
American
National Bank

Wowntown
ichita Falls

tasricaltirato
!

Iowa Park Office

American National Bank
Flower Mound

Flower Mound Office

It is my responsibility - and pleasure - to present the financial results for AmeriBancShares, Inc., for the year ending 2003. In spite of the low interest rate environment which has made it difficult to maintain a desired net interest margin, we were able to match the performance of the previous year in terms of profitability. Due to the reality that interest margins have been narrowing for several years, the Board of Directors and management continue to focus on driving more of the profits of the Bank with non-interest income, as well as by diversifying our product offerings in hopes that in a year when one area of the Bank is down, another area can pick up the slack. As you will see from reviewing the financial highlights, our overall performance for the year would suggest that our strategic objectives are being met. For example, fee income for the year almost equaled net interest income, which is very unusual for a community bank our size. While fee income is earned from a number of different sources, the fees contributed from our Trust operation, and the gain on the sale of mortgage loans continue to be the biggest providers. Thanks to the recent improvement in the stock market which had a positive impact on our Trust Department, trust fees for the year increased over $165,000, a 6% gain. Likewise, the Mortgage Loan Department had a tremendous year. In fact, the Department closed over $83 million in mortgage loans, which is $17 million greater than they had ever done before. Senior Vice President Bill Franklin and his entire staff are to be congratulated for their added contribution to American National Bank’s bottomline in ‘03. Of course, lending has always been and will continue to be a major part of our operation. We are here to serve our community, and assisting individuals and businesses with their borrowing needs

John B. "Bo" Stabler President and CEO

will always be a primary focus. However, meeting the needs of the community involves other means as well. Our wonderful staff donates countless hours serving on non-profit Boards and assisting with fundraising projects for the many organizations in and around our trade areas. In addition, the Bank does its part corporately by contributing dollars to support the many endeavors that could not exist without community support.

We continue to look for ways to enhance the Bank’s profitability, and ultimately shareholder value. With this in mind, we recently opened a loan production office (LPO) in McKinney, Texas, and as of January 2004, we formed Archer Title of Texas, Inc., and subsequently purchased the assets of Archer Title Company, Archer City. Already the McKinney office is generating some excellent loan opportunities, and with the acquisition of the title company we are now generating added revenue from title

President’s Message
Continued

insurance premiums, not only in Archer and Wichita counties, but in the metroplex as well. The potential for the title company is tremendous, and should become a significant profit center for the Bank in the not to distant future.

While there was really very little change in the various financial highlights from fiscal year end 2002 - 2003, there are a couple of areas worth noting. To begin with, we were able to cut the provision for loan losses nearly in half, and American National Bank’s recoveries for the year almost equaled the charge-off total of approximately $118,000. When you consider we have approximately $170,000,000 in loans outstanding, the loan/charge-off ratio was less than one tenth of one percent, which supports the quality of the loan portfolio and the excellent job our entire lending staff does in protecting the assets of the Bank. The deposit totals were also up, and while the percentage of increase was not significant, the fact that most of the increase came in the form of demand deposits is very significant in that there is no interest cost associated with them. Finally, from a shareholder perspective, the most noteworthy financial highlight is the fact that we once again raised our dividend $0.04 a share for the year, which represents a 7% increase. **That is the 17th year in a row we have raised the dividend, something that we are very proud to report.**

Admittedly, the Bank’s return on average assets and return on average equity need to improve. For this to occur, however, interest rates must move upward, which should allow us to increase somewhat the net interest margin. While we do believe that there 2 may be some increase in the interest rates toward the middle of the year, it is highly unlikely we will see any significant upward movement in rates in 2004. In the meantime, management remains committed to controlling overhead and maximizing profitability.

Finally, our Chairman of the Board, Curtis Smith, will resign as Chairman ending with the Annual Meeting. As one of our Founding Directors, Curtis has served faithfully and effectively. Under his leadership there have been many positive, substantive changes in our Bank. We will miss him and wish him well as he and Yvonne travel extensively.

We appreciate your ongoing confidence and support.

P%o

John B. “Bo” Stahler
President and CEO

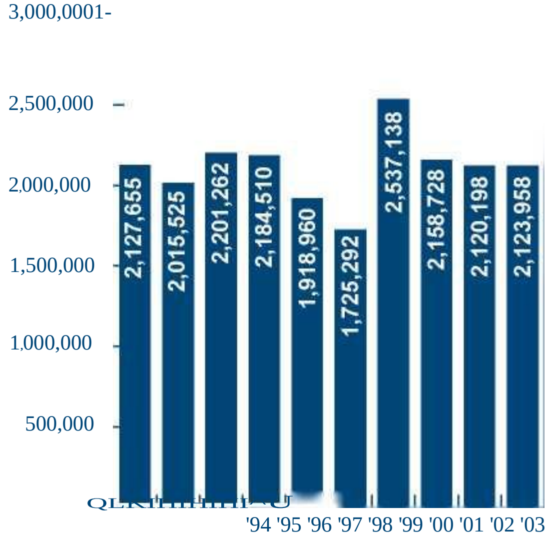
Financial Highlights

Year Ended December 31,	2003	2002	% Change	
Earnings				
Net Interest Income	7,667,902	7,861,942	-	2.5
Provision For Loan Losses	282,607	561,843	-	49.7
Non-Interest Income	7,071,303	6,565,087	+	7.7
Non-Interest Expense	11,448,428	10,722,710	+	6.8
Net Income	2,123,958	2,120,198	+	0.2
Share Data				
Net Income	1.08	1.08		0.0
Dividends Paid	.60	.56	+	7.1
Book Value	11.46	11.04	+	3.8
Returns				
Return on Average Assets	.86	.87	-	1.2
Return on Average Equity	9.52	9.94	-	4.2
Financial Position at Year End				
Total Assets	249,300,932	243,172,837	+	2.5
Loans (Net)	167,667,608	170,075,124	-	1.4
Reserve for Loan Losses	1,964,190	1,691,421	+	16.1
Deposits	217,441,464	211,300,817	+	2.9
Equity	22,551,368	21,721,011	+	3.8

Year End Statistics

AmeriBancShares, Inc.

