



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Evergreen National Bank
Charter Number 17000**

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

**Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, California 94105**

NOTE: 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.

GENERAL INFORMATION

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 **Evergreen National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 24, 1997. 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 meeting the credit needs of its community. The bank originates a majority of its loans inside its assessment area to individuals of various income levels and businesses of different sizes. Management is knowledgeable about the community's needs and they offer products, services, and banking hours designed to satisfy the community's needs.

The following table indicates the performance level of **Evergreen National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Evergreen National Bank Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	Comparison of geographic distribution is not meaningful.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION:

Evergreen National Bank is a \$43 million independently owned financial institution located 30 miles west of Denver in Evergreen, Colorado. The bank is 100% owned by Evergreen Bancorporation, a one-bank holding company. The bank operates a drive-up facility across the street from the main location and one automated teller machine (ATM).

The bank offers a variety of credit products to the community. On December 31, 1996, the bank's loan products as a percent of average gross loans and leases are centered in: Construction and development loans 7.04%, 1-4 family residential loans 42.44%, multi-family loans .15%, non-farm non-residential loans 6.50%, commercial and industrial loans 24.37%, loans to individuals 15.66%, municipal loans 1.32%, lease financing receivables 2.47%, and other loans .05%.

DESCRIPTION OF ASSESSMENT AREA:

The bank's assessment area is comprised of eight census tracts located in Jefferson County which are part of the Denver Metropolitan Statistical Area (MSA #2080), two block numbering areas (BNAs) of Clear Creek County, and one BNA of Park County. The assessment area meets regulatory requirements and it does not arbitrarily exclude low- or moderate-income geographies.

The assessment area includes the communities of Aspen Park, Bailey, Bergen Park, Conifer, Evergreen, Genesee, Idaho Springs, Idledale, Indian Hills, Kittredge, Morrison, Pine Junction, and Shawnee. There are 12 financial institutions serving these towns. The financial institutions are located in Aspen Park (1), Bergen Park (2), Conifer (2), Evergreen (5), and Idaho Springs (2). The estimated population of the assessment area is 55,075 and the 1990 census MSA/non-MSA median- family income is \$36,959. The assessment area does not include any low- or moderate-income census tracts or block numbering areas. The income characteristics of the BNA's and census tracts comprising the assessment area are as follows:

TRACT CHARACTERISTICS OF THE ASSESSMENT AREA		
TRACT TYPE	#	%
Low-Income	0	0.00
Moderate-Income	0	0.00
Middle-Income	4	36.36
Upper-Income	7	63.64
TOTALS	11	100.00

Most of the towns included in the assessment area are bedroom communities of the Denver metropolitan area. A large percentage of residents commute into Denver for employment. The communities continue to grow at a rapid pace. The town of Evergreen has grown from 12,000 residents in 1980 to over 35,000 today.

The cost of housing is high. The average price of a single-family home in Evergreen is \$228,729. There are very few multi-family housing units available in the community.

The economy of the assessment area is good. Residential construction and development is strong and continues to drive the local economy. Commercial development activity is increasing as residents require greater support services, such as grocery stores and other retail establishments.

The employment outlook of the assessment area remains positive. According to the Evergreen Chamber of Commerce, the largest segment of employment growth over the last 12 months has been in the category of individuals who work out of their homes. In addition, three large grocery stores employ well over 300 part time and full time people.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio:

Evergreen National Bank's 45% average loan-to-deposit ratio for the eight quarters ended December 31, 1996, is reasonable given competitive market factors and the bank's previous history. The bank continues to grow net loans and leases by over 20% per year. The loan portfolio is growing back from extremely low volumes in the early 1990's. Between year-end 1993 and year-end 1996, the bank's loan-to-deposit ratio increased from 38.81% to 46.29%. Management closely monitors growth to ensure capital levels keep pace.

Competition for loans in the bank's assessment area is increasing. New competitors opening branches or purchasing existing banks in the assessment area include Bank One, FirstBanks of Colorado, and Community First National Bank. These bank's are active in the same market segments as Evergreen National Bank.

The eight-quarter average loan-to-deposit ratio for seven similarly situated banks based on asset sizes between \$32 million and \$46 million and either in or close to the Colorado Springs and Denver metropolitan markets is 70%. The loan-to-deposit ratios ranged from 55% to 83%. The bank projects a loan-to-deposit ratio by year-end 1997 of approximately 55%. The bank seeks to grow its loan-to-deposit ratio on a steady basis.

Lending in Assessment Area:

The bank originates a majority of loans in its assessment area. Between September 1, 1996, and March 31, 1997, the bank originated 241 loans for \$6,126,422. Approximately 194 loans, or 80.50% of the total number originated, were inside the assessment area. The dollar amount of loans originated in the assessment area totaled \$4,763,447 or 77.75%.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Evergreen National Bank does a good job of lending to borrowers of different incomes and businesses of different sizes. The following tables will summarize this analysis:

Income Distribution of Mortgage, Home Equity and Auto Products.						
Income Category	Home Mortgage		Auto		Home Equity	
	#	%	#	%	#	%
Low	2	5.71	5	33.33	3	12.00
Moderate	4	11.43	5	33.33	4	16.00
Middle	7	20.00	1	6.67	8	32.00
Upper	22	62.86	4	26.67	10	40.00
Totals	35	100.00	15	100.00	25	100.00

Distribution of Business Loans by Revenue		
	# of Loans Reviewed	% of Loans Reviewed
Loans to Small Businesses (Annual Revenues <\$1 million)	13	81.00%
Loans to Large Businesses (Annual Revenues >\$1 million)	3	19.00%
TOTALS	16	100.00

As noted above, even though the bank's assessment area does not include any low- or moderate-income geographies, the bank still makes loans to individuals whose incomes meet the low- and moderate-income criteria. This is particularly evident in auto loans where 67% of the borrower

incomes sampled fell within the low- or moderate-income categories. Also, the bank does a good job of making loans to small businesses.

Evergreen National Bank made a loan to the Blue Spruce Habitat for Humanity in the amount of \$15,000. Habitat for Humanity is an international non-profit corporation that builds homes for the under-privileged through sweat equity, donated labor and materials, and fund raising. This loan would qualify as a community development loan. In addition, the bank extended a \$700,000 loan to the Evergreen Metropolitan District, the local water and sewer district, for the purpose of building its new administrative building. The loan was extended at a below market interest rate of 6%. Finally, the bank is starting involvement in Small Business Administration lending. They have made three loans totaling \$269,000.

Geographic Distribution of Loans:

The bank's assessment area is comprised of all middle- and upper-income geographies. Therefore, a geographic analysis would not be meaningful.

Response to Complaints:

Evergreen National Bank has not received any complaints related to the CRA.

Record of Compliance with Anti-Discrimination Laws:

We found no evidence of discrimination or any violations of the provisions of anti-discrimination laws and regulations.