



# Hovde

Financial Institutions  
Monthly Overview

Capital Markets  
Economic Data Review  
M&A Statistics

July 2008

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## July 2008 - Hovde Monthly Overview

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*“Power over a man’s subsistence amounts to a power over his will.”*  
—Alexander Hamilton

The American consumer is the life blood of the U.S. economy and, if there is to be a rebound in economic activity, its subsistence will be heavily dependent upon the ubiquitous consumer—who still accounts for approximately 70% of GDP. While there have been some recent rumblings that the worst of the credit crisis may be behind us and that the housing market may finally be nearing a bottom (for our differing views on the latter, please see our June 2008 *Financial Institutions Monthly Overview*), we know that until the consumer is able and willing to spend to the extent they have over the last few years, it is no secret that the economy will remain mired in a significant slump.

To better understand the perils facing the U.S. consumer, we would like to walk you through the consumer’s deteriorating balance sheet, worsening levels of consumer confidence and expectations, some of the major factors that are impacting spending trends, and, now that the main source of equity and leverage over the past five years—housing—has dried up, revisit consumer loan delinquencies.

### Deteriorating Consumer Balance Sheet

Even prior to the onset of the current credit crisis and economic downturn, U.S. consumers were already burdened with historically high levels of household debt payments as a percentage of disposable income in addition to a zero-to-negative savings rate—leaving them even more vulnerable and ill prepared to deal with this financial turmoil. Consequently, the ongoing deterioration in the credit and housing markets and the worsening overall economy have had a profoundly negative impact on U.S. consumers as they did not possess a well-positioned balance sheet to begin with. The U.S. household debt-service ratio has continued to accelerate at an alarming rate, as it now stands at 14.13%—a figure still hovering near the all-time high

### Household Debt-Service Ratio

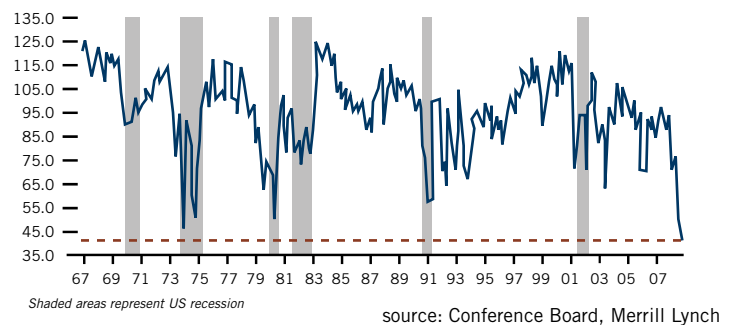


from December 2006, and a rate which has risen steadily since 1993. On a wider scale, total household debt was nearly 99% of U.S. GDP as of the beginning of 2008.

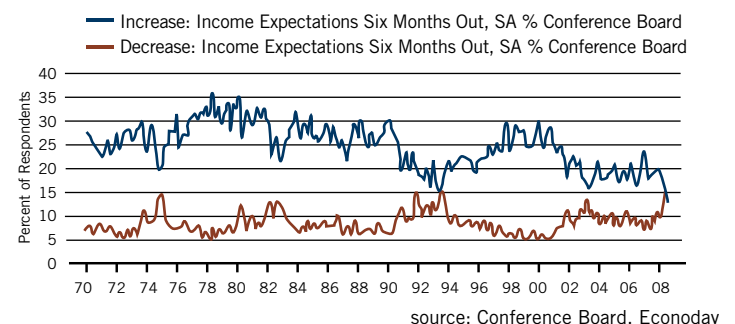
### Consumer Confidence & Expectations Plunge

As a result of a deteriorating balance sheet, the daily cost of living increasing, economic worries and job losses mounting, and the housing market continuing its rapid decline, U.S. consumer sentiment and expectations are reaching historic lows. Citing “surging gas prices, high food prices, disappearing jobs, declining home values, and record foreclosures,” the June 2008 University of Michigan’s Index of Consumer Sentiment stood at the third lowest point since 1952. Furthermore, the June Conference Board Consumer Confidence Index resided at the fifth worst reading in over 40 years of data, while the expectations component plunged to a record low—far below the levels reached during the last recession of 2001 to 2002. And although the July readings for these consumer indexes did improve slightly, they still remain at depressed levels.

### Conference Board Consumer Confidence: Expectations



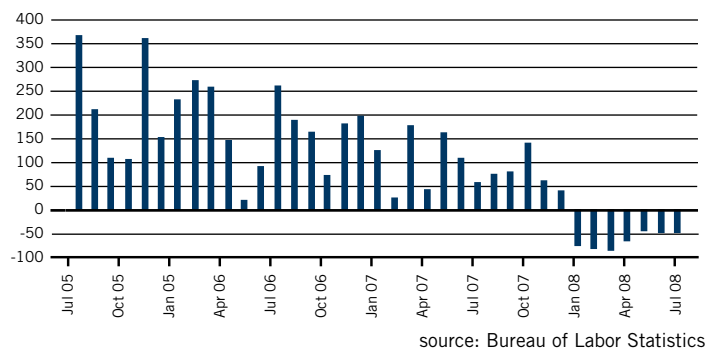
Contributing to this decline in the Conference Board’s expectations component was one of its three underlying elements—the expectations for future income. For the first time in the over 40 years of data, there are now more people who foresee their incomes declining in the next six months versus those who expect their incomes to rise. Therefore,



not only are consumers pessimistic about their earnings potential but their already shaky balance sheets have continued to deteriorate—hardly a favorable combination for an economy which is so reliant on consumer spending.

Perhaps the most vital aspect of the consumer's negative outlook is the deteriorating employment picture. Following the July nonfarm payroll figures, we have now experienced seven consecutive monthly declines—and yet there are those who still believe that we are not in a recession or will avoid one all together.

