



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

February 20, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Evergreen Federal Bank
Charter Number 702610

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

Office of the Comptroller of the Currency

101 Stewart Street, Suite 1010 Seattle, WA 98101

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, and should not 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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Overall CRA Rating: Outstanding

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

Evergreen Federal Bank meets the credit needs of its combined assessment areas. The major factors supporting the bank's rating include the following:

- The bank's loan-to-deposit ratio is reasonable.
- A substantial majority of the bank's lending activity is inside its assessment areas.
- Home mortgage lending penetration to individuals of different income levels is reasonable overall; conclusions reflect factors related to housing affordability and competition.
- The geographic distribution of home loans is reasonable; conclusions reflect factors related to competition.
- The bank demonstrated excellent responsiveness to the community development needs of the assessment area (AA), through community development (CD) lending, qualified investments, and CD services. The level of community development involvement contributed to the overall outstanding rating.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Evergreen Federal Bank (Evergreen, or bank) is a full-service mutual savings bank headquartered in Grants Pass, Oregon, located in Josephine County. Evergreen was chartered in June 1934. As a mutual savings bank, Evergreen is owned by its depositors and borrowers. Its products and services are tailored to the deposit and credit needs of its local communities. The bank has one subsidiary, Evergreen Federal Affordable Housing Company, which did not make any loans during the evaluation period, and did not impact this evaluation.

Evergreen operates five full-service locations located in Josephine, Curry, and Jackson Counties. Most of Evergreen's lending and deposit volumes are centered in the Grants Pass MSA AA. The Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2017 shows that Evergreen held \$394.7 million in deposits within its branch offices. Of the deposits, 71.5 percent of Evergreen's deposits are in the Grants Pass MSA AA, 19.7 percent in the Medford MSA AA, and 8.8 percent in the Curry County AA. The bank's branches are located in the cities of Grants Pass, 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 online banking services. All ATMs accept deposits.

As of December 31, 2017, Evergreen reported \$447 million in total assets. Major categories of assets are shown in the following table:

Major Components of Total Assets		
As of December 31, 2017		
Asset Type	Amount (\$000s)	% of Total Assets
Permanent Mortgage Loans		
- 1 – 4 Family Closed End Loans	119,075	27%
- Multifamily Loans	12,591	3%
- Nonresidential and Land	152,000	34%
Single Family Construction Loans	11,754	3%
Other Construction Loans, Land Development and Other Land Loans	14,301	3%
Commercial Loans	8,829	2%
Consumer Loans	1,121	0%
Investments		
- U.S. Treasury Securities	11,960	3%
- U.S. Government-Sponsored Agencies	33,623	8%
Interest Bearing Balances	34,868	8%
Cash/Non-Interest Bearing Balances	4,532	1%

Source: Call Report Data

Evergreen is primarily a residential mortgage lender but offers a variety of credit products to meet the credit needs of its AAs, including commercial real estate, construction, and commercial business loans.

Josephine County is now designated as the Grants Pass MSA. In the previous evaluation, Josephine County and Curry Counties were combined into the Southern Oregon Non-MSA AA, and were analyzed together.

The bank received an “Outstanding” rating at the prior CRA evaluation dated January 5, 2015. Currently, there are no legal, financial, regulatory, or other factors impeding the bank’s ability to meet the credit needs of its AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's CRA performance using Intermediate Small Bank CRA procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The community development test evaluates the bank's responsiveness to community development needs in its AAs through CD lending, qualified CD investments, and CD services. The lending test for Evergreen covers January 1, 2015 through September 30, 2017 (the review period). The evaluation period for the community development test covers January 5, 2015 through February 20, 2018.

Based on new loan volume during the evaluation period, Evergreen has two primary loan products, home mortgage loans and business loans. Our evaluation focused on analysis of home mortgage loans during this evaluation period.

Our analysis was impacted by updated Census data that was published in July 2017, and applicable to analysis for 2017 lending activity. Based on the updated American Community Survey (ACS), we conducted separate analysis on loans originated in 2015 through 2016, and loans originated in 2017.

