



Hovde

Financial Institutions
Monthly Overview

Capital Markets
Economic Data Review
M&A Statistics

March/April 2011

www.hovdecapital.com
www.hovdeprivateequity.com

WASHINGTON DC
1826 Jefferson Place, NW
Washington, DC 20036

202.822.8117
Hovde Capital Advisors

202.775.8109
Hovde Private Equity Advisors

March/April 2011 - Hovde Monthly Overview

Economic Outlook.....	page 1
Capital Markets	page 7
Proprietary Index Valuations.....	page 8
Economic Data Review	page 9
Mergers & Acquisitions.....	page 10

About Hovde

The Hovde Organization is an asset management and private equity firm focused primarily 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 services the needs of financial services institutions, institutional investors, and private clients both domestically and internationally.

“Society is composed of two great classes: those who have more dinner than appetite, and those who have more appetite than dinners.”
-Nicolas Chamfort

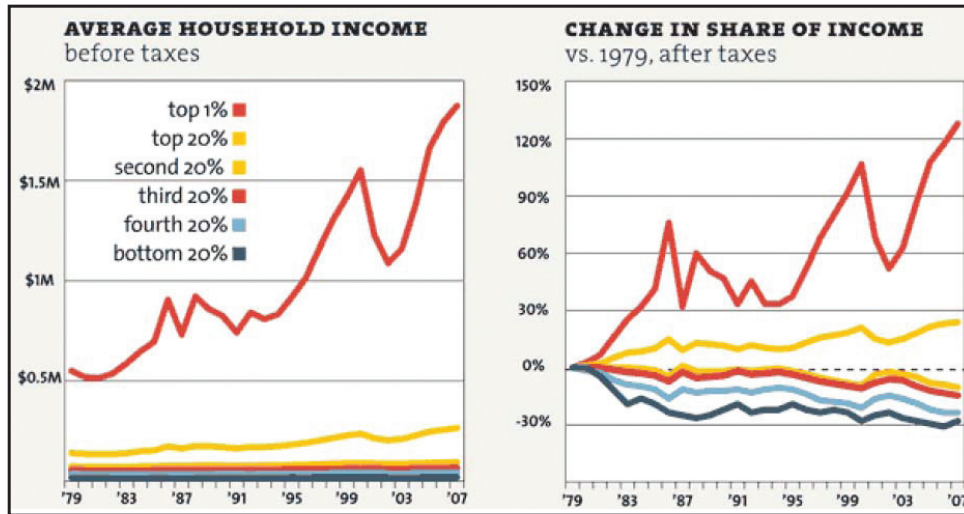
Since last fall, the various factions of the government, media, and financial markets have been debating whether the U.S. is actually in a sustained economic recovery or if this is, instead, an artificial leg up in activity generated by the stimulus package and the infusion of inexpensive capital into the financial markets via two rounds of quantitative easing (QE). While this is obviously a very important matter to debate, we believe that there is yet another, deeper issue playing out across the U.S.: the bifurcation that is slowly, but surely, causing our society to splinter into two socio-economic groups. Or, what we have come to refer to as a society that is morphing into the “haves” and the “have nots”.

Similar to what we saw when the Federal Reserve, Treasury, and federal government gave preferential treatment to the large Wall Street firms and behemoth financial institutions over the average community bank during the onset and throughout the depths of the financial crisis, there is now another, meaningful division occurring in America. The widening in this schism has taken shape mainly due to the following dynamics stemming from the financial crisis, and has, in turn, led to the further erosion of the demographic on whose backs our country was built: the middle class.

- An unemployment rate of 9%, a “real” unemployment rate of nearly 16%, and, even more disturbingly, over 58% of the unemployed have been unable to find work for at least 15 weeks, while over 43% have been out of work for at least 27 weeks.
- A housing market in which home values are back to the same levels as the spring of 2003, according to the S&P/Case-Shiller Index. Furthermore, home values have fallen by more than 50% from their peaks in some of the hardest hit areas of the country—leaving one in four homeowners upside down on their mortgages and approximately one in seven mortgages either in foreclosure or at least 30-days delinquent. Unfortunately, as we have discussed in other pieces, we believe that the housing market has now taken a second leg down, and we would not be surprised to see home values off by another 5% to 10% by year’s end—with some of the more distressed markets lower by as much as 20%.
- And, despite the Federal Reserve and government’s insistence that inflation is not a short-term issue, American consumers are seeing their daily cost of living increase as fuel, energy, food, medical, education, and clothing expenses have all continued to rise. As we have also discussed at length in other pieces and as we will quickly illustrate later in this piece, many vital agricultural, energy, and metal commodity products which are found in daily consumer purchases have risen to record or near-record highs due to increased inflationary concerns stemming from the government’s QE initiatives as well as a weaker U.S. dollar.

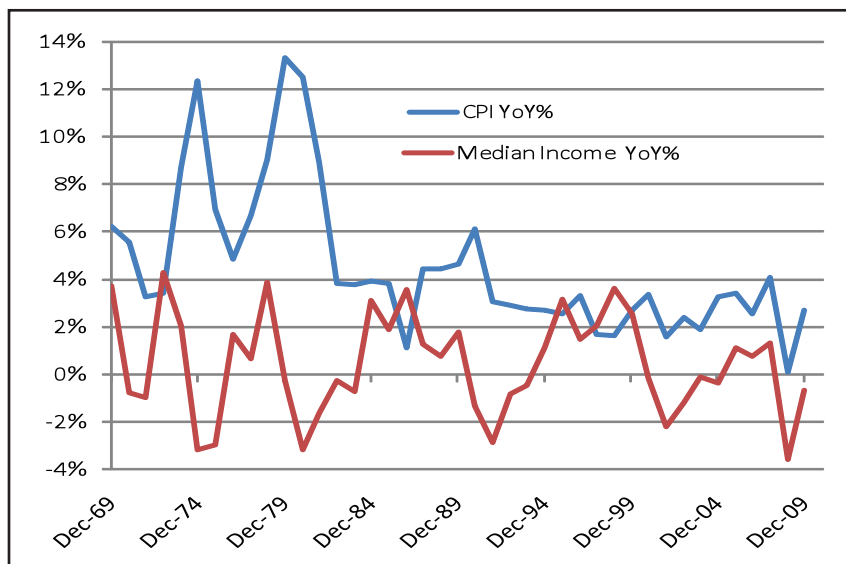
All of these factors do not bode well for average Americans who are fighting a daily, uphill battle just to provide for their families. The most obvious example of the growing gap between the haves and the have-nots is the difference in wealth and income levels which have widened over the last 20 years and have only been exacerbated since the worst economic downturn since the Great Depression. As of the latest data from 2009, the richest 20% in this country controlled 87% Americans’ net worth (sum of assets, such as real estate, cash, security holdings, minus the sum of liabilities, including mortgages, credit card debt, student loan debt), while the vast majority—the bottom 80%—held less than 13%, according to the Economic Policy Institute (EPI). Furthermore, the top 1% controlled 36% of all the wealth in 2009—the largest share ever reported in this data series. Additionally, according to Bard College and the Federal Reserve, prior to the housing market collapse, the bottom 60% of Americans had 65% of their net worth tied up in their homes versus the top 1% which had just 10%. As such, the real estate implosion has only magnified the divergence between the wealthiest demographic and the rest of the country.

When turning to workers' incomes, the story is not any better. For starters, according to the latest data available per the University of California-Berkeley, the average income per family for the top 1% of earners is \$1.138 million, for the top 1% to 10% it is nearly \$165,000...and for the bottom 90% the average income per family is \$31,244. According to the same study, the average income real annual growth rate between 1993 and 2008 was 1.3%—but for the top 1% of earners it has been close to 4% annual growth, whereas for the rest of the population it has been 0.75%. Equally as disturbing, per the EPI, while productivity grew 80% between 1979 and 2009, the hourly wage of the median worker grew by just over 10%—and all of this wage growth occurred from 1996 to 2002. Basically, the already super-rich and top 20% of earners have only become wealthier over the last three decades, while the bottom 80% of Americans have been working harder but only to see their share of the income pie drastically reduced.



