



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 07, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Evergreen FS & LA
Charter Number: 702610

969 SE 6th St
Grants Pass, OR 97526-2960

Office of the Comptroller of the Currency

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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 Outstanding

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

Evergreen Federal Savings and Loan Association (Evergreen or the association) meets the credit needs of its Combined Assessment Areas.

- The association's loan-to-deposit ratio is satisfactory.
- A substantial majority of the association's lending activity is inside its assessment areas.
- The performance for lending to individuals of different income levels meets the standard for satisfactory performance. The performance for lending to businesses of different sizes meets the standards for satisfactory performance.
- The performance for the geographic distribution of home loans meets the standards for satisfactory performance. The performance for the geographic distribution of small business loans exceeds the standards for satisfactory performance.
- The performance for meeting the community needs through community development loans, qualified investments and community development services is outstanding.
- We conducted a supervisory examination of Evergreen in April 2011. We did not identify any substantive violations of the Equal Credit Opportunity Act, the Fair Housing Act or other federal nondiscrimination regulations.

Scope of Examination

This Performance Evaluation (PE) assesses the bank's CRA performance using Intermediate Small Bank CRA procedures. We performed a full-scope examination of Josephine, Curry, and Coos Counties (Southern Oregon Non-MSA) and the Medford, OR MSA assessment areas. We evaluated the bank's reported Home Mortgage Disclosure Act (HMDA) data and the small business loan data from January 1, 2009 thru June 30, 2011. We also evaluated the community development loans, investments, and services.

During this CRA evaluation, we reviewed the association's HMDA data accuracy reviews and corrective actions and deemed these practices to be reliable. We also performed a data integrity examination to determine the accuracy of the small business loan data. The level of exceptions and/or errors was not significant and within the

required thresholds.

Description of Institution

Evergreen is a full-service mutual savings association headquartered in Grants Pass, Oregon. Evergreen was chartered in June 1934. As a mutual savings association, Evergreen is not owned by stockholders but rather by its depositors and borrowers and its products and services are tailored to the deposit and credit needs of its local communities.

Evergreen operates six full-service branches located in Josephine, Jackson, and Curry Counties. In May 2011, Evergreen closed its Bandon in-store branch serving Coos County. Branches are located in the cities of Grants Pass, Cave Junction, Brookings, Medford, and Rogue River. Evergreen offers free 24-hour banking services through on-site automated teller machines (ATMs) at all branch locations, its Gold Phone automated phone system, and its Online banking services.

As of June 30, 2011, Evergreen reported \$347 million in total assets, \$245 million in total loans, \$303 million in total deposits, and \$37 million in equity capital. At that time, major categories of assets were as follows:

Major Components of Total Assets		
As of June 30, 2011		
Asset Type	Amount (\$000s)	% of Total Assets
Permanent Mortgage Loans		
- Single Family	96,332	27.7
- Multifamily	8,851	2.5
- Nonresidential and Land	129,711	37.3
Single Family Construction Loans	940	0.3
Multifamily Construction Loans	268	0.1
Nonresidential Construction Loans	3,727	1.1
Commercial Loans	5,284	1.5
Consumer Loans	202	0.1
Investments		
- Mortgage Backed Securities	16,289	4.7
Interest Earning Deposits	50,550	14.5
Cash/Non-Interest Earning Deposits	3,279	0.9

Evergreen is primarily a residential mortgage lender but offers a variety of credit products to meet credit needs, including commercial real estate, construction, and

commercial business.

As of June 30, 2011, Evergreen had an excellent record of meeting the credit and deposit needs of its combined assessment areas. During the review period, Evergreen originated \$149.0 million in HMDA reportable residential mortgage and small business loans; made \$24.4 million in community development loans; made \$208,657 in qualifying investments; and held \$304.1 million in deposits within its branch offices.

The association received an "Outstanding" rating at the prior CRA evaluation dated October 1, 2007. Currently, there are no legal, financial, regulatory, or other factors impeding the bank's ability to meet the credit needs of its assessment areas.