Data Integrity

Prior to this evaluation, we performed a data integrity examination to determine the accuracy of Evergreen's Home Mortgage Disclosure Act (HMDA) loan data. The level of exceptions and/or errors was not significant and was within the required thresholds. Therefore, the data was reliable for use in this evaluation.

Selection of Areas for Full-Scope Review

Evergreen has three AAs, for which we performed two full-scope reviews. The Grants Pass MSA is comprised of Josephine County. The Medford MSA is comprised of Jackson County. The Curry County AA is not in an MSA, and represents limited lending and deposit activity, so we completed limited-scope procedures for this AA. Refer to appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Given more significant deposit and lending activity in the Grants Pass MSA AA, we placed more weight on performance in this AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Evergreen’s performance under the Lending Test is satisfactory. The following sections present quantitative and qualitative data used in evaluating Lending Test performance.

Loan-to-Deposit Ratio

Evergreen’s average quarterly loan-to-deposit ratio (LTD) meets the standard for satisfactory performance, and demonstrates the bank’s overall willingness to lend. The bank’s LTD ratio is reasonable given its size, mutual charter, customer base, location, and the nature of its lending competitors, which includes large national banks and regional banks. For the twelve quarters that comprise the evaluation period, Evergreen’s average quarterly LTD ratio was 74.4 percent, with a range between 79.2 percent and 69.9 percent.

Data indicates that Evergreen’s lending performance is in line with both similarly situated financial institutions within Oregon, and direct competitors operating in their AAs. When comparing the bank to 15 financial institutions operating within Oregon, data reflects an average LTD ratio of 75.8 percent with a low ratio of 54.1 percent and a high ratio of 97.3 percent. When compared to similarly situated institutions with a similar asset size and number of branches, data reflects an average LTD ratio of 73.5 percent with a low ratio of 64.3 percent and a high ratio of 90.6 percent. Direct competitors are comprised primarily of large nationwide or regional financial institutions.

Lending in Assessment Area

A substantial majority of the bank’s lending is inside the combined AAs, as detailed in the table below. The bank reported 916 mortgage loans during the review period, and nearly 98 percent were in the AAs.

Table 1 - Lending in the Grants Pass MSA and Medford MSA										
Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Mortgage Loans	893	97.7	23	2.5	916	205,034	97.6	5,075	2.4	210,109

Source: HMDA Data

Lending to Borrowers of Different Incomes

Evergreen's residential mortgage lending to low- and moderate-income (LMI) borrowers reflects overall reasonable penetration for home loans. In our analysis, more weight is given to

2015 through 2016, as this represents more lending volume than the first three quarters of 2017. In addition, more emphasis is placed on bank performance relative to the peer aggregate comparator, as this is a more representative measure of lending opportunity. Median housing values impacted home affordability in the bank's AAs. Large nationwide and regional financial institutions in the area also present significant competition for home loans. Also note that the bank had a significant percentage of reported loans with income that was 'not available' as a result of the volume of construction-to-permanent loans to builders. Refer to appendix C for additional performance context regarding the bank's full-scope AAs.

Grants Pass MSA

The distribution of residential mortgage lending in the Grants Pass MSA is reasonable when considering performance context factors. In 2015 through 2016, lending to low-income borrowers is below the demographic comparator, but within a reasonable range of the peer aggregate comparator. Lending to moderate-income borrowers is below the demographic and peer aggregate comparators. In 2017, lending to low-income borrowers is below the demographic and peer aggregate comparators. Lending to moderate-income borrowers is below the demographic comparator but within a reasonable range of the aggregate comparator. We considered factors related to housing affordability and competition in our conclusions.

Table 2 - Distribution of Residential Real Estate Loans By Borrower Income Level in the Grants Pass MSA [2015-2016]				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution (Demographic Data)	% of Peer Aggregate
Low	1.92	1.28	21.24	1.91
Moderate	5.04	2.98	17.75	11.45
Middle	13.43	9.38	21.10	18.81
Upper	62.59	67.09	39.91	49.52
Not Available	17.03	19.28	0.00	18.30

Source: 2015-2016 HMDA data; 2010 U.S. Census data.

