



MARK FREERKS

City National Bank focuses on growth in South Florida

BY BRIAN BANDELL

City National Bank of Florida is putting its losses behind it and focusing on growth – both in its branch network and its loan portfolio.

The Miami-based bank is one of South Florida's healthiest large institutions. After a \$100 million capital injection from its parent company, Spanish banking giant Caja Madrid, last year, City National Bank has the resources to expand.

The bank reported net income of \$9.1 million in the first quarter, improved from a \$222.7 million loss in the fourth quarter – although that loss was primarily caused by noncash charges to goodwill and amortization. It reduced its problem loans to \$48 million from \$113 million a year earlier. The bank did not set aside any reserves for problem loans in the first quarter.

The improvement in loan quality comes as fewer borrowers experience trouble, and customers with problem loans are able to work out deals with the bank, President and CEO Jorge Gonzalez said. That includes borrowers who contributed equity to projects because they are more confident in the real estate market, he noted. In at least one case, the bank agreed to discount the principal of a commercial development loan if it performed.

"If they are trying to repay us, we will try to make it mutually beneficial," he said. "If they aren't, the gloves come off."

A MORE DIVERSE LENDING STRATEGY

With an increased confidence in the economy, more people are requesting loans. Gonzalez said the bank made between \$160 million and \$170 million in new loans in the first quarter. It is focusing on lines of credit to small and medium-size businesses, residential lending and commercial real estate loans, he said. The bank has also entered the corporate banking market, with loans of \$15 million to \$20 million.

"For many years we were real estate-driven," Gonzalez said. "Now, we are more diverse."

Although employment in the financial sec-

tor has declined in South Florida, City National Bank is hiring. It has added nine corporate bankers, eight residential lenders and 10 business bankers.

Over the last two years, the bank has opened six branches – including an office in the 1450 Brickell tower that will become its headquarters by June.

In addition to the 5,000-square-foot banking center on the first floor, City National Bank is taking 30,000 square feet for its headquarters and client services – about 120 employees – at 1450 Brickell. The bank's back-room operations will remain at 25 W. Flagler St., its current headquarters. Gonzalez said the bank would lease some of the space in that building, which it owns.

Given the high foot traffic on Brickell Avenue now that most of the new condominiums are occupied, Gonzalez said he expects it to be a strong market for banks.

City National Bank plans to open three more branches this year. Since much of its network is east of Interstate 95, Gonzalez said it would focus on expansion in western areas, including southwest Broward County. He is looking for a site in Pembroke Pines. Branches are generally 3,000 to 3,500 square feet in stand-alone buildings.

Although, City National Bank has two branches in the Orlando area, he said it wants to fill its market in South Florida before expanding more up there.

"If we could double our share of deposits in Miami-Dade to 5 percent or 6 percent, we could double the size of our organization," Gonzalez said.

City National Bank will have competition as institutions like TD Bank, JPMorgan Chase Bank, BankUnited and TotalBank look for new branches and position for commercial customers. Gonzalez said his bank makes customer service the differentiator.

"People are looking for service and access to someone who can make a decision," he said, noting that he often meets with clients seeking large loans.

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City National Bank, under CEO Jorge Gonzalez, has added six branches and has more on the way after getting a \$100 million cash injection and cutting down on problem loans. P3

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