

Public Disclosure

April 21, 1997

Community Reinvestment Act Performance Evaluation

**City National Bank of Florida
Charter Number 15977**

**25 West Flagler Street
Miami, Florida 331102-5620**

**Comptroller of the Currency
Administrator of National Banks
Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
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 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 CRA performance of **City National Bank of Florida, Miami, Florida (City)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 21, 1997**. The agency evaluates performance in assessment areas, as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the 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 25.

Institution's CRA Rating: This institution is rated **Satisfactory**.

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

Performance Levels	Name of Financial Institution Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding		X	
High satisfactory	X		
Low satisfactory			X
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.			

Description of Institution

City National Bank of Florida, chartered in 1970, is the result of consolidation of affiliated banks with a history of operations in Dade County dating back to 1946. As of year end 1996, City has total assets slightly greater than \$1 billion distributed as shown below:

Asset Description	Dollars (000)	Percent of Total Assets
Cash and Similar Liquid Assets	\$42,261	4%
Investment Securities	\$271,734	26%
Net Loan and Lease Receivables ¹	\$684,134	64%
Fixed and Other Assets	\$61,642	6%
Total Assets	\$1,059,771	100%

City offers a full range of loan products. While the bank has a substantial volume of home mortgage and consumer loan products, its loan portfolio and current loan production are heavily weighted toward commercial and other non consumer loan products. The bank's primary method of community reinvestment act performance is through community development lending.

Loan Type	Dollars Gross Loan (000)	Percent of Gross Loans
Construction and Land Development	\$70,823	10%
Secured by Farmland	\$306	0%
Secured by 1-4 family residential properties	\$76,207	11%
Secured by multifamily residential properties	\$39,920	6%
To Finance Agricultural Production	\$0	0%
Loans to Individuals (includes Credit Cards)	\$18,511	3%
Commercial and Industrial	\$130,783	19%
Other	\$357,153	51%
Gross Loans²	\$693,703	100%

City has 11 branch offices in Dade County which are somewhat concentrated in the eastern portions

¹ Net Loan and Lease Receivables is the book value of loans and leases less any reserves for possible loan and lease losses.

² Gross Loans is the book value of loans and leases without deduction of any reserves for possible loan and lease losses.

of the county. The bank has one established branch in southern Broward County which has traditionally acted as an extension of the Dade County operation. Until recently, City also operated a Broward County loan production office. Early in April of 1997, City replaced the loan production office with a full service branch in the same geographic area. While the bank has a long standing presence in Broward County, the nature and location of the Broward offices precluded significant CRA performance until very recently.

Description of the Assessment Areas

The bank has delineated Dade and Broward Counties as the two areas within which its Community Reinvestment Act performance will be assessed. Each assessment area is an entire Metropolitan Statistical Area (MSA). The assessment areas are consistent with the intent and letter of the Community Reinvestment Act.

Assessment area information was developed through data provided by the bank, community contacts and data gathered during previous examinations of financial institutions in the same areas, and from public information available from the State of Florida and the Department of Housing and Urban Development (HUD). No community contacts were performed during this examination.

The combined Miami and Fort Lauderdale MSA's form the only Consolidated Metropolitan Statistical Area (CMSA)¹ in the southeastern United States. The CMSA has a total of 431 census tracts including 45 (10%) low income tracts, 89 (21%) moderate income tracts, 173 (40%) middle income tracts, 117 (27%) upper income tracts and 7 (2%) tracts which lack sufficient populations to be assigned an income level. The area has a total population of 3,192,582. Of the 822,680 families in the area, 179,368 (22%) are low income families, 61,632 (18%), 16,903 (21%) are middle income and 332,680 (40%) are upper income.²

The dominant credit need within both areas is funding for the purchase, construction and rehabilitation of low and moderate income housing. Other important needs include small business and trade finance lending.

Dade County, Florida Assessment Area (MSA 5000)

Dade County is Florida's largest metropolitan area and most populous county with approximately two million people living in a nearly 2,000 square mile area. Density in urban areas is increased by the fact that a significant portion of the county is uninhabitable wetlands. The county is made up of

¹ Consolidated Metropolitan Statistical Areas (CMSA) are specifically designated by the Office of Management and Budget (OMB). In order to qualify for such designation, the area generally must include one or more contiguous Primary Metropolitan Statistical Areas, have a population of at least 1 million and generally function as a single metropolitan area.

² Tract, population and family income information is based on the 1990 census. This information does not reflect changes since that time. Income levels are defined as: Low - less than 50% of MSA median income, Moderate - income greater than or equal to 50% but less than 80% of MSA median income, Middle - income greater than or equal to 80% but less than 120% of MSA median income, Upper - income greater than or equal to 120% of MSA median income.

