



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 03, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The American National Bank of Mount Pleasant
Charter Number 16799

301 South Madison Avenue
Mount Pleasant, TX 75455-0000

Office of the Comptroller of the Currency

Longview Field Office
1800 NW Loop 281 Suite 306
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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, 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 Satisfactory.

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

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

SCOPE OF EXAMINATION

This Performance Evaluation is an assessment of the record of the American National Bank in meeting the credit needs of the communities in which it operates. The bank was evaluated under the Small Bank performance criteria. The bank's primary loan products are commercial, home, and consumer loans. Conclusions regarding the bank's performance are based on samples of each of these loan types originated from January 1, 2008 to November 1, 2011.

DESCRIPTION OF INSTITUTION

The American National Bank of Mount Pleasant is a \$93 million institution which offers a full range of traditional and non-complex loan and deposit services. The bank has one location at 301 South Madison Avenue, Mount Pleasant, TX. As of September 30, 2011, loans totaled \$53 million and represented 59 percent of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio.

Loan Category	\$ (000)	%
Commercial Loans	\$21,770	41.26%
Residential Real Estate Loans	\$18,686	35.42%
Consumer Loans	\$6,964	13.20%
Agricultural Loans	\$5,340	10.12%
Total	\$52,760	100.00%

There are no legal impediments or other factors that inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA examination dated August 20, 2007.

DESCRIPTION OF ASSESSMENT AREA(S)

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

Titus County consists of 8 census tracts (CTs). Census Bureau data indicates that there are no tracts identified as low-income, while two tracts are designated moderate-income. Titus County has a population of 29,111. The distribution of families by income, regardless of census tract location, consists of the following: 20.57 percent are low-income; 15.99 percent are moderate-income; 21.93 percent are middle-income; and 41.52 percent are upper-income. Major employers in Titus County include Pilgrim's Pride, Titus Regional Medical Center, Northeast Texas Community College, Wal-Mart, and TXU Electric. Competition within the assessment area is strong, with state banks, branches of state and national banks, and local credit unions in the county. The local economy and housing market has softened in recent years. Foreclosures in the assessment area have increased while home sales have decreased. Unemployment has increased, and is moderately high at 6.9 percent. A community contact indicated the need for lending to small businesses in the area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF TITUS COUNTY	
<i>Population</i>	
Number of Families	7,677
Number of Households	10,101
<i>Geographies</i>	
Number of Census Tracts	8
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	25.00%
% Middle-Income Census Tracts	62.50%
% Upper-Income Census Tracts	12.50%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$36,380
2010 HUD-Adjusted MFI	\$46,500
<i>Economic Indicators</i>	
2011 Unemployment Rate	6.9%
2010 Median Housing Value	\$87,300
% of Households Below Poverty Level	12.8%

Source: U.S. Census data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Loan-to-Deposit Ratio

The loan-to-deposit ratio of The American National Bank of Mount Pleasant is excellent given the bank's size, financial condition, and assessment area credit needs. The bank's loan-to-deposit ratio exceeds those of other banks headquartered in the bank's assessment area. The bank's quarterly loan-to-deposit ratio has averaged 80.58 percent since the prior CRA examination on August 20, 2007. The average loan-to-deposit ratio of all other banks within the assessment area, regardless of size, for the same time period is 71.58 percent.

INSTITUTION	Assets (000s) (as of 9/30/11)	Average LTD Ratio
The American National Bank of Mount Pleasant	\$92,662	80.58%
Guaranty Bond Bank	\$1,071,155	72.59%
Pilgrim Bank	\$366,132	70.27%

Lending in Assessment Area

A majority of the bank's lending activity is located within the assessment area. Major lending products include residential, business, and consumer loans. Our sample included these loan types that originated since January 1, 2008. Our sample reflected that approximately 80 percent of the number of loans and 77 percent by dollar amount of loans were extended within the bank's assessment area. The table below further illustrates the breakdown by loan category.

Lending in Titus County Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	15	75%	5	25%	20	\$1,179	64.24%	\$656	35.76%	\$1,835
Consumer	17	85%	3	15%	20	\$140	88.07%	\$19	11.93%	\$159
Business	16	80%	4	20%	20	\$2,045	86.18%	\$328	13.82%	\$2,373
Totals	48	80%	12	20%	60	\$3,364	77.03%	\$1,003	22.97%	\$4,367

Source: Loan Sample

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes.

While the penetration of residential loans to low-income borrowers is below that of low-income families within the assessment area, loans to moderate-income borrowers are near to the demographics of the assessment area. Opportunities to purchase homes by low-income families are limited, due to the low level of affordable housing stock available in the area. Additionally, over half of the low-income families are below the poverty level making it difficult to qualify for a residential loan.

Borrower Distribution of Residential Real Estate Loans in AA								
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	20.57	5.00	15.99	10.00	21.93	30.00	41.52	55.00

Source: Loan Sample; U.S. Census data

The distribution of consumer loans reflects a reasonable penetration among borrowers of different income levels. The distribution of consumer loans to low-income borrowers is comparable to the percentage of low-income households and the distribution of consumer loans to moderate income borrowers exceeds the percentage of moderate-income households in the assessment area.

Borrower Distribution of Consumer Loans in AA								
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	22.17	15.00	16.78	25.00	17.74	10.00	43.30	50.00

Source: Loan Sample; U.S. Census data

The distribution of business loans reflects a reasonable distribution among businesses of different sizes. Based on data obtained from Dun & Bradstreet, the assessment area contains 2,919 non-farm businesses. Of these, 74.37 percent report total revenues under \$1 million. Our sample of business loans inside the assessment area revealed that 70 percent of the bank’s business loans were to businesses with revenues less than \$1 million.

Borrower Distribution of Loans to Businesses and Farms in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	74.37%	3.27%	22.39%	100%
% of Bank Loans in AA by #	70.00%	30.00%	0.00%	100%
% of Bank Loans in AA by \$	44.71%	55.29%	0.00%	100%

Source: Loan Sample; Dun & Bradstreet data

Geographic Distribution of Loans

The American National Bank of Mount Pleasant has a reasonable dispersion of loans within the assessment area. The bank’s assessment area has no low-income tracts, two moderate-income tracts, five middle-income tracts, and one upper-income tract.

The geographic distribution of residential loans represents a reasonable dispersion. Loans to borrowers in moderate income census tracts slightly exceed the assessment area’s demographics.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Residential Real Estate	0.00	0.00	18.59	20.00	56.16	45.00	25.26	35.00

Source: Loan Sample; U.S. Census data

The geographic distribution of consumer loans is reasonable. Loans to borrowers in moderate-income tracts slightly exceed the demographics of the assessment area.

Geographic Distribution of Consumer Loans in AA								
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	18.12	20.00	56.33	55.00	25.55	25.00

Source: Loan Sample; U.S. Census data

The geographic distribution of business loans is reasonable. Loans to small businesses in moderate-income tracts are near to the demographics of the assessment area.

Geographic Distribution of Loans to Businesses and Farms in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of Number of Loans	% of AA	% of Number of Loans	% of AA	% of Number of Loans	% of AA	% of Number of Loans
Business Loans	0.00	0.00	30.29	25.00	46.78	65.00	22.93	10.00

Source: Loan Sample; Dun & Bradstreet data

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

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