

# **PUBLIC DISCLOSURE**

**September 14, 2009**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**TransAtlantic Bank  
48 East Flagler Street  
Miami, Florida 33131**

**RSSD ID Number: 972237**

**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:** This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

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

PERFORMANCE LEVELS	<u>TransAtlantic Bank</u>	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	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 ratio was reasonable given the institution’s size, financial condition, and the assessment area needs.
- A substantial majority of loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable distribution throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among customers of different income levels and businesses of different sizes.
- Given the bank’s commercial lending focus, the institution’s community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services.
- The institution has not received any CRA-related complaints since the previous examination.

**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. TransAtlantic Bank’s CRA performance evaluation was based on CRA activities in its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Currently, intermediate small banks are small banks with assets of at least \$277 million as of December 31 of both of the prior two calendar years and less than \$1.109 billion as of December 31 of either of the prior two calendar years. These thresholds are adjusted annually and published by the Board of Governors of the Federal Reserve System. Under these procedures, effective as of September 1, 2005, institutions meeting the 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 in light of community needs in the assessment area and the capacity of the bank.

The evaluation included an analysis of HMDA and small business loans originated from January 1, 2008 through June 30, 2009. Small business loans make up a substantial percentage of the bank’s loan portfolio and

experienced high volume in terms of the number and dollar amount of loans originated during the review period compared to residential loans.

The community development test covered community development loans, qualified investments, and community development services from July 1, 2007 through June 30, 2009. 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, revitalizing or stabilizing low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies that benefit the assessment area or a larger statewide or regional area that includes the assessment area.

As part of this evaluation, two community contacts were made with two local community development representatives who are familiar with the economic and demographic characteristics as well as community development opportunities and credit needs in Miami-Dade County. 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 description of assessment area section of this report. Neither of these contacts identified any unmet credit needs.

## **DESCRIPTION OF INSTITUTION**

TransAtlantic Bank is a full service community bank headquartered in Miami, Florida. The bank began operations in 1984, and has been operating under the TransAtlantic Holding Corporation since November 2006. During the fourth quarter of 2006, the bank's parent company was acquired by Banco de Sabadell, S.A., one of Spain's largest financial institutions with a major international presence. The acquisition was approved by the Federal Reserve Bank of Atlanta on April 10, 2007.

### Branch Offices

TransAtlantic Bank operates seven branch offices, which are all located in Miami-Dade County. The main office is located in a low-income census tract, one branch is in a moderate-income census tract, three branches are in middle-income census tracts, and two branches are in upper-income census tracts. The bank has not opened or closed any branches since the previous examination. Five of the branches, including the main office, have ATMs.

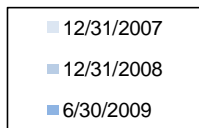
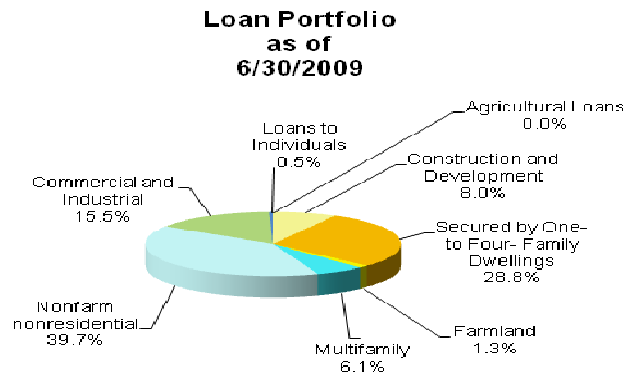
### Loan Portfolio

According to the June 30, 2009, Report of Condition (ROC), the bank's assets totaled \$527.7 million, representing a decrease of approximately \$78.6 million since the bank's previous CRA evaluation conducted on October 15, 2007.

