

PUBLIC DISCLOSURE

January 22, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PanAmerican Bank
06120951

Miami, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the 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 PanAmerican Bank prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of January 22, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

PanAmerican Bank was assigned a satisfactory rating based on its reasonable loan-to-deposit ratio, which has shown consistent improvement since the previous examination, and because the majority of its loan originations are located within its assessment area. Also, based on available resources, lending activities reflect a reasonable geographic distribution throughout the bank's assessment area, including its low- and moderate-income census tracts. The bank is in substantial compliance with all provisions of the antidiscrimination laws and regulations, including fair lending and fair housing laws.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of PanAmerican Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	PANAMERICAN BANK		
	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 examination		

DESCRIPTION OF INSTITUTION

PanAmerican Bank operates two banking offices in Miami, Florida. The main office is located on Brickell Avenue in downtown Miami in the city's financial district. The branch office is located on S.W. 27th Avenue at the edge of Coconut Grove, a part of Miami that includes low- and moderate-income residential areas, high-income and gentrified residential areas, and several high traffic commercial areas. The bank is a subsidiary of Interbank Holding Company, Miami, a bank holding company. Interbank acquired the bank in 1992 and changed its name from Grovegate Bank. The new management team has formulated and implemented a business plan that positions PanAmerican Bank as a provider of financial services in both domestic and international banking sectors. Consistent with the bank's business plan, approximately half of the bank's business is centered in international private banking, trade financing, and correspondent banking. The remainder consists of domestic retail banking.

Based on the September 30, 1995 Consolidated Reports of Condition and Income, the bank reported total assets of \$89.7 million. Loans totaled \$54.2 million, and the loan-to-deposit ratio was 69.4 percent. The bank's outstanding loan portfolio as of September 30, 1995, is summarized in the following table:

Loan Type	Amount Outstanding (000s)	Percent of Portfolio
Construction and Land Development	\$497	0.9
Secured by 1- to 4-Family Residential Property	12,897	23.8
Secured by Commercial Property	3,428	6.3
Loans to Depository Institutions	21,104	39.0
Commercial and Industrial Loans	8,681	16.0
Loans to Individuals	3,610	6.7
All Other Loans	3,974	7.3
TOTAL	\$54,191	100.0

Approximately 40 percent of the bank's domestic loan portfolio consists of loans to local small- to medium-sized companies whose business involves trade with Latin America. Almost all of these companies are minority-owned. The balance of the bank's domestic loans are divided among variable rate first mortgage loans and consumer loans. Residential mortgage lending is becoming a smaller part of the bank's business. In 1995, the bank showed only eight applications on its Home Mortgage Disclosure Act (HMDA) Loan/

DESCRIPTION OF INSTITUTION (CONTINUED)

Application Register (LAR) compared to 20 in 1994. Three home purchase loans were originated, one was approved but not accepted, one was denied, one was withdrawn, and two were purchased. None of these loans were to low- or moderate-income applicants. Loans to depository institutions, totaling \$21 million, are primarily to foreign banks. All other loans include approximately \$1.5 million in overdrafts and \$1.8 million in bankers' acceptances.

In the past year, the bank has begun making guaranteed Small Business Administration (SBA) loans to start-up and small business operations. In 1995, the bank originated two SBA loans totaling \$140,000; another loan for \$150,000 is in process. The June 30, 1995 safety and soundness examination conducted by the State of Florida identified no legal or financial impediments that would hinder the bank from meeting the credit needs of its assessment area.

Management plans to devote more resources to develop its domestic business. In addition, the bank has hired a new branch manager for its 27th Avenue office and hopes to make this a self-sufficient banking office.

DESCRIPTION OF PANAMERICAN BANK'S ASSESSMENT AREA

During this examination, the bank redefined its assessment area to include an additional 42 census tracts, 21 of which are low- and moderate-income tracts. The bank now has 111 census tracts in its assessment area, all in Dade County, Florida. The bank's assessment area is defined as follows: the Florida Turnpike to the west; the Dade/Broward County line east to U.S. 441 to the north; Miller Road to the Atlantic Ocean (including Key Biscayne and Virginia Key) to the south; and to the east, an irregular line that follows U.S. 441 south to the Palmetto Expressway, continuing to U.S. 27 to N.W. 36th Street eastward to the Atlantic Ocean.

The bank's assessment area contains 48 low- to moderate-income tracts. Low- to moderate-income tracts are defined as tracts having a median family income of less than 80 percent of the MSA's median income level. The majority of the low- to moderate-income tracts are located directly to the north and east of the bank's main office.