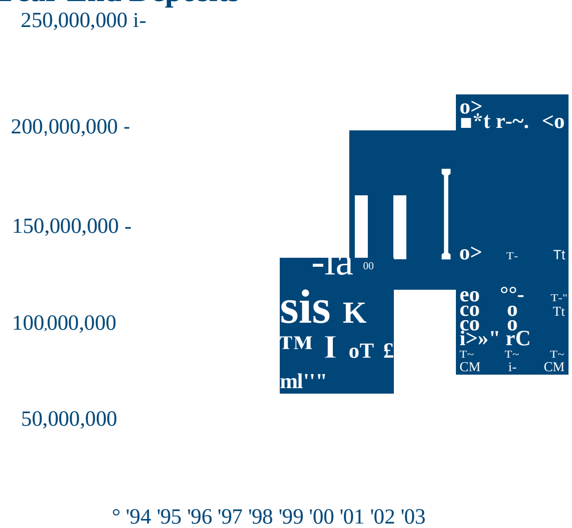
Consolidated Net Income



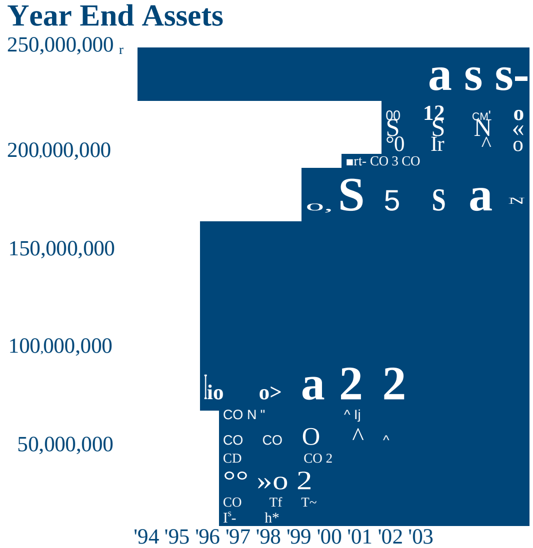
Earnings Per Share

** adjusted to reflect AmeriBancShares, Inc. stock outstanding*

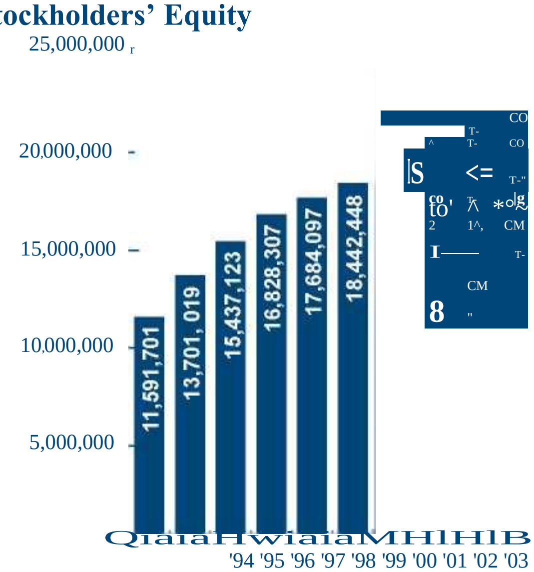
Year End Deposits



Year End Assets



Stockholders' Equity



Independent Auditor's Report

To the Board of Directors and Stockholders
of AmeriBancShares, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of **AmeriBancShares, Inc. and Subsidiaries** as of December 31, 2003 and 2002, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **AmeriBancShares, Inc. and Subsidiaries** as of December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating schedules presented following the Notes to Consolidated Financial Statements are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Payne Falkner Smith & Jones

Payne Falkner Smith & Jones, P.C.

Wichita Falls, Texas
February 18, 2004

ASSETS	2003	2002
Cash and due from banks, noninterest bearing	$ 13,174,015	$ 9,932,902
Time deposits in banks	3,296,000	1,198,000
Federal funds sold	800,000	2,300,000
Total cash and cash equivalents	17,270,015	13,430,902
Securities available for sale	34,818,202	26,762,565
Securities to be held to maturity (approximate market value of $840,636 in 2003 and $1,632,628 in 2002)	821,975	1,578,323
Other securities (approximate market value of $932,650 in 2003 and $918,450 in 2002)	932,650	918,450
Total investment securities	36,572,827	29,259,338
Mortgage loans held for sale	992,818	2,454,629
Loans	169,887,668	172,254,081
Less: Unearned discount	(255,870)	(487,536)
Allowance for loan losses	(1,964,190)	(1,691,421)
Loans, net	167,667,608	170,075,124
Premises and equipment, net	12,834,750	14,181,950
Accrued interest receivable	1,155,404	1,115,835
Goodwill	4,155,760	4,155,760
Other assets	8,651,750	8,499,299
Total assets	$ 249,300,932	$ 243,172,837
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand deposits	$ 50,910,507	$ 42,043,959
Savings deposits	7,176,430	6,474,228
Money market and NOW accounts	59,806,696	58,661,987
Time certificates of deposit	99,547,831	104,120,643
Total deposits	217,441,464	211,300,817
Federal funds purchased	2,450,000	2,340,000
Federal Home Loan Bank advances	3,286,851	4,237,561
Accrued interest payable	221,534	302,825
Other liabilities	3,349,715	3,270,623
Total liabilities	226,749,564	221,451,826
Commitments and contingencies		
Stockholders' equity:		
Common stock (par value $2.50; 5,000,000 shares authorized, 2,016,000 issued and 1,967,000 outstanding)	5,040,000	5,040,000
Surplus	10,878,386	10,878,386
Undivided profits and capital reserves	7,410,537	6,466,779
Treasury stock at cost (49,000 shares)	(882,000)	(882,000)
Accumulated other comprehensive income:		
Net unrealized appreciation on securities available for sale, net of tax of $53,805 in 2003 and $112,224 in 2002	104,445	217,846
Total stockholders' equity	22,551,368	21,721,011
Total liabilities and stockholders' equity	$ 249,300,932	$ 243,172,837

The accompanying Notes are an integral part of these financial statements.

Consolidated Statements of Income

For the Years Ended December 31, 2003 and 2002

	2003	2002
Interest income:		
Interest and fees on loans	$ 10,493,586	$ 11,738,830
Interest on investment securities	782,738	1,105,766
Interest on time deposits in banks	77,522	9,051
Interest on federal funds sold	129,502	163,166
Total interest income	11,483,348	13,016,813
Interest expense:		
Interest on deposits:		
Savings	32,722	51,098
Money market and NOW accounts	417,160	678,275
Time	3,173,194	4,165,753
Total interest on deposits	3,623,076	4,895,126
Interest on federal funds purchased	32,845	48,684
Interest on Federal Home Loan Bank advances	159,525	211,061
Total interest expense	3,815,446	5,154,871
Net interest income	7,667,902	7,861,942
Provision for loan losses	282,607	561,843
Net interest income after provision for loan losses	7,385,295	7,300,099
Other operating income:		
Service charges on deposit accounts	807,566	750,557
Trust fee income	2,934,752	2,769,350
Gain on sale of mortgage loans	1,067,602	697,770
Rent income	1,660,994	1,632,901
Net gain on sale of securities	10,340	174,821
Other, net	590,049	539,688
Total other operating income	7,071,303	6,565,087
Other operating expenses:		
Salaries and bonuses	4,069,490	3,934,592
Employee benefits	1,859,819	1,504,488
Premises and equipment	2,623,696	2,592,290
Advertising	211,294	232,112
Data processing expense	404,239	389,447
Printing, stationery and supplies	158,291	173,405
Professional fees	131,863	139,884
Other operating expenses	1,989,736	1,756,492
Total other operating expenses	11,448,428	10,722,710
Income before income taxes	3,008,170	3,142,476
Provision for income taxes	884,212	1,022,278
Net income	$ 2,123,958	$ 2,120,198
Net income per share of common stock	$ 1.08	$ 1.08

