



Comptroller of the Currency
Administrator of National Banks

Wholesale Bank

Washington, DC 20219

PUBLIC DISCLOSURE

September 30, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Hamilton Bank, N.A.
Charter No. 17675
3750 N.W. 87th Avenue
Miami, Florida 33178**

**Comptroller of the Currency
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.

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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 **Hamilton Bank, N.A. (Hamilton)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 30, 1998**. The agency evaluates performance in assessment area(s), 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.

SCOPE OF EXAMINATION

The examination of Hamilton's CRA performance was conducted pursuant to the Community Development Test in accordance with standard procedures for Wholesale Purpose Institutions. Hamilton received its wholesale bank designation on May 28, 1998. The evaluation period includes July 1996 through September 30, 1998.

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. Hamilton's performance is consistent with its designation as a wholesale purpose bank, its business plan, institutional capacity and technical expertise. The major factors supporting this conclusion include:

- a good level of community development activities including: \$35.5 million in community development loans; trade related community development lending activities of \$547 million, supporting job retention for 822 low- and moderate-income individuals, and \$17.6 million in qualified investments. The bank's performance in the Lakeland/Winter Haven community is poor and not consistent with its overall performance.
- good responsiveness to identified credit and economic development needs through affordable mortgage lending programs and the job retention impact of the bank's trade activities on low- and moderate-income individuals. These are primary community development needs in each of the bank's communities.
- a reasonable level of community development services in the Miami MSA, the bank's primary community.

DESCRIPTION OF INSTITUTION:

Hamilton is a Florida-based bank which focuses primarily on meeting the credit needs of trade related businesses in its communities. The bank is wholly owned by Hamilton Bancorp, a one-bank holding company. The bank supports importers, exporters, wholesalers, and other businesses by providing financing to meet global trade needs. The bank has established its niche in trade finance and supports its activities through relationships with over 500 correspondent banking relationships world-wide.

Hamilton's primary focus is on trade with and between South America, Central America, the Caribbean basin and the United States. Most of the bank's trade financings consist of short-term self-liquidating transactions, primarily letters of credit, with a maturity of approximately 180 days.

Many of these transactions meet the community development definition and are included in this analysis. Those transactions are to wholesale trade customers that meet the size eligibility standards of the Small Business Administration's SBIC program and that also primarily employ low- and moderate-income individuals. The bank has compiled supporting data for these transactions during the past two years. In compiling this information the bank has identified community development lending activities that promote job retention for low- and moderate-income individuals.

Hamilton's size in total assets is approximately \$1.6 billion. The bank's main office and operations are located in Miami. The bank operates 3 branches in Miami, and a single branch each in Tampa, Winter Haven, Sarasota and West Palm Beach. An analysis of the bank's deposits as of June 30, 1998 shows that 57% of deposits are attributable to Miami branches, 10% West Palm Beach, 10% Winter Haven, 16% Tampa, and 7% Sarasota. The level of deposits acquired from each community was considered when drawing conclusions on the bank's performance in each community. Hamilton opened a branch office in San Juan, Puerto Rico in March 1998 which is not included in this analysis due to the short time it has been operating.

DESCRIPTION OF THE ASSESSMENT AREA:

Hamilton has defined 5 separate Metropolitan Statistical Areas (MSAs) as its assessment areas. These communities include the Miami/Dade County, Tampa/St. Petersburg, Lakeland/Winter Haven, Sarasota/Bradenton, and West Palm Beach MSAs.

Each of the bank's communities contains adequate opportunities for the bank to meet its obligations under the CRA. Community development opportunities which the bank has identified include: trade related lending activities supporting job retention for low- and moderate-income individuals, various loan programs promoting economic development in federally designated Enterprise Zones, loans through a U.S. Department of Transportation program for disadvantaged small businesses, and affordable housing lending and investment opportunities. The bank has also provided monetary support for numerous organizations targeting community development or social services targeted to low- and moderate-income people.

As part of the evaluation, we reviewed community contacts performed by the OCC and other regulatory agencies. During the past year, numerous interagency contacts were performed in South Florida by Community Affairs specialists from the Federal Reserve and Community Reinvestment and Development Specialists from the OCC. In addition, we reviewed U.S. Housing and Urban Development Consolidated Plans for each of the bank's communities and contacted the local governmental community development department for one of the communities. We found community development opportunities to be consistent with the bank's identification.

Table 1 on the next page details each assessment area's demographic characteristics based on the income of the census tract and family income.

Table 1

Hamilton Bank, N.A. Assessment Area Demographics								
Metropolitan Statistical Area	Low Income		Moderate Income		Middle Income		Upper Income	
	#	%	#	%	#	%	#	%
Miami/Dade Census Tracts Family Characteristics	36	14 23	57	22 17	96	36 19	75	28 41
West Palm Beach Census Tracts Family Characteristics	10	5 19	45	22 19	87	42 23	65	31 39
Tampa/St. Petersburg Census Tracts Family Characteristics	16	4 18	93	23 20	194	48 23	25	25 39
Lakeland/Winter Haven Census Tracts Family Characteristics	2	3 18	17	23 19	45	59 24	11	15 39
Sarasota/Bradenton Census Tracts Family Characteristics	1	1 16	17	20 21	47	55 25	20	24 38

The table above shows that low- and moderate-income census tracts range from 21% to 36% of the census tracts in a given MSA community. It also shows that the distribution of low- and moderate-income families ranges from 37% to 40% of total families in a given MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE:

Hamilton was evaluated based upon its record of providing community development loans and lending activities, qualified investments, and services. The CRA regulation defines community development as affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses and farms, and activities that revitalize or stabilize low- or moderate-income areas.

