

PUBLIC DISCLOSURE

October 15, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American Bank and Trust of Polk County
Lake Wales, Florida**

RSSD ID NUMBER: 873334

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, NE
Atlanta, Georgia 30309-4470**

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.

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DEFINITIONS

Income Definitions

Throughout this evaluation, the following definitions are used for the various income levels. These levels are defined in the CRA.

Low-Income - An individual income, or median family income for geographies, that is less than 50 percent of the area median income.

Moderate- Income - An individual income, or median family income for geographies, that is at least 50 percent but less than 80 percent of the area median income.

Middle-Income - An individual income, or median family income for geographies, that is at least 80 percent but less than 120 percent of the area median income.

Upper-Income - An individual income, or median family income for geographies, that is 120 percent or more of the area median income.

Other Definitions

ATM - Automated Teller Machine

HUD - Department of Housing and Urban Development

MSA - Metropolitan Statistical Area

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 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 October 15, 2001. 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's average loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance. A substantial majority of the sampled loans were originated within the bank's assessment area. The geographic distribution of loans sampled reflects reasonable dispersion among the census tracts throughout the assessment area. The analysis of borrower and business characteristics revealed a reasonable level of lending among borrowers of different incomes and businesses of different revenue size; however, residential lending to low- and moderate-income borrowers needs improvement. The bank has received no CRA-related complaints since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

American Bank and Trust of Polk County is a subsidiary of a one-bank holding company, American Banking Corporation of Lake Wales, Lake Wales, Florida. Lake Wales is located in Polk County, 25 miles east of Tampa and 35 miles southwest of Orlando, Florida. The bank operates five full-service offices located throughout Polk County. Three of the bank's offices offer 24-hour ATM services. The bank closed its Fedhaven office since the previous examination.

American Bank and Trust of Polk County is a community bank that offers a wide variety of credit products to meet community credit needs. These credit products include commercial, consumer, and real estate loans. As of June 30, 2001, the bank had total assets of \$96 million. The bank's primary lending focus is on loans to small-to-medium sized businesses and residential lending.

The composition of the loan portfolio according to the June 30, 2001 Consolidated Reports of Condition and Income is displayed in the following table:

COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2001		
Loan Type	\$ (000s)	Percent
Construction and Development	\$339	0.5%
Secured by One- to Four- Family Dwellings	\$30,544	47.3%
Other Real Estate: Farmland	\$3,487	5.4%
Multifamily	\$1,205	1.9%
Nonfarm Nonresidential	\$12,378	19.2%
Commercial and Industrial	\$13,148	20.3%
Loans to Individuals	\$3,509	5.4%
Agricultural Loans	\$0	0.0%
Total	\$64,610	100.0%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As indicated by the table above, the bank's loan portfolio as of June 30, 2001, consisted mostly of residential loans secured by one- to four-family dwellings, followed by commercial and industrial loans and then by nonfarm nonresidential loans. The commercial and industrial loan category increased by 6.7 percent from 13.6 percent of the bank's loan portfolio at March 31, 1997 to 20.3 percent at June 30, 2001. This growth is consistent with the bank's strategy to lend to small- and medium-sized businesses.

DESCRIPTION OF INSTITUTION (Continued)

The following table illustrates the number of loans granted during the review period. As shown in the table, the majority of loans originated for the period is in the small business category.

Volume of Loans from March 1, 2000 to July 31, 2001		
Loan Type	Total Number	% of Total Loans
Residential mortgage loans	62	12.0%
Small business loans	216	41.9%
Secured by nonfarm nonresidential	6	1.2%
Motor vehicle loans	100	19.4%
All other consumer loans	131	25.5%
Total	515	100.0%

The bank is in compliance with the technical provisions of CRA. No legal or financial impediments exist that would prevent the bank from meeting the credit needs of its assessment area. The bank received a satisfactory rating at its previous CRA examination dated July 21, 1997.

DESCRIPTION OF ASSESSMENT AREA

Overview

American Bank and Trust of Polk County has selected the majority of Polk County as its assessment area. Polk County makes up the Lakeland-Winter Haven MSA. Polk County, the fourth largest county in Florida, has an economy historically based on three primary industries: phosphate mining, agriculture, and tourism. Polk County also has the largest amount of farmland in the state of Florida. Management has chosen not to include all the census tracts in Polk County as the bank's assessment area for several reasons. First, the bank lacks the facilities and resources to adequately service the entire county. Polk County covers an area that is larger than the state of Rhode Island. The lack of roads through the county's numerous acres of citrus groves and swampland make it difficult for persons living outside the bank's assessment area to reach the bank's offices. Also, certain areas, such as Winter Haven, already have more than enough banks competing for the business of relatively small populations. Therefore, management has elected to exclude these heavily banked areas from its assessment area.

