



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 19, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eagle National Bank of Miami
Charter Number: 14804

8200 NW 33rd Street
Doral, FL 33122-0000

Office of the Comptroller of the Currency

SOUTH FLORIDA (MIAMI)
9800 Northwest 41st Street Suite 120
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: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- Since the last examination, the bank's average quarterly loan-to-deposit ratio is excellent.
- A substantial majority of loan originations are within the bank's assessment area.
- The distribution of loans among businesses of different sizes is poor, given the demographics of the assessment area.
- The geographic distribution of loans reflects excellent distribution within the assessment area.
- The overall level and responsiveness of community development lending, investments and services is good, given the opportunities in the assessment area, and they had a positive impact on the bank's assessment area.

Scope of Examination

This Performance Evaluation assesses the bank's performance under the Lending and Community Development Tests. In evaluating the bank's lending performance, we reviewed loans to businesses, the bank's primary loan product. Overall, loans to businesses represent 67 percent of the bank's loan portfolio.

The evaluation period ranged from November 14, 2005, the date of the last CRA examination, to December 1, 2008. However, the Lending Test concentrated on activity from January 1, 2006 to November 15, 2008. The Community Development Test concentrated on activity from November 14, 2005 to December 1, 2008. The evaluation is based on accurate data. Loan reports and community development loans, investments, and services submitted by bank management were verified to ensure accuracy and that, where applicable, they met the regulatory definition for community development.

Description of Institution

Eagle National Bank (Eagle) is an intrastate community bank headquartered in Doral, Florida. The bank has no operating affiliates and is wholly owned by Eagle National Holding Company, also located in Doral. The bank operates four branches in Miami-Dade County including one in the bank's headquarters location. Other branches are located in Aventura, the City of Miami, and Medley. Since the last examination, the bank closed one branch located on the fourth floor of its headquarters building and opened the branch in Medley. None of the branching activity impacted low-or moderate-income geographies.

The bank offers a variety of deposit and loan products for businesses and individuals, as described in the CRA Public File. As of September 30, 2008 the bank had total assets of \$300 million and total deposits of \$188 million. Total loans (net of unearned income and allowance), which represent 75 percent of total assets, equaled \$226 million and consisted of 36 percent commercial real estate loans, 31 percent commercial and industrial loans, 22 percent residential real estate loans (1 to 4 family homes), and 7 percent multi-family real estate loans. Remaining loans include “other” loans as well as consumer loans and loans to businesses outside the United States. Tier 1 Capital totaled \$24.6 million.

It is important to note that 27 percent of the bank’s deposits, or \$50.9 million, are from foreign customers. Although the bank lends to business entities and residents from outside the United States, such lending is very limited (\$24.1 million) and represents only 11 percent of the bank’s total loan portfolio, indicating that portions of domestic loans were funded with foreign deposits. Our evaluation of the bank’s performance takes this factor into consideration.

There are no legal, financial, or other factors to impede the bank’s ability to meet the credit needs in its assessment area. At its last CRA examination, dated November 14, 2005 the bank was rated satisfactory.

Description of Assessment Area

Eagle’s assessment area is comprised of all of Miami-Dade County, which is equivalent to Metropolitan Division 33124 (Miami-Miami Beach-Kendall, FL). The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas.

Based on the 2000 Census, the assessment area consists of 347 census tracts of which 27 (8%) are low-income, 99 (29%) are moderate-income, 114 (33%) are middle-income, and 104 (30%) are upper-income. The greatest concentration of low- and moderate-income tracts can be found in the City of Miami.

Miami-Dade County is a densely populated urban center. According to the 2000 Census, the total population is 2.25 million, however 2006 estimates by the US Census Bureau place the total population at 2.4 million. Owner occupancy is high in the assessment area reaching 60 percent (based on 2006 estimates) as a result of the housing boom that impacted the area through 2005. In low- and moderate-income geographies however the level of renter occupancy is high (69% and 56%, respectively). These geographies also represent high levels of households below the poverty level (47% and 27%, respectively), indicating a need for affordable rental housing. But, the inventory of rental units declined during the housing boom as many apartment buildings were converted to condominiums. As of June 2008, the state of Florida ranks third in the nation for the number of home foreclosures and Miami is among the cities with the highest rates, placing additional stress on the already short supply of rental housing. The need for affordable rental housing is considered critical in the assessment area.

