



LARGE BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**The American National Bank of Texas
Charter Number: 17043**

**102 West Moore
Terrell, Texas 75160**

Office of the Comptroller of the Currency

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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 **Outstanding**.

The following table indicates the performance level of **The American National Bank of Texas** with respect to the lending, investment, and service tests:

Performance Levels	The American National Bank of Texas Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory			
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending activity reflects strong responsiveness to area credit needs.
- Excellent borrower distribution of loans by the income level. The distribution of home mortgage and consumer loans is excellent. The distribution of small business and small farm loans is good.
- Excellent geographic distribution of loans by income tract. The geographic distribution of home mortgage and consumer related loans is excellent. The geographic distribution of small business and small farm loans is good.
- Good performance for Community Development Lending (CD) that had a positive effect on the lending test. The bank originated a significant number and dollar volume of CD loans that were responsive to assessment area credit needs.
- Good network of retail delivery systems that are readily accessible to geographies and individuals of different income levels. The percent of offices in low- and moderate-income geographies exceeds the percent of the population living in such geographies.
- Excellent level of CD services, with the bank taking a leadership role in the provision of those services.
- Adequate levels of qualified investments extended in the bank's assessment areas.

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.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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 statistical 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: 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.

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 household 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 or a block numbering area 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).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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 primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: 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: 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

The American National Bank of Texas (ANB) is an intrastate bank headquartered in Terrell, Texas. As of March 30, 2004, ANB's assets totaled \$1.05 billion, making it one of the largest independent financial institutions in North Texas. Tier 1 capital totaled \$66 million, and the loan-to-deposit ratio equaled 60 percent. ANB is a wholly owned subsidiary of ANB Corporation, a one-bank holding company.

ANB operates predominately in the Eastern portion of the Dallas Metropolitan Statistical Area (MSA), including Collin, Hunt, Kaufman, and Rockwall counties, and the eastern third of Dallas County. The bank also operates in Van Zandt County, which is adjacent to the Eastern portion of Dallas MSA.

ANB's business strategy is focused on commercial, residential real estate, and consumer lending. No significant legal or financial impediments limit ANB's ability to meet the credit needs of its assessment areas. A diverse choice of commercial, residential, and consumer loan products are offered, as well as retail and commercial deposit products. The bank also offers trust, insurance, and retail nondeposit investment services. As of March 31, 2004, of the bank's loan portfolio, 63 percent was composed of commercial loans, 24 percent in 1-4 family residential real estate loans, and 11 percent in consumer loans. ANB is also very active in the origination of residential real estate loans for sale in the secondary market. From January 1, 2000 through December 31, 2002, ANB originated 358 residential mortgages totaling approximately \$49 million that were sold in the secondary market. If these loans were retained in the loan portfolio, ANB's loan-to-deposit ratio would approximate 67 percent.

ANB serves a very diverse market, with wide-ranging demographics and varying degrees of competition. The bank has experienced substantial growth since the prior review, with total assets increasing more than 50 percent in that timeframe. Growth is attributed primarily to acquisitions and branching, as the bank continues to expand into more metropolitan areas. However, ANB continues to also serve the rural Van Zandt County area.

The Office of the Comptroller of the Currency last evaluated The American National Bank of Texas CRA performance on January 10, 2000. The bank received an overall rating of "**Outstanding**".

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. Conclusions regarding the Lending Test are based on Home Mortgage Disclosure Act (HMDA) related residential mortgage loans originated from January 11, 2000 through December 31, 2002. Conclusions regarding small business and small farm lending were based on the same timeframes for geographic distribution information and for 2002 only, for borrower distribution. Conclusions for consumer lending were based on those loans originating from January 1, 2001 through December 31, 2002. The community development (CD) lending performance analysis considered loans made from January 11, 2000 to June 10, 2004.

The evaluation period for the Service Test and Investment Test was from January 11, 2000 to June 10, 2004. The Service Test was evaluated based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial deposit and loan products and services, and community development services. The Investment Test conclusions are based on an evaluation of qualified community development investments and donations.

Data Integrity

A Data Integrity examination was conducted as of March 22, 2004 to determine the accuracy of ANB's HMDA, small business, small farm, consumer, and community development loan data. We reviewed a sample of loans the bank reported for the years 2000, 2001, and 2002. We found the bank's data to be reliable, with the exception of consumer data for 2000 and revenue information for small businesses and small farms for years 2000 and 2001. This data was excluded from our analysis and was not considered to have a significant impact on the overall lending performance analysis.

