

**PUBLIC DISCLOSURE**

**June 7, 2021**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Professional Bank  
396 Alhambra Circle, Suite 255  
Coral Gables, Florida 33134**

**RSSD ID NUMBER: 3816510**

**FEDERAL RESERVE BANK OF ATLANTA  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470**

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 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.

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**INSTITUTION'S CRA RATING**

**INSTITUTION'S CRA RATING: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Outstanding**

The following table indicates the performance level of Professional Bank with respect to the lending and community development tests.

PERFORMANCE LEVELS	Professional Bank	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		X
Satisfactory	X	
Needs to Improve		
Substantial Noncompliance		

\*\*Note: The lending test and the community development test are weighted equally when arriving at an overall rating.

Major factors supporting the institution's rating include:

- The bank's loan-to-deposit (LTD) ratio was more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- The geographic distribution of loans reflects reasonable dispersion.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- A substantial majority of loans were made in the assessment area.
- The level of qualified investments, community development loans and services reflects excellent responsiveness to community development needs in the bank's assessment areas.
- The bank has not received any CRA-related complaints since the previous examination.

## **INSTITUTION**

### **SCOPE OF EXAMINATION**

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, as well as the economic and demographic characteristics of its defined assessment area. Professional Bank's CRA performance evaluation was based on CRA activities within its assessment area and conducted using the Interagency Intermediate Small Institution Examination Procedures. Under these procedures, institutions meeting the asset threshold size are evaluated using two separately rated tests: a lending test; and a community development test that includes an evaluation of community development loans, investments, and services. A full-scope review was conducted of the Miami MSA assessment area, which is the bank's sole assessment area.

The evaluation included an analysis of Home Mortgage Disclosure Act (HMDA) and small business loans from January 1, 2018 through December 31, 2020. Professional Bank submits annual reports about its residential real estate loan applications and originations pursuant to the HMDA and these loans are referred to as "HMDA-reportable" loans in this evaluation. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as commercial loans.

For the community development test, the examination covered community development loans, qualified investments, and community development services from June 1, 2017 through December 31, 2020. The CRA defines a community development activity as having a primary purpose of providing any of the following: affordable housing or community services for low- or moderate-income persons, economic development through the financing of small businesses or farms, revitalizing or stabilizing low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies. These activities must benefit the assessment area or a larger statewide or regional area that includes the assessment area.

Two community contact interviews were made with local housing and economic development representatives who are familiar with the economic and demographic characteristics as well as community development opportunities in the Miami MSA. Information obtained from these contacts was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the applicable section of the evaluation.

### **DESCRIPTION OF INSTITUTION**

Professional Bank is a community bank headquartered in Coral Gables, Florida. The bank is the sole bank subsidiary of Professional Holding Corporation, a holding company also located in Coral Gables. The bank operates as a full-service bank with banking offices in South Florida. According to the December 31, 2020, Report of Condition (ROC), the bank's assets totaled \$2.06 billion, an increase of approximately \$1.7 billion since the bank's last CRA evaluation conducted in May 2017. The bank's asset growth has been organic and partly due to the acquisition of Marquis Bank in March 2020, which added approximately \$600 million in assets

to the bank’s balance sheet. The bank exceeds the CRA Large Institution asset size threshold but did not meet this threshold for the last two consecutive years. Therefore, as previously mentioned, this evaluation utilizes Interagency Intermediate Small Institution Examination Procedures to evaluate the bank’s CRA activities.

Branch Offices

Professional Bank operates 9 branch locations through the Miami MSA. The bank added two branches through the acquisition of Marquis Bank and opened new branches in Broward and Palm Beach counties since the last evaluation.

The bank operates a loan production office (LPO) in Bedford, New Hampshire, which was opened in November 2020. The LPO focuses on Sponsored Finance Search Fund lending, which is a type of commercial lending that involves leveraged capital lending for entrepreneurs seeking to purchase established businesses.

Loan Portfolio

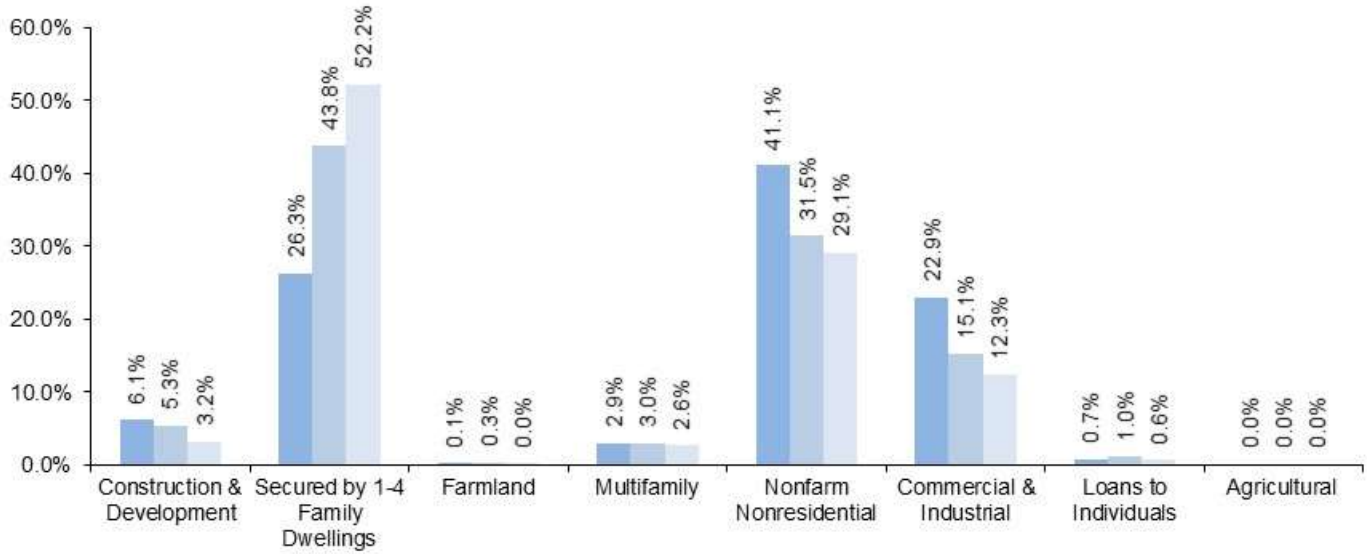
The following table and graphs show the composition of the loan portfolio according to the Consolidated Report of Condition and Income (Call Report).

<b>COMPOSITION OF LOAN PORTFOLIO</b>						
<b>Loan Type</b>	<b>12/31/2020</b>		<b>12/31/2019</b>		<b>12/31/2018</b>	
	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>
Construction and Development	99,883	6.1%	41,465	5.3%	19,088	3.2%
Secured by One- to Four- Family Dwellings	432,606	26.3%	342,262	43.8%	310,325	52.2%
Other Real Estate: Farmland	1,296	0.1%	2,154	0.3%	148	0.0%
Multifamily	47,308	2.9%	23,106	3.0%	15,368	2.6%
Nonfarm nonresidential	676,253	41.1%	245,714	31.5%	173,295	29.1%
Commercial and Industrial	376,868	22.9%	118,204	15.1%	73,295	12.3%
Loans to Individuals	11,573	0.7%	7,982	1.0%	3,484	0.6%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>\$1,645,787</b>	<b>100.00%</b>	<b>\$780,887</b>	<b>100.00%</b>	<b>\$595,003</b>	<b>100.00%</b>

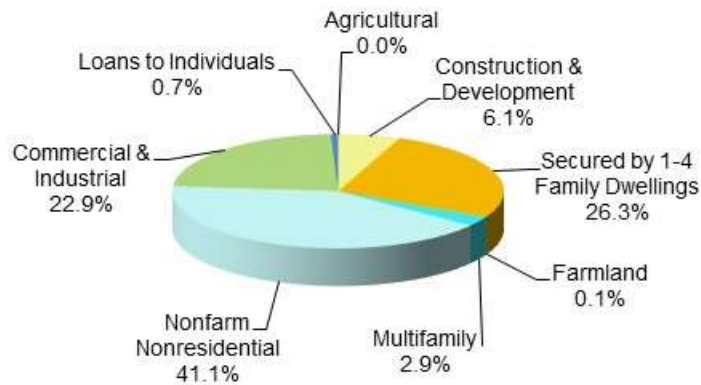
\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



### Loan Portfolio Trend



### Loan Portfolio as of 12/31/2020



As shown in the charts above, overall lending increased by 176.6 percent during the review period, from \$595.0 million as of December 31, 2018 to \$1.6 billion as of December 31, 2020. The bank's core business focus continues to be on commercial lending and loans secured by nonfarm nonresidential properties which represented 41.1 percent of total lending in 2020. Loans secured by one-to-four family dwellings made up 26.3 percent of the loan portfolio and commercial & industrial loans represented 22.9 percent. The bank's loan portfolio shifted during the review period. Loans secured by one-to-four family dwellings declined as a percentage of total lending while nonfarm, nonresidential lending and commercial and industrial loans increased.

### Credit Products

Professional Bank offers a range of commercial loan products as well as residential mortgages, construction loans, and consumer loans. The bank also offers SBA loans, including 7(a) and 504 loans. During the review period, the bank created two new loan products designed to meet the needs of first-time and low- and moderate-income homebuyers. The ProStart - Affordable First-Time Homebuyer Loan Program is the bank's first-time homebuyer residential loan program. This program assists low- and moderate-income individuals in obtaining a residential home loan within the Bank's assessment area. It provides for closing cost assistance as available through city, county, or state municipalities. The bank also created the ProStart Plus- Federal Home Loan Bank (FHLB) Affordable Housing Program. Through this program offered through the FHLB Atlanta, the bank participates in the First-Time Homebuyer and the Community Partners Product. This program provides subsidy funds for the Bank to use for down-payment assistance for its first-time homebuyer customers for the purchase or purchase/rehabilitation of a home that will be owner-occupied.

