PUBLIC DISCLOSURE

July 23, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Continental National Bank of Miami
Charter Number 16325

1801 Southwest 1st Street
Miami, Fl. 33135

Office of the Comptroller of the Currency
Miami Duty Station
5757 Blue Lagoon Drive, Suite 200
Miami, Fl. 33126

NOTE: 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.

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 Continental National Bank of Miami prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 23, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

We evaluated Continental National Bank of Miami's (Continental) CRA performance for the period of 6/93 to 6/96 and found it to be satisfactory. Continental's average loan to deposit ratio since the last CRA examination is reasonable. A substantial majority of the bank's loans are in the assessment area. Credit is extended to individuals of all income levels and to local small businesses. Bank loans are reasonably distributed throughout census tracts of various income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	CONTINENTAL NATIONAL BANK OF MIAMI 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 CRA complaints were recived since the prior CRA examination.		

DESCRIPTION OF THE INSTITUTION

Continental is a community bank in Miami, Florida. It had total assets of $133 million on March 31, 1996. The bank achieved a return on average assets of .07% in 1995. The bank is owned by Continental Bancorp, Inc., a one bank holding company.

Since the last CRA performance evaluation to early 1996 the bank operated under a Regulatory Enforcement Action which required maintenance of certain capital ratios, and improvement in loan quality and administration systems. While no lending restrictions were in place, bank management's efforts focused on enhancing internal systems and servicing current bank customers, rather than expanding lending activity. In essence, the need for bank management to enhance capital, and loan quality and administration systems were impediments to increasing lending during the performance evaluation period. At the present time the bank is in better position to meet the assessment area's credit needs in a manner consistent with its resources.

Continental has five banking offices all located in Dade County. The main office is located in Miami's Little Havana section. Another office is located in Downtown Miami, and the other offices are located in southwest Dade County and the city of Hialeah. Two banking offices are located in low income census tracts, and the other three in middle income tracts.

Continental's commercial loan customers are predominately local small businesses, real estate investors, and developers. Consumer credit is extended through indirect automobile financing, home equity credit, and personal secured and unsecured loans. The indirect automobile financing program has grown significantly in the past two years and now represents 24% of total loans, and 71% of consumer loans. Continental is not an active residential real estate lender.

Continental's loan portfolio mix as of March 31, 1996 was as follows: 1-4 family Residential - 16% of the loan portfolio, home equity loans - 2%, multifamily residential - 10%, Commercial Real Estate 28%, Commercial - 11%, and Consumer - 33%.

DESCRIPTION OF CONTINENTAL'S ASSESSMENT AREA

Continental's assessment area is Dade County. This assessment area meets the definition of the CRA and does not reflect illegal discrimination or arbitrarily exclude low- or moderate-income geographies.

Dade County's economy is stable and competition from other financial institutions is strong. The competition includes many larger community banks as well as the local affiliates of regional and multinational banks. Major industries include tourism, import/export business, financial services, health care, and real estate development. There has been significant population growth in the last few years, especially from immigration from Latin America and the Caribbean. A significant portion of those immigrants have settled in areas close to the bank's offices.

Dade County is a Metropolitan Statistical Area (MSA) and has 264 census tracts with a 1996 updated median family income of $38,300. Fourteen percent of the assessment area's census tracts are low income tracts, 22% are moderate income, 36% are middle income, and the remaining 28% are upper income tracts. In addition, 23% of the families in Dade County are considered low income, 16% moderate income, 19% middle income, and 41% in upper income.

During 1995 OCC and Federal Reserve Board examiners contacted community organizations that operate in Continental's assessment area to identify the area's credit needs. These contacts revealed that loans to purchase and rehabilitate single family homes and rental housing, and finance small businesses are needed. Continental extends credit to meet these needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

Continental's average loan to deposit ratio since the last CRA examination is reasonable at 57%. Three similar size banks with similar product lines serving the same general market area had average loan to deposit ratios of 43%, 59% and 78% in the same time period. While Continental's ratio is lower relative to 2 of the 3 banks, it is reasonable because management's focus during this performance evaluation period was on resolving asset quality and administration problems rather than increasing lending. As problems have been addressed, the bank's ratio has increased and was 65% as of March 31, 1996.

