

PUBLIC DISCLOSURE

October 7, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pointe Bank
06-12-1224

Pembroke Pines, 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 Pointe Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of October 7, 1996. 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.

Pointe Bank has a reasonable loan-to-deposit ratio, and all loan originations are located within its assessment area. Based on available resources and the demographics of the assessment area, lending activities reflect a reasonable penetration among individuals of different income levels and businesses of various sizes. The percentage of business loans to persons in low-income census tracts exceeded those individuals' representation in the assessment area. However, a small percentage of consumer loans was made to borrowers from low-income census tracts. The percentage of both small business and consumer loans in moderate-income census tracts was significantly lower than the percentage of the population residing in those tracts.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of Pointe Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	POINTE BANK 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 were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Pointe Bank (formerly Flamingo Bank) opened for business on July 17, 1989. The main office is located in Pembroke Pines, Broward County, Florida. The bank's only branch is located in the Aventura area of Dade County, Florida. The bank's administration and loan production offices are located in Boca Raton, Palm Beach County, Florida. The bank is a subsidiary of Pointe Financial Corporation, Boca Raton, Florida, a bank holding company. The Consolidated Reports of Condition and Income show that the bank's total assets were \$41.4 million on June 30, 1996, compared with \$27.4 million on December 31, 1994. Business loans constitute the largest portion of the bank's loan portfolio. The bank has four commercial lenders, including its president. Although the bank offers a variety of consumer loans, its business plan focus is on small business loans and government-guaranteed Small Business Administration (SBA) loans. Any applications received for long-term residential mortgage loans are referred to Pointe Federal Savings Bank, which specializes in residential mortgage loans.

The composition of the loan portfolio according to the June 30, 1996 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Secured by one- to four-family dwellings	26.1%
Other real estate: Multifamily	7.8%
Nonfarm nonresidential	24.7%
Commercial and industrial	35.3%
Loans to individuals	5.8%
All other	0.3%
Total	100.0%

As indicated in the table above, the bank's loan portfolio consists primarily of commercial loans and nonresidential real estate loans. Many of the bank's business purpose loans are secured by personal residences or commercial properties. Consumer installment loans are included in loans to individuals. Since the previous examination, the bank has focused its lending activity on automobile loans and loans to small businesses, including those guaranteed by the SBA. The bank has originated 34 SBA loans, totaling \$4.8 million, since the last examination.

DESCRIPTION OF POINTE BANK'S ASSESSMENT AREA

Pointe Bank has widely expanded its assessment area since the previous examination to include the 642 census tracts that constitute the metropolitan statistical areas (MSAs) of Broward, Dade, and Palm Beach counties. Of these census tracts, 66 (10.3 percent) are low-income tracts; 134 (20.9 percent) are moderate-income tracts; 260 (40.5 percent) are middle-income tracts; and 182 (28.3 percent) are upper-income tracts.

According to the 1990 Census, the population of the bank's assessment area was 4,056,100. The table below shows the population of the assessment area distributed by census tract income level.

TRACTS BY INCOME	TOTAL POPULATION NUMBER	TOTAL POPULATION PERCENT
Low-income	248,273	6.1
Moderate-income	796,886	19.7
Middle-income	1,858,834	45.8
Upper-income	1,152,107	28.4
Total	4,056,100	100.0

According to the 1990 Census, the median family income in the bank's assessment area was \$34,759, which was somewhat higher than the state of Florida at \$32,212. The four income levels used for the analysis were defined using the following percentages of the median family income of the appropriate MSA.

INCOME LEVEL	PERCENTAGE OF MEDIAN FAMILY INCOME
Low-income	Less than 50%
Moderate-income	50% to 79%
Middle-income	80% to 119%
Upper-income	120% and over

DESCRIPTION OF POINTE BANK'S ASSESSMENT AREA (CONTINUED)

Families in the bank's assessment area total 1,067,130. 21.1 percent are considered low-income, 17.6 percent are moderate-income, 21.0 percent are middle-income, and 40.3 percent are upper-income.

The bank's main office is located in the city of Pembroke Pines. The median age of the city's population was 37.2 years in 1990, and its residents' median household income was \$36,430. Because Pembroke Pines has approximately 20 percent of its land available for new developments, the city has attracted a large number of young families during the past few years in addition to the retirees who have traditionally lived there. The city is expected to have a 100 percent population increase by the year 2005. There are several large developments of residential, commercial, and recreational facilities. Pembroke Pines' relatively new residential developments are described as middle- to upper-income communities, with an average home value of \$100,268 and an average monthly rent of \$604. Employment opportunities in the bank's assessment area are mainly service and retail oriented.