Description of Assessment Area(s)

An assessment area is a geographic area wherein CRA performance is measured. These geographies must include the association's branch offices and deposit-taking automated teller machines. In addition, the assessment area boundaries must follow the boundaries of contiguous political subdivisions, such as counties, cities, or towns. In the case of this analysis, assessment area designations follow county boundaries.

Evergreen has two assessment areas that consist of four continuous counties, Josephine, Curry, Coos, and Jackson. Josephine, Curry, and Coos Counties (Southern Oregon assessment area) are contiguous counties that are not part of a metropolitan area. Jackson County (Medford MSA) makes up the Medford, OR Metropolitan Statistical Area (MSA). Both designated assessment areas meet regulatory requirements and do not arbitrarily exclude low- and moderate-income geographies or individuals. Credit needs within each assessment area includes affordable housing and start-up or expansion business loans.

Southern Oregon non-MSA Assessment Area

Evergreen serves southwestern Oregon and this assessment area covers Josephine, Coos, and Curry Counties. As of the 2010 Census, the population of this assessment area was 168,120, an increase of 5.3 percent since the 2000 Census. Josephine, Coos, and Curry Counties combined, houses 4.4 percent of the population of Oregon.

The 2010 Housing and Urban Development (HUD) Updated Median Family Income for non-metropolitan counties in Oregon is \$50,600, an increase of 27.1 percent since the 2000 Census. According to the 2000 Census, low- and moderate-income families make up 41.4 percent of the families residing in Josephine, Coos, or Curry Counties and 19.6 percent of all families live within moderate-income census tracts. Economic conditions deteriorated during the review period. According to the Bureau of Labor Statistics (BLS), the average annual unemployment rate for the three county assessment area was 8.2 percent in 2008 and spiked to 13.6 percent in 2009. The average unemployment rate for 2010 was 13.4 percent. All 12 middle-income census tracts in Josephine County are designated as distressed nonmetropolitan middle-income tracts due to poverty levels of 20.0 percent or higher.

The following table provides additional information about the demographics of Evergreen's Southern Oregon non-MSA assessment area.

Demographic Information for Full Scope Area: Josephine, Curry, Coos Cos OR (99999)					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	33	0.00	21.21	69.70	9.09
Population by Geography	159,642	0.00	19.76	73.13	7.11
Owner-Occupied Housing by Geography	46,544	0.00	20.26	72.87	6.87
Business by Geography	18,398	0.00	18.31	72.15	9.54
Farms by Geography	920	0.00	25.54	69.78	4.67
Family Distribution by Income Level	45,284	21.52	19.93	22.99	35.57
Distribution of Low and Moderate Income Families throughout AA Geographies	18,769	0.00	24.83	70.32	4.84
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		39,823 52,700 14%	Median Housing Value Unemployment Rate (2000 US Census)		110,597 3.78%

Source: 2000 US Census and 2011 HUD updated MFI

Medford MSA

As part of its southwestern Oregon territory, Evergreen also serves Jackson County. Jackson County makes up the Medford MSA and borders the association’s Southern Oregon non-MSA assessment area to the south. As of the 2010 Census, the population of this assessment area was 203,206, an increase of 12.1 percent since the 2000 Census. Jackson County houses 5.3 percent of the population of Oregon.

The 2010 HUD Updated Median Family Income for Jackson County is \$55,000, an increase of 25.5 percent since the 2000 Census. According to the 2000 Census, low- and moderate-income families make up 38.2 percent of the families residing in Jackson County and 20.3 percent of all families live within low- or moderate-income census tracts. Economic conditions deteriorated during the review period. According to the BLS, the average annual unemployment rate for this assessment area was 7.9 percent in 2008 and spiked to 12.7 percent in 2009. The average unemployment rate for 2010 was 12.6 percent.

The following table provides additional information about the demographics of Evergreen’s Medford MSA assessment area.