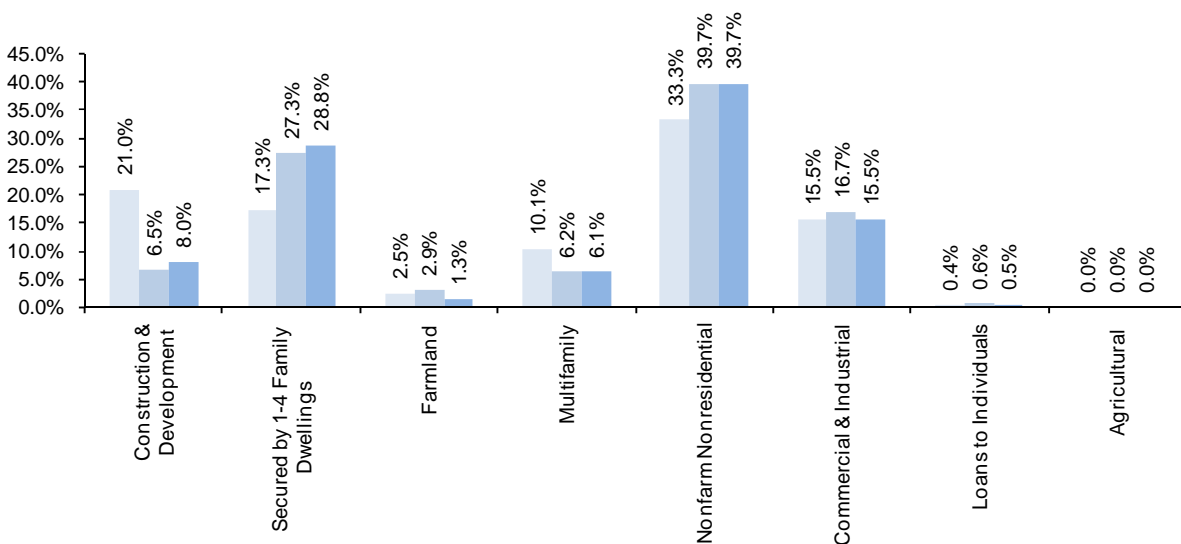
The following table, chart and graph show the composition of the loan portfolio as well as trend information according to the Consolidated Reports of Condition and Income.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	6/30/2009		12/31/2008		12/31/2007	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	24,398	8.0%	21,589	6.5%	88,975	21.0%
Secured by One- to Four- Family Dwellings	87,654	28.8%	90,292	27.3%	73,460	17.3%
Other Real Estate: Farmland	3,946	1.3%	9,640	2.9%	10,402	2.5%
Multifamily	18,654	6.1%	20,632	6.2%	43,048	10.1%
Nonfarm nonresidential	120,782	39.7%	131,342	39.7%	141,199	33.3%
Commercial and Industrial	47,106	15.5%	55,396	16.7%	65,789	15.5%
Loans to Individuals	1,407	0.5%	1,839	0.6%	1,674	0.4%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>\$303,947</b>	<b>100.00%</b>	<b>\$330,730</b>	<b>100.00%</b>	<b>\$424,547</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**



As indicated by the table, the bank's loan portfolio consisted primarily of nonfarm nonresidential real estate loans and residential loans secured by one-to-four family dwellings as of June 30, 2009. The bank's loan portfolio decreased by over 28 percent from December 31, 2007 to June 30, 2009. The most significant growth by dollar amount in the loan portfolio occurred in loans secured by one-to-four family dwellings, which increased 19.3 percent during this period while other loan types decreased. The most significant decrease by dollar amount in the loan portfolio was construction and development loans, which decreased by 72.5 percent.

#### Credit Products

Although TransAtlantic Bank offers a variety of loan products to meet the credit needs of its assessment area, the bank's primary focus continues to be real estate lending, with concentrations in residential 1-4 family home construction loans, commercial vacant land loans, and loans secured by office buildings. The bank makes very few consumer real estate loans. Consumer installment loans and revolving lines of credit account for the greatest volume of consumer lending.

TransAtlantic 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 October 15, 2007, under the intermediate small bank examination procedures.

### **DESCRIPTION OF ASSESSMENT AREA - MIAMI-DADE COUNTY**

#### Overview

TransAtlantic Bank's assessment area includes all of Miami-Dade County. The bank's assessment area has not changed since the previous evaluation. According to the 2008 Office of Management and Budget (OMB) standards for defining metropolitan areas, Miami-Dade County is also the Miami-Miami Beach-Kendall Metropolitan Division (MD), which is part of the larger Miami-Fort Lauderdale- Pompano Beach Metropolitan Statistical Area (MSA).

The location, climate, population, and size of Miami-Dade County make it suitable for a variety of economic activities. The county has a diversified economic base and hosts the regional headquarters for more than 150 international corporations. Key industries such as retail trade, health care, tourism, and accommodation and food services comprise important and diverse economic elements that help stabilize the county's economy.

#### Population Information

According to the 2000 census, the population of the Miami-Dade County assessment area was 2,253,362 persons, which represents approximately 14.1 percent of the population of the state of Florida at 15,982,378. Between the 2000 census and the population estimates as of July 1, 2008, the population of the assessment area increased by 144,883 persons or 6.4 percent.

#### Income Characteristics

For purposes of classifying borrower income, this evaluation uses the Department of Housing and Urban Development's (HUD) estimated 2008 and 2009 median family incomes. The following table shows the estimated median family incomes for 2008 and 2009 for the Miami Beach-Kendall MD. It also provides a breakdown of the estimated annual incomes based on income-level.

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

HUD Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2008</b>	<b>\$49,200</b>	0 - \$24,599	\$24,600 - \$39,359	\$39,360 - \$59,039	\$59,040 - & above
<b>2009</b>	<b>\$50,800</b>	0 - \$25,399	\$25,400 - \$40,639	\$40,640 - \$60,959	\$60,960 - & above

The HUD estimated median family income for the Miami Beach-Kendall MD was \$49,200 in 2008 and \$50,800 in 2009. According to the 2000 census data, there were 552,484 families in the assessment area. Of those families, 23 percent were low-income, 17 percent were moderate-income, 18.5 percent were middle-income, and 41.5 percent were upper-income. Of the total families, 14.5 percent had incomes below the poverty level. For purposes of classifying census tract income levels, this evaluation uses median family income from the 2000 U.S. census data. The median household income of this assessment area is \$35,995, which is lower than the median household income of the state of Florida at \$38,819.

