



PUBLIC DISCLOSURE

April 7, 2014

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**American National Bank and Trust Company
Charter Number 9343**

**628 Main Street
Danville, Virginia 24541**

**Office of the Comptroller of the Currency
Roanoke Field Office
4419 Pheasant Ridge Road
Suite 300
Roanoke, Virginia 24014**

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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING	1
DEFINITIONS AND COMMON ABBREVIATIONS	2
DESCRIPTION OF INSTITUTION	6
SCOPE OF THE EVALUATION.....	8
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
STATE RATING	
STATE OF VIRGINIA.....	10
STATE OF NORTH CAROLINA.....	26
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS.....	B-1
APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS.....	C-1
APPENDIX D: TABLES OF PERFORMANCE DATA.....	D-1

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table and supporting indicates the performance level of **American National Bank and Trust Company** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Lending Test

- The institution exhibits a good record of serving the credit needs in its assessment area(s) (AAs), taking into account the number and amount of home mortgage and small business loans in its AAs.
- A high percentage of loans are made in the institutions' AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different size, given the product lines offered by the institution.

Investment Test

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.
- The institution exhibits good responsiveness to credit and community economic development needs.

Service Test

- Service delivery systems are accessible to essentially all its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Bank services do not vary in a way that inconveniences certain portions of its AAs, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The institution provides an adequate level of community development services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the Metropolitan Area (MA)/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a “male householder” and no wife present) or “female householder” (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

American National Bank and Trust Company (ANB) is an interstate financial institution with total assets of \$1.3 billion and Tier 1 Capital of \$145 million as of December 31, 2013. ANB is owned by American National Bankshares Inc. (AMNB), a one-bank holding company headquartered in Danville, Virginia. The bank currently has no other affiliates.

ANB commenced operations in Danville in February 1909, and has grown by expanding its banking network and acquiring other banks and savings and loans associations. It first entered the North Carolina market by acquiring the Yanceyville, North Carolina branch of First South Bank of Burlington, North Carolina in 1996. Asset growth through new branch placement and bank merger and acquisitions has continued. ANB's most recent acquisition was MidCarolina Bank, Burlington, North Carolina in 2011.

ANB's primary markets in Virginia are Danville¹ AA and Martinsville AA. ANB also serves markets in the following cities: Danville, Martinsville, South Boston, Lynchburg, and Bedford, Virginia. Primary markets in North Carolina² are the Burlington AA, and the Greensboro AA, centered in the cities of Burlington and Greensboro. ANB also serves selected markets in Caswell County, North Carolina.

ANB operates 25 full-service branches with 16 in Virginia and 9 in North Carolina. ANB acquired eight of the nine branch offices in Burlington and Greensboro, North Carolina with the consummation of the merger of Mid Carolina Bank in July 2011. The bank operates 31 Automated Teller Machines (ATMs) throughout its seven assessment areas (AAs), with 10 stand-alone ATMs and 21 ATMs located at a branch location. All 31 ATMs offer full services for cash withdrawals, transfers, and balance inquiry. There are 4 stand-alone, deposit-taking ATMs and 5 branch offices with a deposit-taking ATM in the Danville AA. There are two branch offices with a deposit-taking ATM in the Martinsville AA. Lynchburg AA has one branch with a deposit-taking ATM. Burlington AA has two branches with deposit-taking ATMs. Caswell AA has one stand-alone, deposit-taking ATM. During the evaluation period, the bank opened The City of Danville ATM at 311 Memorial Drive on October 11, 2012, when the city requested that the bank operate this ATM. The Moneta Branch was closed on September 9, 2011, after deposit growth, loan volume, and branch traffic declined significantly after the housing bubble burst.

ANB provides a full array of financial products and services, including personal and business banking, trust and investment services and mortgage and insurance services. Electronic banking solutions range from a convenient ATM network and check cards to real-time Online Banking, Online Bill Pay, Mobile Banking and Telephone Banking. The bank has mortgage loan production offices in Roanoke, Virginia and Cary, North Carolina, which offer conventional mortgages to the surrounding market areas. The bank's internet website, <https://www.amnb.com> provides detailed information on products and services for both consumers and businesses.

ANB reported total loans of \$797 million, or 61 percent of total assets as of December 31, 2013. The bank is primarily a real estate lender, with approximately 83 percent of the loan portfolio consisting of real estate secured loans. The primary lending focus is residential mortgage loans. The table below depicts the loan portfolio by loan product as of December 31, 2013.

¹ See Appendix A-1 for full description of Assessment Areas.

² ibid

Loan Categories as of Review Period Date*		
TYPE OF LOAN	Balance Outstanding (\$000s)	% OF TOTAL LOANS
Non-Farm/Non-Residential	314,328	39.42
1-4 Family Residential	262,474	32.92
Commercial & Industrial	115,947	14.54
Multi-family Residential	46,898	5.88
Construction & Land Development	41,822	5.24
Loans to Individuals	5,966	0.75
Other	5,371	0.67
Farm loans	4,625	0.58
Total	797,431	100.00

*Schedule RC-C Part 1 - Loans and Leases as reported in the Consolidated Reports of Condition and Income as of December 31, 2013.

There are no legal, financial, or other factors impeding ANB’s ability to help meet the credit needs of the assessment areas. ANB was evaluated as an Intermediate Small Bank in its last performance evaluation. ANB was reviewed as an Intermediate Small Bank and received an “Outstanding” rating on its previous performance evaluation, dated February 17, 2011.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. We reviewed residential mortgage loans subject to filing under HMDA and small loans to businesses in evaluating the bank's lending performance. We did not consider small loans to farms and multi-family lending in assessing the bank's performance under the Lending Test because loan volumes were not significant enough to perform a meaningful analysis. The bank did not provide optional consumer loan data for consideration under the Lending Test. Consumer loans do not constitute a substantial majority of the bank's business.

The evaluation period for the Lending Test is January 1, 2012 through December 31, 2013. The evaluation period for the Community Development Loans, Services and Investments Tests is February 22, 2011 through April 7, 2014. Any CRA-related activities falling within those timeframes were considered in arriving at the CRA rating.

Data Integrity

ANB's public lending information is accurate. We tested the accuracy of the bank's publicly filed information for home mortgage and small business lending in October 2013. Testing results validated the effectiveness of the bank's internal processes for collecting, validating, and filing reportable loan data.

We also verified community development loans, investments, and services submitted by bank management to ensure they met the regulatory definition and purpose test for community development. As a result of our analysis, those items that did not meet the definition were not given consideration in our evaluation process.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of AAs within that state was selected for full-scope reviews. Please refer to the "Scope" section under each *State Rating* for details regarding how the areas were selected. Every multistate metropolitan area in which the bank has branches in more than one state received a full-scope review.

Ratings

The bank's overall rating is a blend of state ratings for the State of Virginia and the State of North Carolina. The State of Virginia Rating weighed most heavily in arriving at the overall bank rating due to a substantial majority of deposits and loans being from this rating area. The State of North Carolina Rating had lesser impact on the overall bank rating because a smaller percentage of deposits and loans are from this state. No low- or moderate-income areas were arbitrarily excluded and the AAs do not reflect illegal discrimination.

The ratings for the States of Virginia and North Carolina are based primarily on those areas that received full-scope reviews. Please refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state ratings.

Lending to small businesses was weighted slightly higher than residential lending in arriving at conclusions for the Lending Test due to loan volumes over the evaluation period. The analysis of performance under the Investment Test equally considered investment and donation/grant activity. Accessibility to branches, as well as branch hours and services provided, received more weight than community development services in determining Service Test conclusions.

Fair Lending or Other Illegal Credit Practices Review

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

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

State Rating

State of Virginia

CRA Rating for Virginia³:	High Satisfactory
The Lending Test is rated:	High Satisfactory
The Investment Test is rated:	High Satisfactory
The Service Test is rated:	High Satisfactory

The major factors that support this rating include:

Lending Test

- The bank exhibited good responsiveness to credit needs in its AAs, taking into account the number and amount of home mortgage, small business and small farm in its AAs.
- A substantial majority of ANB’s loans are made in their AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different size, given the product lines offered by the institution.

Investment Test

- ANB has a significant level of qualified investments in the Danville AA⁴, occasionally in a leadership position.
- ANB has a significant level of qualified investments that benefit a broader statewide area that includes the AA.
- ANB investments exhibit good responsiveness to credit and community development needs.

Service Test

- Service delivery systems are reasonably accessible to essentially all its geographies, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- ANB’s opening and closing branches did not adversely affect the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- ANB’s services do not vary in a way that inconveniences certain portions of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- ANB provided a relatively high level of community development services in the Danville AA during the evaluation period.

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

⁴ See Appendix A-1 for description of each AA.

Description of Institution's Operations in Virginia

A substantial majority of the bank's operations are within Virginia. Sixty-six percent of the AA deposits and 63 percent of the AA number of reported loans are from Virginia. The two most significant AAs in Virginia, in terms of loans and deposits, are the Danville and Martinsville AA⁵, both of which received a full-scope review. The Danville AA accounts for 73 percent of rated area deposits and 43 percent of rated area loans. The Martinsville AA accounts for 15 percent of rated area deposits and 38 percent of rated area loans.

Major bank competitors in both AAs include Carter Bank & Trust (a \$4 billion community bank), Branch Banking and Trust (BB&T), and Sun Trust Bank. The Deposit Market Share Report generated by the FDIC as of June 30, 2013, reported ANB ranked second out of nine institutions in Deposit Market Share in the Danville AA and fifth out of 11 institutions in Deposit Market Share in the Martinsville AA. Competition from non-financial institution mortgage and small business lenders is strong.

The Virginia economy has suffered the ill effects of a shift away from the historically dominant textile, furniture manufacturing, and tobacco products industries. As the economic importance of these industries declined in the U.S., businesses closed, jobs were lost, and many industrial properties were left idle. High paying jobs have, to a significant degree, been replaced by generally lower-paying service and retail jobs. The effects of these changes have been a weakened economy, and pockets of high unemployment. Southwestern Virginia continues to experience poverty and unemployment rates higher than the state and national averages.

Please refer to the market profiles for the State of Virginia in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Virginia

The Danville AA and Martinsville AA received full-scope reviews. These two AAs had the highest percentages of loans and deposits in the state. Ratings for Virginia are based primarily on results of those areas that received full-scope reviews. Please refer to Table 1 Lending Volume in the Virginia section of Appendix D for more information. The Lynchburg⁶ and Nelson County⁷ AAs received limited-scope reviews.

To assist in determining credit needs and services in the Danville AA, we contacted an employee with the Small Business Development Center. Please refer to the market profiles for the State of Virginia in Appendix C for detailed demographics, results of the community contact and other performance context information for assessment areas that received full-scope reviews. Information obtained from the contact was considered in our evaluation of the bank's performance of meeting the credit needs of the AAs.

⁵ Ibid

⁶ Ibid

⁷ Ibid

LENDING TEST

The distribution of loans by income level of the borrower received greater consideration than the distribution of loans by income level of the geography. This is due to a relatively limited number of low- and moderate-income tracts in the full-scope AAs. There is one low-income census tract in the Danville AA, or 3.1 percent of the total 32 tracts in the AA; and five of total tracts, or 15.6 percent, are designated as moderate-income census tracts. Martinsville AA does not have low-income census tracts; and 10 of the 28 total tracts, or 35.7 percent, are designated as moderate-income census tracts. A majority of low- and moderate-income families live in middle-income tracts in each of these AAs.

