



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

March 10, 2014

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American National Bank  
Charter Number 17764

1901 N. Commerce  
Ardmore, OK 73401-1307

Office of the Comptroller of the Currency  
Oklahoma City Field Office  
301 NW 63<sup>rd</sup> Street, Suite 490  
Oklahoma City, OK 73116

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.

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## ***INSTITUTION'S CRA RATING***

**This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory**

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

The following factors support the overall rating:

- A majority of the loans were originated within the bank's assessment areas (AA).
- The distribution of loans to businesses with revenues of less than \$1 million was excellent.
- The penetration of loans to individuals and businesses of different income levels is reasonable.
- The bank's loan-to-deposit (LTD) ratio was commensurate with institutions doing business within the AA.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA and meets the standard for satisfactory performance.
- Community Development (CD) lending is substantial and indicates excellent responsiveness to the needs of the bank's assessment areas.
- The bank provided an adequate amount of qualified CD investments and services within its assessment areas.

## ***Scope of Examination***

### ***Evaluation Period/Products Evaluated***

We commenced the 2014 CRA Performance Evaluation of American National Bank (ANB) of Ardmore, Oklahoma on March 10, 2014. The evaluation was conducted using the Intermediate Small Bank CRA procedures. Since the bank has branches in both Oklahoma and Texas, the review includes separate evaluations of the bank's CRA performance in the State of Oklahoma and in the State of Texas. The analysis included a review of Home Mortgage Disclosure Act (HMDA) reportable loans (home purchase, home improvement, and home refinance lending), commercial/business loans, and consumer vehicle loans. These lending products were evaluated using data from the two-year period January 1, 2012 through December 31, 2013.

HMDA residential mortgage lending was evaluated using data in the filed HMDA Loan Application Registers for 2012 and 2013. Random samples of commercial/business loans and consumer vehicle loans originated in 2012 and 2013 were selected in each state analyzed for the review (Oklahoma and Texas). Commercial/business lending and home mortgage lending are the bank's major loan products. Consumer vehicle loans are not a primary product. However, they are included in this analysis to provide a broader picture of the bank's lending activities in its Oklahoma and Texas AAs.

### ***Data Integrity***

Prior to this CRA performance evaluation, we verified the accuracy of the data available to the public in accordance with the HMDA regulation. A CRA Data Integrity examination was conducted in February 2014 to evaluate the bank's process to accurately collect and report HMDA loan data. We found the bank had a good process, along with effective internal controls, to accurately collect and report HMDA information. As a result, filed HMDA data could be used during this CRA review to assess residential real estate lending performance. We also reviewed the integrity of the bank's community development activities to assure these activities qualify for credit under the CRA regulation.

### ***Selection of Areas for Full-Scope Review***

All of the ANB AAs received full-scope reviews. The three counties served in Oklahoma (Carter, Jefferson and Stephens) were grouped as the Oklahoma AAs. None of the Oklahoma AAs was in a metropolitan statistical area (MSA). The bank identifies the trade areas surrounding the Keller and Saginaw, Texas branches as its Texas AAs. These were grouped as the Texas MSA AAs. Both of these trade areas, which include parts of Tarrant and Denton counties, are within the DFW Combined MSA. Refer to the "Scope" section under each state rating for additional details.

### ***Ratings***

The bank's overall rating is a blend of the state ratings. In the Overall Rating, performance in the State of Oklahoma received substantially more weight than performance in the State of Texas. As of December 31, 2013, Oklahoma assessment areas accounted for 77 percent of the dollar amount of total deposits, 74 percent of gross loans, and 75 percent of the total number of banking centers. In addition to an overall (bank-wide) CRA performance rating, this evaluation will include ANB CRA performance ratings in the State of Oklahoma and in the State of Texas.

## ***Description of Institution***

ANB is a \$325 million community banking institution headquartered in Ardmore, Oklahoma, which is located in South Central Oklahoma. At December 31, 2013, ANB had net loans of \$159.6 million, or 49% of total assets. ANB is a subsidiary of a one-bank holding company, AmCorp Financial Inc. that is also headquartered in Ardmore, Oklahoma. The bank operates eight banking centers, six in Oklahoma and two in Texas. The main office and three branches are located in Ardmore, and there are

branches in the towns of Wilson and Comanche, Oklahoma. In Texas, there are branches in the towns of Keller and Saginaw. All branches except the Homeland Grocery Store in Ardmore offer drive-in banking.

Since the previous CRA performance evaluation (PE) on January 8, 2009, ANB has opened one branch in Ardmore and the two branches in Texas. To better serve the Ardmore area, the South Commerce Branch was opened in February 2009. In April 2010, the holding company Texas division was transitioned from a Texas sister bank to the ANB Keller and Saginaw, Texas branches.

ANB has 12 ATM locations, none of which accepts deposits. The bank added four ATM locations since the previous PE. The South Commerce Branch ATM was added February 2009. An ATM was placed at the Lone Grove Quik Check on US Hwy 70 in September 2009. An ATM was placed at EZ Shop #1 at 205 Q Street SW, Ardmore in August 2011, and an ATM was added at the Murphy Coliseum at 600 Lake Murray Drive in September 2013. The tables below provide complete information on ANB's branch and ATM locations.