Table 2 - Distribution of Residential Real Estate Loans By Borrower Income Level in the Grants Pass MSA [2017]				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution (Demographic Data)	% of Peer Aggregate
Low	0.68	0.29	19.39	2.29
Moderate	8.78	4.45	19.47	8.73
Middle	8.78	5.53	19.73	19.59
Upper	58.78	67.53	41.42	56.32
Not Available	22.97	22.20	0.00	13.07

Source: 2017 HMDA data; 2015 ACS Census data.

Medford MSA

The distribution of residential mortgage lending in the Medford MSA AA is reasonable, given performance context factors. In 2015 through 2016, lending to low-income borrowers is lower than the demographic and HMDA aggregate comparators. Lending to moderate-income borrowers is lower than the demographic comparator, but within a reasonable range of the

HMDA aggregate comparator. In 2017, performance is less than satisfactory, as the bank has no lending to low-income borrowers, and lending to moderate-income borrowers is significantly below the comparator ratios. We considered factors related to housing affordability and competition in our final conclusions.

Table 2 - Distribution of Residential Real Estate Loans By Borrower Income Level in the Medford MSA [2015-2016]				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution (Demographic Data)	% of Peer Aggregate
Low	0.51	0.08	19.75	2.05
Moderate	6.12	3.53	18.89	10.74
Middle	7.14	5.29	20.55	19.39
Upper	54.08	55.65	40.81	48.11
Not Available	32.14	35.45	0.00	19.70

Source: 2015-2016 HMDA data; 2010 U.S. Census data.

Table 2 - Distribution of Residential Real Estate Loans By Borrower Income Level in the Medford MSA [2017]				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution (Demographic Data)	% of Peer Aggregate
Low	0.00	0.00	21.15	2.27
Moderate	2.65	0.99	18.17	10.63
Middle	7.08	5.11	19.57	22.57
Upper	43.36	48.80	41.11	51.66
Not Available	46.90	45.10	0.00	12.87

Source: 2017 HMDA data; 2015 ACS Census data.

Geographic Distribution of Loans

The performance for geographic distribution of loans meets the standard for satisfactory performance. The geographic distribution for residential home loans reflects reasonable dispersion in moderate-income tracts within Evergreen's AAs. In our analysis, more weight is given to 2015 through 2016, as this represents more lending volume than the first three quarters of 2017. In addition, more emphasis is placed on bank performance relative to the peer aggregate comparator, since it is a more representative measure of lending opportunity. We did not identify any unexplained gaps; the bank's AA consists of whole geographies, meets the requirements of the CRA regulation, and does not arbitrarily exclude any low- and moderate-income areas.

Grants Pass MSA AA

The dispersion of lending in moderate-income geographies in the Grants Pass MSA AA is reasonable given performance context factors. An analysis of lending in low-income geographies is not meaningful since there were no low-income tracts in this AA. Only 2.9 percent of Evergreen's home loan originations were located inside moderate-income census tracts in 2015 through 2016, and less than 1 percent in 2017, which is below the demographic and peer aggregate comparators. In forming our conclusions, we considered the impact of the Cave Junction branch closure in early 2016, as well as lending competition in the AA.

Table 3 - Distribution of Residential Real Estate Loans By Census Tract Income Level in the Grants Pass MSA [2015-2016]				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied (Demographic Data)	% of Peer Aggregate
Low	0.00	0.00	0.00	0.00
Moderate	2.88	1.59	10.26	6.70
Middle	83.93	83.75	79.54	82.95
Upper	13.19	14.66	10.20	10.35
Not Available	0.00	0.00	0.00	0.00

Source: 2015-2016 HMDA data; 2010 U.S. Census data.

Table 3 - Distribution of Residential Real Estate Loans By Census Tract Income Level in the Grants Pass MSA [2017]				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied (Demographic Data)	% of Peer Aggregate
Low	0.00	0.00	0.00	0.00
Moderate	0.68	0.91	6.89	11.79
Middle	91.89	90.62	66.25	63.62
Upper	7.43	8.48	26.86	24.59
Not Available	0.00	0.00	0.00	0.00

Source: 2017 HMDA data; 2015 ACS Census data.