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2003 and 2002

	Common Stock Number of Shares	Amount	Surplus	Undivided Profits and Capital Reserves	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, January 1, 2002	2,016,000	$ 5,040,000	$ 10,878,386	$ 5,448,101	($ 882,000)	$ 232,376	$ 20,716,863
Comprehensive income:							
Net income				2,120,198			2,120,198
Other comprehensive income: Net change in unrealized appreciation on securities available for sale, net of taxes of ($7,485)						(14,530)	(14,530)
Total comprehensive income							2,105,668
Cash dividends, $.56 per common share				(1,101,520)			(1,101,520)
Balance, December 31, 2002	2,016,000	5,040,000	10,878,386	6,466,779	(882,000)	217,846	21,721,011
Comprehensive income:							
Net income				2,123,958			2,123,958
Other comprehensive loss: Net change in unrealized appreciation on securities available for sale, net of taxes of ($58,419)						(113,401)	(113,401)
Total comprehensive income							2,010,557
Cash dividends, $.60 per common share				(1,180,200)			(1,180,200)
Balance, December 31, 2003	2,016,000	$ 5,040,000	$ 10,878,386	$ 7,410,537	($ 882,000)	$ 104,445	$ 22,551,368

The accompanying Notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Net income	$ 2,123,958	$ 2,120,198
Adjustments to reconcile net income to net cash provided by		
Depreciation	1,849,772	1,811,971
Provision for loan losses	282,607	561,843
Provision for losses on other real estate owned	66,000	114,500
Provision for (benefit from) deferred taxes	(129,740)	438,092
Gain on sale of available for sale securities	(3,868)	(174,821)
Gain on sale of held to maturity securities	(6,472)	
Gain on sale of mortgage loans	(1,067,603)	(697,770)
Gain on sale of other real estate owned	(28,302)	(41,154)
Loss on disposal of premises and equipment	19,996	2,026
Amortization of premium on investment securities	123,061	55,661
Accretion of discount on investment securities	(30,783)	(11,325)
Proceeds from sales of mortgage loans	64,601,52	36,446,803
Mortgage loans funded	(62,050,08	(36,270,255
(Increase) decrease in:		
Prepaid expenses	(14,996)	(703)
Accrued interest receivable	(39,569)	138,082
Income taxes receivable	28,493	34,430
Miscellaneous other assets	(174,155)	(108,683)
Increase (decrease) in:		
Accrued interest payable	(81,291)	(152,646)
Other taxes payable	(3,301)	28,183
Other accrued expenses	263,051	372,574
Net cash provided by operating activities	5,728,298	4,667,006
Cash flows from investing activities:		
Proceeds from maturities of securities available for sale	48,583,52	13,154,989
Proceeds from sale of securities available for sale	562,854	14,663,795
Proceeds from maturities of securities held to maturity	529,199	992,323
Proceeds from sale of securities held to maturity	230,177	
Purchase of securities available for sale	(57,458,79	(27,615,877
Purchase of other securities	(14,200)	(22,800)
Purchase of cash value life insurance	(644,312)	(756,830)
Net (increase) decrease in loans	1,990,456	(13,866,030
Purchase of premises and equipment	(1,891,895)	(3,411,691)
Proceeds from sale of premises and equipment	1,405,543	1,054,101
Proceeds from sale of other real estate owned	698,531	958,507
Net cash used in investing activities	(6,008,924)	(14,849,513
Cash flows from financing activities:		
Net increase (decrease) in deposits	6,140,648	(6,038,132)
Net increase (decrease) in federal funds purchased	110,000	(980,000)
Net increase (decrease) in Federal Home Loan Bank advances	(950,709)	3,763,690
Dividends paid	(1,180,200)	(1,101,520)
Net cash provided by (used in) financing activities	4,119,739	(4,355,962)
Net increase (decrease) in cash and cash equivalents	3,839,113	(14,538,469
Cash and cash equivalents at beginning of period	13,430,90	27,969,371
Cash and cash equivalents at end of period	$ 17,270,01	$ 13,430,902
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 3,896,737	$ 5,240,060
Income taxes	959,706	989,962

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The accounting and reporting policies of AmeriBancShares, Inc. and Subsidiaries ("the Company") conform to generally accepted accounting principles and prevailing practices within the banking industry. The Company carries its assets and liabilities principally on the historical cost basis and follows the accrual method of accounting.

Nature of Operations

The Company provides a variety of financial services to individual and business customers through its locations in Wichita Falls, Iowa Park and Flower Mound, Texas. The Company's primary deposit products are demand deposits, savings deposits, and certificates of deposit, and the primary lending products are commercial, real estate mortgages, and installment loans. The Company also provides trust services and vehicle and equipment leasing services to individual and business customers through its locations in Wichita Falls, Texas.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of AmeriBancShares, Inc. and its wholly-owned subsidiaries, ANB Realty Corp. and AmeriBancShares of Delaware, Inc. The financial statements also include American National Bank, which is a wholly-owned subsidiary of AmeriBancShares of Delaware, Inc. and American National Leasing Company, which is a wholly owned subsidiary of American National Bank. All significant intercompany transactions have been eliminated. The consolidated statements of income, changes in stockholders' equity, and cash flows include operations for the years ended December 31, 2003 and 2002.

Cash and Due From Banks

Included in cash and due from banks are legal reserve requirements which must be maintained on an average basis in the form of cash and balances due from the Federal Reserve and other banks.

Securities

In accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Debt and Equity Securities" (SFAS 115), securities are classified into three categories: held-to-maturity (HTM), available-for-sale (AFS) and trading.

Securities classified as held-to-maturity, which are those the Company has the positive intent and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. Available-for-sale securities are reported at fair value and include securities not classified as held-to-maturity or trading. Trading securities are those held principally for the purpose of selling in the near future and are carried at fair value. The Company currently has no trading securities.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and reported, net of any income tax effect, as a separate component of stockholders' equity. Realized gains and losses are reported in earnings based on the adjusted cost of the specific security sold.

Mortgage Loans Held for Sale

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in the real estate industry.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts ofloans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about 10 information available to them at the time of their examination.

The mortgage loans held for sale are stated at the lower of cost or market. Such mortgage loans are aggregated by type for the purpose of valuation. Allowances which are necessary to reflect a reduction of the portfolio to the lower of cost or market are charged against income in the current period.

Loans and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal, reduced by unearned discount and an allowance for loan losses. Unearned discount on installment loans is recognized as income over the terms of the loans by using the sum-of-the-months' digits method. Interest on other loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. The allowance for loan losses is an amount that management believes will be adequate to absorb probable losses on existing loans that may become uncollectible, based on evaluations of the collectibility of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay.

Impaired loans are generally placed on nonaccrual when a loan is specifically determined to be impaired or when principal or interest is delinquent for 90 days or more. Any unpaid interest previously accrued on those loans is reversed from income. Interest income generally is not

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (CONT'D)

recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. Interest income on other impaired loans is recognized only to the extent of interest payments received.

Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Other Real Estate Owned

Other real estate owned consists of real property acquired through foreclosure or deed in lieu of foreclosure. The Company has adopted Statement of Position 92-3 entitled "Accounting for Foreclosed Assets." In accordance with this statement, other real estate owned, in the amount of $363,732 and $987,534 at December 31, 2003 and 2002 respectively, is carried at the lower of fair value minus estimated selling costs or cost. When property is acquired, the asset is recorded at its fair value and an allowance for estimated selling costs is provided. The allowance for other real estate owned is adjusted for increases or declines in the fair value of the assets; however, the allowance may not be reduced below zero.

Premises and Equipment, and Depreciation

Premises and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed, while expenditures for significant renewals and betterments are capitalized. When property is disposed of, the cost of the property and the related accumulated depreciation are removed from the accounts. The Company has elected to provide for depreciation on the straight-line method for financial reporting purposes and accelerated method for tax purposes.

Income Taxes

The Company files a consolidated income tax return with its wholly- owned subsidiaries and their wholly-owned subsidiaries. Federal income tax expense or benefit has been allocated on a separate return basis.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of accumulated depreciation and the allowance for loan losses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Goodwill

During 2002, the Company fully implemented the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets,* which eliminated the amortization of goodwill and required at a minimum the Company to perform an annual impairment test for goodwill. At December 31, 2003 and 2002, Management has determined that there has been no impairment of recorded goodwill.

Net Income Per Common Share

Net income per common share is based on the weighted average number of common shares outstanding during the period.

Reclassification

For comparability, certain amounts in the 2002 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2003.

Cash and Cash Equivalents

For purposes of recording cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

Note 2 - INVESTMENT SECURITIES

The amortized cost and estimated market values of investments in debt securities are as follows:

	December 31, 2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Securities Available For Sale				
United States Treasury securities	$ 7,499,700 i	$	$	$ 7,499,700
United States Agency securities	16,233,905		(11,945)	16,221,960
Obligations of states and political subdivisions	6,315,000	88,127	(37,587)	6,365,540
Corporate bonds	1,586,994	82,101		1,669,095
Mortgage-backed securities	3,024,353	44,641	(7,087)	3,061,907
Totals	$ 34,659,952 i	$ 214,869	($ 56,619)	$ 34,818,202
Securities to be Held to Maturity				
Obligations of states and political subdivisions	$ 119,569 i	$ 10,614	$	$ 130,183
Mortgage-backed securities	702,406	8,268	(221)	710,453
Totals	$ 821,975 1	$ 18,882	($ 221)	$ 840,636
Other securities	$ 932,650	$	$	$ 932,650

Note 2 - INVESTMENT SECURITIES (CONT'D)

December 31, 2002

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Securities Available For Sale				
United States Treasury securities	$ 9,999,472	$	$	$ 9,999,472
United States Agency securities	6,031,173	16,438	(37)	6,047,574
Obligations of states and political subdivisions	2,565,000	141,083		2,706,083
Corporate bonds	1,591,438	44,537		1,635,975
Mortgage-backed securities	6,245,412	128,156	(107)	6,373,461
Totals	$ 26,432,495	$ 330,214	($ 144)	$ 26,762,565
Securities to be Held to Maturity				
Obligations of states and political subdivisions	$ 119,458	$ 9,485	$	$ 128,943
Mortgage-backed securities	1,458,865	44,820		1,503,685
Totals	$ 1,578,323	$ 54,305	$	$ 1,632,628
Other securities	$ 918,450	$	$	$ 918,450

Other securities consist of common stock in the Federal Reserve Bank, Federal Home Loan Bank and Independent Bankers Financial Corporation and are carried at fair value.

The amortized cost and estimated market value of debt securities at December 31, 2003, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale		Securities to be Held to Maturity	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
Due in one year or less	$ 14,311,429	$ 14,322,204	$	$
Due after one year through five years	15,054,170	15,100,837	119,569	130,183
Due after five years through ten years	1,970,000	2,038,632		
More than ten years	300,000	294,622		
	31,635,599	31,756,295	119,569	130,183
Mortgage-backed securities	3,024,353	3,061,907	702,406	710,453
Totals	$ 34,659,952	$ 34,818,202	$ 821,975	$ 840,636

2003, as provided by SFAS 115, *Accounting for Certain Investments in Debt and Equity Securities,* the Company sold certain securities held to maturity that had been substantially collected. Proceeds from these sales of held to maturity securities were approximately $230,177 during 2003. Gross gains of approximately $6,472 were realized on sales of held to maturity securities during 2003. No losses were recognized on those sales. There were no sales of held to maturity securities during 2002.

Investment securities with a book value of approximately $17,706,976 and $12,658,519 at December 31, 2003 and 2002, respectively, were pledged to secure deposits and for other purposes as required by law.

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2003 are summarized as follows:

	Less than 12 Months		12 Months or More	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities Available for Sale				
US Treasury Securities	$	$	$	$
US Government Agency Obligations	13,714,885	(11,945)		
Mortgage-backed securities	1,397,758	(6,411)	66,787	(676)
State and political obligations	4,657,412	(37,587)		
	$ 19,770,055	($ 55,943)	$ 66,787	($ 676)
Securities Held to Maturity				
Mortgage-backed securities	$ 69,936	($ 221)	$	$

Proceeds from sales of available for sale securities for the years ended December 31, 2003 and 2002 were approximately $562,854 and $14,663,795, respectively. Gross gains of approximately $5,673 and $174,821 were realized on sales of available for sale securities during 2003 and 2002, respectively. Gross losses of $1,805 were recognized on sales of available for sale securities during 2003. No losses were recognized on sales of available for sale securities during 2002. During

For all of the above investment securties, the unrealized losses are generally due to changes in interest rates and, as such, are considered to be temporary, by the Bank.

Note 3 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loan categories is as follows:

December 31,	2003	2002
Commercial and	$ 28,608,693	$
Real estate - other	104,612,052	105,478,4
Real estate -	20,508,395	20,551,07
Consumer -	16,117,898	17,391,05
Overdrafts	40,630	97,514
Total loans	$ 169,887,668	$ 172,254,0

The Company had no loans to borrowers engaged in similar activities which exceeded 5% of total assets at December 31, 2003 other than as disclosed above.

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage

Note 3 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONT'D)

loans serviced for others was $33,729,342 and $14,113,083 at December 31, 2003 and 2002, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately $133,375 and $40,191 at December 31, 2003 and 2002, respectively.

The Company accounts for mortgage servicing rights under SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* Originated mortgage servicing rights capitalized at December 31, 2003 and 2002, are $263,911 and $108,334, respectively, and are included in other assets. The fair values of these rights were $328,187 and $108,334 at December 31, 2003 and 2002, respectively. The fair value of servicing rights was determined using discount rates ranging from 9.5% to 12% and prepayment speeds ranging from 15% to 30%, depending on the stratification of the specific right.

