

FEDERAL RESERVE SYSTEM

United Community Banks, Inc.  
Greenville, South Carolina

United Community Bank  
Greenville, South Carolina

Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the  
Establishment of a Branch

United Community Banks, Inc. (“UCBI”), Greenville, South Carolina, a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”),<sup>1</sup> has requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to acquire ANB Holdings, Inc. (“ANB”), and thereby indirectly acquire its national bank subsidiary, American National Bank, both of Oakland Park, Florida. In addition, UCBI’s subsidiary state member bank, United Community Bank, Greenville, South Carolina, has requested the Board’s approval to merge with American National Bank pursuant to section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”),<sup>3</sup> with United Community Bank as the surviving entity. United Community Bank also has applied under section 9 of the Federal Reserve Act (“FRA”)<sup>4</sup> to establish and operate a branch at the location of the main office and branch of American National Bank.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (90 Federal Register 7696 (January 22, 2025)), in

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<sup>1</sup> 12 U.S.C. § 1841 et seq.

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> 12 U.S.C. § 1828(c).

<sup>4</sup> 12 U.S.C. § 321. The location is listed in the Appendix.

accordance with the Board's Rules of Procedure.<sup>5</sup> The time for submitting comments has expired, and the Board received one adverse comment on the proposal. The Board has considered the proposal and the comment received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger was requested from the United States Attorney General, and a copy of the request has been provided to the Office of the Comptroller of the Currency ("OCC").

UCBI, with consolidated assets of approximately \$27.7 billion, is the 77th largest insured depository organization in the United States.<sup>6</sup> UCBI controls approximately \$23.5 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>7</sup> UCBI controls United Community Bank, which operates in Alabama, Florida, Georgia, North Carolina, South Carolina, and Tennessee. United Community Bank is the 8th largest insured depository institution in South Carolina, controlling deposits of approximately \$3.5 billion. United Community Bank is the 40th largest insured depository institution in Florida, controlling deposits of approximately \$900 million, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

ANB, with consolidated assets of approximately \$423 million, is the 1,941st largest insured depository organization in the United States. ANB controls approximately \$360 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. ANB controls American National Bank, which operates only in Florida. American

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<sup>5</sup> 12 CFR 262.3(b).

<sup>6</sup> Consolidated asset and national ranking data are as of December 31, 2024.

<sup>7</sup> Consolidated national deposit and market share data are as of December 31, 2024. State deposit data are as of June 30, 2024, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

National Bank is the 97th largest insured depository institution in Florida, controlling deposits of approximately \$387 million, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

On consummation of this proposal, UCBI would become the 76th largest insured depository organization in the United States, with consolidated assets of approximately \$28.2 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. UCBI would control total consolidated deposits of approximately \$23.8 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. United Community Bank would become the 37th largest insured depository institution in Florida, controlling deposits of approximately \$2.6 billion, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.

### ***Interstate Analysis***

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.<sup>8</sup> Similarly, section 44 of the Federal Deposit Insurance Act (“FDI Act”) generally provides that, if certain conditions are met, the Board may approve an application by a bank to engage in an interstate merger transaction with a bank that has a different home state without regard to whether the transaction would be prohibited under state law, provided that the resulting bank would be well capitalized and well managed.<sup>9</sup>

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<sup>8</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>9</sup> 12 U.S.C. § 1831u(a)(1). Section 44 of the FDI Act also requires that each bank involved in the interstate merger transaction be adequately capitalized. 12 U.S.C. § 1831u(b)(4).

The Board may not approve, under either provision, an application that would permit an out-of-state bank holding company or out-of-state bank to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>10</sup> When determining whether to approve an application under these provisions, the Board must take into account the record of the applicant's depository institution under the Community Reinvestment Act of 1977 ("CRA")<sup>11</sup> and the applicant's record of compliance with applicable state community reinvestment laws.<sup>12</sup> In addition, the Board may not approve an interstate application under this provision if the bank holding company or resulting bank controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company or resulting bank, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.<sup>13</sup>

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<sup>10</sup> 12 U.S.C. § 1842(d)(1)(B); 12 U.S.C. § 1831u(a)(5).