Selection of Areas for Full-Scope Review

ANB has two assessment areas (AA). The Eastern Dallas MSA AA received a full-scope review, as this area accounts for a significant majority of bank branches, deposits and loans, and therefore, receives the most weight in assessing the overall CRA rating. The non-metropolitan Van Zandt County AA received a limited-scope review as that AA represents a small portion of the bank's business.

Refer to the table in Appendix A for additional information regarding which areas received full-scope and limited-scope reviews.

The delineation of the AA's did not reflect any illegal discrimination and did not arbitrarily exclude low- or moderate-income geographies.

Other

We made two community contract interviews in the East Dallas MSA AA to discuss credit needs and community development opportunities. Organizations contacted included two non-profit organizations that provide community services, as well as, a governmental agency responsible for economic development. The contacts indicated a high level of community development opportunities in the areas for banks to help meet community credit needs. The primary needs identified by the community contacts are small business loans, economic development, and construction financing.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "**Outstanding**". Based on the full-scope review, the bank's performance in the full-scope AA is excellent.

Lending Activity

Refer to Table 1 Lending Volume section of appendix C for the facts and data used to evaluate the bank's lending activity.

ANB's business strategy is focused on commercial, residential real state, and consumer lending. The bank's overall lending volume and the distribution of these types of loans is excellent.

The bank's lending activity reflects excellent responsiveness to the credit needs of its full-scope AA. Based on 2002 aggregate data, ANB had HMDA and small business loans market shares in the full-scope AA of .84 percent and 1.87 percent, respectively, which ranked 26th and 13th, respectively. During this timeframe, ANB's deposit market share in the AA was approximately 1.35 percent, which ranks 13th in the AA. The market share for HMDA loans, although less than the deposit market share, is excellent, when considering the competitive environment and significant number of very large mortgage lenders in the Dallas area. Additionally, market share percentage for HMDA related loans would be notably higher when considering mortgage related loans that are originated and sold in the secondary market.

Distribution of Loans by Income Level of the Geography

ANB's overall distribution of loans by income level of geographies is excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 of appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Home Purchase Loans

ANB's distribution of home purchase loans in low-income areas is excellent. Of total loans extended, .87 percent of loans were made in low-income geographies, which exceeds the percentage of owner-occupied units in those areas. ANB's distribution of home purchase loans in moderate-income areas is also excellent. Of the total loans extended, 30.42 percent were made in moderate-income geographies, which

exceeds the percentage of owner-occupied units in those areas. The bank's 3.45 percent and 2.17 percent market share in low- and moderate-income geographies, respectively, exceeds its overall market share.

Home Improvement Loans

ANB's distribution of home improvement loans in low-income areas is excellent. Of total loans extended, 2.68 percent were made in low-income geographies, which exceeds the percentage of owner-occupied units in those areas. ANB's distribution of home improvement loans in moderate-income areas is also excellent. Of the total loans extended, 25.81 percent were made in moderate-income geographies, which exceeds the percentage of owner-occupied units in those areas. The bank's 20.00 and 6.50 percent market share in low- and moderate-income geographies, respectively, exceeds its overall market share.

Home Refinance Loans

ANB's distribution of home mortgage refinance loans in low-income areas is good. Of total loans extended, .73 percent were made in low-income geographies, which is equal to the percentage of owner-occupied units in those areas. ANB's distribution of home mortgage refinance loans in moderate-income areas is also good. Of the total loans extended, 22.07 percent were made in moderate-income geographies, which exceeds the percentage of owner-occupied units in those areas. The bank's 6.25 and 3.27 percent market share in low- and moderate-income geographies, respectively, exceeds its overall market share.

Small Loans to Businesses

Refer to Table 5 of appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

ANB's distribution of loans to small businesses in low-income areas is good. Of total loans extended, 3.04 percent were made in low-income geographies, which exceeds the percentage of businesses in those areas. ANB's distribution of loans to small businesses in moderate-income areas is good. Of the total loans extended, 23.83 percent were made in moderate-income geographies, which is near to the percentage of businesses in those areas. The bank's .53 and .72 percent market share in low- and moderate-income geographies, respectively, is near to its overall market share.

