



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mercantil Commercebank, National Association
Charter Number: 16804

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Office of the Comptroller of the Currency

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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, and should not 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.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Outstanding**”.

The following table indicates the performance level of **Mercantil Commercebank, National Association** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | Mercantil Commercebank, N. A. Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | X | X | |
| High Satisfactory | | | X |
| Low Satisfactory | | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The Lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Overall, lending activity reflects excellent responsiveness to credit needs, when consideration is given to the positive impact of community development loans and the bank’s strategic focus. Lending activity is excellent in Florida and poor in New York and Texas. Combined, New York and Texas represent only five percent of the bank’s total deposits and the bank’s weaker performance in these states does not materially detract from the bank’s overall lending activity performance.
- Overall, the geographic distribution of loans is good, considering performance context. Performance in Florida is good, given performance context. Performance is poor in New York and good in Texas, although these conclusions are based on a very small number of loans. The bank’s weaker performance in New York and Texas did not materially detract from its overall geographic distribution performance as discussed above.
- Overall borrower distribution is good considering performance context. Performance in Florida is good, given performance context. Performance is poor in New York and adequate in Texas, although this conclusion is based on a very small number of loans. The bank’s weaker performance in New York and Texas did not materially detract from its overall geographic distribution performance as discussed above.
- A substantial majority of the bank’s loan originations were within its assessment area.
- Overall, the level of community development lending is excellent, displaying responsiveness to assessment area needs, and having a positive impact on all aspects

of the Lending Test. Community development lending is excellent in Florida and it had a positive impact on the overall Lending Test. Community development lending is adequate in New York and Texas and it had a neutral impact on the overall Lending Test in those states.

- Overall, the level of qualified investments is excellent, given the availability of investment opportunities in the bank's assessment areas. Performance is excellent in Florida, New York and Texas.
- Overall, the bank provided a good level of Service Test performance. Retail services are adequately distributed with branches reasonably accessible to all income geographies in all three states. Overall, community development services are excellent with the bank taking a leadership position. An excellent level of community development services in the Florida assessment area had a positive impact on the overall Service Test conclusion. Community development services are good in New York and adequate in Texas.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): 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 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: Affordable housing (including multifamily 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.

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.

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 non-relatives 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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

Multifamily: 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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.

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.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Mercantil Commercebank, N. A. (MCB) is an interstate commercial bank headquartered in Coral Gables, Florida, formally known as Commercebank, N.A. It is a wholly-owned subsidiary of Mercantil Commercebank Holding Company (CHC), a bank holding company also headquartered in Coral Gables, which in turn is owned by Mercantil Servicios Financieros (MSF), the largest international financial institution in Venezuela. MSF is publicly owned with its stock traded on the Caracas Stock Exchange. Mercantil Commercebank Investment Services, a broker-dealer and investment adviser, is an operating subsidiary of MCB as is Mercantil Commercebank Trust Company, N.A. Because of its affiliation with CHC and MSF, the bank has numerous affiliates. However, these affiliates operate outside the United States. No activity of any affiliate is being included in this examination and operations of the subsidiaries have no impact on the bank's ability to meet its CRA obligations.

MCB operates 13 branches in the state of Florida, as well as one in the state of New York and one in the state of Texas. Two of the Florida offices were opened since the last evaluation: one in Broward County and one in Palm Beach County. The bank offers a wide variety of domestic, international, personal, commercial, and corporate banking services. However, the bank's strategic focus is business lending. Most of its customers are foreign nationals and most of the bank's deposits are derived from this source. Trade financing and foreign correspondent banking activities are important business lines. In order to meet its CRA obligations, the bank concentrates on small business and community development lending, areas where the bank has significant expertise. Residential mortgage lending is not a primary business line for the bank. Most of its residential mortgage loans are to foreign nationals purchasing second homes in the Miami area. The bank only originates home mortgage and small loans to businesses, it does not purchase such loans.

As of September 30, 2009, MCB reported total assets of \$5.9 billion. Total loans of \$3.1 billion represented 53 percent of total assets and consisted of commercial and commercial real estate loans (41 percent), loans to foreign banks and businesses (27 percent), construction and land development (15 percent), loans secured by 1-4 family residential properties (9 percent), loans secured by multi-family residential properties (5 percent), and consumer and other loans (3 percent). Deposits totaled \$4.2 billion and Tier 1 Capital was \$569 million, or 9.6 percent of total assets.

A majority of the bank's deposits (88 percent as of June 30, 2009) are from foreign customers, most residing in Venezuela. The large percent of foreign deposits has a material impact on the evaluation of the bank's CRA performance. As of June 30, 2009, only \$483 million of the bank's deposits were from domestic customers. However, the domestic loan portfolio totaled \$1.6 billion, indicating that portions of domestic loans were funded with foreign deposits. Our evaluation of the bank's performance takes this factor into consideration.

During the evaluation period the bank faced significant challenges to its ability to help meet the credit needs of its assessment areas. The bank experienced financial losses and reductions in staff. Particularly during the later part of the evaluation period, management focused more of its attention on strengthening its existing loan portfolio rather than originating new loans. These challenges were taken into consideration as we evaluated the bank's CRA performance.

MCB's performance was rated "Outstanding" at its last CRA evaluation dated January 2, 2007 under the name Commercebank, National Association.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment and Service Tests. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA), small loans to businesses and community development loans, as reported under the CRA. We also evaluated community development investments and community development services. The bank reported no small loans to farms. Therefore, tables for this product are not included in the Core Tables of this report (Appendix D).

With the exception of community development loans, the evaluation period for the Lending Test is January 1, 2007 through December 31, 2009. For community development loans, the Investment Test, and Service Test, the evaluation period is January 1, 2007 through January 26, 2010. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

Data Integrity

This evaluation is based on accurate data. We tested the accuracy of the bank's HMDA and small loans to businesses data prior to the beginning of the CRA examination and determined that it was accurate.

Community development loans, investments and services submitted by bank management were verified to ensure that they met the regulatory definition for community development. Some items submitted by the bank for consideration were excluded from this evaluation because they did not meet the definition or purpose of community development.

Selection of Areas for Full-Scope Review

As of the examination date, MCB has three assessment areas, one in Florida, one in New York, and one in Texas.

In Florida, the Miami-Dade County assessment area received a full-scope review and the Broward County assessment area received a limited scope review. The assessment areas in New York and Texas each received full-scope reviews. See Appendix A for more information.

Ratings

MCB's overall rating is a blend of the state ratings. Because the Florida assessment area represents the majority of the bank's deposits (95 percent), the most weight was placed on this area in determining ratings. State ratings are based on those areas that received full-scope reviews.

Other

Community credit needs in the assessment areas were determined by reviewing recent community contacts conducted by the OCC in connection with other CRA examinations of banks operating in the same assessment area. We also conducted community contacts in the full-scope assessment areas of Florida, New York and Texas. Details regarding the organizations and their mission are in the “Scope” section of each state.

The most commonly identified community development need centers around affordable housing - rehabilitation and new construction of both single-family and multi-family occupancy. Other identified needs are credit and resource assistance to purchase affordable housing, credit and resource assistance to very small businesses and entrepreneurs, and homeownership and foreclosure counseling.

Refer to the profiles in Appendix C for additional information.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Florida

CRA Rating for Florida¹:

The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending activity that reflects excellent responsiveness to assessment area credit needs, particularly when consideration is given to the positive impact of the number and dollar amount of community development loans and performance context.
- Good geographic distribution of loans in the bank’s assessment area, given performance context.
- Good distribution of loans by income level of the borrower in the bank’s assessment area, considering performance context.
- An excellent level of responsive community development lending that had a positive impact on the Lending Test.
- An excellent level of qualified investments that reflect good responsiveness to credit and community development needs.
- Adequate retail service delivery systems that are reasonably accessible to geographies and individuals of different income levels in the bank’s assessment area.
- Excellent community development service performance which had a positive impact on the overall Service Test rating.

Description of Institution’s Operations in Florida

MCB conducts almost all of its operations in Florida from which it obtains 95 percent of its deposits. The bank has 11 full-service offices in Miami-Dade County, where the bank is headquartered and three offices in Broward County, north of and adjacent to Miami-Dade

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

County. One office in Broward County was opened during the evaluation period as well as one in Palm Beach County.

The vast majority of the bank's deposits are owned by customers living in Venezuela who are referred by officers and employees of financial affiliates in Venezuela. In Florida, approximately 88 percent of the bank's deposits are from international customers. At June 30, 2009, international deposits totaled \$3.3 billion versus domestic deposits of \$463 million.

Refer to the Market Profile for the state of Florida in Appendix C for detailed demographics and other performance context information for the assessment area that received a full-scope review.

Scope of Evaluation in Florida

As of the examination date, MCB had one assessment area in Florida which includes all of MSA 33100 (Miami-Ft. Lauderdale-Palm Beach, FL). This MSA consists of three Metropolitan Divisions (MDs) including MD 33124 (Miami-Miami Beach-Kendall, FL) which is equivalent to Miami-Dade County, MD 22744 (Ft. Lauderdale-Pompano-Deerfield Beach, FL) which is equivalent to Broward County, and MD 48424 (West Palm Beach, FL) which is equivalent to Palm Beach County. Because the office in Palm Beach County is open less than one year and it reported no deposits as of June 30, 2009, it is not included in this evaluation. Therefore, Miami-Dade and Broward Counties will be evaluated as individual assessment areas.

The Miami-Dade assessment area, which contains 97 percent of Florida deposits and 82 percent of Florida loan activity during the evaluation period, received a full-scope review. The Broward County assessment area received a limited-scope review. Ratings for the state of Florida are based primarily on performance in the Miami-Dade assessment area.

Loan products evaluated include home purchase, home refinance, and multi-family loans reported under the HMDA and small loans to businesses reported under the CRA. The volume of home improvement loans reported under the HMDA was not sufficient for analysis. The bank did not report any small loans to farms therefore there was no analysis and the table was excluded from the Core Tables in Appendix D. We also evaluated community development loans, investments, and services.

Of reported home mortgage and small loans to businesses in Florida, 62 percent were small loans to businesses. Therefore, the most weight in reaching our conclusions was given to performance related to small loans to businesses.

