



PUBLIC DISCLOSURE

April 03, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American National Bank
Charter Number 18613

4301 North Federal Highway
Oakland Park, FL 33308-5209

Office of the Comptroller of the Currency
Miami Field Office
9850 N.W. 41st Street
Suite 260
Miami, FL 33178

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

The major factors that support this rating include:

- The Bank's average quarterly loan-to-deposit ratio is more than reasonable for the evaluation period;
- A significant majority of the Bank's business loans are within the Bank's assessment area;
- The distribution of loans among businesses of different sizes exhibits a reasonable penetration; and
- The geographic distribution of business loans within the assessment area exhibits a reasonable dispersion throughout the assessment area.

SCOPE OF EXAMINATION

This Performance Evaluation assesses the Bank's performance under the Small Bank Lending Test. The evaluation period ranged from March 24, 2014, the date of the last CRA Performance Evaluation, through April 2, 2017. However, we concentrated on lending activity from January 1, 2014 to December 31, 2016.

In evaluating the Bank's lending performance, we reviewed loans to businesses, the Bank's primary loan product. This evaluation is based on accurate data verified through the selection of a sample of business loans to conduct our analysis. The Bank originates residential loans; however, residential lending is not a primary business line for the Bank, and the residential lending volumes during the evaluation period do not produce a meaningful analysis of home purchase, home improvement, and home refinance loans. Therefore, we omitted Tables 2 and 3 that would have displayed the analyses of residential lending to borrowers of different incomes and the geographic distribution of residential loans.

DESCRIPTION OF INSTITUTION

American National Bank (ANB) is an intrastate community bank headquartered in Oakland Park, Florida. It is owned by ANB Holdings, Inc., a one-bank holding company with total consolidated assets of \$266 million. The Bank has no operating subsidiaries. It operates only its headquarters office, which is located in a middle-income geography. The Bank has one affiliate, ANB Eagle, Inc., formed under ANB Holdings, Inc. to handle problem assets. No activity involving the affiliate was considered in evaluating the Bank's CRA performance.

The Bank offers a variety of deposit and loan products for businesses and individuals, as described in the CRA Public File. As of December 31, 2016, total loans were \$229 million and represented approximately 86 percent of total assets. The loan portfolio is comprised of 84.64 percent commercial real estate loans, 9.74 percent commercial loans, 5.49 percent residential real

estate (1-4 family) loans, and 0.13 percent consumer loans. Total assets equaled \$266 million and tier 1 capital was \$38 million. Total deposits were approximately \$223 million.

There are no legal, financial, or other factors to impede the Bank's ability to meet the credit needs in its assessment area. At its last CRA Performance Evaluation, dated March 24, 2014, the Bank was rated "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA(S)

ANB's assessment area is comprised of all of Broward County, which is equivalent to Metropolitan Division 22744 (Fort Lauderdale-Pompano Beach-Deerfield Beach, FL). The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas.

The population continues to grow as 2010 US Census data indicates the population totaled 1.7 million, increasing by 8 percent since the 2000 US Census. Based on the FFIEC estimated median family income (MFI), the average family income for the evaluation period was \$61,800 for 2014, \$63,300 for 2015, and \$60,900 for 2016. According to 2010 US Census data, low-income families represent 22 percent of the families in the County, while moderate-income families represent 17 percent of the County. Households below the poverty level totaled 12 percent.

The unemployment rate fluctuated during the evaluation period with a high of 6.4 percent in July 2014, and trending lower at 4.4 percent as of December 2016, according to the Bureau of Labor Statistics. During the evaluation period, the Broward County unemployment rate remained below the state of Florida rate. The State unemployment rate was 4.9 percent as of December 31, 2016.

Home values have shown an increasing trend in Broward County. According to Florida Realtors, the median sales price as of December 2015 was \$302,250 and increased to \$320,000 as of December 2016. The high median cost makes it difficult for low- and moderate-income families to own a home in the AA without the help of loan subsidies. The high cost of property taxes and insurance premiums also make the cost of homeownership more expensive. Additionally, competitive pressure from cash-paying investors who purchase lower priced homes limits the opportunities for low- and moderate-income buyers.