Impaired loans having carrying values of $2,099,741 and $1,248,808 at December 31, 2003 and 2002, respectively, have been recognized in conformity with SFAS 114 as amended by SFAS 118. The average recorded investment in impaired loans during 2003 and 2002 was $2,335,250 and $1,700,902, respectively. The total allowance for loan losses related to those loans was $63,500 and $94,656 on December 31, 2003 and 2002, respectively. No payments on these loans were recorded as interest income when received in 2003 or 2002. There were no material commitments to lend additional funds to debtors whose loans were classified as impaired as of December 31, 2003 or 2002.

Loan maturities and rate sensitivity of the loan portfolio at December 31, 2003 and 2002, including mortgage loans held for resale less loans on nonaccrual, are as follows:

	2003	2002
Fixed rate loans with a remaining maturity of:		
Three months or less	$ 6,236,755	$ 3,137,215
Over three months through twelve months	16,471,289	13,091,560
Over one year through five years	38,298,189	53,890,850
Over five years	8,536,255	13,148,747
Total fixed rate loans	$ 69,542,488	$ 83,268,372
Variable rate loans with a repricing frequency of:		
Quarterly or more frequently	$ 90,746,564	$ 80,474,436
Annually or more frequently, but less frequently than quarterly	4,343,312	5,951,927
Every five years or more frequently, but less frequently than annually	4,148,381	3,157,690
Less frequently than every five years		607,477
Total variable rate loans	$ 99,238,257	$ 90,191,530

A summary of the changes in allowance for loan losses is as follows:

	2003	2002
Balance at beginning of year	$ 1,691,421	$ 1,916,590
Provision for loan losses	282,607	561,843
Loans charged off	(117,852)	(869,670)
Recoveries of loans previously charged off	108,014	82,658
Balance at end of year	$ 1,964,190	$ 1,691,421

The allowance for financial statement purposes exceeded the federal income tax allowance by $1,212,400 and $993,430 at December 31, 2003 and 2002, respectively.

Note 4 - PREMISES AND EQUIPMENT

A summary of premises, equipment and land improvements and related accumulated depreciation is as follows:

	Estimated Useful Lives	December 31, 2003	December 31, 2002
Land		$ 1,442,498	$ 1,442,498
Premises	5-40 years	7,301,237	7,301,237
Furniture, fixtures and equipment	3-10 years	4,958,097	4,674,559
Land improvements	5-20 years	532,028	532,028
Lease equipment	3 - 5 years	6,400,889	7,198,495
		20,634,749	21,148,817
Less accumulated depreciation		7,799,999	6,966,867
Totals		$ 12,834,750	$ 14,181,950

Depreciation expense amounted to $1,849,772 and $1,811,971 in 2003 and 2002, respectively.

Note 5 - DEPOSITS

Included in time deposits are certificates of deposit in amounts of $100,000 or more. The aggregate amount of short-term jumbo certificates of deposit, each with a minimum denomination of $100,000, was $33,899,135 and $37,914,018 at December 31, 2003 and 2002, respectively.

At December 31, 2003 and 2002, the scheduled maturities of certificates of deposit are as follows:

December 31,	2003	2002
Less than three	$ 35,358,939	$
Four to twelve	28,328,549	37,672,92
One to five years	35,860,343	32,511,89
Totals	$ 99,547,831	$ 104,120,6

Note 6 - OTHER BORROWED FUNDS

Federal funds purchased are generally purchased on a daily basis. Other borrowed funds consist of Federal Home Loan Bank advances, secured by customer loans and mortgage-backed securities collateralized by one- to-four family residences. The Federal Home Loan Bank advance has a fixed interest rate of 4.19% and is to be repaid in forty-nine monthly installments of approximately $92,500 with a balloon payment due February 1, 2007. The advance was used by the Company to fund fixed interest rate residential loans to its customers.

Note 7 - INCOME TAXES

The provision for income taxes consists of the following:

December 31,	2003	2002
Current income tax expense: Federal	$ 1,013,952	$ 584,186
Deferred income (benefit) arising		
Excess of tax over financial accounting	(37,805)	384,626
Accounting for debt expense	(73,571)	58,679
Writedown of other real estate owned	(15,640)	(23,460)
Bank stock dividends	4,828	7,752
Deferred benefits	(115,246	(102,434
Deferred loan fee	1,994	5,988
Goodwill	105,700	105,700
Organization costs		1,241
	(129,740	438,092
Total income tax expense	$ 884,212	$ 1,022,278

The Company was not liable for state income taxes in 2003 or 2002.

Note 8 - PENSION PLAN

The difference between the consolidated financial statement income tax expense and amounts computed by applying the statutory federal income tax rate of 34% to consolidated income before taxes is primarily attributable to investments in tax-exempt securities, tax-exempt increases in cash surrender value of life insurance, and certain other transactions.

As of December 31, 2003 and 2002, there are no unused net operating losses or tax credits available for carryover to future periods for either financial reporting or tax reporting purposes.

Net deferred federal income tax liabilities of $362,619 and $550,778 are included in other liabilities as of December 31, 2003 and 2002, respectively. The accumulated tax effects of each type of income and expense item that gave rise to deferred taxes are as follows:

	December 31, 2003	2002
Deferred tax assets: Excess of tax cost over financial cost for fixed	$ 67,283	78,986
Allowance for loan	412,216	338,645
Writedowns of real estate	42,500	26,860
Deferred compensation	729,830	614,584
Deferred loan fee	27,604	29,597
Total deferred tax assets	1,279,433	1,088,672
Deferred tax		
Depreciation	(1,264,077	1,313,58
Federal Home Loan stock dividends	(112,336)	107,508)
Amortization	(211,834)	106,133)
Net unrealized appreciation on securities available for sale	(53,805)	(112,224)
Total deferred tax	(1,642,052	1,639,45
Total net deferred tax assets (liabilities)	($ 362,619)	($

Federal income taxes currently receivable of $31,278 and $59,774 at December 31, 2003 and 2002, respectively, are included in other assets.

The Company maintains a leveraged employee stock ownership 401(k) plan ("KSOP"). The KSOP periodically borrows from unrelated lenders to acquire stock for future allocation to KSOP participants. The KSOP provides for voluntary employee salary reduction contributions, voluntary employee after-tax contributions, discretionary employer salary reduction matching contributions, and additional discretionary employer contributions which the Company uses to pay interest on KSOP debt and KSOP debt principal reductions as the Company desires to release unallocated KSOP shares to the KSOP participants.

As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares. KSOP expense for 2003 and 2002 was $175,454 and $181,418, respectively. Employee salary reduction contributions of $251,338 and $241,239 were made in 2003 and 2002, respectively.

Note 9 - DEFERRED COMPENSATION PLANS

The Company maintains individually designed supplemental income plan agreements (“agreements”) with certain designated employees and directors. The agreements provide a deferred compensation benefit payable at retirement or death.

The liability under the agreements is recorded based upon the present value of the deferred compensation benefits. At December 31, 2003 and 2002, the Company's accrued liability under the agreements was $2,182,557 and $1,807,600, respectively.

In connection with the funding of the agreements, the Company has purchased life insurance policies that it believes will fund the benefits payable pursuant to the agreements. The Company is owner and beneficiary of the life insurance policies. Other assets at December 31, 2003 and 2002, respectively, include $5,531,684 and $4,966,118 in cash value of these life insurance policies.

