



PUBLIC DISCLOSURE

April 3, 2017

**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
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.

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Overall CRA Rating

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

The following table 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 bank 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 bank’s 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 bank.

Investment Test

- The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position.
- The bank makes significant use of innovative and/or complex investments to support community development initiatives.
- The bank 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.
- 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 bank 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 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 (CD): 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 CFR 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 (Mid): 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 (Mod): 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) and the Thrift Financial Reporting (TFR) instructions. 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 (Upper): 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 \$1.7 billion and Tier 1 Capital of \$173 million as of December 31, 2016. 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 continued. ANB's most recent acquisition was MidCarolina Bank, Burlington, North Carolina in 2011.

ANB's primary markets in Virginia are described in the Southside¹ AA and Lynchburg AA. ANB serves markets in the Virginia independent cities of Danville, Martinsville, Lynchburg, Roanoke², and Salem; and in the Virginia counties of Bedford, Botetourt, Campbell, Franklin, Halifax, Henry, Nelson, Pittsylvania, and Roanoke. Primary markets in North Carolina³ 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 (Caswell AA).

ANB operates 25 full-service branches with 17 in Virginia and 8 in North Carolina. ANB acquired eight of the nine branch offices in Burlington and Greensboro, North Carolina with the consummation of the merger of MidCarolina Bank in July 2011. The bank operates 34 Automated Teller Machines (ATMs) throughout its seven assessment areas (AAs), with 11 stand-alone ATMs and 23 ATMs located at a branch location. All 34 ATMs offer full services for cash withdrawals, transfers, and balance inquiry. There are 5 stand-alone, deposit-taking ATMs and 6 branch offices with a deposit-taking ATM in the Southside AA. The Lynchburg AA has one branch with a deposit-taking ATM. The Roanoke AA has three branches with deposit-taking ATMs. The Burlington AA has two branches with deposit-taking ATMs. The Greensboro AA has two branches with deposit-taking ATMs. The Caswell AA has one stand-alone, deposit-taking ATM.

During the evaluation period ending December 31, 2016, the bank closed two branch office locations; relocated two branch locations; opened three branch office locations; and opened one stand-alone ATM. Details for these actions are as follows:

- On August 15, 2014, the banking office and its associated ATM located at the Alamance Regional Health Center at 1240 Huffman Mill Road in Burlington, North Carolina, were closed.
- On November 12, 2014, the banking office located at 1107 S. Fifth Street in Mebane, North Carolina was closed and relocated to 1008 Mebane Oaks Road in Mebane, North Carolina, and an ATM was added to the services available.
- In January 2015, the bank acquired Franklin Community Bank, expanding the Virginia network by three branches, all of which have an onsite ATM. The branches are located at 400 Old Franklin Turnpike, Rocky Mount, Virginia; 12930 Booker T Washington Highway, Hardy Virginia; and 25 Southlake Drive, Union Hall, Virginia.

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

² See Appendix A-1

³ ANB opened branches in Roanoke County in January 2017.

- On July 24, 2015, the banking office and its associated ATM located at 2301 Langhorne Road, Lynchburg, Virginia, were closed.
- On July 31, 2015, the banking office located at 2016 West Main Street, Danville, Virginia was closed. Its associated ATM remained open until October 22, 2015.
- On September 15, 2015, the ATM located at 1920 West Main Street, Danville, Virginia, opened. This is a relocation of the ATM located at 2016 West Main Street, Danville, Virginia, that ceased operations on October 22, 2015.
- An ATM was installed at 5509-A W. Friendly Ave., Greensboro, North Carolina, which began operations on April 18, 2016.

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 \$1.2 billion, or 70 percent of total assets as of December 31, 2016. The bank is primarily a real estate lender, with approximately 81 percent of the loan portfolio consisting of real estate secured loans. The primary lending focus is residential mortgage loans and small loans to businesses. The table below depicts the loan portfolio by loan product as of December 31, 2016.

Loan Categories as of Review Period Date*		
TYPE OF LOAN	Balance Outstanding (\$000s)	% OF TOTAL LOANS
Non-Farm/Non-Residential Real Estate	453,524	38.74
1-4 Family Residential	331,851	28.34
Commercial & Industrial	175,443	14.98
Construction & Land Development	114,258	9.76
Multi-family Residential	51,034	4.36
Farm loans	7,506	0.64
Loans to Individuals	5,031	0.43
Other	32,170	2.75
Total	1,170,817	100.00

*Schedule RC-C Part 1 - Loans and Leases as reported in the Consolidated Reports of Condition and Income as of December 31, 2016.

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 a Large Bank in its last performance evaluation and received a "Satisfactory" rating on its previous Performance Evaluation, dated April 7, 2014.

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, 2014, through December 31, 2016. The evaluation period for the Community Development Loans, Services and Investments Tests is April 7, 2014 through April 3, 2017. Any CRA-related activities falling within those timeframes were considered in arriving at the CRA rating. Because of changes in the bank's AA and changes to standard demographic information used in CRA evaluations, our analysis is divided into separate evaluation periods.

JANUARY 1, 2014, THROUGH DECEMBER 31, 2014

The Office of Management and Budget (OMB) revised Metropolitan Area (MA) and census tract geographic definitions and boundaries in February 2013. Those revisions became effective for CRA purposes on January 1, 2014. ANB revised its AAs as a result of these changes. We analyzed home mortgage loans and small loans to business data for 2014, using 2010-census demographic information and the 2014 OMB-MA changes; and summarized in brief conclusion statements.

AAs included in this period are the following as described:

- **Danville AA** - the area designated as the micropolitan statistical area for Danville and Pittsylvania County, Virginia.
- **Collinsville, Ridgeway and Martinsville AA** – the entire area of Martinsville and Henry County, Virginia.
- **South Boston AA** - the entire area of South Boston and Halifax County, VA.
- **Lynchburg AA** - the area designated as *county codes 680* (Lynchburg City), *515* (Bedford City), *031* (Campbell County) and *019* (Bedford County) in the metropolitan statistical area (MSA) for Lynchburg, Virginia.
- **Nelson County AA** - the area designated as census tracts (CT) 9501 and 9503 in the Nelson County portion of the metropolitan statistical area (MSA) for Charlottesville, Virginia.
- **Yanceyville AA** - the area designated as CT 9301, 9302, 9303, and 9304 in Caswell County, North Carolina.
- **Burlington AA** - the area designated as the MSA for Burlington, North Carolina.
- **Greensboro AA** - the area designated as *county code 081* (Guilford County) for the MSA for Greensboro-High Point, North Carolina.

JANUARY 1, 2015, THROUGH DECEMBER 31, 2015

ANB's acquisition of Franklin Community Bank in January 2015, expanding the Virginia network by three branches added an AA located in the southwestern portion of Virginia. This acquisition resulted in the following changes to the bank's AAs:

- **Danville AA** - the area designated as the micropolitan statistical area for Danville and Pittsylvania County, Virginia.
- **Collinsville, Ridgeway and Martinsville AA** – the entire area of Martinsville and Henry County, Virginia.
- **South Boston AA** - the entire area of South Boston and Halifax County, Virginia.
- **Lynchburg AA** - the area designated as *county codes 680* (Lynchburg City), *515* (Bedford City), *031* (Campbell County) and *019* (Bedford County) in the MSA for Lynchburg, Virginia.
- **Nelson County AA** - the area designated as CT 9501 and 9503 in the Nelson County portion of the MSA for Charlottesville, Virginia.
- **Rocky Mount, Hardy, and Union Hall AA** - the area designated as *county code 067* (Franklin County) in the metropolitan statistical area MSA for Roanoke, Virginia.
- **Yanceyville AA** - the area designated as CT 9301, 9302, 9303, and 9304 in Caswell County, North Carolina.
- **Burlington AA** - the area designated as the MSA for Burlington, North Carolina.
- **Greensboro AA** - the area designated as *county code 081* (Guilford County) for the MSA for Greensboro-High Point, North Carolina.

We evaluated home mortgage loans, small loans to businesses and farms, CD loans, qualified investments, and CD and retail services from January 1, 2015, through December 31, 2015. We analyzed home mortgage loans and small loans to businesses data for the period, using 2010-census demographic information, which we discuss in the narrative and include data in the tables in Appendix D. We analyzed home mortgage loans and small loans to business data for 2014, using 2010-census demographic information and the 2014 OMB-MA changes; and summarized in brief conclusion statements.