### Change in Total Nonfarm Payrolls, SA (000's)



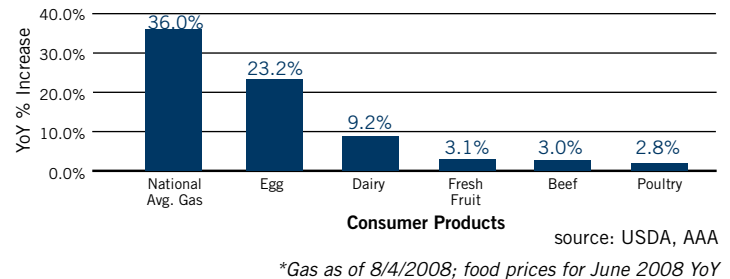
We would also argue that the employment and income trends are actually worse—perhaps substantially—than what the government statistics would imply, given the significant number of people who had very lucrative commission-based jobs during the housing boom (e.g., realtors, mortgage brokers, investment bankers) that may technically still be employed but now find themselves making a fraction of what they were during the boom times. This dynamic is particularly troublesome for those areas of the country that experienced the biggest housing booms and had the most people with real estate-related jobs, but are now suffering the worst from the housing collapse (e.g., California and Florida). Finally, the government statistics also do not capture the significant numbers of undocumented workers in this country—many of whom were employed as laborers and construction workers during the housing bubble and now find themselves out of work.

### Impact of Rising Food & Oil Prices

As if the aforementioned economic pressures were not enough headwinds to deal with, the shocking rise in food and oil prices only exacerbates today's challenges and strains for the consumer. The main factors behind higher commodity costs include increased global demand, a

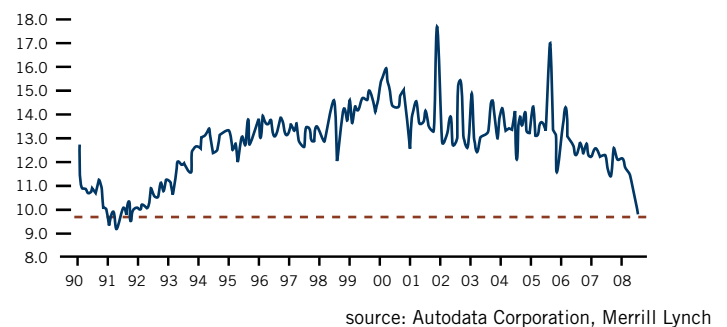
weakened dollar, and greater speculation by investors. With the price of futures in such commodities as corn gaining over 80%, soybeans rising nearly 65%, wheat up approximately 35% and, of course, crude oil fluctuating 70% to 90% to the upside in the last year alone, the consumer has been forced to deal with sharp increases in prices which are in turn being passed through to daily purchases:

### Year-Over-Year Increase in Consumer Products



As a result of record crude oil prices of approximately \$125 per barrel and the national average for regular gas higher by over 35% from a year ago to almost \$4.00 a gallon, Americans have significantly curtailed purchases of automobiles in the face of these increased fuel costs. In fact, domestic vehicle sales are at their lowest level since 1991:

### Total Domestic Light Vehicle Retail Sales (million units)



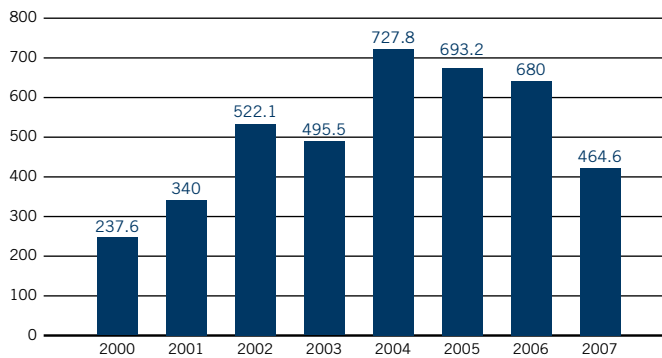
Taking *all* of these factors into account, one can see why the year-over-year increase in total CPI is now 5%—a level that has not been reached since the recession of 1990 to 1991. With food accounting for nearly 15% and energy accounting for almost 10% of the total CPI, the increase in these daily expenditures has rapidly begun to offset the—albeit minimal—positive impact of the economic stimulus package which provided individuals with a temporary

relief to the tune of more than \$160 billion. Though it is unquestionable that inflationary pressures have placed even greater strains upon the consumer, we forecast that commodity prices will recede as both the U.S. and global economies worsen—reducing demand—and that inflation will moderate over time. However, it is also our view that despite this reprieve, the economy will continue to worsen as it absorbs the losses from housing and credit quality in almost every area turns negative, thus leading to further pains for the consumer and its ability to spend.

### Rising Delinquencies in Consumer Loans

A prime impediment to consumer spending is the reversal of what propelled consumer spending from 2001 to 2007. That is, during the housing bubble, households extracted increasingly large amounts of home equity in order to propel unsustainable spending. As a result of this rapid extraction, consumers now have extremely limited access to their home equity to continue to prop up spending and it is causing a significant increase in consumer and mortgage loan delinquencies, clearly showing the financial strains which the consumer is experiencing.

### Annual Net Home Equity Extraction (\$B)

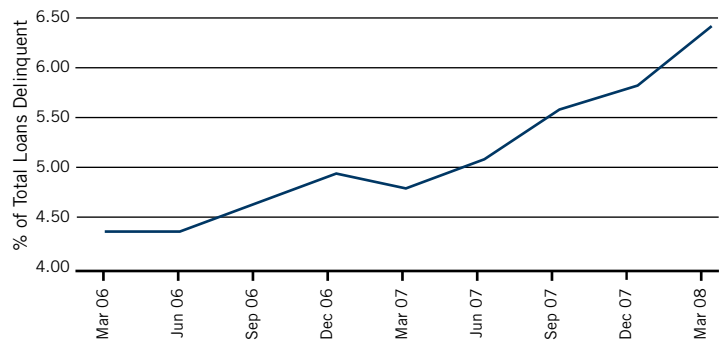


source: Bloomberg

As we discussed in our May 2008 *Monthly Overview*, early stage delinquencies (i.e., loans which are 30-89 days past due) declined slightly on a sequential basis for consumer-oriented loan segments such as autos and credit cards in the first quarter of 2008 due to seasonal trends in the form of tax refunds and the stimulus checks that some used to pay down past due loans. *However*, we would like to remind you that, and it is important to note, when compared to year-ago levels, delinquencies in these consumer lending

segments *did rise meaningfully*. An even more troubling aspect facing the U.S. consumer is the accelerating rise in residential mortgage delinquencies during the last two years. As many interest only (IO) and payment option ARMs continue to reset to higher monthly payments and the consumer increasingly feels the pressure from the bleak current economic conditions, mortgage delinquencies have risen to record highs, with the seasonally adjusted rate rising by 44% since the first quarter of 2006:

### Residential Mortgage Delinquencies (2 Years)



source: Mortgage Bankers Association

### Outlook for the Economy & U.S. Consumer

Clearly, the U.S. economy will continue to come under significant pressure until the consumer is able to recover from the various headwinds he/she is struggling to fight through. Unfortunately, with an unfit balance sheet, consumer confidence and expectations continuing to reside near historic lows, a deteriorating employment outlook, rising food and energy costs, and the ongoing meltdown of the housing and lending markets, the outlook for consumers is not bright. Although these are not unknown variables by any means, we feel it is vital to recognize that it will be *extremely* difficult for the consumer-dependent U.S. economy to avoid a prolonged and damaging recession if the U.S. consumer segment is not able to safely pull through the current financial turmoil.

## Federal Reserve Aggregate Bank Data

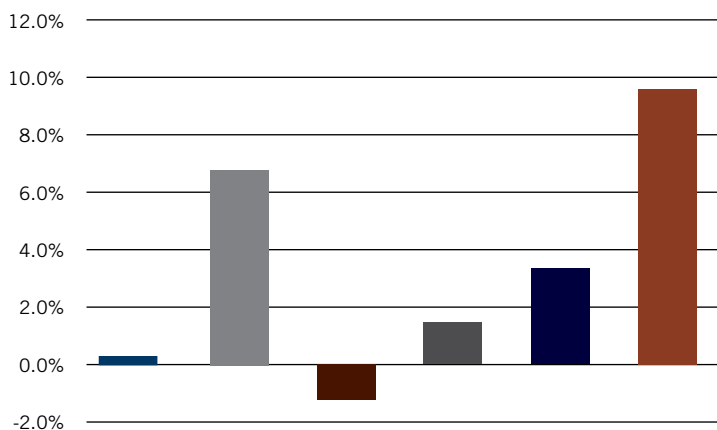
	6/2007	10/2007	11/2007	12/2007	1/2008	2/2008	3/2008	4/2008	5/2008	6/2008	MoM	YoY
<b>ASSETS</b>												
Securities												
Secs in Bank Credit	2,302	2,404	2,466	2,441	2,431	2,469	2,577	2,531	2,489	2,468	-0.9%	7.2%
Treasury & Agency	1,179	1,136	1,119	1,111	1,103	1,108	1,128	1,110	1,115	1,114	-0.1%	-5.5%
Other	1,123	1,268	1,346	1,330	1,328	1,361	1,449	1,420	1,374	1,354	-1.5%	20.6%
Loans and Leases												
C&I	1,259	1,397	1,412	1,435	1,449	1,458	1,479	1,491	1,494	1,504	0.6%	19.5%
Real Estate	3,413	3,549	3,569	3,584	3,602	3,621	3,656	3,650	3,650	3,645	-0.1%	6.8%
Consumer	762	782	792	805	815	813	815	821	825	832	0.8%	9.1%
Other	574	669	664	673	697	692	679	647	646	642	-0.6%	11.8%
Other Assets	867	934	951	961	982	971	1,020	1,013	996	1,003	0.7%	15.7%
<b>Total Assets</b>	<b>10,031</b>	<b>10,627</b>	<b>10,781</b>	<b>10,853</b>	<b>10,929</b>	<b>10,994</b>	<b>11,182</b>	<b>11,087</b>	<b>11,042</b>	<b>11,027</b>	<b>-0.1%</b>	<b>9.9%</b>
<b>LIABILITIES</b>												
Deposits												
Transaction	623	622	608	593	615	617	614	636	616	605	-1.9%	-2.9%
Nontransaction	5,655	5,943	6,032	6,070	6,098	6,159	6,260	6,220	6,270	6,307	0.6%	11.5%
Large time	1,779	1,972	2,032	2,020	2,058	2,095	2,105	2,081	2,103	2,126	1.1%	19.5%
Other	3,876	3,971	4,000	4,050	4,040	4,063	4,155	4,139	4,166	4,181	0.3%	7.9%
Borrowings	2,096	2,209	2,241	2,324	2,268	2,278	2,303	2,294	2,320	2,322	0.1%	10.8%
Other Liabilities	604	628	672	660	701	710	788	743	695	680	-2.1%	12.6%
<b>Total Liabilities</b>	<b>8,955</b>	<b>9,506</b>	<b>9,659</b>	<b>9,758</b>	<b>9,794</b>	<b>9,839</b>	<b>10,027</b>	<b>9,923</b>	<b>9,872</b>	<b>9,891</b>	<b>0.2%</b>	<b>10.4%</b>
<b>Residual (assets less liabilities)</b>	<b>1,075</b>	<b>1,121</b>	<b>1,122</b>	<b>1,095</b>	<b>1,135</b>	<b>1,155</b>	<b>1,155</b>	<b>1,164</b>	<b>1,169</b>	<b>1,136</b>	<b>-2.9%</b>	<b>5.6%</b>

