

# **PUBLIC DISCLOSURE**

May 19, 1997

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Coconut Grove Bank  
06120920

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 Coconut Grove Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of May 19, 1997. 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.

The locations of the bank's three offices are as follows: the head office is in an upper-income census tract; the Village branch is in a moderate-income census tract; and the Homestead branch is in a middle-income census tract.

The bank, which has been in operation for over 70 years and specializes in personal banking services, has a well established customer base. Historically, the bank's loan-to-deposit ratio has been very low compared to its peer group. Therefore, efforts need to be made to increase the volume of loans. A very large percentage of consumer and business loans were made inside the bank's assessment area. The distribution of loans to businesses and individual borrowers by levels of income exceeds standards for satisfactory performance, and the geographic distribution of loans meets satisfactory standards. The bank has received no CRA-related complaints.

## DESCRIPTION OF INSTITUTION

Coconut Grove Bank is headquartered in Miami, Dade County, Florida, and has two branches. The Village branch is located four blocks from the main office, and the Homestead branch is located in southwest Dade County. The head office is located in an upper-income census tract, the Village branch in a moderate-income census tract, and the Homestead branch in a middle-income census tract. The bank has a trust department and an international department. Total assets reported on the March 31, 1997 Consolidated Reports of Condition and Income were \$224 million.

The composition of the loan portfolio according to the December 31, 1996 Uniform Bank Performance Report is as follows:

<b>LOAN TYPE</b>	<b>PERCENTAGE</b>
Construction and development	2.5%
Secured by one- to four-family dwellings	23.9%
Other real estate:	
Farmland	0.3%
Multifamily	3.1%
Nonfarm nonresidential	34.2%
Commercial and industrial	23.8%
Loans to individuals	11.4%
All other	0.8%
Total	100.0%

As indicated in the above table, the bank offers a variety of residential, business, and consumer loans. Nonresidential real estate loans represent the largest portion (34.2 percent) of the loan portfolio, followed by loans secured by one- to four-family dwellings (23.9 percent) and commercial and industrial loans (23.8 percent). Many of the commercial loans are secured by one- to four-family dwellings. The loan portfolio composition is consistent with the bank's historical lending strategy. Also, numerous small dollar consumer credits are encouraged by the

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**Coconut Grove Bank**  
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bank's marketing strategy. The types of loans offered correspond to the credit needs of the consumers and small businesses in the bank's service area.

**DESCRIPTION OF ASSESSMENT AREA: DADE COUNTY**

Coconut Grove Bank's assessment area is Dade County, which consists of 267 census tracts and has a total population of 1.9 million and 692,237 households. The total minority population in the assessment area, which is mainly Hispanic and black, is significant (70 percent) and much higher than the minority population in the state of Florida (27 percent). Because of the significant number of non-English speaking people in the assessment area, the bank offers services in Hispanic, Creole, and French.

The four income levels used for the analysis were defined by the regulation using the following percentages of the median family income of the MSA:

<b>INCOME LEVEL</b>	<b>PERCENTAGE OF MEDIAN FAMILY INCOME</b>
Low-income	Less than 50%
Moderate-income	50% to 79%
Middle-income	80% to 119%
Upper-income	120% and over

As indicated in the table below, upper-income families constitute the greatest percentage of families in the bank's assessment area. The distribution of families in the assessment area by income level mirrors the distribution of families in the state of Florida.

**DISTRIBUTION OF FAMILIES BY INCOME LEVEL IN THE ASSESSMENT AREA  
 COMPARED TO THE STATE OF FLORIDA**

<b>LEVEL OF INCOME</b>	<b>ASSESSMENT AREA</b>		<b>STATE OF FLORIDA</b>	
	<b>NUMBER OF FAMILIES</b>	<b>PERCENTAGE BY INCOME LEVEL</b>	<b>NUMBER OF FAMILIES</b>	<b>PERCENTAGE BY INCOME LEVEL</b>
Low-income	113,168	23.3%	677,883	19.1%
Moderate-income	79,578	16.4%	665,313	18.8%
Middle-income	93,094	19.2%	804,174	22.7%
Upper-income	199,373	41.1%	1,393,954	39.4%
Total	485,213	100.0%	3,541,324	100.0%

DESCRIPTION OF ASSESSMENT AREA: DADE COUNTY  
(CONTINUED)

The 1990 median family income in the assessment area was \$31,113 compared to \$32,212 for the state of Florida. As of March 1997, the assessment area's unemployment rate was much higher than the state's. According to information reported by the U.S. Bureau of Labor Statistics, the (not seasonally adjusted) unemployment rates were 7.0 percent for Dade County and 4.5 percent for Florida.

The median housing value is higher in the bank's assessment area than in the state. The median housing value in the bank's assessment area was \$86,012 compared with \$76,487 for the state. Rents were also higher in the bank's assessment area. Within the assessment area, the gross median rent equaled \$493 compared with \$481 for the state. The percentage of households paying greater than 30 percent of their income on rent was greater in the assessment area (49.3 percent) than in the state (41.9 percent).