JANUARY 1, 2016, THROUGH DECEMBER 31, 2016

The Danville micropolitan statistical area experienced significant declines in population during 2015 and the Danville and Pittsylvania County area was designated as a micropolitan statistical area. This resulted in the following changes to the bank's AAs:

- **Southside AA** - the entire area designated as the micropolitan statistical area for City of Danville (*590*) and Pittsylvania County (*143*) and the entire areas of the city of Martinsville (*690*), Henry County (*089*), and Halifax County (*083*), Virginia.
- **Lynchburg AA** - the entire areas of city of Lynchburg (*680*), Campbell County (*031*), and Bedford County (*019*) in the MSA for Lynchburg, Virginia (MSA 31340).
- **Nelson County AA** - the area designated as CT 9501 and 9503 in Nelson County (*125*) within the MSA for Charlottesville, Virginia (MSA 16820).

- **Roanoke AA** - the entire areas of Franklin County (067), Roanoke County (161), city of Roanoke (770), and city of Salem (775), and CT 403.02, 404.02, 405.01, and 405.02 in Botetourt County (023) in the MSA for Roanoke, Virginia (MSA 40220).
- **Yanceyville AA** - the entire area of Caswell County (033), North Carolina.
- **Burlington AA** - the entire area designated as the MSA for Burlington, North Carolina (MSA 15500).
- **Greensboro AA** - the entire area of Guilford County (081) in the MSA for Greensboro-High Point, North Carolina (MSA 24660).

ALL EVALUATION PERIODS

In most markets, ANB makes few, if any, multi-family or small loans to farms. Therefore, multi-family and small farm lending had no material impact on the Lending Test. Tables related to multi-family and farm loan data are in Appendix D.

Our analysis of qualified investments included the investment portfolio as well as donations and grants made during the respective evaluation periods that have CD as its primary purpose. Qualified investments include investments that meet the definition of CD and were made prior to the current evaluation period and are still outstanding or were made during the current evaluation period. Prior period investments are considered at the book value of the investment at the end of the current evaluation period. Current period investments are considered at their original investment amount. Unless otherwise noted, the complexity and innovativeness of investments was typical for an institution of this size and capability.

Our review of services during the respective evaluation periods included analyzing ANB's network of branches and deposit-taking ATMs for the availability and effectiveness of delivering retail banking services. ANB offers other alternative delivery systems; however, we did not place significant weight on these systems, as there is no data concerning the effectiveness of these systems in targeting low- and moderate-income geographies and individuals. We also considered the extent and innovativeness of ANB's CD services in meeting the credit needs within its AAs

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 2016. Testing results validated the effectiveness of the bank's internal processes for collecting, validating, and filing reportable loan data.

We also verified CD loans, investments, and services submitted by bank management to ensure they met the regulatory definition and purpose test for CD. 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 MA in which the bank has branches in more than one state received a full-scope review.

Ratings

ANB's overall rating is a blend of state ratings for the states of Virginia and North Carolina. The state of Virginia rating weighed most heavily in arriving at the overall 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) and 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. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

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 Virginia⁴:	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

- ANB has exhibited good responsiveness to credit needs in its AAs, taking into account the number and amount of home mortgage, small business and small farms 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 Southside AA⁵, occasionally in a leadership position.
- ANB has a significant level of qualified investments that benefit a broader statewide area that includes the AAs.
- 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 Southside AA during the evaluation period.

⁴ 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.

⁵ 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-nine 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 Southside AA⁶ and the Lynchburg AA⁷, both of which received a full-scope review. The Southside AA accounts for 74 percent of rated area deposits and 62 percent of rated area loans. The Lynchburg AA accounts for eight percent of rated area deposits and 20 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, 2016, reported ANB ranked second out of 15 institutions in Deposit Market Share in the Southside AA and eleventh out of 16 institutions in Deposit Market Share in the Lynchburg 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. South Central 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 Southside AA and Lynchburg 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 Roanoke⁸ and Nelson County⁹ AAs received limited-scope reviews.

We contacted a community action group in the Southside AA; and we contacted an economic development authority in the Lynchburg AA to assist in our evaluation of the bank's performance of meeting the credit needs of the AAs. Please refer to the market profiles for the state of Virginia in Appendix C for detailed demographics, results of the community contacts and other performance context information for assessment areas that received full-scope reviews.

⁶ Ibid

⁷ Ibid

⁸ Ibid

⁹ Ibid

Conclusions with Respect To Performance Tests in Virginia

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 two low-income census tract in the Southside AA, or 3.33 percent of the total 60 tracts in the AA; and 12 of total tracts, or 20.00 percent, are designated as moderate-income census tracts. The Lynchburg AA has three low-income census tracts, or 6.25 percent of the 48 tracts in the AA; and 11 of the 48 total tracts, or 22.92 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 Southside AA is good and in the Lynchburg AA is adequate.

Lending Activity

Refer to Table 1 Lending Volume and Table 1 Other Products 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, 2015. Market share data for the period January 1 through December 31, 2016 was not available.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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 and purchases.

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 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 AAs.

Southside AA

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

ANB has ten branches and 51 percent of its total deposits in the Southside AA as of December 31, 2016. The bank ranked second in deposits with 19.43 percent market share as of June 30, 2016. There are 15 financial institutions with banking offices throughout the AA.

Based on 2015 HMDA Peer Mortgage Data, ANB ranked fourth for home purchase loans, sixth for home improvement loans, and fifth for home mortgage refinance loans with respective market shares of 6.13 percent, 3.82 percent, and 4.86 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.

We considered the demographic characteristics of low- and moderate-income geographies in evaluating geographic distribution of mortgage loans in the Southside AA. We noted that opportunities to lend in low-income geographies were limited. Owner-occupied units located in low-income census tracts comprised only 0.49 percent of total units in this AA.

The majority of census tracts within the assessment area are defined as middle-income areas. The majority of the population, owner-occupied housing, businesses, and farms are also located in middle-income census tracts. Therefore, most of the lending opportunities and credit needs for this assessment area are in middle-income geographies. Approximately 15 percent of families in this assessment area are below the poverty rate. Families below the poverty level will typically not qualify for conventional mortgage loan products due to low-income levels. Consequently, that will often limit a bank's ability to extend credit to these borrowers.

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. Home purchase loans accounted for 20 percent of the AA loans. Home mortgage refinance loans accounted for 10 percent of the total home mortgage loans and 4 percent of loans were for home improvement loans. Multi-family dwelling units represented approximately 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 adequate. The percentage of loans to borrowers living in low-income geographies is 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.

The geographic distribution of home improvement 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 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 good. The percentage of loans to borrowers living in low-income geographies is 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.

Lynchburg AA

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

ANB has three branches and five percent of its total deposits in the Lynchburg AA as of December 31, 2016. The bank ranked eleventh in deposits with 1.83 percent market share as of June 30, 2016. There are 16 financial institutions with banking offices throughout the AA.

Based on 2015 HMDA Peer Mortgage Data, ANB ranked 41st for home purchase loans, 29th for home improvement loans, and 30th for home mortgage refinance loans with respective market shares of 0.65 percent, 0.27 percent, and 0.72 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.

We considered the demographic characteristics of low- and moderate-income geographies in evaluating geographic distribution of mortgage loans in the Lynchburg AA. We noted that opportunities to lend in low-income geographies were limited. Owner-occupied units located in low-income census tracts comprised only 1.36 percent of total units in this AA.

In this assessment area, the majority of geographies are middle-income areas. The majority of the population, owner-occupied housing, businesses, and farms are also located in middle income census tracts. Therefore, most of the lending opportunities and credit needs for this assessment area are in middle-income geographies. Approximately 10 percent of families in this assessment area are below poverty rate. Families below the poverty level will typically not qualify for conventional mortgage loan products due to low-income levels. Consequently, that will often limit a bank's ability to extend credit to these borrowers.

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 and home improvement loans. Home purchase loans accounted for 15 percent of the AA loans. Home mortgage refinance loans accounted for 10 percent of the total home mortgage loans and less than one percent of loans were for home improvement 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 home improvement and 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 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 mortgage refinance loans is good. 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 is near to 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.

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 (businesses with less than \$1 million in gross annual revenue).

Southside AA

Based on 2015 Peer Small Business Data, ANB ranked second in making small loans to businesses with a 12.50 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).

The geographic distribution of small loans to businesses is good. 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 is lower than 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.

Lynchburg AA

Based on 2015 Peer Small Business Data, ANB ranked tenth in making small loans to businesses with a 3.75 percent market share. There are 53 lenders making small loans to businesses in this AA.

The geographic distribution of small loans to businesses is good. The percentage of loans to businesses in low-income geographies is near to the percentage of businesses in these geographies. The market share for businesses in low-income geographies is near to the overall market share for small loans to businesses. The percentage of loans to businesses in moderate-income geographies is lower than 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 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, 86.86 percent of the total number and 79.28 percent of the total dollar amount of the bank's loan originations were within the AAs. By loan product, 80.37 percent of the total number and 71.60 percent of the total dollar amount of home mortgage loans and 91.06 percent of the total number and 85.43 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, giving more weight to the bank's primary market activity in the Southside AA.