all values in \$ billions

SOURCE: Federal Reserve Documents

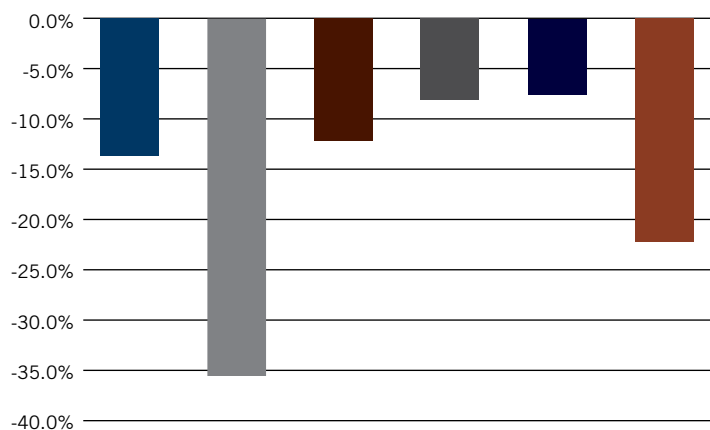
## Major Market Index Performance

### July 2008



SOURCE: Bloomberg, LLC

### Last Twelve Months



SOURCE: Bloomberg, LLC

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

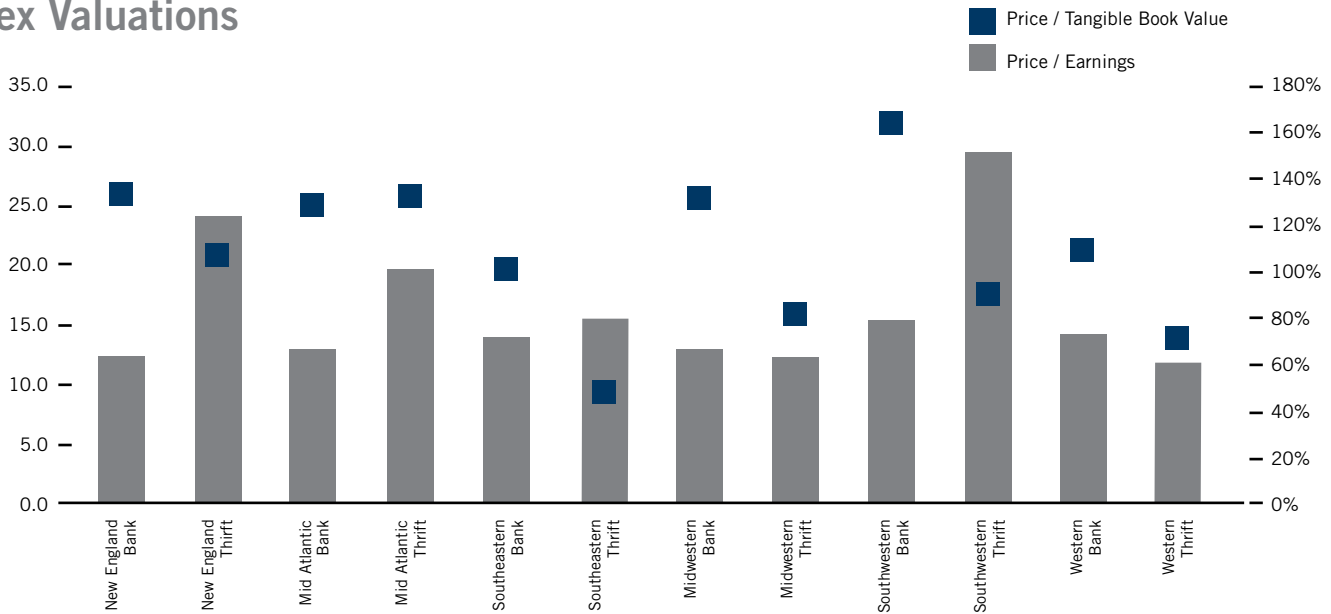
	8/2007	9/2007	10/2007	11/2007	12/2007	1/2008	2/2008	3/2008	4/2008	5/2008	6/2008	7/2008
Dow Jones	1.4%	3.7%	0.2%	-4.0%	-0.8%	-4.6%	-3.0%	0.0%	4.5%	-1.4%	-10.2%	0.2%
S&P Financial	1.3%	2.0%	-2.0%	-8.0%	-5.7%	-0.6%	-7.7%	-3.1%	6.3%	-6.4%	-18.7%	6.8%
S&P 500	1.3%	3.6%	1.5%	-4.4%	-0.9%	-6.1%	-3.5%	-0.6%	4.8%	1.1%	-8.6%	-1.0%
NASDAQ	2.0%	4.0%	5.8%	-6.9%	-0.3%	-9.9%	-5.0%	0.3%	5.9%	4.6%	-9.1%	1.4%
Russell 2000	2.2%	1.6%	2.8%	-7.3%	-0.2%	-6.9%	-3.8%	0.3%	6.1%	2.5%	-7.8%	3.6%
NASDAQ Bank	4.0%	0.1%	-2.9%	-3.9%	-5.4%	2.7%	-8.6%	2.0%	0.3%	-2.7%	-17.5%	9.6%

