



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

October 14, 2008

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank and Trust Company, National Association  
Charter Number 24369

4301 East 53rd Street  
Davenport, IA 52807-3861

Office of the Comptroller of the Currency

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**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.

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## **INSTITUTION'S CRA RATING**

### **American Bank & Trust Company, N.A. ("ABT") is rated Satisfactory.**

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting the bank's rating include:

- ABT's distribution of loans to individuals of different income levels and to businesses of different sizes is reasonable. The distribution of loans by income level of the borrower is reasonable in all three assessment areas ("AAs").
- The geographic distribution of loans in low- and moderate-income tracts is excellent.
- A majority of the loans originated by ABT are to customers from within its AAs.
- ABT's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the AAs.
- ABT's community development performance demonstrates a reasonable responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.

### **Scope of Examination**

This Performance Evaluation assesses ABT's record of meeting the credit needs of the communities in which it operates. We evaluated ABT under the Intermediate Small Bank performance criterion, which includes a lending test and a community development test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's community development lending, qualified investment, and community development services activities.

- The evaluation period covers loans originated or purchased from December 9, 2003 through September 30, 2008.
- ABT has three AAs, generating a majority of the bank's loans and deposits. The Johnson County AA and the Kane County AA will both receive limited-scope reviews, while the Davenport-Moline-Rock Island AA will receive a full-scope review. The Davenport-Moline-Rock Island AA accounts for 84% of the lending activity and 78% of the deposit activity, thus the performance from this AA will be weighed more than the performance in the Johnson and Kane County AAs. The lending test is based on ABT's primary loan products.

- Conclusions regarding the bank's lending performance are based on residential mortgages and commercial loans originated or purchased from January 1, 2006 through September 30, 2008, utilizing 2000 census data. The performance of commercial loans will receive more weight because they represent 55% of the originations and 72% of the current loan balances.
- We reviewed residential related loans reported under the Home Mortgage Disclosure Act (HMDA) for the years 2006, 2007, and through September 30, 2008. We reviewed a sample of loans to businesses originated during 2006, 2007, and through September 30, 2008.
- We conducted Data Integrity reviews of the HMDA data by comparing information from the bank's loan application registers to actual loan files. We found the HMDA data for 2007 and 2008 to be accurate and reliable for use in this examination. The HMDA data for 2006 was found to be accurate and reliable except for the applicant's reported income, which was outside of the error tolerance. Thus, a sample of 52 loans from the 2006 HMDA-LAR was used in the testing of residential related loans.
- ABT is not required to maintain CRA data on small business lending outside of the individual credit files. Thus, we reviewed a sample of 25 commercial loans from each AA originated during the lending test period to assess the lending to businesses of different sizes.

## **Description of Institution**

ABT is a community bank headquartered in Davenport, Iowa, which is located in Eastern Iowa along the Mississippi River and Interstates 74 and 80. As of September 30, 2008, ABT reported total assets of \$667 million and equity capital of \$60 million. ABT is an interstate financial institution with fifteen offices serving Johnson and Scott counties in Iowa, and Rock Island County, along with portions of Henry, Kane, and Mercer counties in Illinois. ABT has twelve full-service offices with ATMs and ten are equipped with drive-up facilities. The other three offices include a loan production office in Oak Park Terrace, Illinois, a loan operations center and Trust service location in St. Charles, Illinois, and a limited services branch at a retirement center in Rock Island, Illinois. ABT has twenty-seven ATMs located throughout their AAs; three in Johnson County, three in Kane County, and twenty-one in the Quad Cities (four in Scott County and seventeen in Rock Island County).

The bank is a wholly owned subsidiary of Ambank Holdings, Inc., a one-bank holding company headquartered in Davenport, Iowa. The holding company also owns Ambank Financial Services, Inc. a provider of insurance and brokerage services. As of September 30, 2008, the holding company had total assets of \$668 million. ABT's affiliate or the holding company does not negatively impact the bank's ability to meet the credit needs of the communities they serve.

