



## **PUBLIC DISCLOSURE**

June 7, 2016

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

AMG National Trust Bank  
Charter Number 24182

6295 Greenwood Plaza Blvd.  
Greenwood Village, Colorado 80111

Office of the Comptroller of the Currency

1225 17th Street  
Suite 450  
Denver, CO 80202-5534

**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**

AMG National Trust Bank (AMG) satisfactorily meets the credit needs of its assessment area (AA). This rating is based on the bank's performance with regard to commercial real estate loans.

- AMG originated a substantial majority of its loans within its delineated AA.
- The loan-to-deposit (LTD) ratio is reasonable given the bank's deposit and lending activities, as well as the bank's size and the AA credit needs.
- The borrower distribution of AMG loans reflects reasonable penetration of loans to borrowers of different income levels and businesses with revenues of \$1 million or less in the bank's AA.
- The bank's geographic distribution of commercial loans is excellent.
- AMG originated one loan representing 15 percent of capital with a community development purpose.

**SCOPE OF EXAMINATION**

We performed a full-scope review of the bank's Community Reinvestment Act performance using the lending test criteria for small bank examinations.

The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The bank's AA includes counties in both the Denver and Boulder MSAs. To determine the bank's primary loan products, we analyzed both the number and dollar amount of loans originated and purchased from 2012 through 2015. Based on this analysis, we identified commercial loans, including commercial real estate and commercial and industrial loans, as the bank's primary loan product in the bank's AA.

To test lending performance, we sampled 42 commercial loans originated from January 1, 2013 through December 31, 2015 with separate samples for each MSA. The bank's lending during this review period is representative of the bank's lending strategy since the last CRA examination.

We also reviewed community development loans originated since the last examination.

We also contacted a community representative in the AA to gather information on the local economy and general banking needs.

## DESCRIPTION OF INSTITUTION

AMG National Trust Bank (AMG) is a \$283 million intrastate financial institution with corporate operations headquartered in Greenwood Village, Colorado. The bank has a main office located in Boulder, Colorado, which primarily houses commercial banking operations. In addition, the bank has four trust offices located in Cheyenne, Wyoming; Chicago, Illinois; Morristown, New Jersey; and Virginia Beach, Virginia.

AMG originated as a trust charter in 2001 and acquired commercial banking powers (including loan and deposit authority) on February 1, 2008. As of December 31, 2015, AMG reported net loans of \$122 million, which represents 43 percent of total assets compared to 21 percent at the last CRA examination. AMG primarily operates as a trust bank with a substantial majority of its revenues and deposits derived from fiduciary and asset management services. As a result, a substantial portion of the bank's deposits are funds obtained from AMG's trust, investment, and custodial customers that are awaiting distribution or investment. AMG is 100 percent owned by AMG National Corporation, which is a one-bank holding company. The bank does not have any subsidiaries.

The bank has not opened or closed any offices in low- or moderate-income tracts since the prior CRA examination. However, in May 2015 the bank closed its Denver branch location and opened the Greenwood Village office.

The Greenwood Village and Boulder offices provide full service banking facilities including trust and asset management services. AMG also operates one deposit taking ATM at its Greenwood Village branch. AMG's commercial banking division offers a wide variety of credit products including commercial, real estate, and consumer loans, but the division's primary business focus is commercial lending. However, AMG is not a Small Business Administration (SBA) preferred lender. Table 1 below reflects the loan portfolio composition as of December 31, 2015.

<b>Table 1 – Loan Portfolio Composition</b>		
<b>Loan Category</b>	<b>In Dollars (in thousands)</b>	<b>Percent of Loan Portfolio</b>
Commercial	\$ 88,442	72%
Consumer	\$ 16,345	13%
1-4 Family Residential	\$ 13,204	10%
Other	\$ 5,657	5%

There are no legal impediments which prohibit the bank from meeting its responsibilities under the CRA.

AMG received a "Satisfactory" rating at the last CRA examination dated January 10, 2011. Please refer to the bank's CRA Public File for additional information.

## DESCRIPTION OF ASSESSMENT AREA(S)

The bank has designated the Denver-Boulder combined MSAs (CMSA) as its assessment area (AA). This includes the counties of Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. None of these counties is distressed or underserved. The AA meets the requirements of the regulation. It is comprised of whole political subdivisions and does not arbitrarily exclude any low- or moderate-income areas. We evaluated the bank’s CRA lending performance for borrower distribution and geographic analysis individually in each MSA. Please see the table below for detailed information about the Denver-Boulder CMSA and selected data for each MSA.

