



PUBLIC DISCLOSURE

July 01, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank
Charter Number 708149

1700 Rockville Pike Rockville, MD 20852-1631

Office of the Comptroller of the Currency

400 7th Street S.W. Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

Summary of the major factors supporting the institution's rating:

- The average quarterly loan-to-deposit ratio of 93.43 percent is more than reasonable.
- The borrower distribution of low- to moderate-income borrowers within the bank's assessment area meets the standard for satisfactory performance.
- The bank's geographic distribution of mortgage loans reflects reasonable distribution throughout the assessment area.
- American Bank's ability to respond to community needs through community development loans, investments, and services is outstanding.

Scope of Examination

This examination evaluates American Bank's CRA performance. Formerly regulated by the Office of Thrift Supervision (OTS), this is the bank's first CRA examination by the Office of the Comptroller of the Currency. We used "intermediate small bank" CRA procedures. This includes an evaluation of CRA activity under the lending and community development (CD) tests. The bank chose not to include small business lending as part of this CRA evaluation. Therefore, the lending test will focus solely on HMDA reportable lending activity.

The evaluation scope includes all loans subject to filing under the Home Mortgage Disclosure Act (HMDA). The evaluation period for HMDA loans includes all loans made on January 1, 2010 through December 31, 2012. A data integrity examination of the bank's HMDA reports was performed in March 2013. No deficiencies were noted in the accuracy of the bank's data, data collection processes, or internal controls. This performance evaluation starts from the date following the bank's previous CRA examination, and covers a three-year period from May 18, 2010 to July 1, 2013.

Description of Institution

American Bank, FSB is a federally chartered stock-owned savings bank, headquartered in Rockville, MD. It was established in 1983. The bank has one commercial loan office in Columbia, MD, one corporate operations center in Greenbelt, MD and an executive office in Bethesda, MD. In addition, American Bank has five retail branches in Bethesda, Chevy Chase, Rockville, Silver Spring and Washington DC. All five branches

have on-site automated teller machines (ATMs) while the Bethesda, Chevy Chase and Rockville branches offer additional night depository services.

American Bank’s primary lending products include residential and commercial real estate loans, small business loans, and consumer and commercial loans. American Bank sells the majority of the mortgage loans it originates. During the review period, the bank sold 99.92 percent of all mortgage loans originated by the mortgage division. In total, the bank has sold over \$2.06 billion in mortgages to the secondary market. The bank’s mortgage subsidiary contributes significantly to earnings through noninterest income from the sale of loans on the secondary market. Accordingly, as of March 31, 2013, 82.37 percent or \$187 million in loans and leases were listed as held for sale on the institution’s balance sheet. As of March 31, 2013, American Bank reported total assets of \$433.2 million. The major categories of assets were as follows:

Major Components of Total Assets As of March 31, 2013			
Asset Type	Amount (\$000s)	% of Net Loans and Leases	% of Total Assets
Residential Real Estate	\$150,270	81.63%	34.70%
Commercial Real Estate	\$34,533	18.76%	7.98%
Commercial and Industrial	\$28,876	15.69%	6.67%
Small Business	\$27,705	15.05%	6.40%
Construction and Development	\$12,163	6.61%	2.81%
Consumer Loans	\$913	0.5%	0.21%

American Bank’s last Public Evaluation (PE) was dated May 17, 2010 and the overall CRA rating assigned was Satisfactory. In July 2010, American Bank removed Franklin County, Ohio from its assessment area due to the closing of its deposit branch in Columbus, Ohio on June 30, 2010. As a result, Franklin County, Ohio was not included in this CRA evaluation. In addition, in May 2010, the bank closed its commercial loan office in Columbia, MD then reopened it the following January of 2011.

Description of Assessment Area

American Bank has chosen nine counties and cities within the DC-VA-MD-WVA Metropolitan Statistical Area (MSA) as its assessment area (AA). The bank’s AA includes:

American Bank’s CRA Assessment Area		
Virginia	Washington, DC	Maryland
<ul style="list-style-type: none"> ➤ Alexandria City ➤ Fairfax City ➤ Fall Church City ➤ Arlington County ➤ Fairfax County ➤ Loudoun County 	<ul style="list-style-type: none"> ➤ District of Columbia 	<ul style="list-style-type: none"> ➤ Prince George’s County ➤ Montgomery County

The DC-VA-MD-WVA MSA is the 7th largest MSA in the country. The population in the MSA has grown 16.4 percent from 2000 to 2010 to 5.58 million. The 2012 FFIEC estimated median family income for the MSA was \$106 thousand. The bank's AA represents 75 percent, or 4.21 million, of the total population of the MSA. Based on 2010 census data, 7 percent of households live below the poverty level within the AA. The 2010 HUD estimated median family income for the bank's AA was \$103 thousand, which is well above the national average HUD, estimated median family income of \$64 thousand. This is of no surprise given that three of the townships within the AA are among the nation's top five wealthiest counties. Loudoun County, in particular, was named the wealthiest county in the nation in 2010.