Source: Congressional Budget Office; MotherJones.com. Note: 2007 dollars

Furthermore, according to the U.S. Census Bureau, with the median household income as of 2009 at \$49,777, it stands a meaningful 4.2% below what it was prior to the full onset of the crisis in 2007. When extrapolating this data historically (as illustrated below), the average annual increase in median household income since 1969 is only 0.4%—which looks even worse relative to the average annual increase in the consumer price index (CPI) which has been running at a much higher rate of 4.5%.



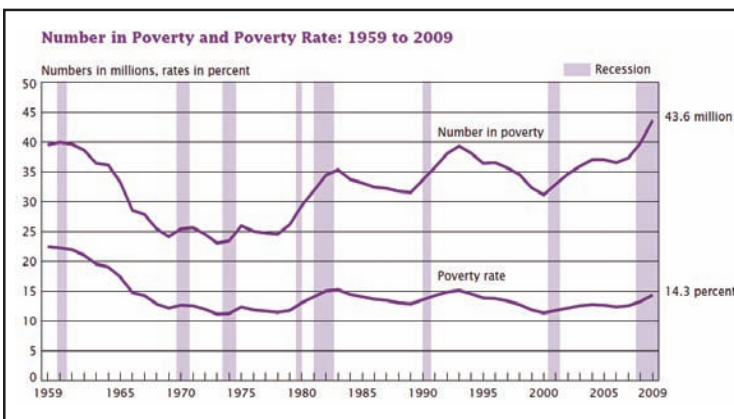
Source: Bloomberg; Bureau of Labor Statistics (BLS); U.S. Census Bureau

As such, incomes have stayed stagnant at best while the Federal Reserve's QE initiatives have only further stoked inflationary concerns over the last year and pummeled the U.S. dollar. Since Chairman Bernanke floated the idea in August of last year about another round of QE, this has caused the prices of many vital commodities to skyrocket. As such, a new term—"screwflation"—has been coined for this type of inflation. Why? Because unlike most past inflationary cycles where wages and home prices increased along with the rise in the price of all other goods, this time around, due to the high unemployment rate, the off-shoring of American jobs, and the oversupply and continued erosion in the housing market, there is no inflation in terms of wages or home prices. Consequently, one only needs to look at the table below to see the increasing financial stress which the average American is facing in their daily purchases of all necessary goods. While the Federal Reserve attempts to write this off as only headline inflation and not core inflation, as any average American will tell you, however, these are the vital goods that they and their families cannot live without (all price increases listed are since the end of June/beginning of July 2010).

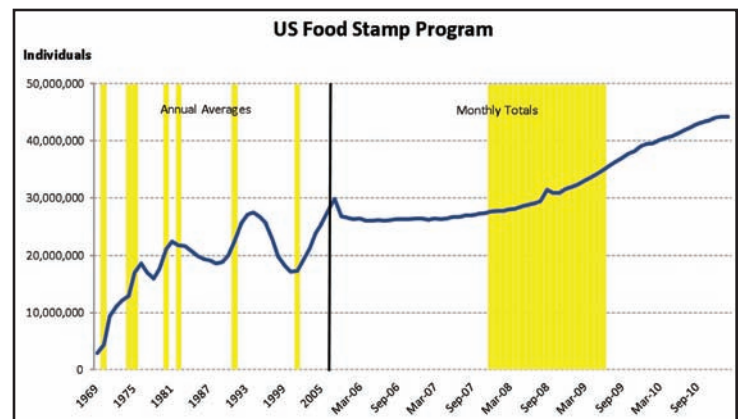
Commodity	Appreciation
Corn	+117%
Cotton	+78%
Wheat	+74%
Retail gas (per gallon)	+45%
Oil (WTI)	+42%
Copper	+37%
Sugar	+30%

Sources: Bloomberg; EIA; data through 5/10/11

To put the aforementioned average income of \$31,244 per family for the bottom 90% of earners into context, according to the Census Bureau, the poverty line for a family of four in the U.S. as of 2011 is an annual household income of less than \$22,350. Not surprisingly, during the Great Recession, the number of people in poverty grew by 6.3 million, or 17%, to 43.6 million—the highest ever on record in data going back 51 years. Consequently, the poverty rate during the Great Recession increased by nearly 2% to 14.3%—the highest since 1994. This has contributed to a record 44 million Americans currently collecting food stamps—another, unfortunate all-time high—as the number of people participating in this program has increased by nearly 60% since the beginning of 2008.



Source: U.S. Census Bureau



Source: USDA; yellow indicates recessions

As if this wealth and income growth stagnation were not bad enough, savers—particularly retirees—must also contend with a near-zero interest rate environment that has left the average rate for a money market account at just over 0.6% according to Bankrate.com. With the Federal Reserve collapsing rates, it has essentially been subsidizing borrowers at the expense of savers. With rates having collapsed, retirees and the elderly are now no longer afforded any other option but to start eating into their investment principal. The longer this continues, the more that it will have a devastating financial impact on an

entire class of our more vulnerable citizens. Once they have eaten into enough principal, it has a compounding effect that will never allow them to catch up and live off of interest income, as each dip into savings reduces the amount of future interest income that can be earned on their principal. This is truly a disturbing dynamic (you can read a recent *Wall Street Journal* article on the topic by clicking [here](#)), which makes the financial outlook for the older portion of the “have not” segment even bleaker.

Unfortunately, for those still employed and trying to save what they can in this rock-bottom interest rate environment, there have not been any indications of an uptick in income growth lately, as the average hourly earnings rates remain anemic—higher by only 1.9% from a year earlier—thus leaving millions of Americans now firmly behind the proverbial eight ball. This does not bode well for many workers’ future earnings prospects, particularly when taking into consideration that the the key difference-maker in terms of employment opportunities, a college education, has become even harder to attain for the average American. According to The College Board:

- Out-of-state tuition and fees at public four-year institutions rose 6% in 2010 to 2011 from the prior year, to an average cost of almost \$19,600, while in-state tuition and fees at public four-year institutions rose almost 8% in 2010 to 2011, to an average cost of \$7,600.
- Tuition and fees at public four-year institutions rose 5.6% on an average annual basis over the last decade and 3% at private four-year institutions.
- Tuition and fees at private four-year institutions rose 4.5% in 2010 to 2011, to an average cost of \$27,293.

The fact that the unemployment rate for workers with at least a bachelor’s degree is 4.5%—half the overall unemployment rate—versus 9.7% for those with only a high school degree, illustrates the huge advantage that a higher education plays in terms of being employed and, thus, future income growth. Even more telling, according to the Department of Education, as of 2008, the median earnings of a worker with a bachelor’s degree was \$46,000 compared with \$30,000 for someone with only a high school diploma (or its equivalent). As the vicious cycle of many Americans not being able to afford a higher education for themselves or their children continues, the already notable differences between these two sects of our society in terms of employment and income will only bifurcate further.

