



Hovde

Financial Institutions
Monthly Overview

Capital Markets
Economic Data Review
M&A Statistics

August 2007

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



August 2007 - Hovde Monthly Overview

Economic Outlook.....page 1

Capital Marketspage 2

Proprietary Index Valuations.....page 3

Economic Data Reviewpage 4

Mergers & Acquisitions.....page 5

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 Overview and are not currently on our e-mail distribution list, please send us your contact details at info@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.

As August came to an end, countless fund managers, CEOs, and regulators probably never looked forward to Labor Day as much as this in their lives. As all of you know, credit problems that were once confined to subprime borrowers have now spread into the Alt-A and prime mortgage markets as well as broader structured markets. Although some may not realize it yet, the bursting of the credit bubble that has recently begun will have two meaningful effects on the banking industry — one beneficial and the other harmful. On the one hand, with the removal of many of the conduit and syndication vehicles from the capital markets — the primary culprits responsible for driving down yields and credit spreads to unrealistic levels over the last five years — risk premiums are in a stage of readjustment. The withdrawal of this additional source of competition and liquidity will allow you to realize more attractive yields on your overall loan portfolio and all that is required of you is to start adjusting your lending rates. On the other hand, with reduced liquidity in the capital markets, credit problems will only accelerate as the cost of borrowing becomes more expensive and the opportunity for borrowers to re-finance their way out of delinquent loans is no longer an option. Surprisingly, though, there is still substantial debate as to how bad things have really gotten in the credit markets and, more importantly, how much worse they can get. Ever since the turmoil in the subprime mortgage market surfaced in mid-February, two words have entered the arena of debate between market participants and government regulators: “contagion” and “contained.” The question at hand was whether the subprime mortgage issue was an isolated problem that would stay contained or whether it was an early indicator of a bigger problem that would cause a contagious spillover to the other areas of the credit markets. As we have discussed before, this question has been of particular importance given that the credit markets and historically loose underwriting standards over the last five years have not only supported a booming debt market, but have also been one of the primary drivers — if not the primary driver — of both the housing and equity markets over that same timeframe.

This crisis could either be short-term in duration, as witnessed in 1998 with the blowup of Long-Term Capital Management and the Asian/Russian debt crisis, or it may very well be tied to a long, painful credit trend much like that of the late 80s and early 90s. Our view is that it is most likely the latter, which was reinforced recently by statements made by Bear Stearns’ CFO, Sam Malinaro, in a conference call in which he described the fixed income market as being “as bad as I’ve seen it in 22 years.” We would like to highlight three distinct, yet related, issues that have arisen recently as a direct result of the contraction in credit, which should be of particular interest to you as an investment professional. First, the sheer uncertainty over what the actual impact of tightening credit markets will be on the broader economy has brought into question what, if any, action the Fed may take in reaction — causing volatility to spike to levels not seen since 2002. Second, widespread volatility caught many managers of so-called quantitative and market neutral hedge funds off guard as they observed large correlated swings in markets across the world. Third, with access to credit and most forms of financing for non-deposit funded financial institutions significantly drying up, a closer examination of how community banks will fair during this credit crisis and what short-term pains may prove to be long-term gains is warranted.

Volatility: An Uncertain World

With the heightened level of uncertainty as to the direction of the markets, interest rates, credit and the overall economy, just to name a few things, market volatility has significantly increased over the last few months and is garnering more and more attention from investors and market commentators, bringing the key volatility indicator, the VIX, back into the spotlight. The VIX is widely viewed as a sentiment indicator, and commonly referred to as the “fear gauge” of the market, since volatility, as measured by options prices, typically moves higher during times of stock market turmoil/weakness as investors buy protection in the form of options. During

the latter half of 2006 and early months of 2007, the VIX was at historical lows — encouraging managers to increase their leverage and, therefore, risk, in an attempt to increase their overall returns. However, this all changed with the VIX spiking to multi-year highs in mid-August, to just above 30 from a low of below 10 in February. Consequently, investors are being driven by their lenders and prime brokers to de-leverage their portfolios as risk factors and potential losses have increased dramatically. In turn, this “forced” buying and selling of securities to reduce the leverage and risk profiles of many funds has only served to increase market volatility further — at least in the near term — amplifying the recent liquidity and credit market fears in the equity markets.

Quantitative Funds: A Crowded Field

Managers of quantitative hedge funds, which use statistical models to find winning trading strategies, have been thought to be the main victims in this summer’s stock market sell-off and spike in volatility, reporting heavy losses this month. Prominent names in the hedge fund sector, such as DE Shaw and Goldman Sachs, experienced significant losses, with data showing that many are down for the year. Meanwhile, Goldman Sachs’ flagship Alpha fund was down 16 percent at one point in August. In addition, Goldman was forced to decide to bail out Alpha’s sister fund, the Global Equities Opportunity Fund, with a \$3 billion injection of capital — making major concessions on fees for the new capital coming from outside investors. According to the *Wall Street Journal*, managers pointed their fingers at other quantitative hedge funds, essentially saying that they all owned many of the same stocks and that their models told them all to sell at the same time, driving down share prices and hurting everyone in the process.

