

**PUBLIC DISCLOSURE**

**June 28, 2021**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Anchor Bank**  
**4500 PGA Boulevard, Suite 110**  
**Palm Beach Gardens, Florida 33418**

**RSSD ID NUMBER: 3342671**

**FEDERAL RESERVE BANK OF ATLANTA**  
**1000 Peachtree Street, N.E.**  
**Atlanta, Georgia 30309-4470**

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 the institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**TABLE OF CONTENTS**

	<b>PAGE</b>
Institution’s Community Reinvestment Act (CRA) Rating.....	1
Scope of Examination.....	1
Description of Institution.....	1
Description Of Institution’s Operations in the Palm Beach, Florida Assessment Area.....	4
Conclusions with Respect to Performance Criteria.....	8
Responsiveness to Substantiated Complaints.....	11
Fair Lending or Other Illegal Credit Practices Review.....	11
Appendix A – Scope of Examination.....	12
Appendix B – Definitions and General Information.....	13
Appendix C – Glossary.....	14

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

Major factors supporting the institution's rating include the following:

- The bank's loan-to-deposit (LTD) ratio was more than reasonable given the bank's asset size, financial condition, and assessment area credit needs.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of loans reflects reasonable penetration among businesses of different sizes.
- A majority of small business loans were made within the assessment area.
- The bank has not received any CRA-related complaints since the previous examination.

**SCOPE OF EXAMINATION**

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net loan-to-deposit (LTD) ratio
- Lending inside the assessment area
- Lending to borrowers of different incomes and businesses of different sizes
- Geographic distribution of loans
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

Anchor Bank's overall rating was determined by conducting a full-scope review of the bank's only assessment area, the Palm Beach assessment area. The evaluation included an analysis of small business loans originated from January 1, 2019, through December 31, 2020. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is secured by nonfarm nonresidential real estate or classified as a commercial loan.

As part of this evaluation, one community contact was made with a local economic development representative who is familiar with the economic and demographic characteristics as well as community development opportunities in the bank's assessment area. Information obtained from this contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contact is included in the applicable section of the evaluation.

**DESCRIPTION OF INSTITUTION**

Anchor Bank is a small community bank founded in 2005 that operates three branch banking centers in Palm Beach County, Florida. According to the March 31, 2021 Report of Condition, the bank's assets totaled \$169.6 million, an increase of approximately \$61.2 million (56.5 percent) since the bank's last CRA evaluation conducted on July 18, 2016. The bank offers various commercial and consumer banking services. Anchor Bank signed an Agreement and Plan of Merger (Merger Agreement) with Home Federal Bank of Hollywood (Home Federal), Hallandale Beach, Florida, during the fourth quarter of 2020. Applications for Home Federal to merge with and into Anchor Bank have been filed with the Federal Reserve and the Florida Office of Financial Regulation (OFR).

Branch Offices

Anchor Bank operates three full-service branches with ATMs and drive-thru facilities in Palm Beach County. Since the previous evaluation, the bank opened a banking center in Boca Raton in 2019 and relocated its main office and executive offices in Palm Beach Gardens a short distance from their prior location, also in 2019. The bank is closing its Juno Beach location on June 30, 2021, and has submitted an application with the Federal Reserve Bank of Atlanta to open a new retail branch in Greenacres, Florida, which is approximately 21 miles southeast of the Juno Beach branch. The bank also operates a non-retail office in Coral Gables, Florida (Miami-Dade County). This location serves as a loan production office and a wealth management office, Anchor Securities. However, Miami Dade-County is not included in the assessment area.

