



WHOLESALE

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 5, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SAFRA NATIONAL BANK OF NEW YORK
Charter Number 20948

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New York, New York 10036

Comptroller of the Currency
New York Metro - Community Banks & Federal Branches
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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.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate – Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA) – A geographic area that consists generally of one or more MAs (using the MA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Block Numbering Area (BNA) – Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

Census Tract (CT) – Small, locally defined statistical areas within Metropolitan Areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD) – Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) – The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography – A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Median Family Income (MFI) – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

Metropolitan Area (MA) – Area defined by the director of the United States Office of Management and Budget. MAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

Qualified Investment - A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Tier 1 Capital – The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

Wholesale Institution – An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.

Institution's CRA rating:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- Safra National Bank (Safra) demonstrates an adequate level of both qualified investments and community development lending. The investments are of the types that are generally provided by private investors. Safra also provided an adequate level of community development services during the evaluation period in the New York Assessment Area (AA). Bank officers and other personnel provided services that were responsive to identified community needs during this evaluation period.
- The community development activities undertaken by the bank are not innovative or complex. Qualified investments made by Safra are generally of the type routinely provided by private investors.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment area.

Scope of the Examination

In evaluating the bank's performance under the Community Reinvestment Act (CRA), we reviewed community development (CD) activities from **November 2, 1999** through **November 4, 2002**. Safra is designated a wholesale bank, and as a result of this designation we reviewed the level and nature of qualified investments, community development lending, and community development activities presented for consideration. All of the bank's activities during this evaluation period were within or directly benefited the delineated assessment areas. At the prior examination conducted by the Office of the Comptroller of the Currency dated **November 1, 1999**, the bank was rated **Satisfactory**.

For this review period, Safra presented for consideration loans, investments, and services that have community development as their primary purpose. Safra did not present any activities conducted by its affiliates for consideration in this evaluation.

There are no known legal constraints that may impact the bank's ability to meet the community development needs of its assessment area.

Allocation of Capital and Income

This evaluation rates the overall CRA performance of Safra National Bank as well as performance in the States of New York and Florida. The overall rating is based on the CRA performance of the bank in each state. The ratios in the financial measures contained in this public evaluation were derived by allocating bank capital and income to the states and

assessment areas where feasible and reasonable. The allocation is based on the amount of banking deposits contained in each of the states and assessment areas. As of September 30, 2002, deposits totaled \$2.2 billion. Of this amount, 91%, or \$2 billion, is attributed to the New York office. Therefore, we allocated 91% of income and capital to New York with the remainder allocated to the Miami office.

Since the prior examination in November 1999, Safra opened a new office in Miami, Dade County, Florida in January 2000. This office was opened to enhance the services the bank offers, primarily to South American private banking clients. As discussed, loans and deposits are assigned to the Miami office but administered from the main office in New York. A majority of the loans assigned to the Miami office are international loans.

Description of Institution

Safra National Bank of New York is a \$4.5 billion wholesale bank headquartered in New York City, New York. The bank is owned by SNBNY Holdings Limited, a Gibraltar holding company. The bank is a part of a worldwide family of financial institutions known as the Safra Group. Safra, designated as a wholesale bank on August 6, 1997, has three wholly owned operating subsidiaries, SNB Overseas Investment Corporation, SNBNY Management Corporation, and Safra Securities Corp. SNB Overseas Investment Corporation's sole purpose is to manage its own investment portfolio, including loans. These investments and loans are primarily centered in Latin America and other emerging markets. SNBNY Management Corporation is a vehicle that holds United States government and agency securities together with corporate issues in Safra's investment portfolio for tax purposes. Safra Securities is a new subsidiary that has yet to become fully functional. It is the intention that this entity will conduct securities transactions on behalf of, and at the direction of, its customers. Currently, the only client of this subsidiary is Safra. These subsidiaries did not have a negative impact on the bank's ability to meet the credit and investment needs of its assessment area. Safra management did not request that affiliate-related activity be considered at this review.

