



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**December 10, 2001**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Evergreen National Bank  
Charter Number 17000**

**28145 Colorado Highway 74  
Evergreen, CO 80439**

**Comptroller of the Currency  
Denver Field Office  
1099 18th Street Suite 2650  
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.**

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*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of The **Evergreen National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 10, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

Evergreen National Bank is committed to serving the communities in which it operates and demonstrates satisfactory lending performance. The bank is meeting the credit needs of the community, including extending loans to low- and moderate-income individuals and small businesses. Specifically:

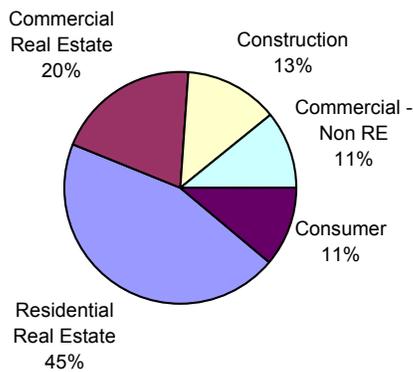
- The bank's pattern of lending to low- and moderate-income individuals exceeds area demographics.
- The majority of loans by number and dollar volume are originated within the bank's assessment area.
- The bank's loan-to-deposit ratio is satisfactory given area competition and credit needs of the community.

## DESCRIPTION OF INSTITUTION

Evergreen National Bank (ENB) is a \$69 million bank located in Evergreen, Colorado. The bank operates two full service facilities and one drive-up facility in Evergreen. There is one Automated Teller Machine (ATM) maintained at each bank location. These ATMs do not accept deposits. One deposit-taking ATM is maintained in Morrison, Colorado.

ENB is a subsidiary of Evergreen Bancorporation located in Evergreen, Colorado. Bank assets represent substantially all of the holding company assets. The consolidated financial statement for year-end 2000 shows total assets of \$69 million.

### Loan Portfolio Distribution



The bank's loan portfolio is comprised of residential real estate, commercial, construction, and consumer credits. The bank's primary focus is in real estate lending with 78 percent of the total loan portfolio by dollar volume secured by real estate. The chart to the left demonstrates the distribution of loans within the portfolio by dollar volume.

Residential real estate is the single largest category of loans followed by commercial real estate. A construction lending rounds out the real estate-secured portion of the portfolio and includes both residential and commercial projects.

Commercial loans include operating installment and revolving lines of credit not secured by real estate. Individual consumer loans include auto loans, cash reserve lines-of-credit, and other installment loans.

Net loans represent 49% of the bank's total assets.

This Performance Evaluation is an assessment of the bank's CRA performance from April 25, 1997, through December 10, 2001. ENB received a "Satisfactory" rating at its April 24, 1997 CRA evaluation. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment area.

## DESCRIPTION OF CLEAR CREEK, PARK, AND JEFFERSON COUNTIES

Management and the board have designated contiguous portions of three counties as the bank's assessment areas (AA). The AA consists of one Block Numbering Area (BNA) in Park County, two BNAs in Clear Creek County, and eight census tracts in the Denver Metropolitan Statistical Area (MSA). Within the AA, four geographies are designated middle-income and seven geographies are designated upper-income. There are no low- or moderate-income designations within the AA.

<b>DISTRIBUTION OF GEOGRAPHIES BY INCOME DESIGNATION</b>		
<b>Income Designation</b>	<b>Park and Clear Creek Counties Denver MSA</b>	
	<b># of Geographies</b>	<b>% of Geographies</b>
Low Income	0	0
Moderate Income	0	0
Middle Income	4	36%
Upper Income	7	64%
Total BNAs	11	100%

Management and the board did not include entire counties or MSAs in the AA, as the resulting area would have been too large for the bank to adequately serve given its size and locations. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The Department of Housing and Urban Development (HUD) 2001 updated non-MSA median-family income for Colorado is \$43,700. The HUD 2001 updated median family income for the Denver MSA is \$64,400. Based on U.S. Census data there are 15,789 families residing within the AA of which 8 percent are low income, 11 percent are moderate income, 20 percent are middle income, and 61 percent are upper income families.

Economic conditions are stable. The communities within the AA are primarily bedroom communities whose residents commute to the Denver area for employment. The primary sources of revenue generated within the AA are recreation and tourism. Consequently, the vast majority of businesses within the communities are small, independently own storefronts and other service providers. Of the businesses located within the AA, 77 percent employ less than five individuals and 90 percent operate only one establishment. Unemployment is manageable, averaging between two and three percent in 2000. This is up slightly from previous years as the economy has softened but is not expected to be of significant concern in the near future.

The bank faces strong competition from seven banks operating within the AA. ENB ranks fourth in market share with 14%. The three largest banks hold a total of 63% percent of the market share.

We made one community contact during this review. We interviewed the Office Manager for the Evergreen Chamber of Commerce. The contact indicated the economy is expected to remain stable for the foreseeable future. This is a wealthy geography and the greatest credit needs continue to be small business loans and residential mortgages. Although there is a lack of affordable housing, geographic constraints and the high cost of real estate makes it economically unfeasible to develop. There are no current plans to develop affordable housing within the city of Evergreen.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

ENB does a good job of meeting the credit needs of its AA, including the needs of low- and moderate-income individuals.

