



SMALL BANK

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

PUBLIC DISCLOSURE

March 29, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American Bank of Texas, N.A.
Charter Number 17003**

**418 Highway 281
Marble Falls, TX 78654**

**Comptroller of the Currency
Southern District
Austin Field Office
8310 North Capital of Texas Highway, Suite 250
Austin, Texas 78731-1080**

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.

TABLE OF CONTENTS

<i>INSTITUTION'S CRA RATING</i>	<i>1</i>
<i>DESCRIPTION OF INSTITUTION</i>	<i>1</i>
<i>DESCRIPTION OF ASSESSMENT AREA.....</i>	<i>2</i>
<i>CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....</i>	<i>3</i>

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING: This institution is rated "Outstanding"

- American Bank of Texas, N.A.'s (ABOT) lending performance is outstanding given its size, financial condition, and the known credit needs in its assessment area (AA).
- ABOT's loan-to-deposit (LTD) ratio is excellent and has averaged 87% for this evaluation period.
- A substantial majority of ABOT's loans are within its AA.
- ABOT has demonstrated a satisfactory willingness to extend loans to individuals of varying incomes and businesses of different sizes.
- There have been no complaints with respect to ABOT's performance under the Community Reinvestment Act (CRA).

DESCRIPTION OF INSTITUTION

ABOT is a \$259 million bank headquartered in Marble Falls, Texas, approximately 50 miles northwest of Austin, Texas. The bank has six branches; one located in Horseshoe Bay, which was opened late 1996, one in Lakeway, Texas, which moved into its permanent facility in October 2003, and a branch that opened October 2003 in Rollingwood (Austin). American Bank of Texas, N.A. merged with Pioneer National Bank of Fredericksburg on January 1, 2004. This added two branch locations in Gillespie County. All locations have drive-through facilities and automated teller machines (ATMs). An additional ATM machine is located at a local HEB grocery store in Marble Falls. Total assets of the holding company, North American Bancshares, as of December 31, 2004, were 1,074MM.

The institution's primary focus is to promote the economic development in Burnet, Llano, Gillespie and Travis counties through its lending programs and community involvement. The following reflects a detailed breakdown of ABOT's loan portfolio as of December 31, 2004.

Loan Type	Dollar Amount (000's)	% of Total Loans
Real Estate (RE) Construction	47,615	24.5
RE Farmland	8,595	4.4
RE Residential (1-4)	30,207	15.5
RE Multifamily Residential	336	.2
RE Nonfarm Nonresidential	69,089	35.5
Agricultural Production	603	.3
Commercial and Industrial	28,973	14.9
Consumer	6,362	3.3
Other	2,729	1.40
Total	194,509	100

DESCRIPTION OF ASSESSMENT AREA

ABOT has designated all census tracts (CTs) located in Burnet, Llano and Gillespie County. The bank has designated most of Travis County with the exclusion of several far south and east CTs. Travis County is located in the Austin-Round Rock Metropolitan Statistical Area (MSA). Several CTs have been added in adjacent Williamson County in anticipation of a branch opening in Avery Ranch.

The primary or full-scope AA, for evaluation purposes, includes all communities within the respective counties of Gillespie, Llano, and Burnet. These counties formed the basis of our evaluation due to having a larger concentration of residential and commercial real estate lending.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	197,194
Number of Households	338,046
<i>Geographies</i>	
Number of Census Tracts (CT)	194
% Low-Income CT	10
% Moderate-Income CT	25
% Middle-Income CT	33
% Upper-Income CT	31
NA	1
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	57,180
2003 HUD-Adjusted MFI	64,383
2004 HUD-Adjusted MFI	65,995
<i>Economic Indicators</i>	
Unemployment Rate	2.28%
2004 Median Housing Value	137,473
% of Households Below Poverty Level	11.00

This area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. A further description of the AA is presented below.

The bank’s AA is made up of contiguous CTs, which surround and include each banking office. The consolidated AA includes a total of 193 CTs, and there are no LMI areas in Gillespie, Llano, and Burnet Counties. The LMI CTs identified in the table above are located in the limited scope AA of Travis County. Principal non-agricultural employers in the AA include local city governments, school districts, retail stores, supermarkets, and utility companies.

Two community contacts were performed during our evaluation. These contacts stressed that the bank has been instrumental in meeting the financing needs of LMI families. The Executive Director of the Marble Falls Housing Authority indicated that the need for affordable housing and rental properties within the AA has decreased because of the past and present efforts of the bank.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Based on our analysis and the demographic characteristics, ABOT is performing in an outstanding manner in meeting the credit needs of its AA, including LMI individuals, consistent with its resources and capabilities.

