



PUBLIC DISCLOSURE

August 22, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American National Bank & Trust
Charter Number 16617

2732 Midwestern Parkway
Wichita Falls, TX 76308

Office of the Comptroller of the Currency
Dallas Field Office
225 East John Carpenter Freeway, Suite 500
Irving, TX 75062

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

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

American National Bank (ANB) has a satisfactory record of meeting community credit needs. This conclusion is based on the following:

- A majority of ANB's loans were originated within the assessment areas (AAs).
- The loan-to-deposit ratio is reasonable and averaged 71 percent during the evaluation period.
- ANB's distribution of loans to businesses with gross revenues of less than \$1 million reflects excellent penetration.
- ANB's distribution of loans to low- and moderate-income (LMI) families is reasonable and meets the standard for satisfactory performance.
- ANB's geographic distribution of residential RE and business loans in low- and moderate-income geographies reflects poor dispersion and meets the definition of needs to improve performance.
- ANB's community development (CD) performance is satisfactory and demonstrates adequate responsiveness to the CD needs of its AAs.

Scope of Examination

ANB qualifies as an Intermediate Small Bank under the Community Reinvestment Act (CRA) regulation and is thus, subject to a Lending Test and CD Test. The Lending Test evaluates the bank's record of helping to meet the credit needs of its AAs through its lending activities. The CD test evaluates a bank's CD lending, qualified investments, and CD services.

Since the previous examination in 2010, the bank had been placed under a regulatory enforcement action that restricted lending activities for a portion of the review period. This action was taken into consideration for the performance context of the institution for this evaluation.

The evaluation under the Lending Test covers loans originated from May 2010 through December 2011. We excluded 2012 loan data for the lending test and bank management agreed. The 2012 loan data must be evaluated against different census information than 2011 and prior loan data; including this information would have resulted in twice as many tables in the performance evaluation. We believe that such a

performance evaluation would be less clear to the reader, and would not have changed our conclusions.

We assessed performance under the lending test based on review of a sample of loans originated by ANB during the evaluation period. We reviewed samples of 1-4 Family Residential loans, Commercial loans, and Consumer loans. Our random sample included at least 20 of each type of loan and all Home Mortgage Disclosure Act (HMDA)-reportable residential real estate loans for each AA. The CD portion of the exam assessed CD activities and loans from 2010 through 2013.

Description of Institution

ANB is a community bank headquartered in Wichita Falls, which is located in Wichita County, Texas. The main office is located at 2732 Midwestern Parkway in Wichita Falls. In addition to its main office, ANB operates three other branches in Wichita County, one branch in Archer County, and one branch located in Denton County.

The main office and Elmwood branch are located in an upper-income census tract. The Flower Mound, Iowa Park, and Archer City branches are all located in middle-income census tracts. The remaining downtown branch is located in a moderate-income census tract. Since the previous examination, the downtown branch was relocated to 825 Scott Avenue, Wichita Falls after the lease expired on the 719 Scott Avenue location and it had to be closed. ANB has not opened or closed any other branches during this evaluation period.

ANB is a full-service bank offering various loan and deposit products, as well as internet banking, a leasing department, and a trust department serving individuals and businesses. ANB has eleven automated teller machine (ATM) locations and one seasonal ATM location. All branch locations have drive-up facilities. The main branch and Flower Mound branch drive-up facilities have Saturday hours. The Iowa Park branch has a 24-hour ATM that accepts deposits.

ANB participates in the Nortex first time homebuyers program and the Texas Vet Program. Both programs provide reduced rate mortgages. The Nortex program targets individuals below a specified income level and offers down payment assistance.

ANB is wholly owned by Ameribancshares, Inc., a one-bank holding company. Other than the previous performance context issues noted, there are no other legal, financial, or other factors impeding the bank's ability to help meet the credit and community development needs in its AAs.

