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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **PUBLIC DISCLOSURE**

**January 4, 1999**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**American National Bank  
Charter Number 9343  
628 Main Street  
P. O. Box 191  
Danville, Virginia 24543-0191**

**Comptroller of the Currency  
Virginia Field Office  
3800 Electric Road, Suite 204  
Roanoke, Virginia 24018**

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **American National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 4, 1999. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

## INSTITUTION

***INSTITUTION'S CRA RATING:*** American National Bank's CRA performance is rated **Satisfactory**.

The rating is based on the following factors. Performance in Virginia was given most of the weight in determining the rating.

- , Lending levels reflected good responsiveness to assessment areas' credit needs.
- , A substantial majority of the bank's residential mortgage loans (82%) and business/farm loans (92%) were made within the bank's assessment areas during the evaluation period.
- , The geographic distribution of lending reflected good penetration throughout the bank's assessment areas.
- , The distribution of borrowers reflected, given the product lines offered by the bank, good penetration among retail customers of different income levels and business customers of different size.
- , Qualified community development investments and grants reflected a good level and exhibited good responsiveness to credit and community economic development needs.
- , Delivery systems were accessible to geographies and individuals of different income levels in its assessment areas and the bank provided a good range of services through its branches. Branch openings and closings did not adversely affected the accessibility of its delivery systems.

The following table shows the performance level with respect to the lending, investment, and service tests.

Performance Levels	American National Bank & Trust Company, Danville, VA		
	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<p>Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.</p>			

## DESCRIPTION OF INSTITUTION AND ASSESSMENT AREAS

The bank was last evaluated May 30, 1996 for CRA at which time its performance was rated Satisfactory. The last evaluation used lending data through year-end 1995. This evaluation covers the time period from the date of the last evaluation through December 31, 1997 for lending and from the date of the last evaluation through December 31, 1998 for investments and services. We did not include the bank's 1998 lending data in this evaluation. At the time of our review, the bank had not geocoded 1998 small business and farm lending data or consumer lending data.

For this analysis, we reviewed the bank's residential mortgage data, business and farm loan data, consumer loan data, and affiliate Mutual Mortgage Company's loan data for 1996 and 1997. We reviewed consumer lending and affiliate lending at the bank's request. We gave nearly equal emphasis to residential mortgage and small business/farm lending in our evaluation. These types of lending comprise the major focus of the bank and represented 35% and 43% of outstanding loans as of September 30, 1998. The bank's reported lending data reflected significant errors. The volumes of residential mortgage and small business/farm lending quoted in this evaluation reflect adjusted numbers.

American National Bank had \$458 million in total assets and Tier 1 capital of \$49 million as of September 30, 1998. As of January 4, 1999, it had 10 open branches (and one under construction) in Virginia and one open in North Carolina. There were no legal, financial or other impediments to the bank's CRA performance. As of September 30, 1998, the bank's loan to deposit ratio equaled 73%, which demonstrated that the bank is committed to reinvesting deposits in loans. The bank offers a wide range of loan products. As of September 30, 1998, the bank's assets included outstanding loans totaling \$264 million, including one-to-four family residential loans at \$93 million (35%), other real estate loans at \$8 million (3%), commercial and agricultural loans at \$114 million (43%), and consumer loans at \$49 million (19%).

During 1996 and 1997, originations of residential mortgage and small loans to businesses/farms, both inside and outside the bank's assessment areas, approximated \$114 million for 2,737 loans (\$40 million for 759 residential mortgages and \$74 million for 1,978 small loans to businesses/farms). These numbers exclude residential mortgages originated by affiliate Mutual Mortgage Company; it originated an additional 36 mortgages.

American National Bank is an Interstate Bank for CRA purposes with a total of three assessment areas, two in Virginia and one in North Carolina. Table 1 shows the bank's assessment areas and the relative level of operations in each area. Deposit market share data is provided as a tool for assessing the relative size of American National Bank; it is not a measure of American National Bank's CRA performance. The assessment areas delineated by the bank do not reflect any illegal discrimination and do not arbitrarily exclude low or moderate income geographies.

