



PUBLIC DISCLOSURE

May 17, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The American National Bank of Mount Pleasant
Charter Number 16799

301 South Madison Avenue
Mount Pleasant, TX 75456

Office of the Comptroller of the Currency

1800 NW Loop 281
Suite 306
Longview, TX 75604-2516

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

INSTITUTION'S CRA RATING: This institution is rated Outstanding

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

- The bank's loan-to-deposit ratio is more than reasonable.
- A substantial majority of the bank's primary loan products are extended within the assessment area.
- The distribution of loans represents excellent penetration among borrowers of different income levels and businesses of different sizes given the performance context in which the bank operates.
- The geographic distribution of loans represents excellent dispersion.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) is an assessment of The American National Bank's ability to meet the credit needs of the communities in which it operates. The bank was evaluated under the Small Bank performance criteria. The examination included an evaluation of one assessment area (AA) that included all census tracts in Titus County. Conclusions regarding the bank's lending performance are based on primary loan products, which include residential real estate, commercial, and consumer loans originated from January 1, 2015, through March 31, 2017.

DESCRIPTION OF INSTITUTION

The American National Bank (ANB) is a \$91 million institution wholly owned by Northeast Texas Bancshares, Inc. The bank serves Titus County, TX and operates from one location at 301 South Madison Avenue, Mount Pleasant, TX. ANB offers a range of loan and deposit products. As of March 31, 2017, loans totaled \$62 million representing 67 percent of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio during the evaluation period.

Loan Category	\$0	%
Commercial Loans	\$19,768	41.45%
Residential Real Estate Loans	\$10,780	22.60%
Consumer Loans	\$10,155	21.30%
Agricultural Loans	\$6,989	14.65%
Total	\$47,692	100%

There are no legal or financial impediments which inhibit ANB’s ability to meet the credit needs of the community. The bank was rated “Satisfactory” at the prior CRA examination dated January 3, 2012.

DESCRIPTION OF ASSESSMENT AREA(S)

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

Titus County consists of eight census tracts and has a population of 32,334 based on 2010 census data. There are no low-income tracts, three moderate-income tracts, and five middle-income tracts. All five middle-income tracts have been identified as distressed or underserved areas. The distribution of family by income level, regardless of census tract location, consists of the following: 19.87 percent are low-income, 21.42 percent are moderate-income, 21.56 percent are middle-income, and 37.15 percent are upper-income. Major employers include Pilgrim’s Pride, Mount Pleasant Independent School District, Priefert Manufacturing, Inc., Titus Regional Medical Center, and Big Tex Trailer Manufacturing, Inc. Competition in the AA is strong with other banks and credit unions located in the area. The local economy is in a period of growth primarily driven by a strong manufacturing base. Unemployment has declined to 4.36 percent. A community contact indicated that local financial institutions do a strong job of active participation in the community.

The following table reflects the demographic data for the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF TITUS COUNTY	
Population	
Number of Families	8,038
Number of Households	10,693
Geographies	
Number of Census Tracts	8
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	37.50%
% Middle-Income Census Tracts	62.50%
% Upper-Income Census Tracts	0.00%
Median Family Income (MFI)	
2010 MFI for AA	\$46,231
2016 HUD-Adjusted MFI	\$52,400
Economic Indicators	
Unemployment Rate	4.36%
2016 Median Housing Value	\$89,782
% of Households Below Poverty Level	15.51%

Source: 2010 U.S. Census data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending performance is outstanding. The bank's loan-to-deposit (LTD) ratio is more than reasonable and a substantial majority of loans are within the AA. Additionally, the distribution of loans geographically and to borrowers and businesses of different income levels is excellent.

Loan-to-Deposit Ratio

The loan-to-deposit ratio (LTD) ratio for ANB is more than reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly average LTD ratio is 68.72 percent since the prior CRA examination, and considers assets beginning September 30, 2011. The average LTD ratio of banks within and near the AA, regardless of size, total 68.13 percent.

Institution	Assets (000s) (as of 3/31/17)	Average LTD Ratio
The American National Bank of Mount Pleasant	\$91,277	68.72%
The Morris County National Bank of Naples	\$96,949	58.06%
Lamar National Bank	\$139,774	62.93%
Peoples Bank	\$153,603	83.41%

Lending in Assessment Area

A substantial majority of the bank's lending activity is within the AA. We reviewed commercial, residential real estate, and consumer loans that were originated from January 1, 2015, through March 31, 2017. The table below illustrates a breakdown of the bank's lending activity.

Lending in Titus County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE Purchase	16	80	4	20	20	1,750	74.95	585	25.05	2,335
Consumer	16	80	4	20	20	109	75.69	35	24.31	144
Commercial	15	75	5	25	20	720	77.75	206	22.25	926
Totals	47	78.33	13	21.67	60	2,578	75.71	827	24.29	3,405

Source: Loan sample

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

ANB’s distribution of loans to borrowers of different income levels and businesses of different sizes reflects excellent penetration given the overall demographics of the AA.

While the penetration of residential loans to low-income borrowers is reasonable, loans to moderate-income borrowers exceeded the percentage of families in the AA and represents 26.67 percent compared to the 21.42 percent demographics.

Borrower Distribution of Residential Real Estate Loans in Titus County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	19.87	11.67	21.42	26.67	21.56	26.66	37.15	35.00

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

The bank’s penetration of consumer loans is excellent. The percentage of loans to low- and moderate-income borrowers significantly exceeds the percentage of low- and moderate –income households in the AA and represent 35 and 20 percent, respectively.

Borrower Distribution of Consumer Loans in Titus County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	19.26	35.00	19.03	20.00	20.81	35.00	40.90	10.00

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

The bank’s penetration of loans to small businesses is excellent. The percentage of loans to businesses with reported revenues of \$1 million or less is 90 percent, compared to 79.21 percent of businesses in the AA with 14.42 percent of businesses not reporting revenues.

Borrower Distribution of Loans to Businesses in Titus County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.21	6.36	14.42	100%
% of Bank Loans in AA by #	90.00	10.00	0.00	100%
% of Bank Loans in AA by \$	68.54	31.46	0.00	100%

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

ANB’s overall geographic distribution of loans reflects excellent dispersion given the demographics of the AA.

The geographic distribution of residential real estate loans represents excellent dispersion. The percentage of loans in moderate-income tracts exceeds the percentage of AA owner occupied housing at 30 percent, compared to 18.71 percent.

Geographic Distribution of Residential Real Estate Loans in Titus County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
RE Purchase	0.00	0.00	18.71	30.00	81.29	70.00	0.00	0.00

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

The geographic distribution of consumer loans represents excellent dispersion. The percentage of loans in moderate-income tracts exceeds the percentage of AA households in moderate-income census tracts at 30 percent, compared to 24.31 percent.

Geographic Distribution of Consumer Loans in Titus County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	24.31	30.00	75.69	70.00	0.00	0.00

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

The geographic distribution of business loans represents reasonable dispersion. The percentage of loans in moderate-income tracts is near the percentage of businesses in the AA at 45 percent, compared to 46.97 percent.

Geographic Distribution of Loans to Businesses in Titus County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	0.00	46.97	45.00	53.03	55.00	0.00	0.00

Source: Loan sample; Dun & Bradstreet data.

Responses to Complaints

ANB has not received any complaints or public comments regarding CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank's (bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

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