<sup>11</sup> 12 U.S.C. § 2901 et seq.

<sup>12</sup> 12 U.S.C. § 1842(d)(3); 12 U.S.C. § 1831u(b)(3).

<sup>13</sup> 12 U.S.C. § 1842(d)(2)(A) and (B); 12 U.S.C. § 1831u(b)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered, is headquartered, or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7). Moreover, the Bank Merger Act includes a prohibition on approval of interstate transactions where the resulting insured depository institution, together with its insured depository institution affiliates, upon consummation of the proposed transaction would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1828(c)(13).

For purposes of these provisions, the home state of UCBI is Georgia.<sup>14</sup> The home state of United Community Bank is South Carolina.<sup>15</sup> The home state of American National Bank is Florida, and the bank is located in Florida. UCBI and United Community Bank are well capitalized and well managed under applicable law, and United Community Bank also would be well capitalized and well managed upon consummation of the proposal. United Community Bank has a “Satisfactory” rating under the CRA, and none of the jurisdictions in which United Community Bank operates has a state community reinvestment law. American National Bank has been in existence for more than five years.

On consummation of the proposed transaction, UCBI would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. The only state in which UCBI and ANB have overlapping operations—Florida—imposes a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.<sup>16</sup> The combined organization would control less than 1 percent of the total amount of deposits of insured depository institutions in Florida. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act, section 44 of the FDI Act, or the interstate provisions of the Bank Merger Act.

### ***Competitive Considerations***

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of

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<sup>14</sup> 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

<sup>15</sup> 12 U.S.C. § 1831u(g)(4). A state bank’s home state is the state by which the bank is chartered.

<sup>16</sup> Fla. Stat. § 658.2953(5)(b).

an attempt to monopolize the business of banking in any relevant market.<sup>17</sup> The BHC Act and the Bank Merger Act also prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.<sup>18</sup>

UCBI and ANB have subsidiary banks that compete directly in the Miami-Fort Lauderdale, Florida, banking market (“Miami-Fort Lauderdale market”).<sup>19</sup> The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the market (“market deposits”) that UCBI would control;<sup>20</sup> the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the 1995 Bank Merger Competitive Review guidelines (“1995 Bank Merger Guidelines”);<sup>21</sup> the number of competitors that would remain in the market; and other characteristics of the market.

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<sup>17</sup> 12 U.S.C. § 1842(c)(1)(A); 12 U.S.C. § 1828(c)(5)(A).

<sup>18</sup> 12 U.S.C. § 1842(c)(1)(B); 12 U.S.C. § 1828(c)(5)(B).

<sup>19</sup> The Miami-Fort Lauderdale market is defined as the Broward and Miami-Dade counties, Florida; and the Cape Sable and Upper Keys townships in Monroe County, Florida, which includes Everglades National Park, the cities of Key Largo, Islamorada, Plantation Key, and Tavernier.

<sup>20</sup> Local deposit and market share data are as of June 30, 2024, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in market share calculations on a 50 percent weighted basis. See, e.g., Huntington Bancshares Incorporated, FRB Order No. 2021-07, at 5–6 (May 25, 2021); Hancock Whitney Corporation, FRB Order No. 2019-12 at 6 (September 5, 2019).

<sup>21</sup> Department of Justice, Bank Merger Competitive Review – Introduction and Overview, <https://www.justice.gov/sites/default/files/atr/legacy/2007/08/14/6472.pdf>

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the 1995 Bank Merger Guidelines in the Miami-Fort Lauderdale market. On consummation, the Miami-Fort Lauderdale market would remain unconcentrated, as measured by the HHI. The HHI would remain virtually unchanged, and numerous competitors would remain in the Miami-Fort Lauderdale market.<sup>22</sup>