Demographic Information for Full Scope Area: Medford OR MSA (32780)					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	36	2.78	25.00	44.44	27.78
Population by Geography	181,269	1.16	22.53	52.66	23.65
Owner-Occupied Housing by Geography	47,574	0.31	15.60	56.76	27.33
Business by Geography	25,556	5.09	21.11	49.48	24.32
Farms by Geography	1,088	1.93	14.34	59.01	24.72
Family Distribution by Income Level	48,758	19.34	18.89	21.45	40.32
Distribution of Low and Moderate Income Families throughout AA Geographies	18,641	1.90	28.30	54.14	15.65
Median Family Income		43,836	Median Housing Value		135,081
HUD Adjusted Median Family Income for 2011		57,700	Unemployment Rate (2000 US		3.53%
Households Below Poverty Level		12%	Census)		

Source: 2000 US Census and 2011 HUD updated MFI

Evergreen faces strong competition. As of the most recent Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2010, there were 13 financial institutions operating 57 branches within Evergreen's Southern Oregon assessment area and 14 financial institutions operating 78 branches in the Medford MSA. Evergreen operated four branches in its Southern Oregon assessment area and two branches in the Medford MSA. The association's deposit market share was 9.36 and 1.95 percent for its Southern Oregon assessment area and Medford MSA, respectively. The major competing institutions in both assessment areas include Umpqua Bank, US Bank, JPMorgan Chase Bank, and Sterling Savings Bank.

Conclusions with Respect to Performance Tests

LENDING TEST - Satisfactory

Evergreen's performance under the Lending Test is rated Satisfactory. We considered performance under each component of the Lending Test to be at least reasonable for each assessment area. The following sections present quantitative and qualitative data used in evaluating Lending Test performance and to support our conclusions.

Loan-to-Deposit Ratio – Reasonable

The association's loan-to-deposit (LTD) ratio is reasonable given its size, mutual charter, customer base, location, and the nature of its loan competitors (very large national banks and large regional banks). The quarterly average LTD ratio for the previous fifteen quarters ending June 30, 2011, was 84.4 percent.

Evergreen's loan-to-deposit ratio is consistently below its asset-size peer group median by a 15-quarter average of 9 points. When compared to asset-sized mutual thrifts, Evergreen's loan-to-deposit ratio is still lower than the peer group median but by a lower margin (6.5 points on average over 15 quarters). Also, Evergreen sells more loans as percentage of total assets than its asset-size peer group. Given the static nature to the quarterly loan-to-deposit ratio, Evergreen's 15-month average ratio would improve by 3 points to 87.4 percent when considering loans sold during each quarter.

Lending in Assessment Area - Excellent

The association's lending inside its combined assessment areas meets the standard for outstanding performance. The association originated 870 HMDA and small business loans during the evaluation period. A substantial majority of these loans, both by number and by total dollar value were within the association's assessment areas.

The table below illustrates the association's lending concentrations overall and by loan product.

Assessment Area Concentration						
Lending Reported between 1/1/09 – 6/30/11						
Review Period	Number of Loans			Dollar Amount (\$000)		
	Assessment Area Lending	Total Lending	Ratio of AA to Total	Assessment Area Lending	Total Lending	Ratio of AA to Total
All Lending	831	870	95.5	148,996	157,355	94.7
HMDA	753	779	96.7	129,205	133,544	96.8
Small Business	78	91	85.7	19,791	23,811	83.1

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

The overall performance of lending to borrowers of different incomes and businesses of different sizes meets the standard for satisfactory performance. The performance of lending to borrowers of different incomes reflects reasonable penetration in both assessment areas. Lending to businesses of different sizes reflects reasonable penetration in both assessment areas.

- The distribution of Evergreen's loans to low- and moderate-income borrowers and very small businesses is reasonable. While the distribution of HMDA loans to low- and moderate-income borrowers is below both the demographic data for low- and moderate-income tracts and the 2009 HMDA aggregate, Evergreen is a

top leader for such lending in its Southern Oregon non-MSA assessment area and is only topped by very large nationwide lenders.

