



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 13, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Twin River National Bank
Charter Number: 16814

900 5th Street
Clarkston, WA 99403

Office of the Comptroller of the Currency

Salt Lake City Field Office
2795 E. Cottonwood Parkway Suite 390
Salt Lake City, UT 84121-7029

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Multistate Metropolitan Area Name: Lewiston ID-WA MSA 30300

Rating: Satisfactory

- Twin River National Bank's (TRNB's) loan-to-deposit (LTD) ratio is reasonable in comparison to similarly situated banks in Washington and Idaho.
- A majority of the bank's loans originated during the evaluation period were within the assessment area (AA).
- The distribution of loans represents reasonable penetration among borrowers of different incomes.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The bank has had no consumer complaints regarding its community reinvestment performance.

Scope of Examination

We performed a full-scope Community Reinvestment Act (CRA) examination assessing the performance of TRNB using small bank CRA examination procedures. TRNB's primary lending products are home purchase loans and small business loans, which together total 63 percent of the bank's gross loans as of September 30, 2010. Our evaluation period for this examination was from January 1, 2008 to September 30, 2010. The bank's lending during this period is representative of its lending strategy since our prior CRA examination dated November 12, 2004. We tested the integrity of the bank's Home Mortgage Disclosure Act (HMDA) reporting data and found it to be accurate and reliable. Accordingly, we used HMDA data to evaluate the bank's home purchase loan performance from January 1, 2008 to September 30, 2010. To evaluate the bank's small business lending performance, we selected a sample of small business loans made between January 1, 2008 and September 30, 2010.

Description of Institution

TRNB is an interstate, full-service community bank headquartered in Clarkston, Washington, with branch locations in Lewiston, Idaho, and Asotin, Washington. TRNB opened an additional branch location in Lewiston, Idaho, during the evaluation period. TRNB has three automated teller machines (ATMs). The bank is a wholly-owned

subsidiary of Twin River Financial Corporation, a one-bank holding company headquartered in Lewiston, Idaho.

TRNB offers a standard range of retail banking and commercial banking services with a commercial focus. Its commercial services include business checking and sweep accounts, online banking, cash management, remote deposit capture, merchant accounts, small business loans, commercial real estate loans, and Small Business Administration (SBA) guarantee program loans and rural development loans. Its retail services include checking accounts, savings programs, money market accounts, certificates of deposit, consumer loan programs, VISA credit cards, and residential mortgages.

As of September 30, 2010, TRNB reported total loans of \$38 million, 58 percent of total assets. TRNB's primary lending activity from January 1, 2008 through September 30, 2010 was home purchase loans and small business loans. The loan portfolio is comprised of 37 percent one-to-four-family residential real estate loans, 15 percent commercial real estate loans, 26 percent business loans, and 8 percent loans to individuals.

There are no financial or legal impediments constraining the bank's ability to meet the credit needs of its AA. TRNB received a satisfactory rating at the prior CRA examination dated November 12, 2004.

Description of Assessment Area

TRNB operates only in the Lewiston ID-WA Multistate Metropolitan Statistical Area (MSA) 30300. Therefore, we performed a full-scope review of the bank's CRA performance in that MSA. The Lewiston ID-WA MSA contains 17 census tracts that are contiguous and separated only by the Snake River, which is the boundary between the states of Washington and Idaho. Cities in the AA include Asotin and Clarkston, Washington, as well as Lewiston, Culdesac, and Kendrick, Idaho. The bank's main office is located in a moderate-income tract, and the branches are located in middle-income tracts. The bank's AA meets the requirement of the CRA regulation and does not arbitrarily exclude any low- or moderate-income census tracts. The total population recorded in the 2000 U.S. Census for the AA was 57,961, an increase of 13 percent from the 1990 Census.

Primary employers in the AA are Washington State University, University of Idaho, Potlatch Corporation, and the Nez Perce Tribe. Trade and manufacturing are the primary employment opportunities in the area.

In conjunction with this CRA examination, we conducted a community contact interview to learn about credit opportunities within the community and how well financial institutions address the credit and service needs of the community. The contact for this examination was an individual from a non-profit organization responsible for planning economic development in the area. The contact stated the towns of Lewiston and

Clarkston have a number of commercial lenders from a variety of financial institutions that are involved in their community, committed to customer service, and adequately meeting the credit needs of the area.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

TRNB's average LTD ratio is reasonable given the bank's size, financial condition, and the credit needs of the AA.

