



Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

Washington, DC 20219

## **PUBLIC DISCLOSURE**

**August 20, 2007**

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

**The American National Bank  
Charter Number: 16799**

**301 South Madison  
Mount Pleasant, TX 75455**

**Comptroller of the Currency  
Longview Field Office  
1800 West Loop 281 Suite 306  
Longview, TX 75604**

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

## **INSTITUTION CRA RATING: The institution is rated satisfactory.**

The American National Bank of Mount Pleasant has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is reasonable based on the bank's performance context and lending opportunities within its assessment area.
- A majority of the bank's loans are extended within the bank's assessment area.
- Credit activity is reasonably distributed to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans represents an excellent dispersion throughout the assessment area.

## **SCOPE OF EXAMINATION**

This Performance Evaluation is an assessment of the record of The American National Bank in meeting the credit needs of the communities in which it operates. The bank was evaluated under the Small Bank performance criteria. The American National Bank's primary loan products are business, home, and consumer loans. Conclusions regarding the bank's lending performance are based on these loan types that were originated from January 30, 2003 through August 20, 2007.

## **DESCRIPTION OF INSTITUTION**

The American National Bank is a \$76 million bank, with one banking location at 301 South Madison Avenue, Mount Pleasant, Texas. The bank offers a full-range of loan and deposit services. As of June 30, 2007, loans totaled \$51 million and represented 67% of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio.

<b>LOAN CATEGOERY</b>	<b>\$ (000)</b>	<b>%</b>
Business Loans	\$6,707	13.04%
Real Estate Loans	\$32,537	63.24%
Consumer Loans	\$7,947	15.45%
Agricultural Loans	\$4,255	8.27%
<b>Total</b>	<b>\$51,446</b>	<b>100.0%</b>

There are no legal impediments or other factors that inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated January 30, 2003.

## DESCRIPTION OF ASSESSMENT AREA

The Board has designated the all of Titus County as its assessment area. This assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude any low or moderate-income geographies.

Titus County consists of 8 census tracts (CTs). Census bureau data indicates that there are no tracts identified as low-income, while two tracts are designated moderate-income, five middle-income, and one upper-income. Titus County has a population of 28,118. The distribution of families by income, regardless of census tract location consists of the following: 20.57% are low-income; 15.99% are moderate-income; 21.92% are middle-income; and 41.52% are upper-income. Major employers in Titus County include Titus Regional Medical Center, TXU Mining, Wal-Mart, and TXU Electric. Competition within the assessment area is strong, with state banks, branches of state and national banks, and local credit unions in the county. The local economy is stable, with an unemployment rate of 2.49%. Contact with local businesses revealed the need for more housing for low and moderate income households. The following table provides a description of the Titus County area based on 2000 census data and 2006 Department of Housing and Urban Development (HUD) information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF TITUS COUNTY</b>	
<b><i>Population</i></b>	
Number of Families	7,255
Number of Households	9,565
<b><i>Geographies</i></b>	
Number of Census Tracts	8
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	25.00%
% Middle-Income Census Tracts	62.50%
% Upper-Income Census Tracts	12.50%
<b><i>Median Family Income (MFI)</i></b>	
2000 MFI for AA	\$36,380
2006 HUD-Adjusted MFI	\$43,100
<b><i>Economic Indicators</i></b>	
Unemployment Rate	2.49%
2000 Median Housing Value	\$62,470
% of Households Below Poverty Level	16.36%

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending performance is satisfactory. The bank's loan to deposit ratio is reasonable and a majority of loans are within the bank's assessment area. Additionally, the distribution of loans represents an excellent disbursement throughout the assessment area as well as a reasonable penetration among borrowers of different income levels and businesses of different sizes.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio of The American National Bank of Mount Pleasant is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's loan-to-deposit ratio is comparable to other banks headquartered in the bank's assessment area. The bank's quarterly loan-to-deposit ratio has averaged 78.54% since the prior CRA examination on January 30, 2003. The average loan-to-deposit ratio of all banks within the assessment area, regardless of size, for the same time period is 83.97%.

INSTITUTION	Assets (000s) (as of 6/30/07)	Average LTD Ratio
Pilgrim Bank	\$207,602	90.55 %
Guaranty Bond Bank	\$579,276	82.82 %
The American National Bank of Mount Pleasant	\$75,943	78.54 %

### Lending in Assessment Area

A majority of the bank's lending activity is located within the assessment area. Major lending products include residential, business, and consumer loans. Our sample included these loan types that originated since January 30, 2003. The sample reflected that approximately 71% of the number of loans and 74% by dollar amount of loans were extended within the bank's assessment area. The table below further illustrates the breakdown by loan category.

