

PUBLIC DISCLOSURE

February 8, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Republic Security Bank
198671
West Palm Beach, 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.

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ABBREVIATIONS

Affordable Housing Program.....	AHP
Community Reinvestment Act.....	CRA
Federal Housing Administration.....	FHA
Federal National Mortgage Association.....	FNMA
Home Mortgage Disclosure Act	HMDA
Low-Income Housing Tax Credits.....	LIHTC
Metropolitan Statistical Area	MSA
State Housing Initiatives Partnership.....	SHIP
Veterans Administration.....	VA

ROUNDING CONVENTION

Because percentages presented in tables were rounded to the nearest whole number in most cases, some columns may not total exactly 100 percent.

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 Republic Security Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 8, 1999. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

Republic Security Bank's overall performance level with respect to the Community Reinvestment Act (CRA) lending, investment, and service performance was assessed and is rated satisfactory.

Lending Test – A high percentage of the bank's HMDA and small business loans is inside its assessment area. The geographic distribution of loans by census tract income level reflects excellent penetration throughout the assessment area. A review of the bank's lending activity between January 1, 1997 and September 30, 1998 showed residential mortgage lending in low-income tracts was low when compared to the percentage of families residing in those tracts. However, because of the high poverty level and the low percentage of owner-occupied units in low-income tracts, it is expected that fewer loans would be originated in these tracts. Given the demographics of the moderate-income tracts, opportunities may exist for more lending in these tracts. The bank showed good penetration of small business lending throughout its assessment area. The distribution of loans by borrower income also reflects good penetration among borrowers of different income levels. Penetration of loans to businesses of different sizes is very good. The bank has originated loans through housing loan programs with innovative and flexible lending criteria. 21 multifamily loans totaling \$5,190,000 are included as community development loans. The bank has only originated two additional community development loans totaling \$104,555, as many of the loans originally reported as community development loans had to be reclassified as small business loans in accordance with the reporting requirements of the regulation.

Investment Test – Republic Security Bank had a significant level of qualified community development investments and grants during 1997 and 1998, exhibited adequate responsiveness to credit and community economic development needs, and used innovative investments to support community development initiatives. Such investments have included funding opportunities to assist with downtown redevelopment, multifamily housing projects, and interest-free loans to several community development corporations (CDCs). The bank is also an equity subscriber to the Black Business Investment Corporation, which assists many minority-owned small businesses. Republic Security Bank has also made financial contributions to a variety of nonprofit organizations that provide services to low- and moderate-income individuals and in low- and moderate-income areas.

INSTITUTION (Continued)

Service Test – Republic Security Bank offers full banking services at all of its banking center locations. Banking hours are reasonable and all locations have expanded business hours on Fridays. Republic Security Bank has thirty-five banking centers located in Miami-Dade, Broward, and Palm Beach Counties. In addition, Republic Security Bank has ATMs, drive-ins and walk-up windows located at several of the banking centers. Branches are accessible to essentially all portions of the bank’s assessment area including low-income areas. Even though no branches are in low-income census tracts, a review of maps depicting branch locations indicates that several branches in moderate- and middle-income census tracts are adjacent to low-income tracts, thereby making retail-banking services reasonably accessible to these areas. In addition, less than 5 percent of the families and 7 percent of the businesses are in low-income census tracts. The percentage of branches in moderate-income census tracts is reasonable when compared to the percentage of families and businesses in these tracts. Three moderate-income tracts have little or no population. Distribution of branches in middle- and upper-income census tracts is also considered reasonable. In addition, as part of the bank’s alternative delivery system, Republic Security Bank offers remote ATMs, remote drive-ins, an automated telephone response system, and personal computer banking. The bank also offers 800 numbers in order to allow customers from all communities access to customer service representatives and the automated telephone response system.

Republic Security Bank has provided a relatively high level of community development services. These services include technical assistance, training, credit counseling, and fund raising activities for organizations involved in low- and moderate-income areas. The bank also provides financial assistance to various community development agencies.

The following table indicates the performance level of Republic Security Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Republic Security Bank		
	PERFORMANCE LEVELS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

INSTITUTION (Continued)

DESCRIPTION OF INSTITUTION

Republic Security Financial Corporation, incorporated in Florida in 1983, is a commercial bank holding company whose principal business is the operation of a commercial bank business through Republic Security Bank, its wholly owned subsidiary. Republic Security Bank, the largest independent commercial bank headquartered in Florida, is a community bank that offers a full range of commercial and personal banking services and products. The bank has targeted business lending relationships while maintaining its presence in residential mortgage, construction, and consumer lending.

Over the past several years, the bank has made a number of acquisitions, including Family Bank on June 30, 1997 and County National Bank on December 2, 1997. As a result of these acquisitions, the bank's assets grew from \$359.3 million on December 31, 1996 to \$949.2 million on December 31, 1997. Acquisitions during 1998 included Unifirst Bank on July 2, 1998, First Bank on October 27, 1998, and two branches of Household Bank on November 20, 1998. As a result of these acquisitions, the number of banking centers increased from 35 to 89, and assets increased to \$2.9 billion as of December 31, 1998. However, because of timing issues, this examination's review period is through September 30, 1998. As of September 30, 1998, the bank's total assets were \$1.1 billion..

The bank has also entered into agreements to purchase Northside Bank of Tampa and Newberry Bank. Republic Security Bank's business strategy is to continue its focus on commercial relationship lending and consumer lending while maintaining a presence in the residential mortgage market. The bank plans to continue its growth through a combination of bank and branch acquisitions as well as de novo expansion of the branch network.

The bank does not have any financial or legal impediments that would hinder its ability to meet community credit needs. The bank received a satisfactory CRA rating at its last evaluation dated May 5, 1997.

The following table shows the composition of the bank's loan portfolio as of September 30, 1998 using financial data taken from the Consolidated Reports of Condition and Income.

INSTITUTION (Continued)

DESCRIPTION OF THE INSTITUTION (Continued)

COMPOSITION OF LOAN PORTFOLIO AS OF SEPTEMBER 30, 1998*		
Loan Type	\$ (000s)	Percent
Construction and Development	\$32,169	4.0%
Secured by One- to Four- Family Dwellings	\$269,727	33.6%
Other Real Estate:		
Farmland	\$336	0.0%
Multifamily	\$46,167	5.8%
Nonfarm nonresidential	\$267,460	33.3%
Commercial and Industrial	\$80,120	10.0%
Loans to Individuals	\$106,562	13.3%
Agricultural Loans	\$0	0.0%
Total	\$802,541	100.0%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category.
 Contra assets are also not included in this table.

As shown in the table above, the bank's loan portfolio includes a high percentage of nonfarm nonresidential loans as well as loans secured by one- to four-family dwellings. Because the bank has acquired several different banks since the previous examination, a comparison of the portfolio during the various time frames was determined to be unfeasible. Before its many acquisitions, Republic Security Bank was primarily a one- to four-family residential lender. The acquired banks' primary lending strategy was concentrated on small business loans. With the acquisitions, Republic Security Bank has attempted to evenly distribute the line of lending between loans secured by one- to four-family dwellings and nonfarm nonresidential loans. Loans to individuals represent the next largest line of lending at 13 percent with commercial and industrial loans following close behind at 10 percent.

DESCRIPTION OF OVERALL ASSESSMENT AREAS

As of September 30, 1998, Republic Security Bank defined its assessment areas as Palm Beach (also known as West Palm Beach assessment area), Broward, and Miami-Dade counties. In terms of population, Miami-Dade County is ranked first, followed by Broward County and then Palm Beach County. The population of these three counties represents nearly one-third the population of the state of Florida.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

Of the three counties comprising the South Florida region, Palm Beach continues to have the oldest population, and the greatest dependence upon migration from the northeast. It also has the highest income levels and highest manufacturing wages because of its stronger research and development presence. Broward County serves as the distribution center for the region, taking advantage of its location in the center of the region and the presence of a superior regional road network. Miami-Dade County has the youngest population, the highest percentage of financial and banking employment, and serves as the center for the region's emergence as a major international trade conduit because of its greater ties with Latin America.

Some of the major industries in Miami-Dade, Broward, and Palm Beach Counties are tourism, finance, real estate development, health care, and electronics.

The following tables show the demographics of the bank's assessment areas.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

Broward County

Category	WHOLE BANK						BROWARD ASSESSMENT AREA				
	Number		Percent		Number		Percent				
Distribution of Tracts											
Low-Income Tracts	66		10.3%		13		7.9%				
Moderate-Income Tracts	134		20.9%		32		19.5%				
Middle-Income Tracts	260		40.5%		77		47.0%				
Upper-Income Tracts	182		28.3%		42		25.6%				
Total Assessment Area	642		100.0%		164		100.0%				
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant		Owner-Occupied		Rental		
Low-Income Tracts	18,727	1.9%	66,308	11.3%	12,777	4.6%	4,011	1.1%	9,677	5.7%	1,985
Moderate-Income Tracts	154,969	15.5%	156,489	26.6%	51,503	18.7%	51,762	14.4%	41,257	24.4%	18,226
Middle-Income Tracts	486,883	48.8%	247,406	42.1%	112,608	40.9%	211,628	58.9%	89,777	53.2%	50,335
Upper-Income Tracts	337,908	33.8%	117,665	20.0%	98,370	35.7%	92,186	25.6%	28,144	16.7%	29,672
Total	998,487	100.0%	587,868	100.0%	275,258	100.0%	359,587	100.0%	168,855	100.0%	100,216
Housing Units - Percentage in Tract											
Low-Income Tracts	19.1%		67.8%		13.1%		25.6%		61.7%		
Moderate-Income Tracts	42.7%		43.1%		14.2%		46.5%		37.1%		
Middle-Income Tracts	57.5%		29.2%		13.3%		60.2%		25.5%		
Upper-Income Tracts	61.0%		21.2%		17.8%		61.5%		18.8%		
Total Assessment Area	53.6%		31.6%		14.8%		57.2%		26.9%		
Population - Tract Distribution	Families		Households		Population		Families		Households		
Low-Income Tracts	52,253	4.9%	85,089	5.4%	248,273	6.1%	8,778	2.6%	13,572	2.6%	41,834
Moderate-Income Tracts	196,878	18.4%	311,042	19.6%	796,886	19.6%	56,722	16.8%	92,736	17.6%	232,951
Middle-Income Tracts	497,773	46.6%	733,784	46.3%	1,858,834	45.8%	190,205	56.4%	300,975	57.0%	689,861
Upper-Income Tracts	320,226	30.0%	456,313	28.8%	1,152,107	28.4%	81,579	24.2%	120,577	22.8%	290,841
Total	1,067,130	100.0%	1,586,228	100.0%	4,056,100	100.0%	337,284	100.0%	527,860	100.0%	1,255,486
Population - Percentage by Income											
Low-Income	225,448	21.1%	382,693	24.1%			66,195	19.6%	120,162	22.8%	
Moderate-Income	187,808	17.6%	253,272	16.0%			61,635	18.3%	90,242	17.1%	
Middle-Income	224,283	21.0%	297,243	18.7%			75,933	22.5%	103,023	19.5%	
Upper-Income	429,591	40.3%	653,020	41.2%			133,521	39.6%	214,433	40.6%	
Total	1,067,130	100.0%	1,586,228	100.0%			337,284	100.0%	527,860	100.0%	
Families - Tract Distribution	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income
Low-Income Tracts	19.4%		13.4%	5.5%	2.9%	1.2%	14.0%		7.7%	2.8%	1.4%
Moderate-Income Tracts	33.0%		31.2%	24.9%	17.8%	9.2%	36.3%		29.8%	21.9%	16.2%
Middle-Income Tracts	35.9%		42.2%	51.3%	54.4%	42.9%	40.2%		51.2%	59.8%	62.4%
Upper-Income Tracts	11.7%		13.1%	18.3%	24.9%	46.7%	9.5%		11.4%	15.5%	20.0%
Total	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%
Families - Percentage in Tract											
Low-Income Tracts	40.1%		57.6%	19.8%	12.5%	10.1%	38.2%		57.7%	19.8%	12.2%
Moderate-Income Tracts	18.1%		35.8%	23.7%	20.3%	20.2%	15.4%		34.7%	23.7%	21.7%
Middle-Income Tracts	7.8%		19.1%	19.4%	24.5%	37.0%	5.1%		17.8%	19.4%	24.9%
Upper-Income Tracts	4.0%		9.3%	10.7%	17.4%	62.6%	2.8%		9.2%	11.7%	18.6%
Total Assessment Area	10.1%		21.1%	17.6%	21.0%	40.3%	7.1%		19.6%	18.3%	22.5%
Households Receiving Public Assistance	6.5%						4.0%				
Median Family Income							\$36,801				
Population Age	Age 65 and Over			Age 18 and Over			Age 65 and Over			Age 18 and Over	
	78.0%			18.3%			20.7%			79.6%	