Demographic Data by Census Tracts

2000 census demographic data was used to define the bank’s assessment area and conduct the lending analysis. The Miami-Dade County assessment area consists of 347 census tracts, which is made up of 27 low-income tracts, 99 moderate-income tracts, 114 middle-income tracts, and 104 upper-income tracts. The income category for 3 of the 347 tracts is not established.

Housing Characteristics

According to the 2000 census, there were 852,278 housing units in the Miami-Dade County assessment area. Of that number, 52.7 percent were owner-occupied units, 38.4 percent were rental units, and 8.9 percent were vacant units. The median housing value in the assessment area was \$113,203, which is 21.5 percent higher than the median housing value for the state of Florida at \$93,200. The median age of housing in the assessment area is 28 years compared to 20 years for the state of Florida. The affordability ratio is 31.8 percent in the assessment area and is lower than the affordability ratio for the state of Florida at 41.7 percent. 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.

Employment Statistics

A review of 2007 data from the Regional Economic Information System (REIS) indicates that government and government enterprises (160,343 jobs), retail trade (149,120 jobs), and health care and social assistance (145,911 jobs) are the largest employers in the assessment area. Tourism, banking and finance, legal and medical services, and international trade and finance are the primary businesses that drive Miami’s economy.

The following table shows the unemployment rates percentages for the bank’s assessment area and the state of Florida.

### Unemployment Rates

#### Assessment Area: Miami-Dade

Area	Years - Annualized	
	2007	2008
Miami Co.	4.40%	5.80%
Miami MSA	4.10%	5.80%
Florida	4.10%	6.20%

Not Seasonally Adjusted

According to the Bureau of Labor Statistics, the 2008 annualized unemployment rate (not seasonally adjusted) for Miami-Dade County was 5.8 percent, which was lower than the rate of the state of Florida at 6.2 percent. The 2007 annualized unemployment rate for Miami-Dade County at 4.4 percent was higher than the rate of the state of Florida at 4.1 percent.

#### Competition

According to the June 30, 2008 FDIC/OTS Summary of Deposits Report, the assessment area is a highly competitive banking market due to the significant presence of banks operating in the assessment area. TransAtlantic Bank ranked 27<sup>th</sup> out of 77 financial institutions in Miami-Dade County with a deposit market share of 0.61 percent. The number of branches operated by a single financial institution in the assessment area ranged from one branch to 69 branches. In addition, according to the HMDA Market Peer Report for 2008, TransAtlantic Bank ranked 87<sup>th</sup> out of 547 HMDA reporters in the assessment area. The bank's competition comes mainly from statewide, multi-regional, and national banks; however, competition does not appear to have adversely affected the bank's ability to serve the credit needs of its assessment area.

#### Community Contacts

As part of the CRA examination, information was obtained from two local community development organizations. The contacts expressed the need for community banks in the area to get involved with small business and affordable housing efforts. One contact stated that start-up businesses have been hurt the most from the lack of funding sources given the stringent credit standards being enforced by lenders. Tightened credit standards have also impacted established businesses, for example by either having long standing lines of credit suddenly reduced or entirely terminated by the bank. Both contacts expressed understanding that with present economic conditions most banking institutions are struggling to remain profitable.

#### General Economic and Business Characteristics

According to bank management and community contacts, economic conditions in the assessment area are depressed with a declining growth rate. The lack of growth opportunities in commercial real estate, lack of demand, and lack of funding coupled with a severe housing recession have all contributed to the current declining economy in Miami-Dade County. As a result, bank management and the community contacts stated that housing and small business development programs are suffering.

#### Assessment Area Demographics

The following table provides demographic characteristics of the bank's assessment area based on the 2000 U.S. census data used to analyze the bank's CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.



### Assessment Area Demographics

Assessment Area: Miami-Dade County

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	27	7.8	23,826	4.3	10,095	42.4	127,088	23.0
Moderate-income	99	28.5	151,512	27.4	35,406	23.4	93,806	17.0
Middle-income	114	32.9	198,464	35.9	24,453	12.3	102,360	18.5
Upper-income	104	30.0	178,682	32.3	10,154	5.7	229,230	41.5
Unknown-income	3	0.9	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>347</b>	<b>100.0</b>	<b>552,484</b>	<b>100.0</b>	<b>80,108</b>	<b>14.5</b>	<b>552,484</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>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	44,415	7,586	1.7	17.1	30,530	68.7	6,299	14.2
Moderate-income	243,755	89,044	19.8	36.5	136,133	55.8	18,578	7.6
Middle-income	287,834	166,193	37.0	57.7	101,379	35.2	20,262	7.0
Upper-income	276,253	186,510	41.5	67.5	59,399	21.5	30,344	11.0
Unknown-income	21	0	0.0	0.0	0	0.0	21	100.0
<b>Total Assessment Area</b>	<b>852,278</b>	<b>449,333</b>	<b>100.0</b>	<b>52.7</b>	<b>327,441</b>	<b>38.4</b>	<b>75,504</b>	<b>8.9</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>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
Low-income	7,720	5.5	6,755	5.4	674	6.2	291	7.3
Moderate-income	32,723	23.2	29,334	23.3	2,168	20.0	1,221	30.8
Middle-income	45,213	32.1	40,697	32.3	3,326	30.7	1,190	30.0
Upper-income	54,277	38.6	48,512	38.5	4,517	41.6	1,248	31.5
Unknown-income	821	0.6	639	0.5	166	1.5	16	0.4
<b>Total Assessment Area</b>	<b>140,754</b>	<b>100.0</b>	<b>125,937</b>	<b>100.0</b>	<b>10,851</b>	<b>100.0</b>	<b>3,966</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.5</b>		<b>7.7</b>		<b>2.8</b>

