

# **PUBLIC DISCLOSURE**

June 6, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Ocean Bank  
Certificate Number: 24156

780 Northwest 42<sup>nd</sup> Avenue  
Miami, Florida 33126

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

10 10<sup>th</sup> Street NE, Suite 900  
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 .....	2
DESCRIPTION OF ASSESSMENT AREAS.....	4
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	14
MIAMI MD ASSESSMENT AREA – Full-Scope Review .....	15
FORT LAUDERDALE MD ASSESSMENT AREA – Full-Scope Review .....	26
APPENDICES .....	35
LARGE BANK PERFORMANCE CRITERIA .....	35
SCOPE OF EVALUATION .....	37
GLOSSARY .....	38

## 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect good responsiveness to the assessment areas’ credit needs.
- A substantial majority of the loans reviewed are made in the institution’s assessment areas.
- The geographic distribution of the loans reviewed reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different sizes and retail customers of different income levels.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The institution uses innovative and/or flexible lending practices to serve the assessment areas’ credit needs.
- The institution has made a relatively high level of community development loans.

**The Investment Test is rated Low Satisfactory.**

- The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position.
- The institution exhibits adequate responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Low Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas.
- The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- or moderate-income geographies and individuals.
- The institution provides an adequate level of community development services.

## **DESCRIPTION OF INSTITUTION**

Ocean Bank is a commercial bank headquartered in Miami, Florida. The bank is a wholly owned subsidiary of Ocean Bankshares Inc., a one-bank holding company, also based in Miami, Florida. The bank has three active subsidiaries: Ocean Insurance Services, LLC; OFS Holding, LLC; and Ocean Financial Services, LLC. In 2020, the bank established Ocean Insurance Services, LLC, to make insurance referrals to non-affiliated insurance companies. OFS Holding, LLC owns Ocean Financial Services, LLC and Ocean Financial Advisors, LLC, which offer non-deposit investment products and services. Ocean Bank has not been subject to any mergers or acquisitions since the last evaluation.

The bank received a Satisfactory rating at the previous FDIC Performance Evaluation, dated August 25, 2020, based on the Interagency Large Institution Examination Procedures. The bank's primary focus continues to be commercial lending. The bank originated commercial loans for construction, equipment, working capital, and purchase and refinance of real estate. In addition, the bank offered loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP), 504, and 7(a) programs. The SBA guarantees PPP loans under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This temporary program was created to provide economic relief to businesses that were adversely impacted and by retaining jobs that would have otherwise been lost from business closures because of the COVID-19 national emergency. The bank also offered asset-based lending such as account receivable and inventory, floor plan, and tax certificate financing. Lastly, Ocean Bank offered international lending products such as trade financing, commercial letters of credit, correspondent banking, standby letters of credit, acceptance financing, and EXIM Bank credit facilities.

Ocean Bank offered several consumer real estate loan products, including adjustable-rate residential mortgages and home equity lines of credit; long-term, fixed-rate home mortgage loans were offered through broker relationships. The bank also offered consumer credit products, including credit cards and unsecured, automobile, and deposit-secured loans.

Deposit products offered include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include automated teller machines (ATMs) and internet, mobile, and telephone banking. Ocean Bank operates 23 full service offices in Florida in three counties: Broward, Miami-Dade, and Orange. The bank opened one office and closed one office since the last evaluation. On May 1, 2023, the bank opened its first office in Orange County. On December 11, 2021, management closed an office in Broward County.

Examiners did not identify any financial, legal, or other impediments that would prevent the bank from meeting the assessment areas' credit needs. As of the March 31, 2023 Consolidated Reports of Condition and Income (Call Report), Ocean Bank had total assets of \$6.0 billion, with loans totaling \$4.8 billion, total deposits of \$5.0 billion, and total securities of \$800.9 million. As shown in the following table, commercial real estate and commercial and industrial loans represented the largest portion of the outstanding loan portfolio at 71.2 percent; followed by loans secured by multifamily properties at 10.9 percent; and construction, land development, and other land loans at 8.2 percent.

<b>Loan Portfolio Distribution as of 3/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	390,421	8.2
Secured by Farmland	1,077	0.0
Secured by 1-4 Family Residential Properties	315,941	6.6
Secured by Multifamily (5 or more) Residential Properties	522,092	10.9
Secured by Nonfarm Nonresidential Properties	3,152,646	65.9
<b>Total Real Estate Loans</b>	<b>4,382,177</b>	<b>91.6</b>
Agricultural Production and Other Loans to Farmers	0	0.0
Loans to Depository Institutions	4	0.0
Commercial and Industrial Loans	255,153	5.3
Consumer Loans	31,561	0.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Loans to Non Depository Financial Institutions	76,290	1.6
Other Loans	38,121	0.8
<b>Total Loans</b>	<b>4,783,306</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its performance. Since the last evaluation, the bank has added one new assessment area, Orange County, because of the opening of an office in Orlando, Orange County, Florida in May 2023. As of the date of this evaluation, the bank has been operating within this new assessment area for approximately one month, and, consequently, there was insufficient activity within this assessment area for examiners to review. Therefore, examiners did not evaluate the bank's performance in Orange County. Ocean Bank's two other assessment areas remain unchanged since the previous examination. One assessment area includes all of Miami-Dade County (Miami MD), which comprises the entire Miami-Miami Beach-Kendall, FL Metropolitan Division (MD). The second assessment area includes all of Broward County (Fort Lauderdale MD), which comprises the entire Fort Lauderdale-Pompano Beach-Sunrise, FL MD. The following table provides details on these assessment areas.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Miami MD	Miami-Dade	519	20
Fort Lauderdale MD	Broward	362	2

*Source: Bank Data and 2015 ACS data*

The evaluation includes separate discussions for each of the two assessment areas. Refer to the individual assessment area sections for additional information.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the previous evaluation, dated August 25, 2020, to the current evaluation, dated June 6, 2023. In evaluating Ocean Bank's CRA performance, examiners used the Interagency Large Institution CRA Examination Procedures, which consist of three tests: Lending, Investment, and Service tests. Refer to the Appendices for a detailed description of these tests. Examiners used these procedures to perform full-scope reviews of Ocean Bank's CRA performance in its Miami MD and Fort Lauderdale MD assessment areas. In determining the scope of each review, examiners considered the branching structure and activity in each assessment area.

Examiners evaluate a bank's lending and deposit activity and number of offices to determine an individual assessment area's contribution to the overall rating. With a significant majority of branch, loan, and deposit activity in the Miami MD assessment area, examiners gave the most weight in assigning the overall rating and conclusions to performance in this assessment area. Refer to the following table for additional details.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Miami MD	969,236	86.0	4,780,835	98.9	20	90.9
Fort Lauderdale MD	158,300	14.0	51,409	1.1	2	9.1
<b>Total</b>	<b>1,127,536</b>	<b>100.0</b>	<b>4,832,244</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>

*Source: Bank Records; FDIC Summary of Deposits (6/30/2022)*

### Activities Reviewed

The CRA regulation requires a review of a bank’s lending performance in its assessment areas with respect to home mortgage, small business, and small farm lending, if significant. Based upon Ocean Bank’s business strategy, loan portfolio mix, and the number and dollar volume of loans originated during the evaluation period, examiners determined the major product line continues to be small business loans followed by home mortgage loans. Commercial lending accounts for 71.2 percent of the loan portfolio, as of March 31, 2023, compared to home mortgage loans (multifamily and 1-4 family) at 17.5 percent. Small farm loans were not reviewed as it is not a major product line for the bank. The March 31, 2023 Call Report shows that Ocean Bank had only \$1.1 million in loans secured by farmland outstanding and no loans outstanding to finance agricultural production. Small business lending received greater weight during this review because the bank is primarily a commercial lender and it represents the majority of the bank’s loan portfolio.