Lending in Titus County Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
1-4 Family	20	64.52%	11	35.48%	31	\$1,306	66.03%	\$672	33.97%	\$1,978
Consumer	23	69.70%	10	30.30%	33	\$199	68.31%	\$92	31.69%	\$291
Business	20	80.00%	5	20.00%	25	\$1,413	83.74%	\$274	16.26%	\$1,687
Totals	63	70.79%	26	29.21%	89	\$2,918	73.75%	\$1,038	26.25%	\$3,956

Source: Loan sample.

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. The distribution of residential loans to low-income borrowers is comparable to the percentage of low-income families within the assessment area. Additionally, while the penetration of loans to moderate income borrowers is lower than the percentage of moderate-income families within the assessment area, opportunities to purchase homes by low and moderate-income families are limited, due to the low level of affordable housing stock available in the area.

<b>Borrower Distribution of Residential Real Estate Loans</b>								
<b>Borrower Income Level</b>	<b>LOW</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
<b>% of AA Families<sup>1</sup></b>	20.57%		15.98%		21.93%		41.52%	
	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>
	15.00%	10.07%	5.00%	2.83%	50.00%	45.24%	30.00%	41.86%

Source: Loan sample; U.S. Census data.

The distribution of consumer loans reflects an excellent penetration among borrowers of different income levels. The distribution of consumer loans to low-income borrowers generally approximates the percentage of low-income households, and the distribution of consumer loans to moderate-income borrowers exceeds the percentage of moderate-income households in the assessment area.

<b>Borrower Distribution of Consumer Loans</b>								
<b>Borrower Income Level</b>	<b>LOW</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
<b>% of AA Households<sup>2</sup></b>	22.18%		16.78%		17.74%		43.30%	
	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>
	21.74%	37.37%	21.74%	16.10%	30.43%	26.55%	26.09%	19.98%

Source: Loan sample; U.S. Census data.

The distribution of business loans reflects a good distribution among businesses of different sizes. Based on data obtained from Dun & Bradstreet, the assessment area contains 2,170 non-farm businesses. However, revenue information was not reported on 42% of the businesses in the assessment area. As a result, the percentage of businesses by income level may not accurately reflect a true percentage of the businesses in each income category. Our sample of business loans inside the assessment area revealed a majority of the bank's business loans were to businesses with revenues less than \$1 million.

<b>Borrower Distribution Of Loans To Businesses</b>				
<b>Business Revenues</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable</b>	<b>Total</b>
<b>% of AA Businesses</b>	54.61%	3.82	41.57	100.00
<b>% of Bank Loans in AA #</b>	80.00%	20.00%	---	100.00
<b>% of Bank Loans in AA \$</b>	47.10%	52.90%	---	100.00

Source: Loan sample; Dun and Bradstreet data.

## Geographic Distribution of Loans

The American National Bank of Mount Pleasant has an excellent dispersion of loans within the assessment area. The bank's assessment area has no low income tracts, two moderate income tracts, five middle income tracts, and one upper income tract. The overall distribution of all loan categories sampled exceeds the characteristics of the moderate census tracts.

<b>Geographic Distribution of Residential Real Estate Loans</b>								
<b>Census Tract Income Level</b>	<b>LOW</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
<b>% of AA Owner Occupied<sup>4</sup></b>	0		13.51		59.53		26.96	
	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>
	0	0	15.00%	10.10%	55.00%	51.39%	30.00%	38.51%

Source: Loan sample; U.S. Census data

<b>Geographic Distribution of Consumer Loans</b>								
<b>Census Tract Income Level</b>	<b>LOW</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
<b>% of AA Households<sup>5</sup></b>	0		18.12		56.33		25.55	
	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>
	0	0	30.43%	32.33%	47.83%	52.38%	21.74%	15.29%

Source: Loan sample; U.S. Census data

<b>Geographic Distribution of Business Loans</b>								
<b>Census Tract Income Level</b>	<b>LOW</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
<b>% of AA Businesses<sup>6</sup></b>	0		45.67		37.33		17.00	
	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>	<b>% of Number</b>	<b>% of Amount</b>
	0	0	35.00%	59.36%	45.00%	35.19%	20.00%	5.45%

Source: Loan sample; Dun and Bradstreet data.

## **Responses to Complaints**

The American National Bank of Mount Pleasant has not received any written CRA related complaints during the assessment period.

## **Fair Lending or Other Illegal Credit Practices Review**

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