Medford MSA

The dispersion of lending in low- and moderate-income geographies in the Medford MSA AA is reasonable overall. In 2015 through 2016 as well as 2017, the bank did not have any lending in low-income tracts. However, both the very low percentage of owner-occupied housing in low-income tracts, and the low level of peer lending in those tracts indicates very limited opportunities to lend in low-income areas. In 2015 through 2016 as well as 2017, lending performance in moderate-income tracts is within a reasonable range of both comparator ratios. We also considered Evergreen's limited presence in this AA relative to the level of banking competition.

Table 3 - Distribution of Residential Real Estate Loans By Census Tract Income Level in the Medford MSA [2015-2016]				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied (Demographic Data)	% of Peer Aggregate
Low	0.00	0.00	0.22	0.18
Moderate	6.12	5.13	7.54	7.80
Middle	72.45	73.79	71.5	68.93
Upper	21.43	21.08	20.74	23.09
Not Available	0.00	0.00	0.00	N/A

Source: 2015-2016 HMDA data; 2010 U.S. Census data.

Table 3 - Distribution of Residential Real Estate Loans By Census Tract Income Level in the Medford MSA [2017]				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied (Demographic Data)	% of Peer Aggregate
Low	0.00	0.00	0.19	0.26
Moderate	7.96	11.54	12.22	12.00
Middle	79.65	74.45	59.01	55.93
Upper	12.39	14.01	28.58	31.81
Not Available	0.00	0.00	0.00	0.00

Source: 2017 HMDA data; 2015 ACS Census data.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank’s performance under the lending test in the Curry County AA is weaker than the bank’s overall “Satisfactory” performance under the lending test. The borrower distribution to low- and moderate-income borrowers was weaker than performance in the AAs subject to full-scope review. Curry County does not have any low-or moderate-income tracts, so an analysis of the geographic distribution was not that meaningful, although the AA did have three middle-income CTs that were distressed in 2015 and 2016. We also noted low loan volume in this AA. Performance in this AA did not impact overall conclusions given the bank’s very limited presence in Curry County.

Responses to Complaints

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

A qualifying community development loan, investment, or service has community development as its primary purpose. The CRA regulation defines community development as follows:

- 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 to community needs through community development lending, investments, and services is excellent. During the evaluation period, Evergreen demonstrated an excellent level of qualifying CD loans, investments, and services in its combined AAs. Greater weight was placed on performance within the Grants Pass MSA AA, given the bank's much greater presence in that AA.

Number and Amount of Community Development Loans

Evergreen's community development lending reflects overall excellent responsiveness to the needs within its AAs during the evaluation period. The bank originated 24 CD loans in their AAs totaling \$16.0 million; these loans provided affordable housing, community development services for low- and moderate-income individuals, job creation and retention for LMI individuals, and revitalization and/or stabilization projects in LMI geographies or distressed census tracts.

Grants Pass MSA AA

Evergreen originated \$8.3 million in qualifying CD loans in the Grants Pass MSA AA, and some examples are detailed below.

- A loan totaling \$4.7 million with favorable terms to a health care service provider that provides services to LMI persons.
- A loan totaling \$738 thousand to a local organization to purchase an 18-unit apartment building to facilitate housing for a low-income individuals suffering from mental health problems. The organization provides short-term crisis stabilization, suicide prevention services, and mental health treatment to LMI persons.
- Evergreen originated several CD loans for the purpose of renovating buildings in the downtown area of Grants Pass, Oregon. These renovations developed certain run-down, and sometimes unsafe, properties into attractive properties local businesses now occupy, thereby helping to revitalize the area.
- The bank also originated several loans that helped retain or attract new jobs by financing the purchase of businesses that were about to close, by financing initial costs of new businesses, and by financing the expansion of existing businesses in the area.

Medford MSA AA

Evergreen originated \$7.0 million in qualifying CD loans in the Medford MSA AA, including the following examples.

- A loan for \$3.3 million for the construction of a senior memory care facility, bringing a variety of good jobs to the area.
- A loan for \$2.5 million the purchase and renovation of a rundown building in a downtown area that helped revitalize the AA and retain jobs in the community.