Since the previous CRA evaluation, ABT has opened ten and closed four branch offices. ABT opened four branch offices each in the Davenport-Moline-Rock Island AA

and in the Kane County AA, and two in the Johnson County AA. ABT closed two branch offices each in the Davenport-Moline-Rock Island AA and in the Kane County AA. One of the closures was from the opening of a new location in Elburn, Illinois, and two other closures were from offices opened since the last examination. Also, ABT opened one loan production office in Oak Brook Terrace, Illinois. ABT's strategy of offering a traditional style of banking, local decision-making, incorporating new technologies, community involvement, and providing responsive, personal service to all clients has not changed.

ABT's two primary lending products are commercial and residential real estate loans. These two loan types account for 91 percent of the amount of all loan originations during the evaluation period and make up 92 percent of the outstanding loan balances as of September 30, 2008. Thus, these two lending products were used for the analysis of this evaluation. Agricultural and consumer lending are not primary loan products, accounting for 9 percent of the amount of loan originations, and the remaining 8 percent of the outstanding loan balances as of September 30, 2008.

<b>Table 1 – Loan Originations by Loan Type from January 1, 2006 through September 30, 2008</b>				
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Commercial Loans	\$ 442,101	55%	710	14%
Residential Loans	\$ 288,669	36%	2,285	46%
Consumer Loans	\$ 77,717	9%	1,947	40%
<b>Total Originations</b>	<b>\$ 808,487</b>	<b>100%</b>	<b>4,942</b>	<b>100%</b>

*Source: Bank Records from January 1, 2006 – September 30, 2008*

As of September 30, 2008, the bank reported \$538 million in outstanding loans and had a net loans and leases to total assets ratio of 81 percent. The loan portfolio consists of the following:

<b>Table 2 – Loan Portfolio Summary by Loan Type September 30, 2007</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Commercial Loans	\$385,322	72%
Residential Loans	\$110,006	20%
Consumer Loans	\$ 40,885	7%
Agricultural Loans	\$ 1,756	1%
<b>Total Loans</b>	<b>\$537,969</b>	<b>100%</b>

*Source: Call Report September 30, 2008*

There are no financial conditions, legal constraints or other factors that would hinder the bank's ability in helping to meet the credit needs of the communities within its AA. Tier 1 capital was reported at \$60 million as of September 30, 2008. The bank's previous CRA rating as of December 9, 2003, was Satisfactory.

## Conclusions with Respect to Performance Criteria

### Lending Test

ABT meets the standards for satisfactory performance.

- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels (including low-, and moderate-income) and businesses of different sizes.
- The geographic distribution of loans reflects an excellent dispersion throughout the AAs, including the low- and moderate-income census tracts.
- A majority of the loans originated by ABT are to customers from within its AAs.
- ABT's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs.

### Loan-to-Deposit Ratio

ABT's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly loan-to-deposit ratio averaged 86 percent over 19 quarters from December 31, 2003 to June 30, 2008, with a low of 82 percent and a high of 90 percent.

The bank's loan-to-deposit ratio compares favorably with other community banks of similar size in the AA. ABT ranks second among four other similarly situated banks servicing the AA. The four other banks have an average loan-to-deposit ratio of 83 percent, ranging from a low of 57 percent to a high of 114 percent.

### Lending in Assessment Area

A majority of the loans originated by ABT are to customers within its AA. ABT's lending to customers within the AA for commercial and residential real estate loans is reasonable. The following table details the bank's lending within the AA by number of loan originations and dollar volume during the evaluation period.

<b>Table 3 – Loans Originated within the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Commercial	462	76%	144	24%	606	\$104,935	70%	\$ 45,681	30%	\$150,616
Residential	1,883	82%	402	18%	2,285	\$207,085	72%	\$ 81,584	28%	\$288,669
Totals	2,345	81%	546	19%	2,891	\$312,020	71%	\$127,265	29%	\$439,285

Source: Bank records and HMDA-LARs on new loans originated from January 1, 2006 through September 30, 2008.