CONCLUSIONS FOR AREAS RECEIVING FULL-SCOPE REVIEWS

The bank's performance under the lending test in Virginia is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Danville AA is good and in the Martinsville AA is good.

Lending Activity

Please refer to Table 1 Lending Volume in the State of Virginia section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect good responsiveness to meeting the credit needs of the AA given ANB's capacity and resource constraints during most of the evaluation period. In evaluating performance in the full-scope areas and determining the overall lending test rating, we considered the bank's financial condition and capacity to lend during parts of the evaluation period.

Performance relative to market share was considered for the review period January 1 through December 31, 2012. Market share data for the period January 1 through December 31, 2013 was not available.

Danville AA

Overall lending levels in the Danville AA reflect good responsiveness to meeting AA credit needs.

ANB has seven branches and 48.8 percent of its deposits in the Danville AA. The bank ranked 2nd in deposits with 29.3 percent market share as of June 30, 2013. There are nine financial institutions with banking offices throughout the AA.

Based on 2012 HMDA Peer Mortgage Data, ANB ranked third for home purchase loans, 3rd for home improvement loans, and eighth for home mortgage refinance loans with respective market shares of 8.9 percent, 11 percent, and 3.3 percent. Residential lending market shares reflect strong competition with more than 100 residential lenders in the assessment area, most of which are not financial institutions.

Based on 2012 Peer Small Business Data, ANB ranked 3rd in making small loans to businesses with an 8.1 percent market share. There are 30 lenders making small loans to businesses in this AA (businesses with less than \$1 million in gross annual revenue).

Martinsville AA

Overall lending levels in the Martinsville AA reflect good responsiveness to meeting AA credit needs.

ANB has four branches and 10.2 percent of its deposits in the Martinsville AA. The bank ranked 5th in deposits with 5.6 percent market share as of June 30, 2013. There are eleven financial institutions with banking offices throughout the AA.

Based on 2012 HMDA Peer Mortgage Data, ANB ranked 4th for home purchase loans, 5th for home improvement loans, and 9th for home mortgage refinance loans with respective market shares of 9.2 percent, 3.3 percent, and 2.3 percent. Residential lending market shares reflect strong competition with more than 100 residential lenders in the assessment area, most of which are not financial institutions.

Based on 2012 Peer Small Business Data, ANB ranked 3rd in making small loans to businesses with a 9.4 percent market share. There are 29 lenders making small loans to businesses in this AA.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans by income level was good. The geographic distribution of ANB's home mortgage loans reflects good penetration throughout the low- and moderate-income census tracts for the full scope AAs. The geographic distribution of ANB's small loans to businesses reflects excellent penetration throughout the low- and moderate-income census tracts for the full scope AAs. No unexplained conspicuous gaps were identified. A high percentage of the bank's loan originations were in their AA.

We considered the demographic characteristics of low- and moderate-income geographies in evaluating geographic distribution of mortgage loans in the Danville AA. We noted that opportunities to lend in low-income geographies were limited. Owner-occupied units located in low-income census tracts comprised only 0.4 percent of total units in this AA.

There are no low-income census geographies in the Martinsville AA. Therefore, the evaluation of geographic loan distribution in this AA reflects performance in the ten moderate-income geographies in the AA.

Home Mortgage Loans

The geographic distribution of ANB's home mortgage loans reflects overall good penetration throughout the full scope AA census tracts.

Please refer to Tables 2, 3, 4, and 5 in the State of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations or purchases.

Danville AA

The overall geographic distribution of home mortgage loans in this AA is good. Of the home mortgage loan products, home purchase loans received more weight than home mortgage refinance loans, followed by home improvement loans and multi-family unit loans. Fifty-three percent of home mortgage loans were for home purchase loans and 32 percent of the AA loans were for home refinance loans. Home improvement loans accounted for 14 percent of the total home mortgage loans. Multi-family dwelling units represented less than one percent of the bank's home mortgage lending activity in the AA; therefore, a geographic analysis of multifamily loans is not meaningful.

The geographic distribution of home purchase loans is good. The percentage of loans to borrowers living in low-income geographies is somewhat lower than the percentage of owner-occupied units within these geographies. The market share for borrowers living in low-income geographies is lower than the overall market share. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

The geographic distribution of home improvement loans is good. The percentage of loans to borrowers living in low-income geographies is somewhat lower than the percentage of owner-occupied units in these geographies. The market share for borrowers in low-income geographies is lower than the overall market share. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies is somewhat lower than the overall market share.

The geographic distribution of home mortgage refinance loans is adequate. The percentage of loans to borrowers living in low-income geographies is somewhat lower than the percentage of owner-occupied units within these geographies. The market share for borrowers living in low-income geographies is lower than the overall market share. The percentage of loans to borrowers living in moderate-income geographies is somewhat lower than the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

Martinsville AA

The overall geographic distribution of home mortgage loans in this AA is adequate. Of the home mortgage loan products, home purchase loans received more weight than home mortgage refinance loans and home improvement loans. Sixty-three percent of the AA loans were for home purchase loans. Home mortgage refinance loans accounted for 29 percent of the total home mortgage loans and 5 percent of loans were for home improvement loans. Multi-family dwelling units represented 3 percent of the bank's home mortgage lending activity in the AA; therefore, a geographic analysis of multifamily loans is not meaningful.

The geographic distribution of home purchase loans is adequate. The percentage of loans to borrowers living in moderate-income geographies is somewhat lower than the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies is near to the overall market share.

The geographic distribution of home improvement loans is excellent. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

The geographic distribution of home mortgage refinance loans is excellent. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

Small Loans to Businesses

The geographic distribution of ANB's small loans to businesses reflects overall good penetration throughout the full scope AA census tracts.

Please refer to Table 6 in the State of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Danville AA

The geographic distribution of small loans to businesses is excellent. The percentage of loans to businesses in low-income geographies exceeds the percentage of businesses in these geographies. The market share for businesses in low-income geographies exceeds the overall market share for small loans to businesses. The percentage of loans to businesses in moderate-income geographies is near to the percentage of businesses in these geographies. The market share for businesses in moderate-income geographies exceeds overall market share.

Martinsville AA

The geographic distribution of small loans to businesses is good. The percentage of loans to businesses in moderate-income geographies is near to the percentage of businesses in these geographies. The market share for businesses in moderate-income geographies exceeds the overall market share.

Lending Gap Analysis

We evaluated the lending distribution in the AAs to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, demographic information, and bank capacity and restraints during the evaluation period. No unexplained conspicuous gaps were identified. This had a positive impact on the bank's geographic distribution of loans.

Inside/Outside Ratio

The analysis of the bank's lending inside and outside the AAs includes originations and purchases only and was performed at the bank level as opposed to the AA level. The information includes bank originations and purchases only. We measured and analyzed residential real estate and business loans

originated by ANB during the evaluation period. ANB's residential real estate loan originations included loans for purposes of home purchase, home improvement, and home refinance. ANB's residential real estate lending was analyzed using the HMDA data it originated, collected and reported during the evaluation period. ANB's business data was analyzed using the CRA data it originated, collected and reported during the evaluation period.

A high percentage of the bank's loan originations were in the combined AAs. Overall, 86 percent of the total number and 84 percent of the total dollar amount of the bank's loan originations were within the AAs. By loan product, 81 percent of the total number and 79 percent of the total dollar amount of home mortgage loans and 91 percent of the total number and 89 percent of the total dollar amount of small loans to businesses were inside the bank's AAs.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of ANB's home mortgage loans and small loans to businesses reflects an overall good distribution among borrowers of different income levels and businesses of different sizes.

Home Mortgage Loans

Please refer to Tables 8, 9 and 10 in the State of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of ANB's home mortgage loans reflects an overall good distribution among borrowers of different income levels. The distribution of home mortgage loans by borrower income level was good.

We considered the following factors in evaluating the bank's performance in lending to low-income borrowers:

- Unemployment rates as of December 31, 2013 in the AAs have impacted economic conditions and may have affected the bank's loan demand. The unemployment rates were 7.4 percent and 6.1 percent in Danville City and Pittsylvania County, respectively for the Danville AA. The unemployment rates as of December 31, 2013 in Halifax County, Henry County, and Martinsville City, Virginia, the Martinsville AA were 8.1 percent, 7.5 percent, and 10.7 percent, respectively.
- Family poverty rates may have impacted lending opportunities among low-income families. Families below poverty may not have financial resources to obtain mortgage loans. According to 2010 Census data, the family poverty rates in Danville AA and in the Martinsville AA were 19.1 percent and the 18.4 percent, respectively.

Danville AA

The overall borrower distribution of home mortgage loans in this AA is good.

The borrower distribution of home purchase loans is good. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The market share for low-income borrowers is near to the overall market share. The percentage of loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is near to the overall market share.

The borrower distribution of home improvement loans is adequate. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The market share for low-income borrowers is lower than the overall market share. The percentage of loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is near to the overall market share.

The borrower distribution of home mortgage refinance loans is good. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The market share for low-income borrowers exceeds the overall market share for home mortgage refinance loans. The percentage of loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is near to the overall market share.

Martinsville AA

The overall borrower distribution of home mortgage loans in this AA is good.

The borrower distribution of home purchase loans is good. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The market share for low-income borrowers is near to the overall market share. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is near to the overall market share.

The borrower distribution of home improvement loans is adequate. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The market share for low-income borrowers is significantly lower than the overall market share. The percentage of loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. Likewise, the market share for moderate-income borrowers exceeds the overall market share.

The borrower distribution of home mortgage refinance loans is good. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The market share for low-income borrowers is lower than the overall market share for home mortgage refinance loans. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The market share for moderate-income borrowers exceeds the overall market share.

Small Loans to Businesses

Please refer to Table 11 in the State of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of ANB's small loans to businesses reflects an overall good distribution among businesses of different sizes.

Danville AA

The borrower distribution of small loans to businesses is good. The percentage of small loans to businesses (businesses with annual revenues \$1 million or less) is near to the percentage of small businesses in the AA. The market share of small loans to businesses exceeds the overall market share. A majority of small loans to businesses are for amounts of \$100,000 or less.

Martinsville AA

The borrower distribution of small loans to businesses is good. The percentage of small loans to businesses (businesses with annual revenues \$1 million or less) is near to the percentage of small businesses in the AA. The market share of small loans to businesses exceeds the overall market share. A majority of small loans to businesses are for amounts of \$100,000 or less.

Community Development Lending

Please refer to Table 1 Lending Volume in the State of Virginia section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on overall performance under the lending test for the Danville AA. ANB originated 16 community development loans totaling \$8.7 million in this AA during the evaluation period. Examples of noteworthy loans include the following:

- One loan in the amount of \$1.1 million to construct a new facility in the Ringgold East Industrial Park in Pittsylvania County. This new facility will create 27 new jobs and revitalize and stabilize the AA.
- Two loans totaling \$3.8 million for rehabilitation of buildings in an Urban Enterprise Zone in Danville, Virginia.
- Two loans totaling \$347 thousand to a local food bank that provides food to low income families in the Danville, Virginia.

Community development lending had a positive impact on overall performance under the lending test for the Martinsville AA. ANB originated eight community development loans totaling \$17.8 million in this AA during the evaluation period. Examples of noteworthy loans include the following:

- One loan in the amount of \$80 thousand to provide funding of 60-unit affordable housing for low- and moderate-income families in Martinsville, VA.
- One loan in the amount of \$7.6 million to refinance a loan for expansion of a manufacturing plant in South Boston, Virginia. This plant expansion will provide the capability of manufacturing small, mid-size, and large transformers. This promotes economic development in Halifax County, Virginia, which reported 8.7 percent unemployment in December 2013.