The credit products offered by Safra are primarily business loans fully secured by the bank's certificates of deposit as well as trade and commercial financing loans to large foreign corporate customers of an affiliate bank in Brazil. Few personal loans are made, and these are strictly as an accommodation for private banking customers. Gross loans represented approximately 30% of total assets as of September 30, 2002. The loan portfolio is comprised of the following: 13% secured by commercial real estate, 16% commercial loans, 54% loans to foreign based companies, 10% to financial institutions with the remainder officer and shareholder loans. The residential loans are mainly loans for investment purposes by individuals and secured by multi-family residential properties.

Safra's main office is located in midtown Manhattan. Since the examination in November 1999, Safra closed two branch offices, one in the garment district of Manhattan in November 2000 and the other in a business area on Long Island in December 2000. However, the bank did open a new office in Miami, Dade County, Florida in January 2000. This office was opened to enhance the services the bank offers, primarily to South American private banking clients. See the

preceding comment regarding the allocation of deposits and loans between the offices. Safra, which operates in very competitive banking markets within both the New York and Miami assessment areas, is not subject to any financial, legal, or regulatory restrictions that could impede its ability to help meet the credit needs of its assessment area.

Table 1: Financial Information (000s)

	Year-end 1999	Year-end 2000	Year-end 2001	Most Recent Quarter-end 9/30/2002	Average for Evaluation Period
Tier 1 Capital	\$324,547	\$344,790	\$360,666	\$399,850	\$357,463
Total Income	\$216,407	\$276,180	\$265,473	\$192,452(**)	\$237,628
Net Operating Income	\$16,002	\$20,844	\$23,555	\$38,972(**)	\$24,843
Total Assets	\$4,109,591	\$5,240,031	\$5,010,272	\$4,521,289	\$4,720,296

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported.

Strong competition for community development activities is provided from several larger institutions as well as local and regional institutions. Among those institutions having a major presence in both of the AAs are: JP Morgan Chase, Bank of America, Citibank, HSBC Bank, Fleet Bank, First Union National Bank, Sun Trust Bank, and Union Planters Bank, N.A.

Other than the restrictions imposed by Safra's scope of operations and business strategy, there are no additional constraints, legal or otherwise known, that may impact the bank's ability to meet the community development needs of its assessment area.

Data Integrity

During June 2002 OCC examiners verified the accuracy and the applicability of lending, investment, and service activities related to community development. Bank management was able to provide accurate and meaningful information for analysis. Overall, the data were deemed to be reliable to assess the bank's CRA performance.

Ratings

Safra's rating is a blend of the ratings for both New York and Florida. The overall rating is based upon an analysis of activities within each state where Safra has a presence and is based upon the overall scope of operations within each state. Both of the states received a full scope review.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information on this wholesale institution was performed in accordance with the OCC's risk-based fair lending approach. Based on our analysis of the information, a comprehensive fair lending examination was not conducted with the CRA evaluation this period. The latest comprehensive fair lending exam was performed in November 1999.

STATE OF NEW YORK

CRA rating for New York: Satisfactory.

Conclusions for the three rating criteria are:

- The bank demonstrated an adequate level of qualified investments, community development loans, and services in the AA. The investments and loans were neither complex nor innovative and were of the types that are routinely provided by private investors. Nonetheless, they did adequately respond to credit and community development needs in the AA.
- All of the CD related loans originated during the review period as well as investments and services directly benefited the bank's AA.
- Community development services consist primarily of Safra officers' involvement with community-based organizations as members of their boards of directors or performing various community development services.

Description of New York Assessment Area

Safra has its head office in midtown Manhattan, New York City, New York. As of June 30, 2002, this office reported \$1.9 billion in deposits, accounting for 91% of total bank deposits. As of the June 30, 2001 FDIC Summary of Deposit data, within the AA, Safra ranked 17th in deposit share with 0.8% of the market. Dominating the market within the area are #1 JP Morgan Chase with 221 offices representing 30% of the deposit market and #2 Citibank, 116 offices and 23% of deposits. Safra's core business is private banking and related financial services to high net worth individuals. Other products offered through this full service banking office are retail and commercial deposit accounts along with commercial loans.