The leading industries in the assessment area include services, retail trade, and government. All of these industries are experiencing some growth. According to the U.S. Bureau of Census, the volume of new residential homes in Dade County steadily increased from 8,323 in 1992 to 14,789 in 1995.

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

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

Coconut Grove Bank's average loan-to-deposit ratio for the five quarters ended March 31, 1997, is 28.5 percent. The quarterly ratios did not show any increasing trend during that period. The loan-to-deposit ratios of 11 local banks with approximately the same amount of total deposits and number of branches ranged from 48 percent to 79 percent. Seven of these 11 banks had ratios greater than 60 percent. The bank's advertising efforts are satisfactory, and the lending products offered correspond to the community's credit needs. However, because the bank has only a few lenders, officer calling efforts have been unable to generate many loans. The bank's ratio does not meet standards for satisfactory performance. Measures to increase the bank's lending activities will be included in the bank's strategic plan, which will soon be formalized.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
 (CONTINUED)

**Lending in Assessment Area**

**DISTRIBUTION OF LOANS INSIDE/OUTSIDE THE ASSESSMENT AREA**

TYPE OF LOAN	NUMBER OF LOANS IN SAMPLE	PERCENTAGE OF LOANS INSIDE ASSESSMENT AREA	PERCENTAGE OF LOANS OUTSIDE ASSESSMENT AREA	PERCENTAGE OF DOLLAR AMOUNT INSIDE ASSESSMENT AREA	PERCENTAGE OF DOLLAR AMOUNT OUTSIDE ASSESSMENT AREA
Consumer loans	73	96%	4%	94%	6%
Small business loans	42	93%	7%	97%	3%

The bank's performance in this category exceeds the standards for satisfactory performance. The sample of loans used to perform the analysis revealed that 96 percent of consumer loans and 93 percent of small business loans were extended to borrowers and small businesses located inside the bank's assessment area. This analysis also revealed that 94 percent of the total dollar amount of consumer loans and 97 percent of the total dollar amount of business loans were extended within the assessment area. The bank, which has been in operation since July 12, 1986, has a well established customer base in the community. Referrals to the bank are often made by members of local families that have been banking with Coconut Grove Bank for years and by bank customers who refer business associates.

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

The following table shows the distribution of 70 consumer loans made inside the bank's assessment area by the income level of the borrower. The borrowers' income levels were determined by comparing their income with the median family income of Dade County, which is the bank's assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)

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

**DISTRIBUTION OF CONSUMER LOANS BY BORROWER'S INCOME COMPARED TO THE PERCENTAGE OF FAMILIES IN THE BANK'S ASSESSMENT AREA BY INCOME LEVEL**

INCOME LEVEL	PERCENTAGE OF LOANS BY NUMBER	PERCENTAGE OF LOANS BY DOLLAR AMOUNT	PERCENTAGE OF FAMILIES IN ASSESSMENT AREA BY INCOME LEVEL
Low-income	23%	12%	23.3%
Moderate-income	34%	39%	16.4%
Middle-income	17%	17%	19.2%
Upper-income	26%	32%	41.1%
Total	100%	100%	100.0%

As shown in the above table, low-income families make up 23.3 percent of the assessment area's families, and an equal percentage of the consumer loans sampled was to low-income borrowers. Lending to moderate-income borrowers (34 percent) largely exceeded their 16.4 percent representation in the assessment area. Loans to middle-income borrowers were proportionate with assessment area demographics. Upper-income borrowers, who represent 41.1 percent of the families, received only 26 percent of the loans, but some of these individuals may not need loans, and others may have alternative sources of financing. The bank has done a good job of providing loans to low- and moderate-income individuals in the assessment area.

The small business loans included in the sample were defined as business loans with original amounts of \$1 million or less. The sample included 39 loans to businesses located in the bank's assessment area. Business revenue information was available for 26 of these loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)

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

**DISTRIBUTION OF SMALL BUSINESS LOANS BY LEVELS OF BUSINESS REVENUE SIZE**

GROSS REVENUES	NUMBER OF LOANS	PERCENTAGE OF LOANS
\$100,000 or less	6	23%
\$100,000 to \$250,000	8	31%
\$250,000 to \$1 million	10	38%
Greater than \$1 million	2	8%
Total	26	100%

The table shows that the bank makes loans to businesses of all sizes.

The 13 business loans for which revenue information was not available were analyzed using the original loan amount, as shown in the following table.

**DISTRIBUTION OF SMALL BUSINESS LOANS BY LOAN AMOUNT**

ORIGINAL LOAN AMOUNT	NUMBER OF LOANS	PERCENTAGE OF LOANS
\$100,000 or less	12	92%
\$100,000 to \$250,000	1	8%
\$250,000 to \$1 million	0	0%
Total	13	100%

The table demonstrates management's willingness to make small dollar loans to businesses. In addition, five of the 13 loans shown in the table were made to new businesses. By making these loans available, the bank is addressing the credit needs of new businesses and small businesses, who often need small dollar loans.

