

LOS ANGELES BUSINESS JOURNAL

Volume 33, Number 45

November 7 - 13, 2011

L.A.'s Biggest Bank Retains Crown for 10th Year

BANKING: City National holds off East West to keep winning streak alive.

By **RICHARD CLOUGH** Staff Reporter

City National Bank once again is king of L.A.'s banking industry – by a slight margin.

The downtown institution has held bragging rights as the area's largest homegrown bank for nearly all of the past decade, but **East West Bank** has almost closed the gap.

In the Business Journal's annual ranking of the largest banks headquartered in Los Angeles County (which begins on page 19), East West boasts assets of just less than \$22 billion, only 1 percent off City National's total.

Russell Goldsmith, City National's chief executive, shrugged off any concern, but acknowledged he keeps tabs on the rankings.

"Being No. 1 is not our goal but it's nice," Goldsmith said. "Growth is important, but I think it's much more important to be the best."

Overall, this year's list saw little change from 2010, a sign that the industry is beginning to stabilize after a tumultuous stretch. The list's top four banks – and nine of the top 10 – remained unchanged from last year. OneWest Bank held its place as the largest savings and loan. (The S&L list is on page 24.)

Still, beneath the apparent consistency several noteworthy trends are appearing, bankers said, including consolidation. That is shrinking the number of community banks in Los Angeles.

Since the summer of last year, local banks have announced more than a dozen mergers or acquisitions.

Koreatown's **Nara Bank**, for instance, is set to merge with rival **Center Bank** in the coming months. The deal will combine the seventh and 11th largest local banks into one \$5.5 billion institution.

"We will continue to see consolidation and I think that the pace of that may increase next year," said John Black, chief executive of **1st**

Enterprise Bank in downtown. "A lot of banks have reached a plateau stage in their ability to grow organically."

Black said he wants 1st Enterprise, which was started just five years ago, to continue to grow organically if possible. The bank increased its assets 13 percent in the past year to \$526 million, bumping it up two spots to No. 22 on the list – a point of pride for Black.

"Our goal is definitely to continue to move up that list," he said. "It says something to the banking community; it says something to people we would like to recruit. In banking, size does matter."

'Terrific growth'

Over the past year, City National increased its assets by 6 percent to \$22.1 billion, placing it atop the list for the 10th consecutive year. Its deposits rose even faster, growing 7 percent to more than \$19 billion.

"We've had terrific loan and deposit growth," said Goldsmith, who noted that deposits were up 77 percent during the past three years as the bank has aggressively pursued new customers.

He added that widespread anger at the nation's largest banks has benefited City National, which he said is "small enough ... that people get the service and respect that they can't find at the biggest banks."

Still, City National's growth has not been entirely organic. In April, it bought Nevada Commerce Bank, a Las Vegas institution that had been closed by regulators. It was City National's fourth pickup of a failed bank since 2009.

Goldsmith said City National is beginning to look at traditional acquisitions since the most attractive failed-bank opportunities have passed.

City National briefly lost its spot as L.A.'s largest bank after Pasadena's East West acquired United Commercial Bank in November 2009, but it reclaimed the mantle a few months later.

Meanwhile, the biggest gainer on this year's



And the Winner Is ...: City National signage at the bank's downtown L.A. office.

list owes its growth almost exclusively to acquisitions.

Grandpoint Bank, which was started last year in downtown by Don Griffith, increased its assets a whopping 499 percent to \$570 million. The institution, which was not ranked last year, was the 20th largest local bank. (See the People section on page 17 for an interview with Griffith.)

Grandpoint has announced four acquisitions since last year, including the purchase of Encino's First Commerce Bank, which ranked No. 31 last year.

Likewise, **California United Bank**, the Encino bank that ranked No. 21 last year, moved up to No. 19 this year after its acquisition of California Oaks State Bank boosted its assets by 50 percent to \$800 million.

Growth and the added deposits it brings might not always work to a bank's benefit, however. Since the money from deposits is used by banks to make loans and other investments, an increase in deposits would typically demand an increase in loans. But Wade Francis, president of bank consulting firm **Unicon Financial Services Inc.** in Long Beach, noted that many banks are hesitant to make new loans because of the heightened regulatory scrutiny.

"The real question is: do banks want additional deposits right now?" he said.

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