



PUBLIC DISCLOSURE

May 1, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Evergreen National Bank
Charter Number: 17000

28145 Colorado Highway 74
Evergreen, CO 80493-0000

Office of the Comptroller of the Currency

1225 17th Street, Suite 450
Denver, CO 80202

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, and should not 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.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

Evergreen National Bank (ENB) has an overall Satisfactory record of meeting community credit needs. The following factors support the rating:

- The loan to deposit (LTD) rating is reasonable given the bank's size, financial condition, competition, and assessment area (AA).
- A majority of the number of loans are in the bank's AA.
- The distribution of loans to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration.
- The geographic distribution within the AA for residential and commercial real estate lending demonstrates reasonable dispersion.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that

is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Evergreen National Bank (ENB) is a \$109 million financial institution located in Evergreen, Colorado. The bank is a wholly owned subsidiary of Evergreen Bancorporation, a one bank holding company headquartered in Evergreen, Colorado. ENB receive a “Satisfactory” rating at the last examination dated March 21, 2012.

ENB has five full-service offices. There is a main office and one branch in Evergreen, two branches in Idaho Springs, and one branch in Georgetown, Colorado. All offices are full-service facilities. The bank also operates a drive-through location in Evergreen and five automated teller machines (ATMs), four of which take deposits. There is one ATM in Idaho Springs at the drive-up branch, one at the Georgetown branch, one at each branch in Evergreen, and one located in Morrison, Colorado. The two Evergreen offices are located in an upper-income Census Tract (CT), which borders all upper-income CTs. The Idaho Springs branches are in a moderate-income CT, which borders an upper-income CT. The Georgetown branch is located in middle-income CT, which borders an upper- and middle-income CT.

ENB has designated contiguous portions of one full county (Clear Creek) and two partial counties (Park and Jefferson) as its AA. The area consists of three CTs in Clear Creek County, 17 CTs in western Jefferson County and two CTs in northeast Park County. Communities in Clear Creek County include Idaho Springs, Georgetown, Silver Plume, and Empire. More than half of the municipal population resides in Idaho Springs. Georgetown also contains a significant portion of the county population. Communities in the Jefferson County AA include Evergreen, Morrison, and Genesee. Of the AA in Jefferson County, Evergreen is the largest town with a population of 9,038. The primary community in the Park County AA is Bailey, with a population of 8,189. Bailey accounts for approximately half of the population in the entire Park County. The designated AA complies with applicable regulatory requirements and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Based on 2010 U.S Census Data, this AA consists of one moderate-, four middle-, and 17 upper-income CTs. There are 23,537 families residing in the AA of which 11 percent are low-income, 11 percent are moderate-income, 17 percent are middle-income, and 61 percent are upper-income. The U. S. Census 2016 updated median family income for this AA is \$80,100. The median housing value is \$384,235.

Economic conditions vary throughout the AA. Residents within the AA primarily commute to the Denver area for employment. The AA CTs in Clear Creek and Park counties show an aging population, with a relatively high proportion of income coming from interest, dividends, and real estate.

- Clear Creek County - Employment declined likely as a result of the continued phasing out of the Henderson Mine located close to Empire, Colorado. Nearly 70 percent of the workers in Clear Creek County commute outside of the county for work. Unemployment for persons 20 to 25 years of age is high at over 17 percent and at 2.9 percent for 24 to 44 years of age. Employment in travel and tourism related industries has grown, while employment in all other industries has shrank. The travel and tourism jobs pay less than

half of the typical non-tourism wages for the county. Travel and tourism accounts for 41 percent of total employment in the county.

- Jefferson County (Evergreen) – The unemployment rate in Evergreen, CO was 3.6 percent. The job growth rate was 1.85 percent. The most common industries included professional, scientific, and technical services (19 percent), construction (12 percent), manufacturing (7 percent), and lodging and food services (7 percent).
- Park County – The county population continues to grow because of its proximity to jobs in the Denver area. Approximately 67% of the residents commute and earn money outside of Park County. It has however, remained a rural county with a small population dispersed throughout a large geographic area. The US Census Bureau notes that 63 percent of Park County residents are located in the rural Bailey area. There is a lack of job opportunities within the county. For those with jobs outside of retirement income, tourism accounts for 13 percent and agriculture and ranching accounts for 8 percent of local jobs, while 15 percent of jobs are generated by demand for goods and services by local residents.

