

## PUBLIC DISCLOSURE

October 6, 1997

### 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 October 6, 1997. 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.

The loan-to-deposit ratio is reasonable given the bank's financial capacity, size, and the demographics of the assessment area. Consumer and small business loans were analyzed to assess the bank's lending patterns. A narrow majority of the loans sampled were extended to borrowers inside the bank's assessment area. The geographic distribution of the loans inside the assessment area reflects reasonable dispersion. The bank's lending to borrowers of different income levels is satisfactory. No complaints have been received concerning the bank's performance in meeting the credit needs of the assessment area.

## 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 Grovesgate Bank.

The bank had total assets of \$56.6 million on June 30, 1997. The bank received a satisfactory CRA rating at its previous evaluation as of January 22, 1996. No legal or financial impediments were noted that would prevent the bank from meeting the credit needs of its assessment area.

The bank is a full-service bank that offers a variety of banking products and services to meet community credit needs. The composition of the loan portfolio according to the June 30, 1997 Consolidated Reports of Condition and Income was as follows:

LOAN TYPE	PERCENTAGE
Secured by one- to four-family dwellings	10.0%
Other real estate:	
Multifamily	0.7%
Nonfarm nonresidential	24.6%
Loans to depository institutions	21.2%
Commercial and industrial	29.6%
Loans to individuals	8.5%
All other	5.4%
Total	100%

As shown in the table, loans secured by nonfarm nonresidential property and commercial and industrial loans make up the largest portions of the loan portfolio. Loans to depository institutions still make up a major portion of the loan portfolio. The size and the composition of the loan portfolio have changed since the

## DESCRIPTION OF INSTITUTION (CONTINUED)

previous examination, and total assets have decreased significantly. Most of the bank's business had centered in international private banking, trade financing, and correspondent banking. The bank's net loans have decreased by approximately 50 percent since March 31, 1996. Most of the reduction has occurred in loans to depository institutions and loans secured by one- to four-family dwellings.

## DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF DADE COUNTY, FLORIDA

The assessment area has an irregular shape and includes the census tracts adjacent to the major highways in central Dade County. The assessment area has not been updated since the previous examination and does not reflect changes in the bank's lending philosophy since then. The assessment area consists of 112 census tracts: 20 are low-income tracts, 28 are moderate-income tracts, 38 are middle-income tracts, and 26 are upper-income tracts. The four income levels used for the analysis were defined using the following percentages of the median family income for the Miami-Hialeah MSA:

INCOME LEVEL	PERCENTAGE OF MEDIAN FAMILY INCOME
Low-income	Less than 50%
Moderate-income	50% to 79%
Middle-income	80% to 119%
Upper-income	120% and over

As of the 1990 Census, the assessment area had a total population of 748,388. The assessment area was home to 184,341 families. The median family income in the bank's assessment area was \$28,304, which was below that of the state of Florida at \$32,212. The following table shows the number and percentage of families by income level in the assessment area compared to the state of Florida.

DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF DADE COUNTY, FLORIDA (CONTINUED)

INCOME LEVEL	ASSESSMENT AREA		STATE OF FLORIDA	
	NUMBER OF FAMILIES	PERCENTAGE BY INCOME LEVEL	NUMBER OF FAMILIES	PERCENTAGE BY INCOME LEVEL
Low-income	48,651	26.4%	677,883	19.1%
Moderate-income	32,706	17.7%	665,313	18.8%
Middle-income	34,800	18.9%	804,174	22.7%
Upper-income	68,184	37.0%	1,393,954	39.4%
Total	184,341	100.0%	3,541,324	100.0%

As shown in the table, upper-income families are the largest income group in the assessment area. The assessment area has lower concentrations of moderate-, middle-, and upper- income families than the state and a higher concentration of low-income families.

The total number of housing units in the assessment area as of the 1990 Census was 300,839. 43.0 percent were owner-occupied, 47.3 percent were rental, and 9.7 percent were vacant. The 1990 Census shows the median housing value at \$86,530, compared with \$76,487 for the state of Florida. The median housing age for the assessment area was 34 years, compared with 21 years for the state.

The service and retail trade industries dominate the local employment environment. The five major types of industries in Dade County are as follows:<sup>1</sup>

TYPE OF INDUSTRY	NUMBER OF EMPLOYEES	NUMBER OF ESTABLISHMENTS
Services and other	277,201	23,397
Retail trade	163,785	13,433
Transportation and public utilities	83,165	3,350
Manufacturing	80,231	3,391
Wholesale trade	70,001	8,729

<sup>1</sup>This table reflects a count of business establishments and not a count of firms. An establishment is categorized by its size, not by the size of the business that owns it. The information is collected in only one month (March) of each year.

DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF DADE COUNTY, FLORIDA (CONTINUED)

The 1993 U.S. Census employment data for Dade County business patterns show a total of 374,366 businesses in the county. 358,001 (96 percent) of the businesses had fewer than 50 employees.

During this examination, two members of the community were contacted to discuss economic conditions in the Dade County area. The individuals contacted represented community interests relating to small businesses. The contacts said that Dade County has experienced continued economic growth and that existing community credit needs present local financial institutions with ample opportunity to become involved in community development. The contacts stated that local financial institutions participate in community development activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The bank's average loan-to-deposit ratio for the six quarters since the previous examination is 66.9 percent. The loan-to-deposit ratios at the end of each quarter are shown in the table below.

