

# **PUBLIC DISCLOSURE**

**November 1, 1996**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Hemisphere National Bank  
Charter Number 16776**

**2159 Coral Way  
Miami, Florida 33145**

**Office of the Comptroller of the Currency**

**Miami Duty Station  
5757 Blue Lagoon Drive, Suite 200  
Miami, Fl. 33126**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Hemisphere National Bank** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of November \_\_, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Hemisphere National Bank's performance was evaluated using the small bank performance criteria. A substantial majority of the bank's loans were made within its assessment area. Credit is extended to persons of all income levels and to small businesses. Loans are reasonably distributed among census tracts of various income levels.

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

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

## **DESCRIPTION OF INSTITUTION**

Hemisphere National Bank (Hemisphere) is a community bank in Miami, Florida. As of June 30, 1996 it had total assets of \$39 million. The loan portfolio consists of real estate loans (56%), commercial loans (33%), and loans to individuals (11%). The bank caters to small businesses and individuals.

The bank has two offices in Dade County. The main office is located five miles southwest of downtown Miami in a well established, mixed use neighborhood. The only branch is located Downtown in Miami's central business district.

There are currently no legal impediments that hinder the bank's ability to meet the credit needs of its assessment area in a manner consistent with its resources and business focus. However, between December 1992 and February 1994 Hemisphere was under a Formal Agreement with the OCC. During that period, senior management focused their attention on addressing the requirements of the agreement, particularly the bank's asset quality problems. In addition, loan volume has been affected by high turnover at the senior lending officer level and lower demand from downtown retailers due to a decline in tourism during the last four years.

The bank's last CRA evaluation was dated June 10, 1993. It was rated "Satisfactory Record of Meeting Community Credit Needs".

## **DESCRIPTION OF ASSESSMENT AREA**

Hemisphere's assessment area includes the entire Dade County Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation and does not arbitrarily exclude low and moderate income geographies.

Dade County's economy is stable. Competition from locally owned community banks, branches of multinational and regional banks, as well as foreign owned banks is strong.

The Dade County MSA consists of 267 census tracts. . Fourteen percent of the assessment area's census tracts are low income tracts, 22% are moderate income, 36% are middle income, and 28% are upper income tracts. The median family income is \$31,113. Within the assessment area 23% of the families are low income, 16% are moderate income, 20% are middle income and 41% fall into the upper income category.

Three recent contacts with community organizations operating in Dade County indicated a need for small business and affordable housing loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

### **Loan to Deposit Ratio**

Hemisphere's average loan to deposit ratio between June 1993 and June 1996 is reasonable at 46%, given the factors described above. Two similar sized banks in the area, which offer similar products, had average loan to deposit ratios of 50% and 53%.

### **Lending in Assessment Area**

The majority of the loans originated in 1996 are in the bank's assessment area. As of August 31, 1996 the bank had originated 96 loans. Of these 90% (86), were in the assessment area. In dollar terms, 57% of the total dollars lent by the bank were in the assessment area.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The bank's consumer loans are reasonably distributed among borrowers of different incomes.

Of 45 consumer loans made through August 31, 1996 bank reports show the following breakdown among borrowers of different incomes:

Borrower Income Level	Number of loans	\$ Amount	% Loans	% of \$ Amount
Low	9	\$65,625	20%	5%
Moderate	8	47,056	18%	4%
Middle	12	300,195	27%	24%
Upper	16	824,702	35%	67%

The percentage of loans made to low and moderate income borrowers compares favorably to the income breakdown of the assessment area which reveals that 23% of the families are low income and 16% are moderate income.

The distribution of loans to businesses also show a good distribution. Of 32 loans made, 59% (19) were to small businesses (businesses with annual revenues under \$1 million), 41% (13) were to larger businesses. This is consistent with the bank's target market and expertise. In terms of dollars 28% of loans were to small businesses, 72% to large businesses.

### **Geographic Distribution of Loans**

The distribution of loans among tracts of different income levels within the bank's assessment area shows reasonable penetration, considering the bank's asset size and number of branches. Of 86 loans made as of August 31, 1996 within the assessment area, 35% (30) were in low and moderate income tracts.

In terms of total loans and dollar amount, loans made between January and August 1996 were distributed as follows:

Census Tract Income Level	Number of Loans	\$ Amount	% Loans	% of \$ Amount
Low	14	\$958,654	16%	28%
Moderate	16	233,695	19%	7%
Middle	28	1,197,462	32%	36%
Upper	28	996,723	33%	29%

This compares favorably to the percentage of low and moderate income tracts within the bank's assessment area: 13% low income, 21% moderate income.

### **Response to Complaints**

Hemisphere has not received complaints regarding its CRA activities.

### **Compliance with Antidiscrimination Laws and Regulations**

The August 31, 1996 compliance examination noted no evidence of discrimination in the bank's lending practices. There were no violations of the substantive provisions of the Equal Credit Opportunity Act, Fair Housing Act, and Home Mortgage Disclosure Act.