



April 2, 2018

**CRA Decision #189
May 2018**

Alcides I. Avila
Avila Rodriguez Hernandez Mena & Ferri LLP
2525 Ponce de Leon Blvd. #1225
Coral Gables, Florida 33134

Re: Application for Merger of TotalBank, Miami, Florida into
City National Bank of Florida, Miami, Florida Charter No. 15977
OCC Control No.: 2018-SO-Combination-301420

Dear Mr. Avila:

The Office of the Comptroller of the Currency (OCC) hereby approves the application to merge TotalBank, Miami, Florida into City National Bank of Florida, Miami, Florida (City National), under the charter and title of the latter. The OCC also approves the retention by City National of 1621 NW 19th ST No 5, LLC (LLC), an operating subsidiary of TotalBank that engages in holding and managing assets acquired by the bank, including property acquired through foreclosure or otherwise in good faith to compromise a doubtful claim or in the course of collecting a debt previously contracted. The OCC concludes that LLC engages in activities permissible for national banks and its operating subsidiaries.

The approvals are granted after a thorough review of the application, other materials each of the banks and its representatives supplied, and additional information available to the OCC, including commitments and representations made in the application, and by the banks' representatives during the application process.

I. The Transaction

City National is a \$10 billion national bank that is headquartered in Miami, Florida and operates twenty-six banking offices in Florida. City National is owned by BCI Financial Group, Inc., a Florida corporation that is wholly-owned by Banco de Credito e Iversiones, a Chilean banking institution.

TotalBank is a \$3 billion state non-member bank headquartered in Miami, Florida. TotalBank operates eighteen banking offices in Florida, which will become branches of City National following the merger. TotalBank is a wholly-owned subsidiary of Banco Popular Espanol, S.A., which is owned by Banco Santander, S.A., both Spanish banking institutions.

As described in the application, TotalBank will merge with and into City National, with City National being the surviving entity. In exchange, City National will pay approximately \$528 million in consideration for the purchase of TotalBank.

II. Bank Merger Act

The OCC reviewed the proposed merger transaction under the criteria of the Bank Merger Act (BMA) and applicable OCC regulations and policies. 12 USC 1828(c). Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. We also considered the financial and managerial resources of the banks, their future prospects, their effectiveness in combating money laundering activities, the convenience and needs of the communities to be served and the risk of the transaction to the stability of the United States banking or financial system. Furthermore, the OCC reviews records of compliance with the Community Reinvestment Act (CRA). 12 USC § 2903(a)(2). We considered these factors and found them consistent with approval.

III. CRA and Convenience and Needs

In evaluating this proposed transaction, the OCC has considered (i) City National Bank of Florida's (City National) and TotalBank's most recent CRA performance evaluations (PE), (ii) information available to the OCC as a result of its supervisory responsibilities, (iii) written public comments, and (iv) information provided by City National in response to public comments.

A. Community Reinvestment Act

The CRA requires the OCC to take into account a bank's performance record in helping to meet the credit needs of its communities, including low- and moderate-income (LMI) neighborhoods, when evaluating applications under the Bank Merger Act (BMA). Under the regulations implementing the CRA, a bank's record of performance may be the basis for denying or conditioning approval of an application subject to the BMA. 12 CFR 25.29(d). Accordingly, the OCC considered City National's and TotalBank's CRA PEs. Based on this review, the OCC has concluded that the banks' records of performance under the CRA are consistent with approval of this application.

City National's most recent CRA PE is dated May 4, 2015, and the bank's overall rating was "outstanding."¹ The major factors that supported this rating included the bank's: (i) lending activity that reflected good responsiveness to the credit needs of its assessment areas; (ii) good geographic distribution of loans; (iii) adequate distribution of loans among borrowers of different income levels and businesses of different sizes; (iv) excellent level of community development lending; (v) excellent level of qualified investments responsive to assessment area needs; and (vi) ready accessibility of service delivery systems to geographies and individuals of different income levels.