Components of the Russell 2000 Index experienced the largest price fluctuations and volatility during this turbulence — with smaller-cap community banks being some of the most affected. At the end of June, SEC filings showed that many of these quantitative funds often shared large concentrated positions in the mid- and smaller-cap community banks. Due to forced sales and portfolio rebalancing by these funds, many illiquid names with smaller trading volumes observed significant abnormal swings in their stock prices, with little to no justification (sometimes equaling as much as 10% in one day) — a key sign of investor distress.

Community Banks: Short-Term Pain — Long-Term Gain

Liquidity has been the name of the game in August. Companies like Countrywide Financial, which was once thought to be more durable than the smaller institutions, saw its very existence threatened, as short-term funding, most notably in the commercial paper market, has all but dried up. Banks with secured funding through their deposit bases may ultimately come out ahead once this credit crisis begins to subside, as they are able to balance sheet higher-yielding securities and finally be paid appropriately for the credit risk they are taking. Over the last five years, many specialty finance entities have taken market share from banks, as they gobbled up commercial and residential mortgages at spreads at which banks could simply not compete. Currently, these loan vehicles have lost access to nearly all of their funding sources and have been unable to originate or acquire any additional assets. This has left spreads on many prime assets uncharacteristically wide (i.e., jumbo mortgages) and may prove to be opportunities for banks to take back market share and earn higher yields on their assets.

The world is now currently in the process of repricing risk premiums across the credit spectrum, causing spreads to widen — a dynamic that has led to an ugly month for the financial sector this month. Just like all credit cycles, it will take a great deal of time until markets get comfortable with credit quality going forward. With that said, the “contained” is no longer up for debate and the question we now look to answer is, how far and how long does this subprime “contagion” spread throughout the credit markets and, more importantly, the overall economy?

Federal Reserve Aggregate Bank Data

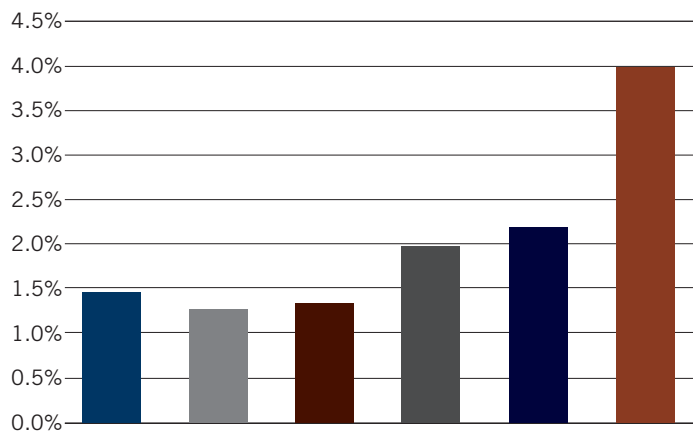
	7/2006	11/2006	12/2006	1/2007	2/2007	3/2007	4/2007	5/2007	6/2007	7/2007	MoM	YoY
ASSETS												
Securities												
Secs in Bank Credit	2,195	2,219	2,221	2,213	2,230	2,260	2,272	2,283	2,302	2,312	0.5%	5.3%
Treasury & Agency	1,212	1,206	1,192	1,195	1,200	1,209	1,186	1,175	1,179	1,184	0.4%	-2.3%
Other	984	1,013	1,029	1,018	1,030	1,051	1,086	1,107	1,123	1,131	0.8%	15.0%
Loans and Leases												
C&I	1,130	1,180	1,190	1,193	1,202	1,211	1,218	1,242	1,259	1,278	1.5%	13.1%
Real Estate	3,128	3,301	3,324	3,345	3,372	3,316	3,373	3,395	3,413	3,422	0.3%	9.4%
Consumer	722	729	736	744	744	741	747	752	762	770	1.0%	6.5%
Other	549	513	518	518	523	525	540	542	574	585	2.0%	6.7%
Other Assets	791	813	831	842	852	850	853	854	867	880	1.6%	11.4%
Total Assets	9,310	9,613	9,701	9,751	9,828	9,807	9,905	9,972	10,031	10,121	0.9%	8.7%
LIABILITIES												
Deposits												
Transaction	640	647	631	646	634	640	636	649	623	610	-2.0%	-4.6%
Nontransaction	5,400	5,596	5,674	5,695	5,706	5,763	5,836	5,703	5,655	5,692	0.7%	5.4%
Large time	1,616	1,726	1,726	1,730	1,748	1,778	1,818	1,803	1,779	1,774	-0.2%	9.8%
Other	3,783	3,870	3,948	3,965	3,959	3,985	4,018	3,901	3,876	3,918	1.1%	3.6%
Borrowings	1,801	1,945	1,957	1,958	1,972	1,984	1,980	2,059	2,096	2,115	0.9%	17.4%
Other Liabilities	553	571	577	572	578	588	600	596	604	600	-0.6%	8.7%
Total Liabilities	8,512	8,765	8,870	8,889	8,910	8,916	9,025	8,959	8,955	9,068	1.3%	6.5%
Residual (assets less liabilities)	798	848	831	862	917	891	880	1,012	1,075	1,053	-2.1%	32.0%

