

Commerce Street Capital Advises Highlands Bancshares with Recapitalization and Beyond *\$25 million Successfully Raised*

DALLAS, TX (May 24, 2010) [Commerce Street Capital LLC](#) (CSC), an asset management and advisory firm serving financial institutions, advised Highlands Bancshares Inc., holding company for Dallas-based Highlands Bank (the “Bank”), in the completion of a \$25 million capital campaign. The capital was raised through local investors and the Bank’s capital injection was finalized and approved by shareholders in March. The new capital will help the Bank maintain its capital position and should provide a platform for expansion through attractive acquisitions as well as internal growth. This announcement was made today by Dory Wiley, President and CEO of CSC.

“Our firm has specialized expertise in working closely with bank management teams to advise and assist them through the intricacies of raising capital and effectively managing bank regulators,” stated Wiley. “Highlands Bank management team is an experienced one and we are pleased to have had the opportunity to work with them again.” In 2007, CSC’s team successfully completed a \$44 million capital campaign for the Bank to acquire First National Bank of Jacksboro (\$21 million) with the remaining used for additional growth capital.

As a natural extension of their expertise in banking and financial institutions, the principals of CSC are also actively engaged in the management of several private equity funds, including Service Equity Partners, LP (SEP). Since 2006, SEP has been the largest institutional investor in the Bank managing a non-controlling minority stake.

Wiley sees three key components which contributed to the successful raising of \$25 million. CSC helped the Bank:

1. Devise a strategy that enables the Bank to take advantage of opportunities and exploit the dislocation in the current banking environment
2. Satisfy the banking regulators and
3. Get acceptance of the changes from existing shareholders

“The Commerce Street expertise in the community banking sector in addressing regulatory requirements, the firm’s financial resources and access to capital, and its commitment to Highlands were essential to the transaction’s success,” acknowledged Tom Yenne, President of Highlands Bank.

About Commerce Street Capital

Commerce Street Capital, LLC, is an asset management, capital markets and advisory firm focused exclusively on investing in and advising community and regional banks across the United States. For more than 22 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 or contact President and CEO Dory Wiley at 214-545-6800. Commerce Street Capital is a member of FINRA/SIPC.

About Service Equity Partners, LP

Service Equity Partners, LP (SEP) was formed in 2004 to make equity and equity-related investments in community and regional banks in growing markets with experienced

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management teams. SEP shares common leadership with Commerce Street Capital's principals Dory A. Wiley, James B. Gardner and William D. "Tex" Gross.

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