

PUBLIC DISCLOSURE

July 21, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank and Trust of Polk County
06-12-0798

Lake Wales, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of American Bank and Trust of Polk County prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of July 21, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

American Bank and Trust of Polk County is assigned a satisfactory CRA rating. The average loan-to-deposit ratio for the previous five quarters is 55.5 percent and is considered reasonable. Based on a sample of small business loans, a substantial majority of the bank's loans are within the assessment area. The distribution of loans among businesses of different revenue sizes is reasonable given the bank's size, geographic location, and the demographics of the community. Based on available resources, loans reflect a reasonable penetration of the census tracts in the assessment area.

DESCRIPTION OF INSTITUTION

American Bank and Trust of Polk County opened for business on January 31, 1975. The bank has six offices, with the main office in Lake Wales, Florida. According to the March 31, 1997 Consolidated Reports of Condition and Income, total assets were \$81.4 million.

The bank originates residential loans that typically would not qualify under the secondary market guidelines and documentation requirements. Most of these loans are adjustable rate mortgages and are retained by the bank. During the previous year, the bank has concentrated on small business lending and has continued to show an increasing trend in loan originations since the previous examination. The March 31, 1997 Consolidated Reports of Condition and Income indicate net loans of \$42.7 million and a loan-to-deposit ratio of 56.8 percent. No legal or financial impediments exist that would prevent the bank from meeting the credit needs of its assessment area. American Bank and Trust of Polk County functions primarily as a community bank, and since the previous examination has concentrated on small business loans while continuing to provide consumer loans including those for personal and housing credit needs in the Greater Lake Wales area. Recent membership with the Federal Home Loan Bank will allow the bank to extend fixed-rate residential real estate mortgages.

The composition of the loan portfolio according to the March 31, 1997 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	2.5%
Secured by one- to four-family dwellings	41.8%
Other real estate:	
Farmland	10.9%
Multifamily	0.6%
Nonfarm nonresidential	18.5%
Commercial and industrial	13.6%
Loans to individuals	12.0%
All other	0.1%
Total	100.0%

The bank received a satisfactory CRA rating at its previous evaluation as of February 12, 1996.

DESCRIPTION OF ASSESSMENT AREA

American Bank and Trust of Polk County has designated a large part of Polk County as its assessment area. This area includes the cities of Lake Wales, Bartow, Frostproof, Dundee, Highland Park, Hillcrest Heights, Polk City, Winter Haven, and the surrounding unincorporated communities. Polk County makes up the Lakeland-Winter Haven Metropolitan Statistical Area (MSA).

A mixture of small businesses, light industries, and residential areas surrounds the bank's six offices. The assessment area does not arbitrarily exclude any low- and moderate-income neighborhoods.

Lake Wales is located in Polk County, between Tampa and Orlando in central Florida. Highway 60 and U.S. Highway 27 intersect at Lake Wales, providing excellent transportation access to all points in the state. The major industries in the bank's assessment area are citrus growing and processing, tourism, retail trade, and services. Polk County and Lake Wales produce approximately 18 percent of all oranges and grapefruit grown in Florida, more than any other county in the state. Citrus World, manufacturer of Donald Duck and Florida's Natural brand products, among others, is the largest employer in the Lake Wales area. A number of other local firms also pack and ship citrus products or are engaged in providing citrus-related products or services.

The median family income of the assessment area as of the 1990 Census was \$27,666, which was slightly lower than the MSA's median family income of \$28,966. The bank's assessment area contains one low-income tract, 9 moderate-income tracts, 26 middle-income tracts, and 5 upper-income tracts. Low-income census tracts are defined as census tracts having a median family income of less than 50 percent of the MSA's median family income level. Moderate-income tracts have a median family income of at least 50 percent but less than 80 percent of the MSA's median family income level. The low-income tract in the assessment area has no population and was therefore excluded from the analysis, leaving a total of 40 populated census tracts.

The following chart shows the distribution of census tracts in the assessment area by tract income level and the distribution of the population by the income level of the tract.

DESCRIPTION OF ASSESSMENT AREA (CONTINUED)

CENSUS TRACT INCOME LEVEL	TOTAL POPULATION	% OF POPULATION
Moderate-income	35,076	16.8%
Middle-income	150,801	72.3%
Upper-income	22,619	10.9%
Total	208,496	100.0%

The most substantial population resides in middle-income census tracts. Although the assessment area contains no populated low-income census tracts, low-income individuals, families, and households live in all of the census tracts in the assessment area in areas referred to as "poor pockets." The assessment area contained approximately 80,000 households as of the 1990 Census. 97,761 housing units were in the bank's assessment area; 58.3 percent were owner-occupied, 23.7 percent were rented, and 18 percent were vacant.

