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# Exclusive: Vista Bank, CommunityBank set to merge

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Vista Bank Texas and CommunityBank of Texas have agreed to a merger of equals, creating a \$2.3 billion-asset financial institution in coveted, high-growth Houston, executives told the *Houston Business Journal* on Thursday.

The merger would create one of the largest privately owned community banks in the Houston area, making it a tempting acquisition target for out-of-state banks or positioning it to make an initial public offering in future years — it would certainly allow the bank to compete harder against larger local financial entities, said [Dan Bass](#), Houston managing director of Performance Trust Capital Partners.

“I think what this tells you is this is not a group of shareholders that is done with banking, packing it in and leaving the industry — this is truly a long-term play of putting two banks together,” Bass said.

The deal “shifts the entire center of gravity” for the Beaumont-based, \$1.7 billion-asset CommunityBank into Houston, as the combined entity will have 55 percent of its assets in the major Texas metro, said [Pat Parsons](#), chairman and CEO of CommunityBank.

After the deal closes, Parsons will take up the role of co-CEO alongside future co-CEO [Bob Franklin](#), who is currently chairman, president and CEO of the Houston-based \$604 million-asset Vista.

Franklin said Vista has been looking for strategic partners for some time, and that merging with the larger bank helps Vista diversify its markets and save on regulatory costs, which have surged since the financial crisis.

“The banking business has changed,” Franklin said. “There’s a lot more costs in our business that we have to cover, and scale helps us do that. (The deal) helps us be more competitive rate-wise and from a product standpoint, and it helps us attract people — not only employees, but customers.”

The combined entity will retain the name CommunityBank of Texas, and its charter will reside in Beaumont.

Franklin said the merger of equals entails that profit wasn't the motive for the deal, which he described as a tangible-book-value to tangible-book-value deal.

"It's a very simple transaction that allows everyone to maintain their position," he said. "We think when you push the banks together, you've already created some value there. But time will tell as we build the organization how much enhanced value we get out of that."

The merger is subject to shareholder and regulatory approval and is expected to close in the third quarter of 2013.

In 2012, Vista was the 37th-largest bank in the Houston area with \$391 million in deposits, down 2.74 percent from the previous year, according to SNL Financial.

The same year, CommunityBank was the 29th-largest bank in the Houston area with \$438.5 million in local deposits, up 13.9 percent from 2011.

Collin Eaton covers banking, finance and securities for the Houston Business Journal.