

PUBLIC DISCLOSURE

December 2, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Palm Beach National Bank & Trust Company
Charter Number 16116
11760 U.S. Highway One
North Palm Beach, Florida 33408**

**Comptroller of the Currency
Miami Duty Station
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126**

NOTE: 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.

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 **Palm Beach National Bank and Trust Company** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of December 2, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Palm Beach National Bank and Trust Company maintains a reasonable loan-to-deposit ratio; makes a substantial majority of loans within its assessment areas; has a reasonable distribution of loans to businesses of different incomes; and has a reasonable distribution of loans in low and moderate income areas.

The following table indicates the performance level of **Palm Beach National Bank & Trust Company** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>PALM BEACH NATIONAL BANK & TRUST CO.</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints examination.	were received	since the prior

DESCRIPTION OF INSTITUTION

Palm Beach National Bank and Trust Company (PBNBTC), located in Palm Beach County, Florida, is an independent community bank with \$147 million in total assets. PBNBTC operates as a commercial and trust oriented community bank offering loan products that include commercial real estate, commercial, small business loans, residential mortgages, and consumer loans.

PBNBTC came into existence in 1990 after a change in control in a bank formerly known as Colonial National Bank, an \$11 million institution. PBNBTC has three regular branch locations (North Palm Beach, Town of Palm Beach, Jupiter) in Palm Beach County, three mini-branch locations (one each in a condominium development, adult congregate living facility and gated community) in Palm Beach County, and 6 mobile branches (providing deposit pickup services - mostly to small businesses). The three mini-branches opened in 1996.

The loan portfolio on September 30, 1996 consisted of 43% commercial real estate, 31% residential real estate, 21% commercial, 8% consumer, and 3% construction. There are no financial or legal impediments which would impair the bank's ability to comply with the CRA.

DESCRIPTION OF *Palm Beach County & Portions of Martin and Broward Counties*

PBNBTC has three separate assessment areas: Palm Beach County Metropolitan Statistical Area (MSA), five census tracts in Martin County (separate MSA), and one census tract in Broward County (separate MSA). In 1996, management added the Martin and Broward County assessment areas and expanded its assessment area in Palm Beach County from the eastern portion to the entire county to include areas served by the bank's six mobile branches. (The new CRA regulation requires banks to include geographies covered by mobile offices that are licensed as branches when determining their assessment areas.)

Out of 243 total loans originated in the first nine months of 1996, the bank made no loans in the Broward County assessment area and just one loan in the Martin County assessment area. Lending is low because these are new assessment areas and because they are served only by mobile branches which solely provide deposit pickup services (mainly to business customers). There are no fixed branch locations in or near either of these two assessment areas.

The 1990 census data show that the Palm Beach County assessment area consists of 10 low income (0-50% of median family income), 45 moderate income (50-80% of median), 87 middle income (80-120% of median), and 65 upper income (120%+ of median) census tracts. The population of 863,518 and 366,131 households had a 1996 estimated median family income of \$48,000. The median housing value was \$93,100. Palm Beach County has a large retiree population with 24% of the people over 65 years of age. Businesses in the area are predominantly small. Tourism is a significant part of the economy. The major private employer is Pratt Whitney. Public services including hospitals, government, and education are other large sources of employment. Primary credit needs are for housing, consumer, small business, and commercial real estate.

The Martin County assessment area consists of five census tracts mainly in the cities of Hobe Sound, Palm City, and Stuart. The 1990 census data show that this assessment area consists of two moderate income, two middle income, and one upper income census tracts. The 1990 population was 36,486 with 15,877 households. The MSA (Martin/St. Lucie Counties) in which this assessment area is located had a 1996 estimated median family income of \$42,700. The median housing value was \$82,300. This area also has a large retiree population with 27% of the people over 65 years of age. Businesses in the assessment area are mostly small. Public services including hospitals, government, and education are major sources of employment. Primary credit needs are for housing, consumer, and small business.

The Broward County assessment area consists only of one middle income census tract in the city of Pembroke Pines. The 1990 population was 8,875 with 3,678 households. The MSA (Broward County) in which this assessment area is located had a 1996 estimated median family income of \$46,600. The median housing value was \$126,000. This area consists mainly of middle income housing and small businesses. The major private employer in the area is the Pembroke Pines Hospital. Primary credit needs in the assessment area are for housing, consumer, and small business.

This CRA examination evaluates the bank's performance from March 1993 through September 1996.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio: PBNBTC averaged a 76% loan-to-deposit ratio from March 1993 to September 1996. Similar sized banks in Palm Beach County had a loan-to-deposit ratio of 80%. PBNBTC's level of lending is considered reasonable.

Lending in Assessment Area: A substantial majority of PBNBTC's loan originations are located within its assessment areas. Management tracks all loan originations (number and dollars) by area. Approximately 91% of the number and 85% of the dollar amount of originations were to borrowers located within the three assessment areas.

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

During the first nine months of 1996, PBNBTC's primary product lines were commercial real estate, commercial, and small business loans. In addition to regular small business loans, the bank makes loans guaranteed by the Small Business Administration. The distribution of originations of the above loan types is reasonable and is consistent with the size of the bank and the business credit needs of the community.

DISTRIBUTION OF BUSINESS LOAN ORIGINATIONS (#)

	Loans	Loans
	Number	\$000
Commercial + Commercial RE *	42	\$17,433
Small Business**	75	\$ 5,750
Small Business Administration	8	\$ 1,731

* Bank defines as loans to businesses with annual revenues over \$1 million dollars.

** Defined as loans to businesses with annual gross revenues of \$1 million or less.

Geographic Distribution of Loans: The geographic lending distribution between census tracts is reasonable.

**DISTRIBUTION OF BANK LOAN ORIGINATIONS (#) COMPARED TO
DISTRIBUTION OF CENSUS TRACTS IN BANK'S ASSESSMENT AREAS (AAs)**

	% of Census Tracts in AAs	% of Bank Loans in AAs
Low Income	5%	2%
Moderate Income	22%	16%
Middle Income	41%	32%
Upper Income	32%	50%

Table above shows, for example, that low income census tracts comprise 5% of all tracts in the bank's assessment areas. The bank made 2% of all its loans in low income census tracts.

Response to Complaints: The bank received no complaints relative to CRA performance.

Compliance with Antidiscrimination Laws and Regulations: In our examination, we noted no violations of the substantive provisions of antidiscrimination laws and regulations.