

## Regulators rank St. Louis banks as ‘well-capitalized’

**BY GREG EDWARDS**  
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Nervous depositors looking for reassurance and businesses looking to borrow money can find solace in the capital balances that St. Louis banks maintain.

The Business Journal examined core capital ratios, a key measurement of bank strength, for 31 banks chartered in the St. Louis region. The core capital, or leverage, ratio is so-called Tier 1 capital, which equals stock, profits and retained earnings, divided by adjusted average assets.

In St. Louis, the ratios range from 7.35 percent on the low end to 12.65 percent on the high end. (See the accompanying chart.) A bank is considered “well-capitalized” under federal bank regulatory agency definitions if it has a core capital ratio equal to or greater than 5 percent. All numbers used here are through March 31.

“This is very encouraging,” Bob Witterschein, chief executive of Southwest Bank, said after reviewing the numbers. “All the banks are well-capitalized.” Southwest’s core capital ratio was 10.33 percent.

Without adequate capital, banks can’t grow and expand -- that is, they can’t make loans. “Because the banks are well-capitalized, they’re lending money, which is good for the local economy,” Witterschein said. And while the rate of growth in loans may not be as rapid as it was a year ago, loans are still growing at most banks.

For example, Southwest Bank’s loans were \$3.3 million in the first quarter, up from \$3.1 million in the previous quarter and \$2.9 million in the first quarter of 2007, according to the most recent Call Reports. Loans at 10 St. Louis banks that Southwest tracks totaled a cumulative \$27.6 million for the first quarter, up from \$24.7 million a year earlier.

Even Heartland Bank, which had the low-

est core capital ratio among the 31 banks at 7.35 percent, has \$21 million more capital than it is required to have according to the 5 percent standard.

“All these banks are well-capitalized with a sizable cushion,” said Dave Minton, Heartland’s president and chief executive. “St. Louis banks tend to be more conservative and have fewer problems than banks in other parts of the country.”

Bank regulators have long held smaller community banks to more stringent capital standards than large regional and national banks, the bankers said. Bank of America, for example, with \$1.36 billion in assets, has a core capital ratio of 5.8 percent through March 31. U.S. Bank, with \$237 million in assets, and National City, with \$152 million in assets, each had a capital ratio of 6.2 percent.

“The regulators for community banks historically have said that anything below 6.5 percent is dangerously low,” said Steve Baden, president of Royal Banks of Missouri, which had a ratio of 9.7 percent. Because of the recent financial turmoil in the banking industry, the standards are even higher, he said. “These days, if we go below 8 percent, the regulators get ugly with us.”

One reason that big banks may be held to a different standard is that their business lines and revenue streams are more diversified, said Mike Flavin, president of The Business Bank of St. Louis, with a core capital ratio of 9.9 percent.

The two methods of growing capital are by retaining earnings and by raising more capital. And raising capital is becoming increasingly difficult for financial institutions, the bankers said, making profits more important than ever.

### Core capital ratios

Bank	Total assets <sup>1</sup>	Core capital <sup>2</sup>
Superior Bank	\$49,059	12.65
Bank of Washington	\$598,542	12.24
1st Advantage Bank	\$91,747	11.78
<b>Eagle Bank and Trust</b>	<b>\$628,432</b>	<b>10.89</b>
Company of Missouri		
Rockwood Bank	\$389,152	10.59
Southwest Bank	\$4,667,403	10.33
Frontenac Bank	\$454,868	10.32
Midwest BankCentre	\$992,588	10.30
Westbridge Bank and Trust	\$121,264	10.12
The Business Bank of Saint Louis	\$482,347	9.90
The Bank of Edwardsville	\$1,139,444	9.88
Southern Commercial Bank	\$486,764	9.80
Royal Banks of Missouri	\$386,107	9.70
Reliance Bank	\$1,148,743	9.64
Triad Bank	\$129,708	9.54
Champion Bank	\$224,878	9.54
The First National Bank in Staunton	\$435,252	9.38
Citizens National Bank of Greater St. Louis	\$464,027	9.19
The PrivateBank	\$498,984	9.19
Jefferson Bank and Trust Company	\$847,691	9.22
First County Bank	\$375,270	7.40
FortuneBank	\$117,220	8.79
First Bank	\$10,782,714	8.81
Peoples Bank & Trust Co.	\$389,019	8.66
Enterprise Bank & Trust	\$1,814,859	8.57
St. Louis Bank	\$493,848	8.43
Pulaski Bank	\$1,259,101	8.35
Truman Bank	\$502,798	7.74
First National Bank of St. Louis	\$1,479,644	7.56
First Collinsville Bank	\$576,250	7.45
Heartland Bank	\$892,367	7.35

1 IN THOUSANDS  
2 AS A PERCENT

SOURCE: FEDERAL DEPOSIT INSURANCE CORP.

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