



Hovde

Financial Institutions
Monthly Overview

Capital Markets
Economic Data Review
M&A Statistics

February 11 2009

www.hovde.com

WASHINGTON DC
1826 Jefferson Place, NW
Washington, DC 20036
202.775.8109

CHICAGO
1629 Colonial Parkway
Inverness, IL 60067
847.991.6622

LOS ANGELES
222 N. Sepulveda Blvd. #1306
El Segundo, CA 90245
310.535.9200

PALM BEACH
3908 South Ocean Blvd. #M122
Highland Beach, FL 33487
561.279.7199

AUSTIN
2107 W. 10th Street
Austin, TX 78703
512.478.7575

DALLAS
16633 N. Dallas Pkwy., Suite 600
Addison, TX 75001
469.737.5635

February II 2009 - Hovde Monthly Overview

Economic Outlook.....	page 1
Capital Markets	page 4
Proprietary Index Valuations.....	page 5
Economic Data Review	page 6
Mergers & Acquisitions.....	page 7

About Hovde

The Hovde Organization is an investment banking, asset management and private equity firm focused exclusively on the financial services sector. Founded in 1987 and possessing a distinguished industry heritage, Hovde draws from many years of experience and the comprehensive financial services expertise of our team members to develop innovative and value-added solutions for our clients. Hovde has regional offices in major areas of the United States and services the needs of financial services institutions, institutional investors, and private clients both domestically and internationally.

If you would like to receive Hovde's Financial Institutions Monthly Overview and are not currently on our e-mail distribution list, please send us your contact details at publications@hovde.com.

The Hovde Organization and Hovde are trade names for Hovde Private Equity Advisors LLC and its affiliates, including Hovde Capital Advisors LLC, Hovde Financial, Inc. and Hovde Securities LLC. Hovde Capital Advisors LLC is a registered investment advisor and Hovde Securities LLC is a registered broker-dealer and SIPC member firm.

Hovde gathers its data from sources it considered reliable; however, it does not guarantee the accuracy or completeness of the information provided within this publication. The materials presented reflect information known to the authors at the time this publication was written, and this information is subject to change. Hovde makes no warranties, express or implied, regarding the accuracy of this material. This publication is not intended to provide information upon which to base an investment decision, and should not be construed as such.

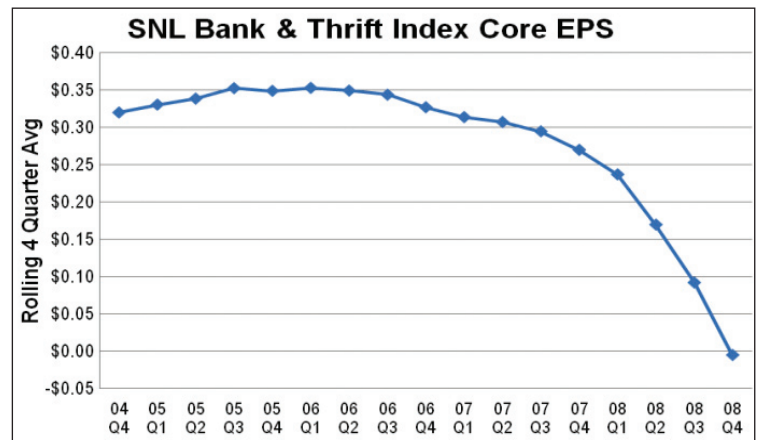
“It takes a long time to become young.”
 —Pablo Picasso

At this point in the current credit cycle, we are sure that banks and thrifts wish that they could turn back the hands of time by five or six years and offer some advice to their younger selves. Unfortunately, the banking and thrift industry has aged for the worse, time travel is still not possible, and neither is the industry’s ability to change the seemingly unfettered risks they took by piling into ill-advised loans and toxic assets amidst the real estate boom and explosion of loose credit (both here and abroad). As a result, in what has now become an all-too-familiar occurrence for this industry, the latest quarterly results continued to accelerate downward at an alarming speed—with credit destruction now eclipsing levels not seen in over two decades. And, it will likely only worsen now that the industry’s credit problems have spread well beyond the housing market as many banks that were slow to recognize their problems (and in some cases, flat out hid them) are now being forced to come clean about them. As we had predicted in our *November 2008 Monthly Overview*, the banking and thrift industry experienced another “kitchen sink” earnings period—only this time considerably worse than what we saw a year earlier.

With rapidly increasing asset-quality issues continuing to plague banks and thrifts, FDIC insured institutions posted a net loss of over \$26 billion—the first quarterly net loss for the industry since 1990. This compares with net income of \$1.7 billion in the third quarter of 2008 and the \$575 million gain during the fourth quarter of 2008—a quarter which many market pundits felt would be the low point of this cycle. Despite four institutions accounting for half of this latest quarter’s total losses, earnings continued to erode across the board, with nearly one out every three institutions reporting a net loss in the final quarter of 2008 and only 36% reporting year-over-year increases in quarterly earnings. As a result of these horrific earnings results, the average ROA fell into negative territory to -0.77%, its worst reading since the middle of 1987. It is worth mentioning that despite net interest margins (NIMs) experiencing a slight increase on a year-over-year basis to 3.34%, the annual improvement was limited mostly to larger institutions. In an environment of falling

short-term interest rates, the larger institutions experienced a meaningful decline in wholesale funding costs while these expense declines contributed less to the bottom lines at their smaller counterparts.

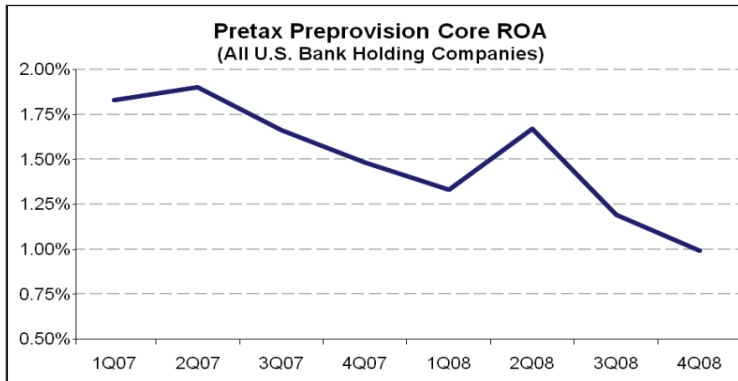
Not surprisingly, 75% of those companies in the SNL Bank & Thrift Index with sell-side coverage missed their EPS estimates, further contributing to the plunge of the rolling four-quarter core EPS average of this index by more than 100% from its peak (refer to chart below). Despite the sell-side *finally* coming to the realization that asset quality and earnings erosion are here to stay for the foreseeable future—regardless of the government actions taken to date—banks and thrifts *continue* to miss their already ratcheted down earnings estimates.