The bank's assessment area consists of 41 census tracts, which includes 9 moderate-income tracts, 26 middle-income tracts, 5 upper-income tracts, and one census tract that is classified as "N/A" because it does not have household or family income. There are no low-income census tracts located in the bank's assessment area and the bank has not arbitrarily excluded any low- or moderate-income census tracts from its assessment area. The bank's main office is located in a moderate-income census tract and the branch offices are located in middle-income census tracts.

Demographic Data by Census Tract

The following table provides demographic information that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the report as they apply to particular parts of the analysis.

DESCRIPTION OF ASSESSMENT AREA (Continued)

AMERICAN BANK & TRUST ASSESSMENT AREA									
DEMOGRAPHICS									
2001 HUD Median Family Income (MSA): \$45,000 Income Categories	Tract Distribution		Families						
			Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
	Low	0	0.0%	0	0.0%	0	0.0%	11,566	19.4%
	Moderate	9	22.0%	8,967	15.1%	1,738	19.4%	12,301	20.7%
	Middle	26	63.4%	43,662	73.3%	3,923	9.0%	14,347	24.1%
	Upper	5	12.2%	6,901	11.6%	212	3.1%	21,316	35.8%
	NA	1	2.4%	0	0.0%	0	0.0%	-	-
	Total	41	100.0%	59,530	100.0%	5,873	9.9%	59,530	100.0%
		Housing Units by Tract							
	Total Units	Owner Occupied		Rental		Vacant			
	#	#	%	#	%	#	%		
Low	0	0	0.0%	0	0.0%	0	0.0%	0	
Moderate	15,684	7,415	13.0%	47.3%	6,302	40.2%	2,657	16.9%	
Middle	71,237	42,154	73.9%	59.2%	17,894	25.1%	13,564	19.0%	
Upper	10,840	7,440	13.1%	68.6%	2,358	21.8%	1,366	12.6%	
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%	
Total	97,761	57,009	100.0%	58.3%	26,554	27.2%	17,587	18.0%	
	*Total Businesses by Tract			Businesses by Tract and Revenue Size					
	#	%		Under \$1 Million		Over \$1 Million			
				#	%	#	%		
Low	0	0.0%		0	0.0%	0	0.0%		
Moderate	1,907	23.0%		1,707	23.4%	109	19.9%		
Middle	5,386	64.9%		4,714	64.6%	372	67.9%		
Upper	1,005	12.1%		875	12.0%	67	12.2%		
NA	0	0.0%		0	0.0%	0	0.0%		
Total	8,298	100.0%		7,296	100.0%	548	100.0%		
	Percentage of Total Businesses:					87.9%		6.6%	

Sources: 1990 Census Data, 2001 Dun & Bradstreet business demographic data.

* Businesses with revenues under \$1million & over \$1million will not total due to revenue not available.

NA Tracts are tracts without household or family income.

Population

According to the 1990 U.S. Census, American Bank and Trust of Polk County's assessment area population was 208,496 persons which represents 51.4 percent of the Lakeland-Winter Haven MSA's population of 405,382 persons. As of July 1, 1999, the population of the MSA was estimated to have increased by 12.8 percent to 457,347 persons. 73.3 percent of the families in the assessment area reside in middle-income census tracts. Although the assessment area contains no low-income census tracts, families with incomes below the poverty level are distributed throughout the census tracts in the assessment area.

Income Characteristics

As of the 1990 Census, of the 59,530 families in the assessment area, 9.9 percent had income below the poverty level compared with 9.0 percent in the state of Florida. 19.4 percent of the families in the assessment area were low-income families, and 20.7 percent were moderate-income families.

DESCRIPTION OF ASSESSMENT AREA (Continued)

According to the 1990 Census, the median family income for the bank's assessment area was \$28,344, which is lower than the median family income for the state of Florida at \$32,212. According to HUD, the 2001 median family income for the Lakeland-Winter Haven MSA is \$45,000.

Housing Characteristics

According to the 1990 Census, the majority (58.3 percent), of the housing units in the bank's assessment area are owner-occupied. Also, the median housing value of owner-occupied units in the assessment area is \$54,779, which is lower than both the MSA at \$60,668 and the state of Florida at \$76,487.

As depicted in the demographic table presented earlier in this report, 73.9 percent of the owner-occupied housing units are located in the middle-income census tracts, compared to 13.0 percent in the moderate- and 13.1 percent in the upper-income census tracts. Because of the higher percentage of owner-occupied units in the middle-income census tracts, the majority of residential mortgage lending would be expected to occur in these census tracts.