- One loan in the amount of \$10 million to provide a revolving line of credit to a non-profit organization in Martinsville, Virginia, to fund short-term liquidity needs and investment opportunities which are time sensitive. The organization issues grants to improve health, education and community opportunities through school programs, after school programs, financial literacy, economic development, and economic vitality in Henry County, Virginia.

Product Innovation and Flexibility

Product innovation and flexibility have a positive impact on the ratings for the AAs for the State of Virginia. The bank offers the following products:

Small Business Loans

ANB participates in the U. S. Small Business Administration (SBA) and the Virginia Small Business Financing Authority (VSBFA) guaranteed loan programs to stimulate the development of small businesses. SBA and VSBFA loans are made for a variety of business needs such as working capital, inventory financing, expansion, and seasonal and term lending. During the evaluation period, ANB originated one SBA loan in the amount of \$350 thousand, and two VSBFA loans for the total amount of \$435 thousand.

The bank also participates in the VSBFA's Southside Region Tobacco Capital Access Program which provides access to capital for qualifying businesses that do not meet a bank's normal underwriting guidelines. Proceeds of such loans must be used for an endeavor related to industrial, commercial or other business enterprise within the Southside Tobacco Region. During the evaluation period, ANB originated eight loans in the total amount of \$506 thousand to qualified businesses.

Loan Guaranty Programs

The bank offers the advantage of a guaranty loan program through an agricultural business (farm implement and fertilizer sales) for the benefit of small farmers, who, in many cases, could not otherwise obtain financing to improve or maintain their farming operations. The typically small size of these loans demonstrates the bank's commitment to meet the financial needs for the abundance of small farmers in their AAs. ANB originated 46 guaranty loans for total amount of \$365 thousand.

Secondary Market Mortgages

ANB originates FHA, VA, VHDA⁸, USDA/Rural Housing, and Conventional mortgage loans designed for sale on the secondary market. Through these programs, the bank offers various affordable options for low- to moderate-income and first-time homebuyers. The majority of secondary market mortgages were originated in AAs in Virginia as ANB is better established and well-known in Virginia. ANB originated 178 FHA loans for a total amount of \$22.7 million; 207 USDA/Rural Housing Guarantee Program loans for a total amount of \$24.0 million; 31 VHDA loans

⁸ The Virginia Housing Development Authority is a self-supporting, not-for-profit organization created by the Commonwealth of Virginia in 1972, to help Virginians attain quality affordable housing. ANB uses this program to assist first-time homebuyer. These loans can include a no down payment option on residential mortgages.

for a total amount of \$2.9 million; and 59 VA loans for a total amount of \$9.9 million in AAs in Virginia during the last three years.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Lynchburg AA and the Nelson County AA is not inconsistent with the bank's overall High Satisfactory performance under the lending test in Virginia. Please refer to Tables 1 through 13 in the State of Virginia section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

CONCLUSIONS FOR AREAS RECEIVING FULL-SCOPE REVIEWS

The bank's performance under the investment test in the State of Virginia is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Danville AA is High Satisfactory and in the Martinsville AA is Low Satisfactory.

Please refer to Table 14 in the State of Virginia section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Danville AA

ANB made no qualified investments targeted to the Danville AA during the evaluation period, and had three qualified investments totaling \$825 thousand targeted to this AA from the prior period. The bank's total qualified investments equaled to 0.57 percent of Tier 1 Capital. The qualified investments targeted to the Danville AA were revenue bonds purchased from Danville Virginia Redevelopment & Housing Authority to fund affordable housing projects. In addition, the bank had \$193 thousand in grants and donations to organizations in the AA to 1) support affordable housing for low- to moderate-income persons; 2) support community services targeted to low- to moderate-income persons; and 3) promote economic development in the AA.

Martinsville AA

ANB's level of community development investments was adequate. ANB had no qualified investment purchased during the evaluation period for the AA. ANB seeks new qualified investments that would benefit the communities it serves while accommodating the needs of the bank. ANB had \$43 thousand in grants and donations to organizations in the AA during the evaluation period to 1) support affordable housing for low- to moderate-income persons; 2) support community services targeted to low- to moderate-income persons; and 3) promote economic development in the AA.

Virginia Regional/Statewide Area

ANB made \$7.3 million in qualified investments that benefit the larger regional or statewide area during the evaluation period. The bank had \$5.1 million in prior period investments that carry forward. These investments are revenue bonds to fund affordable housing projects and affordable multi-family housing projects. The \$12.5 million investments were purchased from Virginia Housing & Development Authority to fund affordable housing development within the State of Virginia. These statewide investments equaled to 8.6 percent of Tier 1 Capital. These investments were not allocated to any particular AA since the intended benefits have a regional or statewide reach. These investments had a positive impact on overall performance under the investment test. None of the investments are considered innovative or complex. The responsiveness to the credit and community development needs of the AA was good.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Lynchburg AA and the Nelson County AA is not inconsistent with the bank's overall high satisfactory performance under the investment test in the State of Virginia. Please refer to the Table 14 in the State of Virginia section of Appendix D for the facts and data that support these conclusions. The bank's performance in the limited-scope areas had a neutral impact on the lending test conclusions.

SERVICE TEST

CONCLUSIONS FOR AREAS RECEIVING FULL-SCOPE REVIEWS

The bank's performance under the service test in Virginia is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Danville AA and Martinsville AA is good.

Retail Banking Services

Please refer to Table 15 in the State of Virginia section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Danville AA

Service delivery systems are reasonably accessible to essentially all portions of the AA, particularly to low- or moderate-income geographies and to low- or moderate-income individuals. The bank operates seven full-service branch offices in the AA with non-deposit taking ATMs located at two branch offices, one of which is located in a low-income census tract. The bank also operates deposit-taking ATMs at five branch offices. In addition, the bank operates three stand-alone non-deposit taking ATMs, one of which is located in a low-income census tract. The bank also operates four stand-alone deposit taking ATMs in the AA. The percentage of branches in low-income tracts exceeds the percentage of the population living in these tracts. The percentage of branches in moderate-income tracts is significantly lower than the percentage of the population living in these tracts.

Although ANB does not have any branches located in moderate-income geographies, the bank's distribution of branches in other census tracts are reasonably accessible to moderate-income population. The bank's services do not vary in a way that inconveniences certain portions of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at the Mount Cross Road location, an upper-income census tract. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. Further, ANB offers telephone banking, online banking with bill pay, and mobile banking. Since ANB could not provide specific information on how low- and moderate-income individuals have benefited from these alternative delivery services, no weight was placed on these alternative delivery systems.

To the extent changes have been made ANB's opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. ANB did not open or close any branches in this AA during the evaluation period. ANB opened a stand-alone, nondeposit-taking ATM location in a low-income census tract during this evaluation period.

Martinsville AA

Service delivery systems are reasonably accessible in all portions of the AA, particularly to low- or moderate-income geographies and to low- or moderate-income individuals. The bank operates four full service branch offices in the AA with non-deposit taking ATMs located at each branch office. In addition, the bank operates one stand-alone non-deposit taking ATMs, which is located in a moderate-income census tract. The AA has no low-income tracts.

The percentage of branches in moderate-income tracts exceeds the percentage of the population living in these tracts. The bank's services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Saturday at the Collinsville office, which is located in a moderate-income census tract; and the Ridgeway office, which is located in a middle-income census tract. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. Further, ANB offers telephone banking, online banking with bill pay, and mobile banking. Since ANB could not provide specific information on how low- and moderate-income individuals have benefited from these alternative delivery services, no weight was placed on these alternative delivery systems.

To the extent changes have been made ANB's opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank closed one ATM location in a moderate-income census tract and opened no branches during the evaluation period.

Community Development Services

Danville AA

During the evaluation period, 17 officers and employees provided technical services and support to 29 qualified community development organizations. This represents good responsiveness to community needs.

A significant portion of the bank's community development services were devoted to financial educational activities for children, in partnership with several schools in the low- and moderate-income census tracts in the AA. Two notable activities were "Teach Children to Save" and "EverFi Financial Literacy Program." "Teach Children to Save" is a national campaign that raises awareness about the important role that banks and bankers play in helping young people develop lifelong savings habits. "EverFi Financial Literacy Program" is an online platform that aligns with Virginia Standards of Learning and uses the latest in media technology to teach, assess and train high school students in more than 600 core concepts of personal finance. Through exploration of real life situations, students are able to absorb financial lessons.

Martinsville AA

During the evaluation period, seven officers and employees provided technical services and support to 14 qualified community development organizations. As in the Danville AA, several of ANB's employees participated in the "Teach Children to Save" initiative and "EverFi Financial Literacy Program." This represents good responsiveness to community needs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Lynchburg AA and the Nelson County AA is not inconsistent with the bank's overall High Satisfactory performance under the service test in Virginia. Please refer to Table 15 in the State of Virginia section of Appendix D for the facts and data that support these conclusions.

State Rating

State of North Carolina

CRA Rating for North Carolina⁹:	High Satisfactory
The Lending Test is rated:	High Satisfactory
The Investment Test is rated:	Low Satisfactory
The Service Test is rated:	Low Satisfactory

The major factors that support this rating include:

Lending Test

- The bank exhibited good responsiveness to credit needs in its AAs, taking into account the number and amount of home mortgages, small businesses and small farms in its assessment areas.
- A majority of ANB's loans are made in their AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different size, given the product lines offered by the institution.

Investment Test

- ANB has an adequate level of qualified investments in a broader statewide area that includes the bank's AAs.
- ANB investments exhibit adequate responsiveness to credit and community development needs.

Service Test

- ANB's service delivery systems are reasonably accessible to essentially portions of all its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- ANB's opening and closing branches did not adversely affect the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- ANB's services do not vary in a way that inconveniences certain portions of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- ANB provided an adequate level of community development services in the during the evaluation period.

⁹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Please refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Description of Institution's Operations in North Carolina

A smaller percentage of the bank's operations are in North Carolina. The two most significant AAs in North Carolina, in terms of loans and deposits, are the Burlington AA¹⁰ and the Greensboro AA¹¹. Thirty-four percent of the AA deposits and 37 percent of the AA number of reported loans are originated in North Carolina AAs. The Burlington AA accounts for 76 percent of rated area deposits and 56 percent of rated area loans in North Carolina. The Greensboro AA accounts for 18 percent of rated area deposits and 39 percent of rated area loans in North Carolina.

Major bank competitors include Wells Fargo (\$1.3 trillion multi-national bank), Capital Bank, N.A. (\$7 billion bank), BB&T, and Sun Trust Bank. The Deposit Market Share Report, generated by the FDIC as of June 30, 2013, ranked ANB third out of 17 institutions in the Burlington AA and fifteenth out of 21 institutions in the Greensboro AA. Competition from non-financial institution mortgage and small business lenders is strong.

The acquisition of MidCarolina Bank on July 1, 2011, expanded the bank's North Carolina presence into the Burlington and Greensboro areas, and brings established relationships with a number of economic development organizations, such as Downtown Greensboro and The Carolina Corridor. The community-oriented employees who manage and work in the Alamance and Guilford County offices afford the bank opportunity to pursue even more opportunities in this market.

