



PUBLIC DISCLOSURE

August 26, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Interamerican Bank, A FSB
Charter Number 707506

9190 Coral Way
Miami, FL 33165-2049

Office of the Comptroller of the Currency

9850 N.W. 41 Street
Suite 260
Miami, FL 33178

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

Summarize the major factors supporting the institution's rating.

- The bank's average quarterly loan-to-deposit ratio is more than reasonable for the evaluation period;
- A substantial majority of loan originations are within the bank's assessment area;
- The distribution of loans reflects reasonable distribution among individuals of different income levels.
- The geographic distribution of loans reflects reasonable distribution throughout the assessment area.

SCOPE OF EXAMINATION

We evaluated Interamerican Bank, A FSB ("Interamerican" or "Bank") Community Reinvestment Act ("CRA") performance using Small Bank Performance criteria. Our evaluation period was August 16, 2010, the date of the last CRA examination, through August 26, 2014. In consideration of changes to demographics and geographies related to the 2010 Census update and the Office of Management and Budget ("OMB"), revised Metropolitan Area ("MA"), and census tract geographic definitions and boundaries in February 2013 ("2014 OMB MA Changes"), as well as variations in volumes of lending activity throughout the evaluation period, our analysis to evaluate geographic distribution of loans and lending to borrowers of different incomes was prepared using loan data from January 1, 2012 through December 31, 2013, based on 2010 census data. Lending volume in 2010 and 2011 was significantly lower than lending volume in 2012 and 2013. Additionally, lending volume for January 1, 2014 through June 30, 2014 was not significant enough to provide a meaningful analysis.

We evaluated the Bank's performance based on its primary focus as a residential mortgage lender. We based this evaluation on Home Mortgage Disclosure Act ("HMDA") data reported by the bank and verified during a data integrity review. The bank originates business and commercial loans with commercial real estate as a material business segment. However, the volume of loans originated, by number, was not significant enough to provide a meaningful analysis for this evaluation period. The residential lending volumes during the evaluation period for home improvement and multi-family loans did not produce a meaningful analysis. Therefore, we omitted Tables 2 and 3 that would have displayed the analyses of borrower distribution of loans to businesses/farms and geographic distribution of loans to businesses/farms.

DESCRIPTION OF INSTITUTION

Interamerican is an intrastate federally chartered savings bank headquartered in Miami, Florida. The bank has no operating subsidiaries or affiliates. The bank is a minority-owned depository

institution with approximately \$220 million in assets as of Call Report data on June 30, 2014. Interamerican operates five (5) branches. Four (4) branches are located in Miami-Dade County, with two (2) offices in Miami, one (1) in Kendall, and one (1) in Hialeah. One (1) branch is located in Palm Beach County in the city of West Palm Beach. Two (2) branches are located in moderate-income census tracts, and three (3) are located in middle-income census tracts. During the evaluation period, the Kendall branch was relocated from an upper-income area to a middle-income income area. The institution’s record of opening and closing branches did not affect the overall accessibility to credit for low- or moderate-income areas or individuals.

The Bank offers a variety of deposit and loan products for businesses and individuals, as described in the CRA Public File. However, the Bank’s primary lending strategy is as a residential mortgage lender. Commercial Real Estate lending is the Bank’s second largest business segment. As of June 30, 2014, total loans, which represent 75.06 percent of total assets, equaled \$166.64 million and consisted of 55.30 percent residential real estate loans, 42.79 percent commercial real estate loans, 1.16 percent commercial and industrial loans, and 0.75 percent consumer loans based on dollar volume. As of June 30, 2014, total assets equaled \$222.01 million with total deposits of \$196.55 million and Tier 1 Capital of \$20.88 million. Regarding earnings, the Bank reported net income of \$390 thousand.

Interamerican faced challenges to its ability to help meet the credit needs of its assessment area (“AA”) as the bank was operating under a Consent Order dated September 19, 2012 (“Order”), that includes requirements for the bank to reduce credit risk and problem assets among other areas of focus. Despite the effort to maintain compliance with the Order, Interamerican has managed to address the community credit needs in its AA. We considered these challenges when evaluating the Bank’s CRA performance. At its last CRA evaluation dated August 16, 2010, the Bank was rated “Satisfactory”.

