

# **PUBLIC DISCLOSURE**

August 3, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Apollo Bank  
Certificate Number: 35599

1150 South Miami Avenue  
Miami, Florida 33130

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Atlanta Regional Office

10 Tenth Street, Northeast, Suite 800  
Atlanta, Georgia 30309-3849

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	1
DESCRIPTION OF ASSESSMENT AREAS.....	2
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
APPENDICES .....	13
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	13
GLOSSARY .....	13

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area's credit needs.
- A majority of the loans reviewed were originated in the bank's assessment area.
- The geographic distribution of the loans reviewed reflects a reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects a poor penetration among businesses of different sizes and individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The bank's community development performance demonstrates an adequate responsiveness to the community development needs in the assessment area. The bank met these needs through community development loans, qualified investments (donations), and community development services. Examiners consider a bank's capacity and the need and availability of such opportunities for community development in a bank's assessment area(s).

## DESCRIPTION OF INSTITUTION

Apollo Bank is headquartered in Miami, Florida. The bank is a full-service institution that is primarily owned by a one-bank holding company, Apollo Bancshares, Inc., Miami, Florida. The bank received a Satisfactory rating at the previous FDIC Performance Evaluation, dated June 19, 2017, based on the Interagency Intermediate Small Institution Examination Procedures.

Apollo Bank operates five full-service branches in Miami-Dade County, Florida. Since the previous evaluation, two branches were closed and no branches were opened. The bank closed two branches in Miami, Florida, on February 15, 2018. One was located in a moderate-income census tract and one in an upper-income census tract. The bank was in the process of a merger with a credit union in early 2020, but withdrew from the merger in May 2020. No other merger or acquisition activity has occurred during the review period.

Apollo Bank offers a variety of products and services to meet the needs of its communities. Commercial credit products offered include commercial real estate mortgages, lines of credit, and equipment loans. The bank also offers loans through the Small Business Administration (SBA), such as through the Paycheck Protection Program (PPP).

Consumer real estate loan products offered include home equity lines of credit and adjustable-rate mortgage loans to purchase, refinance, and improve homes. In 2019, the bank purchased 98 home

mortgage loans in order to increase its residential real estate holdings and diversify its portfolio. Consumer credit products offered include unsecured, automobile, boat, and deposit-secured loans. Credit cards through a third party are also offered.

Deposit services offered include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include internet, mobile, and telephone banking; and automated teller machines (ATMs).

Apollo Bank’s assets totaled \$813.2 million as of June 30, 2020. Total loans and total deposits were \$526.5 million and \$718.0 million, respectively. The bank’s primary business focus remains commercial lending. Based on the June 30, 2020, Consolidated Reports of Condition and Income (Call Report), the bank’s loan portfolio is illustrated in the table below.

<b>Loan Portfolio Distribution as of 6/30/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	75,300	14.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	109,023	20.7
Secured by Multifamily (5 or more) Residential Properties	12,867	2.4
Secured by Nonfarm Nonresidential Properties	236,901	45.0
<b>Total Real Estate Loans</b>	<b>434,091</b>	<b>82.5</b>
Agricultural Loans	0	0.0
Commercial and Industrial Loans	76,511	14.5
Consumer Loans	16,783	3.2
Other Loans	81	<0.1
<i>Less: Unearned Loans</i>	(986)	(0.2)
<b>Total Loans</b>	<b>526,480</b>	<b>100.0</b>
<i>Source: Call Report as of 6/30/2020. Due to rounding, totals may not equal 100.0 percent.</i>		

As illustrated in the above table, loans secured by commercial real estate or commercial and industrial loans comprise 59.5 percent of total loans, which increased from 47.8 percent at the previous evaluation. Loans secured by one-to-four family residential properties decreased from 24.5 percent at the previous evaluation to 20.7 percent at this evaluation. The bank does not hold any farm-related loans in its portfolio.

