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Most Florida banks swoon; three provide model for growth

Tampa Bay Business Journal - by [Margie Manning](#) Senior Staff Writer

Most of the largest Tampa Bay area banks slipped deeper in the red in the first quarter of 2009, but three local banks bucked the trend.

USAmeriBank went from red to black ink by signing talented bankers who brought customers with them. Acquisitions boosted the bottom line at CenterState Bank of Florida. A merger of related financial institutions cut expenses at Florida Bank, while a stronger balance sheet grew income.

Each bank prospered by using different methodologies, yet their strategies provide a road map for institutions struggling to turn their balance sheets positive. Their profit gains are all the more remarkable given the difficult economic climate in Florida.

The Federal Deposit Insurance Corp. said 305 banks and thrifts in Florida reported a combined net loss of \$643 million for the 2009 first quarter, compared to net income of \$4 million for the year-ago period.

Profitability remains weak because banks continue to struggle with bad loans, said Paula Johannsen, managing director of The Carson Medlin Co., an investment banking firm in Tampa.

Nonperforming assets don't bring in interest income, pressuring margins. The provisions banks take for expected loan losses cut further into their income while the legal and management expense related to foreclosed property goes up.

Clean balance sheet

USAmeriBank — which has amassed \$650.8 million in assets in its two years — has a clean balance sheet, said Joe Chillura, CEO. The bank avoided development lending and the loans it does have that are secured by real estate are for owner-occupied properties, Chillura said.



Community banks' Q1 '09 income
25 largest banks by assets

Wilderburgh	
Bank of Tampa	\$1.5 million
Florida Bank	\$201,000
Proton	\$55,000
First Citrus	\$45,000
First	-\$29,000
Bank of Florida - Tampa Bay	-\$48,000
Southwest Community	-\$1.2 million
American Momentum	-\$1.6 million
Bay State	-\$2.1 million
Shadeside	
Community Bank of Nassau	-\$124,000
Fluoro	
Horizon	\$200,000
CenterState - Joppaton	-\$400,000
Fluoro	
USAAmerican	\$881,000
First Community Bank of America	\$45,000
Old Harbor	-\$225,000
Commerce	-\$225,000
Baymont James	-\$18 million
Spencer	-\$13.5 million
First	
CenterState - Winter Haven	\$1.2 million
Citizens Bank & Trust	\$425,000
Sarasota	
Proton	-\$211,000
Leakbank	-\$203,000
Bank of Commerce	-\$1.2 million
Central Bank 510	-\$3.3 million
First State Bank	-\$16.2 million

SOURCE: Federal Financial Institutions Examination Council

Only \$598,000 in USAmeriBank loans, or about one-tenth of 1 percent of the total \$528.3 million in loans, were past due as of March 31, according to a report filed with the Federal Financial Institutions Examination Council.

Chillura, a former Tampa market president for Colonial BancGroup Inc. (NYSE: CNB), said the bankers he's hired have brought their customers, a move that was possible because bigger banks are distracted by bad loans and shrinking capital and aren't focused on customer service.

That's allowed USAmeriBank to grow more quickly than expected, Chillura said, and post a significant turnaround, going from a \$185,000 loss in the first quarter of 2008 to \$881,000 in profit in the just-ended quarter.

Putting money to work

CenterState saw first quarter 2009 profit swell to \$1.2 million, up 68 percent in one year, after two acquisitions, said John Corbett, president and CEO.

The Winter Haven-based lead banking subsidiary of CenterState Banks of Florida Inc. (Nasdaq: CSFL) added a correspondent banking unit last fall when it hired the bankers who handled that business for the former Alabama National Bank. The unit sells bonds to roughly 200 other community banks, and it is thriving because community banks aren't doing as much lending as they were a year ago and are investing their cash in bonds.

CenterState also bought the failed Ocala National Bank and \$178 million in deposits on Jan. 30.

"We've been putting that money to work in loans and investments, and that's helped us grow," Corbett said.

Aggressive planning that began around the end of the first quarter of 2008 kept Florida Bank on the growth track, said Katie Pemble, president and CEO. Florida Bank's \$351,000 in net income for the first quarter of 2009 was a 73 percent increase from a year earlier.

Since December, the Tampa-based bank has merged with three sister institutions in Sarasota, Jacksonville and Tallahassee, consolidating back-office operations and cutting expenses. Each of the banks was above the level regulators considered well-capitalized, and their capital position was further strengthened when they combined.

Additionally, executive officers and the board developed a series of 90-day plans focused on strengthening the balance sheet with an emphasis on capital and on liquidity, or the ability to turn its assets into cash quickly. A strong balance sheet allowed Florida Bank to look for the least expensive way to attract funding, a move that boosts net interest margin, or the spread between the interest it pays on deposits and the interest it earns from loans.

Trickle down expected

Although there are glimmers of hope, CenterState's Corbett expects more loan writedowns across the industry in the next two to three quarters. The number of institutions on the Florida Office of Financial Regulation watch list increased in the first three months of 2009, and as of March 31, 30 percent of Florida's banks were on the list, compared to 15 percent of the institutions a year ago.

Access to the capital market markets is critical, Corbett said, adding the stress tests the nation's biggest banks just underwent have inspired investor confidence in those institutions. Since results were released May 7, the banks collectively have raised nearly \$60 billion of the \$75 billion in extra capital regulators said they need.

"As investments come back into the big banks, I think over time you'll see that trickle down to the mid cap and community banks," Corbett said.

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