



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 30, 2002 

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Continental National Bank Of Miami
Charter Number 16325**

**1801 SW 1st Street
Miami, FL 33135**

**Comptroller of the Currency
ADC - South Florida (Miami)
9800 Northwest 41st Street Suite 120
Miami, FL 33172**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING.....	2
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF MIAMI DADE COUNTY	3
CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....	5-10

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

We evaluated the CRA performance of **Continental National Bank of Miami (CNB)** using the small bank performance criteria. Our evaluation covered the period from September 1998 through September 30, 2002, although we focused on lending activity from January 1, 1999 through September 30, 2002. **Our performance evaluation finds that CNB's performance is "Satisfactory"**. The primary reasons for this rating are:

- o The bank's average quarterly loan-to-deposit ratio since the last CRA examination was reasonable given the bank's size, financial condition, and credit needs in the assessment area.
- o A substantial majority of the bank's loans were originated inside the assessment area.
- o The geographic distribution of loans reflects reasonable dispersion among census tracts of different income levels throughout the assessment area, including low- and moderate-income census tracts, for residential, business and consumer loans, considering the location of bank branches and the bank's size and level of activity within a relatively large market area.
- o The distribution of loans within the assessment area reflect reasonable penetration among individuals of different incomes, including low- and moderate-income individuals as well as small businesses.

DESCRIPTION OF INSTITUTION

CNB is an intrastate commercial bank headquartered near downtown Miami, Florida. CNB is owned by Continental Bancorporation, a one bank holding company in Miami. The bank has two affiliates: South Motors Inc. and Midway Ford Inc. CNB operates six banking offices throughout Miami-Dade County. The main office is located in Miami's Little Havana section. Two of the six branches are located in low-income geographies, one in a moderate-income geography, and three in middle-income geographies.

As of June 30, 2002, CNB had total assets of \$179 million. CNB's primary lending focus is on commercial real estate, consumer loans, and housing. The major loan categories of the \$113 million loan portfolio were as follows: 31% for commercial real estate; 28% loans to individuals (consumer loans); 14% multifamily; 12% 1-4 family residential; 9% commercial and industrial; and, 6% construction and development. Tier 1 Leverage capital was \$14.5 million as of June 30, 2002 while the Tier 1 Leverage capital ratio was 8.21%. The percent of the bank's total assets represented by net loans was 69%.

There were no legal, financial or other impediments that hampered the bank's ability to help

meet the credit needs of its community during the assessment period. The bank's rating at its preceding CRA examination, dated September 11, 1998 was "*Satisfactory.*"

DESCRIPTION OF MIAMI-DADE COUNTY

CNB's assessment area consists of Miami-Dade County. Miami-Dade County is a Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation.

According to the 1990 U.S. Census, the Miami-Dade MSA consists of 267 census tracts which are distributed as follows: 35 low-income; 56 moderate-income; 96 middle-income; and 77 upper-income census tracts. Three census tracts are uninhabited. The percentage of census tracts in each income category are: 13% low-income; 21% moderate-income; 36% middle-income; 29% upper-income; and 1% uninhabited.

The HUD adjusted median family income of the Miami-Dade MSA in 2002 was \$48,200. Twenty-three percent of the families in the MSA are considered low-income, 17% moderate-income, 19% middle-income, and 41% upper-income.

The 2000 census reports Miami-Dade MSA's population at 2.3 million, which is a 16.3% increase from the 1990 census. Of that number, more than one million reside in unincorporated Miami-Dade County with the balance residing in the county's 29 municipalities. The City of Miami is the largest with a population of nearly 400,000, followed by Hialeah, Miami Beach, North Miami and Coral Gables.

The area has a diverse population including a large number of immigrants from Latin America. Miami-Dade County's economy is diverse. Major industries include merchandise trade with Latin America, tourism, construction, health care, and services. Businesses are predominantly small.

Miami-Dade County's economy is stable. The unemployment rate is 7.4%. Competition for lending from other financial institutions is strong. The competition includes many larger community banks, regional and multinational banks, mortgage companies, foreign banks, credit unions, and brokerage firms. The large regional banks, along with national mortgage companies, are the main home mortgage lenders in the county.

