

Public Disclosure

September 11, 2000

Community Reinvestment Act Performance Evaluation

**PineBank, National Association
Charter Number: 23181**

**1001 South Bayshore Drive
Miami, Florida 33131**

**Office of the Comptroller of the Currency
South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126-2048**

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.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development lending, community development services, and qualified investment activity.
- The bank demonstrates occasional use of innovative or complex community development services.
- The bank demonstrates excellent responsiveness to credit and community development needs in its assessment area.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from July 1, 1998 through August 11, 2000. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the prior examination dated December 5, 1995, the Federal Deposit Insurance Corporation (FDIC) rated the bank Satisfactory.

Description of Institution

PineBank, N.A. opened in 1990 as a State chartered institution. In June of 1998, the bank converted to a national charter. Brazilian nationals own the bank. The bank's main focus is on correspondent banking activity with banks in South and Central America. As of June 30, 2000, PineBank, N.A. reported total assets of \$263 million. PineBank, N.A. is an intrastate bank with one office located in Miami, Florida. PineBank, N.A. has no subsidiaries. However, because of the owner's interests in Brazil, there are numerous affiliates - all of which are located outside the United States. There has been no merger or acquisition activity since the last CRA evaluation.

The bank offers a wide array of trade related products including letters of credit, banker's acceptances, direct advances and placements to foreign banks. As of June 30, 2000, net loans of \$170 million represented 65% of total assets and consisted of loans to financial institutions (58%), foreign office loans (18%), residential real estate loans (15%), and other loans (9%). Net loans represented 75% of deposits.

PineBank, N.A. was approved for designation as a wholesale bank for purposes of the CRA on June 30, 1998. As defined by the CRA, a wholesale bank is an institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers.

There are no legal, financial or other factors impeding PineBank, N.A.'s ability to meet the credit needs of its designated assessment area.

Table 1: Financial Information (000s)

| | Year-end 1998 | Year-end 1999 | Most Recent Quarter-end 06/30/00 | Average for Evaluation Period |
|-----------------------------|--------------------------|--------------------------|---|--|
| Tier 1 Capital | 16,523 | 17,142 | 20,873 | 18,179 |
| Total Income | 1,827 | 2,619 | **3,462 | 2,636 |
| Net Operating Income | 1,827 | 2,619 | **3,462 | 2,636 |
| Total Assets | 226,406 | 239,782 | 263,467 | 243,218 |

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported.

Description of Assessment Area

PineBank, N.A. has designated the Miami MSA as its assessment area (AA). The Miami MSA is a densely populated urban area. According to 1990 Census data, total population for the AA was 1,937,094. The most recent Department of Housing and Urban Development (HUD) updated median family income for 2000 was \$43,700. The median housing price for the Miami MSA was \$100,570 with the average home being built during 1968. Household incomes for 18% of the population were below the poverty level. There were no significant barriers to community development lending, investments and services.

Community credit needs and opportunities were determined from a number of sources. The 1995 HUD Consolidated Plan describes a growing need for housing throughout the Miami MSA, particularly affordable housing for low- and moderate-income individuals. The vacancy rate for rental units in 1990 approximated 10% but, per the Consolidated Plan, has declined to less than 2% in the aftermath of Hurricane Andrew. The higher demand for housing has placed upward pressure on housing values and rental rates, further reducing the availability of affordable housing for low- and moderate-income individuals. As a community, the Miami MSA scores high on standard measures of socio-economic needs and distresses. The Miami MSA, which consists entirely of Miami-Dade County, has the 6th highest poverty rate among counties with a population of 500,000 or more.

Table 2: Assessment Area Description

| | Number | Low | Moderate | Middle | Upper |
|-----------------------|---------------|------------|-----------------|---------------|--------------|
| Tract | 267 | 13% | 22% | 36% | 29% |
| Families | 485,213 | 8% | 19% | 39% | 34% |
| Small Business | 79,995 | 11% | 18% | 32% | 39% |

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data.

We conducted a community contact with a non-profit organization whose mission was to foster economic development in the poorest sections of the Miami MSA. We also reviewed previous community contacts prepared by representatives of other bank regulatory agencies. These community contacts confirmed that the greatest credit need within the Miami MSA is affordable

housing for low- and moderate-income individuals. The need exists for both multi-family and single family homes.

