

PUBLIC DISCLOSURE

July 12, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PanAmerican Bank
808037

Miami, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N. W.
Atlanta, Georgia 30303-2713

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.

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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 July 12, 1999. 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 bank's loan-to-deposit ratio meets standards for satisfactory performance. The bank's record of lending in its assessment area exceeds standards for satisfactory performance. The CRA analysis revealed an adequate penetration of loans to borrowers of different incomes and a very good penetration of loans among businesses of different revenue sizes. However, the geographic distribution of small business lending throughout the assessment area is considered unsatisfactory whereas the distribution of consumer lending is considered reasonable. No CRA-related complaints have been received since the preceding performance evaluation.

DESCRIPTION OF INSTITUTION

PanAmerican Bank (PanAmerican) 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 SW 27th Avenue at the edge of Coconut Grove, which is approximately three miles from the main office. Both offices are full service facilities and the branch office has a drive-through window. PanAmerican is a wholly owned subsidiary of Interbank Holding Company (Interbank) of Miami, Florida.

From December 31, 1997, to March 31, 1999, total assets decreased from \$46.1 million to \$32.6 million. This decrease in total assets is attributed primarily to the \$9.5 million decrease in the bank's total investments. As of March 31, 1999, the bank had net loans outstanding totaling \$19.5 million, which is a 9 percent decrease since December 31, 1997. Also, the bank had total deposits of \$28.0 million, which is a 31 percent decrease since December 31, 1997. At the preceding CRA performance evaluation dated October 6, 1997, the bank received a "satisfactory" rating.

PanAmerican offers a wide variety of credit products to meet community credit needs. The types of credit offered include commercial, consumer, and real estate loans, and the bank's business strategy encourages all types of lending. According to the chart on the following page, loans secured by nonfarm nonresidential property and commercial and industrial loans make up the largest portions of the loan portfolio which correlates with the bank's business strategy emphasizing commercial lending. Loans secured by one-to-four family dwellings comprise 17.3 percent of the loan portfolio, whereas loans to individuals comprise only a small part of the bank's loan portfolio. The composition of the loan portfolio according to the March 31, 1999 Consolidated Reports of Condition and Income is displayed on the following page.

DESCRIPTION OF INSTITUTION (Continued)

COMPOSITION OF LOAN PORTFOLIO AS OF MARCH 31, 1999*		
Loan Type	\$ (000s)	Percent
Construction and Development	\$0	0.0%
Secured by One- to Four- Family Dwellings	\$3,376	17.3%
Other Real Estate:		
Farmland	\$0	0.0%
Multifamily	\$1,187	6.1%
Nonfarm nonresidential	\$9,654	49.5%
Commercial and Industrial	\$3,744	19.2%
Loans to Individuals	\$1,533	7.9%
Agricultural Loans	\$0	0.0%
Total	\$19,494	100.0%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

DESCRIPTION OF ASSESSMENT AREA: Dade County Assessment Area
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PanAmerican is located in the Miami Primary Metropolitan Statistical Area (PMSA). This PMSA includes all of Dade County, Florida. Since the preceding CRA performance evaluation, PanAmerican has revised its assessment area to include all of Dade County. This assessment area consists of 267 census tracts. Of the total census tracts, 39 are low-income, 57 are moderate-income, 96 are middle-income, and 75 are upper-income. Generally, the low- and moderate-income census tracts are small and are clustered mainly around downtown Miami near the bank's main office. PanAmerican has not arbitrarily excluded any low- and moderate-income census tracts, and the bank's assessment area meets the requirements of the regulation.

During the examination, representatives from the bank's assessment area were contacted to discuss local credit needs and opportunities for financial institutions to participate in meeting these needs. Demographic data and information received from community contacts indicates that there are credit needs, such as start up loans for small businesses, not being met by the financial institutions operating in the Miami PMSA.

The table on the following page provides 1990 Census demographic information that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed as they apply to particular parts of the analysis.

