

Options Open at Nat City; Jobs Are, Too

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National City Corp. may be stalling on filling certain senior positions as its top executives decide on the best path for the struggling Cleveland company.

Battered by the mortgage crisis, the \$150 billion-asset Nat City moved to shore up capital in January by slashing its dividend and retaining Goldman Sachs Group Inc. to sell \$1.6 billion of convertible and preferred securities.

But sale buzz persists, and several people close to the company say executives are weighing whether to find a buyer now or wait six months, in the hopes that credit conditions will improve and more buyers will come calling.

These people said in interviews this week that no deals are imminent, and that as of Tuesday any interest by would-be bidders has been exploratory in nature. Since last year Nat City has operated without executives heading its commercial banking and marketing units and sources say the possibility of a deal has led the company to take a slow approach to filling those two roles. Also, instead of hiring a new director of human resources, it divided the responsibilities last year between two of its senior managers.

"These are very important positions that nobody would deliberately leave unfilled unless there was a desire to leave them open for a buyer to fill as it saw fit," said one of the sources.

Kristen Baird Adams, a Nat City spokeswoman, said it is conducting an "active" search for a commercial banking head, though "I don't have a time line for filling that position." The marketing vacancy is being covered by "very capable" in-house managers, but "we've had some dialogue with external candidates." She did not elaborate.

Outsiders were split on how far they were willing to read into the vacancies. Rod Taylor, the senior partner of the executive search and consulting firm Taylor & Co., who does not recruit for Nat City, said leaving several top positions unfilled "is an indication that the company is intent on finding an acquirer, and that it has decided that the acquiring institution would want to fill a leadership vacuum with its own people."

Jeff Davis, an analyst at First Horizon National Corp.'s FTN Midwest Research Securities Corp., agreed that leaving the positions open might indicate a desire to sell.

"But we don't know if that's the case. Another very reasonable interpretation is that Peter Raskind," who became Nat City's chief executive in July, "is trying to put his stamp on these positions, and he just hasn't found what he wants yet," Mr. Davis said in an interview Tuesday. "For a new CEO, this is something that can take several months, and Nat City, of course, has had continual fires and distractions to deal with."

Through a spokeswoman, Mr. Raskind and other Nat City executives declined interview requests. The spokeswoman confirmed the contents of an e-mail Mr. Raskind sent to employees last week, in which he sought to reassure them that the company is "a well-capitalized institution."

The e-mail, sent after the company's shares lost nearly 43% on March 17, did not address the possibility of a sale. The spokeswoman would not address speculation that Goldman is trying to help Nat City find a buyer.

The company swung to a \$333 million loss in the fourth quarter, from an \$842 million profit a year earlier, on rising loan losses, particularly bad mortgage bets in Florida. More than half its loans at yearend were in real estate. But its retail banking network in Ohio, Indiana, Illinois, and Michigan could prove appealing to large companies that want to push further into Midwest markets.

JPMorgan Chase & Co., Wells Fargo & Co., and U.S. Bancorp of Minneapolis — where Mr. Raskind worked for several years — all have been cited as potential buyers. None of the companies would discuss specific deals, but the CEO of both Wells and JPMorgan Chase have said in interviews this month that they are eyeing a range of acquisition possibilities this year.

Also, because of the weak dollar, some have speculated that foreign companies might try to take advantage of their added spending power to buy their way into the Midwest.