Please refer to the market profiles for the State of North Carolina in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in North Carolina

The Burlington AA and the Greensboro AA received full-scope reviews. These two AAs had the highest percentages of loans and deposits in the state. Ratings for North Carolina are based primarily on results of those areas that received full-scope reviews. We performed a Limited-Scope review for the Caswell AA¹². No low- or moderate-income areas were arbitrarily excluded and the AAs do not reflect illegal discrimination.

Please refer to Table 1 Lending Volume in the North Carolina section of Appendix D for more information.

We completed a community contact for North Carolina AAs in our review. Please refer to the market profiles for the State of North Carolina in Appendix C for detailed demographics, results of the community contact and other performance context information for assessment areas that received full-scope reviews. We contacted a representative with the Community Investment Corporation of the Carolinas (CICCAR)¹³. Information obtained from the contact was considered in our evaluation of the bank's performance of meeting the credit needs of the AAs.

¹⁰ See Appendix A-1 for description of each AA.

¹¹ Ibid

¹² Ibid

¹³ CICCAR is an affordable housing loan consortium with over 100 bank members. The consortium has provided over \$250 million in permanent debt financing for over 310 workforce apartment communities, providing housing for over 15,100 households located throughout North Carolina, South Carolina, and Virginia. These developments house families, seniors, and persons with disabilities that earn no more than 60% of the area median income and residents pay no more than 30% of their income for housing.

LENDING TEST

The distribution of loans by income level of the borrower received greater consideration than the distribution of loans by income level of the geography. This is due to a relatively limited number of low- and moderate-income tracts in the full-scope AAs. There are no low-income census tracts in the Burlington AA and 7 of 36 total tracts, or 19.4 percent, are designated as moderate-income census tracts. The Greensboro AA has 13 low-income census tracts, or 10.9 percent, and 24 moderate-income census tracts, or 20.2 percent of the total 119 census tracts in the AA.

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in North Carolina is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Burlington AA is good and in the Greensboro AA is good.

Lending Activity

Please refer to Table 1 Lending Volume in the State of North Carolina section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect good responsiveness to meeting the credit needs of the AA given ANB's capacity and resource constraints during most of the evaluation period. In evaluating performance in the full-scope areas and determining the overall lending test rating, we considered the bank's financial condition and capacity to lend during parts of the evaluation period.

Performance relative to market share was considered for the period January 1 through December 31, 2012. Market share data for the period January 1 through December 31, 2013 was not available.

Burlington AA

Overall lending levels in the Burlington AA reflect good responsiveness to meeting AA credit needs.

ANB has six branches and 25.4 percent of its deposits in the Burlington AA. The bank ranked 3rd in deposits with 13.9 percent market share as of June 30, 2013. There are 17 financial institutions with banking offices throughout the AA.

Based on 2012 HMDA Peer Mortgage Data, ANB ranked 25th for home purchase loans, 23rd for home improvement loans, and 16th for home mortgage refinance loans with respective market shares of 0.61 percent, 0.82 percent, and 1.6 percent. Residential lending market shares reflect strong competition with more than 200 residential lenders in the assessment area, most of which are not financial institutions.

Based on 2012 Peer Small Business Data, ANB ranked 7th in making small loans to businesses with 5.2 percent market share. There are 43 lenders making small loans to businesses in this AA (businesses with less than \$1 million in gross annual revenue).

Greensboro AA

Overall lending levels in the Greensboro AA reflect good responsiveness to meeting AA credit needs.

ANB has two branches and 6.1 percent of its deposits in the Greensboro AA. The bank ranked 15th in deposits with 0.81 percent deposit market share as of June 30, 2013. There are 21 financial institutions with banking offices throughout the AA.

Based on 2012 HMDA Peer Mortgage Data, ANB ranked 48th for home purchase loans, 46th for home improvement loans, and 55th for home mortgage refinance loans with respective market shares of 0.31 percent, 0.29 percent, and 0.22 percent. Residential lending market shares reflect strong competition with more than 300 residential lenders in the assessment area, most of which are not financial institutions.

Based on 2012 Peer Small Business Data, ANB ranked 22nd in making small loans to businesses with 0.67 percent market share. There are 64 lenders making small loans to businesses in this AA.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans reflects good penetration throughout the AAs. The geographic distribution of ANB's home mortgage loans reflects good penetration throughout the low- and moderate-income census tracts for the full scope AAs. The geographic distribution of ANB's small loans to businesses reflects good penetration throughout the low- and moderate-income census tracts for the full scope AAs. No unexplained conspicuous gaps were identified. A high percentage of the bank's loan originations were in their AA.

We considered the demographic characteristics of low- and moderate-income geographies in evaluating geographic distribution of mortgage loans in the Greensboro AA.

There are no low-income census geographies in the Burlington AA. Therefore, the evaluation of geographic loan distribution in this AA reflects performance in the seven moderate-income geographies in the AA.

Home Mortgage Loans

The geographic distribution of ANB's home mortgage loans reflects overall good penetration throughout the full scope AA census tracts.

Please refer to Tables 2, 3, 4, and 5 in the State of North Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations or purchases.

Burlington AA

The overall geographic distribution of home mortgage loans in this AA is good. Of the home mortgage loan products, home mortgage refinance loans received more weight than home purchase loans, followed by multi-family unit loans and home improvement loans. Seventy-three percent of home mortgage loans were for home mortgage refinance loans and 16 percent of the AA loans were for home purchase loans. Home improvement loans accounted for 1 percent of the total home mortgage loans.

Multi-family dwelling units represented 10 percent of the bank's home mortgage lending activity in the AA; therefore, a geographic analysis of multifamily loans is not meaningful.

The geographic distribution of home purchase loans is poor. The percentage of loans to borrowers living in moderate-income geographies is significantly below the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies is significantly below the overall market share.

The geographic distribution of home improvement loans is excellent. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

The geographic distribution of home mortgage refinance loans is excellent. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

Greensboro AA

The overall geographic distribution of home mortgage loans in this AA is good. Of the home mortgage loan products, home mortgage refinance loans received the greatest weight, followed by home purchase loans, multi-family unit loans, and home improvement loans. Fifty-eight percent of loans were for home mortgage refinance, 34 percent of the loans were for home purchase, and 3 percent of loans were for home improvement. Multi-family dwelling units represented five percent of the bank's home mortgage lending activity in the AA; therefore, a geographic analysis of multifamily loans is not meaningful.

The geographic distribution of home purchase loans is excellent. The percentage of loans to borrowers living in low-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers living in low-income geographies exceeds the overall market share. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

The geographic distribution of home improvement loans is good. The percentage of loans to borrowers living in low-income geographies is somewhat lower than the percentage of owner-occupied units within these geographies. The market share for borrowers living in low-income geographies is somewhat lower than the overall market share. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. Likewise, the market share for borrowers in moderate-income geographies exceeds the overall market share.

The geographic distribution of home mortgage refinance loans is excellent. The percentage of loans to borrowers living in low-income geographies exceeds the percentage of owner-occupied units in these geographies. The market share for borrowers in low-income geographies exceeds the overall market share. The percentage of loans to borrowers living in moderate-income geographies exceeds the percentage of owner-occupied units within these geographies. The market share for borrowers in moderate-income geographies exceeds the overall market share.

Small Loans to Businesses

The geographic distribution of ANB's small loans to businesses reflects overall good penetration throughout the full scope AA census tracts.

Please refer to Table 6 in the State of North Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Burlington AA

The geographic distribution of small loans to businesses is adequate. The percentage of loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses in these geographies. The market share for businesses in moderate-income geographies is somewhat lower than the overall market share.

Greensboro AA

The geographic distribution of small loans to businesses is good. The percentage of loans to businesses in low-income geographies is lower than the percentage of businesses in these geographies. The market share for businesses in low-income geographies is lower than the overall market share for small loans to businesses. The percentage of loans to businesses in moderate-income geographies exceeds the percentage of businesses in these geographies. The market share for businesses in moderate-income geographies exceeds overall market share.

Lending Gap Analysis

We evaluated the lending distribution in the AAs to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AAs. We considered loan distributions, branch locations, competition, market conditions, demographic information, and bank capacity and restraints during the evaluation period. No unexplained conspicuous gaps were identified. This had a positive impact on the bank's geographic distribution of loans.

Inside/Outside Ratio

The analysis of the bank's lending inside and outside the AAs includes originations and purchases only and was performed at the bank level as opposed to the AA level. The information includes bank originations and purchases only. We measured and analyzed residential real estate and business loans originated by ANB during the evaluation period. ANB's residential real estate loan originations included loans for purposes of home purchase, home improvement, and home refinance. ANB's residential real estate lending was analyzed using the HMDA data it originated, collected and reported during the evaluation period. ANB's business data was analyzed using the CRA data it originated, collected and reported during the evaluation period.

A high percentage of the bank's loan originations were in the combined AAs. Overall, 86 percent of the total number and 84 percent of the total dollar amount of the bank's loan originations were within the AAs. By loan product, 81 percent of the total number and 79 percent of the total dollar amount of home

mortgage loans and 91 percent of the total number and 89 percent of the total dollar amount of small loans to businesses were inside the bank's AAs.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of ANB's home mortgage loans and small loans to businesses reflects an overall good distribution among borrowers of different income levels and businesses of different sizes.

Home Mortgage Loans

Please refer to Tables 8, 9 and 10 in the State of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of ANB's home mortgage loans reflects an overall good distribution among borrowers of different income levels. The distribution of home mortgage loans by borrower income level was good.

We considered the following factors in evaluating the bank's performance in lending to low-income borrowers:

- Unemployment rates in the AAs have impacted economic conditions and may have affected the bank's loan demand. The unemployment rate as of December 31, 2013 for Burlington AA (Alamance County) was 6.4 percent and 6.9 percent in Greensboro AA.
- Family poverty rates may have impacted lending opportunities among low-income families. Families below poverty may not have financial resources to obtain mortgage loans. According to 2010 Census data, the family poverty rates in Burlington AA and in the Greensboro AA were 15.2 percent and the 14.3 percent, respectively.

Burlington AA

The overall borrower distribution of home mortgage loans in this AA is adequate.

The borrower distribution of home purchase loans is adequate. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The market share for low-income borrowers is lower than the overall market share. The percentage of loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is lower than overall market share.

The borrower distribution of home improvement loans is good. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The market share for low-income borrowers is lower than the overall market share. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. Likewise, the market share for moderate-income borrowers exceeds the overall market share.

The borrower distribution of home mortgage refinance loans is adequate. The percentage of loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The market share for low-income borrowers is somewhat lower than the overall market share for home mortgage refinance loans. The percentage of loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is somewhat lower than the overall market share.

Greensboro AA

The overall borrower distribution of home mortgage loans in this AA is adequate. The borrower distribution of home purchase loans is good. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The market share for low-income borrowers is near to the overall market share. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is near to the overall market share.

The borrower distribution of home improvement loans is good. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The market share for low-income borrowers is somewhat lower than the overall market share. The percentage of loans to moderate-income borrowers is exceeds the percentage of moderate-income families in the AA. Likewise, the market share for moderate-income borrowers exceeds the overall market share.

The borrower distribution of home mortgage refinance loans is poor. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The market share for low-income borrowers is somewhat lower than the overall market share for home mortgage refinance loans. The percentage of loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is somewhat lower than the overall market share.

Small Loans to Businesses

Please refer to Table 11 in the State of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of ANB's small loans to businesses reflects an overall excellent distribution among businesses of different sizes.

Burlington AA

The borrower distribution of small loans to businesses is excellent. The percentage of small loans to businesses (businesses with annual revenues \$1 million or less) is near to the percentage of small businesses in the AA. The market share of small loans to businesses exceeds the overall market share. A majority of small loans to businesses are for amounts of \$100,000 or less.