For the Lending Test, examiners reviewed the bank’s CRA reported loans (small business loans), originated in 2020 through 2022. In total, the bank originated 4,584 loans, totaling \$439.4 million. Examiners compared the bank’s 2020 and 2021 small business lending performance to 2020 and 2021 aggregate small business lending data. At the time of evaluation, aggregate small business lending data for 2022 was not available. In addition, examiners compared the bank’s small business lending performance to applicable Dun & Bradstreet (D&B) business demographic data. Although examiners analyzed CRA lending data for 2020 through 2022, examiners presented only 2021 data, which was the most recent year for which aggregate information was available. Examiners noted any observed anomalies in 2020 and 2022, under the *Borrower Profile* and *Geographic Distribution* performance factors, as applicable.

Additionally, examiners reviewed all loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) from 2020 through 2022. In total, there were 173 HMDA loans originated, totaling \$911.9 million. Examiners compared the bank’s performance to the respective HMDA aggregate data for 2020 and 2021. At the time of evaluation, aggregate data for 2022 was not available. Examiners also compared the bank’s 2020 and 2021 home mortgage lending performance to applicable demographic data based on the 2015 American Community Survey (ACS) U.S. Census data. For 2022 home mortgage lending performance, 2020 U.S. Census data was used for comparison purposes. Although examiners analyzed HMDA lending data for 2020, 2021, and 2022, examiners only presented 2021 data because it was the most recent year for which aggregate information was available. Examiners noted any observed anomalies in 2020 and 2022, under the *Borrower Profile* and *Geographic Distribution* performance factors, as applicable.

Further, examiners reviewed innovative or flexible lending practices, community development loans, qualified investments, and community development services used, made, or obtained since the previous evaluation dated August 25, 2020. Qualified investments included qualified investments from prior period evaluations still held by the bank as of June 6, 2023. The Service Test included a review of delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of branch closings and openings during the evaluation period. The review also focused on retail banking products and services targeted toward low- and moderate-income individuals or small businesses.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test rating is High Satisfactory. The bank's lending levels reflect good responsiveness to the assessment areas' credit needs and a substantial majority of loans are made in the assessment areas. The geographic distribution of loans reflects excellent penetration throughout the assessment areas. The distribution of borrowers reflects an adequate penetration among business customers of different sizes and among retail customers of different incomes, given demographic data and products offered. The institution uses innovative and/or flexible lending practices in order to serve the assessment areas' credit needs. The institution has made a relatively high level of community development loans. Ocean Bank's performance is generally consistent between both assessment areas; however, the overall rating was primarily influenced by its performance in the Miami MD assessment area because it received the most weight.

#### **Lending Activity**

The bank's lending levels reflect good responsiveness to the assessment areas' credit needs, given competition and the impact of the COVID-19 pandemic on the assessment areas. Ocean Bank is an active small business lender in the assessment areas. From January 2020 through December 2021, the bank extended 4,423 small business loans in the assessment areas. During this period, the level of small business lending was significantly higher because of Ocean Bank's origination of PPP loans. Aggregate 2021 CRA data revealed that Ocean Bank ranked 17<sup>th</sup> out of 237 CRA reporting lenders by number of small business loans in the Miami MD assessment area. In addition, despite its limited branch presence in the Fort Lauderdale MD assessment area, Ocean Bank ranked 42<sup>nd</sup> out of 243 CRA reporting lenders with a 0.1 percent market share by number and 0.5 percent market share by dollar volume of small business loans.

As of the March 31, 2023 Call Report, the bank had a net loan-to-deposit ratio of 93.7 percent, compared to a Uniform Bank Performance Report (UBPR) peer group average of 82.9 percent. The bank's UBPR peer group includes all insured commercial banks having assets between \$3.0 billion and \$10.0 billion. Since the last evaluation, the bank's ratio ranged from a low of 80.7 percent in the third quarter of 2021 to a high of 98.6 percent at year-end 2022. The bank's ratio started a declining trend as of September 30, 2020, and continued to decline until March 31, 2022, which examiners attributed to steady growth in deposits and fluctuating loan balances.



### Assessment Area Concentration

As shown in the following table, Ocean Bank originated a substantial majority of loans, by both number and dollar, within the assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	55	88.7	7	11.3	62	93,437	83.7	18,244	16.3	111,681
2021	48	88.9	6	11.1	54	159,613	65.9	82,470	34.1	242,083
2022	50	87.7	7	12.3	57	465,181	83.4	92,920	16.6	558,101
<b>Subtotal</b>	<b>153</b>	<b>88.4</b>	<b>20</b>	<b>11.6</b>	<b>173</b>	<b>718,231</b>	<b>78.8</b>	<b>193,634</b>	<b>21.2</b>	<b>911,865</b>
Small Business										
2020	2,461	97.0	75	3.0	2,536	206,002	94.7	11,521	5.3	217,523
2021	1,692	96.1	69	3.9	1,761	157,347	92.8	12,220	7.2	169,567
2022	270	94.1	17	5.9	287	45,956	87.9	6,353	12.1	52,309
<b>Subtotal</b>	<b>4,423</b>	<b>96.5</b>	<b>161</b>	<b>3.5</b>	<b>4,584</b>	<b>409,305</b>	<b>93.2</b>	<b>30,094</b>	<b>6.8</b>	<b>439,399</b>
<b>Total</b>	<b>4,576</b>	<b>96.2</b>	<b>181</b>	<b>3.8</b>	<b>4,757</b>	<b>1,127,536</b>	<b>83.4</b>	<b>223,728</b>	<b>16.6</b>	<b>1,351,264</b>
<i>Source: Bank Data            Due to rounding, totals may not equal 100.0%.</i>										

### Geographic Distribution

Overall, the geographic distribution of loans reflects excellent penetration throughout the assessment areas. Examiners based this conclusion on the bank’s small business lending performance, which received greater weight. Ocean Bank’s performance inconsistent between both assessment areas; however, the overall rating was primarily influenced by its performance in the Miami MD assessment area because it received the most weight. Refer to each assessment area for additional details.

### Borrower Profile

Overall, the distribution of borrowers reflects adequate penetration among businesses of different sizes and retail customers of different income levels. Examiners based this conclusion on the bank’s small business lending performance, which received greater weight. The bank’s performance was consistent throughout the assessment areas. Refer to each assessment area for additional details.

## **Innovative or Flexible Lending Practices**

Ocean Bank uses innovative or flexible lending practices in order to serve the assessment area credit needs. In response to the COVID-19 pandemic in 2021, the bank originated 1,339 PPP loans to small businesses, totaling \$110 million. The volume of PPP loans originated in 2021 was over quadruple the volume of small business loans originated in 2022 and demonstrates the bank’s responsiveness in helping to serve the credit needs of its assessment areas. In addition, the bank originated 100 loans, totaling \$55.9 million, through the SBA 504 loan program and 3 loans, totaling \$3.3 million, through the SBA 7(a) program. The following table details the bank’s participation in the SBA programs.

<b>Innovative or Flexible Lending Programs</b>										
<b>Type of Program</b>	<b>2020 (Partial)</b>		<b>2021</b>		<b>2022</b>		<b>2023 (YTD)</b>		<b>Totals</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>
SBA 504	16	16,436	52	20,503	26	16,244	6	2,718	100	55,901
SBA 7(A)	0	0	0	0	1	350	2	2,916	3	3,266
SBA PPP	0	0	1,339	109,960	0	0	0	0	1,339	109,960
<b>Totals</b>	<b>16</b>	<b>16,436</b>	<b>1,391</b>	<b>130,463</b>	<b>27</b>	<b>16,594</b>	<b>8</b>	<b>5,634</b>	<b>1,442</b>	<b>169,127</b>

*Source: Bank Records*

Further, the bank’s factoring program continues to enable small businesses to become more efficient by improving their cash flow cycles. Because some businesses’ cash flows fluctuate, Ocean Bank lends cash to these businesses during low cash flow periods based on the value of assets. During the evaluation period, the bank maintained an average of 34 clients with an average factoring volume of approximately \$30.2 million.

## **Community Development Loans**

Ocean Bank has made a relatively high level of community development loans. During the evaluation period, the bank extended 68 community development loans, totaling \$138.6 million. This activity accounts for 3.4 percent of average total loans and 2.7 percent of average total assets as of March 31, 2023. Both percentages are lower than the last evaluation, when community development loans represented 5.8 percent of average total loans and 4.5 percent of average total assets. The number of loans is higher when compared to the previous evaluation, but the dollar volume is lower. However, Ocean Bank has been responsive to opportunities for community development lending and faces competition for these opportunities. The volume of the bank’s community development loans is comparable to two similarly situated lenders, lower than one lender, and higher than two other lenders. Ocean Bank’s performance is consistent throughout the assessment areas. The following two tables present the bank’s community development lending by year and by assessment area.

