



WHOLESALE

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 5, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SAFRA NATIONAL BANK OF NEW YORK
Charter Number 20948

**546 Fifth Avenue
New York, New York 10036**

**Comptroller of the Currency
New York Metro South - Community Banks & Federal Branches
340 Madison Ave., 4th Floor
New York, New York 10017**

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 this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate – Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA) – A geographic area that consists generally of one or more MAs (using the MA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank’s assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Block Numbering Area (BNA) – Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

Census Tract (CT) – Small, locally defined statistical areas within Metropolitan Areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD) – Affordable 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.

Community Reinvestment Act (CRA) – The statute that requires the OCC to evaluate a bank’s record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography – A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Median Family Income (MFI) – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

Metropolitan Area (MA) – Area defined by the director of the United States Office of Management and Budget. MAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

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

Tier 1 Capital – The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

Wholesale Institution – An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.

Institution's CRA rating:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- Safra National Bank (Safra) demonstrates an adequate level of both CD investments and loans. The investments are of the types that are generally provided by private investors. Safra also provided an adequate level of CD services during the evaluation period in the New York Assessment Area (AA). Bank officers and other personnel provided services that were responsive to identified community needs during this evaluation period.
- Community development activities undertaken by the bank are not innovative or complex. Qualified investments made by Safra are generally of the type provided by private investors.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment area.

Scope of the Examination

In evaluating the bank's performance under the Community Reinvestment Act (CRA), we reviewed community development (CD) activities from **November 3, 2002** through **December 4, 2005**. Safra is designated a wholesale bank, and as a result of this designation we reviewed the level and nature of qualified investments, community development lending, and community development activities presented for consideration. All of the bank's activities reviewed during this evaluation period were within or directly benefited the delineated assessment areas. At the prior examination dated **November 5, 2002**, was rated **Satisfactory**.

For this review period, Safra presented for consideration loans, investments, and services that have community development as their primary purpose. Safra did not present any activities conducted by its affiliates for consideration in this evaluation. There are no known legal constraints that may impact the bank's ability to meet the community development needs of its assessment areas.

Allocation of Capital and Income

This evaluation rates the overall CRA performance of Safra National Bank as well as its performance in the States of New York and Florida. The overall rating is based on the CRA performance of the bank in each state. Ratios in the financial measures contained in this public evaluation were derived by allocating bank capital and income to the states and assessment areas where feasible and reasonable. The allocation is based on the amount of banking deposits contained in each of the states and assessment areas. As of June 30, 2005, bank deposits totaled \$2.7 billion. Of this amount, 63%, or \$1.7 billion, is attributed to the New York office. Therefore, we allocated 63% of income and capital to New York with the remainder allocated to

the Miami office. International customers accounted for the majority of deposits in both MSAs.

Description of Institution

Safra National Bank of New York (Safra) is a \$4.8 billion total assets wholesale bank headquartered in New York City, New York. The bank is owned by SNBNY Holdings Limited, a Gibraltar holding company. The bank is a part of a worldwide family of financial institutions known as the Safra Group. Safra, designated as a wholesale bank on August 6, 1997, has three wholly owned operating subsidiaries, SNB Overseas Investment Corporation, SNBNY Management Corporation, and Safra Securities Corp. These subsidiaries did not have a negative impact on the bank's ability to meet the credit and investment needs of its assessment areas. Safra management did not request that affiliate-related activity be considered at this review.

The credit products offered by Safra are primarily business loans fully secured by bank certificates of deposit or other assets of the customer. Other products include trade and commercial financing loans to large foreign corporate customers of an affiliate bank in Brazil. Few personal loans are made, and these are strictly as an accommodation for private banking customers. Gross loans represented approximately 31% of total assets as of September 30, 2005. The loan portfolio is comprised of the following: 54% Commercial/Industrial; 21% Foreign office loans; Real Estate 13% with the remainder officer and shareholder loans.