Small Loans to Farms

Refer to Table 6 of appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

ANB's distribution of loans to small farms in low-income areas is good. Of total loans extended, .98 percent were made in low-income geographies, which exceeds the percentage of small farms in that geography. ANB's distribution of loans to small farms in moderate-income areas is good. Of the total loans extended, 30.32 percent were made in moderate-income geographies, which is near to the percentage of small farms in those areas. The bank has no market share for small loans to farms in low-income census tracts and a 29.09 percent market share in moderate-income geographies, respectively, which is somewhat lower than its overall market share. However, the lower penetration level is mitigated by the fact that there are few small farms located in low-income census tracts in the AA.

Consumer Loans

Refer to Table 12 of Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations.

The bank's geographic distribution of consumer loans is excellent. The level of lending in both low-income and moderate-income geographies exceeds the percentage of those geographies represented within the AA. Of total loans extended, 1.67 percent were made in low-income geographies, which exceeds the percentage of households in that geography. ANB's distribution of loans to moderate-income geographies is excellent. Of total loans extended, 33.30 percent were extended in moderate-income geographies, which exceeds the percentage of households in that income geography. Market share data is not available for consumer loans.

Lending Gap Analysis

An analysis of home mortgage, small business / small farm lending, and consumer loan activity revealed no unexplained conspicuous gaps in lending.

Inside/Outside Ratio

The bank's lending activity reflects excellent concentration within its assessment areas. A substantial majority of loans were made in the bank's two defined AA's. Of all loans made during the examination period, approximately 91 percent were extended within the bank's AA's. By type, 94 percent of home mortgage related loans, 90 percent of small business loans, and 93 percent of small farm loans were made in the AA's.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 7, 8, and 9 of appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans

ANB's borrower distribution of home purchase loans to low-income individuals is good and the distribution of those loans to moderate-income individuals is excellent. Of the total of this type of loan extended, 12.40 percent of loans were made to low-income individuals, which is near to the percentage of families in that income category. Additionally, 22.69 percent was made to moderate-income individuals, which exceeds the percentage of families at that income level. The bank's .97 percent and .61 percent market share in low-and moderate-income geographies, respectively, exceeds its overall market share.

Home Improvement Loans

ANB's borrower distribution of home improvement loans to low and or moderate-income individuals is excellent. Of the total of this type of loan extended, 19.11 percent of loans were made to low-income individuals and 20.72 percent was made to moderate-income individuals, which exceeds the percentage of families of those income levels, respectively. The bank's 5.88 percent and 3.34 percent market share in low-and moderate-income geographies, respectively, exceeds its overall market share.

Home Refinance Loans

ANB's borrower distribution of home refinance loans to low and or moderate-income individuals is good. Of the total of this type of loan extended, 9.50 percent of loans were made to low-income individuals, which is near to the percentage of families in the income category. Additionally, 19.73 percent was made to moderate-income individuals, which exceeds the percentage of families at that income level. The bank's 2.26 percent and 1.40 percent market share in low-and moderate-income geographies, respectively, exceeds its overall market share.

Small Loans to Businesses

Refer to Table 10 of appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to small businesses with revenues of less than \$1 million exceeds the distribution of small businesses with revenues of less than \$1 million. A

substantial majority of the bank's small business loans were in amounts of less than \$100 thousand. Additionally, the bank's market share of loans to businesses with revenues less than \$1 million exceeds its overall market share of small business loans.

Small Loans to Farms

Refer to Table 11 of appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The distribution of loans to small farms with revenues of less than \$1 million is significantly lower than that of the distribution of small farms with revenues of less than \$1 million. However, a substantial majority of the bank's small farm loans were in amounts of less than \$100 thousand. This lower distribution is also mitigated, as a significant majority of the bank's business is located in the metropolitan, East Dallas MSA AA; which has a limited number of small farms. Additionally, the bank's market share of loans to businesses with revenues less than \$1 million exceeds its overall market share of small business loans.

Consumer Loans

Refer to Table 12 of appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The bank's borrower distribution of consumer loans to borrowers of different income levels is excellent. The distribution exceeds the distribution of low- and moderate-income households in the AA. ANB's distribution of loans to low- and moderate-income borrowers is excellent. Of total loans extended, 25.72 percent and 25.78 percent were extended to low- and moderate-income households, respectively. Market share data is not available for consumer loans.

Community Development Lending

Refer to Table 1 of appendix C for the facts and data used to evaluate the bank's level of community development lending.