<b>ASSESSMENT AREAS</b>	<b>GEOGRAPHIES</b>	<b>% OF FAMILIES IN TOTAL OF AREAS (1990 Census)</b>	<b>% OF BANK'S BRANCHES</b>	<b>BANK'S DEPOSIT DISTRIBUTION (AS OF 06/30/98)</b>	<b>DEPOSIT MARKET SHARE</b>
Danville	Danville, VA MSA (#1950) (Includes Pittsylvania County and the City of Danville)	55%	82%	93%	26%
Collinsville	Henry County, VA and the City of Martinsville, VA	38%	9%	2%	< 1%
Yanceyville	Block Numbering Areas 9901 - 9904 in Caswell County, NC	7%	9%	5%	37%

Table 2 displays demographic characteristics of the 62 geographies (census tracts or block numbering areas) that comprise these assessment areas.

	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>N/A</b>	<b>Totals</b>	
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>By Income Level of Tracts</b>							
Census Tracts	3%	13%	60%	8%	16%	62	100%
Owner Occupied Housing (000)	<1%	13%	74%	13%	0%	54	100%
Population (000)	1%	16%	71%	12%	0%	195	100%
Businesses/Farms (000)	7%	14%	68%	11%	0%	5	100%
<b>By Income Level of Families</b>							
Families (000)	20%	17%	23%	40%	0%	56	100%

Demographic information presented in Table 2 and throughout this evaluation is based on information obtained from the 1990 Census Data - U.S. Bureau of the Census and Dun & Bradstreet, Inc. unless otherwise indicated.

In the bank's Virginia AAs, according to the bank's CRA Officer and a review of internal OCC databases, there is a strong demand for credit and limited community development opportunities. One community contact, with the local Chamber of Commerce, was made during the examination. It confirmed this information.

In the North Carolina AA, which is mostly rural, there is a limited demand for credit and limited community development opportunities. Internal OCC databases show two statewide community development opportunities in which the bank has not invested: (1) The Community Investment Corporation of North Carolina is open for membership to all financial institutions in North Carolina. The institutions provide loan capital which is used to provide affordable housing for low- and moderate-income families. (2) The North Carolina Community Development Initiative, Inc. is a statewide entity serving community development corporations. Using funds from the state legislature, foundations, and private companies, it makes grants and loans to CDCs so they can provide affordable housing, economic development, revitalization, and loans to small businesses/farms. We did not perform a community contact in this area, because we performed a limited scope review of the area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Our conclusions are based on a full-scope review of the Danville, Virginia MSA and limited scope reviews of the Collinsville, Virginia and Yanceyville, North Carolina assessment areas. American National Bank and Trust Company was founded in Danville, Virginia in 1909. Most of the bank's operations are currently in the State of Virginia. All of their delivery systems were located in Virginia until late 1996. As indicated in Table 1, the State of Virginia contained 93% of total families during the 1990 Census; 91% of branches (10 out of 11) as of December 31, 1998; and 95% of the bank's deposits as of June 30, 1998. Therefore, most of the weight in determining the ratings was based on the Danville MSA, which contained 100% of the bank's low-income census tracts, 88% of its moderate-income census tracts, 55% of the families, 82% of its branches, and 93% of its deposits.

#### **Lending Activity**

American National Bank's lending levels reflected good responsiveness to assessment area credit needs. A substantial majority of the bank's residential mortgage loans (82%) and business/farm loans (92%) were made within the bank's assessment areas during the evaluation period. American National made loans of various types in its assessment areas. During the evaluation period, the bank's distribution of residential mortgage loans within its AAs was 41% for home purchase loans, 30% for refinance loans, 28% for home improvement loans, and 1% for multi-family structure loans.

During 1997, the bank made 7% of the residential mortgage loans reported in its assessment areas by financial institutions that reported lending activity under the Home Mortgage Disclosure Act. Its market share for low-income tracts was similar at 6% and for moderate-income tracts was slightly higher at 10%. For borrower market share, lending was comparable to low-income borrowers (7%) and moderate-income borrowers (6%).

There were no unexplained gaps in the bank's lending patterns.

#### **Geographic Distribution**

American National Bank's geographic distribution of residential lending (including affiliate Mutual Mortgage Company) reflected good penetration throughout the bank's assessment areas. The geographic distribution of small loans to businesses/farms reflected very good penetration throughout the assessment areas.

Table 3 shows the bank’s lending performance for the total of all assessment areas (including residential lending by affiliate Mutual Mortgage Company). The bank did not make any community development loans during this evaluation period.

