

PUBLIC DISCLOSURE

March 18, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dadeland Bank
06-12-0929

Miami, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

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

GENERAL INFORMATION

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Dadeland Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of March 18, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's overall CRA performance is rated satisfactory because the bank has a reasonable loan-to-deposit ratio, which has increased since the previous examination, and because a majority of its loan originations are located within its assessment area. Also, based on available resources, lending activities reflect a reasonable geographic distribution throughout the assessment area.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of Dadeland Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	DADELAND BANK		
	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		X	

DESCRIPTION OF INSTITUTION

Dadeland Bank had \$124.3 million in assets as of December 31, 1995. The bank is located in the center of the Kendall area of Dade County and has four offices. The Brickell Banking Center branch is located in downtown Miami, and the other two offices are in southern Dade County. The bank offers a variety of consumer and business loans, including new and used automobile and boat loans, loans for consumer purchases, loans for personal expenses, and personal loans including lines of credit. The bank also offers home improvement loans, home equity loans, and fixed and adjustable rate mortgage loans. The bank is an approved Small Business Administration (SBA) lender and a qualified Eximbank lender.

Historically, Dadeland Bank's loan portfolio had been concentrated in the area of one- to four-family residential loans, relative to the peer bank average¹. The peer average reflected outstanding loans fairly evenly distributed among one- to four-family residential, commercial and other real estate, loans to individuals, and commercial and industrial loans. Since the previous examination as of September 19, 1994, the composition of the bank's loan portfolio has shifted toward a distribution closer to the peer average. The table below² summarizes the composition of the loan portfolio for Dadeland Bank and its peer group according to the September 30, 1995 and June 30, 1994³ Uniform Bank Performance Reports. The bank's percentages of residential, construction and land development, and loans to individuals have decreased while the percentages of other real estate loans and commercial and industrial loans have increased.

LOAN TYPE	DADELAND BANK 9/30/95	PEER GROUP 9/30/95	DADELAND BANK 6/30/94
Construction and Land Development	1.73%	4.37%	2.42%
1-4 Family Residential	51.38%	29.13%	6.63%
Other Real Estate	25.56%	25.83%	12.94%
Commercial and Industrial	16.64%	16.58%	12.30%
Loans to Individuals	4.52%	11.65%	5.55%

¹Average outstanding loan portfolio for insured commercial banks having assets between \$100 million and \$300 million with three or more banking offices and located in a metropolitan area.

²Totals do not equal 100 percent because loan types less than .5 percent of the portfolio are not included.

³June 30, 1994 information was used to compare changes in the loan portfolio since the previous examination.

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DESCRIPTION OF INSTITUTION (CONTINUED)

The October 3, 1994 safety and soundness examination conducted by the Federal Reserve Bank of Atlanta did not identify any legal or financial impediments that would prevent the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA: SOUTH DADE COUNTY, FLORIDA

The assessment area is located in South Dade County and includes 63 census tracts, 4 of which are low-income, 6 of which are moderate-income, 10 of which are middle-income, and 43 of which are upper-income census tracts. In December 1995, the bank modified its then delineated community to its current assessment area. The purpose of the modification was to more accurately depict the market area in which the bank solicits deposits and loans. Changes in the area include expanding the western boundary to include the residential areas of Kendall Lakes and County Walk. The northern boundary of the assessment area is Bird Road. The other boundaries of Hainlain Mills Road on the south and Biscayne Bay on the east remained unchanged. Census tracts adjacent to South Dixie Highway from Brickell Avenue through Coral Gables, including Coconut Grove, were added. Areas north of the Miami River were excluded. The bank's assessment area encompasses a portion of Coconut Grove, Key Biscayne, Coral Gables, South Miami, Perrine, and Kendall. The community contains a mix of single-family residences, condominiums, and rental apartments. There are many large and small shopping facilities, schools, office buildings, and recreational facilities in the area. The bank's service area is a mix of households of all income levels. The bank's main office is located in a diverse area, with both low- and upper-income areas in its immediate vicinity. The Falls Banking Center is located in an area that is primarily middle- and upper-income, although a large low-income area is nearby. The Old Cutler Banking Center is in an area that is primarily upper-income.

Based on 1990 Census data, the median family income of \$42,180 for the assessment area exceeds the median family income of \$31,113 for the Miami-Hialeah Metropolitan Statistical Area (MSA). The table below summarizes income levels of families in Dadeland Bank's assessment area.

FAMILY INCOME	NUMBER OF FAMILIES	PERCENTAGE IN ASSESSMENT AREA
Low	19,138	14.5
Moderate	15,799	11.9
Middle	22,617	17.1
Upper	74,690	56.5
Total	132,244	100.0

DESCRIPTION OF ASSESSMENT AREA: SOUTH DADE COUNTY, FLORIDA (CONTINUED)

According to the 1990 Census, the population of the assessment area is 515,285 and is predominately minority. The racial make-up of the assessment area is 44.9 percent Hispanic, 42.6 percent white, 10.2 percent black, and 2.3 percent other races. 198,644 housing units are located in the bank's assessment area. 58.3 percent are owner-occupied, 34.1 percent are rented, and 7.5 percent are vacant. Owner-occupied housing is distributed among assessment area census tracts, grouped by income level, as follows:

CENSUS TRACT INCOME LEVEL	NUMBER OF OWNER- OCCUPIED UNITS	TOTAL HOUSING UNITS	PERCENTAGE OF OWNER-OCCUPIED HOUSING IN CENSUS TRACT GROUP	TRACT GROUP PERCENTAGE OF ASSESSMENT AREA'S OWNER-OCCUPIED HOUSING UNITS
Low-Income	726	8,021	9.1	0.6
Moderate-Income	4,660	14,682	31.7	4.0
Middle-Income	14,360	26,038	55.2	12.4
Upper-Income	96,110	149,903	64.1	83.0
Total	115,876	198,644		100.0

According to 1990 Census data, over 25 percent of the families in the Dadeland Bank's assessment area are low- or moderate-income; however, less than 5 percent of the assessment area's owner-occupied housing is located in low- or moderate-income census tracts.