Note 10 - RELATED-PARTY TRANSACTIONS

At December 31, 2003 and 2002, certain officers and directors, and companies in which they have a 10 percent or more beneficial ownership, were indebted to the Company in the aggregate amount of approximately $4,729,447 and $5,290,106, respectively. During 2003, $1,253,459 of new loans were originated and repayments totaled $1,814,118. All such loans were made in the ordinary course of business. All loans included in such transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of loss or present other unfavorable features.

Note 11 - COMMITMENTS AND CONTINGENT LIABILITIES

The Company's financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit risk, interest rate risk and liquidity

Note 11 - COMMITMENTS AND CONTINGENT LIABILITIES (CONT'D)

risk. These commitments and contingent liabilities are commitments to extend credit and standby letters of credit. A summary of the Company's commitments and contingent liabilities at December 31, 2003 and 2002, are as follows:

	December 31, 2003	2002
Commitments to extend credit	$ 27,354,413	$ 20,950,805
Standby letters of credit	2,566,698	2,845,729
Total	$ 29,921,111	$ 23,796,534

Commitments to extend credit, and standby letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties. Because these instruments have fixed maturity dates, and because many of them expire without being drawn upon, they do not generally present any significant liquidity risk to the Company. The Company has not incurred any significant losses on its commitments in either 2003 or 2002.

The Company is a party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position.

Note 12 - CONCENTRATIONS OF CREDIT

Substantially all of the Company's loans, commitments, credit card arrangements and standby letters of credit have been granted to customers in the Company's market area. Most customers are depositors of the Company. Investments in state and municipal securities also involve governmental entities within the Company's market area. The concentrations of credit by type of loan are set forth in Note 3. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers. As a matter of policy, the Company does not extend credit to any single borrower or group of related borrowers in excess of $2,935,838.

The Company occasionally maintains deposits and federal funds sold in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

Note 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments as disclosed herein. The values are for disclosure purposes only and have not affected the carrying values of the assets and liabilities on the balance sheet.

Cash and Short-Term Investments

short-term investments, the carrying amount is a reasonable estimate of fair value.

Investment Securities

For debt securities held as investments, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loan Receivables

For certain homogeneous categories of loans, such as some residential mortgages, credit card receivables, and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit Liabilities

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Other Borrowed Funds

The fair value of federal funds purchased is the amount payable upon demand at the reporting date. The fair value of the Federal Home Loan Bank advance is estimated by discounting the future cash flows using the current rates at which similar advances would be made to banks with similar credit ratings for the same remaining maturities.

Commitments to Extend Credit, Standby Letters of Credit and Financial Guarantees Written

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between the current levels of interest rates and the committed rates. The fair value of guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

The estimated fair values of the Company's financial instruments at December 31, 2003 and 2002, are as follows:

	December 31, 2003		December 31, 2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial				
Cash and short-investments	$ 16,470,015	$ 16,470,015	$ 11,130,902	$
Federal funds sold	800,000	800,00	2,300,00	2,300,0
Investment	36,572,8	36,591,48	29,259,3	29,313,
Mortgage loans held for sale	992,818	992,818	2,454,629	2,454,629
Loans, net of unearned	169,631,798	176,408,8	171,766,545	173,600,71
Less allowance for loan losses	(1,964,190)	(1,964,190)	(1,691,421)	(1,691,421) For those
Loans, net of allowance	167,667,608	174,444,664	170,075,124	

171,909,289

Note 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

	December 31, 2003 Carrying Amount	December 31, 2003 Fair Value	December 31, 2002 Carrying Amount	December 31, 2002 Fair Value
Financial liabilities:				
Deposits	217,441,464	219,605,180	211,300,817	214,384,850
Federal funds	2,450,000	2,450,000	2,340,000	2,340,000
Federal Home Loan Bank advances	3,286,851	3,446,000	4,237,561	4,561,000
Unrecognized financial instruments:				
Commitments to extend credit	0	0	0	0
Standby letters of	0	0	0	0

Note 14 - REGULATORY MATTERS

The Bank is subject to the dividend restrictions set forth by the Comptroller of the Currency. Under such restrictions, the Bank may not, without the prior approval of the Comptroller of the Currency, declare dividends in excess of the lesser of the current and prior two years' undistributed earnings or the amount by which total capital exceeds the minimum allowable capital. The dividends, as of December 31, 2003 that the Bank could declare without the approval of the Comptroller of the Currency amounted to approximately $3,066,144.

The Company and Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as

	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
As of December 31, 2003:						
Total capital (to risk-weighted assets)						
Consolidated	$ 20,228,961	11.1%	> $ 14,611,680	> 8.0%	> $ 18,264,600	> 10.0%
American National Bank	$ 19,545,932	10.7%	> $ 14,559,520	> 8.0%	> $ 18,199,400	> 10.0%
Tier I capital (to risk-weighted assets)						
Consolidated	18,264,771	10.0%	> 7,305,840	> 4.0%	> 10,958,760	> 6.0%
American National Bank	17,593,213	9.7%	> 7,279,760	> 4.0%	> 10,919,640	> 6.0%
Tier I capital (to average assets)						
Consolidated	18,264,771	7.4%	> 9,930,985	> 4.0%	> 12,413,731	> 5.0%
American National Bank	17,593,213	7.4%	> 9,486,983	> 4.0%	> 11,858,728	> 5.0%
As of December 31, 2002:						
Total capital (to risk-weighted assets)						
Consolidated	$ 19,027,992	10.4%	> $ 14,589,040	> 8.0%	> $ 18,236,300	> 10.0%
American National Bank	$ 18,380,324	10.1%	> $ 14,537,200	> 8.0%	> $ 18,171,500	> 10.0%
Tier I capital (to risk-weighted assets)						
Consolidated	17,336,571	9.5%	> 7,294,520	> 4.0%	> 10,941,780	> 6.0%
American National Bank	16,689,010	9.2%	> 7,268,600	> 4.0%	> 10,902,900	> 6.0%
Tier I capital (to average assets)						
Consolidated	17,336,571	7.2%	> 9,608,736	> 4.0%	> 12,010,920	> 5.0%
American National Bank	16,689,010	7.0%	> 9,582,216	> 4.0%	> 11,977,770	> 5.0%

Note 15 - MULTI-TIERED BANK HOLDING COMPANY STRUCTURE

On February 19, 1997, an application was filed with the Federal Reserve Bank to authorize the formation of a multi-tiered bank holding company structure consisting of a Texas based parent company, AmeriBancShares, Inc. and a Delaware based intermediate holding company, AmeriBancShares of Delaware, Inc. Upon receipt of proper authorization of the holding company structure from the Federal Reserve Bank, the stock of American National Bank ("the Bank") was transferred to AmeriBancShares of Delaware, Inc. with the stockholders of the Bank receiving three shares of AmeriBancShares, Inc. common stock in exchange for each share of Bank common stock. The transfer was effective May 1, 1997 and was accomplished by the formation of a new bank subsidiary by AmeriBancShares of Delaware, Inc. with an initial capitalization of $240,000. The new bank subsidiary was merged with the Bank and the surviving entity retained the name of the Bank. On May 1, 1997, AmeriBancShares, Inc. formed an additional

