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BANKING & FINANCIAL SERVICES

City National Bank of Florida surpasses \$20B in assets



Jorge Gonzalez, vice chairman and CEO, City National Bank of Florida

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Steve Hayworth

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By Ashley Garrett
Digital Producer, South Florida Business Journal
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City National Bank of Florida surpassed \$20 billion in assets across its 33 branches statewide, according to the

organization's June 30 call report to the Federal Financial Institutions Examination Council.

The milestone comes less than four years after the Miami-based community bank broke through the \$10 billion-asset ceiling. Following its 2015 sale to Chile-based Banco de Credito e Inversiones (Bci), the local bank has solidified its status as one of South Florida's fastest-growing financial institutions.

Strategic acquisitions have served a major role in bolstering City National's assets. It acquired Miami-based TotalBank from Banco Santander (NYSE: SAN) for \$529 million in 2018, and acquired Miami-based Executive National Bank for an undisclosed amount in 2020.

A yearslong expansion has extended the bank's geographic footprint into other high-growth Florida markets, namely Orlando and Tampa. The growing branch network has been coupled with high-profile executive hires, including South Florida banking veteran Steve Hayworth, who took over City National's private banking, wealth management, and commercial and residential lending services.

City National ranks as the second-largest community bank headquartered in South Florida by assets, and is the sixth-largest bank in the region by market share, with \$16.6 billion in deposits as of June.

Vice Chairman and CEO Jorge Gonzalez spoke with the *Business Journal* about City National's path to success and plans moving forward:

How did City National's business model help it successfully surpass \$20 billion in assets?

When I joined the bank 12 years ago, it was already well established, in terms of reputation and culture. Our objective was to continue to focus on the pillars of our foundation, like service, relationship banking and giving back to the community. That unique value proposition didn't exist in the marketplace, and it has proven to work. The future of our business model and the future of Florida

relative to the economic growth taking place is a great combination to continue to fuel the overall trajectory of the organization.

Which service lines are you currently most focused on strengthening in South Florida and elsewhere?

- **Commercial and residential real estate banking:** Real estate is the predominant industry in the state of Florida, and it's a business we're going to continue to make the centerpiece of our strategy. The residential side of our consumer market in terms of homeownership is very important to us. We want to make sure that we are providing consumers with very competitive home lending products so that they can take advantage of low interest rates and the ability to own their homes effectively.
- **Small business banking:** Small- and medium-sized businesses are core to the economy in terms of employment, so we're doing everything we can to make sure that we have the products and services to serve those companies, whether it's credit, depository, or cash management needs.
- **Private banking and wealth management:** Our strategy here is about preservation of capital. We've made significant investments in being able to manage assets for our wealthier clients.
- **Banking for law firms:** The legal industry is very important in Florida, and we've always been an institution that did business with law firms. We have a group that specializes in banking for law firms and we'll be expanding their efforts throughout the state. It's worked very well in Miami-Dade and Broward counties, and we feel there's an opportunity to do much more with it throughout the state.
- **Health care banking:** We're in the early-stages of this sector. It's one of the most significant industries in Florida, and we want to have a vertical that focuses on it

so we can have people who truly understand what the needs are of folks in that industry.

What are your plans for expansion across the state of

Florida? We've been present in Central Florida for a period of time, but we're getting ready to really triple down in Orlando, Tampa and the northern part of the state.

Florida's economy is firing on most cylinders, and we believe the amount of capital migrating into the state is just going to continue to yield growth in the majority of the industries that make up the economic landscape of City National. We're very bullish on the future.

How does the consolidation of community banks in South Florida affect your competition within the market?

In this business these days, community organizations that can't grow to scale are probably going to have a significant amount of pressure from their shareholders to sell. In my opinion, that only benefits City National. One, we're always opportunistically looking for the right acquisitions, and two, it will make our value proposition much more important because there will be fewer community banks competing against the large banks. We have something that the smaller banks don't bring to the table, which is our talent, technology, balance sheet and ability to do larger loans. [The consolidation] gives more validation to our business model and the fact that we have the size and scale to continually invest while staying true to our core values.

How do you view the economic outlook of South Florida?

Even though the South Florida community has grown significantly over the past 20 and 30 years, I think our future is much brighter than our past. I'm right there with Mayor [Francis] Suarez relative to how optimistic I am about the infrastructure of the economy. It doesn't mean we don't have our challenges – like any other metropolitan city, there are things we have to work on. But I think there's far greater good than shortcomings. There's been a significant tidal wave of people who have figured that out, and that's why we're seeing so many people moving to the state of Florida.