Housing costs in Miami-Dade County continue to be high in relation to the area’s income, but have declined since the beginning of 2006 as the housing boom came to an end. The National Association of Realtors estimates the median sales price of an existing single-family home in the

Miami Metropolitan area to be approximately \$310,000 during the second quarter of 2008, almost the exact figure it was at the same time in 2004. When prices are compared with the county's HUD Adjusted Median Family Income of \$49,200 for 2008 it is clear that the unsubsidized purchase of an average single-family residence would be beyond the financial means of many low-or moderate-income individuals and families even if mortgages and subsidy programs were still readily available for such buyers.

Even prior to the National Bureau of Economic Research declaring that the United States is officially in a recession which began in December of 2007, economists indicated that the economy of Florida was in recession earlier than that due to the large decline in the real estate market. Economic issues have not escaped Miami-Dade County as the decline in construction and construction-related jobs, a mainstay of the local economy, have driven the unemployment rate to 6.1 percent in October 2008, compared with 4.1 percent a year earlier, indicating a need for job placement and job training programs as well as community services for low- and moderate-income persons and families. Exports and tourism continue to provide some job opportunities but as the economy declines so do these opportunities as well as loan demand. Based on 2008 Dunn & Bradstreet data there are approximately 346 thousand non-farm businesses in Miami-Dade County of which 65 percent are considered to be small business, with revenues of \$1 million or less. The majority (73%) of all non-farm businesses are concentrated in the County's middle-and upper-income geographies. However, the number of businesses declaring bankruptcy grows each month.

Banking competition within the assessment area is intense. In addition to community and mid-size banks, branches of the largest banks in the country operate in Miami-Dade County. As of June 30, 2008 there were 77 deposit taking financial institutions in Miami-Dade County operating 650 branches. In terms of deposits, Eagle is ranked 48th, with a deposit market share of .23 percent. In addition to competition for deposits and loans, the level of competition in the assessment area is very high for qualified community development investments and loans.

While previously there had been a wide range of opportunities for community development lending, investments, and services throughout the bank's Miami-Dade assessment area, availability is now limited. The impact of the mortgage crisis has caused community development organizations to change their focus from new construction to acquiring foreclosed properties, rehabilitating them, and then making them available for rent or for sale to low- and moderate-income persons or families. Through a new program offered by the Department of Housing and Urban Development (HUD) the City of Miami will be receiving \$21 million to assist in this effort, according to a community contact made for this examination. Many non-profits are still working on establishing the best methods to accomplish the new goals, limiting bank opportunities to technical support, foreclosure assistance programs and donations at this time. In addition, the county's most active community development corporation (CDC) for construction of affordable housing has encountered lending problems and is no longer funding new projects. A large number of community banks in the Miami-Dade assessment area participate in this CDC.

Mortgage-backed securities, once a common community development investment particularly for smaller institutions, are no longer considered sound investments, however Miami-Dade County has a number of minority-owned financial institutions and community development

financial institutions (“CDFIs”) in which deposits can be made. Opportunities exist to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing and community services for low- and moderate-income persons, particularly in the areas of job training and job placement, as noted by a community contact made for another CRA examination in the same assessment area. There is a federally designated Empowerment Zone that targets economic development with the goal of revitalizing the area by stimulating and retaining jobs. There are areas designated as Targeted Urban Areas (“TUA”) that are the focus for the Urban Economic Revitalization Plan for Miami-Dade County.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank’s performance under the Lending Test is rated “Satisfactory”.

Loan-to-Deposit Ratio

Eagle’s loan-to-deposit ratio exceeds the standard for satisfactory performance. The bank’s loan-to-deposit ratio is more than reasonable given the institution’s size and performance context factors related to the level of deposits from foreign customers, as discussed in the “Description of Institution”.

The bank’s quarterly average loan-to-deposit ratio since the last CRA examination is 110.84 percent. This ratio exceeds the 67.39 percent quarterly average ratio for the same time period of five similarly situated banks in Eagle’s peer group within the state of Florida operating within the bank’s assessment area. Eagle’s ratio also exceeds the 86.74 percent average quarterly ratio for the same period for all banks in the peer group operating in Florida.

Lending in Assessment Area

The level of lending in the bank’s assessment area exceeds the standard for satisfactory performance. A substantial majority of loan originations are in the bank’s assessment area. Overall, 88 percent of the number of loans and 87 percent of the dollar volume of loans originated during the evaluation period were originated in Eagle’s assessment area.

Table 1 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	152	88%	21	12%	173	140,955	87%	20,297	13%	161,252

Source: Bank loan origination reports.