Source: SNL Financial

Clearly, earnings have been decimated as the quality of financial institutions’ balance sheets comes unraveled, leading to loan loss provisions more than doubling from a year earlier to \$69 billion. In the fourth quarter of 2008, loan loss provisions equaled 50% of the industry’s net operating revenue—the highest ratio since the middle of 1987—as banks and thrifts scrambled to add higher reserves not only for mortgage-related loans, as housing values keep spiraling downward amidst mounting foreclosures, but also for credit card, auto, and consumer loans. Net charge-offs (NCOs) also continue to pile up, increasing for an eighth straight quarter on a year-over-year basis to nearly \$38 billion, or 132% higher from the fourth quarter of 2007. This resulted in an NCO ratio of 1.91%, up sharply from 1.42% in the previous quarter—reaching the highest level in the 25 years since banks

and thrifts have been reporting this metric to the FDIC. With rising levels of nonperforming loans and balance sheets that are generally shrinking in the face of tighter underwriting standards and eroding capital levels, the core earnings power of the banking and thrift industry (and internal capital generation) is also rapidly eroding—a dynamic we expect to persist over the next few years which will leave the industry with core earnings at a fraction of the run-rate it experienced as recently as 2007.



Source: SNL Financial, Hovde estimates

Skipped loan payments—a concrete measure of the financial health of commercial and consumer borrowers—continued to worsen, as 30-89 day delinquencies increased on an overall basis by 30% quarter-over-quarter and nonperforming assets and 90-day delinquencies (NPA+90s) increased by 23% from the previous quarter. In this most recent quarter, *all* loan buckets at publicly traded banks and thrifts experienced double digit increases—with construction, multi-family, commercial and industrial (C&I), home equity, and credit card loans all up by at least 15% quarter-over-quarter. What is even more concerning is that *total* noncurrent loans for all U.S. banks and thrifts increased to 5.4%—a spike from 4.2% in the previous quarter and nearly *triple* from just two years ago. Unfortunately, as this economic crisis continues to deteriorate—causing more businesses to fail and unemployment trends to worsen—we expect that delinquencies will continue to increase as commercial and consumer borrowers alike will be unable to meet their repayment obligations. Further hampering the health of the bank and thrift industry is the low level of reserves to noncurrent loans. Again, reserve levels did not keep pace with the sharp rise in NPA+90s during the quarter, as the

reserve coverage ratio fell to 64% in the fourth quarter from 72.7% in the previous quarter for all U.S. banks and thrifts—with over 1,000 banks and thrifts having less than 35 cents in reserves for every \$1 of NPA+90s.

As the banking and thrift industry watches helplessly as its earnings and balance sheets plunge deeper into a black hole with each passing quarter, it is clear that the credit crisis' onslaught has not let up—in fact, it has only intensified. Consequently, there are now 252 institutions with combined assets of nearly \$160 billion on the FDIC's problem list—more than triple the number of companies from the end of 2007. However, a more accurate indicator which we prefer to follow with regards to the distress that is enveloping the industry is the “Texas” ratio (NPA+90s as a percentage of tangible equity and reserves). ***As of the fourth quarter, there are now 735 banks and thrifts in the U.S. with a “Texas” ratio above 50%—a 37% increase from the previous quarter—and nearly 190 with a ratio greater than 100%.*** Consequently, this deterioration in credit quality on banks' balance sheets has 2009 positioned to be the year with the greatest number of bank failures since the S&L crisis of the early 1990's: there have already been 17 year-to-date versus only 25 for all of 2008—and we are not even at the end of the first quarter.

As such, the FDIC is fearful that its deposit insurance fund (DIF)—used to protect customer deposits following a bank's failure—could dry up as bank failures and seizures surge throughout 2009 and 2010. The DIF has fallen to slightly under \$19 billion in the fourth quarter from \$34.6 billion in the previous quarter. In order to replenish these losses, the FDIC announced that it is planning to implement a one-time “emergency” fee of 10 cents for every \$100 of domestic deposits, in addition to other fee increases for insured institutions. Rightfully so, this has sparked an outrage at smaller banks, as some estimate that such a one-time fee could erase 50% to 100% of their earnings this year. In a normal market environment, this would obviously be a serious blow to any financial institution. Yet during the worst financial crisis since the Great Depression, in which banks are scraping for every penny of capital to sustain their capital levels and to fund operations, such a scenario would likely prove to be the nail in the coffin for many smaller institutions. In our

opinion, the FDIC should have placed much more of the burden of higher fees on those entities which assumed the most risk, leveraged their balance sheets to the hilt in the pursuit of higher profits with no regard for their actions, and now find themselves on the brink of failure as a result of their imprudent decisions. Instead, the government is further socializing the losses in the financial system by forcing responsible entities—which, for the most part, steered clear of toxic securities and unwarranted risk-taking in their portfolios—to endure the same proportion of fees as those larger institutions which essentially caused this mess. As such, despite the large financial institutions being ultimately responsible for this financial crisis, the government has, again, favored the money center banks and Wall Street firms over the rest of the banking industry. We believe that the president of the Independent Community Bankers of America, Camden Fine, was spot on when he said: “Community bankers are feeling like they are paying for the incompetence and greed of Wall Street.”

