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Marquette Lured Back To Texas by M&A Burst

■ BY MARISSA FAJT

AUSTIN — Consolidation in Fort Worth has paved the way for Marquette Financial Cos.' return to traditional banking there.

The Minneapolis company sold off the bulk of its banking assets, including its two Texas banks, to Wells Fargo & Co. in early 2002, retaining only its Arizona bank, now called Meridian Bank.

But sensing an opportunity to win commercial loan business after a market shake-up, it hired one of its former senior lenders in Texas, Glenn Monroe, to open and run a loan production office in Fort Worth that became fully operational in July. Now it is turning that office into Meridian Bank Texas, slated to open in the early part of the first quarter.

Mr. Monroe would be its president and chief executive, and his management team would include two other senior lenders who had once worked for a Marquette-owned bank in Texas. Mr. Monroe and two of the planned bank's three other lenders were most recently with the \$1.8 billion-asset TexasBank in Fort Worth, which was sold in March to the \$34 billion-asset Compass Bancshares Inc. of Birmingham, Ala.

Marquette's chief financial officer, Jann Ozzello Wilcox, said the \$2.1 billion-asset company is returning to banking in Texas — and Fort Worth in particular — largely because the right team of bankers surfaced at the right time.

Fort Worth has been a hotbed of merger activity this year, and Marquette aims to capture some of the expected runoff by starting a bank with a team of local lenders.

Aside from TexasBank, two other sizable local banking companies have found buyers. The \$1.1 billion-asset Summit Bancshares Inc. was sold to Cullen/Frost Bankers Inc. of San Antonio last week, and the \$1.7 billion-asset State National Bancshares Inc. is being sold

to the Spanish banking giant Banco Bilbao Vizcaya Argentaria SA.

"We've always felt the Texas market provided great opportunity to focus on small businesses and their owners," Ms. Wilcox said. "At this time, when the market is experiencing extensive consolidation and confusion, it gives us the opportunity to come back."

Marquette also liked Fort Worth's strong economy, which has gotten a boost from the discovery of a major natural gas field in the area in 2000.

Marquette is owned primarily by the Pohlad family, which also owns the Minnesota Twins baseball club.

Carl Pohlad founded Marquette in 1955, and by 2001 it was one of the nation's largest privately held banking companies, with \$6.5 billion of assets.

Consolidation Lures Marquette Back to Texas

Ms. Wilcox said Marquette decided to sell then because its management believed retail banking was becoming commoditized and did not see much of a future in it for community banks. Since selling most of its banking assets to Wells, Marquette has concentrated on its consumer and commercial finance businesses, as well as the Arizona bank, which primarily targets commercial customers.

Meridian Bank Texas would also be chiefly a commercial bank, and Mr. Monroe said in an interview this week that Marquette is not building it with the intention of flipping it.

"We are looking at it as a long-term venture," he said. "I wouldn't have been able to put the group together if it was just a de novo to make a quick dollar."

Marquette plans to start the bank by purchasing the charter of the \$118 million-asset

First Commerce Bank in Corpus Christi after First Commerce sells itself to Kleberg First National Bank of Kingsville. The deal is expected to close in January.

Ms. Wilcox said Marquette plans to start the bank with \$30 million of capital and add more as needed.

Purchasing a Texas charter, which typically costs \$400,000 to \$500,000, is one way several banks have entered the Texas market without acquiring a bank, said Curtis Carpenter, the managing director at Sheshunoff & Co. Investment Banking of Austin. He said Meridian Bank Texas should be in good position to grow quickly, because Fort Worth is growing and has a large capital base.

"They have a substantial amount of capital to make large loans right away," Mr. Carpenter said. "They can grow as fast as they get the business."

Energy companies would be a particular focus for Meridian Bank Texas. Energy-related firms have been growing rapidly since the discovery of one of the biggest natural gas finds ever — known as Barnett Shale. It is estimated to have one trillion cubic feet of natural gas for every seven square miles.

Mr. Monroe said that only a handful of banks in the market are energy lenders and that they typically focus on making loans in the \$5 million to \$10 million range. Meridian Bank Texas would seek to make smaller loans, he said.

The bigger challenge — as it is for many community banks these days — would be attracting deposits.

One of Mr. Monroe's strategies is to target customers of Marquette's consumer and commercial credit companies, such as Marquette Business Credit in Dallas, and Marquette Commercial Finance in Fort Worth. ■