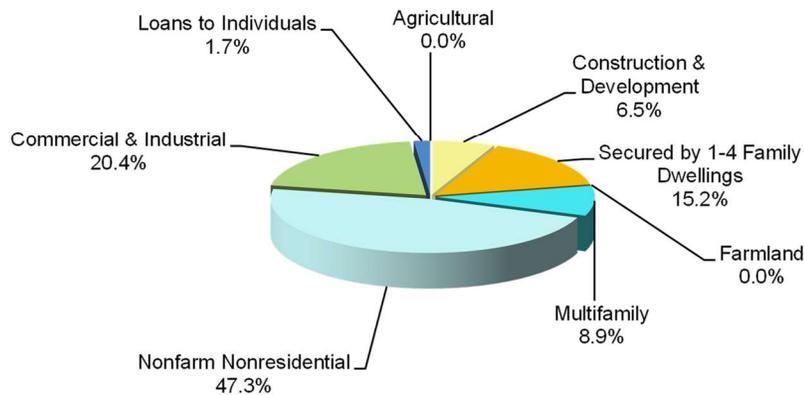
Loan Portfolio

The following table and charts show the composition of the loan portfolio according to the Consolidated Reports of Condition and Income (Call Report).

COMPOSITION OF LOAN PORTFOLIO				
Loan Type	12/31/2020		12/31/2019	
	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	8,253	6.5%	5,626	5.0%
Secured by One- to Four- Family Dwellings	19,439	15.2%	18,669	16.6%
Other Real Estate: Farmland	0	0.0%	0	0.0%
Multifamily	11,409	8.9%	11,591	10.3%
Nonfarm nonresidential	60,407	47.3%	60,715	53.9%
Commercial and Industrial	26,044	20.4%	13,512	12.0%
Loans to Individuals	2,123	1.7%	2,462	2.2%
Agricultural Loans	0	0.0%	0	0.0%
<b>Total</b>	<b>\$127,675</b>	<b>100.00%</b>	<b>\$112,575</b>	<b>100.00%</b>

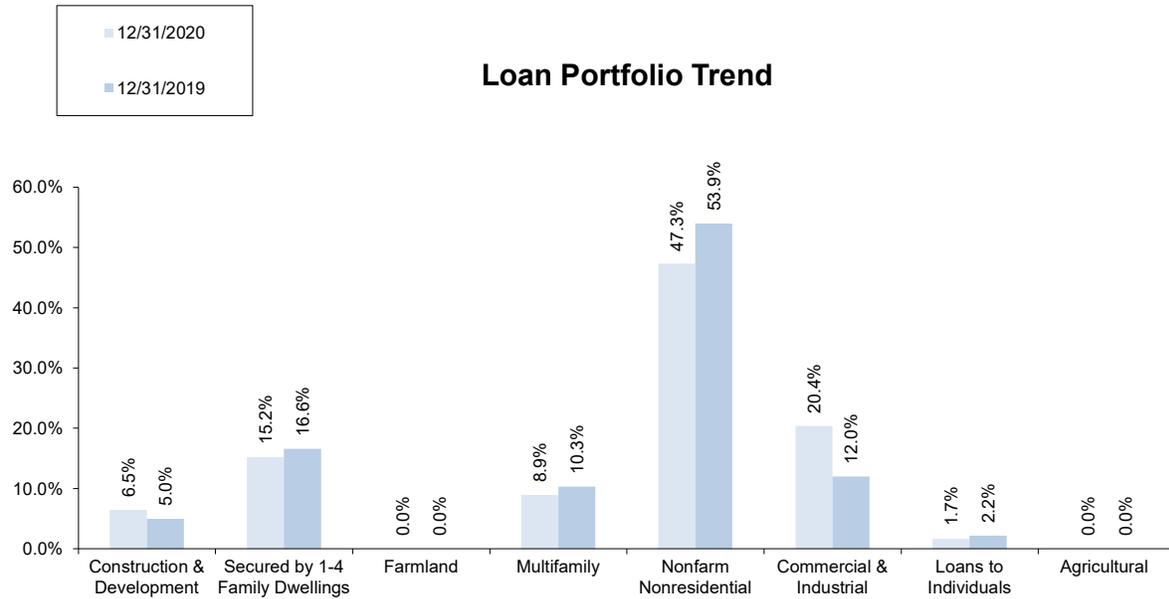
\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

**Loan Portfolio  
as of  
12/31/2020**



As illustrated above, 67.7 percent of the bank’s loan portfolio as of December 31, 2020, consisted of nonfarm nonresidential and commercial and industrial lending combined. Loans secured by one- to four-family dwellings constituted 15.2 percent of the portfolio.

