



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 24, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Anthem Bank & Trust
Charter Number 703874

23910 Railroad Avenue
Plaquemine, LA 70764-0000

Office of the Comptroller of the Currency

ADC-New Orleans Field Office
3838 North Causeway Blvd. Suite 2890
Metairie, LA. 70002-8105

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.

Major factors supporting the assigned rating are as follows:

- The loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance.
- A majority of loan originations are in the bank's assessment area (AA).
- The distribution of loans to borrowers of different incomes reflects reasonable penetration in light of AA demographics and borrower distributions.
- The geographic distribution of loans demonstrates a reasonable dispersion, given the absence of low income census tracts in the AA reviewed.

SCOPE OF EXAMINATION

Evaluation of the bank is done using the Small Bank examination procedures, which primarily focuses on a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The lending test for Anthem Bank & Trust (Anthem) covers its performance from January 1, 2007 through September 30, 2011.

Anthem's primary business focus is the origination of residential real estate products. Our analysis of Anthem's CRA performance is based on residential real estate loans originated between January 1, 2007 and June 30, 2011. The bank is a Home Mortgage Disclosure Act (HMDA) reporter; therefore HMDA data was used to evaluate the bank's loan performance.

DESCRIPTION OF INSTITUTION

Anthem is a \$118 million, stock owned thrift institution, headquartered in Plaquemine, LA. Prior to 2011, the bank operated exclusively within the Baton Rouge, LA Metropolitan Statistical Area (MSA). Originally chartered in 1915 as Iberville Building and Loan, Anthem was renamed First Financial Bank and Trust upon their 2003 purchase by Miami based financial services company Shay Investment Services, Inc. Subsequent to the bank's January 2011 purchase of Texas Country Bank, the name was changed again to Anthem Bank & Trust. As of this review date, there are a total of five branches located in Plaquemine, LA; Baton Rouge, LA; Lakeway, TX; Granite Shoals, TX; and Miami, FL. All locations operate as deposit taking facilities with traditional operating hours. Anthem's delivery channels vary from branch to branch. Anthem has an internet website anthembank.com with online banking and mortgage application capabilities.

Anthem offers checking and savings accounts, Certificates of Deposit, Individual Retirement Accounts, Loans (consumer and mortgage), as well as business banking

and merchant services. The primary business focus is the origination of residential real estate products, the majority of which are sold in the secondary market. As of September 30, 2011 over 50% of total loans were residential real estate mortgages.

Anthem's competition within the Baton Rouge MSA is pronounced. The FDIC's Market Share Report for the MSA, dated June 30, 2011 reflected 42 deposit taking entities in the Baton Rouge MSA with Anthem ranked 27th in deposit market share. This ranking translated into a deposit market share of 0.36%, which is very low. As of our evaluation date, Anthem had no legal or regulatory impediments identified that would impact its lending activities. The bank was rated "Satisfactory" during the prior CRA Examination dated November 14, 2006.

DESCRIPTION OF ASSESSMENT AREA(S)

Anthem has designated portions of the Baton Rouge MSA as its AA within Louisiana. Additionally, the bank considers the census tract which holds the Baton Rouge branch a separate AA. Per the defined characteristics of an institution's CRA AAs, a bank may not separate geographies that exist within the same MSA. Therefore, the "Plaquemine" and "Baton Rouge" AAs should be treated as one AA.

The Lakeway, TX branch AA includes part of the Austin-Round Rock-San Marcos MSA (Williamson, Travis, and Hays County), as well as portions of non-MSA Llano County. The bank has been informed that MSA counties and non-MSA counties cannot be combined in the same AA. The following table provides a breakdown of the current Lakeway, TX branch AA:

Table 1 Lakeway TX branch AA					
Census Tract Distribution by County and Income Level					
County	Low	Moderate	Middle	Upper	Total
Travis	0	2	10	37	49
Williamson	0	0	13	10	23
Hays	0	0	0	2	2
Llano	0	0	2	2	4
Total	0	2	25	51	78

The Granite Shoals AA consists of the one upper income, non-MSA census tract where the branch is located. The Miami, FL branch AA consists of the one middle income census tract in the Miami-Dade MSA where the branch is located.

The disjointed structure of the bank's collective AAs can be attributed to the January 2011 purchase of Texas Country Bank and the recent opening of the Miami office as a bank branch. Management stated that the AAs were being utilized until banking activity under Anthem could yield reliable data regarding the bank's service range.

Plaquemine, LA AA

Due to the lack of lending and bank activity data for the Lakeway, TX and Miami, FL offices, Anthem's original AA of Iberville and West Baton Rouge parishes was used as the primary focus for this examination. The bank has been informed of the need to merge this AA with the Baton Rouge AA due to both being in the Baton Rouge MSA.

Table 2 below illustrates select demographic data of this AA.