Demographic Information for Full Scope Area: American Bank AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,040	10.67	24.04	30.10	34.33	0.87
Population by Geography	4,213,447	9.79	22.99	31.42	35.62	0.18
Owner-Occupied Housing by Geography	983,636	4.25	18.09	34.71	42.96	0.00
Business by Geography	490,709	4.62	18.80	31.01	44.98	0.59
Farms by Geography	5,696	3.32	15.29	34.02	47.30	0.07
Family Distribution by Income Level	966,752	21.11	16.59	20.11	42.19	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	364,477	18.21	34.08	30.71	17.00	0.00
Median Family Income		102,339	Median Housing Value		459,081	
HUD Adjusted Median Family Income for 2010		103,336	Unemployment Rate (2010 US Census)		3.34%	
Households Below Poverty Level		7%				

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

The thrift's AA is supported by a diverse mix of corporations, organizations, and federal government agencies. Specifically, the major employers are in biotechnical and defense contracting industries. The federal government also employs a significant number of the DC-VA-MD-WVA's population. The DC-VA-MD-WVA MSA is an attractive area for large corporations desiring to do business with the many federal agencies headquartered within the nation's capital and surrounding cities. As a result, companies like Discovery Communications, Lockheed Martin, and Marriot International are headquartered in the MSA.

Two nonprofit organizations were contacted to understand the credit needs of the AA. The first nonprofit is located in the Northern Virginia region. This organization provides technical assistance, financial services, training and counseling to small businesses as well as low- and moderate-income (LMI) individuals who are not able to receive loans or do not meet credit criteria standards required by traditional financial institutions. The other nonprofit serves the communities in Montgomery County, Prince George's

County, and Washington DC. It rehabilitates and manages affordable housing units for LMI individuals and families who lost their homes due to foreclosure. Based on each organization's responses, the primary credit need is affordable credit and housing for small businesses and LMI individuals. The contacts believe community banks play a vital role in helping meet these needs. Some community banks teach classes at nonprofit organizations and conduct one-on-one counseling. Community banks have been mostly responsive to these needs but the contacts believe there is still a significant gap in fulfilling affordable housing needs as well as creating greater access to credit.

Conclusions with Respect to Performance Tests

LENDING TEST

American Bank's performance is satisfactory overall under the CRA Lending Test.

Loan-to-Deposit Ratio

The thrifts quarterly average loan-to-deposit (LTD) ratio is more than reasonable at 90.43 percent compared to a peer average of 78.43 percent. During the thirteen quarters since its last CRA examination, American Bank's quarterly average LTD ranged from a high 119.01 percent to a low of 76.58 percent. Declines in the LTD ratio throughout the review were the result of asset growth restrictions brought on by the recent economic downturn.

The peer banks chosen are similarly situated financial institutions operating within the DC-VA-MD-WVA MSA with average asset sizes of \$764 million to \$299 million and average LTD ratios ranging from a high 113.59 percent to a low of 38.49 percent.

Lending in Assessment Area

American Bank's lending levels do not reflect adequate responsiveness to assessment area credit needs. A small percentage of loans were made in the institution's AA relative to the total number of loans made within the reporting period. In 2010 and 2011, the total number of refinance loans made in the AA was 361 or 3.39 percent of all the bank's refinance loans. The 2012 year slightly improved with 183 loans or 6.71 percent of all refinance loans; however, the overall loan concentration levels do not reflect sufficient penetration within the assessment area.

A breakdown of the bank's performance within the AA compared to outside its AA are as follows:

Loan Type	Year	Number of Loans				Dollars of Loans			
		Inside		Outside		Inside		Outside	
		#	%	#	%	\$	%	\$	%
Home Purchase	2010 – 2011	216	24.32	672	75.68	53,172	30.02	123,945	69.98
	2012	65	31.10	144	68.90	18,203	39.59	27,780	60.41
Home Improvement	2010 – 2011	28	3.17	855	96.83	7,894	6.07	122,196	93.93
	2012	15	4.82	2,840	93.48	63,579	10.92	518,844	89.08
Refinance	2010 – 2011	361	3.39	10,278	96.61	123,651	6.23	1,861,465	93.77
	2012	183	6.71	2,544	93.29	60,163	11.23	475,430	88.77

Source: New Loans 2010, 2011, and 2012.