For this examination, we conducted one community contact in the Miami-Dade assessment area. The community contact was a non-profit affordable housing organization. We also reviewed community contacts conducted at other examinations for banks operating in the same assessment area and we reviewed the Neighborhood Stabilization Program (NSP) for Miami-Dade County and the city of Miami, as submitted to the U. S. Department of Housing and Urban Development (HUD). The most critical identified needs are housing that is affordable to low- and moderate-income families and loans to establish small businesses.

Refer to the Market Profiles in Appendix C for additional information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Florida is rated "Outstanding". Based on a full-scope review, the bank's performance in the Miami-Dade assessment area is excellent.

Lending Activity

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect excellent responsiveness to meeting assessment area credit needs, given the bank's deposit mix and business strategy as well as the positive impact of community development loans. Consideration was also given to the fact that lending in the assessment area has declined due to economic conditions. Between 2007 and 2008, total reported HMDA loan originations in Miami-Dade County declined 63 percent. For the same period, the volume of reported small loans to businesses declined 30 percent in Miami-Dade County. Data is not yet available for 2009.

Small business lending activity, which represents the majority of the bank's lending under analysis, is excellent, given performance context. FDIC data as of June 30, 2008 (the most recent available data) shows that MCB had a total deposit market share in the Miami-Dade assessment area of 5.32 percent and was ranked 7th of 77 financial institutions taking deposits in the assessment area. However when only domestic deposits are considered, the bank's deposit market share is .62 percent and it is ranked 26th.

According to 2008 peer market data (the most recent available data) MCB's market share of small loans to businesses was .11 percent with a rank of 29th among 129 loan reporters, based on number of loans reported. When the dollar amount of such loans is considered, the bank had a market share of 1.63 percent and was ranked 18th, exceeding its domestic market share and rank. A comparison based on dollar volume of lending is more meaningful because of the inclusion of a large number of credit card lenders in the reporting. Credit card lenders originate a large number of loans, but the overall dollar volume is significantly smaller. For example, the top five small business loan reporters in 2008 are all credit card lenders that do not take deposits in the assessment area. Combined, these five lenders have a market share of 81 percent, based on number of loans, but only a 27 percent market share based on dollar volume. Alone, American Express Bank, FSB had a market share of 40 percent based on number of loans and 15 percent based on dollar amount.

Overall home mortgage lending is adequate, when considering the bank's business strategy and the market in which the bank operates. For overall home mortgage lending (including originations and purchases), as reported under the HMDA, the bank is ranked 58th of 541 reporters in 2008 (the most recent available data), with a market share of .19 percent, based on number of loans. The bank's market share is .23 percent based on dollar volume. This performance is lower than the bank's domestic deposit market share and rank but based on

the bank's business strategy and the level of competition in the market, such performance does not materially detract from the bank's overall lending activity performance.

While the bank's market share and rank for home purchase and refinance loans individually are consistent with overall HMDA lending, it should be noted that MCB's market share and rank of multi-family home mortgage loans is excellent and consistent with the bank's commercial lending and CRA strategy. According to 2008 aggregate data, the bank had a market share of 1.42 percent for multi-family loan originations and purchases in the Miami assessment area and was ranked 4th among 53 reporters, based on number of loans. When only loan originations are considered (the bank did not purchase any multi-family loans), MCB is ranked 3rd among 50 reporters with a market share of 6.43 percent. This performance exceeds even the bank's total deposit market share and rank.

In addition, MCB's high volume of community development loans was considered. Community development lending represents 33 percent of the dollar volume of the bank's loans analyzed at this examination.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of loans in the state of Florida is good, based primarily on the distribution of small loans to businesses. The overall geographic distribution of loans in the full-scope Miami-Dade assessment area is good, based primarily on the distribution of small loans to businesses. As previously noted, these loans represent 62 percent of home mortgage and small business loan activity analyzed in the evaluation period. The geographic distribution of home mortgage loans is poor but not inconsistent with the bank's business strategy. The geographic distribution of small loans to businesses is good.

Home Mortgage Loans

Refer to Tables 2, 4, and 5 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of home mortgage loans in the full-scope Miami-Dade assessment area is poor, but not inconsistent with the bank's business strategy. Home mortgage lending is not a primary business line of the bank and the majority of such loans are made to Venezuelan nationals purchasing second homes in the United States.

Home purchase loans represent approximately 72 percent of all home mortgage loans under analysis therefore they received the most weight in reaching our conclusion. Home improvement loans are not included in the analysis as their number was too small (11) for meaningful analysis. Also, conclusions are based primarily on performance in moderate-income geographies because of the limited opportunities to lend in low-income geographies. According to the 2000 Census, there are only 7,594 owner-occupied housing units in the low-income geographies of the assessment area.

The geographic distribution of *home purchase loans is poor*. The bank's percent of home purchase loans in low-income geographies exceeds the percent of owner-occupied units in

these geographies, but the number of loans (10) upon which this conclusion is based is very small. The bank's market share of home purchase loans in low-income geographies is somewhat lower than its overall market share of home purchase loans. The bank's percent of home purchase loans in moderate-income geographies is lower than the percent of owner-occupied units in these geographies. The bank's home purchase market share in moderate-income geographies is significantly lower than its overall market share of home purchase loans.

The geographic distribution of home mortgage *refinance loans is adequate*. The bank has no refinance loans in low-income geographies. The bank's percent of home mortgage refinance loans in moderate-income geographies is somewhat lower than the percent of owner-occupied units in these geographies. The bank's market share of refinance loans in moderate-income geographies is lower than its overall market share of refinance loans.

The geographic distribution of *multi-family loans is excellent*. The bank's percent of multi-family loans in low-income geographies significantly exceeds the percent of multi-family units in these geographies. The bank's percent of multi-family loans in moderate-income geographies exceeds the percent of multi-family units in these geographies. The bank's multi-family market share in low-income geographies exceeds its overall multi-family market share. The bank's multi-family market share in moderate-income geographies is near to its overall market share of multi-family loans.

Small Loans to Businesses

Refer to Table 6 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The bank's geographic distribution of small loans to businesses in low-income geographies exceeds the percentage of businesses located in such geographies. The bank's market share of small loans to businesses in low-income geographies exceeds its overall market share of small loans to businesses. The bank's geographic distribution of small loans to businesses in moderate-income geographies is near to the percentage of businesses located in such geographies. The bank's market share of small loans to businesses in moderate-income geographies exceeds its overall market share of small loans to businesses.

Lending Gap Analysis

We evaluated the lending distribution of this assessment area to determine if any unexplained conspicuous gaps existed. No unexplained conspicuous gaps were identified after reviewing performance context.

Inside/Outside Ratio

This analysis is performed at the bank level rather than state or assessment area levels. During the evaluation period, a substantial majority of the bank's loan originations were within its overall assessment area. Specifically, 95 percent of loan originations by number and 93 percent by dollar were within the bank's overall assessment area. By product, 95 percent by

number and 92 percent by dollar of home mortgage loan originations were within the bank's overall assessment area. Regarding small loans to businesses, 96 percent by number and 94 percent by dollar were originated within the bank's overall assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

Distribution of Loans by Income Level of the Borrower

Overall, the distribution of loans by income level of the borrower in the state of Florida is good, based primarily on the distribution of small loans to businesses and considering performance context. The overall distribution of loans by income level of the borrower in the full-scope Miami-Dade assessment area is good, based primarily on the distribution of small loans to businesses, and considering performance context. The distribution of home mortgage loans by income level of the borrower is poor, given performance context, but not inconsistent with the bank's business strategy. The distribution of small loans to businesses is good, given performance context. This performance was given the greatest amount of weight based on the bank's business strategy and the higher volume of small loans to businesses.

Home Mortgage Loans

Refer to Tables 8 and 10 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of HMDA loans among individuals of different income levels in the full-scope Miami-Dade assessment area is poor but not inconsistent with the bank's business strategy, as previously discussed.

Consideration was given to the assessment area's high poverty rates (18 percent) which limit the ability of many low-income families to become homeowners, even with the assistance of subsidy programs, the availability of which became very limited during the course of the evaluation period. High property taxes and homeowner's insurance costs also contribute to the inability of low-income borrowers to become homeowners. For these reasons, our conclusions are primarily based on the level of lending to moderate-income borrowers.

Also, it should be noted that the demand for refinance loans by low-income families is generally very limited. Many times low-income families have taken advantage of various subsidy programs and special mortgage products that have very low interest rates that would not make it necessary for them to refinance for a lower interest rate. Also, some special programs do not allow for refinancing.

The distribution of home *purchase loans to borrowers of different income levels is poor, given performance context*. The bank's percent of home purchase loans made to low-income borrowers is lower than the percent of low-income families in the assessment area. The bank's market share of home purchase loans made to low-income borrowers is significantly lower than its overall market share of home purchase loans to all borrowers. The bank's percent of home purchase loans made to moderate-income borrowers is significantly lower than the percent of low-income families in the assessment area. The bank's home purchase

loan market share to moderate-income borrowers is significantly lower than its overall market share of home purchase loans to all borrowers.

The distribution of *home mortgage refinance loans among borrowers of different income levels is adequate, given performance context*. The percent of the bank's loans to low-income borrowers is significantly lower than the percent of such families residing in those geographies. The bank's market share of refinance loans to low-income borrowers is somewhat lower than its overall market share to borrowers of all income levels. The percent of the bank's loans to moderate-income borrowers is somewhat lower than the percent of such families residing in those geographies. The bank's market share of refinance loans to moderate-income borrowers is somewhat lower than its overall market share to borrowers of all income levels.

Small Loans to Businesses

Refer to Table 11 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses within the Miami-Dade full-scope assessment area is good, considering performance context*. The percent of the bank's small loans to small businesses (businesses with annual revenues of \$1 million or less) is somewhat lower than the percent of small businesses in the full-scope assessment area. The bank's market share of small loans to small businesses exceeds its overall market share of small loans to all businesses. In addition, of small loans to businesses, 55 percent are for amounts of \$250,000 or less indicating they are meeting the needs of small businesses. This performance is generally considered adequate but our evaluation took into consideration performance context related to bank operations including staff reductions and management's focus on strengthening its existing loan portfolio.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending is excellent and it had a positive impact on the Lending Test for the state of Florida. Community development activity is excellent in the Miami-Dade assessment area and it had a positive impact on the Lending Test, enhancing lending activity as well as geographic and borrower distribution. The bank originated a significant number and dollar amount of community development loans in the Miami-Dade assessment area. These loans exhibited a good level of responsiveness to the various needs in the assessment area, particularly affordable housing, which is most critical in the assessment area. Refer to the profile in Appendix C for a discussion of assessment area needs and available opportunities.