## **Community Development Test**

### **Number and amount of community development loans**

ABT originated fifteen community development loans totaling \$5.3 million over the evaluation period.

### **Number and amount of qualified investments**

ABT made 16 qualified investments totaling \$40,000 throughout its AAs during the evaluation period. Investments, in the form of donations and in-kind contributions, primarily addressed community services targeted to low- and moderate-income census tracts.

### **Extent to which the bank provides community development services**

ABT provides an adequate level of community development services throughout its AAs. Branch distribution is reasonable. Products and services offered by the bank help to meet the needs of the community. Employees provide their financial expertise to a variety of organizations that primarily benefit low- and moderate-income individuals or assist in economic development activities.

### **Responsiveness to Community Development Needs**

ABT is responsive to community development opportunities throughout all of its AAs. Community development activity addressed revitalization and economic development needs and provided services to low- and moderate-income individuals.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Multistate Metropolitan Area Rating

**CRA Rating for the Davenport-Moline-Rock Island Multistate MSA<sup>1</sup>: Satisfactory**

**The Lending test is rated: Satisfactory**

**The Community Development test is rated: Satisfactory**

The major factors that support this rating include:

- The geographic distribution of loans reflects an excellent dispersion throughout the AA. The performance for commercial loans is excellent and the performance for residential loans is reasonable.
- The distribution of loans by income level of the borrower and to businesses of different sizes is reasonable. The performance for residential mortgage loans is reasonable and the performance for loans to businesses is reasonable.
- Community development activity reflects an adequate responsiveness to community needs.

### **DESCRIPTION OF OPERATIONS IN THE DAVENPORT-MOLINE-ROCK ISLAND MULTISTATE MSA.**

ABT operates one limited-service and seven full-service branch offices, and twenty-one automated teller machines within the multistate MSA of Iowa and Illinois. The bank's MSA AA consists of Scott County, Iowa, and Rock Island County and portions of Henry and Mercer counties in Illinois. Seventy-eight percent of the bank's deposits are attributed to the multistate MSA. Residential mortgage and small business loans are the primary credit products.

ABT ranks fifth in deposit market share among all financial institutions in the MSA. Deposits in the MSA total \$456 million and represent seven percent of the market. Major competitors include Blackhawk State Bank, THE National Bank, and Quad City Bank and Trust, with ten, nine, and eight percent of the deposit market share respectively.

The local economy is considered stable. The September 2008 unemployment rates for four counties within the AA are slightly below to equal to the 6.0% national average. The September 2008 unemployment rate for Rock Island County of 5.6%, Henry County of 6.0%, and Mercer County of 6.1% compare favorably to the 6.5% average for the State of Illinois. Meanwhile, the September 2008 unemployment rate for Scott County of 4.3% is comparable to the 4.2% average for the State of Iowa. The economy of the AA is concentrated in the retail, healthcare, manufacturing, and agricultural industries. Major employers include; ALCOA, John Deere, Inc., Rock Island Arsenal, IBP, Inc.,

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<sup>1</sup>This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.



Genesis Medical Center, Trinity Medical Center, the local school districts, and city, county, and state governmental entities.

During the examination, we contacted an economic development official. The official indicated the primary credit needs in the assessment area are commercial, small business, residential, and general consumer loans. She felt ABT and several other local financial institutions were actively meeting the credit needs of the area. The contact stated the economy in the assessment area remains healthy, but was adversely affected by the Mississippi River flooding during the summer and the more recent stress in the financial industry. The official indicated several area banks, including ABT are actively involved with several economic development organizations and participate in local programs sponsored by the City of Davenport. The contact indicated there are not any credit needs or banking services not met or provided for by the local financial institutions. The contact stated that most of the financial institutions in the area are responsible corporate citizens.