### COVID-19 Response

Professional Bank offered retail lending services that were responsive to the needs of individuals and businesses in their communities affected by the COVID-19 pandemic, including low- and moderate-income individuals and communities. In 2020, the bank deferred repayment on \$199.8 million in loans to provide relief to borrowers adversely impacted by the COVID-19 pandemic. These deferrals consisted of \$61.3 million of loans in which borrowers were temporarily making interest-only payments and \$117.8 million of loans in which borrowers were provided temporary relief from full principal and interest payments.

Additionally, Professional Bank participated in the SBA Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security Act. PPP loans were designed to help businesses retain workers and staff during the economic crisis caused by the pandemic. PPP loans in amounts less than \$1.0 million were considered retail loans while loans greater than \$1 million may be considered as community development loans if they also had a primary purpose of community development as defined under the CRA. Generally, loans to small businesses with gross annual revenues \$1 million or less that create or retain jobs for low- or moderate-income individuals or in low- or moderate-income geographies, or that otherwise meet the economic development "size" and "purpose" tests, qualify as community development loans. PPP loans also qualify if they help to revitalize or stabilize low- or moderate-income geographies or distressed or underserved nonmetropolitan middle-income geographies, by helping to retain businesses in these geographies.

Professional Bank originated 1,385 PPP loans in 2020 for a total dollar amount of \$154.1 million; 94.5 percent of the PPP loans were in the bank's assessment area. To respond to the high demand for PPP loans, the bank had to quickly redeploy staff and other resources. Based on data provided by the bank, approximately 815 of the PPP

loans were made to businesses with revenues less than \$1.0 million. On average, these businesses had five employees and the average loan size was approximately \$36,000. The PPP loans were considered responsive to the needs of small businesses during the COVID-19 pandemic and the bank was one of the more active South Florida-based banks for PPP lending in the area.<sup>2</sup> Additional details regarding the bank's PPP lending are discussed in the performance test sections below.

#### Assessment Area

Professional Bank has one assessment area, which is the Miami-Fort Lauderdale-Pompano Beach, FL Metropolitan Statistical Area (MSA). At the previous exam, the bank's assessment area was only Miami-Dade County. The bank has since opened branches in Palm Beach and Broward counties and expanded its assessment area to include the entire MSA (Miami-Dade, Broward, and Palm Beach counties).

#### CRA Compliance

Professional Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment areas. The bank received a "Satisfactory" rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated May 15, 2017 under the small bank examination procedures.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MIAMI, FLORIDA ASSESSMENT AREA**

#### Overview

The Miami MSA assessment area includes three separate metropolitan divisions (MD): Miami-Miami Beach-Kendall MD, the Fort Lauderdale-Pompano Beach-Sunrise MD and the Palm Beach-Boca Raton-Boynton Beach MD. The bank currently operates 9 branch offices in the assessment area.

#### Population and Income Characteristics

The population of the Miami MSA was estimated to be almost 6.2 million as of July 1, 2019. Between 2010 and 2019, the population of the Miami MSA increased by 10.8 percent while the population for the state of Florida grew by 11.2 percent. The Miami-Miami Beach-Kendall MD is the largest MD in the MSA with a population of approximately 2.7 million.<sup>3</sup>

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for each metropolitan division that is part of the Miami-Fort Lauderdale-Pompano Beach, FL MSA. The following tables set forth the estimated median family income for each metropolitan division between 2018 and 2020. The tables also provide a breakdown of the estimated annual income based on income category (low, moderate,

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<sup>2</sup> "Who were the biggest PPP lenders for South Florida companies? Here's what the data tells us." Grow Biz, Florida SBDC at FIU. Web. June 23, 2021. <https://growbiz.fiu.edu/2020/12/who-were-the-biggest-ppp-lenders-for-south-florida-companies-heres-what-the-data-tells-us/>

<sup>3</sup> Annual Estimates of the Resident Population for Metropolitan Statistical Areas in the United States and Puerto Rico: April 1, 2010 to July 1, 2019 (CBSA-MET-EST2019-ANNRES). U.S. Census Bureau, Population Division, Release Date March 2020. [Metropolitan and Micropolitan Statistical Areas Totals: 2010-2019 \(census.gov\)](https://www.census.gov/popest/totals/metro/totals.html). June 11, 2021.



middle, and upper). As shown, the median family income increased in all metropolitan divisions between 2018 and 2020. The median family income varies widely in the MSA from a low of \$59,100 in the Miami-Miami Beach-Kendall MD in 2020 to \$79,100 in the West Palm Beach-Boca Raton-Boynton Beach MD.

**Borrower Income Levels  
Miami-Miami Beach-Kendall, FL (MD)**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2018</b>	<b>\$52,300</b>	0 - \$26,149	\$26,150 - \$41,839	\$41,840 - \$62,759	\$62,760 - & above
<b>2019</b>	<b>\$54,900</b>	0 - \$27,449	\$27,450 - \$43,919	\$43,920 - \$65,879	\$65,880 - & above
<b>2020</b>	<b>\$59,100</b>	0 - \$29,549	\$29,550 - \$47,279	\$47,280 - \$70,919	\$70,920 - & above

**Borrower Income Levels  
Fort Lauderdale-Pompano Beach-Sunrise, FL (MD)**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2018</b>	<b>\$65,700</b>	0 - \$32,849	\$32,850 - \$52,559	\$52,560 - \$78,839	\$78,840 - & above
<b>2019</b>	<b>\$68,600</b>	0 - \$34,299	\$34,300 - \$54,879	\$54,880 - \$82,319	\$82,320 - & above
<b>2020</b>	<b>\$74,800</b>	0 - \$37,399	\$37,400 - \$59,839	\$59,840 - \$89,759	\$89,760 - & above

\*For 2018 this MD was named Fort Lauderdale-Pompano Beach-Deerfield Beach, FL

**Borrower Income Levels  
West Palm Beach-Boca Raton-Boynton Beach, FL (MD)**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2018</b>	<b>\$74,300</b>	0 - \$37,149	\$37,150 - \$59,439	\$59,440 - \$89,159	\$89,160 - & above
<b>2019</b>	<b>\$75,400</b>	0 - \$37,699	\$37,700 - \$60,319	\$60,320 - \$90,479	\$90,480 - & above
<b>2020</b>	<b>\$79,100</b>	0 - \$39,549	\$39,550 - \$63,279	\$63,280 - \$94,919	\$94,920 - & above

\*For 2018 this MD was named West Palm Beach-Boca Raton-Delray Beach, FL

According to 2020 FFIEC census data, there were 1.3 million families in the assessment area. Of those families, 23.1 percent were low-income, 17.0 percent were moderate-income, 17.7 percent were middle-income, and 42.2 percent were upper-income. Of the total families in the Miami assessment area, 13.5 percent had incomes below the poverty level.

Demographic Data by Census Tracts

The following table provides demographic characteristics of the assessment area based 2020 FFIEC census data and Dun & Bradstreet data. This data is used to analyze the bank's lending performance. Overall, there are 1,219 tracts in the assessment area, including 76 (6.2 percent) low-income tracts, 344 (28.2 percent) moderate-income tracts, 359 (29.5 percent) middle-income tracts, 409 (33.6 percent) upper-income tracts, and 31 (2.5 percent) tracts with income unknown.

### Combined Demographics Report

Assessment Area: Miami

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	76	6.2	66,251	5.0	26,032	39.3	308,004	23.1
Moderate-income	344	28.2	362,887	27.3	77,567	21.4	226,177	17.0
Middle-income	359	29.5	420,721	31.6	48,134	11.4	235,608	17.7
Upper-income	409	33.6	478,696	36.0	26,997	5.6	561,004	42.2
Unknown-income	31	2.5	2,238	0.2	608	27.2	0	0.0
<b>Total Assessment Area</b>	<b>1,219</b>	<b>100.0</b>	<b>1,330,793</b>	<b>100.0</b>	<b>179,338</b>	<b>13.5</b>	<b>1,330,793</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	137,732	32,484	2.6	23.6	80,676	58.6	24,572	17.8
Moderate-income	693,336	289,169	23.2	41.7	290,987	42.0	113,180	16.3
Middle-income	767,541	410,125	32.9	53.4	240,369	31.3	117,047	15.2
Upper-income	877,623	514,343	41.2	58.6	183,155	20.9	180,125	20.5
Unknown-income	8,372	1,917	0.2	22.9	3,817	45.6	2,638	31.5
<b>Total Assessment Area</b>	<b>2,484,604</b>	<b>1,248,038</b>	<b>100.0</b>	<b>50.2</b>	<b>799,004</b>	<b>32.2</b>	<b>437,562</b>	<b>17.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	24,002	4.5	21,783	4.3	2,001	6.9	218	3.7
Moderate-income	122,278	22.8	114,103	22.7	7,293	25.3	882	15.1
Middle-income	154,067	28.7	145,983	29.1	6,768	23.4	1,316	22.5
Upper-income	230,533	42.9	215,294	42.8	11,900	41.2	3,339	57.1
Unknown-income	6,333	1.2	5,334	1.1	911	3.2	88	1.5
<b>Total Assessment Area</b>	<b>537,213</b>	<b>100.0</b>	<b>502,497</b>	<b>100.0</b>	<b>28,873</b>	<b>100.0</b>	<b>5,843</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>93.5</b>		<b>5.4</b>		<b>1.1</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	89	3.4	79	3.2	10	9.1	0	0.0
Moderate-income	379	14.6	359	14.4	20	18.2	0	0.0
Middle-income	667	25.7	646	26.0	20	18.2	1	100.0
Upper-income	1,445	55.6	1,385	55.7	60	54.5	0	0.0
Unknown-income	17	0.7	17	0.7	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,597</b>	<b>100.0</b>	<b>2,486</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>95.7</b>		<b>4.2</b>		<b>.0</b>