Table 3: Lending Test All Assessment Areas					
Loan Type	CT	Low % of #	Moderate % of #	Middle % of #	Upper % of #
	B				
Residential Mortgages (HMDA)	CT	<1%	18%	61%	21%
	B*	8%	16%	20%	51%
Small Loans to Businesses/Farms	CT	8%	15%	66%	11%

(CT) Income Level of Census Tracts

(B) Income Level of Borrower

\* Distribution does not add to 100% due to unclassified or unavailable data

For the small loans to businesses and farms, 93% were for loans to businesses and 7% were loans to farms. Because of the small volume of loans to farms, this data was not analyzed separately.

The level of residential mortgage penetration in low-income tracts was low in comparison to the percentage of tracts categorized as low-income (0.4% compared to 3%). However, it was adequate in light of other demographic data. There were only two low-income tracts in the bank’s assessment areas, both located within the City of Danville. American National Bank did not make residential mortgage loans in one of them, a community of mobile homes shown in 1990 Census Data as having a total population of 54, with twelve housing units, all owner-occupied. Also, owner occupancy within low-income census tracts calculated for all assessment areas was 0.12%. The level of penetration in moderate-income tracts at 18% exceeded the level of tracts at 13% and owner-occupied housing also at 13%. Lending to businesses and farms exceeded the statistics for both types of tracts.

The geographic distribution of consumer purpose loans was similar to that for residential mortgage loans with 0.7% in low-income census tracts and 15% in moderate-income census tracts.

**Distribution by Borrower Characteristics**

During this evaluation period, residential mortgage lending to low-income borrowers was adequate and to moderate-income borrowers was good when compared to borrower demographics. Approximately 8% of the bank’s residential mortgage loans were made to low-income borrowers compared to the 20% of families in this category. The level of lending to moderate-income borrowers approximated the population at 16%. The bank processes approximately twice this volume of loans for both low- and moderate-income borrowers in its Virginia assessment areas as a broker and the loan decisions are made by other lenders. The bank is given credit for this activity under the Service Test (Community Development Services).

The bank had a good record of granting loans to businesses of all sizes. During the evaluation period, the bank granted 51% of small loans to companies with revenues less than or equal to \$1 million. However, the bank did not use gross revenues as part of its underwriting process, so this data was not available for many of the loans. Available demographics showed 76% of businesses/farms in the area

as having gross revenues less than or equal to \$1 million. Ninety-two percent of the small loans were in original amounts less than or equal to \$100 thousand.

Consumer purpose loans reflected a very good distribution to all types of borrowers, with 17% of the loans made to low-income borrowers (compared to 20% of families categorized as low-income) and 22% to moderate-income borrowers (compared to 17% of families categorized as moderate-income).

### INVESTMENT TEST

American National Bank had a good level of qualified investments for community development purposes based on the opportunities in its assessment areas (see page 4) and the number, dollar volume and types of investments made. None of the bank’s investments are complex or innovative.

As Table 4 shows, the bulk of the bank’s qualified investments for community development purposes were made in the Danville MSA. The statewide bonds were for the Virginia Housing Development Authority which makes and finances mortgage loans for the construction, rehabilitation, or purchase of low- and moderate-income housing throughout the state, including the bank’s Virginia AAs.

<b>Assessment Area</b>	<b>Bonds or Securities</b>	<b>Grants</b>	<b>Total</b>
Danville, VA	\$384,000	\$71,750	\$455,750
Collinsville, VA	\$0	\$375	\$375
Statewide VA	\$1,150,000	\$4,500	\$1,154,500
Yanceyville, NC	\$0	\$0	\$0
<b>Total</b>	<b>\$1,534,000</b>	<b>\$76,625</b>	<b>\$1,610,625</b>

### SERVICE TEST

#### Accessibility of Delivery Systems

American National Bank’s delivery systems were accessible to geographies and individuals of different income levels in its assessment areas. It provided a good range of services through its branches. Details for the Danville MSA assessment area are provided in a later discussion. The non-MSA assessment areas performance was consistent with the service performance in the Danville MSA. Table 5 shows the branch and off-site ATMs distribution as of the date of this review.

