

As Asian banks ease out, Bank of America jumps in.(Brief Article)

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Bank of America has agreed to buy the South Florida private banking operations of The Bank of Tokyo-Mitsubishi when that bank closes its Coral Gables office at the end of next month.

"The Bank of Tokyo-Mitsubishi is telling its client base that we will be available to serve them on an ongoing basis, and our expectation is that we will keep close to 100 percent of the clients," said Eduardo Aguirre, president of Bank of America's International Private Bank. Its private banking business in Miami is a combination of units NationsBank, Barnett Banks and Bank of America operated before to their mergers in 1998.

That business appears headed for steady growth because "it seems that the banks have worked their way through the mergers and have things in sync" in private banking, said Dennis Nason, a former banker who is a senior partner in Nason & Nason, an executive search firm in Miami.

Bank of America is acquiring Tokyo-Mitsubishi's business at a time when it is "gaining clients from other providers" in Miami, said Aguirre, who is based in Houston.

The vast majority of that business involves private banking, said Robert Hand, general counsel at Tokyo-Mitsubishi's U.S. headquarters in New York.

Tokyo-Mitsubishi late last month told the Office of the Florida Comptroller that it would close its Coral Gables office March 31. In explaining the closing, Hand said private banking for Latin American clients was not part of Tokyo-Mitsubishi's "core business lines" (The Business Journal, Feb. 4, 2000). Two weeks ago, he said an agreement was signed to transfer that business to "a major domestic bank's" international office in Miami.

"When Bank of Tokyo-Mitsubishi let us know of their plans, they asked if we were interested in the international private banking side of their business," Aguirre said. "We have a high regard for their institution, which gave us a level of comfort for the quality of their clients."

Aguirre says he does not know whether any other banks bid for the Tokyo-Mitsubishi business. He would not reveal how much Bank of America is paying for the Tokyo-Mitsubishi deposits.

U.S. banks generally pay premiums of 510 cents a dollar to acquire domestic deposits. Using that gauge, Bank of America could be paying at least \$14 million for Tokyo-Mitsubishi's deposits.

Many international private banking clients have \$1 million or more on deposit in Miami banks. Aguirre says Bank of America will offer its new clients a larger menu of mutual funds and other asset management and investment products than Bank of Tokyo-Mitsubishi provided. Those products should be an inducement for clients to move their business to Bank of America, rather than other banks, he said.

Agency offices including Tokyo-Mitsubishi's can take deposits only from foreign nationals who are non-U.S. residents.

Tokyo-Mitsubishi's international agency office, at 220 Alhambra Circle, had \$284 million in assets, \$282 million in deposits and \$73 million in loans as of Sept. 30, according to its report to the Florida comptroller.

"A good percentage (of Tokyo-Mitsubishi's Coral Gables clients) live in Latin America, and some live in Asia," said Aguirre, adding that the number of clients is proprietary information.

Bank of America has hired three of Tokyo-Mitsubishi's private bankers and could hire several more of its employees, Aguirre said. The Japanese bank has 20 employees in Coral Gables.

Bank of America has 60 international private banking officers in Miami, who report to Senior Vice President Charles Alzati. Those bankers are based at 701 Brickell Ave., which is also the base for NationsBank's domestic private banking unit for Miami.

Aguirre says Bank of America's Miami office works with private banking clients from most South American and Caribbean nations and is the largest of the bank's nine international private banking offices in the United States.

The bank's offices in Texas and California handle most of the business for its Mexican clients.

Tokyo-Mitsubishi will be the third Japanese bank to close a Miami-area office since 1998. That bank, Fuji Bank and Sumitomo Bank are scaling back their international operations as they seek to recover from problems in their home country.