The bank provides for the credit needs of its communities consistent with its size, financial condition, resources, and local economic conditions. Examiners did not identify financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Apollo Bank continues to maintain one assessment area, which includes all census tracts from the Miami-Miami Beach-Kendall (Miami), FL, Metropolitan Division (Miami MD). The Miami MD is one of three MDs located in the Miami-Fort Lauderdale-West Palm Beach, FL Metropolitan Statistical Area (MSA). The Miami MD assessment area was delineated in accordance with the technical requirements of the CRA regulation. In particular, the

assessment area consists of whole census tracts, does not arbitrarily exclude low- or moderate-income census tracts, and includes the census tracts where the bank’s offices are located and where a majority of its loans are originated. Examiners conducted a full-scope review of the bank’s CRA performance in its assessment area.

Apollo Bank’s assessment area has not changed since the previous evaluation. However, the U.S. Census Bureau updated the 2010 Census data through use of the American Community Survey (ACS) with data collected during the 2011-2015 survey, referred to as 2015 ACS Census. Databases that regulators use when preparing CRA performance evaluations were updated in the following manner: In February 2017, the MSAs, MDs, states, counties, census tracts, and income level indicators were updated. In July 2017, demographic information, including population and housing characteristics, was also updated. These updates resulted in a change of census tracts from 518 to 519 in the Miami MD from the 2010 Census data to the 2015 ACS Census data.

## ECONOMIC AND DEMOGRAPHIC DATA

The following table illustrates select demographic characteristics of the Miami MD assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	519	5.8	27.7	28.9	34.1	3.5
Population by Geography	2,639,042	5.5	29.7	30.9	33.2	0.7
Housing Units by Geography	998,833	5.3	27.5	29.3	37.2	0.6
Owner-Occupied Units by Geography	452,826	2.0	21.4	31.9	44.4	0.2
Occupied Rental Units by Geography	389,327	9.6	37.8	28.2	23.5	0.8
Vacant Units by Geography	156,680	4.3	19.4	24.6	50.4	1.3
Businesses by Geography	427,667	3.1	21.1	26.0	47.4	2.4
Farms by Geography	4,929	3.5	22.5	26.7	46.5	0.8
Family Distribution by Income Level	572,388	24.0	16.6	16.9	42.5	0.0
Household Distribution by Income	842,153	26.1	15.1	15.9	42.9	0.0
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL MD		\$49,264	Median Housing Value			\$244,010
			Median Gross Rent			\$1,155
			Families Below Poverty Level			16.9%
<i>Source: 2015 ACS Census Data and 2019 D&amp;B Data. Due to rounding, totals may not equal 100.0 percent. *The NA category consists of geographies (census tracts) that have not been assigned an income classification.</i>						

According to statistics provided by Moody’s Analytics, the area economy is deteriorating due to the COVID-19-related shutdowns. The negative effects of COVID-19 are expected to affect the tourism and real estate industries in the Miami MD for years. Additionally, on September 10, 2017, the Federal Emergency Management Agency (FEMA) declared the State of Florida a designated major disaster area due to damages caused by Hurricane Irma. As a result of this designation, assistance was made available for the residents and small businesses in the Miami MD.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income (MFI) figures to analyze home mortgage lending under the Borrower Profile criterion. The table on the following page reflects the low-, moderate-, middle-, and upper-income MFI categories in the assessment area. As shown, during this time frame, the maximum MFI for

low-income families ranged from \$25,900 to \$27,450, which is low, when considering the median housing value of \$244,010. Further, 16.9 percent of families have incomes below the federal poverty level. These families will likely face difficulty in qualifying for home mortgage loans.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Miami-Miami Beach-Kendall, FL MD Median Family Income (33124)</b>				
2017 (\$51,800)	<\$25,900	\$25,900 to <\$41,440	\$41,440 to <\$62,160	≥\$62,160
2018 (\$52,300)	<\$26,150	\$26,150 to <\$41,840	\$41,840 to <\$62,760	≥\$62,760
2019 (\$54,900)	<\$27,450	\$27,450 to <\$43,920	\$43,920 to <\$65,880	≥\$65,880
<i>Source: FFIEC</i>				

According to 2019 D&B data, there were 427,667 businesses in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. The following reflects GARs for these businesses: 92.1 percent had \$1.0 million or less, 3.5 percent had more than \$1.0 million, and 4.5 percent had unknown revenues.

