



# SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

**April 30, 2012**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Desjardins Bank, National Association  
Charter Number 23852

1001 East Hallandale Beach Boulevard  
Hallandale, FL 33009-4429

Office of the Comptroller of the Currency

ADC-MIAMI (8531) Field Office  
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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.

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

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable;
- A majority of loans are inside the assessment area (AA);
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels; and
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.

**SCOPE OF EXAMINATION**

This performance evaluation assesses the Bank's performance under the lending test using small bank performance criteria. The evaluation period ranges from October 5, 2006 through December 31, 2011. However, the Lending Test concentrated on activity from January 1, 2009 to December 31, 2011. The Bank's primary loan product is residential mortgages particularly home purchase loans. Therefore, emphasis was placed on home purchase loans in evaluating the Bank's performance. Commercial lending is not a primary product for the Bank.

As part of this CRA evaluation, we tested the Bank's publicly filed Home Mortgage Disclosure Act (HMDA) information for accuracy. This evaluation is based on accurate data as the results of our testing indicated no material errors in key data pertinent to this evaluation.

Community credit needs in the assessment area were determined by reviewing CRA Performance Evaluations of other banks operating in the same assessment area and by conducting community contacts with nonprofit community development organizations. We determined that the most pressing credit needs in the AA are affordable housing and small business lending.

**DESCRIPTION OF INSTITUTION**

Desjardins Bank, N.A. (Desjardins) is a community bank located in Broward County, Florida. Total assets were \$188.7MM as of December 31, 2011. Desjardins is controlled by Desjardins FSB Holdings, Inc., a one-bank holding company. The Bank's primary lending product is residential mortgages representing 88 percent of the loan portfolio including multifamily housing. Desjardins is affiliated with Caisse Centrale Dejardins, the largest financial cooperative group in Canada, with consolidated assets of \$30 billion. The financial cooperative group includes Desjardins, along with other entities located in Canada.

Desjardins offers a wide array of deposit and loan products. Loan product types offered include residential real estate (single family and multi-family), consumer, and commercial loans. A

substantial majority (over 90%) of the Bank's deposit customers are Canadian citizens residing or visiting Broward County and bordering counties of Miami-Dade and Palm Beach during the winter months. Most have permanent residences in Quebec, Ontario, New Brunswick, and Manitoba. The customer base is composed mostly of retired Canadian citizens that are on fixed incomes. Most of these customers purchase a second residence in the Bank's AA, typically a reasonably priced condominium under \$100M. Desjardins has three full service branch locations in Florida including the main office in Hallandale Beach, a branch in Pompano Beach and a branch in Lauderhill. There have been no new branches opened or branch closures during the evaluation period.

Desjardins received a "Satisfactory" rating at the last evaluation dated October 4, 2006. No legal or financial considerations impede Desjardins' ability to meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Desjardins' AA consists of Broward County, the Metropolitan Division (MD) #22744 that is part of the greater Metropolitan Statistical Area (MSA) #33100, which is the Miami-Fort Lauderdale-Palm Beach MSA. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income areas.

Based on the 2000 Census, the Broward County MD consists of 279 geographies distributed as follows: 5% low-income; 25% moderate-income; 42% middle-income, and 28% upper-income. The total population is approximately 1.6MM, a 29% increase since the 1990 Census. Overall, approximately 11% of the households are below the poverty level. The greatest concentration of such households is in the low-income geographies where 36% are below the poverty level. The needs for small business lending and affordable housing are considered the main credit needs in this AA.

As with most metropolitan areas in Florida, the economy in this AA has experienced a downturn due to the national and local recession. Desjardins' ability and opportunities to lend, especially to low- and moderate-income borrowers, has been impacted by this downturn. The entire State, and in particular Broward County, has experienced significant job losses, a volatile housing market with a record number of delinquencies, foreclosures and bankruptcies. Major industries of tourism, real estate development, wholesale trade companies, health care, financial services, and retail services have suffered as a result of the downturn. The Broward MD continues to experience a high annual unemployment rate at 8.6%, declines in real estate values, and increases in residential foreclosures.

Banking competition is intense. Desjardins competes with other community banks, mid-size banks, branches of the largest banks in the country including their mortgage affiliates. As of June 30, 2011, the Federal Deposit Insurance Corporation (FDIC) reported 62 financial institutions operating 478 banking offices in the Broward MD. Desjardins ranks 25<sup>th</sup> with a 0.40% market share.