SOURCE: Bloomberg, LLC

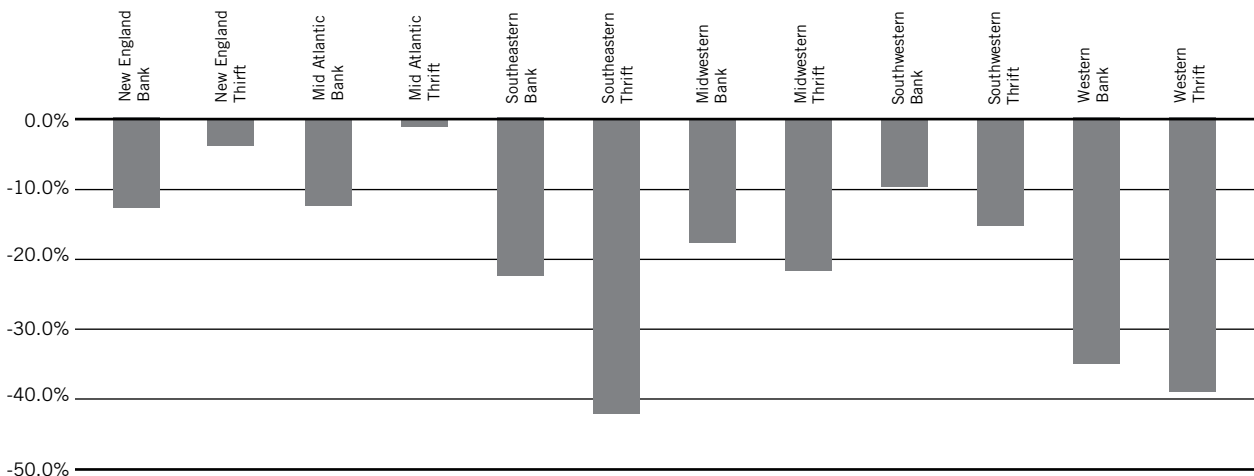
## Bank and Thrift Index Valuations

		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	
<b>New England</b>	Bank	11.7	13.2	125%	112%	186%	138%	7.8%	-12.9%	-15.7%	19
	Thrift	27.0	24.0	104%	97%	133%	113%	1.9%	-4.5%	-8.3%	22
<b>Mid Atlantic</b>	Bank	13.8	13.6	112%	107%	170%	132%	5.4%	-12.6%	-17.8%	90
	Thrift	14.7	19.8	140%	117%	198%	137%	4.2%	-0.9%	-6.6%	54
<b>Southeastern</b>	Bank	9.7	14.0	83%	86%	102%	102%	3.3%	-22.7%	-34.6%	135
	Thrift	10.3	15.6	39%	36%	52%	48%	1.2%	-42.3%	-56.3%	10
<b>Midwestern</b>	Bank	9.4	13.6	141%	94%	207%	135%	10.0%	-17.4%	-24.0%	90
	Thrift	29.0	13.4	139%	76%	143%	81%	2.1%	-22.1%	-30.8%	47
<b>Southwestern</b>	Bank	14.5	15.1	122%	131%	183%	165%	7.6%	-9.8%	-12.5%	19
	Thrift	27.6	29.0	133%	90%	138%	90%	11.4%	-15.3%	-19.8%	6
<b>Western</b>	Bank	12.1	14.3	127%	82%	104%	115%	9.8%	-35.4%	-45.2%	69
	Thrift	10.1	12.4	53%	68%	66%	74%	-5.2%	-39.8%	-50.3%	15

## Index Valuations



## YTD Price Performance



## Economic Data Points - July 2008

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
7/1	ISM Manufacturing	JUN	48.5	50.2	49.6	7/16	CPI Ex Food & Energy (MoM)	JUN	0.20%	0.30%	0.20%
7/1	ISM Prices Paid	JUN	87	91.5	87	7/16	Consumer Price Index (YoY)	JUN	4.50%	5.00%	4.20%
7/1	Construction Spending MoM	MAY	-0.60%	-0.40%	-0.40%	7/16	CPI Ex Food & Energy (YoY)	JUN	2.30%	2.40%	2.30%
7/1	Domestic Vehicle Sales	JUN	10.2M	9.9M	10.5M	7/16	CPI Core Index SA	JUN	--	215.526	214.832
7/1	Total Vehicle Sales	JUN	14.0M	13.6M	14.3M	7/16	Consumer Price Index NSA	JUN	217.903	218.815	216.632
7/2	Challenger Job Cuts YoY	JUN	--	46.70%	45.60%	7/16	Industrial Production	JUN	0.10%	0.50%	-0.20%
7/2	ADP Employment Change	JUN	-20K	-79K	40K	7/16	Capacity Utilization	JUN	79.40%	79.90%	79.40%
7/3	Change in Nonfarm Payrolls	JUN	-60k	-62k	-49k	7/16	Minutes of June 24-25 FOMC Meeting				
7/3	Unemployment Rate	JUN	5.40%	5.50%	5.50%	7/17	Housing Starts	JUN	960K	1066K	975K
7/3	Change in Manuf. Payrolls	JUN	-30K	-33K	-26K	7/17	Building Permits	JUN	965K	1091K	969K
7/3	Average Hourly Earnings MoM	JUN	0.30%	0.30%	0.30%	7/17	Philadelphia Fed.	JUL	-15	-16.3	-17.1
7/3	Average Hourly Earnings YoY	JUN	3.40%	3.40%	3.50%	7/21	Leading Indicators	JUN	-0.10%	-0.10%	0.10%
7/3	Average Weekly Hours	JUN	33.7	33.7	33.7	7/22	Richmond Fed Manufact. Index	JUL	-9	-16	-12
7/3	ISM Non-Manf. Composite	JUN	51	48.2	51.7	7/22	House Price Index MoM	MAY	-0.80%	-0.30%	-0.80%
7/8	Pending Home Sales MoM	MAY	-3.00%	-4.70%	6.30%	7/24	Existing Home Sales	JUN	4.94M	4.86M	4.99M
7/8	Consumer Credit	MAY	\$7.5B	\$7.8B	\$8.9B	7/24	Existing Home Sales MoM	JUN	-1.00%	-2.60%	2.00%
7/10	ICSC Chain Store Sales YoY	JUN	3.30%	4.30%	3.00%	7/25	Durable Goods Orders	JUN	-0.30%	0.80%	0.00%
7/11	Import Price Index (MoM)	JUN	2.00%	2.60%	2.30%	7/25	Durables Ex Transportation	JUN	-0.20%	2.00%	-0.80%
7/11	Import Price Index (YoY)	JUN	18.60%	20.50%	17.80%	7/25	U. of Michigan Confidence	JUL F	56.4	61.2	56.6
7/11	U. of Michigan Confidence	JUL P	55.5	56.6	56.4	7/25	New Home Sales	JUN	503K	530K	512K
7/15	Producer Price Index (MoM)	JUN	1.40%	1.80%	1.40%	7/25	New Home Sales MoM	JUN	-1.80%	-0.60%	-2.50%
7/15	PPI Ex Food & Energy (MoM)	JUN	0.30%	0.20%	0.20%	7/29	S&P/CaseShiller Home Price Ind	MAY	--	168.54	169.85
7/15	Producer Price Index (YoY)	JUN	8.70%	9.20%	7.20%	7/29	S&P/CS Composite-20 YoY	MAY	-16.00%	-15.78%	-15.30%
7/15	PPI Ex Food & Energy (YoY)	JUN	3.20%	3.00%	3.00%	7/29	Consumer Confidence	JUL	50.1	51.9	50.4
7/15	Advance Retail Sales	JUN	0.40%	0.10%	1.00%	7/30	ADP Employment Change	JUL	-60K	9K	-79K
7/15	Retail Sales Less Autos	JUN	1.00%	0.80%	1.20%	7/31	GDP QoQ (Annualized)	2Q A	2.30%	1.90%	1.00%
7/15	Empire Manufacturing	JUL	-8	-4.9	-8.7	7/31	Personal Consumption	2Q A	1.70%	1.50%	1.10%
7/15	Bernanke Report on Economy & Fed Policy					7/31	GDP Price Index	2Q A	2.40%	1.10%	2.70%
7/16	Consumer Price Index (MoM)	JUN	0.70%	1.10%	0.60%	7/31	Core PCE QoQ	2Q A	2.00%	2.10%	2.30%