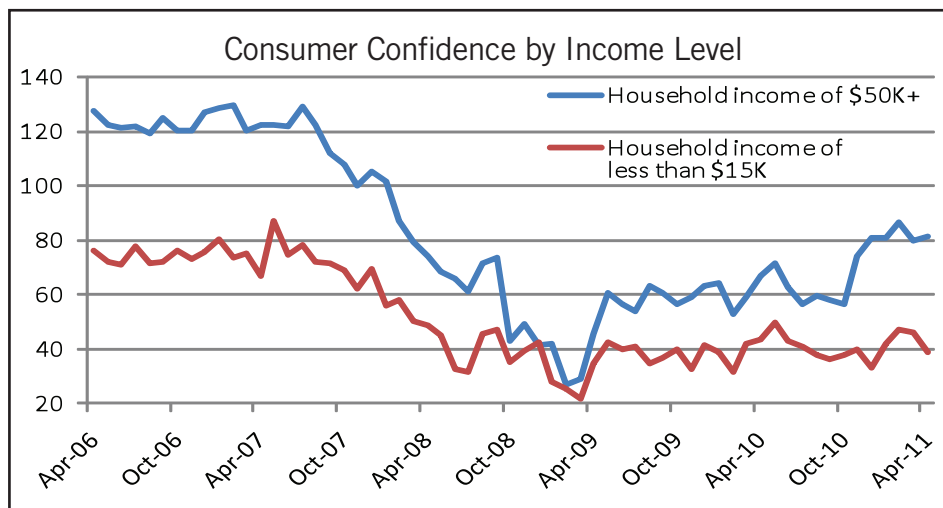
In prior, deep downturns, even if the more manually-skilled workers in this country could not afford to go to college, they at least had a greater chance of “blue collar” employment on account of the larger manufacturing industry which once existed in the U.S. However, while the deterioration of America’s middle class has been in the works since the off-shoring of this country’s manufacturing base began over 20 years ago, this latest economic downturn has only exacerbated the process. With manufacturing now representing less than 25% of U.S. GDP on a dollar basis, while service-related industries—which consist of higher paying jobs that tend to require at least a bachelor’s degree—now contribute almost double that amount, it is evident that more and more of what were once traditionally, middle class jobs have continued to disappear.

Auto manufacturing—once the great economic anchor for many local economies in the middle part of the country—has been severely impacted over the last couple of decades by the decline of the “Big 3” U.S. automakers (i.e., Chrysler, Ford and GM). These problems were only magnified by the bankruptcies of Chrysler and GM, as these failures caused a ripple effect throughout the Midwest region as, not only were auto plants shut down, but they decimated many auto supply businesses—some of which had been around for generations—whose entire livelihoods were dependant on the auto sector. Another sector which was obviously decimated that has also been traditionally comprised of blue collar workers, is the construction industry—mostly impacting the Western and Southern parts of the country. Housing starts are now 75% below their January 2006 peak and recently recorded their second lowest mark in data going back to 1959. Furthermore, commercial real estate construction volumes have fallen tremendously, as well, down nearly 40% from their peak according to John Burns Real Estate Consulting. This precipitous freefall in activity has resulted in a 27% decline in construction industry jobs—equal to a staggering 2 million layoffs—from the peak in September 2006, according to the BLS. Given the massive overbuilding that

went on during the housing boom, there remains a large overhang of housing and commercial real estate. As such, it will be many years before homebuilders and commercial property developers begin re-hiring workers on a somewhat consistent basis. Due to the difficulties facing the more traditional middle class industries, such as the auto and construction sectors, unfortunately, a large portion of Americans' living standards continue to decline.

On the other hand, there are the “haves” who tend to work and reside in the more affluent pockets of this country, particularly in the Northeast and parts of the West Coast. If one were to look at our economy based on the reemergence of this more well-to-do demographic, it is difficult to tell if it is 2011, less than two years removed from the economy and financial markets being on the edge of the abyss. As a result of federal government programs, such as QE—which so far has mainly assisted the wealthy by driving up equity prices while hurting everyone else as inflation has increased and has eroded savings, as we discussed earlier—a sense of prosperity has returned for the country's richer demographic. This is particularly true for that segment of the workforce fortunate enough to be employed in a region such as the Boston-Washington, DC, corridor, which tends to consist of high incomes and has strong local economies due to the propensity of service-based companies and government-related work.

In many of these areas, restaurants are crowded, consumers are once again spending on higher-end discretionary items, and a general “feel good” aura has returned—which is only amplified by many retail investors beginning to feel “wealthy” again as the broader equity markets have now essentially doubled from their March 2009 lows. Not surprisingly, as shown below, this has resulted in a substantial difference in consumer confidence in the bookends of the consumer spectrum, as confidence in households with incomes greater than \$50,000 continues to rise while desperation persists for those making less than \$15,000. In fact the confidence among higher earners is at its highest point since early 2008, while for those making substantially less, it is around the same levels as the spring of 2009, during what were the bleakest days for the U.S. economy and financial system.



Sources: Bloomberg; Conference Board

Not too long ago, Americans could rightfully take pride in the fact that, if one worked hard enough, then there would be opportunities for employment and advancement. However, this is not necessarily the case anymore, as the ongoing split in our society is, instead, creating a dangerous, old-world system of class structure. It is one which we have seen develop throughout history in which the more affluent crust of society continues to do well and their children are provided greater opportunities, whereas those on the lower rungs fall further and further behind. That is why we must be careful that this country does not head down the path of becoming too similar to the European sovereign model. In these economies, there is very limited upward mobility and opportunities for the vast bulk of the population. In many of these countries, society and wealth are largely controlled by a certain class of the well-connected who come out of elite schools and who tend to float between major industry and government positions, whereas the rest of society is not afforded such opportunities. As a

result, the vast population, in order to make up for their lack of opportunities and lack of social mobility, demand greater and greater social services, work-related benefits, and labor protections. This dynamic—which has produced marginal economic growth—coupled with vast government overspending in order to meet these ever-increasing demands—has now culminated in a giant economic weight on many of those economies, as we are now seeing unravel in countries such as Greece, Ireland, Italy, Portugal, Spain, and the UK.

To us, the socio-economic division that is unraveling before our very eyes is nothing short of tragic. Given that this country was built on the fruits of the middle class's labor, it is time to make this layer of our society relevant again. It comes down to re-leveling the playing field and returning this country to the meritocracy which has made it great and provided the opportunities for countless people hoping for a better life. If we do not address this issue, then our society will become even further bifurcated and guarantee the continued prosperity of the wealthy simply on account of one's connections and socio-economic status and not on how hard one is willing to work—the very basis of this country's historic economic prosperity. As such, federal, state, and local politicians, as well as business leaders, must think of constructive and realistic ways to create new private market job opportunities and improve the future prospects for what was once the glue of our country...before it is too late for millions of middle-class Americans.