New York MSA # 5600 covers all of the boroughs of New York City together with the neighboring counties of Westchester, Rockland, and Putnam. Safra has taken only the five boroughs of New York City as its AA. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Table 2a below provides demographic information about the AA. The five boroughs have a total of 2,216 census tracts, representing 89% of all census tracts within the New York MSA and houses 86% (7.3 million people) of the total MSA population of 8.5 million persons. The 2002 HUD adjusted median family income for the AA is \$62,800. The current unemployment rate is 7.7% and 18% of the households are below the poverty level.

Table 2a: Assessment Area Description- New York City

	Number	Low	Moderate	Middle	Upper
Tracts	2216(#)	14%***	19%***	35%***	29%***
Families	~1,755,718	28%*	16%*	19%*	37%*
Businesses	458,305	8%**	18%**	26%**	45%**

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data.

(*) Represents families by income level.

(**) Represents businesses by income level of census tract. Does not equal 100% due to non-categorized tracts

(***) Does not add to 100% due to non-categorized tracts

(#) 66 Census Tracts, or 3 % are not income categorized

Owner occupied housing comprises only 27% of the total housing stock with one to four family homes amounting to 36% of all housing. Multi-family housing is the predominate type of housing in the area comprising 63% of total housing. The majority of the multifamily units are located primarily throughout Manhattan and the Bronx, and to a lesser degree, Brooklyn. The median housing value in the AA is \$186,350 and is considered high, making homeownership difficult for most low- and moderate-income (LMI) individuals.

Bank management has indicated that affordable housing continues to be the major community development need in this area. This need was reiterated by the community contact conducted prior to this examination. In addition, management indicated a need for small business lending, especially to start-up entities.

The NYAA is home to many large and diversified financial service companies, contributing to a fiercely competitive market for all types of products. Major competitors providing financial services include JP Morgan Chase, Citibank, American Express Centurion Bank, Bank of New York, HSBC Bank, Fleet Bank, North Fork Bank, and Apple Bank for Savings.

New York City (NYC) is home to a diversified mix of businesses. Many national and international corporations are headquartered here. Historically, the downtown area has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer along with health and social care. In addition, light manufacturing and the wholesale trades provide a significant number of job opportunities in the Bronx.

After experiencing several years of good economic growth, the overall NYC economy has begun to show signs of weakening in line with the national economy. A major factor is the September 2001 terrorist attack that destroyed the World Trade Center. Tourism, a major contributor to the NYC economy, has been negatively impacted and has had a ripple effect on other industries and services. The volatility on Wall Street has also impacted the local and national economy.

In assessing the strength of the regional economy, it is noted that NYC lost 135,000 non-farm jobs in the twelve months ending in March 2002 and its unemployment rate increased from 5.6% to 7.7% in the past year. The city's key industries include advertising, tourism and travel, business services, and securities and financial services. Real estate and financial services generate some 30 percent of annual income in the city. Some 17,000 securities industry jobs

were lost in the twelve months ending in March 2002. Business services, an industry that includes advertising, temporary employment agencies and computer consultants, experienced a decline of 36,000 jobs between March 2001 and March 2002. It seems unlikely that NYC will regain all of these jobs much before the end of 2003. Weak corporate profits and continuing fallout from the Enron scandal will constrain the growth of securities industry employment. Business services will also be slow to rebound. Nevertheless, the city's economy is in much better shape today than it was in the 1970s when employment declined for seven years and more than 650,000 jobs were lost.

Recent job losses and the fall off in tourism have clearly impacted consumer spending in the city. Sales tax distributions to the New York City Municipal Assistance Corporation, a proxy for consumer spending, declined by almost 12 percent between the first quarter of last year and the first quarter of this year. In absolute terms, sales tax revenues fell from \$909.8 million to \$804.4 million. Recent employment declines have also hurt the city's office market. The first quarter office vacancy rate is estimated at 9 percent in midtown Manhattan and almost 14 percent in downtown Manhattan. Approximately eleven million square feet of sublease space came to market in the downtown area since September 2001. In all, some 37 million square feet of office space were available in Manhattan in the first quarter of this year.