Two community contacts were made in conjunction with this examination. One contact was with the director of an organization that assists small business borrowers in obtaining SBA-guaranteed loans. The second contact was with the city planner of Pembroke Pines. Pointe Bank was mentioned as an active SBA lender which is beneficial given other discussions that emphasized the changes that are occurring in Pembroke Pines in terms of growth and development and the changing nature of the age and ethnic make-up of the population.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio for the six quarters since the previous examination is 59.6 percent. The bank's volume of lending is consistent with that of six other local banks that are similar in asset size and number of branches. The average loan-to-deposit ratios of these six banks ranged from 44.3 percent to 74.7 percent. Considering the bank's size, resources, strong competition from larger banks for consumer loans, and current office facilities, the ratio meets the standards for satisfactory performance.

Lending in Assessment Area

To evaluate the bank's performance, a sample of 49 small business loans and 48 automobile loans was geocoded and analyzed. This analysis was used to determine the percentage of loans within the bank's assessment area, the pattern of lending to borrowers of different income levels, and the geographic distribution of loans by census tract income level. The sample analysis revealed that 100 percent of the small business and automobile loans were extended to borrowers that reside in the bank's assessment area. The bank's performance in this category exceeds the standards for satisfactory performance.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Borrower income figures were available for 40 of the 48 motor vehicle loans sampled. The following table shows the distribution of the 40 automobile loans by income level of the borrower. A borrower's income level is determined by comparing it with the median family income of the appropriate MSA.

PERCENTAGE DISTRIBUTION OF AUTOMOBILE LOANS BY BORROWER INCOME

	LOW-INCOME	MODERATE-INCOME	MIDDLE-INCOME	UPPER-INCOME
Number of loans	10.0%	30.0%	12.5%	47.5%
Dollar amount of loans	9.0%	22.0%	11.1%	57.9%
Percentage of families in assessment area	21.1%	17.6%	21.0%	40.3%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

As shown in the table above, a satisfactory percentage of loans was extended to low-income borrowers. This group represents approximately 21 percent of assessment area families. The bank made 10 percent of its automobile loans to low-income borrowers. Also, a substantial percentage of automobile loans was to moderate-income borrowers, exceeding the 17.6 percent of the assessment area represented by moderate-income families. The bank's lending to borrowers of different income levels meets the standards for satisfactory performance.

Of the 49 small business loans included in the sample, one did not have income data as it was secured by a certificate of deposit. The remaining 48 small business loans were to companies having gross revenues of \$1 million or less for the past fiscal year. As shown by the following table, over 70 percent of the small business loans in the sample were to businesses having revenues of less than \$500,000. These figures indicate satisfactory performance in lending to businesses of different sizes.

DISTRIBUTION OF SMALL BUSINESS LOANS BY LEVELS OF GROSS REVENUES

INCOME LEVELS	NUMBER OF LOANS	PERCENTAGE OF LOANS
Less than \$100,000	5	10.4%
\$100,000 to \$249,000	15	31.3%
\$250,000 to \$499,000	15	31.3%
\$500,000 to \$749,000	6	12.5%
\$750,000 to \$1 million	7	14.5%
Total	48	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribution of Loans

The distribution of loans by income levels of the census tracts in the bank's assessment area was analyzed using samples of 48 automobile loans and 49 small business loans. The following table summarizes the distribution of the sampled loans:

PERCENTAGE DISTRIBUTION OF LOANS BY CENSUS TRACT INCOME LEVEL

PERCENTAGE OF:	LOW-INCOME	MODERATE-INCOME	MIDDLE-INCOME	UPPER-INCOME
Automobile loans	2%	6%	69%	23%
Small business loans	10%	12%	47%	31%
Population residing in census tracts by income level	6.1%	19.7%	45.8%	28.4%

As shown above, the percentage of automobile loans to borrowers residing in low- and moderate-income census tracts (8 percent) was low relative to the population percentage residing in those tracts. On the other hand, the percentage of automobile loans made in middle-income census tracts (69 percent) significantly exceeded the percentage of the population living in middle-income tracts. The percentage of automobile loans to borrowers in the upper-income tracts was consistent with the population in those tracts.

The percentage of small business loans to persons in low-income census tracts exceeded those individuals' representation in the assessment area. However, only 12 percent of small business loans, compared to 19.7 percent of the population, were made in moderate-income tracts. Because the geographic distribution of automobile and small business loans does not reflect adequate penetration throughout the census tracts, particularly the low- and moderate-income tracts, the bank does not meet satisfactory compliance criteria for this category.

Complaints

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Compliance with Antidiscrimination Laws

No credit practices inconsistent with the substantive provisions of the antidiscrimination laws and regulations were noted. Limited violations of Regulation B - Equal Credit Opportunity Act in installment loans were found, but did not affect the satisfactory CRA rating because of their technical nature and minimal impact on fair lending compliance. Management has instituted corrective measures designed to eliminate future occurrences. The bank's antidiscrimination policies and procedures encompass the substantive provisions of the fair lending laws and regulations.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS OCTOBER 7, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

POINTE BANK

(Name of Bank)

PEMBROKE PINES, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Pointe Bank
1 West Flamingo Drive
Pembroke Pines, Florida 33027

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Regina Hartman using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: POINTE BANK

City and State: PEMBROKE PINES, FLORIDA

Date of Examination: OCTOBER 7, 1996