



PUBLIC DISCLOSURE

October 31, 2016

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

9850 N.W. 41 Street, Suite 260
Miami, FL 33178

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 Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The Bank's average quarterly loan-to-deposit ratio is reasonable;
- A significant majority of loan originations are within the Bank's assessment area;
- The distribution of loans among businesses of different sizes exhibits excellent penetration;
- The geographic distribution of loans within the assessment area exhibits excellent dispersion throughout the assessment area.
- The Bank has an adequate level of community development activities that are responsive to community credit needs.

Scope of Examination

We evaluated Executive National Bank's (ENB) CRA performance using Intermediate Small Bank Performance criteria. Our evaluation period was February 25, 2013, the date of the last CRA examination, through October 30, 2016. However, we focused on lending activity from January 1, 2014, through June 30, 2016.

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. The holding company consolidated assets totaled approximately \$393.2 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 September 30, 2016, the Bank reported total assets of \$391 million and total deposits of \$340.9 million. Tier 1 Capital totaled \$39.4 million. Total loans, which represent 75.9 percent of total assets, equaled \$296.8 million. Of total loans, 66.23 percent represent commercial real estate loans, 24.67 percent residential real estate loans (1 to 4 family homes), and 6.79 percent commercial and industrial loans. Multifamily loans represent 14.36 percent of total loans.

Description of Assessment Area(s)

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

Miami-Dade County is located in the southeastern part of the State of Florida. As of the 2010 census, the County had a population of approximately 2.5 million, making it the most populous county in Florida and the seventh-most populous county in the United States. It is also Florida's third largest county in terms of land area, with 1,946 square miles. The County contains approximately half of the Miami metropolitan area's population and several of its largest cities. The county seat is Miami.

According to the 2010 Census for the Miami-Dade MD, there were 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 June 30, 2016, was 5.2 percent and has trended lower compared to 10.3 percent in 2011 and 13.6 percent in 2010, which represent years of high unemployment. The Federal Financial Institutions Examination Council's (FFIEC) adjusted median family income (MFI) was \$48,400 for 2014, and \$52,500 for 2015, and \$48,100 for 2016.

The poverty level remains high at approximately 18 percent for the 2010 Census report of demographic information. Housing costs are high with the median sales price of a single-family home of \$243,700 as of June 2014 increasing to \$315,000 in 2016 according to an assessment by the Miami Association of Realtors. The high median cost makes it difficult for LMI people to own a home in the AA without the help of loan subsidies. In addition, the high property tax and

insurance premiums add significant cost to owning a home. The demand for single-family homes has been fierce with foreign investors quickly buying homes with cash, making it difficult for LMI people to take advantage of lower cost homes on the market while they go through the sometimes-lengthy loan approval process. Multifamily rental housing is another alternative for affordable housing in the assessment area.

Major industries include real estate development, trade business with Latin America, and tourism. According to Dunn and Bradstreet, there were 354,431 non-farm businesses in the Miami-Dade MD for 2015 of which 79.54 percent are considered to be small business. Small businesses are defined as having revenues of \$1 million or less. The majority (73.20 percent) of all non-farm businesses are concentrated in the County's middle- and upper-income geographies.

We determined the community credit needs in the AA by conducting one community contact with a nonprofit community service organization that operates in the AA. We determined that the most pressing credit needs in the AA are affordable housing, asset-building products that aid LMI residents with saving, micro consumer lending, and small business lending.

Banking competition is very intense in the AA. Based on the most recent Federal Deposit Insurance Corporation (FDIC) data as of June 30, 2016, there were 65 financial institutions operating 667 banking offices in the Miami-Dade County AA, including branches of the largest banks in the country. ENB has a deposit market share of 0.22 percent and ranks 48th out of the 65 banks in the AA. Competition for loans is even more intense since numerous mortgage companies also operate in the AA and national credit card lenders compete for small business loans.

Conclusions with Respect to Performance Tests

The Bank's CRA performance is "Outstanding" for the Lending Test and "Satisfactory" for the Community Development Test. The following narrative details the Bank's performance for the component ratings.