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

- Unemployment rates as of December 31, 2016, in the AAs have impacted economic conditions and may have affected the bank's loan demand. The unemployment rates were 5.50 percent, 4.50 percent, 5.30 percent, 5.60 percent, and 6.60 percent in the city of Danville, Pittsylvania County, Henry County, Halifax County, and the city of Martinsville, respectively for the Southside AA. The unemployment rates as of December 31, 2016, in the city of Lynchburg, Bedford County, and Campbell County were 4.70 percent, 3.90 percent, and 4.30 percent, respectively for the Lynchburg 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 Southside AA and in the Lynchburg AA were 18.77 percent and the 14.57 percent, respectively.

Southside AA

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

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 significantly lower than 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 exceeds the overall market share.

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

Lynchburg 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 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. The market share for moderate-income borrowers exceeds the overall market share.

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

The borrower distribution of home mortgage refinance loans is poor. 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 significantly 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 lower than 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.

Southside AA

The borrower distribution of small loans to businesses is good. The percentage of small loans to businesses 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.

Lynchburg AA

The borrower distribution of small loans to businesses is good. The percentage of small loans to businesses 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 CD 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 Southside AA. ANB originated 22 CD loans totaling \$35.5 million in this AA during the evaluation period. Examples of noteworthy loans include the following:

- One loan in the amount of \$4.1 million to construct a new 200,000 square foot distribution center located in Chatham, Virginia to be used by Intertape.
- One loan in the amount of \$6.4 million for construction of a new business technology center located in Danville, Virginia to be used by Telvista, Inc.
- One loan in the amount of \$2.7 million to purchase a building in a low-income census tract in Danville, Virginia that will house three businesses.
- One loan in the amount of \$8 million to construct an additional 50 private rooms at a rehabilitation and health care center in Danville, Virginia. The nursing care facility reported 54 percent of accounts receivable from Medicaid and Medicare.
- One loan in the amount of \$10 million to a local organization in Martinsville, Virginia that supports community initiatives in health, education and community vitality.

Community development lending had a neutral impact on overall performance under the Lending Test for the Lynchburg AA. ANB originated one CD loan totaling \$220 thousand in this AA during the evaluation period. The loan was part of a Small Business Administration (SBA) 504 project for low-, and moderate-income housing. The property for the project is located in a low-income CT in Lynchburg AA.

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. ANB originated three loans for a total amount of \$1.2 million during the evaluation period.

As of December 31, 2016, ANB committed approximately \$1.5 million in capital as a limited partner in Plexus and approximately \$4 million in capital as a limited partner in Salem, Virginia. Both of these entities are Small Business Investment Corporations (SBICs). The SBIC program makes commercial loans available to small businesses in the bank's Roanoke AA and also provides the possibility of deposit

and other business relationships between ANB and these companies. Ultimately, ANB expects to earn a dividend return from its partnership interest.

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. ANB originated two loans for a total amount of \$95 thousand during the evaluation period.

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 81 guaranty loans for total amount of \$727 thousand.

Consumer Loan Programs

Responding to the tremendous popularity and growing demand of home equity line accounts by typical homeowners, ANB strives to promote the availability of these products among creditworthy individuals by initiating, from time to time, free or reduced closing costs promotions. As a result, low- and moderate-income borrowers, who may have felt discouraged from opening home equity line accounts due to unaffordable closing costs, have been given a greater opportunity to have them.

In 2015, the bank released a Re-Start Credit Loan product to assist individuals with impaired credit or those with limited credit. This product is designed (as long as the customer makes payments as agreed) to help the customer build a positive trade line on their credit report whereby this would give them an opportunity to repair or establish credit. In addition, this loan will assist the customer with establishing a savings plan. ANB originated two loans for the total amount of \$6 thousand.

Secondary Market Mortgages

ANB originates FHA, VA, VHDA¹⁰, 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. On March 28, 2016, the bank was approved to receive the VHDA Mortgage Credit Certificate, which is a program designed for first time home buyers with limited income and resources. The majority of secondary market mortgages were originated in AAs in Virginia as ANB is better established and well-known in Southern Virginia. ANB originated 91 FHA loans for a total amount of \$12.6 million; 146 USDA/Rural Housing Guarantee Program loans for a total amount of \$17.5 million; 32 VHDA loans for a total amount of \$2.7 million; and 44 VA loans for a total amount of \$8.4 million in AAs in Virginia during the evaluation period.

¹⁰ 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.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Roanoke 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 for the state of Virginia is rated High Satisfactory, due to the overall level of investments for the statewide area. Based on full-scope reviews, the bank's specific performance in the Southside AA and in the Lynchburg AA is adequate.

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.

Southside AA

ANB's level of community development investments was adequate. ANB made no qualified investments targeted to the Southside AA during the evaluation period. ANB seeks new qualified investments that would benefit the communities it serves while accommodating the needs of the bank. ANB made \$205 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.

Lynchburg AA

ANB's level of community development investments was adequate. ANB made 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 made \$37 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 \$3.1 million in qualified investments that benefit the larger regional or statewide area during the evaluation period. The bank had \$10.1 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 \$13.2 million investments were purchased from Virginia Housing & Development Authority to fund affordable housing development within the state of Virginia. These statewide investments equaled to 7.7 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 Roanoke 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 Investment 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 Southside AA and the Lynchburg 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. ANB offers various alternative delivery systems at no fee, including bank by mail, 24-hour telephone banking, 24-hour ATMs (22 with a deposit-taking features), 24-hour Online Banking, 24-hour Bill Payment, 24-hour Mobile Banking, and 24-hour Mobile Deposit. Interbank Transfers are also offered to Online Banking customers with a small fee for outgoing transfers. All the alternative delivery systems make it easier for low- to moderate-income individuals to conduct transactions on their ANB accounts, withdraw cash, make deposits, etc., without the need of an in-person visit. 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.

Southside 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 ten full-service branch offices in the AA with non-deposit taking ATMs located at four branch offices, one of which is located in a low-income CT and another is located in a moderate-income CT. The bank operates deposit-taking ATMs at six branch offices. In addition, the bank operates four stand-alone non-deposit taking ATMs, one of which is located in a low-income CT and another is located in a moderate-income CT. The bank also operates five 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 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 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 CT; and extended drive through hours at the Liberty Street location, a moderate-income CT. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available.

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 closed a full-service branch office and ATM at a middle-income CT during the evaluation period. The ATM was relocated as a stand-alone deposit taking ATM within the same middle-income CT. ANB also closed a stand-alone, nondeposit-taking ATM location in a moderate-income census tract during this evaluation period.

Lynchburg 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 three full service branch offices in the AA with non-deposit taking ATMs located at two branch offices in a moderate- and a middle-income CT. In addition, the bank operates one stand-alone non-deposit taking ATMs, which is located in a middle-income CT.

The percentage of branches in low-income tracts is significantly lower than 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. 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 Friday at two offices in Lynchburg, which are located in middle-income CT. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. All of these alternative delivery systems referenced in the Retail Banking Services make it easier for low- to moderate-income individuals to conduct transactions on their ANB accounts, withdraw cash, make deposits, etc., without the need of an in-person visit. 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'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 an upper-income CT. ANB did not open or close branches in this AA during the evaluation period.

Community Development Services

Southside AA

During the evaluation period, 42 officers and employees provided technical services and support to 52 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.

Lynchburg AA

During the evaluation period, nine officers and employees provided technical services and support to 9 qualified community development organizations. As in the Southside 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 Roanoke 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 Carolina:	Low Satisfactory
The Lending Test is rated:	Low 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

- ANB has exhibited adequate 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 the AAs.
- The geographic distribution of loans reflects adequate penetration throughout the AAs.
- The distribution of borrowers reflects adequate 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.

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 AA¹¹ and the Greensboro AA¹². Thirty-one 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 69 percent of rated area deposits and 57 percent of rated area loans in North Carolina. The Greensboro AA accounts for 26 percent of rated area deposits and 40 percent of rated area loans in North Carolina.

Major bank competitors include Wells Fargo Bank, N.A. (\$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, 2016, ranked ANB second out of 17 institutions in the Burlington AA and twelfth out of 20 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 AA¹³. 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 reviewed a community contact with an economic development authority in the Greensboro AA performed by another regulatory agency; and conducted a community contact with a community development agency in the Burlington AA in our review. Information obtained from the contact was considered in our evaluation of the bank's performance of meeting the credit needs of the AAs. Please refer to the market profiles for the state of North Carolina in Appendix C for detailed demographics, results of the community contacts and other performance context information for assessment areas that received full-scope reviews.

¹¹ See Appendix A-1 for description of each AA.