- Evergreen originated 100 residential mortgage loans totaling \$9.5 million to low- and moderate-income borrowers in its assessment areas.
- Evergreen ranked sixth out of 97 lenders originating residential mortgage loans to low- and moderate-income borrowers and maintained a market share of 4.8 percent of the number of such loans granted within the Southern Oregon non-MSA assessment area in 2009. Evergreen’s market share of low- and moderate-income borrower lending was below its overall market share performance of 7.6 percent.
- Evergreen ranked 29 out of 98 lenders originating residential mortgage loans to low- and moderate-income borrowers and maintained a market share of 0.8 percent of the number of such loans granted within the Medford MSA in 2009. Evergreen’s market share of low- and moderate-income borrower lending was below its overall market share performance of 1.3 percent.
- Evergreen originated 72 small business loans totaling \$17.0 million to businesses with revenues of \$1.0 million or less in its assessment areas.

HMDA Lending

Evergreen's residential mortgage lending to low- and moderate-income borrowers is satisfactory. Although lending to low- and moderate-income borrowers is below demographic data and the performance of the 2009 HMDA aggregate, the association’s performance is reasonable given its size, location, and nature of its competition in each of its assessment areas.

HMDA Lending

Southern Oregon Assessment Area							
Income Level	Demographics % Families	Evergreen			2009 HMDA % #	2009	
		#	% #	\$		Rank	Mkt Share
Low	21.5	21	3.4	1,947	4.5	4 of 47	6.1
Moderate	19.9	55	9.0	5,524	15.4		
Low & Moderate	41.4	76	12.5	7,471	19.9	6 of 97	4.8
Middle	23.0	133	21.8	17,520	25.1		
Upper	35.6	363	59.6	72,482	46.0		
NA	0.0	37	6.1	8,070	9.0		
Total	100.0	609	100.0	105,543	100.0	4 of 207	7.6

HMDA Lending

Medford MSA							
Income Level	Demographics % Families	Evergreen			2009 HMDA % #	2009	
		#	% #	\$		Rank	Mkt Share
Low	19.3	6	4.2	361	4.2	30 of 49	0.8
Moderate	18.9	18	12.5	1,634	17.5		
Low & Moderate	38.2	24	16.7	1,995	21.7	29 of 98	0.8
Middle	21.5	32	22.2	4,052	25.9		
Upper	40.3	73	50.7	13,282	45.0		
NA	0.0	15	10.4	4,333	7.4		
Total	100.0	144	100.0	23,662	100.0	22 of 189	1.3

Small Business Loans

Evergreen’s lending to businesses with less than \$1 million in revenues meets the standards for satisfactory performance. Lending to businesses with less than \$1 million in revenues is above lending results of the 2010 small business aggregate in both assessment areas as shown in the tables below.

Southern Oregon Assessment Area					
Revenue Category	Demographics % Businesses	Evergreen			2010 SmBus % #
		#	% #	\$	
Revenue <= \$1.0 million	72.8	58	95.1	11,312	44.5
Total Small Business Loans	100.0	61	100.0	12,552	

Southern Oregon Assessment Area			
Loan Size	Evergreen		
	#	% #	\$
<\$100k	26	42.6	1,418
\$100k to \$250k	21	34.4	4,237
\$250k to \$1.0 million	14	23.0	6,897
Total	61	100.0	12,552

Medford MSA					
Revenue Category	Demographics % Businesses	Evergreen			2010 SmBus % #
		#	% #	\$	
Revenue <= \$1.0 million	72.7	14	82.4	5,709	43.3
Total Small Business Loans	100.0	17	100.0	7,239	

Medford MSA			
Loan Size	Evergreen		
	#	% #	\$
<\$100k	6	9.8	395
\$100k to \$250k	0	0.0	0
\$250k to \$1.0 million	11	18.0	6,844
Total	17	27.9	7,239

Geographic Distribution of Loans - Reasonable

The overall performance for geographic distribution of loans meets the standard for satisfactory performance. The geographic distribution for residential home loans reflects reasonable dispersion within both assessment areas. The geographic distribution for small business loans reflect good dispersion within both assessment areas.

