

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: Eagle Bank (Proposed)
Polson, Lake County, Montana
Application for Federal Deposit Insurance
(Deposit Insurance Fund)

Application for Federal Deposit Insurance

ORDER

The FDIC has satisfactorily resolved the factors enumerated in section 6 of the Federal Deposit Insurance Act, as they relate to the application for Federal deposit insurance submitted by Eagle Bank, a proposed new bank to be located in Polson, Montana. Accordingly, it is hereby ORDERED that the application be approved, subject to the following conditions:

1. Beginning paid-in capital funds shall not be less than \$3,500,000.
2. The institution's Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance from the institution's primary federal regulator) shall be maintained at not less than eight percent (8%) throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided.
3. The institution shall operate within the parameters of the business plan submitted as part of the institution's application for deposit insurance. During the first three years of operation, the bank shall notify the regional director of the FDIC of any proposed major deviation or material change from the submitted plan 60 days before consummating the change.
4. The institution will comply with the Commitment Letter to the FDIC dated April 17, 2006, executed by Eagle Bank, the Confederated Salish and Kootenai Tribes of the Flathead Reservation, and the Tribal Council of the Confederated Salish and Kootenai Tribes of the Flathead Reservation.
5. Any changes in proposed management or the proposed ownership of 10% or more of stock, including new acquisitions of or subscriptions to 10% or more of stock, shall be approved by the FDIC prior to opening.
6. An accrual accounting system shall be adopted for maintaining the financial records of the institution.
7. Federal deposit insurance shall not become effective until the applicant is authorized to operate as a State bank by the appropriate State authority.
8. Where applicable, full disclosure has been made to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions being

effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An insider is one who is or is proposed to be a director, officer, or incorporator of an applicant; a shareholder who directly or indirectly controls 10 or more percent of any class of the applicant's outstanding voting stock; or the associates or interests of any such person.

9. Prior to the effective date of Federal deposit insurance, the Bank shall obtain surety bond coverage in a sufficient amount to conform to generally accepted banking practices.
10. The institution shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and shall submit to the appropriate FDIC regional director, (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the depository institution's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the institution, and (iii) written notification within 15 days when a change in the institution's independent auditor occurs.
11. No dividends will be paid by the Bank during the first three years of operations without the prior approval of the FDIC Regional Director.
12. If deposit insurance has not become effective within twelve months from the date of this ORDER, the consent granted herein shall expire, unless the Corporation approves a request for an extension of the deadline prior to the expiration; and
13. Until the bank is established, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development warrant such action.

By Order of the Associate Director, Division of Supervision and Consumer Protection, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated at Washington, D.C. this 19th day of July, 2006.

/s/

Lisa K. Roy
Associate Director
Division of Supervision and
Consumer Protection

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: Eagle Bank (In organization)
Polson, Lake County, Montana
Application for Federal Deposit Insurance
(Deposit Insurance Fund)

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815), an application for Federal deposit insurance has been filed for Eagle Bank (the Bank), a proposed new Montana state non-member bank, to be located at 80 Heritage Lane, Polson, Lake County, Montana.

The Bank will be a wholly-owned subsidiary of Salish and Kootenai Bancorporation, one-bank holding company, which is a wholly-owned subsidiary of the Confederated Salish and Kootenai Tribes of the Flathead Reservation.

The Bank will offer traditional banking services for members of the Confederated Salish and Kootenai Tribes of the Flathead Reservation as well as permanent and part-year residents populating the area near Flathead Lake.

For the purposes of this proposal, capital and management are considered satisfactory, projections for future earnings prospects are favorable, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No formal objections to this proposal have been filed and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Associate Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**