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. These rounding errors are immaterial and have no effect on conclusions.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

Miami-Dade County

DEMOGRAPHIC COMPARISON											
Category	WHOLE BANK						DADE ASSESSMENT AREA				
	Number			Percent			Number		Percent		
Distribution of Tracts											
Low-Income Tracts	66			10.3%			39		14.6%		
Moderate-Income Tracts	134			20.9%			57		21.3%		
Middle-Income Tracts	260			40.5%			96		36.0%		
Upper-Income Tracts	182			28.3%			75		28.1%		
<i>Total Assessment Area</i>	642			100.0%			267		100.0%		
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant		Owner-Occupied		Rental		Vacant
Low-Income Tracts	18,727	1.9%	66,308	11.3%	12,777	4.6%	12,252	3.3%	50,122	15.8%	9,111
Moderate-Income Tracts	154,969	15.5%	156,489	26.6%	51,503	18.7%	48,351	12.9%	87,510	27.7%	14,205
Middle-Income Tracts	486,883	48.8%	247,406	42.1%	112,608	40.9%	153,540	40.8%	110,334	34.9%	28,200
Upper-Income Tracts	337,908	33.8%	117,665	20.0%	98,370	35.7%	161,863	43.0%	68,383	21.6%	27,417
<i>Total</i>	998,487	100.0%	587,868	100.0%	275,258	100.0%	376,006	100.0%	316,349	100.0%	78,933
Housing Units - Percentage in Tract											
Low-Income Tracts	19.1%		67.8%		13.1%		17.1%		70.1%		12
Moderate-Income Tracts	42.7%		43.1%		14.2%		32.2%		58.3%		9.
Middle-Income Tracts	57.5%		29.2%		13.3%		52.6%		37.8%		9.
Upper-Income Tracts	61.0%		21.2%		17.8%		62.8%		26.5%		10
<i>Total Assessment Area</i>	53.6%		31.6%		14.8%		48.8%		41.0%		10
Population - Tract Distribution	Families		Households		Population		Families		Households		Popu
Low-Income Tracts	52,253	4.9%	85,089	5.4%	248,273	6.1%	37,694	7.8%	62,476	9.0%	178,001
Moderate-Income Tracts	196,878	18.4%	311,042	19.6%	796,886	19.6%	90,481	18.6%	135,881	19.6%	376,282
Middle-Income Tracts	497,773	46.6%	733,784	46.3%	1,858,834	45.8%	192,219	39.6%	263,492	38.1%	764,591
Upper-Income Tracts	320,226	30.0%	456,313	28.8%	1,152,107	28.4%	164,819	34.0%	230,388	33.3%	618,220
<i>Total</i>	1,067,130	100.0%	1,586,228	100.0%	4,056,100	100.0%	485,213	100.0%	692,237	100.0%	1,937,094
Population - Percentage by Income											
Low-Income	225,448	21.1%	382,693	24.1%			113,168	23.3%	180,858	26.1%	
Moderate-Income	187,808	17.6%	253,272	16.0%			79,578	16.4%	101,755	14.7%	
Middle-Income	224,283	21.0%	297,243	18.7%			93,094	19.2%	121,009	17.5%	
Upper-Income	429,591	40.3%	653,020	41.2%			199,373	41.1%	288,615	41.7%	
<i>Total</i>	1,067,130	100.0%	1,586,228	100.0%			485,213	100.0%	692,237	100.0%	
Families - Tract Distribution	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income
Low-Income Tracts	19.4%		13.4%	5.5%	2.9%	1.2%	22.7%		19.1%	9.2%	5.2%
Moderate-Income Tracts	33.0%		31.2%	24.9%	17.8%	9.2%	30.4%		29.8%	25.3%	18.2%
Middle-Income Tracts	35.9%		42.2%	51.3%	54.4%	42.9%	34.7%		37.2%	44.7%	46.9%
Upper-Income Tracts	11.7%		13.1%	18.3%	24.9%	46.7%	12.2%		13.9%	20.9%	29.7%
<i>Total</i>	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%
Families - Percentage in Tract											
Low-Income Tracts	40.1%		57.6%	19.8%	12.5%	10.1%	41.3%		57.5%	19.4%	12.9%
Moderate-Income Tracts	18.1%		35.8%	23.7%	20.3%	20.2%	23.1%		37.3%	22.2%	18.7%
Middle-Income Tracts	7.8%		19.1%	19.4%	24.5%	37.0%	12.4%		21.9%	18.5%	22.7%
Upper-Income Tracts	4.0%		9.3%	10.7%	17.4%	62.6%	5.1%		9.5%	10.1%	16.8%
<i>Total Assessment Area</i>	10.1%		21.1%	17.6%	21.0%	40.3%	14.2%		23.3%	16.4%	19.2%
Households Receiving Public Assistance	6.5%						10.0%				
Median Family Income							\$31,113				
Population Age	Age 65 and Over			Age 18 and Over			Age 65 and Over		Age 18 and Over		
	78.0%			18.3%			14.0%		75.8%		

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. These rounding errors are immaterial and have no effect on conclusions.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

Palm Beach County

DEMOGRAPHIC COMPARISON												
Category	WHOLE BANK						PALM BEACH ASSESSMENT AREA					
	Number			Percent			Number			Percent		
Distribution of Tracts												
Low-Income Tracts	66			10.3%			14			6.6%		
Moderate-Income Tracts	134			20.9%			45			21.3%		
Middle-Income Tracts	260			40.5%			87			41.2%		
Upper-Income Tracts	182			28.3%			65			30.8%		
Total Assessment Area	642			100.0%			211			100.0%		
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant		Owner-Occupied		Rental		Vacant	
Low-Income Tracts	18,727	1.9%	66,308	11.3%	12,777	4.6%	2,464	0.9%	6,509	6.3%	1,681	1.7%
Moderate-Income Tracts	154,969	15.5%	156,489	26.6%	51,503	18.7%	54,856	20.9%	27,722	27.0%	19,072	19.8%
Middle-Income Tracts	486,883	48.8%	247,406	42.1%	112,608	40.9%	121,715	46.3%	47,295	46.1%	34,073	35.5%
Upper-Income Tracts	337,908	33.8%	117,665	20.0%	98,370	35.7%	83,859	31.9%	21,138	20.6%	41,281	43.0%
Total	998,487	100.0%	587,868	100.0%	275,258	100.0%	262,894	100.0%	102,664	100.0%	96,107	100.0%
Housing Units - Percentage in Tract												
Low-Income Tracts	19.1%		67.8%		13.1%		23.1%		61.1%		15.8%	
Moderate-Income Tracts	42.7%		43.1%		14.2%		54.0%		27.3%		18.8%	
Middle-Income Tracts	57.5%		29.2%		13.3%		59.9%		23.3%		16.8%	
Upper-Income Tracts	61.0%		21.2%		17.8%		57.3%		14.5%		28.2%	
Total Assessment Area	53.6%		31.6%		14.8%		56.9%		22.2%		20.8%	
Population - Tract Distribution	Families		Households		Population		Families		Households		Population	
Low-Income Tracts	52,253	4.9%	85,089	5.4%	248,273	6.1%	5,781	2.4%	9,041	2.5%	28,438	3.3%
Moderate-Income Tracts	196,878	18.4%	311,042	19.6%	796,886	19.6%	49,675	20.3%	82,425	22.5%	187,651	21.7%
Middle-Income Tracts	497,773	46.6%	733,784	46.3%	1,858,834	45.8%	115,349	47.2%	169,317	46.2%	404,383	46.8%
Upper-Income Tracts	320,226	30.0%	456,313	28.8%	1,152,107	28.4%	73,828	30.2%	105,348	28.8%	243,046	28.1%
Total	1,067,130	100.0%	1,586,228	100.0%	4,056,100	100.0%	244,633	100.0%	366,131	100.0%	863,518	100.0%
Population - Percentage by Income												
Low-Income	225,448		382,693				46,085		81,673			
Moderate-Income	187,808		253,272				46,595		61,275			
Middle-Income	224,283		297,243				55,256		73,211			
Upper-Income	429,591		653,020				96,697		149,972			
Total	1,067,130	100.0%	1,586,228	100.0%			244,633	100.0%	366,131	100.0%		
Families - Tract Distribution	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper Income
Low-Income Tracts	19.4%		13.4%	5.5%	2.9%	1.2%	13.4%		7.3%	2.8%	1.1%	0.5%
Moderate-Income Tracts	33.0%		31.2%	24.9%	17.8%	9.2%	39.2%		36.9%	28.3%	19.4%	9.0%
Middle-Income Tracts	35.9%		42.2%	51.3%	54.4%	42.9%	34.1%		41.8%	51.4%	56.0%	42.6%
Upper-Income Tracts	11.7%		13.1%	18.3%	24.9%	46.7%	13.3%		13.9%	17.5%	23.5%	47.9%
Total	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%
Families - Percentage in Tract												
Low-Income Tracts	40.1%		57.6%		19.8%		35.3%		58.4%		22.5%	
Moderate-Income Tracts	18.1%		35.8%		23.7%		12.0%		34.3%		26.5%	
Middle-Income Tracts	7.8%		19.1%		19.4%		4.5%		16.7%		26.8%	
Upper-Income Tracts	4.0%		9.3%		10.7%		2.7%		8.7%		17.6%	
Total Assessment Area	10.1%		21.1%		17.6%		6.2%		18.8%		39.5%	
Households Receiving Public Assistance	6.5%						3.8%					
Median Family Income							\$38,539					
Population Age	Age 65 and Over			Age 18 and Over			Age 65 and Over			Age 18 and Over		
	78.0%			18.3%			24.4%			80.4%		

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. These rounding errors are immaterial and have no effect on related analyses or conclusions.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS¹ (Continued)

The bank's assessment areas contain 642 census tracts. Of the 642 tracts, 66 (10 percent) are low-income; 134 (21 percent) are moderate-income; 260 (41 percent) are middle-income and 182 (28 percent) are upper-income. 23 (35 percent) of the low-income tracts have fewer than 100 owner-occupied housing units. Of these 23 tracts, 8 tracts are uninhabited or have low populations. Because of these demographic characteristics, the lowest level of loan originations is expected in low-income tracts.

Population Demographics and Income Statistics

The total population in the bank's assessment areas was 4,056,100 in 1990, with an increase of 12 percent (4,533,882) by July 1, 1997. The highest population growth was in Palm Beach County. Palm Beach County grew from 863,518 to 1,018,524, which was an 18 percent increase. Broward County's population increased from 1,255,488 to 1,470,758, a percentage change of 17 percent. MiamiDade County's population increased from 1,937,094 to 2,044,600. The State of Florida is an attractive place for retirees and many cities have a large population of senior citizens. Of the three counties in the bank's assessment area, Palm Beach County has 210,389 (24 percent) persons over the age of 65 compared to 260,098 (21 percent) persons over the age of 65 in Broward County, and 270,863 (14 percent) persons over the age of 65 in Dade County.

The assessment area contains a total of 1,067,130 families². The chart below shows the percentage of families living in each type of tract by income level.

PERCENTAGE OF FAMILIES BY CENSUS TRACT INCOME LEVEL					
Census Tract Income Level	Total Families	Low-Income Families	Moderate-Income Families	Middle-Income Families	Upper-Income Families
Low-Income	52,253	58	20	12	10
Moderate-Income	196,878	36	24	20	20
Middle-Income	497,773	19	19	25	37
Upper-Income	320,226	9	11	17	63
Total	1,067,130	21	18	21	40

According to this chart, of the 52,253 families living in low-income census tracts, 58 percent are low-income families. Only 5 percent of the total number of families live in low-income tracts and 18 percent

¹ Unless otherwise noted, demographic information was obtained from the 1990 Census.