ANB reported total assets of \$429 million and total liabilities of \$376 million as of June 30, 2013. Total loans of \$250 million represent 58 percent of total assets. A summary of the loan portfolio is reflected in the table below:

Loan Portfolio Composition	\$ (000)	%
Commercial Real Estate	\$152,917	61.09%
Residential Real Estate	\$48,211	19.26%
Commercial	\$15,193	6.07%
Consumer	\$10,568	4.22%
Loans to Institutions	\$6,470	2.58%
Lease Financing Receivables	\$13,141	5.25%
Farmland Real Estate	\$3,825	1.53%
Total	\$250,325	100.00%

Source: The Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports of Condition and Income (Call Report) data gathered from June 30, 2013.

ANB's identified assessment areas are highly competitive. The primary competition consists of other state and national financial institutions, credit unions, and branch facilities of large regional and national institutions. Much of the competition is highly visible and offers very competitive rates on loans and deposits.

ANB received an overall rating of "Satisfactory" during its previous CRA examination dated May 2010, using Intermediate Small Bank CRA Procedures.

Description of Assessment Areas

Wichita/Archer AA

ANB has designated all of Wichita County and Archer County as one of its AAs. For the purposes of this evaluation, we will refer to this AA as the Wichita/Archer AA. The AA is comprised of 39 census tracts: two low-income, 11 moderate-income, 15 middle-income, and 11 upper-income census tracts. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies. Specific demographic and economic data for this area is listed below:

Demographic and Economic Characteristics of Assessment Area	
Population	
Total Population	140,554
Number of Families	34,587
Number of Households	51,964
Geographies	
Number of Census Tracts	39
% Low-Income Census Tracts	5.13%
% Moderate-Income Census Tracts	28.21%
% Middle-Income Census Tracts	38.46%
% Upper-Income Census Tracts	28.21%
Median Family Income (MFI)	
2010 MFI for AA	\$56,649
2012 HUD-Adjusted MFI	\$55,800
Economic Indicators	

Unemployment Rate	3.26%
% of Households on Social Security	28.69%
% of Households Below Poverty Level	14.74%
% of Households on Retirement	19.11%

Source: 2010 US Census Data.

Wichita County and Archer County encompass 633 and 926 square miles, respectively. There are 59,440 housing units in the AA, with 57 percent owner-occupied, 30 percent renter-occupied, and 13 percent vacant. Major employers in the area include Midwestern State University, United Regional Healthcare Center, Sheppard Air Force Base, Wichita Falls ISD, North Texas State Hospital, and the City of Wichita Falls. The financial institutions in the AA consist of local national banks, branches of large national banks, state banks, and credit unions. Examples of other area banks include JP Morgan Chase, Bank of America, Wells Fargo, and Citibank.

Community contacts conducted in connection with this examination and prior interviews disclosed that the primary credit needs of the AA include the need for funding of local rehabilitation projects. The contacts stated that there is a good amount of community involvement from the local financial institutions, but there is room for more involvement. The contacts also discussed potential projects for financial institutions in the AA to participate in community development.

Denton AA

This AA includes portions of Denton County, Dallas County, and Collin County. For the purposes of this evaluation, we will refer to this AA as the Denton AA. The AA is comprised of 96 census tracts: zero low-income, 9 moderate-income, 26 middle-income, and 61 upper-income census tracts. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies. Specific demographic and economic data for this area is listed below:

Demographic and Economic Characteristics of Assessment Area	
Population	
Total Population	434,810
Number of Families	109,663
Number of Households	146,867
Geographies	
Number of Census Tracts	96
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	9.38%
% Middle-Income Census Tracts	27.08%
% Upper-Income Census Tracts	63.54%
Median Family Income (MFI)	
2010 MFI for AA	\$98,216
2012 HUD-Adjusted MFI	\$70,600
Economic Indicators	
Unemployment Rate	4.22%

% of Households on Social Security	13.68%
% of Households Below Poverty Level	4.92%
% of Households on Retirement	9.88%

Source: 2010 US Census Data.

Denton County is thirty-five miles south of the Texas and Oklahoma border. The county is comprised of 878 square miles. Major employers in the area include, but are not limited to, University of North Texas, Lewisville ISD, Wal-Mart, Denton ISD, American Airlines Alliance, Frito-Lay Inc., Texas Women’s University, and Denton State School. There are 156,385 housing units in the AA, with 67 percent owner-occupied, 27 percent renter-occupied, and 6 percent vacant.