The chart below illustrates the bank’s portfolio mix underwent modest changes during the review period. There was a slight decline in nonfarm nonresidential lending; however, it continues to be the primary type of lending. Additionally, commercial and industrial loans increased 70.0 percent during the review period. During the COVID-19 pandemic, participation in the SBA’s Paycheck Protection Program led to significant growth in commercial lending.



**Credit Products**

Anchor Bank offers a range of commercial loan products as well as residential mortgages, construction loans, home equity lines of credit and personal loans. Since the previous examination, the bank created one new loan product designed to meet the needs of small and mid-sized businesses. Capital Express is a commercial lending product which assists cashflow by financing a business’s accounts receivable.

Additionally, Anchor Bank participated in the SBA Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. PPP loans were designed to help businesses retain workers and staff during the economic crisis caused by the pandemic. In 2020, Anchor Bank originated 274 PPP loans in amounts of \$1 million or less for a total dollar amount of \$17.1 million; 57.7 percent of the PPP loans were in the bank’s assessment area. To respond to the high demand for PPP loans, the bank made PPP lending its primary focus in 2020. The PPP loans were considered responsive to the needs of small businesses during the COVID-19 pandemic.

**CRA Compliance**

Anchor Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated July 18, 2016, under the small bank examination procedures.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE PALM BEACH, FLORIDA ASSESSMENT AREA**

Overview

The bank’s assessment area has not changed since the previous examination. The assessment area encompasses 256 census tracts located in the eastern portion of Palm Beach County, which includes the census tracts south of the Martin County line, west of the Atlantic Ocean, north of the Broward County line and east of the Florida Turnpike (including the complete census tracts in which the Turnpike route lies). The western portion of Palm Beach County is mostly agricultural land and is not included in the assessment area. Palm Beach County constitutes the West Palm Beach-Boca Raton-Boynton Beach Metropolitan Division (MD), which is one of three MDs comprising the Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area (MSA).

Population and Income Characteristics

According to 2020 FFIEC Census data, the population of the assessment area was estimated to be 1,010,733, which represented 73.3 percent of Palm Beach County’s population and 5.1 percent of the state of Florida’s population. Palm Beach County is the largest county in Florida by landmass and is Florida’s third most populous county.<sup>1</sup>

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the relevant area. The following table sets forth the estimated median family income for 2019 and 2020 for the West Palm Beach-Boca Raton-Boynton Beach, FL MD. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper).

**Borrower Income Levels**  
**West Palm Beach-Boca Raton-Boynton Beach, FL MD**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2019</b>	<b>\$75,400</b>	0 - \$37,699	\$37,700 - \$60,319	\$60,320 - \$90,479	\$90,480 - & above
<b>2020</b>	<b>\$79,100</b>	0 - \$39,549	\$39,550 - \$63,279	\$63,280 - \$94,919	\$94,920 - & above

As shown in the table above, the median family income increased from \$75,400 in 2019 to \$79,100 in 2020, or 4.9 percent. According to the 2020 FFIEC census data, there were 238,615 families in the assessment area. Of those families, 25.2 percent were low-income, 18.3 percent were moderate-income, 18.0 percent were middle-income, and 38.6 percent were upper-income. Of the total families, 11.7 percent had incomes below the poverty level.

Assessment Area Demographics

The following table provides demographic characteristics of the bank’s assessment area based on 2020 FFIEC census data and 2020 Dun & Bradstreet (D&B) information. This data is used to analyze the bank’s CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.

<sup>1</sup> “Why Palm Beach County.” Business Development Board of Palm Beach County, n.d. Web. 23 June 2021. <<https://www.bdb.org/index.php?src=pages&ref=whypalmbeach>>.