There were opportunities for community development lending, investments, and services throughout the Miami MSA. Community development opportunities include working with, and purchasing bonds issued by, government organizations that finance affordable housing for low- and moderate-income individuals. There are non-profit organizations whose mission is to provide affordable housing to low- and moderate-income people. There are non-profit organizations whose community services target low- and moderate-income individuals. There are non-profit organizations whose mission is economic development. Types of community development investments available in the Miami MSA include, but are not limited to, bonds, tax credits for low income housing, and contributions to qualified non-profit organizations. There is also a federally designated Enterprise Zone that is targeted for economic development.

Conclusions About Performance

Summary

PineBank, N.A.'s overall CRA performance is Satisfactory. The overall level of community development activities is adequate. The bank occasionally uses innovative or complex community development activities. The bank's responsiveness to credit and community development needs in its assessment area is excellent.

Community development activities include qualified investments, community development loans, and community development services.

Level of Activity

Qualified investments - The bank originated investments totaling \$3.7 million during the evaluation period.

Community Development loans - The bank originated community development loans totaling \$1.5 million during the evaluation period.

Community Development Services - Bank representatives provided financial assistance to thirteen qualified community development organizations during the evaluation period.

Innovation/Complexity of Activity

PineBank, N.A. occasionally uses innovative or complex community development services. See comments under "Community Development Services" for description of innovative CD service. There were no innovative or complex CD loans or investments.

Responsiveness to Community Credit Needs

PineBank, N.A.'s responsiveness to the credit and community development needs in its assessment area is excellent. The credit and community development need identified as being the most pressing throughout the assessment area was affordable housing for low- and moderate-income individuals - both multi-family and single family housing. As stated in the prior paragraph, almost all investments originated during the evaluation were for affordable housing for low- and moderate-income individuals.

Qualified Investments

PineBank, N.A. originated an adequate level of qualified investments given its resources and available community development opportunities. Table 3 shows that during the evaluation period, four investments (bonds) totaling \$3.7 million were purchased. Also, eight investments (bonds) totaling \$1.3 million were purchased prior to the evaluation period, but were still outstanding during this review. Additionally, grants totaling \$21,821 to nine different non-profit community development organizations were given. Two of these organizations build affordable homes for low- and moderate-income individuals. The other seven organizations provide community development services to low- and moderate-income individuals. There were no unfunded commitments to purchase qualified community development investments

During the evaluation period, PineBank, N.A. originated no innovative or complex community development investments.

PineBank, N.A.'s investments provided excellent responsiveness to community development needs in its assessment area. As stated earlier, 99% of community development investments originated by PineBank, N.A. during the evaluation period were bonds whose proceeds were used to fund affordable housing for low- and moderate-income individuals. Prior to the evaluation period, PineBank, N.A. purchased an additional \$1.3 million in qualified community development bonds that remained outstanding during the evaluation period. All of these bonds were for affordable housing for low- and moderate-income individuals. These outstanding bonds provide a continuing positive impact on the assessment area by constructing more affordable housing for low- and moderate-income people or by maintaining and supporting existing affordable housing for such individuals.

Table 3: Qualified Investment Activity (000s)

| | Benefits AA |
|---|--------------------|
| Originated Investments | 3,730 |
| Originated Grants | 22 |
| Prior Period Investments that Remain Outstanding | 1,363 |
| Totals | 5,115 |

Following are some of the most significant investments purchased during the evaluation period. (This is not an all-inclusive listing.)

Government National Mortgage (GNMA) Project Loan Pool

Mortgage backed bonds secured by three Section 8 apartment buildings containing 122 units located in moderate-income geographies in Miami-Dade County, Florida. The apartments provide affordable housing for low- and moderate-income individuals. Total bond pool was \$4 million. PineBank, N.A.'s investment of \$1,665,200 originated in May 1999.

Housing Finance Authority of Dade County Revenue Refunding Bonds, Series 1998-A

Bond proceeds were used to provide adequate residential housing for persons and families of low- and moderate-income in Miami-Dade County, Florida. Total bond issue was \$27 million.