Conclusions with Respect to Performance Tests

ANB’s performance in meeting the credit needs of its AAs is satisfactory. Our conclusion is based on a reasonable loan-to-deposit ratio considering performance context, a satisfactory lending performance within the bank’s AAs, a satisfactory borrower distribution of loans within the bank’s AAs, and a reasonable geographic distribution of loans within the AAs.

LENDING TEST

To assess ANB’s performance under the lending test, we reviewed the bank’s residential real estate mortgage lending activity for the years 2010 and 2011 using loan data as reported under HMDA. We also reviewed a random sample of loans from the commercial and consumer loan portfolios.

Loan-to-Deposit Ratio

Given the bank’s size, financial condition, and the AA’s credit needs, the bank’s loan-to-deposit (LTD) ratio meets the standard for satisfactory performance. The LTD ratio is reasonable relative to the size, competition, local economy, lending activities, and demographics of the AAs.

The thirteen-quarter average LTD ratio is 71.49 percent, compared to the 78.62 percent average for local competitors and similarly situated banks. During the evaluation period, ANB’s loan-to-deposit ratio ranged from a low of 64.1 percent to a high of 81.3 percent. The institutions’ size and average LTD ratio are detailed in the following table:

Financial Institution	Total Assets as of 06/30/2013 \$(000)	Average Quarterly LTD Ratio as of 06/30/2013
American National Bank & Trust	428,507	71%
First National Bank	314,872	88%
PointBank	375,488	63%
Benchmark Bank	399,657	97%
Collin Bank	180,581	67%
Average LTD Ratio (All Peers):	-	79%

Source: The Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports of Condition and Income (Call Report) data gathered from June 30, 2010 to June 30, 2013.

Lending in Assessment Area

ANB originates a majority of its loans within its AAs, meeting the standard for outstanding performance. To calculate the ratio of loans originated within the AAs, we reviewed a random sample of 49 commercial loans and 49 consumer loans originated from May 5, 2010 through December 31, 2011. We also reviewed 633 home purchase loans, 7 home improvement loans, and 519 refinance loans from available HMDA data. ANB originated 82.58 percent by number and 77.2 percent by dollar amount of loans, within the AAs. The table below details the number and dollar amount of loans within both AAs for each loan type.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	537	84.83	96	15.17	633	65,783	84.95	11,658	15.05	77,441
Home Improvement	6	85.71	1	14.29	7	78	42.62	105	57.38	183
Refinancing	415	79.96	104	20.04	519	52,341	77.25	15,411	22.75	67,752
Commercial	40	81.63	9	18.37	49	8,713	76.61	2,660	23.39	11,373
Consumer	40	81.63	9	18.37	49	607	85.97	99	14.03	706
Totals	1,038	82.58	219	17.42	1,257	9,438	77.20	2,786	22.80	12,225

Source: 2010 & 2011 HMDA Data, Loan Samples, and 2000 US Census Data.

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

ANB's lending to borrowers of different incomes and businesses of different sizes meets the standard for satisfactory performance. Performance in the Wichita/Archer AA was more heavily weighted as the majority of branches and customers are located in and around this area. The borrower distribution of loans reflects a reasonable penetration in both the Wichita/Archer AA and the Denton County AA.

Performance in Wichita/Archer AA

The distribution of loans in the Wichita/Archer AA reflects reasonable penetration of lending to borrowers of different incomes and businesses of different sizes and meets the standard for satisfactory performance. As the primary lending product, more weight was given to the distribution of commercial loans. There is no significant disparity in lending to individuals of different income levels or businesses of different sizes.