Curry County AA

Evergreen originated one CD loan for \$738 thousand in Curry County. The loan helped facilitate mental health services targeted to LMI persons in the area.

Number and Amount of Qualified Investments

Evergreen made CD investments in the form of donations, totaling \$946 thousand, to various qualifying organizations within the assessment areas. Most donations were made in the Grants Pass MSA AA. In the Medford MSA AA, qualified donations totaled \$29 thousand. The following table details the most significant donations.

Significant Qualified Donations		
Organization	Amount	Mission/Purpose of the Organization or Donation
Grants Pass High School	\$250,000	Donation for construction of community facility in an economically distressed geography
Wilderness Trails	\$118,500	Donation for construction of camp facilities for LMI foster children
Boys and Girls Club	\$68,000	Daycare services to children of low-income families
Gospel Rescue Mission	\$51,143	Providing food, shelter and basic human services to low-income homeless
Rogue Winterfest	\$28,900	Donations to community development organizations providing mental health and behavioral services to at-risk youth and families in economically distressed geographies
Grants Pass YMCA	\$23,000	After school programs and scholarships for LMI youth.
Women's Crisis Support Team	\$17,412	Services to women who are the victims of domestic abuse
Josephine County Food Bank	\$14,715	Provide food for low- and moderate-income persons

Hidden Valley High School	\$13,200	Donation for purchase of school equipment and supplies for very low-income students in economically distressed geographies
College Dreams	\$6,000	Youth development, college preparation, and scholarships for disadvantaged and at-risk students

Extent to Which the Bank Provides Community Development Services

The bank’s level of community development services is excellent in the Grants Pass MSA AA and adequate in the Medford MSA AA and Curry County non-MSA. Evergreen’s management and staff reported 1,157 volunteer hours to multiple organizations qualifying as CRA community development service for the bank. Approximately 89 percent of qualifying volunteer hours were made in the Grants Pass MSA AA. Evergreen employees were involved in numerous volunteer services and activities. A sample of activities performed by bank personnel includes the following types of service:

- 1) Board membership,
- 2) Fundraising, and
- 3) Accounting services.

Specific examples of Evergreen’s CD services include the following:

- A member of Evergreen’s executive management has served as both a board member of the Gospel Rescue Mission, and as the president of the Gospel Rescue Mission Foundation, which provides needed services to low- and moderate-income individuals and families.
- Evergreen’s President established the Grants Pass Sobering Center, an organization that seeks to provide for the safety of individuals under significant impairment from drugs or alcohol. Grants Pass Sobering Center provides information to low- and moderate-income clients regarding other community development organizations in the community that may be able to assist them in obtaining treatment for drug or alcohol problems, and other health services options accessible to low- and moderate-income persons.
- A member of executive management has served as both a board member of the Gospel Rescue Mission Foundation, and as the president most recently.
- An Evergreen representative served on the Business Development and Retention Committee for the Southern Oregon Economic Development, Inc., an economic development corporation.
- An Evergreen representative has served as the president of a local Habitat for Humanity chapter, and on the Citizens Advisory Committee.
- The President, bank officers, and other staff provide assistance in various capacities (fundraising, managerial, marketing, advisory, and administrative) to a significant number of qualifying organizations and entities, including the Boys and Girls Club, Kairos, Women’s Crisis Support Team, Wilderness Trails, and Food and Friends, among others.

- Evergreen owns office and warehouse space, known as the Bear Hotel. Evergreen makes this facility available to non-profit organizations in local communities for various events and meetings, at no expense to the organizations. The Bear Hotel is in frequent use by a wide variety of non-profit organizations within the community, whether they qualify as community development organizations or not. By making this facility available free of charge to local non-profit organizations, Evergreen is demonstrating its commitment for improving the economic, social, and educational well-being of its entire community.