² Families are defined as households with one or more other occupants related to the householder by birth, marriage, or adoption. Therefore, a single person living alone or two or more unrelated individuals living together are not considered a family.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

of the total families live in moderate-income tracts, with the highest number of families in each income category living in that respective tract type. 73 percent of the total number of low-income families live in moderate- and middle-income tracts. 76 percent of all moderate-income families reside in moderate- and middle-income tracts. Because 77 percent of the total number of families live in middle and upper-income tracts, it would be expected that a larger percentage of loans would be originated in these tracts.

According to the Department of Housing and Urban Development, the 1998 estimated median family income for the Broward MSA is \$49,200, which is a 34 percent increase from the 1990 median family income of \$36,801. The 1998 estimated median family income for the Dade MSA is \$39,200, which is a 26 percent increase from the 1990 median family income of \$31,113. The 1998 estimated median family income for the Palm Beach MSA is \$51,200, an increase of 33 percent from the 1990 median family income of \$38,539.

Of the total families in the assessment area, 21 percent are low-income; 18 percent are moderate-income; 21 percent are middle-income; and 40 percent are upper-income. 10 percent of the total number of families live below the poverty level. The highest percentage of families living below the poverty level reside in middle-income tracts and the highest percent of families in low-income tracts are below the poverty level. 40 percent (20,977) of the total number of families in low-income tracts are below the poverty level.

To estimate the percentage of families that are viable loan candidates, families that earn below the poverty level are factored out. The assumption is that families earning below the poverty level would not be able to qualify for a home loan without some form of assistance from public or private entities. The premise is made that all families earning below poverty wages are categorized as low-income. However, poverty level designation is based upon the number of persons in the family, where family income level is not. After these families are factored out, the family distribution levels shift in all income categories. In the low-income group, the family distribution adjusts downward from 21 percent to 11 percent. Conversely, family distribution in the moderate-income sector increased slightly from 18 percent to 20 percent. With low concentration of families above the poverty level in low-income tracts, a lower number of HMDA-reportable loans would be expected in these tracts.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

Economic Statistics.

Using the information from the U.S. Bureau of Labor statistics, employment figures for the assessment areas are shown in the following chart.

Unemployment Trends For The Month Of November			
ASSESSMENT AREAS	1998	1997	1996
Broward County	4.5	4.9	5.0
Miami-Dade County	6.7	7.0	7.4
Palm Beach County	5.6	5.8	6.2
State of Florida	4.3	4.6	4.9

No major fluctuations occurred in the unemployment rates in the bank's assessment areas (except for Miami-Dade County) or the state of Florida. The unemployment rate for the counties andMSAs remained above the state of Florida, but have gradually and consistently decreased between 1996 and 1998 because of the strengthening economy.

The five major industries in the assessment areas are as follows:

Type Of Industry	Number Of Employees	Number Of Establishments
Services and Other	856,322	54,033
Retail Trade	425,135	30,234
Manufacturing	155,443	6,309
Finance, Insurance & Real Estate	217,297	15,593
Wholesale Trade	143,594	15,239

Census data showed a total of 139,463 business establishments in the bank's assessment areas. The assessment areas' economies primarily draw on the service and retail trade industries, which have increased 21 percent and 7 percent respectively between 1990 and 1995. 133,828 (96 percent) of all the establishments in the assessment areas had fewer than 50 employees with 60 percent of the establishments in the service and retail trade industries.

INSTITUTION (Continued)

DESCRIPTION OF OVERALL ASSESSMENT AREAS (Continued)

Housing Statistics

Housing units in the bank's assessment areas totaled 1,861,613. 54 percent were owner-occupied units; 31 percent were rental units; and 15 percent were vacant units³. Housing throughout the assessment areas consists primarily of one- to four-family dwellings totaling 1,046,499 (56 percent) followed by multifamily dwellings (5 or more units) totaling 725,263 (39 percent). 4 percent of the housing units are mobile homes.

The following table depicts the distribution of housing units by census tract income level.

DISTRIBUTION OF HOUSING UNITS				
Census Tract Income Level	Total Units	Percentage Of Owner-Occupied Units To Total Units⁴	Percentage Of Rental Units To Total Units	Percentage Of Vacant Units To Total Units
Low-Income	97,812	19	68	13
Moderate-Income	362,961	43	43	14
Middle-Income	846,897	58	29	13
Upper-Income	553,943	61	21	18
TOTAL	1,861,613	54	32	15

Middle- and upper-income tracts have the greatest percentage of owner-occupied units. As a result, it is expected that the greatest number of home loans would be originated in these tracts. Fewer opportunities may exist for mortgage originations in low-income tracts because of the low percentage of owner-occupied units.

³ Vacant units include those that are for rent and for sale. It also includes units that have been recently rented or sold but where the new occupant has not yet moved in or those that are intended for use only in certain seasons or for occasional use.

⁴ The percentage is based on the total number of each unit type divided by the total number of housing units in each census tract level.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Preface

This section presents the facts and analyses used to evaluate the lending, investment, and service performance of the bank for the overall assessment area. It provides a comprehensive view of how the bank is addressing the banking needs in its entire assessment area. This section is followed by analyses of the bank's lending, investment, and service performance in each of the three MSAs (Broward, Dade, and Palm Beach). Each of these sections compares the bank's performance in that geographic area with the bank's overall performance.

Basis of Evaluating Statistical Data

Most of the charts compare lending activity under the lending test and branch distribution under the service test with relevant demographic percentages. This comparison facilitates the evaluation of whether the bank is performing above, at, or below standards. Generally, if the percentages for lending activity and branch distribution relating to low- and moderate-income persons or areas exceed the percentages for those demographics, then the performance of the bank for that topic is evaluated as exceeding standards. Conversely, as a general rule, if the percentages for lending activity and branch distribution relating to low- and moderate-income persons or areas are below the percentages for those demographics, then the performance of the bank for that topic is evaluated as below standards. If the percentages for lending activity and branch distribution parallel the demographic percentages, then the performance of the bank is generally evaluated as meeting standards for that topic. Valid reasons that can explain why the bank's performance is above or below comparable demographic data are taken into account.

Lending Test

The component rating for the lending test is determined by evaluating the following criteria: (1) the number and amount of the bank's home mortgage and small business loans in the bank's assessment area; (2) the geographic distribution of the bank's home mortgage and small business, loans; (3) the distribution in the bank's assessment area of the bank's home mortgage and small business, loans to borrowers of various income levels; (4) the complexity, dollar amount, innovativeness, and number of community development loans; and (5) the bank's use of innovative or flexible lending practices.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Activity

Loans reportable under the Home Mortgage Disclosure Act (HMDA) and small business loans were used for the lending analysis. For purposes of CRA, HMDA loans are those loans as defined in Regulation C. The loan categories are home purchase, home refinance, multifamily, and home improvement loans. Small business loans are loans with original amounts of \$1 million or less. Republic Security Bank did not report any small farm loans. Unless noted otherwise, the time period for the loan data is from January 1, 1997, through September 30, 1998.

Lending levels reflect very good responsiveness to assessment areas' credit needs. The bank offers consumer purpose loans, fixed and adjustable rate residential mortgages, and business loans. As discussed, the bank's loan volume has been increasing with emphasis on maintaining a mix of residential and small business loans. Republic Security Bank is rated a "outstanding" under the lending test based on its overall level of lending.

Republic Security Bank's average net loan-to-deposit ratio for the six quarters ended September 30, 1998 was 85.5 percent, which can be considered typical for this size bank. Although the bank's asset size has increased substantially since the previous examination because of its many acquisitions, the loan-to-deposit ratio from June 30, 1997 through June 30, 1998 has averaged around 85 percent. Three banks with branch presence in the bank's assessment areas have assets that range from \$959 million to \$1.2 billion and with loan-to-deposit ratios ranging from 74 percent to 88 percent.

The financial services market in Fort Lauderdale, West Palm Beach, and Miami is highly competitive. 68 financial institutions serve Broward, Miami-Dade, and Palm Beach counties with 1,386 branches. Republic Security Bank is ranked tenth based on deposit size with a market share of 1 percent within its assessment area. The bank's primary competitors are significantly larger than Republic Security Bank and are national banks. NationsBank and First Union each have a deposit share that is at least two times the market share of Republic Security Bank. A comparison of the competitors in the market is shown in the following table.

INSTITUTION (Continued)

COMPETITOR MARKET SHARE*				
Bank Name	Deposit Size (000s)	Market Share	No. Branches	Branch Distribution (%)
NationsBank	\$16,117,708	21%	301	22%
First Union Bank	\$13,146,885	17%	204	15%
Washington Mutual Bank FA	\$ 5,302,368	7%	86	6%
SunTrust Banks, N.A.	\$ 5,251,938	7%	79	6%
Home Savings of America	\$ 3,016,458	4%	25	2%
Citibank, FSB	\$ 2,766,097	3%	51	4%
Bank Atlantic, FSB	\$ 1,644,699	2%	33	2%
Republic National Bank of Miami	\$ 1,276,972	2%	28	2%
Union Planters Bank of Florida	\$ 1,223,148	1%	29	2%
Republic Security Bank	\$ 798,957	1%	35	2%
All Other Banks	\$26,909,605	35%	518	37%
TOTAL	\$77,454,835	100%	1,386	100%

*This information was obtained from the Market Share Report/Deposits of all FDIC-Insured Institutions as of June 30, 1998.

Lending Activity (Continued)

In comparison to the market share of various loan products, the chart below displays how Republic Security Bank ranks with the market in the various loan product types. This data is for 1997 only. Market data for 1998 has not yet been released.

LENDING ACTIVITY FOR 1997				
Loan Type	Total Originations (Market)		Total Originations (RSB)	
	#	% of Total	#	% of Total
Residential Mortgage Total	139,339	74	191	0.1
Home Purchase Total	87,842	47	164	
Refinancing	39,421	21	23	
Home Improvement	11,606	6	3	
Multifamily	470	1	1	
Small Business	48,293	25	259	0.5
TOTAL	187,632	100	450	100.0

Overall, based on 1997 aggregate HMDA data, Republic Security Bank is a small originator and purchaser of residential mortgage loans in the assessment area with a market share of 0.1 percent. In line with the bank's business focus, Republic Security Bank's largest market share was in small business lending.

INSTITUTION (Continued)

The table below illustrates the geographic distribution of HMDA-reportable originations and purchased loans for Republic Security Bank and the aggregate. Only 1997 data is available for comparison.

MARKET COMPARISON OF HMDA LENDING FOR 1997				
CENSUS TRACT LEVEL	PERCENTAGES			
	LOANS	AGGREGATE	OWNER-OCCUPIED UNITS	FAMILIES
Low-Income	4	2	2	5
Moderate-Income	18	11	15	18
Middle-Income	43	46	49	47
Upper-Income	35	41	34	30
TOTAL	100	100	100	100

When compared with the aggregate and the demographics, the bank compares very favorably for lending in low- and moderate-income tracts. In addition, the market aggregate was slightly low in low- and moderate-income tracts when compared with the demographics of the census tracts.

Assessment Area Concentration

A high percentage of the bank's lending occurs inside its assessment areas. Of the 479 HMDA loans, 89 percent are inside the bank's assessment areas, and of the 715 small business loans, approximately 100 percent are inside the bank's assessment areas. Overall, 95 percent of the loans and 96 percent by dollar amount are inside the bank's assessment area, indicating the bank's willingness to originate loans that meet the credit needs of its assessment area. The following table illustrates the bank's lending inside and outside its assessment area.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA										
Loan Type	IN				OUT				TOTALS	
	Number	Percent	\$ (000s)	Percent	Number	Percent	\$ (000s)	Percent	Number	\$ (000s)
Small Business	711	99.4%	\$93,942	99.8%	4	0.6%	\$180	0.2%	715	\$94,122
Residential Loans	427	89.1%	\$52,817	89.7%	52	10.9%	\$6,036	10.3%	479	\$58,853
TOTAL	1,138	95.3%	\$146,759	95.9%	56	4.7%	\$6,216	4.1%	1,194	\$152,975

Geographic Distribution

The geographic distribution of loans by census tracts income levels reflects adequate penetration throughout the assessment areas. Factors taken into consideration in reviewing the bank's performance in this area include characteristics such as population demographics, poverty levels, and the percentage of one- to four-family housing units located within tracts by income level. In addition, the percentage of the bank's HMDA-

INSTITUTION (Continued)

Geographic Distribution (Continued)

reportable loans to applicants residing in tracts by income level was compared to aggregate market performance and several peer banks.