Federal Reserve Aggregate Bank Data

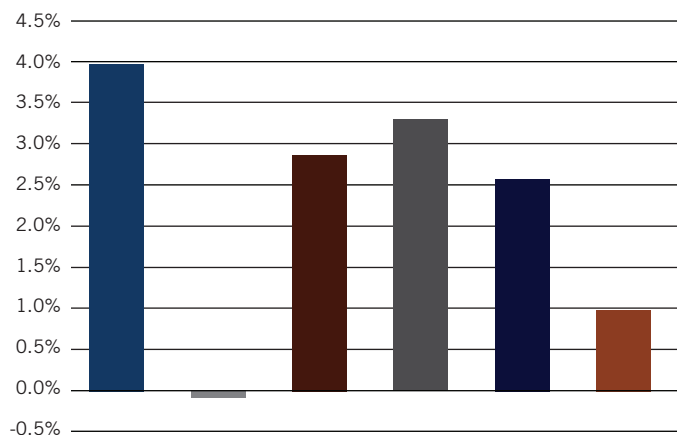
	3/2009	7/2010	8/2010	9/2010	10/2010	11/2010	12/2010	1/2011	2/2011	3/2011	MoM	YoY
ASSETS												
Securities												
Secs in Bank Credit	2,332	2,362	2,406	2,437	2,451	2,456	2,426	2,424	2,415	2,431	0.7%	4.3%
Treasury & Agency	1,453	1,549	1,585	1,607	1,632	1,638	1,622	1,622	1,620	1,637	1.1%	12.7%
Other	879	814	821	830	820	818	805	802	795	794	-0.1%	-9.6%
Loans and Leases												
C&I	1,276	1,237	1,241	1,223	1,219	1,212	1,220	1,225	1,230	1,242	1.0%	-2.7%
Real Estate	3,707	3,656	3,649	3,638	3,621	3,621	3,613	3,599	3,572	3,540	-0.9%	-4.5%
Consumer	902	1,169	1,161	1,142	1,520	1,120	1,114	1,067	1,076	1,075	-0.2%	19.2%
Other	762	787	785	796	811	826	818	840	839	843	0.5%	10.6%
Other Assets	1,257	1,225	1,242	1,235	1,237	1,246	1,226	1,221	1,220	1,228	0.7%	-2.3%
Total Assets	11,723	11,963	12,054	11,947	12,026	11,974	11,939	11,972	11,815	12,030	1.8%	2.6%
LIABILITIES												
Deposits												
Large Time	1,852	1,769	1,778	1,793	1,793	1,769	1,740	1,741	1,730	1,752	1.3%	-5.4%
Other	5,842	5,980	6,022	6,059	6,102	6,133	6,135	6,168	6,197	6,213	0.3%	6.3%
Borrowings	1,861	1,995	2,000	1,922	1,928	1,900	1,895	1,819	1,810	1,776	-1.9%	-4.5%
Other Liabilities	422	452	459	480	484	475	453	445	426	435	2.2%	3.0%
Total Liabilities	10,310	10,585	10,653	10,631	10,679	10,595	10,583	10,630	10,480	10,613	1.3%	2.9%
Residual (assets less liabilities)	1,414	1,378	1,401	1,316	1,347	1,379	1,356	1,342	1,335	1,417	6.2%	0.3%

all values in \$ billions

SOURCE: Federal Reserve Documents

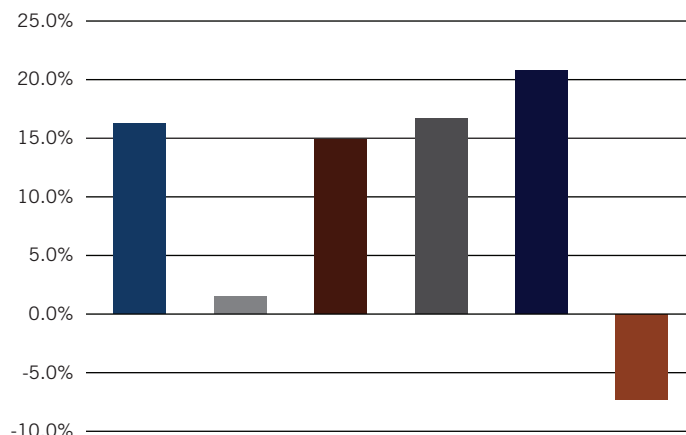
Major Market Index Performance

April 2011



SOURCE: Bloomberg, LLC

Last Twelve Months



SOURCE: Bloomberg, LLC

- Dow Jones
- S&P Financial
- S&P 500
- NASDAQ
- Russell 2000
- NASDAQ Bank

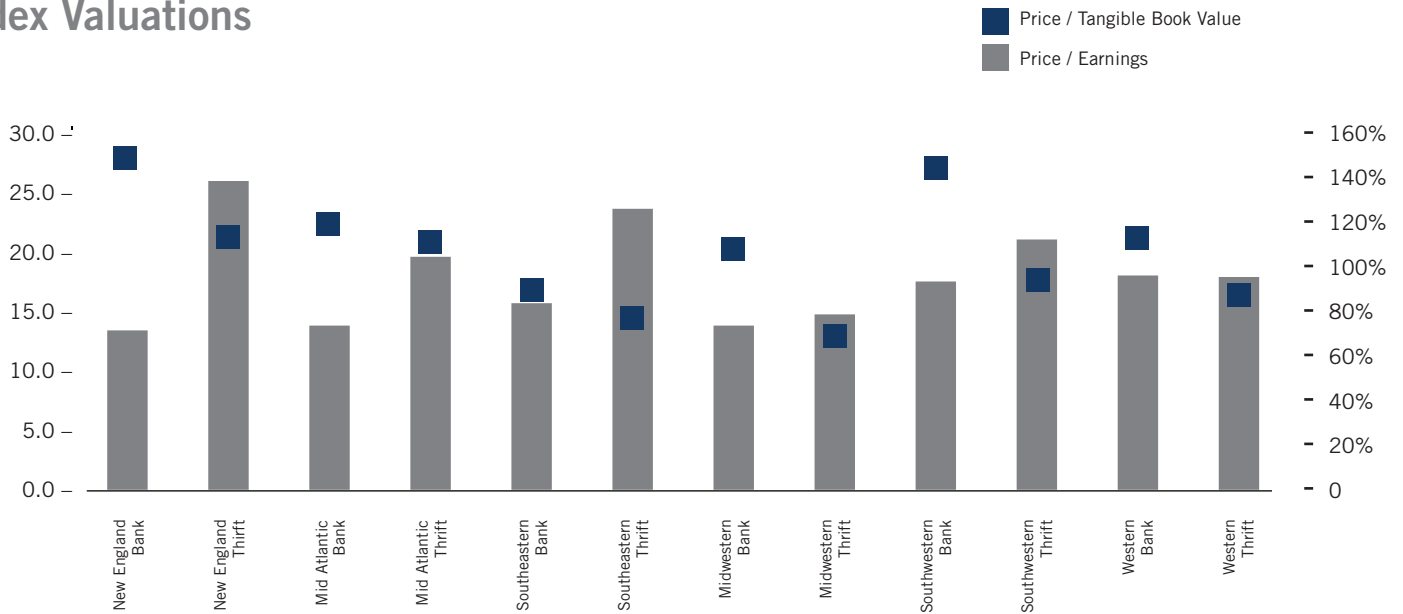
	5/2010	6/2010	7/2010	8/2010	9/2010	10/2010	11/2010	12/2010	1/2011	2/2011	3/2011	4/2011
Dow Jones	-7.9%	-3.6%	7.1%	-4.3%	7.7%	2.6%	-1.0%	5.2%	2.7%	2.8%	0.8%	4.0%
S&P Financial	-9.2%	-6.0%	6.6%	-7.9%	6.0%	1.3%	-0.9%	10.6%	2.8%	2.8%	-2.7%	-0.1%
S&P 500	-8.2%	-5.4%	6.9%	-4.7%	8.8%	3.4%	-0.2%	6.5%	2.3%	3.2%	-0.1%	2.8%
NASDAQ	-8.3%	-6.5%	6.9%	-6.2%	12.0%	5.5%	-0.4%	6.2%	1.8%	3.0%	0.0%	3.3%
Russell 2000	-7.7%	-7.9%	6.8%	-7.5%	12.3%	3.8%	3.4%	7.8%	-0.3%	5.4%	2.4%	2.6%
NASDAQ Bank	-9.0%	-7.0%	3.0%	-10.5%	6.6%	0.3%	-0.9%	13.2%	-0.9%	1.4%	-1.5%	1.0%