The bank's community development lending compares favorably with performance in the prior evaluation period and positively impacts lending test conclusions. Given the size and financial strength of the institution, the bank's level of community development lending is good. During this evaluation period, ANB made 44 loans totaling approximately \$10 million, representing 16 percent of Tier One Capital as of March 31, 2004. The majority of these loans were for the following:

- Provide Affordable Housing - ANB extended 37 loans totaling approximately \$3 million under the USDA Rural Development Loan program. This program provides flexible credit terms for home purchases to qualifying low- and moderate-income individuals and families.
- Construct a Non-Profit Medical Center - One loan totaling \$2.4 million was funded to construct a non-profit medical facility located in an enterprise zone. The facility not only serves low- and moderate-income individuals and families, but also provides jobs to those individuals.
- Purchase a Commercial Building – One loan totaling \$1.4 million was funded to purchase and repair a vacant commercial building (formerly occupied by Payless Cashways). This was vital in helping to stabilize and revitalize this low- and moderate-income area.
- Improve and Expand Roadway – One loan totaling \$2.6 million was extended to improve and expand a road in an enterprise zone to assist in retaining and providing better access to businesses that are located in that enterprise zone.

Product Innovation and Flexibility

American National Bank has a good record of providing flexible lending products. A number of flexible lending programs related to affordable housing are available. Additionally, the bank will use alternative sources to determine credit histories for consumer loan applicants.

- *Terrell Community Redevelopment:* ANB partnered with the City of Terrell to offer this program. The city donates foreclosed lots and \$5,000 in grant money for down payment and closing cost assistance. ANB provides interim and permanent loans with minimal fees. Since the prior examination, one loan has been closed under this program as the City of Terrell has lost its source for grant monies. The bank continues to look for ways to expand the program.
- *Farmers Home Administration Rural Development Guaranteed Loan Program:* This program's purpose is to provide affordable housing for moderate-income families in rural communities. The bank has provided 37 loans totaling \$2.9 million in this program during the evaluation period. Borrowers can go directly to FmHA for the permanent loan under this program. In these cases, ANB provides interim loans to the homebuilders with minimal or no fees to help control the cost of building and avoid costs that would typically be passed to the borrower.

- *Texas Rural Housing Service – Leverage Loan Program:* This program provides flexible home purchase credit for low-income individuals. ANB makes a first lien note and the leverage loan program makes a second lien note for the remaining amount, up to 100 percent of the loan-to-value. The second lien note is made at a below market rate and can be as low as one percent. The bank has closed 8 of these loans since the previous evaluation. The bank also provides interim financing for the builder who constructs homes under this program.
- *FNMA Community Solutions Program:* This program targets first time homebuyers and reaches primarily low-and moderate-income families. A major feature of this program is that it allows for a minimal down payment of \$500 or 1 percent of the sales price, whichever is less. The program also includes homebuyer education for first time homebuyers, counseling, favorable interest rates, and expanded underwriting criteria. The bank has closed 7 of these loans since the prior evaluation.
- *FHA Brokered Loan Program:* ANB has initiated an FHA loan program in those areas where a need for this type of loan has been identified. The program focuses on low- and moderate-income families as it allows for expanded debt ratios and lower credit scores than are typical. Additionally, only a 3 percent down payment is required and mortgage insurance is financed. ANB originates and sells these loans prior to closing and has brokered 24 such loans to low- and moderate-income borrowers since the prior evaluation.
- *FNMA Low Down Payment Loan Program:* ANB has contracted with FNMA to provide loans to borrowers with little (Flex 97 loan) or no down payments (Flex 100 loans). ANB has closed 70 of these loans to low- and moderate-income borrowers since the prior evaluation.
- *Alternative Credit Histories –* ANB will consider sources other than borrowing history to show an applicant’s history of paying obligations for mortgage applications and for consumer applications. This includes utility payments, rent, and telephone bills.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the Lending Test in the Van Zandt County AA is not inconsistent with the bank’s overall “Outstanding” performance under the lending test. Geographic analysis for the limited-scope review is not meaningful as all AAs in this area are middle income. Refer to the Tables 2 through 12 of appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 of appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the investment test is rated "**Low Satisfactory**". During the evaluation period from January 11, 2000 through June 10, 2004, ANB has invested in two qualified investments totaling \$1.5 million, or 2.27 percent of Tier 1 Capital. Analysis of these investments found that while they do benefit low- and moderate-income individuals and areas, they are not considered complex or innovative.