all values in \$ billions

SOURCE: Federal Reserve Documents

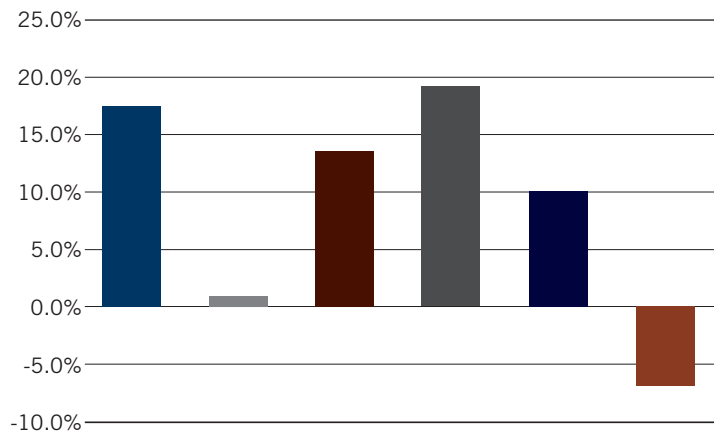
Major Market Index Performance

August 2007



SOURCE: Bloomberg, LLC

Last Twelve Months



SOURCE: Bloomberg, LLC

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

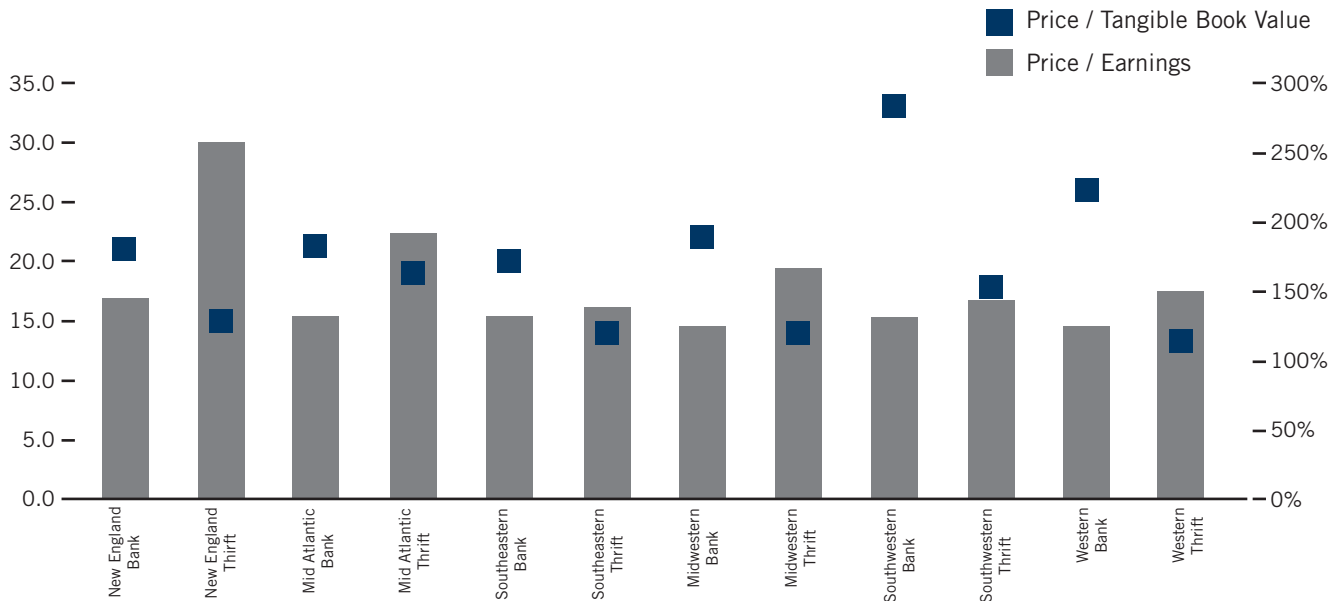
	9/2006	10/2006	11/2006	12/2006	1/2007	2/2007	3/2007	4/2007	5/2007	6/2007	7/2007	8/2007
Dow Jones	2.8%	3.4%	1.2%	2.0%	1.3%	-2.8%	0.7%	5.7%	4.3%	-1.6%	-1.5%	1.4%
S&P Financial	4.1%	2.3%	0.2%	3.7%	0.7%	-3.3%	-0.9%	4.0%	2.0%	-4.3%	-7.9%	1.3%
S&P 500	2.5%	3.2%	1.6%	1.3%	1.4%	-2.2%	1.0%	4.3%	3.3%	-1.8%	-3.2%	1.3%
NASDAQ	3.4%	4.8%	2.7%	-0.7%	2.0%	-1.9%	0.2%	4.3%	3.1%	0.0%	-2.2%	2.0%
Russell 2000	0.7%	5.7%	2.5%	0.2%	1.6%	-0.9%	0.9%	1.7%	4.0%	-1.6%	-6.9%	2.2%
NASDAQ Bank	0.4%	1.7%	0.6%	2.0%	-1.5%	-1.3%	-1.7%	-1.9%	1.8%	-3.4%	-7.9%	4.0%