Based on 2000 Census Information.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**  
**LENDING TEST**

Overview

The number and dollar amount of small business loans originated greatly exceeded the number and dollar amount of HMDA loans during the review period. Therefore, greater weight was given to small business loans in determining the bank’s lending test rating. Based on the bank’s size and lending capacity and the percentage of loans extended in the assessment area, the overall rating of the institution for the lending test is satisfactory. Because of the bank’s asset size and the fact that it has office(s) located in a metropolitan statistical area (MSA), the bank submits its residential real estate loan origination and application data annually, pursuant to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). These loans are referred to as HMDA 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. A small farm loan is defined as a farm loan with an original amount of \$500,000 or less and is either secured by farmland or classified as loans to finance agricultural production and other loans to farmers.

Loan-to-Deposit Ratio

The bank’s net loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. TransAtlantic’s average loan-to-deposit (LTD) ratio for the eight quarters ending June 30, 2009, was 84 percent. The bank’s LTD ratio ranged from a low of 68.8 percent as of June 30, 2009, to a high of 93.3 percent as of March 31, 2008 during the eight-quarter period. TransAtlantic Bank’s average LTD ratio was compared to the average LTD ratios of 15 financial institutions of similar asset size in the bank’s assessment area. The LTD ratios for these 15 banks ranged from 51.9 percent to 130.4 percent.

Assessment Area Concentration

The bank originated a substantial majority of the total loans to borrowers and businesses in 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 Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	1	100.0	\$9	100.0	0	0.0	\$0	0.0
Home Purchase - Conventional	32	100.0	\$19,525	100.0	0	0.0	\$0	0.0
Multi-Family Housing	2	66.7	\$370	23.1	1	33.3	\$1,230	76.9
Refinancing	7	87.5	\$11,604	97.9	1	12.5	\$250	2.1
<b>Total HMDA related</b>	<b>42</b>	<b>95.5</b>	<b>\$31,508</b>	<b>95.5</b>	<b>2</b>	<b>4.5</b>	<b>\$1,480</b>	<b>4.5</b>
Small Business	185	88.1	\$33,184	89.3	25	11.9	\$3,970	10.7
<b>Total Small Bus. related</b>	<b>185</b>	<b>88.1</b>	<b>\$33,184</b>	<b>89.3</b>	<b>25</b>	<b>11.9</b>	<b>\$3,970</b>	<b>10.7</b>
<b>TOTAL LOANS</b>	<b>227</b>	<b>89.4</b>	<b>\$64,692</b>	<b>92.2</b>	<b>27</b>	<b>10.6</b>	<b>\$5,450</b>	<b>7.8</b>

Note: Affiliate loans not included

As indicated by the table above, 89.4 percent of the HMDA-reportable loans and small business loans were originated to borrowers and businesses in the assessment areas. Also, 92.2 percent of the loans by dollar

amount were made in the assessment area. This indicates the bank's willingness to originate loans that meet the credit needs of its assessment area.

Geographic Distribution of Loans

For this criterion, a review was conducted of the bank's lending performance to borrowers and to businesses located in low- and moderate-income tracts. To analyze the bank's performance, the geographic distribution of the bank's HMDA lending and small business lending was compared with available demographic information. Performance context issues were also considered, as well as the performance of other banks.

Based on demographic data, competition, and aggregate lending data, TransAtlantic Bank's performance with regard to the geographic distribution of HMDA and small business lending reflects excellent dispersion throughout the bank's assessment area.

Small Business

The following table shows the geographic distribution of small business loans as a percentage of the total number of loans by type in the Miami-Dade County assessment area. The table also includes a comparison of the bank's small business lending to the aggregate lenders in the assessment area. The CRA aggregate lending data is the combined total of lending activity reported by all lenders subject to CRA loan data reporting requirements in the assessment area.