Table 1: Financial Information (000s)

	Year-end 2002	Year-end 2003	Year-end 2004	Most Recent Quarter-end 9/30/2005	Average for Evaluation Period
Tier 1 Capital	\$400,022	\$419,664	\$450,015	\$432,488	\$425,547
Total Income	\$218,452	\$205,379	\$196,054	\$221,574(**)	\$210,364
Net Operating Income	\$59,921	\$64,947	\$57,436	\$54,694(**)	\$59,249
Total Assets	\$5,143,679	\$4,292,522	\$4,116,795	\$4,820,085	\$4,593,270

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported.

Several larger institutions as well as local and regional institutions provide strong competition for community development activities. Among those institutions having a major presence in both of the AAs are: JP Morgan Chase, Citibank NA, Bank of America, HSBC, Bank of New York, North Fork, Wachovia, and Suntrust Bank.

Other than the restrictions imposed by Safra's wholesale designation, scope of operations and business strategy, there are no additional constraints, legal or otherwise known, that may impact the bank's ability to meet the community development needs of its assessment areas.

Data Integrity

During September 2005 OCC examiners verified the accuracy and the applicability of lending, investment, and service activities related to community development. Overall, the data were deemed to be accurate and reliable to assess the bank's CRA performance.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information on this wholesale institution was performed in accordance with the OCC's risk-based fair lending approach. Based on our analysis of the information, a comprehensive fair lending examination was not conducted with the CRA evaluation this period. Residential mortgages are provided only as an accommodation to private banking customers. The latest comprehensive fair lending exam was performed in November 1999.

Ratings

Safra's rating is a blend of the ratings for the both New York and Florida MSAs. The overall rating is based upon an analysis of activities within each state where Safra has a presence and reflects the overall scope of operations within each state. Both of the states received a full scope review.

STATE OF NEW YORK

CRA rating for New York: Satisfactory.

Conclusions for the three rating criteria are:

- The bank demonstrated an adequate level of CD investments, loans, and services in the AA. The investments and loans were neither complex nor innovative and were of the types that are routinely provided by private investors. Nonetheless, they did adequately respond to credit and community development needs in the AA.
- All of the CD related loans originated during the review period as well as investments and services directly benefited the bank's AA.
- Community development services consist primarily of Safra officers' involvement with community-based organizations performing various community development services.

Description of New York Assessment Area

Safra has its head office in midtown Manhattan, New York City, New York. As of June 30, 2005, this office reported \$1.7 billion in deposits, accounting for 63% of total bank deposits of which 57% came from international customers residing in Latin America. As of the June 30, 2005 FDIC Summary of Deposit data, within the AA, Safra ranked 41st in deposit share with 0.23% of the market. Dominating the market within the area are #1 JP Morgan Chase with 383 offices representing 23.77% of the deposit market and #2 Citibank with 244 offices and 16.47% of deposits. Safra's core business is private banking and related financial services to high net worth individuals. Other products offered through this full service banking office are retail and commercial deposit accounts along with commercial loans.

New York MSA No. 35644 covers all of the boroughs of New York City together with the neighboring counties of Westchester, Rockland, and Putnam. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Table 2a below provides demographic information about the MSA. The MSA has a total of 2,515 census tracts and a total MSA population of 9.3 million persons. The 2003 HUD adjusted median family income for the MSA is \$51,900. The current unemployment rate is 4% and 18% of the households are below the poverty level.

Table 2a: Assessment Area Description- New York City

	Number	Low	Moderate	Middle	Upper
Tracts	2,515	11% **	23% **	29% **	35% **
Families	2,203,975	12% *	26% *	26% *	36% *

Source: Demographic Data - 2000 U.S. Census, Dun & Bradstreet Data.

(*) Represents families by income level.

(**) Does not add to 100% due to non-categorized tracts

Owner occupied housing comprises only 32% of the total housing stock with one to four family homes amounting to 43% of all housing. Multi-family housing is the predominate type of housing in the area comprising 56% of total housing. The majority of the multifamily units are located primarily throughout Manhattan and the Bronx, and to a lesser degree, Brooklyn. The median housing value in the AA is \$256,661 and is considered high, making homeownership difficult for most low- and moderate-income (LMI) individuals.