- The geographic distribution of Evergreen's loans within low- and moderate-income census tracts is reasonable. While the distribution of HMDA loans within low- and moderate-income census tracts is below both the demographic data for low- and moderate-income tracts and the 2009 HMDA aggregate, Evergreen is a top leader for such lending in its Southern Oregon non-MSA assessment area and is only topped by very large nationwide lenders. Evergreen's small business lending within low- and moderate-income was above the 2010 small business aggregate.
- Evergreen originated 60 residential mortgage loans totaling \$9.7 million in low- or moderate-income census tracts in its assessment areas.
- Evergreen ranked 6th out of 79 lenders originating residential mortgage loans within moderate-income geographies in the Southern Oregon non-MSA assessment area and maintained a market share of 4.6 percent of the number of such loans granted within the assessment area in 2009. Evergreen's market share of moderate-income census tract lending was below its overall market share performance of 7.6 percent.
- Evergreen ranked 26th out of 80 lenders originating residential mortgage loans within low- and moderate-income geographies in the Medford MSA and maintained a market share of 0.8 percent of the number of such loans granted within the assessment area in 2009. Evergreen's market share of low- and moderate-income census tract lending was below its overall market share performance of 1.3 percent.
- Evergreen originated 30 small business loans totaling \$4.3 million within low- and moderate-income census tracts in its assessment areas.

HMDA Lending

Evergreen's residential mortgage lending within low- and moderate-income census tracts is satisfactory. Although lending to low- and moderate-income borrowers is below demographic data and the performance of the 2009 HMDA aggregate, the association's performance is reasonable given its size, location, and nature of its competition in each of its assessment areas.

HMDA Lending

Southern Oregon Assessment Area							
Income Level	Demographics % Tracts	Evergreen			2009 HMDA % #	2009	
		#	% #	\$		Rank	Mkt Share
Low	0.0	0	0.0	0	0.0	Na	na
Moderate	21.2	44	7.2	6,241	12.6	6 of 79	4.6
Low & Moderate	21.2	44	7.2	6,241	12.6	6 of 79	4.6
Middle	69.7	516	84.7	91,642	79.2		
Upper	9.1	49	8.0	7,660	8.2		
NA	0.0	0	0.0	0	0.0		
Total	100.0	609	100.0	105,543	100.0	4 of 207	7.6

HMDA Lending

Medford MSA							
Income Level	Demographics % Tracts	Evergreen			2009 HMDA % #	2009	
		#	% #	\$		Rank	Mkt Share
Low	2.8	1	0.7	64	0.2	0 of 9	0.0
Moderate	25.0	15	10.4	3,441	12.8	26 of 80	0.8
Low & Moderate	27.8	16	11.1	3,505	13.0	26 of 80	0.8
Middle	44.4	92	63.9	13,257	54.8		
Upper	27.8	36	25.0	6,900	32.2		
NA	0.0	0	0.0	0	0.0		
Total	100.0	144	100.0	23,662	100.0	22 of 189	1.3

Small Business Loans

Evergreen’s lending to businesses within low- or moderate-income census tracts meets the standards for satisfactory performance. Lending to businesses within low- or moderate-income census tracts is above lending results of the 2010 small business aggregate in both assessment areas.

Small Business Lending

Southern Oregon Assessment Area						
Tract Income Level	Demographics % Businesses	Evergreen			2010 SmBus % #	
		#	% #	\$		
Low	0.0	0	0.0	0	0.0	
Moderate	18.3	14	23.0	1,775	15.5	
Low & Moderate	18.3	14	23.0	1,775	15.5	
Middle	72.2	39	63.9	8,299	75.4	
Upper	9.5	8	13.1	2,478	9.0	
NA	0.0	0	0.0	0	0.0	
Total	100.0	61	100.0	12,552	100.0	

Small Business Lending

Medford MSA						
Tract Income Level	Demographics % Businesses	Evergreen			2010 SmBus % #	
		#	% #	\$		
Low	5.1	1	5.9	75	5.9	

