



# SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

February 25, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Executive National Bank  
Charter Number 15974

9600 North Kendall Drive  
Miami, FL 33176

Office of the Comptroller of the Currency

Doral Costa Office Park  
9800 NW 41st Street, Suite 120  
Miami, FL 33178-2970

**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 Outstanding**

The major factors that support this rating include:

- The Bank's average quarterly loan-to-deposit ratio is more than reasonable;
- A substantial majority of loan originations are within the Bank's assessment area;
- The distribution of loans among businesses of different sizes exhibits excellent penetration; and
- The geographic distribution of loans within the assessment area exhibits excellent dispersion throughout the assessment area.

**SCOPE OF EXAMINATION**

We evaluated Executive National Bank's (ENB) CRA performance using Small Bank Performance criteria. Our evaluation period was May 12, 2010, the date of the last CRA examination, through February 24, 2013. However, we focused on lending activity from January 1, 2010 through December 31, 2012. In consideration of changes to demographics and geographies related to the Census update during the evaluation period, we prepared separate analyses to evaluate the geographic distribution of loans and businesses of different sizes. The 2000 census applies to the years of 2010 and 2011. The 2010 census applies to the year 2012.

We evaluated the Bank's performance based on its strategic focus on commercial lending to small businesses. The Bank originates residential loans; however, residential lending is not a primary business line for the Bank, and the residential lending volumes during the evaluation period did not produce a meaningful analysis of home purchase, home improvement, and home refinance loans. Therefore, we omitted Tables 2 and 3 that would have displayed the analyses of residential lending to borrowers of different incomes and the geographic distribution of residential loans.

**DESCRIPTION OF INSTITUTION**

ENB is an intrastate community bank headquartered in Miami, Florida and owned by Executive Banking Corporation, a one-bank holding company also headquartered in Miami. As of December 31, 2012, the holding company assets totaled \$283 million. The Bank has no operating affiliates or subsidiaries.

ENB operates four offices in Miami-Dade County including the main office in Kendall, and branches in Miami, Aventura, and South Miami, all of which are located in either middle- or upper-income geographies. There were no branch closures during the evaluation period.

The Bank offers a variety of deposit and loan products for businesses and individuals, as described in its CRA Public File. As discussed earlier, ENB's primary business focus is commercial lending.

As of December 31, 2012, the Bank reported total assets of \$282 million and total deposits of \$235 million. Total loans, which represent 66 percent of total assets, equaled \$187 million. Of total loans, 73 percent represent commercial real estate loans, 21 percent residential real estate loans (1 to 4 family homes), and 6 percent commercial and industrial loans. Residential loans were generally originated in prior evaluation periods with the volume of such loans declining over the years as the Bank placed emphasis on commercial lending.

During the evaluation period, the Bank faced financial challenges during the nationwide recession and was under a Formal Agreement with the Comptroller of the Currency that focused on credit risk management and the reduction of problem assets. Despite the challenges and the requirements of the Formal Agreement, the Bank was able to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

The Bank's assessment area is Miami-Dade County, which is also known as Metropolitan Division (MD) 33124. The delineated assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

According to the 2000 Census, the Miami-Dade MD consists of 347 geographies distributed as follows: 27 (8 percent) low-income, 99 (29 percent) moderate-income, 114 (33 percent) middle-income, 104 (29 percent) upper-income and 3 (1 percent) no income data. The majority of the low- and moderate-income geographies are located within the City of Miami. The total population is approximately 2.5 million. Between the 2000 and 2010 Census, the population increased 10.8 percent with the continued influx of immigrants from Latin America and the Caribbean, and the relocation from northern cities in the United States.

According to the 2010 Census, the Miami-Dade MD geographies increased to 518 geographies distributed as follows: 31 (6 percent) low-income, 132 (26 percent) moderate-income, 166 (32 percent) middle-income, 172 (33 percent) upper-income and 17 (3 percent) no income data.

The cost of living in the Miami-Dade MD remains high even though there are indications of improvements in unemployment, real estate foreclosures, and other economic conditions during the evaluation period. Unemployment as of December 31, 2012 was 9.1 percent and has decreased compared to 10.3 percent in 2011 and 13.6 percent in 2010. Housing costs are high with the median sales price of a single-family home of \$214,060, according to the Miami-Dade County Department of Regulatory and Economic Resources. The high median cost makes it difficult for low- and moderate-income people to own a home in the assessment area without the help of loan subsidies. The high property tax and insurance premiums add significant cost to owning a home. The poverty level remains high at approximately 18 percent for both Census years.