SOURCE: Bloomberg, LLC

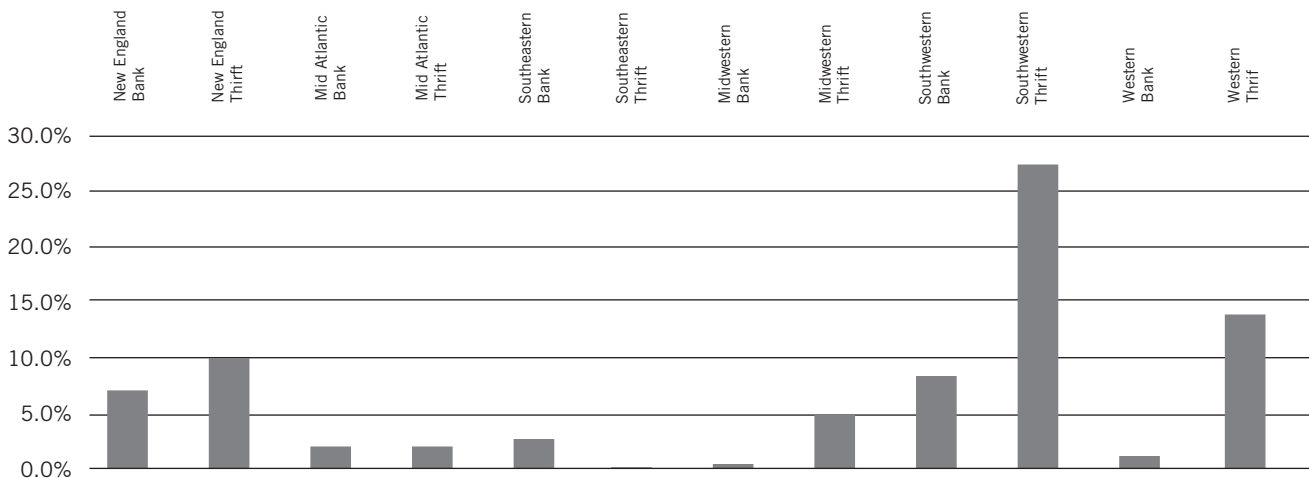
Bank and Thrift Index Valuations

		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	11.1	13.4	117%	114%	148%	148%	1.2%	7.0%	7.9%	20
	Thrift	17.5	25.9	79%	99%	90%	117%	-0.2%	9.8%	21.4%	22
Mid Atlantic	Bank	11.4	13.7	96%	103%	67%	118%	-0.2%	2.1%	-6.9%	85
	Thrift	13.5	19.5	114%	98%	136%	110%	-2.1%	2.4%	0.0%	51
Southeastern	Bank	12.5	15.7	74%	77%	67%	87%	-1.8%	2.9%	-24.0%	104
	Thrift	7.7	23.5	46%	71%	48%	78%	-1.9%	0.0%	-28.1%	13
Midwestern	Bank	16.6	13.9	125%	95%	153%	110%	-2.2%	0.4%	-13.0%	82
	Thrift	8.3	14.7	89%	66%	91%	70%	-1.6%	4.9%	-15.3%	38
Southwestern	Bank	14.6	17.4	120%	117%	155%	147%	0.2%	8.3%	4.2%	19
	Thrift	16.6	21.1	126%	96%	128%	97%	-1.3%	27.4%	17.4%	7
Western	Bank	16.4	17.9	120%	107%	104%	115%	-0.4%	1.2%	-14.1%	50
	Thrift	15.1	17.8	82%	87%	65%	88%	-0.4%	14.1%	2.6%	12

Index Valuations



YTD Price Performance



SOURCE: SNL Financial and Bloomberg, LLC

Economic Data Points - April 2011

Date	Event	Period	Survey	Actual	Prior	Revised	Date	Event	Period	Survey	Actual	Prior	Revised
4/1/11	Change in Nonfarm Payrolls	DEC	0.10%	-2.50%	0.40%	0.10%	4/15/11	U. of Michigan Confidence	APR P	68.8	69.6	67.5	--
4/1/11	Change in Private Payrolls	JAN	58	60.8	57	58.5	4/18/11	NAHB Housing Market Index	APR	17	16	17	--
4/1/11	Unemployment Rate	JAN	9.42M	9.59M	9.46M	--	4/19/11	Building Permits	MAR	540K	594K	517K	534K
4/1/11	Avg Hourly Earning YOY All Emp	JAN	12.60M	12.53M	12.53M	--	4/19/11	Building Permits MoM%	MAR	1.10%	11.20%	-8.20%	-5.20%
4/1/11	Construction Spending MoM	28-Jan	--	11.30%	-12.90%	--	4/19/11	Housing Starts	MAR	520K	549K	479K	512K
4/1/11	ISM Manufacturing	JAN	--	-46.10%	-29.00%	--	4/19/11	Housing Starts MoM%	MAR	8.60%	7.20%	-22.50%	-18.50%
4/1/11	Domestic Vehicle Sales	JAN	140K	187K	297K	246K	4/20/11	MBA Mortgage Applications	15-Apr	--	5.30%	-6.70%	--
4/1/11	Total Vehicle Sales	29-Jan	420K	415K	454K	457K	4/20/11	Existing Home Sales	MAR	5.00M	5.10M	4.88M	4.92M
4/5/11	ISM Non-Manf. Composite	22-Jan	3950K	3925K	3991K	4009K	4/20/11	Existing Home Sales MoM	MAR	2.50%	3.70%	-9.60%	-8.90%
4/5/11	Minutes of FOMC Meeting	JAN	57.2	59.4	57.1	--	4/21/11	Initial Jobless Claims	16-Apr	390K	403K	412K	416K
4/6/11	MBA Mortgage Applications	DEC	-0.50%	0.20%	0.70%	1.30%	4/21/11	Continuing Claims	9-Apr	3675K	3695K	3680K	3702K
4/7/11	Initial Jobless Claims	JAN	146K	36K	103K	152K	4/21/11	Philadelphia Fed.	APR	36.9	18.5	43.4	--
4/7/11	Continuing Claims	JAN	145K	50K	113K	167K	4/21/11	Leading Indicators	MAR	0.30%	0.40%	0.80%	1.00%
4/7/11	Consumer Credit	JAN	10K	49K	10K	11K	4/25/11	New Home Sales	MAR	280K	300K	250K	270K
4/8/11	Wholesale Inventories	JAN	9.50%	9.00%	9.40%	--	4/25/11	New Home Sales MoM	MAR	12.00%	11.10%	-16.90%	-13.50%
4/12/11	NFIB Small Business Optimism	JAN	1.70%	1.90%	1.80%	1.70%	4/26/11	S&P/CS 20 City MoM% SA	FEB	-0.40%	-0.18%	-0.22%	-0.25%
4/12/11	Import Price Index (MoM)	DEC	\$2.400B	\$6.099B	\$1.346B	\$1.320B	4/26/11	S&P/CS Composite-20 YoY	FEB	-3.30%	-3.33%	-3.06%	-3.10%
4/12/11	Trade Balance	JAN	94	94.1	92.6	--	4/26/11	Consumer Confidence	APR	64.5	65.4	63.4	63.8
4/13/11	MBA Mortgage Applications	DEC	--	3063	3248	3202	4/27/11	MBA Mortgage Applications	22-Apr	--	-5.60%	5.30%	--
4/13/11	Advance Retail Sales	4-Feb	--	-5.50%	11.30%	--	4/27/11	Durable Goods Orders	MAR	2.30%	2.50%	-0.90%	0.80%
4/13/11	Retail Sales Ex Auto & Gas	5-Feb	410K	383K	415K	419K	4/27/11	Durables Ex Transportation	MAR	1.90%	1.30%	-0.60%	0.80%
4/13/11	Business Inventories	29-Jan	3900K	3888K	3925K	3936K	4/27/11	Cap Goods Orders Nonfed Ex Air	MAR	3.80%	3.70%	-1.30%	0.50%
4/13/11	JOLTS Job Openings	DEC	0.70%	1.00%	-0.20%	0.00%	4/27/11	FOMC Rate Decision	27-Apr	0.25%	0.25%	0.25%	--
4/14/11	Initial Jobless Claims	DEC	-\$40.5B	-\$40.6B	-\$38.3B	-\$38.2B	4/28/11	Chicago Fed Nat Activity Index	MAR	0.5	0.26	-0.04	0.16
4/14/11	Continuing Claims	FEB P	75	75.1	74.2	--	4/28/11	GDP QoQ (Annualized)	1Q A	2.00%	1.80%	3.10%	--
4/14/11	Producer Price Index (MoM)	FEB	15	15.43	11.92	--	4/28/11	Personal Consumption	1Q A	2.00%	2.70%	4.00%	--
4/14/11	PPI Ex Food & Energy (MoM)	JAN	0.50%	0.30%	0.60%	0.60%	4/28/11	Core PCE QoQ	1Q A	1.40%	1.50%	0.40%	--
4/14/11	Producer Price Index (YoY)	JAN	0.50%	0.30%	0.50%	0.30%	4/28/11	Initial Jobless Claims	23-Apr	395K	429K	403K	404K
4/14/11	PPI Ex Food & Energy (YoY)	JAN	0.40%	0.20%	0.40%	0.10%	4/28/11	Continuing Claims	16-Apr	3680K	3641K	3695K	3709K
4/15/11	Consumer Price Index (MoM)	DEC	\$43.7B	\$48.2B	\$39.0B	\$34.6B	4/28/11	Pending Home Sales MoM	MAR	1.50%	5.10%	2.10%	0.70%
4/15/11	CPI Ex Food & Energy (MoM)	DEC	0.70%	0.80%	0.20%	0.40%	4/28/11	Pending Home Sales YoY	MAR	--	-11.50%	-9.30%	-10.50%
4/15/11	Consumer Price Index (YoY)	FEB	16	16	16	--	4/29/11	Personal Income	MAR	0.40%	0.50%	0.30%	0.40%
4/15/11	CPI Ex Food & Energy (YoY)	11-Feb	--	-9.50%	-5.50%	--	4/29/11	Personal Spending	MAR	0.50%	0.60%	0.70%	0.90%
4/15/11	Empire Manufacturing	JAN	539K	596K	529K	520K	4/29/11	PCE Core (YoY)	MAR	0.90%	0.90%	0.90%	--
4/15/11	Total Net TIC Flows	JAN	1.90%	14.60%	-4.30%	-5.10%	4/29/11	Chicago Purchasing Manager	APR	68.2	67.6	70.6	--
4/15/11	Industrial Production	JAN	559K	562K	635K	627K	4/29/11	U. of Michigan Confidence	APR F	70	69.8	69.6	--
4/15/11	Capacity Utilization	JAN	-10.90%	-10.40%	16.70%	15.30%	4/29/11	NAPM-Milwaukee	APR	63	68	66	--