<i><b>ANB's BRANCH LOCATIONS</b></i>		
<b>Location</b>	<b>Address</b>	<b>City</b>
Main Bank	1901 N. Commerce	Ardmore, OK
Homeland Branch	205 N. Commerce	Ardmore, OK
South Commerce Branch	1117 S. Commerce	Ardmore, OK
Lone Grove Branch	6295 W. Broadway	Ardmore, OK
Wilson Branch	1251 US Hwy 70A	Wilson, OK
Comanche Branch	133 Oak Main	Comanche, OK
Keller, TX Branch	975 Keller Parkway	Keller, TX
Saginaw, TX Branch	825 N. Saginaw Blvd	Saginaw, TX

<i><b>ANB's ATM LOCATIONS</b></i>		
<b>Location</b>	<b>Address</b>	<b>City</b>
Main Bank	1901 N. Commerce	Ardmore, OK
Homeland Branch	205 N. Commerce	Ardmore, OK
South Commerce Branch	1117 S. Commerce	Ardmore, OK
Lone Grove Branch	6295 W. Broadway	Ardmore, OK
EZ Shop #1	205 Q street SW	Ardmore, OK
Hardy Murphy Coliseum	600 S. Lake Murray Dr.	Ardmore, OK
Quick Check	16824 US Hwy 70	Lone Grove, OK
Comanche Branch	133 Oak Main	Comanche, OK
Delbert's Grocery	601 Hillery Rd	Comanche, OK
Wilson Branch	975 Keller Parkway	Wilson, OK
Keller, TX Branch	1251 US Hwy 70A	Keller, TX
Saginaw Branch	825 N Saginaw Blvd	Saginaw, TX

The bank's strategic focus is to continue to support the economic growth and development of its AAs by providing competitive banking solutions for commercial, agriculture and consumer customers. ANB meets these needs by providing various types of loan and deposit products and services, as well as Internet Banking, Telephone Banking, and Mobile Banking. Bank lobby services are provided Monday through Friday

at all locations. All locations have Saturday drive-in services, except the Homeland Branch in Ardmore, which offers 7-day-a-week banking, including most holidays.

As of December 31, 2013, ANB's total assets were \$325 million, of which \$159.5 million, or 49 percent, comprised various types of loans. Specifically, the bank's loan portfolio consists of the following:

LOAN CATEGORY	\$ (000)	%
Business Loans	\$73,934	46%
1-4 Family Residential RE Loans	\$42,568	27%
Consumer Loans	\$20,843	13%
Agriculture Loans	\$21,391	13%
Other	\$758	1%
<b>Total</b>	<b>\$159,494</b>	<b>100%</b>

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AAs. ANB is involved in and provides support to meet the community's financial needs. The bank received an overall rating of "**Satisfactory**" at the last CRA evaluation dated January 8, 2009.

### ***Conclusions with Respect to Performance Criteria***

The bank's performance under the lending test bank-wide is rated "**Satisfactory.**" Based on our sample of lending during the evaluation period of 2012 and 2013, ANB meets the standards for satisfactory performance for lending within its assessment areas. ANB's quarterly average LTD ratio is commensurate with similarly situated institutions and meets the standards of satisfactory performance.

The bank's strengths include lending to small businesses and consumer loans made to low- and moderate-income borrowers. The distribution of loans to businesses with revenues of less than \$1 million was excellent; and penetration of loans to individuals and businesses of different income levels is reasonable. The geographic distribution of loans, to the extent applicable, reflects a reasonable dispersion throughout the AAs and meets the standard for satisfactory performance. Community Development (CD) lending is substantial and indicates excellent responsiveness to the needs of the bank's Oklahoma and Texas assessment areas.

#### **Loan-to-Deposit Ratio**

ANB's quarterly average LTD ratio is commensurate with similarly situated institutions and meets the standards of satisfactory performance. The LTD ratio is the quarterly average from March 31, 2009 to December 31, 2013. See the following table:

LOAN-TO-DEPOSIT RATIOS		
Institution	Total Assets as of 12/31/13 (000's)	Average LTD Ratio
First National Bank & Trust Company of Ardmore, OK	\$479,468	50.17%
<b>American National Bank, Ardmore, OK</b>	<b>\$324,795</b>	<b>56.46%</b>
Citizens Bank & Trust Company of Ardmore, OK	\$196,230	59.96%
First Bank & Trust Company, Duncan, OK	\$565,460	77.33%
Ameristate Bank, Atoka, OK	\$195,428	78.48%

Source: Institution Reports of Condition from March 31, 2009 to December 31, 2013

### Lending in Assessment Area

Based on our sample of lending during the evaluation period of 2012 and 2013, ANB meets the standards for satisfactory performance for lending within its AAs. Our bank-wide INs/OUTs analysis included 430 loans in all, including 298 HMDA residential real estate loans. We randomly selected 71 commercial/business loans and 61 consumer vehicle loans. Based upon the combined loan samples, the majority of loans, both in terms of number of loans and dollar volume of loans, were originated within the ANB AAs.

The majority of loans by number in each loan category were originated within the ANB AAs. However, by dollar volume, the majority of commercial/business loans (62.30 percent) were originated outside the ANB AAs. The dollars figure is skewed by several large commercial/business loans made to borrowers outside the ANB AAs. The majority of the dollar volume of HMDA residential real estate loans and consumer loans did originate within the ANB Oklahoma and Texas assessment areas.