Bank management has indicated that affordable housing continues to be the major community development need in this area. This need was reiterated by the community contact conducted during this examination. In addition, bank management indicated a need for small business lending, especially to start-up entities.

The NYAA is home to many large and diversified financial service companies, contributing to a fiercely competitive market for all types of products. Major competitors providing financial services include JP Morgan Chase, Citibank, American Express Centurion Bank, Bank of New York, HSBC Bank, Fleet Bank, North Fork Bank, and Apple Bank for Savings.

NYC is a leading world financial, business and trade center. It is the most culturally diverse, densely populated and wealthiest (in terms of personal income) city in the world. Manhattan, which accounts for nearly two thirds of NYC's total employment, is the regional economic engine with a traditionally strong finance, insurance and real estate sector, focused in Wall Street, the heart of the City's financial district. The financial district is the home of the New York and American Stock Exchanges, the NASDAQ and Commodities Exchange, and the Federal Reserve Bank of New York.

NYC is primarily a service-based economy. Education, health services, financial services and information services all make up a larger portion of New York's workforce than other Top 100 cities. Education and health services represented over 15% of NYC's employment in 2004. Leisure and hospitality led NYC employment growth over the past decade at a 2.9% average annual growth rate. The top five employers are New York Presbyterian Healthcare Network, JP Morgan Chase, Citigroup Inc., Verizon Communications, and Continuum Health Partners Inc.

Community Contacts

A community contact with a not-for-profit community based organization was conducted during this review. The contact’s primary role is to promote investment in local neighborhoods. The Neighborhood Housing Services of New York City (NHS) provides four different types of services – lending, education, community development and housing development – from its nine locations throughout the city. NHS works with new immigrants, people who don’t have a traditional credit history, those who may have had credit problems in the past or individuals that do not believe that they can afford to buy a home. NHS also offers ‘pre-purchase’ training programs for first time home buyers. NHS’ partnership with the financial industry has enabled them to reach almost 17,000 residents in both rehab and home ownership.

The contact indicated a need for affordable housing for low- and moderate-income households. It was also mentioned that the larger multinational and regional financial institutions within the AA generally are active in the above areas. Such a situation would appear to limit additional investment opportunities for smaller institutions.

CONCLUSIONS ABOUT PERFORMANCE IN NEW YORK

Safra has an overall adequate level of community development lending, investments, and services within the MSAs. All of the CD related loans, investments, and services were within the AA. Safra does not utilize innovative or complex qualified investments, loans, or services. The qualified investments are the types that are routinely provided by private investors. Community development services consist primarily of Safra officers’ performing various community development services.

Qualified Investments

Qualified investments and grants originated during the evaluation period within the AA totaled \$18.1 million. In addition, there was \$3.3 million in qualifying investments that were made in prior periods and were still outstanding. All of the investments directly benefited low- to moderate-income individuals within the New York MSA. The mortgages pledged to secure these investments were all made to low- to moderate-income individuals within the five boroughs of NYC. Such investments assist in providing housing to low and moderate-income individuals. No binding commitments to purchase additional securities or investments were noted.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA(**)
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Originated Investments	\$18,172
Originated Grants	\$69
Prior-Period Investments that Remain Outstanding	\$3,366
Total Qualified Investments	\$21,539

** Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Table 4a: Qualified Investment Percentages

	Benefit AA (%)(**)
Total Investments/Average Tier 1 Capital	8%
Total Investments/Average Total Income	16%

** Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Prior period investments included additional mortgage backed securities that provided funds for the purchase of affordable housing within NYC by LMI individuals. The community continues to accrue benefit as a result of these investments.

