

PUBLIC DISCLOSURE

August 19, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Central Bank
06-12-0924

Miami, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
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 the 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 Central Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of August 19, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

Central Bank was assigned a satisfactory rating based on a reasonable loan-to-deposit ratio and because the majority of the bank's loans are within its assessment area. Also, based on available resources and the demographics of the assessment area, lending activities reflect a reasonable penetration among individuals of different income levels and businesses of various sizes. The bank is in substantial compliance with all provisions of the antidiscrimination laws and regulations, including fair lending and fair housing laws.

The following table indicates the performance level of Central Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>CENTRAL BANK</u>		
	PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
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 were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Central Bank operates four offices in Dade County. The main office and one branch are located in Miami, while the other two offices are in Hialeah and Coral Gables. The bank is mainly retail oriented. As of June 30, 1996, the bank had total assets of \$79.6 million.

The composition of the loan portfolio according to the June 30, 1996 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Secured by one- to four-family dwellings	8.2%
Other real estate:	
Farmland	1.4%
Multifamily	.4%
Nonfarm nonresidential	25.5%
Commercial and industrial	22.7%
Loans to individuals	33.4%
All other	8.4%
Total	100.0%

A review of lending activity since the last examination indicates that the bank's main loan products are direct and indirect automobile loans. Samples of direct and indirect automobile loans and commercial loans were analyzed to determine the bank's performance in the assessment area.

Two community contacts were made in conjunction with this examination. Both contacts agreed that affordable housing for low- and moderate-income families and assistance for small and minority-owned businesses are needed in the community. One of the contacts identified a micro-lending program, funded by an eight-bank consortium, that fosters self-reliance among low-income persons through access to credit, business training, and peer support. Central Bank is the lead bank in this consortium.

The bank is not subject to any legal or financial impediments that would prevent it from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA: DADE COUNTY, FLORIDA

During the examination, the bank redefined its assessment area to include an additional 81 census tracts, all of which are in Dade County. The bank now has 204 census tracts in its assessment area. The distribution of census tracts by income level and population is shown in the table below.

CENSUS TRACT TYPE	NUMBER OF CENSUS TRACTS	PERCENTAGE OF TOTAL TRACTS	POPULATION	PERCENTAGE OF POPULATION
Low-income	32	15.7%	155,377	10.9%
Moderate-income	49	24.0%	327,622	23.1%
Middle-income	80	39.2%	619,252	43.6%
Upper-income	43	21.1%	317,457	22.4%
Total	204	100.0%	1,419,708	100.0%

A total of 352,742 families are in the assessment area, of which 92,685 are low-income families. The bank's assessment area is mainly service and retail oriented and has a median family income of \$28,168, which is lower than the Dade County median family income of \$31,113.

The following table depicts the four categories of income levels and illustrates the median family income for each level in the bank's assessment area.

INCOME LEVEL	% OF MEDIAN FAMILY INCOME	\$ AMOUNT OF INCOME
Low-income	Less than 50%	\$14,083 and under
Moderate-income	50% to 79%	\$14,084 to \$22,533
Middle-income	80% to 119%	\$22,534 to \$33,520
Upper-income	120% and over	\$33,521 and over

The community surrounding the main office includes commercial areas with several warehouse, office, retail, and manufacturing facilities. There are some residential units in the community. The community surrounding the Coral Gables office contains mixed residential and commercial areas. The Palmetto Lakes branch is located

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DESCRIPTION OF ASSESSMENT AREA: DADE COUNTY, FLORIDA (CONTINUED)

in an area that is primarily residential with some light industrial, office, and warehouse sites along a major expressway. The community includes a portion of Opa-Locka. The Palm Springs Mile branch is in Hialeah, the second largest city in Dade County. The community surrounding the branch includes commercial and residential areas. According to the 1990 census, Dade County is considered one of the most ethnically diverse counties in the nation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. The bank's average loan-to-deposit ratio for the four quarters since the previous examination is 71 percent. The bank's volume of lending is consistent with that of four other local banks that are similar in asset size and number of branches. The average loan-to-deposit ratios of these four banks ranged from 43.8 percent to 73.4 percent.

Lending in Assessment Area

To evaluate the bank's performance, a sample of 245 loans (158 indirect automobile, 53 direct automobile, and 34 commercial loans) was geocoded and analyzed. This analysis was used to determine the percentage of loans within the assessment area, the pattern of lending to borrowers of different income levels, and the geographic distribution of loans by the income level of the census tract.