<b>Community Development Lending</b>										
<b>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>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
2020 (Partial)	7	8,649	-	-	5	12,321	1	1,500	<b>13</b>	<b>22,470</b>
2021	15	25,353	-	-	5	7,134	9	18,953	<b>29</b>	<b>51,440</b>
2022	16	35,020	-	-	6	8,950	3	20,661	<b>25</b>	<b>64,631</b>
2023 (YTD)	1	60	-	-	-	-	-	-	<b>1</b>	<b>60</b>
<b>Total</b>	<b>39</b>	<b>69,082</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>28,405</b>	<b>13</b>	<b>41,114</b>	<b>68</b>	<b>138,601</b>

*Source: Bank Data*

<b>Community Development Lending by Assessment Area</b>										
<b>Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Miami-Dade	23	56,685	-	-	14	23,336	9	35,040	<b>46</b>	<b>115,061</b>
Broward	8	11,966	-	-	2	5,069	3	4,904	<b>13</b>	<b>21,939</b>
Regional and Statewide	8	431	-	-	-	-	1	1,170	<b>9</b>	<b>1,601</b>
<b>Total</b>	<b>39</b>	<b>69,082</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>28,405</b>	<b>13</b>	<b>41,114</b>	<b>68</b>	<b>138,601</b>

*Source: Bank Data*

As an example of statewide community development lending, the bank continues to be a member of Neighborhood Lending Partners of Florida, Inc. (NLP). NLP is a non-profit lending consortium, certified as a CDFI, established to facilitate private investment for community revitalization. NLP offers flexible financing for affordable housing and lessens the burden on governmental jurisdictions by working with public and private funding. For the 2022 to 2024 pool, the bank pledged \$500,000 for the statewide Low Income Housing Tax Credit Loan Pool. Member banks fund the loan pools, which in turn fund loans secured by multifamily affordable housing projects throughout Florida. During the review period, Ocean Bank participated in eight loans outside the assessment areas, with the bank’s portion totaling \$430,597. The loans provided financing for 415 housing units for low- and moderate-income persons of which 221 units were new construction.

## **INVESTMENT TEST**

The overall Investment Test rating for this institution is Low Satisfactory, and the performance is consistent for each assessment area. Ocean Bank maintains an adequate level of qualified community development investments and donations. Considering available opportunities, the bank’s qualified investments demonstrate an adequate responsiveness to the credit and community development needs of the assessment areas. The bank’s level of investments, as well as its performance relative to other comparable institutions, primarily supports this conclusion. The bank occasionally uses innovative or complex investments to support community development initiatives. The bank fulfilled community development objectives through the combination of equity funds, mutual funds, securities backed by single-family mortgages, certificates of deposits, and grants and donations.

## Investment and Grant Activity

Ocean Bank has an adequate level of qualified community development investments and donations, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Ocean Bank made 81 qualified investments and donations during the evaluation period, totaling \$20.9 million. As of March 31, 2023, the dollar amount of the qualified investments equates to 0.4 percent of average total assets and 3.4 percent of average total securities. Both percentages are lower than the last evaluation, when community development investments represented 4.8 percent of average total securities and 0.5 percent of average total assets. Furthermore, this level of investments represents a decrease by number and a nominal increase by dollar amount, from the prior evaluation, when Ocean Bank had 142 qualified investments and donations, totaling \$20.8 million. For this evaluation, the bank's volume of qualified investments was below four similarly situated banks and exceeded one.

Of the \$20.9 million, \$11.3 million is new qualified investments, \$9.1 million were prior period investments, and \$492,000 were grants and donations. The following two tables show the bank's investment totals by activity purpose, year, and assessment area.

<b>Qualified Investments by Year</b>										
<b>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>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Prior Period	12	7,104	-	-	2	2,000	-	-	14	9,104
2020 (Partial)	-	-	-	-	3	747	-	-	3	747
2021	1	1,250	-	-	7	2,494	-	-	8	3,744
2022	2	2,364	-	-	8	3,494	-	-	10	5,858
2023 (YTD)	-	-	-	-	4	996	-	-	4	996
<b>Subtotal</b>	<b>15</b>	<b>10,718</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>9,731</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>20,449</b>
Grants & Donations	4	22	29	413	9	57	-	-	42	492
<b>Total</b>	<b>19</b>	<b>10,740</b>	<b>29</b>	<b>413</b>	<b>33</b>	<b>9,788</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>20,941</b>

*Source: Bank Records*

<b>Qualified Investments by Assessment Area (AA)</b>										
<b>Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Miami-Dade	8	2,967	29	413	26	4,538	-	-	63	7,918
Broward	2	1,634	-	-	-	-	-	-	2	1,634
Both AAs	8	4,889	-	-	-	-	-	-	8	4,889
Regional	1	1,250	-	-	6	5,001	-	-	7	6,251
California	-	-	-	-	1	249	-	-	1	249
<b>Total</b>	<b>19</b>	<b>10,740</b>	<b>29</b>	<b>413</b>	<b>33</b>	<b>9,788</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>20,941</b>

*Source: Bank Records*

The following are examples of the bank's investments that benefitted both assessment areas, a regional area greater than the assessment areas, and another area.

- In 2022, the bank purchased a \$1.4 million bond secured by affordable housing loans on four homes in Miami-Dade County and two in Broward County for low- and moderate-income individuals.
- In 2021 and 2022, the bank made three capital investments totaling \$3.0 million in three different Small Business Investment Companies (SBIC) funds organized to make senior secure debt and equity investments in lower middle market companies. All three funds included investments in companies located in Florida.
- In 2023, the bank purchased a \$249,000 certificate of deposit at a minority depository institution in California.

### **Responsiveness to Credit and Community Development Needs**

Ocean Bank exhibits an adequate responsiveness to the credit and community development needs throughout the assessment areas. Management took action to ensure new investments and donations were concentrated in the assessment areas. Qualified investments made during the evaluation period are primarily comprised of certificates of deposit in minority depository institutions and equity investments in SBICs. Ocean Bank also holds a combination of mortgage-backed securities, stocks, and mutual funds. In addition, the bank provided 42 donations to organizations during this evaluation period, totaling \$492,000. The donations are responsive to charitable or community-based organizations with a qualified community development purposes that serve local residents. The majority of donations were given to organizations that provide community services, as well as economic development activities and affordable housing.

### **Community Development Initiatives**

The bank occasionally uses innovative or complex investments to support community development initiatives. After certificates of deposits, private equity investments made up a significant portion of the bank's new investments since the prior evaluation. Although these investments help to sustain businesses needing capital, the investments are not innovative. However, these investments were structured to benefit a regional area that includes the assessment areas, demonstrating some complexity.

### **SERVICE TEST**

The overall Service Test rating for this institution is Low Satisfactory. Performance is generally consistent for each assessment area; however, the bank's performance in the Miami MD assessment area provided the most weight in the overall conclusions. Ocean Bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas. The opening and closing of branches has not adversely affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences certain portions of the assessment

areas, particularly low- and moderate-income geographies or individuals. Alternative delivery systems enhance the availability of financial services. In addition, Ocean Bank provided an adequate level of community development services in the Miami MD assessment area, but none that solely benefitted the Fort Lauderdale MD assessment area.