Lending in Assessment Area

A substantial majority of Continental's loans are in the assessment area. As of June 17, 1996, 90% of the loans, except indirect auto loans, were inside the assessment area. Indirect auto lending is a more recent program, yet a substantial majority, i.e. .77%, of these loans are inside the assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different sizes

Performance in this criteria is reasonable and support is provided in the following paragraphs. We sampled small business, indirect auto, and housing-related loans to reach our conclusions. These types of loans were selected because they make up more than 50% of the loan portfolio and income information was more readily available.

Small Business Lending Activity
Historically the bank has lent extensively to small businesses. Information compiled during the examination revealed that the bank granted 52 loans totaling $4.6 million to small businesses (i.e. businesses with annual gross revenues of less than $1 million) in 1995, and 19 loans totaling $2.5 million through May 31, 1996. The average size of these loans was $89M in 1995, and $149M in 1996. Loans ranged from $2M to $848M. Discussion with management and review of bank records indicate that loans to small businesses comprises about 80% of all new commercial loans made during this period. This lending pattern is appropriate for an institution of this size and consistent with the size and distribution of businesses close to the bank's branch offices.

Indirect Auto Lending Activity
Consumer loans make up 33% of the loan portfolio but 71% are indirect auto loans. As of 4/30/96, the bank had 1608 auto loans outstanding totaling $18.5MM. Due to time constraints we selected a sample of only 30 of these loans (made in 1996). Loans in the sample financed moderately priced automobiles, e.g. in the $10M to $20M price range.

Our sample found that 7% of the loans were to low income persons. When this percentage is compared to the percentage of families in the assessment area that are low income (23%), the bank's performance appears weak. However this is mitigated by the fact that the bank lacks control since it is the automobile dealer the one that originates the transaction. The bank simply buys the contract if it meets its credit guidelines. Worth noting is that in our fair lending review we did not detect disproportionate denials of low income applicants for indirect auto loans. To a large extent the bank's lack of control explains the disparity in the comparison.

The distribution of indirect auto loans among the other three income categories were much closer to the percentage of families in the assessment area in those income categories. As a result, the distribution is considered reasonable. For example: 15% of the loans were to moderate income persons versus 16% of the families in the assessment; 26% of the loans were to middle income persons versus 19% of the families in the assessment area; and 52% of the loans were to upper income persons versus 41% of the families in the assessment.

Home Mortgage Disclosure Act (HMDA) Lending Activity
Continental does not have the management expertise to generate a significant volume of residential real estate loans. Home improvement and multifamily rental housing loans are extended but the volume of new loans (versus renewals and modifications) has been low in 1994, 1995, and through 6/96 due to the asset quality and administration problems already noted. There were only 55 loans originated in those two and a half years with the following

distribution by the income of the applicant: low income 7 loans or 13%, moderate income 4 loans or 7%, middle income 7 or 13%, and upper income 37 or 67%.

Substantially more HMDA loans were made to upper income persons. This is because these types of loans are generally made to existing commercial loan customers. Typically these customers are business people with incomes that statistically fall in the upper income category.

Geographic Distribution of Loans

Continental's loans are reasonably distributed among census tracts of various income levels. As shown in the table below, the bank's lending reasonably approximates the percentage of low, moderate, middle, and upper income census tracts in the assessment area. Most of the bank's loans are made to businesses and residents that are near its five offices. Areas that are not relatively close to bank offices do not have significant loan penetration.

As of 6/17/96			
Income Category of Census Tract	Percentage based on number of loans	Percentage based on dollar amount of loans	Percentage of census tracts in the assessment area
Low	8%	7%	14%
Moderate	18%	21%	22%
Middle	36%	30%	36%
Upper	31%	30%	28%
Not Classified/ Out Area	7%	12%	N/A

Response to Complaints

The bank has not received complaints regarding its CRA activities.

Compliance with Antidiscrimination Laws and Regulations

Our June, 1996 fair lending review disclosed no substantive violations of antidiscrimination laws and regulations. The examination also found adequate fair lending policies, procedures, training, and internal assessment efforts.