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Local banks have managed to weather COVID-19 storm

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Local banks have weathered the COVID-19 storm.

In fact, 2020 turned out to be a record year for some of them, including Fort Myers-based FineMark National Bank & Trust.

“We are just so busy with all the growth,” said Adria Starkey, the bank’s president for Collier County.

By growth, she’s mostly talking



Starkey

about the population growth in Southwest Florida.

With even more people moving to the region since the pandemic hit – to escape larger, more heavily populated metros

– there has been a stronger demand for housing here – and as a result an increase in the need for residential mortgages.

In the fourth quarter of 2020, the value of the bank’s loan portfolio was up

22% over the year, reaching \$1.9 billion. Part of that increase reflects the bank’s role as a conduit in the federal Paycheck Protection Program (PPP), which has provided billions in forgivable loans to millions of small businesses across the country to help them keep their workers employed.

During the first and second rounds of funding, the bank handled more than 500 PPP loans, mostly through a team of employees working remotely from

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home.

Even without the PPP activity, FineMark still saw a 17% increase in loans over the year in the fourth quarter.

“For us, the vast majority was a lot of residential real estate in 2020, a lot of people relocating to Southwest Florida because they could work from home and home is wherever they were or wanted to be,” Starkey said.

Ultra-low mortgage rates have also spurred more home-buying.

The fourth quarter of 2020 proved busier than usual for FineMark, especially in December, when it’s typically quieter as the year winds down and the holidays set in, Starkey said.

In the quarter, the bank’s earnings grew by 45% over the year, hitting a record \$6.3 million, or 69 cents a share. That compared to \$4.3 million, or 49 cents a share, in the same months in 2019.

The positive trends have continued into 2021.

January turned out to be another “very big” month for FineMark, Starkey said.

“I think that’s indicative of people wanting to be in Southwest Florida because so much of the country is shut down and we have a lot going on here,” she said.

When the COVID-19 outbreak reached pandemic status in March of last year, local bankers feared their deposits might take a hit.

Local banks have actually seen their deposits grow, however, not shrink.

At FineMark, total deposits rose by 33% in the fourth quarter over the year, reaching \$2.2 billion.

Here are a few of the other highlights from the bank’s most recent quarter, compared to a year ago:

- Net interest income increased 26% to \$15.3 million
- Trust fees grew 11% to \$5.6 million
- Assets under management and administration rose 14% to \$5.1 billion

For all of 2020, FineMark reported a 44% increase in net income – or profits – to \$22 million, or about \$2.42 a share.

When Gov. Ron DeSantis temporarily shut down parts of the state’s economy early in the pandemic, in an effort to control and curb the spread of the coronavirus, he allowed essential businesses to stay open. That included banks.

However, in the early months of the pandemic it was anything but business as usual for local banks, as they took steps to limit face-to-face interactions at their branches and offices to protect their customers and employees.

While most of FineMark’s employees worked from home for a time due to the COVID scare, they didn’t miss a beat, Starkey said, in providing needed services to customers, including businesses seeking PPP loans.

“We’ve never been an SBA lender. We had to go through a special process to do PPP loans. It was so important for the community and good for our clients, so it really mattered to us,” Starkey said.

The bank earned \$1 million in fees from its involvement in the PPP program.

It’s now participating in the third



FineMark National Bank & Trust’s new headquarters at 12681 Creekside Lane is in Riverwalk at Whiskey Creek corporate park in Fort Myers.

COURTESY FINEMARK NATIONAL BANK & TRUST

round of the program, which is running much smoother than the first ones from the government’s standpoint.

“It has been far better,” Starkey said. “It has been more organized.”

All of the bank’s employees are now back at work – and have been for months, wearing masks and taking other safety precautions, such as using hand sanitizer often and distancing themselves from others.

If employees have the slightest hint of an allergy flare-up or cold, they are told to stay home and they’re allowed to work remotely temporarily if they’re feeling up to it, Starkey said.

While its offices and branches are fully open, FineMark is still not hosting any big events for its clients in the name of safety.

Through the pandemic, the bank has continued to attract new clients, which Starkey attributes to its employees’ commitment to providing excellent service even in the most difficult times.

Another driver of FineMark’s growth? An expanding trust and investment business.

Looking ahead, Starkey said she’s confident that 2021 will be another great year for FineMark.

“Our business grows totally by word-of-mouth,” Starkey said.

The bank is moving ahead with plans to open more offices in Florida, including one on Eighth Street South in Naples and a second in Palm Beach County.

It’s expanding its footprint based on where it can find the right kind of employees who can fit with its culture of high-touch service, Starkey said.

“We don’t really look at markets for growth,” she said. “We really look at people and that’s why we’re in the markets we’re in.”

More than the bottom line

In his more than 40-year career in banking, Gary Tice, the chairman and CEO of Naples-based TGR Financial – the parent of First Florida Integrity Bank – said 2020 ranks as one of the most challenging for him.