Based on the review of consumer loans and small business loans, the bank's lending to borrowers of different incomes and businesses of different sizes exceeds standards for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)

**Geographic Distribution of Loans**

The following table shows the distribution of the consumer loans by the income level of the census tract. The distribution of the population of the assessment area by census tract type is shown as a basis for comparison.

**GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS**

<b>CENSUS TRACT INCOME LEVEL</b>	<b>PERCENTAGE OF POPULATION RESIDING IN CENSUS TRACTS BY INCOME LEVELS</b>	<b>PERCENTAGE OF CONSUMER LOANS</b>
Low-income	9.2%	3%
Moderate-income	19.4%	24%
Middle-income	39.5%	20%
Upper-income	31.9%	53%
Total	100.0%	100%

As shown in the table above, 3 percent of the consumer loans in the sample were made to borrowers residing in low-income census tracts. This percentage is considered reasonable when compared to the percentage of the assessment area population (9.2 percent) residing in low-income census tracts. The bank's outreach effectiveness is evidenced when the percentage of loans originated in moderate-income census tracts (24 percent) is compared to the percentage of the population (19.4 percent) residing in those census tracts. Management recently participated in a local banks' project intended to provide home improvement loans to homeowners whose homes were severely damaged during Hurricane Andrew. Although still unable to occupy their residences, these individuals continue to pay their mortgages as required. The beneficiaries of this loan program are mainly low- and moderate-income families. This type of credit product and additional marketing efforts should help increase the bank's lending penetration in low- and moderate-income census tracts. As noted previously, the bank's percentage of loans to low-income individuals is an exact reflection of their representation in the community, and the percentage of loans to moderate-income borrowers is more than double their representation in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)

**Geographic Distribution of Loans (Continued)**

**GEOGRAPHIC DISTRIBUTION OF BUSINESS LOANS**

<b>CENSUS TRACT INCOME LEVEL</b>	<b>PERCENTAGE OF CENSUS TRACTS BY INCOME LEVEL</b>	<b>PERCENTAGE OF BUSINESS LOANS</b>
Low-income	14.6%	8%
Moderate-income	21.3%	25%
Middle-income	36.0%	13%
Upper-income	28.1%	54%
Total	100.0%	100%

The table above shows that the percentage of business loans (8 percent) made to businesses located in low-income census tracts is lower than the percentage of low-income census tracts (14.6 percent) in the bank's assessment area. However, although 21.3 percent of census tracts are moderate-income, 25 percent of the loans were made to businesses located in moderate-income census tracts.

The bank meets the standards for satisfactory performance considering the adequate percentage of consumer and business loans made in moderate-income census tracts.

**Complaints**

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

**Compliance with Antidiscrimination Laws**

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Limited violations of technical aspects of Regulation B - Equal Credit Opportunity Act were noted. Personnel involved in the lending process have sufficient knowledge of fair lending issues and how those issues relate to the credit evaluation process. Written policies and procedures have been formalized by management, and compliance with the fair lending laws and regulations is closely monitored.

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.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN EACH OF YOUR OFFICES, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

**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 MAY 19, 1997, 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)

COCONUT GROVE BANK  
\_\_\_\_\_  
(Name of Bank)

MIAMI, FLORIDA  
\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
Coconut Grove Bank  
2701 South Bayshore Drive  
Miami, Florida, 33133

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Lucy Lebel 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.
- C Add the following language to your CRA public notice that is posted in each of your offices, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

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.

Board of Directors  
Coconut Grove Bank  
Miami, Florida

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

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Ms. Patricia Hartje  
Regional Compliance Manager  
Office of the Comptroller of the Currency  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, N.E.  
Atlanta, Georgia 30303

Dear Ms. Hartje:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for Coconut Grove Bank, Miami, Florida, as of May 19, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Mr. Joel Palmer  
Assistant Director II  
Regional Operations - Compliance  
Office of Thrift Supervision  
1475 Peachtree Street, N.E.  
Atlanta, Georgia 30309

Dear Mr. Palmer:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for Coconut Grove Bank, Miami, Florida, as of May 19, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Mr. Jimmy Loyless  
Regional Director  
Federal Deposit Insurance Corporation  
One Atlantic Center, Suite 1600  
1201 West Peachtree Street, N.E.  
Atlanta, Georgia 30309-3449

Dear Mr. Loyless:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for Coconut Grove Bank, Miami, Florida, as of May 19, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

**PUBLIC DISCLOSURE**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Bank: COCONUT GROVE BANK

City and State: MIAMI, FLORIDA

Date of Examination: MAY 19, 1997

**FEDERAL RESERVE BANK OF ATLANTA**