The following table shows the geographic distribution of all HMDA loans combined. Selected demographic information about the tracts is included as a basis for comparison.

GEOGRAPHIC DISTRIBUTION OF HMDA LOANS						
CENSUS TRACT LEVEL	LOANS		OWNER-OCCUPIED UNITS		FAMILIES	
	Number	Percentage	Number	Percentage	Number	Percentage
Low-Income	11	3	18,727	2	52,253	5
Moderate-Income	67	16	154,969	15	196,878	18
Middle-Income	199	46	486,883	49	497,773	47
Upper-Income	150	35	337,908	34	320,226	30
TOTAL	427	100	998,487	100	1,067,130	100

Because a small percentage of owner-occupied housing units are located in low-income tracts, few HMDA originations would be expected in those tracts. In comparison with the percentage of families in moderate-income tracts, overall HMDA lending is slightly lower in moderate-income tracts. It should be noted that 40 percent of families living in low-income tracts and 18 percent of families living in moderate income tracts are below the poverty level. In addition, there are significantly fewer owner-occupies units than families in these tract types. As such, the lending reflects good penetration by tract type. The following chart lists some of the reasons for the lending limitations in a few of these tracts, in addition to some of the low-income tracts. Most of the tracts are located in Palm Beach County.

INSTITUTION (Continued)

TRACTS WITH LOW OR NO LENDING OPPORTUNITIES				
COUNTY	TRACT	FAMILIES	OWNER-OCCUPIED UNITS	REASON FOR NO LENDING
99	80.01	794	372	Located west of the Everglades. The branches for Palm Beach County are located east of the Everglades.
99	77.17	2,787	4,012	Lake and state park comprise 50 percent of the census tract.
99	81.02	0	0	Located west of the Everglades. The branches are located east of the Everglades.
99	83.01	481	78	Same reason as above.
99	82.01	1,145	327	Located west of the Everglades. The branches are located east of the Everglades.
11	423.99	0	0	Census tract is only 0.1 miles large. There is zero population, zero families, and zero owner-occupied units.
11	1102.00	0	0	The tract is comprised entirely of an idian reservation.
25	37.99	0	0	Census tract is only 0.1 miles large.
25	45.99	0	0	Census tract is a state park.
Total	9	5,207	4,789	

Small Business Lending

The following table shows the geographic distribution of small business loans. Selected demographic information about the tracts is included as a basis for comparison.

GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS				
CENSUS TRACT INCOME LEVEL	LOANS		BUSINESSES	
	Number	Percentage	Number	Percentage
Low-Income	54	8	13,414	7
Moderate-Income	156	22	34,535	18
Middle-Income	270	38	73,939	40
Upper-Income	231	32	60,790	33
Other			3,735	2
TOTAL	711	100	186,413	100

The geographic distribution of small business loans reflects very good penetration throughout the assessment area when compared to the number and percentage of small businesses located in these

INSTITUTION (Continued)

tracts. According to the data from Dun and Bradstreet, the percentage of businesses in the various census tract income levels closely paralleled the number of loans originated by the bank.

Distribution by Borrower Profile

Overall, the distribution of lending reflects good penetration among customers of different income levels, given the product lines offered. The following table shows the percentage distribution of the bank's HMDA-reportable loans by the income level of the borrower.

DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL									
BORROWER INCOME LEVEL	LOAN TYPE								TOTAL FAMILIES
	Conventional		Multifamily		Refinancing		Home Improvement		
	Number	%	Number	%	Number	%	Number	%	%
Low-Income	38	13	0	0	10	8	0	0	21
Moderate-Income	66	23	0	0	20	15	1	20	18
Middle-Income	41	15	0	0	37	27	1	20	21
Upper-Income	126	44	0	0	56	41	2	40	40
Income Unknown	13	5	3	100	12	9	1	20	
TOTAL	284	100	3	100	135	100	5	100	100

For HMDA-reportable loans, the bank has a good record of lending to borrowers of different income levels for most loan types. Penetration was low to low-income borrowers for conventional and refinance loans. (It should be noted that the percentage of lending in the home improvement area is probably skewed because of the low number of these loans made.) The low level of penetration for conventional lending can be partially attributed to the lack of affordable homes for low-income families in the assessment area. According to management, new home starts were between \$110,000 and \$125,000. In the resale market, the median sales price was slightly above \$100,000. At these prices, homes are basically unaffordable to most low- and some moderate-income families.

The following table shows the percentages of HMDA loans to borrowers of different income levels for the bank and the aggregate. Only 1997 lending data is available for competitor comparison.

INSTITUTION (Continued)

MARKET COMPARISON OF HMDA LENDING FOR 1997			
Borrower Income Level	PERCENTAGES		
	LOANS	AGGREGATE	FAMILIES
Low-Income	15	6	21
Moderate-Income	23	18	18
Middle-Income	15	25	21
Upper-Income	43	46	40
Income Unknown	4	5	
Total	100	100	100

The low percentage of lending to low-income borrowers may be attributed to the lack of affordable homes, as already stated, and the high competition in the assessment area. Also, according to HMDA data, most low-income borrowers are denied because of derogatory credit histories, high debt-to-income ratios, and insufficient cash to close. The distribution of borrowers reflects good penetration among customers of different income levels when compared to market.

Commercial and industrial lending, including nonfarm nonresidential real estate loans, accounted for 43 percent of the bank's portfolio on September 30, 1998. The following table depicts, by loan size, the number and dollar volume of loans originated by Republic Security Bank that are considered small business loans.

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE				
LOAN AMOUNT	NUMBER OF LOANS	PERCENTAGE OF LOANS	DOLLARS (\$000s)	PERCENTAGE OF DOLLARS
\$100,000 or less	495	70	19,844	21
\$100,001- \$250,000	116	16	20,510	22
\$250,001-\$1 million	100	14	53,588	57
TOTAL	711	100	93,942	100

The bank demonstrates good penetration of loans to businesses of different sizes. 77 percent (549) of the loans and 69 percent (\$65,088M) of the dollars were extended to businesses with revenues of \$1 million or less, which indicates the bank's willingness to meet the needs of small businesses.

Responsiveness to Credit Needs of Economically Disadvantaged Groups

The bank exhibits a good record of serving the credit needs of low-income individuals and very small businesses in the area. As indicated by the lending data analysis, the bank has been able to penetrate low-income tracts given the demographics in these areas. Considering the demographic characteristics in moderate-income tracts, particularly the percentage of families in these tracts, loan opportunities may

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

exist for the bank for HMDA lending. However, because management believes that low-income tracts are the most economically disadvantaged, the bank's lending efforts have been targeted more toward these tracts than the moderate-income tracts. The bank demonstrated good penetration of small business lending throughout the assessment area and to businesses of different sizes. Penetration of residential loans to low- and moderate-income borrowers was generally good. Management indicated that several residential real estate loan originators have been hired to target low- and moderate-income borrowers.

Community Development Lending

The bank has not made a large volume of community development loans. However, many of the loans that might have qualified as community development lending have been classified as small business loans because of the reporting requirements for the Act. Overall, the bank has made two community development loans totaling \$104,555. In addition, a total of 21 multifamily housing loans totaling \$5,190,000 were made.

Use of Innovative or Flexible Lending Practices

Republic Security Bank makes use of flexible and innovative lending practices in serving assessment area credit needs. The bank offers and participates in several programs with flexible and innovative underwriting criteria, including some that are comparable in nature to those products offered by similarly situated lenders. The next chart depicts the most frequently used programs offered, general underwriting guidelines, as well as the number and dollar amount of loans.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

AFFORDABLE HOUSING PROGRAMS			
Loan Program	# of Loans	\$ of Loans	Program Description
HOME Program	27	\$1,370,950	Home ownership assistance programs administered by Housing and Community Development – County of Palm Beach. The program assists households who have income at or below 80 percent of the Department of Housing and Urban Development (HUD) area median income. The county subsidizes the private mortgage; the amount of assistance depends on total household size and income. The subsidy is a 0% interest deferred secured second mortgage and is forgiven at the end of the mortgage term if the applicant has continued to maintain the house as his principal residence.
SHIP Program	27	\$1,685,500	State Housing Initiative Program (SHIP). A partnership between Palm Beach County and local lending institutions established for the specific purpose of providing reduced-rate mortgage loans to first-time home buyers for construction of new homes, acquisition and rehabilitation of existing homes.
Rehabilitation Program	1	\$52,860	See description of the HOME Program.
Mayor's Renaissance Fund	3	\$140,500	This program is through a partnership between the city of West Palm Beach and local lending institutions in order to provide reduced-rate mortgage loans to first-time home buyers for the construction of new homes, and acquisition and rehabilitation of existing homes. The intent of the program is for the private lender to provide as much of a mortgage loan as the applicant can afford and for the city to subsidize the remainder of the purchase price through a variety of housing assistance programs.
CRA Builder	1	\$77,600	Loan product designed by the bank. Primarily offered to assist low- and moderate-income individuals desiring to build a home by providing for a reduced fixed interest rate and low closing costs.
City of Hollywood	1	\$76,000	This program is through a partnership with the City of Hollywood to provide reduced rate mortgage loans for very low-, low- and moderate-income families. The city provides funds for the construction of new houses, purchase of existing homes, and rehabilitation of homes already owned by Hollywood residents. The city provides a second mortgage up to \$10,000 for down payment and closing cost assistance for the purchase of existing homes, and up to \$20,000 for the construction of a new home. 0% interest is also offered for deferred mortgages that do not need to be repaid until the property is sold or refinanced.

Republic Security Bank is most active in the SHIP and HOME programs. Because the bank was most active in originating home mortgages in Palm Beach County before its many acquisitions, it is reasonable that the majority of the programs were implemented in Palm Beach County. The two newest programs are with the City of Hollywood and the CRA Builder, which are modeled after many of the affordable housing programs available throughout the state. In addition, the bank offers other programs, but has not been as successful in marketing these as the ones shown in the chart.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Lending Test (Continued)

Republic Security Bank also participates in the Small Business Administration's Low Doc Program. This program assists small businesses that cannot obtain private financing on reasonable terms and also assists entrepreneurs starting new businesses that are independently owned and operated for profit, and have a minimum equity invested of 35 percent. During the review period, the bank made eight small business loans under this program totaling \$2,249,915.

Republic Security Bank offers an accounts receivable product designed for small businesses called the "Cash Flow Manager." This credit product is combined with a billing service that enables the customer to obtain funds to carry accounts receivable. The underwriting on this credit product is very flexible and allows businesses to obtain financing that might not be available under normal credit underwriting guidelines. Republic Security Bank lent \$2,860,000 to eight small businesses taking advantage of this product.

Investment Test

The investment test evaluates the bank's record of helping to meet the credit needs of its assessment areas through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. Usually, activities considered under the lending or service tests may not be considered under the investment test.

A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: (1) affordable housing, (2) community services targeting low- and moderate-income individuals, (3) activities that promote economic development by financing small farms and small businesses, and (4) activities that revitalize or stabilize low and moderate-income geographies.

The institution's performance is evaluated pursuant to the following criteria: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; (3) the responsiveness of qualified investments to credit and community development needs; and (4) the degree to which the qualified investments are not routinely provided by private investors.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Investment Test (Continued)

Republic Security Bank is rated "high satisfactory" under the investment test based upon its level of qualified investments. Many of the bank's qualified investments are not routinely provided by the private sector. Also, most of the investments addressed the most pertinent needs of the bank's community, which are affordable housing and small business financing.

