

Strategic acquisition by BankFirst opens a new opportunity for growth

By Ken Datzman

Bank mergers and acquisitions, once a hot sector for deal-making financial institutions, have slowed considerably over the past several years and the transaction activity is well below its peak of a decade ago.

Fewer banks have had the appetite to be on the buying side, it seems, especially since 2009. Regulatory scrutiny is one hurdle that is not easy to clear these days. And there are other challenges, including having adequate capital to pursue acquisitions.

When a deal does go down, it's often orchestrated by the Federal Reserve. The government reaches out pairing a non-performing bank with a sound financial institution in a market.

Simply, there has been little urge to merge across the nation, unlike the explosive mid-1990s when banks hooked up in record numbers as acquirers looked to bolster their existing franchises and build market mass.

In 1995, for example, 606 commercial

banks merged. The following year saw 552 deals, while 598 transactions were recorded in 1997 and 557 in 1998. More than 400 banks consolidated in each of the last two years of that decade, according to the Federal Deposit Insurance Corp. and the American Bankers Association's Center for Bank Information.

By contrast, only 152 mergers took place in 2009, 184 in 2010 and 123 deals were struck through the third quarter of 2011, says the FDIC.

One of those recent acquisitions was made by Winter Park-based BankFirst.

BankFirst entered the Brevard market through the purchase of The Bank Brevard years ago and now operates offices in Melbourne, Viera, and Titusville.

Seeing an opportunity to extend its brand in Central Florida, BankFirst acquired 14-year-old East Coast Community Bank of Ormond Beach, in Volusia County. The transaction was finalized on Dec. 30.

"We are well-capitalized, very liquid, which is important in today's banking

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BBN photo — Adrienne B. Roth

Mick Welch, right, is Brevard County market president for Winter Park-based BankFirst. Jack Gould is BankFirst's area president for North Brevard. Their institution has been active making acquisitions and positioning the bank for growth in new markets. BankFirst closed Dec. 30 on its acquisition of East Coast Community Bank in Ormond Beach. BankFirst now has an office in Port Orange, about 30 minutes from Titusville. They are at BankFirst in Viera.

Spring looks in furniture are spirited and elegant at High Point

By Patricia Sheridan
Scripps Howard Service

HIGH POINT, N.C. — Cheerful chic is what you can expect to see settling into furniture showrooms this spring.

Manufacturers at the International Fall Furniture Market in High Point found a variety of ways to inject buoyancy and a certain *savoir-faire* into chairs and chests, settees, sideboards, and more, with color, pattern and texture.

The desire to delight is manifested in fabrics and forms from upholstery to case goods. Century Furniture dressed its Dover

rectangular ottoman in a Missoni-inspired fabric. The faux bamboo base is painted deep apple green.

On the other side of cheery chic is the posh and polish of the Althorp Living History Collection by Theodore Alexander. The ninth Earl of Althorp, Lord Charles Spencer, has licensed a line of reproductions from his family's 14,000-acre estate in the English countryside.

The new heirloom pieces, which debuted last market, represent each of the nine Earls who have been caretakers of the Spencer legacy.

The Talbot Barrel table with hand-forged iron straps and a hand-painted

Spencer coat of arms in the center was the most casual piece, with desks, chests, and chairs all vying to be the most stunning.

Impeccably replicated — and in some cases refined for modern living — each one could instantly elevate the status of a room from common to aristocratic.

The Ad Victoriam, a carved mahogany library chair with armrests molded as cannons and the word "Victory" carved on the back, is for the second Earl of Althorp, George Spencer. As First Lord of the

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BankFirst

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environment,” said Mick Welch, the Brevard County market president for BankFirst.

“We have the money to expand our footprint into different markets in Florida, and that’s what we’re doing. No question, there are opportunities out there. And, fortunately, we are in the position to take advantage of them.”

He said the East Coast Community Bank acquisition “puts us in a new market. We are very excited about generating loans and deposits in Volusia County.”

East Coast Community Bank has \$74 million in deposits and more than \$80 million in assets, according to the FDIC, and branches in Ormond Beach and Port Orange. New BankFirst signage will be going up at those two offices.

The transaction increases BankFirst’s branch network to 12 offices throughout Central Florida.

