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Alamerica tops big Birmingham banks in financial health

Birmingham Business Journal - by [Crystal Jarvis](#) Staff

Alamerica Bank, a privately held community bank with one branch, is considered the most financially sound bank in Birmingham, according to Florida-based research firm BauerFinancial Inc.

BauerFinancial, a bank rating agency that studies the financial health of banks across the nation, granted Alamerica Bank a five-star rating - the highest rank given by the company.

Alamerica's rating, which is based on second quarter financial reports ended June 30, puts the small bank in Bauer's "superior" category, which outranks a number of Birmingham's more well-known financial institutions.

Regions Bank, Wachovia Bank, Compass Bank and Colonial Bank - dominant players in the Magic City - received a slightly lower rating at four stars apiece, which is classified as "excellent."

First American Bank, which is slated for acquisition by Toronto-based **Royal Bank of Canada**, also earned four stars.

Bauer's analysis consists of quarterly reports and its own research about a bank's capital ratios, liquidity, delinquent loans, profitability/loss trends, community reinvestment ratings, regulatory agreements, repossessed assets and the market versus book value of its investment portfolio.

A five-star rated bank generally has twice the capital required by regulators, said Karen Dorway, president of BauerFinancial. The Birmingham-based Alamerica started in 1999 and today has \$68 million in assets.

Locally-based **First Commercial Bank**, owned by Columbus, Ga.-based **Synovus**, saw its rating drop to four stars in the second quarter ended June 30, compared to a five-star rating during the same period last year.

Red Mountain Bank and **ServisFirst Bank**, both de novo banks less than four years old, each earned three stars, which is considered "adequate."

John Venable, director of the Community Banking School at **Samford University**, said a bank rating agency's analysis can mainly benefit high-dollar consumers who should always know the financial status of the bank they're doing business with.

"It's a good thing to take a look at those kinds of ratings and know the type of people you are dealing with," he said. "I think you're always going to be better off with a stronger bank."

Four- and five-star ratings are the recommended ratings all banks should be classified, Dorway said.

According to second quarter reports, 79 percent of Alabama-based banks earned four- and five-star ratings, she said.

None of the banks in Birmingham were rated below three stars, which would indicate the bank is problematic, troubled or at zero, the lowest possible rating.

Businesses and consumers can conduct their own research to see how financially sound their bank is by looking up the call reports on the **Federal Deposit Insurance Corp.**'s Web site.

"If you are a multimillion-dollar customer of any bank, you should take it upon yourself to know the financial health of your bank," Venable said.

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