

Commerce Street Capital Discusses Bank M&A Outlook At Annual Bank Conference

DALLAS (March 28, 2012) — Bank M&A activity was under the microscope at the 10th Annual Bank Conference hosted by Commerce Street Capital, LLC (“CSC”) on Wednesday, March 28, 2012, at the Four Season Resort and Club in Las Colinas, Texas. The conference brought together more than 200 community bank executives for a day of networking and 10 educational presentations discussing the opportunities and obstacles faced by bankers in today’s economic climate. One presentation, by CSC Managing Director C.K. Lee, explored the trends happening with community bank mergers and acquisitions (M&A).

Lee, a former regulator, says the banking industry is still a consolidating one. “The reasons why the industry continues to consolidate are diverse: technological shifts, the sheer power of the largest banking organizations to dictate pricing terms and commoditize certain products, significant regulatory pressure, and succession problems all come to mind.” Other observations from Lee on bank consolidation include:

- FDIC statistics show there are nearly half as many banks and thrifts today than there were in the marketplace in 1990.
- The premiums are higher in Texas than in other markets (source: *SNL Financial: Banks and Thrifts*).
- The best value in community bank M&A, for both sellers and buyers, is finding talent and competencies that don't overlap because, in general, the more diversified an institution the more profitable it will be. These types of opportunities can be had at historically low valuations in today's market and the greater earnings will be attractive to current shareholders, prospective investors and, ultimately, the buyers when the merged institution decides to sell.
- With each passing transaction, pricing power is making a long-awaited return to the market and the choices for community banks (whether buyers or sellers) are getting better.

CSC was recently honored at the Dallas Business Journal and ACG Dallas/Fort Worth annual M&A Awards event held on March 8 at the Hotel Palomar Dallas. CSC was awarded as the winner of the small deal (under \$50 million) category for its exceptional work on an acquisition of a community bank as well as a \$16.4 million capital raise.

About Commerce Street Capital

Commerce Street Capital, LLC (“CSC”) is a private investment banking firm headquartered in Dallas, Texas. Led by veterans of the banking industry, CSC specializes in mergers and acquisitions, valuations, regulatory issue advising, on-site consulting and capital raising, as well as private placement of capital for SBICs and general corporate finance. The firm provides tailored solutions for all or part of a financial institution's business lifecycle. For more information, visit www.commercestreetcapital.com or call 214-545-6800. Commerce Street Capital is a member of FINRA/SIPC.

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