Greensboro AA

The borrower distribution of small loans to businesses is excellent. The percentage of small loans to businesses (businesses with annual revenues \$1 million or less) is near to the percentage of small

businesses in the AA. The market share of small loans to businesses exceeds the overall market share. A majority of small loans to businesses are for amounts of \$100,000 or less.

Community Development Lending

Please refer to Table 1 Lending Volume in the State of North Carolina section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on overall performance under the lending test for the Burlington AA. ANB originated six community development loans totaling \$873 thousand in this AA during the evaluation period. Examples of noteworthy loans include the following:

- One loan in the total amount of \$100 thousand to a local food bank that provides food to low-income families.
- One loan in the total amount of \$550 thousand to a local church in the AA to fund the purchase of a 20-unit apartment complex to provide affordable housing for low- to moderate-income families a moderate-income census tract in Burlington, NC.
- Two loans in the total amount of \$112 thousand to the same local church mentioned above in the AA to fund the purchase of single-family rental houses to provide affordable housing for low- to moderate-income families a moderate-income census tract in Burlington, NC.

Community development lending had a neutral impact on the overall performance under the lending test for the Greensboro AA. ANB originated one community development loan totaling \$70 thousand in this AA during the evaluation period. The loan was made to a non-profit day health program that assists adults with multiple or severe developmental disabilities.

North Carolina Regional Statewide Area

ANB also reported CD loans originated in areas outside its immediate AA that indirectly benefitted the bank's AA in North Carolina. The bank participates in the CICCER whose sole purpose is to provide long term, permanent financing for the development of low-moderate income multi-family and elderly housing. In May 2007, CICCER (formerly Community Investment Corporation of North Carolina) expanded into South Carolina, in addition to servicing all of North Carolina's 100 counties and urban communities. ANB chooses specific projects that benefit communities in or near our assessment areas, and since 2006, has made commitments and/or funded six such projects in North Carolina and Virginia. The bank currently has five outstanding CICCER participation loans outstanding and one unfunded commitment as of April 1, 2014.

Product Innovation and Flexibility

Product innovation and flexibility have a positive impact on the ratings for the AAs for the State of North Carolina. The bank offers the following product:

Secondary Market Mortgages

ANB originates FHA, VA, VHDA, USDA/Rural Housing, and Conventional mortgage loans designed for sale on the secondary market. Through these programs, the bank offers various affordable options for low- to moderate-income and first-time homebuyers. The majority of secondary market mortgages were originated in AAs in Virginia as ANB is better established and well-known in Virginia. Lending in North Carolina grew during the evaluation period from 9 secondary market mortgages in 2011 to 19 such mortgages in 2012 to 21 mortgages in 2013. ANB originated 28 FHA loans for a total amount of \$4.0 million; 17 USDA/Rural Housing Guarantee Program loans for a total amount of \$2.1 million; and 6 VA loans for a total amount of \$1.1 million in AAs in North Carolina during the last three years.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Caswell AA is not inconsistent with the bank's overall High Satisfactory performance under the lending test in North Carolina. Please refer to Tables 1 through 13 in the State of North Carolina section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

CONCLUSIONS FOR AREAS RECEIVING FULL-SCOPE REVIEWS

The bank's performance under the investment test in North Carolina is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Burlington AA is adequate and in the Greensboro AA is adequate.

Please refer to Table 14 in the State of North Carolina section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Burlington AA

ANB's level of community development investments was adequate. ANB had no qualified investment purchased during the evaluation period for the AA. ANB seeks new qualified investments that would benefit the communities it serves while accommodating the needs of the bank. ANB had \$58 thousand in grants and donations to organizations in the AA during the evaluation period to support community services targeted to low- to moderate-income persons and to promote economic development in the AA.

Greensboro AA

ANB's level of community development investments was adequate. ANB had no qualified investment purchased during the evaluation period for the AA. As mentioned previously, ANB seeks new qualified investments that would benefit the communities it serves while accommodating the needs of the bank. ANB had \$29 thousand in grants and donations to organizations in the AA during the evaluation period to support community services targeted to low- to moderate-income persons and to promote economic development in the AA.

North Carolina Regional/Statewide Area

ANB made \$1.6 million qualified investments that benefit the larger regional or statewide area during the evaluation period. These investments equaled to 1 percent of Tier 1 Capital. The bank had no prior period investments. This investment was a revenue bond supporting the singular mission of providing home financing to low- and moderate-income persons as well as homeownership programs that provide low-interest-rate mortgages for first-time home buyers and veterans. This investment was not allocated to any particular AA since the intended benefits have a regional or statewide reach. This investment had a positive impact on overall performance under the investment test. The investment is not considered innovative or complex. The responsiveness to the credit and community development needs of the AA was adequate.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Caswell AA is not inconsistent with the bank's overall Low Satisfactory performance under the investment test in North Carolina. Please refer to Table 14 in the State of North Carolina section of Appendix D for the facts and data that support these conclusions.

SERVICE TEST

CONCLUSIONS FOR AREAS RECEIVING FULL-SCOPE REVIEWS

The bank's performance under the service test in North Carolina is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Burlington AA is adequate and in the Greensboro AA is good.

Retail Banking Services

Please refer to Table 15 in the State of North Carolina section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Burlington AA

Service delivery systems are reasonably accessible to essentially all portions of the AA, particularly to moderate-income geographies and to low- or moderate-income individuals. The bank operates six full service branch offices in the AA with non-deposit taking ATMs located at five branch offices and one deposit taking ATM located at a branch office located in an upper-income. The percentage of branches in moderate-income tracts is near to the percentage of the population living in these tracts.

ANB has one branch located in a moderate-income geography and the bank's distribution of branches in other census tracts are accessible to the moderate-income population. The bank's services do not vary in a way that inconveniences certain portions of the AA, particularly moderate-income geographies and low- and moderate-income individuals.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at the two Church Street locations, one is located in a moderate-income census tract and the other is located in an upper-income census tract. Additional drive-through hours are available on Saturdays at the Church Street location in the upper-income census tract. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. Further, ANB offers telephone banking, online banking with bill pay, and mobile banking. Since ANB could not provide specific information on how low- and moderate-income individuals have benefited from these alternative delivery services, no weight was placed on these alternative delivery systems.

ANB did not open or close any branches in this AA during the evaluation period. This had a neutral impact on the accessibility of the bank's delivery systems.

Greensboro AA

Service delivery systems are reasonably accessible to essentially all portions of the AA, particularly to low- or moderate-income geographies and to low- or moderate-income individuals. The bank operates two full service branch offices in the AA with non-deposit taking ATMs located at each branch office. The percentage of branches in low-income tracts is below the percentage of the population living in these tracts. The percentage of branches in moderate-income tracts exceeds the percentage of the population living in these tracts.

ANB has one branch located in a moderate-income geography and the bank's distribution of branches in other census tracts are reasonably accessible to the moderate-income population. The bank's services do not vary in way that inconveniences certain portions of the AA, particularly to low- or moderate-income geographies and low- or moderate-income individuals.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at the West Friendly Avenue branch. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. Further, ANB offers telephone banking, online banking with bill pay, and mobile banking. Since ANB could not provide specific information on how low- and moderate-income individuals have benefited from these alternative delivery services, no weight was placed on these alternative delivery systems.

ANB did not open or close any branches in this AA during the evaluation period. This had a neutral impact on the accessibility of the bank's delivery systems.

Community Development Services

Burlington AA

During the evaluation period, three officers and employees provided technical services and support to six qualified community development organizations. These included service on Boards of Directors and committees for organizations that develop affordable housing and provide community services for low- and moderate-income individuals and geographies. This represents adequate responsiveness to community needs.

Greensboro AA

During the evaluation period, five officers and employees provided technical services and support to twelve qualified community development organizations. These included service on Boards of Directors and committees for organizations that develop affordable housing and provide community services for low- and moderate-income individuals and geographies. This represents good responsiveness to community needs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Caswell AA is not inconsistent with the bank's overall Low Satisfactory performance under the service test in North Carolina. Please refer to Table 15 in the State of North Carolina section of Appendix D for the facts and data that support these conclusions.

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”).

Time Period Reviewed	Lending Test (excludes CD loans): (1/1/2012 to 12/31/2013) Investment and Service Tests and CD Loans: (2/7/2011 to 4/7/2014)		
Financial Institution	Products Reviewed		
American National Bank and Trust (ANB) Danville, Virginia	Home Mortgage Lending (Including Home Purchases, Home Improvements, and Home Refinances), Small Loans to Businesses		
Affiliate(s)	Affiliate Relationship	Products Reviewed	
None			
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Other Information	
Virginia			
Danville (MSA# 19260)	Full Scope	City of Danville, Pittsylvania County (Danville AA)	
Henry/Halifax (non-MSA)	Full Scope	City of Martinsville, Halifax and Henry Counties (Martinsville AA)	
Lynchburg (MSA# 31340)	Limited Scope	City of Bedford; City of Lynchburg, Bedford and Campbell Counties (Portion of Lynchburg VA MSA 31340) (Lynchburg AA)	
Charlottesville (MSA# 16820)	Limited Scope	Nelson County VA (Portion of Charlottesville VA MSA 16820) (Nelson County AA)	
North Carolina			
Burlington (MSA# 15500)	Full Scope	Burlington NC MSA 15500 (Alamance County) (Burlington AA)	
Greensboro-High Point (MSA# 24660)	Full Scope	Guilford County NC (Portion of Greensboro-High Point NC MSA 24660) (Greensboro AA)	
Caswell (non MSA)	Limited Scope	Caswell County NC (Caswell AA)	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
AMERICAN NATIONAL BANK AND TRUST COMPANY	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Virginia	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
North Carolina	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

State of Virginia

Danville, Virginia MSA AA (Danville AA)

2010 U. S. Census Demographic Information for Full Scope Area: Danville AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	32	3.13	15.63	59.38	18.75	3.13
Population by Geography	106,561	1.54	13.52	62.05	22.89	0.00
Owner-Occupied Housing by Geography	31,717	0.40	8.77	66.85	23.95	0.03
Business by Geography	7,011	6.45	8.23	55.90	29.27	0.16
Farms by Geography	435	1.15	0.92	75.49	22.53	0.00
Family Distribution by Income Level	30,430	21.73	17.38	19.70	41.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,903	1.78	19.89	61.59	16.74	0.00
Median Family Income 2013 HUD Adjusted Median Family Income Households Below Poverty Level		44,782 45,300 19%		Median Housing Value		97,375

*The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census and 2013 HUD updated MFI

The Danville Metropolitan Statistical Area (MSA) consists of Pittsylvania County and the City of Danville. The AA has a total of 32 census tracts; 1 low-income; 5 moderate-income; 19 middle-income; 6 upper-income census tracts and one census tract was not assigned an income designation. There are no distressed or underserved middle-income geographies.

The area is located on the Dan River in the south-central Piedmont geographic region of Virginia along the Virginia-North Carolina border. Excellent highway and rail transportation systems have established the area as a major market and trade center for southside Virginia. The Danville MSA is located approximately 143 miles southwest of Richmond; 80 miles southeast of Roanoke; and 45 miles north of Greensboro, North Carolina.

ANB operates five full-service banking offices strategically located in Danville, which serve all segments of this community, offering a wide array of loan, deposit and other financial services. ANB also operates offices in Chatham and Gretna, serving markets in Pittsylvania County in Virginia. These offices provide the same financial services offered at the Danville offices.