¹² Ibid

¹³ Ibid

Conclusions with Respect To Performance Tests in North Carolina

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 CT in the Burlington AA and 7 of 36 total tracts, or 19.44 percent, are designated as moderate-income CT. The Greensboro AA has 13 low-income CT, or 10.92 percent, and 24 moderate-income CT, or 20.17 percent of the total 119 CT in the AA.

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending 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.

Lending Activity

Please refer to Table 1 Lending Volume Table 1 Other Products 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 adequate 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, 2015. Market share data for the period January 1, through December 31, 2016 was not available.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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/purchases.

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

There are no low-income CT 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.

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

Burlington AA

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

ANB has five branches and 21 percent of its total deposits in the Burlington AA as of December 31, 2016. The bank ranked second in deposits with 14.66 percent market share as of June 30, 2016. There are 17 financial institutions with banking offices throughout the AA.

Based on 2015 HMDA Peer Mortgage Data, ANB ranked 16th for home purchase loans, 33rd for home improvement loans, and 15th for home mortgage refinance loans with respective market shares of 1.16 percent, 0.52 percent, and 1.59 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.

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

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. Eleven percent of home mortgage loans were for home mortgage refinance loans and nine percent of the AA loans were for home purchase loans. Home improvement loans accounted for less than one percent of the total home mortgage loans. Multi-family dwelling units represented approximately one percent of the bank's home mortgage lending activity in the AA. Therefore, a geographic analysis of home improvement and 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 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 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

Overall lending levels in the Greensboro AA reflect adequate responsiveness to meeting AA credit needs. ANB has two branches and eight percent of its total deposits in the Greensboro AA as of December 31, 2016. The bank ranked 11th in deposits with 0.96 percent deposit market share as of June 30, 2016. There are 20 financial institutions with banking offices throughout the AA.

Based on 2015 HMDA Peer Mortgage Data, ANB ranked 60th for home purchase loans, 17th for home improvement loans, and 27th for home mortgage refinance loans with respective market shares of 0.27 percent, 0.99 percent, and 0.64 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.

In this assessment area, the majority of geographies are middle-income areas. The majority of the population, owner-occupied housing, businesses, and farms are also located in middle-income census tracts. Therefore, most of the lending opportunities and credit needs for this assessment area are in middle-income geographies. Approximately 12 percent of families in this assessment area are below poverty rate. Typically, families below the poverty level could not afford a house and may impact the overall lending opportunities. The economic data for the assessment area indicates that the area's recovery has been slow. The historical industries have not contributed significant job growth, while growth in the emerging industries has not been enough to compensate for those industries.

The overall geographic distribution of home mortgage loans in this AA is excellent.

Of the home mortgage loan products, home purchase loans and home mortgage refinance loans received equal weight, followed by multi-family unit loans, and home improvement loans. Home purchase and home mortgage refinance loans were each 15 percent, and home improvement loans were one percent. Multi-family dwelling units represented five percent of the bank's home mortgage lending activity in the AA. Therefore, a geographic analysis of home improvement and 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 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 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 is significantly 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.

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

Based on 2015 Peer Small Business Data, ANB ranked fifth in making small loans to businesses with 9.46 percent market share. There are 46 lenders making small loans to businesses in this 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

Based on 2015 Peer Small Business Data, ANB ranked 17th in making small loans to businesses with 1.08 percent market share. There are 73 lenders making small loans to businesses in this 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 is near to 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, 86.86 percent of the total number and 79.28 percent of the total dollar amount of the bank's loan originations were within the AAs. By loan product, 80.37 percent of the total number and 71.60 percent of the total dollar amount of home mortgage loans and 91.06 percent of the total number and 85.43 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 adequate 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 adequate distribution among borrowers of different income levels.

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, 2016, for the Burlington AA (Alamance County) was 4.5 percent and 4.9 percent in the 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 the Burlington AA and in the Greensboro AA were 15.22 percent and the 14.29 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 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 exceeds than 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 lower than overall market share.

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

The borrower distribution of home mortgage refinance 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 exceeds 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 poor.

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

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

The borrower distribution of home mortgage refinance 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 exceeds the overall market share for home mortgage refinance loans. The percentage of loans to moderate-income borrowers is significantly lower than the percentage of moderate-income families in the AA. The market share for moderate-income borrowers is significantly 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 adequate distribution among businesses of different sizes.

Burlington AA

The borrower distribution of small loans to businesses is adequate. The percentage of small loans to businesses is somewhat lower than 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 adequate. The percentage of small loans to businesses is somewhat lower than 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 CD 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 eight CD loans totaling \$313 thousand in this AA during the evaluation period. Examples of noteworthy loans include the following:

- Three loans in the total amount of \$50 thousand to a non-profit agency, located in a moderate-income level CT, that focuses on domestic violence and child abuse prevention, and offers services such as an emergency night shelter, transitional housing, court advocacy, and community education.
- Two loans in the total amount of \$25 thousand to a non-profit agency that provides intervention services for victims of sexual assault. Ninety-five percent of the clientele are in the low- to moderate-income range.

Community development lending had a positive impact on the overall performance under the Lending Test for the Greensboro AA. ANB originated four community development loans totaling approximately \$257 thousand in this AA during the evaluation period. Loans were the following:

- Three loans in the amount of \$70 thousand to a non-profit day health program that assists adults with multiple or severe developmental disabilities.
- One loan in the amount of \$19 thousand to a non-profit organization to purchase a refrigerated box truck that will be used to provide food to low- and moderate-income children. The non-profit organization focuses on feeding hungry children in Guilford County NC.

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 Community Investment Corporation of the Carolinas (CICCAR) whose sole purpose is to provide long term, permanent financing for the development of low-moderate income multi-family and elderly housing. ANB chooses specific projects that benefit communities in or near its assessment areas, and from 2009, through 2015, has funded twelve such projects in North Carolina and Virginia. The bank currently has three outstanding CICCAR participation loans in the total amount of \$149 thousand as of April 3, 2017.

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 products:

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 25 guaranty loans for total amount of \$188 thousand.

Secondary Market Mortgages

ANB originates FHA, VA, VHDA, North Carolina Housing Finance Agency (NCHFA)¹⁴, 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 Southern Virginia. ANB originated 10 FHA loans for a total amount of \$1.3 million; 17 VA loans for a total amount of \$3.2 million; 23 NCHFA loans for a total amount of \$3.2 million; and 3 USDA/Rural Housing Guarantee Program loans for a total amount of \$393 thousand; in AAs in North Carolina during the evaluation period.

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 Low 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.

¹⁴NCHFA is a self-supporting public agency that finances affordable housing opportunities for the people of North Carolina, whose needs are not met by the market.

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 made no qualified investments 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 \$90 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 made no qualified investments 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 \$93 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 did not purchase any qualified investments that benefit the larger regional or statewide area during the evaluation period. The bank had one prior period investment in the amount of \$855 thousand. This investment equaled one percent of Tier 1 Capital. 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 and in the Greensboro AA is adequate.

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. ANB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. ANB offers various alternative delivery systems at no fee, including bank by mail, 24-hour telephone banking, 24-hour ATMs (22 with a deposit-taking features), 24-hour Online Banking, 24-hour Bill Payment, 24-hour Mobile Banking, and 24-hour Mobile Deposit. Interbank Transfers are also offered to Online Banking customers with a small fee for outgoing transfers. All of these alternative delivery systems make it easier for low- to moderate-income individuals to conduct transactions on their ANB accounts, withdraw cash, make deposits, etc., without the need of an in-person visit. 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.

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 five full service branch offices in the AA with non-deposit taking ATMs located at three branch offices and a deposit taking ATM located at two branch offices. 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 CT and the other is located in an upper-income CT. Additional drive-through hours are available on Saturdays at the Church Street location in the upper-income CT.

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 stand-alone non-deposit taking ATM located in an upper-income geography. The bank also closed a banking office located in a middle-income CT and relocated the office and the ATM within the same middle-income geography.

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 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 CT 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.

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 did not close any banking locations in this AA during the evaluation period. The bank opened a deposit taking ATM at one banking location located in a moderate-income geography.

