

# Collin County banks hold their own in Q1

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Collin County-based banks performed well for the most part in the first quarter of 2011, according to local analysts and the latest data from the Federal Deposit Insurance Corp.

Sixteen banks make their headquarters in Collin County, fighting for space and customers with more than 40 other institutions of varying size. Though the bulk of those locally based banks are tiny relative to the national and regional banks, the data show that most are holding their own here against the national behemoths – and gaining ground in other markets.

To get an idea of the performance of the banks based in the county, the *Collin County Business Press* used data from the quarter ending March 31 – the last reporting period for which every bank in the market has records with the FDIC.

The *Business Press* used banks based in Collin County with assets of more than \$100 million and ranked the banks' performance based on a combination of return on assets (ROA), which indicates how well a bank's assets are being used to generate profits, and the Texas ratio, which divides a bank's total non-performing assets (NPAs), including loans more than 90 days delinquent, by the sum of the company's tangible equity capital and loan loss reserves. If a bank's Texas ratio is at or above 1:1 (or 100 percent), that bank is considered to be at severe risk of failure.

"If there is one single component, one best way to look at a bank's health, it's going to be the Texas ratio," said Bill Moreland, founder of Dallas-based BankRegData, which collects and analyzes financial data for banks across the country.

## Performing well

Generally, the larger banks outperformed the smaller ones, with McKinney-based Independent Bank, Plano-based ViewPoint Bank and Dallas-based Sovereign Bank taking the top three spots on the list.

With 27 branches located primarily along the Interstate 35 corridor, Independent Bank is becoming a more prominent player in Texas banking. The bank recently opened its newest branch in Austin.

"Independent Bank is growing with a

## Top Collin County-based banks

Collin County-based banks with at least \$100 million in assets as of March 31, 2011. Ranked by combination of ROA and Texas Ratio.

Rank	Bank	City	Avg. Assets	Net Income	ROAA	Texas Ratio
1	Independent Bank	McKinney	\$1.12B	\$2.89M	1.03	17.1
2	ViewPoint Bank	Plano	\$2.87B	\$6.71M	0.94	6.74
3	Sovereign Bank	Dallas	\$746M	\$1.25M	0.67	15.2
4	Collin Bank	Frisco	\$183M	\$456M	1.00	38.2
5	Vision Bank Texas	Richardson	\$108M	-\$501M	-1.8	15.8
6	Synergy Bank SSB	McKinney	\$129M	\$337M	1.03	104.7
7	Share Plus Federal	Plano	\$249M	\$261M	0.42	33.3
8	LegacyTexas Bank	Plano	\$1.54B	\$2.37M	0.63	38.3
9	Valliance Bank	McKinney	\$111M	-\$697M	-2.5	99.2

Collin County average 0.16 40.9  
 All U.S. banks 0.87 29.5

Sources: SAMCO Capital Markets Inc., BankRegData.com, FDIC

handful of different markets up and down I-35, including the Metroplex, Waco and Austin," said Todd Engemoen, vice president at SAMCO Capital Markets in Dallas. "They have done a very good job there. I think it can be a \$1.5 billion bank before too long."

ViewPoint Bank, which earned the most money on the list and had the lowest Texas ratio, will be expanding later this year. The \$2.8 billion former credit union plans to open two new branches in Denton County in August – one in Flower Mound and the other in Carrollton. Both locations are former Wachovia Bank branches.

The new branches mark the first expansion for ViewPoint since 2009 and will bring the bank's number of branches in the Metroplex to 30.

Sovereign Bank, meanwhile, has done an admirable job of avoiding the asset quality issues that some other Metroplex banks have struggled with, Engemoen said.

"(Sovereign has) a lot of unemployed capital, but it's better to have that than to have gone out and built too big and too fast," he said. "A lot of other Metroplex banks are still licking their wounds from doing that."

All of the banks were helped by the relative economic strength of their home

market, Engemoen said. "Collin County is a strong market and a good growth market," he said. "I think you've seen a lot of growth in Collin County over the past five years and I think that growth is going to continue, all the way up into the Sherman market."

## The outliers

Three Collin County-based banks were excluded from the list because their business models were sufficiently different

from the others so as to make an apples-to-apples comparison impossible.

Benchmark Bank, with assets of \$364 million, runs a large mortgage aggregation business that generates most of its non-interest income and expenses.

First International Bank, with assets of \$321 million, has branches in Texas and Nevada and primarily serves the Asian-American community. The bank has run into some asset quality issues not unlike those of Synergy Bank in both Texas and Nevada and has received similar warnings from the FDIC to improve.

First International recently sold two of its five branches – in Lewisville and Bedford – to Commercial Bank of Texas, based in Nacogdoches.

Beal Bank SSB, with assets of \$3.6 billion, is a distressed-loan buyer and lender of last resort with offices in Texas, New York, California, Florida and other states. Though the bank does offer some traditional banking activities, it does not originate commercial or residential loans.

Beal Bank is owned by Andy Beal, the Dallas billionaire who may be better known for his high-stakes poker skills.

A fourth outlier, Jefferson Bank, was left off the list because it is in bankruptcy proceedings. Pending the outcome of those proceedings, it will be purchased by First Bank & Trust Co. of Lubbock, which plans to sell all of Jefferson's five branches in the Metroplex to Louisiana-based MidSouth Bank. That transaction is expected to be complete before the end of the year. ■