DESCRIPTION OF ASSESSMENT AREA: Dade County Assessment Area (Continued)

DEMOGRAPHIC ANALYSIS - PANAMERICAN BANK						
Distribution of Tracts	Number			Percent		
Low-Income Tracts	39			14.6%		
Moderate-Income Tracts	57			21.3%		
Middle-Income Tracts	96			36.0%		
Upper-Income Tracts	75			28.1%		
Total Assessment Area	267			100.0%		
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant	
Low-Income Tracts	12,252	3.3%	50,122	15.8%	9,111	11.5%
Moderate-Income Tracts	48,351	12.9%	87,510	27.7%	14,205	18.0%
Middle-Income Tracts	153,540	40.8%	110,334	34.9%	28,200	35.7%
Upper-Income Tracts	161,863	43.0%	68,383	21.6%	27,417	34.7%
Total	376,006	100.0%	316,349	100.0%	78,933	100.0%
Housing Units - Percentage in Tract						
Low-Income Tracts	17.1%		70.1%		12.7%	
Moderate-Income Tracts	32.2%		58.3%		9.5%	
Middle-Income Tracts	52.6%		37.8%		9.7%	
Upper-Income Tracts	62.8%		26.5%		10.6%	
Total Assessment Area	48.8%		41.0%		10.2%	
Population - Tract Distribution	Families		Households		Population	
Low-Income Tracts	37,694	7.8%	62,476	9.0%	178,001	9.2%
Moderate-Income Tracts	90,481	18.6%	135,881	19.6%	376,282	19.4%
Middle-Income Tracts	192,219	39.6%	263,492	38.1%	764,591	39.5%
Upper-Income Tracts	164,819	34.0%	230,388	33.3%	618,220	31.9%
Total	485,213	100.0%	692,237	100.0%	1,937,094	100.0%
Population - Percentage by Income						
Low-Income	113,168	23.3%	180,858	26.1%		
Moderate-Income	79,578	16.4%	101,755	14.7%		
Middle-Income	93,094	19.2%	121,009	17.5%		
Upper-Income	199,373	41.1%	288,615	41.7%		
Total	485,213	100.0%	692,237	100.0%		
Families - Tract Distribution	Families < Poverty Level	Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	
Low-Income Tracts	22.7%	19.1%	9.2%	5.2%	1.9%	
Moderate-Income Tracts	30.4%	29.8%	25.3%	18.2%	9.9%	
Middle-Income Tracts	34.7%	37.2%	44.7%	46.9%	35.6%	
Upper-Income Tracts	12.2%	13.9%	20.9%	29.7%	52.6%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	
Families - Percentage in Tract						
Low-Income Tracts	41.3%		57.5%		10.2%	
Moderate-Income Tracts	23.1%		37.3%		21.8%	
Middle-Income Tracts	12.4%		21.9%		36.9%	
Upper-Income Tracts	5.1%		9.5%		63.6%	
Total Assessment Area	14.2%		23.3%		41.1%	
Median Family Income	\$31,113					
Households Receiving Public Assistance	10.0%					
Population Age	Age 65 and Over			Age 18 and Over		
	14.0%			75.8%		

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. These rounding errors are immaterial and have no effect on related analyses or conclusions.

DESCRIPTION OF ASSESSMENT AREA: Dade County Assessment Area (Continued)

As indicated in the table on the preceding page, the assessment area had a population of 1,937,094 and contained 485,213 families. Low-income families represented 23 percent of the assessment area's families and moderate-income families represented 16 percent of the assessment area's families. Families below the poverty level represented 14 percent of the assessment area's families. The 1990 median family income for the assessment area was \$31,113, which was slightly less than the median family income of \$32,212 for the State of Florida. According to the Department of Housing and Urban Development, the 1998 median family income for the Miami PMSA was \$39,200.

A review of economic data revealed that the number of unemployed persons in the bank's assessment area has been decreasing. The 1996 U.S. Bureau of Labor Statistics Employment and Unemployment Information for Dade County showed a 5.7 percent increase in total establishment employment between 1993 and 1996. The largest increase in employment occurred in the services sector (11.3 percent). The 1995 Employment, Income, and Population Information from the Regional Economic Information System (REIS) for Dade County noted a five percent increase in total full- and part-time employment from 1990 through 1995. As of 1995, the services, retail trade, government, finance, insurance, and real estate sectors had the greatest number of employees in Dade County.

The unemployment rate (not seasonally adjusted) for Dade County as of April 1999 was 6.6 percent, compared to 6.6 percent in April 1998 and 7.2 percent in April 1997. Since the preceding CRA performance evaluation, the unemployment rate for Dade County reached a peak of 7.2 percent in June 1997 and a low of 6.1 percent in December 1998. The unemployment rate for Dade County, while decreasing, has been relatively high when compared to the state of Florida. The unemployment rate for the state of Florida was 3.9 percent in April 1999, 4.1 percent in April 1998, and 4.7 percent in April 1997.