Community Development Lending

Safra originated an adequate level of CD loans during the evaluation period. CD loans are defined as loans that (1) have a primary purpose of community development, as defined by 12 CFR 25.12(h), (2) have not been reported or collected by the bank or an affiliate for consideration as home mortgage, small business, small farm or consumer loans, unless they are multifamily dwelling loans, and (3) benefit the bank’s assessment area or a broader statewide or regional area that includes the bank’s assessment area.

Safra has made an adequate level of community development loans. CD loans totaled \$3.5 million and addressed identified credit needs for affordable housing and small business start-up capital targeting LMI individuals.

Table 4: Community Development Lending Percentages

	Benefits AA (%)(*)
Total CD Lending/Average Tier 1 Capital	1%
Total CD Lending/Average Total Income	3%

(*) CD loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Community Development Services

Safra has an adequate level of CD services. Bank officers offer their financial expertise to a number of nonprofit community-based organizations through membership on their boards of

directors and direct participation in community development services. Community development services include the following:

- Safra's President/N.Y. Corporation is a member of the Cultural Association of Bengal Queens, York.
- Safra's Senior Executive V.P./Treasury serves on the board of the Manhattan High School of Girls.
- Safra's Senior Executive V.P./Private Banking serves on the board of Casita Maria, Inc., a settlement house providing social services to LMI individuals, primarily of Hispanic descent. Among its services is providing financial literacy training.

During the evaluation period, bank officers, Sergio Millerman/Senior Executive V.P. of Private Banking; Edward Clapp/Executive Director of Compliance and David Barsion/V.P. of Credit reported they have discussed, met or attended programs sponsored by the following groups to ascertain the needs of the community: Neighborhood Housing Services of New York City; New York Business Development Corp.; Business Resource & Investment Center; Apple Bank; Community Preservation Corp.; New York Urban League, Primary Care Development, New Destiny Housing Corp.; Habitat for Humanity; and Columbia University School of International Public Affairs.

STATE OF FLORIDA

CRA rating for Florida: Satisfactory.

Safra has an adequate record of participating in and helping to support CD activities in its assessment area. Safra has done this primarily through qualified investments. Investments made are those that are routinely made by investors within the AA.

Description of Florida Assessment Area

Safra has two other banking office located in the City of Miami, Florida. As of June 30, 2005, this office reported \$1.0 billion in deposits, accounting for 37% of total bank deposits; however the majority, 96% or \$975 million of these deposits, come from international customers in Latin America with the rest, 4% or \$35 million, coming from domestic customers. Within Dade County, Florida, using June 30, 2005 FDIC Summary of Deposit Data, Safra ranked 19th with 0.76% of the market in deposit share out of 118 reporting banks. The major financial institutions in the MSA are #1 Bank of America, with 235 offices and 19.3% of the market, #2 Wachovia National Association, 263 offices and 18.4% and #3, Suntrust Bank, 85 offices and 6.59% of the market.

Overall, competition for lending and deposits is strong within the MSA. There are numerous community and regional bank offices as well as offices of savings and loan associations and other financial institutions such as credit unions and brokerage firms. The large regional banks, along with national mortgage companies, are the main home mortgage lenders in the county.

Mirroring the main office in New York City, these branches offer retail and commercial deposit accounts, commercial and international loans, and community development related lending activity. Both facilities are an extension of the New York office and are designed to enhance the services the bank offers, primarily to South American private banking clients. All loans are booked and maintained at the main office in New York. Community development related loans are limited as the bank does not have a credit department in either of the two branches in Florida. Most of the loans assigned to this office are international loans.

Safra's AA in Florida consists of the Miami MSA No. 33124 and matches the boundaries of Miami-Dade County. The AA meets the requirement of the regulation and does not arbitrarily exclude LMI geographies. Table 2a below provides demographic information about the AA. Miami-Dade County is located along the southern tip of Florida. The county is bordered on the north by Broward County, on the east by the Atlantic Ocean, on the south by Monroe County, and on the west by Monroe and Collier Counties. Some of the largest incorporated municipalities within the county are Miami, Miami Beach, Hialeah, North Miami, North Miami Beach, Coral Gables, Coconut Grove, Homestead, South Miami, and Kendall. The eastern and northern portions of the county are primarily urban with the western and southern portions primarily rural/agricultural. Consequently, the credit needs of the community differ vastly.