2020 FFIEC Census Data and 2020 D&B Information

### Housing Characteristics

Census data indicates that there were 2.5 million housing units in the assessment area in 2015, of which 50.2 percent were owner-occupied, 32.2 percent were rental units, and 17.6 percent were vacant units. The percentage of housing units that were owner-occupied was much lower in the Miami MD at 45.3 percent compared to 55.0 percent in the West Palm Beach MD. The median age of the housing stock in the assessment area is 42 years, but housing stock in low- and moderate-income census tracts is older at 47 years. The median age of the housing stock is older in the Miami MD compared to the West Palm Beach MD. These factors indicate that opportunities for HMDA-reportable lending in low- and moderate-income tracts in the most populous metropolitan division in the MSA are likely to be more limited and credit needs will vary throughout the MSA.

According to the Florida Realtors, the median sale price of a single-family home in the MSA in December 2020 was \$430,000, representing a 14.7 percent increase compared to December 2019.<sup>4</sup> Within the assessment area, the median sales price for a single-family home in December 2020 ranged from \$425,000 in Palm Beach County to \$454,900 in Miami-Dade County. Home sales across the MSA increased in 2020 but housing inventory has declined significantly, which is putting upward pressure on housing prices across the region.<sup>5</sup> Interest from foreign buyers continues to drive up housing prices. Additionally, housing prices are out of reach for even middle-income households, which means more households are seeking out rental housing, driving rents up as well.<sup>6</sup>

Homeownership for low- and moderate-income families in the MSA is not generally affordable without a significant subsidy. The assessment area's overall affordability ratio in 2015 is 24.6 compared to the state of Florida at 29.9, indicating housing in the assessment area is less affordable than elsewhere in the state. The affordability ratio is defined as the median household income divided by the median housing value. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. Miami-Dade County is the least affordable in the assessment area with an affordability ratio of 21.2. Using the assumption that a borrower can obtain a loan for approximately three times the borrower's annual income, and using 2020 FFIEC median family income figures, affordable homes for a moderate-income household would be priced at \$141,837 in the Miami-Dade MD, \$179,517 in the Ft. Lauderdale MD, and \$189,837 in the Palm Beach MD. As noted above, however, the median home price in each area is significantly higher.

Both renters and homebuyers in the Miami MSA are cost-burdened, meaning they pay more than 30.0 percent of their income for rent. Within the MSA, in 2019, an estimated 32.8 percent of homeowners and 59.1 percent of renters were housing cost-burdened. Additionally, 31.7 percent of renters were estimated to be extremely housing cost-burdened, meaning they spent more than 50.0 percent of their income on rent.<sup>7</sup>

<sup>4</sup> "Florida Residential Market Sales Activity – 2020, Statewide by Metropolitan Statistical Area." Florida Realtors. Web. June 11, 2021. Florida Market Reports (floridarealtors.org)

<sup>5</sup> Miami Association of Realtors. Market Snapshot Infographic, December 2020. Web. June 11, 2021. [Market-Snapshot-Info-Graphic-December-2020.pdf \(miamirealtors.com\)](#)

<sup>6</sup> "Miami's housing affordability crisis poses a dire threat to the city's future, experts say." *Miami Herald*. n.d. June 11, 2011 [Miami's housing affordability crises getting worse | Miami Herald](#).

<sup>7</sup> PolicyMap. Percent of Homeowners and Renters who are Cost-Burdened or Severely Burdened, between 2015-2019. Map. <https://www.policymap.com/>. Based on U.S. Census Data. July 19 2021.

Bank management confirmed that housing affordability is the primary concern in the area. The difference between wages and home prices continues to increase and the shrinking inventory of available housing contributes to the price increases. Additionally, rising insurance costs, including homeowner's insurance, flood insurance, and windstorm insurance continues to increase the price of homeownership, making it out of reach for the majority of low- and moderate-income, and even middle-income residents in the assessment area. Bank management indicated that all types of housing are experiencing rapid increases in housing prices, citing the example of new townhome projects where the prices increased over \$100,000 in the last six months of 2020.

### Economic and Employment Conditions

Non-farm employment in the Miami MSA fell significantly in 2020. In 2019, nonfarm employment totaled 2,725.2 million jobs but dropped by 6.8 percent in 2020 to 2,540.0 million jobs.<sup>8</sup> The Miami-Miami Beach-Kendall Metropolitan Division, with 45.0 percent of the area's total nonfarm employment, lost 68,000 jobs between November 2019 and November 2020, while the Fort Lauderdale-Pompano Beach-Deerfield Beach Metropolitan Division, which accounted for more than 31.0 percent of the area's employment, lost 64,400 jobs over that time period and the West Palm Beach-Boca Raton-Delray Beach Metropolitan Division, with 23.0 percent of the area's employment, lost 43,600 jobs.<sup>9</sup> The largest employment sector in the MSA is trade, transportation and utilities, followed by professional and business services, education and health care, government and leisure and hospitality.<sup>10</sup> Employment declined in all of the major employment sectors but leisure and hospitality had the largest loss between November 2019 and November 2020. Employment in the leisure and hospitality sector declined by 19.0 percent compared to the 19.8 percent loss on a national level. Trade, transportation, and utilities lost 27,200 jobs (4.3 percent) over between November 2019 and November 2020, while education and health services jobs declined by 4.4 percent, professional and business services by 4.7 percent and government jobs fell by 6.6 percent.<sup>11</sup>

A study conducted by Florida International University (FIU) estimated that the total economic impact of COVID-19 on the hospitality sector in Miami Dade County between March and August of 2020 was \$3.6 billion, which included an estimated loss of \$1.2 billion in workers' paychecks in the hotel and restaurant sectors.<sup>12</sup> Many of the jobs lost were lower paying jobs, creating additional hardship for low- and moderate-income workers in the region.

Small businesses play a vital role in the Miami MSA economy. According to 2020 Dun & Bradstreet information, there were 537,213 businesses in the MSA, of which 93.5 percent had total annual revenues less than or equal to \$1 million and were therefore considered to be small businesses.<sup>13</sup> Additionally, 27.0 percent of small businesses in the assessment area are located in low- or moderate-income tracts, with a much greater concentration in moderate-income tracts (22.7 percent). Small businesses, including minority and women-owned businesses were

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<sup>8</sup> U.S. Bureau of Labor Statistics. State and Area Employment, Hours, and Earnings. Web. June 14, 2021

[Miami : Southeast Information Office : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov/miami-south-east-information-office).

<sup>9</sup> U.S. Bureau of Labor Statistics. Miami Area Employment – November 2020. Web. June 14, 2021. [https://www.bls.gov/regions/southeast/news-release/2021/areaemployment\\_miami\\_20210106.htm](https://www.bls.gov/regions/southeast/news-release/2021/areaemployment_miami_20210106.htm)

<sup>10</sup> U.S. Bureau of Labor Statistics. State and Area Employment, Hours, and Earnings. Web. June 14, 2021

[Miami : Southeast Information Office : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov/miami-south-east-information-office).

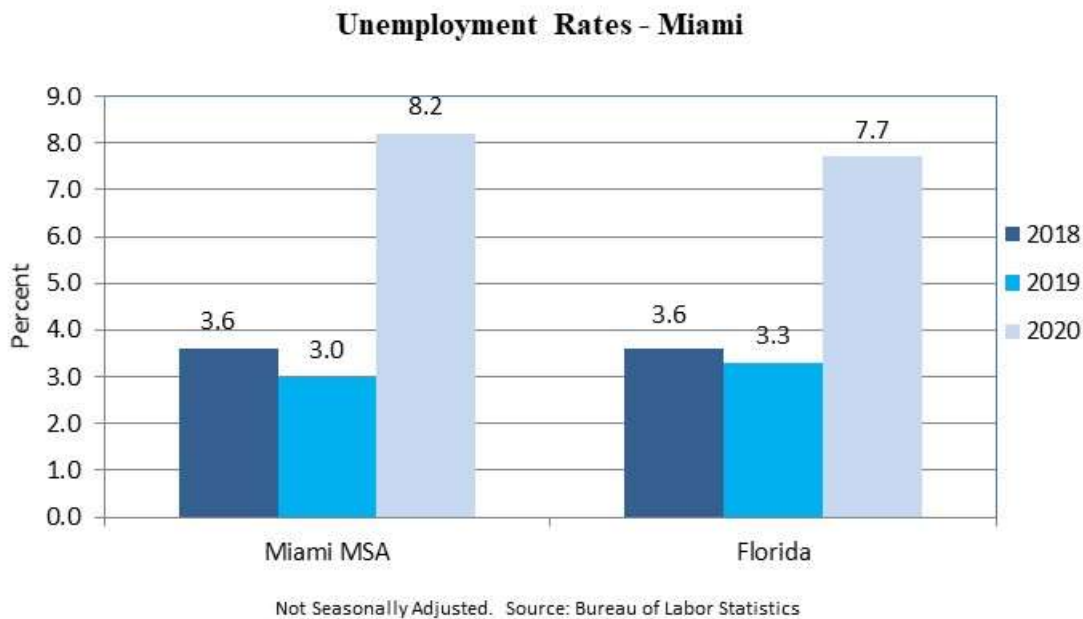
<sup>11</sup> U.S. Bureau of Labor Statistics. Miami Area Employment – November 2020. Web. June 14, 2021. [https://www.bls.gov/regions/southeast/news-release/2021/areaemployment\\_miami\\_20210106.htm](https://www.bls.gov/regions/southeast/news-release/2021/areaemployment_miami_20210106.htm)