Moderate	21.1	5	29.4	2,434	24.2
Low & Moderate	26.2	6	35.3	2,509	30.1
Middle	49.5	6	35.3	2,380	43.5
Upper	24.3	5	29.4	2,350	26.4
NA	0.0	0	0.0	0	0.0
Total	100.0	17	100.0	7,239	100.0

Mortgage Lending Dispersion

- Evergreen accepted applications from 71.4 percent of all moderate-income census tracts of its Southern Oregon non-MSA assessment area during the evaluation period. Evergreen penetrated 72.7 percent of all census tracts in this assessment area.
- Evergreen accepted applications from 77.8 percent of all low- and moderate-income census tracts of the Medford MSA and from 100.0 percent of all low-income census tracts during the evaluation period. Evergreen penetrated 88.9 percent of all census tracts in the Medford MSA.

Responses to Complaints

This assessment factor did not influence this evaluation. The bank received no CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST - Outstanding

A community development (CRA-qualified) investment is an investment or grant that has community development as its primary purpose. The CRA regulation defines community development as: (1) the provision of affordable housing for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing small businesses or small farms; or (4) activities that revitalize and stabilize low- and moderate-income geographies.

Evergreen's responsiveness through community development lending, investments, and services is outstanding. During the review period, Evergreen demonstrated an outstanding level of community development loans, investments, and services in its combined assessment areas. The amount of community development commitment demonstrated by the bank is commendable and is impressive when viewed within the context of its size and business strategy. The following sections present quantitative and qualitative data used in evaluating Community Development Test performance and to support our conclusions.

Number and Amount of Community Development Loans - Excellent

Evergreen's community development loans reflect excellent responsiveness to the needs within its assessment areas during the evaluation period. The bank originated 36 community development loans totaling \$24.1 million that provided affordable housing, services for low- and moderate-income individuals, job creation and retention for low- and moderate-income individuals, and revitalization and/or stabilization projects in low- and moderate-income geographies or distressed/underserved middle-income non-MSA geographies. Examples of these loans are as follows:

- Loan totaling \$5.0 million for the construction of the Siskiyou Community Health Center (CHC). CHC operates several medical clinics serving Josephine County. CHCs are established in medically underserved communities with services tailored to community needs and offers sliding fee scales to ensure everyone has access to medical care.
- Loan totaling \$2.9 million to a religious fellowship to expand its facilities. The organization operates a food pantry to provide food and clothing to the needy.
- Loan for \$1.2 million for the renovation of a 42-unit Section 8 apartment complex in North Bend, OR. In order to preserve the Section 8 subsidies, this project qualified for low-income housing tax credits as well as the Oregon Lenders tax program. Evergreen granted this loans at a below market interest rate.
- Loan for \$600,000 for the construction/permanent loan to expand an existing shelter in Grants Pass by constructing a new shelter to house 78 homeless men and to feed the hungry regardless of residency at the shelter. The new shelter replaces an older shelter in another part of town that could only house 42 men. Evergreen granted this loan at a below market interest rate. This project was also granted \$936,000 from the Federal Home Loan Bank of Seattle's Affordable Housing Programs (see Community Development Services).
- In Josephine County, homeownership is a significant problem due to a number of factors including the lack of family-wage jobs and an influx of California retirees bidding up local home prices. Evergreen granted 12 loans totaling \$1.6 million for the construction of homes for first time middle-income homebuyers. Through its subsidiary, Evergreen Federal's Affordable Housing Company (EFAHC) and its Homeward Dreams housing program, Evergreen creates affordable housing opportunities for middle-income families that earn too much to qualify for various low- or moderate-income loan programs but too little to qualify for traditional loan products given area home prices. To accomplish this goal, EFAHC owns the land and leases the land, at a nominal price, to the eligible homebuyer. EFAHC partners with local businesses that provide financial support to the program. The purchase price of an EFAHC home is only the cost of construction less any contributions made by program partners. The homebuyer must occupy the home

and upon sale, agrees to only sell the home to another individual/potential buyer who meets the program criteria.

