



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 10, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

AMG National Trust Bank
Charter Number: 24182

1155 Canyon Boulevard, Suite 310
Boulder, Colorado 80302

Office of the Comptroller of the Currency

Denver Field Office
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, 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.

This rating is based on the bank's performance in regard to commercial real estate loans as well as consumer loans.

- AMG National Trust Bank (AMG) originated 70 percent of its loans in its assessment area (AA).
- The bank's loan-to-deposit ratio is reasonable.
- Overall, AMG meets the standard for lending to small businesses and low- and moderate-income individuals.
- The geographic distribution of commercial and consumer loans is reasonable.
- The bank also originated two loans with a community development purpose.

SCOPE OF EXAMINATION

We reviewed 18 commercial loans and 33 consumer loans originated from February 1, 2008 to November 30, 2010. The loans reviewed consisted of all the respective commercial and consumer loans that the bank had originated since it was chartered as a retail bank. The types of loans reviewed was based on the number of loans, rather than dollar volume, made since the bank began lending operations. We also reviewed the bank's community development (CD) loans, which the bank originated from February 1, 2008 to December 31, 2010.

DESCRIPTION OF INSTITUTION

AMG is a full-service intrastate financial institution, which is headquartered in Boulder, Colorado. The charter originated as a trust charter, and did not acquire commercial banking powers (including loan and deposit authority) until February 1, 2008.

The main office in Boulder is the only full service banking facility and includes a trust office. AMG also maintains a loan production office and trust office at its corporate headquarters in Denver, Colorado. In addition, AMG has an administrative office in Chicago, Illinois, and trust offices in Virginia Beach, Virginia and Morristown, New Jersey. Currently, the bank does not have any branches or ATMs. And the bank does not have any subsidiaries.

AMG National Corp owns 100 percent of AMG and has no other controlling interests in any other institutions, financial or otherwise.

The bank became a national trust bank on August 1, 2001. AMG, as a national trust bank, combined the assets of its predecessor the Asset Management Group and its

nationwide offices with the trust department of Guaranty Bank and Trust located in Denver, Colorado. Management and leadership of the new trust bank remained substantially the same as the Asset Management Group. In 2004, AMG acquired Old Dominion Trust Company, a state chartered trust company which was located in Norfolk, Virginia. With its substantial client base of investment management clients and trusts located throughout the United States, AMG recognized the needs of its clients for full service banking products and services that it could not provide as a national trust bank. The bank identified a commercial banking market in Boulder, Colorado. The Office of the Comptroller of the Currency approved the bank's application, and on February 1, 2008, the bank began operations as a full service retail bank. As of September 30, 2010, the bank had total assets of \$140 million and Net Tier 1 Capital of \$16 million.

AMG offers a wide variety of credit products including commercial, real estate, and consumer loans. The bank's primary business focus is commercial lending. The bank has not been able to grow its loan portfolio as originally intended. As of September 30, 2010, AMG's loan portfolio consisted of the following types of credit: 6 percent construction and development; 17 percent one-to-four family (actually small business loans); 9 percent other real estate; 11 percent commercial and industrial; 38 percent consumer; 13 percent all other loans; and 6 percent lease financing receivables.

This is the bank's first CRA examination. There are no legal impediments which prohibit the bank from meeting its responsibilities under the CRA. However, as noted above, the bank's ability to originate loans in its AA has been hampered by the struggling economy. The bank has yet to establish a solid foot print as a retail bank in its AA, which is a highly competitive banking market.

DESCRIPTION OF THE DENVER AND BOULDER CMSA

The bank has designated the Denver-Boulder combined MSAs (CMSA) as its AA. This includes the counties of Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. The AA meets the requirements of the regulation. It is comprised of whole political subdivisions and does not arbitrarily exclude any low- or moderate-income areas. Please see the table below for detailed information about the Denver-Boulder CMSA and selected data for each MSA.

DENVER-BOULDER CMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	609	3.78%	26.27%	39.74%	28.24%	1.97%
Population by Geography	2,449,054	4.43%	27.46%	40.43%	27.58%	0.11%
Owner-Occupied Housing by Geography	1,042,452	1.71%	21.61%	43.19%	33.49%	0.00%
Businesses by Geography	252,973	3.04%	22.44%	37.82%	35.81%	0.89%
Farms by Geography	5,086	1.34%	19.35%	42.68%	36.24%	0.39%

Family Distribution by Income Level	614,577	18.15%	18.64%	23.55%	39.66%	0.00%
Distribution of Households throughout AA Geographies	959,514	20.56%	18.00%	20.44%	41.00%	0.00%
Household Distribution by Income Level	959,514	3.99%	28.19%	41.86%	25.96%	0.00%
2000 Median Family Income Denver MSA #19740 = \$64,753 Boulder MSA #14500 = \$72,461				Median Housing Value as of November 2010 Denver MSA = \$ 200,500 Boulder MSA = \$ 289,500		
HUD Updated Median Family Income for 2010 Denver MSA #19740 = \$ 75,900 Boulder MSA #14500 = \$ 89,600				Unemployment Rate as of November 2010 Denver MSA = 8.7% Boulder MSA = 6.8%		
Households Below the Poverty Level Denver MSA = 7.31% Boulder MSA = 9.51%						

The bank operates one full service branch in the Denver-Boulder AA; it is located in Boulder County.

