



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

June 11, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Evergreen National Bank
Charter Number 17000**

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

**Comptroller of the Currency
Northern Colorado
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.

A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the community including 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.

Evergreen National Bank is committed to serving the communities in which it operates and demonstrates satisfactory lending performance.

DESCRIPTION OF INSTITUTION

Evergreen National Bank (ENB) is an \$83 million bank located in Evergreen, Colorado, which is located in the foothills about 40 miles west of Denver. ENB is a subsidiary of Evergreen Bancorporation, a one-bank holding company. ENB is affiliated with Clear Creek National Bank, located in Georgetown, Colorado.

The bank has one full service facility in Evergreen, one in Bergen Park, and a stand alone drive-up facility in Evergreen. There is one non-deposit-taking Automated Teller Machine (ATM) at each of the full service facilities and one deposit-taking ATM in Morrison, Colorado.

ENB offers a variety of credit products. The primary loan products by dollar volume are 1-4 family residential at 26% of total loans (includes home equity lines of credit) and commercial real estate at 25%. Other loan products include construction and development (21%), commercial (non-real estate secured 18%), and consumer (including credit cards 10%). Net loans represent 43% of total assets.

For purposes of this analysis, CRA performance is based on an analysis of commercial and commercial real estate loans, and home equity lines of credit. There are no legal impediments to the bank's ability to meet the credit needs of the assessment area.

ENB received a "Satisfactory" rating at the last CRA examination dated December 10, 2001.

Refer to the bank's CRA Public File for more information.

DESCRIPTION OF JEFFERSON, CLEAR CREEK, AND PARK COUNTIES

Management and the board have designated contiguous portions of three counties as the bank's assessment area (AA). The area consists of 16 census tracts in the western portion of Jefferson County, two in eastern Clear Creek County, and two in northeast Park County. Based on 2000 census data, this AA is comprised of three middle-income and 17 upper-income census tracts. There are no low- or moderate-income census tracts. The Department of Housing and Urban Development (HUD) 2006 weighted average updated median family income for this AA is \$71,300. Based on 2000 US Census Data, there are 21,853 families residing within the AA of which 7% are deemed low-income, 10% moderate-income, 19% middle-income, and 64% upper-income. Income designators are based on annual income as a percentage of the MSA median family income.

Economic conditions in the AA are good. The primary industry is tourism. There are no major employers in the AA. The majority of the working population commutes to the Denver Metropolitan Area.

ENB faces strong competition in the AA. Competitors include six financial institutions, four of which are large national institutions. ENB ranks fifth in deposit market share holding 14% of the AA deposits.

The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

We made one community contact with this examination. We spoke with a representative of the Evergreen Area Chamber of Commerce. The contact said that the greatest need in the Evergreen area is low- and moderate-income housing. There are no low- or moderate-income neighborhoods in north Evergreen and a minimal number in the south part of town. The majority of the people who work in Evergreen do not live there. They tend to live in the areas around Kittridge and Indian Hills, which have more moderate-priced homes.

The contact said there are limited opportunities for banks to participate in community development activities. There is virtually no undeveloped acreage in the town and surrounding areas and the cost of land makes it prohibitive to attempt to develop low- to moderately-priced housing. However, there are non-profit organizations that are trying to address the problem. The local banks strongly support local fund raising activities and special events. The contact noted that ENB tends to be more involved in supporting small businesses and participating in these activities than the branches of larger banks in the area.

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 adequate given area competition and credit needs of the assessment area. The bank's quarterly average LTD ration since the last CRA exam is 53%. The quarterly average LTD ratios over the same time period for similarly situated banks range between 30% and 73%. Similarly situated banks are those banks of comparable asset size operating within the assessment area.

Lending in Assessment Area

Lending in the assessment area (AA) is satisfactory. The majority of loans by number and dollar volume originated within the bank's AA. We sampled twenty commercial/commercial real estate loans originated by the bank in 2004, 2005 and 2006, and twenty home equity lines of credit originated over the same period. Of the forty loans reviewed, 70% by number and 80% by dollar volume were originated within the AA.

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

The bank's pattern of lending to small businesses reasonably reflects area demographics.

Businesses with annual gross revenues of less than \$1 million are designated as "small businesses". The AA demographic data indicate 96% of all businesses reporting income in 2006 had annual revenues less than \$1 million.

The percentage of loans originated to small businesses by number and dollar volume were 85% and 72% respectively. Although the percentage of loans originated to small businesses does not fully mirror area demographics, fully 60% of the number and 67% of the dollar volume of loans sampled were made to businesses with gross revenues of less than \$250,000. This demonstrates the bank's commitment to support small businesses within the AA.

The bank's pattern of lending to borrowers of different incomes reasonably reflects area demographics.

The income designations for the percent of families in the assessment areas below are based on the 2000 census. The income designations for the sample are based on the HUD 2006 weighted average updated family income for the AA. Using this information, our analysis of home equity lines of credit produced the following findings:

Income Designation of the Borrower	% of Families in the Assessment Areas	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	7%	10%	5%
Moderate	10%	15%	10%
Middle	19%	20%	17%
Upper	64%	55%	68%

Total	100%	100%	100%
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The bank's pattern of lending closely reflects area demographics for both the number and dollar volume of loans to low- and moderate-income individuals. This demonstrates the bank's commitment to meeting the credit needs of low- and moderate-income individuals.

Geographic Distribution of Loans

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

Responses to Complaints

ENB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

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.