Number and Amount of Qualified Investments - Excellent

Evergreen's community development investments reflect good responsiveness to the needs within its assessment areas. Evergreen made donations totaling \$208,657 to over 34 community development organizations within its assessment areas. In conjunction with its community development lending, Evergreen also has three low-income housing tax credits totaling \$285,409 that were outstanding as the July 1, 2007. The community development organizations served by Evergreen provide the following services: 1) affordable housing for low- and moderate-income individuals, 2) shelter for the homeless, 3) food bank services for low-income or homeless individuals, 4) youth services, including alternative education opportunities and scholarships for underserved and at-risk children and young adults, and 5) services to promote business and economic development. The following table provides examples of largest of these investments.

Qualified Donations		
July 1, 2007 – June 30, 2011		
Organization	Grant Amount	Mission/Purpose of the Organization
Boys and Girls Club	\$38,594	Services to low-income children
Gospel Rescue Mission	\$32,155	Assist in providing shelter and services to low-income homeless
Josephine Co. Christmas Basket Program	\$15,000	Collection of items for low-income families for Christmas
College Dreams	\$9,000	Youth development, college preparation, and scholarships for disadvantaged and at-risk students
Veteran's Services	\$7,615	Support for local area Veteran's
Women's Crisis Support Team	\$6,783	Services to low-income individuals
Josephine County Food Bank	\$5,800	Services to low income families
Access Junior Achievement	\$4,171	Education in financial literacy and workforce readiness
Academic Masters Program	\$4,000	Scholarships and student financial aid services
Grants Pass YMCA	\$3,600	Services to low-income families
Josephine Co. Library	\$3,284	Services to low-income individuals
Food & Friends	\$3,100	Delivery of meals to housebound seniors
Red Cross	\$2,000	Services to low-income families
Family Friends	\$1,000	Services to low-income families

Habitat for Humanity	\$500	Promote affordable housing
Wildlife Images	\$35,800	Promote business and economic development

The following is a breakdown and description of Evergreen's low income housing tax credit program participation:

- In 2009, Evergreen participated in the Oregon Affordable Housing Tax Credit Program (Oregon Lender's Tax Credit Program) in relation to the 42-unit low-income housing project mentioned earlier under Community Development Loans. The Oregon Lender's Tax Credit Program is an incentive program for lenders to provide loans for long-term affordable housing for low- and moderate-income individuals at below market interest rates. The interest savings for the borrower is to be passed to the eligible tenants of the housing projects in the form of rent reductions. As of June 30, 2011, the balance of the tax credit is \$24,307.
- In 2003, Evergreen purchased a \$500,000 Farmworkers' Tax Credit for affordable housing for low-income farmers and their families. As of July 1, 2007, the outstanding balance of the available tax credit was \$250,000. The tax credit was fully utilized by year-end 2010.
- In 1996, Evergreen participated in the Oregon Lender's Tax Credit Program in relation to a 48-unit apartment complex for affordable housing for low-income individuals and families. As of July 1, 2007, the outstanding balance of the tax credit was \$11,102 and at June 30, 2011, the balance was \$5,735.

Extent to Which the Bank Provides Community Development Services - Excellent

Retail Services

The distribution of Evergreen's branches and service delivery systems are excellent and accessible to individuals of different income levels within both assessment areas. The bank has six full-service branch locations that have full service ATMs. Branch hours are convenient to individuals. The bank offers 24-hour internet banking services.

At the beginning of the review period, Evergreen operated seven branches but closed its Bandon Branch (Coos County) in May 2011. Of the remaining six branches, two branches (one in each assessment area) are located in moderate-income census tracts and three branches are located in middle-income geographies with low- and moderate-income families representing more than 35.0 percent of all families in the tracts. The Bandon Branch was located in a middle-income census tract and was the bank's only in-store branch. The Bandon Branch was not profitable and economic growth of the community did not materialize to support the deposit and loan bases needed for the

branch to remain feasible.