Business Demographics

The demographic table for the whole assessment area provides key demographic business data by census tract income categories within the bank's assessment area. According to 2001 Dun & Bradstreet data, 87.9 percent of the businesses in the assessment area had total annual revenues of \$1 million or less and were, therefore, considered to be small businesses. Based on information from the Bureau of Labor Statistics, the average unemployment rate for the year 2000 was 4.7 percent and 5.4 percent for the eight months ending August 2001. The top employers in Polk County include Publix Supermarkets, Lakeland Regional Medical Center, IMC-Agrico, Winter Haven Hospital, Wal-Mart, State Farm Insurance, and GEICO Insurance.

Competition

American Bank and Trust of Polk County is located in a highly competitive market. As of June 30, 2000, there were 17 financial institutions operating 110 branch offices in Polk County. Some of the financial institutions having offices in the bank's assessment area are Citizens Bank of Frostproof, Community National Bank at Bartow, First National Bank of Polk County, Bank of America, and Colonial Bank.

DESCRIPTION OF ASSESSMENT AREA (Continued)

Community Contacts

As part of the CRA examination, information was obtained from two community leaders regarding local economic conditions, community credit needs, and the performance of local financial institutions in meeting the credit needs of the community. One of the contacts discussed the need for local financial institutions to provide affordable credit products to the low-income pockets in the Northwest, Waverly, and Highland Park areas. Both contacts had positive remarks about the local financial institutions, particularly the smaller community banks, meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

American Bank and Trust of Polk County's loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average net LTD ratio for the six-quarter period ending June 30, 2001, was 75.8 percent. The bank's LTD ratio has consistently increased each quarter, from 72.2 percent at March 31, 2000 to 82.1 percent at June 30, 2001. Four other financial institutions of similar asset size operate in Polk County. The average LTD ratio for these banks ranged from 67.0 percent to 90.9 percent, which places the bank's LTD ratio at mid-range between its competitors.

Lending in the Assessment Area

American Bank and Trust of Polk County's lending in its assessment area exceeds the standards for satisfactory performance in this category. A sample of 66 small business loans, 46 residential mortgage loans, and 66 consumer motor vehicle loans originated between March 1, 2000 and July 31, 2001 was analyzed to determine the extent of the bank's lending inside its assessment area. As illustrated in the following table, a substantial majority, by number and dollar volume, of the loans sampled were originated within the bank's assessment area.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA				
Loan Type	IN			
	#	%	\$ (000s)	%
Residential	43	93.5%	\$4,027	90.3%
Small Business	65	98.5%	\$5,939	97.5%
Motor Vehicle	63	95.5%	\$836	95.7%
<i>Total In</i>	<i>171</i>	<i>96.1%</i>	<i>\$10,802</i>	<i>94.6%</i>
	OUT			
	#	%	\$ (000s)	%
Residential	3	6.5%	\$433	9.7%
Small Business	1	1.5%	\$150	2.5%
Motor Vehicle	3	4.5%	\$38	4.3%
<i>Total Out</i>	<i>7</i>	<i>3.9%</i>	<i>\$621</i>	<i>5.4%</i>

Geographic Distribution of Loans

The overall geographic distribution of loans reflects reasonable dispersion of loans throughout the assessment area given the demographics of the assessment area and competition. According to 2001 Dun & Bradstreet data, 23.4 percent of businesses with revenues of less than \$1 million are located in

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

moderate-income census tracts in the bank's assessment area. The following table illustrates the geographic distribution of 65 small business loans originated by the bank in its assessment area. The bank's geographic distribution of small business loans in the moderate-income census tracts (7.7 percent) is low. However, the bank faces strong competition from statewide and regional banks that have branches in the moderate-income census tracts. The majority of small businesses (64.6 percent) are located in the middle-income census tracts, which is where most of the bank's small business lending has occurred.

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Small Business	
	#	%
Low-Income	N/A	N/A
Moderate-Income	5	7.7%
Middle-Income	56	86.2%
Upper-Income	4	6.2%
<i>Total Assessment Area</i>	65	100.0%

The following tables illustrate the geographic distribution of 43 residential and 63 consumer motor vehicle loans originated by the bank in its assessment area. The geographic dispersion of residential loans closely parallels the percentages of families residing in the various income census tracts. It is also noted in the bank's favor that 19.4 percent of the families in moderate-income tracts are below the poverty level. Of the 59,530 families residing in the bank's assessment area, 15.1 percent live in moderate-income and 73.3 percent live in middle-income census tracts. The percentage of motor vehicle loans dispersed throughout the moderate-income census tracts is lower than the percentage of families living in these tracts. However, the bank has elected to focus on commercial and residential loans as its primary loan products.