The assessment area consists of 609 census tracts (CTs), 64 CTs in the Boulder MSA, and 545 CTs in the Denver MSA. More than half (57 percent) of Colorado's population resides in the bank's AA. In the Boulder MSA there are two (2) low-income CTs, 15 moderate-income CTs, 26 middle-income CTs, 20 upper-income CTs, and one (1) census tract with no income designation. In the Denver MSA there are 21 low-income CTs, 145 moderate-income CTs, 216 middle-income CTs, 152 upper-income CTs, and 11 tracts with no income designation. Denver, the capital of Colorado, is the largest city in the CMSA. Other major cities include Aurora, Arvada, Boulder, Broomfield, Commerce City, Englewood, Highlands Ranch, Lakewood, Littleton, Louisville, Longmont, Northglenn, Parker, Thornton, Wheatridge, and Westminster.

The median housing value of a single family home in both the Denver and the Boulder MSAs has continued to decline. As of November 1, 2010, the median housing value for the Denver MSA was \$200,500; in the Boulder MSA, it was \$289,500. There is some evidence that the market is beginning to stabilize, however. Overall foreclosures in Colorado decreased 9.3 percent from July 2009 to July 2010. Colorado is now ranked 13th for number of foreclosures nationally as opposed to 10th one year ago.

Employers in the Denver metropolitan area choose from a highly educated labor pool. The city of Denver ranks second in the nation for the number of residents with bachelors degrees; 64 percent of the residents age 24 and older have attended college. According to the 2004 metropolitan area labor force data provided by the Metro Denver Chamber of Commerce, the top three non-agricultural types of employment in the Denver metro area are trade, transportation, and utilities, employing 233,000; professional services, employing 183,400; and government, employing 163,600. The

largest private employers are Qwest Communications, HealthONE, King Soopers, United Airlines, Lockheed Martin, and Centura Health. The 2010 Housing and Urban Development (HUD) updated median family income for the Denver MSA was \$75,900. The unemployment rate as of November 2010 was 8.7 percent.

The Boulder metropolitan area is home to the University of Colorado, the largest university in the state of Colorado, and the largest employer in Boulder County. The university employs about 10,000 persons. Other significant employers are IBM Corporation, Oracle, Ball Corporation, Level 3 Communications Inc., and a number of hospitals, including: Boulder Community Hospital, Longmont United Hospital, and Exempla Good Samaritan. The 2010 HUD updated median family income for the Boulder MSA was \$89,600. The unemployment rate as of November 2010 was 6.8 percent.

Community contacts include organizations that promote affordable housing and small business organizations. They state the most significant community development needs in the AA are operating expense funding for small businesses and loans to support affordable housing and affordable housing projects. Non-profit organizations stated there are numerous opportunities for financial institutions to join them as funding partners and financiers of rental, for-sale, and special housing (manufactured homes, farm worker housing, and housing for seniors and the disabled). One organization noted that technical assistance funding is needed to undertake project feasibility analyses. And there are also opportunities for bank employees to serve as board members of non-profit community development organizations. AMG senior management has contacted numerous organizations and groups in an effort to assess the community development and loan needs of its AA.

Within the Denver-Boulder CMSA, there are numerous national, international, and community banking institutions. Financial institutions in the Denver metropolitan area include but are not limited to Bank of America, N.A.; Centennial Bank; Citibank, N.A.; First American Bank; Flatirons Bank; J.P. Morgan Chase, N.A.; Redstone Bank, Solera National Bank; Summit Bank & Trust; U.S. Bank, N.A.; UMB Bank of Colorado, N.A.; Vectra Bank of Colorado, N.A.; Wells Fargo, N.A.; Key Bank; Bank of the West; Mile High Banks; American National Bank; and First Bank of Colorado.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Overall, AMG's loan-to-deposit (LTD) ratio is reasonable given its 3-year commercial banking history and business model. The bank's quarterly average LTD ratio since it received its commercial banking charter is 23 percent. However, a substantial majority of the bank's deposits are funds awaiting distribution or investment. These deposits come from the bank's trust, investment, and custodial customers that are located all over the country. AMG has a very small local core deposit base. The bank's primary

channel for new deposit growth is in commercial deposit products marketed in conjunction with the corporate development activities which focus on commercial loan growth. By excluding the non-local investment deposits, the bank’s September 30, 2010 LTD ratio is 130 percent.