Community Development Services**Burlington AA**

During the evaluation period, 11 officers and employees provided technical services and support to eight 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, 15 officers and employees provided technical services and support to 14 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): (1/1/2014 to 12/31/2016) Investment and Service Tests and CD Loans: (4/8/2014 to 4/3/2017)	
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		
Southside (non-MSA)	Full Scope	City of Danville, Pittsylvania County, city of Martinsville, Halifax and Henry Counties
Lynchburg (MSA# 31340)	Full Scope	City of Bedford; Bedford and Campbell Counties (Portion of Lynchburg VA MSA 31340)
Nelson County (MSA# 16820)	Limited Scope	Nelson County VA (Portion of Charlottesville VA MSA 16820)
Roanoke (MSA# 40220)	Limited Scope	City of Roanoke, city of Salem, Franklin and Roanoke Counties, and 4 census tracts in Botetourt County (Portion of Roanoke VA MSA 40220)
North Carolina		
Burlington (MSA# 15500)	Full Scope	Burlington NC MSA 15500 (Alamance County)
Greensboro (MSA# 24660)	Full Scope	Guilford County NC (Portion of Greensboro-High Point NC MSA 24660)
Caswell (non MSA)	Limited Scope	Caswell County NC

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	Low 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 Southside Virginia non MSA AA (Southside AA)

2010 U.S. Census Demographic Information for Full Scope Area: Southside AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	60	3.33	20.00	68.33	6.67	1.67
Population by Geography	210,774	1.29	20.53	72.53	5.66	0.00
Owner-Occupied Housing by Geography	63,756	0.49	16.25	77.13	6.11	0.02
Business by Geography	10,504	3.49	18.87	66.96	10.54	0.14
Farms by Geography	562	0.53	9.25	84.88	5.34	0.00
Family Distribution by Income Level	59,463	25.20	18.21	21.56	35.02	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	25,814	1.39	26.66	68.54	3.40	0.00
Median Family Income 2016 HUD Adjusted Median Family Income Households Below Poverty Level		48,460 52,300 19%		Median Housing Value		96,318

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

Source: 2010 U.S. Census and 2016 HUD updated MFI

The Southside AA consists of the city of Danville, the city of Martinsville, Halifax County, Henry County and Pittsylvania County. The AA has a total of 60 CT: 2 low-income; 12 moderate-income; 41 middle-income; 4 upper-income CT and one CT was not assigned an income designation. There are 19 CT designations of distressed or underserved non-metropolitan middle-income geographies in the Southside AA due to poverty, unemployment rates and population loss.

Danville, an independent city in the Commonwealth of Virginia, is the principal city of the Danville, Virginia Micropolitan Statistical Area. It is bounded by Pittsylvania County, Virginia and Caswell County, North Carolina. Danville is located along the southern border of Virginia, 70 miles south of Lynchburg and 45 miles northeast of Greensboro, North Carolina, and 30 miles east of Martinsville.

The restructuring of the tobacco, textile, and railroad industries all had an adverse effect, resulting in the loss of many jobs in Danville. The region has struggled to develop new bases for the economy. The losses have made it difficult to preserve the city's many architecturally and historically significant properties dating from its more prosperous years. Prior to the recession of 2008, the city of Danville and its partners began a major project focused on the revitalization of the Historic Downtown and Tobacco Warehouse districts, now coined "The River District." Today, the project continues with a new momentum as the public sector has joined the movement.

Located on the southern border of Virginia, the city of Martinsville in Henry County is a 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. 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. However, unemployment rates are still higher than the state average.

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 its main lines. Norfolk Southern lines also run directly to the Port of Virginia, which has the ability to ship to points all around the world.

ANB operates four 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. The bank also operate offices in Chatham, Gretna, Martinsville, Collinsville, Ridgeway, South Boston, Roanoke, Rocky Mount, Hardy, and Union Hall serving markets in Pittsylvania, Henry, Halifax, Roanoke and Franklin Counties 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 Southside AA. The bank had a deposit market share in the Southside AA of 19.43 percent at June 30, 2016, based on Federal Deposit Insurance Corporation (FDIC) data. There were 15 banking institutions operating a total of 72 branches in the AA. ANB's primary competitor is Carter Bank and Trust. Other competitors are two large multi-national banks and several large regional banks. Additionally, there were 185 HMDA reporters attributed with loans in the AA during 2015 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 level. The unemployment rate as of December 31, 2016, for the cities of Danville and Martinsville, Halifax County, Henry County, and Pittsylvania County was 5.5 percent; 6.6 percent; 5.6 percent; 5.3 percent; and 4.5 percent, respectively. The unemployment rate for the state of Virginia as of December 31, 2016 was 4.1 and the national average unemployment rate was 4.7 percent.

The economic data for the assessment area indicates that the area's economy has regressed with payrolls declining over the last two years. Moreover, the improvement in the unemployment rate is only a result of individuals leaving the workforce. Although industrial production has increased, the increase has not resulted in new factory jobs. As the national economy continues to improve, residential investment

spending should strengthen the economy because the area exports housing related goods. However, a significant segment of the population is not college educated which is an impediment to providing higher paying jobs. Finally, the new housing market is nonexistent as practically no home permits have been issued.

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 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 Southside AA are The Goodyear Tire and Rubber Company; the city of Danville; Memorial Hospital of Martinsville; Martinsville City Schools; Halifax County School Board; Sentara Healthcare; Henry County School Board; Cpfilms, Incorporated; Pittsylvania County School Board; and Unique Industries.

We completed a community contact in the Southside AA in our review. The contact was an employee with Pittsylvania County Community Action, Inc. The agency's primary purpose is to combat poverty. The programs offered include but are not limited to housing, job placement, emergency assistance, healthcare referral outreach, senior services, taxpayer preparation, and home repair. The contact stated there is a need for credit for low- to moderate-income borrowers who do not qualify for loans without a co-signor; and for entrepreneurship, as little funding is available. The contact stated that local banks have provided adequate support in the community; however, more engagement by banks is needed.

State of Virginia

Lynchburg MSA (Lynchburg AA)

2010 U.S. Census Demographic Information for Full Scope Area: Lynchburg MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	48	6.25	22.92	58.33	12.50	0.00
Population by Geography	205,308	2.60	22.69	57.67	17.03	0.00
Owner-Occupied Housing by Geography	57,149	1.36	17.07	62.75	18.82	0.00
Business by Geography	12,498	5.98	22.00	51.33	20.69	0.00
Farms by Geography	543	2.03	10.13	69.98	17.86	0.00
Family Distribution by Income Level	53,085	20.48	18.89	20.27	40.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,898	3.61	27.25	60.58	8.56	0.00
Median Family Income		56,509	Median Housing Value		160,154	
2016 HUD Adjusted Median Family Income		60,300				
Households Below Poverty Level		15%				

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

Source: 2010 U.S. Census and 2016 HUD updated MFI

The Lynchburg AA consists of the cities of Lynchburg, Bedford, Bedford County and Campbell County that are part of the Lynchburg MSA, also widely known within the state as Region 2000. The AA has a total of 48 CT: 3 low-income; 11 moderate-income; 28 middle-income; and 6 upper-income CT. No CT are designated as a distressed or underserved middle-income geographies. ANB completed a lending analysis and it was not beneficial to add Amherst County to the bank's AA, considering the bank does no direct marketing there and lends only occasionally to customers with needs in this county. To do otherwise would impose marketing efforts that are beyond the single mortgage loan originator and small lending staff in the Graves Mill office for such a large geographic assessment area.

The city of Lynchburg, located at the intersection of U.S. Routes 29 and 460 and at the heart of the MSA, is a major highway and transportation hub, as well as a diversified manufacturing center. Lynchburg is 110 miles west of Richmond; 190 miles west of Norfolk; and 52 miles east of Roanoke. As of 2016, the Lynchburg MSA was the fifth largest in the state with a population of 260,320.

ANB had a deposit market share in the AA of 1.83 percent at June 30, 2016, 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, credit unions, and mortgage companies. There were 16 banking institutions operating a total of 77 branches in the AA. ANB's primary competitors are The First National Bank, Altavista and Bank of the James. Other competitors include two large multi-national banks and several large regional banks. Additionally, there were 273 HMDA reporters attributed with loans in the AA during 2015, resulting in heavy levels of competition in the southern Virginia area.

Approximately 6 percent of the area population resides in low-income geographies; and 23 percent of the area population resides in moderate-income geographies. Twenty-eight percent of families are designated as low-income. Nineteen percent of families are moderate-income. Over 18 percent of families live below poverty level. The unemployment rate as of December 31, 2016, for the city of Lynchburg, Bedford County, and Campbell County was 4.7 percent; 3.9 percent; and 4.3 percent, respectively. The unemployment rate for the State of Virginia was 4.1 percent and the national average unemployment rate was 4.7 percent.

The economic data for the assessment area indicates that the area's economy is in a recession. As a result of lower incomes, the area is experiencing low spending growth which leads to weak demand for products and services. Furthermore, the labor force has contracted considerably as individuals searching for jobs have become discouraged. In addition, population growth continues to be below average with an older than average workforce. The impact on the housing market has been significant as sales of existing homes are near record lows. Although a several colleges and universities are located in the area, the area does not retain a significant share of these university's graduates.

The economic strength of the region lies in its broad base of employers. These include more than 200 manufacturers in industries such as plastics, pharmaceuticals, wireless communications, materials handling, and more. There are two large nuclear firms that employ three percent of the region's workforce, as well as major insurance firms, a nationally recognized health care provider, and six colleges and universities. Major employers in the Lynchburg AA are: Bedford County School Board, Babcock & Wilcox Nuclear, Campbell County Schools, Centra Health, and Lynchburg City Schools.