Lending in AAs - Bank-wide										
Loan Type	Number of Loans					Dollars of Loans (x000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA Loans	229	76.85	69	23.15	298	18,439	67.92	3,711	32.08	27,150
Business Loans	50	70.42	21	29.58	71	3,782	37.70	6,249	62.30	10,031
Consumer Loans	56	91.80	5	8.20	61	621	91.45	58	8.55	679
Totals	335	78.00	95	22.00	430	22,842	70.00	10,018	30.00	32,860

Source: HMDA LARs 2012 & 2013; Business Loan sampling 2012 & 2013; and Consumer Vehicle Loans sampling 2012 & 2013.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), or 12 CFR 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.

# State of Oklahoma

**CRA Rating for Oklahoma: Satisfactory.**

**The Lending test is rated: Satisfactory**

**The Community Development test is rated: Outstanding**

The following factors support the overall rating:

- The distribution of loans to businesses with revenues of less than \$1 million was excellent.
- The penetration of loans to individuals and businesses of different income levels is reasonable.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA and meets the standard for satisfactory performance.
- Community Development (CD) lending is substantial and indicates excellent responsiveness to the needs of the bank's assessment areas.
- The bank provided an excellent amount of qualified CD investments and services within its assessment areas.

## Description of Oklahoma Assessment Areas

The Oklahoma assessment area adopted by ANB consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

ANB's Oklahoma AAs consist of 16 census tracts in the three contiguous Oklahoma counties of Carter, Jefferson, and Stephens. None of these counties is located in a Metropolitan Statistical Area. Of the 16 census tracts in ANB's Oklahoma AAs, none of the tracts are low-income, three tracts are moderate-income, thirteen tracts are middle-income, and none of the tracts are classified as upper-income. Two of the middle-income tracts in Jefferson County are designated distressed or underserved nonmetropolitan geographies. The main bank in Ardmore and all five of the Oklahoma branches are all located in middle-income census tracts.

The following table describes major demographic and economic characteristics of the Oklahoma AAs, based on 2010 U.S. Census data:

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF OKLA AAs</b>	
<b>Population</b>	
Number of Families	15,882
Number of Households	23,146
<b>Geographies</b>	
Number of Census Tracts/BNA	16
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	18.75%
% Middle-Income Census Tracts/BNA	81.25%
% Upper-Income Census Tracts/BNA	0.00%
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$47,891
2011 HUD-Adjusted MFI	\$49,900
<b>Economic Indicators</b>	
Unemployment Rate	2.69%
2000 Median Housing Value	\$80,415
% Of Households Below Poverty Level	16.25%

*Source: 2010 Census data.*

According to the 2010 U.S. Census Data, ANB's Oklahoma AAs has a population of 61,793 persons. Although there are no low-income census tracts, there are low- and moderate-income families in the Oklahoma AAs. Of the 15,882 families, 18 percent are low-income families and 19 percent moderate-income families. The AA contains 28,115 housing units and 16.9 thousand, or 60 percent, are owner occupied. Households below the poverty level are 16 percent, and households that receive public assistance total 3.5 percent.

Manufacturing, wholesale distribution, agriculture, aviation, and energy are the leading sources of income for the area. Michelin North America, Mercy Memorial Health Center, and Dollar General Corporation remain the largest employers in the AA. Noble Energy, Inc and Valero Energy Corporation also have large facilities in Ardmore. The Ardmore Development Authority owns and operates four industrial parks. The local economy is stable and unemployment continues to be below national levels. Despite national economic declines, local retail sales are growing. Ardmore serves as the primary retail center for a seven county area of Southern Oklahoma. Over 400 general merchandise and specialty stores create retail sales of approximately \$505 million per year.

Ardmore also has a growing research and development community. The Samuel Roberts Noble Foundation is highly regarded worldwide for research in biomedicine, plant biology, and agriculture. Under the guidance of the Ardmore Development Authority, and in cooperation with the Noble Foundation and the Southern Oklahoma Technology Center, a technology based business incubator has been developed for start-up technology oriented companies.

## **SCOPE OF EVALUATION IN OKLAHOMA**

All of the ANB Oklahoma AAs received full-scope reviews. The three counties served in Oklahoma (Carter, Jefferson and Stephens) were grouped as the Oklahoma AAs. None of the Oklahoma AAs was in a MSA. In the bank-wide rating, performance in the State

of Oklahoma received more weight than performance in the State of Texas. As of December 31, 2013, Oklahoma assessment areas accounted for 77 percent of the dollar amount of total deposits, 74 percent of gross loans, and 75 percent of the total number of banking centers.

Evaluating performance in Oklahoma, the overall conclusions were rated heavier for Carter County where the main bank is located in the City of Ardmore, along with three branch locations. As for loan product analysis, commercial/business lending is weighted heavier as it represents 46 percent of the loan portfolio versus residential real estate lending that constitutes 26 percent of the portfolio.