Assessment Area Credit Needs

We conducted a community contact with a nonprofit multi-bank mortgage-lending consortium that is a Certified Community Development Financial Institution. The consortium offers flexible financing for multi-family affordable housing targeted to low- and moderate-income households in Miami-Dade County. We also reviewed two previous community contacts prepared by regulatory agencies in the county. The Miami-Dade MSA has the following three categories of needs: economic development; job opportunities; and job training. Business lending likely will continue to be a primary need for financing small businesses including start-up businesses. A need also exists for affordable single-family and multi-family housing.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Conclusion: CNB's average quarterly loan-to-deposit ratio since the last CRA examination is reasonable.

Support of Conclusion:

CNB's quarterly average loan-to-deposit ratio since the last CRA examination was 73%. This ratio is near to the average ratio of 76% of two similarly situated banks in the assessment area. These two community banks are similar in asset size, have similar types of customers, make similar types of loans, and are located in similar sections of CNB's assessment area.

Lending in Assessment Area

Conclusion: A substantial majority of the loans made during the evaluation period that we reviewed (combined residential, business, and consumer) were inside the assessment.

Support of Conclusion:

1999, 2000, 2001, Year-To-Date 9/30/02
Residential Mortgage (HMDA) Loans Only

		AMOUNT OF LOANS	
INSIDE Assessment Area		OUTSIDE Assessment Area	
\$8,464,000	or 100%	\$ -0-	or 0%
		NUMBER OF LOANS	
INSIDE Assessment Area		OUTSIDE Assessment Area	
66	or 100%	-0-	or 0%

We obtained these figures from CNB's HMDA Loan Application Register report. We performed independent testing to verify the accuracy of the data. The bank's other primary loan types are business loans and consumer loans. We sampled 29 business and 25 consumer loans to determine their location. The results of our limited samples follow.

**2000, 2001, Year-To-Date 9/30/02
Business Loans Only**

DOLLAR AMOUNT OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
\$15,616,000 or 93%	\$1,217,000 or 7%

NUMBER OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
28 or 97%	1 or 3%

**2000, 2001, Year-To-Date 9/30/02
Consumer Loans Only**

DOLLAR AMOUNT OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
\$ 363,000 or 87%	\$54,000 or 13%

NUMBER OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
22 or 88%	3 or 12%

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

Conclusion: The distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable overall penetration among individuals of different income levels and businesses of different sizes.

Support of Conclusion:

Distribution of 66 Residential Mortgage (HMDA) Loans

**Based on Borrower Income
1999, 2000, 2001, Year-To-Date 9/30/02**

Income Levels	Distribution of 1-4 Family Residential Mortgage Loans # of Loans as % of Total	Distribution of 1-4 Family Residential Mortgage Loans \$ of Loans as % of Total	% of Families in these Income Levels in the Assessment Area
Low Income	12%	6%	23%
Moderate Income	10%	2%	17%
Middle Income	21%	14%	19%
Upper Income	57%	78%	41%
TOTAL	100%	100%	100%

The distribution of HMDA loans by borrower income level is poor. The bank's lending to low-income borrowers is lower than the percent of low-income families in the AA. The bank's lending to moderate-income borrowers is lower than the percent of moderate-income families in the AA. This is mitigated by the bank's relatively small position in the overall market, with the bank only capable of generating 66 loans compared to 267 census tracts in the assessment area.

**Distribution of 28 Sampled Business Loans Originated
In the AA in 2000, 2001, Year-To-Date 9/30/02**

LOAN TYPE	Number of Loans as % of Total	\$ Amount of Loans as a % of Total Loans	Types of Businesses in Assessment Area
Small Business(a)	79%	80%	82%
Large Business	21%	20%	18%
TOTAL	100%	100%	100%

(a) Loans to businesses with gross annual revenues less than \$1 million.

The distribution of loans to small businesses with revenues of \$1 million or less is good. The bank's lending is near to the percent of small businesses within the AA.

**Distribution of 22 Consumer Loans
Based on Borrower Income
2000, 2001, Year-To-Date 9/30/02**

Income Levels	Distribution of Consumer Loans # of Loans as % of Total	Distribution of Consumer Loans \$ of Loans as % of Total	% of Families in these Income Levels in the Assessment Area
Low Income	9%	7%	23%
Moderate Income	32%	27%	17%
Middle Income	27%	20%	19%
Upper Income	32%	40%	41%
TOTAL	100%	100%	100%

The distribution of consumer loans to borrowers of different incomes reflects good penetration among individuals of different income levels, especially among low- and moderate-income borrowers. The bank's lending to low-income individuals is significantly lower than the percent of low-income families in the AA. However, the bank's lending to moderate-income individuals exceeds the percent of families at that income level.