As we have opined throughout the last year and into 2009, the initiatives which the government has rolled out in hopes of returning some semblance of normalcy to the financial system by stabilizing the banking industry and resurrecting the lending markets have almost entirely been directed to the benefit of the large financial behemoths. On one side, the actions taken by the large Wall Street firms and financial behemoths in the securitization markets and the shadow banking system have been a major contributor to the collapse of all asset classes, which has had a devastating reverberation into the commercial banking industry. On the other side, many of the government programs—including the more recent Temporary Liquidity Guarantee Program (TLGP), and the older Primary Dealer Credit Facility (PDCF) and Term Securities Lending Facility (TSLF)—have obviously been geared towards the Wall Street firms, while basically ignoring the plight of the regional and community banks. Also, please understand that the TLGP, which the FDIC is using to guarantee newly issued corporate debt of the money center banks and Wall Street firms, is solely for the benefit of these large financial institutions. As such, it is the rest of the banking industry’s FDIC funds which are benefitting the financial behemoths as they are the only ones that can issue debt. Adding to these pressures, which are already sandwiching

the banking industry, has been the government granting bank holding company status to nonbank institutions (i.e., Goldman Sachs, Morgan Stanley, CIT, etc.) which allows these institutions to borrow directly from the Federal Reserve’s discount window and, more importantly, to now compete for FDIC-guaranteed deposits with the rest of the banking industry. In that regard, is it any surprise that the FDIC has now made a large one-time assessment fee of 10 basis points on all deposits? Lastly, as part of the Obama Administration’s Financial Stability Plan (FSP)—which we discussed in our recent *January/February Monthly Overview*—in its latest attempt to save the financial giants most responsible for this economic crisis, the government has made it clear that those institutions with more than \$100 billion have been deemed “too-big-to-fail,” which again puts the rest of the banking industry at a competitive disadvantage.

Now, although there will be some benefits to some non-“systemically-vital” banks as part of the FSP, the government’s actions to date have not been, and likely will not be, the panacea to this crisis. Again, it shocks us that policymakers still do not seem to understand the vital role that the thousands of regional and community banks play in the economy. It also troubles us that the government does not comprehend that the shadow banking system is over and, but for the government’s direct involvement, so are the securitization markets. A much greater focus should be, instead, to use the broader commercial banking industry, which has the credit underwriting capacity in place, to help revive credit and liquidity flowing back to the American consumer and small businesses—the backbone of the American economy. ***As such, we, again, would urge regional and community bankers to make their voices heard to their Representatives, Senators, and even to their customers that they are as much a victim of this financial crisis as anyone and that the regional and community banks can play a vital role in restoring the American economy.***

Federal Reserve Aggregate Bank Data

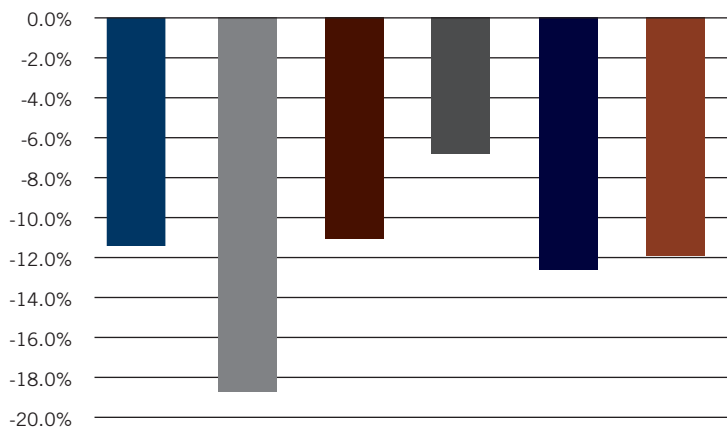
	2/2008	6/2008	7/2008	8/2008	9/2008	10/2008	11/2008	12/2008	1/2009	2/2009	MoM	YoY
ASSETS												
Securities												
Secs in Bank Credit	2,431	2,489	2,468	2,486	2,476	2,532	2,718	2,726	2,766	2,739	-1.0%	12.7%
Treasury & Agency	1,103	1,115	1,114	1,116	1,129	1,155	1,227	1,261	1,256	1,276	1.6%	15.7%
Other	1,328	1,374	1,354	1,370	1,347	1,377	1,490	1,465	1,510	1,463	-3.1%	10.1%
Loans and Leases												
C&I	1,449	1,494	1,504	1,514	1,514	1,537	1,602	1,596	1,584	1,574	-0.7%	8.6%
Real Estate	3,602	3,650	3,645	3,624	3,642	3,666	3,792	3,784	3,787	3,801	0.4%	5.5%
Consumer	815	825	832	839	845	852	870	876	882	892	1.1%	9.5%
Other	697	646	642	635	630	655	678	645	660	626	-5.3%	-10.3%
Other Assets	982	996	1,003	1,021	1,022	1,043	1,091	1,132	1,146	1,107	-3.4%	12.8%
Total Assets	10,929	11,042	11,027	11,043	11,058	11,333	11,947	12,100	12,311	12,229	-0.7%	11.9%
LIABILITIES												
Deposits												
Transaction	615	616	605	621	600	640	679	704	764	703	-7.9%	14.4%
Nontransaction	6,098	6,270	6,307	6,263	6,314	6,432	6,448	6,360	6,498	6,657	2.4%	9.2%
Large time	2,058	2,103	2,126	2,132	2,131	2,161	2,066	1,938	1,984	1,993	0.4%	-3.2%
Other	4,040	4,166	4,181	4,132	4,183	4,271	4,383	4,422	4,514	4,664	3.3%	15.4%
Borrowings	2,268	2,320	2,322	2,331	2,357	2,397	2,619	2,600	2,492	2,444	-1.9%	7.7%
Other Liabilities	701	695	680	674	673	715	806	845	939	847	-9.9%	20.8%
Total Liabilities	9,794	9,872	9,891	9,839	9,852	10,122	10,733	10,910	11,123	11,050	-0.7%	12.8%
Residual (assets less liabilities)	1,135	1,169	1,136	1,204	1,206	1,211	1,215	1,190	1,188	1,179	-0.7%	3.9%