Service industries represent the largest sector of businesses in the assessment area at 37.5 percent; followed by non-classifiable establishments at 24.1 percent; and finance, insurance, and real estate at 10.3 percent. Major employers in the MSA include University of Miami; Jackson Health System; Publix Supermarkets, Inc.; Baptist Health Systems of Southern Florida; and American Airlines.

Data obtained from the U.S. Bureau of Labor Statistics indicates the unemployment rate changed during the evaluation period. As illustrated in the following table, the unemployment rate in the U.S., State of Florida, and the Miami MD steadily decreased during the evaluation period. The Miami MD’s unemployment rate was above the state and national averages in 2017, but below in 2018 and 2019.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	%	%	%
Miami MD	4.5	3.5	2.4
State of Florida	4.2	3.6	3.1
National Average	4.3	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

## **COMPETITION**

Apollo Bank operates in a highly competitive environment. In addition to competing with large national and regional banks, the bank also competes with local community banks; credit unions; and finance companies. Internet banking increases competition. According to the FDIC Deposit Market Share data, as of June 30, 2019, 60 financial institutions operated 628 offices within the Miami MD. Of these institutions, Apollo Bank ranked 28<sup>th</sup>, with a 0.5 percent market share.

A high-level of competition for home mortgage loans exists in the assessment area among banks, credit unions, and non-depository mortgage lenders. According to 2018 peer mortgage data, 637 HMDA-reportable institutions originated or purchased 54,158 home mortgage loans in the

assessment area. There is also a high level of competition for small business loans among many banks, credit unions, and non-depository mortgage lenders. In 2018, 155 lenders reported a total of 116,955 small business loans originated or purchased.

## **COMMUNITY CONTACTS**

Contacts with organizations are utilized during CRA evaluations to gain insight regarding the credit needs and economic conditions of a bank's assessment area(s). Individuals interviewed provide information based on their knowledge and expertise in the housing, business, or economic sectors. During this evaluation, examiners reviewed a recently conducted contact. This contact noted the high cost of living and housing in the area, and gentrification of many low- and moderate-income areas. The contact also noted a need for small business loans and small dollar loans for consumers.

## **CREDIT AND COMMUNITY DEVELOPMENT NEEDS AND OPPORTUNITIES**

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The relatively high number of low- and moderate-income families, at 24.0 percent and 16.6 percent, respectively, and rising home prices indicates a strong need for affordable housing. Additionally, the high median age of housing stock in low- and moderate-income census tracts, at 51 and 50 years, respectively, indicates a need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise 92.1 percent of all the assessment area's businesses.

## **SCOPE OF EVALUATION**

### **GENERAL INFORMATION**

This evaluation covers the period from the previous evaluation dated June 19, 2017, to the current evaluation. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include the Lending and Community Development Tests. A bank must achieve at least a satisfactory rating for each test to obtain an overall satisfactory rating. This evaluation does not include lending activity performed by affiliates.

### **ACTIVITIES REVIEWED**

Apollo Bank's major product line is business loans followed by one-to-four family home mortgage loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of loans originated or purchased during the evaluation period. Examiners did not review small farm loans as the bank did not originate any farm-related loans since the previous evaluation.

Examiners collected small business data from bank records for loans originated in 2019 to draw conclusions about the bank's lending performance. In 2019, the bank originated 25 small business loans totaling \$9.6 million. Examiners reviewed the entire universe of the small business loans to evaluate the bank's Lending Test performance. As a non-reporter, aggregate small business lending data is not used for comparison purposes; therefore, examiners compared the bank's 2019 small business lending performance to 2019 D&B business demographic data.