The downtown office market is being affected by uncertainties regarding the proposed redevelopment of the 16-acre World Trade Center site. The Lower Manhattan Development Corporation, charged with redeveloping the site, has put forth a preliminary development proposal that calls for one or more memorials to victims of the disaster, a mass transit hub, expansion of cultural institutions and open space in the area, development of a biotechnology complex at the site, and restoration of the street grid in the downtown area. Many look to federal financial incentives to bolster the downtown economy. Fourteen major businesses employing a total of more than 10,000 people recently agreed to remain in downtown Manhattan until at least 2009 in exchange for \$33 million in federal grants. City officials want the grant program to be extended to businesses with one to nine employees, which account for two-thirds of all downtown businesses.

There are some bright spots in the city's economy. Domestic tourism is reviving because of targeted advertising and special incentive packages but foreign tourists have yet to return in significant numbers. The Manhattan apartment market has strengthened because of low mortgage interest rates, pent-up demand for housing, and a switch in household assets from the stock market to the residential real estate market.

Community Contacts

Information regarding community credit needs was obtained from data maintained by the Federal Financial Institutions Examinations Council (FFIEC) Community Contact System that were conducted immediately prior to the commencement of this review. An additional community contact with an organization within the AA was conducted just prior to the start of this examination. The contact indicated a competitive environment among banks within the assessment area.

There are reportedly substantial opportunities for financial institutions to participate in various community development activities. Such participation may take the form of direct loans, grants, donations, or other like assistance to community development corporations and other similar local groups including the City of New York.

The contact indicated a need for affordable housing for low- and moderate-income households. Also there are various community development investment opportunities available. It was also mentioned that the larger multinational and regional financial institutions within the AA generally are active in the above areas. Such a situation would appear to limit additional investment opportunities for smaller institutions. Information contained in the FFIEC database also indicated a need for loans to assist in revitalizing or stabilizing low- and moderate-income areas as well as a need for enhanced social services and financial literacy.

CONCLUSIONS ABOUT PERFORMANCE IN NEW YORK

Safra has an overall adequate level of community development lending, investments, and services within the state. All of the CD related loans, investments, and services were within the assessment area. Safra does not utilize innovative or complex qualified investments, loans, or services. The qualified investments are generally of the types routinely provided by private investors. Community development services consist primarily of Safra officers' involvement with community-based organizations as members of their boards of directors or performing various community development services.

Qualified Investments

Qualified investments and grants originated during the evaluation period within the AA totaled \$11.5 million. In addition, there was \$5.5 million in qualifying investments that were made in prior periods and were still outstanding. The investments were neither complex nor innovative and were of the types that are routinely provided by private investors. All of the investments directly benefited low- to moderate-income individuals within the New York MSA. The majority of the period's investments (\$7.5 million) are mortgage-backed securities. The mortgages pledged to secure these investments were all made to low- to moderate-income individuals within the five boroughs of NYC. Such investments assist in providing housing to low and moderate-income individuals.

- In addition to these securities, a \$2 million limited partnership interest, together with a \$1 million participation, was purchased in a partnership that uses federal low-income housing tax credits to provide rehabilitated rental housing for low-income people throughout New York City. Total investment is \$3 million.
- Safra also made \$1 million in qualifying contributions/donations to minority financial institutions and community development financial institutions located throughout the bank's AA. These institutions assist in promoting community development in various areas of the AA by lending to LMI individuals or in LMI areas.

No binding commitments to purchase additional securities or investments were noted.