### **Accessibility of Delivery Systems**

Ocean Bank’s delivery systems are reasonably accessible to essentially all portions of the bank’s assessment areas. Ocean Bank operates 22 full-service branches and 32 ATMs in the Miami and Fort Lauderdale MDs. The bank has ATMs on a military base, in a hotel, in a hospital, and on university campuses. Refer to the assessment area conclusion sections for additional details regarding each assessment area’s branch distribution. The following table details the bank’s census tracts, population, branches, and ATMs by census tract level based on 2020 U.S. Census Data. The bank’s branch and ATM distribution in low-income census tracts is similar to the demographics. With limited changes in the branch network, the comparison of branches to the demographics in moderate-income census tracts continue to be below demographics. However, the bank maintains an ATM presence that is consistent with the demographics.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	54	4.8	201,587	4.3	1	4.6	1	3.1
Moderate	296	26.3	1,290,737	27.8	3	13.6	8	25.0
Middle	346	30.8	1,449,462	31.2	5	22.7	6	18.8
Upper	387	34.4	1,626,882	35.0	12	54.5	15	46.9
NA	41	3.7	77,474	1.7	1	4.6	2	6.2
<b>Totals</b>	<b>1,124</b>	<b>100.0</b>	<b>4,646,142</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>

*Source: 2020 U.S. Census & Bank Records.*

Ocean Bank offers several alternative delivery systems for its customers. The bank maintains 32 ATMs via the Star/Plus and Cirrus networks and allows surcharge free use of ATMs within the Presto! Network. Furthermore, services available to customers include online banking, bill pay, mobile banking and check deposit, text updates, and 24-hour telephone banking. Telephone banking services are available in English and Spanish. The online banking services are accessible 24-hours a day, through the transactional website at [www.oceanbank.com](http://www.oceanbank.com), allowing customers to check account balances, transfer money between accounts, make loan payments, pay bills, and make person-to-person payments.

### **Changes in Branch Locations**

To the extent changes have been made, the institution’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the

bank closed one branch located in a middle-income census tract in the Fort Lauderdale assessment area. Refer to the individual assessment area analysis for additional details.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals. Ocean Bank offers a range of products and services designed to meet the banking needs of its assessment areas. These products and services are offered consistently throughout its branch network.

Commercial credit products offered include real estate mortgages, construction loans, working capital lines of credit, and equipment loans. The bank also offers SBA loans through the PPP, 504 and 7(a) programs. Consumer real estate loan products offered include adjustable-rate residential mortgages and home equity lines of credit. For long-term, fixed-rate home mortgage loans, the bank acts as a broker and other lenders make the credit decision. Consumer credit products include unsecured, automobile, credit cards and deposit-secured loans. Deposit products offered include checking, savings, money market, certificates of deposit, and individual retirement accounts.

Although business hours vary at some locations, business hours are generally from 9:00 a.m. to 4:00 p.m., Monday through Thursday, and until 6:00 p.m. on Friday. Additionally, branch drive through hours are generally from 8:00 a.m. to 5:30 p.m., Monday through Thursday, and until 7:00 p.m. on Friday. A majority of locations offer Saturday drive through hours as well.

### **Community Development Services**

During the evaluation period, Ocean Bank provided an adequate level of community development services within its assessment areas. In particular, the bank provided 51 services to 15 organizations with missions consistent with the definition of community development. For this evaluation, in comparison to similarly situated banks, the bank's volume of community development services was below all but one institution. This level of services represents a slight decrease from the prior examination, when Ocean Bank provided 54 community development services. The services exhibit an adequate level of responsiveness, as the organizations benefited the assessment areas by providing essential services to low- and moderate-income individuals, affordable housing, and economic development. Several individuals provided ongoing assistance as Board members.

The community development services were nearly entirely provided to organizations within the Miami MD assessment area. Only one organization served both the Miami and Fort Lauderdale MD assessment areas. By purpose, 45.1 percent of the services supported community services, 33.3 percent supported affordable housing, and 21.6 percent supported economic development. The following table illustrates the bank's community development services by activity year and purpose.

<b>Community Development Services</b>					
<b>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>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (Partial)	3	6	4	0	13
2021	4	7	3	0	14
2022	5	5	2	0	12
2023 (YTD)	5	5	2	0	12
<b>Total</b>	<b>17</b>	<b>23</b>	<b>11</b>	<b>0</b>	<b>51</b>
<i>Source: Bank Data</i>					

From 2020 to the present, an officer served on the Board of a non-profit community development organization that provides housing services to low- and moderate-income individuals in Broward and Miami-Dade counties.

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

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.



## MIAMI MD ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN MIAMI MD ASSESSMENT AREA

The bank operates 20 offices in the assessment area. The assessment area includes all of Miami-Dade County, which comprises the Miami-Miami Beach-Kendall, FL MD.

#### **Economic and Demographic Data**

This assessment area includes 519 census tracts, which consist of 30 low-, 144 moderate-, 150 middle-, and 177 upper-income census tracts. There are 18 census tracts with no income designation. The following table outlines select demographic data of this assessment area based on the 2015 ACS U.S. Census data and the 2021 D&B data.

<b>Demographic Information of the Miami MD Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
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	791,580	3.1	20.8	26.3	47.5	2.3
Farms by Geography	7,895	3.9	23.7	27.1	44.5	0.8
Family Distribution by Income Level	572,388	24.0	16.6	16.9	42.5	0.0
Household Distribution by Income Level	842,153	26.1	15.1	15.9	42.9	0.0
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL		\$49,264	Median Housing Value			\$244,010
			Median Gross Rent			\$1,155
			Families Below Poverty Level			16.9%

*Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%. (\*) The NA category consists of geographies that have not been assigned an income classification.*

From the 2015 ACS U.S. Census data to the 2020 U.S. Census data, there was a significant increase (36.2 percent) in the number of census tracts in the assessment area from 519 to 707. The number of low-income census tracts increased by four tracts from 30 to 34; however, as a percentage of total census tracts, it declined to 4.8 percent. Similarly, though the number of moderate-income census tracts increased from 144 to 176, it decreased as a percentage of total tracts to 24.9 percent. The number of middle- and upper-income census tracts increased from 327 to 464 to comprise 65.6

percent of the census tracts. Tracts with no income designation increased from 18 to 33. According to 2020 U.S. Census data, the median housing value increased 41.9 percent from \$244,010 to \$346,191. Lastly, the percentage of families living below the poverty level declined from 16.9 percent to 12.7 percent.

The following table reflects the Federal Financial Institutions Examination Council’s (FFIEC) updated median family income (MFI) figures and the low-, moderate-, middle-, and upper-income MFI categories for the assessment area. As shown below, the maximum MFI for low-income families was less than \$34,150, which is low, when considering the median housing value of \$346,191 in 2020. Further, the families with incomes below the federal poverty level will likely face difficulty in qualifying for home mortgage loans.

<b>Median Family Income Ranges for the Miami MD Assessment Area</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>
2020 (\$59,100)	<\$29,550	\$29,550 to <\$47,280	\$47,280 to <\$70,920	≥\$70,920
2021 (\$61,000)	<\$30,500	\$30,500 to <\$48,800	\$48,800 to <\$73,200	≥\$73,200
2022 (\$68,300)	<\$34,150	\$34,150 to <\$54,640	\$54,640 to <\$81,960	≥\$81,960

*Source: FFIEC*

As noted in the following table, the unemployment rate for Miami-Dade County declined significantly from 2020 to 2022. The unemployment rate in 2020 and 2022 was lower than the state and national rates. In 2021, the unemployment rate was lower than the national rate, but higher than the state rate.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Miami-Dade County	7.4	5.2	2.6
Florida	8.2	4.6	2.9
National Average	8.1	5.4	3.6

*Source: Federal Reserve Economic Data*

According to 2022 D&B data, the assessment area’s largest industries include services at 27.7 percent; followed by finance, insurance, and real estate at 10.7 percent. According to the South Florida Business Journal, major employers include Publix Supermarkets (39,240 employees), Baptist Health South Florida (23,000 employees), and American Airlines (13,500 employees).

Moody’s *Economy.com, Inc., Précis Metro* dated November 2021 noted that the assessment area’s economy is in slow recovery. Although the large tourism industry is improving, the economy is seeing continued effects of COVID-19-related restrictions on international travel. Additionally, housing construction has picked up and housing prices have risen nearly 25 percent in the past year. Information as of August 2022 noted that job growth was strong. Furthermore, hotel occupancy is almost at pre-pandemic levels. Additionally, home prices continued to rise in 2022, but the rise is

now slowing. Apartment rents have now stabilized after increasing more than 20 percent in the past year.

