



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**May 12, 2010**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Executive National Bank  
Charter Number 15974

9600 North Kendall Drive  
Miami, FL 33176-0000

Office of the Comptroller of the Currency

SOUTH FLORIDA (MIAMI) Field Office  
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: Satisfactory.**

The major factors that support this rating include:

- Since the last examination, the bank's average quarterly loan-to-deposit ratio is more than reasonable given the bank's size, financial condition and the excellent level of community development loans.
- A substantial majority of loan originations are within the bank's assessment area.
- The distribution of loans among businesses of different sizes exhibits reasonable penetration and meets the standard for satisfactory performance.
- The geographic distribution of loans exhibits a reasonable dispersion of loans in low- and moderate-income geographies and meets the standard for satisfactory performance.

**SCOPE OF EXAMINATION**

We evaluated Executive National Bank's ("ENB") CRA performance using small bank performance criteria. Our evaluation period was May 12, 2005, the date of the last CRA examination, to May 17, 2010, although we focused on lending activity from January 1, 2007 through December 31, 2009. We evaluated the bank's performance based on commercial lending, which is the bank's primary business line.

**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. The bank has no operating affiliates or subsidiaries.

ENB currently 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. Since the last examination, the Aventura branch opened and two branches, including the Brickell Avenue and Doral locations, were closed. Neither of the closed locations was in a low- or moderate-income geography.

The bank offers a variety of deposit and loan products for businesses and individuals, as described in its CRA Public File. ENB's primary business focus is commercial lending. Mortgage lending is not a primary business line. The bank originates loans and does not purchase commercial or mortgage loans.

As of March 31, 2010 the bank reported total assets of \$264 million and total deposits of

\$204 million. Total loans, which represent 64 percent of total assets, equaled \$170 million. Of total loans, 56 percent represent commercial real estate loans, 20 percent residential real estate loans (1 to 4 family homes), 14 percent multi-family real estate loans, 7 percent commercial and industrial loans, and 3 percent construction 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 challenges in its ability to help meet the credit needs of its assessment area. Primarily due to the financial crisis impacting South Florida, profits were very limited in 2008 and in 2009 the bank reported a loss. While the bank grew in the earlier part of the evaluation period, assets have declined more recently and management has primarily focused its attention on strengthening its existing loan portfolio and tightened its underwriting standards. These challenges were taken into consideration as we evaluated the bank’s CRA performance.

At its last CRA examination, dated May 12, 2005, ENB was rated “Satisfactory”.

**DESCRIPTION OF ASSESSMENT AREA**

ENB’s assessment area is all of Miami-Dade County which is equivalent to Metropolitan Division (MD) 33124 (Miami-Miami Beach-Kendall, FL). This assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

Miami-Dade County is primarily a densely populated urban center. According to the 2000 Census, the total population is 2.25 million. However, 2006 estimates by the US Census Bureau place the total population at 2.4 million. The largest concentration of population can be found in the city of Miami which also has the largest concentration of low- and moderate-income geographies. The Department of Housing and Urban Development (HUD) estimates that the 2009 median family income for Miami-Dade County is \$50,800. Refer to Table 1 for a breakdown of families by borrower income classification and geographies by income level as well as other relevant demographic information.

**Table 1: Assessment Area Description**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	347	7.78%	28.53%	32.85%	29.97%
<b>Families</b>	552,484	23.00%*	16.98%*	18.53%*	41.50%*
<b>Businesses</b>	424,921	4.65%**	21.49%**	32.28%**	41.10%**

Source: Demographic Data – 2000 U.S. Census, 2009 Business Demographic Data-PCI Corporation, Inc.

\*Represents families by income level. \*\*Represents businesses by income level of census tract.

Miami-Dade County, particularly the city of Miami, has been severely impacted by the current housing crisis. The National Association of Realtors estimates the median sales price of an existing single-family home at year-end 2009 in Miami-Dade County to be

\$211,200. When compared with the \$367,000 figure for 2006, there is a decline of 43 percent. When comparing current housing prices with the HUD Adjusted Median Family Income it is clear that with the assistance of subsidies and other special programs low- or moderate-income families may have an opportunity to purchase a home. However, current economic conditions have reduced the availability of assistance and investors appear to be purchasing many of the lower priced homes on the market. Foreclosure rates in Miami-Dade County are some of the highest in the nation and community contacts continue to point to the vital need for affordable rental housing.