Table 3a: Qualified Investment Activity (000s)

	Benefit AA (**)
Originated Investments	\$10,482
Originated Grants	\$1,000
Prior-Period Investments that Remain Outstanding	\$5,470
Total Qualified Investments	\$16,952

** Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Table 4a: Qualified Investment Percentages

	Benefit AA (%) (**)
Total Investments/Average Tier 1 Capital	5%
Total Investments/Average Total Income	8%

** Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Prior period investments are additional mortgage backed securities that provided funds for the purchase of affordable housing within NYC by LMI individuals. A continued benefit to the community is still being accrued as a result of these investments.

Community Development Lending

Safra originated an adequate level of community development loans during the evaluation period. Community development loans are defined as loans that (1) have a primary purpose of community development, as defined by 12 CFR 25.12(h), (2) have not been reported or collected by the bank or an affiliate for consideration as home mortgage, small business, small farm or consumer loans, unless they are multifamily dwelling loans, and (3) benefit the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

Safra has made an adequate level of community development loans. CD loans totaled \$14.3 million and addressed identified credit needs for affordable housing and small business start-up capital targeting LMI individuals. The major facilities are:

- A \$3 million revolving line of credit was made to a nonprofit corporate entity whose purpose is to increase the amount of capital available to finance affordable LMI housing in New York City.
- A \$1.5 million purchase of a participation that provided for the purchase of affordable housing to LMI individuals. Collateral consists of first mortgages on six properties all located in the Harlem section of Manhattan. The loans aid in supporting Section 8 housing within the city.

- A \$1.5 million loan to a business development corporation located in New York City. Funds will be used to provide working capital financing, equipment and real estate loans to small businesses within New York City. Emphasis is placed on firms in LMI areas and assist in providing employment to LMI individuals.
- A \$1 million participation in a \$20 million credit facility to a local entity that makes direct loans for the purpose of establishing neighborhood health clinics in LMI areas throughout NYC. The majority of the recipients of such health care are eligible for Medicaid benefits.

Table 4: Community Development Lending Percentages

	Benefits AA (%) ^(*)
Total CD Lending/Average Tier 1 Capital	4%
Total CD Lending/Average Total Income	7%

^(*) CD loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Community Development Services

Safra has an adequate level of community development services. Bank officers offer their financial expertise to a number of nonprofit community-based organizations through membership on their boards of directors and direct participation in community development services.

Community development services include the following:

- The compliance officer serves as assistant treasurer and a member of the board of directors for Mary Walton Children's Center (Center). The Center, based in Manhattan, offers child-care services, focusing on LMI individuals.
- Safra's Chief Executive Officer serves on the board of the Manhattan Borough Development Corporation (MBDC). MBDC, which targets businesses to LMI individuals and areas, provides technical assistance and loans to start-up businesses primarily in Manhattan. The start-up businesses are also expected to provide jobs primarily to LMI individuals.
- Safra's Chief Executive Officer also serves on the board of Casita Maria, Inc., a settlement house providing social services to LMI individuals, primarily of Hispanic descent. Among its services is providing financial literacy training.
- The bank is a member of the New York City Financial Services Partnership for Youth (Partnership). The Partnership, which targets LMI individuals and areas, provides employment, educational, and training programs to prepare New York City youth for employment. Bank personnel serve as instructors in various financial related programs

offered through the Partnership, using their knowledge of bank operations to instruct the individuals attending the training.

- Safra provides an internship to a student sponsored by the Fifth Avenue Community Center of Harlem, Inc. Jedi & Talents Program. This program, which targets LMI individuals in LMI areas, includes the tutorship of the individual by a bank officer in various areas of financial matters.

STATE OF FLORIDA

CRA rating for Florida: Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development lending and qualified investment activity. However, due primarily to the bank's recent entry into Miami, community development activities have not been conducted to date.
- Investments and loans made are those that are routinely made by investors within the AA.
- The bank demonstrates an adequate responsiveness to credit and community development needs in its assessment area.