¹ A copy of City National's CRA PE is available at: <https://www.occ.gov/static/cra/craeval/sep15/15977.pdf>.

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TotalBank's most recent CRA PE, dated January 26, 2015, assigned the bank an overall "satisfactory" rating.² The factors supporting this rating included: (i) lending levels that reflected a good responsiveness to the assessment area's credit needs; (ii) a high percentage of

loans originated in the assessment area; (iii) good geographic distribution of loans among borrowers of different income levels and businesses of different sizes; (iv) an adequate level of community development investments and grants; and (v) reasonable accessibility of delivery systems to all portions of the assessment area.

B. Convenience and Needs

Under the BMA, the OCC considers the convenience and needs of the communities to be served by the bank.³ Though a bank's CRA performance and the probable effects of the proposed transaction on the convenience and needs of the communities to be served are interrelated, as explained in the "Public Notice and Comments" booklet of the *Comptroller's Licensing Manual* (November 2017), consideration of a bank's CRA performance primarily looks to how the bank has performed in the past. A convenience and needs assessment considers how the combined bank will help to meet the needs of its community on a prospective basis. The OCC has concluded that approval of this transaction is consistent with the convenience and needs of the communities that the resulting bank will serve.

IV. Summary of Public Comment, Applicant's Response, and Analysis

The OCC received and considered one comment letter concerning the proposed transaction. The commenter requested that the OCC require City National to enter into a community benefits plan in connection with the transaction.⁴

The OCC considered City National's response to the comment. City National stated that it already has a forward looking CRA program in place that meets the convenience and needs of the community, and this program is summarized in City National's most recent CRA PE which resulted in an overall "Outstanding" rating. City National further stated that it has a long history of serving its local community through numerous lending programs and the support of charitable organizations throughout south Florida. City National represented that a culture of strong commitment to CRA has been maintained without the need for a formal community benefits plan and will continue beyond the merger with TotalBank.

City National detailed that it recently established the CNB Housing Foundation, Inc. (Foundation), a not for profit entity whose sole purpose is to create and preserve low-to-moderate housing in Florida, with a primary focus in south Florida. City National committed to a \$1.0 million donation to the Foundation in its first year of operation. City National represented that the Foundation's mission is to purchase, develop, refurbish, create, and make available affordable housing inventory to LMI borrowers. City National further represented that the

² A copy of the Federal Deposit Insurance Corporation's evaluation of TotalBank's CRA performance is available at: https://www5.fdic.gov/CRAPES/2015/21468_150126.PDF.

³ See 12 USC 1828(c)(5); 12 CFR 5.33(e)(1)(ii)(C).

⁴ Neither the BMA nor the CRA require applicants to submit a community benefits plan as part of the application. See generally 12 USC 1828(c) and 12 USC 2901 et seq.

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Foundation will work with community organizations (both public and private), city, state and federal authorities, banks, lenders, and others with the mission of fostering homeownership by LMI borrowers. City National asserted that providing flexible and novel approaches in its community will increase the chances for LMI borrowers to become homeowners.

Based on the review of City National's response to the comment and its record of performance under the CRA, the OCC will not require that City National enter into a community benefits plan in connection with the merger transaction.

V. Summary of Consideration of Public Comments

The OCC has considered all the facts of record, including the records of the relevant depository institutions involved under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by City National, and the public comment on the proposal. Based upon this review, the OCC finds the facts to be consistent with approval.

VI. Consummation Requirements

The Southern District Licensing Office must be advised in writing in advance of the desired effective date for the merger so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive documentation that all other required regulatory approvals, non-objections, and waivers have been obtained.

If the merger is not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

We have enclosed a letter requesting your feedback on how we handled your application. We would appreciate your response, so we may improve our services.

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All correspondence regarding this application should reference the control number. If you have any questions, please contact Pansy G. Hale, NBE/ Licensing Analyst at (214) 720-7052 or by email at pansy.hale@occ.treas.gov.

Sincerely,

signed

Stephen A. Lybarger
Deputy Comptroller for Licensing

Enclosure: Survey Letter