SOURCE: Bloomberg, LLC

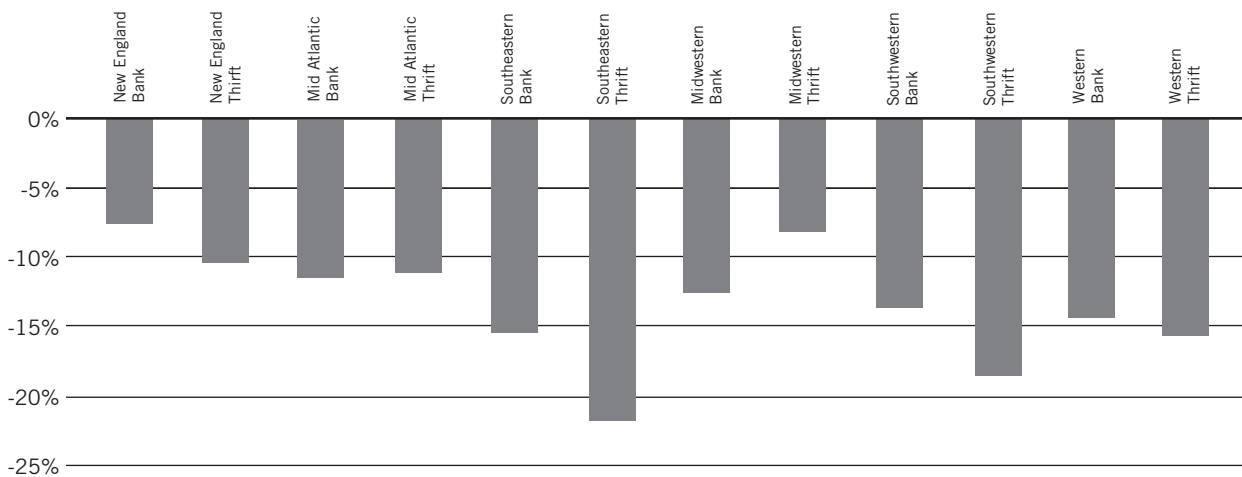
Bank and Thrift Index Valuations

		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	19.6	16.6	177%	146%	251%	180%	0.9%	-7.8%	-7.1%	23
	Thrift	19.4	30.3	123%	119%	148%	133%	4.2%	-10.1%	-5.9%	22
Mid Atlantic	Bank	13.0	15.7	167%	157%	275%	184%	2.9%	-11.7%	-10.4%	94
	Thrift	21.0	23.0	146%	133%	233%	155%	3.8%	-11.1%	-8.0%	58
Southeastern	Bank	12.8	14.6	153%	140%	272%	172%	0.2%	-15.6%	-13.2%	140
	Thrift	20.0	15.9	121%	116%	147%	127%	-0.5%	-21.9%	-20.7%	13
Midwestern	Bank	13.3	14.2	206%	134%	311%	186%	3.2%	-12.3%	-10.0%	93
	Thrift	12.2	18.4	175%	107%	193%	125%	1.6%	-8.1%	-5.4%	48
Southwestern	Bank	14.4	15.4	180%	182%	292%	268%	7.4%	-13.5%	-11.5%	19
	Thrift	15.8	16.2	214%	140%	260%	149%	-2.6%	-18.0%	-27.5%	5
Western	Bank	14.6	14.5	202%	190%	264%	223%	4.9%	-14.4%	-11.8%	72
	Thrift	16.1	17.9	128%	117%	152%	118%	4.6%	-15.8%	-9.6%	17

