



BAC Florida Bank

2014 Annual Report



Private Banking and Wealth Management

Real Estate Finance

Corporate and Institutional Banking

Virtual Branch "My e-BAnC"

Message from the President and CEO



BAC Florida Bank had an excellent performance during 2014. Net profits reached \$10.8 million, compared to \$7.8 million in 2013. A critical factor affecting earnings during recent years has been and continues to be the Federal Reserve's low interest rate policy that has been compressing the net interest margins. In spite of this negative effect, our bank has been able to increase earnings during all these years. In addition, our key financial indicators are generally better than the average for Florida banks with assets between \$500 million and \$2.0 billion, according to the "Uniform Bank Performance Report" from the Federal Financial Institution Examination Council as of December 31st, 2014.

Our private banking and residential real estate businesses, mainly with clients from Latin America and Europe, continued to grow, reaffirming the attractiveness of Florida for affluent investors from countries in those regions. We also continued to expand our international corporate and correspondent banking business, particularly in Central America. As a result, total assets grew by 13.1% to \$1,611 million and total loans grew by 13.6% to \$1,267 million.

The Bank's liquidity remains strong. Our cash, cash equivalents, marketable securities and short term loans to investment grade banks were \$307 million as of December 31st, 2014, and we had approximately \$250 million in available lines from the Federal Home Loan Bank. In addition, our total deposits reached an all-time high of \$1,276 million as of December 31st, 2014, equivalent to a 16.8% increase over 2013. We consider this liquidity more than adequate to cover any contingent adverse flow in funding, particularly as we have never issued any commercial paper, subordinated debt or bonds.

BAC Florida Bank's capital position continues to be strong as well. We ended the year with a Tier I Capital ratio of 8.58% and a Total Capital ratio of 18.04%, classified as a "Well Capitalized Bank" under standard guidelines from the Federal Deposit Insurance Corporation which require a minimum of 5% for Tier I Capital ratio and 10% Total Capital ratio.

During 2014 we strengthened our two strategic initiatives: the representative office in Mexico City primarily to capitalize on trade finance opportunities with one of the United States most important trading partners, and "My e-BAnC", BAC Florida Bank's Virtual Branch catering to customers that are citizens and permanent residents of the United States. As of December 31st, 2014 we were servicing customers from 41 states and deposits reached \$52 million.

Our entire team: Shareholders, Board of Directors, Senior Management and Employees, is committed to providing our clients with excellent service while continuing to manage and control risk prudently and ensuring compliance with applicable Federal and State laws and regulations.

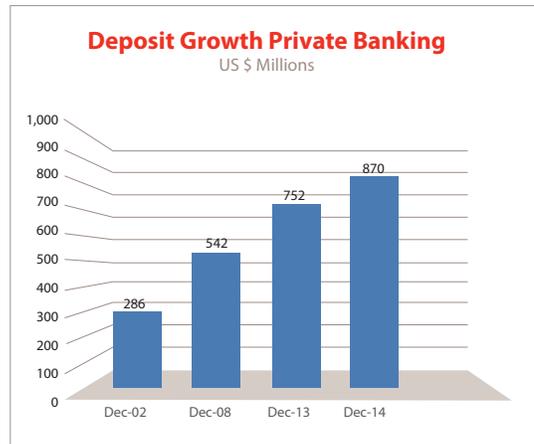
Frank D. Robleto
President and CEO

Private Banking and Wealth Management

The Private Banking and Wealth Management Division of BAC Florida Bank is the most important source of funding for the Bank, with its deposits comprising close to 70% of total bank deposits. The Division serves the private and commercial banking needs of its clients, and works in conjunction with BAC Florida Investments and BAC Global Advisors to provide investment portfolio solutions as part of a holistic approach to wealth management.

The Division’s niche strategy is directed to serving non-resident aliens, most of them domiciled in Latin America. Throughout the years, it has refined a unique approach to working with and serving individuals and the payment needs of their affiliated corporations, emphasizing personal service and cultural affinity enhanced the high employment stability of our relationship managers. Independent consumer surveys consistently indicate that BAC Florida Bank, despite its small size, is one of the most highly-regarded institutions in client satisfaction.