Vigorous competition exists in the ANB's service areas. The bank competes not only with national, regional, and community banks, but also with other types of financial institutions including savings banks, finance companies, mutual and money market fund providers, brokerage firms, insurance companies, credit unions, and mortgage companies. ANB has the second largest deposit market share in

the City of Danville and Pittsylvania County, combined. The bank had a deposit market share in the Danville MSA of 29.3 percent at June 30, 2013, based on Federal Deposit Insurance Corporation ("FDIC") data. There were nine banking institutions operating a total of 38 branches in the AA. ANB's primary competitor is Carter Bank and Trust. Others included two large multi-national banks and several large regional banks. Additionally, there were 146 HMDA reporters attributed with loans in the AA during 2012 resulting in heavy levels of competition in the southside Virginia area.

Approximately 2 percent of the area population resides in low-income geographies while 14 percent resides in moderate-income geographies. Twenty-two percent of families are low-income. Seventeen percent of families are moderate-income. Over 19 percent of families live below poverty. The unemployment rate as of December 31, 2013 in the MSA was 6.7 percent. The unemployment rate for the State of Virginia as of December 31, 2013 was 4.8 and the national average unemployment rate was 6.7 percent.

The southern Virginia market, in which the bank has a significant presence, continues to experience slow economic growth, like much of the country. The region's economic base continues to be weighted toward the manufacturing sector. Although the region was negatively impacted by many textile plant closings over the past several decades, the area has experienced some new manufacturing plant openings as well as job growth in the technology area. Other important industries include farming, tobacco processing and sales, food processing, furniture manufacturing and sales, specialty glass manufacturing, and packaging tape production.

The area is a premier business location and home to major corporations including The Goodyear Tire and Rubber Co.; Nestle USA; Ikea Industry-North America-LLC (Ikea), Telvista; Owens Brockway Glass Co.; and, many others. *e-Dan*, the area's state-of-the-art broadband network, is a partnership between Virginia Tech, Pittsylvania County and the City of Danville, and provides high-speed, affordable access for voice, video and data communications. Danville is home to the Institute for Advanced Learning and Research (IALR), a major piece of the solution to bring southern Virginia into the *Information Economy*. The IALR was formed as a collaboration among the City of Danville, Pittsylvania County, the Future of The Piedmont Foundation, Averett University, Danville Community College, and Virginia Tech.

Major employers in the Danville AA are The Goodyear Tire and Rubber Company; Pittsylvania County School Board; Ikea; the City of Danville; Danville Regional Medical; and, Green Rock Correctional Center.

We completed a community contact in the Danville AA in our review. The contact was an employee with the Small Business Development Center (SBDC). The Longwood SBDC, a partnership program with the U.S. Small Business Administration, provides assistance and training to help small business owners and potential owners make sound decisions for the successful operation of their business. The Longwood SBDC offers individual, one-on-one, confidential counseling and sponsors workshops, conferences and courses at various locations in its service area. Longwood operates five SBDC office locations throughout southside Virginia: Farmville; South Boston; Martinsville; Petersburg; and, Danville. The contact identified the need for funding to provide training and instruction for small business owners in the area of finances and management skills. The contact also stated credit-funding needs for small businesses that need short-term loans to fund growth or other temporary expenses.

State of Virginia

Martinsville City – Henry - Halifax Co Virginia non MSA (Martinsville AA)

2010 U. S. Census Demographic Information for Full Scope Area: Martinsville AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	28	0.00	35.71	60.71	3.57	0.00
Population by Geography	104,213	0.00	34.23	62.98	2.79	0.00
Owner-Occupied Housing by Geography	32,039	0.00	30.26	66.08	3.66	0.00
Business by Geography	7,183	0.00	30.81	65.46	3.73	0.00
Farms by Geography	380	0.00	28.42	70.53	1.05	0.00
Family Distribution by Income Level	29,033	27.57	18.62	22.95	30.86	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,411	0.00	40.46	58.59	0.95	0.00
Median Family Income		50,300	Median Housing Value		95,217	
2013 HUD Adjusted Median Family Income		51,600				
Households Below Poverty Level		18%				

*The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census and 2013 HUD updated MFI

This AA consists of Henry and Halifax Counties in southern Virginia, and the independent City of Martinsville, Virginia located in Henry County. The AA has a total of 28 census tracts: 0 low-income; 10 moderate-income; 17 middle-income; and, 1 upper-income census tract. One of the middle-income census tracts in Martinsville City is designated as a distressed/underserved middle-income geography.

Located on the southern border of Virginia, Martinsville - Henry County is a thriving community conveniently positioned within a day's drive of 60 percent of the U.S. population and over a third of the nation's industrial manufacturers. Martinsville - Henry County is positioned 50 miles south of Roanoke, Virginia and 50 miles north of Greensboro, North Carolina - home to the Piedmont Triad International Airport. The City of Martinsville perhaps is best known for the Martinsville Speedway. With its roots in furniture and textile manufacturing, the area has undergone a transformation of its economy over the past twenty years. The county is now home to plastics and polymer processors, logistics and distribution companies, food processors and more.

Halifax County is located in the southern Virginia Region. As of the 2010 census, the population was 36,241. Richmond is 113 miles northeast; the Port of Hampton Roads is 165 miles east; and Raleigh, North Carolina is 75 miles south. Manufacturing represents 15 percent of employment in the Halifax/South Boston labor market area. The diverse mix of manufacturing is supported by a highly skilled workforce. Thirty percent of industry in Halifax County are international companies. Norfolk Southern Corporation serves industries in Halifax County with freight service connecting to main lines that stretch from the East Coast to Kansas City, Missouri and from Maine and the province of Ontario, Canada to southern Florida. Norfolk Southern lines run directly to the Port of Virginia, which has the ability to ship to points all around the world.

ANB has the fifth largest deposit market share in the Martinsville AA. ANB had a deposit market share in the AA of 5.59 percent at June 30, 2013, based on FDIC data. ANB competes not only with national, regional, and community banks, but also with other types of financial institutions including savings banks, finance companies, mutual and money market fund providers, brokerage firms, insurance companies, credit unions, and mortgage companies.

There were eleven banking institutions operating a total of 37 branches in the AA. ANB's primary competitor is Carter Bank and Trust. Others included two large multi-national banks and several large regional banks. Additionally, there were 130 HMDA reporters attributed with loans in the AA during 2012 resulting in heavy levels of competition in the southern Virginia area.

Approximately 34 percent of the area population resides in moderate-income geographies. Twenty-eight percent of families are low-income. Nineteen percent of families are moderate-income. Over 18 percent of families live below poverty. The unemployment rate in the AA as of December 31, 2013 was 8.7 percent. The unemployment rate for the State of Virginia was 4.8 percent and the national average unemployment rate was 6.7 percent.

The southern Virginia market, in which the bank has a significant presence, continues to experience slow economic growth, like much of the country. The region's economic base continues to be weighted toward the manufacturing sector. Although the region was negatively impacted by the elimination of many textile plant closings over several decades, the area has experienced some new manufacturing plant openings as well as job growth in the technology area. Other important industries include farming, tobacco processing and sales, food processing, furniture manufacturing and sales, specialty glass manufacturing, and packaging tape production.

Major employers in the Martinsville AA are: Halifax County School Board; Halifax Regional Hospital; Henry County School Board; Martinsville City Schools; Memorial Hospital of Martinsville; and, Springs Global U.S., Inc.

State of North Carolina

Burlington North Carolina MSA AA (Burlington AA)

2010 U. S. Census Demographic Information for Full Scope Area: Burlington AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	0.00	19.44	47.22	33.33	0.00
Population by Geography	151,131	0.00	21.89	47.90	30.21	0.00
Owner-Occupied Housing by Geography	40,155	0.00	17.12	48.25	34.63	0.00
Business by Geography	10,605	0.00	18.99	50.51	30.50	0.00
Farms by Geography	382	0.00	9.16	58.38	32.46	0.00
Family Distribution by Income Level	39,987	21.32	16.95	20.70	41.03	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	15,303	0.00	33.72	45.58	20.70	0.00
Median Family Income 2013 HUD Adjusted Median Family Income Households Below Poverty Level		52,806 51,700 15%	Median Housing Value		138,406	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2013 HUD updated MFI.

Burlington is the principal city of the Burlington, North Carolina MSA which encompasses all of Alamance County, in which most of the city is located, and is a part of the Greensboro-Winston-Salem-High Point CSA. The population was 49,963 at the 2010 census, which makes Burlington the 17th largest city in North Carolina. The AA has a total of 36 census tracts: 7 moderate-income; 17 middle-income; and, 12 upper-income census tracts. There are no distressed or underserved middle-income geographies.

On July 1, 2011, ANB completed its merger with MidCarolina Financial Corporation ("MidCarolina") pursuant to the Agreement and Plan of Reorganization, dated December 15, 2010, between ANB and MidCarolina. MidCarolina was headquartered in Burlington, North Carolina, and engaged in banking operations through its subsidiary bank, MidCarolina Bank. The transaction has expanded ANB's footprint in North Carolina, adding eight branches in Alamance and Guilford Counties.

The new market area in Alamance County, North Carolina, which is the Burlington, North Carolina MSA, has strong competition in attracting deposits and making loans. Its most direct competition for deposits comes from commercial banks, savings institutions and credit unions located in the market area, including large financial institutions that have greater financial and marketing resources available to them. ANB had a deposit market share in Alamance County of 13.9 percent based on FDIC data, and a deposit market share in Guilford County of 0.8 percent at June 30, 2013.

There were 17 banking institutions operating a total of 47 branches in the AA. ANB's primary competitors are branches of Wells Fargo, N.A. and Capital Bank, N.A. Others included regional and local national and state banks and thrifts. Additionally, there were 233 HMDA reporters attributed with loans in the AA during 2012 resulting in heavy levels of competition in this portion of North Carolina.

Approximately 22 percent of the area population resides in moderate-income geographies. Twenty-one percent of families are low-income. Seventeen percent of families are moderate-income. Over 15 percent of families live below poverty. The unemployment rate as of December 31, 2013 in the AA was 6.4 percent. The unemployment rate for the State of North Carolina was 6.6 and the national average unemployment rate was 6.7 percent.

LabCorp has its headquarters and several testing facilities in Burlington. LabCorp is Alamance County's largest employer, employing over 3,000 people in the county. Honda Aero, a subsidiary of Honda, recently announced that it will move its corporate headquarters to Burlington and build a \$27 million plant at the Burlington-Alamance Regional Airport where it will build its HF120 jet engines for use in very light jets. Biscuitville, a regional fast food chain, is based in Burlington. Burlington is also the operations headquarters for Gold Toe Brands, a clothing manufacturer.

Other major employers in the AA include Alamance-Burlington School System, Alamance Regional Medical Center, Elon University, and Wal-Mart Stores Inc. (3 locations).

We completed a community contact for North Carolina AAs in our review. We contacted a representative of CICCAR. The contact specifically stated that the organization has funded two affordable housing projects in Alamance County and four such projects in Guilford County in the past three years. The contact did not state any specific opportunity for community development loans or other financing programs in the assessment areas.

