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## After years of too many failures, area banks covet stability

By Robert Trigaux, Times Business Columnist

After 56 Florida banks failed in the past three years, the Sunshine State may be seeing some light at the end of a dark financial tunnel. Wounded banks with enough of a capital cushion remaining may live long enough to prosper again.

Let's set the scene:

- . Of the 92 bank failures across the country in 2011, only 13 were in Florida. Only four of those were Tampa Bay institutions.

- . Forty-three Florida banks still operating are considered extremely weak. They earned a "zero star" on Bauer Financial's 0- to 5-star ranking in the latest available quarter. Fortunately, only three of those 43 banks are based in the Tampa Bay area. Most are clustered in the Panhandle and South Florida.

- . Remarkably, a resilient 30 out of Florida's 300-plus banks not only sailed through this recession in good shape but attained the highest 5-star ranking from Bauer Financial. Three of those 30 are based in this metro area.

One of those rare 5-star banks is Tampa's NorthStar Bank, which opened its doors in 2007 just before the economy tanked.

CEO Monty Weigel - bolstered by a strong board with directors like John Sykes, founder of Sykes Enterprises and JHS Capital Advisors, and former University of South Florida president Betty Castor - says NorthStar stuck to the kind of corporate and commercial real estate lending that it knows best. That's how it avoided most of the troubles that toppled or damaged so many other banks during the severe recession.

A 35-year industry veteran, Weigel now sees fewer banks out there trying to grow via excessive risk taking. Well-run, out-of-state banks new to Florida have entered the market to take up the slack. That winnowing of weaker institutions will help Florida's recovery, he says.

"We are asked routinely by the FDIC to bid on failed banks because we are strong," the NorthStar chief says. So far, no deals have been struck.

Still, the shakeout of Florida banking has a ways to go.

A new *Wall Street Journal* analysis suggests that failures are down in part because troubled banks aren't failing as quickly.

"Weak banks are staying alive for longer periods in undercapitalized condition, and they are in weaker shape when they fail than in the past," the *Journal* reports. In fact, 844 institutions remain on regulators' problem-bank list. The hefty numbers suggest we have several years yet to sort out who will survive and who will not.

This much is clear: Banks weak in capital and under the thumb of regulators can lose much of their independence in

deciding whether to make loans to businesses or renew existing lines of credit. That creates a ripple effect on business customers that find their access to credit curtailed or cut off.

Even regulators are under the gun. The federal government's cost to resolve a failed bank is higher whenever an institution is closed in weaker shape than in the past.

At NorthStar, the one-office bank operates from downtown Tampa's "Beer Can" tower on North Ashley with \$185 million in assets and 19 employees. Weigel is sensing more business momentum after a tough 2011.

"This is a popular place," he says. "Florida will be fine."

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in Florida banking

. Of the 30 healthiest, or

"5-star," banks based in Florida, three are in the Tampa Bay area: NorthStar Bank and TCM Bank in Tampa, and Raymond James Bank FSB in St. Petersburg.

. Of 43 "zero star," or weakest, banks in Florida, only three are based in the Tampa Bay area: First Home Bank in Seminole, Florida Bank in Tampa and Heritage Bank of Florida in Lutz.

. Of 13 Florida banks to fail in 2011 and to be sold off to stronger institutions, four were in the Tampa Bay region: Cortez Community Bank in Brooksville, First Commercial Bank of Tampa Bay in Tampa, Southshore Community Bank in Apollo Beach and Old Harbor Bank in Clearwater.

Sources: Federal Deposit Insurance Corp., Bauer Financial.

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