Private Banking finished the year with a record \$870 million in total deposits, continuing twelve years of sustained annual deposit increases totaling \$574 million, and reflecting a 14% average annual growth rate. This growth has been entirely organic, as the bank has not engaged in mergers or deposit purchases. The Division’s relationship managers have worked closely with BAC Florida Investments and BAC Global Advisors reaching a total of \$140 million in suitable securities portfolios for clients wishing to pursue integrated investment solutions.

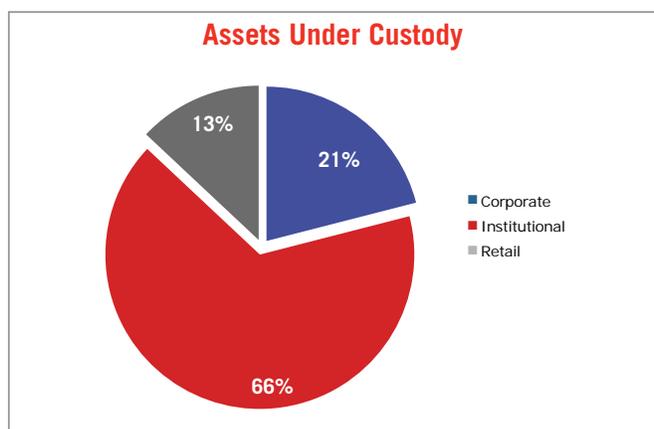


The Division has produced these results under an adverse environment of almost zero short term interest rates and an overload of new regulations that apply to non-resident aliens. Over the last six years, the Federal Reserve Board, in order to induce economic growth, has increased excess liquidity in the system through the creation of money to unprecedented levels, driving down the rates banks pay to depositors and savers. Under these circumstances, BAC Florida Bank, with its differentiating characteristics of FDIC insurance, strong U.S. regulatory supervision, solid balance sheet, robust capital ratios, emphasis on trust and accessibility, and recognized expertise in the management of relationships with non-resident aliens, has succeeded in increasing current relationships and attracting new ones. Clients have preferred BAC Florida Bank’s value proposition over offshore institutions that might offer higher interest rates, but without the safety, transparency, and benefits of a U.S. deposit account.



BAC Florida Investments (“BFI”) and BAC Global Advisors (“BGA”)

BAC Florida Investments (“BFI”), a subsidiary of BAC Florida Bank, is a broker-dealer incorporated in the State of Florida in 1986. BFI is registered with the Securities and Exchange Commission (SEC) and is a member of the Securities Investor Protection Corporation (SIPC) and the Financial Industry Regulatory Authority (FINRA). BFI offers securities transaction services through a fully disclosed clearing agreement with Pershing LLC, a subsidiary of The Bank of New York Mellon Company.



Over its 28 years serving customers, BFI has developed an expertise in emerging markets, while providing coverage of international capital markets. It offers full brokerage services, investment strategies, and products across all major asset classes to service the specific needs of its retail and institutional clients. At the end of the third quarter of 2014, BFI underwent restructuring to focus its strategy toward private banking and institutional sales to service primarily BAC Florida Bank’s retail and institutional clients.

BFI outperformed its 2013 results in its two main lines of business, despite the market impact of geo-political conflicts, a fragile world economy, a drastic fall in oil prices and other economic events that increased market uncertainty. In 2014, BFI’s retail revenue increased by 16%, and institutional revenue increased by 13%. BFI enters the headwinds of 2015 with the expectation of continuing to grow its business under a new strategy designed to deliver continuously improving results.

BFI’s improvement in performance in 2014 could not have been accomplished without a hardworking team of brokers, and investment, compliance and operations professionals, all with support from the shareholders, staff, and officers of BAC Florida Bank. We would like to thank all our clients for their trust in our services, we hope to continue servicing their financial needs.

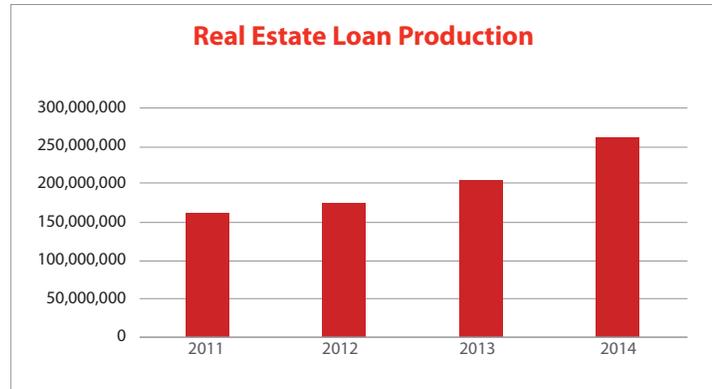
BAC Global Advisors (“BGA”)