Lending to Businesses of Different Sizes

The distribution of loans to businesses of different sizes does not meet the standard for satisfactory performance. The distribution of borrowers reflects poor penetration among businesses of different sizes, given the demographics of the assessment area. The level of the bank’s loans to small businesses (businesses with revenues of \$1 million or less) is lower than the level of small businesses operating in the assessment area.

Table 1 - Borrower Distribution of Loans to Businesses in Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.74	3.72	31.55	100%
% of Bank Loans in AA by #	22.27	72.37	5.26	100%

Source: Bank loan origination reports; Dunn and Bradstreet data.

Geographic Distribution of Loans

Overall, the geographic distribution of loans within the assessment area exceeds the standard for satisfactory performance. The geographic distribution of loans reflects excellent dispersion within the assessment area.

The geographic distribution of loans to businesses is more than reasonable. In low- income geographies, the percentage of the bank’s loan originations is near to the level of businesses located there. In moderate-income geographies, the percentage of the bank’s loans exceeds the percentage of businesses operating there. Approximately three percent of the bank’s loans were made to businesses located in geographies that do not have an income designation. These geographies are located in Medley, FL, where the bank’s new branch is located. The demographics of the geographies show very few residents therefore there is not sufficient income in the area for the Bureau of the Census to calculate a median income level.

Table 3 - Geographic Distribution of Loans to Businesses in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loans to Businesses	4.97	4.61	22.25	26.97	32.20	21.05	40.13	44.74

Source: Bank loan origination reports; D & B data 2008.

Responses to Complaints

The bank has not received any complaints regarding its CRA performance since the last examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated "Satisfactory", given performance context.

The bank's community development performance demonstrates good responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering opportunities for community development that exist in the bank's assessment area.

Number and Amount of Community Development Loans

During the evaluation period, the bank had two community development loans totaling \$2.1 million. Both loans help to meet affordable housing needs in the bank's assessment area. One loan, totaling \$1.8 million financed the acquisition and rehabilitation of a 48-unit apartment complex in a low-income geography of the Little Haiti neighborhood of Miami. Apartment rents are affordable to both low- and moderate-income families and individuals. The other loan, totaling \$250,000, represents the bank's participation in a CDC project for the development and construction of a 110-unit complex of affordable rental housing for senior citizens.

In addition, the bank participated in five other loans for projects from the same CDC during the evaluation period totaling \$352,000. Two of the loans helped to meet affordable housing needs in the bank's assessment area and totaled \$76,000 and two other loans, totaling \$26,000, helped to meet affordable housing needs outside the bank's assessment area, in adjacent Broward County. The fifth loan, totaling \$250,000, was to help finance "work force" housing in Miami-Dade County, a portion of which was affordable to low- and moderate-income individuals and families. Unfortunately, as a result of the area's economic crisis, none of these projects is viable at this time.

Number and Amount of Qualified Investments

The bank has two prior period qualified investments totaling \$750,000. These investments are in an investment fund that specializes in CRA qualified investments. One investment is secured by a mortgage on a 160-unit affordable housing complex in a low-income geography of Miami-Dade County and the other is allocated to bonds that will help to finance rehabilitation in portions of Miami Beach that are part of the Miami-Dade County Enterprise Zone. These investments continue to help meet affordable housing needs in the bank's assessment area.

Extent to Which the Bank Provides Community Development Services

The bank provides community development services through its branches.

Of Eagle's four branches, the Biscayne Branch in Miami, representing 25 percent of the bank's branch network, is located in a moderate-income geography. This compares favorably with the

fact that 22.25 percent of businesses and 28.61 percent of the population in the bank's assessment area are located in moderate-income geographies. (The bank has no branches in low-income geographies however, only 4.89 percent of the assessment area population resides in low-income geographies and 4.97 percent of businesses are located there.) It should also be noted that the Biscayne Branch is located in the Wynwood neighborhood of Miami-Dade's Federal Empowerment Zone. The Empowerment Zone is a federal designation to create economic opportunity and revitalization in economically distressed communities.

Eagle offers a full-range of consumer and commercial banking products and services as noted in the bank's Public File although none are targeted specifically to low-or moderate income people. With the exception of the Doral headquarters branch, the branches offer extended hours on Friday evenings as well as night drop and ATM facilities.

Responsiveness to Community Development Needs

Given the opportunities in the assessment area, the bank's community development activities have a good level of responsiveness to the assessment area's most critical need—affordable housing. Community contacts continue to rank affordable housing as the most pressing need in Miami-Dade County. The bank's community development loans and investments help to provide affordable housing alternatives to low- and moderate-income persons in the bank's assessment area.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.