The bank's qualifying investments purchased during the current evaluation period consist of two municipal bonds. The bank purchased \$1 million of a \$4.5 million City of Terrell, Texas bond, of which funds were used to build low-income housing. All of the housing units were for those individuals or families with income levels at or below 60 percent of median income. The bank also purchased \$500 thousand of a \$7.3 million City of Greenville, Texas bond, from which proceeds were used for improvements to water and sewer systems in low- and moderate-income areas of the city.

The bank continues to hold \$3.4 million of a \$4.5 million City of Terrell bond. Although ANB continues to receive credit for this investment, it was purchased during the prior evaluation period, and as such, does not receive as much weight in this evaluation as those purchased in the current evaluation period. The bank was instrumental in the success of this issuance, which was used for street improvements and related drainage and utility improvements in low- and moderate-income areas within a designated enterprise zone.

Additionally, during this rating period, the bank donated \$3.5 thousand to the Kaufman Child Shelter and Collin County Child Protective Service. These organizations are local non-profit organizations that provide social services to low- and moderate-income families. ANB has donated a significant amount of funds to other civic and charitable organizations; however, those organizations do not meet the criteria required for qualifying investments.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance under the Investment Test in the limited-scope assessment area is not consistent with the bank's overall performance under the Investment Test. While the bank's overall level of qualified investments demonstrates responsiveness to community development needs, the opportunity for qualified investments in Van Zandt County is very limited. Therefore, the findings for the limited scope review are mitigated and do not affect the overall performance.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**Outstanding**". Based on a full-scope review, the bank's performance is excellent. ANB has achieved strong performance in providing banking products and services that are readily accessible to geographies and individuals of different incomes in both of these AAs. The primary delivery system is the bank's branch network, which is readily accessible to geographies and individuals of different income levels throughout the full-scope assessment area. The bank's ATM network offers an effective alternative delivery system for delivering retail banking services in low- and moderate-income geographies. Retail products and services meet a wide array of customer needs. The bank is a leader in and provides a high level of community development services.

Retail Banking Services

Refer to Table 14 of appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Bank branches are the primary delivery system and are readily accessible to geographies and individuals of different income levels throughout the full-scope assessment area. There are 23 banking offices including the main office. Of these, 20 are located in the East Dallas MSA AA, with 8 branches (40 percent) located in moderate-income census tracts. Branch penetration in this AA is excellent, as only 24 percent of the population resides within low- and moderate-income geographies. The Van Zandt County AA contains 3 branches; all located in middle income census tracts, as there are no low- or moderate-income census tracts in this AA.

Branch openings/closings have not affected the accessibility of delivery systems in the full-scope assessment area. Since the prior evaluation, there have been 3 branch openings in the full-scope assessment area, one of which was located in a moderate-income census tract. There have been 5 branch closings, one of which was located in a moderate-income census tract. This branch was purchased by another financial institution and did not result in reducing accessibility to financial services to the individuals in this area.

The branch system is augmented by ATMs, telephone banking, banking by mail, Internet banking services, direct deposit, and Checkcard. Twenty-three ATMs located in various income tracts supplement the branch delivery system.

Services do not cause inconvenience to any portion of the AAs, particularly in low- and moderate-income geographies. All banking products and services are available at most

offices. A free checking product, as well as free check cashing services, have been developed to assist in meeting the basic banking needs of the low- and moderate-income population in the bank's AAs. A variety of other deposit and loan products are available to all current and potential customers.

ANB also employs 24 bilingual employees at various locations to assist Spanish-speaking customers with their banking needs.

Community Development Services

ANB has demonstrated an excellent level of community development services performance in the full-scope assessment area. Such services included a high level of educational programs, technical assistance, and fundraising activities. Although the services provided are not considered innovative, they are responsive to an identified need in the AA, with the bank often taking a leadership role. The bank demonstrates a willingness to provide community development services to low- and moderate-income neighborhoods and individuals. Bank officers and employees are encouraged to be involved in community projects, events, fund raising activities, civic organizations and economic development programs. Community development services conducted during the review period include the following:

Economic Development Corporations: Several ANB employees serve in leadership positions for Economic Development Corporations (EDC) in Terrell, Kaufman, and Forney. Employees provide technical assistance through serving as officers, board members, and committee members. One of the primary goals of these EDCs is to stabilize and revitalize low- and moderate-income geographies, some of which are located within an enterprise zone, by promoting business growth and encouraging new businesses to locate in these communities to provide permanent jobs. The EDCs have been successful in bringing countless jobs to the areas in which they serve – many of which have been to low- and moderate-income individuals.