SOURCE: Bloomberg, LLC

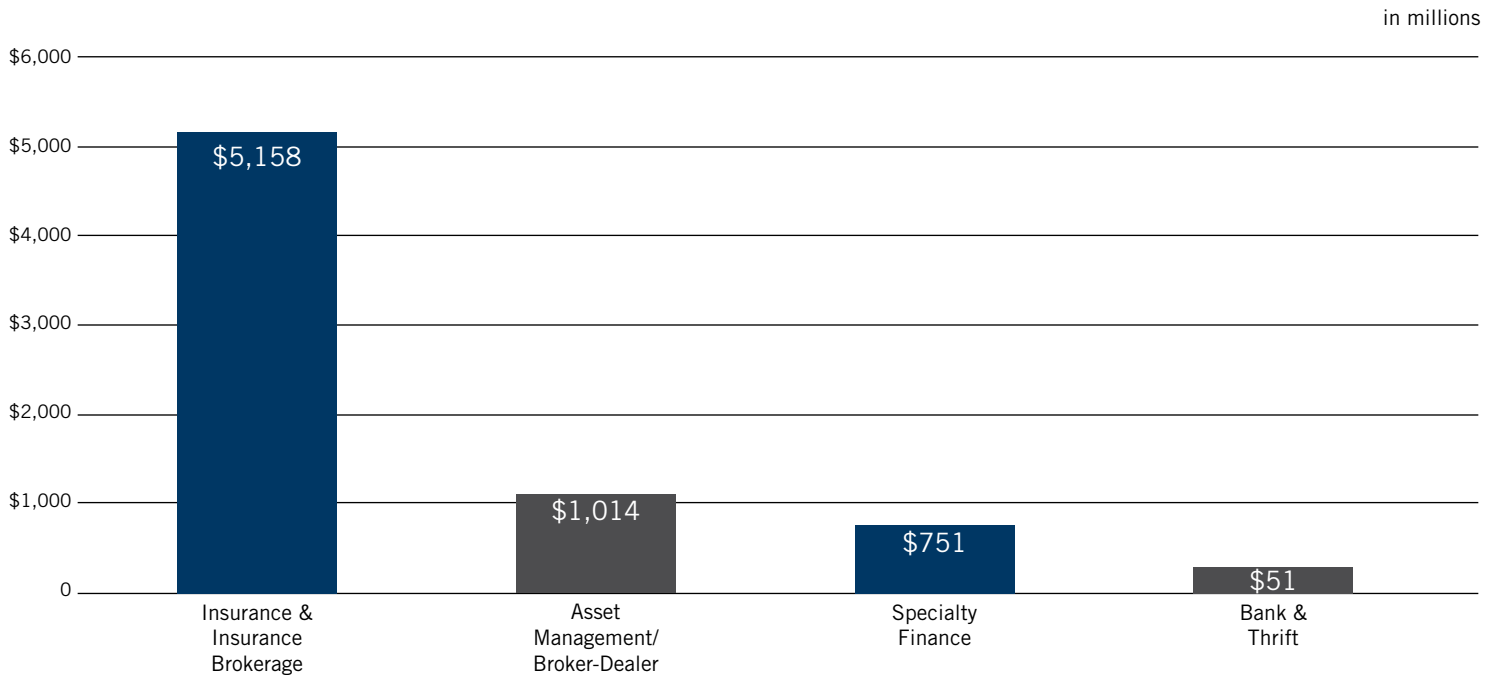
## Economic Data Points - August 2008

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
8/1	Change in Nonfarm Payrolls	JUL	-75k	-51k	-62k	8/15	Empire Manufacturing	AUG	--	--	-4.9
8/1	Unemployment Rate	JUL	5.60%	5.70%	5.50%	8/15	U. of Michigan Confidence	AUG P	--	--	61.2
8/1	Change in Manuf. Payrolls	JUL	-40K	-35K	-33K	8/19	Producer Price Index (MoM)	JUL	--	--	1.80%
8/1	Average Hourly Earnings MoM	JUL	0.30%	0.30%	0.30%	8/19	PPI Ex Food & Energy (MoM)	JUL	--	--	0.20%
8/1	Average Hourly Earnings YoY	JUL	3.40%	3.40%	3.40%	8/19	Producer Price Index (YoY)	JUL	--	--	9.20%
8/1	ISM Manufacturing	JUL	49	50	50.2	8/19	PPI Ex Food & Energy (YoY)	JUL	--	--	3.00%
8/1	ISM Prices Paid	JUL	88	88.5	91.5	8/19	Housing Starts	JUL	--	--	1066K
8/1	Construction Spending MoM	JUN	-0.30%	-0.40%	-0.40%	8/19	Building Permits	JUL	--	--	1091K
8/1	Domestic Vehicle Sales	JUL	9.9M	--	9.9M	8/25	Existing Home Sales	JUL	--	--	4.86M
8/1	Total Vehicle Sales	JUL	13.6M	--	13.6M	8/25	Existing Home Sales MoM	JUL	--	--	-2.60%
8/4	Challenger Job Cuts YoY	JUL	--	--	46.70%	8/26	S&P/CaseShiller Home Price Ind	JUN	--	--	168.5
8/4	Personal Income	JUN	-0.10%	--	1.90%	8/26	S&P/CS Composite-20 YoY	JUN	--	--	-15.80%
8/4	Personal Spending	JUN	0.50%	--	0.80%	8/26	S&P/Case-Shiller US HPI	2Q	--	--	159.2
8/4	PCE Deflator (YoY)	JUN	3.90%	--	3.10%	8/26	S&P/Case-Shiller US HPI YOY%	2Q	--	--	-14.10%
8/4	PCE Core (MoM)	JUN	0.20%	--	0.10%	8/26	Consumer Confidence	AUG	--	--	51.9
8/4	PCE Core (YoY)	JUN	2.20%	--	2.10%	8/26	New Home Sales	JUL	--	--	530K
8/5	ISM Non-Manf. Composite	JUL	48.5	--	48.2	8/26	House Price Index MoM	JUN	--	--	-0.30%
8/5	U. S. Federal Reserve Open Market Committee Meeting					8/26	New Home Sales MoM	JUL	--	--	-0.60%
8/5	FOMC Rate Decision	5-Aug	2.00%	--	2.00%	8/26	Minutes of Aug. 5 FOMC Meeting				
8/7	Pending Home Sales MoM	JUN	-1.00%	--	-4.70%	8/27	Durable Goods Orders	JUL	--	--	0.80%
8/7	ICSC Chain Store Sales YoY	JUL	--	--	4.30%	8/27	Durables Ex Transportation	JUL	--	--	2.00%