BAC Global Advisors was established in 2002 as a subsidiary of BAC Florida Bank and is registered with the Securities and Exchange Commission (SEC). During 2013 and 2014, the firm underwent structural changes in order to better fulfill the needs of existing customers and attract prospective clients. Additionally, it began the development of new products designed to be attractive to clients with moderate-sized portfolios. Through these efforts, BGA is aiming to increase participation in Latin American advisory markets. We are dedicated to servicing the financial wellbeing of our clients, with the ability to offer personalized attention through our boutique approach. Heading into 2015, we are looking forward to expanding our business and to continue servicing our clients.

Real Estate Finance

For over two decades, BAC Florida Bank has been a leading provider of real estate mortgage loans in Florida to high net-worth foreign nationals. BAC Florida Bank has seen real estate financing as a vital part of a strategy to assist and advise international clients in building and managing a diversified asset portfolio. The Bank finances houses and condominiums on the residential side; and office buildings, owner occupied properties, shopping centers and rental apartment buildings on the commercial side.

Florida continued to experience a strong real estate market in 2014 and BAC Florida Bank has continued to approach the market since the financial crises with conservative guidelines and has successfully expanded its origination of real estate loans. Real Estate loan origination growth has been consistently increasing over the last five years. The Bank originated \$273,000,000 in new real estate loan originations in 2014, an increase of 17% over 2013 loan volumes.



The future outlook for South Florida real estate appears healthy. The number of problem loans at all banks including BAC Florida Bank has decreased and the number of foreclosures in South Florida has also significantly decreased and in many areas the real estate valuations have recovered most of the losses stemming from the financial crises. South Florida is continuing to experience a resurgent real estate market. A significant percentage of sales are made to buyers who reside outside the United States, mainly from Central and South America, Europe and Canada. Since providing financing to these foreign buyers is a core specialty of BAC Florida Bank, we feel confident in the future business opportunities.

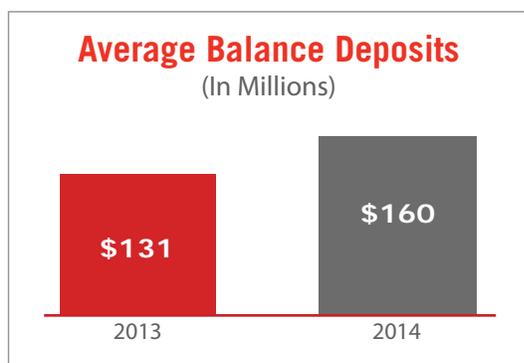
A historically important component of the Bank's real estate business strategy has been the distribution of originated assets. The Bank's distribution program, which was suspended during the real estate crises, was very appealing to major financial institutions, who regularly bought assets and arranged financing for the purchase of assets. The Bank returned to the asset distribution business in 2013 and it continued in 2014 with successfully closed asset sales transactions. Asset distribution allows BAC Florida Bank to expand mortgage originations, enhance its liquidity, improve its earnings ratios, ensure portfolio asset quality and demonstrate proper loan pricing.

BAC Florida Bank, as a participant in the South Florida Real Estate market, certainly has its future challenges, such as increased competition, margin compression due to the low interest rate environment, mortgage loan prepayments and a significant amount of new condo construction. As in the past BAC Florida Bank will continue its conservative approach to real estate lending credit risk and apply underwriting guidelines that are appropriate to current and future market conditions. BAC Florida Bank remains committed to the mortgage business, now and in the future.

Corporate and Institutional Banking

During 2014 market conditions remained very challenging. Our core Latin American markets continued to be affected by weak global growth and the apparent end of the commodity super-cycle leading to a soft demand for credit. Interest rates remained low and high levels of liquidity in the banking systems led to heavy competition from the local banks and other Regional lenders.

BAC Florida Bank's growth and diversification strategy has proven to be resilient despite these external factors. The C&IB Division reported higher earnings driven by greater loan volumes and fees from trade finance and other services. And, while LIBOR – the base for nearly the entire loan portfolio – continued to decline, the C&IB Division was able to defend, and actually improve, the portfolio yield by shifting the portfolio into a greater mix of higher yielding corporate loans. Lastly, our conservative approach to credit underwriting has kept the portfolio free of any credit problems or losses.



