

This was printed from South Florida Business Journal

City National Bank income grows, new branches planned

South Florida Business Journal by Brian Bandell, Senior Reporter

Date: Thursday, July 26, 2012, 3:05pm EDT



[Brian Bandell](#)

Senior Reporter- South Florida Business Journal

[Email](#) | [LinkedIn](#) | [Twitter](#)

[City National Bank of Florida](#) improved its second quarter earnings as it announced plans for four new branches.

The Miami-based bank earned \$10.3 million in the second quarter, up from \$9.4 million in the first quarter. Its net interest income grew to \$30.6 million in the second quarter from \$30.2 million.

The bank's loans grew by \$113 million, or 5.7 percent, in the first half of 2012 to reach \$2.02 billion. That includes \$81 million in loan growth during the second quarter. City National Bank said it has enough capital to add \$1.5 billion in loans.

City National Bank President and CEO [Jorge Gonzalez](#) said the bank has diversified its loan production by adding many residential loans and small business loans to its staple of commercial real estate loans. It's also done some construction loans for multifamily, hotels and retail, he added.

"Our biggest challenge is finding good quality loan demand," Gonzalez said. "Since there is still not a significant volume of high quality loan demand then there is a competitiveness between banks for the good opportunities that are out there."

City National Bank is a subsidiary of Bankia, a Spanish bank that is seeking about \$28.5 billion in rescue funds from Spain. Former Bankia leader [Rodrigo Rato](#) was [grilled by Spain's parliament](#) on Thursday over his handling of the bank, Bloomberg reported.

City National Bank has a separate balance sheet from Bankia. In contrast to its parent company, City National Bank is profitable and has few problem loans.

"It hasn't changed our strategy at all," Gonzalez said of the Bankia situation. "Our commitment to growth and investment in people and technology continues, and probably has picked up some. That has had zero impact on how we operate in the marketplace."

Its deposits increased by \$152 million, or 5.2 percent, in the first half of 2012 to reach \$3.1 billion on June 30.

City National Bank hopes to attract even more deposits by expanding its branch network. It is seeking locations in Weston, Medley, the Wynwood/Design District area of Miami, and Boca Raton. It currently has 26 branches, so the expansion would give it 30 locations.

Gonzalez said the bank has not signed leases in those four cities, but it is getting closer to securing the right locations there.

"There are some holes without our branch distribution network that we want to fill," he said.

The bank reported \$28.6 million in noncurrent loans, or 1.37 percent of total loans, on June 30. That's down from \$29.1 million, or 1.45 percent, on March 31. It also had \$13.8 million in repossessed property on June 30.

Its money held in reserve for future loan losses covered 257 percent of its noncurrent loans at midyear. Since its reserves were so high, the bank didn't take any expenses for bad loans in the second quarter.

"I can sleep at night knowing we have a 257 percent reserve to noncurrent loans," Gonzalez said. "It allows us a very solid cushion to operate this business and deal with any economic twists and turns."

City National Bank was the fourth-largest bank in South Florida on March 31, with \$4.2 billion in assets. By June 30, it was up to \$4.3 billion in assets.

[Get the latest banking industry news here.](#)

Related links:

[Miami](#), [Boca Raton](#), [Weston](#), [Medley](#)

Follow Your Favorites with My News

My News is a way to create a customized news feed based on companies and industries that matter to you.

Companies Mentioned

- [City National Bank of Florida](#)