SOURCE: Bloomberg, LLC

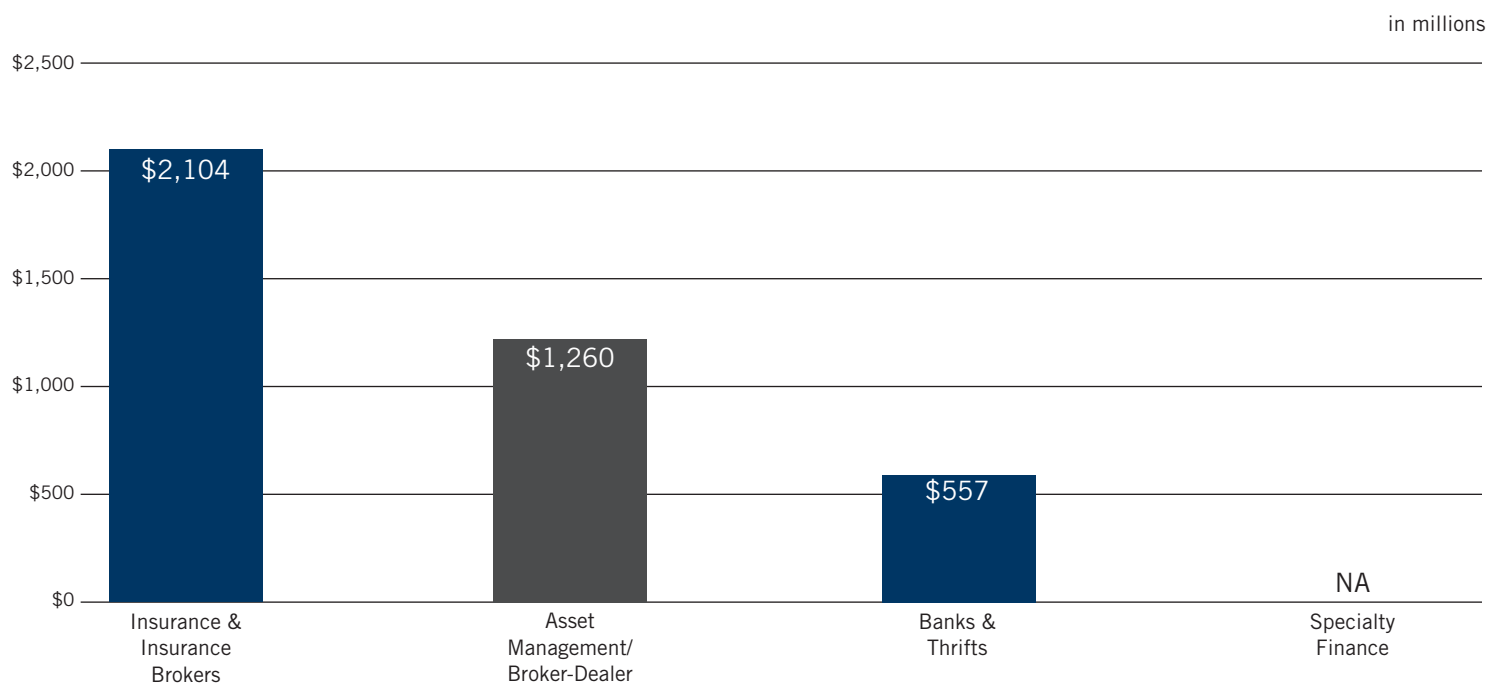
Economic Data Points - May 2011

Date	Event	Period	Survey	Actual	Prior	Revised	Date	Event	Period	Survey	Actual	Prior	Revised
5/2/11	Construction Spending MoM	MAR	0.40%	1.40%	-1.40%	-2.40%	5/17/11	Housing Starts	APR	570K	--	549K	--
5/2/11	ISM Manufacturing	APR	59.5	60.4	61.2	--	5/17/11	Housing Starts MOM%	APR	3.80%	--	7.20%	--
5/3/11	Factory Orders	MAR	2.00%	3.00%	-0.10%	0.70%	5/17/11	Building Permits	APR	590K	--	594K	585K
5/3/11	Total Vehicle Sales	APR	13.00M	13.14M	13.06M	--	5/17/11	Building Permits MOM%	APR	0.90%	--	11.20%	--
5/3/11	Domestic Vehicle Sales	APR	9.90M	10.20M	9.94M	--	5/17/11	Industrial Production	APR	0.40%	--	0.80%	--
5/4/11	MBA Mortgage Applications	29-Apr	--	4.00%	-5.60%	--	5/17/11	Capacity Utilization	APR	77.60%	--	77.40%	--
5/4/11	ADP Employment Change	APR	198K	179K	201K	207K	5/18/11	MBA Mortgage Applications	13-May	--	--	--	--
5/4/11	ISM Non-Manf. Composite	APR	57.5	52.8	57.3	--	5/18/11	Minutes of FOMC Meeting					
5/5/11	Initial Jobless Claims	30-Apr	410K	474K	429K	431K	5/19/11	Initial Jobless Claims	14-May	--	--	--	--
5/5/11	Continuing Claims	23-Apr	3649K	3733K	3641K	3659K	5/19/11	Continuing Claims	7-May	--	--	--	--
5/6/11	Change in Nonfarm Payrolls	APR	185K	244K	216K	221K	5/19/11	Existing Home Sales	APR	5.20M	--	5.10M	--
5/6/11	Change in Private Payrolls	APR	200K	268K	230K	231K	5/19/11	Existing Home Sales MoM	APR	2.00%	--	3.70%	--
5/6/11	Unemployment Rate	APR	8.80%	9.00%	8.80%	--	5/19/11	Leading Indicators	APR	0.10%	--	0.40%	--
5/6/11	Avg Hourly Earning YoY All Emp	APR	1.80%	1.90%	1.70%	2.00%	5/19/11	Philadelphia Fed.	MAY	23.6	--	18.5	--
5/6/11	Consumer Credit	MAR	\$5.000B	\$6.016B	\$7.617B	\$7.553B	5/23/11	Chicago Fed Nat Activity Index	APR	--	--	0.26	--
5/10/11	NFIB Small Business Optimism	APR	91.8	91.2	91.9	--	5/24/11	New Home Sales	APR	--	--	300K	--
5/10/11	Wholesale Inventories	MAR	1.00%	1.10%	1.00%	--	5/24/11	New Home Sales MoM	APR	--	--	11.10%	--
5/11/11	MBA Mortgage Applications	6-May	--	8.20%	4.00%	--	5/25/11	MBA Mortgage Applications	20-May	--	--	--	--
5/11/11	Trade Balance	MAR	-\$47.0B	-\$48.2B	-\$45.8B	-\$45.8B	5/25/11	Durable Goods Orders	APR	--	--	2.50%	2.90%
5/11/11	JOLTS Job Openings	MAR	--	3124	3093	3025	5/25/11	Durables Ex Transportation	APR	--	--	1.30%	1.80%
5/12/11	Initial Jobless Claims	7-May	430K	434K	474K	478K	5/25/11	Cap Goods Orders Nonfed Ex Air	APR	--	--	3.70%	--
5/12/11	Continuing Claims	30-Apr	3700K	3756K	3733K	3751K	5/25/11	House Price Index MoM	MAR	--	--	-1.60%	--