DESCRIPTION OF ASSESSMENT AREA(S)

The Bank has delineated the Miami-Ft. Lauderdale-West Palm Beach, FL Metropolitan Statistical Area (“MSA”) #33100 as its AA. This MSA consists of three (3) Metropolitan Divisions (“MDs”) as follows:

- MD 22744 Fort Lauderdale-Pompano Beach-Deerfield Beach, FL, which consists of Broward County;
- MD 33124 Miami-Miami Beach-Kendall, FL, which consists of Miami-Dade County; and
- MD 48424 West Palm Beach-Boca Raton-Delray Beach, FL, which consists of Palm Beach County.

The AA includes geographies in which the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. Given the MD’s have separate and distinct median family income values, our analysis of geographic and borrower distribution was focused at the MD level

rather than the MSA level. Miami-Dade County received a full-scope review. Broward County and Palm Beach County did not originate sufficient loan volume to provide a meaningful analysis, therefore, they were excluded from the review. The Bank's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

Miami-Dade MD

According to the 2010 Census, Miami-Dade County consists of 518 geographies distributed as follows:

- Thirty-one (31) low-income (5.98 percent);
- One hundred thirty-two (132) moderate-income (25.48 percent);
- One hundred sixty-six (166) middle-income (32.05 percent);
- One hundred seventy-two (172) upper-income (33.20 percent); and
- Seventeen (17) no income data (3.28 percent).

The majority of the low- and moderate-income geographies are located within the city of Miami. The total population was approximately 2.50 million. Median family income was \$50,065 and the HUD adjusted Median Family Income for 2013 was \$49,000, based on 2010 Census information. Additionally, 40.23 percent of the families were low- (23.23 percent) and moderate-income (17.00 percent) and 18.02 percent of households were living below poverty levels.

According to Moody's Analytics, the county is recovering, but low-income jobs are leading growth, keeping the economy from getting fully back on track. Low paying positions in hospitality and retail make up less than one-fifth of all jobs in the county, but account for one-third of the total jobs created over the last year. Moody's reports that total payroll employment is at an all-time high; however, household employment remains below the pre-recession peak suggesting more workers are employed in multiple part-time jobs and being double-counted in the payroll survey. A recovery in housing and new development jobs is expected to spark job recovery. Major employment industries based on percent of total employment are education and health services, professional and business services, government, retail trade, and leisure and hospitality services. Tourism and trade business with Latin America are also important industries for Miami-Dade County.

According to the Bureau of Labor Statistics, unemployment rates throughout the evaluation period ranged from a low of 6.60 percent in April 2014 to a high of 13.40 percent reported in August 2010. Annual unemployment rates were 12.50 percent in 2010, 11.20 percent in 2011, 9.50 percent in 2012, and 8.40 percent in 2013. The most current unemployment rate reported for June 2014 was 7.40 percent. In comparison, the highest unemployment rate for the state was 11.70 percent in August 2010 and the lowest was 5.70 percent in April 2014. Annual unemployment rates for the state were 11.30 percent in 2010, 10.30 percent in 2011, 8.80 percent in 2012, and 7.20 percent in 2013. National unemployment rates were 9.60 for 2010; 8.90 for 2011; 8.10 for 2012; and 7.40 for 2013. Unemployment rates in the county were higher than those of the state and nation throughout the entire evaluation period.

The housing market in Miami-Dade County is recovering. Median housing values reported as of the 2010 Census indicate a value of \$295,738. According to the Center for Housing Policy, the foreclosure rate for the Miami-Fort Lauderdale-Pompano Beach, FL MSA was 11.62 percent, which is ranked fourth in total foreclosures as of September 2013. Additionally, the Center for Housing Policy noted the MSA was ranked fourth in serious delinquencies with a rate of 15.80 percent. These rates show improvement in this MSA over the September 2012 foreclosure rate of 17.80 percent, which is ranked first in foreclosures, and second in serious delinquencies with a rate of 22.30 percent. Moody's reports that housing prices in Miami have risen by 39 percent since they touched their lowest point in the first quarter of 2011, with prices in the poorest zip codes rising more quickly than prices in the wealthiest areas. Rising house prices contribute to economic growth by creating wealth, but also make it harder for lower income individuals to afford purchasing a home. The high median value makes it hard for low- and moderate-income individuals to own a home in the AA without the help of loan subsidies. High property taxes and insurance premiums add significant cost to owning a home, which increases barriers to homeownership for the lower income families.

