

SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 02, 2002

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Alabama Trust Bank, National Association
Charter Number 23896**

**101 West Fort Williams
Sylacauga, AL 35150**

**Comptroller of the Currency
ADC - Birmingham
100 Concourse Parkway Suite 240
Birmingham, AL 35244**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	2
DESCRIPTION OF INSTITUTION	3
DESCRIPTION OF TALLADEGA, CLAY AND COOSA COUNTIES	4
CONCLUSIONS ABOUT PERFORMANCE CRITERIA	5

INSTITUTION'S CRA RATING

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 Alabama Trust Bank, N.A. prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 2, 2002. The agency rates the CRA performance of an institution consistent with the provisions set forth in appendix A to 12 CFR § 25.

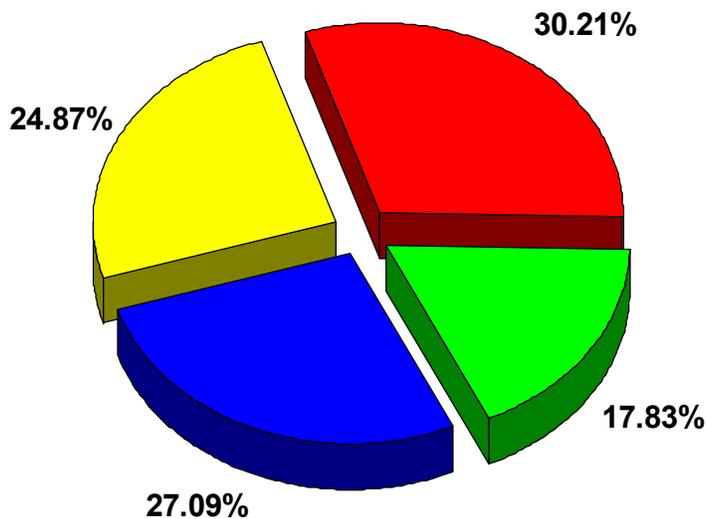
This institution is rated Satisfactory. The rating is based on the following:

- A substantial majority of the loans were made within the bank's assessment area.
- Alabama Trust Bank (ATB) has a satisfactory quarterly average loan to deposit ratio of 70%.
- ATB's lending to borrowers of different income levels and small businesses is reasonable considering the bank's size and resources in relation to other financial institutions in the assessment area.

DESCRIPTION OF INSTITUTION

Alabama Trust Bank, N.A. (ATB) is a \$40 million community bank located in Sylacauga, AL. Sylacauga is situated approximately 50 miles southeast of Birmingham, AL. The bank opened for operations on April 14, 2000 as a newly chartered financial institution. The bank operates one full service office with an on site ATM. ATB's business focus is fairly split between consumer, 1-4 family real estate and commercial lending. ATB had net loans as a percentage of total assets of 58% as of 9/30/02. Tier I capital is \$4 million and the bank's total risk based capital to risk weighted assets equals 17.7%. The loan mix based on 9/30/02 Call Report is as follows:

Loan Portfolio Mix



■ Consumer RE ■ Commercial ■ Consumer ■ Commercial RE

This evaluation serves as the bank's initial CRA public evaluation. There are no legal impediments that would prevent the bank from meeting the credit needs of the community. However, the bank is limited somewhat based on size constraints associated with a relatively new financial institution with no branches operating in a competitive market area.

DESCRIPTION OF TALLADEGA, CLAY AND COOSA COUNTIES

The bank's assessment area (AA) consists of Talladega, Clay and Coosa Counties within the state of Alabama. The AA contains one low- income, 22 middle- income and four upper- income block numbering areas (BNA). The one low- income BNA (106) is located in the northern portion of Talladega County. The median family income for the assessment area is \$24,084. This figure is used to determine the income characteristics of each BNA. Alabama Trust Bank's AA meets all legal requirements set forth by the CRA regulation and does not arbitrarily exclude any low- or moderate- income areas.

The analysis of lending to borrowers of different income levels (detailed later in this evaluation) is based on the Department of Housing and Urban Development (HUD) weighted average median family income. The statewide non-MSA updated median family income for 2000 is \$37,100. Low income is defined as less than 50% of the median family income (less than \$18,550), moderate income is between 50% and less than 80% (\$18,550 to less than \$29,680), middle income is 80% to 120% (\$29,680 to \$44,520), and upper income is considered to be over 120% (greater than \$44,520).

Based on the 1990 census, the total population for the tri county assessment area is approximately 98,422. The substantial majority of the assessment area's population is centered in Talladega County at 74,107. Talladega County is bordered on the east by Clay County and on the south by Coosa County. The economic base is centered in manufacturing (textile and automotive), agricultural and service (wholesale and retail) related industries. Major employers in Talladega County are: Honda (automotive plant in Lincoln employing over 2,300 with expansion plans of approximately 2,000 additional jobs), Avondale Mills (textile mill in Sylacauga), Purcell (fertilizer plant in Sylacauga) and Bluebell (ice cream plant in Sylacauga). The largest employers in Clay and Coosa Counties are Wellborn Cabinets and Maydex (store fixtures) respectively. The local economy is considered to be stable as a result of a fairly diversified employment base. Also, the area continues to demonstrate the ability to attract new businesses to offset recent job reductions in the textile and paper mill industries. The unemployment rate for Talladega, Coosa and Clay counties were 8.8%, 9.1% and 6.7% respectively as of November 2002 compared to the state of Alabama average of 5.8%.