LENDING TEST

The Bank's performance under the Lending Test is rated "**Outstanding**".

Loan-to-Deposit Ratio

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

The Bank's loan-to-deposit ratio, in comparison to similarly situated institutions, is reasonable and meets the standards for satisfactory performance. The Bank's quarterly average loan-to-deposit ratio since the last CRA examination is 83.15 percent, below the 89.51 percent quarterly average of three similarly situated banks. The similarly situated banks have individual quarterly average ratios ranging from 81.51 percent to 99.46 percent and ENB's average ratio is within the range. The similarly situated banks with their respective average loan-to-deposit ratios are Eastern National Bank (99.46 percent),

Intercredit Bank, National Association (87.55 percent) and Pacific National Bank (81.51 percent).

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 38 business loans originated during the evaluation period. Overall, 89.47 percent of the number of loans and 85.51 percent of the dollar volume of loans were in the Bank’s assessment area.

Table 1 - Lending in Miami-Dade MD										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	34	89.47	4	10.53	38	36,738	85.51	6,227	14.49	42,965
Totals	34	89.47	4	10.53	38	36,738	85.51	6,227	14.49	42,965

Source: Sample of 38 loans taken from loan origination reports January 1, 2014 through June 30, 2016.

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, 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. The dollar volume of the Bank’s loans is below the percentage of small business in the assessment area.

Table 2A - Borrower Distribution of Loans to Businesses Miami-Dade MD				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	79.54	3.24	17.22	100%
% of Bank Loans in AA by #	89.47	10.53	0.00	100%
% of Bank Loans in AA by \$	37.09	62.91	0.00	100%

Source: The 34 loans inside the AA in the sample from loan origination reports January 1, 2014 through June 30, 2016. Dun and Bradstreet data 2014.

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, 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 exceeds the percentage of businesses located in such geographies. There were no unexplained conspicuous gaps in lending. Census tracts in the AA with no loan penetration are due to ENB’s limited number of branch offices serving a large assessment area. This limitation prevents the Bank from penetrating all areas in the AA.

Table 3A - Geographic Distribution of Loans to Businesses and Farms in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	3.14	17.65	21.91	38.24	26.96	14.71	46.24	29.40

Source: The 34 loans inside the AA in the sample from loan origination reports January 1, 2014 through June 30, 2016. Dunn and Bradstreet data 2014.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Bank’s performance under the Community Development Test is rated **“Satisfactory”**.

The Bank's community development performance demonstrates an adequate responsiveness to community development needs in its assessment area through a combination of community development loans, investments, and services.

Number and Amount of Community Development Loans

Considering the Bank’s capacity and economic challenges, ENB originated an excellent level of community development loans. During the evaluation period ENB made five community development loans totaling approximately \$4.1 million. Three of the loans supported affordable housing for low- and moderate-income people in the AA. Affordable housing is a critical need for the assessment area. One loan supported the economic development by lending to a retailer that provides services to low-and moderate-income people.

Number and Amount of Qualified Investments

ENB had an adequate level of qualifying community development investments considering performance context. The Bank purchased one mortgage back security totaling \$2 million that supported residential financing to low- and moderate-income people. There were no prior period investments.

Extent to Which the Bank Provides Community Development Services

The Bank provided an adequate level of community development services through its branches, products, services, and activities with local organizations that support community development actions. There were no branches opened or closed during this evaluation period.

Of ENB's four branches, none are located in a low- or moderate-income geography. However, the Aventura Office is adjacent to one moderate-income geography, and the Main Office is adjacent to one moderate-income geography.

The Bank offers a variety of consumer and commercial banking products and services as described in the CRA Public File.

The Bank put on seven seminars during 2016 using the course "I Have No Reserves and I Need a Loan." This course provided technical assistance to small businesses.

Responsiveness to Community Development Needs

The volume and responsiveness of ENB to the community development needs of the AA is adequate considering the Bank's performance context during the evaluation period. ENB has extended loans, financial support, and expertise commensurate with its capacity.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 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.