<sup>12</sup> Florida International University, Chaplin School of Hospitality and Tourism Management. "Economic Impact of COVID-19 on the Hospitality Industry in Miami-Dade County, March through August 2020." Web. June 14, 2021. <https://hospitality.fiu.edu/docs/Economic-Impact-Covid19.pdf>

<sup>13</sup> FRB Atlanta Calculations of Dun & Bradstreet data

negatively impacted by COVID-19. According to a study by FIU, more than one in three Miami-Dade business owners is Black, Hispanic or a woman, and in Broward County, 52.0 percent of businesses are minority-owned. Nationally, Black and Latino-owned businesses were disproportionately impacted by COVID-19 and experienced higher rates of business closure.<sup>14</sup> A study conducted by the University of South Florida found that small business revenue declined by 40.0 percent between January and May 2020.<sup>15</sup>

The following chart illustrates the unemployment rates for the Miami MSA, and the State of Florida in 2018, 2019 and 2020. As shown, the unemployment rate dropped to a low of 3.0 percent in 2019 before spiking significantly to 8.2 percent due to the COVID pandemic in 2020.



### Competition

Miami is a highly competitive banking market with financial institutions of many different sizes, and large national banks have a strong presence. According to the June 30, 2020 FDIC Summary of Deposits Report, Bank of America held the highest deposit market share with 17.3 percent of deposits and 184 branches in the market area, followed by Wells Fargo Bank, JPMorgan Chase Bank, Truist Bank, Citibank and BankUnited. Professional Bank ranked 25<sup>th</sup> with a 0.6 percent deposit market share (\$1.5 billion).

HMDA-reportable lending in the Miami MSA is very competitive and dominated by national banks and non-bank mortgage lenders. The top HMDA lenders varied during the review period, but generally Quicken Loans, Wells Fargo Bank, JP Mortgage Chase, United Shore Financial Group, Caliber Home Loans, Inc, and Paramount Residential Mortgage led the market in 2018 through 2020. In each of the three years, Professional Bank had

<sup>14</sup> “Help Miami-Dade build a thriving economy with room for everyone.” *Miami Herald*. August 31, 2020. Web. June 14, 2021 [Local small businesses feel impact of COVID pandemic | Miami Herald](#)

<sup>15</sup> University of South Florida, Muma College of Business. 2021 E-Insights Report, Covid-19 Impact on Small Business Revenue. Web. June 14, 2021. <https://www.usf.edu/business/state-of-the-region/e-insights-2021/section-2-03-covid-19-impact-on-small-business-revenue.aspx>

approximately 0.1 percent of total HMDA-reportable lending and ranked between 145<sup>th</sup> and 175<sup>th</sup> place out of more than 1,000 lenders in the assessment area. Quicken Loans, United Shore Financial Group and Wells Fargo also generally led in HMDA-reportable lending to low- and moderate-income borrowers and in low- and moderate-income tracts.

Professional Bank is not required to report CRA small business loans but for the context of this evaluation, it is important to note the CRA small business lending is equally competitive. American Express Bank is the dominant CRA lender in the market followed by other national credit card lenders.

### Community Contacts

As part of the CRA examination, information was obtained from an affordable housing organization and from a nonprofit economic development organization. According to the housing organization, the biggest challenge is the limited inventory of housing affordable to low- and moderate-income individuals in the area. Individuals with impaired credit face even bigger obstacles to obtaining housing. The contact indicated that the majority of affordable homes in Miami-Dade are in South Dade or North Miami (Kendall) which means residents working in the urban core are traveling about an hour each way to work. Additionally, many of these homes are in substandard condition and in need of repairs that potential homebuyers cannot afford. As a result, there is a great need for more affordable housing near the employment centers in the region. Additionally, there is need for more creative financing sources to help nonprofits acquire land and build affordable housing. The contact indicated that the mortgage products in most need included home purchase products similar to the FHA 203(k) loan, which provides funds for the purchase and rehabilitation of the home. There is also a need for low cost small dollar home improvement loans (\$20,000 or less) for existing homeowners, and down payment assistance programs.

In addition to challenges low- and moderate-income individuals face with homeownership, the contact stated that it is difficult to find affordable rental housing in Miami-Dade and Broward counties. Many of the affordable multi-family buildings are substandard and it takes a long time to find units due to limited stock. Finally, the contact stated (and the second contact confirmed) that gentrification is becoming a larger issue for several traditionally low-income neighborhoods including Little Haiti, Little Havana, and the 79th Street corridor. Developers have been recently buying the land and properties to build higher end housing for new residents wanting to live closer to downtown and existing residents are at risk of displacement.

The second contact focused on economic development, and specifically minority-owned businesses. The contact stated that since COVID-19, the economy has slowed especially in areas of food service accommodations and tourism. The contact estimated 20.0 to 40.0 percent of restaurants during the pandemic closed and will not re-open in downtown Miami. Additionally, tourism dependent “mom and pop” businesses were impacted due to declining patronage, which led to layoffs and reduced hours for employees, many of whom were low- and moderate-income.

Specific to small businesses, one of the major challenges identified by the contact was obtaining financing from local banks. Since the start of the pandemic, the contact believes that banks have become more conservative in lending to business start-ups. The primary financing needs identified for small businesses are operating lines of credit and small dollar business loans. The contact indicated the most common barriers faced by small businesses include lower credit scores, limited personal capital, lower collateral value, documentation of citizen status, providing acceptable financials and business plans, and having at least 2 years of experience of operating a

business. Due to the lack of access to small business loans at traditional financial institutions, many small businesses rely on higher cost sources of capital. There are a number of Community Development Financial Institutions (CDFIs) providing financing to small businesses in the Miami area, and there is an opportunity for banks to partner with these CDFIs to expand access to financing. In addition to providing loans and investments to CDFIs, there is a need for banks to serve on boards and loan committees of the CDFIs, and to provide more financial education and technical assistance to small businesses.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### LENDING TEST

Professional Bank's performance under the lending test is rated Satisfactory. The following information details the data reviewed and conclusions on the bank's performance.

#### Overview

Data for all HMDA product types are included in the tables for the lending analysis. In determining conclusions for HMDA lending performance, the most weight is placed on home purchase lending, which is the highest volume of HMDA-reportable loans, followed by refinance loans. For determining the overall lending test conclusions, HMDA-reportable lending and small business lending are weighted equally. While small business lending volume exceeded HMDA-reportable lending volume for the overall review period, this was driven primarily by the high volume of PPP lending in 2020. However, in 2018 and 2019, HMDA-reportable and small business lending was almost equal, and bank management indicates that both product types are equally important to the bank's business strategy.

Performance across all three years was considered equally in deriving conclusions. The bank's lending in 2020 was considered specifically within the context of the unique challenges and demands presented by COVID-19 and recognizing that the bank was in the process of completing the acquisition of Marquis Bank in this difficult environment.

#### Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio reflects more than reasonable responsiveness in meeting the assessment area credit needs. The bank's average loan-to-deposit ratio for the 15 quarters ending December 31, 2020, was 95.3 percent, which is considered more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio was compared to the ratios of six other financial institutions of similar asset size with branch offices in the assessment area. The average loan-to-deposit ratios for these six banks ranged from 73.8 percent to 90.1 percent.

#### Assessment Area Concentration

The bank originated a substantial majority of total loans to borrowers and businesses residing in or located within the bank's assessment area. The table below shows, by product type, the number, and percentage of loans reviewed that were located inside and outside of the bank's assessment area.



### Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	1	50	\$124	30	1	50	\$290	70
Home Purchase - Conventional	202	94	\$213,018	96.9	13	6	\$6,705	3.1
Loan Purpose Not Applicable	16	100	\$12,760	100	0	0	\$0	0
Multi-Family Housing	25	89.3	\$46,197	92.9	3	10.7	\$3,512	7.1
Other Purpose Closed-End	16	84.2	\$8,854	91.4	3	15.8	\$838	8.6
Refinancing	72	92.3	\$73,001	91.8	6	7.7	\$6,547	8.2
<b>Total HMDA related</b>	<b>332</b>	<b>92.7</b>	<b>\$353,954</b>	<b>95.2</b>	<b>26</b>	<b>7.3</b>	<b>\$17,892</b>	<b>4.8</b>
Small Business	1,614	94.8	\$222,574	93.3	89	5.2	\$15,869	6.7
<b>Total Small Bus. related</b>	<b>1,614</b>	<b>94.8</b>	<b>\$222,574</b>	<b>93.3</b>	<b>89</b>	<b>5.2</b>	<b>\$15,869</b>	<b>6.7</b>
<b>TOTAL LOANS</b>	<b>1,946</b>	<b>94.4</b>	<b>\$576,528</b>	<b>94.5</b>	<b>115</b>	<b>5.6</b>	<b>\$33,761</b>	<b>5.5</b>

Note: Affiliate loans not included

As shown, 92.7 percent (by number) of the HMDA-reportable loans and 94.8 percent (by number) of small business loans are to borrowers and businesses residing within the bank's assessment area. This indicates the bank's willingness to originate loans that meet the credit needs of its assessment area.

#### Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank's HMDA-reportable and small business loans reflects reasonable dispersion throughout the bank's assessment area.

#### Residential Real Estate (HMDA) Lending

The following tables show the geographic distribution of Professional Bank's HMDA-reportable loans for 2018 through 2020 within the Miami assessment area. The tables also include a comparison of the bank's HMDA-reportable lending to the aggregate HMDA lenders within the assessment area for each year in the review period. The HMDA aggregate lenders' data are the combined total of lending activity reported by all lenders subject to HMDA in the assessment area. As noted above, this evaluation focused primarily on home purchase and refinance lending to determine conclusions.

Geographic Distribution of HMDA Loans - Table 1 of 2

Assessment Area: Miami

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison																	
		2018, 2019, 2020					2018						2019						2020					
		Bank		Owner Occupied Units			Count		Dollar				Count		Dollar				Count		Dollar			
		Count	Dollar			%	Bank	Agg	Bank	Agg	%	Bank	Agg	Bank	Agg	%	Bank	Agg	Bank	Agg	%			
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	#	%	\$ %		
HOME PURCHASE	Low	5	2.5%	\$800	0.4%	2.6%	1	1.6%	2.4%	\$243	0.3%	1.5%	0	0.0%	2.5%	\$0	0.0%	1.6%	4	4.9%	2.6%	\$557	0.7%	1.6%
	Moderate	24	11.9%	\$5,533	2.6%	23.2%	1	1.6%	22.4%	\$228	0.3%	15.9%	3	5.1%	22.8%	\$1,062	1.9%	16.5%	20	24.4%	21.9%	\$4,243	5.5%	15.7%
	Middle	25	12.4%	\$16,026	7.5%	32.9%	7	11.5%	34.2%	\$3,839	4.8%	28.5%	6	10.2%	34.3%	\$3,648	6.7%	29.0%	12	14.6%	33.4%	\$8,539	11.0%	27.7%
	Upper	146	72.3%	\$178,907	84.0%	41.2%	50	82.0%	40.7%	\$64,726	80.1%	53.6%	50	84.7%	40.0%	\$49,970	91.4%	52.3%	46	56.1%	41.8%	\$64,211	82.8%	54.3%
	Unknown	2	1.0%	\$11,752	5.5%	0.2%	2	3.3%	0.4%	\$11,752	14.5%	0.5%	0	0.0%	0.4%	\$0	0.0%	0.6%	0	0.0%	0.4%	\$0	0.0%	0.7%
Total	202	100.0%	\$213,018	100.0%	100.0%	61	100.0%	100.0%	\$80,788	100.0%	100.0%	59	100.0%	100.0%	\$54,680	100.0%	100.0%	82	100.0%	100.0%	\$77,550	100.0%	100.0%	
REFINANCE	Low	0	0.0%	\$0	0.0%	2.6%	0	0.0%	1.9%	\$0	0.0%	1.2%	0	0.0%	1.7%	\$0	0.0%	1.1%	0	0.0%	1.3%	\$0	0.0%	0.9%
	Moderate	4	5.6%	\$1,252	1.7%	23.2%	1	4.8%	19.4%	\$335	1.7%	13.4%	2	7.7%	17.9%	\$638	2.3%	12.1%	1	4.0%	14.8%	\$279	1.1%	10.9%
	Middle	6	8.3%	\$9,133	12.5%	32.9%	3	14.3%	33.5%	\$1,385	7.1%	26.4%	1	3.8%	33.0%	\$800	2.9%	25.8%	2	8.0%	32.2%	\$6,948	26.8%	26.7%
	Upper	62	86.1%	\$62,616	85.8%	41.2%	17	81.0%	45.0%	\$17,781	91.2%	58.2%	23	88.5%	47.2%	\$26,158	94.8%	60.3%	22	88.0%	51.6%	\$18,677	72.1%	60.8%
	Unknown	0	0.0%	\$0	0.0%	0.2%	0	0.0%	0.2%	\$0	0.0%	0.8%	0	0.0%	0.2%	\$0	0.0%	0.7%	0	0.0%	0.2%	\$0	0.0%	0.7%
Total	72	100.0%	\$73,001	100.0%	100.0%	21	100.0%	100.0%	\$19,501	100.0%	100.0%	26	100.0%	100.0%	\$27,596	100.0%	100.0%	25	100.0%	100.0%	\$25,904	100.0%	100.0%	
HOME IMPROVEMENT	Low	1	100.0%	\$124	100.0%	2.6%	0	0.0%	1.3%	\$0	0.0%	1.0%	1	100.0%	1.2%	\$124	100.0%	0.8%	0	0.0%	1.1%	\$0	0.0%	0.8%
	Moderate	0	0.0%	\$0	0.0%	23.2%	0	0.0%	13.9%	\$0	0.0%	9.5%	0	0.0%	14.5%	\$0	0.0%	9.7%	0	0.0%	12.8%	\$0	0.0%	8.1%
	Middle	0	0.0%	\$0	0.0%	32.9%	0	0.0%	30.5%	\$0	0.0%	24.3%	0	0.0%	30.3%	\$0	0.0%	22.1%	0	0.0%	29.0%	\$0	0.0%	22.0%
	Upper	0	0.0%	\$0	0.0%	41.2%	0	0.0%	54.1%	\$0	0.0%	64.1%	0	0.0%	54.0%	\$0	0.0%	64.8%	0	0.0%	57.0%	\$0	0.0%	69.0%
	Unknown	0	0.0%	\$0	0.0%	0.2%	0	0.0%	0.2%	\$0	0.0%	1.2%	0	0.0%	0.1%	\$0	0.0%	2.5%	0	0.0%	0.1%	\$0	0.0%	0.1%
Total	1	100.0%	\$124	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	1	100.0%	100.0%	\$124	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	
MULTI FAMILY	Multi-Family Units					0	0.0%	12.9%	\$0	0.0%	16.9%	2	16.7%	17.4%	\$908	2.8%	8.6%	0	0.0%	18.7%	\$0	0.0%	10.9%	
	Low	2	8.0%	\$908	2.0%	6.7%	0	0.0%	46.4%	\$0	0.0%	29.1%	6	50.0%	44.8%	\$17,830	55.7%	34.8%	5	41.7%	40.1%	\$4,764	34.8%	35.8%
	Moderate	11	44.0%	\$22,594	48.9%	31.3%	0	0.0%	24.0%	\$520	100.0%	34.4%	2	16.7%	22.0%	\$10,900	34.1%	29.5%	4	33.3%	23.0%	\$6,015	43.9%	28.1%
	Middle	7	28.0%	\$17,435	37.7%	29.7%	0	0.0%	15.3%	\$0	0.0%	19.4%	2	16.7%	15.5%	\$2,350	7.3%	26.9%	3	25.0%	17.3%	\$2,910	21.3%	25.0%
	Upper	5	20.0%	\$5,260	11.4%	31.7%	0	0.0%	1.3%	\$0	0.0%	0.2%	0	0.0%	0.3%	\$0	0.0%	0.0%	0	0.0%	0.8%	\$0	0.0%	0.2%
Unknown	0	0.0%	\$0	0.0%	0.6%	0	0.0%	0.6%	\$0	0.0%	0.4%	0	0.0%	0.9%	\$0	0.0%	0.5%	0	0.0%	0.9%	\$0	0.0%	0.5%	
Total	25	100.0%	\$46,197	100.0%	100.0%	1	100.0%	100.0%	\$520	100.0%	100.0%	12	100.0%	100.0%	\$31,988	100.0%	100.0%	12	100.0%	100.0%	\$13,689	100.0%	100.0%	
OTHER PURPOSE LOC	Low	0	0.0%	\$0	0.0%	2.6%	0	0.0%	0.6%	\$0	0.0%	0.4%	0	0.0%	0.9%	\$0	0.0%	0.5%	0	0.0%	0.9%	\$0	0.0%	0.5%
	Moderate	0	0.0%	\$0	0.0%	23.2%	0	0.0%	12.5%	\$0	0.0%	6.8%	0	0.0%	12.1%	\$0	0.0%	6.7%	0	0.0%	11.5%	\$0	0.0%	8.2%
	Middle	0	0.0%	\$0	0.0%	32.9%	0	0.0%	30.2%	\$0	0.0%	21.8%	0	0.0%	29.6%	\$0	0.0%	21.2%	0	0.0%	29.0%	\$0	0.0%	19.5%
	Upper	0	0.0%	\$0	0.0%	41.2%	0	0.0%	56.6%	\$0	0.0%	70.7%	0	0.0%	57.2%	\$0	0.0%	71.1%	0	0.0%	58.4%	\$0	0.0%	70.3%
	Unknown	0	0.0%	\$0	0.0%	0.2%	0	0.0%	0.1%	\$0	0.0%	0.3%	0	0.0%	0.2%	\$0	0.0%	0.5%	0	0.0%	0.2%	\$0	0.0%	1.5%
Total	0	0.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	