all values in \$ billions

SOURCE: Federal Reserve Documents

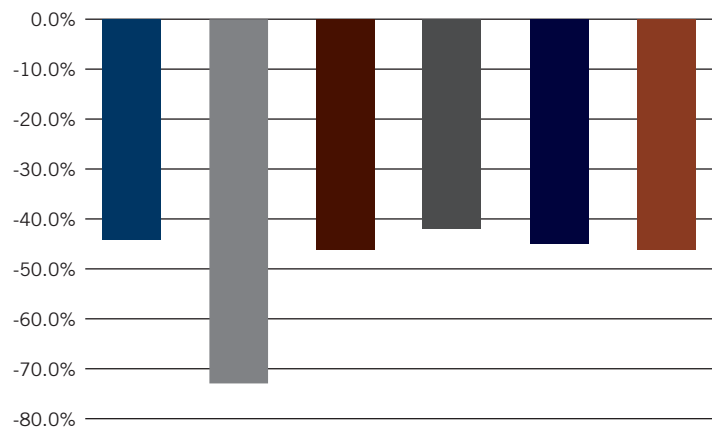
Major Market Index Performance

February 2009



SOURCE: Bloomberg, LLC

Last Twelve Months



SOURCE: Bloomberg, LLC

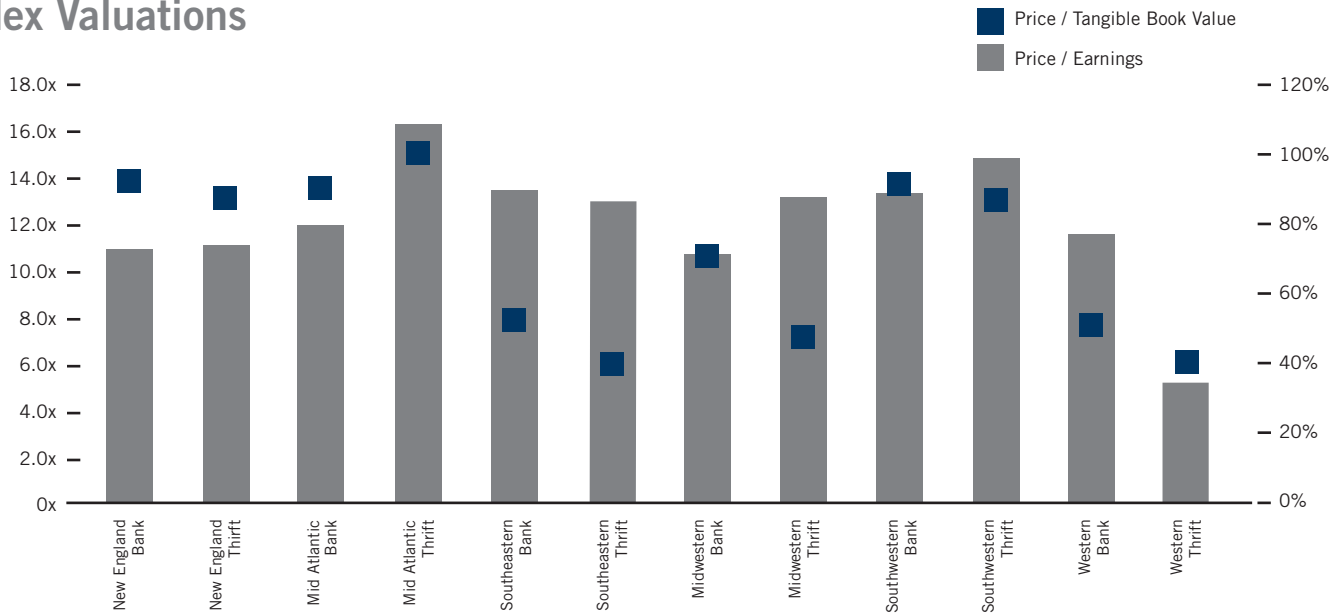
	3/2008	4/2008	5/2008	6/2008	7/2008	8/2008	9/2008	10/2008	11/2008	12/2008	1/2009	2/2009
Dow Jones	0.0%	4.5%	-1.4%	-10.2%	0.2%	1.5%	-6.0%	-14.1%	-5.3%	-0.6%	-8.8%	-11.7%
S&P Financial	-3.1%	6.3%	-6.4%	-18.7%	6.8%	-1.3%	-5.2%	-22.7%	-18.7%	-0.7%	-26.5%	-18.4%
S&P 500	-0.6%	4.8%	1.1%	-8.6%	-1.0%	1.2%	-9.1%	-16.9%	-7.5%	0.8%	-8.6%	-11.0%
NASDAQ	0.3%	5.9%	4.6%	-9.1%	1.4%	1.8%	-11.6%	-17.7%	-10.8%	2.7%	-6.4%	-6.7%
Russell 2000	0.3%	6.1%	2.5%	-7.8%	3.6%	3.5%	-8.1%	-20.9%	-12.0%	5.6%	-11.2%	-12.3%
NASDAQ Bank	2.0%	0.3%	-2.7%	-17.5%	9.6%	3.8%	4.0%	-7.3%	-8.8%	-1.2%	-21.8%	-11.9%