5/12/11	Producer Price Index (MoM)	APR	0.60%	0.80%	0.70%	--	5/26/11	GDP QoQ (Annualized)	1Q S	--	--	1.80%	--
5/12/11	PPI Ex Food & Energy (MoM)	APR	0.20%	0.30%	0.30%	--	5/26/11	Personal Consumption	1Q S	--	--	2.70%	--
5/12/11	Producer Price Index (YoY)	APR	6.50%	6.80%	5.80%	--	5/26/11	Initial Jobless Claims	21-May	--	--	--	--
5/12/11	PPI Ex Food & Energy (YoY)	APR	2.10%	2.10%	1.90%	--	5/26/11	Continuing Claims	14-May	--	--	--	--
5/12/11	Advance Retail Sales	APR	0.60%	0.50%	0.40%	0.90%	5/27/11	Personal Spending	APR	--	--	0.60%	--
5/12/11	Retail Sales Less Autos	APR	0.60%	0.60%	0.80%	0.70%	5/27/11	Personal Income	APR	--	--	0.50%	--
5/12/11	Retail Sales Ex Auto & Gas	APR	0.50%	0.20%	0.60%	0.70%	5/27/11	PCE Core (MoM)	APR	--	--	0.10%	--
5/12/11	Business Inventories	MAR	0.90%	1.00%	0.50%	0.70%	5/27/11	U. of Michigan Confidence	MAY F	--	--	--	--
5/13/11	Consumer Price Index (MoM)	APR	0.40%	0.40%	0.50%	--	5/27/11	Pending Home Sales MoM	APR	--	--	5.10%	--
5/13/11	CPI Ex Food & Energy (MoM)	APR	0.20%	0.20%	0.10%	--	5/27/11	Pending Home Sales YoY	APR	--	--	-11.50%	--
5/13/11	Consumer Price Index (YoY)	APR	3.10%	3.20%	2.70%	--	5/31/11	S&P/CS 20 City MoM% SA	MAR	--	--	-0.18%	--
5/13/11	CPI Ex Food & Energy (YoY)	APR	1.30%	1.30%	1.20%	--	5/31/11	S&P/CS Composite-20 YoY	MAR	--	--	-3.33%	--
5/13/11	U. of Michigan Confidence	MAY P	70	72.4	69.8	--	5/31/11	Chicago Purchasing Manager	MAY	--	--	67.6	--
5/16/11	Total Net TIC Flows	MAR	--	--	\$97.7B	--	5/31/11	Consumer Confidence	MAY	--	--	65.4	--
5/16/11	NAHB Housing Market Index	MAY	17	--	16	--	5/31/11	Dallas Fed Manf. Activity	MAY	--	--	10.5	--

SOURCE: Bloomberg, LLC

M&A Transaction Update

Announced Transactions - April 2011



SOURCE: SNL Financial

Deal Count - April 2011

Asset Management & Broker/Dealer	13
Banks & Thrift	12
Insurance & Insurance Brokerage	11
Specialty Finance	6

SOURCE: SNL Financial

Deal Count - 2011 YTD

Insurance & Insurance Brokerage	98
Asset Management & Broker/Dealer	52
Banks & Thrift	42
Specialty Finance	20

SOURCE: SNL Financial

Top Financial Advisors in Bank and Thrift Transactions

Last Five Years, Sell-Side Advisory Transactions

Rank	Firm	# of Deals
1	Keefe, Bruyette & Woods, Inc.	93
2	Sandler O'Neill & Partner, LP	81
3	Hovde Financial	57
4	Raymond James & Associates, Inc.	53
5	Stifel, Nicolaus & Company, Inc.	33
6	Sheshunoff & Co. Investment Banking, LP	28
7	Capital Corporation, LLC.	14
8	Professional Bank Services Inc.	13
9	Austin Associates, LLC	11
10	Carson Medlin Company	10

SOURCE: SNL Financial (data from 4/30/2006-4/30/2011)