PineBank, N.A.’s investment of \$965,000 originated in July 1998. Number of units could not be determined from bond prospectus.

Housing Finance Authority of Dade County Revenue Refunding Bonds, Series 1996 A-1

Funds used to finance a 151 unit multi-family housing project for occupancy by persons of low income who are eligible for assistance under Section 8 of the U.S. Housing Act of 1937. Total bond issue was \$12 million. PineBank, N.A.’s investment of \$590,000 originated in August 1998.

Housing Finance Authority of Dade County Bonds, Series 1997 B (10)

Bond proceeds were used for the acquisition and construction of a 280 unit multi-family residential development occupied to the extent required by law by persons or families of low- and moderate-income in accordance with certain subordinated loans and participations in the Low Income Housing Tax Credit Program. Total bond issue was \$10 million. PineBank, N.A.’s investment of \$500,000 originated in August 2000.

Table 4 shows qualified investments as percentages of Average Tier 1 Capital and Average Total Loans.

Table 4: Qualified Investment Percentages

| | Benefit AA (%) |
|---|-----------------------|
| Total Investments/Average Tier 1 Capital | 28% |
| Total Investments/Average Total Income | 194% |
| Total Investments/Average Receivables | NA |

Qualified investments had a positive impact on the bank’s assessment area. PineBank, N.A.’s investments during the evaluation period financed the acquisition and/or construction of an estimated 70 multifamily units targeted at low- and moderate-income people. Additionally, at least 12 more affordable housing units for low- and moderate-income individuals were financed with proceeds of investments that PineBank, N.A. purchased prior to the evaluation period but remained outstanding during the evaluation period.

Community Development Lending

PineBank, N.A. originated an adequate level of qualified community development loans. During the evaluation period, PineBank, N.A. originated 44 community development loans totaling \$870,917. Approximately three-fourths (77%) of these loans were made to businesses and individuals in a Federally designated Empowerment Zone. (Table 5 shows community development loans as a percent of Average Tier 1 Capital and Average Total Income).

Miami-Dade County is one of fifteen urban recipients of resources including grants, waivers and tax credits under the Federal government’s Round II Empowerment Zone/Enterprise Community initiative. The broad goals of this initiative are to leverage federal, state and local resources to support comprehensive economic, social and community development in distressed urban and rural communities. These distressed neighborhoods are part of Miami-Dade County’s

Empowerment Zone: Allapattah, City of Florida City, City of Homestead, Liberty City, East Little Havana, Melrose, Overtown, and Wynwood.

The Empowerment program is intended to stimulate new job creation and retain current jobs through the provision of loans to new and expanding for-profit businesses located or locating within the Miami-Dade Empowerment Zone. The Program is also intended to enhance existing economic development programs, and generate increased public investment in Empowerment Zone neighborhoods.

The most significant community development loans include:

Tacolcy Community Development Corporation - \$100,000 loan originated during 1999. This non-profit organization’s mission is to provide affordable housing for low- and moderate-income individuals.

Habitat for Humanities - Two loans totaling \$94,000 originated during 1998 and 2000. This non-profit organization’s mission is to provide affordable housing for low- and moderate-income individuals.

Other loan data PineBank, N.A. submitted for consideration and for which it received additional CRA credit include legally binding commitments and letters of credit. There are two legally binding CD loan commitments totaling \$630,000. A \$510,000 commitment is to finance multi-family units in one of the distressed neighborhoods located in the Empowerment Zone. The other commitment for \$120,000 is to finance an apartment building for low- and moderate-income individuals. This apartment complex is located in a low-income geography.

PineBank, N.A. also originated \$1,607,370 in letters of credit to businesses located in the Empowerment Zone.

The bank had no innovative or complex CD loans.

PineBank, N.A.’s community development lending provided excellent responsiveness to credit and community development needs in its assessment area. More than half of community development loans (55%) and commitments were to nonprofit organizations whose primary goal was to build affordable housing for low- and moderate-income individuals.

