



March 29, 2023

Dear Valued Customer,

The failure of two banks in the last few weeks due to mismanagement has created much turmoil in the news. I want to provide you detailed information about the safety and soundness of American National Bank (ANB) to assure you that you do not have to be concerned about your deposits with us. You will see from the information below that your bank is financially strong, well-capitalized, and well managed.

I want you to know that ANB is a 5-star rated bank by BauerFinancial, Inc. BauerFinancial is an independent 3rd party that rates banks based on the financial data reported quarterly to federal bank regulators. Five stars is the highest rating available and designates ANB as a “Superior” bank. ANB has been a 5-star rated bank for 35 consecutive quarters. The BauerFinancial Bank Summary Report for ANB based on 12/31/22 financial data is attached for your review.

One of the main strengths I want to highlight is ANB’s strong capital position. Capital is considered the cushion for the unexpected and indicates the overall strength of the bank. Bank regulators set capital requirements using 3 levels: minimum, adequate, and well-capitalized. The leverage capital ratio for qualifying as “well-capitalized” is 5%. ANB’s ratio was more than twice as high as what is required by regulators to be well-capitalized, with a ratio of 11.31% and Tier 1 Capital of \$57 million at 12/31/22.

You have heard a lot in the news about Liquidity and Unrealized Losses in bank’s investment portfolios. When it comes to liquidity, as of 2/28/23, we had \$67 million in cash, balances with Fed, and balances with correspondent banks. We can also borrow \$269 million in funds should we need additional liquidity.

As of 2/28/23, our investment portfolio consists of U.S. Government Agency mortgage-backed securities with the entire portfolio classified as Available for Sale. The book value was \$89.3 million, with a market value of \$76.6 million and an unrealized loss of \$12.6 million. The unrealized loss tax affected (AOCI) was \$9.4 million. We have \$3.2MM in pledged securities. The effective duration of the portfolio is short-term, less than 5 years. I received the preliminary March 31, 2023, bond accounting report today, and it shows a \$2.7 million reduction in the unrealized loss on the portfolio. The unrealized losses in our portfolio have no impact on you as a depositor. We have the intent and ability to hold the securities until they mature, therefore not taking any losses at all on the portfolio.

I’m providing this information to you so that you know we have not made the mistakes that Silicon Valley Bank did of having an investment portfolio of long-term maturities, unrealized losses greater than their capital position and a portion of their portfolio classified in the Held to Maturity category.

As our financial data shows, you can be confident that your bank is well managed and financially strong. We will have our March 31, 2023, financial results by the middle of next week, and there will be no surprises.

We greatly appreciate your relationship and that you have chosen to bank with ANB. You are a valued client, and we are committed to seeing that your funds remain safe and that we are helping you be successful, both personally and professionally. We want to be your trusted partner and will continue to manage the bank in a safe and sound manner so that it remains well-capitalized, highly liquid, and resilient.

Please contact me with any questions. My cell number is 954-298-7408.

All my best,

Ginger Martin
President and CEO