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

## **Loan-to-Deposit Ratio**

- Desjardins' quarterly average loan-to-deposit ratio since the last CRA examination is reasonable and meets the standard for satisfactory performance.

The Bank's quarterly average loan-to-deposit ratio from January 1, 2007 through December 31, 2011 was 89.91%. When compared to four other similarly situated banks in the AA, the range of the average loan-to-deposit ratio was 82.04% to 109.62%. Desjardins' ratio is within the range of similarly situated banks. The four community banks are similar in asset size (less than \$250MM in total assets) and have main offices and branches in Broward County.

## **Lending in Assessment Area**

- A majority of the number of loans made during the evaluation period were inside the AA.

The Bank meets the standard for satisfactory performance for lending in the AA. As displayed in Table 1, a majority of loans were originated within the Bank's AA by number, but the majority of loans by dollar amount were made outside of the AA. More weight was placed on the number of loans versus the dollar volume.

**Table 1 - Lending in the Assessment Area**

Loan Type	Number of Loans				Dollars of Loans				Total		
	Inside		Outside		Total	Inside		Outside			
	#	%	#	%		\$	%	\$			
Home Purchase	115	50.44	113	49.56	228	15,108	37.14	25,572	62.86	40,680	
Home Refinance	7	100.00	0	0.00	7	828	100	0	0	828	
Home Improvement	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
Totals	<b>122</b>	<b>51.91</b>	<b>113</b>	<b>48.09</b>	<b>235</b>	<b>15,936</b>	<b>38.39</b>	<b>25,572</b>	<b>61.61</b>	<b>41,508</b>	

Source: Data reported under HMDA for 2009, 2010, and 2011.

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

- Lending to borrowers of different incomes reflects a reasonable penetration among borrowers of different incomes, including low- and moderate- income individuals.

The following table shows the distribution of residential mortgage loans based on borrower income. Desjardins made a total of 122 home loans in Broward County during the evaluation period for a total of \$13.9MM.

**Table 2 - Borrower Distribution of Residential Real Estate Loans in Broward County**

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.85	5.22	18.17	10.43	20.48	18.26	40.50	65.22
Home Refinance	20.85	0.00	18.17	0.00	20.48	14.29	40.50	85.71
Home Improvement	20.85	0.00	18.17	0.00	20.48	0.00	40.50	0.00

*Source: data reported under HMDA for 2009, 2010, and 2011; 2000 U.S. Census data. No income information was reported for 0.87% of the home purchase loans.*

Lending to low-income borrowers is below demographics, but lending to moderate-income borrowers is near the demographic percentage. According to the National Association of Realtors, the median sales price of a single-family home in Broward County is \$251,851. This high median sales price makes it difficult for low- and moderate- income individuals and families to afford a home. Furthermore, high property related insurance premiums and taxes for the AA add to the cost of owning a home. The 2011 Housing and Urban Development (HUD) Adjusted Median Family Income was \$61,800. Moderate-income (defined as at least 50% and less than 80% of the area median family income) borrowers would have a maximum income of \$49,400. Low-income (defined as less than 50% of the area median family income) would have a maximum income of \$30,900.

During the evaluation period, Desjardins extended multifamily loans in the AA that are reported under the Home Mortgage Disclosure Act. These multifamily loans assisted the Bank to further address the affordable housing need in the AA considering the documented rents are within the Housing and Urban Development (HUD) fair market rents.

### Geographic Distribution of Loans

- The geographic distribution of loans demonstrates a reasonable dispersion.

The following table shows the geographic distribution of residential mortgage loans originated in the AA for the evaluation period. This table shows that both home purchase and home refinance loans in low-income census tracts exceed the demographic percentages. Home purchases in moderate income geographies are near demographic levels. Census tracts in the AA without loan penetration are due to Desjardins' limited number of offices and the large AA. These limitations prevent the Bank from penetrating all areas in the AA.

**Table 3 - Geographic Distribution of Residential Real Estate Loans in Broward County AA**

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	1.16	1.74	23.67	16.52	45.93	56.52	29.24	25.22
Home Refinance	1.16	14.29	23.67	0.00	45.93	71.43	29.24	14.29
Home Improvement	1.16	0.00	23.67	0.00	45.93	0.00	29.24	0.00

*Source: Data reported under HMDA for 2009, 2010, and 2011; 2000 U.S. Census data*

## Responses to Complaints

No CRA related complaints were received during the evaluation period.

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.