State of North Carolina

**Guilford Co North Carolina in Greensboro High Point NC MSA AA
(Greensboro AA)**

2010 U. S. Census Demographic Information for Full Scope Area: Greensboro AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	119	10.92	20.17	30.25	37.82	0.84
Population by Geography	488,406	9.12	19.19	32.70	38.98	0.00
Owner-Occupied Housing by Geography	119,154	3.77	14.37	34.09	47.76	0.00
Business by Geography	48,076	9.03	15.81	36.06	38.89	0.21
Farms by Geography	1,137	3.61	10.47	39.31	46.53	0.09
Family Distribution by Income Level	119,383	20.58	16.52	18.24	44.66	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	44,296	15.69	30.87	32.82	20.62	0.00
Median Family Income		55,361	Median Housing Value			156,846
2013 HUD Adjusted Median Family Income		54,500				
Households Below Poverty Level		14%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2013 HUD updated MFI.

Guilford County is included in the Greensboro-High Point, NC Metropolitan Statistical Area, which is also included in the Greensboro-Winston-Salem-High Point, NC Combined Statistical Area. Greensboro is the third-largest city by population in North Carolina and the largest city in Guilford County and the surrounding Piedmont Triad metropolitan region. The AA has a total of 118 census tracts delineated as follows: 13 low-income; 24 moderate-income; 36 middle-income; 45 upper-income census tracts; and, one census tract was not assigned an income designation. There are no distressed/underserved middle-income geographies in this AA.

On July 1, 2011, ANB completed its merger with MidCarolina pursuant to the Agreement and Plan of Reorganization, dated December 15, 2010, between ANB and MidCarolina. MidCarolina was headquartered in Burlington, North Carolina, and engaged in banking operations through its subsidiary bank, MidCarolina Bank. The transaction has expanded ANB’s footprint in North Carolina, adding eight branches in Alamance and Guilford Counties.

The bank’s deposit market share in the Greensboro AA was 0.80 percent at June 30, 2013, based on FDIC data. ANB competes not only with national, regional, and community banks, but also with other types of financial institutions including savings banks, finance companies, mutual and money market fund providers, brokerage firms, insurance companies, credit unions, and mortgage companies.

There were 21 banking institutions operating a total of 143 branches in the AA. ANB's primary competitor is Wells Fargo, a multi-national bank. Additionally, there were 325 HMDA reporters attributed with loans in the AA during 2012 resulting in heavy levels of competition in this AA.

Approximately nine percent of the area population resides in low-income geographies while 19 percent resides in moderate-income geographies. Twenty-one percent of families are low-income. Seventeen percent of families are moderate-income. Over 14 percent of families live below poverty. The unemployment rate as of December 31, 2013 was 6.9 percent. The unemployment rate for the state of North Carolina was 6.6 and the national average unemployment rate was 6.7 percent.

Major employers in the AA are: Bank of America; the City of Greensboro; High Point Regional Health Systems; Moses Cone Health Systems; the United States Postal Service; and, UPS.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. The following is a listing and brief description of the tables included in each set:

Table 1. Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 1. Other Products - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

Table 2. Geographic Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 3. Geographic Distribution of Home Improvement Loans - See Table 2.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans - See Table 2.

Table 5. Geographic Distribution of Multifamily Loans - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 6. Geographic Distribution of Small Loans to Businesses - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table 7. Geographic Distribution of Small Loans to Farms - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table 8. Borrower Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

Table 9. Borrower Distribution of Home Improvement Loans - See Table 8.

Table 10. Borrower Distribution of Refinance Loans - See Table 8.

Table 11. Borrower Distribution of Small Loans to Businesses - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

State of Virginia

Table 1. Lending Volume

Institution ID: American National Bank

Lending Volume		Geography: STATE OF VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area (2013):	% of Rated Area Loans (#) in MA/AA *	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Danville AA	43.38	251	30,681	259	34,974	18	340	16	8,727	544	74,722	73.36
Martinsville AA	37.48	156	19,764	301	25,815	5	54	8	17,842	470	63,475	15.35
Limited Review:												
Lynchburg AA	18.18	92	21,990	133	28,209	2	265	1	1,285	228	51,749	9.69
Nelson County AA	0.96	2	190	10	779	0	0	0	0	12	969	1.60

* Loan Data as of December 31, 2013. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from February 18, 2011 to April 07, 2014.

*** Deposit Data as of December 31, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Institution ID: American National Bank

Geographic Distribution: HOME PURCHASE		Geography: STATE OF VIRGINIA									Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% Owner Occupied Units***	% ANB Loans****	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	134	48.73	0.40	0.00	8.77	8.96	66.88	53.73	23.96	37.31	8.94	0.00	16.36	9.15	7.22
Martinsville AA	98	35.64	0.00	0.00	30.26	22.45	66.08	62.24	3.66	15.31	9.03	0.00	7.41	8.52	16.95
Limited Review:															
Lynchburg AA	42	15.27	1.36	0.00	17.07	14.29	62.75	54.76	18.82	30.95	0.96	0.00	1.34	0.94	0.83
Nelson County AA	1	0.36	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Institution ID: American National Bank

Geographic Distribution: HOME IMPROVEMENT		Geography: STATE OF VIRGINIA										Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *					
	#	% of Total **	% Owner Occupied Units ***	% ANB ****	% Owner Occupied Units ***	% ANB Loans	% Owner Occupied Units ***	% ANB Loans	% Owner Occupied Units ***	% ANB Loans	Overall	Low	Mod	Mid	Upper	
Full Review:																
Danville AA	34	73.91	0.40	0.00	8.77	8.82	66.88	67.65	23.96	23.53	11.11	0.00	8.33	12.12	10.00	
Martinsville AA	8	17.39	0.00	0.00	30.26	50.00	66.08	50.00	3.66	0.00	2.79	0.00	4.41	1.82	0.00	
Limited Review:																
Lynchburg AA	4	8.70	1.36	0.00	17.07	25.00	62.75	25.00	18.82	50.00	0.54	0.00	0.00	0.39	1.67	
Nelson County AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2012 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Institution ID: American National Bank

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% Owner Occupied Units***	% ANB Loans****	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	81	47.65	0.40	0.00	8.77	6.17	66.88	56.79	23.96	37.04	3.28	0.00	5.77	2.82	3.73
Martinsville AA	46	27.06	0.00	0.00	30.26	34.78	66.08	63.04	3.66	2.17	2.35	0.00	4.00	1.96	0.00
Limited Review:															
Lynchburg AA	42	24.71	1.36	0.00	17.07	14.29	62.75	59.52	18.82	26.19	0.34	0.00	0.69	0.26	0.38
Nelson County AA	1	0.59	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.42	0.00	0.42	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Institution ID: American National Bank

Geographic Distribution: MULTIFAMILY (MF)		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% of MF Units***	% ANB Loans****	% MF Units***	% ANB Loans	% MF Units***	% ANB Loans	% MF Units***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	2	20.00	15.05	0.00	19.71	0.00	48.82	50.00	16.41	50.00	0.00	0.00	0.00	0.00	0.00
Martinsville AA	4	40.00	0.00	0.00	35.59	100.00	59.97	0.00	4.44	0.00	40.00	0.00	66.67	0.00	0.00
Limited Review:															
Lynchburg AA	4	40.00	4.35	0.00	33.16	50.00	44.38	25.00	18.12	25.00	11.11	0.00	16.67	0.00	25.00
Nelson County AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Institution ID: American National Bank

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% ANB Loans	% of Businesses***	% ANB Loans	% of Businesses***	% ANB Loans	% of Businesses***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	259	36.84	6.45	7.72	8.23	7.34	55.90	57.53	29.27	27.41	7.95	11.39	8.62	8.89	7.42
Martinsville AA	301	42.82	0.00	0.00	30.81	27.24	65.46	67.11	3.73	5.65	10.01	0.00	10.42	10.75	21.15
Limited Review:															
Lynchburg AA	133	18.92	5.27	5.26	22.03	16.54	51.15	51.13	21.55	27.07	2.07	2.59	1.02	2.60	2.46
Nelson County AA	10	1.42	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	2.26	0.00	3.85	0.00	0.00

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2013).

Table 7. Geographic Distribution of Small Loans to Farms

Institution ID: American National Bank

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF VIRGINIA										Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% ANB Loans	% of Farms***	% ANB Loans	% of Farms***	% ANB Loans	% of Farms***	% ANB Loans	Overall	Low	Mod	Mid	Upper	
Full Review:																
Danville AA	18	72.00	1.15	0.00	0.92	0.00	75.40	100.00	22.53	0.00	11.54	0.00	0.00	13.04	0.00	
Martinsville AA	5	20.00	0.00	0.00	28.42	20.00	70.53	80.00	1.05	0.00	0.94	0.00	0.00	1.33	0.00	
Limited Review:																
Lynchburg AA	2	8.00	1.61	0.00	9.41	50.00	70.30	50.00	18.68	0.00	0.00	0.00	0.00	0.00	0.00	
Nelson County AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2013).

Table 8. Borrower Distribution of Home Purchase Loans

Institution ID: American National Bank

Borrower Distribution: HOME PURCHASE		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total [*]	% Families ^{***}	% ANB Loans ^{****}	% Families ¹⁴	% ANB Loans ^{****}	% Families ^{***}	% ANB Loans ^{****}	% Families ^{***}	% ANB Loans ^{****}	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	134	48.73	21.73	5.43	17.38	17.05	19.70	33.33	41.18	44.19	9.79	7.81	9.27	12.17	8.89
Martinsville AA	98	35.64	27.57	12.50	18.62	28.13	22.95	28.13	30.86	31.25	10.04	9.20	8.06	14.79	8.27
Limited Review:															
Lynchburg AA	42	15.27	20.48	4.88	18.89	24.39	20.27	31.71	40.37	39.02	1.13	0.87	1.12	1.74	0.83
Nelson County AA	1	0.36	34.30	0.00	21.14	100.00	22.79	0.00	21.76	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by bank.

¹⁴ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Institution ID: American National Bank

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families***	% ANB Loans****	% Families ¹⁵	% ANB Loans****	% Families***	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	34	73.91	21.73	6.25	17.38	15.63	19.70	37.50	41.18	40.63	10.60	3.33	8.82	15.91	11.63
Martinsville AA	8	17.39	27.57	0.00	18.62	16.67	22.95	66.67	30.86	16.67	2.34	0.00	2.44	6.90	2.86
Limited Review:															
Lynchburg AA	4	8.70	20.48	0.00	18.89	25.00	20.27	50.00	40.37	25.00	0.56	0.00	0.00	2.13	0.00
Nelson County AA	0	0.00	34.30	0.00	21.14	0.00	22.79	0.00	21.76	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 8.7% of loans originated and purchased by bank.