Table 2 - Demographic Information for Anthems Assessment Area: Iberville and West Baton Rouge, LA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	12	0.00%	50.00%	41.67%	0.00%	8.33%
Population by Tract	54,921	0.00%	49.58%	32.61%	0.00%	5.41%
Owner-Occupied Housing by Tract	10,156	0.00%	49.56%	50.44%	0.00%	0.00%
Business by Tract	7,536	0.00%	47.70%	52.30%	0.00%	0.00%
Farms by Tract	180	0.00%	33.33%	66.67%	0.00%	0.00%
Family Distribution by Income Level	13,792	29.63 %	18.21%	19.71%	32.45%	0.00%
Distribution of Low and Moderate Income Families throughout AA Tracts	6,598	0.00%	54.11%	41.31%	0.00%	0.00%
2011 HUD Median Family Income		\$62,100	Average Median Housing Value			\$66,817
			Unemployment Rate			7.1%

Source: CRA Wiz reports, 2011 HUD updated MFI, BLS website. (*) The NA category consists of Tracts that have not been assigned an income classification.

Since the 2006 CRA examination of Anthem, Louisiana and the entire Gulf Coast region have continued in recovery efforts from the devastating effects of Hurricanes Katrina and Rita in 2005, and Hurricanes Ike and Gustav in 2008. The October 2011 Bureau of Labor Statistics Unemployment Rate in the Baton Rouge MSA is 7.1% which is in line with the state unemployment rate of 7.0% and below the national average of 8.5%.

During our examination, we conducted an interview with a local nonprofit organization. Information received from this review indicated a need for affordable housing, financial education, and additional funding for nonprofit organizations. The contact was neutral regarding Anthem's performance in the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- Anthem's loan-to-deposit (LTD) ratio is considered reasonable in light of the bank's size, competition, and market loan demand.

The 19 quarters that have elapsed since the thrift's November 14, 2006 CRA examination resulted in an average LTD ratio of 62.40%. Anthem's LTD ratio has ranged from 53.78% (June 2010) to 75.90% (June 2008) over the evaluation period.

The following table compares Anthem's performance to peer thrifts over the same timeframe. These thrifts are similar in size and located in either similar or larger Louisiana MSAs.

Table 3 - Thrift's Loan to Deposit Ratio							
Thrift	Total Assets			Branches	Basic LTD Ratio		
	Average	Period End	Beginning		Period Average	Period End	Period Beginning
Anthem Bank & Trust	\$74,454	\$113,750	\$59,417	5	62.42%	68.57%	57.09%
State-Investors Bank	\$102,142	\$93,679	\$108,123	4	132.59%	76.48%	123.77%
St Landry Homestead FSB	\$78,940	\$87,912	\$79,147	3	133.13%	114.25%	142.77%
MBL Bank	\$173,705	\$234,887	\$114,956	2	79.38%	65.35%	98.37%
Home Federal Bank	\$157,406	\$225,555	\$113,439	4	50.42%	85.51%	22.34%
Peer Median					87.45%	82.66%	91.65%

Source: OTS Peer Comparison

Lending in Assessment Area

- A majority of the thrift's loans made during the evaluation period were extended to borrowers within its AA.

This assessment, as shown in the table below, is based on HMDA loans originated between January 1, 2007 and June 30, 2011. Over 74% of the number and 65% of the dollar of the loans originated were to borrowers within the institution's AA.

Table 4 - Concentration of Thrift Loans Originated In and Outside of the Assessment Area						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
HMDA applicable Mortgage Loans	257	27,913	89	14,703	346	42,616
Total	74.28	65.50	25.72	34.50		

Source: 2007 – 2011 HMDA-LAR reports

Lending to Borrowers of Different Incomes

- Anthem's distribution of loans to borrowers of different incomes reflects a reasonable penetration in light of AA demographics and borrower distributions.

As shown in the table below, Anthem's distribution to low-income borrowers is less than the percentage composition of low-income families within its AA. However, Anthem's lending to moderate-income borrowers exceeds the level of moderate-income families within the AA. Demographic information reflects that about 20% of the household with the bank's AA live below the poverty level. This is considered high and can be seen as an impediment for these persons to become homeowners. In addition the cost of homes in the AA makes it difficult to purchase a home, especially for low-income borrowers.

Table 5 - Distribution of Residential Real Estate Loans By Borrower Income Level in the Assessment Area		
Borrower Income Category	% of Loans	% Family Distribution
Low	11.67	29.63
Moderate	21.01	18.21
Middle	25.68	19.71
Upper	41.63	32.45
Total	257	

Source: 2007 – 2011 HMDA-LAR reports

CEO Strickland stated that the bank has attempted to enter the affordable home-loan market and continues to do so through the Iberville Affordable Housing Program. The demographics of Plaquemine and the elevated level of competition from larger institutions in nearby Baton Rouge combine to lower the available market of affordable loan candidates. Anthem’s most successful focus on loan products designed to assist low- and moderate-income applicants in home ownership is the USDA Rural Development program. Anthem utilizes this program to offer 100% financing to targeted borrowers, often with 103% LTV loans.

Geographic Distribution of Loans

- The geographic distribution of loans shows reasonable dispersion.

As shown in the following table, the distribution of Anthem’s HMDA loans in moderate-income census tracts is considered reasonable in light of the AA composition and demographics. In particular the bank’s performance exceeds the characteristics of the AA for residential real estate loans in moderate-income tracts.

Table 6 - Distribution of Residential Real Estate Loans By Census Tract Income Level in the Assessment Area			
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied
Low	0	0	0
Moderate	70.82	67.43	49.56
Middle	29.18	32.57	50.44
Upper	0	0	0
Total # and \$	257	79,609	

Source: 2007 – 2011 HMDA-LAR reports

Responses to Complaints

Anthem has not received any CRA related consumer complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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