Refer to the market profile for the MSA in the Appendix for detailed demographics and other performance context information.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **Lending Test**

#### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

The distribution of loans reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

#### **Commercial Loans**

The distribution of loans to businesses reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. Based on the number of commercial loan originations from our sample, sixty-nine percent of the loans in the AA were originated to small businesses. Meanwhile thirty-two percent of the dollar amount of commercial loans originated in the AA was to small businesses. The disparity between the number and the dollar amount of loans to small businesses in the AA sample is due to the size variation in the businesses. The average loan amount in the sample of loans to small businesses was \$78M, while the average loan amount to businesses with annual gross revenues greater than a million dollars was \$379M. Small businesses are businesses with annual gross revenues equal to or less than one million dollars. The demographic data for the AA shows sixty percent of the businesses reporting revenue data have annual gross revenues equal to or less than one million dollars.

The following table shows the distribution of commercial loans among businesses of different sizes within the AA:

**Table 4 – Borrower Distribution of Loans to Businesses of Different Sizes in the Davenport-Moline-Rock Island MSA #19340**

Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	18	69%	60%	\$ 1,398	32%
>\$1,000,000	8	31%	6%	\$ 3,029	68%
Total	26	100%	66%	\$ 4,427	100%

Source: Bank records on new loans originated from January 1, 2006 to September 30, 2008; 2000 Census Data.

\*\* 34 percent of AA businesses did not report revenue data.

### **Residential Real Estate Loans**

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels. The distribution of residential related loans based on the HMDA data is reasonable.

ABT's lending to low- and moderate-income borrowers is reasonable. ABT's lending to moderate-income borrowers is equal to the percentage of moderate-income families in the AA. Lending to low-income borrowers is below the percentage of low-income families in the AA. Although the lending to low-income borrowers is below the percentage of low-income families in the AA, this is considered reasonable given that eight percent of families in the AA are below the poverty level.

**Table 5 – Borrower Distribution of Residential Real Estate Loans in the Davenport-Moline-Rock Island MSA #19340**

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	19%	8%	18%	18%	24%	24%	39%	50%

Source: HMDA records on loans originated or purchased from January 1, 2006 to September 30, 2008; 2000 Census Data.

### **Geographic Distribution of Loans**

The geographic distribution of loans reflects an excellent dispersion throughout the AA. In making this determination, we weighed the performance of commercial lending more heavily.

## **Commercial Loans**

ABT's geographic distribution of commercial lending reflects an excellent dispersion in census tracts of different income levels, including in low- and moderate-income census tracts. Based on the commercial loans originated in the evaluation period, the percentage of commercial loans originated in the low- and moderate-income CTs are above the level of commercial businesses located in these CTs.

**Table 6 – Geographic Distribution of Loans to Businesses  
in the Davenport-Moline-Rock Island MSA #19340**

CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Commercial	6%	9%	19%	27%	48%	37%	27%	27%

*Source: Bank records on new loans originated during 2006 through September 30, 2008; 2000 Census Data.*

## **Residential Real Estate Loans**

ABT's geographic distribution of residential lending reflects a reasonable dispersion throughout the census tracts of different income levels, including low- and moderate-income CTs. The percentage of residential loans originated in low-income CTs is equal to the level of owner occupied housing located in low-income CTs, while the percentage originated in the moderate-income CTs is slightly below the level of owner occupied housing.

**Table 7 – Geographic Distribution of Residential Real Estate Loans  
in the Davenport-Moline-Rock Island MSA #19340**

CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	1%	1%	14%	11%	59%	53%	26%	35%

*Source: HMDA records on loans originated or purchased from January 1, 2006 to September 30, 2008; 2000 Census Data.*

## **Responses to Complaints**

The volume of customer complaints is very low. Management responded in a timely manner to complaints during the assessment period and appropriate actions were taken to resolve each of the complaints.

## **COMMUNITY DEVELOPMENT TEST**

ABT's community development performance demonstrates a reasonable responsiveness to the community development needs of the Davenport-Moline-Rock Island MSA through community development loans, qualified investments, and community development services.