Index Valuations



YTD Price Performance



Economic Data Points - August 2007

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
8/1	Pending Home Sales MoM	JUN	-0.50%	5.00%	-3.50%	8/15	NAHB Housing Market Index	AUG	23	22	24
8/1	ISM Manufacturing	JUL	55	53.8	56	8/16	Housing Starts	JUL	1400K	1381K	1467K
8/1	ISM Prices Paid	JUL	67	65	68	8/16	Building Permits	JUL	1400K	1373K	1406K
8/1	Total Vehicle Sales	JUL	16.0M	15.5M	15.6M	8/17	Federal Reserve Intermeeting Discount Rate Cut to	5.75%			
8/3	Unemployment Rate	JUL	4.50%	4.60%	4.50%	8/20	Leading Indicators	JUL	0.40%	0.40%	-0.30%
8/3	ISM Non-Manufacturing	JUL	59	55.8	60.7	8/24	Durable Goods Orders	JUL	1.00%	5.90%	1.40%
8/7	FOMC Rate Decision Expected	7-Aug	5.25%	5.25%	5.25%	8/24	Durables Ex Transportation	JUL	0.60%	3.70%	-0.50%
8/7	Consumer Credit	JUN	\$5.8B	\$13.2B	\$12.9B	8/24	New Home Sales	JUL	820K	870K	834K
8/8	Wholesale Inventories	JUN	0.40%	0.50%	0.50%	8/24	New Home Sales MoM	JUL	-1.70%	2.80%	-6.60%
8/10	Import Price Index (MoM)	JUL	1.00%	1.50%	1.00%	8/27	Existing Home Sales	JUL	5.70M	5.75M	5.75M
8/10	Import Price Index (YoY)	JUL	2.50%	2.80%	2.30%	8/27	Existing Home Sales MoM	JUL	-0.90%	-0.20%	-3.80%
8/13	Business Inventories	JUL	0.40%	0.40%	0.50%	8/28	S&P/CS Composite-20 YoY	JUN	-3.30%	-3.50%	-2.80%
8/14	Trade Balance	JUL	-\$61.0B	-\$58.1B	-\$60.0B	8/28	S&P/Case-Shiller Home Price Index	JUN	--	199.2	200
8/14	Producer Price Index (MoM)	JUL	0.20%	0.60%	-0.20%	8/28	S&P/Case-Shiller US HPI	2Q	--	183.9	186
8/14	PPI Ex Food & Energy (MoM)	JUL	0.20%	0.10%	0.30%	8/28	S&P/Case-Shiller US HPI YoY %	2Q	--	-3.20%	-1.40%
8/14	Producer Price Index (YoY)	JUL	3.40%	4.00%	3.30%	8/28	Minutes of August 7 FOMC Meeting				
8/14	PPI Ex Food & Energy (YoY)	JUL	2.50%	2.30%	1.80%	8/30	GDP Annualized	2Q P	4.10%	4.00%	3.40%
8/15	Consumer Price Index (MoM)	JUL	0.10%	0.10%	0.20%	8/30	Personal Consumption	2Q P	1.50%	1.40%	1.30%
8/15	CPI Ex Food & Energy (MoM)	JUL	0.20%	0.20%	0.20%	8/30	GDP Price Index	2Q P	2.70%	2.70%	2.70%
8/15	Consumer Price Index (YoY)	JUL	2.40%	2.40%	2.70%	8/30	Core PCE QoQ	2Q P	1.40%	1.30%	1.40%
8/15	CPI Ex Food & Energy (YoY)	JUL	2.20%	2.20%	2.20%	8/30	House Price Index QoQ	2Q	0.30%	0.10%	0.50%
8/15	CPI Core Index SA	JUL	--	210.933	210.436	8/31	Personal Income	JUL	0.30%	0.50%	0.40%
8/15	Consumer Price Index NSA	JUL	208.387	208.299	208.352	8/31	Personal Spending	JUL	0.30%	0.40%	0.10%
8/15	Empire Manufacturing	AUG	18	25.1	26.5	8/31	PCE Deflator (YoY)	JUL	2.10%	2.10%	2.30%
8/15	Industrial Production	JUL	0.30%	0.30%	0.50%	8/31	PCE Core (MoM)	JUL	0.20%	0.10%	0.10%
8/15	Capacity Utilization	JUL	81.70%	81.90%	81.70%	8/31	PCE Core (YoY)	JUL	2.00%	1.90%	1.90%