There is significant competition from other banks in the AA. There are a total of 25 institutions with 141 offices. ENB has a market share of 0.77 percent of total deposits. Competitors include FirstBank, Wells Fargo Bank, U.S. Bank, JP Morgan Chase Bank, and Bank of the West.

There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

Scope of the Evaluation

ENB's CRA performance was evaluated under the small bank criteria. ENB was evaluated under the small bank criteria because its asset size remained below the \$307 million threshold as of December 31, 2016. The small bank CRA procedures evaluate the bank's CRA activities based on the lending test. The lending test evaluates the bank's lending activities based on five performance criteria, including LTD ratio, percentage of lending-related activity in the AA, lending to borrowers of different incomes, lending to businesses of different sizes, geographic distribution of loans, and responses to CRA-related complaints.

Evaluation Period/Products Evaluated

ENB offers a variety of basic credit products. The primary products by loan volume are residential mortgage and construction loans, and commercial real estate loans. A majority of the residential real estate loans are properties purchased by investors who use them for rental purposes. For this evaluation, we analyzed the HMDA-reportable mortgage loans made between January 1, 2015 and December 31, 2016 and a sample of 28 commercial real estate loans originated by the bank from January 1, 2015 through March 31, 2017. We expanded the commercial real estate sample into 2017 in order to obtain a meaningful comparator for the number of loans in the AA.

Table 1		
Evergreen National Bank		
Loan Portfolio Composition		
As of 12/31/2016		
Loan Type	Dollar (000)*	Percentage
Residential Mortgage and Construction Loans	26,183	45.0%
Commercial Real Estate	23,084	39.5%
Multi-Family Residential Properties	3,952	6.8%
Business/Commercial Loans	3,403	5.8%
Consumer Loans	1,526	2.6%
Lease Financing Receivables	170	0.3%
TOTAL	58,318	100.0%

Source: Call Report as of 12/31/2016

Data Integrity

We did not complete a data integrity of the HMDA-LAR information for this examination. It was found that the bank completes an annual review of the information, the information has been found to be accurate in the past, and no major changes were made in the process of collecting and verifying the data. We verified commercial real estate information back to source documents in the loan files.

Selection of Areas for Full-Scope Review

The scope of this evaluation included a full-scope review of the bank's AA that includes three CTs in Clear Creek County, 17 CTs in Jefferson County, and two CTs in Park County. This makes up the bank's sole AA.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. The bank has only one AA, so the conclusions are weighted 100 percent on that AA.

Other

We used the information received from one community contact at this examination. The organization's primary goal is to promote a healthy economy through community businesses. The community contact noted that local sales revenues have continued to increase from tourism and people coming from the nearby metropolitan areas. However, most local residents are traveling outside of the AA for jobs to pay for the local housing prices. Affordable housing is a challenge for individuals working in the local retail establishments. There is also a need in the AA for loans to new and existing small businesses. The contact stated that it would be helpful if the bank could be more visible to the community.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c) and 195.28(c), in determining a national bank's (bank) 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. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

CNB's lending performance is rated "Satisfactory". In reaching this conclusion, we considered the level of competition, the lack of low-income CTs, and the limited number of moderate-income CTs.

LENDING TEST

ENB's performance under the lending test is "Satisfactory". The bank's loan to deposit ratio is reasonable. The bank makes a majority of loans inside the assessment area. Lending within the AA is reasonable. The distribution of loans to borrowers of different income and to businesses of different sizes reflects reasonable penetration. The geographical distribution within the AA for residential and commercial real estate lending demonstrates reasonable dispersion.

Loan-to-Deposit Ratio

ENB's LTD ratio is reasonable given the institution's size, financial condition, and credit needs of the AAs the bank serves. The bank's average quarterly loan-to-deposit ratio for all quarters since the prior CRA examination is 50.7 percent. The quarterly average of similarly situated banks, based on the sample, is 56.7 percent, with individual bank averages ranging from 41.8 percent to 72.5 percent. Similarly situated banks are defined as banks of comparable asset size with similar business lines and operating in the same geographies. Over this same period, the bank's quarterly low LTD ratio was 36.9 percent and the bank's quarterly high LTD ratio was 62.6 percent.