Jack Gould, BankFirst’s North Brevard area president, said he has customers who do business in Volusia County and the expansion provides more banking convenience for them.

“It’s only about 30 minutes from the doorstep of BankFirst’s office on South Washington Avenue in Titusville to the Port Orange office of East Coast Community Bank. Over the years, we have fielded a number of inquiries from people in North Brevard asking us to take a look at Volusia County,” he said.

Gould added, “There are a lot of companies in Brevard that do business there. Some of those businesses have employees in Volusia. The fact that it is contiguous to Brevard County certainly bodes well for us in the North Brevard market as we tie into Volusia.”

Welch said BankFirst is “strategically looking along Florida’s I-4 corridor and the I-95 corridor to expand our footprint.”

Since its founding in 1989 as a state-chartered, federally insured commercial institution, BankFirst has grown to more than \$775 million in assets, with offices in Brevard, Orange, Seminole, Lake, and now Volusia counties. The company employs 150 people in those markets.

BankFirst, which caters to the small-business market, is counting on its “Business Solutions” product suite to

grow in Volusia County.

The suite features a full slate of products designed for small-business customers, including a service called “remote-deposit capture,” online bill payment, and Internet cash management.

In general, these services allow customers to make deposits, initiate wire transfers, and bank without leaving their place of business.

“The Business Solutions package has really fueled our growth over the last few years in Brevard County,” said Welch. “And we expect the same thing to happen in Volusia County with our two new offices there because they are similar to the way The Bank Brevard was set up before it was acquired by BankFirst.”

The Bank Brevard only had basic products to offer its clients until BankFirst bought the Melbourne-based institution. Then, it rolled out a full portfolio of services targeting businesses.

“We are planning to do the same in Volusia County with Business Solutions and should see significant deposit growth related to business accounts over the next few years in that market,” Welch said.

“Our product suite for businesses has really benefited us in Brevard County, post-The Bank Brevard merger,” added Gould. “The upside is we have this product line and it’s made a big difference. In the last three years in the Titusville market we have doubled our deposits and it’s largely attributed to our product suite for businesses.”

In Volusia, these enhancements will be implemented with little change in account structures, service fees, or interest rates on current business accounts, according to BankFirst.

As a result of the acquisition, Rafael Ramirez, who has served as president and chief executive officer of East Coast Bank since 2003, will assume management of the offices in Ormond Beach and Port Orange as regional president for Volusia County.

Industry veteran Dennis Brinn, a longtime resident of Daytona Beach, has joined the bank as area president for Port Orange. Most recently, he served as president, CEO and director at Sunshine State Community Bank in Port Orange. Brinn was responsible for organizing that bank in 1999 and growing it over the last decade.

“Rafael and Dennis are both very experienced bankers who have worked in the Volusia market for many years,” said Welch. “They are well-connected to the community. Their expertise combined with BankFirst’s Business Solutions suite is really going to open some new opportunities to grow in Volusia.”

Locally, Welch said BankFirst is seeing an uptick in loan demand.

“Volume did increase in 2011 over 2010. Loan demand was up a little and we think it will continue, similar to 2011, or be even better this year. But we have a long way to go to get back to the days when the loan portfolio was growing rapidly. Still, our bank had a much better year in 2011 than it did the previous year, so we are on the right track,” he said.

The U.S. economy will continue on a course of moderate growth with relatively low inflation and steady job growth in 2012, according to the forecast from the Economic Advisory Committee of the American Bankers Association.

Low interest rates and strengthening credit will support economic growth, according to the ABA report. For consumer credit, and even more so for business credit, the committee foresees a gradual reduction in delinquencies in 2012.

The committee forecasts business loans will grow 7.8 percent this year, while consumer lending will increase 4.1 percent.

In North Brevard, Gould said the business community is rallying around the Greater Titusville Renaissance, a newly formed organization whose mission centers on community redevelopment and a host of business initiatives.

The GTR was founded by Brevard County Commissioner Robin Fisher and Jim Tulley, a former mayor of the city.

“The Greater Titusville Renaissance is really starting to take root in the community,” said Gould.

“We are seeing some really great things happening in the North Brevard market. For example, an initiative is under way for the redevelopment of downtown Titusville. There are other key projects, too. We think it’s going to bolster business development in North Brevard in the future. That’s exciting,” Gould added.

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