### **Competition**

There is a high level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, Ocean Bank competes with local banks, credit unions, and finance companies. As of June 30, 2022, 56 FDIC-insured institutions operated 589 offices within the assessment area. The top five banks by deposit market share were Bank of America, National Association (N.A.); JP Morgan Chase Bank, N.A.; Wells Fargo Bank, N.A.; Citibank N.A.; and City National Bank of Florida. Collectively, these five banks accounted for 55.7 percent of the deposit market share. Ocean Bank ranked 11<sup>th</sup> in total deposits with a market share of 2.4 percent.

In addition, there is a high level of competition for small business loans in the assessment area. CRA small business loan aggregate data for 2021 reflects 237 lenders that originated 185,998 small business loans, indicating a significant level of competition. The top three small business lenders were American Express National Bank; Bank of America, N.A.; and JPMorgan Chase Bank, N.A.; collectively accounting for 49.1 percent of the total market share by number of loans. Ocean Bank ranked 17<sup>th</sup> with a market share of 0.8 percent.

The 2021 HMDA aggregate data shows that 803 lenders originated 92,934 home mortgage loans in the assessment area, indicating a significant level of competition. The top three home mortgage lenders were United Wholesale Mortgage; Rocket Mortgage; and Caliber Home Loans, Inc.; collectively accounting for 19.5 percent of total market share by number of loans. Ocean Bank ranked 204<sup>th</sup> with a market share of 0.04 percent.

### **Community Contacts**

Examiners rely on contacts with community organizations to gain insight into the credit needs, community development opportunities, and economic conditions of the assessment area. Individuals interviewed provide information based upon their knowledge and expertise in the housing, business, or economic sectors. Examiners contacted a representative from an organization that focuses on economic development. The contact mentioned that the years during and following the COVID-19 pandemic have had the highest levels of businesses relocating to Miami. The smallest businesses in Miami, which are the majority of businesses in the county, fared well during COVID-19 because of the high population migration into the county. The contact noted that while the economy relies heavily on tourism, there are opportunities for commercial real estate and other small business loans. The contact also noted that there is a cost of living crisis in the assessment area because the cost of living is disproportionate to the levels of income. In the last decade, home prices in the county have risen by over 150 percent and rents have increased by 40 to 50 percent. The mayor has created several initiatives to address the crisis; however, it remains a significant economic issue for the area.

Additionally, examiners reviewed an existing contact with an affordable housing organization that serves as an advocate for new and existing affordable housing developments in Miami-Dade

County. The contact noted a significant need for the development of additional multifamily and single-family affordable housing. Several large corporations are relocating to Miami, resulting in a significant demand for housing. As a result, rent and home prices are near all-time highs. The housing crisis in Miami has led to many low- and moderate-income individuals being unable to afford the purchase of a home.

### **Credit and Community Development Needs and Opportunities**

Based on demographic information, economic data, and community contact information, examiners identified certain credit and community development needs and opportunities within the assessment area. A need for loans supporting small businesses is evident based on the community contact's statements coupled with the fact that small businesses comprise a significant majority of the assessment area's businesses. Specifically, 94.7 percent of businesses have gross annual revenues of \$1.0 million or less. Additionally, the high number of low- and moderate-income families at 24.0 percent and 16.6 percent, respectively, indicates a continued need for affordable housing. A community contact further supported the need for, and opportunity to finance, additional affordable housing in Miami-Dade County.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MIAMI MD ASSESSMENT AREA**

### **LENDING TEST**

The bank's lending levels reflect good responsiveness to assessment area credit needs. The geographic distribution of the loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects an adequate penetration among business customers of different sizes and borrowers of different income levels. The bank uses innovative or flexible lending practices in order to serve the assessment area's credit needs. Lastly, the bank has made a relatively high level of community development loans in the assessment area.

### **Lending Activity**

Lending levels reflect good responsiveness to the Miami MD assessment area's credit needs. Small business loans received more weight when considering the number and dollar volume of these products in the assessment area. The bank ranked 17<sup>th</sup> out of 237 lenders, with a market share of 0.8 percent, based on 2021 CRA aggregate data. Furthermore, the bank had significant growth in small business loans in 2020 and 2021 because of its participation in the SBA's PPP loan program. Also, a high-level of competition for home mortgage loans exists in the assessment area among banks, credit unions, and non-depository mortgage lenders. The bank ranked 204<sup>th</sup> out of 803 lenders with a market share of 0.04 percent.

## **Geographic Distribution**

The overall geographic distribution of the small business and home mortgage loans reflects excellent penetration throughout the assessment area.

### *Small Business Loans*

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. In 2020 and 2021, small business lending in low-income census tracts was slightly higher than demographic and aggregate data. In 2022, small business lending in low-income census tracts was slightly below demographic data. However, in 2020 and 2021, small business lending in moderate-income census tracts by number and dollar exceeded both the demographic and aggregate performance. In 2022, small business lending in moderate-income census tracts was slightly higher than demographic data.

<b>Geographic Distribution of Small Business Loans in the Miami MD Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.1	3.1	57	3.7	4,738	3.4
Moderate	20.8	22.3	419	27.7	42,627	30.2
Middle	26.3	27.0	369	24.4	31,068	22.0
Upper	47.5	45.4	619	40.9	56,370	40.0
Not Available	2.3	2.2	50	3.3	6,200	4.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>1,514</b>	<b>100.0</b>	<b>141,003</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data*

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. For all years reviewed, the bank's percentage of lending in both low- and moderate-income census tracts significantly exceeded demographic data. In addition, the bank's performance significantly exceeded aggregate performance. Please refer to the following table for details on the bank's 2021 performance.

<b>Geographic Distribution of Home Mortgage Loans in the Miami MD Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	2.0	1.5	7	17.9	13,102	8.7
Moderate	21.4	17.3	15	38.5	83,928	55.8
Middle	31.9	30.3	6	15.4	6,690	4.5
Upper	44.4	50.0	11	28.2	46,624	31.0
Not Available	0.2	0.9	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>150,334</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data; 2021 HMDA Aggregate Data  
Due to rounding, totals may not equal 100.0%.*

### **Borrower Profile**

The overall distribution of borrowers reflects adequate penetration among businesses of different sizes and retail customers of different income levels.

#### *Small Business Loans*

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, in 2021, the bank's percentage of lending to businesses with gross annual revenues of \$1 million or less was well below demographic and aggregate lending data. In 2020 and 2021, because of its participation in the PPP loan program, the bank originated a substantial majority of its small business loans to businesses where the revenues were not collected. For example, in 2021, PPP loans accounted for 1,149 of the 1,161 loans for which revenues were not collected. Excluding PPP loans, the bank's performance in 2021 was higher than aggregate at 60.8 percent, but still well below demographic data. Similarly, the bank's performance in 2022, was 55.9 percent, which was also below demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.7	42.2	222	14.7	33,616	23.8
>\$1,000,000	1.8	--	131	8.6	26,055	18.5
Revenue Not Available	3.5	--	1,161	76.7	81,332	57.7
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>1,514</b>	<b>100.0</b>	<b>141,003</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available.  
Due to rounding, totals may not equal 100.0%.*

### *Home Mortgage Loans*

The borrower distribution of home mortgage loans reflects poor penetration among retail customers of different income levels, given demographic data and the bank’s commercial lending focus. The bank originated no loans to low- or moderate-income borrowers, which was well below the percentage of low- and moderate-income families. The bank’s performance was also below aggregate lending data. However, the low percentage of aggregate lending indicates limited opportunities exists due to the high median housing value.

Opportunities to lend to low-income borrowers may be limited given the high poverty rate and the high median housing value. In particular, low-income borrowers’ income would not readily qualify for a conventional home mortgage loan given these demographic conditions. Similar to low-income borrowers, moderate-income borrowers’ incomes would not readily qualify for a conventional home mortgage loan, given the high median housing value.

In addition, the bank does not offer long-term, fixed-rate home mortgage loans. Instead, it acts as a broker and other lenders make the credit decision. Low- and moderate-income borrowers are likely to need long-term, fixed-rate loans to reduce the risk of payment shock that may occur with adjustable-rate loans. Lastly, the bank lends primarily to corporate entities for which income information is not reported. As shown in the table below, in 2021, the bank only originated six loans to individuals.