A major contribution of the C&IB Division to the overall performance of the Bank is the funding and non-interest income derived from the operating accounts of both institutional and corporate clients. During the year average balance deposits managed by the C&IB Division increased from \$131 million to \$160 million and non-interest income increased by \$1.3 million to \$2.5 million. This is further indication of the Bank's customer service and delivery.

Other notable achievements of the C&IB Division were the successful and timely opening of the Representative Office in Mexico City as well as the deployment of additional resources to the corporate banking origination efforts in Central America. Both of these strategic initiatives were instrumental and delivered almost immediate bottom line results. The Mexico Representative Office, led by a highly experienced team of bankers, quickly became integrated into the Bank's business and lending culture and is delivering on the business plan. The plan emphasizes trade financing and working capital lines of credit for large local and middle market corporations who value efficiency. The facilities are structured using traditional risk mitigation and security packages, including inventory, receivables, and insurance, both with Ex-Im Bank and private insurers. Similarly, our new business development effort in Central America has shown great promise, and is expected to be the foundation for incremental business in 2015.

Domestic Banking

The Domestic Banking Division, which is also responsible for managing the Coral Gables Branch serving Private Banking and Wealth Management, Real Estate, and C&IB, has developed a successful business model focusing on traditional community banking products and services. Deposits originated and serviced by the Branch have shown steady growth over the past several years.

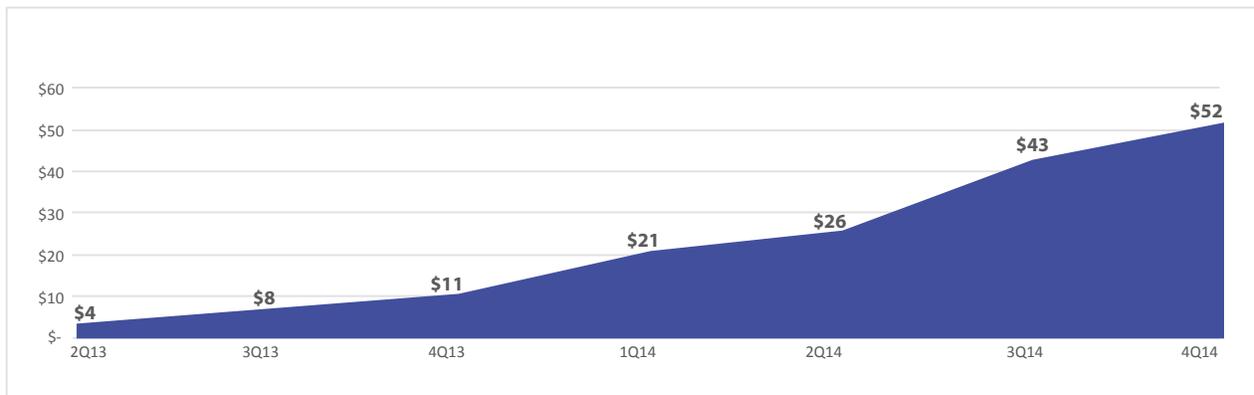
My e-BAnC

BAC Florida Bank's Virtual Branch

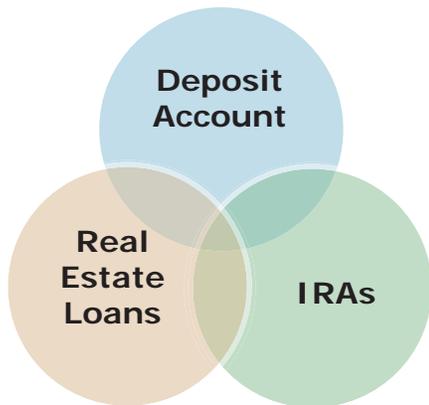
My e-BAnC is currently the fastest growing business line of BAC Florida Bank's Domestic Banking division, showing an 80 percent increase in deposits from December 2013 to year-end 2014. Having started as a pilot program in 2013, My e-BAnC quickly became a strategically relevant business line and a channel to reach new markets across the United States, supported by an infrastructure with over 35 years of experience in the banking arena.