Residential Loans

The distribution of home loans to low- and moderate-income (LMI) borrowers is lower than the comparator, but reflects reasonable penetration among borrowers of different income levels. Demographic data for low-income families in the AA is 18.32 percent compared to 6.63 percent of home purchase loans and 1.21 percent of refinance loans. There were no home improvement loans made to low-income borrowers in the AA. Demographic data for moderate-income families in the AA is 19.06 percent compared to 17.42 percent of home purchases, 16.67 percent of home improvement loans, and 8.94 percent of refinances. The following table shows the distribution of home loan products among borrowers of different income levels in the Wichita/Archer AA:

Table 2 - Borrower Distribution of Residential Real Estate Loans in Wichita/Archer AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	18.32	6.63	19.06	17.42	23.82	28.60	38.81	47.35
Home Improvement	18.32	0.00	19.06	16.67	23.82	0.00	38.81	83.33
Refinancing	18.32	1.21	19.06	8.94	23.82	19.57	38.81	70.29

Source: HMDA Data, Loan Samples, US Census Data.

Commercial Loans

ANB’s distribution of loans to small businesses with revenues of \$1 million or less reflects excellent penetration and meets the standard for outstanding performance. We reviewed 20 commercial loans in the AA originated between May 5, 2010 and December 31, 2011. According to data from Dunn and Bradstreet, 70.06 percent of businesses in the AA generated less than \$1 million in revenue. Our sample concluded that 85 percent of the number of loans and 80.83 percent of the dollar amount of loans originated to businesses during the sampling period were made to small businesses. The following table shows the distribution of commercial loans among different sized businesses in the Wichita/Archer AA.

Table 2A - Borrower Distribution of Loans to Businesses in Wichita/Archer AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	70.06	2.93	27.00	100%
% of Bank Loans in AA by #	85.00	15.00	0.00	100%
% of Bank Loans in AA by \$	80.83	19.17	0.00	100%

Source: Loan Samples, Dunn and Bradstreet.

Consumer Loans

ANB's distribution of consumer loans to households of different incomes reflects an excellent penetration and meets the standard for outstanding performance. Our sample included 20 consumer loans in the AA. While 21.82 percent of households in the AA are considered low-income, 25 percent of the number of loans were made to low-income borrowers. Moderate-income households account for 16.81 percent of the households in the AA. Our sample reflected that 30 percent of the number of loans were made to moderate-income borrowers. The table below shows the distribution of consumer loans in the Wichita/Archer AA:

Table 2B - Borrower Distribution of Consumer Loans in Wichita/Archer AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans
Consumer Loans	21.82	25.00	16.81	30.00	20.56	25.00	40.81	20.00

Performance in Denton AA

The distribution of loans to borrowers of different incomes and businesses of different sizes in the Denton AA reflects reasonable penetration and meets the standard for satisfactory performance. As the primary lending product, more weight was given to the distribution of commercial loans. There is no significant disparity in lending to individuals of different income levels or businesses of different sizes.

Residential Loans

The distribution of residential loans to LMI borrowers in the AA reflects poor penetration among borrowers of different income levels and meets the definition of needs to improve performance. Low- and moderate-income families account for 9.7 and 13 percent of families in the AA, respectively. However, there were no residential loans to low- or moderate-income borrowers in our sample. The following table shows the distribution of home loan products among borrowers of different income levels in the Denton AA:

Table 2 - Borrower Distribution of Residential Real Estate Loans in Denton AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	9.70	0.00	13.00	0.00	20.41	33.33	56.89	66.67
Home Improvement	9.70	0.00	13.00	0.00	20.41	0.00	56.89	0.00
Refinancing	9.70	0.00	13.00	0.00	20.41	0.00	56.89	100.00

Source: HMDA Data, Loan Samples, US Census Data.

Commercial Loans

ANB's distribution of commercial loans to small businesses reflects reasonable penetration and meets the standard for satisfactory performance. We reviewed 20 commercial loans in the AA originated between May 5, 2010 and December 31, 2011. According to data from Dunn and Bradstreet, 67.51 percent of businesses in the AA generated less than \$1 million in revenue. Our sample concluded that 70 percent of the number of loans and 79.15 percent of the dollar amount of loans originated to businesses during the sampling period were made to small businesses. The following table shows the distribution of commercial loans among different sized businesses in the Wichita/Archer AA.

Table 2A - Borrower Distribution of Loans to Businesses in Denton AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	67.51	1.97	30.52	100%
% of Bank Loans in AA by #	70.00	30.00	0.00	100%
% of Bank Loans in AA by \$	79.15	20.85	0.00	100%

Source: Loan Samples, Dunn and Bradstreet.