<b>Distribution of Home Mortgage Loans by Borrower Income Level in Miami-Dade MD Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	24.0	1.1	0	0.0	0	0.0
Moderate	16.6	5.1	0	0.0	0	0.0
Middle	16.9	15.7	0	0.0	0	0.0
Upper	42.6	58.4	6	15.4	13,183	8.8
Not Available	0.0	19.7	33	84.6	137,161	91.2
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>150,344</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data; 2021 HMDA Aggregate Data*

### **Innovative or Flexible Lending Practices**

The institution uses innovative or flexible lending practices in order to serve the assessment area’s credit needs. Refer to page eight for a full discussion of the bank’s flexible lending programs.

### **Community Development Loans**

Ocean Bank originated a relatively high level of community development loans in the Miami MD assessment area. The bank made 46 community development loans totaling \$115.1 million during

the evaluation period in this assessment area. This amount represents 67.6 percent by number and 83.0 percent by dollar volume of total community development loans. The bank's performance was comparable to its performance at the last evaluation, when the bank originated 44 community development loans, totaling \$126.8 million. During this evaluation, the loans have been particularly responsive to the identified affordable housing needs, with 49.3 percent of the community development loans having an affordable housing purpose. The following are examples of the community development loans in this assessment area:

- In 2022, the bank originated a \$16.0 million loan to acquire seven apartment buildings with 86 units. All rents are below the Department of Housing and Urban Development's (HUD) Fair Market Rents (FMR). Furthermore, 13 units have tenants receiving Section 8 assistance.
- In 2021, the bank originated five PPP loans, totaling \$7.9 million, supporting economic development. As a result, these businesses were able to retain 845 jobs during the COVID pandemic.
- In 2020, the bank originated a \$1.3 million loan to acquire a 17-unit apartment complex. All units had rents below HUD FMR.

## **INVESTMENT TEST**

Ocean Bank maintains an adequate level of qualified community development investments and grants in the Miami MD. Considering available investment opportunities, the bank's qualified investments demonstrate an adequate responsiveness to the credit and community development needs of the assessment area. The bank occasionally uses innovative or complex investments to support community development initiatives.

### **Investment and Grant Activity**

Within the assessment area, Ocean Bank maintains an adequate level of qualified investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Qualified investments in the Miami MD assessment area totaled \$7.9 million, or 37.8 percent of total qualified investments. Of these investments, \$4.5 million were new qualified investments, \$2.9 million were prior period investments, and \$491,000 were grants and donations. Both the number and dollar amount of qualified investments was lower than the prior evaluation, when the bank had 17 qualified investments totaling \$17.5 million. The following table shows the bank's investment totals by activity purpose and year.



<b>Qualified Investments by Year</b>										
<b>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>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Prior Period	4	2,945	-	-	-	-	-	-	4	2,945
2020 (Partial)	-	-	-	-	3	747	-	-	3	747
2021	-	-	-	-	6	1,494	-	-	6	1,494
2022	-	-	-	-	6	1,494	-	-	6	1,494
2023 (YTD)	-	-	-	-	3	747	-	-	3	747
<b>Subtotal</b>	<b>4</b>	<b>2,945</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>4,482</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>7,427</b>
Grants & Donations	4	22	29	413	8	56	-	-	41	491
<b>Total</b>	<b>8</b>	<b>2,967</b>	<b>29</b>	<b>413</b>	<b>26</b>	<b>4,538</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>7,918</b>

*Source: Bank Data*

The following are notable qualified investment examples.

- In 2021, the bank purchased three new, and renewed three previously held, certificates of deposits held at minority-owned depository institutions, totaling \$1.5 million. The U.S. Department of Treasury designates minority-owned depository institutions based on ownership interests.
- In 2022, the bank donated \$100,000 to an organization that works to improve public education for low-income children.

### **Responsiveness to Credit and Community Development Needs**

Ocean Bank exhibits adequate responsiveness to the credit and community development needs in the Miami MD assessment area. Management took action to ensure new investments and donations were made solely to benefit this assessment area. By number and dollar amount, the new qualified community development investments in the Miami MD assessment area are primarily comprised of certificates of deposits in minority-owned depository institutions. In addition, the donations provided are responsive to charitable or community-based organizations serving local residents. The majority of the donations were given to organizations that provide community services to low- and moderate-income individuals.

### **Community Development Initiatives**

The bank rarely uses innovative and/or complex investments to support community development initiatives in the Miami MD assessment area. The investments that solely benefit the assessment area are certificates of deposits and donations. As mentioned in the conclusions section, private equity investments made up a significant portion of the bank's new investments since the prior evaluation. Although these investments help to sustain businesses needing capital, the investments are not innovative. However, these investments were structured to benefit a regional area that includes this assessment area, demonstrating some complexity.

## **SERVICE TEST**

The delivery systems in the Miami MD assessment area are reasonably accessible to essentially all portions of the assessment area. To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, and the bank provided an adequate level of community development services.

### **Accessibility of Delivery Systems**

Ocean Bank delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank operates 20 branches in the Miami MD assessment area, which represents 90.9 percent of its branches. Based on 2020 U.S. Census data, one branch is located in a low-income census tract, three in moderate-income census tracts, five in middle-income census tracts, and ten in upper-income census tracts. One branch was located in a census tract with no income designation. The bank operates 30 ATMs in the assessment area, which represents 93.8 percent of the bank's ATMs. One ATM is located in a low-income census tract, eight in moderate-income census tracts, six in middle-income census tracts, and thirteen in upper-income census tracts. Two ATMs are located in census tracts with no income designation.

The branch/ATM structure and delivery systems in the Miami MD assessment area are consistent with the overall bank. The bank's branch/ATM distribution is comparable to the percentage of low-income census tracts and the percentage of low-income populations in those tracts. However, the bank's branch/ATM distribution compares unfavorably to the percentage of moderate-income census tracts and the percentage of moderate-income population in those tracts. Although the percentage of branches in moderate-income census tracts is below demographic data, the 16 branches that are not located in a low- or moderate-income census tracts are in close proximity to 22 low- and moderate-income census tracts. The bank also offers a variety of alternative delivery systems, which are accessible to all customers. Outside of the bank's proprietary ATM network, Ocean Bank allows debit cardholders free access to Publix Presto! ATMs. According to bank data, there are 79 Publix Presto! ATMs within the assessment area. One ATM is located in a low-income census tract and fourteen are located in moderate-income census tracts.

### **Changes in Branch Locations**

The institution's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts or to low- and moderate-income individuals. Since the last evaluation, the bank has not opened or closed any offices in this assessment area.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. All offices in this assessment area offer the same products and services and have similar banking hours. Refer to the overall bank analysis for additional details.

## **Community Development Services**

The institution provided an adequate level of community development services in the Miami MD assessment area. Bank records indicate employees and directors participated in 47 community development services with various organizations. This activity is below, but comparable to, the previous evaluation. The following are examples of the community development services provided in this assessment area:

- An employee serves as Board Chairman, providing financial knowledge and expertise, to an organization that supports economic development and educational services. Through the organization, the employee hosted financial workshops that included topics such as operating your small business, small business banking, funding commercial real estate loans, writing a business plan, operating your small business, and financial tips for your small business.
- An employee provides technical assistance on financial matters as a director of an organization that promotes economic development for small businesses within Hispanic and minority communities.
- An employee serves as a Board member, providing financial expertise, to an organization that supports affordable housing, community development, and economic development. The organization is a Community Development Financial Institution (CDFI) and Community Development Enterprise (CDE).

## FORT LAUDERDALE MD ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN FORT LAUDERDALE MD ASSESSMENT AREA

The bank operates two offices in Broward County, which comprises the entire Fort Lauderdale-Pompano Beach-Sunrise MD. The assessment area remains unchanged from the previous evaluation. The Fort Lauderdale MD assessment area accounts for 14.0 percent of loans reviewed, 1.1 percent of bank-wide deposits, and 9.1 percent of the branching network.