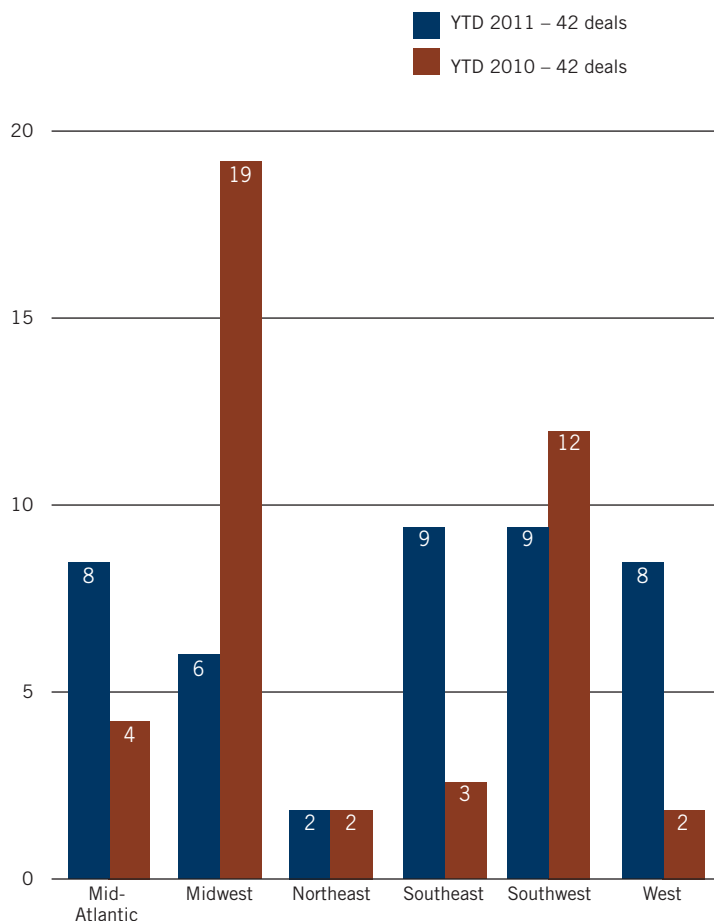
Bank & Thrift Transactions - April 2011

Buyer	Buyer State	Buyer Target	Target State	Announced	DV (\$MM)	P/LTM Ern	P/TBV (%)	Core Deposit Premium (%)
First Bank Lubbock Bancshares, Inc.	TX	Outsource Holdings, Inc.	TX	4/3/11	11.0	NM	92.14	-1.10
BCB Bancorp, Inc.	NJ	Allegiance Community Bank	NJ	4/4/11	6.8	17.94	97.16	-0.24
Goodenow Bancorporation	IA	Sherburn Bancshares, Inc.	MN	4/4/11	NA	NA	NA	NA
TAB Capital Corporation	TX	Bank Arlington	TX	4/4/11	6.8	51.36	161.17	8.87
Bendena Bancshares, Incorporated	KS	Webb Bancshares, Inc.	KS	4/6/11	1.3	NM	62.95	-7.60
Investor group		Intermountain Community Bancorp	ID	4/6/11	NA	NM	60.76	NA
BancFirst Corporation	OK	Morrill Bancshares, Inc.	OK	4/6/11	NA	NA	NA	NA
Brookline Bancorp, Inc.	MA	Bancorp Rhode Island, Inc.	RI	4/19/11	233.7	22.92	193.26	11.76
Banco do Brasil, S.A.		EuroBank	FL	4/25/11	6.0	NM	109.03	1.25
Community First Bancorporation	SC	Bank of Westminster	SC	4/25/11	NA	NA	NA	NA
FNB United Corp.	NC	Bank of Granite Corporation	NC	4/26/11	13.0	NM	53.41	-1.84
Valley National Bancorp	NJ	State Bancorp, Inc.	NY	4/28/11	278.8	24.89	197.63	NA

SOURCE: SNL Financial. Please note that prior data is updated by the source provider on a regular basis.

Bank & Thrift Transactions

by Region



SOURCE: SNL Financial

Deal Pricing by Region - 2011 YTD

Region	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern (x)	P/ Core Dep Prem (%)
Mid-Atlantic	\$726	NA	NA	NA
Midwest	\$33	78.74	10.2	(2.83)
Northeast	\$723	188.68	25.7	12.57
Southeast	\$100	69.92	NA	(3.27)
Southwest	\$1,248	145.67	43.2	7.57
West	\$63	80.43	30.0	3.16
Total	\$2,893	100.69	26.8	1.51

SOURCE: SNL Financial. Please note that prior data is updated by the source provider on a regular basis.

Deal Pricing by Quarter

Quarter	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern (x)	P/ Core Dep Prem (%)
4Q2008	\$1,430	116.0	32.6	6.6
1Q2009	\$259	89.5	18.8	3.3
2Q2009	\$402	99.6	19.4	12.6
3Q2009	\$643	102.7	8.4	3.9
4Q2009	\$271	107.8	20.0	5.6
1Q2010	\$271	110.9	33.9	6.0
2Q2010	\$585	100.7	32.0	5.4
3Q2010	\$1,978	99.8	20.0	4.8
4Q2010	\$9,171	109.8	21.8	1.8
1Q2011	\$2,336	106.2	29.4	2.6
2Q2011	\$557	114.2	29.3	1.6

SOURCE: SNL Financial. Please note that prior data is updated by the source provider on a regular basis.

Insurance and Insurance Brokerage Transactions - April 2011

Buyer	Target	Announced	DV (\$MM)
Brown & Brown, Inc.	Compass Consulting Group's books of business	4/1/11	NA
Higginbotham & Associates, Inc.	William Gammon Insurance Agency Inc.	4/1/11	NA
Hub International Limited	Hale Insurance Brokerage, LLC	4/1/11	NA
NORCAL Mutual Insurance Company	Novus Insurance Company (Risk Retention Group)	4/1/11	NA
Genstar Capital, LLC	NII Brokerage, LLC	4/5/11	NA
Hub International Limited	Redcliffe Financial Group	4/5/11	NA
Appalachian Underwriters Inc.	Reliance Administrators, Inc.	4/6/11	NA
Arthur J. Gallagher & Co.	Blue Water Benefits, Inc.	4/7/11	NA
First Niagara Financial Group, Inc.	Pierson & Smith, Inc.	4/8/11	NA
INSURICA Insurance Management Network	Guaranty Insurance Services, Inc.	4/11/11	NA
Auto Club Insurance Association Group	Fremont Michigan InsuraCorp, Inc.	4/15/11	67.7
Minnesota Life Insurance Company	Alamo Financial Insurance Services, Inc.	4/18/11	NA
Hanover Insurance Group, Inc.	Chaucer Holdings Plc	4/20/11	502.8
Loews Corporation	CNA Surety Corporation	4/20/11	466.4
SCOR SE	Mortality reinsurance business of Transamerica Re	4/26/11	917.3
Pathfinder Bancorp, Inc. (MHC)	FitzGibbons Agency, LLC	4/27/11	0.4
Liberty Mutual Holding Company Inc.	QUINN Group Limited	4/28/11	149.4

SOURCE: SNL Financial

Asset Management/Broker-Dealer Transactions - April 2011

Buyer	Target	Announced	DV (\$MM)
Argent Financial Group, Inc.	Sector Capital Management LLC	4/1/11	NA
Focus Financial Partners, LLC	RNM Financial Management, Inc.	4/4/11	NA
AXA	Pyrandar Capital Management, LLC	4/5/11	NA
Visium Asset Management, LP	Catalyst Investment Management Co LLC	4/6/11	NA
GMP Capital Inc.	Investor group	4/6/11	59.0
Jefferies Group, Inc.	Prudential Bache's Global Commodities Group	4/6/11	430.0
Goldman Sachs Group, Inc.	Goldman Sachs & Partners Australia Group Holdings Pty. Ltd.	4/7/11	NA
INTL FCStone Inc.	Ambrian Capital Plc	4/7/11	16.8
Old National Bancorp	Integra Wealth Management and Trust division	4/11/11	1.3
Principal Financial Group, Inc.	HSBC AFORE, S.A. de C.V.	4/11/11	198.0
Columbus Nova, LLC	Ameritrans Capital Corporation	4/12/11	25.0
Private Investor - Mr. Steven Wishnia	Highland Capital Management LLC	4/13/11	NA
Ameriprise Financial, Inc.	Grail Partners LLC	4/15/11	NA
INTL FCStone Inc.	Hudson Capital Energy's business and customer relationships	4/15/11	NA
Principal Financial Group, Inc.	Finisterre Capital	4/18/11	114.6
Institutional Financial Markets, Inc.	PrinceRidge Holdings LP	4/19/11	45.0
LPL Investment Holdings Inc.	Concord Capital Partners, Inc.	4/20/11	NA
GAIN Capital Holdings, Inc.	dbFX business	4/20/11	NA
Monex Group, Inc.	TradeStation Group, Inc.	4/20/11	395.6
TA Associates, Inc.	Stadion Money Management, LLC	4/26/11	NA
Bank of New York Mellon Corporation	Wealth Management Business of Talon Asset Management	4/28/11	NA
Ziegler Companies, Inc.	Lotsoff Capital Management, LLC	4/28/11	NA

SOURCE: SNL Financial

Specialty Finance Transactions - April 2011

Buyer	Target	Announced	DV (\$MM)
AnaCap Financial Partners LLP	Cabot Financial (Europe) Limited	4/8/11	NA
Wintrust Financial Corporation	River City Mortgage & Financial, LLC	4/13/11	NA
NoCo A L.P.	AIG Rail Services, Inc.	4/18/11	NA
EZCORP, Inc.	Mister Money Holdings, Inc.	4/20/11	NA
Dell Inc.	Dell Financial Services Canada, Ltd.	4/21/11	NA
Community Trust Financial Corporation	Cimarron Mortgage Company	4/25/11	NA

SOURCE: SNL Financial