Lending to Borrowers of Different Income

American Bank's level of lending to borrowers of different income levels is satisfactory. The table below reflects the distribution of home purchase, home improvement, and refinance loans in 2010, 2011, and 2012.

The distribution of home loans to LMI borrowers reflects reasonable penetration throughout the assessment area. During the reporting period the bank's distribution of home purchase loans far exceeded the percentage of LMI borrowers in the AA. Moreover, the thrift's distribution of home improvement and refinance loans to moderate-income borrowers reflects good penetration within the AA.

Loan Type	Year	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
		#	% of Total	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans
		Home Purchase	2010 – 2011	131	100.00	19.95	37.69	17.08	29.23	21.18	15.38
2012	65		100.00	21.11	30.77	16.59	35.38	20.11	15.38	42.19	18.46
Home Improvement	2010 – 2011	18	100.00	19.95	11.11	17.08	22.22	21.18	0.00	41.79	66.67
	2012	15	100.00	21.11	13.33	16.59	33.33	20.11	26.67	42.19	26.67
Refinance	2010 – 2011	242	100.00	19.95	6.74	17.08	19.10	21.18	34.83	41.79	39.33
	2012	183	100.00	21.11	6.25	16.59	25.00	20.11	32.64	42.19	36.11

Source: New Loans 2010, 2011, and 2012.

Geographic Distribution of Loans

American Bank's geographic distribution of loans is reasonable. The geographic distribution of loans reflects good penetration throughout the assessment area. In 2010 and 2011, 33.59 percent of home purchase loans made in American Bank's assessment area were in low- and moderate-income census tracts. In Table 2 below, the distribution of home purchase loans in 2010 and 2011 far exceeded the percentage of households in LMI census tracts. The 2012 reporting period also reflects good penetration through the assessment area with 40 percent of home purchase loans made in LMI census tracts. Home improvement loans made in 2010 through 2012

supports American Bank's effort to provide credit in low- and moderate-income census tracts. Though no home improvement loans were made in low-income census tracts in 2010 and 2011, 27.78 percent of the bank's loans made in its assessment area were made in moderate-income census tracts, which far exceed the percentage households in moderate-income census tracts. Moreover, in 2012, 26.67 percent of the loans made in the bank's AA were in low- to moderate-income census tracts.

Loan Type	Year	Total Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
		#	% of Total	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans
Home Purchase	2010 – 2011	131	100.00	2.14	8.40	15.91	25.19	37.92	46.56	44.02	19.85
	2012	65	100.00	4.25	6.15	18.09	33.85	34.71	35.38	42.96	24.62
Home Improvement	2010 – 2011	18	100.00	2.14	0.00	15.91	27.78	37.92	16.67	44.02	55.56
	2012	15	100.00	4.25	6.67	18.09	20.00	34.71	46.67	42.96	26.67
Refinance	2010 – 2011	242	100.00	2.14	2.48	15.91	11.16	37.92	35.12	44.02	51.24
	2012	183	100.00	4.25	4.37	18.09	17.49	34.71	39.34	42.96	38.80

Source: Data reported under HMDA; U.S. Census data.

Responses to Complaints

The bank has not received any complaints since the prior examination regarding its performance in meeting the credit needs of the AA.

COMMUNITY DEVELOPMENT TEST

American Bank's performance under the community development test over the three-year evaluation period is outstanding. The institution has a high level of community development loans, community development services and qualified investments, particularly investments that are not routinely provided by private investors.

Number and Amount of Community Development Loans

American Bank's community development lending demonstrates an excellent responsiveness to the AA's needs given its resources and capacities. In total, American Bank has nine community development loans with a total outstanding balance of \$7.29 million. Throughout the evaluation period, the bank originated three loans for a total of \$1.83 million and approximately \$1.59 million of the debt remained outstanding as of December 31, 2012. Each of the loans that qualified covered at least one of the four main purposes of community development loans. The primary purpose for one of the

loans was for the expansion of a small business and creation of employment opportunities for LMI individuals. Another loan provided funds needed to redevelop a theatre located in a low-income census tract. The organization in charge of this redevelopment holds, develops and rents space for below market commercial/retail businesses. Another loan originated in 2012 was dedicated to helping a local organization purchase six ambulances to serve the Washington, DC metropolitan area. The organization recently signed a contract with a children's hospital to provide services throughout Washington DC and surrounding Virginia and Maryland communities.

