



PUBLIC DISCLOSURE

May 16, 2016

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

101 Stewart Street
Suite 1010
Seattle, WA 98101

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 given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans originated during the evaluation period were within its AA.
- The distribution of loans represents reasonable penetration among borrowers of different incomes and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The bank has received no consumer complaints regarding its CRA performance during the evaluation period.

SCOPE OF EXAMINATION

We performed a full-scope Community Reinvestment Act (CRA) examination of TRNB. We evaluated the bank's performance using small bank CRA examination procedures, which assess the bank's performance under the lending test. TRNB's primary lending products are home purchase loans and small business loans, which together total 73 percent of the bank's average gross loans as of March 31, 2016. The evaluation period for the examination was from October 14, 2010 to May 23, 2016. The bank's lending strategy has not changed since our prior CRA examination dated October 13, 2010. We tested the integrity of the bank's Home Mortgage Disclosure Act (HMDA) reporting data and found it to be reliable. Accordingly, we used HMDA data to evaluate the bank's home purchase loan performance from January 1, 2014 to December 31, 2015. To evaluate the bank's performance in lending to small businesses, we selected a sample of small business loans made between January 1, 2014 and March 31, 2016.

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 has three automated teller machines (ATMs), one in Clarkston and two in Lewiston. The bank is a wholly-owned subsidiary of Twin River Financial Corporation, a one-bank holding company headquartered in Lewiston, Idaho (ID).

TRNB provides traditional retail banking and commercial banking services. Its commercial services include business checking, online banking, remote deposit

capture, small business loans, commercial real estate loans, Small Business Administration guarantee program loans, and rural development loans. Its retail services include checking accounts, savings programs, money market accounts, certificates of deposit, consumer loan programs, credit cards, individual retirement accounts, simplified employment pension retirement accounts, and residential mortgages.

As of March 31, 2016, TRNB reported \$99 million in total assets. The bank's loan portfolio was \$47 million, which comprised 47 percent of total assets. TRNB's primary lending activity from January 1, 2014 to March 31, 2016 was home purchase loans and small business loans. The loan portfolio is comprised of 39 percent one-to-four-family residential real estate loans, 25 percent commercial real estate loans, 19 percent business loans, and 5 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 October 13, 2010.

DESCRIPTION OF ASSESSMENT AREA(S)

Management designated all of the Lewiston ID-WA Multistate Metropolitan Statistical Area (MSA), #30300, as its AA. The AA is comprised of 16 census tracts (CTs) with ten CTs in Nez Perce County, ID and six CTs in Asotin County, Washington (WA). Based on the 2010 Census Median Family Income of \$54,262, the AA has no low-income CTs, four moderate-income CTs (one in ID (9603) and three in WA (9603, 9604, and 9605)), 11 middle-income CTs (eight in ID (9400, 9602, 9604, 9605, 9606, 9607, 9608, and 9609) and three in WA (9601, 9602, and 9606)), and one upper-income CT (9610) in ID. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Therefore, we performed a full-scope review of the bank's CRA performance in the MSA. The bank's main office in Clarkston is located in a moderate-income CT, the Asotin and one of the Lewiston branches are located in middle-income CTs, and the other Lewiston branch is in a moderate-income CT. The total population recorded in the 2010 U.S. Census for the AA was 60,888, an increase of 5 percent from the 2000 Census.

Primary employers in the AA are Clearwater Paper, Nez Perce Tribe, and ATK-CCI/Spear. Additional primary employers include Washington State University and the University of Idaho, which are outside the AA. Trade and manufacturing are the primary employment opportunities in the area. Recent strength in the local manufacturing sector has been a primary driver of economic growth. Unemployment in the AA as of April 2016 was 3.8 percent.

In conjunction with this CRA examination, we contacted a representative of an economic development organization within the AA. We interviewed this individual to learn about credit opportunities within the community and how well financial institutions address the credit and development needs of the community. The contact works for a non-profit organization responsible for planning economic development in the area. The

contact stated that there is a high concentration of financial institutions in the AA, and that bank credit is readily available. Banks are adequately meeting the credit needs of the AA. The contact indicated local banks are making appropriate efforts towards community development. The contact highlighted a shortage of affordable housing for moderate-income families as the primary development need in the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

TRNB’s average LTD ratio is reasonable given the bank’s size, and financial condition, and the credit needs of the AA. TRNB’s quarterly average LTD ratio for all quarters since the prior CRA PE dated October 13, 2010, is 60 percent. For peer comparison purposes, we used six banks operating in the same general quadrant of the states of WA or ID. Five of the six peer banks were smaller than \$140 million and one was larger than \$275 million. However, meaningful peer analysis is challenging since the other institutions that operate in the AA are large nationwide banks and local credit unions, which lack comparability with TRNB. The bank’s average LTD ratio compares unfavorably with five of the peer banks and favorably with one peer bank. The average LTD ratio for the peer group was 68 percent. Based on these averages, TRNB’s average quarterly LTD ratio is reasonably close to that of similarly situated financial institutions and meets the standard for satisfactory performance. Additionally, the high number of financial institutions per capita and readily available credit, as described by the community contact, are mitigating factors in the unfavorable peer comparison.