Local economic conditions are weak. In Miami-Dade County, housing starts have declined to the lowest level in a decade according to the Metro Study Corporation. The decline in jobs, particularly construction and construction-related jobs, has driven the county's unemployment rate to 12 percent (not seasonally adjusted) in March 2010 compared with 10.2 percent (not seasonally adjusted) nationally. The county has a large number of non-farm small businesses located primarily in middle- and upper-income geographies (refer to Table 1). The service and retail sectors continue to dominate, representing 54 percent of businesses.

Banking competition within the assessment area continues to be intense. In addition to community and mid-size banks, branches of the largest banks in the country operate in Miami-Dade County. As of June 30, 2009 there were 75 insured deposit taking financial institutions in Miami-Dade County operating 665 branches. ENB's deposit market share was .28 percent and the bank was ranked 28th. The market is dominated by Wachovia Bank and Bank of America with market shares of 13.05 percent and 12.42 percent, respectively.

Primary needs in the assessment area include financing for the development of affordable rental housing and financing for low- and moderate-income families to purchase affordable housing. According to a community contact made for this examination, there is a need for loans directed to smaller businesses in the assessment area.

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

The bank's performance under the Lending Test is rated "Satisfactory".

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

ENB's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition and the excellent level of community development loans. Performance exceeds the standard for satisfactory.

The bank's quarterly average loan-to-deposit ratio since the last CRA examination is 78.86 percent, ranging from a high of 98.3 percent for the third quarter of 2008 to a low of 56.92 percent in the third quarter of 2005. The most current loan-to-deposit ratio (first quarter of 2010) is 81.39 percent.

The bank’s quarterly average loan-to-deposit ratio is consistent with the 80.79 percent quarterly average ratio for the same time period noted above of five similarly situated banks in ENB’s peer group also headquartered in Miami. The bank’s ratio is also consistent with the 85.23 percent average quarterly ratio for the time period noted above for all banks in ENB’s peer group headquartered in Florida.

Consideration was also given to the excellent level of community development loans originated by the bank during the evaluation period. ENB originated five community development loans totaling \$4.3 million. Of those loans, four loans totaling \$4.2 million were affordable housing loans that helped to provide 52 units of rental housing affordable to low- and moderate-income families and persons, many of whom are receiving housing assistance funding under Section 8. Affordable rental housing is a critical need in the bank’s assessment area. The remaining community development loan is to a community service organization providing medical services to low- and moderate-income mothers and infants.

**Lending in Assessment Area**

Lending in the bank’s assessment area exceeds the standard for satisfactory performance. A significant majority of ENB’s loan originations are in the bank’s assessment area, based on an analysis of a random sample of 41 business loans originated during our evaluation period.

Overall, 98 percent of the number of loans and 99 percent of the dollar volume of loans were in the bank’s assessment area.

<b>Table 2 - Lending in the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	40	97.56	1	2.44	41	15,642	98.96	164	1.04	15,806

*Source: Sample of 41 loans taken from bank loan origination reports.*

**Lending to Businesses of Different Sizes**

The distribution of loans to businesses of different sizes exhibits reasonable penetration and meets the standard for satisfactory performance.

In the bank’s Miami-Dade assessment area the number of the bank’s loans to small businesses (businesses with revenues of \$1 million or less) is somewhat lower than the number of small businesses in the assessment area, as depicted in Table 3 below. Most loans for which no revenue information is shown represent loans to limited liability companies (LLCs) formed to hold real estate assets where the bank relied on the income of the guarantors and not that of the company itself in granting the loan.

<b>Table 3 - Borrower Distribution of Loans to Businesses in Assessment Area</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	74.59	3.13	22.28	100%
% of Bank Loans in AA by #	52.50	12.50	35.00	100%
% of Bank Loans in AA by \$	30.35	12.08	57.58	100%

Source: Sample of 40 in assessment area loans taken from bank loan origination reports. Business demographic Data –PCI Corporation-2009

### Geographic Distribution of Loans

The geographic distribution of loans within the assessment area exhibits reasonable dispersion and meets the standard for satisfactory performance.

As reflected in the table below, 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 originations is lower than the percentage of businesses located in such geographies. This distribution is consistent with the fact that the bank has no offices located in low- or moderate-income geographies and the bank’s performance context.

<b>Table 4 – Geographic Distribution of Loans to Businesses in the Assessment Area</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
Miami-Dade AA	4.65	5.00	21.49	10.00	32.28	27.50	41.10	57.50

Source: Sample of 40 in assessment area loans taken from bank loan origination reports. Geo-demographic Data – PCI Corporation-2009

### Responses to Complaints

No complaints were received regarding the bank’s CRA performance since the last examination.

### Fair Lending or Other Illegal Credit Practices Review

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