Helping Hands: An ANB employee serves on the board for the Helping Hands of Rockwall, an organization that provides clothing and temporary shelter to low-income individuals and families. Duties include obtaining funds for operations and working with budgets and finances.

Allen Community Outreach: An ANB employee served as treasurer and board member for this organization, whose mission is to improve the quality of life through providing basic necessities, specialized programs, and independent living skills. These basic necessities include financial assistance for rent, utilities, food, and clothing, as well as assistance with job placement and counseling.

Terrell Lions Club: An ANB employee serves as director for the club. In that capacity, he provides financial consultation and makes decisions regarding budgets and projects. One of the primary projects of the Lions Club is the provision of free eye examinations and corrective lenses for economically disadvantaged children throughout the Terrell

school district. Another project is to install and maintain smoke detectors in the homes of low- and moderate-income senior citizens.

Consumer Credit Counseling of Rockwall: An ANB employee serves on the board for this organization that primarily helps low- and moderate-income individuals by providing education on financial services, counseling individuals on loans and bank accounts, and to better manage personal finances.

Greenville Hispanic Mission: An ANB employee provides ongoing contact with the director of the mission regarding new programs that are available to low- and moderate-income families and also provides a bilingual processor to work with non-English speaking individuals and families about these programs. Mortgage literature and applications are provided in Spanish. This relationship has resulted in the bank extending several home loans to low- and moderate-income Hispanic individuals and families.

Greenville Habitat for Humanity: An ANB employee maintains ongoing contact with the director for Habitat for Humanity, who refers low- and moderate-income individuals interested in purchasing homes through the program to the bank. Challenges are low income, low credit scores, and minimal or no savings for a down payment.

Home Buyer Seminars: ANB has provided five such seminars in Crandall, Rockwall, Greenville, and Terrell. Several of these seminars were conducted in conjunction with Choice Homes, Inc., the only homebuilder in the area which focuses on building new homes in price ranges that target low- and moderate-income individuals and families. These seminars provided financial education regarding the home buying process.

High School Seminars: ANB employees have provided several seminars to high school students in Canton and Terrell. These seminars focused on banking services, mortgage loans, and credit history. These classes have targeted low- and moderate-income students with limited knowledge of banking. In addition, schools located in low- and moderate-income census tracts have also been targeted for these seminars.

Bilingual Services: ANB employees 24 bilingual employees. They have increased this number from 8 at the prior evaluation to be able to better serve the increasing Spanish speaking population. These employees provide assistance to these customers to aid in better understanding all aspects of banking services.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Van Zandt County AA is not inconsistent with the bank's overall performance rating.

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 non-metropolitan 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: January 11, 2000 to December 31, 2002 Investment Test: January 11, 2000 to June 10, 2004 Service Test: January 11, 2000 to June 10, 2004 Community Development Lending: January 11, 2000 to June 10, 2004	
Financial Institution	Products Reviewed	
The American National Bank of Texas Terrell, Texas	Home Purchase, Home Improvement, Home Refinance, Small Business, Small Farm, Consumer Community Development Loans, Investments and Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate products reviewed		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
East Dallas MSA	Full-Scope	Does Not Include Entire MSA
Van Zandt County	Limited-Scope	One Entire County

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

East Dallas MSA #1920	B-2
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Full-Scope Assessment Area

Demographic Information for Full-Scope Area:		East Dallas MSA AA				
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	161	2.48	27.33	35.40	33.54	1.24
Population by Geography	836,407	1.48	22.75	37.06	38.70	0.00
Owner-Occupied Housing by Geography	201,871	0.73	22.77	35.05	41.45	0.00
Businesses by Geography	47,504	1.89	29.94	38.58	29.60	0.07
Farms by Geography	1,392	0.86	38.15	40.45	20.55	0.20
Family Distribution by Income Level	229,587	16.77	16.82	22.60	43.81	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	77,105	3.06	39.10	39.82	18.02	0.00
Median Family Income		Median Housing Value				= \$83,145
HUD Adjusted Median Family Income for 2004	= \$38,754	Unemployment Rate				= 2.54%
Households Below the Poverty Level	= \$66,500 = 8.63%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2004 HUD updated MFI.