During the evaluation period, MCB originated or participated in 49 community development loans totaling \$110.7 million in the full-scope Miami-Dade assessment area. Approximately \$47.6 million of total community development loan dollars (43 percent) helped to meet affordable housing needs by providing financing for approximately 885 units of housing affordable to low- and moderate-income residents. Virtually all of these units are rental units. The need for rental units increased during the evaluation period as many were converted to condominiums in earlier years reducing the inventory of affordable rental units, while demand has increased due to the high level of foreclosures in the area.

Many of these affordable housing loans represent multi-family home mortgage loans reported under the HMDA; however, six loans totaling \$1.8 million and providing approximately 315 rental units at three different locations, are affordable to low- and moderate-income elderly residents. These loans represent the bank's share of loans originated by a lending consortium in which the bank continues to participate. The consortium was established by a local branch of a statewide non-profit community development corporation (CDC) to provide area banks with the opportunity to participate in larger, more complex affordable housing development. The CDC provides financing for land acquisition, development, and/or construction of multi-family housing that is affordable to low- and moderate-income individuals and families. Current economic conditions have negatively impacted the organization, which now has a limited number of projects and participants, but it continues to move forward with Low Income Housing Tax Credit (LIHTC) projects for which the three projects noted here have qualified.

An equal amount of community development loan dollars are helping to revitalize and stabilize low- and moderate-income geographies in the Miami-Dade assessment area. In general, the loans have helped to provide new or enhanced business facilities that will attract small businesses and jobs to the areas or newly constructed housing units that are attracting residents to the areas, most of whom are low- and moderate-income.

With the exception of one loan directed toward community service needs and totaling \$1 million, the remaining 14 percent of community development loan dollars (\$15 million) helped to meet economic development needs by providing financing to businesses that meet the size definition of the CRA and provide jobs for persons who are currently low- and moderate-income workers or in low-and moderate-income geographies.

Also, two South Florida regional community development loans totaling \$20 million have the potential to impact the bank's assessment area. These loans are to finance 14 gas stations located in Miami-Dade, Broward, Palm Beach, and Collier Counties, the majority of which operate in low- or moderate-income geographies. The loans primarily help to revitalize and stabilize low- and moderate-income geographies by providing jobs and services. In addition, the bank renewed a loan to a statewide community development corporation that provides financing for affordable housing development. This loan has the potential to benefit the bank's assessment area since the organization has developed multi-family housing in Miami-Dade County. Finally, MCB originated or participated in two out of assessment area community development loans totaling \$29 million that do not have the potential to impact its Florida assessment areas. The largest such loan, totaling \$25 million, is a participation in a loan to expand an Orlando hotel that is located in a moderate-income geography that will double the size of the facility and provide a significant number of new jobs.

Product Innovation and Flexibility

MCB offers no lending products that are considered innovative or flexible. This had a neutral impact on the Lending Test rating.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Broward County assessment area is weaker than the bank's overall "outstanding" performance under the Lending Test in Florida. Performance is somewhat less in all aspects of the Lending Test. Refer to the Tables 1 through 12 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Florida is rated "outstanding". Based on a full-scope review, the bank's performance in the Miami-Dade assessment area is excellent, given available opportunities, the capacity of the bank, and the impact of MSA and multi-state investments. Refer to the profile in Appendix C for a discussion of available opportunities.

Refer to Table 14 in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments. A significant portion of the bank's investments are mortgage-backed securities, for which the collateral is a pool of mortgage loans to low- and moderate-income borrowers. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded and they help to meet the identified need for affordable housing financing for low- and moderate-income families because all of the mortgages are to low- and moderate-income borrowers.

Many of the mortgage pools in which the bank is invested include mortgages on properties located within multiple counties that comprise MSA 33100 (Miami-Ft. Lauderdale-West Palm Beach, FL) and can therefore not be allocated to a single assessment area county. These investments are presented in Table 14 under the assessment area labeled "MSA 33100". In addition, the bank has several MSA 33110 prior period asset-backed investments that are backed by pools of SBA loans where the businesses are located within more than one of the MSA counties. These investments are shown as prior period investments in the MSA 33100 assessment area. Donations to a community development organization that helps to finance affordable housing development throughout Florida, including in Miami-Dade and Broward Counties, are presented in Table 14 as "Statewide Investments".

Finally, there is a group of six mortgage-backed securities totaling \$7.3 million that are secured by mortgage loan pools that include mortgages on properties located within more than one of the states in the bank's overall assessment area. These multi-state investments are not shown on any table. However, as with the statewide and MSA investments, their impact was

taken into consideration when reaching conclusions about performance in applicable assessment areas.

The dollar volume of community development investments is excellent. Investments are responsive to assessment area needs primarily addressing the critical need of affordable housing. Investments are not generally considered innovative or complex and private investors routinely provide the type of qualified investments discussed here.

Current Period Investments:

During the evaluation period, the bank originated 53 community development investments totaling \$13 million that benefit the Miami-Dade assessment area. Of these investments, a total of 13, representing \$7.7 million or approximately 60 percent of total investment dollars, are securities backed by Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA) mortgages to low- and moderate-income borrowers in the Miami-Dade assessment area. In addition, the bank invested in a security totaling \$3.9 million backed by mortgages from the Miami-Dade Housing Authority, whose mission is to assist low- and moderate-income borrowers in obtaining home financing by providing affordable financing options.

Remaining current period investments consist of 39 grants and donations totaling \$1.1 million to organizations in the Miami-Dade assessment area whose mission meets the definition of community development, most notably affordable housing. For example, during the evaluation period MCB donated a total of \$241,000 to the Miami Habitat for Humanity. This funding allowed for the construction of three homes affordable to low- and moderate-income families. And, in 2009, the bank donated a 12-unit rental property to Habitat valued at \$500,000. The bank had previously foreclosed on the building and spent approximately \$2,000 on initial repairs before donating it to Habitat who will complete the repairs and make the units available at rents that will be affordable to low- and moderate-income families. Another \$131,000 was donated to six other affordable housing entities, including organizations that provide housing for the homeless and local non-profit community development corporations (CDCs) that help to provide affordable owner-occupied housing in Miami-Dade County. Affordable housing is the most pressing need in the Miami-Dade assessment area.

Also, the bank donated a total of \$66,000 to three organizations that support entrepreneurial efforts in low- and moderate-income geographies. These organizations provide micro-loans to individual business that do not meet the standards of traditional banks as well as business education programs including assistance in writing business plans, budgeting, etc. The need for such economic development services has increased considerably as the unemployment rate in Miami-Dade County has risen to record highs.

In addition to the direct assessment area investments discussed above, the Miami-Dade assessment area benefited from approximately 34 percent of the MSA and multi-state investments previously discussed. These investments are mortgage-backed securities backed by loans to low- and moderate-income borrowers.

Prior Period Investments

Prior period investments were originated during previous examination evaluation periods and remain on the books of the bank. In the Miami assessment area, there are 11 prior period investments totaling \$1.9 million. The majority (69 percent of dollars) of prior period investments represent the remaining balances on five mortgage-backed securities. These securitized mortgage loans continue to support low- and moderate-income families. The remaining prior period investments are renewals of certificates of deposits in qualified Community Development Financial Institutions (CDFIs). These entities operate in the Miami-Dade assessment area and continue to provide banking services in low- and moderate-income geographies and to low- and moderate-income customers.

In addition to the prior period investments directly in the Miami-Dade assessment area, the assessment area continues to benefit from approximately 89 percent of six MSA investments in asset-based securities backed by loans secured by the Small Business Administration (“SBA”) and currently totaling \$15.2 million. The loans continue to finance businesses with gross annual revenues of \$1 million or less (based on the size of the loan) and to support permanent job creation, retention, and improvement for persons who are currently low- and moderate-income.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank’s performance under the Investment Test in the Broward County assessment area is not inconsistent with the bank’s overall “outstanding” performance under the Investment Test in Florida. Refer to the Table 14 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the Service Test in Florida is rated “high satisfactory” considering the bank’s business strategy and its strong community development service performance. Based on a full-scope review, the bank’s performance in the Miami-Dade assessment area is “good”, considering the bank’s business strategy and its strong community development service performance.

Retail Banking Services

Refer to Table 15 in the state of Florida section of Appendix D for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings.

MCB’s delivery systems are adequate and reasonably accessible to geographies and individuals of different income levels throughout the full-scope assessment area. The bank has no offices in low-income geographies. The percentage of branches in moderate-income

geographies is somewhat lower than the percentage of population residing in such geographies. Although not located in a low- or moderate-income geography it should be noted that the main office branch is located in the central business district of Coral Gables and is immediately adjacent to two moderate-income geographies, making the bank's services accessible to those residents.

The bank's record of opening and closing branches had a neutral impact on Service Test conclusions. No branches were opened or closed in the Miami-Dade assessment area during the evaluation period.

Office hours and services offered are comparable among the bank's various branch locations, regardless of the income level of the geography. Branch offices are augmented by a variety of alternative retail delivery channels, including ATM's, telephone banking, and online banking. There is no data on the effectiveness of these alternative retail delivery systems, and no significant weight was given to these systems.

Community Development Services

MCB's community development service performance is excellent, considering the bank's capacity and business strategy. The bank is a leader in providing community development services in the Miami-Dade assessment area. These services are highly responsive to current assessment area needs primarily addressing affordable housing and economic development needs both of which are critical in the present economic environment. The volume of community development services is excellent, based on the number of organizations impacted and the services they provide. During the evaluation period, 28 different officers and employees provided technical assistance to 17 different organizations in the Miami-Dade County assessment area, frequently in positions of leadership. They share their financial expertise by serving as board members, officers, and loan and/or finance committee members to organizations that help provide affordable housing opportunities, as well as economic development opportunities and community services to low- and moderate-income individuals and families.

Eight organizations are helping to provide affordable housing opportunities in Miami-Dade County by providing facilities for the homeless, homebuyer education classes to help qualify low- and moderate-income buyers, or constructing or rehabilitating housing units affordable to low- and moderate-income residents. Two organizations in particular are focusing their efforts on making foreclosed properties available for rental or owner-occupied housing, one through the use of Neighborhood Stabilization Program (NSP) funding from the Department of Housing and Urban Development (HUD). Bank officers serve on the boards of directors of these organizations as well as various other financial committees, including fund raising. NSP projects are critical in helping to maintain future affordable housing stock in the assessment area.