DESCRIPTION OF ASSESSMENT AREA: Dade County Assessment Area (Continued)

The following table provides key demographic business data by census tracts in PanAmerican's assessment area. According to Dun and Bradstreet, in 1998, 86 percent of the businesses in the assessment area had total revenues of less than \$1 million, and therefore, were considered small businesses.

BUSINESS DEMOGRAPHICS						
Percentage in Tract	Total Businesses		Businesses with Revenue:			
			Under \$1 Million		\$1 Million and Greater	
Low-Income Tracts	8,574	10.3%	7,241	10.1%	1,333	11.3%
Moderate-Income Tracts	16,230	19.5%	13,555	18.9%	2,675	22.7%
Middle-Income Tracts	25,613	30.7%	22,842	31.9%	2,771	23.6%
Upper-Income Tracts	32,268	38.7%	27,378	38.2%	4,890	41.6%
Tract Not Reported	669	0.8%	577	0.8%	92	0.8%
<i>Total</i>	83,354	100.0%	71,593	100.0%	11,761	100.0%

PanAmerican Bank operates in a competitive financial environment with numerous domestic and foreign-established community and corporate depository institutions, mortgage and finance companies, and credit card companies. These financial institutions vary greatly in size, business orientation, and degree of local control. According to the market share report of deposits of the Federal Deposit Insurance Corporation, there are 72 financial institutions in Dade County with 543 branch offices in Dade County. Of these institutions, 30 have home offices located in Dade County with total assets ranging from \$32 million to \$2.9 billion.

As part of the CRA performance evaluation, information about local economic conditions and community credit needs was obtained from community leaders. These contacts acknowledged the positive economic trends in the area, but indicated the need for more affordable housing and funds to enhance the development of small businesses for export and trade financing. The contacts stated that local banks have many opportunities to participate in programs targeted toward developing affordable housing. In addition, the contacts indicated that historically, the large institutions do not compete for export and trade financing; rather, the large institutions in Miami are most active in housing developments.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Even though the bank's loan-to-deposit ratio has decreased since the previous examination, PanAmerican's loan-to-deposit ratio still meets the standards for a satisfactory performance. Based on the information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit ratio for the six quarters ending March 31, 1999, was 63.0 percent. This ratio represents a decrease from the six-quarter average loan-to-deposit ratio of 67.0 percent noted in the preceding CRA performance evaluation. The bank's loan-to-deposit ratio has ranged from 53.1 percent as of December 31, 1997, to a high of 75.1 percent as of December 31, 1998. From January 1, 1998 through March 31, 1999, the bank originated 191 loans totaling over \$25 million. The noted increase in the loan-to-deposit ratio from 53.1 percent to 69.7 percent is due to the bank's lending efforts and a decrease in the bank's total deposits. Total deposits have decreased by \$12.4 million since December 31, 1997.

PanAmerican's average loan-to-deposit ratio was compared with the loan-to-deposit ratios of other institutions with total assets under \$100 million operating in the bank's assessment area. The average loan-to-deposit ratio for these peer banks during the same six-quarter period ranged from 37 percent to 79 percent. PanAmerican's loan-to-deposit ratio for the past six quarters was consistent with the peer banks.

Lending in Assessment Area

PanAmerican's lending in the assessment area exceeds the standards for satisfactory performance. A sample of 51 consumer loans and 41 small business loans originated since the preceding CRA performance evaluation were analyzed to determine the extent of the bank's lending in its assessment area. As illustrated in the following table, most of the consumer and small business loans sampled by number and dollar volume were originated in the assessment area.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA										
Loan Type	IN				OUT				TOTALS	
	Number	Percent	\$ (000s)	Percent	Number	Percent	\$ (000s)	Percent	Number	\$ (000s)
Small Business	38	92.7%	\$8,627	87.5%	3	7.3%	\$1,234	12.5%	41	\$9,861
Consumer Loans	50	98.0%	\$4,145	99.3%	1	2.0%	\$30	0.7%	51	\$4,175
TOTAL	88	95.7%	\$12,772	91.0%	4	4.3%	\$1,264	9.0%	92	\$14,036

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

To assess PanAmerican's performance relative to this criterion, the 50 consumer loans and 38 small business loans originated in the bank's assessment area were analyzed.