**Combined Demographics Report**

**Assessment Area: Palm Beach**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	20	7.8	15,174	6.4	5,543	36.5	60,161	25.2
Moderate-income	82	32	71,611	30	12,953	18.1	43,552	18.3
Middle-income	73	28.5	78,124	32.7	6,086	7.8	42,865	18
Upper-income	75	29.3	72,948	30.6	3,228	4.4	92,037	38.6
Unknown-income	6	2.3	758	0.3	99	13.1	0	0
<b>Total Assessment Area</b>	<b>256</b>	<b>100.0</b>	<b>238,615</b>	<b>100.0</b>	<b>27,909</b>	<b>11.7</b>	<b>238,615</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	31,349	9,278	3.4	29.6	15,835	50.5	6,236	19.9
Moderate-income	161,360	74,465	27.5	46.1	52,591	32.6	34,304	21.3
Middle-income	163,408	93,502	34.6	57.2	41,008	25.1	28,898	17.7
Upper-income	160,920	92,220	34.1	57.3	26,553	16.5	42,147	26.2
Unknown-income	1,988	851	0.3	42.8	599	30.1	538	27.1
<b>Total Assessment Area</b>	<b>519,025</b>	<b>270,316</b>	<b>100.0</b>	<b>52.1</b>	<b>136,586</b>	<b>26.3</b>	<b>112,123</b>	<b>21.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	6,502	6.3	5,933	6.2	508	9	61	5.1
Moderate-income	26,030	25.2	24,419	25.3	1,414	24.9	197	16.4
Middle-income	31,319	30.3	29,564	30.7	1,436	25.3	319	26.6
Upper-income	38,553	37.3	35,722	37	2,220	39.1	611	50.9
Unknown-income	884	0.9	778	0.8	93	1.6	13	1.1
<b>Total Assessment Area</b>	<b>103,288</b>	<b>100.0</b>	<b>96,416</b>	<b>100.0</b>	<b>5,671</b>	<b>100.0</b>	<b>1,201</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>93.3</b>		<b>5.5</b>		<b>1.2</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	16	4.2	14	3.8	2	13.3	0	0
Moderate-income	73	19.1	71	19.3	2	13.3	0	0
Middle-income	121	31.6	116	31.5	5	33.3	0	0
Upper-income	168	43.9	162	44	6	40	0	0
Unknown-income	5	1.3	5	1.4	0	0	0	0
<b>Total Assessment Area</b>	<b>383</b>	<b>100.0</b>	<b>368</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>96.1</b>		<b>3.9</b>		<b>.0</b>	

2020 FFIEC Census Data and 2020 D&B Information

There are 256 census tracts in the assessment area, of which 20 (7.8 percent) are low-income; 82 (32.0 percent) are moderate-income; 73 (28.5 percent) are middle income; 75 (29.3 percent) are upper-income; and 6 (2.3 percent) are tracts with unknown income levels. Additionally, there are 103,288 businesses operating inside the assessment area, of which 96,416 (93.3 percent) are considered small business, meaning they have gross annual revenues of \$1 million or less. D&B data shows that 6.3 percent of businesses in the assessment area are located in low-income tracts; 25.2 percent are in moderate-income tracts; 30.3 percent are in middle-income tracts; 37.3 percent are in upper-income tracts; and 0.9 percent are in tracts with unknown income levels.

### Housing Characteristics

There were 519,025 housing units in the assessment area, of which 52.1 percent were owner-occupied units, 26.3 percent were rental units, and 21.6 percent were vacant according to 2020 FFIEC census data. In low-income tracts, 29.6 percent of housing units were owner-occupied and 50.5 percent were rental units. In moderate-income tracts, 46.1 percent were owner-occupied and 32.6 percent were rental units. The median age of the housing stock in the assessment area was 38 years as compared to 30 years in the state of Florida. Additionally, the median age of the housing stock in the assessment area was much older in low- and moderate-income census tracts at 43 years and 42 years, respectively.