¹⁵ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans Institution

Institution ID: American National Bank

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total*	% Families***	% ANB Loans****	% Families ¹⁶	% ANB Loans****	% Families***	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Danville AA	81	47.65	21.73	4.29	17.38	14.29	19.70	22.86	41.18	58.57	3.36	3.64	2.86	2.05	4.14
Martinsville AA	46	27.06	27.57	7.50	18.62	30.00	22.95	25.00	30.86	37.50	2.41	1.15	3.77	2.72	1.95
Limited Review:															
Lynchburg AA	42	24.71	20.48	3.57	18.89	10.71	20.27	17.86	40.37	67.86	0.22	0.00	0.42	0.00	0.29
Nelson County AA	1	0.59	34.30	0.00	21.14	0.00	22.79	0.00	21.76	100.00	0.50	0.00	0.00	0.00	1.72

* Based on 2012 Peer Mortgage Data (USPR)
 ** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
 *** Percentage of Families is based on the 2010 Census information.
 **** As a percentage of loans with borrower income information available. No information was available for 18.2% of loans originated and purchased by bank.
 16 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Institution ID: American National Bank

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF VIRGINIA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share *	
	#	% of Total **	% of Businesses ***	% ANB Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Danville AA	259	36.84	73.68	71.43	71.04	15.44	13.51	7.95	17.19
Martinsville AA	301	42.82	74.66	70.76	80.73	11.30	7.97	10.01	19.96
Limited Review:									
Lynchburg AA	133	18.92	72.63	68.42	53.38	20.30	26.32	2.07	4.15
Nelson County AA	10	1.42	76.02	70.00	70.00	30.00	0.00	2.26	3.30

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.99% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Institution ID: American National Bank

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF VIRGINIA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share *	
	#	% of Total **	% of Farms ***	% ANB Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Danville AA	18	72.00	99.54	50.00	94.44	5.56	0.00	11.54	16.67
Martinsville AA	5	20.00	98.42	20.00	100.00	0.00	0.00	0.94	0.00
Limited Review:									
Lynchburg AA	2	8.00	98.92	50.00	50.00	50.00	0.00	0.00	0.00
Nelson County AA	0	0.00	95.56	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2013).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 52.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

Institution ID: American National Bank

QUALIFIED INVESTMENTS		Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013			
Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total #	#	\$(000's)
Full Review:									
Danville AA	3	825	83	193	86	1,018	50.89	0	0
Martinsville AA	0	0	40	43	40	43	23.67	0	0
Limited Review:									
Lynchburg AA	0	0	26	28	26	28	15.38	0	0
Nelson County AA	0	0	3	1	3	1	1.78	0	0
Statewide/Regional	8	5,100	6	6,300	14	11,400	8.28	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

Institution ID: American National Bank

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Geography:			
														STATE OF VIRGINIA			
														Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013			
MA/ Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of ANB Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
Danville AA	73.36	7	43.75	14.29	0.00	71.43	14.29	0	0	0	0	0	0	1.54	13.52	62.05	22.89
Martinsville AA	15.35	4	25.00	0.00	50.00	50.00	0.00	0	1	0	1	0	0	0.00	34.23	62.98	2.79
Limited Review:																	
Lynchburg AA	9.69	4	25.00	0.00	25.00	75.00	0.00	0	1	0	0	1	0	2.60	22.69	57.67	17.03
Nelson County AA	1.60	1	6.25	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	100.00	0.00	0.00

Table 1. Lending Volume

Institution ID: American National Bank

LENDING VOLUME												
Geography: STATE OF NORTH CAROLINA												
Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013												
Assessment Area (2013):	% of Rated Area Loans (#) in MA/AA *	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Burlington AA	56.62	131	24,429	266	50,804	3	54	6	873	406	76,160	75.72
Greensboro AA	39.05	120	23,076	158	32,539	1	6	1	70	280	55,691	18.08
Limited Review:												
Caswell AA	4.32	20	2,021	4	396	7	44	0	0	31	2,461	6.20
Statewide/Regional	0.00	0	0	0	0	0	0	5	185	5	185	0.00

* Loan Data as of December 31, 2013. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from February 18, 2011 to April 07, 2014.

*** Deposit Data as of December 31, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Institution ID: American National Bank

Geographic Distribution: HOME PURCHASE		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total **	% Owner Occupied Units ***	% ANB Loans ****	% Owner Occupied Units ***	% ANB Loans	% Owner Occupied Units ***	% ANB Loans	% Owner Occupied Units ***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	21	30.43	0.00	0.00	17.12	4.76	48.25	42.86	34.63	52.38	0.61	0.00	0.00	0.60	0.83
Greensboro AA	41	59.42	3.77	12.20	14.37	17.07	34.09	29.27	47.76	41.46	0.31	2.17	0.54	0.42	0.15
Limited Review:															
Caswell AA	7	10.14	0.00	0.00	14.12	14.29	63.73	85.71	22.15	0.00	3.95	0.00	7.69	4.35	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Institution ID: American National Bank

Geographic Distribution: HOME IMPROVEMENT		Geography: STATE OF NORTH CAROLINA									Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% Owner Occupied Units***	% ANB Loans****	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	2	15.38	0.00	0.00	17.12	50.00	48.25	50.00	34.63	0.00	0.83	0.00	5.26	0.00	0.00
Greensboro AA	4	30.77	3.77	0.00	14.37	50.00	34.09	0.00	47.76	50.00	0.29	0.00	2.78	0.00	0.00
Limited Review:															
Caswell AA	7	53.85	0.00	0.00	14.12	14.29	63.73	85.71	22.15	0.00	41.67	0.00	33.33	44.44	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Institution ID: American National Bank

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% Owner Occupied Units**	% ANB****	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	% Owner Occupied Units***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	95	55.88	0.00	0.00	17.12	29.47	48.25	48.42	34.63	22.11	1.43	0.00	6.64	1.05	0.68
Greensboro AA	69	40.59	3.77	8.70	14.37	24.64	34.09	24.64	47.76	42.03	0.21	1.09	0.77	0.21	0.13
Limited Review:															
Caswell AA	6	3.53	0.00	0.00	14.12	0.00	63.73	66.67	22.15	33.33	2.34	0.00	0.00	1.85	6.67

* Based on 2012 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Institution ID: **American National Bank**

Geographic Distribution: MULTIFAMILY (MF) 2013		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% of MF Units***	% ANB Loans****	% MF Units***	% ANB Loans	% MF Units***	% ANB Loans	% MF Units***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	13	68.42	0.00	0.00	14.68	53.85	63.95	30.77	21.38	15.38	28.57	0.00	25.00	16.67	50.00
Greensboro AA	6	31.58	9.66	16.67	26.10	0.00	39.95	16.67	24.28	66.67	2.50	0.00	0.00	0.00	7.69
Limited Review:															
Caswell AA	0	0.00	0.00	0.00	10.61	0.00	89.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Institution ID: **American National Bank**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total	% of Businesses ***	% ANB Loans	% of Businesses ***	% ANB Loans	% of Businesses ***	% ANB Loans	% of Businesses ***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	266	62.30	0.00	0.00	18.99	12.78	50.51	42.48	30.50	44.74	5.17	0.00	4.10	5.02	7.14
Greensboro AA	157	36.77	9.03	3.82	15.81	15.92	36.06	36.31	38.89	43.95	0.66	0.26	0.91	0.61	0.75
Limited Review:															
Caswell AA	4	0.94	0.00	0.00	12.57	25.00	72.22	75.00	15.21	0.00	1.95	0.00	0.00	2.56	0.00

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2013).

Table 7. Geographic Distribution of Small Loans to Farms

Institution ID: American National Bank

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% ANB Loans	% of Farms***	% ANB Loans	% of Farms***	% ANB Loans	% of Farms***	% ANB Loans	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	3	27.27	0.00	0.00	9.16	0.00	58.38	0.00	32.46	100.00	4.17	0.00	0.00	0.00	20.00
Greensboro AA	1	9.09	3.61	0.00	10.47	0.00	39.31	0.00	46.53	100.00	1.23	0.00	0.00	0.00	2.44
Limited Review:															
Caswell AA	7	63.64	0.00	0.00	18.81	14.29	61.39	57.14	19.80	28.57	18.18	0.00	25.00	18.52	0.00

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2013).

Table 8. Borrower Distribution of Home Purchase Loans

Institution ID: American National Bank

Borrower Distribution: HOME PURCHASE		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families***	% ANB Loans****	% Families ¹⁷	% ANB Loans****	% Families***	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	21	30.43	21.32	0.00	16.95	12.50	20.70	31.25	41.03	56.25	0.58	0.00	0.00	1.01	0.88
Greensboro AA	41	59.42	20.58	4.17	16.52	16.67	18.24	33.33	44.66	45.83	0.27	0.26	0.25	0.43	0.21
Limited Review:															
Caswell AA	7	10.14	27.73	0.00	19.97	14.29	18.56	14.29	33.73	71.43	4.69	0.00	0.00	13.33	3.13

* Based on 2012 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 31.9% of loans originated and purchased by bank.

¹⁷ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Institution ID: American National Bank

Borrower Distribution: HOME IMPROVEMENTS		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total ⁺	% Families ^{***}	% ANB Loans ^{****}	% Families ¹⁸	% ANB Loans ^{****}	% Families ^{***}	% ANB Loans ^{****}	% Families ^{***}	% ANB Loans ^{****}	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	2	15.38	21.32	0.00	16.95	50.00	20.70	0.00	41.03	50.00	0.88	0.00	3.57	0.00	0.00
Greensboro AA	4	30.77	20.58	0.00	16.52	33.33	18.24	0.00	44.66	66.67	0.31	0.00	1.45	0.00	0.00
Limited Review:															
Caswell AA	7	53.85	27.73	28.57	19.97	57.14	18.56	0.00	33.73	14.29	41.67	40.00	60.00	0.00	0.00

* Based on 2012 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 7.7% of loans originated and purchased by bank.

18 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Institution ID: American National Bank

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families***	% ANB Loans****	% Families ¹⁹	% ANB Loans****	% Families***	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	95	55.88	21.32	5.41	16.95	6.76	20.70	14.86	41.03	72.97	1.30	0.61	0.24	1.22	1.78
Greensboro AA	69	40.59	20.58	0.00	16.52	5.56	18.24	19.44	44.66	75.00	0.15	0.00	0.00	0.11	0.20
Limited Review:															
Caswell AA	6	3.53	27.73	33.33	19.97	16.67	18.56	33.33	33.73	16.67	2.63	11.11	0.00	6.06	1.28

* Based on 2012 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 31.8% of loans originated and purchased by bank.

¹⁹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Institution ID: American National Bank

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF NORTH CAROLINA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share *	
	#	% of Total **	% of Businesses ***	% ANB Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Burlington AA	266	62.15	71.50	68.05	53.01	24.06	22.93	5.17	10.24
Greensboro AA	158	36.92	71.22	68.99	48.10	25.32	26.58	0.66	1.11
Limited Review:									
Caswell AA	4	0.93	72.81	100.00	75.00	0.00	25.00	1.95	5.06

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.80% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Institution ID: American National Bank

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF NORTH CAROLINA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share *	
	#	% of Total **	% of Farms ***	% ANB Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Burlington AA	3	27.27	98.17	0.00	100.00	0.00	0.00	4.17	0.00
Greensboro AA	1	9.09	97.98	0.00	100.00	0.00	0.00	1.23	0.00
Limited Review:									
Caswell AA	7	63.64	99.01	28.57	100.00	0.00	0.00	18.18	20.00

* Based on 2012 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2013).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 72.73% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

Institution ID: American National Bank

QUALIFIED INVESTMENTS		Geography: STATE OF NORTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013			
Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total #	#	\$(000's)
Full Review:									
Burlington AA	0	0	27	57	27	57	62.79	0	0
Greensboro AA	0	0	9	29	9	29	20.93	0	0
Limited Review:									
Caswell AA	0	0	6	4	6	4	13.95	0	0
Statewide/Regional	1	1,565	0	0	1	1,565	2.33	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

Institution ID: **American National Bank**

Geography: STATE OF NORTH CAROLINA

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of ANB Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Opened	# of Branch Closed	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
Burlington AA	75.72	6	66.67	0.00	16.67	33.33	50.00	0	0	0	0	0	0	0.00	21.89	47.90	30.21
Greensboro AA	18.08	2	22.22	0.00	50.00	50.00	0.00	0	0	0	0	0	0	9.12	19.19	32.70	38.98
Limited Review:																	
Caswell AA	6.20	1	11.11	0.00	0.00	100	0.00	0	0	0	0	0	0	0.00	16.15	66.32	17.52