Description of Florida Assessment Area

Safra has its only other banking office located in the City of Miami, Florida. As of June 30, 2002, this office reported \$190 million in deposits, accounting for 9% of total bank deposits at that time. Within Dade County, Florida, using June 30, 2001 FDIC Summary of Deposit Data, Safra ranked 41st with 0.3% of the market in deposit share out of 72 reporting banks. The major financial institutions in the MSA are #1 Bank of America, with 77 offices and 18% of the market, #2 First Union National Bank, 64 offices and 14% and #3, Ocean Bank, 17 offices and 8% of the market. Overall, competition for lending and deposits is strong within the MSA. There are numerous community and regional bank offices as well as offices of savings and loan associations and other financial institutions such as credit unions and brokerage firms. The large regional banks, along with national mortgage companies, are the main home mortgage lenders in the county.

Similar to its main office in New York City, Safra offers retail and commercial deposit accounts, commercial and international loans, and community development related lending activity. However, unlike the main office, this branch is located on the upper floor of a high-rise office building in the financial district. Deposit taking activity is limited. In essence, this facility, which opened in January 2000, is an extension of the New York office and is designed to enhance the services the bank offers, primarily to South American private banking clients. Currently all loans are booked and maintained at the main office in New York. Most of the loans assigned to this office are international loans. Community development related investments and loans are limited as bank management is currently cultivating contacts with local organizations. Services are nonexistent at this time. Safra operates in a very competitive banking market within this assessment area, as indicated above.

Safra's AA in Florida consists of the Miami MSA #5000 and matches the boundaries of Miami-Dade County. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Table 2a following provides demographic information about the AA.

Miami-Dade County is located along the southern tip of Florida. The county is bordered on the north by Broward County, on the east by the Atlantic Ocean, on the south by Monroe County, and on the west by Monroe and Collier Counties. Some of the largest incorporated municipalities within the county are Miami, Miami Beach, Hialeah, North Miami, North Miami Beach, Coral Gables, Coconut Grove, Homestead, South Miami, and Kendall. The eastern and northern portions of the county are primarily urban with the western and southern portions primarily rural/agricultural. Consequently, the credit needs of the community differ vastly.

The Miami MSA is a densely populated urban area. According to 1990 Census data, total population for the AA was 1.9 million. The 2001 population estimate for the area shows an increase of 17% to 2.3 million people. The most recent Department of Housing and Urban Development (HUD) updated median family income for 2002 was \$48,200. The median housing price for the Miami MSA was \$100,570 with the average home being built during 1968. Household incomes for 18% of the population were below the poverty level. There were no significant barriers to community development lending, investments and services.

Community credit needs and opportunities were determined from a number of sources. The 1999 HUD 5 Year Consolidated Plan describes a growing need for housing throughout the Miami MSA, particularly affordable housing for low- and moderate-income individuals. In addition, there is a stated need to create jobs accessible to LMI individuals as well as a need for access to community development activities that promote long-term economic viability. The vacancy rate for rental units in 1990 approximated 10% but, per the Consolidated Plan, has declined to less than 2% in the aftermath of Hurricane Andrew. The higher demand for housing has placed upward pressure on housing values and rental rates, further reducing the availability of affordable housing for low- and moderate-income individuals. As a community, the Miami MSA scores high on standard measures of socioeconomic needs and distresses. The Miami MSA, which consists entirely of Miami-Dade County, has the 6th highest poverty rate among counties with a population of 500,000 or more.

Table 2a: Assessment Area Description-Miami MSA

	Number	Low	Moderate	Middle	Upper
Tract	267(#)	13%***	21%***	36%***	29%***
Families	485,213	23%*	17%*	19%*	41%*
Small Business	200,697	9%**	17%**	32%**	42%**

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data.

*Represents families by income level.

**Represents businesses by income level of census tract.

*** Does not add to 100% due to non-categorized tracts

(#) 3 Census Tracts, or 1% are not income categorized

Throughout the past decade, Greater Miami's work force has grown younger and more culturally diverse. This work force is particularly well suited to employment in today's internationally oriented industries. Almost three-quarters of the Miami-Dade labor force are in the following segments of employment: administrative support (21%); government (14%); professional (13.8%); operators, fabricators, & laborers (12.5%); and marketing and sales (11.3%).