### **Number and Amount of Community Development Loans**

ABT originated fourteen community development loans totaling \$5 million over the evaluation period, including:

- One loan for \$1,041,000 to refinance two combined commercial buildings in a low-income census tract in Moline, Illinois. This building houses two commercial businesses on the first floor and eighteen apartments on the second and third floors.
- A \$1,520,000 operating line of credit to a business located in a moderate-income census tract in Davenport, Iowa. This loan allowed the business to retain 120 jobs and stabilize the area.
- The remaining loans were to purchase, refinance or renovate multi-family rental units in low- and moderate-income census tracts within the Davenport-Moline-Rock Island MSA.

### **Number and Amount of Qualified Investments**

ABT has two qualified investments for a total of \$18,000 and has made a total of \$21,700 in cash contributions and donations to community development organizations assisting low- and moderate-income individuals and families within the assessment area. Some of the notable qualifying grants and donations are as follows:

- \$ 9,000 to the Rock Island Economic Growth Corporation.
- \$ 8,200 to the United Way.

### **Extent to Which the Bank Provides Community Development Services**

Delivery systems are reasonably accessible to individuals of different income levels. ABT operates seven full-service offices, one limited-service office, and twenty-one ATM's in the AA. The downtown Rock Island branch is located at 1600 4<sup>th</sup> Avenue in a moderate-income census tract. The remaining locations are located in middle- or upper-income census tracts. Extended hours are available at all drive up locations and two offices have Sunday hours. The bank's loan and deposit products are available at all branch locations.

## **Responsiveness to Community Development Needs**

ABT is responsive to community development opportunities throughout the Davenport-Moline-Rock Island MSA. Community development activity addressed revitalization and economic development needs and provided services to low- and moderate-income individuals.

## State Rating

**CRA Rating for Illinois: Satisfactory.**

**The Lending test is rated:** Satisfactory.

**The Community Development test is rated:** Satisfactory.

The major factors that support this rating include:

- The distribution of loans to businesses of different sizes is reasonable.
- The distribution of loans by income level of the borrower and the performance for residential mortgage loans is reasonable.
- Community development activity reflects a reasonable responsiveness to community needs.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS

ABT operates one loan production, one limited-service and three full-service branch offices, and three automated teller machines within Illinois. The bank's one AA in Illinois consists of the central and southwestern portions of Kane County, which is a part of the Chicago-Naperville-Joliet MSA. Seventeen percent of the bank's deposits are attributed to the Kane County AA. Residential mortgage and small business loans are the primary credit products.

ABT ranks twenty-second in deposit market share among all financial institutions in Kane County. Deposits in Kane County total \$96 million and represent slightly over one percent of the market.

The economy in Kane County has slowed down from the robust and expansive growth atmosphere over the past number of years. The September 2008 unemployment rate of 6.0% for Kane County is equal to the national average and slightly below the State of Illinois average of 6.5%.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

#### LENDING TEST

#### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of loans reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

## Commercial Loans

The distribution of loans to businesses reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. Based on the number of commercial loan originations from our sample, sixty percent of the number of loans in the AA were originated to small businesses. Meanwhile, thirty-four percent of the dollar amount of the loans in the AA were originated to small businesses. The disparity between the number and the dollar amount of loans to small businesses in the AA sample is not uncommon, due to the size variation in the businesses. The average loan amount in the AA sample to small businesses was \$155M, while the average loan amount to businesses with annual gross revenues greater than a million dollars was \$453M. Small businesses are businesses with annual gross revenues equal to or less than one million dollars. The demographic data for the AA shows sixty-nine percent of the businesses reporting revenue data have annual gross revenues equal to or less than one million dollars.

The following table shows the distribution of commercial loans among businesses of different sizes within the AA:

<b>Table 8 – Borrower Distribution of Loans to Businesses of Different Sizes in the Kane County AA</b>					
Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	15	60%	69%	\$ 2,332	34%
>\$1,000,000	10	40%	6%	\$ 4,531	66%
Total	25	100%	75%	\$ 6,863	100%

Source: Bank records on new loans originated from January 1, 2006 to September 30, 2008; 2000 Census Data.

\*\* 25 percent of AA businesses did not report revenue data.

## Residential Real Estate Loans

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels. The distribution of residential related loans based on the HMDA data is reasonable.