Consumer

ANB's distribution of consumer loans to households of different incomes reflects excellent penetration and meets the standard for outstanding performance. We reviewed a random sample of 20 consumer loans in the AA. According to data from Dunn and Bradstreet, 10.62 percent of households in the AA are considered low-income while five percent of consumer loans originated were to low-income borrowers. However, borrower distribution of consumer loans to moderate-income borrowers far exceeds the percent of AA households in moderate-income tracts. While 13.36 percent of households in the AA are moderate-income, loans to moderate-income borrowers represent 35 percent of the number of loans originated to consumers during the sampling period. The table below shows the distribution of consumer loans in the Denton AA.

Table 2B - Borrower Distribution of Consumer Loans in Denton AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of #of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans
Consumer Loans	10.62	5.00	13.36	35.00	18.16	30.00	57.86	30.00

Source: Loan Samples, Dunn and Bradstreet.

Geographic Distribution of Loans

ANB's geographic distribution of residential and commercial loans reflects poor dispersion in the Wichita/Archer AA. The geographic distribution of loans reflects reasonable dispersion in the Denton County AA due to the limited amount of low- and moderate- income tracts.

Performance in Wichita/Archer AA

ANB's geographic distribution of loans reflects poor dispersion throughout the Wichita/Archer AA and meets the definition for needs to improve performance. Excellent performance was noted in geographic distribution of consumer loans in low- and moderate-income geographies; however, consumer lending is not a primary loan product. There were no conspicuous lending gaps identified within the AA.

Residential Loans

The geographic distribution of residential real estate loans in the AA reflects poor dispersion and meets the definition of needs to improve performance for residential lending in low- and moderate-income geographies in the AA. We reviewed 1,159 residential loans, from HMDA data, originated from May 5, 2010 through December 31, 2011. Owner occupied housing in the AA for low- and moderate-income census tracts (CTs) are 1.68 and 18.5 percent, respectively. No residential loans were made in low-income tracts during our review period. ANB's HMDA data reflects that 5.68 percent of home purchase loans and 3.62 percent of refinances were in moderate-income CTs. The low distribution of residential loans in low -income tracts is somewhat mitigated by the low percentage of owner occupied housing in LMI census tracts. The following table summarizes the performance of geographic distribution of residential loans in the AA:

Table 3 - Geographic Distribution of Residential Real Estate Loans in Wichita/Archer AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	1.68	0.00	18.50	5.68	45.91	47.35	33.91	46.97
Home Improvement	1.68	0.00	18.50	0.00	45.91	50.00	33.91	50.00
Refinancing	1.68	0.00	18.50	3.62	45.91	40.82	33.91	55.56

Source: Loan Samples, Dunn and Bradstreet.

Commercial Loans

The geographic distribution of commercial loans to AA businesses in different income tracts reflects poor dispersion and meets the definition of needs to improve performance. Businesses located in low- and moderate-income CTs account for 0.8 and 27.58 percent of businesses in the AA, respectively. Our sample of 20 loans in the AA included no loans in low-income tracts and 10 percent of loans in moderate-income tracts. The bank's low distribution of business loans in low-income CTs is mitigated by the low percentage of businesses in low-income tracts. The following table summarizes the distribution of business loans by CT income level:

Table 3A - Geographic Distribution of Loans to Businesses in Wichita/Archer AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Businesses	0.80	0.00	27.58	10.00	33.36	45.00	38.25	45.00

Source: Loan Samples, Dunn and Bradstreet.

Consumer Loans

ANB's geographic distribution of consumer loans in the AA reflects excellent dispersion and meets the standard for outstanding performance. Households in low-income CTs represent two percent of AA households. Our sample included no loans to borrowers in low-income CTs, mitigated by the low percentage of AA households in low-income tracts. Households in moderate-income tracts represent 23.27 percent of AA households. Our sample reflects that 35 percent of originated consumer loans were made to borrowers in moderate-income CTs. The table below details the performance of consumer lending in low- and moderate-income census tracts:

Table 3B - Geographic Distribution of Consumer Loans in Wichita/Archer AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans
Consumer Loans	2.00	0.00	23.27	35.00	43.12	45.00	31.62	15.00

Source: Loan Samples, US Census Data.