A community contact with members of several community organizations was made in conjunction with this examination. The contacts stated no specific derogatory information regarding this bank or any other local financial institution. According to the contacts, current credit products offered by the local financial institutions meet the basic credit needs of the community; however, information concerning product availability is not always accessible or communicated to the local low- and moderate-income communities. Some of the large regional banks represented in the community are Barnett Bank and SunTrust Bank. Smaller banks such as First National Bank of Polk City, Citrus and Chem Bank, and Citizens Bank of Frostproof have strong ties to the community and are also competitors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. The average loan-to-deposit ratio for the five quarters ended March 31, 1997, was 55.5 percent. The loan-to-deposit ratio increased from 52.2 percent on March 31, 1996, to 56.8 percent on March 31, 1997. The loan-to-deposit ratio was compared with the ratios of three local banks that are similarly situated. The loan-to-deposit ratios of the three local banks ranged from 50.4 percent to 58.3 percent. American Bank and Trust of Polk County compares favorably with its competitors and meets the credit needs of the communities in its assessment area.

During the past five years, the bank operated under lending restrictions instituted by the Federal Reserve Bank. In resuming its lending activities, the bank has made all of its loan products available to all segments of the population. However, small business loans to businesses with gross annual revenues of less than \$1 million represent the largest amount of activity. The bank has recently announced a community loan program aimed at downtown Lake Wales merchants. The program will provide \$1 million in loans to qualified businesses at rates as low as 1 percent below prime rate. This program is known as the Prime Banking Partners program. Using this program, the bank intends to assist in the revitalization of Lake Wales. One loan has already been closed since the program began in June 1997.

Lending in Assessment Area

A sample of 65 small business loans was selected and reviewed because of loan activity during the previous year. Small business loans are defined as business loans in original amounts of \$1 million or less. A substantial majority of the loans sampled (98 percent) were inside the assessment area. The table at the top of the next page shows the number and percentage of small business loans made in each type of census tract in the assessment area.

Geographic Distribution of Loans

The geographic distribution of the small business loans shows reasonable penetration of the census tracts, with a substantial majority of the loans in the middle-income tracts. The following table shows the distribution of loans by census tract type compared with the percentage of the population living in the various types of census tracts in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribution of Loans (Continued)

CENSUS TRACT INCOME LEVEL	NUMBER OF LOANS ORIGINATED	PERCENTAGE OF LOANS	PERCENTAGE OF TOTAL POPULATION
Moderate-income	11	17%	16.8%
Middle-income	49	77%	72.3%
Upper-income	4	6%	10.9%
Total	64	100%	100.0%

The above table suggests that the bank is meeting the small business credit needs of the communities in its assessment area by providing loans in moderate-income census tracts and more notably in the middle-income census tracts. The bank has increased its lending activities over the past five quarters. According to management, revitalization is needed, particularly in Lake Wales, and the bank is soliciting this business with its newly developed Prime Banking Partners program. Although this is a new program, the bank has just closed one loan to finance the purchase of a business condominium in Lake Wales.

Lending to Businesses of Different Sizes

The bank's lending to businesses of different sizes is reasonable. Of the 64 small business loans made inside the assessment area, 40 reported revenue information. All 40 loans were made to businesses with gross annual revenues of \$1 million or less. 17 loans (43 percent) were made to businesses with revenues of \$100,000 or less.

Because business revenues were not always available, small business loans were also analyzed by loan amount. The following table shows the distribution of the small business loans by original loan amount.

LOAN AMOUNT	NUMBER OF LOANS	PERCENTAGE OF LOANS
\$100,000 or Less	58	91%
\$100,000 to \$250,000	5	8%
\$250,000 to \$1 million	1	1%
Total	64	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Businesses of Different Sizes (Continued)

A large percentage of the small business loans were for \$100,000 or less. Because small businesses typically borrow smaller amounts, it can be assumed that a large portion of the loans were made to small businesses. According to management, the small business loans accommodate the low- and moderate-income populations with funds for individual start-up loans. These loans offer the advantages of a smaller loan amount and smaller monthly payments for new businesses.

Complaints

No complaints relating to CRA performance have been filed against the bank since the previous examination.

Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. Personnel involved in the lending process have a sufficient knowledge of fair lending. Comprehensive audits of documentation and internal review procedures have been helpful. Periodic employee training is presented by the compliance officer concerning the bank's policy on fair treatment of all customers and has been effectively communicated from senior management to all staff members.