



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

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

PUBLIC DISCLOSURE

December 14, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Terrabank, N.A.
Charter Number 20157**

**3191 Coral Way, Penthouse 1
Miami, Florida 33145**

**Office of the Comptroller of the Currency
South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Terrabank, N.A.** prepared by **the Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 14, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

Terrabank's CRA performance was evaluated using the small bank performance criteria. We analyzed the bank's lending activity for 1998. The bank's last CRA evaluation was performed in October, 1996.

Terrabank's average loan-to-deposit ratio is reasonable. A majority of loans are made within the assessment area and the distribution of loans by geography and to businesses of different sizes and individuals of different incomes is reasonable. The bank has received no complaints regarding CRA.

The following table indicates the performance level of **Terrabank, N.A.** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Pelican National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints have been received.		

DESCRIPTION OF INSTITUTION

Terrabank is a \$109MM community bank located in Dade County, Florida. The bank is owned by Terrabank Holding Corporation, a one bank holding company. The bank focuses on real estate lending (commercial and multi-family). The loan portfolio as of 12/31/98 totaled \$68MM, with real estate loans comprising 78% of the total. The remainder of the loan portfolio is comprised of commercial and installment loans.

Terrabank is headquartered just west of Coral Gables. The bank has two branches, one in West Dade County and the other in Hialeah. Full banking services are offered at all locations, however, the main office does not have a drive-up facility. There are no legal impediments that would hinder that bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

Terrabank's assessment area is comprised of 159 whole census tracts within Dade County. The bank cannot reasonably serve the entire metropolitan statistical area (MSA) of Dade County, therefore the assessment area includes 159 of the 267 census tracts within the MSA. The bank's assessment area is comprised of the following: 38% low and moderate income tracts, 30% middle income tracts, and 32% upper income tracts. These percentages closely resemble the make-up of the entire MSA of Dade County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or moderate-income geographies.

The updated median family income for the MSA is \$39,200. The review of 6 community contact reports conducted by the regulatory agencies during 1998 indicate a need for affordable housing, economic development, and small business lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

Terrabank's loan to deposit ratio is reasonable. The average loan to deposit ratio from 6/30/96 to 12/31/98 is 73.5%. This compares favorably to similarly sized institutions in the bank's area whose loan to deposit ratio is 71% as of 9/30/98.

Lending in Assessment Area

Terrabank's lending within its assessment area is satisfactory. During 1998, Terrabank originated 227 loans totaling \$18,507M. Of these, 83% in number and dollar are within the bank's assessment area.

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

Terrabank is effectively providing credit to borrowers of different incomes and businesses of different sizes. The bank originated 97 loans to individuals during 1998. Of these, 35, or 36% are to low and moderate borrowers. The bank also originated 92 business loans of which 74 were small businesses (less than \$1MM in revenues). The number of loans to low and moderate borrowers is consistent with the percentage of low and moderate tracts within the assessment area.

Geographic Distribution of Loans

The distribution of the bank's loans throughout its assessment area shows reasonable penetration of low and moderate income areas. Terrabank originated 189 loans totaling \$15,372M within its assessment area during 1998. Of these, 26% in number and 27% in dollars were originated in low and moderate income areas. This level of penetration is considered reasonable as 35% of the census tracts within the entire MSA of Dade County are low and moderate tracts. We did not identify any unreasonable lending patterns.

Response to Complaints

Terrabank has not received any complaints regarding its CRA activities.

Compliance with Antidiscrimination Laws and Regulations

We performed a Fair Lending review in conjunction with this evaluation and noted no evidence of discrimination in the bank's lending practices.