The estimated median value of an owner-occupied housing unit in the assessment area was \$181,902 and \$159,000 for the state of Florida. Housing in the assessment area is considered slightly less affordable than statewide. The affordability ratio, defined as the median household income divided by the median housing value, is 27.4 percent for the assessment area, compared to 29.9 percent for the state of Florida. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable.

Both renters and homeowners in Palm Beach County are cost-burdened, meaning that they pay 30.0 percent or more of their monthly income for rent or housing costs. Approximately 56.0 percent of renters and nearly 30.0 percent of homeowners are cost-burdened. Close to 30.0 percent of renters are severely cost-burdened, meaning that they pay 50.0 percent or more of their monthly income for rent.<sup>2</sup>

The lack of affordable housing in Palm Beach County is a problem that is getting worse. Increased housing demand and limited inventory are driving up prices, resulting in lower wage earners having to commute from other counties or move away. At \$466,000 as of April 2021, the median home price in Palm Beach County is unaffordable for 87.0 percent of earners in the county. The county is losing more affordable housing units each year than it is building; 17,000 affordable homes are being lost yearly as a result of rising property values. The county is short around 78,000 affordable and workforce housing units. Government-backed subsidies or vouchers to help with rent are in short supply. Furthermore, it is legal in the county for property owners to refuse to rent or sell to people relying on payment or down payment assistance.<sup>3</sup>

### Economic and Employment Conditions

The three major industries in Palm Beach County are tourism, construction, and agriculture.<sup>4</sup> Public and private service companies are the top employers in the county, with business and financial services making up a strong cluster of service-oriented employers. Goods-producing manufacturers also have locations in the county and are primarily found in the following industry clusters: communications and information technology; aerospace and engineering; agriculture and food processing; business and financial services; and life sciences, including medical

<sup>2</sup> "Percent of Renters/Homeowners who are Burdened/Severely Burdened in 2015-2019: Palm Beach County, Florida." PolicyMap (based on data from Census). Web. 1 July 2021. <<https://www.policymap.com/>>.

<sup>3</sup> Rhodes, Wendy. "PBC housing affordability crisis is getting worse. Is a solution on the way?" *The Palm Beach Post* 12 June 2021. Web. 23 June 2021. <<https://www.palmbeachpost.com/story/news/politics/state/2021/06/12/palm-beach-countys-housing-affordability-crisis-there-solution/5199756001/>>.

<sup>4</sup> "Palm Beach County Interesting Facts and Figures." Palm Beach County, n.d. Web. 28 June 2021. <[https://discover.pbcgov.org/Pages/pbc\\_facts.aspx](https://discover.pbcgov.org/Pages/pbc_facts.aspx)>.

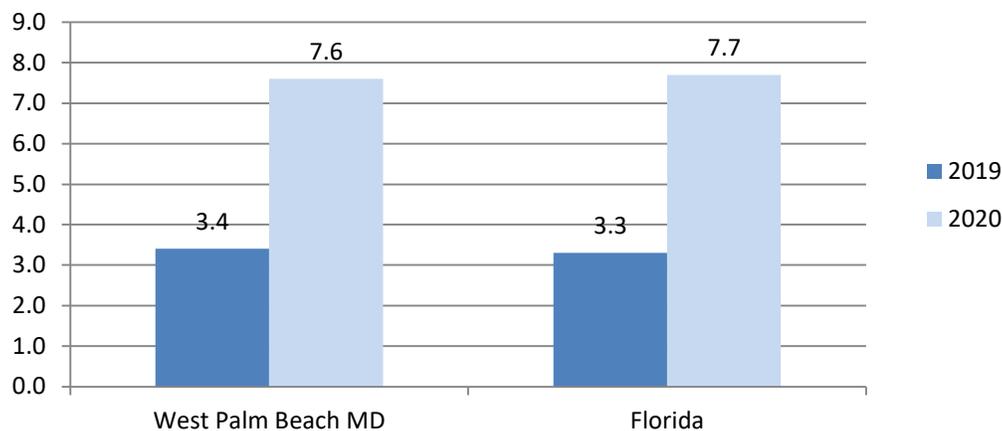
and pharmaceutical products. Major employers in the county include Palm Beach County School District, Tenet Health, Palm Beach County Board of County Commissioners, NextEra Energy (parent company of Florida Power & Light), Florida Atlantic University, and Boca Raton Regional Hospital.<sup>5</sup>