8/13	Import Price Index (MoM)	JUL	--	--	--	8/28	GDP QoQ (Annualized)	2Q P	--	--	1.90%
8/13	Import Price Index (YoY)	JUL	--	--	20.50%	8/28	Personal Consumption	2Q P	--	--	1.50%
8/13	Advance Retail Sales	JUL	--	--	0.10%	8/28	GDP Price Index	2Q P	--	--	1.10%
8/13	Retail Sales Less Autos	JUL	--	--	0.80%	8/28	Core PCE QoQ	2Q P	--	--	2.10%
8/14	Consumer Price Index (MoM)	JUL	--	--	1.10%	8/29	Personal Income	JUL	--	--	--
8/14	CPI Ex Food & Energy (MoM)	JUL	--	--	0.30%	8/29	PCE Deflator (YoY)	JUL	--	--	--
8/14	Consumer Price Index (YoY)	JUL	--	--	5.00%	8/29	Personal Spending	JUL	--	--	--
8/14	CPI Ex Food & Energy (YoY)	JUL	--	--	2.40%	8/29	PCE Core (MoM)	JUL	--	--	--
8/14	CPI Core Index SA	JUL	--	--	215.526	8/29	PCE Core (YoY)	JUL	--	--	--
8/14	Consumer Price Index NSA	JUL	--	--	218.815	8/29	U. of Michigan Confidence	AUG F	--	--	--

SOURCE: Bloomberg, LLC

## M&A Transaction Update

### Announced Transactions - July 2008



SOURCE: SNL Financial, Bloomberg, Factiva

### Deal Count - July 2008

Insurance & Insurance Brokerage	20
Asset Management & Broker/Dealer	11
Specialty Finance	9
Bank & Thrift	6

SOURCE: SNL Financial, Bloomberg, Factiva

### Deal Count - 2008 YTD

Insurance & Insurance Brokerage	151
Asset Management & Broker/Dealer	95
Bank & Thrift	67
Specialty Finance	43

SOURCE: SNL Financial, Bloomberg, Factiva

### Top Financial Advisors in Bank and Thrift Transactions

Last Two Years, Sell-Side Advisory Transactions

Rank	Firm	# of Deals
1	Sandler, O'Neill & Partners, L.P	45
2	Keefe, Bruyette & Woods, Inc	41
3	<b>Hovde Financial</b>	<b>34</b>
4	Howe Barnes Hoefer & Arnett, Inc.	27
5	Stifel, Nicolaus & Company, Incorporated	22
6	Sheshunoff & Co. Investment Banking LP	16
7	Austin Associates, LLC	9
8	McAdams Wright Ragen, Inc.	8
8	Professional Bank Services, Inc.	8
10	SAMCO Capital Markets, Inc.	7

SOURCE: SNL Financial (data from 7/31/2006 - 7/31/2008)

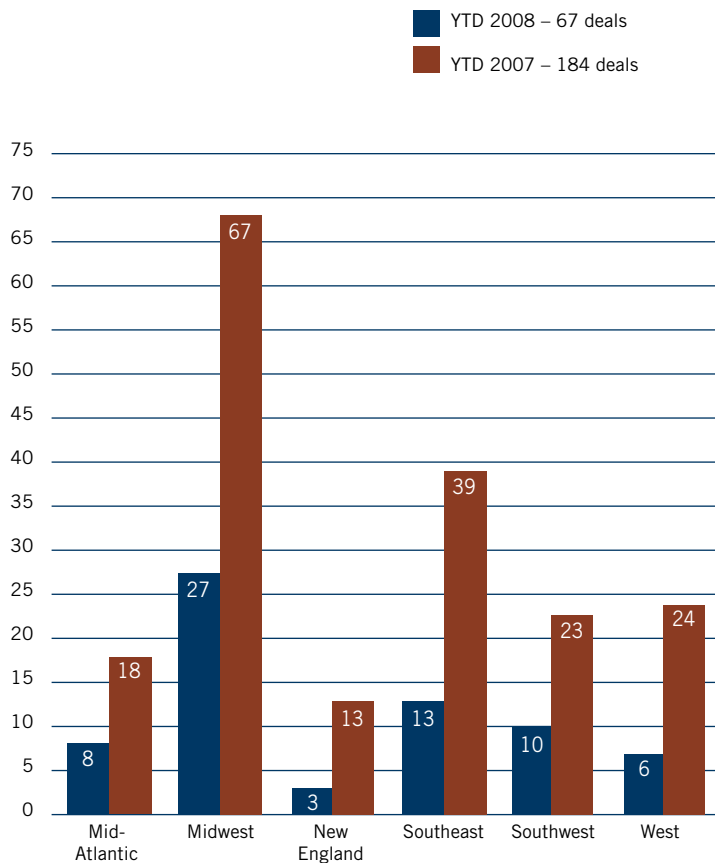
## Bank & Thrift Transactions - July 2008