**Geographic Distribution of Small Business Loans**

Assessment Area: Miami-Dade County

Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison				
	2008 & 2009					2008				
	Bank		Demographics			Bank		Aggregate		
	Count	\$ (000s)	Small Businesses			Count	\$ (000s)	Count	\$ (000s)	
#	%	\$	%	%	#	%	%	%	%	
Low	14	7.6%	\$1,530	4.6%	5.4%	10	7.6%	3.4%	3.4%	5.1%
Moderate	45	24.3%	\$11,291	34.0%	23.3%	28	21.4%	33.2%	17.7%	17.3%
Middle	44	23.8%	\$8,449	25.5%	32.3%	33	25.2%	27.0%	30.1%	27.5%
Upper	81	43.8%	\$11,564	34.8%	38.5%	59	45.0%	35.1%	46.9%	48.4%
Unknown	1	0.5%	\$350	1.1%	0.5%	1	0.8%	1.3%	0.5%	1.1%
<i>Total</i>	<i>185</i>	<i>100.0%</i>	<i>\$33,184</i>	<i>100.0%</i>	<i>100.0%</i>	<i>131</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

TransAtlantic Bank's small business lending in the low-income tracts at 7.6 percent was greater than the percentage of small businesses in these tracts at 5.4 percent. Small business lending in moderate-income tracts at 24.3 percent was also greater than the percentage of small businesses in these tracts at 23.3 percent. According to a 2008 peer group CRA loan distribution analysis, the bank's small business lending in low-income tracts at 7.6 percent was greater than the aggregate percentage at 3.4 percent. The bank's small business lending in moderate-income tracts at 21.4 percent was also greater than the aggregate performance at 17.7 percent. The geographic distribution of small business lending reflects excellent dispersion throughout the assessment area.

Residential Real Estate (HMDA) Lending

The next table shows the geographic distribution of TransAtlantic Bank's HMDA-reportable loans from January 1, 2008 through June 30, 2009 in the assessment area. The table also includes a comparison of the bank's HMDA lending to the 2000 demographic information and to 2008 aggregate HMDA lenders in the assessment area. The HMDA aggregate lending data is the combined total of lending activity reported by all lenders subject to HMDA reporting requirements in the assessment area.

Geographic Distribution of HMDA Loans

Assessment Area: Miami-Dade County

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison				
		2008 & 2009					2008				
		Bank		Demographic			Bank		Aggregate		
		Count		\$ (000s)		Owner Occupied	Count		\$ (000s)		Count
#	%	\$	%	%	#	%	%	%	%		
HMDA TOTALS	Low	1	2.4%	\$150	0.5%	1.7%	1	3.0%	0.6%	4.1%	3.6%
	Moderate	6	14.3%	\$3,733	11.8%	19.8%	6	18.2%	14.2%	19.1%	15.8%
	Middle	11	26.2%	\$2,893	9.2%	37.0%	11	33.3%	11.0%	35.7%	31.2%
	Upper	22	52.4%	\$24,262	77.0%	41.5%	15	45.5%	74.2%	40.7%	49.0%
	Unknown	2	4.8%	\$470	1.5%	0.0%	0	0.0%	0.0%	0.3%	0.4%
	<i>Total</i>	42	100.0%	\$31,508	100.0%	100.0%	33	100.0%	100.0%	100.0%	100.0%
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	1.7%	0	0.0%	0.0%	5.8%	4.6%
	Moderate	5	15.6%	\$3,513	18.0%	19.8%	5	20.0%	22.7%	17.7%	14.3%
	Middle	10	31.3%	\$2,884	14.8%	37.0%	10	40.0%	18.7%	34.4%	31.8%
	Upper	15	46.9%	\$12,658	64.8%	41.5%	10	40.0%	58.6%	41.6%	48.9%
	Unknown	2	6.3%	\$470	2.4%	0.0%	0	0.0%	0.0%	0.5%	0.5%
	<i>Total</i>	32	100.0%	\$19,525	100.0%	100.0%	25	100.0%	100.0%	100.0%	100.0%
REFINANCE	Low	0	0.0%	\$0	0.0%	1.7%	0	0.0%	0.0%	2.3%	1.6%
	Moderate	0	0.0%	\$0	0.0%	19.8%	0	0.0%	0.0%	19.6%	14.4%
	Middle	0	0.0%	\$0	0.0%	37.0%	0	0.0%	0.0%	37.2%	31.6%
	Upper	7	100.0%	\$11,604	100.0%	41.5%	5	100.0%	100.0%	40.8%	52.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	0.2%	0.2%
	<i>Total</i>	7	100.0%	\$11,604	100.0%	100.0%	5	100.0%	100.0%	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	1.7%	0	0.0%	0.0%	1.9%	0.9%
	Moderate	0	0.0%	\$0	0.0%	19.8%	0	0.0%	0.0%	22.1%	18.7%
	Middle	1	100.0%	\$9	100.0%	37.0%	1	100.0%	100.0%	40.2%	37.1%
	Upper	0	0.0%	\$0	0.0%	41.5%	0	0.0%	0.0%	35.7%	43.2%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	0.1%	0.1%
	<i>Total</i>	1	100.0%	\$9	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
MULTI FAMILY		Multi-Family Units									
	Low	1	50.0%	\$150	40.5%	6.9%	1	50.0%	40.5%	12.5%	11.9%
	Moderate	1	50.0%	\$220	59.5%	35.5%	1	50.0%	59.5%	42.0%	44.9%
	Middle	0	0.0%	\$0	0.0%	30.2%	0	0.0%	0.0%	23.6%	18.4%
	Upper	0	0.0%	\$0	0.0%	27.4%	0	0.0%	0.0%	21.6%	24.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	0.3%	0.1%
<i>Total</i>	2	100.0%	\$370	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%	