There are nine banks and several credit unions operating in the assessment area including, branches of the largest state and regional financial institutions. ATB is one of three banks headquartered in Sylacauga.

The community contact made in conjunction with this examination was with the Talladega County economic development authority located in Sylacauga. The primary credit need identified by this contact was retail oriented small business loans. The contact commented that the local banks are meeting most of the community's credit needs. The contact felt that participation in Small Business Administration (SBA) lending is hindered by the perception of cumbersome paperwork for the borrower and banks.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Based on the bank's loan mix, we determined that the bank's primary loan products were fairly split between consumer real estate, general-purpose consumer, and commercial loans. We selected a random sample of 20 one-to-four family real estate (consumer real estate) loans, 20 consumer loans and 20 commercial loans originated or purchased since the inception of the bank. Our evaluation period was April 2000 through September 30, 2002. This sample was used to determine the bank's percentage of lending in the AA and distribution by borrower income levels and businesses of different sizes.

Loan-to-Deposit Ratio

- Alabama Trust Bank's loan-to-deposit (LTD) ratio meets the standards for satisfactory performance.

The bank's quarterly LTD ratio since the bank opened in April of 2000 is 70%. This ratio is considered to be reasonable given the bank's capacity and opportunities to lend within its AA. There are no similarly situated financial institutions in the AA. However, the bank's LTD ratio of 67% as of 9/30/02 was relatively in line with that of a national peer of banks of similar size and age.

Lending in Assessment Area

- A substantial majority of both dollar amount and number of loans sampled were made within the AA.

The sample of 40 consumer and consumer real estate loans made since the bank opened in 2000 revealed that 88% of the number and 77% of the dollar amount were made within the assessment area. In addition, 85% of the number and 89% of the dollar amount of the 20 commercial loans sampled were inside the AA.

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

- The distribution of loans to borrowers of different incomes and businesses of various sizes is reasonable and meets the standards for satisfactory CRA performance.

Consumer Real Estate Loan Distribution – Table 1					
Origination	% of Families by Income	# of Loans in AA	% of Total (by #)	\$ of Loans in AA	% of Total (by \$)
Low-Income	21.09%	2	10%	\$29,211	2.72%
Moderate-Income	16.37%	3	15%	\$87,740	8.17%
Middle-Income	20.94%	3	15%	\$144,528	13.46%
Upper-Income	41.60%	12	60%	\$812,108	75.64%
Total	100%	20	100%	\$1,073,587	100%

Table 1 above depicts the bank’s distribution of consumer real estate lending by borrower income levels. The bank’s lending to low- income borrowers is less representative of the family income demographics based on 1990 census information. However, as noted earlier in this evaluation, Alabama Trust Bank is not as well established in market area due to its small size and short existence in comparison with local competitors. The lower penetration to low- income borrowers is further mitigated due to approximately 21% of households in the AA living below the poverty level. The bank’s consumer real estate lending to moderate- income borrowers is fairly representative of the AA demographics by number of loans.

Consumer Installment Loan Distribution - Table 2					
Origination	% of Families by Income	# of Loans in AA	% of Total by (#)	\$ of Loans in AA	% of Total by (\$)
Low- Income	21.09%	1	5%	\$2,135	1.05%
Moderate- Income	16.37%	6	30%	\$69,243	34.03%
Middle- Income	20.94%	5	25%	\$31,196	15.33%
Upper- Income	41.60%	8	40%	\$100,922	49.59%
Total	100%	20	100%	\$203,496	100%

Based on a sample of consumer loans reflected in the data above, the bank’s lending to moderate- income borrowers exceeds the demographic benchmarks with 30% of the number of loans and 34% of the dollar amount compared to 16%. However, lending to low- income is significantly less at 5% compared to 21%.

Business loans (commercial and commercial real estate) account for 43% of the bank’s total loan portfolio. As illustrated in Table 3 below, the distribution of loans to small businesses (gross revenues less than \$1 million) is satisfactory. The sample of 20 business loans made since the bank’s inception reflected that 80% of the number and 65% of the dollar amount were made to small businesses. ATB’s small business lending is reasonable, but slightly less reflective of the business demographics for the assessment area, which indicates that approximately 87% of all businesses are classified as small.

Commercial Loan Distribution - Table 3					
Source	# Bus. Loans	# Small Bus. Lns.	% Small Bus. Lns.	\$ Amount Small Bus. Lns.	% of \$ Amt. Small Bus. Lns.
1990 Census Report	2,519	2,877	87.56%	NA	NA
Bank Loans	20	16	80.00%	\$3,257,000	64.92%

Source: CRA WIZ Business Demographic Data and Internal Loan Reports

Geographic Distribution of Loans

A geographic distribution analysis would not be meaningful because the assessment area consists of only 1 low- income BNA and no moderate- income BNAs from of a total of 28 BNAs in the AA.

Responses to Complaints

Alabama Trust Bank, N.A. did not receive any CRA related consumer complaints during this evaluation period.

Fair Lending Review

An analysis of 2001 - 2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.