Community Development Services

Both the extent and innovativeness of the bank's community development services are excellent. Evergreen employees were involved in numerous volunteer services and activities resulting in 5,091 community service hours. Of these community service hours, 2,281 hours qualified for community development consideration to 22 organizations. A sample of activities performed by bank personnel include 1) board membership, 2) fundraising, and 3) administrative/managerial services. In addition, through its participation in the Federal Home Loan Bank of Seattle's (FHLB) Affordable Housing Program (AHP), Evergreen facilitated the awarding of grant fund to a community development organization. Specific examples of Evergreen's community development services include the following:

- Evergreen sponsored an Affordable Housing Program (AHP) application on behalf of Gospel Rescue Mission during the review period and was awarded \$936,000 in grants for the organization. Evergreen participates in the Federal Home Loan Bank (FHLB) of Seattle's AHP, a direct subsidy awards program. Evergreen, as member bank of the FHLB, sponsors an organization's project and applies for grant funds on behalf of that organization. An AHP project usually, but not necessarily always, involves the development of affordable housing units, downpayment assistance, or transitional housing. A typical project usually entails a complex combination of funding sources and support (public, private, not-for-profit, and donations) and addresses several issues (social and financial) that negatively impact low- and moderate-income individuals. The application is a time-consuming and resource-driven process that, if successful, facilitates community development activity.
- Participation in the AHP program is a long-term commitment by member bank sponsors. The association's community development services, in relation the AHP program, do not end with submission and awarding of grant subsidies. The association also provides on-going monitoring of projects awarded AHP funds to ensure compliance with the terms and restrictions of the project.
- A director of Evergreen serves on the Board of Gospel Rescue Mission and a senior vice president of Evergreen provides administrative services.
- A director of Evergreen serves on the Board of the Four Way Community Foundation. Four Way Community Foundation acts as a conduit between donors and charities by collecting donations from large and small donors and allocating the funds to local charities.
- A senior vice president of Evergreen serves on the Board of Reaching Our Community (ROC) Food Pantry.

- The President, bank officers, and other staff provide assistance in various capacities (fundraising, managerial, consultative, and administrative) to a significant number of qualifying organizations and entities, including the Grants Pass City Council, Grants Pass High School Booster Club, Women’s Crisis Support Team, Southern Oregon Adolescent Study and Treatment Center (SOASTC), Food & Friends, ACCESS Junior Achievement, Boys and Girls Club of the Rogue Valley, Magdalene Home, Hearts with a Mission, Towne Center Association.
- Evergreen Federal owns office and/or warehouse space, known as the Bear Hotel that is frequently used by nonprofit organizations for various events and meetings, at no expense to the organizations. Some of the community development organizations using the space include: Homeward Dreams, Four Way Community Foundation, the Grants Pass Chamber of Commerce, the Grants Pass High School Booster Club, the Rogue Winterfest (hosts events to assist mental and behavioral service organizations serving low- and moderate-income adults and children), Southern Oregon Financial Fraud and Security Team (SOFFAST), College Dreams, Wildlife Images, and the Women’s Crisis Support Team. The Bear Hotel is used by many non-profit organizations, whether they qualify as community development organizations or not, Evergreen demonstrates its commitment for improving the economic, social, and educational wellbeing of the community.
- Evergreen led or participated in many significant activities during the review period to (1) create value for the bank by developing and promoting community events; (2) promoting tourism within its combined assessment areas; (3) provide an engaging, lively, and participatory community; (4) increase the economic viability of core downtown businesses; (5) support local non-profits that provide services to those community members in need; and (6) obtain and provide financial support, through its activities/events, to the members of its community. While these activities do not meet the definition of “community development,” they nonetheless merit mention.

Responsiveness to Community Development Needs

Evergreen’s community development lending, investments, and services program demonstrates excellent responsiveness to the needs within its assessment areas. We evaluated both the bank’s retail banking products and services and its community development activities.

Fair Lending or Other Illegal Credit Practices Review

Our review of Evergreen’s compliance with the substantive provisions of anti-discrimination laws and regulations did not reveal any patterns or practices of

discrimination. Evergreen has established policies and procedures related to fair lending. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.