Originations & Purchases

The bank's HMDA lending in low-income census tracts at 2.4 percent was greater than the percentage of owner-occupied units in these tracts at 1.7 percent. HMDA lending in moderate-income tracts at 14.3 percent was below the percentage of owner-occupied units in these tracts at 19.8 percent. According to the 2008 aggregate comparison, the bank's HMDA lending in low-income tracts at 3 percent was less than the aggregate performance at 4.1 percent. Also, the bank's HMDA lending in moderate-income tracts at 18.2 percent was less than the aggregate at 19.1 percent. Given the low number of HMDA loans originated and the fact that the bank is primarily a commercial lender, the geographic distribution of HMDA lending reflects reasonable dispersion throughout the bank's assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this criterion, a review was conducted on the bank’s lending performance to low- and moderate-income borrowers and to businesses with gross annual revenues of \$1 million or less. The bank’s distribution of HMDA lending across borrower income levels and small business lending across business revenue sizes was compared with available demographic information. Performance context issues were also considered, as well as the performance of other banks.

Based on the following analysis, the overall distribution of the bank’s HMDA and small business loans by borrower income and business revenue reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses of different sizes, and does not reveal any unexplained gaps in lending patterns.

Small Business Lending

The following table shows, by loan size, the number and dollar volume of small business loans originated by TransAtlantic Bank.

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

Assessment Area: Miami-Dade County

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2008 & 2009					Bank & Aggregate Lending Comparison 2008				
		Bank				Demographics Total Businesses	Bank			Aggregate	
		Count		\$ (000s)			Count	\$ (000s)	Count	\$ (000s)	
#	%	\$	%	%	#	%	%	%	%		
BUSINESS REVENUE	\$1million or Less	75	40.5%	\$11,937	36.0%	89.5%	61	46.6%	38.8%	28.1%	28.3%
	Over \$1 Million	45	24.3%	\$15,693	47.3%	7.7%	*-	-	-	-	-
	<i>Total where Rev is available</i>	120	64.9%	\$27,630	83.3%	97.2%	-	-	-	-	-
	Rev. Not Known	65	35.1%	\$5,554	16.7%	2.8%	-	-	-	-	-
	<i>Total</i>	185	100.0%	\$33,184	100.0%	100.0%	-	-	-	-	-
LOAN SIZE	\$100,000 or Less	114	61.6%	\$4,904	14.8%		72	55.0%	11.6%	96.9%	44.3%
	\$100,001 - \$250,000	34	18.4%	\$6,223	18.8%		27	20.6%	19.4%	1.5%	12.5%
	\$250,000 - \$1 Million	37	20.0%	\$22,057	66.5%		32	24.4%	68.9%	1.7%	43.3%
	<i>Total</i>	185	100.0%	\$33,184	100.0%		131	100.0%	100.0%	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	49	65.3%	\$1,910	16.0%		-	-	-	-	-
	\$100,001 - \$250,000	10	13.3%	\$1,956	16.4%		-	-	-	-	-
	\$250,000 - \$1 Million	16	21.3%	\$8,071	67.6%		-	-	-	-	-
	<i>Total</i>	75	100.0%	\$11,937	100.0%		-	-	-	-	-

\* Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue category. Originations & Purchases

The table shows that the bank’s small business lending at 40.5 percent was lower than the percentage of small business in the assessment area at 89.5 percent. The bank’s small business lending was also lower than the aggregate at 46.6 percent. However, 65.3 percent of these loans were in amounts of \$100,000 or less, indicating a willingness to make loans to small businesses.

Residential Real Estate (HMDA) Lending

The following table shows the distribution of the bank’s HMDA-reportable loans by the income level of the borrowers.