Lending to Borrowers of Different Incomes

PanAmerican's distribution of lending by borrower income levels meets the standards for satisfactory performance. As indicated in the table below, 16 percent of the bank's consumer loans were originated to low-income borrowers. In comparison, low-income families comprise 23.3 percent of the family population. A possible reason for the marginal lending percentage is that some of these families could be living below the poverty level. According to demographic data, 14.0 percent of families in the bank's assessment area reside below the poverty level. (Although poverty level is determined by income and family size, the assumption is made that the majority of those families residing below the poverty level are either low- or moderate-income. Typically, after meeting the financial obligations for basic necessities, families residing below poverty level do not have enough discretionary income to repay loans.) Lending levels to moderate-income borrowers are very good. Moderate-income borrowers received 16.0 percent of the consumer loans originated and they comprise 16.4 percent of total families in the assessment area. Consumer lending levels to middle- and upper-income borrowers is comparable to their percentage composition of the population.

Lending to Businesses of Different Revenue Sizes

PanAmerican's record of lending to businesses of different sizes is considered to be very good and compares

CONSUMER LENDING BY BORROWER INCOME		
Borrower Income Level		
Low-Income	8	16.0%
Moderate-Income	8	16.0%
Middle-Income	7	14.0%
Upper-Income	25	50.0%
Income Not Available	2	4.0%
<i>Total</i>	50	100.0%

favorably with the business demographics of the assessment area. As noted earlier on page 7, 86 percent of the businesses in the assessment area were considered to be small businesses. As illustrated in the table on the following page, more than 92 percent of the 38 small business loans sampled were originated to businesses with gross annual revenues of less than \$1 million, which exceeds expectations. As Pan American is considered a small business lender, greater weight was given to business lending than to consumer lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans

SMALL BUSINESS LENDING		
Lending by Business Revenue		
\$1 Million or Less	35	92.1%
Over \$1 Million	3	7.9%
Total	38	100.0%
Loan Size:		
\$100,000 or Less	16	42.1%
\$100,001 - \$250,000	11	28.9%
\$250,001 - \$1 Million	11	28.9%
Total	38	100.0%

PanAmerican Bank does not meet the standards for satisfactory performance in this category. Since the bank considers itself as a small business lender, greater weight was given to the bank's distribution of small business loans in assessing the bank's performance level under this performance criteria. The table below depicts the geographic distribution of the sampled small business and consumer loans.

As the table above indicates, none of the sampled small business loans were originated in low-income tracts

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Small Business	
Low-Income Tracts	0	0.0%
Moderate-Income Tracts	4	10.5%
Middle-Income Tracts	17	44.7%
Upper-Income Tracts	17	44.7%
Total	38	100.0%
	Consumer	
Low-Income Tracts	0	0.0%
Moderate-Income Tracts	12	24.0%
Middle-Income Tracts	8	16.0%
Upper-Income Tracts	30	60.0%
Total	50	100.0%

even though these tracts contain 10.1 percent of the small businesses in the assessment area. Also, the percentage of small business loans originated in moderate-income tracts is not comparable to the percentage of small business loans in these tracts. Moderate-income census tracts contain 18.9 percent of the small businesses in the assessment area and received 10.5 percent of the small business loans. However, the lack of lending can be partially attributed to the lack of formal marketing through

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

print and radio media. Most loan originations were to customers with pre-existing relationships with the bank or to customers referred by individuals with pre-existing relationships. In addition, the reduction in the number of loan officers at PanAmerican Bank from three to one could have hampered the bank's ability to originate small business loans in low- and moderate-income census tracts. While the loan officer is available to take loan applications at the main office, which is where the majority of the low- and moderate-income census tracts are, his designated office is the branch office in the middle-income census tract. The percentage of small business loans in middle-income census tracts as well as upper-income census tracts exceeded the percentage of small businesses in these tracts.

PanAmerican's level of consumer lending in low-income census tracts is not comparable to the percentage of families residing in these tracts. The bank originated no loans in low-income census tracts; however, the bank's performance may be mitigated by the fact that only 8 percent of the total families in the assessment area live in low-income census tracts and 43.1 percent of these families reside below the poverty level. The percentage of loans originated in middle-income census tracts, which is where most of the low- and moderate-families live, is not comparable to the percentage of families living in these tracts. The bank originated 16.0 percent of its consumer loans in middle-income census tracts and these tracts contain 39.6 percent of the families in the assessment area. The bank's level of lending in moderate-income census tracts, however, is very good. Moderate-income census tracts contain 18.6 percent of total families and the bank originated 24.0 percent of the loans in these tracts. The percentage of consumer loans originated in upper-income census tracts is much greater than the percentage of families in these tracts.

Complaints

No CRA-related complaints have been received since the preceding performance evaluation.

Compliance with Antidiscrimination Laws and Regulations

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices were identified that have the intent or the affect of discouraging applicants from applying for loans.