The community credit needs and business opportunities in the Ardmore area are also served by several other national and state chartered banks, as well as branches of those institutions, which are located in the Oklahoma AAs. A community contact indicated banking in South Central Oklahoma is very competitive and credit needs are generally met. The contact felt that the economy of Ardmore appears to be more stable than the surrounding areas. According to the contact, there is a need for small business loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Lending Test**

The bank's performance under the lending test in the State of Oklahoma is rated Satisfactory. The bank's strengths include lending to small businesses and consumer loans made to low- and moderate-income borrowers. The distribution of loans to businesses with revenues of less than \$1 million was excellent; and penetration of loans to individuals and businesses of different income levels is reasonable. The geographic distribution of loans, to the extent applicable for moderate-income geographies, reflects a reasonable dispersion throughout the AA and meets the standard for satisfactory performance. Community Development (CD) lending is substantial and indicates excellent responsiveness to the needs of the bank's Oklahoma assessment areas.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

Based on our sample, ANB meets the standards for satisfactory performance with respect to lending to borrowers of different incomes and businesses of different sizes. The distribution of loans to small businesses was excellent. A small business is defined by the regulation as a business with annual revenues of less than \$1 million. The following table reflects the results of our commercial/business loan sampling:

<b>Borrower Distribution of Loans to Businesses in Okla. AAs</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70.11	4.79	25.09	100%
% of Bank Loans in AA by #	86.67	13.33		100%
% of Bank Loans in AA by \$	76.51	23.49		100%

*Source: Business Loan sampling 2012 & 2013; Dunn and Bradstreet data. There are a large number of businesses in the AA where income information on the business was not available.*

The borrower distribution of business loans in the Oklahoma AAs is excellent and exceeds the standard. The bank's percentages of lending to Oklahoma AA small businesses exceeds the percentage of Oklahoma AA businesses with gross annual revenues of less than one million dollars both in terms of the number of loans made and the dollar volume of loans originated. The distribution of sampled Oklahoma loans to businesses was as follows:

<b>Borrower Distribution of Loans to Businesses by Loan Size in Okla. AAs</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	24	80.00	719,075	34.81
\$100,001 - \$250,000	4	13.33	765,250	37.04
\$250,001 - \$500,000	2	6.67	581,534	28.15
\$500,001 - \$1,000,000	0	0.00	0	0.00
Over \$1,000,000	0	0.00	0	0.00

*Source: Business Loan sampling 2012 & 2013.*

The borrower distribution of consumer vehicle loans in the Oklahoma AAs is excellent and exceeds the standard. The bank's percentage of consumer vehicle loans made to low- and moderate-income borrowers significantly exceeds the percentage of low- and moderate-income AA households in the bank's Oklahoma AAs. The bank's consumer vehicle lending exceeds the demographics for both low- and moderate-income borrowers. The following table reflects the results of our review:

<b>Borrower Distribution of Consumer Loans in Okla. AAs</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Vehicle Loan	23.87	26.67	17.02	30.00	18.57	20.00	40.54	23.33

*Source: Consumer Vehicle Loan sampling 2012 & 2013; 2010 U.S. Census data.*

HMDA residential real estate lending in the Oklahoma AAs did not compare favorably to the level of low-income families in the AA. However, the borrower distribution of home mortgage loans made to moderate-income borrowers is reasonable (adequate) and meets the standard. See the table and analysis below. According to the 2010 Census data, approximately 53 percent of households in the AA are on fixed income from social security or retirement; and 22 percent of the housing units in the AA are rental property. In addition, 16 percent of the households are living below poverty level. It is very difficult for these persons to qualify for home purchase loans. Consideration to these mitigants is factored into the overall rating.

<b>Borrower Distribution of Residential Real Estate Loans in Okla. AAs</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.28	6.67	19.40	11.67	21.67	15.00	40.65	46.67
Home Improvement	18.28	4.55	19.40	4.55	21.67	22.73	40.65	63.64
Refinancing	18.28	3.45	19.40	17.24	21.67	6.90	40.65	55.17
Total HMDA	18.28	5.41	19.40	11.71	21.67	14.41	40.65	52.25

Source: HMDA LARs 2012 & 2013; 2010 U.S. Census data. No Oklahoma loan income data was available for 20 percent of home purchase, 4.55 percent of home improvement and 17.24 percent of refinance loans.

The borrower distribution of home mortgage loans in the Oklahoma AAs is poor and does not meet the standard. The bank's combined percentage of home mortgage loans made to low- and moderate-income (LMI) borrowers is lower than the combined percentage of LMI AA Families in the bank's Oklahoma AAs. However, the borrower distribution of home mortgage loans made to moderate-income borrowers in the Oklahoma AAs is reasonable (adequate) and meets the standard. Nevertheless, the percentage of moderate-income borrowers it is somewhat lower than the percentage of moderate-income AA Families in the bank's Oklahoma AAs.

### Geographic Distribution of Loans

Geographic distribution of loans based upon ANB's primary loan products is satisfactory. There are no low-income census tracts in the Oklahoma AAs. Three (3) of the sixteen census tracts are designated as moderate-income tracts. All banking centers are located in middle-income census tracts; however, one branch is located near one of the moderate-income geographies. The remaining moderate census tracts are located in areas that limit the bank's lending opportunities in these areas. Since the majority of Oklahoma AA businesses are located in middle-income tracts, competition for business loans in the few moderate-income geographies is a factor in the penetration of loans to businesses in moderate-income tracts.