To help address economic development needs that have increased in the assessment area due to high unemployment rates, MCB is providing technical assistance to five organizations that assist in the development of small businesses, particularly in low- and moderate-income geographies. Several of these organizations provide micro-loans as well as assistance in developing entrepreneurial skills and preparing Small Business Administration (SBA) loan

packages. In 2007 and 2008 technical assistance was provided through the bank's support of a local university that used a "Mobile Small Business Institute" to visit primarily low- and moderate-income geographies in Miami-Dade County. The unit, initiated by the bank in 2005, provides counseling in all areas related to small business including concept development, business plans, marketing, and the acquisition of financing. Fourteen different bank officers and employees worked in the unit during the evaluation period using their financial expertise to assist existing and potential small business owners. Although no longer mobile, these services continue to be offered under the bank's leadership at a local university and two days per week in locations within the county's various Targeted Urban Areas. These types of economic development activities lead to greater opportunities for creating new enterprises as well as the growth and expansion of existing businesses thus providing additional jobs that are sorely needed in the assessment area.

Finally, the bank provides technical assistance to four different organizations that provide community development services to primarily low- and moderate-income residents of Miami-Dade County. Notable is a non-profit organization that assists clients with debt counseling, credit report reviews, money management, and most importantly newly initiated reverse mortgage and foreclosure counseling, in which bank employees participate as instructors. The organization also operates "Money Style", an internet based financial education course sponsored in full by MCB.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Broward County assessment area is inconsistent with the bank's overall "high satisfactory" performance under the Service Test in Florida. In the Broward County assessment area the bank's performance is weaker than the bank's overall performance in the state. MCB has three branches in the Broward County assessment area none of which are located in a low- or moderate-income geography. Refer to Table 15 in the state of Florida section of appendix D for the facts and data that support these conclusions.

State Rating

State of New York

CRA Rating for New York²: Needs to Improve

The lending test is rated: Needs to Improve

The investment test is rated: Outstanding

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending activity that reflects poor responsiveness in meeting assessment area credit needs.
- Poor geographic distribution of loans in the bank's assessment area.
- Poor distribution of loans by income level of the borrower in the bank's assessment area.
- Community development lending had a neutral impact on the Lending Test.
- An excellent level of qualified investments that reflects adequate responsiveness to credit needs.
- Adequate service delivery systems that are reasonably accessible to geographies and individuals of different income levels in the bank's assessment areas.
- A good level of community development services.

Description of Institution's Operations in New York

MCB operates one branch in New York City, New York. The full service branch was opened in 2000. As of June 30, 2009, the New York branch had total deposits of \$168 million, of which 5 percent or \$7.9 million represent domestic deposits. However, domestic loans total \$17 million or 71 percent of the \$24 million of total loans at the New York Branch, indicating that domestic loans are being largely funded with international deposits. New York branch deposits represent 4 percent of the bank's overall total deposits.

The New York branch is located in mid-town Manhattan (51st between Madison and Fifth Avenue) next to the Venezuelan Consulate. The surrounding neighborhood is comprised of luxury hotels and department stores along Madison, Park and Fifth Avenues. The location

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

next to the Venezuelan Consulate is advantageous for attracting international deposits because of the bank's affiliation with its parent in Venezuela. However, opportunities for domestic retail business are limited because of the bank's very small presence, the highly competitive market, and the branch's location in a high tourist area of Manhattan.

The New York branch's business strategy focuses on international business and large syndicated and commercial real estate loans. The branch's primary customer base is international individuals and businesses, primarily from Venezuela. It is the bank's practice to seek referrals from its affiliates in Venezuela. Residential mortgage lending is not a primary business line for the bank. Most of its residential mortgage loan originations are either an accommodation to foreign nationals purchasing second homes in the New York area or loans to employees. In the past, the bank has purchased residential mortgage loans in its New York assessment area but it did not do so during this evaluation period.

Refer to the Market Profile for the New York MSA in Appendix C for detailed demographics and other performance context information for assessment area.

Scope of Evaluation in New York

The bank's assessment area in New York includes a portion of Metropolitan Division (MD) 35644 (NY-White Plains-Wayne, NY-NJ) and consists of Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester Counties. This New York MSA received a full-scope review.

Loan products evaluated include home purchase, home refinance, and multi-family loans reported under the HMDA. The bank did not report any home improvement or small loans to farms therefore the tables were excluded from the Core Tables in Appendix D. We also evaluated community development loans, investments, and services.

The need for affordable housing and mortgage financing for low- and moderate-income families is paramount and noted repeatedly by community contacts. This includes special mortgage products as well as programs to provide down payment and closing cost assistance. Home buyer and financial literacy programs are also needed. Since the majority of the population rents, there is a critical need for affordable rental housing. Also, there is an ongoing need for activities that help to create and support new and existing small businesses.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in New York is rated "Needs to Improve". Based on a full-scope review, the bank's performance in the New York MSA is poor.

Lending Activity

Refer to Table 1 Lending Volume in the state of New York section of Appendix D for the facts and data used to evaluate the bank's lending activity.

During the three-year evaluation period, MCB's overall lending activity in the New York MSA is poor, even when consideration is given to performance context. Based on FDIC data as of June 30, 2009, MCB's overall deposit market share in the New York MSA area was .03 percent and it was ranked 94th of 139 financial institutions reporting deposits in the assessment area. When considering only the level of domestic deposits, the bank's market share would be too small to be meaningful.

For the three-year evaluation period, the bank originated 12 home mortgage loans, three small loans to businesses and four community development loans for a combined total of \$18 million. Even considering the bank's limited presence in the assessment area, business strategy, and other performance context factors, this level of lending over a three year period is considered poor.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans in New York is poor, but consistent with the bank's strategic focus. The geographic distribution of loans in the full-scope New York assessment area is poor, but consistent with the bank's strategic focus.

The bank does not have a sufficient number of home mortgage loans or small loans to businesses for our regular analysis. For the three-year evaluation period, the bank reported 12 home mortgage loans. With the exception of one multi-family loan, none are in low- or moderate-income geographies. Of the two multi-family loans, one is in a moderate-income geography while the other is in a middle-income geography. Three small loans to small businesses were reported none of which are in low- or moderate-income geographies.

Home Mortgage Loans

Refer to Tables 2, 4, and 5 in the state of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

Refer to Table 6 in state of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Lending Gap Analysis

We evaluated the lending distribution of this assessment area to determine if any unexplained conspicuous gaps existed. No unexplained conspicuous gaps were identified after reviewing the bank's performance context.

Inside/Outside Ratio

This analysis is performed at the bank level rather than state or assessment area levels. During the evaluation period, a substantial majority of the bank's loan originations were within its overall assessment area. Specifically, 95 percent of loan originations by number and 93 percent by dollar were within the bank's overall assessment area. By product, 95 percent by number and 92 percent by dollar of home mortgage loan originations were within the bank's overall assessment area. Regarding small loans to businesses, 96 percent by number and 94 percent by dollar were originated within the bank's overall assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

Distribution of Loans by Income Level of the Borrower

The distribution of loans by the income level of the borrower in New York is poor, but not inconsistent with the bank's strategic focus. The distribution of loans by income level of the borrower in the full-scope New York assessment area is poor, but not inconsistent with the bank's strategic focus.

The bank does not have a sufficient number of home mortgage loans or small loans to businesses for our regular analysis. During the three-year evaluation period, none of the reported home mortgage loans were to low- or moderate-income borrowers and none of the small loans to businesses were to businesses with revenues of \$1 million or less (small businesses).

Home Mortgage Loans

Refer to Tables 8 and 10 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

Refer to Table 11 in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small loans to businesses.

Community Development Lending

Refer to Table 1 Lending Volume in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending is adequate and it had a neutral impact on the Lending Test for the state of New York. Based on a full-scope review, community development lending in the full-scope New York assessment area is adequate and it had a neutral impact on the Lending Test. Although the dollar amount of community development loans was meaningful, the number of loans and the limited level of responsiveness to assessment area needs were

not sufficient to positively impact the overall Lending Test. Refer to the profile in Appendix C for a discussion of assessment area needs and available opportunities.

During the three-year evaluation period, MCB originated four community development loans totaling \$8.9 million. The largest loan (\$6 million) is helping to revitalize and stabilize a low-income geography by providing funding to finance the construction of a building to be used as a public elementary school. The renewal of a long-time loan totaling \$2.1 million helped to allow a business meeting the regulatory definition of a small business to maintain 20 jobs in Brooklyn thus helping to meet economic development needs in the bank's assessment area. Also, the bank renewed a \$200,000 line of credit to a non-profit affordable housing organization to help provide funds for the operational needs of the organization. The organization's mission is to help provide housing affordable to low- and moderate income people in New York City. Finally, the bank originated a loan for \$1 million to an organization that provides community services to low- and moderate-income residents of veteran's homes in New York. Based on the structure of the loan however, an amount significantly less than the loan amount is actually funneled to the organizations activities.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in New York is rated "Outstanding". Based on a full-scope review, the bank's performance in the New York MSA is excellent, given available opportunities, the size and capacity of the bank, and the impact of multi-state investments, as discussed in the Florida portion of this evaluation. Refer to the profile in Appendix C for a discussion of available opportunities. Refer to Table 14 in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The dollar volume of community development investments is excellent. Investments are reasonably responsive to assessment area needs addressing the critical need of affordable housing. Investments are not generally considered innovative or complex and private investors routinely provide the type of qualified investments discussed here.

Current Period Investments:

During the evaluation period, the bank originated 16 community development investments totaling \$7.1 million that benefit the New York MSA. Eight investments, representing virtually all investment dollars, are securities backed by Federal National Mortgage Association (FNMA) mortgages to low- and moderate-income borrowers in the New York assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded, and they help to meet the identified need for affordable housing financing for low- and moderate-income families. The remaining current period investments consist of eight grants and donations totaling \$86,000 to organizations in the New York assessment area whose primary mission meets the definition of community development.

In addition to the direct assessment area investments discussed above, the New York MSA benefited from approximately 4 percent of the \$7.3 million of multi-state investments noted in the investment discussion for the state of Florida. These investments are mortgage-backed securities backed by loans to low- and moderate-income borrowers.

