

**SMALL BANK**

**PUBLIC DISCLOSURE**

May 11, 1998

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Peoples National Bank of Commerce  
Charter Number 14885**

**3275 N.W. 79th Street  
Miami, Florida 33147**

**Office of the Comptroller of the Currency  
Administrator of National Banks**

**South Florida Field Office  
5757 Blue Lagoon Drive, Suite 200  
Miami, Florida 33126**

**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 Community Reinvestment Act (CRA) performance of **Peoples National Bank of Commerce** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of May 11, 1998. 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.”

**Peoples National Bank of Commerce (PNBC) demonstrates “satisfactory” performance in complying with the CRA. PNBC has maintained a reasonable quarterly average loan-to-deposit ratio of 45% considering imposed financial constraints. Lending within the assessment area is very good at 100%. The distribution of loans among borrowers of different income levels and businesses of different revenues is reasonable. Lending distribution by census tract locations exceeds expectations and favors low- and moderate-income areas. Finally, we have not received any complaints about the bank’s CRA performance.**

PNBC’s CRA performance was evaluated using the small bank performance criteria. We focused our review of lending practices on residential loans as they represent a reasonable portion of the bank’s loan portfolio. The charts shown for lending by family and census tract income levels combine lending performance in both counties of the assessment area. We combined the numbers by determining lending patterns in each county separately and then adding the figures based upon income level categories.

PNBC’s previous CRA evaluation was as of August 1994 and the bank was also rated satisfactory. The time period evaluated in this review is from December 1994 through February 1998.

The following table indicates the performance level of **Peoples National Bank of Commerce** with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>PEOPLES NATIONAL BANK OF COMMERCE</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	X		
Response to Complaints	No complaints have been received regarding the bank's CRA performance.		

## **DESCRIPTION OF INSTITUTION**

PNBC is a \$47 million community bank located in the Liberty City area of Miami, Florida. The bank currently has one main office and two branch locations. The branch locations are new since the prior evaluation and represent a move into Broward County. The bank has actively worked to meet the credit need for consumer loans, residential mortgage loans, Small Business Administration guaranteed loans, and those of local religious organizations. The loan portfolio consisted of 46% consumer purpose, 22% residential, 21% commercial and 10% commercial real estate loans at year-end 1997.

The bank's local market in Dade county provides strong competition from non-bank service providers such as check cashing stores. Large banks and financial services companies are not an integral part of the bank's immediate operating area. PNBC is working to serve this under-banked market. Their efforts include the non-lending related activities of check cashing for non-customers and low cost money orders.

There are financial and legal impediments that impair the bank's capacity to lend. PNBC is operating under a Consent Order that, in addition to other issues, requires certain minimum capital ratios and has significantly reduced the ability to originate automobile loans (a primary line of business). For regulatory purposes, the bank was considered to be either "Critically Undercapitalized" or "Significantly Undercapitalized" for portions of 1997 and 1998. As a result, the bank did not have the opportunity to seek a significant volume of new loans.

## **DESCRIPTION OF *Dade and Broward Counties Demographic Characteristics***

### **Dade County**

1990 U.S. Census Bureau data divides the assessment area into 267 census tracts with a combined population of one million nine-hundred thousand people. Total households in the area are 692,237. The 1990 Census data shows 75, or 28% of the tracts are upper income (more than 120% of median income), 96 (36% of the tracts) are middle income (80-120% of median income), 57 (21% of the tracts) are moderate income (50-79% of median income), 36 (13% of the tracts) are low income (below 50% median income), and 3 (1% of the tracts) cannot be classified as to income characteristics. The U.S. Department of Housing and Urban Development updated Dade County's Median Family Income to \$39,100 in 1997.

### **Broward County**

1990 U.S. Census Bureau data divides the assessment area into 164 census tracts with a combined population of one million three-hundred thousand people. Total households in the area are 527,860. The 1990 Census data shows 42 (26% of the tracts) of the tracts are upper income, 77 (47% of the tracts) are middle income, 32 (20% of the tracts) are moderate income, 9 (5% of the tracts) are low income, and 4 (2% of the tracts) cannot be classified as to income characteristics. The U.S. Department of Housing and Urban Development updated Broward County's Median Family Income to \$47,700 in 1997.

We obtained information about the community's credit needs from local community groups and identified residential, consumer, and small business loans as community credit needs.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**Loan-to-Deposit Ratio**

PNBC has maintained a reasonable ratio considering the financial restraints of the Consent Order. PNBC averaged a 45% loan-to-deposit ratio from December 1994 to December 1997. The average ratio for similarly- sized community banks based in Dade and Broward Counties is 57%.

**Lending in Assessment Area**

A substantial majority of PNBC's loans are within the assessment area. We verified the accuracy of the Home Mortgage Disclosure Act (HMDA) report for loans originated during 1997. Overall, 100% of the loans originated were within the assessment area. This demonstrates the bank's commitment to the area.

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

PNBC's history of lending to borrowers of different income levels is reasonable. They have not arbitrarily excluded lending to borrowers or businesses of different sizes. We reviewed residential real estate lending practices based upon 1997 HMDA reportable loans and a sample of business loan originations and renewals. As shown in the chart below, the bank's residential lending patterns are similar to the assessment areas' combined characteristics. Also, a majority of the business loans are to small businesses with gross revenues of less than \$1 million.

<b>Lending Performance January 1, 1997 through December 31, 1997</b>		
<b>Family Income Level Distribution</b>	<b>Family Income Composition (per 1990 Census Data)</b>	<b>Bank's Lending Pattern (by dollar amount of loans)</b>
Upper	40%	46%
Middle	21%	28%
Moderate	17%	12%
Low	22%	15%

**Geographic Distribution of Loans**

PNBC's geographic distribution of loans within the assessment area is very good. The chart below shows how loans are distributed by census tract income level. The low- and moderate-income tracts are well represented (57%) compared to census data characteristics (31%). This is reflective of the bank lending to its target market areas.

<b>Lending Performance January 1, 1997 through December 31, 1997</b>		
Census Tract Income Level	Census Tract Income Levels (per 1990 Census Data)	Bank's Lending Pattern (by number of loans)
Upper	27%	10%
Middle	40%	33%
Moderate	21%	44%
Low	10%	13%

**Response to Complaints**

Neither PNBC nor the Comptroller of the Currency have received any complaints regarding the bank's CRA performance.

**Compliance with Anti-discrimination Laws and Regulations**

We completed a fair lending examination in conjunction with this CRA examination. We did not identify any violations of substantive provisions of anti-discrimination laws and regulations.