Note 16 - SUBSEQUENT EVENTS

In January 2004, the Bank formed Archer Title of Texas, Inc., to acquire the assests of a title company in Archer County for $425,000,

Supplemental Information

Consolidating Balance Sheet

AmeriBancShares, Inc. and Subsidiaries, December 31, 2003

ASSETS	American National Leasing Co.	American National Bank
Cash and due from banks, noninterest bearing	$ 280,577	
Time deposits in banks		$ 13,163,523
Federal funds sold		3,296,000 800,000
Total cash and cash equivalents	280,577	17,259,523
Securities available for sale		34,818,202
Securities to be held to maturity		821,975
Other securities		932,650
Total investment securities		36,572,827
Mortgage loans held for sale		992,818
Loans	1,796,999	172,067,374
Less: Unearned discount	(210,622)	(45,248)
Allowance for loan losses	(11,470)	(1,952,720
Loans, net	1,574,907	
Premises and equipment, net	4,118,279	8,076,443
Accrued interest receivable		2,410,347
Goodwill		4,155,760
Other assets	109,541	8,554,587
Total assets	$ 6,083,304	$ 248,091,711

LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand deposits	$	$ 51,226,3[illegible]
Savings deposits		7,176,430
Money market and NOW accounts		59,806,696
Time certificates of deposit		99,547,831
Total deposits		217,757,284
Federal funds purchased		2,450,000
Notes Payable	3,976,705	
Federal Home Loan Bank advances		3,286,851
Accrued interest	1,225,805	250,672
Other liabilities	833,952	2,467,095
Total liabilities	6,036,462	226,211,902
Stockholders' equity:		
Common stock	1,000	1,680,000
Surplus		2,090,826
Undivided profits and capital reserves	45,842	18,004,538
Treasury stock at cost		
Accumulated other comprehensive income:		
Net unrealized appreciation on securities available for sale		104,445
Total stockholders' equity	46,842	21,879,809
Total liabilities and stockholders'	$ 6,083,304	$ 248,091,711

Consolidating Statement of Income

AmeriBancShares, Inc. and Subsidiaries, December 31, 2003

AmeriBancShares of Delaware, Inc.	ANB Realty Corp.	AmeriBancShares, Inc.	Reclassification and Elimination Entries	Consolidated
$ 10,492	$ 13,889	$ 21,354	($ 315,820)	$ 13,174,015
				3,296,000
				800,000
10,492	13,889	21,354	(315,820)	17,270,015
				34,818,202
				821,975
21,879,809		22,531,495	(44,411,304)	932,650
21,879,809		22,531,495	(44,411,304)	36,572,827
				992,818
			(3,976,705)	169,887,668
				(255,870)
				(1,964,190)
			(3,976,705)	167,667,608
	640,028			12,834,750
			(1,254,943)	1,155,404
				4,155,760
4,812	4,615		(21,805)	8,651,750
$ 21,895,113	$ 658,532	$ 22,552,849	($ 49,980,577)	$ 249,300,932

$	$	$	($ 315,820)	$ 7,176,430
				59,806,696
				99,547,831
			(315,820)	217,441,464
				2,450,000
			(3,976,705)	
				3,286,851
			(1,254,943)	221,534
	22,150	1,481	25,037	3,349,715
	22,150	1,481	(5,522,431)	226,749,564
7,500	1,000	5,040,000	(1,689,500)	5,040,000
15,910,885	842,659	10,878,386	(18,844,370)	10,878,386
5,872,283	(207,277)	7,410,537	(23,715,386)	7,410,537
		(882,000)		(882,000)
104,445		104,445	(208,890)	104,445
21,895,113	636,382	22,551,368	(44,458,146)	22,551,368
$ 21,895,113	$ 658,532	$ 22,552,849	($ 49,980,577)	$ 249,300,932

	American National Leasing Co.	America National Bank
Interest income:		
Interest and fees on loans	$ 133,480	$
Interest on investment securities		782,73
Interest on time deposits in banks		77,522
Interest on federal funds sold		129,50
Total interest income	133,480	11,485,8
Interest expense:		
Interest on deposits:		
Savings		32,722
Money market and NOW accounts		417,16
Time		3,173,19
Total interest on deposits		3,623,07
Interest on federal funds purchased		32,845
Interest on Federal Home Loan Bank advances		159,52
Interest on notes payable	136,001	
Total interest expense	136,001	3,815,44
Net interest income	(2,521)	7,670,42 3
Provision for loan losses	75,000	207,60 7
Net interest income after provision for loan losses	(77,521)	7,462,81 6
Other operating income:		
Service charges on deposit accounts		807,56
Trust fee income		2,934,75
Gain on sale of mortgage loans		1,067,60
Rent income	1,660,994	
Net gain on sale of securities		10,340
Earnings from subsidiary		91,371
Other, net	29,687	572,36
Total other operating income	1,690,681	5,483,99
Other operating expenses:		
Salaries and bonuses	86,765	3,982,72
Employee benefits	15,071	1,844,74
Premises and equipment	1,206,746	1,405,93
Advertising	8,535	202,75
Data processing expense		404,23
Printing, stationery and supplies	2,646	155,64
Professional fees	13,108	118,75
Other operating expenses	137,234	1,844,45
Total other operating expenses	1,470,105	9,959,25
Income before income taxes	143,055	2,987,55 0
Provision for income taxes	51,684	843,09 0
Net income	$ 91,371	$ 2,144,46

Consolidating Statement of Income

AmeriBancShares, Inc. and Subsidiaries, December 31, 2003

AmeriBancShares of Delaware, Inc.	ANB Realty Corp.	AmeriBancShares, Inc.	Reclassification and Elimination Entries	Consolidated
$	$	$	($ 136,001)	$ 10,493,586
				782,738 77,522
				129,502
			(136,001)	11,483,348
				32,722
				417,160
				3,173,194
				3,623,076
				32,845
				159,525
			(136,001)	
			(136,001)	3,815,446
				7,667,902
				282,607
				7,385,295
				807,566
				2,934,752
				1,067,602
				1,660,994
				10,340
			(4,359,789)	
2,144,460		2,123,958	(12,000)	590,049
2,144,460		2,123,958	(4,371,789)	7,071,303
				4,069,490
				1,859,819
	23,014		(12,000)	2,623,696
				211,294
				404,239
				158,291
				131,863
8,050				1,989,736
8,050	23,014		(12,000)	11,448,428
2,136,410	(23,014)	2,123,958	(4,359,789)	3,008,170
(2,737)	(7,825)			884,212
$ 2,139,147	($ 15,189)	$ 2,123,958	($4,359,789)	$ 2,123,95

