



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 21, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Evergreen National Bank
Charter Number: 17000

28145 Colorado Highway 74
Evergreen, CO 80439-0000

Office of the Comptroller of the Currency

Denver Field Office
1225 17th Street Suite 450
Denver, CO. 80202-5534

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.

The major factors that support this rating include:

- Evergreen National Bank (ENB) originated a substantial majority of their loans within the Assessment Area (AA);
- The bank's loan-to-deposit ratio is reasonable; and
- The borrower distribution of loans to low- and moderate-income individuals and to small businesses is reasonable.
- The geographic distribution of loans is not meaningful as there no low- or moderate-income census tracts within the AA.

SCOPE OF EXAMINATION

The scope of this examination includes a full scope review of the bank's assessment area (AA). The examination included a sample of loans from the primary products of commercial loans and home equity lines of credit (HELOC) originated since the last CRA examination dated June 11, 2007.

DESCRIPTION OF INSTITUTION

Evergreen National Bank (ENB) is a \$97 million bank located in Evergreen, Colorado. ENB is a subsidiary of Evergreen Bancorporation, a one-bank holding company.

The bank operates five full-service facilities. There are two branch locations in Evergreen, two branch locations in Idaho Springs, and one branch location in Georgetown. The bank also operates a drive-through location in Evergreen and five Automated Teller Machines (ATMs), three of which take deposits. The ATMs are located at each full-service facility and one is located in Morrison, CO.

Loan Portfolio Composition as of March 21, 2012		
Loan Type	Volume by Numbers	Volume by Dollar
Commercial	43.20%	53.60%
1-4 family residential	12.40%	15.40%
HELOCs	16.20%	14.30%
Consumer/Installments	20.10%	3.10%
Other consumer	5.80%	4.90%
Multifamily	2.30%	8.70%

ENB offers a variety of basic credit products. The primary loan product by dollar and number volume is commercial loans at 54 percent of the number of loans, and 43 percent of the dollar volume of loans. The two other primary products are 1-4 family residential and home equity lines of credit (HELOCs), but 1-4 family residential loans

have not been a primary product originated during the evaluation period. Accordingly, we selected a sample of commercial and HELOC loans as primary loan products, by dollar and number, in our analysis of the bank's CRA performance at this examination.

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

ENB received a "Satisfactory" rating at the last CRA examination dated June 11, 2007.

DESCRIPTION OF ASSESSMENT AREA(S)

Evergreen National Bank has designated contiguous portions of three counties as its assessment area (AA). The area consists of 16 census tracts in the western portion of Jefferson County, three in Clear Creek County, and two in northeast Park County. This designated AA complies with applicable regulatory requirements and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Based on 2000 U.S. Census Data, this AA consists of four middle-income census tracts and 17 upper-income census tracts. There are 22,546 families residing in the AA of which 8 percent are deemed low-income, 10 percent moderate-income, 19 percent middle-income, and 63 percent upper-income. The Department of Housing and Urban Development (HUD) 2011 updated median-family income for this AA is \$78,200.

Economic conditions are stable. Residents within the AA primarily commute to the Denver area for employment. The primary sources of revenue generated within the AA are recreation and tourism. There are no major employers in the AA.

ENB faces strong competition in the AA. Competitors include seven financial institutions, most of which are large or mid-size institutions.

We performed one community contact in the AA. The community contact stated the economy in Evergreen, Colorado and its surrounding areas is stable. Businesses are profitable and tourism is increasing. Identified credit needs are small business loans and residential mortgages.

Please refer to Evergreen National Bank's CRA Public File for more information regarding the assessment area, description of the institution, and any public comments.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's performance context and competition in the area. Since the last CRA examination, the quarterly average LTD ratio of banks operating within the AA is 78 percent, with a high of 111 percent and a low of 49 percent. For that same time period, ENB's average LTD ratio is 52 percent and is reasonable given ENB's resources, capacity to lend, economic

factors, and the lending opportunities available in the AA. ENB ranks fifth in deposit market share of the AA deposits with a 14.8 percent market share. Additionally, ENB is the only bank within the AA that has its only banking offices within the AA, and also is the smallest bank, by total assets, operating within the AA. Five of the six other banks that operate within the AA are greater than \$1 billion in total assets.

Lending in Assessment Area

ENB originates a substantial majority of its loans inside the AA. From our loan sample of primary loan products, we found that 77 percent by number and 70 percent by dollar were originated within the AA.

Table 1 – Lending in the Jefferson, Clear Creek, and Park County AA										
<u>Loan Type</u>	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	25	83%	5	17%	30	\$1,609	78%	\$450	22%	\$2,058
Consumer	21	70%	9	30%	30	\$3,106	66%	\$1,608	34%	\$4,714
Totals	46	77%	14	23%	60	\$4,714	70%	\$2,058	30%	\$6,772

Source: U.S. Census data

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

Borrowers of Different Incomes

Lending to borrowers of different incomes is excellent and exceeds the standards for satisfactory performance.

Within the AA demographics, lending to moderate-income families meets standards, and lending to low-income families exceeds standards.

Table 2B – Borrower Distribution of Consumer Loans in Evergreen NB AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	10.59%	19.05%	10.05%	9.52%	15.00%	19.05%	64.36%	52.38%

Source: U.S. Census data

Small Business Lending

The distribution of loans to small businesses within the Evergreen NB AA is reasonable and meets the standards for satisfactory performance.

Loans to small businesses, by number, meet the standards for satisfactory performance. Small businesses are defined as businesses with less than \$1 million in gross annual revenues. ENB's loans to small businesses meets the standards for satisfactory performance. Eleven of 25 business loans were made to very small businesses (with revenues less than \$250 thousand), and an additional four loans were to businesses with gross revenues less than \$500 thousand.

Lending to small businesses, by dollar, is also reasonable given our analysis of the loans in our sample. By dollar amount, ENB's business loans were small loans, with 23 of 25 loans made in amounts of \$100 thousand or less. This demonstrates (by proxy) that these are small business borrowers. The average size of the business loans in our sample was \$64 thousand. The largest (and only loan > \$250 thousand) was made to a business with revenues greater than \$1 million, which skews the distribution of loans by dollars.

Table 2A – Borrower Distribution of Loans to Business in Evergreen NB AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	75.07	1.58	23.35	100%
% of Bank Loans in AA by #	76.00	24.00	0.00	100%
% of Bank Loans in AA by \$	47.50	52.50	0.00	100%

Source: U.S. Census data

Geographic Distribution of Loans

The geographic distribution of loans in the AA is not meaningful as there are no low- or moderate-income census tracts.

The AA consists of only middle- and upper-income census tracts.

Responses to Complaints

The bank has not received any CRA-related complaints since the previous 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.