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the

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(1995). On September 17, 2024, the U.S. Department of Justice (“DOJ”) announced its withdrawal from the 1995 Bank Merger Guidelines and emphasized that the 2023 Merger Guidelines, issued on December 18, 2023, remain its sole and authoritative statement across all industries. Press Release, DOJ, “Justice Department Withdraws from 1995 Bank Merger Guidelines,” <https://www.justice.gov/opa/pr/justice-department-withdraws-1995-bank-merger-guidelines>. The 1995 Bank Merger Guidelines had been adopted together with the federal banking agencies, and none of the federal banking agencies have withdrawn from the 1995 Bank Merger Guidelines. The Board continues to apply the 1995 Bank Merger Guidelines in evaluating bank merger proposals. The Board traditionally has considered a market unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. See, e.g., Chemical Banking Corporation, 78 Federal Reserve Bulletin 74 (1992).

<sup>22</sup> UCBI is the 36th largest depository organization in the Miami-Fort Lauderdale market, controlling approximately \$843 million in deposits, which represent less than 1 percent of market deposits. ANB is the 46th largest depository organization in the market, controlling deposits of approximately \$387 million, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, UCBI would become the 30th largest depository organization in the market, controlling deposits of approximately \$1.2 billion, which would represent less than 1 percent of market deposits. The HHI for the Miami-Fort Lauderdale market would increase by 1 point to 778, and 69 competitors would remain in the market.

concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

***Financial, Managerial, and Other Supervisory Considerations***

In reviewing proposals under section 3 of the BHC Act and the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.<sup>23</sup> In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

UCBI, ANB, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so upon consummation of the proposal. The proposed transaction is a bank holding company merger that is structured as a share exchange, with a subsequent merger of American National Bank into United

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<sup>23</sup> 12 U.S.C. § 1842(c)(2), (5), and (6); 12 U.S.C. § 1828(c)(5) and (11).



Community Bank.<sup>24</sup> The capital, asset quality, earnings, and liquidity of UCBI, ANB, and their subsidiary depository institutions are consistent with approval, and UCBI and United Community Bank appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of UCBI, ANB, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by UCBI; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.

UCBI, ANB, and their subsidiary depository institutions are each considered to be well managed. The combined organization's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and UCBI's risk-management program appears consistent with approval.

The Board also has considered UCBI's plans for implementing the proposal. UCBI has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, UCBI's management has the experience and resources to operate the resulting organization in a safe and sound manner.

Based on all the facts of record, including UCBI's and United Community Bank's supervisory records, managerial and operational resources, and plans for

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<sup>24</sup> To effect the transaction, each share of ANB common stock would be converted into a right to receive shares of UCBI common stock, based on an exchange ratio, plus cash in lieu of any fractional shares. UCBI has the financial resources to effect the proposed transaction.

operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of UCBI and United Community Bank in combatting money-laundering activities, are consistent with approval.

***Convenience and Needs Considerations***

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>25</sup> In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA.<sup>26</sup> The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.<sup>27</sup>

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<sup>25</sup> 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 1828(c)(5). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

<sup>26</sup> 12 U.S.C. § 2901 et seq.

<sup>27</sup> See 12 U.S.C. § 2901(b).

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of United Community Bank and American National Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC and the Federal Reserve Bank of Richmond ("Richmond Reserve Bank"), confidential supervisory information, information provided by UCBI, and the public comment received on the proposal.

*Public Comment on the Proposal*

The Board received one timely adverse comment on the proposal. The commenter objected to the proposal, alleging that, in 2023, United Community Bank made fewer home loans to African American individuals as compared to white individuals in South Carolina, Florida, and nationwide.<sup>28</sup> The commenter further alleged that United Community Bank denied home loan applications of African American individuals at a higher rate than those of white individuals in those states and nationwide.

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<sup>28</sup> The data cited by the commenter corresponds to publicly available 2023 data reported by both banks under the Home Mortgage Disclosure Act of 1975 ("HMDA"), 12 U.S.C. § 2801 et seq.

*Businesses of the Involved Institutions and Response to the Public Comment*

Through United Community Bank, UCBI offers a range of financial products and services to various sectors, and community banking services for individuals and businesses. These products include secured and unsecured loans, mortgage loans, payment and commercial solutions, equipment finance services, wealth management services, trust services, private banking services, investment advisory services, and insurance services. Through American National Bank, ANB offers a range of commercial lending and deposit products, along with cash management services, including commercial real estate loans, term loans, equipment financing, and small business and commercial checking products.