SOURCE: Bloomberg, LLC

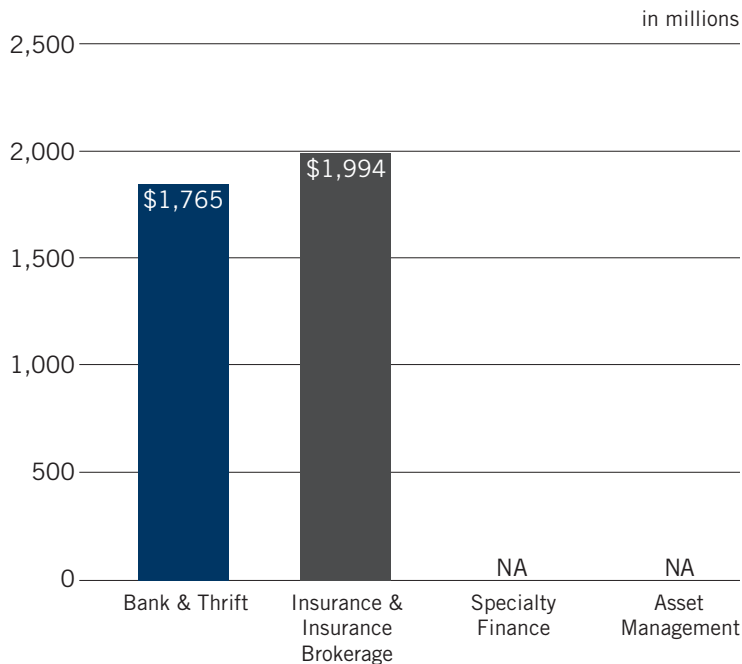
Economic Data Points - September 2007

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
9/4	ISM Manufacturing	AUG	53	--	53.8	9/19	Consumer Price Index (MoM)	AUG	--	--	0.10%
9/4	ISM Prices Paid	AUG	63	--	65	9/19	CPI Ex Food & Energy (MoM)	AUG	--	--	0.20%
9/4	Construction Spending MoM	JUL	0.00%	--	-0.30%	9/19	Consumer Price Index (YoY)	AUG	--	--	2.40%
9/4	Total Vehicle Sales	AUG	15.7M	--	15.5M	9/19	CPI Ex Food & Energy (YoY)	AUG	--	--	2.20%
9/4	Domestic Vehicle Sales	AUG	11.9M	--	11.7M	9/19	Housing Starts	AUG	--	--	1381K
9/5	Challenger Job Cuts YoY	AAUG	--	--	15.40%	9/19	Building Permits	AUG	--	--	1373K
9/5	Pending Home Sales MoM	JUL	-2.00%	--	5.00%	9/19	CPI Core Index SA	AUG	--	--	210.933
9/5	Fed's Beige Book										
9/6	Nonfarm Productivity	2Q F	2.40%	--	1.80%	9/19	Consumer Price Index NSA	AUG	--	--	208.299
9/6	ISM Non-Manufacturing	AUG	54.5	--	55.8	9/25	S&P/Case-Shiller Home Price	JUL	--	--	--
9/6	ISCS Chain Store Sales YoY	AUG	2.50%	--	2.60%	9/25	S&P/CS Composite-20 YoY	JUL	--	--	-3.50%
9/7	Change in Nonfarm Payrolls	AUG	108K	--	92K	9/25	S&P/Case-Shiller Home Price Index	JUL	--	--	--
9/7	Unemployment Rate	AUG	4.60%	--	4.60%	9/25	S&P/Case-Shiller Home Price YoY	JUL	--	--	--
9/7	Wholesale Inventories	JUL	0.40%	--	0.50%	9/25	Consumer Confidence	SEP	--	--	105
9/10	Mortgage Delinquencies	2Q	--	--	--	9/25	Existing Home Sales	AUG	--	--	5.75M
9/10	Consumer Credit	JUL	\$8.2B	--	\$13.2B	9/25	Existing Home Sales MoM	AUG	--	--	--
9/11	Trade Balance	JUL	-\$58.7B	--	-\$58.1B	9/26	Durable Goods Orders	AUG	--	--	5.90%
9/14	Import Price Index (MoM)	AUG	0.40%	--	1.50%	9/26	Durables Ex Transportation	AUG	--	--	3.70%
9/14	Import Price Index (YoY)	AUG	--	--	2.80%	9/27	GDP Annualized	2Q F	--	--	4.00%
9/14	Industrial Production	AUG	0.30%	--	0.30%	9/27	Personal Consumption	2Q F	--	--	1.40%
9/14	Capacity Utilization	AUG	82.00%	--	81.90%	9/27	GDP Price Index	2Q F	--	--	2.70%
9/14	Business Inventories	JUL	0.40%	--	0.40%	9/27	Core PCE QoQ	2Q F	--	--	1.30%
9/17	Empire Manufacturing	SEP	--	--	25.1	9/27	New Home Sales	AUG	--	--	870K
9/18	Producer Price Index (MoM)	AUG	--	--	0.60%	9/27	New Home Sales MoM	AUG	--	--	2.80%
9/18	PPI Ex Food & Energy (MoM)	AUG	--	--	0.10%	9/28	Personal Income	AUG	--	--	0.50%
9/18	Producer Price Index (YoY)	AUG	--	--	4.00%	9/28	Personal Spending	AUG	--	--	0.40%
9/18	PPI Ex Food & Energy (YoY)	AUG	--	--	2.30%	9/28	PCE Deflator (YoY)	AUG	--	--	2.10%
9/18	NAHB Housing Market Index	SEP	--	--	22	9/28	PCE Core MoM	AUG	--	--	0.10%
9/18	FOMC Rate Decision Expected	18-Sep	5.00%	--	5.25%	9/28	PCE Core (YoY)	AUG	--	--	1.90%
						9/28	Construction Spending (MoM)	AUG	--	--	-0.40%

SOURCE: Bloomberg, LLC

M&A Transaction Update

Announced Transactions - August 2007



source: SNL Financial

Hovde Financial Deal Alert

Pinnacle and Mid-America to Combine, Forming Largest Community Bank in Tennessee

Hovde Financial is pleased to announce a merger between \$1.1 billion Nashville, TN-based Mid-America Bancshares, Inc. and \$2.3 billion Nashville, TN-based Pinnacle Financial Partners, Inc. (NASDAQ: PNFP), a transaction currently valued at \$221 million. This transaction creates the largest institution headquartered in the Nashville MSA and, perhaps more notably, the second largest independent institution in the entire state of Tennessee, after only First Horizon. Hovde initiated merger discussions, served as exclusive financial advisor to Mid-America, negotiated the transaction, and delivered a Fairness Opinion to Mid-America's Board of Directors. This is the sixth Tennessee transaction Hovde has announced in recent years, representing approximately \$775 million in aggregate transaction value. This is also Hovde's 17th transaction so far in 2007, with an aggregate deal value in excess of \$2.1 billion.

Note: Hovde data used in these calculations is more current than SNL Financial data used in "Bank and Thrift Transactions."