**Borrower Distribution of HMDA Loans**

Assessment Area: Miami-Dade County

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison				
		2008 & 2009					2008				
		Bank		Demographics			Bank		Aggregate		
		Count		\$ (000s)		Families by Family Income	Count		\$ (000s)		Count
#	%	\$	%	%	#	%	%	%	%		
HMDA TOTALS	Low	1	2.4%	\$9	0.0%	23.0%	1	3.0%	0.0%	1.2%	0.5%
	Moderate	0	0.0%	\$0	0.0%	17.0%	0	0.0%	0.0%	5.8%	2.6%
	Middle	0	0.0%	\$0	0.0%	18.5%	0	0.0%	0.0%	14.4%	8.5%
	Upper	19	45.2%	\$16,646	52.8%	41.5%	13	39.4%	49.2%	55.2%	58.1%
	Unknown	22	52.4%	\$14,853	47.1%	0.0%	19	57.6%	50.8%	23.3%	30.3%
	<i>Total</i>	42	100.0%	\$31,508	100.0%	100.0%	33	100.0%	100.0%	100.0%	100.0%
HOME PURCHASE	Low	0	0.0%	0	0.0%	23.0%	0	0.0%	0.0%	0.5%	0.1%
	Moderate	0	0.0%	0	0.0%	17.0%	0	0.0%	0.0%	3.8%	1.5%
	Middle	0	0.0%	0	0.0%	18.5%	0	0.0%	0.0%	11.9%	6.5%
	Upper	13	40.6%	6,017	30.8%	41.5%	9	36.0%	22.4%	60.7%	64.6%
	Unknown	19	59.4%	13,508	69.2%	0.0%	16	64.0%	77.6%	23.2%	27.2%
	<i>Total</i>	32	100.0%	19,525	100.0%	100.0%	25	100.0%	100.0%	100.0%	100.0%
REFINANCE	Low	0	0.0%	0	0.0%	23.0%	0	0.0%	0.0%	1.6%	0.6%
	Moderate	0	0.0%	0	0.0%	17.0%	0	0.0%	0.0%	7.9%	4.2%
	Middle	0	0.0%	0	0.0%	18.5%	0	0.0%	0.0%	17.3%	11.6%
	Upper	6	85.7%	10,629	91.6%	41.5%	4	80.0%	90.6%	51.7%	56.9%
	Unknown	1	14.3%	975	8.4%	0.0%	1	20.0%	9.4%	21.6%	26.7%
	<i>Total</i>	7	100.0%	11,604	100.0%	100.0%	5	100.0%	100.0%	100.0%	100.0%
HOME IMPROVEMENT	Low	1	100.0%	9	100.0%	23.0%	1	100.0%	100.0%	7.4%	7.6%
	Moderate	0	0.0%	0	0.0%	17.0%	0	0.0%	0.0%	8.2%	4.9%
	Middle	0	0.0%	0	0.0%	18.5%	0	0.0%	0.0%	16.7%	11.1%
	Upper	0	0.0%	0	0.0%	41.5%	0	0.0%	0.0%	50.2%	51.3%
	Unknown	0	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	17.6%	25.1%
	<i>Total</i>	1	100.0%	9	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
MULTI FAMILY	Low	0	0.0%	0	0.0%	23.0%	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%
	Middle	0	0.0%	0	0.0%	18.5%	0	0.0%	0.0%	0.0%	0.0%
	Upper	0	0.0%	0	0.0%	41.5%	0	0.0%	0.0%	0.0%	0.0%
	Unknown	2	100.0%	370	100.0%	0.0%	2	100.0%	100.0%	100.0%	100.0%
	<i>Total</i>	2	100.0%	370	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%

Originations & Purchases

TransAtlantic Bank originated one HMDA loan (2.4 percent) to a low-income borrower during the review period, although 23 percent of the families in the assessment area are classified as low-income. The bank did not originate any HMDA loans to moderate-income borrowers although the percentage of moderate-income families in the assessment area is 17 percent. According to the 2008 aggregate comparison, the bank originated one loan (3 percent) to a low-income borrower, which was greater than the aggregate performance at 1.2 percent. However, the bank had no HMDA lending to moderate-income borrowers and the aggregate performance was 5.8 percent.

Several factors may explain why the bank performed poorly in originating HMDA loans to low- and moderate-income borrowers. First, the bank's primary focus is commercial lending. The bank originated only 44 HMDA loans during the review period, 42 of which were in its assessment area. The bank does not actively pursue residential lending, and does not offer residential loan products with flexible and innovative underwriting standards that target low- and moderate-income borrowers. Also, there is a lack of affordable housing in Miami-Dade County. According to the 2008 Miami-Dade County Workforce Housing Needs Assessment

conducted by the Florida International University Metropolitan Center Study Team published by the Greater Miami Chamber of Commerce, the median sales price of a home in February 2008 was \$306,000. The rapid housing appreciation from 2003-2005 throughout south Florida created a substantial affordability gap throughout the assessment area. Service jobs account for 91 percent of all jobs in the county, which are typically low-wage jobs. Additionally, the 2007 median annual wage for all occupations in the assessment area was \$26,873. According to HUD, the 2008 estimated median family income in the assessment area was \$49,200. Low-income families are defined as having a median family income that is less than 50 percent of the area median family income, or less than \$24,599. Families in this category would have a difficult time finding an affordable home in the current housing market.

One factor affecting homeownership for all families in Miami-Dade County, and therefore affecting overall HMDA lending demand, is the property tax structure in the county in Miami-Dade County and for the state of Florida overall. A homeowner who has owned a home for a period of time in Miami-Dade County can expect an annual property tax increase of three percent of the assessed value. If that home is sold, the new owner would have to pay property taxes on 100 percent of the purchase price, minus any exemptions. Then the existing property owner, who then acquires a new home, will also have to pay property taxes on the full value of the new property, less any applicable exemptions. Consequently, many residents of Miami-Dade County cannot afford to move within the county, further hindering real estate lending opportunities.

The increasing cost of property insurance is another factor having a negative impact on home-ownership for families at all income levels, but particularly for low- and moderate-income families. Many insurers have elected to cease doing business in Florida, and those companies that have decided to stay have substantially increased both annual premiums and hurricane deductibles, making homeowner's insurance extremely expensive.