Retail Services

The distribution of Evergreen's branches and service delivery systems are accessible to individuals of different income levels within the bank's AAs. The bank has five full-service locations that have deposit-taking ATMs. The bank made a business decision to close the Cave Junction branch (Grants Pass MSA) in February of 2016, which was in a moderate-income tract (as of 2017, is now a middle-income tract). The Grants Pass North and Medford branches are currently in moderate-income tracts. Prior to 2017, the Grants Pass North branch location was in a tract designated as a middle-income. Branch hours are convenient to individuals and are similar between branches, including lobby and drive-up hours Monday through Friday. The bank also offers 24-hour internet banking services, and offers some financial services via telephone banking.

Responsiveness to Community Development Needs

Evergreen's community development lending, investment, and service activities demonstrate excellent responsiveness to needs within its AAs, which include community services for needy families, and provision of products and services that facilitate job creation and retention. Affordable housing was also an identified need. We evaluated both the bank's retail banking products and services and its community development activities in forming our conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/15 to 09/30/17 Community Development Test: 01/05/15 to 02/20/18	
Financial Institution	Products Reviewed	
Evergreen Federal Bank Grants Pass, OR	Home Mortgage Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Oregon Grants Pass MSA AA Medford MSA AA Curry County AA	Full-Scope Full-Scope Limited-Scope	Josephine County Jackson County

Appendix B: Community Profiles for Full-Scope Areas

Grants Pass MSA AA

Demographic Information for Full Scope Area: Grants Pass MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	6.25	87.50	6.25	0.00
Population by Geography	82,713	0.00	10.09	81.34	8.57	0.00
Owner-Occupied Housing by Geography	23,564	0.00	10.26	79.54	10.20	0.00
Business by Geography	6,215	0.00	8.56	85.33	6.11	0.00
Farms by Geography	339	0.00	16.52	74.34	9.14	0.00
Family Distribution by Income Level	22,391	21.24	17.75	21.10	39.91	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,730	0.00	12.65	80.62	6.74	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		48,180 47,800 17%	Median Housing Value Unemployment Rate (2010 US Census)	256,446 4.73%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: Grants Pass MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	12.50	62.50	25.00	0.00
Population by Geography	83,409	0.00	12.76	65.09	22.15	0.00
Owner-Occupied Housing by Geography	22,919	0.00	6.89	66.25	26.86	0.00
Business by Geography	6,219	0.00	21.42	60.89	17.69	0.00
Farms by Geography	352	0.00	6.53	67.90	25.57	0.00
Family Distribution by Income Level	22,089	19.39	19.47	19.73	41.42	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,582	0.00	15.31	67.92	16.77	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		46,452 46,500 18%	Median Housing Value Unemployment Rate (2015 ACS US Census)	216,290 4.81%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

As of the 2015 Census, the population of this AA was 83,409, an increase of 0.8 percent since the 2010 Census. Census data reflects that Josephine County has sixteen census tracts (CTs). Based on 2010 Census data, Josephine County had no low-income tracts, one moderate-income tract, fourteen middle-income tracts, and one upper-income tract. Based on 2015 Census data, moderate-income tracts increased to two, middle-income tracts declined to ten, and upper-income tracts increased to four.

The FFIEC 2017 Adjusted Median Family Income was \$46,500, and declined 2.7 percent compared to the prior year. According to the 2015 Census, low- and moderate-income families make up 38.9 percent of the families residing in Josephine County, which is similar to the 39.0 percent based on 2010 Census data; 18.0 percent of households had incomes below the poverty level, compared to 17.0 percent based on 2010 Census data.

The 2015 Census shows the Median Housing price is \$216,290 in the Grants Pass MSA AA, compared to \$256,446 in 2010. Although the 2015 Census reflects a drop in median housing value compared to the 2010 Census, the Zillow home value index over the last five years indicates a steady increase in Josephine County home values since mid-2013. For example, Zillow data indicates a home value of \$212 thousand in December 2015, and \$264 thousand in December 2017.