ABT's lending to moderate-income borrowers is excellent and exceeds the percentage of moderate-income families, while the lending to low-income borrowers is poor and well-below the percentage of low-income families. The overall lending to low- and moderate-income borrowers is reasonable, given the excellent lending to moderate-income families, two percent of the families in the AA are below the poverty level, and ABT's low level of the residential mortgage market share in Kane County.

**Table 9 – Borrower Distribution of Residential Real Estate Loans in the Kane County AA**

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	7%	0%	10%	12%	21%	17%	62%	71%

*Source: HMDA records on loans originated or purchased from January 1, 2006 to September 30, 2008; 2000 Census Data.*

### **Geographic Distribution of Loans**

A geographic distribution of loans was not performed for this AA. All the geographies are middle- or upper-income, thus, the analysis would not be meaningful.

### **Responses to Complaints**

ABT has not received any complaints about its performance in helping to meet the credit needs within this AA during this evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

ABT's community development performance demonstrates a reasonable responsiveness to the community development needs of the Kane County AA, given the limited opportunities and limited presence in the AA.

### **Number and Amount of Community Development Loans**

ABT originated one community development loan for \$327,896. The loan is to a non-profit community center which houses a food pantry and a clinic for battered women.

### **Number and Amount of Qualified Investments**

ABT did not purchase any qualifying investments or make any charitable contributions to qualified agencies.

### **Extent to Which the Bank Provides Community Development Services**

Delivery systems are reasonably accessible to individuals of different income levels. ABT operates three full-service offices, one limited-service office, and three ATM's in the AA. All offices are located in middle- or upper-income census tracts. Extended hours are available at all drive up locations and one office has Sunday hours. The bank's loan and deposit products are available at all branch locations.



## **Responsiveness to Community Development Needs**

ABT is responsive to community development opportunities in the Kane County AA. Community development opportunities are limited in the area, there are no low- and moderate-income CTs, the number of low- and moderate-income families is low, and ABT's presence is limited (market share is 22<sup>nd</sup> in deposits and 189<sup>th</sup> in residential mortgages).

## State Rating

**CRA Rating for Iowa: Satisfactory.**

**The Lending test is rated:** Satisfactory.

**The Community Development test is rated:** Satisfactory.

The major factors that support this rating include:

- The geographic distribution of loans reflects an excellent dispersion throughout the AA. The performance for commercial loans is excellent and the performance for residential loans is reasonable.
- The distribution of loans by income level of the borrower and to businesses of different sizes is reasonable. The performance for loans to businesses is reasonable and the performance for residential mortgage loans is poor.
- Community development activity reflects a reasonable responsiveness to community needs.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

ABT operates two full-service branch offices, and three automated teller machines, within Iowa. The bank's one AA in Iowa consists of Johnson County, which is a part of the Iowa City MSA. Five percent of the bank's deposits are attributed to the Johnson County AA. Residential mortgage and small business loans are the primary credit products.

ABT ranks fourteenth in deposit market share among all financial institutions in Johnson County. Deposits in Johnson County total \$26 million and represent slightly less than one and one-third percent of the market.

The economy in Johnson County has slowed, but remains stable. The September 2008 unemployment rate of 2.8% for Johnson County is significantly below the national average of 6.0% and well below the State of Iowa average of 4.2%. The economy of the AA is concentrated in the retail, healthcare, and educational industries.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

#### LENDING TEST

#### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of loans reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. In making this determination we weighed the performance on the commercial lending more heavily.

## **Commercial Loans**

The distribution of loans to businesses reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. Based on the number of commercial loan originations from our sample, sixty-four percent of the loans in the AA were originated to small businesses. Meanwhile, fifty-eight percent of the dollar amount in the AA were loans originated to small businesses. The average loan amount in the AA sample to small businesses was \$239M, while the average loan amount to businesses with annual gross revenues greater than a million dollars was \$304M. Small businesses are businesses with annual gross revenues equal to or less than one million dollars. The demographic data for the AA shows sixty-two percent of the businesses reporting revenue data have annual gross revenues equal to or less than one million dollars.