Lending in Assessment Area

ENB originates a majority of its loans in its assessment areas. Of the HMDA reportable loans and commercial real estate loans, the bank originated 52.5 percent of loans within the assessment areas compared to 47.5 percent outside. By dollar volume, the bank originated 52.6 percent of loans within the bank's assessment areas compared to 47.4 percent outside the assessment area boundaries. Analysis is limited to bank originations and purchases.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	22	42.3%	30	57.7%	52	\$4,743	47.8%	\$5,188	52.2%	\$9,931
Commercial Real Estate	20	71.4%	8	28.6%	28	\$4,081	59.6%	\$2,761	40.4%	\$6,842
Totals	42	52.5%	38	47.5%	80	\$8,824	52.6%	\$7,949	47.4%	\$16,773

Source: 2010 U.S. Census data; 2015-2016 HMDA; 2015- 2016.

Residential Real Estate Category does not include Multi-Family dwellings

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

ENB's performance in lending to borrowers of different incomes and businesses of different sizes demonstrates reasonable penetration. Both residential real estate and small business lending showed reasonable penetration.

Residential Real Estate Lending

The distribution of lending to borrowers of different incomes within the AA is reasonable. The bank's percentage of lending for residential real estate for low-income families is poor as the bank is significantly below the demographic comparators. However, the percentage of residential real estate lending for moderate-income individuals exceeds the demographic comparator and is considered excellent.

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
Residential Real Estate	10.63%	4.55%	11.07%	13.64%	17.28%	18.18%	61.02%	40.91%

Source: 2010 U.S. Census data; 2015-2016 HMDA

Residential Real Estate Category does not include Multi-Family dwellings

Percentages do not add up to 100 percent for percentage of bank loans since income information was not recorded on the HMDA-LAR for loans made to businesses.

Small Business Lending

The distribution of loans to small businesses within the AA is at a reasonable level. Penetration of lending to businesses of different sizes is comparable by dollar amount and number of loans. Small businesses are defined as businesses with less than \$1 million in annual gross revenue.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	92.6%	2.8%	4.6%	100.0%
% of Bank Loans in AA by #	90.0%	10.0%	0%	100.0%
% of Bank Loans in AA by \$	91.2%	8.8%	0%	100.0%

Source: 2010 U.S. Census data; Loan data 2015 to March 31, 2017

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. While the geographic distribution of residential real estate lending is poor, it is excellent for small business lending. The bank has no low-income and only one moderate-income CTs in their AA.

Residential Real Estate Lending

The geographic distribution of residential real estate loans reflects poor dispersion throughout the AA. The bank made no loans in the moderate-income CTs during the evaluation period. The bank has no low-income and limited moderate-income lending opportunities in the AA since there are no low-income and only one moderate-income CTs in the AA. There is less than two percent of the owner-occupied housing in the bank’s moderate-income CT. In addition, the bank does not offer typical 30-year traditional mortgage loans. The bank’s mortgage product is primarily for special purposes and is usually not longer than a 5 year term with a 20 to 30 year amortization.

Table 4 - Geographic Distribution of Residential Real Estate Loans in 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
Residential Real Estate	0.00%	0.00%	1.6%	0.00	26.6%	22.7%	71.8%	77.3%

Source: 2010 U.S. Census data; 2015-2016 HMDA

Residential Real Estate Category does not include Multi-Family dwellings

Small Business Lending

The geographic distribution of commercial real estate loans within the bank’s assessment reflects excellent dispersion throughout the AA. The bank significantly exceeds the demographic comparator for lending in the moderate-income CT. There are no low income census tracts within the bank’s AA.

Table 4A - Geographic Distribution of Loans to Businesses in AA								
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	0.0%	0.0%	1.07%	40.0%	21.0%	15.0%	78.0%	45.0

Source: 2010 U.S. Census data; Loan data 2015 – March 31, 2017

Response to Complaints

ENB did not receive any CRA related complaints during the evaluation period.