We completed a community contact in the Lynchburg AA in our review. The contact was an employee of an economic development organization in the AA. The organization is a council of local governments focused on workforce development and planning in the Lynchburg MSA. The contact indicated satisfactory support from local banks in the Ways to Work program, which provides reasonable interest rates on auto loans. Opportunities for banks to be more engaged with board memberships and support for the workforce development/financial literacy training, support for entrepreneurship training and small businesses, and support for affordable housing development were stated by the contact.

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	7,958	0.00	18.60	51.32	30.08	0.00
Farms by Geography	278	0.00	7.91	62.23	29.86	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		52,806	Median Housing Value		138,406	
2016 HUD Adjusted Median Family Income		53,100				
Households Below Poverty Level		15%				

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

Source: 2010 U.S. Census, and 2016 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 Combined Statistical Area. The AA has a total of 36 CT: 7 moderate-income; 17 middle-income; and, 12 upper-income CT. 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 expanded ANB's footprint in North Carolina, adding eight branches in Alamance and Guilford Counties.

The market area in Alamance County, North Carolina, 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 ranked second with deposit market share in Alamance County of 14.66 percent based on FDIC data, at June 30, 2016.

There were 17 banking institutions operating a total of 43 branches in the AA. ANB's primary competitors are branches of Wells Fargo Bank, N.A., and Capital Bank, Corporation. Others included regional and local national and state banks and thrifts. There were 240 HMDA reporters attributed with loans in the AA as of 2015 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. Approximately

15 percent of families live below poverty. The unemployment rate as of December 31, 2016 in Alamance County was 4.5 percent. The unemployment rate for the State of North Carolina was 5.2 and the national average unemployment rate was 4.7 percent.

Alamance-Burlington School System, Lapcorp, Alamance Regional Medical Center, Elon University, and Wal-Mart Stores Inc. are the largest employers in the AA. Other major employers are Honda Aero, the jet engine manufacturer for Honda and other aircraft manufacturers, and Sheetz Corporation. Recent business expansions in Burlington have included an additional 218,000 square feet of manufacturing space at Kayser-Roth's Burlington manufacturing facility. Alamance Regional Medical Center also recently completed a 109,860 square foot addition to meet the healthcare needs of the growing community.

We completed a community contact for the Burlington AA in our review. We contacted a representative of a community service organization in the AA. The organization's primary focus is meeting the education, financial, and health needs of low- to moderate-income individuals in Alamance County. The contact stated the banks in the AA demonstrated satisfactory performance for financial counseling programs, funding a homeless shelter, and support of the Volunteer Income Tax Assistance (VITA) program. The VITA Program offers free tax preparation to low-to-moderate income individuals and families. Areas of opportunity for banks included creation of loan pools or grants for entrepreneurs; provide donated properties for rehabilitation; and volunteer in the VITA program.

State of North Carolina
Guilford County North Carolina in Greensboro-High Point 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	38,217	8.39	15.38	37.05	38.95	0.24
Farms by Geography	959	2.82	9.70	40.98	46.40	0.10
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		55,362	Median Housing Value		156,846	
2016 HUD Adjusted Median Family Income		56,200				
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 2016 HUD updated MFI.

Guilford County is included in the Greensboro-High Point, MSA 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. The AA has a total of 118 CT delineated as follows: 13 low-income; 24 moderate-income; 36 middle-income; 45 upper-income CT; and one CT was not assigned an income designation. There are no distressed or underserved middle-income geographies in this AA.

ANB did not designate the entire Greensboro-High Point, MSA as its AA due to the geographic size of the MSA. The lending analysis completed by the bank concluded that loans originating in other portions of the MSA would be insignificant to the bank's HMDA penetration ratios and would provide only slight improvement for CRA penetration in the Greensboro MSA AA. That being the case and, more importantly, due to the ancillary and incidental nature of these loan originations and the lack of any marketing efforts, the bank management excluded other portions of the Greensboro MSA from ANB's Greensboro AA.

On July 1, 2011, ANB completed its merger with MidCarolina, 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 ranked 12th of 20 institutions with a deposit market share in the Greensboro AA of 0.96 percent at June 30, 2016, 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 20 banking institutions operating a total of 135 branches in the AA. ANB's primary competitor is Branch Banking and Trust Company (BB&T), a \$219 billion multi-state bank. There were 363 HMDA reporters attributed with loans in the AA as of 2015 resulting in heavy levels of competition in this AA.

The economic outlook for growth in the emerging industries is promising, forecasters believe the larger historical industries will determine the future of manufacturing in the assessment area. The area has an educated workforce which represents a growth opportunity for high-tech companies. Still, the assessment area is not expected to reach a new employment peak until 2017. Finally, job gains will remain average compared to the nation and continue to be less than other areas in the region.

Approximately 9 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 level. The unemployment rate as of December 31, 2016, was 4.9 percent for Guilford County. The unemployment rate for the state of North Carolina was 5.2 percent and the national average unemployment rate was 4.7 percent.

Major employers in the AA are: Guilford County Schools; Moses Cone Health Systems; the city of Greensboro; UNC at Greensboro; and the United States Postal Service.

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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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.

Table 16. Distribution of Branch and ATM Delivery System - 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. This table also presents the number of ATMs located in low-, moderate-, middle-, and upper-income geographies for each 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, 2014 TO DECEMBER 31, 2016	
Assessment Area (2016):	% 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:												
Lynchburg AA	20.77	121	25,884	338	55,878	3	92	1	220	463	82,074	7.81
Southside AA	62.05	481	59,778	840	106,410	40	1,732	22	35,500	1,383	203,420	74.06
Limited Review:												
Roanoke AA	16.51	91	16,740	271	41,314	6	493	0	0	368	58,547	16.84
Nelson County AA	0.67	3	241	12	1,354	0	0	0	0	15	1,595	1.29

Appendix D-5

* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from December 01, 2014, to December 31, 2016.

*** Deposit Data as of December 31, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

Institution ID: American National Bank

Geographic Distribution: LENDING VOLUME		Geography: STATE OF VIRGINIA								Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
Lynchburg AA	21.93	25	9,668	25	9,668	0	0	0	0	0	0	0	0	7.81
Southside AA	42.98	49	8,614	49	8,614	0 0	0	0	0	0	0	0	0	74.06
Limited Review:														
Roanoke AA	35.09	40	4,691	40	4,691	0	0	0	0	0	0	0	0	16.84
Nelson County AA	0.00	0	0	0	0	0 0	0	0	0	0	0	0	0	1.29

Appendix D-6

* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from January 01, 2014, to December 31, 2016.

*** Deposit Data as of December 31, 2016. 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, 2014 TO DECEMBER 31, 2016				
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:															
Lynchburg AA	68	18.43	1.36	2.94	17.07	22.06	62.75	57.35	18.82	17.65	0.65	0.00	0.66	0.61	0.75
Southside AA	272	73.71	0.49	0.00	16.25	11.40	77.14	73.90	6.11	14.71	6.06	0.00	7.37	5.41	10.40
Limited Review:															
Roanoke AA	28	7.59	2.00	7.14	22.13	42.86	38.46	42.86	37.41	7.14	0.19	1.67	0.52	0.20	0.00
Nelson County AA	1	0.27	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	1.12	0.00	1.12	0.00	0.00

Appendix D-7

* Based on 2015 Peer Mortgage Data -- US and PR

** 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, 2014 TO DECEMBER 31, 2016				
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:															
Lynchburg AA	3	5.17	1.36	33.33	17.07	33.33	62.75	33.33	18.82	0.00	0.27	10.00	0.00	0.00	0.00
Southside AA	49	84.48	0.49	2.04	16.25	14.29	77.14	75.51	6.11	8.16	3.85	0.00	1.92	4.63	0.00
Limited Review:															
Roanoke AA	5	8.62	2.00	0.00	22.13	60.00	38.46	40.00	37.41	0.00	0.15	0.00	0.56	0.00	0.00
Nelson County AA	1	1.72	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

Appendix D-8

* Based on 2015 Peer Mortgage Data -- US and PR

** 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, 2014 TO DECEMBER 31, 2016					
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:															
Lynchburg AA	46	19.01	1.36	4.35	17.07	13.04	62.75	56.52	18.82	26.09	0.63	14.29	0.00	0.59	0.87
Southside AA	140	57.85	0.49	0.00	16.25	17.14	77.14	75.00	6.11	7.86	4.63	0.00	5.15	4.42	5.95
Limited Review:															
Roanoke AA	55	22.73	2.00	3.64	22.13	38.18	38.46	49.09	37.41	9.09	0.76	4.55	1.62	0.79	0.22
Nelson County AA	1	0.41	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