Originations & Purchases  
2020 FFIEC Census Data and 2015 ACS Data

Geographic Distribution of HMDA Loans - Table 2 of 2

Assessment Area: Miami

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison																	
		2018, 2019, 2020					2018						2019						2020					
		Bank		Owner Occupied Units			Count		Dollar				Count		Dollar				Count		Dollar			
		Count	Dollar			%	Bank	Agg	Bank	Agg	%	Bank	Agg	Bank	Agg	%	Bank	Agg	Bank	Agg	%			
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	#	%	%	#	%	\$ %		
OTHER PURPOSE CLOSED/EXEMPT	Low	0	0.0%	\$0	0.0%	2.6%	0	0.0%	1.6%	\$0	0.0%	0.4%	0	0.0%	2.1%	\$0	0.0%	1.0%	0	0.0%	1.5%	\$0	0.0%	0.2%
	Moderate	2	12.5%	\$570	6.4%	23.2%	2	28.6%	16.9%	\$570	19.1%	4.8%	0	0.0%	16.2%	\$0	0.0%	5.5%	0	0.0%	13.7%	\$0	0.0%	4.9%
	Middle	1	6.3%	\$215	2.4%	32.9%	0	0.0%	28.0%	\$0	0.0%	10.3%	1	33.3%	28.7%	\$215	14.7%	12.1%	0	0.0%	26.2%	\$0	0.0%	8.3%
	Upper	13	81.3%	\$8,069	91.1%	41.2%	5	71.4%	53.0%	\$2,420	80.9%	75.1%	2	66.7%	52.8%	\$1,244	85.3%	80.1%	6	100.0%	57.6%	\$4,405	100.0%	73.6%
	Unknown	0	0.0%	\$0	0.0%	0.2%	0	0.0%	0.6%	\$0	0.0%	9.3%	0	0.0%	0.1%	\$0	0.0%	1.3%	0	0.0%	1.0%	\$0	0.0%	13.0%
Total	16	100.0%	\$8,854	100.0%	100.0%	7	100.0%	100.0%	\$2,990	100.0%	100.0%	3	100.0%	100.0%	\$1,459	100.0%	100.0%	6	100.0%	100.0%	\$4,405	100.0%	100.0%	
PURPOSE NOT APPLICABLE	Low	0	0.0%	\$0	0.0%	2.6%	0	0.0%	2.2%	\$0	0.0%	1.4%	0	0.0%	1.8%	\$0	0.0%	1.1%	0	0.0%	2.6%	\$0	0.0%	1.7%
	Moderate	2	12.5%	\$962	7.5%	23.2%	2	12.5%	25.3%	\$962	7.5%	19.5%	0	0.0%	24.8%	\$0	0.0%	19.3%	0	0.0%	26.1%	\$0	0.0%	19.5%
	Middle	1	6.3%	\$512	4.0%	32.9%	1	6.3%	35.7%	\$512	4.0%	30.1%	0	0.0%	34.7%	\$0	0.0%	29.2%	0	0.0%	39.3%	\$0	0.0%	35.0%
	Upper	13	81.3%	\$11,286	88.4%	41.2%	13	81.3%	36.6%	\$11,286	88.4%	48.7%	0	0.0%	38.7%	\$0	0.0%	50.2%	0	0.0%	31.9%	\$0	0.0%	43.7%
	Unknown	0	0.0%	\$0	0.0%	0.2%	0	0.0%	0.2%	\$0	0.0%	0.4%	0	0.0%	0.1%	\$0	0.0%	0.1%	0	0.0%	0.1%	\$0	0.0%	0.1%
Total	16	100.0%	\$12,760	100.0%	100.0%	16	100.0%	100.0%	\$12,760	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	
HMDA TOTALS	Low	8	2.4%	\$1,832	0.5%	2.6%	1	0.9%	2.2%	\$243	0.2%	2.6%	3	3.0%	2.2%	\$1,032	0.9%	2.0%	4	3.2%	1.9%	\$557	0.5%	1.5%
	Moderate	43	13.0%	\$30,911	8.7%	23.2%	6	5.7%	21.0%	\$2,095	1.8%	16.0%	11	10.9%	20.7%	\$19,530	16.9%	16.4%	26	20.8%	18.0%	\$9,286	7.6%	13.9%
	Middle	40	12.0%	\$43,321	12.2%	32.9%	12	11.3%	33.7%	\$6,256	5.4%	28.0%	10	9.9%	33.5%	\$15,563	13.4%	27.6%	18	14.4%	32.7%	\$21,502	17.7%	26.8%
	Upper	239	72.0%	\$266,138	75.2%	41.2%	85	80.2%	42.9%	\$96,213	82.5%	52.6%	77	76.2%	43.3%	\$79,722	68.8%	53.4%	77	61.6%	47.1%	\$90,203	74.2%	56.8%
	Unknown	2	0.6%	\$11,752	3.3%	0.2%	2	1.9%	0.3%	\$11,752	10.1%	0.7%	0	0.0%	0.3%	\$0	0.0%	0.6%	0	0.0%	0.3%	\$0	0.0%	0.9%
Total	332	100.0%	\$353,954	100.0%	100.0%	106	100.0%	100.0%																

The geographic distribution of HMDA-reportable loans is reasonable. In all three years, the percentage of the bank’s total HMDA-reportable loans in low-income tracts (2.4 percent) was similar to the demographic comparison for low-income tracts (the percentage of owner-occupied housing units—2.6 percent). The bank’s total HMDA-reportable lending in low-income tracts was below the aggregate lending comparison in 2018 but exceeded aggregate lending in 2019 and 2020. In moderate-income tracts, the percentage of the bank’s loans (13.0 percent) was less than demographic comparison (23.2 percent) and less than the aggregate comparison for both 2018 and 2019 but exceeded the aggregate comparator in 2020.

The bank’s HMDA-reportable lending in 2020 indicates an improving trend. Overall lending activity in low- and moderate-income tracts increased, with more than half of all of the HMDA-reportable lending in moderate-income tracts occurring in 2020. Notably, for home purchase lending (the bank’s major product line), the bank exceeded the aggregate lending comparator in both low- and moderate-income tracts in 2020.

Small Business Lending

The following table shows the geographic distribution of small business loans as a percentage of the total number of loans by type within the Miami assessment area. This analysis includes a comparison of the bank’s small business lending with available demographic information.

**Geographic Distribution of Small Business Loans**

Assessment Area: Miami

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2018, 2019, 2020				
	Bank		Total Businesses		
	Count	Dollar		%	
#	%	\$ (000s)	\$ %	%	
Low	60	3.7%	\$8,104	3.6%	4.5%
Moderate	251	15.6%	\$42,113	18.9%	22.8%
Middle	323	20.0%	\$44,371	19.9%	28.7%
Upper	964	59.7%	\$125,066	56.2%	42.9%
Unknown	16	1.0%	\$2,919	1.3%	1.2%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>1,614</i>	<i>100.0%</i>	<i>\$222,574</i>	<i>100.0%</i>	<i>100.0%</i>

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The geographic distribution of small business loans is reasonable. The bank made 3.7 percent of its small business loans in low-income tracts, where 4.5 percent of the businesses in the assessment area are located and 15.6 percent of its loans in moderate-income tracts compared to 22.8 percent of all businesses located in these tracts.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the following analysis, the overall borrower distribution of the bank’s HMDA-reportable, and small business loans reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes.

Residential Real Estate (HMDA) Lending

The following tables show the distribution of the bank’s HMDA-reportable loans by the income level of the borrowers for all three years of the review period compared to the demographic comparator. The tables also include a comparison of the bank’s HMDA-reportable lending to the aggregate HMDA lenders in the assessment area for each year.