Level of Qualified Investments

Republic Security Bank has participated in 26 qualified investments totaling \$3.9 million in the form of grants, contributions, and debt and equity investments. The following paragraphs summarize the bank's investments:

Federal National Mortgage Association (FNMA) Pool 73127 – \$2,000,000. Issue date. 6/1/95 –Maturity date 7/1/2002. This pool was underwritten under FNMA's delegated underwriting and service program (DUS) for financing multifamily low- to moderate-income housing units. Property information is shown as Park Plaza Apartments 8140 SW 22nd Avenue, Pompano Beach, Florida 33068. This multifamily complex has one-, two-, and three-bedroom apartment units. The one-bedroom units rent for \$579 to \$609 per month. The two-bedroom units rent for between \$679 and \$709 per month. The three-bedroom units rent for \$795 to \$825 per month. The multifamily property financed by this pool qualifies as a low- to moderate-income property.

Housing Finance Authority of Lee County, Florida – Single Family Mortgage Revenue Bonds - \$1,780,000. Maturity of 3/17/2001. (This total is not included in Dade, Broward, or West Palm Beach's metropolitan assessment areas' totals.)

Greater Miami Local Initiatives Support Corporation (LISC) – \$15,000 initial investment. The LISC promotes and provides community development grants and technical assistance through several community development corporations (CDCs) that target various organizations located in low- and moderate-income areas in order to revitalize or support empowerment zones in the community.

First Housing Development Corporation of Florida \$10,000 – The bank is a member of this corporation, which provides funding for multifamily housing projects for low- and moderate-income families.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Investment Test (Continued)

Community Reinvestment Group (CRG) – \$5,000 annual investment. Republic Security Bank is a charter member of this limited liability corporation that was formed to fulfill the need perceived by community development corporations in the tri-county area (Palm Beach, Miami-Dade, and Broward counties). CRG provides interest-free loans to the CDCs, which enables them to purchase properties and/or commence rehabilitation projects while waiting for grants to be received.

City Center Partnership – \$40,000 initial investment. Republic Security Bank has contributed \$40,000 as part of this loan guarantee program. Each bank that is a member of this program provides loan guarantees on loans made by member banks to retail, residential, or office development projects in the Downtown Development Authority District (West Palm Beach) Redevelopment.

Black Business Investment Corporation (BBIC) – \$5,000 initial investment. The bank is an equity subscriber of this nonprofit corporation. BBIC assists black businesses that may not be able to obtain financing to receive financing up to 50 percent of the loans. The banks that are equity subscribers grant the loans.

In addition, Republic Security Bank has made financial contributions to a variety of nonprofit organizations, which provide services to low- and moderate-income individuals or in low- and moderate-income areas. Some of the major contributions are shown in the following chart:

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

CHARITABLE DONATIONS		
Name of Organization	Grant/Contribution	Service Provided
Paint your Heart Out	\$2,000	Nonprofit organization that assists low- and moderate-income individuals with painting or rehabilitation projects for their home
Limestone Creek CDC	\$1,500	Community Development Corporation that provides housing/rehabilitation assistance to low- and moderate-income individuals
City of Hollywood Partnership Program	\$1,000	Partnership with local banks to provide affordable housing to purchase homes in Hollywood
Jay Ministries	\$1,000	Provides various services to low- and moderate-income individuals
Palm Beach Affordable Housing Collaborative	\$1,000	Provides affordable housing opportunities to low- and moderate-income individuals
Café Joshua	\$750	Nonprofit organization that transitions individuals from homelessness to self-sufficiency
Peer Center	\$500	Provides various services to at-risk children located in low- and moderate-income areas
Broward Partnership for Homeless	\$400	Provides various services to the homeless
Housing Services of Palm Beach	\$350	Works with low- and moderate-income families to obtain affordable housing
Community Resource Center	\$300	Community center located in a low- and moderate-income area of West Palm Beach that provides day-care facilities and other activities to low- and moderate-income individuals
Habitat for Humanity	\$250	Nonprofit organization that helps provide housing services to low- and moderate-income families

Level of Innovativeness and Complexity of Qualified Investments

Most of the bank's qualified investments were not innovative or complex. However, the investments purchased by the bank and the grants and donations provided to various nonprofit organizations have promoted much needed community development by providing affordable housing, revitalizing depressed areas, and by advocating the needs of small businesses.

Responsiveness of Qualified Investments to Credit and Community Development Needs

Republic Security Bank's responsiveness to community needs is evidenced by the number of investments grants and donations extended by the bank during the review period. The contributions and grants supported organizations that provided or promoted credit counseling, affordable housing seminars, youth education, scholarships for at-risk youths, life application skills to low- and moderate-income families, and small business development in the community. In addition, the bank's investments, grants, and donations are responsive to the needs of the community in that they are not very attractive to private investors since they do not yield financial returns that investments normally yield.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Degree to which Qualified Investments are not Routinely Provided by Private Investors

As stated earlier, many of the bank's qualified investments are not routinely provided by the private sector because they do not yield financial returns. If it were not for the grants and contributions provided by Republic Security Bank and other financial institutions to various nonprofit organizations that have a purpose of community development, many of these organizations would not be able to function.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Service Test

The service test evaluates the bank’s record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of a bank’s systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank’s retail banking services are evaluated pursuant to the following criteria: (1) the distribution of the bank’s branches among geographies of different income levels; (2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; (3) the availability and effectiveness of alternative delivery systems for delivering retail banking services; (4) the range of services provided in low-, moderate-, middle-, and upper-income geographies; and (5) level of community development services provided.

Republic Security Bank is rated “high satisfactory” under the service test based on its distribution of branches, the accessibility of retail banking services in its assessment area, its level of alternative delivery systems, and its level of community development services.

Distribution of Branches

Republic Security Bank operates 35 branches throughout Broward, Miami-Dade, and Palm Beach counties. 13 of these branches are in Broward County, 8 branches are in Miami-Dade County, and 14 branches are located in Palm Beach County. The chart below displays the distribution of the bank’s branches by income level of census tracts.

SERVICE TEST				
Tract Income	Branches		ATMs	
	Number	Percent	Number	Percent
Low-Income Tracts	0	0.0%	0	0.0%
Moderate-Income Tracts	3	8.6%	2	7.7%
Middle-Income Tracts	22	62.9%	14	53.8%
Upper-Income Tracts	10	28.6%	10	38.5%
<i>Total Assessment Area</i>	35	100.0%	26	100.0%

Information contained in this chart does not reflect remote ATMs or separate drive-in facilities

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Service Test

Branches are accessible to essentially all portions of the bank's assessment area including low-income areas. Although no branches are in low-income census tracts, a review of maps depicting branch locations indicates that several branches in moderate- and middle-income census tracts are adjacent to low-income tracts, thereby making retail-banking services reasonably accessible to these areas. In addition, less than 5 percent of the population and 7 percent of the businesses are in low-income census tracts. The percentage of branches in moderate-income census tracts is also low when compared to the percentage of families (18 percent) and businesses (19 percent) in these tracts. Distribution of branches in middle- and upper-income census tracts is considered reasonable.

Alternative Delivery Systems

Republic Security Bank provides an adequate level of alternative delivery systems and services that include ATMs, telephone banking, and personal computer banking. These systems and services enhance access to both loan and deposit services and are provided to all individuals, including low- and moderate-income individuals and to those individuals located in low- and moderate-income census tracts. In addition, free checking is offered to anyone that has direct deposit.

The bank has a network of 32 ATMs. 26 of the ATMs are at the branches and 6 are remote locations. Of the 26 branch ATMs, none are in low-income census tracts, 2 are in moderate-income census tracts, 14 are in middle-income census tracts, and 10 are in upper-income census tracts.

Republic Security Bank also operates a 24-hour banking service. The bank has 800 numbers in order to allow customers from all communities access to customer service representatives and the automated telephone response system without having to call long distance. The automated telephone response service provides account information, fund transfer capabilities, loan application options, and check services such as stop payment and new check ordering over the telephone. Moreover, 24-hour service associates are available if personal service is required.

Republic Security Bank offers PC Banking even though this is usually not an alternative delivery system used by most low- and moderate-income families.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Opening and Closing of Branches

Since the previous examination, because of its many acquisitions, the bank has opened but not closed branches. A few of the branches were relocated. Republic Security Bank has a branch closing policy that meets federal regulatory guidelines.

Reasonableness of Branch Hours and Availability of Banking Services

The availability and the extent of services by geography were reviewed. The bank offers a full range of services at each location. The office hours are consistent and reasonable at each branch location.

Community Development Services

Republic Security Bank has participated in an outstanding level of community development services. The bank has sponsored banking, credit, and homeownership seminars for low- and moderate-income families and areas, and provided financial expertise to various organizations by serving on their boards or loan committees. The chart below lists some of the major organizations and seminars sponsored by the bank, along with the level of service provided by the bank.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Community Development Services (Continued)

COMMUNITY DEVELOPMENT SERVICES			
County	Organization	Type of Organization	Activity/Service Provided
Miami-Dade	Community Reinvestment Group	Limited liability corporation. Nonprofit formed to assist CDC's with seed money at 0% interest rate to purchase and/or renovate properties while awaiting grant funds.	Officers are members of CRGs committee. They provide technical advice, assist with marketing efforts and maintain corporation documents. RSB also provides the servicing of the loans CRG makes.
Miami-Dade	Greater Miami Local Initiatives Support Corporation (LISC)	Nonprofit corp. assists and supports local Miami-Dade CDCs affordable housing, pre-development. Loans, jobs, and income initiative for employee and training programs, development of community based childcare.	RSB is a member. One of RSB's EVPs serves on the advisory board and provides technical advice, reviews loan requests, etc.
Miami-Dade/All of Florida	First Housing Development Corporation of Florida	Facilitates funding for multifamily housing projects throughout the state of Florida for low and moderate-income families.	RSB is one of the owners of First Housing Corp (it is owned by 16 banks). One of RSB's EVPs is a director of First Housing Corp; he provides technical advice and approves projects for funding.
Miami-Dade	North Dade Credit Counsel	Nonprofit organization. Provides budgeting and credit counseling for consumers.	One of RSB's branch managers is a member of this organization and provides technical advice, assists with credit counseling.
Miami-Dade	Florida Credit Counsel	Nonprofit organization- provides budgeting and credit counseling for consumers.	One of RSB's branch managers is a member of this organization and provides technical advice, assists with credit counseling.
Miami-Dade	High Oaks Middle School	School in low- to moderate-income census tract.	CRA officer provides training to classes with reference to opening a bank account, applying for a loan, etc.
Miami-Dade	Salvation Army	Nonprofit organization that provides food and shelter to low- and moderate-income individuals.	One of the bank's officers is a director for Salvation Army; she provides technical assistance and volunteers for special projects.
Miami-Dade	Campbell Drive Middle-School	School in low- to moderate-income area.	The bank donated checkbook covers and registers for a training session in banking – how to reconcile the checkbook, etc. One of the bank's branch managers spoke to the students on financial management and credit.
Broward	Liberia Social and Economic Development Corporation	Multi-faceted community. Economic development program that improves overall well being of low- and moderate-income residents, enhances and revitalizes economic conditions, and increases available affordable housing, and employment.	Bank senior officer is president of LES. Volunteers time, offers technical advice, organizes youth and adult programs, oversees building of homes, etc.