During the evaluation period, the trend in foreclosures decreased but is still considered high, in Broward County one in every 690 homes based on June 2016 RealtyTrac statistics. June 2016 foreclosure filings in Broward County were 1 percent higher than the previous month but had declined by 39 percent when compared with the same time last year. The state of Florida ranks 3rd in the country for foreclosures with 1 in every 764 homes being foreclosed as of June 2016.

Major industries in the County include tourism, real estate development, trade business with Latin America, health care, financial services, and retail services. Small businesses are defined as having annual revenues of \$1 million or less. For 2016, non-farm businesses totaled 243,411, of which 90.77 percent were small businesses. The majority (70.59 percent) of the small businesses

are concentrated in the County's middle- and upper-income geographies. Many small businesses have struggled to stay in business during the recession and the recovery period. Those businesses seeking loans, including new business owners, faced more stringent underwriting of their loans and documentation of creditworthiness from banks.

Strong competition exists for financial services within the Broward County AA. Per the June 30, 2016 FDIC Deposit Market Share Report, there are 50 depository financial institutions in Broward County operating 474 offices. The Bank's deposits in Broward County totaled \$232 million with a market share of 0.45 percent. The Bank ranks 25th based on deposits in the AA. The competition is comprised primarily of large nationwide and regional banks. The top five competitors in order of their ranking are Bank of America, NA; Wells Fargo Bank, NA; JPMorgan Chase Bank, NA; Citibank, NA; and SunTrust Bank. These competitors control 64.57 percent of the deposit share within this AA.

Community contacts indicated affordable housing and small business lending are the most pressing credit needs, as well as financial literacy counseling and support services for small business owners.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Bank's CRA performance is "Satisfactory" for the Lending Test. The following narrative details the Bank's performance.

Loan-to-Deposit Ratio

- **ANB's loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance.**

The Bank's quarterly average loan-to-deposit ratio since the last CRA Performance Evaluation is 85.06 percent and exceeds the 82.63 percent quarterly average of other similarly situated banks in the Bank's assessment area for the evaluation period. The similarly situated banks had quarterly average ratios ranging from 66.90 percent to 96.29 percent. Similarly situated banks included Desjardins Bank (National Association), Flagler Bank, Legacy Bank of Florida, and Paradise Bank.

Lending in Assessment Area

- **A significant majority of the Bank's loans are originated or purchased inside the assessment area and exceeds the standard for satisfactory performance.**

The Bank originated 84.78 percent of its loans by number and 68.63 percent by dollar volume in the assessment area during the evaluation period. The number of loans originated carries the most weight when reaching a conclusion on the level of loans originated or purchased in the

assessment area.

Table 1 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	39	84.78	7	15.22	46	17,952	68.63	8,205	31.37	26,157

Source: Sample of 46 loans taken from the Bank’s loan origination reports 2014-2016.

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

- **The distribution of loans to businesses of different sizes exhibits reasonable penetration and meets the standard for satisfactory performance.**

As illustrated in the table below, the number of loans to small businesses (businesses with revenues of \$1 million or less) is below the level of small businesses operating in the assessment area. The dollar volume of loans to small businesses is below the level of small businesses operating in the assessment area. This is reasonable considering more conservative underwriting among banks in the assessment area and competition with much larger financial institutions that offer a variety of products to small businesses.

Table 2A - Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	90.77	3.69	5.54	100%
% of Bank Loans in AA by #	58.97	41.03	0.00	100%
% of Bank Loans in AA by \$	48.65	51.35	0.00	100%

Source: Loan sample had 39 loans inside the assessment area. Dun and Bradstreet data 2015.

Geographic Distribution of Loans

- **The geographic distribution of loans within the assessment area exhibits a reasonable dispersion and meets the standard for satisfactory performance.**

As illustrated in the table below, the percentage of the Bank’s business loan originations for low-income geographies is near to the percentage level of businesses located in such geographies. For moderate-income geographies, the Bank’s performance exceeds the level of businesses located in such geographies. We found no unexplained conspicuous gaps in the Bank’s assessment area

lending.

Table 3A - Geographic Distribution of Loans to Businesses in the Assessment Area								
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
Loans to Businesses	3.49	2.56	24.24	41.03	33.80	23.08	38.47	33.33

Source: Loan sample had 39 loans inside the assessment area. U.S. 2010 Census data.

Responses to Complaints

The Bank has not received any complaints regarding its CRA performance since the last Evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a National Bank’s (bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

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