SOURCE: Bloomberg, LLC

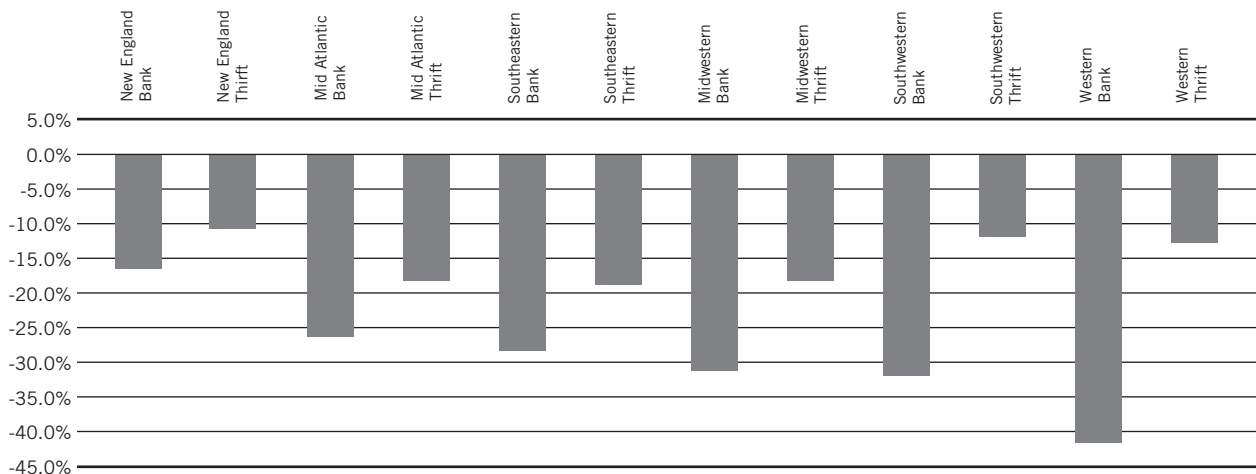
Bank and Thrift Index Valuations

		Price / Earnings		Price / Book Value		Price / TBV		Price Performance			Component Companies
		Weighted Avg	Median	Weighted Avg	Median	Weighted Avg	Median	1 Mo	YTD	12 Mo	
New England	Bank	13.4	11.0	83%	86%	115%	95%	-6.4%	-16.3%	-39.6%	18
	Thrift	22.6	11.4	87%	71%	113%	89%	-5.9%	-10.3%	-28.8%	22
Mid Atlantic	Bank	19.9	12.0	62%	70%	109%	93%	-15.7%	-26.2%	-46.6%	83
	Thrift	11.9	16.3	94%	89%	125%	99%	-11.3%	-18.7%	-34.2%	50
Southeastern	Bank	13.0	13.5	40%	48%	56%	58%	-18.7%	-28.0%	-57.9%	121
	Thrift	15.5	13.0	18%	40%	25%	40%	-16.1%	-19.7%	-68.2%	10
Midwestern	Bank	11.3	12.3	85%	52%	131%	75%	-17.0%	-30.1%	-52.8%	85
	Thrift	12.1	13.1	117%	47%	120%	47%	-10.6%	-19.7%	-54.0%	47
Southwestern	Bank	10.0	13.3	84%	77%	124%	92%	-10.7%	-32.6%	-43.9%	19
	Thrift	22.1	14.8	94%	83%	96%	87%	-11.1%	-12.4%	-26.6%	6
Western	Bank	10.4	11.8	60%	39%	89%	53%	-27.0%	-40.7%	-66.0%	60
	Thrift	14.0	5.8	42%	39%	63%	41%	-16.2%	-13.0%	-63.0%	11

Index Valuations



YTD Price Performance



SOURCE: SNL Financial and Bloomberg, LLC

Economic Data Points - February 2009

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
2/2	Personal Income	DEC	-0.40%	-0.20%	-0.20%	2/18	Minutes of Jan. 28 FOMC Meeting				
2/2	Personal Spending	DEC	-0.90%	-1.00%	-0.60%	2/19	Producer Price Index (MoM)	JAN	0.30%	0.80%	-1.90%
2/2	PCE Deflator (YoY)	DEC	1.00%	0.60%	1.40%	2/19	PPI Ex Food & Energy (MoM)	JAN	0.10%	0.40%	0.20%
2/2	PCE Core (MoM)	DEC	0.00%	0.00%	0.00%	2/19	Producer Price Index (YoY)	JAN	-2.40%	-1.00%	-0.90%
2/2	PCE Core (YoY)	DEC	1.70%	1.70%	1.90%	2/19	PPI Ex Food & Energy (YoY)	JAN	3.80%	4.20%	4.30%
2/2	ISM Manufacturing	JAN	32.5	35.6	32.4	2/19	Initial Jobless Claims	14-Feb	620K	627K	623K
2/2	ISM Prices Paid	JAN	18	29	18	2/19	Continuing Claims	7-Feb	4830K	4987K	4810K
2/2	Construction Spending MoM	DEC	-1.20%	-1.40%	-0.60%	2/20	Consumer Price Index (MoM)	JAN	0.30%	0.30%	-0.70%
2/3	Pending Home Sales MoM	DEC	0.00%	6.30%	-4.00%	2/20	CPI Ex Food & Energy (MoM)	JAN	0.10%	0.20%	0.00%
2/3	Total Vehicle Sales	JAN	10.2M	9.6M	10.3M	2/20	Consumer Price Index (YoY)	JAN	-0.10%	0.00%	0.10%
2/3	Domestic Vehicle Sales	JAN	7.7M	6.9M	7.8M	2/20	CPI Ex Food & Energy (YoY)	JAN	1.50%	1.70%	1.80%
2/4	ISM Non-Manf. Composite	JAN	39	42.9	40.6	2/20	CPI Core Index SA	JAN	--	217.265	216.816
2/5	Nonfarm Productivity	4Q	1.60%	3.20%	1.30%	2/20	Consumer Price Index NSA	JAN	211.081	211.143	210.228
2/5	Unit Labor Costs	4Q	2.90%	1.80%	2.80%	2/24	S&P/CaseShiller Home Price Ind	DEC	--	150.66	154.59
2/5	Initial Jobless Claims	31-Jan	580K	626K	588K	2/24	S&P/CS Composite-20 YoY	DEC	-18.30%	-18.55%	-18.18%
2/5	Continuing Claims	24-Jan	4795K	4788K	4776K	2/24	S&P/Case-Shiller US HPI	4Q	--	139.14	150.04
2/5	ICSC Chain Store Sales YoY	JAN	-2.20%	-1.60%	-1.70%	2/24	S&P/Case-Shiller US HPI YOY%	4Q	-17.20%	-18.23%	-16.60%
2/6	Change in Nonfarm Payrolls	JAN	-540K	-598K	-524K	2/24	Consumer Confidence	FEB	35	25	37.7
2/6	Unemployment Rate	JAN	7.50%	7.60%	7.20%	2/24	Bernanke Report on Economy & Fed Policy				
2/6	Change in Manufact. Payrolls	JAN	-145K	-207K	-149K	2/24	House Price Purchase Index QoQ	4Q	-2.00%	-3.40%	-1.80%
2/6	Consumer Credit	DEC	-\$3.5B	-\$6.6B	-\$7.9B	2/24	House Price Index MoM	DEC	-1.70%	0.10%	-1.80%
2/12	Advance Retail Sales	JAN	-0.80%	1.00%	-2.70%	2/25	Existing Home Sales	JAN	4.79M	4.49M	4.74M
2/12	Retail Sales Less Autos	JAN	-0.40%	0.90%	-3.10%	2/25	Existing Home Sales MoM	JAN	1.10%	-5.30%	6.50%
2/12	Initial Jobless Claims	7-Feb	610K	623K	626K	2/26	Durable Goods Orders	JAN	-2.50%	-5.20%	-2.60%
2/12	Continuing Claims	31-Jan	4800K	4810K	4788K	2/26	Durables Ex Transportation	JAN	-2.20%	-2.50%	-3.60%
2/12	Business Inventories	DEC	-0.90%	-1.30%	-0.70%	2/26	Initial Jobless Claims	21-Feb	625K	667K	627K
2/13	U. of Michigan Confidence	FEB P	60	56.2	61.2	2/26	Continuing Claims	14-Feb	5029K	5112K	4987K
2/17	Empire Manufacturing	FEB	-23.75	-34.65	-22.2	2/26	New Home Sales	JAN	324K	309K	331K
2/17	NAHB Housing Market Index	FEB	8	9	8	2/26	New Home Sales MoM	JAN	-2.10%	-10.20%	-14.70%
2/18	Import Price Index (MoM)	JAN	-1.20%	-1.10%	-4.20%	2/27	GDP QoQ (Annualized)	4Q P	-5.40%	-6.20%	-3.80%
2/18	Import Price Index (YoY)	JAN	-11.20%	-12.50%	-9.30%	2/27	Personal Consumption	4Q	-3.70%	-4.30%	-3.50%
2/18	Housing Starts	JAN	529K	466K	550K	2/27	GDP Price Index	4Q	-0.10%	0.50%	-0.10%
2/18	Building Permits	JAN	525K	521K	549K	2/27	Core PCE QoQ	4Q	0.60%	0.80%	0.60%
2/18	Capacity Utilization	JAN	72.40%	72.00%	73.60%	2/27	U. of Michigan Confidence	FEB F	56	56.3	56.2