<b>Income Designation</b>	<b>Census Tracts</b>		<b>Families</b>		<b>Branches</b>		<b>Off-Site ATMs</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low Income	2	3%	212	<1%	1	9%	0	0%

Moderate Income	8	13%	8,401	15%	2	18%	2	40%
Middle Income	37	60%	40,464	72%	6	55%	3	60%
Upper Income	5	8%	6,982	12%	2	18%	0	0%
Not Available	10	16%	0	0%	0	0%	0	0%
<b>Total</b>	<b>62</b>	<b>100%</b>	<b>56,059</b>	<b>100%</b>	<b>11</b>	<b>100%</b>	<b>5</b>	<b>100%</b>

The bank had a good distribution of branches in low- and moderate-income census tracts with 9% of branches in low-income tracts and 18% in moderate-income tracts. Extended hours were available at most in all types of census tracts, with Saturday hours available at some in middle-income census tracts. Services (including loan products) and business hours were tailored to the needs of each assessment area.

The bank had a reasonable distribution of ATMs. There were seven available 24 hours and two available while the shopping malls were open in which they were located. There were no ATMs in low-income tracts, but 33% of the total and 40% of the off-site ATMs were in moderate-income tracts.

### **Community Development Services**

In all of its AA the bank offers: (1) a basic checking account with no minimum balance and limited check writing capability; and (2) government check cashing free for deposit account holders. In all Virginia AAs the bank brokers and processes loans for the Virginia Housing Development Authority to low- and moderate-income borrowers.

In the Danville AA the bank performed additional community development services that are discussed under that section of this evaluation. The Danville Assessment Area contains 100% of the low-income census tracts (2 of 2) and 88% of the moderate-income census tracts (7 of 8) in the bank's total AAs.

## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

The bank performed adequate fair lending reviews that we were able to verify and use for this evaluation. These reviews looked at various product types and prohibited basis groups. They reviewed application decisions and rates and terms for approved loans. Based on a review of detailed documentation for their reviews, no violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## THE STATE OF VIRGINIA (VA)

### CRA Rating for Virginia:

The Lending Test is rated: **High Satisfactory**  
The Investment Test is rated: **High Satisfactory**  
The Service Test is rated: **High Satisfactory**

The rating is based on the following factors

- , Lending levels reflected good responsiveness to assessment areas' credit needs.
- , The geographic distribution of lending reflected good penetration throughout the assessment areas.
- , The distribution of borrowers reflected, given the product lines offered by the bank, good penetration among retail customers of different income levels and business customers of different size.
- , Qualified investments for community development purposes were at a good level and exhibited good responsiveness to credit and community economic development needs.
- , Delivery systems were accessible to geographies and individuals of different income levels in the AAs.
- , Community development services were adequate considering the demographics.

### DESCRIPTION OF INSTITUTION'S OPERATIONS

ANB had two AAs in Virginia during the review period, the Danville MSA and the Collinsville AA (composed of Henry County and the City of Martinsville). For demographic information and other details regarding the Danville MSA, please see pages 10-13.

The Collinsville AA included one branch and one off-site ATM. It included 9% of the bank's branches, 38% of its families, and 2% of its deposits as of 06/30/98. There were twelve other FDIC-insured institutions operating in the AA as of that date. The AA was comprised of nineteen census tracts: 0 low income; 1 moderate income; 15 middle income; 2 upper income; and 1 NA. As of the 1990 Census, the total population for the area was approximately 73 thousand; there were approximately 21 thousand families living in the area; and there were approximately 29 thousand households, including 11% of households living below the poverty level. As of 1997, the median family income for the Collinsville AA was \$34,800. Family income levels were distributed as follows: 17% low income; 18% moderate income; 24% middle income; and 41% upper income. There were 1,707 nonfarm businesses and 26 farm businesses, including 1,334 and 25 respectively with gross annual revenues less than or equal to \$1 million.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

See the Danville MSA for details regarding the bank's lending in that AA. Lending levels in the Danville MSA were good in volume, geographic distribution, and borrower distribution. The bank's lending performance in the Collinsville AA was consistent with the bank's performance in the Danville MSA.

### **INVESTMENT TEST**

ANB had a good level of investments in Virginia based on the opportunities in its assessment areas and the number and type of investments. As indicated on page 7, all of the bank's qualified investments were in Virginia and totaled \$1,610,625.

### **SERVICE TEST**

ANB's Virginia branches are accessible to geographies and individuals of different income levels in the Virginia assessment areas. The Collinsville branch was acquired from another institution in 1996. There has been no other branching activity in this AA since that time.

