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Plaza Bank ranked high among Hispanic startups

Puget Sound Business Journal (Seattle) - by [Heidi Dietrich](#) Staff Writer

Plaza Bank has the second-largest amount of money among all Hispanic banks in the country that started in the past two years, according to an investment banking firm's report.

The young commercial bank had \$78 million in assets as of March 2008, according to a study by investment banking firm D.A. Davidson & Co., which lists Plaza Bank's stock.

Of the other nine startup Latino banks, just one — Americas United of Glendale, Calif. — had more funds, with \$89 million. As of this month, Seattle-based Plaza Bank's assets had grown to \$83 million.

Plaza is growing its bank account even as banks across the country falter due to the slowing economy and the housing-loan crisis. Latinos in the United States have been particularly hard hit by subprime loans, affecting Hispanic banks that cater to individual loans and residential business. Plaza relies mainly on commercial business.

Still, Plaza has not been immune to the fallout. The bank has seen deposits slow and its stock is down from more than \$10 a share last July to \$4.50 on July 18, the most recent trade before press time.

Like most community banks, Plaza is dealing with interest-rate compression, which means the bank is loaning money at a lower interest rate than when it initially borrowed the funds.

"Like all banking institutions, we're feeling the pinch," said Plaza Bank CEO Carlos Guangorena.

Even so, Plaza is weathering the storm better than some of its counterparts. As a commercial bank, Plaza steered clear of residential mortgages. While it does have a branch in Kent that issues individual loans, most of its business comes from commercial loans.

Plaza also has managed to capitalize on its niche and draw Hispanic customers. Of the bank's commercial clients, about 14 percent are Latino owned, as compared with 6 percent Latino-owned businesses in King County overall. About 65 percent of Plaza's clientele at the Kent branch is Hispanic.

D.A. Davidson Vice President of Investment Banking Tom Hayes counts Plaza Bank as the strongest of the recent Latino bank startups examined in the study. The other nine banks included in the report were Americas United Bank in Glendale, Calif.; AztecAmerica Bank in Berwyn, Ill.; Nuestro Banco in Raleigh, N. C.; Promerica Bank in Los Angeles; Santa Ana Business Bank in Santa Ana, Calif.; Savoy Bank in New York; Solera National Bancorp in Lakewood, Colo.; Sonoran Bank in Phoenix; and Security One Bank in Baileys Crossroads, Va.

Another eight Hispanic banks around the country are in the process of being established.

Though ethnic-themed banks became popular two decades ago, most of them were Asian American. Through consolidation, some of those banks are now large public companies. Only in recent years have startup banks begun to focus on Hispanics. Hayes believes the steady increase in the Hispanic population should help the new banks, even through a difficult banking climate.

"They should do well as a group," he said.

None of the banks is profitable, but Hayes said it typically takes any startup bank several years to begin making money.

Sara Hasan, an analyst with McAdams Wright Ragen brokerage, said Plaza Bank is impressive among recent startup banks because it has no nonperforming assets, which are loans made by a bank on which repayments or interest payments aren't being made.

"Plaza seems to have a good niche," Hasan said.

Hayes attributes Plaza's performance to Seattle's economy, which remains stronger than many markets nationwide, and the bank's leadership. CEO Guangorena was a Wells Fargo senior vice president and spent years in the banking industry.

Guangorena said Plaza grew quickly because the bank relies on larger business loans rather than smaller individual loans and retail branch locations.

"It's harder to build a bank on retail," Guangorena said.

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