



PUBLIC DISCLOSURE

May 11, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American National Bank
Charter Number 16799**

**301 South Madison
P.O. Box 1776
Mount Pleasant, Texas 75455**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

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.

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 **Office of the Comptroller of the Currency** the institution's supervisory agency, as of May 11, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

American National Bank has a Satisfactory record of meeting community credit needs. This Satisfactory rating is based upon:

- The bank's average loan-to-deposit ratio of 79.56% exceeds the ratio of the other area bank.
- A majority of the bank's core loan products are extended within its assessment area.
- Credit activity is reasonably distributed to borrowers of different income levels.

The following table indicates the performance level of **American National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	AMERICAN NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	A geographic distribution analysis is not meaningful.		
Response to Complaints	No complaints have been received since the previous CRA examination.		

DESCRIPTION OF INSTITUTION:

American National Bank is a community bank with total assets of \$47 million. Outstanding loans on March 31, 1998 totaled \$33 million. Loan products offered include 1- 4 family residential (interim construction and permanent), home improvement, home equity, consumer, commercial, and agricultural loans. The primary business focus consists of residential real estate, consumer, and commercial lending. Composition of the loan portfolio by type is as follows: residential real estate 32%; consumer 32%; commercial 25%; and agricultural 11%. There are no legal impediments which limit the bank's ability to meet the credit needs of the assessment area. The financial institution's main office is located at 301 South Madison in Mount Pleasant, Texas. The bank's CRA performance was rated Satisfactory at the previous CRA examination dated February 27, 1995.

DESCRIPTION OF THE ASSESSMENT AREA:

The Board designated the bank's assessment area as Titus County. This area includes the communities of Cookville, Miller's Cove, Mount Pleasant, Talco, and Winfield. The block numbering areas (BNA) within the bank's assessment area include six middle income areas and two upper income areas. There are no low or moderate income BNAs in the assessment area. The assessment area's population is 24,009 according to 1990 Census Bureau data. According to 1997 Housing and Urban Development (HUD) data, the median family income in the assessment area is \$31,500. Approximately 20% of the families are low income, 15% are moderate income, 20% are middle income, and 45% are upper income. The area economy is stable with an unemployment rate of approximately 3%. Local employment opportunities are centered in the following industries: Manufacturing, retail, services (health, government, finance), mining, transportation, utilities, and construction. Major area employers include: Pilgrim's Pride Corporation, Mount Pleasant Independent School District, Texas Utilities Mining Company, Titus County Memorial Hospital, Wal-Mart SuperCenter, Mastercraft Industries, Inc., Mount Pleasant City Government, Northeast Texas Community College, Priefert Manufacturing Company Inc., and Southwestern Electric Power Company.

A recent contact with a local business person indicated that there continues to be a need for affordable housing and 1-4 family residential mortgage loans within the City of Mount Pleasant. The community contact expressed that area financial institutions have made adequate efforts in meeting these community needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO:

The loan-to-deposit ratio of American National Bank exceeds the ratio of the other area bank. The financial institution's loan-to-deposit ratio has averaged 79.56% since our previous assessment of the bank's CRA activities dated February 27, 1995. The average loan-to-deposit ratio of the other state chartered bank located in the financial institution's designated assessment area was 71.79% during the same time period. Individual loan-to-deposit ratios for both of these banks averaged from a low of 68.43% to a high of 85.91%.

LENDING IN ASSESSMENT AREA:

A majority of the bank's lending activity is located within the assessment area. We reviewed a sample of 25 1-4 family residential mortgages, 25 consumer loans, and 25 business loans originated in 1997 and year-to-date 1998. The combined sample reflected that approximately 84% of loans by number and 77% of loans by dollar amount were extended within the bank's assessment area. The breakdown by loan category is illustrated in the tables below.

Residential Mortgages	Number	Percent	Dollar Amt. (000's)	Percent
Inside Assessment Area	21	84%	\$970	76%
Outside Assessment Area	4	16%	\$312	24%

Consumer Loans	Number	Percent	Dollar Amt. (000's)	Percent
Inside Assessment Area	20	80%	\$81	84%
Outside Assessment Area	5	20%	\$16	16%

Business Loans	Number	Percent	Dollar Amt. (000's)	Percent
Inside Assessment Area	22	88%	\$303	79%

Outside Assessment Area	3	12%	\$80	21%
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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 individuals of different income levels and businesses of different sizes. We performed an analysis based on a sample of consumer, residential, and business loans originated within the bank's assessment area in 1997 and 1998. The distribution of loans within each income category generally approximates the income characteristics of the assessment area's population. While the penetration of 1-4 family mortgage loans to low and moderate income families is limited, there are government programs available in the community to serve these specific credit needs. For example, Federal Housing Administration programs are available through the Farm Service Agency and area mortgage companies. The following table details the results of our income analysis.

Lending to Borrowers of Different Income Levels										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	20%		15%		20%		45%		100%	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	0	0%	1	5%	6	29%	14	66%	21	100%
Consumer	2	10%	6	30%	5	25%	7	35%	20	100%
Revenue Ranges	Less than \$100,000		\$100,000-\$500,000		\$500,000--\$1,000,000		Over \$1,000,000			
Commercial	10	46%	8	36%	2	9%	2	9%	22	100%

GEOGRAPHIC DISTRIBUTION OF LOANS:

We did not complete a review of the bank's geographic distribution of loans, as this analysis would not be meaningful. All of the block numbering areas within the bank's assessment area were either middle or upper income geographies. There are no low or moderate income geographies in the assessment area.

RESPONSE TO COMPLAINTS:

Management has not received any written complaints related to CRA performance since the prior CRA Examination. A Fair Lending Examination was performed in conjunction with this examination. Based on the samples reviewed, no discriminatory practices were noted. Furthermore, we did not identify any substantive violations involving anti-discrimination laws or regulations.