### **Loan-to-Deposit Ratio**

ENB's loan-to-deposit (LTD) ratio is reasonable. As of June 30, 2001, the bank's quarterly average loan-to-deposit ratio calculated since the previous CRA evaluation was 52 percent. The quarterly average loan-to-deposit ratios over the same time period for similarly situated banks range between 36 percent and 90 percent. Similarly situated banks are those banks of comparable asset size operating within the assessment area.

The bank's current loan-to-deposit ratio is 59 percent. This is a marked improvement from the 45 percent LTD noted at the previous evaluation. This improvement is particularly favorable given the competitive environment. Large banks in the area include U.S. Bank, N.A., FirstBank of Evergreen, and Community First National Bank.

### **Lending in Assessment Area**

The bank's level of lending within the AA is satisfactory. Our sample of loans originated since the previous CRA examination indicates the majority of loans, by number and dollar volume, are originated within the AA. The following table illustrates these findings:

<b>Loan Type</b>	<b>Loans in the AA Based on the Number of Loans in the Sample</b>	<b>Loans in the AA Based on the Dollar Volume of Loans in the Sample</b>
Home Improvement	100%	100%
Commercial Real Estate	75%	70%

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

The bank's pattern of lending to borrowers of different incomes and businesses of different sizes is good. We analyzed 100 percent of all Home Mortgage Disclosure Act (HMDA) reportable home improvement loans originated in 1998, 1999, and 2000. We also sampled 20 commercial loans secured by real estate originated since the previous CRA examination. The results of our findings are detailed below.

### ***Residential Real Estate***

The income designations below are based on the 2000 non-MSA median family income for Colorado of \$42,300 and the 2000 Denver MSA median family income of \$62,100. The 2000 income information was the most current information available for analyzing residential real estate lending. Using this information, our analysis of home improvement loans produced the following findings:

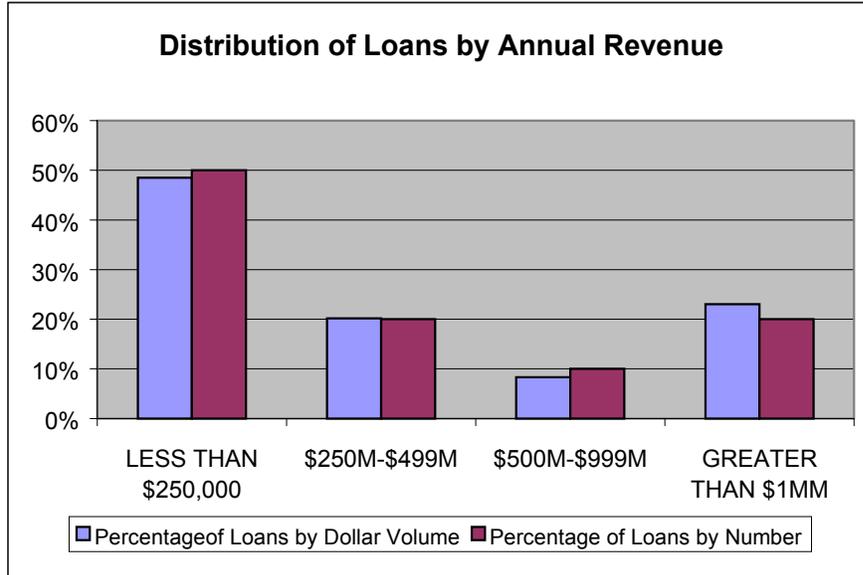
<b>Income Designation of the Borrower</b>	<b>% of Families in the Assessment Areas</b>	<b>% of Sample Loans by Number</b>	<b>% of Sample Loans by Dollar Volume</b>
Low	8%	4%	2%
Moderate	11%	23%	16%
Middle	20%	23%	14%
Upper	61%	50%	68%
Total	100%	100%	100%

The bank's pattern of lending closely reflects area demographics and significantly exceeds area demographics for the number of loans originated to low- and moderate-income individuals. This demonstrates the bank's commitment to meeting the credit needs of low- and moderate-income individuals.

### ***Commercial Loans Secured by Real Estate***

Businesses with annual gross revenues of less than \$1 million are designated as "small businesses." The AA demographic data indicate 95 percent of all businesses reporting income in 2000 had annual revenues under \$1 million.

The percentages of loans originated to small businesses by number and dollar volume were 80 percent and 76 percent, respectively. Although the percentage of loans originated to small businesses does not fully mirror area demographics, a further analysis of the data indicates the bank originates a substantial volume of loans to very small businesses (revenues under \$250,000). This demonstrates the bank's commitment to support small businesses within the AA. The following chart shows the distribution of loans by number and dollar volume to businesses with tiered levels of annual gross revenues.



### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans was not performed. All geographies within the AA are designated as middle- or upper-income. Therefore, an analysis would not be beneficial.

### **Responses to Complaints**

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

### **Fair Lending Review**

An analysis of 2000 and 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1997.