Major industries include real estate development, trade business with Latin America, and tourism. According to Dunn and Bradstreet, there were 444,338 non-farm businesses in the Miami-Dade MD for 2012, which was approximately a 45 percent increase in businesses compared to the 306,262 businesses referenced in the last CRA performance Evaluation. The banking industry is very competitive in the assessment area. The Federal Deposit Insurance Corporation (FDIC) deposit data as of June 30, 2012 showed 69 institutions operating 678 banking offices in the Miami-Dade MD. ENB ranks forty-fourth in deposit market share at 0.26 percent.

Community credit needs in the assessment area were determined by reviewing CRA Performance Evaluations of other banks operating in the same assessment area and by conducting one community contact with a nonprofit community service organization. We determined that the most pressing credit needs in the assessment area are affordable housing and small business lending.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

- **ENB's loan-to-deposit ratio is more than reasonable.**

The Bank's quarterly average loan-to-deposit ratio since the last CRA examination is 74.09 percent and exceeds the 66.22 percent quarterly average ratio for two similarly situated banks in the assessment area for the same time period. The similarly situated banks had quarterly average ratios ranging from 65.46 percent to 66.97 percent.

### **Lending in Assessment Area**

- **Lending in the Bank's assessment area exceeds the standard for satisfactory performance.**

A substantial majority of ENB's loan originations are in the Bank's assessment area, based on an analysis of a random sample of 77 business loans originated during our evaluation period. Overall, 98.70 percent of the number of loans and 99.92 percent of the dollar volume of loans were in the Bank's assessment area.

<b>Table 1 - Lending in Miami-Dade MD</b>										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	76	98.70	1	1.30	77	41,603	99.92	32	0.08	41,635
Totals	76	98.70	1	1.3	77	41,603	99.92	32	0.08	41,635

Source: Sample of 77 loans taken from loan origination reports 2010-2012.

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

- **The distribution of loans to businesses of different sizes exhibits excellent penetration and exceeds the standard for satisfactory performance.**

In the Bank's Miami-Dade assessment area for the years 2010 and 2011, the number and dollar of the Bank's loans to small businesses (businesses with revenues of \$1 million or less) exceeds the percentage of small businesses in the assessment area, as depicted in the following table.

<b>Table 2A - Borrower Distribution of Loans to Businesses Miami-Dade MD</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.18	2.25	28.57	100%
% of Bank Loans in AA by #	80	20	0.00	100%
% of Bank Loans in AA by \$	71.71	28.29	0.00	100%

Source: Loan sample of 50; Dun and Bradstreet data 2011.

For 2012, the number of the Bank's loans to small businesses exceeds the percentage of small businesses in the assessment area, as depicted in the following table. The dollar volume of the Bank's loans is near to the percentage of small business in the assessment area.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Miami-Dade MD</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	74.70	2.73	22.56	100%
% of Bank Loans in AA by #	76.92	23.08	0.00	100%
% of Bank Loans in AA by \$	58.63	41.37	0.00	100%

Source: Loan sample 26; Dun and Bradstreet data 2012.

**Geographic Distribution of Loans**

- **The geographic distribution of loans within the assessment area exhibits excellent dispersion and exceeds the standard for satisfactory performance.**

As reflected in the following table for 2010 and 2011, the percentage of ENB’s loan originations in low-income geographies exceeds the percentage of businesses located in such geographies. In moderate-income geographies, the percentage of ENB’s loan also exceeds the percentage of businesses located in such geographies. There were no unexplained conspicuous gaps in lending. Census tracts in the AAs with no loan penetration are due to ENB’s limited number of branch offices. This limitation prevents the Bank from penetrating all areas in the AA.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Miami-Dade MD</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses/	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	3.98	4.00	19.56	26.00	32.37	20.00	43.51	50.00

Source: Loan sample of 50; U.S. 2000 Census data. No revenue information for 0.59 percent

As depicted in the following table for 2012, ENB’s loan originations in low-income geographies exceed the percentage of businesses located in such geographies. In moderate-income geographies, the percentage of ENB’s loans also exceeds the percentage of businesses located in such geographies.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Miami-Dade MD</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses/	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	3.05	3.85	22.24	23.08	27.82	11.54	45.37	61.54

Source: Loan sample of 26; U.S. 2010 Census data. No revenue information for 1.53 percent

**Responses to Complaints**

The Bank received no CRA performance related complaints since the last examination.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.