High and increasing housing costs represent a barrier to homeownership for many low- and moderate-income families living in this AA. Thus, we considered the overall affordability when conducting our analysis for the borrower distribution in this AA. The cost of housing and its accessibility to LMI families is reflected in the level of homeowners with housing costs that exceed 30.0 percent of their income, which is a standard industry benchmark for affordability. To illustrate the issue of housing affordability, a low-income borrower making \$23,250 (50.0 percent of the 2017 FFIEC adjusted median family income) could afford a monthly housing payment of up to \$581. A moderate-income borrower making \$37,200 (80.0 percent of the 2017 FFIEC adjusted family median income) could afford a monthly housing payment of up to \$930. Assuming a 30-year mortgage at the 2015 median housing value, with a 5.0 percent interest rate and no down payment, this scenario would result in a monthly mortgage payment of \$1,161. This scenario does not consider expenses related to homeowners insurance, real estate taxes, or any additional monthly expenses of the borrower. This helps illustrate that affordable home ownership is not within reach for some LMI families.

According to Moody's Analytics (Moody's), manufacturing, retirees, and the medical center are major economic drivers in the AA. U.S. Census Bureau data shows that

approximately 25 percent of the population in Josephine County is comprised of persons 65 and over. Unemployment is low at about 5 percent despite above average labor force gains. Grants Pass is benefiting from the national housing rebound as the demand for locally manufactured goods increases. Bank discussions also indicate a trend of retirees moving to the AA from more expensive areas of the West Coast, which has contributed to rising housing prices. These new residents also come to the area with well-established banking relationships, and so it can be challenging to gain new business from this group.

Data from the Bureau of Labor Statistics reflects that unemployment rates in the Grants Pass MSA generally declined over the course of the evaluation period; the annual unemployment rate was 7.7 percent for 2015, 6.4 percent for 2016, and 5.4 percent for 2017. Unemployment was somewhat higher in this AA compared to statewide. The annual unemployment rate in Oregon was 5.6 percent in 2015, 4.8 percent in 2016, and 4.1 percent in 2017.

As of June 30, 2017, FDIC deposit data shows that Evergreen ranked 1st out of 10 institutions in Josephine County for deposit market share, at 19.2 percent. Evergreen has two branch offices in this AA, representing 71.5 percent of the bank's total deposits. Evergreen faces competition from large national banks, and state banks that operate in the county. Next to Evergreen, banks with the most deposit market share include Umpqua Bank at 18.1 percent, Bank of the Cascades at 12.0 percent, U.S. Bank at 10.7 percent, and Washington Federal at 10.5 percent.

In conjunction with this evaluation, we contacted a community service organization that provides temporary lodging accommodations at a low fee to those that are in need (service for hospitalized patients and family members of patients). This organization operates in both of the bank's AAs. The contact indicated that there is a lack of diverse job opportunities for young people, and many that do find jobs work in the food service industry. Housing prices have also been increasing and it is becoming more difficult for individuals to qualify for mortgages. The contact generally feels wages are low relative to the cost of living in the Southern Oregon region, and this statement is supported by Census data related to median income levels in metropolitan areas. It was noted that Western Medford, along with Cave Junction and Selma, are some of the lower-income and struggling communities in the area. There is still a need for affordable housing in the bank's AAs.

Medford MSA Assessment Area

Demographic Information for Full Scope Area: Medford MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	2.44	14.63	63.41	19.51	0.00
Population by Geography	203,206	0.88	11.86	69.85	17.41	0.00
Owner-Occupied Housing by Geography	52,782	0.22	7.54	71.50	20.74	0.00
Business by Geography	18,526	5.60	10.96	66.13	17.31	0.00
Farms by Geography	919	1.74	5.11	76.71	16.43	0.00
Family Distribution by Income Level	53,903	19.75	18.89	20.55	40.81	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,830	1.40	14.66	71.37	12.57	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		53,739 53,300 13%	Median Housing Value Unemployment Rate (2010 US Census)		286,042 4.66%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: Medford MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	2.44	19.51	56.10	21.95	0.00
Population by Geography	208,363	1.00	16.56	57.24	25.20	0.00
Owner-Occupied Housing by Geography	51,746	0.19	12.22	59.01	28.58	0.00
Business by Geography	18,300	6.05	14.90	54.58	24.46	0.00
Farms by Geography	933	1.71	10.29	64.20	23.79	0.00
Family Distribution by Income Level	53,375	21.15	18.17	19.57	41.11	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,987	1.45	22.53	58.11	17.91	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		53,441 53,600 17%	Median Housing Value Unemployment Rate (2015 ACS US Census)		224,271 5.08%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

Jackson County makes up the Medford MSA and borders the Grants Pass MSA AA. As of the 2015 Census, the population of this AA was 208,363, a 2.5 percent increase since the 2010 Census.

