with that comes graduation, Mother's Day and weddings. Can't decide on the ideal gift? Your search is over! The Two Rivers Bank Visa Gift Card is the gift everyone loves.

With three different designs, you're sure to find one that's just right for your spe-

cial someone. Two Rivers Bank Visa Gift Cards are available in amounts from \$25 to \$500. Cost is only \$3.95 each - a small price to pay for the perfect gift! They are accepted by any merchant who accepts Visa. 



News & Bank Notes



Top left: Vice President Carol Suhr recently completed the 2008 Bank Compliance School in Omaha. The school was designed to provide compliance and audit personnel with information regarding all federal and state regulations covered in on-site compliance examinations by federal and state regulatory agencies. The school was sponsored by the Kansas and Nebraska Bankers Associations.



Bottom left: Two Rivers Bank is pleased to welcome Richelle Johannes to the Blair team. Richelle is the new branch deposit supervisor. Stop in and say hello today! 