

Commerce Street Capital Weighs in on State of Community Banking and Economy

DALLAS, TX (April 9, 2010) [Commerce Street Capital LLC](#)'s 8th Annual Bank Conference, held April 9 at Four Seasons Resort and Club in Las Colinas, Texas, offered insight from bank consultants, executives and regulators in regards to the state of financial institutions in the United States. There were eight presentations at the half-day conference that had more than 200 community bankers in attendance.



Dory Wiley, President and CEO of Commerce Street Capital, made the following remarks at the conference about how community banks are faring in today's market:

- There are still a large number of community banks with capital amounts below acceptable levels, which means there is a definite need for additional capital in 2010. Although it is harder to raise capital and it takes longer in today's market, it is certainly being accomplished and mostly by tapping into local sources.
- Opportunities: Given the current environment surrounding the community banking industry, a well-capitalized, well-managed institution has the opportunity to expand through the following avenues:
 - Purchase of/Merger with another whole institution – current acquisition multiples favor the buyer with transaction ratios at their lowest point in years
 - Purchase of branch(es) – as capital becomes constrained, institutions that are unable to raise required capital may instead decide to shrink the balance sheet; institutions may exit markets by selling branches in an effort to improve capital ratios
 - Purchase of failed bank – buyers are able gain market share while FDIC retains “toxic” assets
- Commercial Real Estate (CRE)
 - The perceived CRE problem is real. It is going to happen, but we believe it is not going to lead the economy into the Great Depression #2 because of liquidity and leverage issues of today.
- Credit bubble?
 - Corporate America is sitting on more cash than it ever has and is taking advantage of low interest rates and the markets' large appetite for fixed income products.
 - High grade bond spreads: The strong rallying trend that started the year and the sharp sell-off from mid- January to mid-February have passed, and investors appear uncertain about the next move. With so many investors waiting in the bond market, is there any value left?

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- Construction loans exposure is far higher for community banks than for money center banks.

For more information about the above topics, Mr. Wiley is available for interviews.

About Commerce Street Capital

Commerce Street Capital, LLC is a privately held investment banking firm headquartered in Dallas, Texas, focused on serving financial institutions across the United States through three lines of business: investment banking, bank development and fund management. For more than 20 years, the firm's leaders have built their reputations as leading investment bankers, financial advisors and investors in community banks across the United States. For more information, visit www.commercestreetcapital.com. Commerce Street Capital is a member of FINRA/SIPC.

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