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Residential	
	#	%
Low-Income	N/A	N/A
Moderate-Income	6	14.0%
Middle-Income	31	72.1%
Upper-Income	6	14.0%
<i>Total Assessment Area</i>	43	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Motor Vehicle	
	#	%
Low-Income	N/A	N/A
Moderate-Income	4	6.3%
Middle-Income	54	85.7%
Upper-Income	5	7.9%
<i>Total Assessment Area</i>	63	100.0%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

To assess American Bank and Trust of Polk County's performance relative to this criteria, 65 small business loans, 43 residential loans, and 63 consumer motor vehicle loans originated within the assessment area were analyzed. Borrower income classifications were assigned in accordance with the definitions outlined earlier in this report. Overall, the bank's record of lending to borrowers of different incomes and businesses of different sizes is adequate.

Lending to Businesses of Different Revenue Size

The bank's record of lending to businesses of different sizes is considered reasonable. The following table illustrates the numbers and percentages of loans to businesses with revenues under and over \$1 million, in addition to a breakdown of the loans by loan size. Of the 65 small business loans originated in the bank's assessment area, 29 did not include revenue information and were excluded from the business revenue analysis but were included in the loan size analysis. These loans were either secured by cash, or the business owner's income was used in the credit decision.

SMALL BUSINESS LOANS by Business Revenue and Loan Size				
Business Revenue:	#	%	\$(000)s	%
\$1 Million or Less	23	74.0%	\$1,416	35.0
Over \$1 Million	13	26.0%	\$2,653	65.0
Loan Size:				
\$100,000 or Less	50	76.9%	\$1,670	27.9%
\$100,001 - \$250,000	9	13.8%	\$1,528	25.5%
\$250,001 - \$1 Million	6	9.2%	\$2,791	46.6%
<i>Total</i>	65	100.0%	\$5,989	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

According to 2001 Dun & Bradstreet data, 8,298 businesses operate in the bank's assessment area of which 87.9 percent have revenues less than \$1 million. The table above illustrates that, of the 36 small business loans originated in the bank's assessment area, 23 loans (74 percent) were to businesses with revenues of \$1 million or less. In addition, the majority of the small business loans (76.9 percent) were for amounts of \$100,000 or less, which indicates the bank's willingness to meet the credit needs of small businesses.

Lending to Borrowers of Different Income Levels

American Bank and Trust of Polk County's residential lending by income levels of borrowers does not meet the standards for a satisfactory performance. The following table shows the distribution of residential loans by number and percent to borrowers of different income levels.

RESIDENTIAL LOANS by Borrower Income		
Borrower Income Level	#	%
Low-Income	4	9.3%
Moderate-Income	3	7.0%
Middle-Income	11	25.6%
Upper-Income	23	53.5%
Income Not Available	2	4.7%
<i>Total</i>	43	100.0%

As shown in the demographic table on page 5, 19.4 percent of the families in the assessment area are considered low-income, 20.7 percent are moderate-income, 24.1 percent are middle-income, and 35.8 percent are upper-income. 9.3 percent of the residential loans originated by the bank were granted to low-income borrowers, and 7.0 percent were extended to moderate-income borrowers. These figures are substantially below the percentages of low- and moderate-income families in the assessment area.

A number of reasons may account for this discrepancy. The bank only offers one-, three-, and five-year adjustable rate mortgage (ARM) loans. Conventional fixed-rate loans are processed through the bank's associate, Independent Bankers Bank, and do not appear on the bank's books. Low- and moderate-income borrowers are more likely to seek a lender who can offer more flexible lending standards and innovative loan products. Therefore, the bank has difficulty competing with the large statewide and

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

regional banks in its assessment area that offer a variety of residential loan products. Additionally, 9.9 percent of the families in the assessment area are below the poverty level, which may in part, explain the lower levels of lending. Nevertheless, management is encouraged to consider the residential lending needs of low- and moderate-income families as the bank grows and develops new credit products.

The bank's distribution of motor vehicle loans by income levels of borrowers reflects reasonable dispersion and meets the standards for a satisfactory performance. As shown in the following table, the percentage of motor vehicle loans originated to moderate-income borrowers nearly matches the percentage of moderate-income families in the assessment area. Motor vehicle loans to low-income borrowers were below the percentage of low-income families in the assessment area. However, low-income borrowers are more likely to use nontraditional lending sources such as "buy here, pay here" types of financing.

MOTOR VEHICLE LOANS by Borrower Income		
Borrower Income Level	#	%
Low-Income	7	11.1%
Moderate-Income	13	20.6%
Middle-Income	11	17.5%
Upper-Income	29	46.0%
Income Not Available	3	4.8%
<i>Total</i>	<i>63</i>	<i>100.0%</i>

Complaints

No complaints related to the bank's compliance with CRA have been received since the last examination.

Compliance with Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.