Palm Beach County contains 47 miles of coastline along the Atlantic Ocean, contributing to a thriving marine industry. One of the county’s ports, the Port of Palm Beach, is the state’s fourth-busiest container port.<sup>6</sup>

Fitch has described Palm Beach County as one of the nation’s wealthiest counties, with luxury tourism, technology manufacturing, and agriculture providing strength to its economic base.<sup>7</sup> Forbes identifies the county as Florida’s billionaire hub, with around 44 billionaires in residence. Representatives from the county and cities within it have worked to recruit out-of-state businesses to relocate to the county. Local officials have noticed increasing levels of interest from venture capital, private equity, hedge fund, and financial services companies in relocating. Both businesses and individuals are drawn by the climate, recreational opportunities, and convenient transport links as well as Florida’s pro-business environment and lack of a personal income tax.<sup>8</sup>

The chart below shows the unemployment rates for the West Palm Beach MD and the State of Florida for 2019 and 2020. As shown, the unemployment rates rose significantly from 2019 to 2020, due to the COVID-19 pandemic; in Palm Beach County, the unemployment rate increased 123.5 percent. During 2020, the unemployment rate in the county peaked at 14.7 percent in April but declined thereafter to 3.5 percent in December. The average for the year was 7.6 percent. Monthly unemployment rates in the county were fairly similar to the statewide unemployment rates, although recovery occurred more quickly in the county than statewide. The statewide unemployment rate in December 2020 was 4.2 percent.<sup>9</sup>

**Unemployment Rates - Palm Beach**



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

<sup>5</sup> “Top Employers.” Business Development Board of Palm Beach County, n.d. Web. 23 June 2021. <<https://www.bdb.org/facts-figures/top-employers>>.

<sup>6</sup> “Why Palm Beach County.” Business Development Board of Palm Beach County, n.d. Web. 23 June 2021. <<https://www.bdb.org/index.php?src=pages&ref=whypalmbeach>>.

<sup>7</sup> “Economy.” Business Development Board of Palm Beach County, n.d. Web. 23 June 2021. <<https://www.bdb.org/facts-figures/economy>>.

<sup>8</sup> Dean, Grace. “Palm Beach County has around 44 billionaires. The super-rich are flocking there for business opportunities, convenient transport links, and a chance to live in ‘paradise.’” *Business Insider* 15 May 2021. Web. 6 July 2021. <<https://www.businessinsider.com/palm-beach-county-florida-migration-businesses-financial-services-new-york-2021-4>>.

<sup>9</sup> “Local Area Unemployment Statistics.” State of Florida Department of Economic Opportunity, released 16 Apr. 2021. Web. 23 June 2021. <<https://floridajobs.org/workforce-statistics/data-center/statistical-programs/local-area-unemployment-statistics#>>.

### Competition

The bank operates in a highly competitive banking market that includes a mix of national, regional, and local banks. According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, Anchor Bank ranked 33<sup>rd</sup> out of 50 depository institutions operating in Palm Beach County with a deposit share of 0.2 percent. Wells Fargo Bank had the largest presence with a deposit market share of 18.4 percent, followed by Bank of America at 17.8 percent, and JPMorgan Chase Bank at 11.6 percent. The top ten financial institutions hold a cumulative 80.6 percent of deposits in the county. As such, competition directly impacts the bank's ability to serve the credit needs of its assessment area.