The following tables reflect the results from our review:

<b>Geographic Distribution of Loans to Businesses in Okla. AAs</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00	0.00	13.69	13.33	86.31	86.67	0.00	0.00

Source: Business Loan sampling 2012 & 2013; Dunn and Bradstreet data.

The table above illustrates the borrower distribution of business loans in the Oklahoma AAs is reasonable (good) and meets the standard. The bank's percentage of business

loans made to businesses in moderate-income census tracts is near to the percentage of Oklahoma AA businesses in moderate-income census tracts. There are no low-income geographies in the bank's Oklahoma AAs.

The geographic distribution of consumer vehicle loans in the Oklahoma AAs is very poor and does not meet the standard. The bank's percentage of consumer vehicle loans made to AA households in moderate-income census tracts is significantly lower than the percentage of AA Households in the moderate-income census tracts. There are no low-income geographies in the Oklahoma AAs, and since there are only three moderate-income census tracts in these AAs, demand for lending in these tracts is limited. The following tables reflect the results from our review:

<b>Geographic Distribution of Consumer Loans in Okla. AAs</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Vehicle Loan	0.00	0.00	16.63	3.33	83.37	96.67	0.00	0.00

*Source: Consumer Vehicle Loan sampling 2012 & 2013; 2010 U.S. Census data.*

The overall geographic distribution of home mortgage loans (HMDA loans) in the Oklahoma AAs is reasonable (adequate) and meets the standard. See the table below. There are no low-income geographies in the bank's Oklahoma AAs. The bank's percentage of home mortgage loans made to moderate-income borrowers is near to the percentage of moderate-income AA Owner Occupied Housing. As mentioned earlier, we believe the percentage of the population on fixed income, and the fact that the most branches are not located near moderate-income tracts, is impacting success in this category.

<b>Geographic Distribution of Residential Real Estate Loans in Okla. AAs</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	13.75	16.67	86.25	83.33	0.00	0.00
Home Improvement	0.00	0.00	13.75	0.00	86.25	100.00	0.00	0.00
Refinance	0.00	0.00	13.75	6.90	86.25	93.10	0.00	0.00
Total HMDA	0.00	0.00	13.75	10.81	86.25	89.19	0.00	0.00

*Source: HMDA LARs 2012 & 2013; 2010 U.S. Census data.*

## Responses to Complaints

ANB received no CRA related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

### **CD Loans, Qualified Investments, and CD Services Test**

The bank's performance in the State of Oklahoma under the Community Development Test is rated "**Outstanding.**"

ANB's community development performance demonstrates outstanding responsiveness to the community development needs of its Oklahoma assessment areas.

Opportunities for qualified community development loans and investments are limited in the ANB Oklahoma AAs. The largest town in the ANB Oklahoma AAs is Ardmore, Oklahoma, which has a population of 61,793 persons. Several of the bank's Oklahoma branches are located in rural low-density areas, including the towns of Comanche and Wilson Oklahoma, and the Lone Grove area of Ardmore, Oklahoma. Based upon the 2010 U.S. Census designations, the main bank in Ardmore and its five Oklahoma branches are all located in middle-income census tracts. There are no low-income census tracts, and only three moderate-income census tracts, in the ANB Oklahoma AAs.

The officers and employees of ANB are very active in the Oklahoma communities they serve. This is evidenced by their leadership roles on various civic and non-profit organizations that provide services to LMI individuals. The bank is also involved with, invests in, or lends to organizations whose focus is on community or economic development.

The bank has been very active in holding leadership positions in the Ardmore, Lone Grove, Ringling, and Comanche Chambers of Commerce, which are primarily involved in economic development and small business creation. The bank has also made significant donations to the Ardmore, Wilson, and Springer Public Schools, to Ardmore students through the American National Bank Scholarship Program, and to the Oklahoma Tornado Disaster Relief Fund.

### ***Community Development Loans***

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. This includes activities that promote affordable housing, community services, economic development and revitalization and stabilization that benefits LMI individuals and geographies. Activities are considered to promote economic development if they support permanent job creation, retention, and/or improvement for LMI persons. Qualified community development activities that help revitalize or stabilize a community are activities that attract new businesses or persons to a community or are activities that help retain existing businesses or persons in a community. Qualified activities, may include, for example, providing financing to help retain businesses in an area that employ LMI persons; or providing financing to attract a new employer that will create permanent job opportunities for LMI persons.

During the review period, January 8, 2009 through March 10, 2014, ANB had originated \$14.9 million of qualified community development loans in its Oklahoma AAs. Since there are no low-income census tracts in the ANB Oklahoma AAs, and only three moderate-income census tracts, community development lending focused on financing to create and retain permanent jobs for LMI persons.

These loans included:

ANB extended credit to renovate the old downtown YMCA in Ardmore, Oklahoma. The project included numerous improvements to the lot and building in accordance with the Ardmore Main Street Commercial Revitalization program. The renovated building provides space for two new businesses that employ four new full-time low- and moderate-income employees. In addition, the building houses the Little Dixie community services agency.

ANB extended credit to start up a new restaurant in Lone Grove, Oklahoma. The project resulted in the creation of five full-time positions for low-income workers that pay minimum wage.