Appendix D-9

* Based on 2015 Peer Mortgage Data -- US and PR

** 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, 2014 TO DECEMBER 31, 2016				
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:															
Lynchburg AA	4	14.81	4.35	0.00	33.16	50.00	44.38	50.00	18.12	0.00	10.00	0.00	16.67	12.50	0.00
Southside AA	20	74.07	9.73	0.00	25.24	35.00	59.05	65.00	5.98	0.00	33.33	0.00	50.00	33.33	0.00
Limited Review:															
Roanoke AA	3	11.11	8.53	0.00	21.86	33.33	44.44	66.67	25.17	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

Appendix D-10

* Based on 2015 Peer Mortgage Data -- US and PR

** 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, 2014 TO DECEMBER 31, 2016				
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:																
Lynchburg AA	338	23.20	5.98	5.33	22.00	17.16	51.33	44.97	20.69	32.54	3.77	3.40	3.80	3.26	5.47	
Southside AA	836	57.38	3.49	3.35	18.87	16.99	66.96	69.26	10.54	10.41	12.37	7.59	15.07	12.04	13.39	
Limited Review:																
Roanoke AA	271	18.60	3.44	1.11	22.54	50.18	36.42	42.44	37.60	6.27	1.85	0.00	4.65	2.20	0.27	
Nelson County AA	12	0.82	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.77	0.00	1.32	0.00	0.00	

Appendix D-11

* Based on 2015 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 (2016).

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, 2014 TO DECEMBER 31, 2016				
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:																
Lynchburg AA	3	6.12	2.03	0.00	10.13	0.00	69.98	33.33	17.86	66.67	2.17	0.00	0.00	0.00	20.00	
Southside AA	40	81.63	0.53	0.00	9.25	7.50	84.88	87.50	5.34	5.00	15.63	0.00	16.67	16.09	0.00	
Limited Review:																
Roanoke AA	6	12.24	2.30	0.00	24.51	50.00	40.30	50.00	32.89	0.00	1.33	0.00	5.88	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	

Appendix D-12

* Based on 2015 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 (2016).

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, 2014 TO DECEMBER 31, 2016				
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*	% ANB Loans*	% Families**	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Lynchburg AA	68	18.43	20.48	11.29	18.89	30.65	20.27	17.74	40.37	40.32	0.81	0.44	1.11	0.30	1.03
Southside AA	272	73.71	25.20	5.58	18.21	23.51	21.56	31.08	35.02	39.84	8.00	2.06	8.90	9.34	7.96
Limited Review:															
Roanoke AA	28	7.59	20.21	8.70	18.50	21.74	21.41	21.74	39.87	47.83	0.22	0.33	0.10	0.21	0.28
Nelson County AA	1	0.27	32.66	100.00	20.80	0.00	22.04	0.00	24.50	0.00	1.35	4.17	0.00	0.00	0.00

Appendix D-13

* Based on 2015 Peer Mortgage Data -- US and PR

** 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 8.7% of loans originated and purchased by bank.

* 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, 2014 TO DECEMBER 31, 2016				
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 15****	% Families*	% ANB Loans****	% Families***	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Lynchburg AA	3	5.17	20.48	0.00	18.89	0.00	20.27	100.00	40.37	0.00	0.28	0.00	0.00	1.08	0.00
Southside AA	49	84.48	25.20	28.26	18.21	26.09	21.56	13.04	35.02	32.61	3.62	2.74	5.88	3.03	2.90
Limited Review:															
Roanoke AA	5	8.62	20.21	20.00	18.50	40.00	21.41	20.00	39.87	20.00	0.16	0.00	0.64	0.00	0.00
Nelson County AA	1	1.72	32.66	0.00	20.80	0.00	22.04	100.00	24.50	0.00	0.00	0.00	0.00	0.00	0.00

Appendix D-14

* Based on 2015 Peer Mortgage Data -- US and PR

** 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 6.9% of loans originated and purchased by bank.

* 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 VIRGINIA									Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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 *	% ANB Loans ****	% Families ***	% ANB Loans ****	% Families ***	% ANB Loans ****	Overall	Low	Mod	Mid	Upper
Full Review:															
Lynchburg AA	46	19.01	20.48	8.57	18.89	11.43	20.27	20.00	40.37	60.00	0.72	0.00	0.30	0.72	1.05
Southside AA	140	57.85	25.20	12.28	18.21	15.79	21.56	20.18	35.02	51.75	5.08	4.60	3.85	3.35	6.88
Limited Review:															
Roanoke AA	55	22.73	20.21	6.25	18.50	31.25	21.41	10.42	39.87	52.08	0.86	0.00	1.11	0.59	1.07
Nelson County AA	1	0.41	32.66	0.00	20.80	0.00	22.04	100.00	24.50	0.00	0.00	0.00	0.00	0.00	0.00

Appendix D-15

* Based on 2015 Peer Mortgage Data -- US and PR

** 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.

* 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, 2014 TO DECEMBER 31, 2016				
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:									
Lynchburg AA	338	23.13	83.74	65.38	60.06	20.41	19.53	3.77	4.94
Southside AA	840	57.49	81.00	70.71	70.83	15.24	13.93	12.37	16.79
Limited Review:									
Roanoke AA	271	18.55	82.13	67.90	60.15	21.77	18.08	1.85	2.48
Nelson County AA	12	0.82	86.61	91.67	50.00	50.00	0.00	0.77	1.50

Appendix D-16

* Based on 2015 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 - 2016).

**** 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 0.68% 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 BUSINESSES		Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
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:									
Lynchburg AA	3	6.12	98.34	100.00	100.00	0.00	0.00	2.17	3.57
Southside AA	40	81.63	97.69	95.00	87.50	12.50	0.00	15.63	26.32
Limited Review:									
Roanoke AA	6	12.24	96.05	66.67	100.00	0.00	0.00	1.33	2.94
Nelson County AA	0	0.00	92.86	0.00	0.00	0.00	0.00	0.00	0.00

Appendix D-17

* Based on 2015 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 - 2016).

**** 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 2.04% 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, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total #	#	\$(000's)
Full Review:									
Lynchburg AA	0	0	0	0	0	0	0.00	0	0
Southside AA	0	0	0	0	0	0	0.00	0	0
Limited Review:									
Roanoke AA	0	0	0	0	0	0	0.00	0	0
Nelson County AA	0	0	0	0	0	0	0.00	0	0
Statewide/Regional	10	10,144	4	3,115	14	13,259	100	0	0

Appendix D-18

* '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, 2014 TO DECEMBER 31, 2016									
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:																	
Lynchburg AA	7.81	3	17.65	0.00	33.33	66.67	0.00	0	1	0	0	- 1	0	2.60	22.69	57.67	17.03
Southside AA	74.06	10	58.82	10.00	30.00	50.00	10.00	0	1	0	0	- 1	0	1.29	20.53	72.53	5.66
Limited Review:																	
Roanoke AA	16.84	3	17.65	0.00	33.33	66.67	0.00	3	1	0	1	2	0	4.54	24.83	37.98	32.65
Nelson County AA	1.29	1	5.88	0.00	100.00	0.00	0.00	0	1	0	0	1	0	0.00	100.00	0.00	0.00

Table 16. Distribution of Branch and ATM Delivery System

Institution ID: American National Bank

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
MA/ Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Total ANB Deposits	# of ANB Branches	% of ANB Branches	Location of Branches by Income of Geographies (%)				# of ANB ATMs	# of ANB ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
Lynchburg AA	7.81	3	17.65	0.00	33.33	66.67	0.00	0	14.81	0	1	3	0	2.60	22.69	57.67	17.03
Southside AA	74.06	10	58.82	10.00	30.00	50.00	10.00	0	70.37	0	4	9	4	1.29	20.53	72.53	5.66
Limited Review:																	
Roanoke AA	16.84	3	17.65	0.00	33.33	66.67	0.00	3	11.11	0	1	2	0	4.54	24.83	37.98	32.65
Nelson County AA	1.29	1	5.88	0.00	100.00	0.00	0.00	0	3.70	0	0	0	0	0.00	100.00	0.00	0.00

State of North Carolina

Table 1. Lending Volume

Institution ID: American National Bank

LENDING VOLUME		Geography: STATE OF NORTH CAROLINA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area (2016):	% 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	56.93	164	66,818	556	111,529	7	415	8	313	735	179,075	68.60
Greensboro AA	40.05	183	52,230	329	78,433	1	200	4	257	517	131,120	25.64
Limited Review:												
Caswell AA	3.02	21	2,117	16	2,088	2	22	0	0	39	4,227	5.76

Appendix D-21

* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is from January 1, 2014 to December 31, 2016.
 *** Deposit Data as of December 31, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