Broward	Deerfield Beach Business Alliance	Works with Fannie Mae, FEMA. Environmental Protection Agency, Board and county emergency management to assist small business to take proactive action to protect their businesses and employees. Provides seminars to homeowners and small business owners, and works with banks to provide funding for small businesses.	Two of the bank's officers are members of this organization and offer technical advice and assist with projects.
Broward	City of Hollywood	Partnership with local banks to provide affordable housing financing to purchase homes in Hollywood- City of Hollywood provides subsidies for these loans. Provides homeownership workshops.	RSB is a partner with City of Hollywood. One of RSB's loan officers assisted with a homeownership workshop for Hispanic residents. RSB sponsored this workshop.
Broward	Town of Davie	Affordable Housing Advisory Committee - under SHIP Program. Provide affordable housing for LMI families.	Branch manager serves on committee and offers technical advice.
Broward	Town of Davie	Community Development Board recipient of federal funds via HUD under Community Development Block Grant –enhance the quality of life for LMI – provide financial assistance for home and roof repair, fair housing education and outreach, homeless assistance and prevention.	Branch manager serves on Board and offers technical advice.
Broward	Broward Affordable Housing Task Force	Assist in coordinating efforts in providing affordable housing.	CRA lending officer is a member of this task force. Assists with projects and provides technical advice.
Broward	Legal Aid Service of Broward County	Nonprofit law firm that provides free legal advice, representation and education to LMI individuals to improve lifestyle, living conditions and encourage self-sufficiency.	One of RSB's EVPs participated in the firm's assessment study and provided technical advice.
Palm Beach	Consumer Credit Counseling	Warm up to Home Ownership	Bank sponsored, lenders gave presentation on mortgage application and closing processes.
Palm Beach	WPB Housing Authority	Developing HOPE VI grant application for submission to HUD "pleasant city project" for LMI area.	Bank officer assisted WPB Housing Authority in developing the HOPE VI grant application.
Palm Beach	Northern Palm Beaches Chamber of Commerce Economic Development CRA Alliance Committees	Committee to support Renaissance Village – provide facility to house 200 + residents –(primarily LMI families).	Officer of bank is on the CRA alliance committee. Provides assistance and technical advice.
Palm Beach	Project Lake Worth, Inc. Showcase of Homes	Nonprofit corporation actively involved in efforts to improve quality of life for residents in Lake Worth (LMI area).	Bank sponsored Showcase of Homes and had lenders attend to explain RSB's affordable housing programs.
Palm Beach	Urban League of Palm Beach County First Time Homebuyers Seminar	Nonprofit organization that assists African Americans and other minorities primarily from LMI areas with public education, research, and program services.	Bank sponsored event that CRA lending officers attended in order to explain affordable housing programs. Officers also assisted in fund raising activities.

Palm Beach	Limestone Creek CDC	Community Development Corporation	Several bank officers provide technical advice and work with the CDC. One of RSB's officers is on the steering committee for the community center. The bank also works with this CDC to provide affordable housing loans to LMI individuals to buy homes – most of the mortgages are subsidized.
Palm Beach	Mayor's Renaissance Fund	Partnership with local banks for providing reduced-rate mortgage loans to first time (primarily LMI home buyers)	The bank is a lending partner and one of CRA lending officers works closely with the City of WPB and WPB Housing and Community Development Department on this fund, offering technical advice, assisting with credit counseling, homebuyers fairs, etc.
Palm Beach	Riviera Beach CDC	Community Development Corporation	Bank works with CDC to provide affordable housing loans to LMI individuals to buy homes. Mortgages are subsidized. One of RSB's CRA lending officers works very closely with this CDC providing technical advice, assisting with open houses, credit counseling, etc.
Palm Beach	Palm Beach Homebuyer Program	Palm Beach county program to develop policies administered by Housing and Community Development Department to govern all programs: SHIP, DCBG, HOME, etc. federal or state grants.	Bank works with this program to assist LMI individuals in purchasing affordable housing through RSB's loan programs and subsidies. One of RSB's CRA lending officers works very closely with this program.
Palm Beach	SHIP Program	Funds provided to subsidize mortgages for LMI borrowers.	Same as above.
Palm Beach	Commission of Affordable Housing	Advisory Committee	Two bank officers are members of this committee and provide technical advice. Another bank officer is a member of the Commission.
Palm Beach	LISC – Palm Beach	Nonprofit organization that works with CDCs.	One of RSB's officers is on the advisory committee. One of RSB's officers helped develop and underwrite the financial analysis portion of a Direct Technical Assistance Program used to give more hands on training to the CDCs. Bank has provided materials for training, conferences, etc.
Palm Beach	WPB Minority Business Development Center	Nonprofit organization that assists minority businesses.	Bank has helped to sponsor seminars to minority business owners.
Palm Beach	SunCoast Chamber of Commerce	Organization created to narrow economic gaps between the majority and minority community. Partners with Minority Business Center, BBIC (provides loan guarantees to banks lending to black-owned businesses). Provides elementary business education partnership, etc.	Bank supports several programs sponsored by Chamber. Bank officer is member of chamber and provides technical advice and assists on various committees.
Palm Beach	Housing Partnerships, Inc.	Nonprofit organization that provides affordable housing and related services to LMI families. Provides home buyer workshops.	Bank has worked with organization on subsidies for affordable housing loans. Bank officer has provided technical advice and volunteered to assist with their training efforts.

Palm Beach	Community Financing Consortium	Nonprofit organization that partners with banks and established small loan multifamily rental pool to provide acquisition, rehabilitation, construction and permanent financing to developers of affordable housing and rental developments in LMI areas.	RSB bank is a member of this consortium. Officers provide technical advice.
Palm Beach	Daily Bread Food Bank	Nonprofit organization that distributes food to the needy.	Employee is a board member of this organization and provides technical advice.
Palm Beach	Habitat for Humanity	Nonprofit organization that provides free and inexpensive housing and home repairs for LMI families.	Officer is a member of Habitat for Humanity and provides technical advice. Several employees volunteer each year to help build homes.
Palm Beach	Business Development Board of Palm Beach	Assists in the development of areas in Palm Beach including LMI areas.	CEO is an officer/director of this organization and offers technical advice.
Palm Beach	Inner City Impact	Nonprofit organization that assists LMI school children and provides tutoring, field trips, summer camp, and counseling activities.	Bank sponsors a reward program with the children. The bank opens savings accounts and credits them with a certain amount of money when the children receive good grades. Money will be used for school supplies, education expenses, etc. Bank also provides tour of one of RSB's branches and teaches students how to open accounts and how to apply for loans, etc.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

Compliance with Antidiscrimination Laws

Republic Security Bank solicits applications from all segments of its communities, including low- and moderate-income areas. The bank's policies and internal control procedures are adequate to ensure that the evaluation of credit applications is based solely on financial and economic considerations. No evidence of prohibited discrimination or other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations. Fair lending training has been provided to bank employees.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WEST PALM BEACH, FLORIDA

The West Palm Beach assessment area consists of Palm Beach County, which is the Palm Beach MSA. The bank operates 14 branches and 12 ATMs in this assessment area. The bank also operates one ATM/drive-in (detached from other branches) and five remote ATMs. The majority of the bank's lending in West Palm Beach is concentrated in real estate, small business, and consumer loans.

The table shown earlier in the report has selected demographic characteristics for the West Palm Beach assessment area in comparison to demographics for all the bank's assessment areas combined.

The total population in the assessment area was 863,518 as of the 1990 Census with an estimated increase of 18 percent to 1,018,524 in 1997. The majority of the 244,633 families in the assessment area reside in middle- and upper-income tracts. Of the total 211 tracts, 14 are low-income tracts, and 6 (43 percent) have a low number of owner-occupied units, which may result in a low number of mortgage loans originated in these tracts. Also, 35 percent of the total number of families in low-income tracts are below the poverty level. 17 percent of the 9,041 households in low-income tracts receive some form of public assistance. The median family income for the West Palm Beach MSA was \$38,539, although as discussed, the 1998 estimated median family income rose 33 percent to \$51,200.

The West Palm Beach assessment area contains a total of 461,665 housing units. 57 percent are owner-occupied and 22 percent are rental units. Housing throughout the assessment area consists primarily of one- to four-family dwellings. As indicated by the demographic chart, the highest concentration of rental units is located in low- and moderate-income tracts, which may result in fewer mortgage originations in those tracts. Conversely, the greatest number of home loans would most likely be originated in middle- and upper-income tracts.

The median gross rent for the assessment area was \$587, which was higher than the state of Florida at \$481. The median gross rent in middle-income tracts, where most low- and moderate-income families live, is \$613. 43 percent of the renters pay more than 30 percent of their incomes for rent. For most low-income families who reside in middle-income tracts, the median gross rent could be more than a mortgage payment using traditional underwriting criteria.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – WEST PALM BEACH (Continued)

According to the Research and Statistics Department of the Bureau of Labor Statistics, 472,309 persons were in the labor force in the West Palm Beach assessment area as of the fourth quarter of 1996. This represents a 5 percent increase from 442,680 in 1993. The unemployment rate decreased from 6.9 percent in November 1990 to 5.6 percent in November 1998. Considering this information, as well as the income and population statistics, the assessment area does not seem to be economically depressed.

The major industries in the West Palm Beach assessment area are services and retail trade. County business patterns information from the U.S. Census Bureau shows a total of 31,025 businesses in this assessment area. 29,802 (96 percent) of the establishments had fewer than 50 employees, and 62 percent of the establishments with fewer than 50 employees were in the service and retail trade business.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – WEST PALM BEACH (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST PALM BEACH, FLORIDA

Lending Test

LENDING TEST COMPARISON				
	Bank		Palm Beach AA	
	SMALL BUSINESS			
Lending by Business Revenue				
\$1 Million or Less	549	77.2%	245	68.1%
Over \$1 Million	72	10.1%	33	9.2%
Not Available	90	12.7%	82	22.8%
Lending by Tract Income				
Low-Income Tracts	54	7.6%	18	5.0%
Moderate-Income Tracts	156	21.9%	80	22.2%
Middle-Income Tracts	270	38.0%	129	35.8%
Upper-Income Tracts	231	32.5%	133	36.9%
Loan Size				
\$100,000 or Less	495	69.6%	248	68.9%
\$100,001 - \$250,000	116	16.3%	53	14.7%
\$250,001 - \$1 Million	100	14.1%	59	16.4%
<i>Total</i>	<i>711</i>	<i>100.0%</i>	<i>360</i>	<i>100.0%</i>
Lending by Tract Income				
	HMDA			
Low-Income Tracts	11	2.6%	8	3.1%
Moderate-Income Tracts	67	15.7%	51	19.5%
Middle-Income Tracts	199	46.6%	109	41.6%
Upper-Income Tracts	150	35.1%	94	35.9%
Lending by Borrower Income				
Low-Income Borrowers	48	11.2%	39	14.9%
Moderate-Income Borrowers	87	20.4%	65	24.8%
Middle-Income Borrowers	79	18.5%	45	17.2%
Upper-Income Borrowers	184	43.1%	105	40.1%
Income Not Available	29	6.8%	8	3.1%
<i>Total</i>	<i>427</i>	<i>100.0%</i>	<i>262</i>	<i>100.0%</i>

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – WEST PALM BEACH (Continued)

Lending Test

The bank's performance in the West Palm Beach assessment area when compared to the demographics of the overall assessment area is considered good. The low percentage of owner-occupied housing units in low- and moderate-income tracts decreases the opportunities for the bank to originate more loans. 61 percent of the total number of housing units in low-income tracts and 27 percent of the units in moderate-income tracts are rental units. Additionally, of the total 461,665 housing units that are available in the West Palm Beach assessment area, 1 percent of owner-occupied housing is located in low-income tracts and 12 percent of owner-occupied housing is located in moderate-income tracts. Conversely, 2.4 percent of families reside in low-income tracts and 20.3 percent in moderate income tracts. Again, this makes mortgage lending in these tracts very difficult. The geographic distribution of HMDA loans reflects good penetration throughout the assessment area.

Given the product lines offered by the bank, the distribution of lending in the West Palm Beach assessment area, when compared to the demographics of the assessment area, reflects good penetration among borrowers of different income levels.

The bank performed well in extending small business loans across geographies when compared with the distribution of total tracts in the assessment area, particularly in low- and moderate-income tracts. The bank also performed well in extending loans to businesses of different sizes and in various loan amounts.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – WEST PALM BEACH (Continued)

Lending Test (Continued)

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE				
LOAN AMOUNT	NUMBER OF LOANS	PERCENTAGE OF LOANS	DOLLARS (\$000s)	PERCENTAGE OF DOLLARS
\$100,000 or less	248	69%	\$10,300	21%
\$100,001 - \$250,000	53	15%	\$8,987	18%
\$250,001 - \$1 million	59	16%	\$30,775	61%
TOTAL	360	100%	\$50,062	100%

Of the 360 small business loans originated, 245 (68 percent) by number and \$30,078,000 (60 percent) by dollar volume went to businesses with revenues of \$1 million or less.

