



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 04, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Miami, National Association
Charter Number: 15268

121 Alhambra Plaza
Coral Gables, FL 33134

Office of the Comptroller of the Currency

SPECIAL SUPERVISION Field Office
250 E Street, SW Independence Square
Washington, DC. 20219-0000

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- Since the last examination, the bank's average quarterly loan-to-deposit ratio is more than reasonable.
- A majority of loan originations are within the bank's assessment area.
- The distribution of loans among businesses of different sizes is poor, given the demographics of the assessment area.
- The geographic distribution of loans reflects excellent distribution within the assessment area.
- The overall level and responsiveness of community development lending, investments and services is excellent, given the opportunities in the assessment area.

Scope of Examination

This Performance Evaluation assesses the bank's performance under the Lending and Community Development Tests. In evaluating the bank's lending performance, we reviewed loans to businesses, the bank's primary loan product. Overall, loans to businesses represent 66 percent of the bank's loan portfolio.

The evaluation period ranged from July 20, 2006, the date of the last CRA examination, to August 4, 2009. However, the Lending Test concentrated on activity from January 1, 2006 to July 31, 2009. The Community Development Test concentrated on activity from July 20, 2006 to August 4, 2009. Loan reports and community development loans, investments, and services submitted by bank management were verified to ensure accuracy and that, where applicable, they met the regulatory definition for community development.

Description of Institution

The Bank of Miami, N.A. (TBOM), know as The International Bank of Miami until September 2, 2008, is an intrastate community bank headquartered in Coral Gables, Florida. The bank is owned by International Bancorp of Miami, Inc., which in turn is owned by Granvalor Holdings, Ltd, Tortola. TBOM operates three branches in Miami-Dade County including one in the bank's headquarters location in Coral Gables, one in Doral, and one in Medley. The Medley branch, which began operations in 2007, was

opened since our last CRA examination.

The bank has seven operating subsidiaries but they do not impact the bank's ability to meet the needs of its assessment area. Two subsidiaries, International Banc Wealth Management, Inc, a securities brokerage entity, and International Insurinvest, an insurance agency, are inactive. The remaining subsidiaries were established to hold real estate that is now owned by the bank.

The bank offers a variety of deposit and loan products for businesses and individuals, as described in its CRA Public File. As of June 30, 2009 the bank had total assets of \$687 million and total deposits of \$483 million, of which \$149 million or 22 percent are from foreign depositors. Total loans (net of unearned income), which represent 66 percent of total assets, equaled \$452 million and consisted of 47 percent commercial real estate loans, 16 percent residential real estate loans (1 to 4 family homes), 13 percent multi-family real estate loans, 13 percent commercial and industrial loans, 6 percent loans to foreign banks and foreign businesses, and 6 percent construction loans. Remaining loans include "other" loans as well as consumer loans. Tier 1 Capital totaled \$57.6 million. The bank is not profitable, reporting its first losses September 30, 2007.

Although originally established to provide financial services to Latin American banks and individuals, TBOM has since altered its strategic focus and now relies on domestic business. The bank's primary business strategy is commercial lending as evidenced by the percentage of commercial real estate, construction, and commercial and industrial loans in its loan portfolio. Combined, they equal 66 percent. The bank originates very few residential mortgage loans.

There are no legal, financial, or other factors to impede the bank's ability to meet the credit needs in its assessment area. At its last CRA examination, dated July 20, 2006, the bank was rated "Satisfactory". Because of its asset size, that examination was conducted using Large Bank CRA Examination Procedures. Since then, changes were made the CRA regulation, and based on its asset size the bank is now being examined using Intermediate Small Bank (ISB) examination procedures.