SOURCE: Bloomberg, LLC

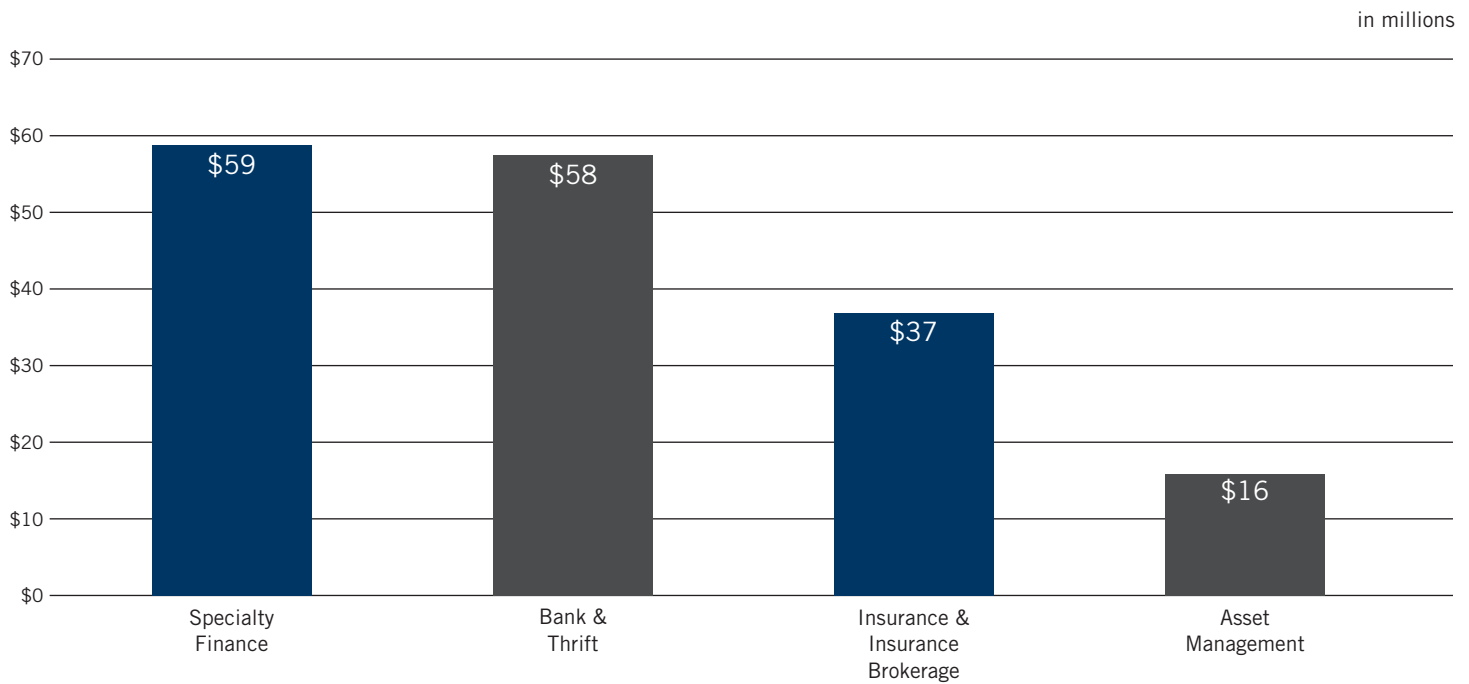
Economic Data Points - March 2009

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
3/2	Personal Income	JAN	-0.20%	0.40%	-0.20%	3/17	Housing Starts	FEB	--	--	466K
3/2	Personal Spending	JAN	0.40%	0.60%	-1.00%	3/17	Building Permits	FEB	--	--	521K
3/2	PCE Deflator (YoY)	JAN	0.50%	0.70%	0.60%	3/18	Consumer Price Index (MoM)	FEB	--	--	0.30%
3/2	PCE Core (MoM)	JAN	0.10%	0.10%	0.00%	3/18	Current Account Balance	4Q	--	--	--
3/2	PCE Core (YoY)	JAN	1.60%	1.60%	1.70%	3/18	CPI Ex Food & Energy (MoM)	FEB	--	--	0.20%
3/2	ISM Manufacturing	FEB	33.8	35.8	35.6	3/18	Consumer Price Index (YoY)	FEB	--	--	0.00%
3/2	ISM Prices Paid	FEB	33.5	29	29	3/18	CPI Ex Food & Energy (YoY)	FEB	--	--	1.70%
3/2	Construction Spending MoM	JAN	-1.50%	-3.30%	-1.40%	3/18	CPI Core Index SA	FEB	--	--	217.265
3/3	Pending Home Sales MoM	JAN	-3.00%	--	6.30%	3/18	Consumer Price Index NSA	FEB	--	--	211.143
3/3	Total Vehicle Sales	FEB	9.5M	--	9.6M	3/18	FOMC Rate Decision	18-Mar	--	--	0.25%
3/3	Domestic Vehicle Sales	FEB	6.8M	--	6.9M	3/19	Initial Jobless Claims	14-Mar	--	--	--
3/4	ISM Non-Manf. Composite	FEB	41	--	42.9	3/19	Continuing Claims	7-Mar	--	--	--
3/5	Nonfarm Productivity	4Q	1.40%	--	3.20%	3/23	Existing Home Sales	FEB	--	--	4.49M
3/5	Initial Jobless Claims	28-Feb	650K	--	667K	3/23	Existing Home Sales MoM	FEB	--	--	-5.30%
3/5	Continuing Claims	21-Feb	5170K	--	5112K	3/24	House Price Index MoM	JAN	--	--	0.10%
3/5	Mortgage Delinquencies	4Q	--	--	6.99%	3/25	Durable Goods Orders	FEB	--	--	-5.20%
3/5	ICSC Chain Store Sales YoY	FEB	--	--	-1.60%	3/25	Durables Ex Transportation	FEB	--	--	-2.50%
3/6	Change in Nonfarm Payrolls	FEB	-650K	--	-598K	3/25	New Home Sales	FEB	--	--	309K
3/6	Unemployment Rate	FEB	7.90%	--	7.60%	3/25	New Home Sales MoM	FEB	--	--	-10.20%
3/6	Change in Manufact. Payrolls	FEB	-198K	--	-207K	3/26	GDP QoQ (Annualized)	4Q F	--	--	-6.20%
3/12	Advance Retail Sales	FEB	-0.40%	--	1.00%	3/26	Personal Consumption	4Q	--	--	-4.30%
3/12	Retail Sales Less Autos	FEB	-0.40%	--	0.90%	3/26	GDP Price Index	4Q	--	--	0.50%
