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Independent Bank of Austin Tops De Novo ROAE Ranking; Breaks Ground on New Headquarters

Press Release Tuesday, April 10, 2007

LAKEWAY and GEORGETOWN, TEXAS – Independent Bank of Austin, SSB, based in Lakeway, TX, ranks No. 1 in the nation in return on average equity (ROAE) among all 174 de novo (new) banks formed in 2005, according to Highline Data's most recent report for year-end 2006 performance.

"With an ROAE of 16.78%, we finished just behind Sallie Mae, a government student loan program, which is not a bank," noted Denny Buchanan, President and CEO of the 21-month-old state savings bank "Additionally, were number two in ROAE from among more than 460 de novos formed in the years 2004, 2005 and 2006, just behind a new bank formed in 2004.

"In fact, our ROAE would have been higher, but we added \$3 million in new capital from our shareholders just before year-end to provide additional equity to fund our substantial growth," Buchanan observed.

Highline Data, headquartered in Cambridge, MA, and Austin, TX, is an industry leader in insurance and banking financial data. Its Highline Banking Data Services provides web-based, integrated information suites and community banking resources. Independent Bank also had a 40.81 percent efficiency ratio – well below average for community banks in its asset class.

"This achievement is possible through a combination of factors," said Chairman Jack Buchanan (no kin to Denny). "Competitive rates, volume loans and low overhead." Chairman Buchanan oversees both the Lakeway headquarters and Independent's Georgetown branch (at 3613 Williams Dr., Ste. 201 in the Village Lake Office Condominiums), which serves Georgetown and Sun City businesses.

"A dynamic Central Texas marketplace and new deposits are fueling our expanding loan portfolio, which is primarily comprised of commercial development, residential construction and mortgages," he emphasized. "We primarily target small home builders and their customers with the majority of our loans being for single-family construction projects. The average life of a loan is 13 months; the average size, about \$500,000."

New HQ Construction Underway

Following a seven-month delay on getting approvals from the Texas Dept. of Transportation for ingress and egress to the property, Independent Bank broke ground in April (at 3209 Ranch Road 620, across from Lake Travis High School) for its new corporate headquarters. The site is a portion of what was known as Schramm Ranch and fronts RR620 near the Alta Vista Development in a project to be known as Honey Creek Development Center.

Kerry Martin and Dan Brouillette, partners in SG Builders of Austin have begun construction on the 3,500-square-foot facility designed by architect Gary Devin of Solution Studio in Austin. Plans call for relocating operations there in late December.

The new offices, with spectacular canyon and Hill Country vistas, will be adjacent to a major planned community and rapidly expanding residential developments in southwest Travis County. The

burgeoning business-residential corridor is between Bee Cave, TX, on Austin's southwest fringe and Georgetown in Williamson County, 25 miles north of the capitol city.

Independent Bank is approved by the Texas Savings and Mortgage Lending Dept. and the Federal Deposit Insurance Corp. (FDIC). The bank's deposits are insured by the FDIC.

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