The following table shows the distribution of commercial loans among businesses of different sizes within the AA:

<b>Table 10 – Borrower Distribution of Loans to Businesses of Different Sizes in the Johnson County AA</b>					
Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	16	64%	62%	\$ 3,820	58%
>\$1,000,000	9	36%	4%	\$ 2,732	42%
Total	25	100%	66%	\$ 6,552	100%

Source: Bank records on new loans originated from January 1, 2006 to September 30, 2008; 2000 Census Data.

\*\* 34 percent of AA businesses did not report revenue data.

## **Residential Real Estate Loans**

The distribution of borrowers reflects, given the demographics of the AA, poor penetration among individuals of different income levels. The distribution of residential related loans based on the HMDA data is poor.

ABT's lending to moderate-income borrowers is reasonable and slightly below the percentage of moderate-income families, while the lending to low-income borrowers is poor and significantly-below the percentage of low-income families. The overall lending to low- and moderate-income borrowers is poor. Taking into consideration that five percent of the families in the AA are below the poverty level, the overall lending to low- and moderate-income borrowers remains well-below the percentage of low- and moderate-income families.

**Table 11 – Borrower Distribution of Residential Real Estate Loans in the Johnson County AA**

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	17%	4%	17%	13%	23%	24%	43%	59%

*Source: HMDA records on loans originated or purchased from January 1, 2006 to September 30, 2008; 2000 Census Data.*

### **Geographic Distribution of Loans**

The geographic distribution of loans reflects an excellent dispersion throughout the AA. In making this determination, we weighed the performance of commercial lending more heavily.

### **Commercial Loans**

ABT's geographic distribution of commercial lending reflects an excellent dispersion in census tracts of different income levels, including in low- and moderate-income census tracts. Based on the commercial loans originated in the evaluation period, the percentage of commercial loans originated in the low- and moderate-income CTs are above the level of commercial businesses located in these CTs.

**Table 12 – Geographic Distribution of Loans to Businesses in the Johnson County AA**

CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Commercial	7%	9%	18%	27%	47%	37%	28%	27%

*Source: Bank records on new loans originated during 2006 through September 30, 2008; 2000 Census Data.*

### **Residential Real Estate Loans**

ABT's geographic distribution of residential lending reflects a reasonable dispersion throughout the census tracts of different income levels, including low- and moderate-income CTs. The percentage of residential loans originated in low-income CTs is above to the level of owner occupied housing located in low-income CTs, while the percentage originated in the moderate-income CTs is below the level of owner occupied housing.

<b>Table 13 – Geographic Distribution of Residential Real Estate Loans in the Johnson County AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	0%	1%	13%	5%	47%	51%	40%	43%

Source: HMDA records on loans originated or purchased from January 1, 2006 to September 30, 2008; 2000 Census Data.

### **Responses to Complaints**

ABT has not received any complaints about its performance in helping to meet the credit needs within this AA during this evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

ABT's community development performance demonstrates a reasonable responsiveness to the community development needs of the Johnson County AA, given the limited opportunities and limited presence in the AA.

### **Number and Amount of Community Development Loans**

ABT did not originate any community development loans in this AA during the evaluation period.

### **Number and Amount of Qualified Investments**

ABT did not purchase any qualifying investments or make any charitable contributions to qualified agencies.

### **Extent to Which the Bank Provides Community Development Services**

Delivery systems are reasonably accessible to individuals of different income levels. ABT operates two full-service offices and three ATM's in the AA. All offices are located in middle- or upper-income census tracts. Extended hours are available at both drive-up locations. The bank's loan and deposit products are available at all branch locations.

### **Responsiveness to Community Development Needs**

ABT is responsive to community development opportunities in the Johnson County AA. Community development opportunities are limited in the area, and ABT's presence is limited (market share is 14<sup>th</sup> in deposits and 189<sup>th</sup> in residential mortgages).