In response to the comment, UCBI states that nationwide aggregates can provide a distorted picture of a bank's lending practices and have limited value because lenders' geographic footprints include differing proportions of racial or ethnic minorities. Further, UCBI states that the statewide lending data cited by the commenter in South Carolina and Florida are also flawed, as United Community Bank's assessment areas ("AAs") include only a portion of those states. UCBI represents that in 2023, United Community Bank's total origination numbers to African American borrowers in its AAs in South Carolina and Florida were within the top percentiles among peer institutions. Additionally, UCBI represents that it had reviewed the loan denials it made for African American applicants in 2023 and determined that the denials were based on objective reasons unrelated to race or ethnicity of the applicant or the neighborhood where the subject property was located.

*Records of Performance under the CRA*

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case are the Federal Deposit

Insurance Corporation (“FDIC”) with respect to United Community Bank<sup>29</sup> and the OCC with respect to American National Bank.<sup>30</sup> In addition, the Board considers information provided by the applicant and public commenter.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution’s record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>31</sup> An institution’s most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution’s primary federal supervisor of the institution’s overall record of lending in its communities.

In general, federal financial supervisors apply a lending test (“Lending Test”), an investment test (“Investment Test”), and a service test (“Service Test”) to evaluate the performance of large banks, such as United Community Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution’s lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution’s data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution’s lending activities with respect to borrowers and geographies of different income levels. The institution’s lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution’s CRA AAs; (2) the geographic

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<sup>29</sup> Until its conversion on June 3, 2024, to a state member bank supervised by the Federal Reserve, United Community Bank was a state nonmember bank whose primary federal supervisor was the FDIC.

<sup>30</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

<sup>31</sup> 12 U.S.C. § 2906.

distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;<sup>32</sup> (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.<sup>33</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.<sup>34</sup> Small institutions, such as American National Bank, are subject only to the Lending Test.<sup>35</sup>

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions may

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<sup>32</sup> Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3) (2023).

<sup>33</sup> See 12 CFR 228.22(b) (2023).

<sup>34</sup> See 12 CFR 228.23 and 228.24 (2023).

<sup>35</sup> See 12 CFR 228.26(a) (2023).

not be available from public HMDA data.<sup>36</sup> Consequently, the Board considers additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

*CRA Performance of United Community Bank*

United Community Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the FDIC, as of November 27, 2023 (“United Community Bank Evaluation”).<sup>37</sup> The bank received a “High Satisfactory” rating for each of the Lending Test, Service Test, and the Investment Test.<sup>38</sup>

With respect to the Lending Test, examiners found that United Community Bank’s lending levels reflected good responsiveness to AA credit needs. Examiners also found that a high percentage of loans were made in the bank’s AAs and that the geographic distribution of loans reflected adequate penetration throughout the AAs. Examiners stated that the distribution of loans reflected, given the product lines offered,

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<sup>36</sup> Importantly, credit scores are not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public before reaching a determination regarding an institution’s compliance with fair lending laws.

<sup>37</sup> The United Community Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed HMDA-reportable and CRA-reportable loans from January 1, 2020, through December 31, 2022. Examiners also reviewed community development loans and services from July 1, 2020, through September 30, 2023.

<sup>38</sup> The United Community Bank Evaluation involved a full-scope review of the bank’s activities in its Atlanta, Georgia, Metropolitan Statistical Area (“MSA”); Georgia Non MSA; North Carolina, Non MSA; Raleigh, North Carolina, MSA; Greenville, South Carolina, MSA; Charleston, South Carolina, MSA; Knoxville, Tennessee, MSA; Miami, Florida, MSA; and the Orlando, Florida, MSA. Examiners noted that the Georgia AA was given the greatest weight among in the United Community Bank Evaluation because of United Community Bank’s greater presence in the state. The United Community Bank Evaluation also conducted a limited-scope review of United Community Bank’s remaining 24 AAs.

adequate penetration among retail customers of different income levels and business customers of different sizes. Examiners also noted that United Community Bank made a relatively high level of community development loans and made extensive use of innovative and flexible lending practices in order to serve AA credit needs.