Performance in Denton AA

ANB’s geographic distribution of loans reflects reasonable dispersion throughout the Denton AA and meets the standard for satisfactory performance. The Denton AA is composed of 55 CTs and includes only four LMI tracts, as illustrated by the LMI comparator in the geographic distribution tables below. The absence of loans made in low- and moderate-income CTs is mitigated by the minimal amount of low- and moderate-income tracts in the AA. There were no conspicuous lending gaps identified within the AA.

Residential Loans

The geographic distribution of residential loans in the AA reflects reasonable dispersion and meets the standard for satisfactory performance. Owner occupied housing in the AA in low- and moderate-income CTs are both below one percent at 0.03 and 0.95 percent, respectively. No residential loans were made in LMI tracts during our review period. The table below details the performance of loans made in LMI tracts as compared to the percentage of owner-occupied housing units in each census-tract income level.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Denton AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	0.03	0.00	0.95	0.00	27.89	22.22	71.13	77.78
Home Improvement	0.03	0.00	0.95	0.00	27.89	0.00	71.13	0.00
Refinancing	0.03	0.00	0.95	0.00	27.89	0.00	71.13	100.00

Source: Loan Samples, Dunn and Bradstreet.

Commercial Loans

ANB's geographic distribution of commercial loans to businesses in different income tracts also reflects reasonable dispersion and meets the standard for satisfactory performance given the limited amount of AA businesses in LMI census-tracts. Businesses located in low- and moderate-income CTs account for 0.13 and 0.66 percent of businesses in the AA, respectively. Our sample of 20 loans in the AA included no loans in low- and moderate-income tracts. The following table summarizes the distribution of business loans by CT income level:

Table 3A - Geographic Distribution of Loans to Businesses in Denton AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Businesses	0.13	0.00	0.66	0.00	30.22	30.00	68.53	70.00

Source: Loan Samples, Dunn and Bradstreet.

Consumer Loans

The geographic distribution of consumer loans in the AA reflects reasonable dispersion and meets the standard for satisfactory performance. Households in low- and moderate-income CTs represent 0.41 and 2.3 percent of AA households, respectively. Our sample of 20 consumer loans in the AA included no loans to borrowers in LMI census-tracts. The table below details the performance of consumer lending in low- and moderate-income census tracts:

Table 3B - Geographic Distribution of Consumer Loans in Denton AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans
Consumer Loans	0.41	0.00	2.30	0.00	38.38	20.00	58.91	80.00

Source: Loan Samples, US Census Data.

Responses to Complaints

There have been no consumer complaints relating to ANB's CRA performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

ANB's performance under the community development test is Satisfactory.

Number and Amount of Community Development Loans

ANB demonstrates adequate responsiveness to the needs of the AAs through qualified community development (CD) loans. ANB originated four loans, totaling approximately \$750 thousand, which qualified as CD loans. Per bank management, none of the loans considered for CD are reported under HMDA.

ANB originated a revolving line of credit of \$240 thousand to a nonprofit organization called North Texas/Central Texas Medical Foundation. The foundation provides basic healthcare needs to lower income citizens in Wichita Falls and is located in a low-income census tract. The foundation includes pre-natal care, along with normal treatment of colds, viruses, and other ailments. The clinic does not require an appointment to receive care.

The second CD loan of \$200 thousand was originated to a Senior Citizens Services company. The company provides meals on wheels for senior citizens and coordinates with the local Food Bank to prepare meals for after school programs at the Boys and Girls Club and Southside youth center. The company aims to provide services to LMI individuals and senior citizens.

ANB originated the third loan of \$85 thousand to Kell Auto Sales, which is a used car dealer who aims his business of selling cars to LMI individuals. The dealer assists customers with credit issues by helping them rebuild their credit. The loan allowed Kell Auto Sales to purchase another car lot to expand the business. The new lot is located in a low-income census tract.