Denver-Boulder CMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	689	10.74	21.92	34.83	31.49	1.02
Population by Geography	2,838,049	10.70	22.59	34.66	32.00	0.04
Business by Geography	328,805	7.71	20.29	32.43	39.31	0.28
Farms by Geography	6,545	6.23	17.42	37.62	38.67	0.06
Distribution of Businesses with Revenues <= 1 Million	266,006	6.88	18.97	32.87	41.14	0.13
Distribution of Businesses with Revenues > 1 Million	12,301	11.92	28.36	26.95	31.49	1.28
Women/Minority Owned Businesses			HUD Updated Median Family Income for 2015			
Denver MSA			Denver MSA = \$ 79,900			
Women Owned = 17,041			Boulder MSA = \$ 99,400			
Minority Owned = 5,293			Households Below the Poverty Level			
Boulder MSA			Denver MSA = 10.99%			
Women Owned = 2,634			Boulder MSA = 12.87%			
Minority Owned = 463			Median Housing Value as of 2010 Census			
Unemployment Rate as of 2010 Census			Denver MSA = \$ 266,191			
Denver MSA = 3.72%			Boulder MSA = \$ 375,368			
Boulder MSA = 3.49%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2015 HUD updated MFI

The bank operates two full service branches in the Denver-Boulder AA. One branch is located in Boulder County and one branch is located in Denver County.

The AA consists of 689 census tracts (CTs), 68 CTs in the Boulder MSA and 621 CTs in the Denver MSA. More than half (52 percent) of the state’s population resides in the bank’s AA. The Denver MSA consists of 69 low-income CTs (11 percent), 140 moderate-income CTs (23 percent), 208 middle-income CTs (33 percent), 197 upper-

income CTs (32 percent), and seven tracts with no income designation (1 percent). The Boulder MSA consists of five low-income CTs (7 percent), 11 moderate-income CTs (16 percent), 32 middle-income CTs (47 percent), 20 upper-income CTs (29 percent), and zero tracts with no income designation.

Denver is the capital of Colorado and the most populous city in the CMSA. Other major cities in the CMSA include Aurora, Arvada, Boulder, Broomfield, Castle Rock, Centennial, Commerce City, Englewood, Highlands Ranch, Lakewood, Littleton, Louisville, Longmont, Parker, Thornton, Wheat Ridge, and Westminster.

The median housing value for a single family home in both the Denver and the Boulder MSA has increased since 2011. As of December 15, 2015, the median housing value was \$266,191 for the Denver MSA and \$375,368 for the Boulder MSA, according to the 2010 U.S. Census. There is evidence the market is beginning to stabilize, as housing values are increasing at a slower rate. Further evidencing the strong residential housing market, single family home foreclosures decreased 25.8 percent from December 2014 to December 2015. 2015 had the lowest volume of foreclosures since 2003.

The Denver metropolitan area has an educated workforce and well-diversified economy, with the largest industries being construction, leisure/hospitality, and healthcare. Moody's Analytics lists HealthONE as the largest employer, employing approximately 8,400 persons. The other top four employers include CenturyLink, Exempla Healthcare, University of Colorado Hospital, and Children's Hospital. A waning energy sector has slowed the Denver MSA's rapid expansion, yet job growth remains in line with the U.S. average. The 2015 HUD updated median family income for the Denver MSA was \$79,900. The Denver MSA's unemployment rate is 3.72 percent. The Denver metro area has the second lowest unemployment rate among the country's 20 largest metro areas.

The Boulder metropolitan area is home to the University of Colorado, the largest university in the state and the largest employer in Boulder County. According to Moody's Analytics, the university employs approximately 7,000 persons. The other top four employers are IBM Corporation, Level 3 Communications, Ball Corporation, and Oracle Corporation. Boulder's large tech sector provides for average weekly earnings that are 20 percent above the U.S. average. The area is also seeing medium-paying jobs increase. The 2015 HUD updated median family income for the Boulder MSA was \$99,400. Decreased international demand on Boulder's tech sector is responsible for employment growth falling below the national average for the first time in five years. However, the unemployment rate is low at 2.8 percent for the city of Boulder and 3.49 percent for the Boulder MSA.

We contacted one community development organization that operates in the bank's Boulder AA. The organization provides assistance to small businesses and aspiring entrepreneurs. The contact reported many small business owners utilize revolving credit lines, home equity credit lines, merchant cash advances, title loans, and

receivables and purchase order financing to meet cash flow needs. The contact also stated their small business clients are inclined to work with financial institutions that specialize in SBA lending. The contact indicated that affordable housing is a pressing concern in the Boulder market. It is difficult for small businesses to obtain and retain employees with a lack of affordable housing in the area. The community contact also indicated there is a need for additional Spanish-speaking loan officers in the Boulder area.

Competition from other financial institutions is extremely strong in AMG's assessment areas. AMG not only competes with other community banks, but large regional and national institutions. Financial institutions in the Denver metropolitan area include, but are not limited to: Bank of America, N.A.; Centennial Bank; Citibank, N.A.; First American Bank; Flatirons Bank; J.P. Morgan Chase, N.A.; Redstone Bank; Solera National Bank; Summit Bank & Trust; U.S. Bank, N.A.; UMB Bank Colorado, N.A.; Vectra Bank Colorado, N.A.; Wells Fargo, N.A.; Key Bank; Bank of the West; First National Denver; ANB Bank; and First Bank Colorado.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

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

**AMG's loan-to-deposit (LTD) ratio is reasonable given its 8-year commercial banking history and asset management business model.**

The bank's quarterly average LTD ratio since the last CRA examination is 37 percent. A significant majority of the bank's deposits are funds from asset management customers that are awaiting distribution or investment. AMG has a very small core deposit base. Outside of asset management related deposits, AMG's primary channel for deposit growth is in commercial deposit products marketed in conjunction with the commercial banking activities. Excluding deposits from asset management activities, the bank's March 31, 2016 LTD ratio climbs from 37 percent to 266 percent.