With respect to the Investment Test, examiners found that United Community Bank made a significant level of qualified community development investments. Examiners found that the bank occasionally used innovative and complex investments to support community development initiatives. Examiners also found that the bank exhibited excellent responsiveness to credit and community development needs.

With respect to the Service Test, examiners determined that United Community Bank's delivery systems were accessible to essentially all portions of its AAs. Examiners found that the bank's opening and closing of branches, to the extent changes have been made, had not adversely impacted the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Examiners also noted that services and business hours did not vary in a way that inconvenienced certain portions of the bank's AAs, particularly LMI geographies or LMI individuals. Finally, examiners found that the bank provided a relatively high level of community development services within its AAs.

*United Community Bank's Efforts since the United Community Bank Evaluation*

UCBI represents that, since the United Community Bank Evaluation, United Community Bank has participated in several programs and activities to support LMI individuals and geographies, as well as small businesses, including through home loan and down payment assistance for first-time home buyers, programs facilitating small business lending, and volunteer groups focusing on community development. Additionally, UCBI represents that, between January 1, 2024, through September 30, 2024, United Community Bank originated 874 home mortgage loans in its AAs to LMI borrowers, representing 21 percent of its home mortgage loan originations during this period.



*CRA Performance of American National Bank*

American National Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the OCC, as of September 11, 2023 (“American National Bank Evaluation”).<sup>39</sup> The bank received a “Satisfactory” rating for the Lending Test.<sup>40</sup>

With respect to the Lending Test, examiners found that American National Bank had a reasonable distribution of loans in LMI census tracts and a reasonable distribution of lending among businesses of different sizes throughout its AA. Examiners also found that a substantial majority of the bank’s loans were within its AA, and that the bank’s level of lending, based on the average quarterly loan to deposit ratio, was reasonable for the evaluation period. Finally, examiners found that the bank did not receive any CRA-related complaints during the evaluation period.

*American National Bank’s Efforts since the American National Bank Evaluation*

UCBI represents that, since the American National Bank Evaluation, American National Bank originated and renewed \$11 million in small business loans to businesses with revenues of \$1 million or less in its AAs and \$62 million in loans to businesses in LMI census tracts. Further, American National Bank’s senior executive officers and employees have participated in volunteer activities, served on boards and committees of organizations that provide community services in LMI communities, and served on boards and committees of organizations that identify and assist with homeownership needs of LMI individuals.

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<sup>39</sup> The American National Bank Evaluation was conducted using Interagency Small Institution CRA Examination Procedures. Consistent with the bank’s lending focus, examiners reviewed loans to business from January 1, 2020, through December 31, 2021. Examiners did not review home mortgage lending since it is not a primary product of American National Bank.

<sup>40</sup> The American National Bank Evaluation involved full-scope reviews of the bank’s activities in the Broward County, Florida, AA.

*Additional Supervisory Views*

In its review of the proposal, the Board consulted with and considered the views of the Richmond Reserve Bank as the primary federal supervisor of United Community Bank and of the OCC as the primary federal supervisor of American National Bank. The Board also considered the results of the most recent consumer compliance examinations of United Community Bank and American National Bank, which included reviews of the banks' compliance management programs and their compliance with consumer protection laws and regulations, including fair lending.

The Board has taken this information, as well as the CRA performance records of United Community Bank and American National Bank, into account in evaluating the proposal, including in considering whether UCBI has the experience and resources to ensure that the combined organization would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization; any additional plans the combined organization has for meeting the needs of its communities following consummation; and any other information the Board deems relevant.