### Community Contacts

As part of the CRA examination, information was obtained from a local nonprofit organization that aims to improve the economies in distressed communities by lending to small businesses and sponsors of community development initiatives which benefit low- and moderate-income persons in Palm Beach County. The contact described the current economic conditions for small businesses as fragile, especially for minority-owned businesses. According to the contact, access to credit from traditional large financial institutions is difficult for entrepreneurs and small businesses. Access to lines of credit, small business working capital loans, and business planning education were identified as the highest priority needs. The contact was unaware of any bank participation in small business initiatives besides PPP lending. The contact did not view PPP lending as adequate for the organization's targeted small businesses due to lack of access and understanding of the program.

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

### Overview

Anchor Bank's overall performance in the Palm Beach assessment area is satisfactory. The bank's lending performance was evaluated by analyzing small business loans originated between January 1, 2019, and December 31, 2020. The geographic distribution of loans reflects reasonable dispersion in the assessment area, and the distribution of loans reflects reasonable penetration among businesses of different sizes. The performance context information discussed earlier in this evaluation was considered in evaluating the bank's lending performance.

### Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio reflects more than reasonable responsiveness in meeting the assessment area credit needs. The bank's average loan-to-deposit ratio for the 20 quarters ending March 31, 2021, was 94.2 percent, which is considered more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio was compared to the ratios of five other financial institutions of similar asset size with branch offices in the assessment area. The average loan-to-deposit ratios for these five banks ranged from 66.8 percent to 89.9 percent.

### Assessment Area Concentration

During the review period, the bank originated a majority of its small business loans to businesses in its assessment area. The table below shows the number and percentage of small business loans reviewed that were located inside and outside of the bank's assessment area.

**Lending Inside and Outside the Assessment Area**

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	184	52.3	\$14,628	48.8	168	47.7	\$15,373	51.2
<b>Total Small Bus. related</b>	<b>184</b>	<b>52.3</b>	<b>\$14,628</b>	<b>48.8</b>	<b>168</b>	<b>47.7</b>	<b>\$15,373</b>	<b>51.2</b>
<b>TOTAL LOANS</b>	<b>184</b>	<b>52.3</b>	<b>\$14,628</b>	<b>48.8</b>	<b>168</b>	<b>47.7</b>	<b>\$15,373</b>	<b>51.2</b>

As shown in the table above, 52.3 percent of small business loans were to businesses in the bank’s assessment area. In 2019, the bank consummated a one-time purchase of a pool of loans which are included in the loans made outside the assessment area. The bank’s PPP loans had a positive effect on the percentage of loans inside the assessment area.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank’s small business loans reflects reasonable dispersion throughout the bank’s assessment area and does not reveal any unexplained gaps in lending patterns.

The following table shows the geographic distribution of small business loans within the Palm Beach assessment area for 2019 and 2020. The table also includes a comparison of the bank’s small business lending to demographic data within the assessment area.

**Geographic Distribution of Small Business Loans**

**Assessment Area: Palm Beach**

Tract Income Levels	Bank Lending & Demographic Data Comparison 2020, 2019				
	Count		Bank Dollar		Total Businesses
	#	%	\$(000s)	\$ %	%
Low	13	7.1%	\$689	4.7%	6.3%
Moderate	45	24.5%	\$4,974	34.0%	25.2%
Middle	65	35.3%	\$5,059	34.6%	30.3%
Upper	60	32.6%	\$3,901	26.7%	37.3%
Unknown	1	0.5%	\$5	0.0%	0.9%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>184</i>	<i>100.0%</i>	<i>\$14,628</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
 2020 FFIEC Census Data and 2020 D&B Information

For the review period, the bank’s performance of 7.1 percent of loans in low-income tracts was slightly above the percentage of the total businesses in low-income tracts at 6.3 percent. The bank’s lending in moderate-income tracts at 24.5 percent of all loans was slightly below the percentage of the total businesses in moderate-income tracts at 25.2 percent. Examiners also reviewed aggregate data from lenders who reported small business loans

in the assessment area pursuant to the reporting requirements of CRA. While a direct comparison is not used in this evaluation and the bank is not a CRA reporter, the bank’s performance was similar to the performance of other lenders.