According to 2010 Census data, there were 980,580 housing units in the AA. Of these 35.39 percent were rental units, 15.61 percent were vacant and 49.00 percent were owner-occupied units. Of the available housing units in low-income areas, 70.26 percent are rental units and 50.75 percent of the available units in moderate-income areas are rental units. Owner-occupied units make up 14.34 percent of the total available units in low-income areas and 36.86 percent in moderate-income areas. This represents additional challenges for homeownership and indicates a significant need for affordable rental housing.

Strong competition for financial services exists, as there are several branches of national and regional banks, local community banks, credit unions, and other nonbank financial institutions operating in the county. The Federal Deposit Insurance Corporation ("FDIC") deposit market share data as of June 30, 2013 indicates a total of 69 depository institutions operating 687 banking offices in Miami-Dade MD. Interamerican Bank ranks forty-eighth in deposit market share at 0.20 percent. According to 2012 HMDA Peer Data, there were 477 lenders competing for mortgage loans in the area. Interamerican Bank ranked eighty-ninth and had less than one percent of the market share based on number of loans and dollar volume of loans.

Community credit needs in the area were determined by reviewing CRA Performance Evaluations of other banks operating in the same AA, reviewing community contact information, and by conducting one community contact with a community development company that operates in the AA. The most pressing needs in the AA continue to be affordable housing and affordable rental units including needs for construction and rehabilitation of multifamily housing. Additionally, small business lending including micro loans and lending for nonprofits were noted as additional AA needs. Financial education is needed for small business owners as well as homeownership counseling, credit repair, foreclosure counseling and general banking services to assist the unbanked population.

Broward MD

According to the 2010 Census, Broward County consists of 361 geographies distributed as follows:

- Nineteen (19) low-income (5.26 percent);
- Ninety-nine (99) moderate-income (27.42 percent);
- One hundred thirty-three (133) middle income (36.84 percent);
- One hundred nine (109) upper-income (30.19 percent); and
- One (1) no income data (0.28 percent).

The majority of the low- and moderate-income geographies are located within the city of Ft. Lauderdale with additional concentrations of low- and moderate-income areas in Hollywood, Hallendale Beach, Plantation, Pompano Beach, and Deerfield Beach. The total population was approximately 1.75 million. Median family income was \$62,619 and the HUD adjusted Median Family Income for 2013 was \$61,700, based on 2010 Census information. Additionally, 39.47 percent of the families were low- (22.03 percent) and moderate-income (17.44 percent) and 12 percent of households were living below poverty levels.

According to Moody's Analytics, the recovery of Broward County is advancing. For the first time in the area's history, household employment exceeded 1 million jobs in March, and the area has continued to add jobs every month since. However, payroll employment remains below the pre-recession peak indicating an increasing fraction of the workforce is either working outside of the metro division, self-employed, or employed in private households or agriculture. A disproportionate share of new jobs have been in low-paying retail and restaurants. There is an ongoing recovery in the local warehousing and distribution industry, which will help bring payrolls up. Port Everglades surpassed the harbor in Jacksonville last year to become Florida's busiest cargo port and recently opened facilities will create more than 2,000 jobs for the area. Long-term growth for this industry is threatened by increased competition from Miami. Leisure and hospitality is expected to grow in line with statewide increases. Princess Cruise Lines has announced it is bringing its largest ship to the port in November and the North American cruise market is expected to increase over the next decade.

Major employment industries, according to Moody's, based on percent of total employment are professional and business services, retail trade, government, education and health services, and leisure and hospitality services. Unemployment rates throughout the evaluation period ranged from a low of 5.00 percent in December 2013 and April 2014 to a high of 9.90 percent in August and November 2010. Annual unemployment rates were 9.60 for 2010, 9.00 for 2011, 7.50 for 2012, and 6.10 for 2013. The most recent unemployment rate for June 2014 was 5.30 percent. Annual unemployment rates in the county were lower than the state and national unemployment rates.

Moody's reports that the housing market is slowly improving, but is affected by a drop in short sales and all-cash purchases from investors. Median housing values, according to the 2010 Census, were \$267,849. As noted above, Southern Florida has been affected by high foreclosure and delinquency rates, and the high median value of homes when compared to median family incomes makes it hard for lower income families to afford purchasing and maintaining homes.

West Palm Beach MD

According to the 2010 Census, Palm Beach County consists of 337 geographies distributed as follows:

- Twenty-one (21) low-income (6.23 percent);
- Eighty-four (84) moderate-income (24.93 percent);
- One hundred six (106) middle-income (31.45 percent);
- One hundred eighteen (118) upper-income (35.01 percent); and
- Eight (8) no income data (2.37 percent).