Description of the Assessment Area

TBOM has designated all of Miami-Dade County as its assessment area. This assessment area, which is equivalent to Metropolitan Division (MD) 33124 (Miami-Miami Beach-Kendall, FL), meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

Miami-Dade County is primarily a densely populated urban center. According to the 2000 Census, the total population is 2.25 million. The largest concentration of population can be found in the city of Miami which also has the largest concentration of low- and moderate-income geographies. Refer to Table 1 for a breakdown of geographies by income level. Overall, owner occupancy is high in the county 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% and 56%, respectively). These geographies also represent high levels of households below the poverty level (47% and 27%, respectively), indicating a need for affordable rental housing. The Department of Housing and Urban Development (HUD) estimates that the 2009 median family income for Miami-Dade County is \$50,800. Refer to Table 1 for a breakdown of families by borrower income classification.

Table 1: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	347	7.78%	28.53%	32.85%	29.97%
Families	552,484	23.00%*	16.98%*	18.53%*	41.50%*
Businesses	219,069	4.77%**	22.51%**	42.71%**	30.00%**

Source: Demographic Data – 2000 U.S. Census, D & B Data (2009). *Represents families by income level.

**Represents businesses by income level of census tract.

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 and according to Moody’s Economy.com the city of Miami has the highest rate of first mortgage write-offs in the country. This situation has put further stress on the affordable rental market and the need for community services directed toward the homeless. It also demonstrates the need for foreclosure counseling programs and the need to revitalize and stabilize low- and moderate-income neighborhoods heavily impacted by home foreclosures.

Local economic conditions are weak primarily due to the large decline in home values (over 30 percent) over the past two years. The decline in jobs, particularly construction and construction-related jobs has driven the county’s unemployment rate to 11.6 percent (seasonally-adjusted) at July 2009 compared with 10.7 percent for the state of Florida. This indicates a need for activities that support job creation, job placement and job training programs. There are approximately 219,000 businesses located in Miami-Dade County, primarily in middle- and upper-income geographies, as seen in Table 1.

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. As of June 30, 2008 (the most current date available), TBOM had a deposit market share of .53 percent. 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.

Although numerous opportunities existed in the early part of the examination evaluation period, opportunities for community development lending and investments in Miami-Dade County have recently become somewhat limited. Some opportunities continue to exist to finance the purchase and/or rehabilitation of multi-family housing units that provide affordable rental housing in low- and moderate-income geographies, but they have declined from previous levels because of the volume of condominium conversions during the height of the housing boom and the decline in overall values. Statewide

affordable housing entities are continuing to construct affordable rental housing as well as some local developers. These are generally limited to projects that can take advantage of Low Income Housing Tax Credit financing.

There are federally designated Empowerment and county designated Enterprise Zones that target economic development with the goal of revitalizing the areas 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 making them available for rent or for sale to low- and moderate-income persons or families. Much of this activity will be funded through grants from the Neighborhood Stabilization Program (NSP) offered by the Department of Housing and Urban Development (HUD). Miami-Dade County received \$62 million to assist in this effort, 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. Also, four cities within the county received an additional \$27 million under the NSP, including \$12 million for the city of Miami. These activities may provide new community development opportunities for banks in the near future and currently provide opportunities for technical assistance as local non-profits organize programs to use the NSP funding.

Community development investment options have also become somewhat limited, but were more plentiful during the early part of the evaluation period. Mortgage-backed securities continue to be an option but they have become less available and more costly in light of the mortgage crisis. Low Income Housing Tax Credits remain available but they are generally suitable for a small number of banks. Miami-Dade County, the state and the region do have community development financial institutions (“CDFIs”) and private funds that provide community development investment opportunities. Opportunities exist to contribute to the numerous 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. Opportunities exist to provide financial literacy training in schools and in cooperation with local community organizations.

In part, community credit needs in the assessment area 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. For this examination, we conducted a community contact with a quasi-governmental entity whose primary mission is to help finance the construction of affordable rental housing in Miami-Dade County.

Critical needs identified during the contact call included the need for a program to help buyers restructure current mortgages so that they can remain in their homes. The need

for expanded home buyer education programs was also noted.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank’s performance under the Lending Test is rated “Satisfactory”.

Loan-to-Deposit Ratio

TBOM’s loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, and assessment area credit needs.