Prior Period Investments:

There are two prior period investments in the New York MSA. Totalling \$1.3 million, they represent the remaining balance of mortgage-backed securities purchased during the prior evaluation period. These securitized mortgage loans continue to support low- and moderate-income families.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's Service Test rating in the state of New York is "Low Satisfactory". Based on a full-scope review, the bank's performance in the New York assessment area is adequate.

Retail Banking Services

Refer to Table 15 in the state of New York section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank offers banking services through one location situated in an upper-income geography in the borough of Manhattan, adjacent to the Venezuelan Consulate. The office is located in a business district reasonably accessible to geographies, businesses, and individuals of different income levels in the assessment area. The bank does not have a retail orientation in the New York assessment area. The business strategy is primarily directed toward the commercial market.

No branches were opened or closed during the evaluation period.

MCB offers a range of banking products and services in its assessment area, including the New York Basic Banking Account, a low-cost checking account designed for low- and moderate-income persons. The branch office is augmented by a variety of alternative delivery channels, including ATM networks, telephone banking, and online banking. There is no data on the effectiveness of these alternative delivery systems, and no significant weight was given to these systems.

Community Development Services

MCB provides a good level of community development services, considering the level of the bank's presence in the New York assessment area and the bank's business strategy. During the evaluation period, the bank partnered with the local chapter of a national affordable housing organization to provide first-time homebuyer and foreclosure prevention seminars

targeted to low- and moderate-income people in the bank's New York assessment area. Each year approximately 25 sessions were conducted attended by about 120 people. In addition, the bank partnered with a non-profit economic development organization that provides micro-loans for small businesses to present three basic credit management workshops. Two bank employees made presentations at these workshops, each attended by approximately 20 people.

During the three years of the evaluation period the New York staff conducted financial literacy workshops in conjunction with a faith-based, non-profit community service organization in East Harlem that provides services to low- and moderate-income residents. A series of five courses are conducted twice each year and four bank employees participate.

In 2008 the bank began a partnership with a non-profit organization that provides housing and educational programs for the homeless in New York City. A group of four employees have been conducting financial literacy classes for female residents, which typically number between 10 and 15 women at any given time. In total, 11 classes were conducted.

State Rating

State of Texas

CRA Rating for Texas³: Needs to Improve

The lending test is rated: Needs to Improve

The investment test is rated: Outstanding

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending activity that reflects poor responsiveness in meeting assessment area credit needs.
- Good geographic distribution of loans in the bank's assessment area. However this conclusion is based on a number of loans that is not considered significant.
- Adequate distribution of loans by income level of the borrower in the bank's assessment area. However this conclusion is based on a number of loans that is not considered significant.
- Community development lending had a neutral impact on the Lending Test.
- An excellent level of qualified investments that reflects responsiveness to community development needs.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas.
- An adequate level of community development services given the amount of time the branch has been open.

Description of Institution's Operations in Texas

MCB operates one branch in the state of Texas. Located in downtown Houston, the branch opened February 1, 2006. As of June 30, 2009, the Houston branch had deposits of \$67 million, of which 18 percent or \$12 million represent domestic deposits. However, domestic loans total \$202 million or 46 percent of the \$436 million of total loans at the Houston Branch, indicating that domestic loans are being largely funded with international deposits. Houston branch deposits represent one percent of the bank's overall total deposits.

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

As with its other operations, the primary customer base in Texas is international individuals and businesses, particularly from Venezuela. The primary business focus is commercial lending, with an emphasis on the oil and gas industry, which represents a substantial portion of the area's businesses. Residential mortgage lending is not a primary business line for the bank.

Refer to the Market Profile for the state of Texas in Appendix C for detailed demographics and other performance context information for the Texas assessment area.

Scope of Evaluation in Texas

The bank's assessment area in Texas includes a portion of MSA 26420 (Houston-Sugar Land-Baytown, TX) consisting of all of Harris County. The Harris County assessment area received a full-scope review.

Loan products evaluated include home mortgage as reported under the HMDA and small loans to businesses reported under the CRA. The bank did not report any home refinance, home improvement, multi-family or small loans to farms therefore the tables were excluded from the Core Tables in Appendix D. We also evaluated community development loans, investments, and services.

Community contacts note the need for revitalization and rehabilitation efforts in Houston and the need for affordable housing. Contacts also noted the need for flexible mortgage products for persons with low credit scores and the need for financial literacy programs, particularly those directed to the large immigrant population.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Texas is rated "Needs to Improve". Based on a full-scope review, the bank's performance in the Harris County assessment area is poor.

Lending Activity

Refer to Table 1 Lending Volume in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

During the three-year evaluation period, MCB's overall lending activity in the Texas assessment area is poor, even when consideration is given to performance context. Based on FDIC data as of June 30, 2009, the bank had total deposits in its Harris County assessment area of \$67 million which represents a market share of .07 percent. That deposit market share was ranked 64th of 86 institutions reporting deposits in the county. However, only approximately 18 percent of the bank's total deposits are domestic deposits. When only

domestic deposits are considered, the bank would be ranked 80th in the market with less than a .01 percent deposit market share.

For the three-year evaluation period, the bank originated one home mortgage loan, seven small loans to businesses and two community development loans for a combined total of \$9.6 million. Even considering the bank's limited presence in the assessment area, business strategy, and other performance context factors, this level of lending over a three year period is considered poor.

Distribution of Loans by Income Level of the Geography

Although the number of loans reported is not sufficient for a meaningful conclusion nonetheless, the geographic distribution of those loans that were reported in Texas is good. Although the number of loans reported is not sufficient for a meaningful conclusion nonetheless, the geographic distribution of those loans that were reported in Harris County is good.

The bank does not have a sufficient number of home mortgage loans or small loans to businesses for our regular analysis. For the three-year evaluation period, the bank reported one home mortgage loan which is located in a low-income geography. Seven small loans to businesses were reported. Four, or 57 percent were in low-income geographies, significantly more than the percentage of businesses located in such geographies. One, or 14 percent, was in a moderate-income geography. Although based on a small number of loans, this distribution is good.

Home Mortgage Loans

Refer to Tables 2, 4, and 5 in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

Refer to Table 6 for the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Lending Gap Analysis

We evaluated the lending distribution of this assessment area to determine if any unexplained conspicuous gaps existed. No unexplained conspicuous gaps were identified after reviewing the bank's performance context.

Inside/Outside Ratio

This analysis is performed at the bank level rather than state or assessment area levels. During the evaluation period, a substantial majority of the bank's loan originations were within its overall assessment area. Specifically, 95 percent of loan originations by number and 93

percent by dollar were within the bank's overall assessment area. By product, 95 percent by number and 92 percent by dollar of home mortgage loan originations were within the bank's overall assessment area. Regarding small loans to businesses, 96 percent by number and 94 percent by dollar were originated within the bank's overall assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

Distribution of Loans by Income Level of the Borrower

Although the number of loans reported is not sufficient for a meaningful conclusion nonetheless, the borrower distribution of those loans that were reported in Texas is adequate. Although the number of loans reported is not sufficient for a meaningful conclusion nonetheless, the borrower distribution of those loans that were reported in Harris County is adequate.

The bank does not have a sufficient number of home mortgage loans or small loans to businesses for our regular analysis. The one home mortgage loan was not to a low- or moderate-income borrower. Of the seven small loans to businesses, three or 43 percent were to small businesses (businesses with revenues of \$1 million or less). This percentage is somewhat lower than the percentage of small businesses in the assessment area. Four of the loans were for \$250,000 or less indicating they are meeting the need of small businesses. Although based on a small number of loans, this distribution is adequate.

Home Mortgage Loans

Refer to Tables 8 and 10 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

Refer to Table 11 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small loans to businesses.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

For the three-year evaluation period, community development lending had a neutral impact on the Lending Test for the state of Texas. Based on a full-scope review, community development lending in the full-scope Harris County assessment area had a neutral impact on the Lending Test. Although the dollar amount of community development loans was meaningful, the number of loans and the limited level of responsiveness to assessment areas needs was not sufficient to positively impact the overall Lending Test.

In the Harris County assessment area, MCB originated two community development loans totaling \$6.8 million. The largest loan (\$5.8 million) helped to revitalize and stabilize a moderate-income geography of Houston by financing the acquisition of an existing retail shopping center. The center has five tenants, including Office Depot, all of which will continue to provide jobs for low- and moderate-income employees. The second loan for \$1 million is to an organization that provides community services to low- and moderate-income residents of nursing homes in Houston. Based on the structure of the loan, an amount significantly less than the loan amount is actually funneled to the organization's activities.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

In addition to investments directly in the Harris County assessment area, the bank invested in two bonds issued by the North Central Texas Housing Finance Corporation, an entity that supports financing of housing affordable to low- and moderate-income families in North Central Texas, including Harris County. They are listed under the caption "North Central Region". These investments remained on the books of the bank for approximately four months and were given very limited consideration in reaching our conclusion.

The bank's performance under the Investment Test in Texas is rated "Outstanding". Based on a full-scope review, the bank's performance in the Harris County assessment area is excellent, given available opportunities, the size and capacity of the bank, and the impact of multi-state and out of assessment area investments. Refer to the profile in Appendix C for a discussion of available opportunities.

The dollar volume of community development investments is excellent. Investments are reasonably responsive to assessment area needs addressing the critical need of affordable housing. Investments are not generally considered innovative or complex and private investors routinely provide the type of qualified investments discussed here.

Current Period Investments:

During the evaluation period, the bank originated 11 community development investments totaling \$3.9 million that directly benefits the Harris County assessment area. Of those investments, one totaling \$1.1 million was on the bank's books for approximately three months and was given very limited consideration in reaching our conclusion. Of the remaining 10 investments, three totaling \$2.7 million and representing approximately 69 percent of total investment dollars are securities backed by Federal National Mortgage Association (FNMA) mortgages to low- and moderate-income borrowers in the Harris County assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded, and they help to meet the identified need for affordable housing financing for low- and moderate-income families. The remaining current period investments consist of seven grants totaling \$62,000 to organizations in the

Harris County assessment area whose primary mission meets the definition of community development.

In addition to the direct assessment area investments discussed above, the Harris County assessment area benefited from approximately 11 percent of the \$7.3 million of multi-state investments noted in the investment discussion for the state of Florida. These investments are mortgage-backed securities backed by loans to low- and moderate-income borrowers.

