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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

May 6, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Twin River National Bank  
Charter Number 16814

1507 G Street  
Lewiston, Idaho 83501

Office of the Comptroller of the Currency  
Western District  
50 Fremont Street, Suite 3900  
San Francisco, California 94105

<p><b>NOTE:</b> 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.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of The Twin River National Bank of Lewiston, ID prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 6, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: The overall rating for this institution is "Satisfactory."

Twin River National Bank operates two offices, one in Lewiston, ID and the other in Clarkston, WA. The CRA performance of the two offices is satisfactory. The overall loan-to-deposit ratio is reasonable when considering the economic conditions and loan demand within its assessment areas (Lewiston, ID and Clarkston, WA). A substantial majority of the bank's loans and lending related activities are within its assessment areas. The bank's lending activity exhibits a good distribution among businesses of different sizes and individuals of different income levels.

The CRA rating for the bank's performance in the state of Idaho is rated "Satisfactory." The lending activities of the branch in Lewiston reflect a good distribution of loans to families of different income levels and to small businesses. Additionally, the distribution of loans within the branch's assessment area is reasonable.

The CRA rating for the bank's performance in the state of Washington is rated "Satisfactory." The lending activities of the branch in Clarkston reflect a good distribution of loans to families of different income levels and to small businesses. Additionally, the distribution of loans within the branch's assessment area is reasonable.

The following table indicates the performance level of the Twin River National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Twin River National Bank Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the last examination.		

## DESCRIPTION OF INSTITUTION:

Twin River National Bank (TRNB) operates two offices, one in Lewiston, ID and the other in the adjacent city of Clarkston, WA. The Clarkston branch was opened December 1, 1995, and has not generated many loans. The banks have the Snake River as a natural boundary line between the two states and cities. As of March 31, 1996, the bank had \$18.5 million in total assets, \$11.4 million in total loans and \$16.3 million in total deposits. The bank's size constrains its ability to meet various credit needs within its assessment areas. Lending activity has increased gradually over the past several years. The bank's lending activities meet a variety of credit needs and shows a reasonable distribution between different loan types. The loan portfolio is distributed, by percentage, as follows: residential real estate 30%; commercial and industrial 37%; commercial real estate 21%; consumer loans 10% and other 2%. This distribution is appropriate given our perception of the community's credit needs based on interviews with the bank's management and community leaders.

## DESCRIPTION OF LEWISTON, IDAHO:

The bank has designated Lewiston, ID as one of its assessment areas. The city of Lewiston is located on the northwestern edge of the Idaho state line adjacent to the state of Washington. The states are separated by the Snake River. A 1993 valley profile indicates a population of 31,437 in the city with a total population of 37,426 in Nez Perce County. The city has eight block numbering areas (BNA's) for census purposes. Four of the tracts have been designated as Upper Income areas, three are Moderate, and one is a Middle Income area. The state wide non Metropolitan Statistical Area (MSA) median family income is estimated at \$35,900. The median housing value is estimated at \$56,950.

The economy is stable and is agricultural based with Potlatch Corporation, a wood products company, being the largest employer. Other large employers include the Lewis-Clark State College and the St. Joseph Regional Medical Center. Tourism is also an economic driver giving rise to the boat manufacturing business. The Port of Lewiston located on the Clearwater River provides inexpensive transportation of products from the west coast to the western United States via the Columbia-Snake River System. This system is second in commerce only to the Mississippi River.

We contacted two community representatives to get their perspective on the credit needs of the community and the performance of the financial institutions in meeting those needs. The contacts stated that the overwhelming need was affordable housing and financing for those homes and small business loans. They agreed that there were sufficient financial institutions in the area to fulfill these credit needs and that most institutions were willing to provide these types of credits. However, one contact stated that banks could do more and communicate to the public on what loans are available and how to qualify for the loans.

## DESCRIPTION OF CLARKSTON, WASHINGTON:

The city of Clarkston is in Asotin county and is located in southeastern Washington, adjacent to Lewiston, Idaho. The cities are separated by the Snake River, which is part of the boundary line between the two states. Clarkston has a population of about 7,120 and Asotin County has a total of 18,475 people. The city has four (4) BNA's for census purposes. Two of the tracts are designated as Upper Income and two as Middle Income. The state wide non Metropolitan Statistical Area (MSA) median family income is estimated at \$33,600. The median housing value is \$45,900.