## COMMUNITY DEVELOPMENT TEST

### Overview

According to the community development test, an institution should appropriately assess the needs in its community; engage in different types of community development activities based on those needs and the institution's capacity; and take reasonable steps to apply its community development resources strategically to meet those needs. Areas examined include community development lending, qualified investments, and community development services. The review period for the community development test is July 1, 2007 through June 30, 2009. Taking into consideration the bank's capacity, competition, and the need and availability of opportunities for community development in the bank's assessment area, TransAtlantic Bank's community development performance reflects adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services.

### Community Development Lending

TransAtlantic Bank originated four community development loans totaling \$2.3 million during the review period. All of the loans were to purchase multifamily units that provide affordable rental housing to low- and moderate-income families, and are secured by properties located in low-income census tracts. The bank's level of community development lending has decreased since the previous examination, but is still considered adequate. Economic conditions, which began to decline rapidly in 2008, and the need to monitor asset quality and improve earnings, have impacted the appetite for these types of loans throughout the banking industry.

### Qualified Investments

TransAtlantic Bank's level of community development investments, grants, and donations is considered reasonable given the number and total dollar amount of qualified investments. Community development

investments and grants by TransAtlantic Bank totaled \$2,085,981 during the review period. The bank invested \$2.025 million in Community Capital Management’s CRA Qualified Investment Fund. This mutual fund allows banks located in areas with a limited number of CRA-related investment opportunities to make investments dedicated to CRA purposes. The remainder of the investments and grants were for the purpose of revitalizing or stabilizing low- and moderate-income geographies or providing services to low- and moderate-income individuals.

Community Development Services

TransAtlantic Bank’s community development services are reasonably responsive to the needs of low- and moderate-income families or areas, and small businesses. Delivery systems, including ATMs and branch locations, are located in low- and moderate-income census tracts in the bank’s assessment area. Of the seven banking offices, one office is located in a low-income census tract and another is located in a moderate-income tract. One of the five ATMs in the assessment area is located in a low-income tract. Although the ATMs do not accept deposits, customers can make cash withdrawals and check balances. The bank offers extended hours in both branches located in low- and moderate-income tracts, including Saturday hours in the Douglas branch, which is located in a moderate-income level tract.

TransAtlantic Bank is a sponsor of the Miami Saves program, whose mission is to help the residents of Miami-Dade County (particularly low- and moderate-income individuals) build wealth, reduce debt, and create lifelong financial management skills. In conjunction with this program, the bank offers a special “Community Checking” account designed for individuals who have completed the Miami Saves program. This non-interest bearing checking account has no minimum balance or minimum deposit requirements to open the account. No monthly service charge is assessed and the initial check order is free.

In addition to the above, board members, officers, and employees have used their financial expertise to provide financial services that benefit residents in the assessment area. The following table shows some of the community development services provided by representatives of the bank.

<b>TRANSATLANTIC BANK COMMUNITY DEVELOPMENT SERVICES</b>	
<b>ORGANIZATION</b>	<b>POSITION/SERVICE</b>
Federal Home Loan Bank – Housing Committee	A bank officer is a board member of this organization, which promotes economic growth in Miami-Dade County
Neighborhood Lending Partners of South Florida, Inc.	A bank officer is a board member of this multi-bank lending consortium, which provides financing for developers of affordable housing and community revitalization.
Greater North Miami Chamber of Commerce	A bank employee served as a board member of this organization during the review period, which provides networking opportunities for small business owners and promotes economic growth in North Miami-Dade County.
Greater Miami Chamber of Commerce	Aa bank employee served as a board member of this organization during the review period, which provides networking opportunities for small business owners and promotes economic growth in Miami-Dade County.
Miami Saves	A bank officer is a member of the Steering Committee of this organization, which teaches LMI individuals how to manage their finances and establish bank accounts.
VITA Program with the Internal Revenue Services (IRS)	A bank employee provided financial expertise by assisting LMI persons with preparing federal income tax returns.



RESPONSIVENESS TO COMPLAINTS

There were no complaints received since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

**APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
January 1, 2008 through June 30, 2009 – Lending Test			
July 1, 2007 through June 30, 2009 – Community Development Test			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
TransAtlantic Bank, Miami, Florida		HMDA, Small Business	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
Banco Sabadell SA	Foreign Bank Holding Company	None	
TransAtlantic Holding Corporation	Bank Holding Company	None	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Miami-Miami Beach-Kendall Metropolitan Division (Miami-Dade County)	Full-Scope Exam Procedures	Coral Gables Branch Douglas Branch	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 whole number in most cases, some columns may not total exactly 100 percent.

**APPENDIX B – DEFINITIONS AND GENERAL INFORMATION (Continued)**

**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 CRA performance of **TransAtlantic Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **September 14, 2009**. 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 metropolitan statistical areas. 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, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation 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, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, 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 metropolitan statistical area 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 metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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.

**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.

## APPENDIX C – GLOSSARY (Continued)

**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 metropolitan area. 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 metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (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 Consolidated Report of Condition and Income (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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.