QUARTER END	NET LOANS (THOUSANDS)	DEPOSITS (THOUSANDS)	LOAN-TO-DEPOSIT RATIO
March 31, 1996	\$56,904	\$80,118	71.0%
June 30, 1996	\$61,008	\$75,108	81.2%
September 30, 1996	\$51,206	\$71,893	71.2%
December 31, 1996	\$35,219	\$62,824	56.1%
March 31, 1997	\$32,000	\$52,709	60.7%
June 30, 1997	\$27,754	\$45,501	61.0%

The bank's average loan-to-deposit ratio falls within the range of the average loan-to-deposit ratios of the 12 similarly sized financial institutions<sup>1</sup> in the assessment area. The other financial institutions in Dade County have average loan-to-deposit ratios ranging from 39.9 percent to 88.5 percent. The bank's loan-to-deposit

<sup>1</sup>Financial institutions in the assessment area with assets of less than \$100 million.

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ratio has decreased from 71 percent as of March 31, 1996, to 61 percent as of June 30, 1997. Net loans have decreased by 51 percent since March 31, 1996, primarily affecting loans granted outside the

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

### Loan-to-Deposit Ratio Analysis (Continued)

Dade County area. PanAmerican Bank's loan-to-deposit ratio is considered reasonable given the bank's financial size, financial capacity, and demographics of the assessment area.

### Lending in Assessment Area

During the examination, 56 consumer loans and 13 loans to small businesses were analyzed to determine the percentage of loans originated in the assessment area. The majority of the consumer loans were extended to individuals outside the bank's assessment area, but the majority of the loans to small businesses were made inside the assessment area. Overall, a majority of the sampled loans were made inside the assessment area; therefore, the bank meets the standards for satisfactory performance. The percentages of loans inside and outside the assessment area are shown in the following table:

TYPE OF LOAN	NUMBER OF LOANS IN SAMPLE	PERCENTAGE OF LOANS INSIDE ASSESSMENT AREA	PERCENTAGE OF LOANS OUTSIDE ASSESSMENT AREA	TOTAL
Consumer loans	56	48.2%	51.8%	100%
Small business loans	13	69.2%	30.8%	100%
Total	69	52.2%	47.8%	100%

Management said that it intends to redefine its assessment area to include its business territory of Dade County. 44 of the 56 consumer loans sampled (78.6 percent) were made in Dade County. The bank's lending plan includes making more loans to small businesses.

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

The bank's lending to borrowers of different income levels is reasonable given the composition of the assessment area. The bank's lending to borrowers of various income levels based on the sample of consumer loans in the assessment area is shown in the following table. The distribution of families in the assessment area by income level is included for comparative purposes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
 (CONTINUED)

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes (Continued)

INCOME LEVEL	ASSESSMENT AREA		CONSUMER LOANS	
	NUMBER OF FAMILIES	PERCENTAGE BY INCOME LEVEL	NUMBER OF LOANS	PERCENTAGE OF LOANS
Low-income	48,651	26.4%	9	36%
Moderate-income	32,706	17.7%	5	20%
Middle-income	34,800	18.9%	3	12%
Upper-income	68,184	37.0%	8	32%
Total	184,341	100.0%	25	100%

As shown in the table, low-income individuals make up the largest group of borrowers. Loans made to moderate-income, middle-income, and upper-income borrowers indicate a reasonable penetration of these groups.

All of the 13 small business loans were made to businesses with gross revenues of under \$1 million. Specific income information for the small businesses was unavailable.

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The distribution of loans by income level of the census tracts is summarized in the following table:

CENSUS TRACT INCOME LEVEL	PERCENTAGE OF POPULATION RESIDING IN CENSUS TRACTS BY INCOME LEVEL	PERCENTAGE OF CONSUMER LOANS	PERCENTAGE OF SMALL BUSINESS LOANS
Low-income	13.1%	0.0%	44.5%
Moderate-income	22.2%	40.8%	11.1%
Middle-income	41.8%	37.0%	22.2%

Upper-income	22.9%	22.2%	22.2%
Total	100.0%	100.0%	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(CONTINUED)

Geographic Distribution of Loans (Continued)

The table shows a good penetration of consumer loans in the moderate-income census tracts. The bank extended 40.8 percent of the consumer loans in moderate-income census tracts, and 22.2 percent of the assessment area's population resides in these census tracts. The table also shows reasonable penetration of middle- and upper-income census tracts. The bank extended 37.0 percent of the consumer loans in middle-income census tracts, and 41.8 percent of the assessment area's population resides in these census tracts. The bank extended 22.2 percent of the consumer loans in upper-income census tracts, and 22.9 percent of the assessment area's population resides in these census tracts. However, the fact that 13.1 percent of the population lives in low-income census tracts and received none of the loans is a concern. The bank's offices are not located in areas readily accessible to the low-income census tracts.

The bank has made business loans in the low-income census tracts. Four of the nine loans (44.5 percent) extended to small businesses in the assessment area during 1997 were made in low-income census tracts. Two loans were in upper-income tracts; two were in middle-income tracts; and one was in a moderate-income tract.

Complaints

No complaints relating to CRA have been filed against the bank since the previous examination.

Compliance with Antidiscrimination Laws

The bank's compliance with the antidiscrimination laws and regulations was assessed. Although no patterns of discrimination or illegal discouragement were noted, an isolated violation of a substantive provision of Regulation B - Equal Credit Opportunity Act was found. The loan officer responsible for the violation is no longer employed by the bank, and management has since revised the loan policy.