The bank’s quarterly average loan-to-deposit ratio since the last CRA examination (11 quarters beginning with the last quarter of 2006 through the second quarter of 2009) is 115.47 percent, ranging from a high of 138.43 percent in the third quarter of 2008 to a low of 90.67 percent in the second quarter of 2009. This decline is consistent with current economic conditions in the assessment area.

The bank’s overall ratio exceeds the 87.93 percent quarterly average ratio for the same time period of 12 banks in TBOM’s peer group operating in the same assessment area. The ratio also exceeds the 91.66 percent average quarterly ratio for the same period for all banks in the peer group operating in Florida.

Lending in Assessment Area

A majority of TBOM’s loan originations are in the bank’s assessment area. Overall, 84 percent of the number of loans and 81 percent of the dollar volume of loans originated during the evaluation period were originated in the bank’s assessment area.

Table 2 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	215	84%	41	16%	256	413,541	81%	98,003	19%	511,544

Source: Bank loan origination reports.

Lending to Businesses of Different Sizes

The distribution of borrowers reflects poor penetration among businesses of different sizes, given the demographics of the assessment area. The level of the bank’s loans to small businesses (businesses with revenues of \$1 million or less) is lower than the level of small businesses operating in the assessment area. Further, of the business loans in the assessment area, 106 or 49 percent were for \$1 million or more and 91 or 42

percent were in excess of \$1 million. Loans of this size are generally to businesses with gross annual revenue greater than \$1 million.

Table 3 - Borrower Distribution of Loans to Businesses in Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.48	3.92	27.60	100%
% of Bank Loans in AA by #	22.33	75.35	2.32	100%

Source: Bank loan origination reports; D&B data 2009.

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion within the assessment area.

Overall, the geographic distribution of loans within the assessment area exceeds the standard for satisfactory performance.

The geographic distribution of loans to businesses is more than reasonable. In low-income geographies, the percentage of TBOM's loan originations exceeds the percentage of businesses located in such geographies. In moderate-income geographies, the percentage of the bank's loans is near to the percentage of businesses operating in such geographies. Approximately two percent of the bank's loans were made to businesses located in geographies that do not have an income designation. These geographies are located in Medley, FL, where the bank's new branch is located. The demographics of the geographies in the 2000 Census show very few residents therefore there was not sufficient income in the area for the Bureau of the Census to calculate a median income level.

Table 4 - Geographic Distribution of Loans to Businesses in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans						
Loans to Businesses	4.77	6.51	22.51	20.47	42.71	22.33	30.00	48.37

Source: Bank loan origination reports; D & B data 2009.

Responses to Complaints

The bank has not received any complaints regarding its CRA performance since the last examination.

COMMUNITY DEVELOPMENT TEST

TBOM's performance under the Community Development Test is rated "Outstanding", given performance context.

Overall, the bank's community development performance demonstrates excellent responsiveness to community development needs in its assessment area through a high volume of community development loans, as well as qualified investment and community development service activity, considering the opportunities for community development that exist in the bank's Miami-Dade assessment area.

Number and Amount of Community Development Loans

During the evaluation period, TBOM had 15 community development loans totaling \$46.5 million in its assessment area. Of the total dollar amount, 64 percent or \$29.8 million helped to meet economic development needs in the bank's assessment area. These loans financed businesses that meet the regulatory definition of size and helped to support permanent job creation and retention for persons earning low- or moderate-incomes. For example, a working capital line of credit to a distributor of automotive wheels and tires in Miami helped the company expand its number of jobs for low- or moderate-income people from 19 to 45.

Twenty-four percent of community development dollars helped to revitalize and stabilize low- and moderate-income geographies in the bank's assessment area by helping to retain and create jobs. Loan proceeds helped one borrower purchase a commercial building in a moderate-income geography of Hialeah. The property offers 14 rental units suitable for small businesses, and should attract new jobs to the area.