Employment in the Miami-Dade MSA has risen from 838 thousand in 1990 to 984 thousand in

1999, an increase of 11%. There was further growth to 1.2 million as of September 2002, an additional increase of 18%. Unemployment for September 2002 was 7.3%, up slightly from the 7.2% recorded a year earlier.

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.

Miami-Dade County's economy is diverse. Major industries include merchandise trade with Latin America, construction, tourism, and services. Known as the major international trading hub of the Americas, Greater Miami's business community, people, neighborhoods, schools, and architecture all exhibit a cosmopolitan character. The proximity of the Caribbean, Central and South America, plus superior seaport and airport capabilities provide this area with a distinct advantage as a global trading center.

There are many opportunities for community development lending, investments, and services throughout the Miami-Dade MSA. However, larger institutions in the MSA are quite competitive for the community development loans and qualified investments that are available. Community development opportunities include working with, and purchasing bonds issued by, government organizations that finance affordable housing for low- and moderate-income individuals. Types of community development investments available in the Miami-Dade MSA include, but are not limited to, bond and tax credits for low-income housing. There are opportunities to contribute and donate to qualified nonprofit organizations whose missions are to provide affordable housing, community services, and economic development.

Community Contact

We conducted a community contact with a nonprofit organization whose mission is to provide affordable housing throughout the State of Florida. However, the organization's primary focus is Miami-Dade. We also reviewed previous community contacts prepared by representatives of other bank regulatory agencies. These community contacts confirmed that the greatest credit need within the Miami MSA is affordable housing for low- and moderate-income individuals. The need exists for both multi-family and single family homes.

There were opportunities for community development lending, investments, and services throughout the Miami MSA. Community development opportunities include working with, and purchasing bonds issued by, government organizations that finance affordable housing for low- and moderate-income individuals. As noted, there are nonprofit organizations whose mission is to provide affordable housing to low- and moderate-income people. There are nonprofit organizations whose community services target low- and moderate-income individuals. In addition, there are nonprofit organizations whose mission is economic development. Types of community development investments available in the Miami MSA include, but are not limited to, bonds, tax credits for low-income housing, and contributions to qualified nonprofit

organizations. There is also a federally designated Enterprise Zone that is targeted for economic development.

CONCLUSIONS ABOUT PERFORMANCE IN FLORIDA

Summary

The bank demonstrated an adequate level of qualified investments and community development loans in the AA based upon its scope of operations. The investments and loans made were neither complex nor innovative and were of the types that are routinely provided by private investors. Nonetheless, they adequately responded to credit and community development needs in the AA. To date, Safra has not conducted any community development services within this AA.

Qualified Investments

Qualified investments within the AA totaled \$2.2 million. All were originated during the evaluation period and directly benefited, or were used for, community development projects that were located within the AA. The investment is a mortgage-backed security. The underlying mortgages were originated within the AA and directly respond to the community need for affordable housing developments and/or affordable mortgage financing targeting LMI individuals.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA (*)
Originated Investments	\$2,148
Originated Grants	0
Total Qualified Investments	\$2,148

* Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA

Table 4a: Qualified Investment Percentages

	Benefit AA (%) (C)
Total Investments/Average Tier 1 Capital	7%
Total Investments/Average Total Income	10%

(*) Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Community Development Lending

Safra originated an adequate level of community development loans during the evaluation period. Community development loans are defined as loans that (1) have a primary purpose of community development, as defined by 12 CFR 25.12(h), (2) have not been reported or collected

by the bank or an affiliate for consideration as home mortgage, small business, small farm or consumer loans, unless they are multifamily dwelling loans, and (3) benefit the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

During the evaluation period, one loan in the amount of \$2.2 million, to assist in the creation of affordable housing, was extended. This loan responded directly to the known credit needs of the community.

Table 5: Community Development Lending Percentages

	Benefits AA (%) ^(*)
Total CD Lending/Average Tier 1 Capital	7%
Total CD Lending/Average Total Income	10%

^(*) Community development loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA. Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Community Development Services

During the evaluation period, Safra has not conducted any community development services within this AA.