The Home Mortgage Disclosure Act (HMDA) requires banks, meeting asset size and certain location requirements, to report home mortgage loan data. However, Apollo Bank is not subject to the requirements of the HMDA. Based on bank records, in 2019, the bank originated or purchased 113 home mortgage loans totaling \$43.7 million. All loans originated or purchased in 2019 were also utilized to evaluate the bank's Lending Test performance. As a non-reporter, aggregate home mortgage lending data is not used for comparison purposes; therefore, examiners compared the bank's 2019 home mortgage lending performance to applicable demographic data based on the 2015 ACS Census.

The bank is primarily a commercial lender, since 59.5 percent of the bank's loan portfolio represents commercial loans as of June 30, 2020; home mortgage loans represent 20.7 percent. Further, since the previous evaluation, commercial loans increased 61.8 percent, while home mortgage loans decreased 4.5 percent. Also, of the 113 home mortgage loans, 98 (86.7 percent) were purchased by the bank. Based on these factors, greater weight was given to the small business loans when determining the conclusions and overall ratings reflected in this evaluation.

For the Lending Test, examiners review the number and dollar volume of a bank's small business and home mortgage loans. The tables in an evaluation present both the number and dollar volume of loans. However, examiners emphasize performance by number of loans, as the number of loans is a better indicator of the number of individuals and businesses served. For the Community Development Test, examiners drew conclusions based on bank records on community development loans, qualified investments, and community development services since the previous evaluation dated June 19, 2017.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Overall, Apollo Bank demonstrated satisfactory performance under the Lending Test. The bank's performance in its assessment area, relative to the loan-to-deposit ratio, assessment area concentration, and geographic distribution, support this conclusion.

#### **Loan-to-Deposit (LTD) Ratio**

The average net LTD ratio is reasonable given the bank's size, financial condition, and assessment area's credit needs. The bank's average net LTD ratio, calculated from Call Report data, totaled 82.5 percent over the past 13 calendar quarters from June 30, 2017, to June 30, 2020.

During the evaluation period, the ratio fluctuated with no distinctive trend, ranging from a high of 88.0 percent as of December 31, 2018, to a low of 72.4 percent as of June 30, 2020. Since the previous evaluation, the bank experienced an increase in net loan volume of \$108.8 million, representing a 26.5 percent increase since June 30, 2017. Similarly, the bank experienced an increase in total deposits of \$222.9 million, representing a 45.0 percent increase since June 30, 2017.

The following table presents the average LTD ratios for Apollo Bank as well as for two similarly situated banks. Similarly situated banks are chosen based on asset size, geographic location, and lending focus. As shown in the following table, Apollo Bank maintained an average LTD ratio that was higher than and consistent with the comparable banks.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2020</b>	<b>Average Net LTD Ratio</b>
Apollo Bank, Miami, Florida	813,174,000	82.5%
Grove Bank and Trust, Miami, Florida	836,884,000	49.7%
The First National Bank of South Miami, South Miami, Florida	836,749,000	84.7%

*Source: Call Reports from 6/30/2017 through 6/30/2020*

### **Assessment Area Concentration**

A majority of the loans reviewed were originated or purchased in the bank’s assessment area. As shown in the following table, by number of loans, Apollo Bank originated or purchased 84.0 percent and 55.8 percent of the small business and home mortgage loans inside the assessment area, respectively. Higher performance was noted by dollar amount. This performance demonstrates the bank’s efforts to provide credit to individuals and businesses located inside the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>											
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>	
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
<b>Small Business</b>											
2019	21	84.0	4	16.0	25	8,943	92.9	682	7.1	9,625	
<b>Home Mortgage</b>											
2019	63	55.8	50	44.2	113	34,071	77.9	9,647	22.1	43,718	

*Source: 2019 Bank Records. Due to rounding, totals may not equal 100.0 percent.*

### **Geographic Distribution**

The geographic distribution of the loans reviewed reflects a reasonable dispersion throughout the assessment area. This conclusion is based on a reasonable dispersion of the small business and home mortgage loans.