The majority of the low-income geographies are located in Belle Glade- Pahokee and West Palm Beach and moderate-income geographies are located within Lake Worth, West Palm Beach, and Boynton Beach-Delray Beach. The total population was approximately 1.32 million. Median family income was \$64,445 and the HUD adjusted Median Family Income for 2013 was \$64,600, based on 2010 Census information. Additionally, 39.34 percent of the families were low- (21.50 percent) and moderate-income (17.84 percent) and 11 percent of households were living below poverty levels.

According to Moody's Analytics, the Palm Beach County economy is in full recovery reporting that household employment is at an all-time high and payroll employment will likely reach records by the third quarter. Moody's reports that more workers are employed in healthcare than ever before and the workforce will continue to grow. Recent growth was strongest at outpatient care centers and nursing care facilities, and specialists providing non-emergency care including chiropractors, optometrists, and mental health practitioners. Retail employment growth is expected to drop below the state average. A smaller share of the county's workforce is employed in retail and local retailers have faced challenges of recruiting qualified workers. Wages for these positions tend to be higher than those in Broward and Miami-Dade Counties. According to Moody's, the top industries for the county, based on percent of total employment, are professional and business services, education and health services, leisure and hospitality services, retail trade, and government.

Unemployment rates throughout the evaluation period ranged from a low of 5.60 percent in April 2014 to a high of 12.00 percent reported from August 2010. Annual unemployment rates were 11.40 percent in 2010, 10.50 percent in 2011, 8.90 percent in 2012, and 7.30 percent in 2013. The most recent unemployment rate for June 2014 was 6.10 percent. Annual unemployment rates were slightly higher than the state and national unemployment rates for the majority of the evaluation period.

Moody's reports that the housing market is improving, noting growth in home sales with multifamily projects supporting the recovery of local construction industry. Demand for condo units is being driven by empty nesters, wealthy retirees, and foreign investors. Demand for apartments is being driven by young newcomers in entry-level jobs. Median housing values, according to the 2010 Census, were \$267,849. As noted above, Southern Florida has been affected by high foreclosure and delinquency rates, and the high median value of homes when

compared to median family incomes makes it hard for lower income families to afford purchasing and maintaining homes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Loan-to-Deposit Ratio

- **Interamerican’s loan-to-deposit ratio is more than reasonable and meets the standard for outstanding performance.**

The institution’s quarterly average loan-to-deposit ratio since the last CRA Performance Evaluation is 88.02 percent and is above the range of other similarly situated banks in the AA for the same period. The similarly situated banks had quarterly average ratio’s ranging from 58.20 percent to 82.92 percent. Similarly situated institutions included Marquis Bank, Professional Bank, Terrabank, Apollo Bank, and Banco Do Brasil Americas.

Lending in Assessment Area

- **A substantial majority of loans is in the institutions AA and meets the standards for outstanding performance.**

A substantial majority of the bank’s lending activity is located within its AA. We reviewed HMDA data for loans originated and purchased during 2012 and 2013. The bank originated or purchased 108 loans or 97.30 percent of the number of loans and \$23.31 million or 97.50 percent of the dollar volume of loans in the AA as reflected in the table below.

Loan Type	Number of Loans				Total	Dollars of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Purchase	46	97.87	1	2.13	47	11,568	99.52	56	0.48	11,624
Home Refinance	62	96.88	2	3.13	64	11,740	95.59	542	4.41	12,282
Totals	108	97.30	3	2.70	111	23,308	97.50	598	2.50	23,906

Source: January 1, 2012 – December 31, 2013 HMDA data.

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

- **The distribution of borrowers reflects reasonable distribution among individuals of different income levels, given the demographics of the AA, and meets the standard for satisfactory performance.**

Interamerican’s distribution of loans to borrowers of different incomes is adequate given performance context including the high poverty rates (18.02 percent), relatively high unemployment rates (9.50 percent in 2012 and 8.40 percent in 2013) and high median housing values in comparison to median family incomes, which limit the ability of many low-income families to become homeowners. High property taxes and insurance costs also contribute to the inability of low-income borrowers to become homeowners. High competition was an additional factor that contributed to the low volume of lending. The table below illustrates the distribution of mortgage loan originations and purchases in relation to the number of families in the AA by income level. As noted above, the volume of home improvement loans and multifamily loans was not sufficient to provide a meaningful analysis so data related to those types was omitted. Additionally, we compared the bank’s performance to aggregate HMDA lending data, which received more weight, in our analysis.