3/12	Initial Jobless Claims	7-Mar	--	--	--	3/26	Core PCE QoQ	4Q	--	--	0.80%
3/12	Continuing Claims	28-Feb	--	--	--	3/26	Initial Jobless Claims	21-Mar	--	--	--
3/13	Import Price Index (MoM)	FEB	-0.60%	--	-1.10%	3/26	Continuing Claims	14-Mar	--	--	--
3/13	Import Price Index (YoY)	FEB	--	--	-12.50%	3/27	Personal Income	FEB	--	--	0.40%
3/13	U. of Michigan Confidence	MAR P	--	--	56.3	3/27	Personal Spending	FEB	--	--	0.60%
3/16	Empire Manufacturing	MAR	--	--	-34.65	3/27	PCE Deflator (YoY)	FEB	--	--	0.70%
3/16	Capacity Utilization	FEB	--	--	72.00%	3/27	PCE Core (MoM)	FEB	--	--	0.10%
3/16	NAHB Housing Market Index	MAR	--	--	9	3/27	PCE Core (YoY)	FEB	--	--	1.60%
3/17	Producer Price Index (MoM)	FEB	--	--	0.80%	3/27	U. of Michigan Confidence	MAR F	--	--	--
3/17	PPI Ex Food & Energy (MoM)	FEB	--	--	0.40%	3/31	S&P/CaseShiller Home Price Ind	JAN	--	--	150.66
3/17	Producer Price Index (YoY)	FEB	--	--	-1.00%	3/31	S&P/CS Composite-20 YoY	JAN	--	--	-18.55%
3/17	PPI Ex Food & Energy (YoY)	FEB	--	--	4.20%	3/31	Consumer Confidence	MAR	--	--	25

SOURCE: Bloomberg, LLC

M&A Transaction Update

Announced Transactions - February 2009



SOURCE: SNL Financial, Bloomberg, Factiva

Deal Count - February 2009

Bank & Thrift	8
Asset Management & Broker/Dealer	7
Insurance & Insurance Brokerage	7
Specialty Finance	2

SOURCE: SNL Financial, Bloomberg, Factiva

Deal Count - 2009 YTD

Insurance & Insurance Brokerage	31
Bank & Thrift	14
Asset Management & Broker/Dealer	11
Specialty Finance	6

SOURCE: SNL Financial, Bloomberg, Factiva

Top Financial Advisors in Bank and Thrift Transactions

Last Five Years, Sell-Side Advisory Transactions

Rank	Firm	# of Deals
1	Sandler, O'Neill & Partners, L.P	104
2	Keefe, Bruyette & Woods, Inc.	103
3	Hovde Financial	88
4	Howe Barnes Hofer & Arnett, Inc.	49
5	Stifel, Nicolaus & Company, Incorporated	40
6	Sheshunoff & Co. Investment Banking LP	30
7	Austin Associates, LLC	20
8	Morgan Keegan & Company, Inc.	20
8	SAMCO Capitol Markets, Inc.	20
10	Professional Bank Services Inc.	18

SOURCE: SNL Financial (data from 2/28/2004-2/28/2009)