The primary assessment area (AA) for American National Bank of Texas (ANB) is the eastern portion of the Dallas MSA. Specifically, this area includes Collin County, Hunt County, Rockwall County, Kaufman County, and the eastern one-third of Dallas County. The portion of the Dallas MSA not included is Denton County, Ellis County, and the western two-thirds of Dallas County.

Of the ANB's 23 branches, 20 are located in this AA. Of these offices, none are located in low-income census tracts, 8 are located in moderate-income census tracts (40 percent), 8 are located in middle-income census tracts (40 percent), and 4 are located in upper-income census tracts (20 percent).

During the evaluation period, there were in excess of 100 financial service entities operating in this AA. There is significant competition for loan and deposit business. Those competitors include, but are not limited to, Bank of America, Wells Fargo, Bank One, Bank of Texas, Texas Capital Bank, Comerica, Compass Bank, and Bank United. Numerous non-bank entities such as mortgage companies and brokerage firms also provide a significant level of competition.

Of ANB's total deposits, approximately 91 percent are located within this AA. ANB holds approximately 1.45 percent of the \$59 billion in deposits in the AA.

The economy is considered satisfactory and stable. It is diverse with employment opportunities in retail trade, construction, transportation, public utilities, education, health services, finance, insurance, real estate, and manufacturing. Unemployment levels remain relatively low.

Appendix C: Tables of Performance Data

Content of Standardized 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: 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. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- 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. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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 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 6. 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 7. 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 8. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 10. 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 11. 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 12. Geographic and Borrower Distribution of Consumer Loans** - 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 13. 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. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 14. 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 1. Lending Volume

LENDING VOLUME												
Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002												
MA/Assessment Area:	% 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:												
East Dallas MSA	83.52	2,290	200,555	1,972	84,935	409	9,341	44	10,000	4,671	294,831	91.56
Limited Review:												
Van Zandt County	16.48	470	34,394	307	9,054	145	4,366	0	0	922	47,814	8.44

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 11, 2000] to June 10, 2004.

*** Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: AMERICAN NATIONAL BANK OF TEXAS						Evaluation Period: January 11, 2000 to December 31, 2002							
MA/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 Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
East Dallas MSA	802	83.63	0.73	.87	22.77	30.42	35.05	47.13	41.45	21.57	0.55	3.45	2.17	0.84	0.21
Limited Review:															
Van Zandt County	157	16.37	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	9.64	0.00	0.00	9.64	0.00

* Based on 2002 Peer Mortgage Data: Southwest Region.

** 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002															
MA/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 Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
East Dallas MSA	523	80.83	0.73	2.68	22.77	25.81	35.05	45.51	41.45	26.00	3.18	20.00	6.50	4.80	1.69
Limited Review:															
Van Zandt County	124	19.17	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	30.39	0.00	0.00	30.39	0.00

* Based on 2002 Peer Mortgage Data: Southwest Region.

** 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002															
MA/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 Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
East Dallas MSA	965	83.62	0.73	0.73	22.77	22.07	35.05	49.33	41.45	27.88	0.95	6.25	3.27	1.98	0.37
Limited Review:															
Van Zandt County	189	16.38	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	17.77	0.00	0.00	17.77	0.00

* Based on 2002 Peer Mortgage Data: Southwest Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002															
MA/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**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
East Dallas MSA	1,972	86.53	1.89	3.04	29.94	23.83	38.58	47.46	29.60	25.66	0.91	0.53	0.72	1.32	0.69
Limited Review:															
Van Zandt County	307	13.47	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	9.35	0.00	0.00	9.08	0.00

* Based on 2002 Peer Small Business Data: US.