Number and Amount of Qualified Investments

Given American Bank's resources and capacities, the institution has an excellent level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The institution exhibits excellent responsiveness to credit and community economic development needs. During the evaluation period, American Bank made charitable contributions totaling \$60 thousand. This is a sharp increase from the bank's previous period's investment performance of \$35 thousand. To increase its investments, the bank made several CRA qualified donations to various organizations and nonprofits within the AA that serve LMI individuals and families. The majority of donations were targeted to organizations that promote credit and community economic development. These organizations provide low cost financing, technical assistance, civil legal assistance, and home revitalization services to low-income individuals and families in the Washington DC and Maryland area. Other donation recipients include organizations dedicated to educating, counseling, and supporting victims of domestic violence or sexual assault. These organizations provide safe housing and services to these victims and their families.

Extent to Which the Bank Provides Community Development Services

During this assessment period, American Bank provided a relatively high level of community development services. Management and other bank personnel conducted several seminars and public forums discussing various topics on home ownership, foreclosure prevention, home purchase, and financial management. Bank employees also participated in financial seminars for first-time homebuyers. Many of these seminars and forums were conducted within the bank's AA, particularly in Montgomery County, Washington DC and Prince George's County.

In addition, the management team and staff are active participants in various local community organizations. The bank continues to collaborate with a nonprofit public benefit organization, participating in the organization's financial literacy day program. Bank personnel also teamed up with a local nonprofit volunteer organization dedicated to helping low-income homeowners through home repair. Fourteen bank employees

contributed over 86 community hours to help a single mom with two children rehabilitate her home as part of a community development campaign.

American Bank demonstrates a high level of community development services by collaborating with nonprofit organizations that serve low- and moderate-income individuals and provide individuals within its AA with important financial training.

Responsiveness to Community Development Needs

American Bank participates in various programs designed to meet the needs of its community. During the evaluation period, American Bank made a total of \$60 thousand in donations to various organizations that service primarily LMI individuals and small businesses within the bank's AA. The bank also participates in a variety of community service events and nonprofit organizations that target the underserved and LMI individuals and families.

Bank Services

American Bank provides a satisfactory level of retail banking services through its branch offices. The bank operates five full service branch offices in addition to its administrative office in Greenbelt, Maryland. Although two of the branch offices are located in upper income census tract (Bethesda and Chevy Chase), three of the branches are located in moderate-income census tracts (Rockville, Silver Spring and K Street). In addition, the thrift's operation's office in Greenbelt, MD is located in a low-income census tract. The bank's delivery systems are reasonably accessible to essentially all portions of the institutions AA. All branches offer onsite ATM services while the Bethesda, Chevy Chase and Rockville branches offer night depository as well. The bank offers a number of alternative delivery systems to supplement its retail banking services such as internet banking, telephone banking, and ATMs. Branch offices maintain reasonable branch hours that do not vary in a way that inconveniences portions of the AA.

IOTA/IOLTA Program

The Maryland Legal Services Corporation (MLSC) administers the Interest on Lawyer Trust Account (IOLTA) program. Revenue generated from IOLTA is used to make grants to nonprofit organizations providing legal services to the poor. A significant amount of the revenue is used to assist low-income individuals with housing, income maintenance, and other consumer issues, which can affect the consumer's credit rating. IOLTA disbursements are awarded to organizations and projects that assist victims of domestic violence, help individuals with disabilities obtain and maintain housing, help the homeless with legal matters and government benefits and provide community education on legal rights and responsibilities in consumer credit and other areas. On December 31, 2010, the bank had approximately 32 accounts with a balance of \$7.8 million. On December 31, 2012, the balance increased to an estimated \$11.6 million

with 38 accounts. Over the years, the bank has continued to maintain the IOLTA program and its status as an honorary member of the MLSC.

MAHT Program

Maryland Affordable Housing Trust Program was created to make affordable housing more available throughout Maryland. The bank has maintained about 42 MAHT accounts throughout the evaluation period. As of December 31, 2012, the bank had a balance of \$22.8 million, which is a sharp increase from their \$6.8 million balance in 2010.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 25.28(c), or 12 C.F.R. § 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

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