Prior Period Investments:

Prior period investments consist of two mortgage-backed securities purchased during the previous evaluation period. The current balance of these securities is \$1.2 million. These securitized mortgage loans continue to support low- and moderate-income families.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's Service Test rating in the state of Texas is "Low Satisfactory". Based on a full-scope review, the bank's performance in the Harris County assessment area is adequate.

Retail Banking Services

Refer to Table 15 in the state of Texas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank offers banking services through one location situated in an upper-income geography in Houston. The office is located in a business district reasonably accessible to geographies, businesses, and individuals of different income levels in the assessment area. The bank does not have a retail orientation in the Texas assessment area. Its' business strategy is primarily directed toward the commercial market.

There were no branch openings or closings during the evaluation period.

MCB offers a range of banking products and services in its assessment area. The branch office is augmented by a variety of alternative delivery channels, including ATM networks, telephone banking, and online banking. There is no data on the effectiveness of these alternative delivery systems, and no significant weight was given to these systems.

Community Development Services

MCB provides an adequate level of community development services in the Harris County assessment area, considering the level of the bank's presence in the assessment area. Through a partnership with a local non-profit community development corporation operating in a moderate-income geography of Houston, five homebuyer education classes, attended by 115 individuals were conducted on behalf of the bank. Bank officers assisted with these

programs and in the organization's fund raising activities. In addition, one officer participated as a speaker at a workshop on SBA financing and the export/import process directed to small businesses in Houston.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

| | | |
|--|--|--------------------------|
| Time Period Reviewed | Lending Test (excludes CD loans): (01/01/07 to 12/31/10) Investment and Service Tests and CD Loans: (01/01/07 to 01/26/10) | |
| Financial Institution | Products Reviewed | |
| Mercantil Commercebank, N.A. (MCB) Coral Gables, FL | Residential Mortgage Loans Small Loans to Businesses Community Development Loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| N/A | | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Miami, FL MD 33124 Ft. Lauderdale, FL MD 22744 New York, NY MSA 35644 Harris County, TX MSA 26420 | Full-Scope Limited-Scope Full-Scope Full-Scope | |
| | | |

Appendix B: Summary of Multi-State Metropolitan Area and State Ratings

| RATINGS MERCANTIL COMMERCEBANK, N.A. | | | | |
|---|----------------------|------------------------|---------------------|--------------------------------------|
| Overall Bank: | Lending Test Rating* | Investment Test Rating | Service Test Rating | Overall Bank/State/Multistate Rating |
| Mercantil Commercebank, N.A. | Outstanding | Outstanding | High Satisfactory | Outstanding |
| State: | | | | |
| FLORIDA | Outstanding | Outstanding | High Satisfactory | Outstanding |
| NEW YORK | Needs to Improve | Outstanding | Low Satisfactory | Needs to Improve |
| TEXAS | Needs to Improve | Outstanding | Low Satisfactory | Needs to Improve |
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(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

MIAMI ASSESSMENT AREA

The bank’s assessment area consists of all of Miami-Dade County, which is equivalent to Metropolitan Division (MD) 33124. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

| Demographic Information for Full Scope Area: Full Scope – MD 33124 Miami-Dade County FL | | | | | | |
|--|-----------|-------------------------|--|---------------|--------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 347 | 7.78 | 28.53 | 32.85 | 29.97 | 0.86 |
| Population by Geography | 2,253,362 | 4.89 | 28.61 | 35.68 | 30.79 | 0.02 |
| Owner-Occupied Housing by Geography | 449,333 | 1.69 | 19.82 | 36.99 | 41.51 | 0.00 |
| Business by Geography | 424,921 | 4.65 | 21.49 | 32.28 | 41.10 | 0.48 |
| Farms by Geography | 4,730 | 2.77 | 19.13 | 34.25 | 43.68 | 0.17 |
| Family Distribution by Income Level | 552,484 | 23.00 | 16.98 | 18.53 | 41.50 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 220,856 | 8.31 | 40.20 | 35.41 | 16.08 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2009 Households Below Poverty Level | | 40,266 50,800 18% | Median Housing Value 9 year-end 2009 Unemployment Rate December 2009) | | \$211,200 11.3% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2009 HUD updated MFI

Based on the 2000 Census, Miami-Dade County consists of 347 census tracts (geographies) of which 27 (8 percent) are low-income, 99 (29 percent) are moderate-income, 114 (33 percent) are middle-income, and 104 (30 percent) are upper-income. The greatest concentration of low- and moderate-income geographies can be found in the city of Miami.

Miami-Dade County is a densely populated urban center. According to the 2000 Census, the total population is 2.25 million however 2006 estimates by the US Census Bureau place the total population at 2.4 million. Overall, owner occupancy is high in the assessment area reaching 60 percent (based on 2006 estimates) as a result of the housing boom that impacted the area through 2006 however in low- and moderate-income geographies the level of renter occupancy is high (69 percent and 56 percent, respectively). These geographies also represent high levels of households below the poverty level (47 percent and 27 percent, respectively), indicating a need for affordable rental housing. These households would have difficulty qualifying for a home loan even at current housing prices. Community contacts indicate that the need for affordable rental housing is acute in Miami-Dade County as the number of homeless grows.

Miami-Dade County, particularly the city of Miami, has been severely impacted by the housing crisis. The state of Florida consistently ranks among the top five states in the nation for the number of home foreclosures, according to Realty Trac Inc. and according to Moody's Economy.com the city of Miami has the highest rate of first mortgage write-offs in the country, at 12.55 per cent. The national average is 1.95 percent. If delinquencies are included, the rate escalates to 26.15 per cent. These high foreclosure rates put additional stress on the affordable rental market and the stability of communities.

Housing prices in Miami-Dade County are declining. The National Association of Realtors estimates the median sales price of an existing single-family home at year-end 2009 in Miami-Dade County to be \$211,200, somewhat lower than the 2003 level. When these prices are compared with the county's HUD Adjusted Median Family Income of \$50,800 for 2009 it is clear that with the assistance of subsidies and other special programs low-or moderate-income families may have an opportunity to purchase a home, however current economic conditions have reduced the availability of assistance.

Local economic conditions are weak. Prior to the National Bureau of Economic Research declaring the United States officially in a recession local economists indicated the economy of Florida was in recession earlier, due to the large decline in the real estate values (over 40 percent). In Miami-Dade County, housing starts have declined to the lowest level in a decade according to the Metro Study Corporation. The decline in jobs, particularly construction and construction-related jobs, has driven the county's unemployment rate to 11.3 percent at year-end 2009 compared with 10 percent nationally. This indicates a need for activities that support job creation, job placement and job training programs, and community services for low- and moderate-income persons and families.

Banking competition within the assessment area continues to be intense. In addition to community and mid-size banks, branches of the largest banks in the country operate in Miami-Dade County. As of June 30, 2008 there were 77 deposit taking financial institutions in Miami-Dade County operating 650 branches. In addition to competition for deposits and loans, the level of competition in the assessment area is very high for qualified community development investments and loans.

Opportunities for community development lending, investments, and services in Miami-Dade County have become somewhat limited. In the early part of the evaluation period, opportunities existed to finance the purchase and/or rehabilitation of multi-family housing units that provide affordable rental housing in low- and moderate-income geographies, but opportunities have declined from previous levels because of the volume of condominium conversions during the height of the housing boom and the overall decline in sales due to current economic conditions. Statewide affordable housing entities are continuing to construct some affordable rental housing but local developers have generally stopped such activities. There is a federally designated Empowerment Zone that targets economic development with the goal of revitalizing the area by stimulating and retaining jobs and there are areas designated as Targeted Urban Areas ("TUA") that are the focus for the Urban Economic Revitalization Plan for Miami-Dade County in which loans can be made.

The impact of the mortgage crisis has caused community development organizations to change their focus from new construction to acquiring foreclosed properties, rehabilitating them, and then making them available for rent or for sale to low- and moderate-income

persons or families. In 2009, Miami-Dade County received \$62 million under the Neighborhood Stabilization Program (NSP) offered by the Department of Housing and Urban Development (HUD) Round 1 to assist in such efforts, as well as to demolish or rehabilitate abandoned properties and/or offer down payment and closing cost assistance to low- and moderate-income home buyers. However, it appears that the stabilization program in Round 1 is being coordinated by the county leaving little community development opportunity for area banks. Round 2 of the NSP saw \$89 million awarded in December 2009 to a CDFI operating in Miami-Dade County. According to a community contact for this examination, this allocation should provide community development opportunities for banks.

Community development investment options are also somewhat limited. Mortgage-backed securities are an option but they have become less desirable in light of the mortgage crisis. Low Income Housing Tax Credits remain available but they are generally complex for community banks. Miami-Dade County, the state and the region do have community development financial institutions ("CDFIs") and private equity organizations which need support for their community development activities. Opportunities exist to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing and community services for low- and moderate-income persons, particularly in the areas of job training and job placement, as noted by a community contact made for another CRA examination in the same assessment area. However, the extent of these activities has been impacted by the financial condition of some area banks.

Opportunities exist to provide financial literacy training in schools and in cooperation with local community organizations. This training could include homeownership, credit, foreclosure counseling, and information on general banking services for the un-banked population.

NEW YORK ASSESSMENT AREA

MCB's assessment area is comprised of a portion of Metropolitan Division (MD) MSA 35644, and includes the counties of the Bronx, Kings, New York, Queens, Richmond, Putnam, Rockland and Westchester. There are significant demographic variations among the counties including home values, homeownership rates, property types, and population.