The Results

My e-BAnC finished the year with \$52 million in deposits from all over the United States, representing an increase of over \$40 million from the prior year. This organic growth has been made possible by the excellent personalized service provided by the unit team, accompanied by the competitive interest rates offered on deposit products such as time deposits. Additionally, the technology in place, which benefits not only "Virtual" but also international customers, has allowed My e-BAnC to reach customers in 44 states. The deposit growth of My e-BAnC is shown below:



In Millions



The Future

BAC Florida Bank is working to expand My e-BAnC's product offering to appeal to a wider demographic sector. Residential Real Estate Loans will be offered in the near future as a complement to the existing products. The unit will also offer IRAs to satisfy the financial needs of customers interested in tax deferred products.



BAC Florida Bank and the Community

Caring For Our Communities in South Florida

BAC Florida Bank is committed to maintaining high ethical practices in all aspects of our operations and believes that it is our corporate social responsibility to support the developmental objectives, civic initiatives and to invest in and contribute to the welfare of the key communities we serve.

Cultivating Community Development and Affordable Housing

BAC Florida Bank has created partnerships and has supported organizations that target economic growth and make affordable housing available in low and moderate income neighborhoods. Our Community Development partners include Community Reinvestment Group LC, Habitat for Humanity, Neighborhood Lending Partners and New Equity Partners, Inc.

Education Empowers People

BAC Florida Bank is a strong champion of educational initiatives and has positioned itself to partner with organizations that empower at risk students in our community through programs which improve the quality of education and enhance the students' opportunities for advancement, achievement and personal development. Our Education-based alliances include Breakthrough Miami, City Year Miami, Miami Dade College Foundation and Step Up For Student.



Social Change & Philanthropic Endeavors

BAC Florida Bank recognizes the importance of working together with nonprofit organizations in collaborative ways in order to address social issues that include developmental disabilities, child abuse, healthcare, arts and culture and economic development. We have forged community bonds for positive change with Actors' Playhouse Children's Theater, American Cancer Society, Americans For Immigrant Justice, Community Habilitation Center/The WOW Center, Coral Gables Chamber of Commerce, Corpus Christi Social Service Center, Greater Miami Chamber of Commerce, Kristi House, Liga Contra El Cancer and Saint John Bosco Clinic.

Central American Community Initiatives

BAC Florida Bank is headquartered and located in South Florida and the people, neighborhoods and local businesses that we serve in Miami-Dade and Broward Counties make up our core community, however a large portion of the bank's clients are foreign nationals that live in Central America. We are keenly aware of our responsibilities to help the people of the region deal with the challenges of economic, social and educational issues that impact the key international communities we serve. Our commitment to helping our Central American communities thrive is exemplified through our partnerships with the American Nicaraguan Foundation, APROQUEN, Dani Girl Foundation, INCAE Business School and Instituto Tecnico Juan Pablo II.

Products and Services

BAC Florida Bank offers its clients a wide selection of financial products and services from the platform of its business divisions. The combination of this variety of products and services is integral to providing banking solutions for individual, corporate and institutional clients from Latin America and South Florida. In addition, the Bank offers investment products through its subsidiary BAC Florida Investments.*

Real Estate Financing

- Residential Mortgages
- Commercial Mortgages

Deposit Accounts and Services

- Checking and Savings Accounts
- Money Market Accounts
- Interest Bearing Accounts
- Time Deposits
- Multicurrency Denominated Accounts
- Bill Payment Services

Cash Management

- Remote Deposit Capture
- Domestic and Foreign Wire Transfers
- Automated Clearing House (ACH) Transactions
- Positive Pay Services
- "WiresDirect"

Online Banking

- "AmeriTransfer"
- Statements and Transactions
- "Wires on Line"
- Electronic Bill Payment
- Mobile Banking with Check Deposit

Treasury

- Foreign Exchange
- Repurchase (Repo) Facilities

Credit Products

- Institutional and Corporate Lines of Credit
- Cash Collateral Loans
- Syndicated Loans
- Working Capital Loans
- Exim Bank Facilities

Trade Finance

- Commercial Letters of Credit
- Standby Letters of Credit
- Import and Export Financing
- Structured Trade Finance / Export Credit Agencies
- Documentary Collections

Investment Products offered through BAC Florida Investments*

- Fixed Income Products
- Equity products
- Alternative Investments
- Structured and Derivative Products
- Cash Equivalents

* Investment Products offered by BAC Florida Investments, a subsidiary of BAC Florida Bank, are not FDIC insured and are not a deposit or other obligation of or guaranteed by BAC Florida Bank or any federal government agency. These products are subject to investment risk and may lose value.