#### *Small Business Loans*

The geographic distribution of the small business loans reflects a reasonable dispersion throughout the assessment area. As illustrated in the table on the following page, the bank originated 4.8 percent (by number) of the small business loans in low-income census tracts. This performance is higher than the percent of businesses in low-income census tracts at 3.1 percent. The bank originated 28.6 percent (by number) of the small business loans in moderate-income census tracts. This performance is also higher than the percent of businesses in moderate-income census tracts at 21.1 percent.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.1	1	4.8	150	1.7
Moderate	21.1	6	28.6	1,893	21.2
Middle	26.0	2	9.5	1,425	15.9
Upper	47.4	12	57.1	5,475	61.2
NA	2.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>8,943</b>	<b>100.0</b>

*Source: 2015 ACS Census Data; 2019 D&B Data; 2019 Bank Records. Due to rounding, totals may not equal 100.0 percent.*

### *Home Mortgage Loans*

The geographic distribution of the home mortgage loans reflects a reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank originated or purchased no loans in low-income census tracts. However, lending opportunities in these tracts may be limited given the low percentage of owner-occupied housing units at 2.0 percent.

The bank originated or purchased 12.7 percent (by number) of the home mortgage loans in moderate-income census tracts in 2019, which is below demographic data. However, it should be noted that 50 (79.4 percent) of the 63 loans were purchased by the bank. Of the 13 loans originated by the bank, 4 (30.8 percent) were located in moderate-income census tracts. This performance compares favorably to the percent of owner-occupied housing at 21.4 percent and demonstrates the bank’s willingness to lend in moderate-income census tracts.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	2.0	0	0.0	0	0.0
Moderate	21.4	8	12.7	1,354	4.0
Middle	31.9	11	17.5	2,730	8.0
Upper	44.4	43	68.3	29,684	87.1
NA	0.2	1	1.6	303	0.9
<b>Total</b>	<b>100</b>	<b>63</b>	<b>100.0</b>	<b>34,071</b>	<b>100.0</b>

*Source: 2015 ACS Census Data; 2019 Bank Records. Due to rounding, totals may not equal 100.0 percent.*

### **Borrower Profile**

The distribution of borrowers reflects a poor penetration among businesses of different sizes and individuals of different income levels. This conclusion is based on a generally reasonable penetration of the small business loans and a poor penetration of the home mortgage loans.

### *Small Business Loans*

The distribution of borrowers reflects a generally reasonable penetration among business customers of different sizes. As shown in the table on the next page, the bank originated 52.4 percent (by number) and 32.8 percent (by dollar) of the small business loans to businesses with GARs of \$1.0 million or less. This performance is below the percentage of businesses in this revenue category at 92.1 percent; however, the performance demonstrates the bank’s willingness to lend to small businesses.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Annual Revenue (GAR) Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	92.1	11	52.4	2,935	32.8
> \$1,000,000	3.5	10	47.6	6,008	67.2
Revenue Not Available	4.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>8,943</b>	<b>100.0</b>

*Source: 2019 D&B Data; 2019 Bank Records. Due to rounding, totals may not equal 100.0 percent.*

### *Home Mortgage Loans*

The distribution of borrowers reflects a poor penetration among individuals of different income levels. As illustrated in the table below, the bank made no loans to low- or moderate-income borrowers in 2019.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	24.0	0	0.0	0	0.0
Moderate	16.6	0	0.0	0	0.0
Middle	16.9	0	0.0	0	0.0
Upper	42.5	4	6.3	16,034	47.1
Income Not Available	0.0	59	93.7	18,037	52.9
<b>Total</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>34,071</b>	<b>100.0</b>

*Source: 2015 ACS Census; 2019 Bank Records. Due to rounding, totals may not equal 100.0 percent.*

Opportunities to lend to low-income borrowers may be limited given the high poverty rate at 16.9 percent and the high median housing value at \$244,010. In particular, low-income borrowers making less than \$27,450 would not readily qualify for a home mortgage loan given these demographic conditions. Similar to low-income borrowers, adverse demographic statistics may limit opportunities to lend to moderate-income borrowers. In particular, it is doubtful moderate-income borrowers making less than \$43,920 would readily qualify for a home mortgage loan given the high median housing value.