The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The following table provides detailed demographic information about the assessment area.

| Demographic Information for Full Scope Area: Full Scope – MD 35644 – New York | | | | | | |
|--|-----------|-------------------------|---|------------------|-------------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 2,515 | 13.20 | 25.29 | 28.27 | 30.78 | 2.47 |
| Population by Geography | 9,314,235 | 14.72 | 27.97 | 25.49 | 31.64 | 0.18 |
| Owner-Occupied Housing by Geography | 1,208,243 | 2.58 | 13.53 | 28.16 | 55.73 | 0.00 |
| Business by Geography | 794,284 | 7.88 | 19.18 | 20.68 | 51.17 | 1.09 |
| Farms by Geography | 4,814 | 3.55 | 9.02 | 17.89 | 69.32 | 0.23 |
| Family Distribution by Income Level | 2,203,975 | 27.89 | 15.69 | 16.62 | 39.79 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 960,674 | 25.26 | 37.68 | 23.58 | 13.49 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2009 Households Below Poverty Level | | 49,461 64,800 18% | Median Housing Value (year-end 2009) Unemployment Rate (December 2009) | | \$437,600 9.2% | |

Table 100. The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census, 2009 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors-2009

According to 2000 Census data, the population of the assessment area is 9.3 million, and contains New York City, the largest city in the United States with a population of over 8 million people. The distribution of families in the assessment area is as follows: 28 percent low-income families, 16 percent moderate-income families, 17 percent middle-income families, and 40 percent upper-income families. Approximately 38 percent of census tracts are low- or moderate-income. Most such tracts are found in New York City, with the greatest concentration in the Bronx.

Unlike the assessment area in Florida, the majority of population lives in rental housing. Within the assessment area, there are 3.7 million housing units of which only 33 percent are owner-occupied. Approximately 56 percent of all housing units are multi-family. The majority of the multi-family units are located in Manhattan and the Bronx, and to a lesser degree, Brooklyn.

Although housing prices have declined from their peak level, the median home sales price remains at \$438,000 at the end of 2009 and the assessment area remains a high cost area with housing affordability a challenge.

New York City is home to a diversified mix of businesses. Although many national and international corporations are headquartered here the assessment area has not been immune to the economic downturn. Unemployment spiked from 5.5 percent in 2008 to 9.2 percent as of December 2009, and exceeds the state level of 8.9 percent. Several large financial firm bankruptcies, including Lehman Brothers, Bear Stearns, and AIG Insurance have contributed to the job losses. Top employers in the assessment area include New York-Presbyterian Healthcare System, Citigroup, and JPMorgan Chase. Leading employment sectors include professional and business services, education, health services, and financial services. Small businesses abound throughout the assessment area.

The bank operates in an extremely competitive market with many multinational, regional, foreign, and smaller local banks. Major banks include Citibank, JPMorgan Chase, and HSBC, with JPMorgan Chase dominating the market with a 36.7 percent deposit market share as of June 30, 2009. As of the same date, FDIC data shows that there are 139 financial institutions reporting deposits in the assessment area.

The economic downturn has resulted in the elimination or modification of some special housing loan programs. A limited supply of tax credits and the credit crisis have negatively impacted affordable housing both in terms of construction and end loan financing. Although there are a wide range of opportunities for community development lending, investments, and services throughout the assessment area larger institutions are very competitive. There are numerous community based organizations operating in the assessment area, Financial literacy, affordable housing, micro loans for small businesses and foreclosure assistance have been identified as critical for the assessment area. There are also opportunities for the purchase of mortgage-backed securities but due to high housing prices and the decline of special programs, such opportunities have declined since mortgages to low- and moderate-income borrowers, secure mortgages that qualify for CRA consideration.

TEXAS ASSESSMENT AREA

MCB's assessment area is comprised of Harris County, Texas, which is a portion of MSA 26420 (Houston-Sugar Land-Baytown, TX). The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The following table provides detailed demographic information about the assessment area.

| Demographic Information for Full Scope Area: Full Scope – MSA 26420 – Partial Texas | | | | | | |
|--|-----------|-------------------------|---|------------------|-------------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 649 | 9.71 | 34.36 | 27.43 | 27.43 | 1.08 |
| Population by Geography | 3,400,578 | 8.24 | 33.98 | 29.11 | 28.60 | 0.07 |
| Owner-Occupied Housing by Geography | 667,129 | 3.94 | 25.93 | 30.45 | 39.67 | 0.00 |
| Business by Geography | 382,711 | 5.95 | 27.46 | 27.15 | 39.14 | 0.29 |
| Farms by Geography | 5,196 | 4.46 | 20.96 | 35.12 | 39.40 | 0.06 |
| Family Distribution by Income Level | 840,630 | 24.35 | 17.94 | 18.71 | 39.00 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 355,563 | 14.05 | 47.32 | 26.62 | 12.01 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2009 Households Below Poverty Level | | 51,431 63,800 13% | Median Housing Value (year-end 2009) Unemployment Rate (December 2009) | | \$153,100 8.3% | |

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2009 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors.

According to 2000 Census data, the population of the Harris County assessment area is 3.4 million. The county seat is Houston, the largest city in the state of Texas with a population of about 2.2 million and the fourth largest city in the United States. The distribution of families in the assessment area is as follows: 24 percent low-income families, 18 percent moderate-income families, 19 percent middle-income families, and 39 percent upper-income families. Approximately 44 percent of geographies are low- or moderate-income. These geographies are scattered throughout the county, but there is a concentration in Houston.

Approximately 51 percent of housing units are owner-occupied. Based on data from the National Association of Realtors, the median sales price of an existing single family home in the assessment area was \$153,100 at year-end 2009.

Houston's energy industry is recognized worldwide, particularly for oil. More than 5,000 energy related firms are located in the city considered by many to be the "Energy Capital" of the world and Houston is home to the largest medical center in the world, the Texas Medical Center. The economic downturn has impacted the area. The unemployment rate in Houston was 8.3 percent in December 2009, just slightly higher than the state's overall unemployment rate of 8.2 percent.

MCB operates in a competitive market with many multinational, regional, and smaller local banks. FDIC data as of June 30, 2009 shows that there are 86 financial institutions reporting deposits in the assessment area. The market is dominated by JPMorgan Chase with a deposit market share of 37 percent.

There are a wide range of opportunities for community development lending, investments, and services throughout the assessment area. However, larger institutions in the MSA are very competitive for the opportunities that are available. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. Contacts with community-based organizations indicated needs related to partnerships to help facilitate small business workshops, flexible lending for small business customers, support for micro-lending programs, and financial literacy programs. Numerous Community Development Corporations (CDCs) and Community Development Financial Institutions ("CDFIs") operate in Harris County providing additional CRA opportunities.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** – Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) – 5 and – 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** – See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** – See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** – The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** – The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** – See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** – See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** – Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** – Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated

and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) – For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments – Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) – 5 and – 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings – Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: MERCANTIL COMMERCEBANK (10000016804) (Included)

Table 1. Lending Volume

| LENDING VOLUME | | Geography: FLORIDA | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | | | |
|-------------------------------|-------------------------------------|--------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area (2009): | % of Rated Area Loans (#) in MA/AA* | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA*** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | |
| State of Florida | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | |
| MD 33124 Miami-Dade Cou | 81.38 | 259 | 91,415 | 430 | 131,944 | 0 | 0 | 49 | 110,719 | 738 | 334,078 | 96.98 |
| South Florida Region | 4.87 | | | | | | | 2 | 20,000 | 2 | 20,000 | |
| Out of AA in Florida | 7.06 | | | | | | | 2 | 29,000 | 2 | 29,000 | |
| Limited Review: | | | | | | | | | | | | |
| MD 22744 Broward County | 6.69 | 50 | 13,350 | 41 | 11,124 | 0 | 0 | 2 | 2,980 | 93 | 27,454 | 3.02 |
| State of New York | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | |
| Full Scope – MSA 35644 – York | 100.00 | 12 | 8,243 | 3 | 1,098 | 0 | 0 | 4 | 8,853 | 19 | 18,194 | 100.00 |
| State of Texas | | | | | | | | | | | | |
| Full Review | | | | | | | | | | | | |
| Full Scope – MSA 2642 County | 100.00 | 1 | 226 | 7 | 2,621 | 0 | 0 | 2 | 6,775 | 10 | 9,622 | 100.00 |

* Loan Data as of December 31, 2009. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 02, 2007 to January 26, 2010.

*** Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(Included)

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | Geography: FLORIDA | | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | | Market Share (%) by Geography* | | | | |
|---|---------------------------|--------------------|------------------------|------------------|-----------------------------|--------------|---|--------------|--------------------------|---------------|---------|--------------------------------|--------|--------|--------|--|
| Assessment Area: | Total Home Purchase Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans**** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BAN K Loans | | | | | | |
| State of Florida | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 167 | 80.68 | 1.69 | 5.99 | 19.82 | 6.59 | 36.99 | 40.12 | 41.51 | 47.31 | 0.27 | 0.20 | 0.04 | 0.39 | 0.27 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 40 | 19.32 | 1.16 | 0.00 | 23.67 | 0.00 | 45.93 | 27.50 | 29.24 | 72.50 | 0.06 | 0.00 | 0.00 | 0.02 | 0.13 | |
| State of New York | | | | | | | | | | | | | | | | |
| Full Scope | | | | | | | | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 8 | 100.00 | 2.58 | 0.00 | 13.53 | 0.00 | 28.16 | 12.50 | 55.73 | 87.50 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | |
| State of Texas | | | | | | | | | | | | | | | | |
| Full Scope | | | | | | | | | | | | | | | | |
| Full Scope – MSA 26420 – Harris County, TX only | 1 | 100.00 | 3.94 | 100.00 | 25.93 | 0.00 | 30.45 | 0.00 | 39.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |

* Based on 2008 Peer Mortgage Data (Eastern)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: MERCANTIL COMMERCEBANK (10000016804)

(Included)

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | Geography: FLORIDA | | | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | | | | |
|---|------------------------------|--------------------|------------------------|-----------------|-----------------------------|--------------|---------------------------|---|--------------------------|--------------|--------------------------------|------|------|------|------|
| Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total* | % Owner Occ Units*** | % BANK Loans*** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overa ll | Low | Mod | Mid | Upp |
| State of Florida | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 11 | 91.67 | 1.69 | 0.00 | 19.82 | 0.00 | 36.99 | 9.09 | 41.51 | 90.91 | 0.09 | 0.00 | 0.00 | 0.00 | 0.26 |
| Limited Review: | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 1 | 8.33 | 1.16 | 0.00 | 23.67 | 0.00 | 45.93 | 100.00 | 29.24 | 0.00 | 0.06 | 0.00 | 0.00 | 0.13 | 0.00 |