**Borrower Distribution of HMDA Loans - Table 1 of 2**  
 Assessment Area: Miami

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2018, 2019, 2020					Bank & Aggregate Lending Comparison																	
		2018				Families by Family Income	2018					2019					2020							
		Count		Dollar			Count		Dollar			Count		Dollar			Count		Dollar					
		#	%	\$ (000s)	\$ %		Bank	Agg	Bank	\$ %	Agg	Bank	%	Agg	\$ (000s)	\$ %	Agg	Bank	%	Agg	\$ (000s)	\$ %	Agg	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	2.4%	\$0	0.0%	1.1%	0	0.0%	2.8%	\$0	0.0%	1.4%	0	0.0%	2.3%	\$0	0.0%	0.9%
	Moderate	1	0.5%	\$164	0.1%	17.0%	0	0.0%	10.3%	\$0	0.0%	5.8%	1	1.7%	11.2%	\$164	0.3%	6.3%	0	0.0%	12.8%	\$0	0.0%	7.4%
	Middle	7	3.5%	\$1,865	0.9%	17.7%	1	1.6%	19.1%	\$140	0.2%	14.3%	3	5.1%	20.4%	\$844	1.5%	15.4%	3	3.7%	21.4%	\$881	1.1%	16.5%
	Upper	161	79.7%	\$174,537	81.9%	42.2%	51	83.6%	50.2%	\$63,825	79.0%	62.1%	54	91.5%	50.2%	\$53,397	97.7%	61.3%	56	68.3%	50.6%	\$57,315	73.9%	62.4%
	Unknown	33	16.3%	\$36,452	17.1%	0.0%	9	14.8%	18.1%	\$16,823	20.8%	16.8%	1	1.7%	15.4%	\$275	0.5%	15.7%	23	28.0%	12.8%	\$19,354	25.0%	12.9%
	<b>Total</b>	<b>202</b>	<b>100.0%</b>	<b>\$213,018</b>	<b>100.0%</b>	<b>100.0%</b>	<b>61</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$80,788</b>	<b>100.0%</b>	<b>100.0%</b>	<b>59</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$54,680</b>	<b>100.0%</b>	<b>100.0%</b>	<b>82</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$77,550</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	4.8%	\$0	0.0%	2.4%	0	0.0%	3.6%	\$0	0.0%	1.9%	0	0.0%	1.9%	\$0	0.0%	0.9%
	Moderate	1	1.4%	\$175	0.2%	17.0%	0	0.0%	11.5%	\$0	0.0%	6.7%	1	3.8%	9.5%	\$175	0.6%	5.1%	0	0.0%	8.4%	\$0	0.0%	4.8%
	Middle	2	2.8%	\$525	0.7%	17.7%	1	4.8%	18.8%	\$465	2.4%	13.5%	0	0.0%	17.4%	\$0	0.0%	11.8%	1	4.0%	16.9%	\$60	0.2%	12.4%
	Upper	65	90.3%	\$61,522	84.3%	42.2%	19	90.5%	49.9%	\$18,757	96.2%	60.9%	23	88.5%	50.6%	\$17,321	62.8%	60.5%	23	92.0%	54.4%	\$25,444	98.2%	62.7%
	Unknown	4	5.6%	\$10,779	14.8%	0.0%	1	4.8%	15.0%	\$279	1.4%	16.4%	2	7.7%	18.9%	\$10,100	36.6%	20.8%	1	4.0%	18.5%	\$400	1.5%	19.2%
	<b>Total</b>	<b>72</b>	<b>100.0%</b>	<b>\$73,001</b>	<b>100.0%</b>	<b>100.0%</b>	<b>21</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$19,501</b>	<b>100.0%</b>	<b>100.0%</b>	<b>26</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$27,596</b>	<b>100.0%</b>	<b>100.0%</b>	<b>25</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$25,904</b>	<b>100.0%</b>	<b>100.0%</b>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	3.2%	\$0	0.0%	1.6%	0	0.0%	3.2%	\$0	0.0%	1.7%	0	0.0%	3.6%	\$0	0.0%	1.7%
	Moderate	0	0.0%	\$0	0.0%	17.0%	0	0.0%	8.9%	\$0	0.0%	5.0%	0	0.0%	9.0%	\$0	0.0%	5.1%	0	0.0%	10.1%	\$0	0.0%	5.7%
	Middle	0	0.0%	\$0	0.0%	17.7%	0	0.0%	16.7%	\$0	0.0%	10.6%	0	0.0%	16.9%	\$0	0.0%	10.7%	0	0.0%	15.6%	\$0	0.0%	10.2%
	Upper	0	0.0%	\$0	0.0%	42.2%	0	0.0%	66.0%	\$0	0.0%	74.5%	0	0.0%	67.5%	\$0	0.0%	72.2%	0	0.0%	67.1%	\$0	0.0%	76.3%
	Unknown	1	100.0%	\$124	100.0%	0.0%	0	0.0%	5.1%	\$0	0.0%	8.3%	1	100.0%	3.4%	\$124	100.0%	10.3%	0	0.0%	3.7%	\$0	0.0%	6.1%
	<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>\$124</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$124</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>
MULTI-FAMILY	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	17.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	17.7%	0	0.0%	0.2%	\$0	0.0%	0.0%	0	0.0%	0.2%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	42.2%	0	0.0%	0.5%	\$0	0.0%	0.0%	0	0.0%	1.6%	\$0	0.0%	0.1%	0	0.0%	1.6%	\$0	0.0%	0.2%
	Unknown	25	100.0%	\$46,197	100.0%	0.0%	1	100.0%	99.3%	\$520	100.0%	100.0%	12	100.0%	98.3%	\$31,988	100.0%	99.9%	12	100.0%	98.4%	\$13,689	100.0%	99.8%
	<b>Total</b>	<b>25</b>	<b>100.0%</b>	<b>\$46,197</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$520</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$31,988</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$13,689</b>	<b>100.0%</b>	<b>100.0%</b>
OTHER PURPOSE LOC	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	4.0%	\$0	0.0%	1.7%	0	0.0%	3.0%	\$0	0.0%	1.3%	0	0.0%	4.3%	\$0	0.0%	2.5%
	Moderate	0	0.0%	\$0	0.0%	17.0%	0	0.0%	9.2%	\$0	0.0%	4.2%	0	0.0%	8.5%	\$0	0.0%	4.5%	0	0.0%	9.0%	\$0	0.0%	4.1%
	Middle	0	0.0%	\$0	0.0%	17.7%	0	0.0%	16.2%	\$0	0.0%	9.5%	0	0.0%	15.6%	\$0	0.0%	8.5%	0	0.0%	14.0%	\$0	0.0%	7.2%
	Upper	0	0.0%	\$0	0.0%	42.2%	0	0.0%	69.0%	\$0	0.0%	82.3%	0	0.0%	70.1%	\$0	0.0%	83.0%	0	0.0%	69.3%	\$0	0.0%	81.4%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	1.6%	\$0	0.0%	2.2%	0	0.0%	2.7%	\$0	0.0%	2.7%	0	0.0%	3.3%	\$0	0.0%	4.8%
	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>

Originations & Purchases  
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**Borrower Distribution of HMDA Loans - Table 2 of 2**  
**Assessment Area: Miami**

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data					Bank & Aggregate Lending Comparison																	
		2018, 2019, 2020					2018					2019					2020							
		Bank		Dollar		Families by Family Income %	Count		Dollar			Count		Dollar			Count		Dollar					
		#	%	\$ (000s)	\$ %		Bank	Agg	\$ (000s)	\$ %	Agg	\$ %	Bank	Agg	\$ (000s)	\$ %	Agg	\$ %	Bank	Agg	\$ (000s)	\$ %	Agg	
OTHER PURPOSE CLOSED/EXEMPT	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	4.9%	\$0	0.0%	1.2%	0	0.0%	4.5%	\$0	0.0%	1.8%	0	0.0%	2.8%	\$0	0.0%	0.6%
	Moderate	0	0.0%	\$0	0.0%	17.0%	0	0.0%	9.2%	\$0	0.0%	1.8%	0	0.0%	10.7%	\$0	0.0%	4.0%	0	0.0%	9.0%	\$0	0.0%	1.7%
	Middle	1	6.3%	\$215	2.4%	17.7%	0	0.0%	14.3%	\$0	0.0%	3.2%	1	33.3%	15.6%	\$215	14.7%	5.0%	0	0.0%	14.1%	\$0	0.0%	3.1%
	Upper	15	93.8%	\$8,639	97.6%	42.2%	7	100.0%	59.5%	\$2,990	100.0%	64.0%	2	66.7%	58.5%	\$1,244	85.3%	69.1%	6	100.0%	61.7%	\$4,405	100.0%	65.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	12.0%	\$0	0.0%	29.8%	0	0.0%	10.6%	\$0	0.0%	20.0%	0	0.0%	12.4%	\$0	0.0%	29.5%
	<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>\$8,854</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$2,990</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$1,459</b>	<b>100.0%</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$4,405</b>	<b>100.0%</b>	<b>100.0%</b>
PURPOSE NOT APPLICABLE	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	1.0%	\$0	0.0%	0.6%	0	0.0%	1.5%	\$0	0.0%	0.7%	0	0.0%	0.1%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	17.0%	0	0.0%	3.9%	\$0	0.0%	2.7%	0	0.0%	3.9%	\$0	0.0%	3.7%	0	0.0%	0.1%	\$0	0.0%	0.1%
	Middle	0	0.0%	\$0	0.0%	17.7%	0	0.0%	4.2%	\$0	0.0%	3.3%	0	0.0%	3.2%	\$0	0.0%	3.8%	0	0.0%	0.1%	\$0	0.0%	0.1%
	Upper	0	0.0%	\$0	0.0%	42.2%	0	0.0%	5.0%	\$0	0.0%	4.5%	0	0.0%	4.6%	\$0	0.0%	8.4%	0	0.0%	0.2%	\$0	0.0%	0.2%
	Unknown	16	100.0%	\$12,760	100.0%	0.0%	16	100.0%	85.9%	\$12,760	100.0%	88.9%	0	0.0%	86.8%	\$0	0.0%	83.4%	0	0.0%	99.4%	\$0	0.0%	99.5%
	<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>\$12,760</b>	<b>100.0%</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$12,760</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	23.1%	0	0.0%	3.0%	\$0	0.0%	1.3%	0	0.0%	3.0%	\$0	0.0%	1.4%	0	0.0%	2.1%	\$0	0.0%	0.9%
	Moderate	2	0.6%	\$339	0.1%	17.0%	0	0.0%	10.2%	\$0	0.0%	5.3%	2	2.0%	10.3%	\$339	0.3%	5.3%	0	0.0%	10.1%	\$0	0.0%	5.6%
	Middle	10	3.0%	\$2,605	0.7%	17.7%	2	1.9%	18.1%	\$605	0.5%	12.3%	4	4.0%	18.8%	\$1,059	0.9%	12.6%	4	3.2%	18.2%	\$941	0.8%	13.3%
	Upper	241	72.6%	\$244,698	69.1%	42.2%	77	72.6%	49.9%	\$85,572	73.4%	56.1%	79	78.2%	50.7%	\$71,962	62.1%	55.9%	85	68.0%	51.9%	\$87,164	71.7%	59.7%
	Unknown	79	23.8%	\$106,312	30.0%	0.0%	27	25.5%	18.8%	\$30,382	26.1%	25.0%	16	15.8%	17.1%	\$42,487	36.7%	24.7%	36	28.8%	17.7%	\$33,443	27.5%	20.4%
	<b>Total</b>	<b>332</b>	<b>100.0%</b>	<b>\$353,954</b>	<b>100.0%</b>	<b>100.0%</b>	<b>106</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$116,559</b>	<b>100.0%</b>	<b>100.0%</b>	<b>101</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$115,847</b>	<b>100.0%</b>	<b>100.0%</b>	<b>125</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$121,548</b>	<b>100.0%</b>	<b>100.0%</b>

Originations & Purchases  
 2020 FFIEC Census Data and 2015 ACS Data

The distribution of HMDA-reportable loans by borrower income level is poor when compared to the demographic characteristics of the assessment area and to the performance of aggregate lenders. Over the review period, the bank made no loans to low-income borrowers and only two loans to moderate-income borrowers, which represents less than 1.0 percent of the bank’s total HMDA-reportable lending during the review period. Aggregate lending to low-income borrowers was also low (ranging from 3.0 percent in 2018 to 2.1 percent in 2020) and significantly less than the demographic (23.1 percent of families are considered low-income). Aggregate lending to moderate-income borrowers was also less than the demographic comparator (17.0 percent of families considered moderate-income) but over 10.0 percent of total HMDA-reportable loans were made by the aggregate lenders to moderate-income borrowers in each year of the review period. The performance of aggregate lenders indicates that while limited, opportunities exist for lending to low- and moderate-income borrowers, and particularly to moderate-income borrowers.