The economic structure of Clarkston is almost identical to Lewiston's and is stable. The Port of Clarkston is on the Snake River. The major employer is the School District.

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## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### Loan to Deposit Ratio

The loan-to-deposit (LTD) ratio for the institution as a whole is reasonable when considering the economic conditions and loan demand within its assessment areas and meets the standards for satisfactory performance. Our review of the LTD ratios over the last eight quarters reflects an average ratio of 65.9% with a steady increase in lending activities and compares favorably with banks of similar size. Competition in the assessment areas is provided by several other financial institutions including branches of four larger regional banks, some savings and loans and credit unions. There is only one other small independent bank in the area and that bank's average LTD over the past eight quarters was about 71%.

### Lending within the assessment areas

Lewiston, ID and Clarkston, WA - A substantial portion (86%) of the loans made from March 31, 1995, through March 31, 1996, are within the assessment areas. The Clarkston, WA office was opened December 1, 1995, is a small branch, and has not had much time to generate many loans. Most loans outside the assessment areas are within the two counties surrounding Lewiston and Clarkston. The bank's lending activities meet the standards for a satisfactory performance.

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

Lewiston, ID - The bank's lending activity exhibits a reasonable distribution among individuals of different income levels and businesses of different sizes. In the past year, the bank originated 106 loans in the Lewiston assessment area. Of these, 53 loans were to consumers for real estate and other consumer purposes and 53 were to businesses. Based on a sample of 16 consumer borrowers, we found the following distribution by income level:

Note: percentages are based on the number of loans in each income level.

Income Level	% of Sample	
	Consumer Borrowers	% of Families
Low	19%	15%
Moderate	6%	16%
Middle	13%	23%
Upper	62%	46%

The bank's lending activity exhibits very good distribution among smaller businesses. Based on sampling of 26 businesses, we found a distribution of these loans in the following gross annual revenue levels:

Gross Annual Revenues	% of Sample
under \$100,000	65%
\$100,000 to \$499,000	27%
\$500,000 to \$999,000	8%
over \$1,000,000	0%

Clarkston, WA - The bank's lending activity exhibits reasonable distribution among individuals of different income levels and small businesses. In the past year, the bank originated 28 loans in the Clarkston assessment area. Of these, 20 loans were to consumers for real estate and other consumer purposes and 8 were to businesses. Based on a sample of 10 consumer borrowers, we found the following distribution by income level:

Note: percentages are based on the number of loans in each income level.

Income Level	% of Sample	
	Consumer Borrowers	% of Families
Low	30%	28%
Moderate	0%	21%
Middle	10%	23%
Upper	60%	28%

The bank’s lending activity exhibits very good distribution among smaller businesses. Based on sampling of all 8 businesses, we found that all loans were to small b usinesses with gross revenues of under \$100,000. See below.

Gross Annual Revenues	% of Sample
under \$100,000	100%
\$100,000 to \$499,000	0%
\$500,000 to \$999,000	0%
over \$1,000,000	0%

#### Geographic Distribution of Loans

Lewiston, ID - The bank’s geographic distribution of loans in the assessment area is reasonable and meets the standards for a satisfactory performance rating. The city has eight bloc k numbering areas (BNA’s) for census purposes. The bank’s dis tribution of loans within the tracts are as follows:

Tracts	Consumer Loans	Business Loans	Total Loans	Percent of Loans	Percent of Tracts
Lower	0	0	0	0	0
Moderate	1	7	8	24	13
Middle	3	2	5	15	37
Upper	12	9	21	62	50
Totals	16	18	34	100%	100%

Clarkston, WA - The bank's geographic distribution of loans in the assessment area is reasonable and meets the standards for a satisfactory performance rating. The city has four (4) BNA's for census purposes. The bank's distribution of loans within the tracts are as follows:

Tracts	Consumer Loans	Business Loans	Total Loans	Percent of Loans	Percent of Tracts
Lower	0	0	0	0	0
Moderate	2	3	5	45	50
Middle	4	1	6	55	50
Upper	0	0	0	0	0
Totals	6	4	11	100%	100%

#### Other Information

The bank has not received any written complaints regarding its CRA performance since the prior examination. No violations of the substantive provisions of anti-discrimination laws and regulations were identified during this examination.