Through the pandemic the bank has continued to focus on providing exemplary service to its customers and the communities it serves, which has kept it going strong, he said.

He attributes the bank’s continued success to two major factors: “dedicated” employees and “outstanding” customers.

At the end of last year, the bank reached a milestone of \$2 billion in assets, despite the pandemic.

While 2020 wasn’t a record year for

earnings, the bank still reported profits of \$16.4 million, or 86 cents a share. That compared to \$17.1 million, or 89 cents a share, a year earlier.

“We felt that it was important that we take care of our customers, employees and shareholders,” Tice said. “That was our No. 1 emphasis. It was not the bottom line.”

Like FineMark, First Florida Integrity has helped local businesses by participating in the Paycheck Protection Program.

The bank has been one of the most active in the program, securing more than \$186 million in funding for more than 1,570 small businesses through the federal aid program.

The loans supported more than 24,000 jobs on the west coast of Florida, from Tampa Bay to Marco Island. Many of those loans have already been forgiven.

The bank has already processed more than \$30 million in PPP loans in the latest round of funding, which began in mid-January.

Loans remain strong

First Florida Integrity hasn’t seen the quality of its loans diminish with the pandemic, with only \$50,000 in non-performing – or past due – loans at the end of 2020. That was due in large part to staying in touch with and working closely with borrowers, allowing them to defer payments, Tice said.

“Our goal over the first six months, once we had the shut down, was to work with our borrowers, and today we are still doing the same thing,” he said. “But a lot of those borrowers have gone back to paying principal and interest. They are no longer asking for deferment.”

The bank cut back on its expenses last year, including advertising and marketing, to keep itself in stronger financial shape as it waded through the uncharted waters of COVID-19.

“We basically put a lot of things on hold, but they are no longer on hold today,” Tice said.

While it cut expenses, the bank, he said, continued to pay its employees their salaries and provide them with benefits, even when they couldn’t show up for work, because it was the right thing to do. Many employees pulled double duty when their co-workers had to stay home to help their children continue learning when schools closed their doors and went virtual.

The bank isn’t holding events or entertaining customers like it usually does, but that will resume as soon as there’s “herd immunity,” maybe by the fall when more people have been vaccinated in Southwest Florida, Tice said.

First Florida Integrity finished 2020 strong, reporting profits of \$6 million, or 31 cents a share, in the fourth quarter. That compared to \$4.4 million, or 23 cents a share, in the same months a year earlier.

“Our loan demand has quite frankly increased,” Tice said. “So, from that standpoint, we got through it better than we thought we would. We didn’t know what to expect because no one has ever experienced this before.”

Loans outstanding grew by \$12 million in the fourth quarter, excluding the PPP loans forgiven during that time.

The bank’s deposits grew by \$350

million – or 31% – in 2020, when compared to the previous year.

In recent years, the bank has increased its focus on commercial lending.

The high demand for homes in Southwest Florida, however, has led to more loan activity on the residential side.

The bank recently decided to start offering jumbo mortgages, or mortgages for higher loan amounts that require higher down payments and typically have higher interest rates.

The loans can help buyers finance homes with higher price tags.

The bank offers traditional loans up to \$548,250, but the jumbo loans can provide up to \$3 million in financing, according to its website.

A helping hand

Like other local banks in Southwest Florida, **Sanibel Captiva Community Bank** has remained strong through the pandemic.

Total deposits grew to nearly \$541 million in 2020 – an increase of nearly 40 percent from the previous year.

The bank boasts of a healthy roster of loans, now valued at more than \$475 million.

In the first and second rounds of the PPP program, the bank processed 766 loans valued at \$69.4 million, helping to save more than 9,000 local jobs, said Kyle DeCicco, a senior vice president and senior loan officer, in an email.

“For us 2020 was a challenging yet rewarding year,” he said. “We were in the unique position as a community bank to help so many in our community – both customers and non-customers alike – get through the COVID-19 crisis with our work administering the Small Business Administration Paycheck Protection Program.”

A few weeks into the current round of PPP funding, the bank had already processed another 150 loans valued at \$25 million.

By the end of 2020, the bank’s total assets had grown to \$612 million.

The bank reported net income of more than \$9 million last year – up from about \$7.7 million in 2019. It was the eighth consecutive year of record-breaking profits.

Like other community banks in Southwest Florida, Sanibel Captiva has also benefited from a hot housing market, seeing an uptick in its residential loan activity.

The bank recently opened a new main office on Sanibel – and its newest branch at the corner of College Parkway and McGregor Boulevard is “thriving,” DeCicco said.

“2021 looks to be very promising,” he said, with the bank’s continued commitment to help customers and the community achieve their goals.

Edison National Bank, based in Fort Myers, has also done its fair share of PPP loans – and it too remains strong.

Robbie Roepstorff, the bank’s president, was traveling and unavailable for an interview.

However, according to Edison’s website it has maintained its five-star superior rating from Bauer Financial, indicating it’s still “one of the strongest, most dependable, and financially sound banking institutions in the nation.”