TRNB		Peer Group	
Average LTD Ratio	59.82	Average LTD Ratio	67.62
High LTD Ratio	69.59	High Avg. LTD	88.89
Low LTD Ratio	50.72	Low Avg. LTD	17.59

Lending in Assessment Area

The bank’s lending in its AA exceeds the standard for satisfactory performance. TRNB originates a substantial majority of its loans inside the AA. We sampled 52 home purchase and business loans made during the evaluation period. Of those loans, 87 percent by number and 84 percent by dollar volume were within the AA.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	32	88.89	4	11.11	36	4,109	79.57	1,055	20.43	5,164
Business	20	83.33	4	16.67	24	5,846	87.19	859	12.81	6,705
Total	52	86.67	8	13.33	60	9,955	83.87	1,914	16.13	11,869

Source: Business loan sample and bank-reported HMDA data 2014-2015.

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

The distribution of home purchase loans reflects reasonable penetration among borrowers of different income levels, after considering relevant contextual factors. The distribution of small business loans among businesses of different sizes is reasonable. TRNB’s record of lending to borrowers of different income levels and businesses of different sizes meets the standard for satisfactory performance.

Home Purchase Loans

The distribution of home purchase loans among borrowers of different incomes is satisfactory. Based on HMDA records for home purchase loans in the AA, the bank’s lending was less than area demographics for low- and moderate-income borrowers. However, the borrower distribution of home purchase loans is reasonable given the bank’s performance context. The inherent difficulties banks face in making home purchase loans to low-income individuals mitigates the unfavorable comparison. Moderate-income families in the AA have faced difficulties in obtaining affordable housing in recent years. The community contact highlighted a shortage of suitable housing for moderate-income workers. The contact believes that the local housing supply is adequate for the low- and high-income buyers, but some families at the moderate-income level struggle, especially without government assistance. This is consistent with bank management’s observations of limited housing availability, with a low supply, high demand, and rising prices. As a result, the AA has experienced growth in multifamily and rental units, as an alternative to home ownership.

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	
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
Home Purchase	19.98	6.25	18.23	9.38	22.24	18.75	39.55	53.13

Source: 2010 U.S. Census data; 2014-2015 HMDA

Small Business Loans

The borrower distribution of TRNB’s loans to businesses of different sizes meets the standard for satisfactory performance. The number and dollar amount of small business loans TRNB originated to businesses with revenues less than \$1 million is consistent with the demographic comparator.

The following table shows the borrower distribution of small business loans based on business revenues.

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 Business	76.71	5.19	18.10	100%
% of Bank Loans in AA by #	70.00	30.00	0.00	100%
% of Bank Loans in AA by \$	70.25	29.75	0.00	100%

Source: 2010 U.S. Census data and a random sample of TRNB business loans originated January 1, 2014 to March 31, 2016.

Geographic Distribution of Loans

The bank’s record of lending to geographies of different income levels exceeds the standard for satisfactory performance. The geographic distribution of home purchase loans and business loans reflects excellent dispersion throughout CTs of different income levels. Table 3 details the bank’s home purchase lending, and Table 3A details the commercial lending activity within the AA. The bank’s performance in lending to moderate-income geographies exceeds the demographic comparator for both products. We noted that TRNB originated home purchase loans in nearly all CTs within the AA during the review period.

Table 3 - Geographic Distribution of Home Purchase Loans in the Lewiston ID-WA MSA								
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	19.15	25.00	70.05	68.75	10.80	6.25

Source: 2010 U.S. Census data; 2014-2015 HMDA

Table 3A - Geographic Distribution of Loans to Businesses in the Lewiston ID-WA MSA								
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
Business Loans	0.00	0.00	37.95	55.00	57.18	35.00	4.87	10.00

Source: 2010 U.S. Census data and a random sample of TRNB business loans originated January 1, 2014 to March 31, 2016.

Responses to Complaints

During the evaluation period, TRNB received no consumer complaints related to its CRA performance.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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