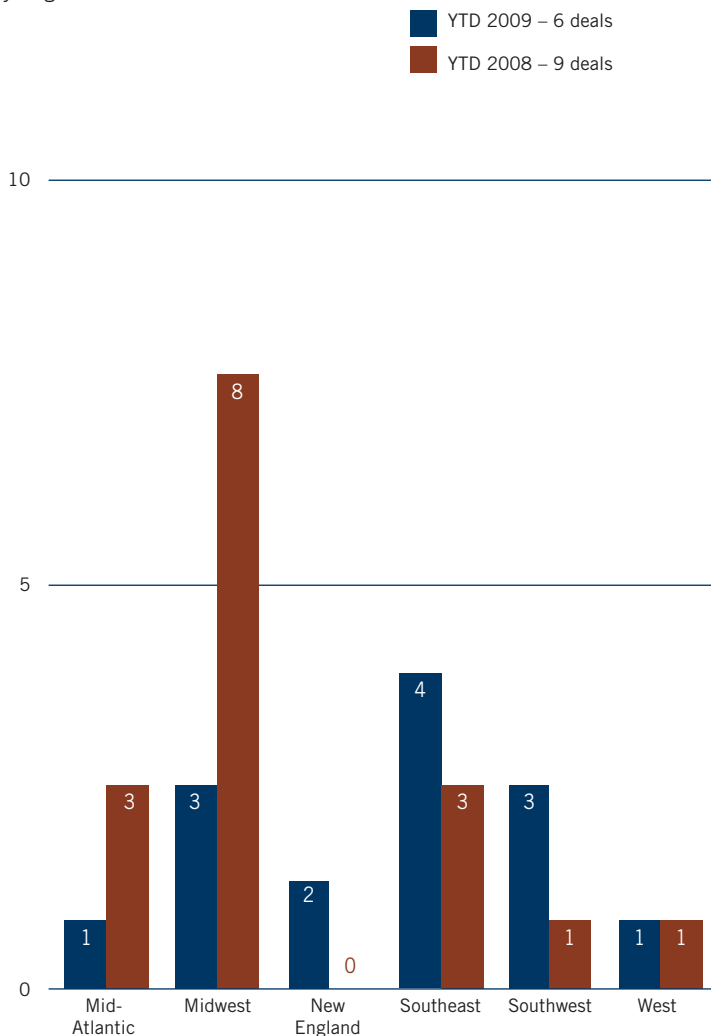
Bank & Thrift Transactions - February 2009

Buyer	Buyer State	Target	Target State	Announced	DV (\$MM)	P/LTM Ern	P/TBV (%)	Core Deposit Premium (%)
Liberty Financial Services, Inc.	LA	United Bank & Trust Company	LA	2/2/09	NA	NA	NA	NA
Northwest Bancorp, Inc. (MHC)	PA	Keystone State Savings Bank	PA	2/2/09	NA	NA	NA	NA
Colorado Financial Holdings, LLC	CO	New Frontier Bancorp	CO	2/4/09	30.0	14.5	44.1	-5.59
Glacier Bancorp, Inc.	MT	First Company	WY	2/6/09	2.1	NM	7.1	-13.18
Meskwaki Tribe	IA	Pinnacle Bank	IA	2/13/09	NA	NA	NA	NA
1st Financial Services Corporation	NC	AB&T Financial Corp.	NC	2/16/09	17.3	NM	70.7	-16.16
University Financial Corp, Inc.	MN	EastBank	MN	2/20/09	NA	NA	NA	NA
Palm Financial, Inc.	FL	SouthFirst Bancshares, Inc.	AL	2/23/09	8.5	NM	82.6	-2.86

SOURCE: SNL Financial

Bank & Thrift Transactions

by Region



SOURCE: SNL Financial

Deal Pricing by Region - 2009 YTD

Region	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern (x)	P/ Core Dep Prem (%)
Mid-Atlantic	NA	NA	NA	NA
Midwest	NA	NA	NA	NA
New England	\$12	114.7	NA	1.6
Southeast	\$52	96.9	20.0	-3.8
Southwest	\$30	44.1	14.5	-5.6
West	\$88	7.1	NA	-13.2
Total	\$182	79.1	17.3	-4.6

SOURCE: SNL Financial

Deal Pricing by Quarter

Quarter	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern (x)	P/ Core Dep Prem (%)
3Q2006	\$6,486	264.6	24.9	19.3
4Q2006	\$37,379	253.4	26.1	20.4
1Q2007	\$21,007	265.3	26.8	22.9
2Q2007	\$30,841	229.3	26.5	16.4
3Q2007	\$9,201	215.3	26.2	17.9
4Q2007	\$11,640	197.6	23.5	11.9
1Q2008	\$5,093	190.3	26.9	12.4
2Q2008	\$1,835	199.2	30.1	8.7
3Q2008	\$27,202	149.9	25.9	9.0
4Q2008	\$1,731	127.4	23.6	3.2
1Q2009	\$96	79.1	17.3	-4.6

SOURCE: SNL Financial

Insurance and Insurance Brokerage Transactions - February 2009

Buyer	Target	Announced	DV (\$MM)
Marsh & McLennan Companies, Inc.	Companias DeLima S.A.	2/2/2009	NA
Windsor Mount Joy Mutual Insurance Company	Farmers' Mutual Fire Insurance Company Of Dug Hill	2/12/2009	NA
Arthur J. Gallagher & Co.	Fidelity Benefits & Insurance Services	2/12/2009	NA
Beazley Group, Plc	First State Management Group, Inc.	2/13/2009	35.4
Puritan Financial Group, Inc.	TRAC Indemnity Insurance Company	2/24/2009	1.7
Physicians Healthcare Management Group, Inc.	Phyhealth Underwriters, Inc.	2/27/2009	NA
Undisclosed buyer	InsuranCenter Corp. of Alpena	2/27/2009	NA

SOURCE: Factiva, AM Best

Asset Management/Broker-Dealer Transactions - February 2009

Buyer	Target	Announced	DV (\$MM)
Palisade Capital Management LLC	Growth equity strategies team of AG Asset Management	2/4/2009	NA
Puritan Financial Group, Inc.	Union Financial Corp.	2/12/2009	NA
ReFlow Forward Family Holding Company, LLC	Kensington Investment Group, Inc.	2/13/2009	NA
Jefferies Group, Inc.	DEPFA First Albany Securities LLC	2/13/2009	NA
Marsh & McLennan Companies, Inc.	Callan Associates Inc.	2/17/2009	NA
RiskMetrics Group, Inc.	Innovest Strategic Value Advisors, Inc.	2/19/2009	16.0
International Assets Holding Corporation	INTL Commodities DMCC	2/23/2009	NA

SOURCE: Factiva, Bloomberg

Specialty Finance Transactions - February 2009

Buyer	Target	Announced	DV (\$MM)
Bank of Ayudhya Public Company Limited	AIG Retail Bank Public Co. Ltd. & AIG Card (Thailand) Co. Ltd.	2/5/2009	58.8
Wells Fargo & Company	Capital TempFunds	2/9/2009	NA

SOURCE: Factiva, Bloomberg, Reuters