As previously mentioned in this report, Miami is considered one of the least affordable cities in the United States and housing prices are significantly out of reach for low-income borrowers. This dynamic is illustrated by the low percentage of total HMDA-reportable loans made to low-income borrowers by all lenders throughout the review period. Additionally, Miami is a very competitive banking market, dominated by the large national banks and HMDA-reportable lending is led by non-bank lenders. Competition for the limited number of HMDA-reportable loans to low- and moderate-income borrowers is very high and smaller, community banks, which have more limited product offerings and resources, struggle to compete.

Bank management is aware of the poor performance in lending to low- and moderate-income borrowers and has taken steps to improve their lending performance. As noted above, the bank introduced two new first-time homebuyer mortgage products that work with down payment and closing cost assistance programs offered by local governments. The bank is also offering down payment assistance through a partnership with the Federal Home Loan Bank of Atlanta. Bank management hired a mortgage loan originator focused on first-time homebuyers and conducted a number of outreach sessions in partnership with local affordable housing nonprofits in 2020. The bank rolled out the first-time homebuyer programs in early 2020, just before the onset of the national pandemic. Therefore, the implementation of these programs was slowed, and the bank was not able to start up the outreach until late 2020. Additionally, the bank is exploring options for purchasing loans made by other

lenders to low- and moderate-income borrowers, which would provide other lenders with more liquidity to make additional loans to low- and moderate-income borrowers. While the overall dynamics of the Miami housing market will continue to be a challenge, Professional Bank is actively working to improve their lending to low- and moderate-income borrowers.

Small Business Lending

The following table shows, by loan size, the number, and dollar volume of small business loans originated by Professional Bank during the review period. The bank’s lending was compared to available demographic information.

**Small Business Loans by Business Revenue & Loan Size**

Assessment Area: Miami

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2018, 2019, 2020				
		Bank		Total Businesses		
		Count		\$ (000s)		
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	863	53.5%	\$54,154	24.3%	93.5%
	Over \$1 Million	662	41.0%	\$151,831	68.2%	5.4%
	<i>Total Rev. available</i>	1,525	94.5%	\$205,986	92.5%	98.9%
	Rev. Not Known	89	5.5%	\$16,588	7.5%	1.1%
	<i>Total</i>	<i>1,614</i>	<i>100.0%</i>	<i>\$222,574</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	1,056	65.4%	\$36,260	16.3%	
	\$100,001 - \$250,000	296	18.3%	\$50,700	22.8%	
	\$250,001 - \$1 Million	262	16.2%	\$135,615	60.9%	
	<i>Total</i>	<i>1,614</i>	<i>100.0%</i>	<i>\$222,574</i>	<i>100.0%</i>	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	760	88.1%	\$20,305	37.5%	
	\$100,001 - \$250,000	58	6.7%	\$9,744	18.0%	
	\$250,001 - \$1 Million	45	5.2%	\$24,106	44.5%	
	<i>Total</i>	<i>863</i>	<i>100.0%</i>	<i>\$54,154</i>	<i>100.0%</i>	

Originations & Purchases  
2020 FFIEC Census Data and 2020 D&B Information

Small business lending by business revenue reflects reasonable penetration among businesses of different sizes in the assessment area. Over the entire three-year review period, 53.5 percent of the bank’s total business lending was to businesses with revenues of \$1 million or less. For comparison, 93.5 percent of all businesses in the assessment areas are considered small businesses. Approximately 83.7 percent of the total loans originated were in amounts of \$250,000 or less, which typically represents the loan amounts requested by small businesses.

There are several factors to consider when evaluating the bank’s lending to businesses with reported revenues of \$1 million or less. First, as discussed earlier, the bank was an active participant in the SBA’s PPP program, and originated 1, 385 PPP loans in the Miami assessment area in 2020. PPP lending represents the vast majority of the bank’s total small business lending during the review period; in 2018, the bank originated 78 small business

loans and in 2019, the bank originated 87 loans. Data provided by the bank indicates that approximately 55.0 percent of the bank's PPP lending went to businesses with gross annual revenues under \$1.0 million, and as noted earlier, the average size of the PPP loans to these businesses was \$36,000. This indicates that the bank was particularly responsive to the needs of smaller businesses presented by the economic challenges associated with the COVID-19 pandemic. Second, while the bank is not a CRA-reporter<sup>16</sup>, a review of the bank's performance relative to other larger lenders indicates that the bank's lending performance was slightly below aggregate lending in the percentage of loans to businesses with revenues \$1.0 million or less in 2018 and 2019 but exceeded aggregate lending in 2020. Finally, as noted above, Miami is a competitive market for small business lending and smaller regional banks have a hard time competing with credit card lenders and large national banks for traditional small business lending opportunities.

### COMMUNITY DEVELOPMENT TEST

Professional Bank's rating for the community development test is outstanding. The bank demonstrated excellent responsiveness to the community development needs in the assessment area through a combination of loans, investments and contributions, and services. In evaluating community development performance, consideration was given to the bank's capacity, the availability of such opportunities for community development, and the level of competition in the assessment area.

During the review period, Professional Bank made 45 community development loans totaling approximately \$73.3 million. The bank made 15 loans totaling \$25.1 million to support affordable housing. The majority of these loans were to finance multi-family housing that offered rents affordable to low- and moderate-income households. Miami is a high-cost housing market and therefore consideration was also extended to several loans for housing developments that offered housing affordable to middle-income households, particularly in Miami-Dade County. Given the significant affordability challenges in Miami and low median incomes, providing housing that is affordable to middle-income households also meets an important credit need in the area. Additionally, the bank made 18 loans for \$15.0 million that promote economic development by financing small businesses. All of these loans were SBA 504 loans. Finally, the bank made 12 loans for \$33.2 million to help revitalize and stabilize low- and moderate-income communities. The majority of these loans (\$27.8 million) were PPP loans made to small businesses located in low- and moderate-income tracts. As noted earlier, PPP loans in these targeted geographies are consistent with the definition of revitalization and stabilization, given the intent of the program to help retain businesses and jobs at risk due to the COVID-19 pandemic.

Professional Bank also made qualified investments totaling approximately \$8.1 million and donations totaling \$534,000. The investments included a bond and a mortgage-backed security that provided financing for affordable housing. In addition, the bank made a deposit in a minority-depository institution. Most of the bank's investments were acquired during the review period. The majority of the donations were to organizations or programs that provide community services to low- and moderate-income individuals. The largest contributions were directed to a program that offers scholarship to low- and moderate-income K-12 students.

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<sup>16</sup> Banks with assets greater than \$1.305 billion as of December 31, 2020 for the two consecutive prior calendar years are required to report CRA lending data

Finally, bank staff contributed approximately 335 hours of qualified community development services in the Miami assessment area. A majority of the service hours were with organizations that offer community services to low- and moderate-income families. Bank staff served in different capacities, including as members of boards or committees of the nonprofit organizations, or providing financial and homebuyer education counseling.

#### RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

#### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.



APPENDIX A

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
HMDA-reportable and Small Business Loans: January 1, 2018 to December 31, 2020 Community Development Test: June 1, 2017 to December 31, 2020			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Professional Bank (Coral Gables, Florida)		HMDA-reportable loans Small business loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
NA	NA	NA	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b><i>ASSESSMENT AREA</i></b>	<b><i>TYPE OF EXAMINATION</i></b>	<b><i>BRANCHES VISITED</i></b>	<b><i>OTHER INFORMATION</i></b>
Miami, Florida (MSA) (Miami-Miami Beach-Kendall MD; Fort Lauderdale-Pompano Beach-Sunrise MD; Palm Beach-Boca Raton-Boynton Beach MD)	Full-Scope	None	None

## APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

### Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

### Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

### General Information

The 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 Professional Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of June 7, 2021. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## APPENDIX C – GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of MSAs. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multi-family rental 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low-or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

## APPENDIX C – GLOSSARY (Continued)

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

### APPENDIX C – GLOSSARY (Continued)

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

**Rated area:** A rated area is a state or multistate MA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate MA, the institution will receive a rating for the multistate MA.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Call Report and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is at least 120 percent of the area median income, or a median family income at least 120 percent, in the case of a geography.