ANB provided significant financing to fund contracts made by the Wilson and Springer Public Schools to obtain IT equipment. The majority of students served by these schools are from LMI families according to the federal free school lunch program records.

ANB extended credit to finance the purchase of rental property by a property management company. The property type is appropriate to and will be rented at a rate that qualifies it as affordable housing available to meet the needs of LMI persons.

ANB extended credit for asset purchase financing, primarily for the acquisition of trucks and trailers to be used by a small petroleum distributor in Healdton, Oklahoma. The financing provided for the stabilization of the company and business expansion, including new job creation. The company now employs thirteen persons, all of whom are LMI workers.

### ***Community Development Investments***

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. Opportunities for qualified community development investments are limited in the bank's Oklahoma assessment areas. Nevertheless, during the evaluation period, exclusive of donations, ANB made thirteen investments in five different community development qualified municipal securities, totaling \$2,902,511. These bonds financed capital improvements in Carter County public schools, which benefit students in LMI families. The majority of students attending the applicable schools participate in the federal school free lunch program. ANB also made nine community development qualified donations in its Oklahoma assessment areas, totaling \$38,985.

## ***Community Development Services***

The level of qualified community development services is excellent. Bank officers have served in leadership positions on organizations that provide community services to LMI families and provided technical expertise and financial assistance to these organizations. Bank officers also serve in leadership positions on organizations that are involved in economic and small business development activities. During the review period, bank officers have served in qualifying positions or led over 27 different service organizations in the Oklahoma AAs. The following are examples of qualifying community development services:

- ***Ardmore, Lone Grove, Ringling, and Comanche Chambers of Commerce***  
Seven of the bank's officers serve or have served as Board members on the Chambers of Commerce in these communities. These Chambers are active in economic and business development efforts.
- ***Town of Ringling, OK***  
A bank officer has served as Ringling Treasurer since 1989. The town of Ringling is designated a Distressed and Underserved Non-Metropolitan Area.
- ***Salvation Army, Ardmore***  
A bank officer served as a Board member for four years providing financial expertise including advice and counsel on expenditures and assistance in fund raising activities.
- ***Boys & Girls Clubs of Carter County***  
A bank officer has served as Vice President for three years and sits on the Board of Directors. Boys & Girls Clubs provide community services for LMI youth.
- ***HFV Wilson Community Center***  
Two bank officers have served this non-profit community services outreach United Way agency since 2012, serving as Secretary and on the Board of Directors. This organization provides community services for LMI persons.

## State of Texas

**CRA Rating for Texas: Satisfactory.**

**The Lending test is rated: Satisfactory**

**The Community Development test is rated: Satisfactory**

The following factors support the overall rating:

- The distribution of loans to businesses with revenues of less than \$1 million was excellent.
- The penetration of loans to individuals and businesses of different income levels is reasonable.
- Community Development (CD) lending is substantial and indicates excellent responsiveness to the needs of the bank's assessment areas.

### Description of Texas Assessment Areas

The Texas AAs adopted by ANB consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude LMI geographies. They meet the requirements of the CRA regulation.

ANB's Texas MSA AAs consist of 43 census tracts located in two trade areas surrounding the ANB branches in Keller and Saginaw, Texas. Both of these trade areas, which include parts of Tarrant and Denton counties, are within the DFW MSA. The Keller, TX trade area includes 35 census tracts. The Saginaw, TX trade area includes 8 census tracts. Of the total 43 census tracts in the Texas MSA AAs, none are classified as low- or moderate-income tracts. There are 17 middle-income tracts and 26 upper-income tracts.

Both of these Texas branch locations are located in middle-income census tracts.

The following table describes major demographic and economic characteristics of the Texas MSA AAs, based on 2010 U.S. Census data:

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF TEXAS MSA AAs</b>	
<b>Population</b>	
Number of Families	79,016
Number of Households	97,072
<b>Geographies</b>	
Number of Census Tracts/BNA	43
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	0.00%
% Middle-Income Census Tracts/BNA	40.48%
% Upper-Income Census Tracts/BNA	59.52%
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$65,423
2011 HUD-Adjusted MFI	\$66,667
<b>Economic Indicators</b>	
Unemployment Rate	3.67%
2000 Median Housing Value	\$195,095
% Of Households Below Poverty Level	4.21%

*Source: 2010 Census data.*

According to the 2010 U.S. Census Data, ANB's Texas MSA AAs has a population of 318,878 persons. Although there are no LMI census tracts, there are LMI families in the Texas MSA AAs. Of the 79,016 families, 9 percent are low-income families and 12 percent moderate-income families. The AA contains 102,310 housing units and 81.5 thousand, or 80 percent, are owner occupied. Households below the poverty level are 4.21 percent, and households that receive public assistance total less than 1 percent.

Keller, Texas is strategically located in the northwestern sector of the Dallas/Fort Worth Metroplex. Dallas is 35 miles to the southeast, and Fort Worth is 18 miles to the southwest. Keller and Saginaw are still experiencing rapid growth. Residential housing mixed with retail businesses makes the area attractive. Commuting to major cities is convenient via major highways. The economic downturn in prior years did not dramatically affect growth in the Texas MSA AAs. Since 2000, Keller has grown 44.91 percent and Saginaw 60.06 percent. Both rates significantly exceed the Texas state growth rate of 20.59 percent.

