



**Comptroller of the Currency
Administrator of National Banks**

South Florida Field
5757 Blue Lagoon Dr. Suite 200
Miami, Florida 33126

PUBLIC DISCLOSURE

December 10, 1997

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Intercredit Bank, National Association
Charter Number 18283
1200 Brickell Avenue, Fourth Floor
Miami, Florida 33131**

Office of the Comptroller of the Currency

**Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303**

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

GENERAL INFORMATION

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

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Intercredit Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 14, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY.**

The following factors provide support for Intercredit Bank's rating:

- The loan-to-deposit ratio is competitive with that of other area financial institutions and reflects the bank's willingness to make loans.
- A majority of loan originations are within the bank's assessment area. The distribution of these loans within the bank's assessment area is reasonable.
- The bank's lending patterns demonstrate a reasonable amount of loan activity to borrowers from different income categories, including low- and moderate income borrowers and small businesses.

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

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

DESCRIPTION OF INSTITUTION

Intercredit Bank, N.A. is a \$159 million foreign owned community bank headquartered in Miami, Dade County, Florida. The three bank offices are comprised of the main office located at 1200 Brickell Avenue, and two branches located at S.W. 8th Street in West Miami and S. W. 40th St in unincorporated Dade County. The bank's mission encompasses operation of a sound and profitable institution while serving the banking needs of Dade county. To this end, the bank offers a broad range of consumer and commercial credits. The bank also specializes in financing the needs of importers and exporters through several foreign correspondent banks. This type of financing facilitates trading activities and promotes economic development within the Dade County community

The bank's international orientation is an important component in analyzing deposit and loan distribution. As of September 30, 1997, total deposits were \$134 million and loans were \$101 million. Foreign deposits were \$48.5 million or 36% of the deposit base. The remaining \$88 million in deposits are domestic, of which only \$42 million are located within the assessment area. As of 9/30/97, the percentage of total assets represented by net loans is 75.53%. The **dollar composition** of the portfolio is as follows: Loans to foreign financial institutions, foreign governments and foreign commercial loans (54.87% of net loans), domestic residential real estate loans (27.18%), domestic commercial loans (14.85%) consumer credit (1.45%),and other (1.65%).

Intercredit Bank, N. A. offers a full range of banking products and services to meet the needs of its customers. With three banking offices, the bank is accessible to all of Dade County and has been rated in satisfactory compliance with CRA in the past. None of the areas of the county are arbitrarily excluded from applying for credit. Competition among providers of financial services in the county is very strong.

DESCRIPTION OF THE DADE COUNTY ASSESSMENT AREA

Intercredit's assessment area consists of the entire Dade County Metropolitan Statistical Area (MSA) which contains five major municipalities, Miami, Hialeah, Miami Beach, North Miami, and Coral Gables . According to the 1990 census, these municipalities account for approximately 39% of the county's 1.9 million population. The county is divided into 267 census tracts, of which 36 are designated low income and 57 are designated moderate income tracts. At the census date, the median family income was \$31,113.

The economy in Dade County is stable and comprised of a broad range of small businesses. Collectively, these small businesses employ the largest percentage of Dade's residents. The federal, state and local governments are also significant employers along with several large corporations headquartered in the area. Service and tourism industries remain a major economic force. Over the last past several years, the county has emerged as a major financial and trading center for Latin America. Competition for this trade-related business amongst financial service providers in the county is very strong. Information from three community contacts made by different bank

regulatory agencies in the area was used during this review. These contacts cited a further need for affordable housing in the low to moderate income category and financing for small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Since the previous CRA examination in August, 1995, the bank's loan-to-deposit ratio has averaged 76.83%. This compares favorably with 64.45% loan to deposit ratio of peer group community banks in Dade County and demonstrates Intercredit's willingness and ability to lend given their size and financial condition.

As of September 30, 1997, the majority of Intercredit Bank's loans are within its assessment area. Our analysis disclosed that the **number of** loans made within the Dade County area was 348 or 56% of the 621 loans made. The majority of loans made outside the assessment area were to foreign financial institutions and corporations. In **dollar terms**, loans within the assessment area totaled \$42 million or 42.5% of the total dollars lent by the bank. When comparing the dollar amount of loans within the assessment area to the \$42 million in deposits within the assessment area, the loan to deposit ratio is 100%. Much of the bank's deposit base originates from overseas relationships or are brokered.

In addition, during 1996 and through June of 1997, the bank originated but sold \$4.6MM dollars in residential mortgages. The average loan size was \$116,000.

The distribution of loans among tracts of different income levels within the bank's assessment area is reasonable given their limited branch network. An analysis of all loans approved between January 1 to June 30, 1997 disclosed 116 loans approved within 62 assessment areas. This represents 23% of Dade County's 264 census tracts. The following table shows the distribution of these loans through different census tract designations:

Census Tract Income Level	Number of Loans	Percentage of Loans	Percentage of Families in Dade Co.
Low	10	9%	8%
Moderate	20	17%	19%
Middle	32	28%	40%
Upper	54	46%	33%

Source: "CRA WIZ" 1990 Census Information

We chose a random sample of 37 consumer loans to determine if the bank lent to borrowers of different incomes. The following table shows the distribution of those loans through the various

income levels:

Income Levels	Number of Loans	Percentage of Loans	Percentage of Families within Assessment Area
Low	5	14%	23%
Moderate	7	19%	17%
Middle	8	21%	19%
Upper	17	46%	41%

This distribution of loans reflects a reasonable penetration among individuals from different income categories. The bank also makes loans of various sizes to both large and small businesses.

To date, the bank has not received any complaints concerning their performance under the CRA. A review of fair lending practices and policies did not reveal any evidence of disparate treatment. Adequate policies and procedures are in place to ensure compliance with fair lending laws and regulations.