BAC Florida Bank

Condensed Consolidated Financial Statements 2014 and 2013



BAC Florida Bank Condensed Financial Statements

Condensed Consolidated Statements of Financial Condition

December 31, 2014 and 2013

	2014	2013
Assets:		
Cash and due from banks	\$ 243,838,680	\$ 183,847,736
Securities	57,851,722	88,544,967
Total loans	1,266,570,621	1,114,847,012
Allowance for loan losses	(16,535,559)	(16,589,968)
Bank owned life insurance	24,197,043	20,606,236
Other assets	35,503,798	33,049,481
Total Assets	\$ 1,611,426,305	\$ 1,424,305,464
 Liabilities and Stockholders' Equity:		
Total deposits	\$ 1,275,846,098	\$ 1,092,760,710
Federal home loan bank advances and other borrowed funds	189,482,896	196,874,423
Other liabilities	12,326,164	12,694,507
Total Liabilities	1,477,655,158	1,302,329,640
Total Equity	133,771,147	121,975,824
Total Liabilities and Stockholders' Equity	\$ 1,611,426,305	\$ 1,424,305,464

BAC Florida Bank Condensed Financial Statements

Condensed Consolidated Statements of Earnings

December 31, 2014 and 2013

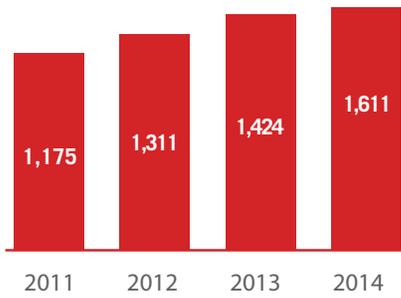
	2014	2013
Interest and dividend income	\$ 51,251,527	\$ 45,843,598
Interest expense	12,059,857	11,366,090
Net Interest Income	39,191,670	34,477,508
Non interest income	11,511,944	11,133,037
Net Operating Revenue	\$ 50,703,614	\$ 45,610,545
Provision for loan losses	1,000,000	2,000,000
Non Interest Expense		
Personnel and management expenses	19,277,142	17,359,963
Occupancy and equipment expenses	2,384,091	2,518,836
Other operating expenses	11,389,695	11,541,998
	33,050,928	31,420,797
Total Expenses	34,050,928	33,420,797
Earnings Before Non-controlling Interest and Taxes	16,652,686	12,189,748
Income tax expense (benefit)	5,866,316	4,359,032
Net Income	10,786,370	7,830,716
Less: Net Income attributable to non-controlling interest	(9,557)	(10,141)
Net Income Attributable to BAC Florida Bank	\$ 10,776,813	\$ 7,820,575

Financial Highlights

As of December 31 or for the year then ended

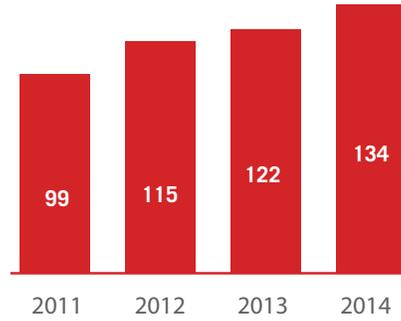
Assets

(US \$ Millions)



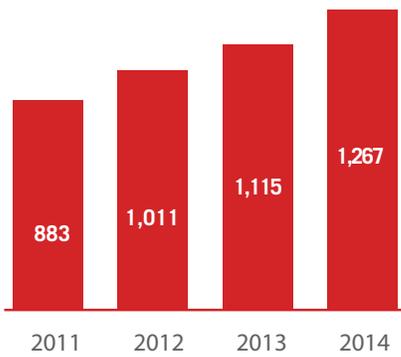
Capital

(US \$ Millions)