Table 5: Community Development Lending Percentages

| | Benefits AA (%) |
|--|------------------------|
| Total CD Lending/Average Tier 1 Capital | 5% |
| Total CD Lending/Average Total Income | 33% |

Community Development Services

PineBank, N.A. provided an adequate level of community development services. PineBank, N.A. representatives provided financial-related services to thirteen community development non-profit organizations during this evaluation period. Services provided were responsive to

assessment area credit and community development needs. Six of the thirteen organizations to which PineBank, N.A. provided services had affordable housing for low- and moderate-income individuals as their primary mission. Five of the organizations provide community development services to low- and moderate-income individuals. Two of the organizations promoted economic development by providing loans to small businesses. One innovative service that PineBank, N.A. did provide that other banks normally do not involved a bank representative teaching a banking class at a local community college in connection with the FNMA Foundation.

Highlights of community development services provided in the assessment area during the evaluation period follow:

Community Reinvestment Group

A non-profit organization that provides loans to Community Development Corporations (CDC). CDC loans are used to construct single family homes for low- and moderate-income people. PineBank, N.A. is one of 13 participating banks. A mortgage-lending officer for PineBank, N.A. analyzes loan applications to determine creditworthiness.

Little Haiti Community Development Corp

A non-profit CDC that helps low- and moderate-income people purchase their own homes. Three bank employees, including a mortgage loan officer, participated in the Little Haiti Housing Association Home Buying fair during April, 2000. The bank distributed pamphlets containing information on government sponsored affordable housing programs in which it participates and answered numerous questions about residential home mortgages.

Fannie Mae (FNMA) Foundation, Local Mortgage Finance Program

The FNMA Foundation is one of the largest foundations in the country devoted to affordable housing for low- and moderate-income individuals and community development.

The Foundation meets its mission through homebuyer education, innovative partnerships, community initiatives, and grant making. A mortgage loan officer teaches a banking class at Miami-Dade Community College, helps with strategic planning, and assists with fundraising.

Miami Capital Development, Inc. (MDCI)

A non-profit organization created in 1930 to combat community deterioration by promoting and fostering the economic development of the City of Miami and Miami-Dade County. MDCI provides financial assistance at below market rates to small businesses operating in Miami, Florida. MDCI is a lending agency that provides financial assistance through a variety of business loan programs using public and private sectors. MDCI has a Loan Committee comprised of bankers and financial experts, businesspersons and academicians. A bank officer provides technical assistance by helping the MDCI get loans from other financial institutions and assists with other forms of fundraising.

FONKOZE

A non-profit organization that helps low-income Haitians residing in Miami, Florida. A bank employee participated in budget preparation and fundraising activities.

Compliance with Anti-Discrimination Laws and Regulations

An analysis of 1999 HMDA data, public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of the information revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in December 1995 by examiners from the Federal Deposit Insurance Corporation.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA) - A geographic area which consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area - A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Low-Income Family or Geography - An income level that is less than 50% of the MFI.

Moderate-Income Family or Geography - An income level that is at least 50% and less than 80% of the MFI.

Middle-Income Family or Geography - An income level that is at least 80% and less than 120% of the MFI.

Upper-Income Family or Geography - An income level that is 120% or more of the MFI.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income - As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. (Schedule RI - Income Statement, line 8)

Tier 1 Capital - The total of common shareholders equity, perpetual preferred shareholders equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries. (Schedule RC-R - Regulatory Capital, line 3a(1))

Total Assets - Total bank assets as listed in the Consolidated Report of Condition and Income. (Schedule RC - Balance Sheet, line 12)

Total Income - From the Consolidated Report of Condition and Income -- Total Interest income plus Total noninterest income. (Schedule RI - Income Statement, Total Interest Income, line 1g and Total Noninterest Income, line 5g, except for banks with domestic offices only and total assets less than \$100 million, line 5c)

Wholesale Institution - An institution that is not in the business of extending home mortgage, small-business, small-farm or consumer loans to retail customers and for which a designation as a wholesale bank is in effect. An institution will not be considered in the business of extending loans to retail customers if it does not hold itself out to the retail public as providing such loans and the institution's revenues from extending such loans are insignificant when compared with the revenues from its overall lending operations. Wholesale institutions may engage in very limited retail lending if this activity is incidental and is done on an accommodation basis.