The overall distribution of home purchase loans was adequate. The distribution of home purchase loans to low-income borrowers was adequate, given performance context noted above. The institution did not originate any home purchase loans to low-income individuals; however, given performance context and competition, performance is considered adequate. The percentage of aggregate HMDA lending to low-income borrowers was 4.15 percent. The distribution of home purchase loans to moderate-income borrowers is adequate. The percent of loans originated to moderate-income borrowers was somewhat lower than the percent of moderate-income families and somewhat lower than the percentage of aggregate HMDA lending (16.81 percent) to moderate-income borrowers.

The overall distribution of home refinance loans is adequate. The distribution of home refinance loans to low-income borrowers was adequate, given performance context noted above. The institution did not originate any home refinance loans to low-income individuals; however, given performance context, overall performance is considered adequate. The percentage of aggregate HMDA lending to low-income borrowers was 6.81 percent. The distribution of home refinance loans to moderate-income borrowers was adequate. The percent of home refinance loans originated to moderate-income borrowers was somewhat lower than the percent of moderate-income families. The percent of loans originated to moderate-income borrowers exceeded the percentage of aggregate HMDA lending (9.18 percent) to moderate-income borrowers.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Miami-Dade MD								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.23	0.00	17.00	12.50	18.29	17.50	41.48	70.00
Home Refinance	23.23	0.00	17.00	11.48	18.29	11.48	41.48	77.05

Source: January 1, 2012 – December 31, 2013 HMDA data

Geographic Distribution of Loans

- **The geographic distribution of loans reflects reasonable distribution throughout the AA and meets the standard for satisfactory performance.**

The overall geographic distribution of home mortgage loans is adequate. The tables below illustrate the distribution of home purchase and home refinance loans in relation to the geographies. Additionally, we compared the bank's performance to aggregate HMDA lending data, which received more weight than demographic data for our analysis. As home refinance loans represented a majority of the lending by both number and dollar value, they received more weight in reaching our conclusion. Performance context taken into consideration when arriving at conclusions includes the limited number of available owner-occupied units in low-income areas. Specifically, in low-income areas, 70.26 percent of the available housing units are rental units and owner-occupied units make up only 14.34 percent of the available units in low-income areas. Strong lending competition is also a contributing factor to low loan volumes. As noted above, home improvement and multifamily lending volume was not sufficient to provide a meaningful analysis; therefore, the data related to these types of lending was omitted. There were no unexplained conspicuous gaps in lending. Geographies in the AAs with no loan penetration are due to Interamerican's limited number of branch offices. This limitation prevents the bank from penetrating all areas in the AAs.

The overall distribution of home purchase loans is excellent. The distribution of home purchase loans in low-income geographies is excellent. As reflected in the table below, the percentage of home purchase loans made in low-income geographies exceeds the percentage of owner-occupied units in those geographies. The percentage of home purchase loans originated in low-income geographies exceeded the aggregate HMDA lending (1.20 percent) in low-income geographies. The distribution of home purchase loans in moderate-income geographies is excellent. The percentage of home purchase loans made in moderate-income geographies is near to the percent of owner-occupied units in those geographies. The percentage of home purchase loans originated in moderate-income geographies exceeded the aggregate HMDA lending (12.21 percent) in those geographies.

The overall distribution of home refinance loans is adequate given performance context noted above. The distribution of home refinance loans in low-income geographies is adequate. The bank did not originate any loans in low-income geographies; however, given the low volume of available units and high competition in the area, performance is considered adequate. The aggregate HMDA lending for home refinances in low-income geographies was 0.82 percent. The distribution of home refinance loans in moderate-income geographies is adequate. The percentage of loans originated in moderate-income geographies is lower than the percentage of owner-occupied units in those geographies. The percentage of home refinance loans originated in moderate-income geographies was somewhat lower than the percentage of aggregate HMDA lending (10.51 percent) in those geographies.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Miami-Dade MD								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home purchase	1.67	2.44	19.87	19.51	35.56	31.71	42.90	46.34
Home Refinance	1.67	0.00	19.87	8.06	35.56	38.71	42.90	53.23

Source: January 1, 2012 to December 31, 2013 HMDA data.

Responses to Complaints

The bank received no CRA performance related complaints since the last evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a National Bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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