## Appendix A: Scope of Examination

<b>Time Period Reviewed</b>	Lending Test: January 1, 2006 to September 30, 2008 CD Test: January 1, 2004 to September 30, 2008	
<b>Financial Institution</b>		<b>Products Reviewed</b>
American Bank & Trust, NA Davenport, Iowa		Home mortgage, small business, and community development loans; qualified investments.
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate activity was considered in this evaluation.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Davenport-Moline-Rock Island Multistate MSA #19340	Full-Scope	Scott County, Iowa; Rock Island County, Illinois; CTs 301, 302.01, 302.02, 302.03, 303 in Henry County, Illinois; CT 401 in Mercer County, Illinois
Kane County AA	Limited-Scope	Kane County, Illinois CTs 8520.02, 8520.03, 8522.01, 8522.02, 8523, 8524.01, 8524.02, 8524.03, 8525, 8526.01, 8526.02, 8527, 8528.01, 8528.02, 8545.01, and 8545.02.
Johnson County AA	Limited-Scope	Johnson County, Iowa

## Market Profile Tables

<b>Table 14 - Demographic Information for the Davenport-Moline-Rock Island AA</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	92	4%	26%	49%	21%
Population by Geography	338,285	3%	17%	56%	24%
Owner-Occupied Housing by Geography	95,813	1%	14%	59%	26%
Businesses by Geography	23,425	6%	19%	48%	27%
Farms by Geography	1,275	1%	6%	63%	30%
Family Distribution by Census Tract	90,343	2%	15%	58%	25%
Family Distribution by Income Level	90,343	19%	18%	24%	39%
Household Distribution by Income Level	134,585	22%	17%	19%	42%
Median Family Income	\$51,579	Median Housing Value			\$87,770
Median Household Income	\$42,367	Median Year Built			1960
2008 HUD Adjusted Median Family Income for the MSA	\$58,800	Average Monthly Gross Rent			\$ 468
Families Below the Poverty Level	8%	Households Below the Poverty Level			10%

Source: 2000 U.S. Census Data

### Illinois - Kane County AA

The following is demographic information for the assessment area:

<b>Table 15 - Demographic Information for the Kane County AA</b>					
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	16	0%	0%	31%	69%
Population by Geography	114,778	0%	0%	23%	77%
Owner-Occupied Housing by Geography	32,846	0%	0%	22%	78%
Businesses by Geography	10,881	0%	0%	28%	72%
Farms by Geography	355	0%	0%	36%	64%
Family Distribution by Census Tract	30,977	0%	0%	23%	77%
Family Distribution by Income Level	30,977	7%	10%	21%	62%

Household Distribution by Income Level	39,622	10%	11%	17%	62%
Median Family Income	\$87,064	Median Housing Value		\$215,056	
Median Household Income	\$77,569	Median Year Built		1979	
2008 HUD Adjusted Median Family Income for the MSA	\$71,100	Average Monthly Gross Rent		\$ 797	
Families Below the Poverty Level	2%	Households Below the Poverty Level		3%	

Source: 2000 U.S. Census Data

### Iowa - Johnson County AA

The following is demographic information for the assessment area:

Table 16 - Demographic Information for the Johnson County AA					
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	22	5%	23%	36%	36%
Population by Geography	111,006	3%	22%	40%	35%
Owner-Occupied Housing by Geography	24,986	0%	13%	47%	40%
Businesses by Geography	8,630	7%	18%	47%	28%
Farms by Geography	510	1%	5%	66%	28%
Family Distribution by Census Tract	23,839	0%	14%	48%	38%
Family Distribution by Income Level	23,839	17%	17%	23%	43%
Household Distribution by Income Level	44,074	24%	15%	18%	43%
Median Family Income	\$60,940	Median Housing Value		\$125,786	
Median Household Income	\$42,446	Median Year Built		1974	
2008 HUD Adjusted Median Family Income for the MSA	\$67,900	Average Monthly Gross Rent		\$ 565	
Families Below the Poverty Level	5%	Households Below the Poverty Level		15%	

Source: 2000 U.S. Census Data