TRNB's quarterly average LTD ratio for all quarters since the prior CRA public evaluation dated November 12, 2004, is 67 percent. We identified six banks operating in the same general quadrant of the states of Washington or Idaho that had total assets of less than \$165 million. TRNB's average LTD ratio compares unfavorably with five of the financial institutions and favorably with one of the financial institutions. These banks had LTD ratios during the same time period that averaged 73 percent. Based on these averages, TRNB's average quarterly LTD ratio is near to that of similarly situated financial institutions and meets the standard for satisfactory performance.

Lending in Assessment Area

The bank's lending in its AA meets the standard for satisfactory performance.

TRNB originates a majority of its loans in the AA. We sampled 53 home purchase and business loans made during the evaluation period. Of those loans, 83 percent by number and 70 percent by total dollar volume were within the AA.

Loan Type	Number of Loans				Dollars of Loans			
	Inside		Outside		Inside		Outside	
	#	%	#	%	\$ (000s)	%	\$ (000s)	%
Home Purchase	35	79.55	9	20.45	2,722	60.72	1,761	39.28
Business	18	90.00	2	10.00	1,661	94.21	102	5.79
Totals	53	82.81	11	17.19	4,383	70.17	1,863	29.83

Source: Business loan sample and bank-reported HMDA data January 1, 2008 to September 30, 2010.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of residential mortgage loans reflects reasonable penetration among borrowers of different income levels. TRNB's record of lending to borrowers of different income levels meets the standard for satisfactory performance.

Home Purchase Loans

The borrower distribution of home purchase loans is good. Based on HMDA records for home purchase loans in the AA, the bank’s lending exceeded area demographics for moderate-income borrowers but was less than area demographics for low-income borrowers. The significant barriers banks face in making home loans to low-income individuals mitigates this negative comparison. The following table shows the borrower distribution of home purchase loans based on the income level of the borrower.

Table 2 - Borrower Distribution of Home Purchase Loans in Lewiston ID-WA MSA										
Borrower Income Level	Low		Moderate		Middle		Upper		NA	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.86	0.00	19.63	22.73	21.00	15.91	40.51	54.54	0.00	6.82

Source: 2000 U.S. Census AA data and bank-prepared HMDA data from loans originated January 1, 2008 to September 30, 2010.

Small Business Loans

The borrower distribution of the TRNB’s loans to businesses of different revenue levels is reasonable. The number of small business loans TRNB originated to businesses with revenues less than \$1 million compares favorably to the percentage of businesses in the AA reporting revenues less than \$1 million. However, a significant number of businesses did not report revenues, which reduces the reliability of comparing the percentage of bank loans to area demographic percentages. The percentage of bank loans in the AA by dollar amount originated to businesses with revenues less than \$1 million is near area demographics.

Table 2A - Borrower Distribution of Small Business Loans in the Lewiston ID-WA MSA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	62.38	4.41	33.21	100%
% of Bank Loans in AA by #	67.00	33.00	0.00	100%
% of Bank Loans in AA by \$	61.50	38.50	0.00	100%

Source: 2009 Dunn and Bradstreet AA data and a random sample of TRNB business loans originated January 1, 2008 to September 30, 2010.

Geographic Distribution of Loans

The geographic distribution of residential mortgage loans and small business loans reflects excellent dispersion throughout census tracts of different income levels, and TRNB’s performance exceeds the standard for satisfactory performance. Table 3

details the bank’s home purchase lending, and Table 3A details the commercial lending activity within the AA.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	13.34	20.00	45.98	54.29	40.68	25.76

Source: 2000 U.S. Census AA data and bank-prepared HMDA data from loans originated January 1, 2008 to September 30, 2010.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	0.00	0.00	30.93	58.04	38.71	10.22	30.37	31.74

Source: 2009 Dunn and Bradstreet AA data and a random sample of TRNB business loans originated January 1, 2008 to September 30, 2010.

Responses to Complaints

TRNB has not received any complaints regarding its CRA performance since the last CRA examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.