* Based on 2008 Peer Mortgage Data (Eastern)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(Included)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE 2009 | | | Geography: FLORIDA | | | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, | | | | | | | |
|--|-------------------------------------|-------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--|--------------|--------------------------------|--------|--------|--------|--------|--|
| Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | | |
| | # | % of Total* | % Owner Occ Units*** | % BANK Loans**** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overa ll | Low | Mod | Mid | Upp | |
| State of Florida | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 40 | 81.63 | 1.69 | 0.00 | 19.82 | 10.00 | 36.99 | 20.00 | 41.51 | 70.00 | 0.06 | 0.00 | 0.02 | 0.04 | 0.09 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 9 | 18.37 | 1.16 | 0.00 | 23.67 | 22.22 | 45.93 | 33.33 | 29.24 | 44.44 | 0.01 | 0.00 | 0.00 | 0.00 | 0.03 | |
| State of New York | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 2 | 100.00 | 2.58 | 0.00 | 13.53 | 0.00 | 28.16 | 0.00 | 55.73 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | |

* Based on 2008 Peer Mortgage Data (Eastern)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(Included)

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | Geography: FLORIDA | | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | | Market Share (%) by Geography* | | | | |
|--------------------------------------|-------------------------|--------------------|------------------------|------------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|-------------|--------------------------------|--------|--------|--------|--|
| Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overa ll | Low | Mod | Mid | Upp | |
| | # | % of Total** | % of MF Units*** | % BANK Loans**** | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | | | | | | |
| State of Florida | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 26 | 100.00 | 6.85 | 23.08 | 35.49 | 50.00 | 30.24 | 15.38 | 27.42 | 11.54 | 1.42 | 2.06 | 1.22 | 1.10 | 1.79 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 0 | 0.00 | 2.27 | 0.00 | 32.48 | 0.00 | 48.64 | 0.00 | 16.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| State of New York | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 2 | 100.00 | 19.20 | 0.00 | 29.91 | 50.00 | 19.70 | 50.00 | 31.19 | 0.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | |

* Based on 2008 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

(Included)

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | | | | | | | | | | Geography: FLORIDA | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | |
|--|----------------------------|-------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|--------------------|--------|--------|--------|---|--|--|--|--|
| Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | | | | | | |
| | # | % of Total* | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | Overall | Low | Mod | Mid | Upp | | | | | |
| State of Florida | | | | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 419 | 91.09 | 4.65 | 4.77 | 21.49 | 19.57 | 32.28 | 24.34 | 41.10 | 51.31 | 0.10 | 0.14 | 0.11 | 0.08 | 0.10 | | | | | |
| Limited Review: | | | | | | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 41 | 8.91 | 4.53 | 4.88 | 21.79 | 21.95 | 42.25 | 24.39 | 31.42 | 48.78 | 0.01 | 0.03 | 0.01 | 0.01 | 0.02 | | | | | |
| State of New York | | | | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 3 | 100.00 | 7.88 | 0.00 | 19.18 | 0.00 | 20.68 | 0.00 | 51.17 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | | | | | |
| State of Texas | | | | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | |
| Full Scope – MSA 26420 Harris county TX only | 7 | 100.00 | 5.95 | 57.14 | 27.46 | 14.29 | 27.15 | 14.29 | 39.14 | 14.29 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | | | | | |

* Based on 2008 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2009).

(Included)

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | | Geography: FLORIDA | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | | Market Share* | | | | |
|---|---------------------------|-------------|----------------------|----------------|---------------------------|----------------|---|------------------|------------------------|------------------|---------|---------------|--------|--------|--------|--|
| Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total* | % Families*** | % BANK Loans** | % Families ⁴ | % BANK Loans** | % Families*** | % BANK Loans**** | % Families** | % BANK Loans**** | | | | | | |
| State of Florida | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 182 | 81.98 | 23.00 | 7.27 | 16.98 | 1.82 | 18.53 | 1.82 | 41.50 | 89.09 | 0.39 | 0.00 | 0.00 | 0.00 | 0.49 | |
| Limited Review: | | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 40 | 18.02 | 20.85 | 0.00 | 18.17 | 0.00 | 20.48 | 5.13 | 40.50 | 94.87 | 0.07 | 0.00 | 0.00 | 0.05 | 0.10 | |
| State of New York | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 8 | 100.00 | 27.89 | 0.00 | 15.69 | 0.00 | 16.62 | 0.00 | 39.79 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | |
| State of Texas | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Full Scope – MSA 26420 – Harris County, TX only | 1 | 100.00 | 24.35 | 0.00 | 17.94 | 0.00 | 18.71 | 0.00 | 39.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |

* Based on 2008 Peer Mortgage Data (Eastern)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 8.1% of loans originated and purchased by bank.

4 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(Included)

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | Geography: FLORIDA | | | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | | | | | | | |
|---|------------------------------|--------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|---------------|------|------|------|------|
| Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families5 | % BANK Loans**** | % Families** | % BANK Loans**** | % Families** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| State of Florida | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 11 | 91.67 | 23.00 | 9.09 | 16.98 | 9.09 | 18.53 | 9.09 | 41.50 | 72.73 | 0.11 | 0.00 | 0.00 | 0.00 | 0.18 |
| Limited Review: | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 1 | 8.33 | 20.85 | 0.00 | 18.17 | 100.00 | 20.48 | 0.00 | 40.50 | 0.00 | 0.07 | 0.00 | 0.35 | 0.00 | 0.00 |

* Based on 2008 Peer Mortgage Data (Eastern)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

5 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(Included)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE 2009 | | Geography: FLORIDA | | | | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, | | | | | | | |
|--|-------------------------------------|--------------------|----------------------|------------------|---------------------------|------------------|-------------------------|--|------------------------|-----------------|---------------|--------|--------|--------|--------|
| Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total* | % Families*** | % BANK Loans**** | % Families ⁶ | % BANK Loans**** | % Families* | % BANK Loans**** | % Families* | % BANK Loans*** | Overa ll | Low | Mod | Mid | Upp |
| State of Florida | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 40 | 81.63 | 23.00 | 2.86 | 16.98 | 11.43 | 18.53 | 5.71 | 41.50 | 80.00 | 0.06 | 0.00 | 0.05 | 0.02 | 0.08 |
| Limited Review: | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 9 | 18.37 | 20.85 | 12.50 | 18.17 | 12.50 | 20.48 | 12.50 | 40.50 | 62.50 | 0.01 | 0.00 | 0.00 | 0.00 | 0.03 |
| State of New York | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 2 | 100.00 | 27.89 | 0.00 | 15.69 | 0.00 | 16.62 | 0.00 | 39.79 | 0.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

* Based on 2008 Peer Mortgage Data (Eastern)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 12.2% of loans originated and purchased by bank.

⁶ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(Included)

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | Geography: FLORIDA | | | Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009 | |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|---|-------------------------|
| Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses *** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| State of Florida | | | | | | | | | |
| Full Review: | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 430 | 91.30 | 74.59 | 51.63 | 33.26 | 21.86 | 44.88 | 0.10 | 0.18 |
| Limited Review: | | | | | | | | | |
| MD 22744 Broward County FL | 41 | 8.70 | 75.93 | 56.10 | 53.66 | 17.07 | 29.27 | 0.01 | 0.04 |
| State of New York | | | | | | | | | |
| Full Review: | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 3 | 100.00 | 75.38 | 0.00 | 33.33 | 0.00 | 66.67 | 0.00 | 0.00 |
| State of Texas | | | | | | | | | |
| Full Review: | | | | | | | | | |
| Full Scope – MSA 26420 –Harris County, TX only | 7 | 100.00 | 74.51 | 42.86 | 28.57 | 28.57 | 42.86 | 0.00 | 0.00 |

* Based on 2008 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

(Included)

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: FLORIDA | | | | Evaluation Period: JANUARY 1, 2007 TO JANUARY 26, 2010 | | | |
|--|---------------------------|--------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| State of Florida | | | | | | | | | |
| Full Review: | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 11 | 1,917 | 53 | 13,009 | 64 | 14,927 | 24.47 | 0 | 0 |
| MSA 33100 (Miami-Ft Lauderdale-Palm Beach, FL) | 6 | 15,224 | 24 | 23,662 | 30 | 38,886 | 63.75 | | |
| Statewide | 0 | 0 | 3 | 35 | 3 | 35 | 0.06 | | |
| Limited Review: | | | | | | | | | |
| MD 22744 Broward County FL | 6 | 4,576 | 12 | 2,576 | 18 | 7,152 | 11.72 | 0 | 0 |
| State of New York | | | | | | | | | |
| Full Review: | | | | | | | | | |
| Full Scope – MSA 35644 – New York | 2 | 1,318 | 16 | 7,136 | 18 | 8,454 | 100.00 | 0 | 0 |
| State of Texas | | | | | | | | | |
| Full Review: | | | | | | | | | |
| Full Scope – MSA 26420 –Harris County, TX only | 2 | 1,191 | 11 | 3,869 | 13 | 5,060 | 70.97 | 0 | 0 |
| North Central Texas Region | 0 | 0 | 2 | 2,098 | 2 | 2,071 | 29.03 | | |

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

(Included)

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | Geography: FLORIDA | | | | Evaluation Period: JANUARY 1, 2007 TO JANUARY 26, 2010 | | | | | |
|---|--------------------------------|--------------------|--------------------------------|---|-------|-------|--------|--------------------------|----------------------|---|-----|--|-----|---------------------------------------|-------|-------|-------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | Population | | | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| State of Florida | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | |
| MD 33124 Miami-Dade County FL | 96.98 | 11 | 73.33 | 0.00 | 18.00 | 36.00 | 45.00 | 0 | 0 | 0 | 0 | 0 | 0 | 4.89 | 28.61 | 35.68 | 30.79 |
| Limited Review: | | | | | | | | | | | | | | | | | |
| MD 22744 Broward County FL | 3.02 | 3 | 20.00 | 0.00 | 0.00 | 33.33 | 66.66 | 1 | 0 | 0 | 0 | 0 | +1 | 3.57 | 26.43 | 43.13 | 26.88 |
| MD 48424 Palm Beach County, FL | 0.00 | 1 | 6.66 | | | | 100.00 | 1 | | | | | +1 | | | | |
| State of New York | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | |
| Full Scope - MSA 35644 - New York | 100.00 | 1 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0 | 0 | 0 | 0 | 0 | 0 | 14.72 | 27.97 | 25.49 | 31.64 |
| State of Texas | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | |
| Full Scope - MSA 26420 -Harris County , TX only | 100.00 | 1 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0 | 0 | 0 | 0 | 0 | 0 | 8.24 | 33.98 | 29.11 | 28.60 |