Institution ID: American National Bank

LENDING VOLUME		Geography: STATE OF NORTH CAROLINA								Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
Burlington AA	49.55	55	13,930	55	13,930	0	0	0	0	0	0	0	0	68.60
Greensboro AA	49.55	55	11,193	55	11,193	0	0	0	0	0	0	0	0	25.64
Limited Review:														
Caswell AA	0.90	1	10	1	10	0	0	0	0	0	0	0	0	5.76

Appendix D-22

* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.
 ** The evaluation period for Optional Product Line(s) is from January 1, 2014 to December 31, 2016.
 *** Deposit Data as of December 31, 2016. 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, 2014 TO DECEMBER 31, 2016					
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	6866	43.42	0.00	0.00	17.12	9.09	48.25	48.48	34.63	42.42	1.12	0.00	1.01	0.90	1.50
Greensboro AA	75	49.34	3.77	9.33	14.37	20.00	34.09	26.67	47.76	44.00	0.22	0.00	0.40	0.25	0.17
Limited Review:															
Caswell AA	11	7.24	0.00	0.00	8.31	9.09	78.65	81.82	13.04	9.09	2.84	0.00	8.33	2.99	0.00

Appendix D-23

* Based on 2015 Peer Mortgage Data -- US and PR

** 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 NORTH CAROLINA									Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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	0.00	48.25	100.00	34.63	0.00	0.53	0.00	0.00	1.00	0.00
Greensboro AA	6	46.15	3.77	0.00	14.37	33.33	34.09	16.67	47.76	50.00	0.51	0.00	2.04	0.00	0.47
Limited Review:															
Caswell AA	5	38.46	0.00	0.00	8.31	20.00	78.65	80.00	13.04	0.00	0.00	0.00	0.00	0.00	0.00

Appendix D-24

* Based on 2015 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MAAA 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 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, 2014 TO DECEMBER 31, 2016					
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:															
Burlington AA	84	51.22	0.00	0.00	17.12	21.43	48.25	54.76	34.63	23.81	1.46	0.00	1.90	1.93	0.71
Greensboro AA	75	45.73	3.77	8.00	14.37	32.00	34.09	32.00	47.76	28.00	0.56	0.00	1.84	0.61	0.33
Limited Review:															
Caswell AA	5	3.05	0.00	0.00	8.31	0.00	78.65	100.00	13.04	0.00	0.63	0.00	0.00	0.84	0.00

Appendix D-25

* Based on 2015 Peer Mortgage Data -- US and PR

** 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 NORTH CAROLINA									Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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	12	30.77	0.00	0.00	14.68	41.67	63.95	33.33	21.38	25.00	18.75	0.00	25.00	11.11	33.33
Greensboro AA	27	69.23	9.66	22.22	26.10	48.15	39.95	7.41	24.28	22.22	17.24	25.00	28.57	0.00	33.33
Limited Review:															
Caswell AA	0	0.00	0.00	0.00	9.72	0.00	90.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Appendix D-26

* Based on 2015 Peer Mortgage Data -- US and PR

** 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, 2014 TO DECEMBER 31, 2016				
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	556	61.71	0.00	0.00	18.60	10.25	51.32	44.78	30.08	44.96	9.52	0.00	5.17	8.72	13.54
Greensboro AA	329	36.51	8.39	4.26	15.38	14.89	37.05	37.39	38.95	43.47	1.09	0.64	1.32	1.12	1.11
Limited Review:															
Caswell AA	16	1.78	0.00	00.0	7.58	6.25	82.73	81.25	9.69	12.50	3.49	0.00	0.00	3.73	4.00

Appendix D-27

* Based on 2015 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 (2016).

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, 2014 TO DECEMBER 31, 2016				
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	7	70.00	0.00	0.00	7.91	0.00	62.23	28.57	29.86	71.43	5.88	0.00	0.00	0.00	22.22
Greensboro AA	1	10.00	2.82	0.00	9.70	0.00	40.98	100.00	46.40	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Caswell AA	2	20.00	0.00	0.00	15.45	0.00	71.54	50.00	13.01	50.00	7.69	0.00	0.00	0.00	0.00

Appendix D-28

* Based on 2015 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 (2016).

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, 2014 TO DECEMBER 31, 2016				
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 16****	% Families *	% ANB Loans ***	% Families ***	% ANB Loans ****	% Families **	% ANB Loans ****	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	66	43.42	21.32	7.55	16.95	16.98	20.70	30.19	41.03	45.28	1.18	1.60	0.66	1.87	0.98
Greensboro AA	75	49.34	20.58	0.00	16.52	4.76	18.24	28.57	44.66	66.67	0.19	0.00	0.00	0.37	0.21
Limited Review:															
Caswell AA	11	7.24	23.59	0.00	17.19	36.36	22.73	27.27	36.49	36.36	3.50	0.00	7.32	2.50	1.79

Appendix D-29

* Based on 2015 Peer Mortgage Data -- US and PR

** 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 8.7% of loans originated and purchased by bank.

* 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 NORTH CAROLINA									Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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 *	% 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	0.00	20.70	50.00	41.03	50.00	0.56	0.00	0.00	0.00	1.08
Greensboro AA	6	46.15	20.58	0.00	16.52	0.00	18.24	0.00	44.66	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Caswell AA	5	38.46	23.59	40.00	17.19	20.00	22.73	20.00	36.49	20.00	0.00	0.00	0.00	0.00	0.00

Appendix D-30

* Based on 2015 Peer Mortgage Data -- US and PR

** 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.

* 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, 2014 TO DECEMBER 31, 2016				
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*	% ANB Loans****	% Families***	% ANB Loans****	% Families***	% ANB Loans****	Overall	Low	Mod	Mid	Upper
Full Review:															
Burlington AA	84	51.22	21.32	9.09	16.95	12.12	20.70	9.09	41.03	69.70	1.66	3.53	1.02	0.00	2.41
Greensboro AA	75	45.73	20.58	9.38	16.52	6.25	18.24	21.88	44.66	62.50	0.20	0.47	0.00	0.14	0.24
Limited Review:															
Caswell AA	5	3.05	23.59	0.00	17.19	20.00	22.73	40.00	36.49	40.00	0.81	0.00	0.00	2.78	0.00

Appendix D-31

* Based on 2015 Peer Mortgage Data -- US and PR

** 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.

* 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, 2014 TO DECEMBER 31, 2016				
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	556	61.71	81.70	62.95	48.74	26.26	25.00	9.52	11.63
Greensboro AA	329	36.51	83.00	61.09	42.25	24.01	33.74	1.09	1.23
Limited Review:									
Caswell AA	16	1.78	86.58	56.25	50.00	31.25	18.75	3.49	4.35

Appendix D-32

* Based on 2015 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 - 2016).

**** 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 0.68% 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, 2014 TO DECEMBER 31, 2016				
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	7	70.00	96.76	100.00	85.71	14.29	0.00	5.88	16.67
Greensboro AA	1	10.00	96.25	0.00	0.00	100.00	0.00	0.00	0.00
Limited Review:									
Caswell AA	2	20.00	95.93	100.00	100.00	0.00	0.00	7.69	16.67

Appendix D-33

* Based on 2015 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 - 2016).

**** 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 2.04% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

Institution ID: American National Bank

Assessment Area:		Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
		#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total #	#	\$(000's)
QUALIFIED INVESTMENTS Geography: STATE OF NORTH CAROLINA Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016										
Full Review:										
Burlington AA	0	0	0	0	0	0	0.00	0	0	
Greensboro AA	0	0	0	0	0	0	0.00	0	0	
Limited Review:										
Caswell AA	0	0	0	0	0	0	0.00	0	0	
Statewide/Regional	1	855	0	0	1	855	100	0	0	

Appendix D-34

* '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 NORTH CAROLINA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					
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:																	
Burlington AA	68.60	5	62.50	0.00	20.00	40.00	40.00	1	1	0	0	0	0	0.00	21.89	47.90	30.21
Greensboro AA	25.64	2	25.00	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	5.76	1	12.50	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	10.27	78.59	11.14

Table 16. Distribution of Branch and ATM Delivery System

Institution ID: American National Bank

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				Geography: STATE OF NORTH CAROLINA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
MA/ Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Total ANB Deposits	# of ANB Branches	% of ANB Branches	Location of Branches by Income of Geographies (%)				# of ANB ATMs	# of ANB ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
Burlington AA	68.60	5	62.50	0	20	40	40	5	62.50	0	1	2	2	0.00	21.89	47.90	30.21
Greensboro AA	25.64	2	25.00	0	50	50	0	2	25.00	0	1	1	0	9.12	19.19	32.70	38.98
Limited Review:																	
Caswell AA	5.76	1	12.50	0	0	100	0	1	12.50	0	0	1	0	0.00	10.27	78.59	11.14