#### **Economic and Demographic Data**

This assessment area includes 362 census tracts, which consist of 20 low-, 106 moderate-, 117 middle-, and 117 upper-income census tracts. There are two census tracts with no income designation. The table below outlines select demographic data of this assessment area based on the 2015 ACS U.S. Census data and the 2021 D&B data.

<b>Demographic Information of the Fort Lauderdale Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	362	5.5	29.3	32.3	32.3	0.6
Population by Geography	1,843,152	5.1	28.9	32.7	33.3	0.0
Housing Units by Geography	814,454	5.4	28.7	33.2	32.7	0.0
Owner-Occupied Units by Geography	425,691	2.8	24.8	34.0	38.4	0.0
Occupied Rental Units by Geography	244,593	9.4	34.6	33.2	22.9	0.0
Vacant Units by Geography	144,170	6.6	30.2	30.7	32.4	0.0
Businesses by Geography	512,701	4.9	25.0	30.6	39.6	0.0
Farms by Geography	6,220	5.4	29.4	29.1	36.1	0.0
Family Distribution by Income Level	425,680	22.3	17.3	18.7	41.7	0.0
Household Distribution by Income Level	670,284	24.4	16.1	17.3	42.2	0.0
Median Family Income MSA - 22744 Fort Lauderdale-Pompano Beach-Sunrise, FL		\$61,809	Median Housing Value			\$206,124
			Median Gross Rent			\$1,233
			Families Below Poverty Level			11.2%
<i>Source: 2015 ACS and 2021 D&amp;B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

From the 2015 ACS U.S. Census data to the 2020 U.S. Census data, there was a significant increase (15.2 percent) in the number of census tracts in the assessment area from 362 to 417. The number of low-income census tracts remained the same; however, the percentage of low-income census

tracts declined to 4.8 percent. Although the number of moderate-income census tracts increased from 106 to 120, as a percentage, it declined to 28.8 percent. The number of middle- and upper-income census tracts increased from 234 to 269. Tracts with no income designation increased from two to eight. The median housing value increased 41.6 percent from \$206,124 to \$291,831. Lastly, the percentage of families living below the poverty level declined from 11.2 percent to 9.7 percent.

The following table reflects the FFIEC’s updated MFI figures and the low-, moderate-, middle-, and upper-income MFI categories for the assessment area. As shown in the following table, during the evaluation period, the maximum MFI for low-income families was less than \$41,050, which is low, when considering the median housing value of \$291,831 in 2020. Further, 9.7 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 for the Fort Lauderdale MD Assessment Area</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>
2020 (\$74,800)	<\$37,400	\$37,400 to <\$59,840	\$59,840 to <\$89,760	≥\$89,760
2021 (\$73,400)	<\$36,700	\$36,700 to <\$58,720	\$58,720 to <\$88,080	≥\$88,080
2022 (\$82,100)	<\$41,050	\$41,050 to <\$65,680	\$65,680 to <\$98,520	≥\$98,520

*Source: FFIEC*

As shown in the following table, the unemployment rate for Broward County declined significantly from 2020 to 2022. The unemployment rate in 2020 was higher than the state and national rates. In 2021, the unemployment rate was higher than the state and lower than the national rates. In 2022, the unemployment rate was lower than the national rate and the same as the state rate.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Broward County	8.8	4.9	2.9
Florida	8.2	4.6	2.9
National Average	8.1	5.4	3.6

*Source: Federal Reserve Economic Data*

In terms of businesses and the economy, 2021 D&B data shows the top industries in the assessment area were professional and business services at 18.0 percent, education and health services at 13.3 percent, government at 12.8 percent, and retail trade at 12.7 percent. According to Moody’s, major employers include Nova Southeastern University (6,234 employees), First Service Residential (5,400 employees), and HEICO (4,532 employees).

Moody's *Economy.com, Inc., Précis Metro*, dated December 2021, notes that the MD’s economy started to recover from the crisis with an accelerated pace of job growth at the end of 2021. Although there has been a surge in hiring and an influx of new residents to stimulate the economy, housing prices rose at the fastest rate in two decades. The combined concentration of lower-wage

jobs with higher housing prices has increased the need for affordable housing. Information dated April 2022 notes that the assessment area is still in recovery. Employment remains below the pre-recession level due to the slow recovery in the leisure/hospitality and construction sectors. The assessment area has only recovered one in seven of the leisure/hospitality jobs lost in the pandemic. Home prices have increased 40 percent in the last two years.

### **Competition**

There is a high level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, Ocean Bank competes with local banks, credit unions, and finance companies. As of June 30, 2022, 44 FDIC-insured institutions operated 390 offices within the assessment area. The top five banks by deposit market share were Bank of America, N.A.; Wells Fargo Bank, N.A.; Truist Bank; JP Morgan Chase Bank, N.A.; and Citibank N.A. Collectively, these five banks accounted for 71.0 percent of the deposit market share. Ocean Bank ranked 40<sup>th</sup> in total deposits with a market share of 0.1 percent.

CRA aggregate small business loan data for 2021 reflects 243 lenders reported 125,269 small business loans, indicating a significant level of competition. The three most prominent small business lenders were American Express National Bank; Bank of America, N.A.; and JPMorgan Chase Bank, N.A.; collectively accounting for 49.2 percent of the total market share by number of loans. Ocean Bank ranked 42<sup>nd</sup> with a market share of 0.1 percent.

The 2021 HMDA aggregate data shows that 877 lenders reported 87,745 home mortgage loans in the assessment area, indicating a significant level of competition. The three most prominent home mortgage lenders were United Wholesale Mortgage; Rocket Mortgage; and Wells Fargo Bank, NA; collectively accounting for 19.9 percent of total market share by number of loans. Ocean Bank ranked 380<sup>th</sup> with a market share of 0.01 percent.

### **Community Contact**

Examiners reviewed a recent community contact conducted with an affordable housing organization that provides permanent, affordable housing opportunities to meet the needs of low-income individuals in Broward County. The contact noted a significant need for the development of additional multifamily and single-family affordable housing. The contact explained that people are relocating from the northern United States to Broward County, resulting in higher demand in housing outpacing current supply. Thus, home and rent prices are at all-time highs such that low- and moderate-income individuals are unable to afford the rents and are no longer able to live in Broward County.

### **Credit and Community Development Needs and Opportunities**

Based on demographic information, economic data, and community contact information, examiners identified certain credit and community development needs and opportunities within the assessment area. First, the high percentage of low- and moderate-income families, at 39.6 percent, and the

poverty rate indicate needs for financial literacy and affordable housing. However, it is doubtful that many of these families would qualify for typical home loans. Thus, government-guaranteed home loan programs with more flexible underwriting criteria may be needed. Lastly, there is a need for small business loans as 94.3 percent of businesses have gross annual revenues of \$1.0 million or less.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN FORT LAUDERDALE MD ASSESSMENT AREA**

### **LENDING TEST**

Ocean Bank's Lending Test performance in the Fort Lauderdale MD reflects an adequate responsiveness to the assessment area's credit needs. The geographic distribution reflects good penetration throughout the assessment area, and the borrower profile reflects an adequate penetration among retail customers of different income levels and businesses of different sizes. In addition, the bank uses innovative or flexible lending practices. Lastly, the bank has made a relatively high level of community development loans given its market presence.

#### **Lending Activity**

Lending levels reflect an adequate responsiveness to the assessment area's credit needs, given the bank's limited presence in the assessment area with two offices and strong competition. Small business loans received more weight when considering the number and dollar volume of these products in the assessment area. In terms of small business lending, the bank ranked 42<sup>nd</sup> out of 243 lenders with a market share of 0.1 percent. Also, a high level of competition for home mortgage loans exists in the assessment area among banks, credit unions, and non-depository mortgage lenders. The bank ranked 380<sup>th</sup> out of 877 lenders with a market share of 0.01 percent.

#### **Geographic Distribution**

The overall geographic distribution of small business and home mortgage loans reflects good penetration throughout the assessment area.

##### *Small Business Loans*

The geographic distribution of small business loans reflects good penetration throughout the assessment area. In 2020 and 2021, Ocean Bank's level of lending in low-income census tracts was slightly higher than both the demographic data and aggregate lending. In 2022, the bank's level of lending was significantly higher than demographic data.