The fourth CD loan of \$225 thousand is with Wichita Falls Manufacturing. The company manufactures an array of products sold mainly to oil companies, and has been around for approximately 25 years. The Manufacturing Company provides jobs and stability to the census tract and employs approximately 45 people from the area. The business is located in a moderate-income census tract (CT) and approximately 56 percent of the CT contains LMI households.

In addition, the mortgage department participates in the NorTex First Time Home Buyer program. NorTex Regional Housing Finance Corporation sponsors the first time homebuyer program, which provides affordable housing to LMI individuals. ANB assisted NorTex by providing \$450 thousand for the down payment assistance program. The program allows first time homebuyers who make below \$65,500 a year and have a credit score of at least 650 to receive down payment assistance of 4 percent of the note amount. Eligible loan types include FHA and VA. Since the previous CRA examination, the program has originated 95 loans totaling \$7 million.

All of the qualified CD loans are located in the Wichita/Archer AA. ANB does not have any CD loans located in the Denton AA. This is largely due to the minimal amount of census tracts designated low- or moderate-income in this assessment area.

Number and Amount of Qualified Investments

ANB demonstrates adequate responsiveness to the needs of the AAs through qualified investments, considering the institutions capacity and the need and availability of such opportunities in AAs. We have identified two qualified investments. This is up from the previous examination in which there were no qualified investments. Investments that qualify for CD, as of August 2013, total approximately \$1.8 million.

The first qualified investment is a Wichita Falls ISD (WFISD) Maintenance Bond of approximately \$1.4 million. \$720 thousand matures in 2014 and \$655 thousand matures in 2015. The purpose of the bond is to assist with the cost of maintaining the schools. WFISD is a Title 1 district due to over 40 percent of the students being from LMI families and receiving government assistance.

The second investment of \$450 thousand was made to the Nortex Housing and Finance Corporation. The investment provided funds for the down payment assistance program. The program allows first time homebuyers who make below \$65,500 a year and have a credit score of at least 650, to receive down payment assistance of 4 percent of the note amount.

Other qualified investments totaling \$3,500 include donations and contributions to CD organizations that provide services or activities that affect LMI individuals and promote economic development.

Extent to which the Bank Provides Community Development Services

ANB's CD services reflect adequate responsiveness to the needs and opportunities in the AAs. Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AAs. Business hours and services are convenient and are accessible to all segments of the AAs.

ANB's main office is located at 2732 Midwestern Parkway in Wichita Falls. In addition to its main office, ANB operates three other branches in Wichita County, one branch in Archer County, and one branch located in Denton County. One branch is located in a moderate-income census tract.

The volume and responsiveness of ANB's CD services reflects satisfactory responsiveness. Qualified services focus on providing financial literacy to students at local schools and providing ATM cards to LMI individuals.

Community Reinvestment Officer Kenny Haney serves on the City of Wichita Falls Tax Increment Financing District (WFFD) and is Chairman of the Board. The WFFD aims to

revitalize areas of the city that were devastated by a flood in 2007. Taxes are reinvested into the area to redevelop the disaster area.

Every year, CRA Officer Haney and other employees participate in the “R U Ready 4 the Future Career Fair”. ANB uses the career fair to educate middle school students about banking and finances. Approximately 400 students attend every year from various schools. A majority of the schools are Title 1 schools, meaning a majority of the students receive government assistance.

Beginning in 2008, CRA Officer Haney began teaching sessions to junior and senior students at a local high school. The purpose of the session is to inform students about balancing a checkbook, the importance of credit, and the importance of financial literacy.

ANB provides minor checking accounts to various schools in the Wichita Falls area. These accounts are set up to teach children about the importance of saving. ANB has also implemented a debit card to allow LMI employees of local businesses to access their paychecks via an ATM card.

Responsiveness to Community Development Needs

The volume and responsiveness of the bank’s community development services reflects adequate responsiveness. Qualified services focus on providing financial literacy to students at local schools and providing ATM cards to LMI individuals. In advisory capacities, ANB’s officers and employees serve various community development organizations that benefit LMI individuals and provide financial literacy to area students.

Fair Lending or Other Illegal Credit Practices Review

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