Three community members employed in affordable housing and economic development initiatives of local government were interviewed in connection with the evaluation. None of the contacts had any derogatory information regarding local financial institutions, and all believed that the current credit product types offered by local financial institutions should help meet the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's loan-to-deposit ratio is reasonable and has been increasing since the previous examination. The bank's average loan-to-deposit ratio for the six quarters since the previous examination is 70.4 percent. As of December 31, 1995, the bank's loan-to-deposit ratio was 75.1 percent. According to the Uniform Bank Performance Report of September 30, 1995, the bank's net loan-to-deposit ratio was 74.1 percent, placing the bank in the 87th percentile of its peer group.

During the examination, 154 loans were sampled to determine the percentage in the bank's assessment area, the geographic distribution of the loans, and the bank's lending to borrowers of different incomes and to businesses of different sizes. Of the types of credit offered, Dadeland Bank has been most active in small business lending. Originations of one- to four-family residential loans and motor vehicle loans to consumers were included in the analysis of the bank's lending performance. The sample included 61 business purpose loans, 49 consumer loans for motor vehicles, and the bank's 1995 Home Mortgage Disclosure Act (HMDA) Loan/Application Register (LAR). The bank reported 40 HMDA loan originations and four purchased loans for 1995.

The majority of lending activity is inside the assessment area. Of the 61 business purpose loans, 36 (59 percent) were in the assessment area. Of the 49 consumer motor vehicle loans, 36 (74 percent) were in the assessment area. Of the 44 originations and purchased loans reported on the 1995 LAR, 33 (75 percent) were in the assessment area.

The bank lends to businesses of different sizes. This is considered particularly important to Dadeland Bank's overall performance because business purpose lending is its predominant lending activity. Of the 36 sampled business purpose loans in the assessment area, 22 (61 percent) were to businesses with less than \$1 million in annual revenues. Of the 22 loans to small businesses in the assessment area, 13 were to businesses with less than \$250,000 in revenues.

The bank lends to borrowers of different incomes in reasonable proportion given the composition of the assessment area. Of the 36 consumer motor vehicles loans in the assessment area, 2 (5.6 percent) were extended to low-income individuals, 5 (13.9 percent) to moderate-income individuals, (27.8 percent) to middle-income individuals, and 19 (52.8 percent) to upper-income individuals. Of 30 HMDA loans originated in the assessment area during 1995, none were to low- or moderate-income borrowers. Two applications from moderate-income individuals were approved but not accepted by the applicants. One of the three HMDA loans purchased was to a moderate-income borrower.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

The bank's geographic distribution of its lending activity is reflected in the following table:

Income Level of Census Tract	Percent of Median Family Income	Quantity of Tracts in Assessment Area	Business Loans	Motor Vehicle Loans
Low	Less than 50	4 (6%)	1 (3%)	0
Moderate	50 - less than 80	6 (10%)	0	0
Middle	80 - less than 120	10 (16%)	1 (3%)	0
Upper	120 and above	43 (68%)	34 (94%)	36 (100%)
Total		63 (100%)	36 (100%)	36 (100%)

Because of the demographics of the assessment area, the bank has very limited penetration of low- and moderate-income census tracts. Only 11.7 percent of the total population of the assessment area reside in low- or moderate-income census tracts. Additionally, 11.6 percent of the total households in the assessment area are located in either low- or moderate-income census tracts. The bank has fewer opportunities to lend in these census tracts because of the small number of residents and households.

Of the 30 originations reported on the 1995 HMDA LAR, none were in low- or moderate-income census tracts; however, two of the three purchased HMDA loans were in low- or moderate-income tracts. The bank's opportunities to provide housing related financing is somewhat limited by the fact that less than 5 percent of the owner-occupied units in the assessment area are located in low- or moderate-income tracts. Typically, residents in the bank's assessment area seek to purchase homes in areas that are predominately owner-occupied. 67.5 percent of the low-income households are located in middle- and upper-income census tracts. 79.7 percent of the moderate-income households are located in the middle- and upper-income census tracts. Although the distribution of the bank's lending activity in low- and moderate-income census tracts is not proportional to the quantity of low- and moderate-income census tracts in the bank's assessment area, the bank's performance in this category is considered reasonable because of the demography of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

No credit practices inconsistent with the substantive provisions of the antidiscrimination laws and regulations were identified, but limited violations of technical aspects of HMDA were noted. Personnel involved in the lending process receive ongoing fair lending training and have sufficient knowledge of fair lending issues and how they relate to credit application, evaluation, and transaction processes. The bank solicits credit applications from all segments of the assessment area, including low- and moderate-income neighborhoods. Bank management has adopted comprehensive policies and procedures that ensure uniform application of underwriting guidelines, including second reviews of all rejected applications to determine whether credit denials are justified or whether alternative financing can be provided.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS MARCH 18, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

DADELAND BANK

(Name of Bank)

MIAMI, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Dadeland Bank
Post Office Box 560785
Miami, Florida 33156

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Jack Libbe using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: DADELAND BANK

City and State: MIAMI, FLORIDA

Date of Examination: MARCH 18, 1996