In 2021 and 2022, Ocean Bank's level of lending in moderate-income census tracts was similar to the demographic data. In 2020, the bank's level of lending in moderate-income census tracts was above demographic and aggregate data. The following table reflects the geographic distribution of the bank's 2021 small business lending.

<b>Geographic Distribution of Small Business Loans in the Fort Lauderdale MD Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	4.9	5.5	12	6.8	1,144	7.0
Moderate	25.0	25.4	44	24.7	5,438	33.3
Middle	30.6	30.2	44	24.7	3,594	22.0
Upper	39.6	38.9	78	43.8	6,168	37.7
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>	<b>16,344</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data*

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. In 2020, the bank made one loan in a low-income census tract. In 2021 and 2022, the bank made no loans in low-income census tracts. However, this performance is reasonable given the small percentage of owner-occupied housing units in low-income census tracts. For all years reviewed, the bank's percentage of lending in moderate-income census tracts significantly exceeded demographic data. The bank's percentage of lending in moderate-income census tracts also significantly exceeded the aggregate performance. Please refer to the following table for details on the bank's 2021 performance.

<b>Geographic Distribution of Home Mortgage Loans in the Fort Lauderdale MD Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	2.8	2.4	0	0.0	0	0.0
Moderate	24.8	20.6	5	55.6	6,292	67.9
Middle	34.0	33.2	2	22.2	1,246	13.4
Upper	38.4	43.8	2	22.2	1,731	18.7
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>9,269</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data; 2021 HMDA Aggregate Data  
Due to rounding, totals may not equal 100.0%.*

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes.

### *Small Business Loans*



As shown in the following table, in 2021, the bank’s percentage of lending to businesses with gross annual revenues of one million or less was well below the demographic and aggregate data. In 2020 and 2021, due to its participation in the PPP loan program, the bank originated a substantial majority of its small business loans to businesses where the revenues were not collected. In 2021, PPP loans accounted for all the loans for which revenues were not collected. Excluding PPP loans, the bank’s performance in 2021 was higher than the aggregate performance at 65.4 percent, but still well below demographic data. The bank’s performance in 2022, at 46.9 percent, was much higher than its performance in 2020 and 2021, but was still below demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.3	43.4	34	19.1	4,564	27.9
>\$1,000,000	1.9	--	18	10.1	3,641	22.3
Revenue Not Available	3.8	--	126	70.8	8,139	49.8
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>	<b>16,344</b>	<b>100.0</b>

*Source: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available.  
Due to rounding, totals may not equal 100.0%.*

### *Home Mortgage Loans*

There are too few loans originated in this assessment area with revenue data to draw conclusions regarding performance. The majority of loans were originated to businesses for which revenue information is not reported.

<b>Distribution of Home Mortgage Loans by Borrower Income Level in Fort Lauderdale MD Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.3	2.5	0	0.0	0	0.0
Moderate	17.3	10.7	0	0.0	0	0.0
Middle	18.7	19.8	0	0.0	0	0.0
Upper	41.7	49.5	2	22.2	1,731	18.7
Not Available	0.0	17.6	7	77.8	7,538	81.3
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>9,269</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data; 2021 HMDA Aggregate Data*

### **Innovative or Flexible Lending Practices**

The institution uses innovative or flexible lending practices in order to serve the assessment areas’

credit needs. Refer to page eight for a full discussion of the bank's flexible lending programs.

### **Community Development Loans**

The bank made a relatively high level of community development loans in the Fort Lauderdale MD assessment area. The bank originated 13 community development loans, totaling \$21.9 million, during the evaluation period in this assessment area. This amount represents 19.1 percent by number and 15.8 percent by dollar volume of total community development loans. The bank's performance was lower based on dollar volume from the last evaluation, when the bank originated 10 loans, totaling \$58.7 million. The following are examples of the community development loans made in this assessment area:

- In 2020, the bank extended a \$1.9 million loan to a business to purchase a 24-unit apartment building located in a moderate-income census tract. All units had rents below HUD FMR.
- In 2020, the bank extended a \$2.8 million SBA 504 loan to purchase two warehouses located in a moderate-income census tract which will create jobs through business expansion.
- In 2021, the bank extended a \$1.7 million PPP loan to a business that helped retain 124 jobs.

### **INVESTMENT TEST**

Ocean Bank has an adequate level of qualified community development investments and grants in the Fort Lauderdale MD. Considering available investment opportunities, the bank's qualified investments demonstrate an adequate responsiveness to the credit and community development needs of the assessment area; however, the bank rarely uses innovative or complex investments to support community development initiatives.

### **Investment and Grant Activity**

Based on its limited presence in this assessment area, the bank had an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank maintained two outstanding prior period investments in this assessment area, totaling \$1.6 million, which represents 7.8 percent of the bank's qualified investments. The bank's performance was lower than the last evaluation, when qualified investments totaled \$3.3 million.

### **Responsiveness to Credit and Community Development Needs**

Ocean Bank exhibits adequate responsiveness to the credit and community development needs in the assessment area. Management maintained a level of investments representative of its market presence. Specifically, the bank maintained two mortgage-backed securities securitized by home

loans to low- and moderate-income individuals. The investment helped meet the affordable housing needs of the assessment area.

### **Community Development Initiatives**

The bank rarely uses innovative and/or complex investments to support community development initiatives solely in this assessment area. As mentioned in the conclusions section, private equity investments made up a significant portion of the bank's new investments, since the prior evaluation. Although these investments help to sustain businesses needing capital, the investments are not innovative. However, these investments were structured to benefit a regional area that includes this assessment area, demonstrating some complexity.

### **SERVICE TEST**

The delivery systems in the Fort Lauderdale MD are reasonably accessible to essentially all portions of the assessment area. The closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies. Furthermore, services and business hours do not vary in a way that inconveniences certain portions of the assessment area. Lastly, the bank provides a limited level of community services.

### **Accessibility of Delivery Systems**

Ocean Bank's delivery systems are reasonably accessible to all portions of its assessment area. The bank operates two branches in this assessment area, which represents 9.1 percent of total branches. Both are located in upper-income census tracts and have ATMs. This structure compares unfavorably to the percentage of low- and moderate-income census tracts in the assessment area and to the population that resides in these respective tracts. The bank's branch structure in this assessment area is not consistent with the overall bank. However, examiners noted the bank's Downtown Fort Lauderdale branch is located in close proximity to two moderate-income census tracts.

The bank does offer a variety of alternative delivery systems, which are available to all customers and are consistent with the overall bank. Outside of the bank's propriety ATM network, Ocean Bank allows debit cardholders free access to Publix Presto! ATMs. According to bank data, there are 84 Publix Presto! ATMs within the assessment area. Two ATMs are located in low-income census tracts and twelve in moderate-income census tracts.

### **Changes in Branch Locations**

The institution's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has not opened any branches in this area; however, the bank closed one branch/ATM that was located in a middle-income census tract.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours and services offered are similar across the bank's entire branch network. Refer to the overall bank analysis for additional details.

### **Community Development Services**

The institution provides a limited level of community development services in the Fort Lauderdale MD assessment area. Bank records indicate employees and directors did not participate in any community development services that benefited only this assessment area. Refer to the overall service test comment for details about the community development service targeted towards both the Miami and Fort Lauderdale MD assessment areas.

## APPENDICES

### LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

<b>Ocean Bank</b>	
<b>Scope of Examination:</b> Full scope reviews were performed on the following assessment areas: Miami MD Assessment Area Fort Lauderdale MD Assessment Area	
<b>Time Period Reviewed:</b>	08/25/20 to 06/06/23
<b>Products Reviewed:</b> Home Mortgage Loans: Time period reviewed (01/01/20 – 12/31/22) Small Business Loans: Time period reviewed (01/01/20 – 12/31/22)	

<b>List of Assessment Areas and Type of Evaluation</b>			
<b>Rated Area/ Assessment Area</b>	<b>Type of Evaluation</b>	<b>Branches Visited</b>	<b>Other Information</b>
Miami MD	Full-scope	None	None
Fort Lauderdale MD	Full-scope	None	None

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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 micropolitan 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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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.