267 census tracts distributed as shown below:

Tract Income Level	Number of Tracts	Percentage of All Tracts
Low	36	14%
Moderate	57	21%
Middle	96	36%
Upper	75	28%
NA	3	1%
Total	267	100%

While lower income areas tend to be well defined, they often lie in close proximity to significantly more affluent areas. Of the approximately 193,000 low and moderate income families in Dade County, 110,000 (57%) reside in tracts designated middle or upper income.

The population of Dade County is growing rapidly. In 1990, the County had a population of 1.9 million. According to HUD 1995 Community Development Plans, the population reached the two million mark by mid 1992. Damage caused by Hurricane Andrew resulted in the permanent displacement of approximately 60,000 residents. The population has since rebounded to approximate the 1992 level. Dade County's population is expected to reach 2.2 million by the year 2000 and three million by the year 2015.

Dade County is the third poorest large metropolitan area in the United States. For 1996, HUD estimated median family income is \$38,300. According to a Metro Dade study, 40% of the Greater Miami community either lives in poverty, is under employed, is less educated than the national average or is classified as medically indigent. Income levels and poverty rates experienced in Dade County have profound implications for meeting the housing needs of a large portion of the population. The distribution of families by income level is shown below:

Family Income Level	Number of Families	Percentage of All Families
Low	113,171	23%
Moderate	79,563	17%
Middle	93,090	19%
Upper	199,357	41%
Total	485,181	100%

Housing costs are high. According to the 1990 census, the median housing value was \$81,600,

placing the unsubsidized purchase of the average single family residence beyond the financial reach of most low and moderate income residents. Similar problems exist in the rental market. According to HUD information, the number of low income rental households is growing at approximately four times the growth rate of affordable rental units in the community. A significant portion of the county's low-income renters can not afford average rental housing.

Dade County's population is ethnically diverse. The largest source of population growth has been immigration from Caribbean and Central American countries. According to HUD information, more than half of the county's residents are new immigrants or first generation Americans. More than 60% of the population speaks a language other than English at home, predominantly Spanish (Cuban, Nicaraguan and Puerto Rican) and Creole (Haitian). The broad range of cultural and language differences create special barriers to communication and to meeting the credit and other banking needs of community residents.

The Dade County economy is also quite diverse. Area businesses include a wide mix, from small to mid size, to Fortune 500 and multinational companies. Available information on businesses in the assessment area shows a total of 54,160 businesses including 44,366 (82%) small businesses (revenues less than \$1,000,000) and 9,794 (18%) larger businesses. The assessment area has 739 farms including 661 (89%) small farms (revenues less than \$1,000,000) and 78 (11%) larger farms. The service industry, largely tourism related, is the largest single segment of the job market (35% in 1993). Other significant industries include retail trade (17%), government (12%) and financial services (9%).

Competition for banking business is very high. Dade County has one of the largest concentrations of banking offices in the country. In 1994, the area was served by 384 domestic banks, 46 foreign banks and 138 savings and loan associations operating through approximately 500 office locations. During 1995, almost 400 financial institutions reported home loan applications in Dade County.

Broward County, Florida Assessment Area (MSA 2680)

Broward County is one of Florida's largest metropolitan areas and most populous counties with approximately 1.3 million people living in a 1,200 square mile area. Density in urban areas is increased by the fact that a significant portion of the county is uninhabitable wetlands. The county is made up of 164 census tracts distributed as shown below:

Tract Income Level	Number of Tracts	Percentage of All Tracts
Low	9	5%
Moderate	32	20%
Middle	77	47%
Upper	42	26%
NA	4	2%

Tract Income Level	Number of Tracts	Percentage of All Tracts
Total	164	100%

While lower income areas tend to be well defined, they often lie in close proximity to significantly more affluent areas. Of the approximately 128,000 low and moderate income families in Broward County, 88,000 (69%) reside in tracts designated middle or upper income.

The population of Broward County is growing rapidly, primarily from migration from other portions of the United States. More recently, growth rates have increased due to former residents of southern Dade County displaced by Hurricane Andrew. Broward County's population is expected to reach 1.5 million by the year 2000 and 1.6 million by the year 2010.