Republic Security Bank has made use of innovative and flexible lending practices in serving the West Palm Beach assessment area. The bank has made 58 loans primarily in the West Palm Beach area through programs benefiting low- and moderate-income individuals or areas. 27 loans have been made through the SHIP program and 27 loans have been made through the HOME program in Palm Beach County. In addition, three loans have been made through a partnership of the City of West Palm Beach and local lending institutions to offer reduced rate mortgage loans for first-time home buyers. One loan was made through the bank's rehabilitation program (similar to the HOME program) in the West Palm Beach area.

The bank has made a number of community development loans that, because of reporting requirements, are included in the bank's small business lending numbers. The bank originated two community development loans and three multifamily housing loans in the West Palm Beach assessment area.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – WEST PALM BEACH (Continued)

COMMUNITY DEVELOPMENT LENDING		
TYPE OF PROJECT	PURPOSE OF LOAN	LOAN AMOUNT
Commercial	Liberia Social Development Agency. A loan for real estate development for a nonprofit agency that was organized for the purpose of promoting economic and community development of low- and moderate-income areas.	\$70,000
Multifamily Housing	The construction and development of low- and moderate-income apartment complexes under Leto Development Corporation.	\$113,000
Multifamily Housing	The construction and development of low- and moderate-income apartment complexes under Leto Development Corporation.	\$113,000
Multifamily Housing	Renovate low-income apartment units.	\$38,000
Commercial	Cedar Forest Limited Partnership. Loan participation with several other financial institutions to provide construction costs to build an affordable housing apartment complex.	\$34,555

Investment Test

Qualified investments in the West Palm Beach assessment area totaled \$2,048,160; this level is considered strong. During the review period, the bank made nine contributions to various organizations with a community development purpose, and had a total of three community development securities in its investment portfolio.

QUALIFIED INVESTMENTS MADE DURING REVIEW PERIOD				
DATE OF INVESTMENT	ASSESSMENT AREA	TYPE	AMOUNT	PERCENTAGE OF QUALIFIED INVESTMENTS
1997-1998	West Palm Beach	Charitable Contributions	\$3,160	1%
1997-1998	West Palm Beach	Community Development Securities	\$2,045,000	99%
		TOTAL	\$2,048,160	100%

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – WEST PALM BEACH (Continued)

Service Test

Republic Security Bank operates 14 branches and 17 ATMs in the West Palm Beach assessment area. The percentage of branches in each census tract type is shown below.

GEOGRAPHIC DISTRIBUTION OF BRANCHES AND FAMILIES						
CENSUS TRACT INCOME LEVEL	BANK BRANCH DISTRIBUTION		PERCENTAGE OF TOTAL FAMILIES	PALM BEACH BRANCH DISTRIBUTION		PERCENTAGE OF TOTAL FAMILIES
	Number	Percentage		Number	Percentage	
Low-Income	0	0%	5%	0	0%	2%
Moderate-Income	3	9%	18%	1	7%	20%
Middle-Income	22	63%	47%	7	50%	47%
Upper-Income	10	28%	30%	6	43%	30%
TOTAL	35	100%	100%	14	100%	100%

The branch distribution for the West Palm Beach assessment area compares favorably with the demographics of the area and with the bank's overall distribution. The majority of branches are reasonably accessible to essentially all portions of the bank's assessment area, and business hours do not vary in a way that inconveniences any segments of the assessment area.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system in the West Palm Beach assessment area. Since the previous examination, the bank has opened six branches, mostly through its acquisitions.

The community development services are discussed primarily under the institution's community development services and the chart can be found on pages 31 through 34. The bank has a strong record of providing community development services throughout the West Palm Beach assessment area and assists many of the agencies in various capacities.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES (Continued)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BROWARD COUNTY, FLORIDA

The Broward County assessment area is the Broward MSA. The bank operates 13 branches and 11 ATMs in this assessment area. The majority of the bank's lending in the Broward assessment area is concentrated in real estate, small business, and consumer loans.

The table shown earlier in the report has selected demographic characteristics for the Broward County assessment area in comparison to demographics for all the bank's assessment areas combined.

The total population in the assessment area was 1,255,488 as of the 1990 Census with an estimated increase of 17 percent to 1,470,758 in 1997. The majority of the 337,284 families in the assessment area reside in middle- and upper-income tracts. Of the total 164 census tracts, 13 are low-income tracts, and 4 (31 percent) have a low number of owner-occupied units, which may result in a low number of mortgage loans originated in these tracts. Also, 38 percent of the total number of families in low-income tracts are below the poverty level. 15 percent of the total number of households in low-income tracts (13,572) receive some form of public assistance. The median family income for the Broward MSA was \$36,801, although, as discussed, the 1998 estimated median family income rose 34 percent to \$49,200.

Of the total 628,660 housing units in the Broward assessment area, 57 percent are owner-occupied and 27 percent are rental units. Housing throughout the assessment area consists primarily of one- to four-family dwellings. As indicated by the demographic chart, the highest concentration of rental units, compared to owner-occupied units, is in low- and moderate-income tracts. This fact may result in fewer mortgage originations in those tracts. Conversely, the greatest number of home loans would most likely be originated in middle- and upper-income tracts.

The median gross rent for the assessment area was \$575, which was higher than the state of Florida at \$481. The median gross rent in middle-income tracts, where most low- and moderate-income families live, is \$607. 45 percent of the renters pay more than 30 percent of their incomes for rent. For most low-income families who reside in middle-income tracts, the median gross rent could be more than a mortgage payment using traditional underwriting criteria.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

According to the Research and Statistics Department of the Bureau of Labor Statistics, 738,275 persons were in the labor force in the Broward assessment area as of the last quarter of 1996. This is a 6 percent increase from 694,829 in 1993. The unemployment rate decreased from 5.9 percent in November 1990 to 4.5 percent in November 1998. Considering this information, as well as the income and population statistics, the assessment area does not seem to be economically depressed.

The major industries in the Broward assessment area are services and retail trade. County business patterns information from the U.S. Census Bureau shows a total of 44,120 businesses in this assessment area. 42,347 (96 percent) of the establishments had fewer than 50 employees, and 62 percent of the establishments with fewer than 50 employees were in the service and retail trade business.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BROWARD COUNTY, FLORIDA

Lending Test

LENDING TEST COMPARISON				
	Bank		Broward AA	
	SMALL BUSINESS			
Lending by Business Revenue				
\$1 Million or Less	549	77.2%	181	87.0%
Over \$1 Million	72	10.1%	21	10.1%
Not Available	90	12.7%	6	2.9%
Lending by Tract Income				
Low-Income Tracts	54	7.6%	18	8.7%
Moderate-Income Tracts	156	21.9%	42	20.2%
Middle-Income Tracts	270	38.0%	94	45.2%
Upper-Income Tracts	231	32.5%	54	26.0%
Loan Size				
\$100,000 or Less	495	69.6%	149	71.6%
\$100,001 - \$250,000	116	16.3%	35	16.8%
\$250,001 - \$1 Million	100	14.1%	24	11.5%
<i>Total</i>	711	100.0%	208	100.0%
Lending by Tract Income				
	HMDA			
Low-Income Tracts	11	2.6%	2	1.5%
Moderate-Income Tracts	67	15.7%	13	9.5%
Middle-Income Tracts	199	46.6%	80	58.4%
Upper-Income Tracts	150	35.1%	42	30.7%
Lending by Borrower Income				
Low-Income Borrowers	48	11.2%	8	5.8%
Moderate-Income Borrowers	87	20.4%	22	16.1%
Middle-Income Borrowers	79	18.5%	31	22.6%
Upper-Income Borrowers	184	43.1%	60	43.8%
Income Not Available	29	6.8%	16	11.7%
<i>Total</i>	427	100.0%	137	100.0%

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

Lending Test

The bank's performance in the Broward assessment area when compared to the demographics of the overall assessment area is considered reasonable. The lower levels of lending in low- and moderate-income tracts can be attributed to the high percentage of families below the poverty level. 38 percent live below the poverty level in low-income tracts, and 15 percent are below the poverty level in moderate-income tracts. The low percentage of owner-occupied housing units in these tracts also decreases the opportunities for the bank to originate more loans. 62 percent of the total number of housing units in low-income tracts and 37 percent of the units in moderate-income tracts are rental units. Additionally, of the total 628,660 housing units that are available in the Broward assessment area, less than 1 percent of owner-occupied housing is located in low-income tracts and 8 percent of owner-occupied housing is located in moderate-income tracts. Conversely, 2.6 percent of families reside in low-income tracts and 16.8 percent in moderate-income tracts. Again, this makes mortgage lending in these tracts very difficult. The geographic distribution of HMDA loans reflects reasonable penetration throughout the assessment area.

Given the product lines offered by the bank, the distribution of lending in the Broward assessment area, when compared to the demographics of the assessment area, reflects adequate penetration among borrowers of different income levels.

The bank performed reasonably well in extending small business loans across geographies when compared with the distribution of total tracts in the assessment area, particularly low- and middle-income tracts. However, the bank performed well in extending loans to businesses of different sizes and in various loan amounts.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

Lending Test (Continued)

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE				
LOAN AMOUNT	NUMBER OF LOANS	PERCENTAGE OF LOANS	DOLLARS (\$000s)	PERCENTAGE OF DOLLARS
\$100,000 or less	149	72%	\$5,464	22%
\$100,001 - \$250,000	35	17%	\$6,409	27%
\$250,001 - \$1 million	24	11%	\$12,212	51%
TOTAL	208	100%	\$24,085	100%

Of the 208 small business loans originated, 181 (87 percent) by number and \$19,322 (80 percent) by dollar volume went to businesses with revenues of \$1 million or less.

Republic Security Bank has made use of innovative and flexible lending practices in serving the Broward assessment area. The bank has made loans primarily in the West Palm Beach area through programs benefiting low- and moderate-income individuals or areas. However, one loan made through a partnership with the City of Hollywood was made for the Broward assessment area. This program provides reduced rate mortgage loans for very low-, low- and median income families. As indicated, the bank has been active in other assessment areas that benefit low- and moderate-income families.

The bank has made a number of community development loans that, because of reporting requirements, are included in the bank's small business lending numbers. The bank did not originate any community development loans in the Broward assessment area, but this does not affect its rating. The bank did originate 17 multifamily housing loans totaling \$4,714,000 in Broward County.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

COMMUNITY DEVELOPMENT LENDING		
TYPE OF PROJECT	PURPOSE OF LOAN	LOAN AMOUNT
Multifamily Housing	Construction and development of apartment units.	\$555,000
Multifamily Housing	Construction and development of apartment units.	\$270,000
Multifamily Housing	Construction and development of apartment units.	\$393,000
Multifamily Housing	Construction and development of apartment units.	\$293,000
Multifamily Housing	Construction and development of apartment units.	\$420,000
Multifamily Housing	Construction and development of apartment units.	\$200,000
Multifamily Housing	Construction and development of apartment units.	\$173,000
Multifamily Housing	Construction and development of apartment units.	\$200,000
Multifamily Housing	Construction and development of apartment units.	\$214,000
Multifamily Housing	Construction and development of apartment units.	\$585,000
Multifamily Housing	Construction and development of apartment units.	\$221,000
Multifamily Housing	Construction and development of apartment units.	\$135,000
Multifamily Housing	Construction and development of apartment units.	\$600,000
Multifamily Housing	Renovate low-income apartment units.	\$110,000
Multifamily Housing	Renovate low-income apartment units.	\$127,000
Multifamily Housing	Renovate low-income apartment units.	\$120,000
Multifamily Housing	Renovate low-income apartment units.	\$98,000

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

Investment Test

Qualified investments in the Broward assessment area totaled \$15,000, which is below the institution's performance. During the review period, the bank made five contributions to various organizations with a community development purpose, and had a total of two community development securities in its investment portfolio.