The Miami MSA is a densely populated urban area. According to 2000 Census data, total population for the AA was 2.3 million. The most recent Department of Housing and Urban Development (HUD) updated median family income for 2002 was \$43,800. The median housing price for the Miami MSA was \$156,247. There were no significant barriers to community development lending, investments and services.

Table 2a: Assessment Area Description-Miami MSA

	Number	Low	Moderate	Middle	Upper
Tract	348	8% **	28% **	33% **	30% **
Families	552,484	4% *	27% *	35% *	32% *

Source: Demographic Data - 2000 U.S. Census, Dun & Bradstreet Data.

*Represents families by income level.

** Does not add to 100% due to non-categorized tracts

Throughout the past decade, greater Miami’s work force has grown younger and more culturally diverse. This work force is particularly well suited to employment in today’s internationally oriented industries. More than 50% of the Miami-Dade labor force are in the following segments of employment: Services -personal care, maintenance- (17%); office and administrative support (15%); professional (13%); sales and related (11%); and management. The 2000 census reports Miami-Dade MSA's population at 2.3 million, which is a 16.3% increase from the 1990 census. The City of Miami is the largest with a population of nearly 400,000, followed by Hialeah, Miami Beach, North Miami, and Coral Gables.

Miami-Dade County's economy is diverse. Major industries include merchandise trade with Latin America, construction, tourism, and services. Known as the major international trading hub of the Americas, greater Miami’s business community, people, neighborhoods, schools, and architecture all exhibit a cosmopolitan character. The proximity of the Caribbean, Central and South America, plus superior seaport and airport capabilities provide this area with a distinct advantage as a global trading center.

Community Contact

Community credit needs in this assessment area were determined by reviewing applicable U.S. Department of Housing and Urban Development (HUD) data and recent community contacts conducted by the OCC in connection with other CRA examination of banks operating in the same assessment area. Our reviews revealed that that the greatest credit need within the Miami MSA is financing for the development and construction of affordable housing units for LMI residents. Loans for the rehabilitation of existing properties in poor neighborhoods are another identified need, as well as financial literacy programs to combat predatory lending.

CONCLUSIONS ABOUT PERFORMANCE IN FLORIDA

Summary

The bank demonstrated an adequate level of qualified investments in the AA given its wholesale designation and its scope of operations. The investments made were neither complex nor innovative and were of the types that are routinely provided by private investors. Nonetheless, they adequately responded to credit and community development needs in the AA. The bank did not originate CD loans and did not conduct any CD services within this AA. The level of the bank's activity was adequate in relation to available opportunities.

Qualified Investments

Qualified investments within the AA totaled \$9.8 million. All investments were originated during the evaluation period and directly benefited, or were used for, community development projects that were located within the AA. The investment is a mortgage-backed security. The underlying mortgages were originated within the AA and directly respond to the community need for affordable housing development and/or affordable mortgage financing targeting LMI individuals.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA(*)
Originated Investments	\$8,982
Outstanding	\$868
Originated Grants	0
Total Qualified Investments	\$9,851

* Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA

Table 4a: Qualified Investment Percentages

	Benefit AA (%) (*)
Total Investments/Average Tier 1 Capital	7%
Total Investments/Average Total Income	13%

(*) Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Calculations reflect capital and income allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Community Development Lending

Although Safra did not originate CD loans during this evaluation, this is consistent with the bank's wholesale nature. Management's CRA strategy is to focus on (CD) investments rather than CD loans to address CD needs in the area.

Community Development Services

During the evaluation period, the bank did not provide any CD services within this AA, as the majority (more than 80%) of its clients are located outside the United States, primarily in Latin America. The bank concentrates its provision of CRA services in the New York AA.