The bank's poor performance is also mitigated to some extent, as the bank does not originate long-term, fixed-rate residential loans. This loan type is typically more suitable for certain borrowers, particularly lower-income borrowers. In addition, a majority of the home mortgage loans originated or purchased by the bank were extended to entities, resulting in loan decisions not being made based on an individual's income. Therefore, income levels were not available. Specifically, these loans were originated to acquire or refinance second homes and investment properties. Additionally, 50 of the loans were purchased by the bank and income data was not collected for these borrowers.

### **Response to Complaints**

The bank received no CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **COMMUNITY DEVELOPMENT TEST**

Apollo Bank's Community Development Test performance demonstrates an adequate responsiveness to the community development needs of the assessment area. The bank met these

needs through community development loans, qualified investments (donations), and community development services. The volume of the bank’s community development loans exceeded several similarly situated lenders. Also, the bank’s volume of community development investments and services were comparable to similarly situated banks. Additionally, in comparison to the previous evaluation, both the number and dollar volume of loans and donations have significantly increased, as well as the number of instances of services provided. The following table illustrates the bank’s community development activities during the review period.

Community Development Activities (All Activities)								
Assessment Area	Activity Type						Totals	
	Loans		Investments		Services			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Miami MD AA	164	26,410	38	1,079	12	NA	214	27,489
Regional Activities	27	19,822	1	<1	1	NA	29	19,822
Nationwide Activities	0	0	0	0	0	NA	0	0
<b>Totals</b>	<b>191</b>	<b>46,232</b>	<b>39</b>	<b>1,079</b>	<b>13</b>	<b>NA</b>	<b>243</b>	<b>47,311</b>

*Source: Bank Records*

### Community Development Loans

Apollo Bank originated 191 community development loans totaling \$46.2 million during the evaluation period. The dollar amount of the community development loans equates to 9.5 percent of average total loans and 6.8 percent of average total assets as of June 30, 2020. By number, 92.7 percent of the community development loans supported economic development, 3.7 percent supported affordable housing, and 3.7 percent supported revitalization or stabilization. In addition, 85.9 percent were originated in the Miami MD assessment area and 14.1 percent were originated outside of the assessment area. The following table reflects the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/20/2017-12/31/2017	3	3,630	0	0	0	0	3	5,744	<b>6</b>	<b>9,374</b>
2018	2	1,892	0	0	1	10,700	2	1,584	<b>5</b>	<b>14,176</b>
2019	0	0	0	0	1	1,197	2	1,228	<b>3</b>	<b>2,425</b>
1/1/2020-8/3/2020	2	3,263	0	0	175	16,994	0	0	<b>177</b>	<b>20,257</b>
<b>Total</b>	<b>7</b>	<b>8,785</b>	<b>0</b>	<b>0</b>	<b>177</b>	<b>28,891</b>	<b>7</b>	<b>8,556</b>	<b>191</b>	<b>46,232</b>

*Source: Bank Records*

A substantial majority of the bank’s community development loans (91.6 percent by number) were extended through the SBA’s PPP. This temporary program was created through the Coronavirus Aid, Relief, and Economic Security Act and was intended to provide economic relief to small businesses adversely impacted under the Coronavirus Disease 2019 Emergency Declaration issued on March 13, 2020. The PPP supports economic development by sustaining small business operations by supporting job retention.

Apollo Bank met the needs of its assessment area through the noted community development loans. Therefore, the bank received consideration for 27 other community development loans totaling \$19.8 million that benefitted small businesses outside of the assessment area. The following are notable examples of the bank’s community development loans in the assessment area.