#### **Community Development Services**

Community development services provided in the area are adequate in light of the demographics that show only two low-income census tracts, both located in the Danville MSA; low-income families disbursed throughout the moderate-, middle-, and upper-income census tracts; and 53% of low-income families living in middle-income census tracts. As reflected under the discussion of the Danville MSA, the bank provided a high level of community development services in this area.

## ASSESSMENT AREA: DANVILLE, VA MSA (# 1950)

### DESCRIPTION OF BANK'S OPERATIONS

American National Bank operated nine branches and eight ATMs (including three off-site ATMs) in the Danville MSA. The bank's market share of deposits in this area was 26%. There were eight other commercial banks operating in this area, including two very large banks.

The Danville MSA is comprised of Pittsylvania County and the City of Danville. During the 1990 Census, median family income was \$28,567; the 1997 updated median family income was \$35,500. As of the 1990 census, the median housing cost was \$46,593.

Table 6 provides basic demographic data concerning this metropolitan area which comprised one of the bank's three assessment areas.

<b>Table 6: Profile of Danville, VA MSA (#1950)</b>							
	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>N/A</b>	<b>Totals</b>	
	%	%	%	%	%	#	%
<b>By Income Level of Tracts</b>							
Census Tracts	5%	18%	46%	8%	23%	39	100%
Owner Occupied Housing (000)	<1%	21%	64%	15%	0%	29	100%
Population (000)	1%	25%	60%	14%	0%	109	100%
Businesses/Farms (000)	11%	19%	56%	14%	0%	3	100%
<b>By Income Level of Families</b>							
Families (000)	22%	17%	22%	39%	0%	31	100%

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

For the Danville MSA, which contained 100% of the bank's low-income census tracts and 88% of its moderate-income census tracts:

- , Lending levels reflected good responsiveness to assessment area credit needs.
- , The geographic distribution of lending reflected good penetration throughout the assessment.
- , The distribution of borrowers reflected, given the product lines offered by the bank, good penetration among retail customers of different income levels and business customers of different size.
- , Qualified investments for community development purposes were at a good level and exhibited good responsiveness to credit and community economic development needs.
- , Delivery systems were accessible to geographies and individuals of different income levels in the Danville MSA.
- , Community development services were adequate considering the demographics.

## LENDING TEST

### Lending Activity

American National Bank’s lending levels in the Danville MSA reflected good responsiveness to assessment area credit needs. During the evaluation period, the bank made 639 residential mortgage loans totaling \$33 million. The distribution was 41% for home purchase loans, 31% for refinance loans, 27% for home improvement loans, and 0.8% for multi-family structure loans. Small loans to businesses and farms totaled 1,508 and approximated \$64 million.

During 1997, the bank made 9% of the residential mortgage loans in the Danville MSA reported by financial institutions that reported lending activity under the Home Mortgage Disclosure Act. Its market share for low-income tracts was slightly lower at 6% and for moderate-income tracts was slightly higher at 11%. Its market share for borrowers was comparable with low-income borrowers at 9% and moderate-income borrowers at 8%.

Table 7 summarizes the bank's lending performance in the Danville MSA (including residential mortgage lending by affiliate Mutual Mortgage Company). The bank did not make any community development loans during this evaluation period.

<b>Table 7: Lending Test Danville, VA MSA (# 1950)</b>					
Loan Type	CT	Low % of #	Moderate % of #	Middle % of #	Upper % of #
	B				
Residential Mortgages (HMDA)	CT	0.4%	18%	62%	20%
	B *	8%	16%	20%	53%
Small Loans to Businesses/Farms	CT	9%	16%	62%	12%

(CT) Income Level of Census Tracts

(B) Income Level of Borrower

\* Distribution does not add to 100% due to unclassified or unavailable data.

### Geographic Distribution

American National Bank’s geographic distribution of residential lending in the Danville MSA reflected good penetration throughout the assessment area. As stated previously, the only two low-income census tracts in the bank’s combine assessment areas were located in the Danville MSA. For low-income census tracts, 0.4% of the bank’s residential lending was in these tracts which contained 22% of the families and 0.23% of the owner-occupants. Eighteen percent of residential lending was in moderate-income census tracts, which contained 17% of the families and 21% of the owner-occupants.

Small loans to businesses/farms also reflected good penetration throughout the Danville MSA. Nine percent of the loans were made in low-income census tracts, which contained 11% of businesses/farms; 16% were made in moderate-income tracts, which contained 19% of businesses/farms.

