



Comptroller of the Currency
Administrator of National Banks

South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126

PUBLIC DISCLOSURE

January 29, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The International Bank of Miami, N.A.
Charter Number 15268**

**2121 SW Third Avenue
Miami, Florida 33129**

Office of the Comptroller of the Currency

**South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126**

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 **The International Bank of Miami, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 29, 1998. 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: Satisfactory Record of Meeting Community Credit Needs.

The International Bank of Miami, N.A.'s (IBMNA) last CRA performance evaluation was performed in December 5, 1995. At that time a "Satisfactory" rating was assigned.

This CRA performance evaluation covers 1996 and 1997. The bank was evaluated using the small bank criteria that came into effect on January 1, 1996. The bank qualified to be evaluated under this criteria because it was under \$250 million in total assets at year end in one of the previous two years.

IBMNA is helping to meet the credit needs of its assessment area by originating a reasonable volume of affordable multifamily housing and small business loans. IBMNA's average loan to deposit ratio since our last CRA examination is reasonable. A substantial majority of the bank's domestic loan originations are inside its assessment area. Domestic loans are reasonably dispersed amongst census tracts of different income levels. IBMNA has not received complaints regarding its CRA performance.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The International Bank of Miami, 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 were received since the prior CRA examination.		

DESCRIPTION OF INSTITUTION

IBMNA is a community bank in Miami, Florida owned by International Bancorp Inc, a U.S. one-bank holding company. After ownership and management changes in the late 1980's the bank refocused its business strategy to international banking with Latin America. The bank has one office near Brickell Avenue, Miami's financial district. Near the bank's office there are many U.S. and foreign banks with offices that specialize in trade finance and correspondent banking with Latin America.

IBMNA's primary business focus is providing financial services to Latin American banks and individuals. IBMNA's major business divisions are: Correspondent Banking - main functions are providing lines and letters of credit to Latin American banks and payable through account deposit services; Corporate Trade Finance - main function is to provide credit to local and foreign companies many of which are involved in some type of import and/or export activity; Private Banking - main function is attracting deposits and providing other banking services to Latin American customers; Capital Markets - main function is as intermediary for debt and equity securities trading, and arranging credit facilities for Latin American and Caribbean clients.

A domestic lending division was established in the early 1990s. After a slow start, loan volume has steadily increased. This division offers residential, commercial real estate, and small business loans through the Small Business Administration (SBA) and the Rural Business-Cooperative Service (RBS).

IBMNA offers a variety of domestic and international deposit and loan products. As of 12/31/97, total assets were \$405 million. Total loans were \$205 million. Loans to foreign banks and individuals totaled \$106 million or 52% of total loans. An additional \$22 million or 11% of the loan portfolio are business loans to both local and foreign companies. Domestic loans totaled \$77 million or 37% of total loans consisting of: 76% commercial real estate, 14% residential real estate, and 10% SBA/RBS guaranteed credits. There is virtually no consumer lending.

Only 9% of the bank's deposits come from local consumers. The rest of the deposits come from foreign banks and individuals, U.S. financial institutions - directly and through brokers, and local government entities. These deposits tend to be large and short term; as a result high levels of liquid assets are maintained to meet potential withdrawals.

There were no legal, financial, or other impediments to IBM serving its community.

Performance Context

IBMNA helps to meet the credit needs of its assessment area through its domestic loan portfolio. As a result, this CRA performance evaluation focused on that aspect of the bank's business. We also considered the nature of the bank's deposit base.

DESCRIPTION OF THE ASSESSMENT AREA

IBM's assessment area is Dade County. The assessment area complies with the CRA.

Dade County is a Metropolitan Statistical Area (MSA). Based on the 1990 U.S. Census, Dade County has a population of about 1.9 million. The demographics of the assessment area's 267 census tracts is as follows: 14% are low income census tracts, 21% are moderate income tracts, 36% are middle income tracts, and 28% are upper income tracts. Three census tracts (or 1%) did not report income. The median family of the MSA's census tracts was \$31,113. The updated median family income for 1997 was \$39,100.

Note: A low income census tract has less than 50% of the median family income of the MSA, a moderate income tract has 50% to 79%, a middle income tract has 80% to 119%, and an upper income census tract has 120% or more of the median family income of the MSA.

Some of the assessment area's major industries include tourism, real estate development, health care, and business with Latin America. The area has a diverse population including a large immigrant population from Latin America.

There is strong competition from the local affiliates of regional banks, and community banks, mortgage companies, and credit unions headquartered in the area.

Assessment Areas' Credit Needs

Information about the credit needs of the assessment areas was obtained from recent community contacts conducted by federal bank regulators in connection with other CRA examinations. These contacts revealed many credit needs. The most pressing credit needs identified by these contacts are for affordable home financing, home improvement, and small business loans. We found that IBM is helping to meet the affordable multifamily housing and small business credit needs of the assessment area in a reasonable manner.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

Conclusion: IBM's average loan to deposit ratio since the last CRA examination is reasonable.