QUALIFIED INVESTMENTS MADE DURING REVIEW PERIOD				
DATE OF INVESTMENT	ASSESSMENT AREA	TYPE	AMOUNT	PERCENTAGE OF QUALIFIED INVESTMENTS
1997-1998	Broward	Charitable Contributions	\$4,250	22%
1997-1998	Broward	Community Development Securities	\$15,000	78%
		TOTAL	\$19,250	100%

Service Test

Republic Security Bank operates 13 branches and 11 ATMs in the Broward assessment area. The percentage of branches in each census tract type is shown below.

GEOGRAPHIC DISTRIBUTION OF BRANCHES AND FAMILIES						
CENSUS TRACT INCOME LEVEL	BANK BRANCH DISTRIBUTION		PERCENTAGE OF TOTAL FAMILIES	BROWARD BRANCH DISTRIBUTION		PERCENTAGE OF TOTAL FAMILIES
	Number	Percentage		Number	Percentage	
Low-Income	0	0%	5%	0	0%	3%
Moderate-Income	3	9%	18%	1	8%	17%
Middle-Income	22	63%	47%	10	77%	56%
Upper-Income	10	28%	30%	2	15%	24%
TOTAL	35	100%	100%	13	100%	100%

The branch distribution for the Broward assessment area compares less favorably with the demographics of the area and with the bank's overall distribution, except for the middle-income tracts. However, three percent of the population and only three percent of families are located in low-income tracts. The majority of branches for Broward are located in middle-income tracts where the majority of the population (55 percent) and the majority of families reside (56 percent). Because Republic Security Bank had only recently acquired a bank located in this area, it has been difficult to proportionately distribute these branches. However, with another recent acquisition, the bank is reasonably sure that a more even distribution is attainable. Therefore, based on this information, the Broward branches are reasonably

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – BROWARD COUNTY (Continued)

Service Test (Continued)

accessible to essentially all portions of the bank's assessment area and business hours do not vary in a way that inconveniences any segments of the assessment area.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system in the Broward assessment area. Since the previous examination, the bank has opened 13 branches in Broward County through its acquisitions.

The community development services are discussed primarily under the institution's community development services and the chart can be found on pages 31 through 34. The bank has a strong record of providing community development services throughout the Broward assessment area and assists many of the agencies in various capacities.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES (Continued)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MIAMI-DADE COUNTY, FLORIDA

The Miami-Dade County assessment area is the Dade MSA. The bank operates eight branches (three with ATMs) in this assessment area. An additional ATM is a remote facility located at The Shoppes at the Waterways in Aventura, Florida. The majority of the bank's lending in the Miami-Dade assessment area is concentrated in real estate, small business, and consumer loans.

The table shown earlier in the report has selected demographic characteristics for the MiamiDade County assessment area in comparison to demographics for all the bank's assessment areas combined.

The total population in the assessment area was 1,937,094 as of the 1990 Census with an estimated increase of 6 percent to 2,044,600 in 1997. Of the 485,213 families in the assessment area, the majority reside in middle- and upper-income tracts. Of the total 267 tracts, 39 are low-income tracts, and 13 (33 percent) have a low number of owner-occupied units, which may result in a low number of mortgage loans originated in these tracts. Also, 41 percent of the families in low-income tracts are below the poverty level. 24 percent of the total number of households in low-income tracts (62,476) receive some form of public assistance. The median family income for the Dade MSA was \$31,113, although, as discussed, the 1998 estimated median family income rose 26 percent to \$39,200.

The Dade assessment area contains a total of 771,288 housing units. 49 percent are owner-occupied and 41 percent are rental units. Housing throughout the assessment area consists primarily of one- to four-family dwellings. As indicated by the demographic chart, the highest concentration of rental units is located in low- and moderate-income tracts, which may result in fewer mortgage originations in those tracts. Conversely, the greatest number of home loans would most likely be originated in middle- and upper-income tracts.

The median gross rent for the assessment area was \$493, which was slightly higher than the state of Florida at \$481. The median gross rent in middle-income tracts, where most low- and moderate-income families live, is \$532. 49 percent of the renters pay more than 30 percent of their incomes for rent. For most low-income families who reside in middle-income tracts, the median gross rent could be more than a mortgage payment using traditional underwriting criteria.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – MIAMI-DADE COUNTY (Continued)

According to the Research and Statistics Department of the Bureau of Labor Statistics, 1,038,263 persons were in the labor force in the Dade assessment area as of the last quarter of 1996. This is a one percent increase from 1,022,175 in 1993. The unemployment rate decreased from 8.1 percent in November 1990 to 6.7 percent in November 1998. Considering this information, as well as the income and population statistics, the assessment area does not seem to be economically depressed.

The major industries in the Dade assessment area are services and retail trade. County business patterns information from the U.S. Census Bureau shows a total of 64,318 businesses in this assessment area. 61,679 (96 percent) of the establishments had fewer than 50 employees, and 59 percent of the establishments with fewer than 50 employees were in the service and retail trade business.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – MIAMI-DADE COUNTY (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DADE COUNTY, FLORIDA

Lending Test

LENDING TEST COMPARISON				
	Bank		Dade AA	
	SMALL BUSINESS			
Lending by Business Revenue				
\$1 Million or Less	549	77.2%	123	86.0%
Over \$1 Million	72	10.1%	18	12.6%
Not Available	90	12.7%	2	1.4%
Lending by Tract Income				
Low-Income Tracts	54	7.6%	18	12.6%
Moderate-Income Tracts	156	21.9%	34	23.8%
Middle-Income Tracts	270	38.0%	47	32.9%
Upper-Income Tracts	231	32.5%	44	30.8%
Loan Size				
\$100,000 or Less	495	69.6%	98	68.5%
\$100,001 - \$250,000	116	16.3%	28	19.6%
\$250,001 - \$1 Million	100	14.1%	17	11.9%
<i>Total</i>	711	100.0%	143	100.0%
			HMDA	
Lending by Tract Income				
Low-Income Tracts	11	2.6%	1	3.6%
Moderate-Income Tracts	67	15.7%	3	10.7%
Middle-Income Tracts	199	46.6%	10	35.7%
Upper-Income Tracts	150	35.1%	14	50.0%
Lending by Borrower Income				
Low-Income Borrowers	48	11.2%	1	3.6%
Moderate-Income Borrowers	87	20.4%	0	0.0%
Middle-Income Borrowers	79	18.5%	3	10.7%
Upper-Income Borrowers	184	43.1%	19	67.9%
Income Not Available	29	6.8%	5	17.9%
<i>Total</i>	427	100.0%	28	100.0%

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – MIAMI-DADE COUNTY (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DADE COUNTY, FLORIDA (Continued)

Lending Test

The bank's performance in the Dade assessment area when compared to the demographics of the overall assessment area is considered reasonable. The lower levels of lending in moderate-income tracts can be partly attributed to the relatively few number of loans made in this assessment area and lack of data. The low percentage of owner-occupied housing units in moderate-income tracts also decreases the opportunities for the bank to originate more loans. 58 percent of the total number of housing units in moderate-income tracts are rental units. Additionally, 13 percent of owner-occupied housing is located in moderate-income tracts. Prior to the merger, the primary lending focus in the Dade assessment area was concentrated in small businesses, rather than HMDA loans. Again, this makes mortgage lending in these tracts more difficult. Based on these reasons, the geographic distribution of HMDA loans reflects somewhat reasonable penetration throughout the assessment area.

Given the product lines offered by the bank, the distribution of lending in the Dade assessment area, when compared to the demographics of the assessment area, reflects adequate penetration among borrowers of different income levels. Additionally, 18 percent of the income level of borrowers was not available, which added to the difficulty in assessing the distribution of lending in the Dade assessment area.

The bank performed well in extending small business loans across geographies, when compared with the distribution of total tracts in the assessment area, particularly low- and middle-income tracts. In addition, the bank performed well in extending loans to businesses of different sizes and in various loan amounts.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – MIAMI-DADE COUNTY (Continued)

Lending Test (Continued)

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE				
LOAN AMOUNT	NUMBER OF LOANS	PERCENTAGE OF LOANS	DOLLARS (\$000s)	PERCENTAGE OF DOLLARS
\$100,000 or less	98	69%	\$4,080	21%
\$100,001 - \$250,000	28	20%	\$5,114	26%
\$250,001 - \$1 million	17	11%	\$10,601	53%
TOTAL	143	100%	\$19,795	100%

Of the 143 small business loans originated, 123 (86 percent) by number and \$15,688,000 (79 percent) by dollar volume went to businesses with revenues of \$1 million or less.

Republic Security Bank has made use of innovative and flexible lending practices in serving the Dade assessment area. The bank has made loans primarily in the West Palm Beach area through programs benefiting low- and moderate-income individuals or areas. However, one loan was made in conjunction with its new product line known as “CRA Builder” in the Dade assessment area. The product is being offered to assist low- and moderate-income individuals to build a home by providing a reduced fixed interest rate and low closing cost loan. As indicated, the bank has been active in other assessment areas that benefit low- and moderate-income families.

The bank has made a number of community development loans that, because of reporting requirements, are included in the bank’s small business lending numbers. Based on this fact and the attempt by management to make these types of loans, the bank makes an adequate level of community development loans. The bank did not originate any community development loans in the Dade assessment area. One multifamily housing loan totaling \$250,000, which was made in Miami-Dade County, is part of the 21 total multifamily housing loans originated by the bank.

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – MIAMI-DADE COUNTY (Continued)

Investment Test

Qualified investments in the Dade assessment area totaled \$15,000, which is below the institution's performance. During the review period, the bank made five contributions to various organizations with a community development purpose, and had a total of one community development security in its investment portfolio.

QUALIFIED INVESTMENTS MADE DURING REVIEW PERIOD				
DATE OF INVESTMENT	ASSESSMENT AREA	TYPE	AMOUNT	PERCENTAGE OF QUALIFIED INVESTMENTS
1997-1998	Dade	Charitable Contributions	\$3,050	17%
1997-1998	Dade	Community Development Securities	\$15,000	83%
		TOTAL	\$18,050	100%

Service Test

Republic Security Bank operates eight branches and four ATMs in the Dade assessment area. The percentage of branches in each census tract type is shown below.

GEOGRAPHIC DISTRIBUTION OF BRANCHES AND FAMILIES						
CENSUS TRACT INCOME LEVEL	BANK BRANCH DISTRIBUTION		PERCENTAGE OF TOTAL FAMILIES	DADE BRANCH DISTRIBUTION		PERCENTAGE OF TOTAL FAMILIES
	Number	Percentage		Number	Percentage	
Low-Income	0	0%	5%	0	0%	8%
Moderate-Income	3	9%	18%	1	13%	18%
Middle-Income	22	63%	47%	5	62%	40%
Upper-Income	10	28%	30%	2	25%	34%
TOTAL	35	100%	100%	8	100%	100%

The branch distribution for the Dade assessment area compares less favorably with the demographics of the area and with the bank's overall distribution. The majority of branches for Dade are located in middle-income tracts where the majority of the population (40 percent) and the majority of families reside (40 percent). Because Republic Security Bank has only recently acquired a bank located in this area, it has been difficult to proportionately distribute these branches. However, with another recent acquisition,

METROPOLITAN AREAS REVIEWED USING EXAMINATION PROCEDURES – MIAMI-DADE COUNTY (Continued)

the bank is reasonably sure that a more even distribution is available. Therefore, based on this information, the Dade branches are reasonably accessible to essentially all portions of the bank's assessment area and business hours do not vary in a way that inconveniences any segments of the assessment area.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system in the Dade assessment area. Since the previous examination, the bank has opened eight branches in Miami-Dade County through its acquisitions.

The community development services are discussed primarily under the institution's community development services and the chart can be found on pages 31 through 34. The bank has a strong record of providing community development services throughout the Dade assessment area and assists many of the agencies in various capacities.

SCOPE OF EXAMINATION

TIME PERIOD REVIEWED			
January 1, 1997 to September 30, 1998			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Republic Security Bank, West Palm Beach, Florida		HMDA and small business loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Florida, MSA #8960, Palm Beach Palm Beach County	On-site	None	None
Florida, MSA #2680, Broward Broward County	On-site	Two	None
Florida, MSA#5000, Dade Miami-Dade County	On-site	One	None