The unemployment rate in the Texas MSA AAs is 3.67 percent, which compares favorably to the 5.4 percent unemployment rate in the Fort Worth/Arlington MSA. The Dallas/Fort Worth International Airport and the Alliance Airport provide numerous jobs for people living in the assessment area. Other major employers in the area include AMR Corporation/American Airlines, Lockheed Martin, NAS Fort Worth JRB, Fort Worth ISD, the City of Fort Worth, JPS Health Network, Tarrant County Government, Texas Health Harris Methodist Hospital, and Bell Helicopter/Textron.

## **SCOPE OF EVALUATION IN TEXAS**

Both of the ANB Keller and Saginaw, Texas trade area AAs received full-scope reviews. These two trade areas were grouped as the Texas MSA AAs. In the bank-wide rating, performance in the State of Oklahoma received substantially more weight than performance in the State of Texas. As of December 31, 2013, Texas AAs accounted for

23 percent of the dollar amount of total deposits, 26 percent of gross loans, and 25 percent of the total number of banking centers.

In evaluating performance in Texas, equal weight was given to the Keller and Saginaw trade areas in the overall conclusions. As for loan product analysis, commercial/business lending is weighted heavier as it represents 46 percent of the loan portfolio versus residential real estate lending that constitutes 26 percent of the portfolio.

The community credit needs and business opportunities in the Keller/Saginaw Texas assessment areas are also served by several other national and state chartered banks, as well as branches of those institutions. A community contact indicated there is a great deal of financial services competition in this area, especially from larger well-known financial institutions. The contact felt these financial institutions are meeting the local financial needs of the communities in north Texas.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Lending Test**

The bank's performance under the lending test in the State of Texas is rated Satisfactory. The bank's strengths include lending to small businesses and consumer loans made to LMI borrowers. The distribution of loans to businesses with revenues of less than \$1 million was excellent; and penetration of loans to individuals and businesses of different income levels is reasonable. Geographic analysis is not meaningful and was not performed because there are no LMI geographies in the Texas MSA AAs. Community Development (CD) lending is substantial and indicates excellent responsiveness to the needs of the bank's Texas assessment areas.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

Based on our sample, ANB meets the standards for satisfactory performance with respect to lending to borrowers of different incomes and businesses of different sizes. The distribution of loans to small businesses was excellent. A small business is defined by the regulation as a business with annual revenues of less than \$1 million. The following table reflects the results of our commercial/business loan sampling:

<b>Borrower Distribution of Loans to Businesses in Texas MSA AAs</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	68.22	1.52	30.26	100%
% of Bank Loans in AA by #	80.00	20.00		100%
% of Bank Loans in AA by \$	64.80	35.20		100%

*Source: Business Loan sampling 2012 & 2013; Dunn and Bradstreet data.*

The borrower distribution of business loans in the Texas MSA AAs is excellent and exceeds the standard. In terms of the number of loans, the bank's percentage of lending to Texas MSA AA small businesses exceeds the percentage of Texas MSA AA businesses with gross annual revenues of less than one million dollars. In terms of the

dollar volume of loans originated to small businesses, the bank's percentage of lending to Texas MSA AA small businesses is near to the percentage of Texas MSA AA businesses with gross annual revenues of less than one million dollars.

The distribution of sampled Texas MSA AA loans to businesses was as follows:

<b>Borrower Distribution of Loans to Businesses by Loan Size in Texas MSA AAs</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	15	75.00	616,324	35.91
\$100,001 - \$250,000	4	20.00	583,805	34.01
\$250,001 - \$500,000	0	0.00	0	0.00
\$500,001 - \$1,000,000	1	5.00	516,307	30.08
Over \$1,000,000	0	0.00	0	0.00

Source: Business Loan sampling 2012 & 2013.

The overall borrower distribution of consumer vehicle loans in the Texas MSA AAs is reasonable (adequate) and meets the standard. The bank's percentage of consumer vehicle loans made to low- and moderate-income borrowers in the Texas MSA AAs is very near to the percentage of low- and moderate-income AA Households. The bank's consumer vehicle lending to low-income borrowers is excellent and significantly exceeds the standard.

<b>Borrower Distribution of Consumer Vehicle Loans in Texas MSA AAs</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Vehicle Loan	9.60	14.29	10.08	4.76	16.52	19.05	63.80	61.90

Source: Consumer Vehicle Loan sampling 2012 & 2013; 2010 U.S. Census data.

The sample of HMDA residential real estate loans in the Texas MSA AAs did not compare favorably to level of low- and moderate income families in the AA. See the table and analysis below. The bank made no HMDA mortgage loans at all to low-income borrowers in the Texas MSA AAs and had significantly lower HMDA mortgage lending rates to moderate-income borrowers than the percentage of moderate-income families in these assessment areas.

According to the 2010 Census data, approximately 25.5 percent of households in the AA are on fixed income from social security or retirement; and 15 percent of the housing units in the AA are rental property. In addition, 4.21 percent of the households are living below poverty level. It is very difficult for these persons to qualify for home purchase loans. Consideration to these mitigants is factored into the overall rating.