Deal Count - August 2007

Bank & Thrift	19
Insurance & Insurance Brokerage	25
Specialty Finance	9
Asset Management & Broker/Dealer	6

SOURCE: SNL Financial

Deal Count - 2007

Bank & Thrift	194
Insurance & Insurance Brokerage	202
Specialty Finance	88
Asset Management & Broker/Dealer	122

SOURCE: SNL Financial

Top Financial Advisors in Bank and Thrift Transactions

Trailing 12 Months, Sell-Side Advisory Transactions

Rank	Firm	# of Deals
1	Keefe, Bruyette & Woods, Inc.	33
2	Sandler O'Neill & Partners, LP	31
3	Hovde Financial	28
4	Howe Barnes Hofer & Arnett, Inc.	21
5	Stifel, Nicolaus & Company, Inc.	14
6	Sheshunoff & Co. Investment Banking LP	10
7	McAdams Wright Ragen, Inc.	8
7	SAMCO Capital Markets, Inc.	8
9	Professional Bank Services Inc.	5

SOURCE: SNL Financial (data from 07/31/2006 - 08/31/2007)

Bank & Thrift Transactions - August 2007

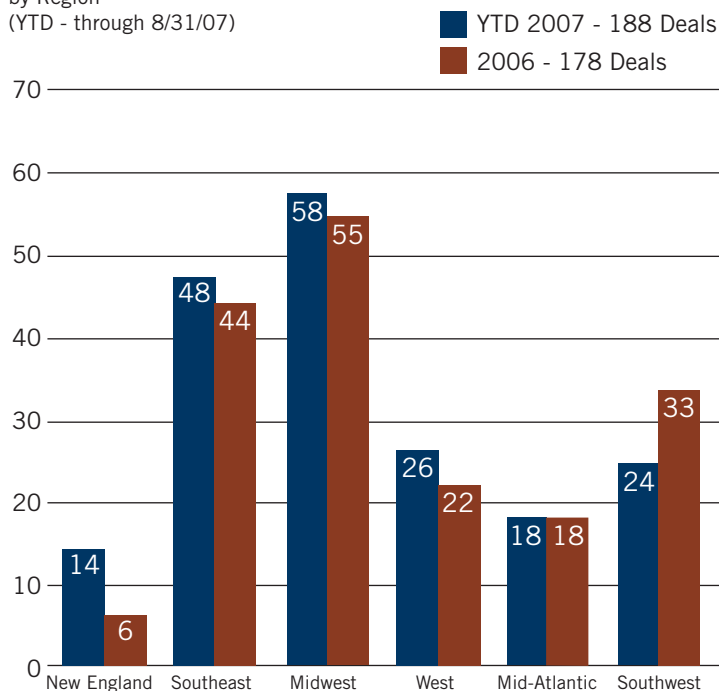
Buyer	Buyer State	Target	Target State	Announced	DV (\$MM)	P/LTM Ern	P/TBV (%)	Core Deposit Premium (%)
ABCT Holdings, Inc.	TX	State Bank of Jewett	TX	08/02/2007	7	16.3	199.9	12.2
Belvedere Capital Partners II LLC	CA	First Heritage Bank, NA	CA	08/01/2007	47	NA	NA	NA
Belvedere Capital Partners II LLC	CA	Spectrum Bank	CA	08/01/2007	37	28.1	298.2	23.4
Camden National Corporation	ME	Union Bancshares Company	ME	08/13/2007	73.3	18.8	207.6	11.9
Community Bancorp.	VT	LyndonBank	VT	08/01/2007	26.7	34.0	191.5	12.2
Community First, Inc.	TN	First National Bank of Centerville	TN	08/01/2007	22.8	23.7	152.5	10.0
Fidelity Homestead Savings Bank	LA	Your Bank	LA	08/10/2007	7.8	NM	203.8	11.4
Fifth Third Bancorp	OH	First Charter Corporation	NC	08/15/2007	1088.6	22.6	297.3	26.9
First Banks, Inc.	MO	Coast Financial Holdings, Inc.	FL	08/03/2007	22.1	NM	40.2	NM
First Corbin Bancorp, Inc.	KY	Eagle Fidelity, Inc.	KY	08/14/2007	40.8	24.2	197.4	18.2
First National Bancshares, Inc.	SC	Carolina National Corporation	SC	08/26/2007	59.3	29.7	176.6	25.0
Home Bancshares, Inc.	AR	Centennial Bancshares, Inc.	AR	08/24/2007	29.6	25.7	218.2	19.4
IBT Bancorp, Inc.	MI	Greenville Community Financial Corp.	MI	08/21/2007	34.4	36.1	293.8	33.9
LCNB Corp.	OH	Sycamore National Bank	OH	08/14/2007	9.7	36.4	211.9	13.5
Pinnacle Financial Partners, Inc.	TN	Mid-America Bancshares, Inc.	TN	08/15/2007	196.9	41.8	229.4	19.4
Popular, Inc.	PR	Citibank, N.A. retail business	PR	08/09/2007	NA	NA	NA	NA
Saint Martin Bancshares, Inc.	LA	American Bank	LA	08/27/2007	15.1	17.9	176.7	14.5
SCBT Financial Corporation	SC	TSB Financial Corporation	NC	08/29/2007	43.4	31.1	256.3	24.4
M&F Bancorp, Inc.	NC	Mutual Community Savings Bank, Inc., SSB	NC	08/09/2007	3.2	NM	51.2	NM

* deals in bold represent Hovde Financial advisory transactions

SOURCE: SNL Financial

Bank & Thrift Transactions

by Region
(YTD - through 8/31/07)