Loan-to-Deposit Ratio

ABOT’s LTD is significantly higher when compared to other similarly situated banks, and exceeds the standard for satisfactory performance. ABOT’s LTD ratio averaged 86.7% from January 2000 to December 2004, while local competition averaged 62.5%. The bank’s LTD ratio increased from 78% at the last evaluation to 85% for year-end 2004. This increase is attributed to an increase in branch locations and favorable economic conditions.

Institution	Assets as of 12/31/04(*)	Average LTD Ratio % (**)
The Blanco National Bank	122,997	72.9
Cattleman's National Bank	70,894	54.2
Arrowhead Bank	98,723	41.5
Security State Bank and Trust	522,910	81.5
American Bank of Texas, NA	264,354	86.7

* Asset sizes of institutions are in thousands (000's)

** The average LTD ratio for the four comparable banks and ABOT is for the period from January 2000 through December 2004.

Lending in Assessment Area

A substantial majority of the number and dollar volume of loans originated from January 2000 through December 2004 were within the bank's AA. Based on information provided by the bank, 95% of the number and 89% of the dollar amount of loans in the bank's portfolio are within ABOT's AA. A summary of loans originated during 2004 indicate that the number and dollar volume of loans inside the AA were 83% and 72% respectively, thus serving as an indicator of more recent lending activity.

TOTAL LOANS REVIEWED								
	In Assessment Area				Out Of Assessment Area			
Counties	#	%	\$(000s)	%	#	%	\$(000s)	%
Gillespie, Llano, Burnet	1570	95	147,731	87	86	5	21,423	13
Travis	274	94	95,425	93	17	6	7,132	7
Total	1844	95	271,712	89	103	5	28,556	11

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

The loan portfolio reflects a satisfactory distribution of residential and commercial real estate loans among individuals of various income levels and businesses of different sizes within the AA. In order to assess this bank's performance within this AA, we used HMDA information relative to residential real estate loans originated in 2000 through 2004.

Our analysis reflects a good real estate loan penetration to LMI area households. Based on the 2000 Census, 13% of AA families are low-income and 15% are moderate-income. Our review of HMDA reportable loans determined that loans to moderate-income families were in line with AA demographics. The Marble Falls Housing Authority, one of the community contacts, reported that the bank was instrumental in organizing and helping fund a bond project for affordable housing. Furthermore, there are eight LMI housing projects currently under construction. The bank's participation and positive efforts have helped to reduce the demand for LMI housing in the AA.

The following charts reflect the results of our sample of residential loans originated in ABOT's AA, the majority of which are originated out of Gillespie County.

HMDA RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	13.3		15.4		21.4		49.9	
	% of Number	% of Amount						
Home Purchase	3.8	2.0	15.2	8.7	15.2	9.4	59.5	69.3
Home Improvement	8.3	2.2	16.7	4.6	13.9	1.9	61.1	91.4
Home Refinance	2.6	1.0	15.4	9.1	20.5	20.7	61.5	69.3

ABOT originates a satisfactory number of commercial real estate loans, the majority of which have been made to “small businesses with revenues less than 1MM.” Management continues to focus on providing loans that will enhance the local economy. Although the bank’s distribution of loans to businesses with revenues less than 1MM was below AA demographics, it should be noted that commercial lending comprises the largest concentration within the bank’s loan portfolio and is a driving factor in the bank’s LTD performance. The following chart reflects our analysis of commercial real estate loans made from 2000 through 2004.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
<i>Business Revenues</i>	<i>≤\$1,000,000</i>	<i>>\$1,000,000</i>
% of AA Businesses	92.3	7.6
% of Bank Loans in AA #	77.5	22.5
% of Bank Loans in AA \$	22.5	38.5

Geographic Distribution of Loans

As previously stated there are no LMI geographies in the full-scope AA of Gillespie, Llano, and Burnet counties. Therefore, an analysis of loan distribution by geographic area would not be meaningful.

Responses to Complaints

ABOT has received no complaints since the last performance evaluation relating to CRA performance.

Fair Lending or Other Illegal Credit Practices Review

A review of public file comments and consumer complaint information was performed in accordance with the OCC’s risk-based fair lending examination standards. This analysis revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with this CRA evaluation.