UCBI represents that it does not expect any discontinuation in products and services for continuing customers of United Community Bank or for former customers of American National Bank resulting from the proposed transaction, and that customers of American National Bank will be able to access the full range of products and services offered by United Community Bank. UCBI states that consumers will benefit from the combined bank's extensive network of branches and a growing number of ATMs that extend across six Southeastern U.S. states. UCBI also states that customers of both banks will have access to the combined bank's expanded loan capacity, as well as a larger

capital base, that will support greater commercial and community development lending and investment capacity.

#### *Branch Closures*

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.<sup>41</sup> In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or that primarily service LMI individuals, as part of the CRA examination process.<sup>42</sup>

UCBI represents that United Community Bank will retain American National Bank's main office as a branch and does not anticipate any branch closures or consolidations in connection with the proposal.

#### *Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of

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<sup>41</sup> See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

<sup>42</sup> See, e.g., 12 CFR 228.24(d)(2) (2023).

compliance with fair lending and other consumer protection laws, supervisory information, information provided by UCBI, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

### ***Establishment of Branches***

United Community Bank has applied under section 9 of the FRA to establish a branch at the current location of American National Bank.<sup>43</sup> The Board has assessed the factors it is required to consider when reviewing an application under that section, including United Community Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.<sup>44</sup> For the reasons discussed in this order, the Board determines that those factors are consistent with approval.

### ***Financial Stability Considerations***

Section 3 of the BHC Act requires the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."<sup>45</sup> In

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<sup>43</sup> See 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. Thus, a state member bank resulting from an interstate merger transaction may maintain and operate a branch in a state other than the home state of the bank in accordance with section 44 of the FDI Act. See 12 U.S.C. § 36(d). A state member bank may retain any branch following a merger that might be established as a new branch of the resulting bank under state law. See 12 U.S.C. § 36(b)(2) and (c). Upon consummation, United Community Bank's branches would be permissible under applicable state law. See Fla. Stat. § 658.2953.

<sup>44</sup> 12 CFR 208.6. Upon consummation of the proposed transaction, United Community Bank's investments in bank premises would remain within the legal requirements of section 208.21(a) of the Board's Regulation H, 12 CFR 208.21(a).

<sup>45</sup> 12 U.S.C. § 1842(c)(7).

addition, the Bank Merger Act requires the Board to consider “risk to the stability of the United States banking or financial system.”<sup>46</sup>

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.<sup>47</sup> These categories are not exhaustive, and additional categories could inform the Board’s decision.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.<sup>48</sup>

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction

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<sup>46</sup> 12 U.S.C. § 1828(c)(5).

<sup>47</sup> Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

<sup>48</sup> For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.<sup>49</sup>

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target with less than \$10 billion in total assets and a pro forma organization with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.<sup>50</sup> The pro forma organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

### ***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.<sup>51</sup> In reaching its conclusion, the

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<sup>49</sup> See People's United Financial, Inc., FRB Order No. 2017-08 at 25–26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

<sup>50</sup> UCBI and ANB offer a range of retail and commercial banking products and services. UCBI has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

<sup>51</sup> The commenter requested that the Board hold public hearings on the proposal. Under section 3(b) of the BHC Act, the Board must hold a public hearing on a proposal if the

Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, Bank Merger Act, the FRA, and other applicable statutes. The Board's approval is specifically conditioned on compliance by UCBI and United Community Bank with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by UCBI and United Community Bank of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is

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appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the proposal.

12 U.S.C. § 1842(b); see also 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board, in its discretion, may hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and would be clarified by a public hearing. In addition, the request does not demonstrate why written comments do not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for public hearings on the proposal is denied.

The commenter also requested an extension of the comment period for the application. The commenter's request for additional time to comment did not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend the comment period.

extended for good cause by the Board or the Richmond Reserve Bank, acting under delegated authority.

By order of the Board of Governors,<sup>52</sup> effective April 16, 2025.

*(signed) Ann E. Misback*

Ann E. Misback  
Secretary of the Board

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<sup>52</sup> Voting for this action: Chair Powell, Vice Chair Jefferson, Governors Bowman, Waller, Cook, Barr, and Kugler.



## **Appendix**

### **Branches to Be Established**

1. 4301 North Federal Highway, Oakland Park, Florida