The geographic distribution of consumer purpose loans was similar to that for residential mortgage loans in the Danville MSA. Lending in low-income tracts was 0.6% and to moderate-income tracts 16%.

**Distribution by Borrower Characteristics**

During this evaluation period, residential mortgage lending in the Danville MSA to low-income borrowers was adequate when compared to borrower demographics (8% of loans compared to 22% of families. Lending to moderate-income borrowers was good (16% compared to 17% of families).

The bank had a good record of granting loans to businesses of all sizes. During the evaluation period, in the Danville MSA the bank granted 48% of small loans to companies with revenues less than or equal to \$1 million. However, the bank did not use gross revenues as part of its underwriting process, so this data was not available for many of the loans. Available demographics showed 75% of businesses/farms in the area as having gross revenues less than or equal to \$1 million. Ninety-two percent of the small loans were in original amounts less than or equal to \$100 thousand.

Consumer purpose loans reflected good distribution to all types of borrowers, with 15% to low-income borrowers and 23% to moderate-income borrowers.

**INVESTMENT TEST**

American National Bank and Trust had a good level of qualified investments in the Danville AA, exhibiting good responsiveness to credit and community economic development needs, based on the number and type of investments and the opportunities. No additional investment opportunities were identified. Please refer to page 4.

A total of \$456 thousand was invested in the Danville MSA: (a) \$384 thousand was used to purchase Danville Housing Redevelopment and Housing Authority bonds, to finance the social services building that provides social services to low- and moderate-income families. (b) \$40 thousand was donated for a Habitat for Humanity house; it will be financed by the bank when sold. (c) \$32 thousand went to organizations for various purposes related to low- and moderate-income individuals, including educational and social services and financing for affordable housing.

**SERVICE TEST**

American National Bank’s delivery systems were accessible to geographies and individuals of different income levels in the Danville MSA. Table 8 shows the branch and off-site ATMs distribution for the Danville assessment area. It shows a significantly higher percentage of branches in low-income geographies than the demographics and a similar percentage of branches in moderate-income geographies compared to demographics. There were no off-site ATMs in low-income geographies and a higher level in moderate-income geographies compared to demographics.

<b>Tract Income Designation</b>	<b>Census Tracts</b>		<b>Families</b>		<b>Branches</b>		<b>Off-Site ATMs</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low Income	2	5%	212	<1%	1	11%	0	0%
Moderate Income	7	18%	7,423	24%	2	22%	1	33%

Middle Income	18	46%	19,019	61%	4	44%	2	67%
Upper Income	3	8%	4,217	14%	2	22%	0	0%
NA	9	23%	0	0%	0	0%	0	0%
<b>Total</b>	<b>39</b>	<b>100%</b>	<b>30,871</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>3</b>	<b>100%</b>

There were no branch openings or closings in the Danville MSA during this evaluation period. Branch hours were reasonable and convenient, with extended hours where needed. There were no extended hours in low- or moderate-income geographies. Variances in services did not inconvenience geographies nor individuals.

### **Community Development Services**

American National provided a high level of community development services in the Danville MSA. This includes providing financial services to organizations that perform community development or provide affordable housing and providing assistance to small businesses. Following is a listing and description of services provided:

- < A bank officer serves as treasurer of the Danville CDC. There were seven other banks involved in this organization. As treasurer, the bank officer prepares the budget and other financial information required by the organization. The bank's holding company has invested \$19 thousand in the Danville Community Development Corporation (DCDC), which has total capital contributions of \$100 thousand. DCDC was formed in 1991 as a multi-bank consortium corporation to improve the housing and economic conditions of low- and moderate-income people in Danville, Virginia. The CDC accomplishes its goals by providing financing for renovation or construction of affordable housing and economic development projects in Danville.
- < In April 1997, the bank sponsored a homebuyers' seminar in Danville. This seminar targeted first time homebuyers - mainly low-to-moderate income families. Twenty-one people attended.
- < In November 1997, the bank sponsored a seminar for small businesses regarding tax law changes. Approximately fifty small business owners attended.
- < In June 1998, the bank sponsored a seminar for small businesses regarding computer technology as it relates to financial matters. There were approximately thirty small business owners in attendance.
- < Through its wholly-owned subsidiary, Mutual Mortgage Company, the bank processes applications for housing loans to low- and moderate-income families that were funded through the Virginia Housing Development Authority.

