

Are We There Yet?

February 27, 2017



WALLIS STATE BANK
Where Service Begins



Discussion Topics

- *Wallis State Bank*
- *The Economy*
- *FDIC Advisory Committee on Community Banking*
- *Our Community*



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Asif Dakri

- *Mr. Dakri is Vice Chairman of the Board and Chief Executive Officer of Wallis State Bank. Mr. Dakri has been with the Bank since 2002.*
- *Manager in the Mergers and Acquisitions Consulting division for PricewaterhouseCoopers advising global companies of the likes of Shell, Ford, Prudential, Petroleum Geo Services, and Unocal in both the US, Asia, South America and Europe.*
- *Deloitte and Touche LLP in Houston as a senior auditor for SEC companies in both the oil & gas industry and chemical industry.*
- *Mr. Dakri is a CPA and a graduate from the University of Texas at Austin where he obtained his BBA with Honors in Accounting.*



Wallis State Bank History

- *Established on January 10, 1906 in the town of Wallis, TX.*
- *Since the early 1990s, the Bank expanded by opening locations in Houston, Dallas, San Antonio, Fulshear, and Los Angeles.*



Who We Are

- *A full service Community Bank with over 110 Years of Experience.*
- *We specialize in small business lending by first understanding our customer's needs and then finding the product best suited for them.*
- *SBA Preferred Lender.*



Products We Offer

- ***Deposit Accounts***
 - ❖ *Commercial Checking*
 - ❖ *Personal Checking and Savings*
- ***Loans***
 - ❖ *Conventional Loans*
 - ❖ *SBA Loans*
- ***Online Banking with Bill Pay***
- ***Domestic and International Wires***



Accomplishments



- ***#1 SBA Lender in the Houston District for the last three years in a row.***
- ***One of the top performing community banks in the nation as reported by Independent Banker magazine's "Best of the Best" annual review.***





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The Economic Cycle

- *Where we were*
- *Where we are*
- *Where we are going*

DISCLAIMER: These are solely the opinions of a Banker and are not 100% accurate.



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Where we were.....

Houston – Pre November 2014

- *Great run up of employment*
- *Population increase*
- *Real estate prices up*
- *Everything in the press said Houston was amazing*
- *Job growth of almost 700,000 over the decade ending 2014. Equivalent to the total job market of New Orleans or Oklahoma City.*



.....and then

November 27, 2014

- ***OPEC refuses to limit member production.***



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Where we were.....

Last two years in Houston (2015–2016)

The negatives

- *Loss of jobs – many of which were high paying jobs*
- *Collapse of certain real estate markets*
- *Multifamily taking hits*
- *Decline in higher end home market*
- *Rig count at lowest levels ever in early 2016.*



Where we were.....

Last two years in Houston (2015–2016)

The positives

- *Retail sector continues to perform*
- *Healthcare industry is still growing*
- *Educational services are growing*
- *The Petro Chemical industry construction boom*
- *Housing market under \$500,000 held up*



Where we are.....



.....yes, we still have a pulse



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Where we are.....

Today – US Economy

- *Consistent job growth for many months*
- *Unemployment at 4.8%*
- *Confidence levels up (consumer and commercial)*
- *GDP growing at a slow rate*
- *Dow Jones average continues to set records*
- *Strong housing market numbers*



Where we are.....

Today – Houston

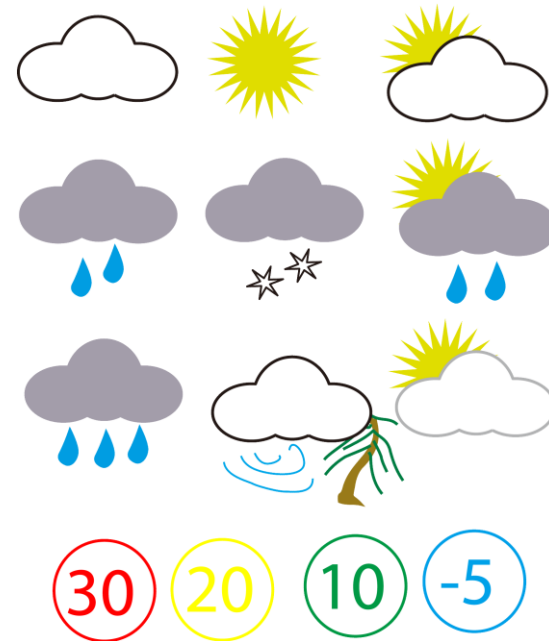
- *Almost zero job growth*
- *Unemployment at 5.3%*
- *The Petro Chemical industry construction boom is over*
- *Rig count has built back up to into the 700's*
- *Oil prices seemed to have stabilized with OPEC help*
- *Office and class A multi-family still hurting*
- *Housing market resilient*



Where are we going.....

The Houston Forecast

- *Oil and gas*
- *Housing*
- *Construction*
- *Job growth*
- *Interest rates*



FDIC Advisory Committee on Community Banking



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FDIC Advisory Committee on Community Banking

What is the Committee?

- *The Committee was established in 2009 in the middle of the recent financial collapse to promote dialogue and obtain advice from regulated entities(banks) and others impacted by the FDIC's activities.*
- *Members are composed of individuals with diverse interests and knowledge of banking and banking regulation.*
- *Members also represent community banks of various sizes and from various different regions of the country.*



FDIC Advisory Committee on Community Banking

What is the Committee? – cont'd

- *There are currently 13 members of the committee.*
- *All members are selected by the FDIC based on recommendations within the FDIC itself.*
- *The committee is chaired by the Chairman of the FDIC, Martin Gruenberg.*
- *The committee currently meets three times a year in Washington DC*



FDIC Advisory Committee on Community Banking

Purpose of the Committee?

- *The purpose of the committee is to provide advice and recommendations on a broad range of policy issues that have a particular impact on small community banks throughout the country.*
- *We look at examination policies, lending practices, compliance issues, and obstacles to growth and stability among other things.*
- *The ultimate goal of this committee and its members is to provide insight that may not otherwise exist within the FDIC and Federal government.*



FDIC Advisory Committee on Community Banking

Why Do We Need This Committee?

- *According to Harvard's Kennedy School, community banks account for more than half of small business loan volume and nearly half of commercial real estate lending.*
- *Community banks hold less than 20 percent of U.S. banking industry assets, yet they hold 55 percent of small business loans – supporting a sector responsible for more job creation than any other.*



FDIC Advisory Committee on Community Banking

Why Do We Need This Committee? – cont'd

- *Community bank small business lending simply cannot be duplicated by a bank based outside the community.*
- *As noted in a recent study by scholars at Harvard's Kennedy School of Government: "In certain lending markets, the technologies larger institutions can deploy have not yet proven effective substitutes for the skills, knowledge, and interpersonal competencies of many traditional banks."*
- *What impacts Community Banking ultimately impacts the economy and businesses alike.*



Are We There Yet?



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Are We There Yet?

- *Indian and South Asian Communities*
- *Generational Changes*
- *Don't Be Afraid*
- *Get Involved*



Contact Us



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