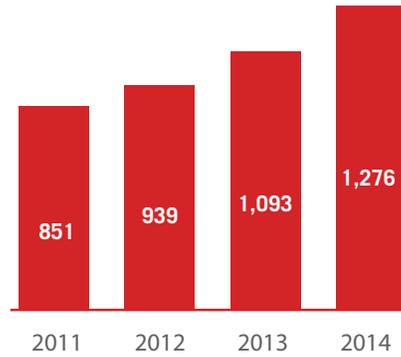
Loans

(US \$ Millions)



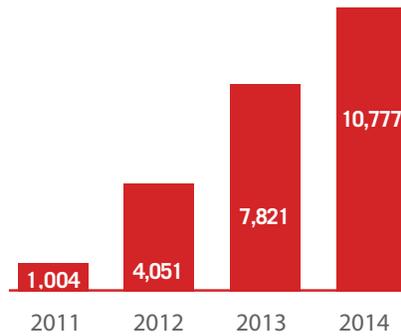
Deposits

(US \$ Millions)



Net Income

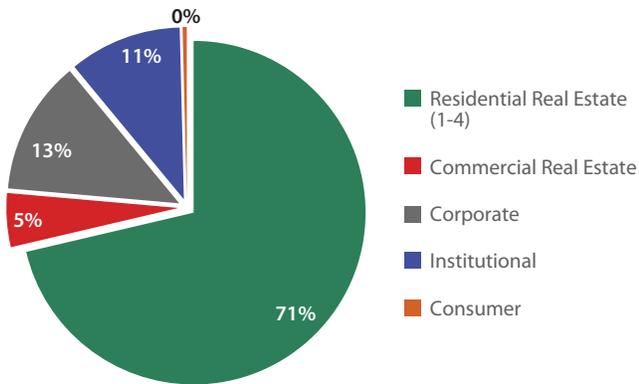
(US \$ Thousands)