Broward County is a relatively affluent area with HUD 1996 estimated median family income of \$46,600. The distribution of families as of the 1990 Census is shown below:

Family Income Level	Number of Families	Percentage of All Families
Low	66,197	20%
Moderate	61,632	18%
Middle	75,943	23%
Upper	133,517	39%
Total	337,289	100%

Housing costs are high with a 1990 median housing value of 87,050. Since 1990, housing costs have increased substantially due to demand generated by the short term influx of those displaced by Hurricane Andrew. Additional factors impacting housing availability and cost include limited availability of water, sewer and electrical service as well as extensive regulations governing property subdivision and new developments. According to the 1995 HUD Community Development Plan, the cost of the average new home in Broward County has increased to \$140,000.

Available information on businesses in the assessment area shows a total of 37,054 businesses including 31,728 (86%) small businesses (revenues less than \$1,000,000) and 5,326 (14%) larger businesses. The area has 712 farms of which 680 (96%) are small (revenues less than \$1,000,000) and 32 (4%) larger farms.

Competition for banking business is very high. In 1994, the county was served by more than 400 domestic commercial banks and savings and loan associations. During 1995, more than 400 financial institutions reported home loan applications in Broward County.

Conclusions with Respect to Performance Tests

Overall, City's performance has been consistent with its size and business plan.

- The level of lending, relative to total deposits and total assets, is comparable to other banks serving the Dade and Broward County markets.
- A substantial majority of the bank's 1996 home mortgage and small business loan originations were within its assessment areas.
- The distribution of lending is reasonable compared to the distribution of low and moderate income tracts and of low and moderate income families.
- The volume of community development lending is high for a bank of this size.
- Community development investments are high for a bank of this size.
- Branch locations are reasonably accessible to residents throughout the communities and hours of operation do not vary in a way which disadvantages residents of low and moderate income areas.
- The bank has very few community development services.

Lending Test:

Performance under the lending test is rated high satisfactory. Depending on business focus, commercial bank's in Dade and Broward County report net loan to total assets ratios ranging from 9% to 83% as of 12/31/96. City's volume of lending, at 64% of total assets, is comparable to other banks with similar business plans. During 1996, 429 or 92% of the bank's HMDA and small business loans were made within the assessment areas. The geographic distribution of home mortgage and small business lending is reasonably consistent with the nature of the community as is the level of lending to borrowers of different incomes. The volume of community development lending in Dade County is large for a bank of this size and is the primary factor leading to a higher than average rating.

Distribution of Home Mortgage Loans by Tract Income									
Tract Income Level	Dade County			Broward County			Combined Assessment Areas		
	Percent of Tracts	Percent of Loans	Percent of Dollars	Percent of Tracts	Percent of Loans	Percent of Dollars	Percent of Tracts	Percent of Loans	Percent of Dollars
Low	14%	3%	2%	5%	0%	0%	10%	2%	1%
Moderate	21%	19%	12%	20%	3%	1%	21%	15%	9%
Middle	36%	35%	32%	47%	47%	67%	40%	38%	42%
Upper	28%	43%	54%	26%	50%	32%	27%	45%	48%
NA	1%	0%	0%	2%	0%	0%	2%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Distribution of Home Mortgage Loans by Family Income									
Family Income Level	Dade County			Broward County			Combined Assessment Areas		
	Percent of Families	Percent of Loans	Percent of Dollars	Percent of Families	Percent of Loans	Percent of Dollars	Percent of Families	Percent of Loans	Percent of Dollars
Low	23%	6%	1%	20%	7%	2%	22%	7%	1%

Distribution of Home Mortgage Loans by Family Income									
Family Income Level	Dade County			Broward County			Combined Assessment Areas		
	Percent of Families	Percent of Loans	Percent of Dollars	Percent of Families	Percent of Loans	Percent of Dollars	Percent of Families	Percent of Loans	Percent of Dollars
Moderate	17%	23%	7%	18%	5%	2%	17%	19%	6%
Middle	19%	15%	4%	22%	36%	4%	21%	12%	4%
Upper	41%	56%	88%	40%	52%	92%	40%	62%	89%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Distribution of Business Loans by Tract Income									
Tract Income Level	Dade County			Broward County			Combined Assessment Areas		
	Percent of Businesses	Percent of Loans	Percent of Dollars	Percent of Businesses	Percent of Loans	Percent of Dollars	Percent of Businesses	Percent of Loans	Percent of Dollars
Low	11%	18%	7%	6%	14%	15%	9%	17%	8%
Moderate	20%	12%	11%	19%	18%	5%	20%	13%	10%
Middle	30%	26%	19%	51%	36%	70%	38%	27%	23%
Upper	39%	44%	63%	24%	32%	10%	33%	43%	59%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Distribution of Business Loans by Loan Size						
Loan Size (000)	Dade County		Broward County		Combined Assessment Areas	
	Percent of Loans	Percent of Dollars	Percent of Loans	Percent of Dollars	Percent of Loans	Percent of Dollars
<100	61%	10%	59%	9%	60%	10%
100-250	13%	5%	23%	11%	14%	6%
250-1,000	13%	24%	4%	3%	13%	22%
>1,000	13%	61%	14%	77%	13%	62%
Total	100%	100%	100%	100%	100%	100%