Lending to Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank’s small business loans by business revenue reflects reasonable penetration among businesses of different sizes and does not reveal any unexplained gaps in lending patterns.

The following table shows, by business revenue and loan size, the number and dollar volume of small business loans originated by Anchor Bank in the assessment area during the review period. Revenue information was not known for 159 of the 184 loans; 158 of the 159 loans were PPP loans. Banks were not required to collect or report revenue information for PPP loans. Of the 25 loans for which revenues were known, 12 (48.0 percent) were made to businesses with gross annual revenues of \$1 million or less. While this is less than the percentage of businesses in the assessment area that are small businesses (93.3 percent), examiners also reviewed aggregate data from lenders who reported small business loans in the assessment area. While a direct comparison is not used in this evaluation, the bank’s performance was similar to the performance of other lenders. Furthermore, 167 of 184 total originations (90.8 percent) were in amounts of \$250,000 or less, showing the bank’s willingness to make small dollar loans to help meet the credit needs of businesses in its community. Given market conditions and performance context factors, the distribution of loans by business revenue reflects reasonable penetration among businesses of different sizes.

**Small Business Loans by Business Revenue & Loan Size**

**Assessment Area: Palm Beach**

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2020, 2019				
		Bank				Total Businesses
		Count		\$ (000s)		%
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	12	6.5%	\$1,906	13.0%	93.3%
	Over \$1 Million	13	7.1%	\$3,230	22.1%	5.5%
	<i>Total Rev. available</i>	25	13.6%	\$5,136	35.1%	98.8%
	Rev. Not Known	159	86.4%	\$9,492	64.9%	1.2%
	<i>Total</i>	<i>184</i>	<i>100.0%</i>	<i>\$14,628</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	147	79.9%	\$2,791	19.1%	
	\$100,001 - \$250,000	20	10.9%	\$3,245	22.2%	
	\$250,001 - \$1 Million	17	9.2%	\$8,592	58.7%	
	<i>Total</i>	<i>184</i>	<i>100.0%</i>	<i>\$14,628</i>	<i>100.0%</i>	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	6	50.0%	\$246	12.9%	
	\$100,001 - \$250,000	4	33.3%	\$680	35.7%	
	\$250,001 - \$1 Million	2	16.7%	\$980	51.4%	
	<i>Total</i>	<i>12</i>	<i>100.0%</i>	<i>\$1,906</i>	<i>100.0%</i>	

Originations & Purchases  
 2020 FFIEC Census Data and 2020 D&B Information

RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b> January 1, 2019, through December 31, 2020			
<b>FINANCIAL INSTITUTION</b> Anchor Bank Palm Beach Gardens, Florida		<b>PRODUCTS REVIEWED</b> Small Business Loans	
<b>AFFILIATE(S)</b> N/A	<b>AFFILIATE RELATIONSHIP</b> N/A	<b>PRODUCTS REVIEWED</b> N/A	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Eastern Portion of Palm Beach County, Florida (256 census tracts)	Full-Scope Review	N/A	N/A

## APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

### Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

### Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

### General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Anchor Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of June 28, 2021. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## APPENDIX C – GLOSSARY

**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 metropolitan area/assessment area.

**Census tract:** 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 MSAs. Census tracts usually have between 2,500 and 8,000 persons, and 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:** All Agencies have adopted the following language. Affordable housing (including multi-family 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low- or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 nonrelatives 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-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

## APPENDIX C – GLOSSARY (Continued)

**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 do business or have banking offices in an MSA 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, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**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-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

**Metropolitan area (MA):** An MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**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.

**APPENDIX C – GLOSSARY (Continued)**

**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 multistate MA. 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 multistate MA, the institution will receive a rating for the multistate MA.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Call Report and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the 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.

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