Buyer	Buyer State	Target	Target State	Announced	DV (\$MM)	P/LTM Ern	P/TBV (%)	Core Deposit Premium (%)
Investor Group		First National Bank of Altheimer	AR	7/9/08	NA	NA	NA	NA
UMB Financial Corporation	MO	Citadel Bank	CO	7/15/08	NA	NA	NA	NA
First Trust Corporation	LA	Globe Bancorp, Inc.	LA	7/15/08	5.3	NM	94.9	-2.36
Investor group		Community Bank of Orange, National Association	NY	7/21/08	NA	NM	106.4	NA
Forward Mutual Holding Company	WI	Withee Bank Shares, Inc.	WI	7/23/08	12.4	20.7	154.0	8.91
First Community Bancshares, Inc.	VA	Coddle Creek Financial Corp.	NC	7/31/08	33.0	51.5	163.3	13.78

SOURCE: SNL Financial

## Bank & Thrift Transactions

by Region



SOURCE: SNL Financial

## Deal Pricing by Region - 2008 YTD

Region	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern	P/ Core Dep Prem
Mid-Atlantic	\$428	184.3	22.8	13.8
Midwest	\$477	179.8	29.4	9.6
New England	\$185	168.5	22.5	9.6
Southeast	\$1,225	228.0	27.0	15.2
Southwest	\$277	262.8	18.2	11.5
West	\$4,369	62.1	59.5	-0.5
<b>Average</b>		<b>191.9</b>	<b>27.6</b>	<b>11.0</b>

SOURCE: SNL Financial

## Deal Pricing by Quarter

Quarter	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern	P/ Core Dep Prem
1Q2006	\$17,446	240.6	26.4	19.9
2Q2006	\$47,289	241.6	27.0	18.3
3Q2006	\$6,438	265.8	25.3	19.9
4Q2006	\$37,247	259.0	25.5	21.9
1Q2007	\$21,258	280.4	27.0	23.5
2Q2007	\$30,955	227.5	26.5	16.9
3Q2007	\$9,187	226.9	26.2	17.9
4Q2007	\$11,604	207.1	24.1	13.4
1Q2008	\$2,502	32.1	NA	12.8
2Q2008	\$1,816	203.7	31.4	9.4
3Q2008	\$51	129.7	36.1	6.8

SOURCE: SNL Financial

## Insurance and Insurance Brokerage Transactions - July 2008

Buyer	Target	Announced	DV (\$MM)
BenefitMall	BenefitPort Southwest	7/02/2008	NA
NBT Bancorp Inc.	Mang Insurance Agency	7/03/2008	NA
Warner Pacific Insurance Services Inc.	Comprehensive Integrated Marketing Services	7/08/2008	NA
Wells Fargo & Company	American Med-Scan, Inc.	7/08/2008	NA
American International Group, Inc.	Ascot Underwriting Holdings Limited	7/14/2008	NA
SeaBright Insurance Holdings, Inc.	3 Black/White entities	7/15/2008	NA
Alternative Service Concepts, LLC	Book of business	7/16/2008	NA
Keenan and Associates	Walker & Associates	7/16/2008	NA
First Trinity Financial Corporation	First Life America Corporation	7/18/2008	8.0
Tokio Marine Holdings, Inc.	Philadelphia Consolidated Holding Corp.	7/22/2008	4,781.7
Arthur J. Gallagher & Co.	Gale Smith & Co.	7/23/2008	NA
Max Capital Group Ltd.	Imagine Group (UK) Limited	7/24/2008	22.0
MetLife, Inc.	Odonto A Saúde Empresarial	7/24/2008	NA
Gunn Mowery, LLC	Community Banks Insurance Services, LLC	7/24/2008	NA
H.I.G. Capital LLC	PMSI	7/24/2008	50.0
BB&T Corporation	Puckett Scheetz & Hogan Ins Agcy	7/30/2008	NA
White Mountains Insurance Group, Ltd.	Answer Financial Inc.	7/30/2008	46.0
Goldman Sachs Group, Inc.	First Allmerica Financial Life Insurance Company	7/31/2008	NA
Assurant, Inc.	Signal Holdings, LLC	7/31/2008	250.0
Brown & Brown, Inc.	Great Lakes Risk Management, Inc.	7/31/2008	NA

SOURCE: Factiva, AM Best

## Asset Management/Broker-Dealer Transactions - July 2008

Buyer	Target	Announced	DV (\$MM)
Ameriprise Financial, Inc.	J. & W. Seligman & Co. Incorporated	7/07/2008	440.0
Brown Advisory Holdings Incorporated	Alex. Brown Investment Management, LLC	7/07/2008	NA
Janus Capital Group Inc.	Perkins, Wolf, McDonnell and Company, LLC	7/07/2008	90.0
Sciens Hedge Fund Management, LLC	Atlas Capital Group	7/08/2008	NA
Employees/Directors	Ziegler Companies, Inc.	7/09/2008	NA
Ladenburg Thalmann Financial Services Inc.	Triad Advisors, Inc.	7/09/2008	42.0
Management group	Progress Investment Management Company, LLC	7/14/2008	NA
Bank of Nova Scotia	E*TRADE Canada	7/14/2008	442.0
DundeeWealth Inc.	BHR Fund Advisors, L.P.	7/21/2008	NA
Affiliated Managers Group, Inc.	Gannett Welsh & Kotler, LLC	7/23/2008	NA
Affiliated Managers Group, Inc.	Harding Loevner Management LP	7/23/2008	NA

SOURCE: Factiva, Bloomberg

## Specialty Finance Transactions - July 2008

Buyer	Target	Announced	DV (\$MM)
Skandinaviska Enskilda Banken AB	GMAC CF Sp. z o.o	7/02/2008	NA
Sterling Partners	Mortgage lending businesses	7/07/2008	NA
Flexigroup Limited	Certegy Australia, Ltd	7/14/2008	31.4
Equilease Financial Services, Inc.	Small-ticket leasing assets	7/20/2008	186.0
Diamond Resorts, LLC	Bluegreen Corporation	7/21/2008	480.7
Bank of Nova Scotia	Small-ticket leasing assets	7/22/2008	NA
Legacy Communications Corporation	Mint Leasing, Inc.	7/22/2008	NA
General Finance Corporation	Mobile Office Acquisition Corp.	7/28/2008	53.0
Bibby Line Group Limited	Arbutnot Commercial Finance Ltd	7/31/2008	NA

SOURCE: Factiva, Bloomberg, Reuters