## THE STATE OF NORTH CAROLINA (NC)

### CRA Rating for North Carolina:

The Lending Test is rated: **Low Satisfactory**  
The Investment Test is rated: **Low Satisfactory**  
The Service Test is rated: **High Satisfactory**

The bank's performance was adequate based on the demographics.

- , The bank did not report any residential mortgages nor business loans for North Carolina, because of geocoding errors.
- , Consumer loans were slightly below demographic levels at all levels except for low-income borrowers, where they approximated half the demographic level.
- , The bank did not make any investments.
- , Delivery systems were accessible to geographies and individuals of different income levels in the NC assessment area.
- , Community development services provided in the area were limited, but adequate.

### DESCRIPTION OF INSTITUTION'S OPERATIONS

American National Bank had one AA in North Carolina during the evaluation period: the Yanceyville AA comprised of four of the six census tracts in Caswell County (census tracts 9901.00, 9902.00, 9903.00 and 9904.00). This AA included one branch and one off-site ATM. It included 9% of the bank's branches; 7% of its families; and 5% of its deposits as of 06/30/98. There was only one other FDIC-insured institution operating in the AA as of June 30, 1998, a large interstate bank. The assessment area is reasonable given the limited number of branches and does not arbitrarily exclude low or moderate income geographies.

All of the census tracts in the North Carolina AA are middle-income tracts. They basically comprise the northern half of Caswell County's geographical area and encompass approximately 62% of the county's population. As of the 1990 Census, the total population for the assessment area was approximately 13 thousand; there were approximately four thousand families living in the area; and there were approximately five thousand households, including 22% of households living below the poverty level.

Caswell County's unemployment rate was 3.1% as of November 1998. A significant percentage of the labor force, 65%, commute outside the county to work. Danville is 10 miles from the county and many residents commute to Danville.

As of 1997, the updated median family income was \$35,000. While all tracts were categorized as middle-income, family income levels were distributed as follows: 22% low-income; 16% moderate-income; 25% middle income; and 37% upper income.

There were 151 nonfarm and 6 farm businesses, including 115 and 4 respectively with gross annual revenue less than or equal to \$1 million.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

ANB did not make any residential mortgage loans or small loans to businesses/farms in the Yanceyville AA in 1996 and 1997. Consumer loans totaling 486 at \$4.3 million were slightly below demographic levels at all levels except for low-income borrowers, where they approximated half the demographic level.

### **INVESTMENT TEST**

The bank did not make any investments in its North Carolina AA during the evaluation period nor have any outstanding at the date of this review. In light of the demographics of this AA, this is adequate. According to internal OCC data, there were two opportunities for investments; see page 4 for details.

### **SERVICE TEST**

ANB's Yanceyville, NC branch is accessible to essentially all portions of the AA. The branch building was acquired from another institution in 1996. There has been no other branching activity in this AA since that time.

Community development services provided in the area are adequate in light of the demographics. We did not find any information indicating that CD services were needed.

## APPENDIX A - DEFINITION OF TERMS

The following are definitions of terms used throughout this public evaluation. The definitions are not the strict legal definitions contained in 12 C.F.R. 25.12, but rather a synopsis of their meaning.

Assessment Area (AA) - This area is defined by bank management. It is the geographic boundary where the bank's Community Reinvestment Act (CRA) activities are evaluated.

Automated Teller Machine (ATM) - A machine offering limited banking services, such as dispensing cash, accepting deposits or loan payments and transferring funds between accounts.

Community Development - The primary purpose of the loan, investment or service is for (1) affordable housing for low or moderate income individuals; (2) community services targeted to low or moderate income individuals; (3) activities that promote economic development by financing small businesses and farms; and (4) activities that revitalize or stabilize low or moderate income areas.

Geography - A census tract (CT) or block numbering area.

Low, Moderate, Middle and Upper Income Areas - A low income area is one in which the median family income is less than 50% of the area median income, moderate income is 50% to 79% of the area family median income, middle income is 80% to 119% of the area median family income, and upper income is 120% or more of the area median income.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties including large population centers and nearby communities that have a high degree of interaction.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

Small Loan to a Business - A commercial loan (as defined by Call Report Instructions) with an original loan amount of \$1 million or less.

Small Loan to a Farm - A farm loan (as defined by Call Report Instructions) with an original loan amount of \$500,000 or less.