The FFIEC 2017 Adjusted Median Family Income was \$53,600, a \$300 increase from the prior year. According to the 2015 Census, low- and moderate-income families make up 39.3 percent of the families residing in Jackson County, a slight increase compared to 2010 Census data. Households below the poverty line increased, from 13.0 percent in 2010 to 17.0 percent in 2015.

The 2015 Census shows the median housing price is \$224,272 in the Medford MSA AA, compared to \$286,042 in 2010. Although the 2015 Census reflects a drop in median housing value compared to the 2010 Census, the Zillow home value index over the last five years indicates a steady increase in Jackson County home values since 2012. For example, Zillow data indicates a home value of \$236 thousand in December 2015, and \$288 thousand in December 2017.

High and increasing housing costs represent a barrier to homeownership for many low- and moderate-income families living in this AA. Thus, we considered the overall affordability when conducting our analysis for the borrower distribution in this AA. The cost of housing and its accessibility to LMI families is reflected in the level of homeowners with housing costs that exceed 30.0 percent of their income, which is a standard industry benchmark for affordability. To illustrate the issue of housing affordability, a low-income borrower making \$26,800 (50.0 percent of the 2017 FFIEC adjusted median family income) could afford a monthly housing payment of up to \$670. A moderate-income borrower making \$42,880 (80.0 percent of the 2017 FFIEC adjusted family median income) could afford a monthly housing payment of up to \$1,072. Assuming a 30-year mortgage at the 2015 median housing value, with a 5.0 percent interest rate and no down payment, this scenario would result in a monthly mortgage payment of \$1,203. This scenario does not consider expenses related to homeowners insurance, real estate taxes, or any additional monthly expenses of the borrower. This helps illustrate that affordable home ownership is not within reach for some LMI families.

Census demographic data from both 2010 and 2015 reflects that the Medford MSA AA has 41 census tracts (CTs). As of 2010, the AA had one low-income tract, six moderate income tracts, 26 middle-income tracts, and eight upper-income tracts. As of 2015, moderate-income tracts increased to eight, middle-income tracts declined to 23, and upper-income tracts increased to nine.

According to Moody's data, retirees are a major economic driver in the Medford MSA area. U.S. Census Bureau data for 2016 shows that 21 percent of persons living in Jackson County are age 65 and over. Moody's also states that agriculture is a significant industry in the area. Wages in the agricultural industry are generally lower

than wages paid in many other industries such as healthcare or information technology. Healthcare is another driver in the region and will continue to be an important source of new jobs in the upcoming years given the large concentration of residents 65 and older. Bank discussions also indicate a trend of retirees moving to the AA from more expensive areas of the West Coast, which has contributed to rising housing prices. These new residents also come to the area with well-established banking relationships, and so it can be challenging to gain new business from this group.

Data from the Bureau of Labor Statistics reflects that unemployment rates in the Medford MSA generally declined over the course of the evaluation period; the annual unemployment rate was 6.8 percent for 2015, 5.7 percent for 2016, and 4.8 percent for 2017.

As of June 30, 2017, FDIC deposit data shows that Evergreen ranked 10th out of 11 institutions in Jackson County for deposit market share, at 2.4 percent. Evergreen has two branch offices in this AA, representing 19.7 percent of the bank's total deposits. Evergreen faces significant competition from large national banks, and state banks that operate in the county. Banks with the most deposit market share include Umpqua Bank at 18.8 percent, JP Morgan Chase Bank at 17.8 percent, U.S. Bank at 15.7 percent, and Wells Fargo Bank at 14.2 percent.

Also refer to the community contact information in the community profile description for the Grants Pass MSA AA, as this information is applicable to the Medford MSA AA as well.