Geographic Distribution of Loans

Conclusion: The loans originated or purchased in the assessment area reflect reasonable dispersion among census tracts throughout the assessment area.

Census tracts in the assessment area without loan penetration are due to CNB's relatively small asset size (\$179 million total assets), and the relatively limited number of branches (six). These limitations prevent CNB from penetrating all areas in Miami-Dade County. For example, CNB made a total of 66 residential mortgage loans in Miami-Dade County in 1999, 2000, 2001, and year-to-date 9/30/02, however, there are 267 census tracts in the County.

Support of Conclusion:

The HMDA loan analysis used the bank's 1999, 2000, 2001, and year-to-date 9/30/02 HMDA LAR. The volume of loans originated by was too low to analyze loans by type (home purchase, home improvement, home refinance, multifamily) so all HMDA loans were combined. The following table shows the geographic distribution of the 66 residential mortgage loans for total of \$8,464,000 originated in the assessment area during the evaluation period.

For the sample of business and consumer loans, the 28 business loans and 22 consumer loans that were within the assessment area were reviewed for their distribution in census tracts within the assessment area. The distribution of business loans was compared to the overall distribution of businesses in census tracts within the assessment area. The distribution of consumer loans was compared to the overall distribution of consumer households in census tracts with different income levels within the assessment area.

**Distribution of all Residential (HMDA) Loan Originations
1999, 2000, 2001, Year-To-Date 9/30/02
Compared to Distribution of Census Tracts in the Assessment Area**

Census Tract Income Level	Distribution of Bank Loans in Census Tracts (Number of Loans)	Distribution of Bank Loans in Census Tracts (\$ Amount of Loans)	Percent of Owner-Occupied Units In Census Tracts
Low	5%	3%	3%
Moderate	12%	16%	13%
Middle	35%	27%	41%
Upper	48%	54%	43%
TOTAL	100%	100%	100%

Residential Mortgage Loans

Residential real estate loans are a primary loan type originated by CNB in its assessment area during the evaluation period. These loans helped meet affordable housing credit needs in the community. The geographic distribution of HMDA loans is good. The bank's lending in low-income tracts exceeds the percent of owner-occupied units in those tracts. The bank's lending in moderate-income tracts is near to the percent of owner-occupied units in those tracts.

**Distribution of 28 Sampled Business Loans Originated
2000, 2001, Year-To-Date 9/30/02
Compared to Distribution of Census Tracts in the Assessment Area**

Census Tract Income Level	Distribution of Bank Loans in Census Tracts (Number of Loans)	Distribution of Bank Loans in Census Tracts (\$ Amount of Loans)	Percent of Businesses In Census Tracts

Low	7%	2%	10%
Moderate	14%	18%	19%
Middle	43%	38%	31%
Upper	36%	42%	40%
TOTAL	100%	100%	100%

Business Loans

Business loans are a primary loan type originated by CNB. Business credits include commercial real estate, commercial and industrial, and construction loans. CNB's origination of small business loans helps address identified small business community credit needs. The geographic distribution of business loans is adequate. The bank's lending in low-income tracts is somewhat lower than the percent of businesses in those tracts. The bank's lending in moderate-income tracts is somewhat lower than the percent of businesses in those tracts.

Distribution of 22 Consumer Loans Based on Borrower Income 2000, 2001, Year-To-Date 9/30/02

Census Tract Income Level	Distribution of Bank Loans in Census Tracts (Number of Loans)	Distribution of Bank Loans in Census Tracts (\$ Amount of Loans)	Percent of Households In Census Tracts
Low	0%	0%	9%
Moderate	5%	4%	20%
Middle	27%	22%	38%
Upper	68%	74%	33%
TOTAL	100%	100%	100%

Consumer Loans

Consumer (automobile) loans are also a primary loan type originated by CNB in its assessment area during the evaluation period. The geographic distribution of consumer loans is very poor. The bank's lending in low-income tracts is significantly lower than the percent of consumer households in those tracts. The bank's lending in moderate-income tracts is significantly lower than the percent of consumer households in those tracts.

Responses to Complaints

CNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

Fair Lending Review

An analysis of the most recent public comments, consumer complaint information and HMDA lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1998.