SOURCE: SNL Financial

Deal Pricing by Region - YTD

Region	Deal Value	Price/TBV	P/ LTM Ern	P/ Core Dep Prem
New England	\$6,700	267.0	20.0	22.0
Southeast	\$14,940	240.5	26.9	23.8
Midwest	\$26,109	230.4	28.2	17.0
West	\$5,215	221.9	26.3	20.3
Mid-Atlantic	\$4,396	240.3	29.3	20.1
Southwest	\$587	255.5	23.5	19.6
Average		244.7	26.9	20.4

SOURCE: SNL Financial

Deal Pricing by Quarter

Quarter	Deal Value	Price/TBV	P/ LTM Ern	P/ Core Dep Prem
2Q2005	\$3,488	221.9	27.3	16.0
3Q2005	\$9,887	241.2	23.3	18.6
4Q2005	\$4,701	226.0	25.0	18.1
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	256.5	26.2	21.1
1Q2007	\$20,945	269.1	27.7	23.8
2Q2007	\$30,953	234.0	26.4	18.1
3Q2007	\$5,955	238.8	26.2	19.6

SOURCE: SNL Financial

Insurance and Insurance Brokerage Transactions - August 2007

Buyer	Target	Announced	DV (\$MM)
CIGNA Corporation	Sagamore Health Network, Inc.	8/01/2007	NA
Arthur J. Gallagher & Co.	Strategic Health Plans Corporation	8/01/2007	NA
Brown & Brown, Inc.	Weilage Benefit Specialists, Inc.	8/01/2007	NA
Fidelity National Financial, Inc.	ATM Holdings, Inc.	8/01/2007	100.0
Hub International Limited	Rigg Group	8/01/2007	NA
National City Corporation	Thompson Associates, Inc.	8/01/2007	NA
Hub International Limited	Jacobs & Jacobs, Inc.	8/06/2007	NA
Hub International Limited	Templeton Southwest Insurance Agency, Inc.	8/06/2007	NA
MetLife, Inc.	SafeGuard Health Enterprises, Inc.	8/06/2007	NA
First Kentucky Insurance	Kentucky National Insurance Company	8/08/2007	NA
Undisclosed Buyer	Annuity & Life Reassurance America, Inc.	8/08/2007	11.6
HealthSpring, Inc.	Leon Medical Centers Health Plans, Inc.	8/09/2007	401.3
American International Group, Inc.	Wurttembergische und Badische Versicherungs-AG	8/10/2007	NA
SPARTA Insurance Holdings, Inc.	American Employers' Insurance Company	8/10/2007	NA
North American Insurance Leaders, Inc.	Deep South Holding, L.P.	8/10/2007	175.0
AEGON, N.V.	Merrill Lynch Life Insurance Companies	8/13/2007	1,301.0
Montpelier Re Holdings Ltd.	General Agents Insurance Company of America, Inc.	8/13/2007	NA
Comegys Insurance Agency, Inc.	Florida Contractor Insurance, Inc.	8/13/2007	NA
Brown & Brown, Inc.	Muirfeld Insurance Inc.	8/15/2007	NA
Muenchener Rueckversicherungs-Gesellschaft AG	Cairnstone Inc.	8/20/2007	NA
Northeast Bancorp	Hartford Insurance Agency	8/30/2007	NA
BancorpSouth, Inc.	Insurance Network, Inc.	8/31/2007	NA
Brown & Brown, Inc.	Market Solution Managers Inc.	8/31/2007	NA
Brown & Brown, Inc.	Princeton Risk Managers, Inc.	8/31/2007	NA
W.R. Berkley Corporation	CGH Insurance Group, Inc.	8/31/2007	NA

SOURCE: SNL Financial

Specialty Finance Transactions - August 2007

Buyer	Target	Announced	DV (\$MM)
KeyCorp	Tuition Management Systems, Inc.	8/01/2007	NA
KBC Bankassurance Holding NV	Vertical Lend	8/08/2007	NA
ViewPoint MHC	Bankers Financial Mortgage Group, Ltd.	8/14/2007	NA
Arco Capital Corporation	Luminent Mortgage Capital, Inc.	8/16/2007	NA
BB&T Corporation	Collateral Real Estate Capital, LLC	8/20/2007	NA
Love Savings Holding Company	St. Louis assets of Merrlin Mortgage Corp.	8/28/2007	NA
Ryder System, Inc.	Pollock Rentals Limited	8/29/2007	NA
FleetCor Technologies Operating Company, LLC	Chevron commercial credit card business	8/30/2007	NA
General Electric Company	Chevron consumer credit card business	8/30/2007	NA

SOURCE: SNL Financial

Asset Management Transactions - August 2007

Buyer	Target	Announced	DV (\$MM)
Lehman Brothers Holdings Inc.	Rio Bravo mergers & acquisitions unit	8/01/2007	NA
Ameriprise Financial, Inc.	Convivo Capital Management, Ltd.	8/13/2007	NA
Lehman Brothers Holdings Inc.	Institutional Equity Group of Brics Securities	8/14/2007	NA
Interactive Brokers Group, Inc.	Specialist operations of Kellogg Capital Group LLC	8/21/2007	NA
Popular, Inc.	Broker/dealer operations of Smith Barney	8/30/2007	NA
Savannah Bancorp, Inc.	Minis & Co., Inc.		

SOURCE: SNL Financial