** 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 2003.

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002															
MA/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 ^{***}	% BANK Loans	% of Farms ^{***}	% BANK Loans	% of Farms ^{***}	% BANK Loans	% of Farms ^{***}	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
East Dallas MSA	409	73.83	0.86	0.98	38.15	30.32	40.45	61.12	20.55	7.58	41.22	0.00	29.09	65.48	10.98
Limited Review:															
Van Zandt County	145	26.17	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	50.00	0.00	0.00	45.37	0.00

^{*} Based on 2002 Peer Small Business Data: US.
^{**} 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 2003.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE															Geography: AMERICAN NATIONAL BANK OF TEXAS					Evaluation Period: January 11, 2000 to December 31, 2002				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]													
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{**}	% BANK Loans ^{****}	% Families [*]	% BANK Loans ^{****}	% Families [*]	% BANK Loans ^{****}	Over all	Low	Mod	Mid	Upp									
Full Review:																								
East Dallas MSA	802	83.63	16.77	12.40	16.82	22.69	22.60	27.84	43.81	37.07	0.56	0.97	0.61	0.54	0.49									
Limited Review:																								
Van Zandt County	157	16.37	20.43	2.61	17.16	12.42	20.09	19.61	42.31	65.36	10.62	0.00	11.29	8.04	11.85									

^{*} Based on 2002 Peer Mortgage Data: Southwest Region.

^{**} As a percentage of loans with borrower income information available. No information was available for 5.01 percent of loans originated and purchased by Bank.

^{***} Percentage of Families is based on the 1990 Census information.

^{****} 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.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT															Geography: AMERICAN NATIONAL BANK OF TEXAS					Evaluation Period: January 11, 2000 to December 31, 2002				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *													
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp									
Full Review:																								
East Dallas MSA	523	80.83	16.77	19.11	16.82	20.72	22.60	23.14	43.81	37.02	2.84	5.88	3.34	2.47	2.46									
Limited Review:																								
Van Zandt County	124	19.17	20.43	10.08	17.16	13.45	20.09	21.01	42.31	55.46	28.57	0.00	37.50	33.33	26.76									

* Based on 2002 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 5.01 percent of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** 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.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002																	
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *						
	#	% of Total**	% Families **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:																	
East Dallas MSA	965	83.62	16.77	9.50	16.82	19.73	22.60	28.87	43.81	41.90	0.97	2.26	1.40	1.09	0.71		
Limited Review:																	
Van Zandt County	189	16.38	20.43	1.74	17.16	6.40	20.09	16.86	42.31	75.00	18.85	0.00	10.87	24.68	18.89		

* Based on 2002 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 5.01 percent of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 1, 2002 to December 31, 2002									
MA/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***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
East Dallas MSA	1,972	86.53	63.94	74.80	91.58	6.03	2.38	0.91	2.82
Limited Review:									
Van Zandt County	307	13.47	68.65	75.57	96.42	2.61	0.98	9.35	30.18

* Based on 2002 Peer Small Business Data: US.

** 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 - 2003).

**** 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 14.00 percent of small loans to businesses originated and purchased by the Bank.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 1, 2002 to December 31, 2002									
MA/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***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
East Dallas MSA	409	73.83	88.79	69.44	97.07	2.20	0.73	41.22	45.52
Limited Review:									
Van Zandt County	145	26.17	92.82	70.34	93.10	6.21	0.69	50.00	51.72

* Based on 2002 Peer Small Business Data: US.

** 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 -2003).

**** 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 29.42 of small loans to farms originated and purchased by Bank.

Table 12. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 1, 2001 to December 31, 2002																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
Full Review:																		
East Dallas MSA	1,853	76.92	1.25	1.67	23.11	33.30	37.49	45.44	38.14	19.59	18.42	25.72	15.24	25.78	19.99	21.70	46.35	26.80
Limited Review:																		
Van Zandt County	556	23.08	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	24.67	6.85	14.77	13.50	17.84	25.05	42.72	54.60

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.
 ** Percentage of Households is based on the 1990 Census Information.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: AMERICAN NATIONAL BANK OF TEXAS				Evaluation Period: January 11, 2000 to June 10, 2004					
MA/Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
East Dallas MSA	1	3,400	2	1,500	3	4,900	100.00	0	0
Limited Review:									
Van Zandt County	0	0	0	0	0	0	0	0	0

* 'Prior Period Investments' means investments made in a previous evaluation 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 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: AMERICAN NATIONAL BANK OF TEXAS Evaluation Period: January 11, 2000 to December 31, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK 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	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
East Dallas MSA	91.00	20	87.00	0	40.00	40.00	20.0	3	5	0	0	-1	-1	1.48	22.75	37.06	38.70
Limited Review:																	
Van Zandt County	9.00	3	13.00	0.00	0.00	100.0	0.0	0	0	0	0	0	0	0.00	0.00	100.0	0.00