- In 2017, the bank originated a loan for \$875,000 to fund the acquisition of a 12-unit multifamily property. The rental rates are priced and targeted to low- and moderate-income individuals.
- In 2019, the bank originated a loan for \$1.2 million through the SBA’s 504 program. The loan supported economic development and allowed a small business to expand.
- In 2020, the bank originated 154 loans totaling \$14.7 million through the PPP to sustain small business operations by supporting job retention.

**Qualified Investments**

Apollo Bank made 39 qualified investments (donations) totaling \$1.1 million during the evaluation period. The donations were made to organizations that support community development activities throughout the assessment area. The dollar amount of the qualified investments equates to less than 1.0 percent of both average total assets, and average total securities, as of June 30, 2020.

By dollar volume, 92.7 percent of the donations supported economic development, 7.3 percent supported community services, and less than 1.0 percent supported revitalization or stabilization. However, by number, 87.2 percent supported community services, 10.3 percent supported economic development, and 2.6 percent supported revitalization or stabilization. The following table illustrates the qualified investment totals by activity purpose during the evaluation period.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Grants & Donations	0	0	34	79	4	1,000	1	<1	<b>39</b>	<b>1,079</b>

*Source: Bank Records*

The following are notable examples of the bank’s donation activities in the assessment area.

- In 2017, the bank donated \$5,000 to a non-profit organization that provides scholarships to low- and moderate-income students from underserved communities.
- In 2018, the bank obtained four certificates of deposit totaling \$1.0 million at minority-owned financial institutions. The institutions have been designated through the U.S. Department of Treasury as minority-owned institutions based on ownership interests.
- In 2020, the bank donated \$5,000 to a non-profit organization that provided food distributions to low- and moderate-income families in response to the Coronavirus Pandemic.

**Community Development Services**

Apollo Bank employees provided 13 community development services to 9 organizations for a total of approximately 565 hours during the evaluation period. The organizations benefitted the assessment area by providing essential services to low- and moderate-income individuals and supporting economic development.

Of the community development services, 12 were provided in the Miami MD assessment area and 1 was provided outside of the assessment area in neighboring Broward County. By purpose, 84.6 percent of the services supported community services and 15.4 percent supported economic development. The following table illustrates the bank’s community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
6/20/2017-12/31/2017	0	4	0	0	<b>4</b>
2018	0	3	1	0	<b>4</b>
2019	0	4	1	0	<b>5</b>
1/1/2020-8/3/2020	0	0	0	0	<b>0</b>
<b>Totals</b>	<b>0</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>13</b>
<i>Source: Bank Records</i>					

The following are notable examples of the bank’s community development service activities in the assessment area.

- In 2017, 2018, and 2019, several employees provided financial literacy education classes to eight schools throughout the Miami MD assessment area. All of the schools are “Title 1” schools, which is a federal designation for public schools, which provide funding due to the schools containing high percentages of children from low-income families. In addition, a majority of the schools’ students qualify to participate in the Federal Free- or Reduced-Lunch programs.
- In 2018 and 2019, Apollo Bank participated in the Internship portion of the Future Bankers’ Camp by providing internship opportunities in the financial services industry to six high school students. The local schools that participated in the program are all designated “Title 1” schools.

Additionally, the bank provided favorable retail lending services to small businesses affected by COVID-19. Specifically, the bank offered payment accommodations by providing three-month payment deferrals to 18 borrowers affected by the Coronavirus Pandemic. Also, the bank continues to offer alternative delivery systems attractive to low- and moderate-income individuals, including telephone, mobile, and internet banking. In addition, the bank operates ATMs at each of its branches and charges no fees for the use of ATMs within the Presto! Network. Lastly, one (20.0 percent) of the bank’s five offices is located in a moderate-income census tract.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s CRA rating.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- (1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- (2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- (3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- (4) The geographic distribution of the bank's loans; and
- (5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### Community Development Test

The Community Development Test considers the following criteria:

- (1) The number and amount of community development loans;
- (2) The number and amount of qualified investments;
- (3) The extent to which the bank provides community development services; and
- (4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

### 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.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow

visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or metropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or

- consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
- (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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 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 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide

long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.