Support of Conclusion:

IBM's average loan to deposit ratio since the last CRA examination was 62%. This ratio approximates the average ratio of 69% of four similarly situated banks in the assessment area. All four banks are community banks that focus on international banking and have a significant amount of foreign deposits, but also have domestic lending programs.

The loan to deposit ratio is impacted by the bank's need to maintain high levels of liquid assets, e.g. 45% of total assets consists of time deposits at foreign banks, overnight interbank funds, and government securities. These liquid assets are needed to meet maturing large-dollar deposits that may be withdrawn, provide collateral to large depositors, and fund off-balance sheet obligations related to trade finance activities. These liquid assets would otherwise be available for additional lending.

IBMNA's ratio of domestic deposits to domestic loans was 71% at 12/31/97. It has been increasing with the growth of the domestic loan portfolio.

Lending in the Assessment Area

Conclusion: Excluding credit lines to correspondent banks, 51% of loan originations in 1996 and 47% in 1997 were inside the assessment area. However a substantial majority of domestic loans originated in 1996 and 1997 were inside the assessments area.

Support of Conclusion:

The following tables show the percentage of domestic loans originated inside and outside of the bank's assessment area during 1996 and 1997.

1996	Number of Loans	\$ Amount of Loans
Loans Inside the Assessment Area	99%	99%
Loans Outside the Assessment Area	1%	1%

1997	Number of Loans	\$ Amount of Loans
Loans Inside the Assessment Area	84%	86%
Loans Outside the Assessment Area	16%	14%

A smaller percentage of domestic loans were originated inside the assessment area in 1997 versus 1996. This is because the bank expanded its commercial real estate loan program to include nearby counties to take advantage of lending opportunities in those areas.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Conclusion: IBMNA meets satisfactory performance standards for this criteria because of its affordable multifamily housing and small business lending activity.

Support of Conclusion:

Housing-related loans

Home purchase and home refinancing loans reported under the Home Mortgage Disclosure Act (HMDA) in 1996 and 1997 were primarily to middle and upper income borrowers. The limited number of home loans to low- and moderate-income borrowers is somewhat mitigated by the bank's origination of multifamily housing loans that financed affordable rental housing.

In 1996 the bank originated 10 multifamily housing loans totaling \$11,420M. Six of these loans totaling \$4,060M financed affordable rental housing. In 1997, 24 multifamily housing loans were originated totaling \$14.7 million, Thirteen of these loans totaling \$8.6 million financed affordable rental housing. The MSA's weighted average monthly gross rent was used to determine the affordability of the rental housing.

Small Business Lending

The bank meets the needs of local small businesses by extending credit with partial guarantees from the SBA and RBS. In 1996 the bank originated 11 loans totaling \$6.9 million. In 1997, 12 loans were originated totaling \$7.5 million. The 1996 volume of SBA loans ranked 21st in the state of Florida amongst financial institutions according to Florida Trend's magazine's 2/98 issue. The bank sells the guaranteed portion of these loans allowing it to make additional loans. At 12/31/97, the outstanding unguaranteed portion of these loans represented 4% of total loans.

Loans to local exporters with partial guarantees from the U.S. Export & Import Bank and the Commodity Credit Corporation totaled \$5.4 million or 3% of total loans.

Geographic Distribution of Loans

Conclusion: IBMNA's geographic distribution of domestic loans reflects reasonable dispersion among census tracts of different income levels in the assessment area.

Support of Conclusion:

IBMNA's originated 30 HMDA loans in 1996 for \$14.8 million. Of these loans, 24 loans totaling \$9.8 million were in the assessment area. In 1997, originations more than doubled to 57 loans totaling \$21.6 million. Of these loans, 43 loans totaling \$16.8 million were in the assessment area.

The following tables shows the geographic distribution, by census tracts, of the HMDA loans originated in 1996 and 1997 in the assessment area.

Income Level of Census Tract	1996 % of Loans in the Census Tract	1997 % of Loans in the Census Tract
Low	4%	4%
Moderate	21%	18%
Middle	38%	22%
Upper	37%	56%

The percentage of loans in low- and moderate-income census tracts in 1996 was 25% and in 1997 was 22%. These percentages approximates the percentage of census tracts in the assessment area that are low- and moderate-income (35%).

Moreover, bank reports show that in 1996 the bank originated 81 domestic loans of various types in the assessment area. Of this number, 26% were in low- and moderate-income census tracts. In 1997, the volume increased to 101. Of this number, 21% were in low- and moderate-income census tracts. This level of penetration in low- and moderate-income census tracts is reasonable considering the bank's primary business focus and one-office location.

Response to Complaints

IBM has not received complaints regarding its CRA performance.

Compliance with Antidiscrimination Laws and Regulations

Our consumer compliance examination conducted concurrently with this CRA evaluation noted substantial compliance with antidiscrimination laws and regulations.