	American National Leasing Co.	American National Bank
Cash flows from operating activities:		
Net income (loss)	$ 91,371	$ 2,144,460
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:		
Depreciation	1,185,305	664,467
Provision for loan losses	75,000	207,607
Provision for losses on other real estate owned		66,000
Provision for deferred taxes	(30,008)	(99,732)
Gain on sale of available for sale securities		(3,868)
Gain on sale of held to maturity securities		(6,472)
Gain on sale of mortgage loans		(1,067,603)
Gain on sale of other real estate owned		(28,302)
Loss on disposal of premises and equipment	19,996	
Amortization of premium on investment securities		123,061
Accretion of discount on investment securities		(30,783)
Proceeds from sales of mortgage loans		64,601,523
Mortgage loans funded		(62,050,083
Unconsolidated (earnings) loss from subsidiaries		(91,371)
(Increase) decrease in:		
Prepaid expenses	(5,362)	(9,634)
Accrued interest receivable		(193,983)
Income taxes receivable	163,284	(26,518)
Miscellaneous other assets	35,889	(217,544)
Increase (decrease) in:		
Accrued interest payable	135,970	(62,847)
Income taxes payable	3,184	(108,941)
Other taxes payable		(3,301)
Other accrued expenses	(17,940)	287,641
Net cash provided by (used in) operating activities	1,656,689	4,093,777
Cash flows from investing activities:		
Proceeds from maturities of securities available for sale		48,583,522
Proceeds from sales of securities available for sale		562,854
Proceeds from maturities of securities held to maturity		529,199
Proceeds from sales of securities held to maturity		230,177
Purchase of securities available for sale		(57,458,799
Purchase of other securities		(14,200)
Purchase of cash value life insurance		(644,312)
Cash paid to subsidiaries		
Dividends received from subsidiaries		
Net increase in loans	(143,970)	3,237,426
Purchase of premises and equipment	(1,567,620)	(324,275)
Proceeds from sale of premises and equipment	1,405,405	138
Proceeds from sale of other real estate owned		698,531
Net cash provided by (used in) investing activities	(306,185)	(4,599,739)
Cash flows from financing activities:		
Net increase in deposits		6,403,317
Net increase in federal funds purchased		110,000
Net decrease in Federal Home Loan Bank advances		(950,709)
Net increase (decrease) in other borrowed funds	(1,103,000)	
Capital contributions		
Dividends paid		(1,224,700)
Net cash provided by (used in) financing activities	(1,103,000)	4,337,908
Net increase (decrease) in cash and cash equivalents	247,504	3,831,946
Cash and cash equivalents at beginning of period	33,073	13,427,577
Cash and cash equivalents at end of period	$ 280,577	$ 17,259,523

AmeriBancShares of Delaware, Inc.	ANB Realty Corp.	AmeriBancShares, Inc.	Reclassification and Elimination Entries	Consolidated
$ 2,139,147	($ 15,189)	$ 2,123,958	($ 4,359,789)	$ 2,123,958
				1,849,77
				2 282,607
				66,000 (
				129,740)
				(3,868)
				(6,472)
				(1,067,603)
				(28,302)
				19,996
				123,061 (
			(154,414)	(3
			105,757	0 81,291
				(
				7 3,301
		7,499		8 5,728,298
				3
				)
				64,601,523 (
				62,050,083)
(2,144,460)		(2,123,958)	4,359,789	
				(14,996)
			154,414	(39,569)
(2,520)	5	(1)	(105,757)	28,493
		7,500		(174,155)
(7,500)	850			
			(15,333)	(14,334)
				48,583,52
				2 562,854
				529,199
				230,177 (
				57,458,799)
				(
				(
			22,00	
			0 (	
		(22,000)	(	
1,224,700		1,202,200		(
1,224,700				
		1,180,20		
0				
(1,202,200)	22,000	(1,180,200)		
(1,202,200)	22,000	(1,180,200)		
7,167	7,666	7,499		
3,325	6,223	13,855		
$ 10,492	$ 13,889	$ 21,354		

1,405,543	
698,531	
(3,507,900)	(6,008,92
(262,669)	6,140,648
	110,000
1,103,000	(
(22,000)	
2,426,900	(1,180,200)
3,245,231	4,119,739
(262,669)	3,839,113
(53,151)	13,430,902
($ 315,820)	$ 17,270,015

Officers and Directors

Of American National Bank

OFFICERS

Administration

John B. "Bo" Stahler
President and CEO

Loan Department

Dwight L. Berry
Executive Vice President
Don Whatley
Senior Vice President
William Patty
Assistant Vice President/Loans
Linda Musgrave
Assistant Vice President/Loans
Vicki Nason
Assistant Vice President/Credit and Collateral
Doris McGregor Steinberger
Assistant Vice President/Compliance Officer
Peggy Carr
Banking Officer
Vera Simons
Banking Officer

Trust and Investment Services

Timothy G. Connolly
Senior Vice President / Senior Trust Officer
Kevin Goldstein
Vice President/Trust Officer/Security Sales
Randy R. Martin
Vice President/Trust Officer
Linda Wilson
Vice President/Trust Officer
Kelly J. Smith
Vice President/Trust Officer
Jeffrey S. Schultz
Vice President/Trust In-vestment Officer
Michael W. Boyle
Assistant Vice President/Trust Compliance Officer
J. Bradley Davidson
Assistant Vice President/Employee Benefits
Paula Walmer
Assistant Vice President/Operations Manager

Mortgage Loan Department

W.O. Franklin
Senior Vice President
Donna Vaughn
Vice President
Maggie Johnson
Funding Officer

American National Leasing Company

Randall R. Gibson
Vice President/Manager
James H. Wright
Assistant Vice President

Operations/Support Personnel

Roy T. Olsen
Senior Vice President/Operations
Blake Andrews
Vice President/Controller
Nancy Vannucci
Vice President/Internal Auditor
Susan Cast
Vice President/Teller Operations
June Streight
Vice President/Cashier
Kenneth L. Haney
Assistant Vice President/Calling Officer

Downtown Office

Johnny Clark
Senior Vice President/Manager
John W. Kable
Senior Vice President/Loans
Gail Natale
Marketing Director
Marva Pieratt
Banking Officer

Flower Mound Office

Sam Wilson
Senior Vice President/Manager
Kristin Feeback
Loan Officer

Flower Mound Trust and Investment Services

Sharon L. Manley
Vice President/Trust Officer

Flower Mound Mortgage Loan Department

Spencer Murphy
Assistant Vice President

McKinney Mortgage Loan Production Office

Gary Eberhart
Assistant Vice President

Iowa Park Office

Randall R. Gibson
Vice President/Manager

DIRECTORS

Curtis W. Smith
Chairman of the Board

Dwight L. Berry
Timothy G. Connolly Frank Gibson Harold Haynes Dr. George Ritchie Stanley P. Rugeley Don Whatley*
Ben D. Woody

John B. "Bo" Stahler
President and CEO

Johnny Clark1
W.O. Franklin*
Juliana Hanes
Milburn Nutt
Bill Rowland
Robert Scott
Peggie Woodruff

1Advisory Director

AmeriBancShares, Inc.
P.O. Box 4477 • Wichita Falls, Texas 76308-
0477