The remaining 12 percent of community development loan dollars helped to meet affordable housing needs in the assessment area. Most funds (\$4.7 million) were directed to the renewal of a loan on 104-units of rental housing in a moderate-income geography of Hialeah. Rents are affordable to residents having incomes considered to be low- or moderate-income based on HUD's median income figure and fair market rents for Miami-Dade County. The remaining affordable housing community development loans were originated through the bank's membership in an affordable housing loan consortium established by area banks in 2001. The funds helped to develop 324-units of rental housing units, primarily for senior citizens. The housing complexes will be primarily financed through Low-Income Housing Tax Credits (LIHTC).

In addition, the bank extended a community development loan totaling \$2 million outside its assessment area, in adjacent Broward County. Because the bank adequately met community development needs in its assessment area, positive consideration was given to this outside assessment area loan. The working capital loan, to a distributor of parts for small airplanes, helped to revitalize and stabilize the moderate-income geography in which the business is located by helping to retain jobs.

Number and Amount of Qualified Investments

Overall, for the evaluation period, TBOM had 16 qualified investments equaling \$2.385 million. Prior period investments that remain on the books of the bank from previous evaluation periods equal 99 percent of all investments.

Current Period: Total current period investments (11) equal \$44,000 of which 57 percent help to meet affordable housing needs, 37 percent help to meet community service needs and 5 percent help to meet economic development needs. The bank's current period investments include one investment in a loan fund and 10 donations to organizations in the bank's assessment area whose primary mission meets one of definitions of community development.

In 2007 the bank invested \$25,000 in the Community Reinvestment Group, LLC. The group is a consortium of local financial institutions that have formed a non-profit for the purpose of funding a loan program for non-profit affordable housing community development corporations (CDCs) operating in Miami-Dade, Broward, and Palm Beach County. The group provides zero interest loans for the construction, acquisition, and/or rehabilitation of residential property for owner-occupancy for pre-qualified applicants that meet the definition of low- and moderate-income. Of the 10 donations, nine representing \$17,000 (89%) helped to meet community service needs while the remaining donations were to organizations that help to meet economic development needs.

Prior Period: The bank has five prior period investments totaling \$2.368 million. These investments, totaling \$2.4 million, are all 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. These securities continue to assist low- and moderate-income borrowers.

Extent to Which the Bank Provides Community Development Services

The bank primarily provides community development services by assisting community organizations with technical support and by providing various forms of financial literacy training to low- and moderate-income residents of its assessment area.

During the evaluation period, eight different employees provided technical assistance or financial literacy training in conjunction with 11 different organizations. Four organizations help to meet affordable housing needs while the remainder provides community services within the bank's assessment area. Financial literacy training centered on programs for low- and moderate-income senior citizens particularly related to identity theft and to low- and moderate-income students using an educational program related to banking as part of the bank's participation in Kids And the Power Of Work (KAPOW).

In addition, bank officers served on the board of directors or loan underwriting committees of a non-profit organization that provides loans to small businesses primarily located in low- and moderate geographies and several non-profit organizations that provide loan funds to entities developing affordable housing.

None of the bank's branches are located in a low-or moderate-income geography. However, located in the commercial business district of Coral Gables, the bank's main office is in a middle-income geography immediately adjacent to two moderate-income geographies, making it available to residents and businesses located in those geographies. Also, the branch in Medley is located in a geography that does not have an income designation because of the small number of people residing there. The bank offers a full-range of consumer and commercial banking products and services as noted in the bank's Public File although none are targeted specifically to low-or moderate income people.

Responsiveness to Community Development Needs

Given opportunities in the assessment area, the bank's community development activities are responsive to the various needs in its assessment area. Community development loan dollars focused primarily on economic development needs, helping several businesses to maintain and increase jobs in the assessment area, which currently has a high level of unemployment. Qualified investments primarily helped to meet affordable housing needs through participation in a loan pool and investment in mortgage-backed securities that assist low- and moderate-income home buyers. Community service activity helps to meet affordable housing and community service needs in the assessment area.

Fair Lending or Other Illegal Credit Practices Review

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