The quarterly average of similarly situated banks ranges from 50 percent to 77 percent, with an average of 65 percent. Similarly situated banks are those banks of comparable asset size with similar business lines operating in the same geographies. However, it is important to note that AMG is not fully comparable to other financial institutions in its AA because of its unique business model.

### **Lending in Assessment Area**

**AMG originates a substantial majority of its commercial loans in its AA.**

Our sample showed 85 percent by number and 77 percent by dollar volume were originated in the AA.

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

The bank has reasonable penetration in lending to small businesses in the Denver and Boulder AAs given the bank's performance context.

Tables 2A and 2B show, by number of loans, that the bank originated 38 percent and 43 percent of its loans to small businesses in Denver and Boulder AAs, respectively. Although the distribution of loans to small businesses (businesses with gross annual revenues less than \$1 million) does not meet the demographic comparator in either MSA, the following mitigating factors should be taken into consideration:

- AMG primarily operates as an asset management and trust bank.
- AMG is not an SBA preferred lender.
- The majority of loans in our sample were for real estate development. Regardless of the small number of employees, real estate development companies can quickly exceed the small business \$1 million gross revenue threshold with only one or two high value projects.
- Our Boulder loan sample results were skewed by one large real estate development business borrower who had six loans (28 percent) in the sample.
- AMG does not offer the unsecured lending products small business owners want to meet cash flow and/or inventory needs.
- AMG holds no market share in either the Denver or Boulder AA for loans originated given its small size.

<b>Table 2A - Borrower Distribution of Loans to Businesses in the Denver MSA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	80.9%	3.7%	15.4%	100%
% of Bank Loans in AA by #	38.1%	42.9%	19.0%	100%
% of Bank Loans in AA by \$	51.4%	31.2%	17.4%	100%

*Source: Loan sample; 2015 Business Geodemographic Data*

<b>Table 2B - Borrower Distribution of Loans to Businesses in the Boulder MSA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	81.5%	3.5%	15.1%	100%
% of Bank Loans in AA by #	42.9%	38.1%	19.0%	100%
% of Bank Loans in AA by \$	52.9%	40.4%	6.8%	100%

*Source: Loan sample; 2015 Business Geodemographic Data*

## Geographic Distribution of Loans

**AMG’s geographic distribution of business loans reflects excellent dispersion throughout the geographies of different income levels given the bank’s performance context.**

We placed more weight on the bank’s lending performance in the Denver AA, as the size of the Denver AA is much larger than the Boulder AA. In addition, our Boulder geographic analysis is skewed by six loans to one borrower (residential development and construction).

### Denver MSA AA

Table 3A shows the percentage of business loans by number originated in low- and moderate-income areas of the Denver AA significantly exceeds the demographic comparator. The bank originated 19 percent of its business loans in low-income CTs compared to only 8 percent of AA businesses located in low-income tracts. AMG originated 28.6 percent of its business loans in moderate-income tracts compared to the demographic comparator of 20 percent.

Table 3A - Geographic Distribution of Loans to Businesses in Denver MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	8.3%	19.0%	20.0%	28.6%	31.0%	19.0%	40.4%	33.3%

*Source: Loan sample; 2015 Business Geodemographic Data*

### Boulder MSA AA

Table 3B shows that the percentage of business loans by number in low- income tracts slightly exceeds the demographic comparator. Table 3B shows that AMG originated 4.8 percent of its business loans in low-income CTs compared to the demographic comparator of 3.8 percent. Table 3B also shows AMG’s loan penetration of moderate-income tracts to be significantly less than area demographics. AMG originated 4.8 percent of its business loans by number in moderate-income CTs compared to the demographic comparator of 22.2 percent. However, there are only 11 moderate-income CTs out of a total 68 CTs in the Boulder MSA. The low number of moderate-income CTs limits the bank’s opportunities to make loans in these tracts. Additionally, approximately one-third of our sample was loans to a single borrower in the same CT. If we include only one loan from this borrower in the sample, loans originated in low- and moderate-income CTs improve slightly to 6.3 percent.

<b>Table 3B - Geographic Distribution of Loans to Businesses in Boulder MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	3.8%	4.8%	22.2%	4.8%	42.3%	52.4%	31.63%	38.0%

*Source: Loan sample; 2015 Business Geodemographic Data*

**Qualified Investments and CD Services**

The bank has demonstrated excellent responsiveness to community development needs in its AA given the bank’s primary business model, the short tenure and small size of the commercial banking division, and area competition. During the evaluation period, AMG originated one community development loan totaling \$4.1 million, which represents 15 percent of tier one capital. The loan financed the construction of a 36-unit apartment building designated as affordable housing for low-income homeless women and women veterans.

**Responses to Complaints**

The bank has not received any CRA-related complaints.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a national bank’s CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.