<b>Borrower Distribution of Residential Real Estate Loans in Texas MSA AAs</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	8.77	0.00	11.64	3.85	19.28	19.23	60.31	50.00
Home Improvement	8.77	0.00	11.64	0.00	19.28	0.00	60.31	0.00
Refinancing	8.77	0.00	11.64	0.00	19.28	44.44	60.31	44.44
Total HMDA	8.77	0.00	11.64	2.86	19.28	25.71	60.61	48.57

*Source: HMDA LARs 2012 & 2013; 2010 U.S. Census data. No income information was available for 22.86 percent of Texas HMDA loans.*

The borrower distribution of home mortgage loans in the Texas MSA AAs is very poor and does not meet the standard. The bank's percentage of home mortgage loans made to LMI borrowers is significantly lower than the percentage of LMI AA Families. During the two-year review period, the bank made no HMDA mortgage loans at all to low-income borrowers in the Texas MSA AAs.

### **Geographic Distribution of Loans**

Geographic analysis cannot be performed because there are no low- or moderate-income geographies in the Texas MSA AAs.

### **Responses to Complaints**

ANB received no CRA related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

### **CD Loans, Qualified Investments, and CD Services Test**

The bank's performance in the State of Texas under the Community Development Test is rated "**Satisfactory.**"

ANB's community development performance demonstrates satisfactory responsiveness to the community development needs of its Texas assessment areas.

Opportunities for qualified community development loans and investments are numerous in the ANB Texas MSA AAs. The Texas MSA AAs include the trade areas surrounding the Keller and Saginaw, Texas branches. Both of these areas are located in the northern section of the Dallas/Fort Worth Combined MSA. Based upon the 2010 U.S. Census designations, both the Keller and Saginaw branches are located in middle-income census tracts. There are no low- or moderate-income census tracts in the ANB Texas MSA AAs.

During the evaluation period, the bank originated a significant level of qualified community development loans in its Texas MSA AAs. However, it made very limited qualified donations in its Texas MSA AAs, and made no other community development investments. In addition, very limited community development service activities were provided in the ANB Texas MSA AAs.

### ***Community Development Loans***

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. This includes activities that promote affordable housing, community services, economic development, and revitalization and stabilization that benefits LMI individuals and geographies. Activities are considered to promote economic development if they support permanent job creation, retention, and/or improvement for LMI persons. Qualified community development activities that help revitalize or stabilize a community are activities that attract new businesses or persons to a community or are activities that help retain existing businesses or persons in a community. Qualified activities, may include, for example, providing financing to help retain businesses in an area that employ LMI persons; or providing financing to attract a new employer that will create permanent job opportunities for LMI persons.

During the review period, January 8, 2009 through March 10, 2014, ANB originated \$12 million of qualified community development loans in its Texas MSA AAs. Since there are no LMI census tracts in its Texas MSA AAs, community development lending focused on financing to create and retain permanent jobs for LMI persons.

These loans included:

ANB extended significant credit finance the purchase and renovation of a building, and to purchase the equipment necessary, to establish a new dental practice in Keller, Texas. The financing was provided according to an SBA 504 program, which is presumed to qualify as community development under economic development, as there are required hiring stipulations leading to permanent job creation.

ANB extended significant credit to finance the building of a new franchise Mexican restaurant located in east Fort Worth, TX. The permanent financing is through an SBA 504 loan program, which is presumed to qualify as economic development as there are required hiring stipulations leading to permanent job creation.

ANB extended working capital financing to a non-profit community service organization in Keller, Texas that aids disabled persons, especially veterans, with counseling and equine assisted psychotherapy. The organization's client base is primarily low- and moderate-income persons.

ANB extended significant credit to renovate a commercial property in a moderate-income geography in Fort Worth, TX. The project is located in, and is part of a "Neighborhood Redevelopment Organization" of Fort Worth, Texas. The property was renovated and leased to a restaurant operator. Funding the loan promoted economic development through the creation of permanent jobs in the restaurant start-up business.

In addition, the project qualified as community development through revitalization and stabilization since it was consistent with a planned neighborhood redevelopment by a municipality.

### ***Community Development Investments***

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. The level of qualified community development investments is very poor. During the evaluation period, exclusive of donations, ANB made no qualified community development investments in its Texas MSA AAs. The bank made only one qualified community development donation in its Texas MSA AAs. \$400 was donated in 2011 to the Greater Keller Chamber of Commerce.

### ***Community Development Services***

The level of qualified community development services is very poor. During the evaluation period, very limited community development service activities were provided in the ANB Texas MSA AAs, although the services provided were in leadership roles. A bank officer served for three years as Treasurer and Executive Member of the Keller, Texas Chamber of Commerce. Another officer served for three years as Secretary of the Eagle Mountain Saginaw Rotary Club.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/2012 to 12/31/2013) Community Development Test: (01/08/2009 to 03/10/2014)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
American National Bank, Ardmore, OK	Business/Commercial Loans Home Mortgage Loans Consumer Vehicle Loans Community Development Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Oklahoma AAs (Non-MSA) Texas MSA AAs	Full-Scope Full-Scope	

## Appendix B: Summary of State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State Rating
American National Bank, Ardmore, OK	Satisfactory	Satisfactory	Satisfactory
State of Oklahoma	Satisfactory	Outstanding	Satisfactory
State of Texas	Satisfactory	Satisfactory	Satisfactory