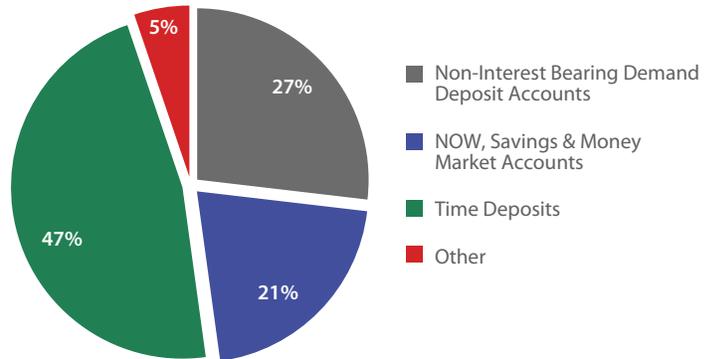
Financial Highlights

As of December 31, 2014

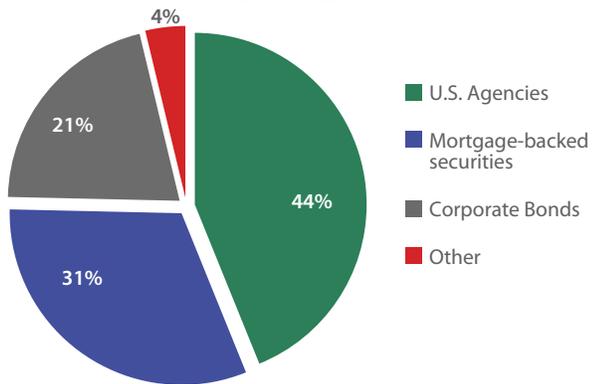
Loans



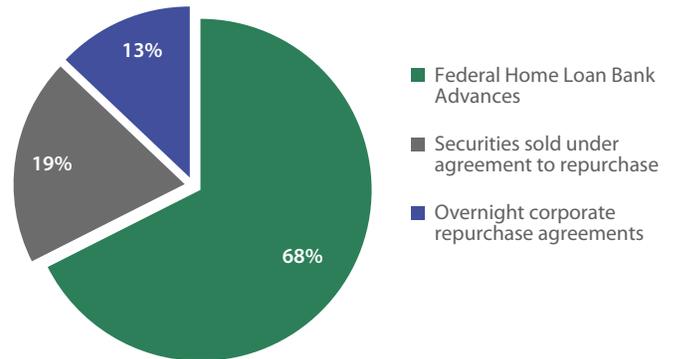
Deposits



Investments



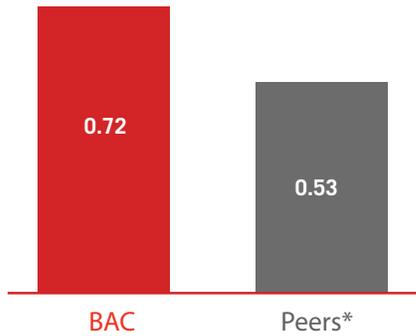
Other Borrowed Funds



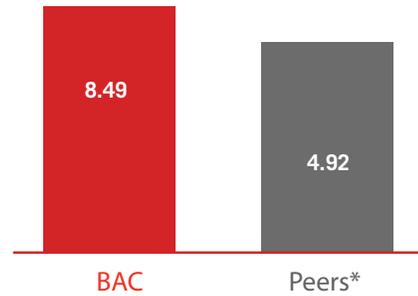
Selected Financial Ratios

As of December 31, 2014

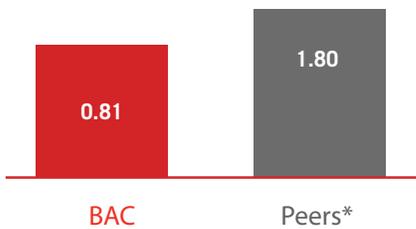
Net Income to Average Assets (ROA) (%)



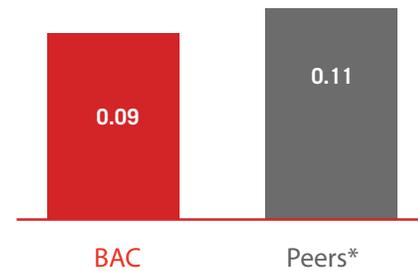
Net Income to Average Equity (ROE) (%)



Loans 90+ Days Past Due to Total Loans (%)



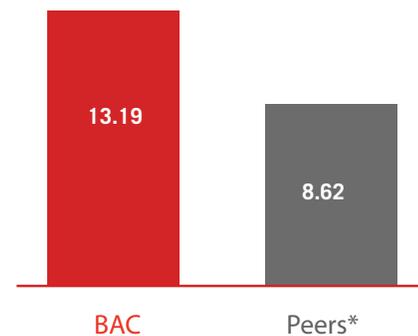
Net Loan Losses to Average Total Loans (%)



Tier One Capital Growth (%)



Total Assets Growth (%)



Source: Federal Financial Institutions Examination Council (FFIEC): Uniform Bank Performance Report, December 31, 2014

*Peers: State of Florida average for Banks with assets greater than \$500 million and less than \$2.0 billion, December 31, 2014

BAC Florida Bank Executive Team



Sitting left to right:

Lina Acuña	Chief Financial Officer & Treasurer
Frank D. Robleto	President & CEO
Estibaliz Incer	Managing Director & Principal, BAC Florida Investments & BAC Global Advisors

Standing left to right:

Luis Moncada	Chief Credit Officer
Jeff Gross	Division Head, Real Estate Finance
Adilson Araujo	Division Head, Information Technology
Marcio Telleria	Division Head, Corporate & Institutional Banking
Ana Maria Garcia	Vice President & Head, Human Resources
Ruben Diaz	General Counsel
German Merida	Division Head, Operations
Leon DeBayle	Division Head, Private Banking & Wealth Management
David Hernandez	Chief Risk Officer & BSA Manager
Gerardo Perla-Ellison	Chief Investment Officer (Not Pictured)

BAC Florida Bank Board of Directors



Sitting left to right:

F. Alfredo Pellas, Jr.	Director and Co-Chairman
Frank D. Robleto	Director, President & CEO
Carlos F. Pellas	Director & Chairman

Standing left to right:

Roderick N. Petrey	Director & Secretary
Luis Parajon	Director
Agustin J. Abalo	Director
R. Bruce Cuthbertson	Director
Oscar Bustillo	Director
Ruben Diaz	Director & Assistant Secretary
Jorge L. Viera	Director
Timothy W. Davis	Director
Fernando A. Tamayo	Director



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Corporate and Institutional Banking

Virtual Branch "My e-BAnC"



BAC Florida Bank

169 Miracle Mile, Suite 700
Coral Gables, FL 33134
Tel: 305-789-7000
Fax: 305-374-1402
bacflorida@bacflorida.com
www.bacflorida.com



Member
FDIC