City is an active community development lender. In 1996, the bank made more than \$36 million in community development loans. This is a high level for a bank of this size. City's lending had a significant impact on the availability of low and moderate income housing, particularly on critically needed low income rental housing. The bank has also lent for purposes, such as education, increased employment, neighborhood revitalization and economic development, which help promote longer term improvement in the assessment areas as a whole. The distribution of the bank's community development lending is shown below:

Community Development Loans		
Loan Type	Number of Loans	Dollars of Loans
Loans for the purchase, refinance or construction of low or moderate income housing.	9	\$11,968
Loans for renovation of existing low or moderate income housing.	4	\$6,216
Loans for the economic development of low or moderate income areas.	5	\$12,275
Loans for the revitalization of low or moderate income areas.	2	\$4,100
Loans for meeting education, rehabilitation or similar needs of low or moderate income individuals.	2	\$2,039
Total	22	\$36,598

Investment Test:

City's community development investment performance is rated outstanding. In aggregate, community development investments are high for a bank of this size. The bank's investments have are highly responsive to needs in the assessment areas. In addition to substantial conventional bonds supporting low and moderate income single family housing in the assessment areas, a dominant identified need, City's management has taken the initiative in identifying and investing in a wide variety of community development organizations and projects. Impact on the community includes new low and moderate income rental housing, also a dominant need, as well as critically needed health, education and other services for low and moderate income residents. As shown below, City has a total of 22 qualified investments aggregating more than \$3.6 million:

Community Development Investments		
Investment Type	Number of Investments	Dollars of Investments
Investments for the purchase, refinance or construction of low or moderate income housing.	7	\$3,449,750
Investments for the economic development of low or moderate income areas.	3	\$26,500
Investments for the revitalization of low or moderate income areas.	3	\$7,000
Investments for meeting health education, rehabilitation or similar needs of low or moderate income individuals.	5	\$159,500
Investments for other community development purposes	4	\$11,500
Total	22	\$3,654,250

Service Test:

Services provided by City are rated low satisfactory. Delivery systems are reasonably accessible to all portions of the assessment areas. All branches offer the same products and services in both English and Spanish. Branch openings have not adversely affected accessibility of the delivery systems. Branch hours do not differ significantly and do not adversely impact low or moderate income residents. Community development services are minimal.

The bank has a total of 11 full service branches in Dade County, including 3 in areas designated low or moderate income. No Dade county branches were closed during the evaluation period. Of two offices opened during the period, one is in a moderate income area. City has one established full service branch in Broward County and opened a second office in April of 1997. No offices were closed during the evaluation period. Both Broward County offices are in middle income areas.

Community Development Services to the Dade County Assessment area are limited. City only recently started a program of credit counseling in conjunction with a low and moderate income loan program. To date, only 2 applicants have participated. Other community development services are limited to participation in local housing and small business fairs. During 1996, City provided no community development services in its Broward County market.

Compliance With Antidiscrimination Laws and Regulations

The OCC performed an examination for compliance with the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) in conjunction with this CRA examination. We reviewed policies and procedures for these laws and regulations, and conducted testing to check for any areas of noncompliance. Testing included a comparative file review for racial discrimination in City's general underwriting of conventional residential real estate applications during 1996 and the first quarter of 1997. The review included all declined requests by Black and Hispanic applicants (prohibited basis groups) and all approved requests by White, non Hispanic applicants (control group). Our examination revealed no policies or procedures which would tend to discourage or treat applicants differently on a prohibited basis.

Appendix A: Scope of Examination

Under the provisions of the Community Reinvestment Act, as most recently revised, banks which have developed the necessary systems and recorded specific information for the previous 12 month period, may request examinations performed between the date of enactment and the mandatory compliance date be conducted in accordance with the revised regulation. City National Bank of Florida made such a request.

In accordance with the bank's request, this examination was based on evaluation of the bank's lending, investments and services as described in the regulation. All home mortgage, business and farm loan applications and originations were included in the analysis. Consideration of consumer loans, which were primarily accommodation credits to existing bank customers, was not requested by bank management and was not included in the review.

The bank's centralized information and management systems allowed a full scope examination of each of the assessment areas to be conducted from a single, central location in the Miami, Florida main office.