The sample of 158 indirect automobile loans indicated that 128 loans (81 percent) were in the bank's assessment area. 36 of 53 (68 percent) direct automobile loans were in the bank's assessment area. Also, 21 of 34 (62 percent) commercial loans were in the bank's assessment area. Although most of the indirect loans are within the assessment area, the percentages of direct and commercial loans made outside the assessment area are somewhat high. Several reasons explain the number of loans made outside the assessment area. Numerous former indirect loan customers located outside the assessment area are now borrowing directly from the bank. In addition, a car dealer located in northwest Miami refers a significant number of customers directly to the bank. Most of these borrowers are located outside the assessment area. The pattern of commercial loans closely mirrors the direct loan portfolio because numerous borrowers outside the assessment area have both a direct automobile loan and commercial loan with the bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

INDIRECT AUTOMOBILE LOANS

BORROWER INCOME LEVEL	# OF INDIRECT AUTOMOBILE LOANS	PERCENTAGE OF LOANS	PERCENTAGE OF FAMILIES IN AA*
Low-income	15	12%	26.3%
Moderate-income	49	38%	17.8%
Middle-income	40	31%	19.6%
Upper-income	24	19%	36.3%
Total	128	100%	100%

*AA represents assessment area.

DIRECT AUTOMOBILE LOANS

BORROWER INCOME LEVEL	# OF DIRECT AUTOMOBILE LOANS	PERCENTAGE OF LOANS	PERCENTAGE OF FAMILIES IN AA*
Low-income	2	6%	26.3%
Moderate-income	10	28%	17.8%
Middle-income	8	22%	19.6%
Upper-income	16	44%	36.3%
Total	36	100%	100%

*AA represents assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

As shown in the tables, 12 percent of the indirect automobile loans and 6 percent of the direct automobile loans were granted to low-income borrowers. These percentages are significantly lower than the percentage of low-income families residing in the bank's assessment area (26.3 percent). Based on the area's median income, low-income individuals and families earn less than \$14,084 per year. Over 60 percent of low-income families in the assessment area have incomes below the poverty level. It is often difficult for prospective borrowers whose income is in this range to qualify under the bank's debt-to-income ratio policy. Therefore, the levels of lending to low-income borrowers would tend to be lower than those indicated by analysis based solely on the percentage of low-income families in the assessment area. The bank's lending policy is considered to be nondiscriminatory and in compliance with safe and sound lending practices.

Only 8 of the 21 commercial loans sampled included gross revenue figures. All reported annual revenues were less than \$1 million. Over 80 percent of the reported revenues were less than \$500,000, and over 60 percent were less than \$250,000. These figures indicate satisfactory performance in lending to businesses of different sizes and represent a response to identified community credit needs.

Geographic Distribution of Loans

As previously stated, Central Bank's assessment area includes 204 census tracts, of which 32 are low-income, 49 are moderate-income, 80 are middle-income, and 43 are upper-income.

INDIRECT AUTOMOBILE LOANS

INCOME LEVEL OF CENSUS TRACT	# OF INDIRECT AUTOMOBILE LOANS	PERCENTAGE OF LOANS	% OF POPULATION RESIDING IN CENSUS TRACTS BY INCOME LEVEL
Low-income	11	9%	10.9%
Moderate-income	32	25%	23.1%
Middle-income	56	44%	43.6%
Upper-income	29	22%	22.4%
Total	128	100%	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

DIRECT AUTOMOBILE LOANS

INCOME LEVEL OF CENSUS TRACT	# OF DIRECT AUTOMOBILE LOANS	PERCENTAGE OF LOANS	% OF POPULATION RESIDING IN CENSUS TRACTS BY INCOME LEVEL
Low-income	2	5%	10.9%
Moderate-income	4	11%	23.1%
Middle-income	15	42%	43.6%
Upper-income	15	42%	22.4%
Total	36	100%	100.0%

COMMERCIAL LOANS

INCOME LEVEL OF CENSUS TRACT	# OF COMMERCIAL LOANS	PERCENTAGE OF LOANS	% OF POPULATION RESIDING IN CENSUS TRACTS BY INCOME LEVEL
Low-income	1	6%	10.9%
Moderate-income	3	14%	23.1%
Middle-income	10	47%	43.6%
Upper-income	7	33%	22.4%
Total	21	100%	100.0%

The above tables indicate lower than expected lending percentages in low- and moderate-income census tracts. However, consideration of households below the poverty level improves the bank's geographic distribution results. Approximately 45 percent and 28 percent of the households residing in low- and moderate-income census tracts, respectively, have incomes below the poverty level. Conversely, only 15 percent and 8 percent of the households residing in middle- and upper-income census tracts have incomes below the poverty level. As such, the bank's geographic distribution is considered to be reasonable.

Complaints

No complaints relating to CRA performance have been filed against the bank since the previous examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

**Central Bank
Miami, Florida
August 19, 1996**

Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. Personnel involved in the lending process have good knowledge of fair lending issues and how they relate to credit applications and the evaluation process. Through periodic employee training, the bank's policy on fair treatment of all customers has been effectively communicated from senior management to all staff members.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS AUGUST 19, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

CENTRAL BANK

(Name of Bank)

MIAMI, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Central Bank
Post Office Box 521599
Miami, Florida 33152

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Regina Hartman using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: CENTRAL BANK

City and State: MIAMI, FLORIDA

Date of Examination: AUGUST 19, 1996