Table 2 on the next page details the bank's volume of community development activities benefitting each of the bank's communities.

Table 2

Hamilton Bank, N.A. Community Development Activities			
Metropolitan Statistical Area	Lending Activities \$(000's)	Investments \$(000's)	Services
Miami/Dade	Loans 30,716 Other* 546,369	1,856	Hamilton is engaged in community development services as discussed in the Community Development Services section.
West Palm Beach	Other* 50	7,362	
Tampa/St. Petersburg	Loans 4,443 Other* 516	3,660	
Lakeland/Winter Haven	Loans 323 Other* 187	284	
Sarasota/Bradenton	0	4,465	
Bank Total	Loans 35,482 Other* 547,122	17,627	

*Trade related lending activities that promote job retention for low- and moderate-income individuals.

These activities are with companies that both meet SBA SBIC size eligibility standards and primarily employ low- and moderate-income individuals.

Miami/Dade County MSA Hamilton has achieved a good level of community development lending activities, investments and services. The bank's primary operations are conducted through the main office in Miami. Hamilton's trade related lending activities have helped provide job retention for low- and moderate-income individuals in the Miami community. During the past two years, the bank has provided over \$546 million in short-term trade lending facilities to companies which primarily hire low- and moderate-income individuals and that meet the size eligibility standards of the SBA's SBIC program. Bank records indicate that those businesses provide employment to 822 low- and moderate-income individuals.

Other significant community development loans in the Miami community include:

\$25.4 million to businesses meeting the SBA's SBIC size eligibility standards and located in federally designated Enterprise Zones,

- \$505 thousand to promote economic development by financing disadvantaged small businesses through a U.S. Department of Transportation program,
- \$2.2 million in loans supporting economic development through the SBA 504 program, and
- \$2.6 million in affordable housing loans to low- and moderate-income borrowers.

Hamilton also made a reasonable level of qualified investments in the Miami community. Those investments include \$1.75 million in an affordable housing bond, purchased September 1998, benefitting low- and moderate-income borrowers and \$103 thousand in contributions to various organizations whose primary purpose is to provide affordable housing, social services targeted to low- and moderate-income individuals, or promotion of economic development through small business development.

Community development services are primarily provided in the Miami MSA since a substantial majority of the bank's personnel are located in the Miami community. Some of those services provided by bank officers and employees include:

- participation in a conference hosted by the Miami/Ft. Lauderdale Minority Business Development Center. The bank participated in the Import/Export Symposium designed for small businesses,
- providing lending and budgeting expertise as a board member of the Community Partnership for Homeless, Inc., an assistance center for homeless people in Dade County,
- participation on the Investment Committee of the Miami/Dade County Beacon Council during the development of the Hispanic Venture Capital Fund program, a program supporting economic development by financing start-up small businesses,
- participation on the Finance Committee for the Miami/Dade County Empowerment Zone Strategic Planning Team, and
- participation in fundraising activities as a director of Communities in Schools, a non-profit organization which provides at risk students an alternative environment to promote continuing education and graduation from high school.

Tampa/St. Petersburg MSA the bank's record of performance is consistent with its overall performance. Hamilton has extended \$4.4 million in affordable housing loans to low- and moderate-income borrowers as well as generated \$516 thousand in trade lending facilities to businesses, promoting job retention for low- and moderate-income individuals. The bank also purchased affordable mortgage housing bonds during March and September of 1998 totaling \$3.7 million.

West Palm Beach MSA- the bank's record of performance is consistent with its overall performance. The bank purchased affordable housing bonds benefitting low- and moderate-income borrowers during March, June, and September of 1998 totaling \$7.4 million.

Sarasota/Bradenton MSA the bank's record of performance is consistent with its overall performance. The bank purchased affordable housing bonds benefitting low- and moderate-income borrowers during February, March, and September of 1998 totaling \$4.4 million.

Lakeland/Winter Haven MSA the bank's record of performance is poor and is not consistent with its overall performance. As of June 30, 1998, \$124 million (10%) of the bank's deposits were attributed to the Winter Haven branch. Given the available resources of the branch, the level of community development loans and investments in the community is not considered adequate. The bank purchased \$284 thousand in affordable mortgage housing bonds during September 1998. Hamilton extended \$83 thousand in affordable housing loans to low- and moderate-income borrowers as well as generated \$187 thousand in trade lending facilities to businesses, promoting job retention for low- and moderate-income individuals. The bank also extended a \$240 thousand loan to the City of Winter Haven to improve storage facilities at a municipal airport located in a moderate income area. The improvements are part of a broader city economic development plan.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

A fair lending review was conducted during this examination. We reviewed the bank's consumer home mortgage lending activity for the first nine months of 1998. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.