The quarterly average of somewhat similarly situated banks ranges from 16 percent to 88 percent, with an average of 63 percent. Similarly situated banks are those banks of comparable asset size with similar business lines operating in the same geographies. However, it is important to note that the bank is unique and not fully comparable to other financial institutions in its AA because of its significant trust operations and deposits.

Lending in Assessment Area

The extent of lending inside the AA is reasonable. AMG originated a majority of its total loans, 71 percent based on number, inside the AA. Based on dollar amount, the bank originated 50 percent of total loans inside the AA.

Table 1 - Lending in the Denver-Boulder CMSA Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	17	94%	1	6%	18	\$1,488,250	93%	\$111,915	7%	\$1,600,165
Consumer	19	58%	14	42%	33	\$11,719,636	47%	\$13,203,909	53%	\$24,923,544
Totals	36	71%	15	29%	51	\$13,207,886	50%	\$13,315,824	50%	\$26,523,709

Data Source: 2010 HMDA data and Loan Sample

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

Small Business Loans

The bank has excellent penetration in lending to small businesses in the Denver-Boulder CMSA. Distribution of loans to small businesses (businesses with less than \$1 million in gross annual revenues) exceeds the demographic comparator. The bank originated 100 percent of the business loans to small businesses, which compares very favorably to the demographic comparator of 80 percent.

Table 2A - Borrower Distribution of Loans to Businesses in the Denver/Boulder CMSA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	80.1%	3.9%	16.0%	100%
% of Bank Loans in AA by #	100.0%	0.0%	0.0%	100%
% of Bank Loans in AA by \$	100.0%	0.0%	0.0%	100%
<i>Source: Loan sample; Dunn and Bradstreet data.</i>				

Consumer Loans

Overall, the bank meets the standards for consumer lending to borrowers of low- and moderate-income levels. Although the bank did not originate any loans to moderate income borrowers, distribution to low-income borrowers is excellent. The portion of consumer loans originated to low-income borrowers exceeds the demographic comparator. The bank originated 21.05 percent of its consumer loans to low-income borrowers, as compared with the demographic comparator of 20.56 percent.

Borrower Distribution of Consumer Loans in the Denver/Boulder CMSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	20.56	21.05	18.00	0.00	20.44	10.53	41.00	68.42

Source: Loan sample; 2000 U.S. Census data.

Geographic Distribution of Loans

Small Business Loans

The bank’s geographic distribution of business loans reflects excellent dispersion throughout the geographies of different income levels. The percentage of business loans in moderate-income CTs significantly exceeds the demographic comparator. The bank originated 76.47 percent of its business loans in moderate-income CTs, as compared to the demographic comparator of 22.40 percent. Although the bank did not make any loans to businesses in low-income CTs, demographic data shows that only 3 percent of businesses are in low-income CTs, limiting the bank’s opportunities to make loans in these tracts. Consequently, we placed more weight on the bank’s distribution of loans in moderate-income CTs.

Geographic Distribution of Commercial Loans to Businesses – Denver CMSA AA								
Census Tract 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
	3.00%	0.00%	22.40%	76.47%	37.80%	23.53%	35.80%	0.00%

Source: Loan sample; 2009 Business Demographic data

Consumer Loans

Overall, the bank has reasonable dispersion of consumer loans in low- and moderate-income CTs. The bank originated 5.26 percent of consumer loans in low-income CTs. This exceeds the demographic comparator of 3.99 percent. The excellent dispersion in

low-income CTs mitigates the weaker dispersion in moderate-income CTs. The bank originated 5.26 percent of consumer loans in moderate-income CTs, as compared to the demographic comparator of 28.19 percent. There are limited opportunities to make strong loans to consumers in low- and moderate-income CTs given high competition among banks within the AA, which also helps mitigate the low dispersion among moderate-income CTs.

Geographic Distribution of Consumer Loans – Denver-Boulder CMSA								
Census Tract Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
	3.99%	5.26%	28.19%	5.26%	41.86%	42.11%	25.96%	47.37%

Community Development Loans

AMG made two SBA loans which by definition are small business loans, but which have a CD purpose. Together the loans represent almost 16 percent of Net Tier 1 Capital. One loan benefited the Denver MSA and the other benefited the Boulder MSA. The loan originated in the Denver MSA provided funds for a merger which in turn helped retain jobs primarily for low- and moderate-income persons. The loan originated in the Boulder MSA provided funds to open two restaurants which will provide employment for a number of low- and moderate-income individuals.

Responses to Complaints

The bank has not received any CRA-related complaints.

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.