

## **PUBLIC DISCLOSURE**

**June 28, 1999**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PointBank, N.A.  
Charter Number: 4777  
200 S. Hwy. 377  
Pilot Point, Texas 76258-9264**

**Office of the Comptroller of the Currency  
Dallas North Field Office  
1600 Lincoln Plaza  
500 North Akard  
Dallas, Texas 75201-3394**

**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 **PointBank, N.A.** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 28, 1999. 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**.

The following factors support this overall rating:

- ! The bank's average loan-to-deposit ratio during the examination period, 56%, is reasonable.
- ! A majority of new loans originated in 1998 and 1999 are within the bank's assessment area.
- ! The bank's lending performance reflects a reasonable distribution of credit to businesses of different sizes and borrowers of different income levels.
- ! The geographic distribution of small business loans reflects a reasonable dispersion.

The following table shows the performance level of Point Bank, N.A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	POINT BANK, N.A. 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	PointBank, N.A. did not receive any complaints concerning its CRA performance.		

### Scope of the Examination

This evaluation of PointBank's CRA performance covers the period from March 31, 1996 through June 28, 1999. The evaluation includes a review of PointBank's designated assessment area, which consists of Denton County. We also based our analysis on PointBank's consumer and business lending, in addition to the Home Mortgage Data Act Loan Activity Reports (HMDA-LAR) and Loan Registers.

### Description of Institution

Pilot Point Bancorp, Inc., a one bank holding company, owns 100% of PointBank. PointBank is currently a \$117 million institution, which serves Denton county. The main office is in Pilot Point with a branch located in Aubrey, two in Denton, and one in Lewisville. In addition, the bank has ATM's at each location as well as in Argyle.

Loan products offered include mortgage, home improvement, consumer, commercial and agricultural loans. The bank also offers SBA loans. PointBank's competition includes credit unions, regional and

local banks, and savings and loans. PointBank does not have any financial or legal obstacles affecting its ability to meet its community's credit needs.

The following table portrays the principle loan mix of PointBank:

<b>Types of Domestic Loans Outstanding</b>		
<b>March 31, 1999</b>		
<i>(\$000's)</i>		
<i>TYPE OF LOANS</i>	<i>AMOUNT</i>	<i>PERCENTAGE</i>
<b>1-4 Family Residential Loans</b>	\$13,257	24%
<b>Commercial Loans</b>	\$28,022	51%
<b>Installment</b>	\$13,857	25%
<b>Other (exclude consumer loans)</b>	\$112	<1%
<b>TOTAL</b>	\$55,248	100%

### **Description of Assessment Area**

PointBank, N.A. has defined its assessment area (AA) as Denton County. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income areas (LMI).

<b>ASSESSMENT AREA DEMOGRAPHICS</b>			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
<b>Low</b>	3	6%	10%
<b>Moderate</b>	6	12%	24%
<b>Middle</b>	19	40%	56%
<b>Upper</b>	20	42%	10%
<b>N/A</b>	0	0%	0%
<b>TOTAL</b>	48	100%	100%

1990 census data shows a total population of 273,743 in Denton County. The 1999 Denton County weighted average of census median family income is \$58,200.

As seen in the above table, 18% of households in the AA reside in LMI tracts, with the median housing value at \$84,405. Total occupied housing units is 91%, with owner-occupied housing at 52% and rental-occupied housing at 39%. Vacant housing units in the assessment area total 9%.

Unemployment rates have remained low with the unemployment rate at 2% in Pilot Point and 1.9% for Denton County. The largest employers in the county are the University of North Texas and Boeing Company, both located in Denton.

We determined the credit needs of the community through discussions with management and by conducting a community contact. The community contact stated that there was a need for small business loans and that this need was being met. The majority of business loans reviewed during this examination were to small banks.

### **Conclusions with Respect to Performance Criteria:**

PointBank's quarterly average loan-to-deposit ratio is 56%. Although this ratio is below peer banks at 62%, it is considered reasonable given PointBank's financial condition, and the assessment area's credit needs. The local peer consists of state- and national-chartered banks in Denton County with total assets of \$150 million or less.

### **Lending in Assessment Area**

We took a sample of twenty commercial loans, twenty consumer loans and reviewed PointBank's 1998 HMDA loan application register to determine the location of loan originations. PointBank has an adequate record of serving the credit needs of its community based on this sample. Within the sample, 80% of business loans and 90% of consumer loans are within the bank's assessment area. In addition, 85% of home mortgages made in 1998 were in the assessment area. According to a new loan report prepared by outside consultants, 83% of new loans made in 1998 and January and February 1999 were in the assessment area.

### **Lending to Businesses of Different Sizes**

PointBank's lending to businesses of different sizes is adequate. 90% of the business loans sampled were to small businesses.

### **Lending to Borrowers of Different Incomes**

PointBank's record of lending to borrowers of different income levels is satisfactory. We sampled twenty consumer loans and reviewed HMDA reportable loans originating in 1998. Our review of consumer loans revealed that 20% of the loans were to low-income individuals, 20% to moderate-income individuals, 45% to middle-income individuals and 15% to high-income individuals. Our review of 1998 HMDA data revealed that 14% were made to low-income individuals, 7% to moderate-income individuals, 34% to middle-income individuals and 45% to high-income individuals.

### **Geographic Distribution of Loans**

PointBank, N.A. has a reasonable distribution of business loans in the assessment area. A report prepared by The Atus Group on new loans made in 1998 and January and February 1999 shows the following distribution for consumer loans: low-income census tracts 2%, moderate-income census tracts 8%, middle-income census tracts 74% and upper-income census tracts 16%. The distribution for commercial loans is as follows: low-income census tracts 2%, moderate-income census tracts 44%, middle-income census tracts 41%, and upper-income census tracts 13%.

The 1998 HMDA loans are distributed as follows: 7% in moderate-income census tracts, 65% to middle-income census tracts and 28% to high-income census tracts. The lack of home loans in the low-income census tracts is due to the small population in low-income census tracts representing less than 4% of the assessment area.

### **Compliance with Antidiscrimination Laws**

A fair lending review performed with this CRA examination revealed satisfactory compliance with fair lending regulations. We noted no practices intended to discourage or impede potential borrowers from applying for credit.