According to the 1990 Census data, the bank's assessment area population is 739,388, of which 583,881 (79 percent) are minority. The following table shows the population breakdown by race:

RACE	NUMBER	PERCENTAGE
Hispanic	477,853	64.6
White	155,507	21.0
Black	99,056	13.4
Other	6,972	1.0

The low- to moderate-income tract population is 264,114. The median household income of the bank's assessment area is \$24,246. Households with earnings less than \$19,397 are considered low- to moderate-income and make up 45.4 percent of the households in the bank's assessment area, while upper-income households (earnings above \$29,095) account for 37.5 percent of total households.

According to economic market data, there are a total of 297,765 housing units in the bank's assessment area: 42.9 percent are owner-occupied, 47.3 percent are renter-occupied, and 9.8 percent are vacant. The median housing value for the assessment area is \$86,649. The median age of the housing stock is 31 years.

DESCRIPTION OF PANAMERICAN BANK'S ASSESSMENT AREA (CONTINUED)

According to the U.S. Bureau of Labor Statistics, the unemployment rate for the metropolitan statistical area (MSA) was 8.0 percent in 1994. According to employment data from the U.S. Census, there were 61,103 business establishments in Dade County in 1992. Retail trade and service industries dominate the employment arena, comprising 22 and 37 percent of total establishments, respectively. Of the total number of establishments, 96 percent employ fewer than 50 persons.

Three community contacts were made in conjunction with this examination. One was with the director of an organization that helps small businesses obtain financing through loans guaranteed by the SBA. Another contact was the projects manager of a local community development corporation, and the third contact was the director of an organization that supports the improvement of low-income communities by arranging financing for affordable housing development. The consensus among all three was that a need exists in the community for affordable housing for low- and moderate-income families and for assistance to small and minority-owned businesses to become established and to have access to working capital loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

As stated earlier, although the bank's financial reports indicate that residential mortgages make up nearly 23 percent of the bank's loan portfolio, HMDA data indicate that, during 1995, the bank originated only three home purchase loans and purchased two others. Management's current focus is on commercial lending to local companies involved in trade-related business with Latin America. These companies have gross revenues ranging from less than \$1 million to \$50 million per year.

Based on the bank's reported loan activity during the examination period (January 1 - December 31, 1995), small business loans and consumer loans were reviewed to determine the quantity located in the bank's assessment area and whether low- to moderate-income census tracts are being adequately served. Of the 32 consumer loans sampled, 18 (56 percent) were within the bank's assessment area. Five of these 18 loans (28 percent) were in low- to moderate-income census tracts. Of the 15 small business loans made by the bank during this period, 12 (80 percent) were within the bank's assessment area. Of these 12, four (33 percent) were in low- to moderate-income census tracts. The bank's domestic commercial lending for the period was also reviewed. Of the 34 domestic business loans originated in 1995, 25 (74 percent) were in the bank's assessment area. Of these, five loans (20 percent) were in low- to moderate-income tracts. Low- to moderate-income census tracts account for approximately 43 percent of the bank's assessment area.

None of the loans in the bank's international portfolio were included in the sample because these loans were made to foreign nationals residing outside the United States and, for the most part, are cash collateralized. A geoanalysis of all of the loans in the bank's portfolio was performed by an outside auditor and reflected data as of October 31, 1995. As of this date, 58.2 percent of the bank's loans were within its assessment area, and 19.6 percent of those loans were in low- and moderate-income census tracts. By dollar volume of loans, 52.7 percent of new loan dollars were in the bank's assessment area, and 36.7 percent was in low- to moderate-income census tracts in the assessment area.

The bank's four-quarter average loan-to-deposit ratio is 57.3 percent. The net loan-to-deposit ratio for the national peer group was 66.15 percent as of the September 30, 1995 Uniform Bank Performance Report. The bank has shown a consistent increase in this ratio, from a low of 47.8 percent at December 31, 1994, to a high of 68.5 percent at September 30, 1995. Given the bank's size, resources, and current office facilities, the loan-to-deposit ratio meets the standards for satisfactory performance. The bank did not receive any written complaints during the examination period about its performance in helping to meet community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

With respect to community development activities, the bank has committed to a \$300,000 loan to the East Little Havana Community Development Corporation for low-cost housing development. The bank has also been working with the Coconut Grove Community Development Corporation, but this alliance has produced no results as yet. The bank did not make any qualified investments during the period examined.

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or effect of discouraging applications. The bank solicits credit applications from all segments of its community, including low- and moderate-income neighborhoods. The bank provides fair lending training to all affected personnel and has implemented a second review process for all denied applications.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS JANUARY 22, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

PANAMERICAN BANK

(Name of Bank)

MIAMI, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
PanAmerican Bank
888 Brickell Avenue
Miami, Florida 33131

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Daniel J. Griffin, Jr., using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: PANAMERICAN BANK

City and State: MIAMI, FLORIDA

Date of Examination: JANUARY 22, 1996