



Hovde

Financial Institutions
Monthly Overview

Capital Markets
Economic Data Review
M&A Statistics

February 2007

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February 2007 - Hovde Monthly Overview

Economic Outlook.....	page 1
Capital Markets	page 3
Proprietary Index Valuations.....	page 4
Economic Data Review	page 5
Mergers & Acquisitions.....	page 6
Hovde Spotlight.....	page 9

About Hovde

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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. After the February edition, this will be an e-mail only publication.

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Alert: Subprime Mortgage Meltdown

After arguably one of the greatest bull markets in the history of both the housing and mortgage markets, we have finally begun to see some significant cracks develop within the mortgage market that helped fuel so much of the recent housing boom. Those “cracks” are nowhere more apparent than they are right now in the realm of subprime and other exotic mortgage products (e.g., Interest-Only, Option ARMs, piggy-back home equity, and low or no-doc loans).

Although delinquencies and so-called “early payment defaults” have been on the rise in the subprime mortgage market for the last year, this deterioration in credit really only began to get noticed by many in the fourth quarter of 2006 with the public announcements that a number of subprime lenders were basically being forced to shut down their operations or, in quite a few cases, file for bankruptcy protection – with the bankruptcy of the 17th largest subprime lender in the U.S., California-based Ownit Mortgage, leading the way. Since then, we have seen many more follow suit with the total number of subprime originators shutting down, declaring bankruptcy or selling themselves at significantly depressed prices reaching a staggering 33 as of the writing of this update (see an interesting new website, www.ml-implode.com, for a complete review) – with quite a few more teetering on the edge.

At the heart of all of these problems has been the significant excess liquidity in the credit markets and generally carefree attitude towards credit held by many fixed income investors (e.g., CDO investors), coupled with the determination of the mortgage companies to maintain their origination volumes in the face of rising interest rates and a slowing housing market. As a result, most originators further relaxed their already loose underwriting standards and came up with even more aggressive loan products and financing options in an effort to keep up their volumes – allowing many homebuyers and investors to purchase homes they wouldn’t otherwise be able to afford using loans they would never be able to pay. This dynamic, coupled with flat to declining home prices across most of the country, has led to a surge in delinquent

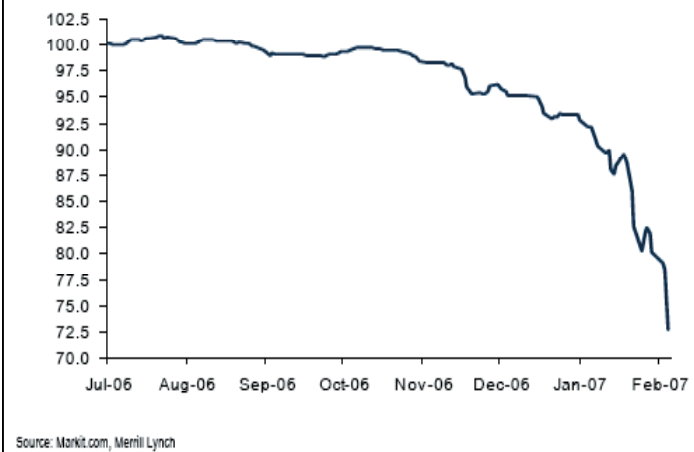
subprime loans over the past year and forced many mortgage originators to repurchase significant amounts of previously sold loans that were either improperly underwritten or became delinquent in the first few months after origination (i.e., early payment defaults). As a result, many subprime lenders have been forced into a liquidity crisis as their businesses have become unprofitable and they lack the funding and capital to absorb the escalating wave of repurchase requests.

One other issue that has not been as publicized in the media as the recent spike in delinquencies and foreclosures is the growing amount of fraud that has become prevalent in the industry as originators have struggled to qualify subprime borrowers for many of these exotic mortgage products. In addition to many brokers increasingly falsifying or “stretching” income and asset levels to qualify certain borrowers, they have also increasingly been using aggressive appraisals to ensure that certain lender-imposed loan-to-value requirements are met in order to qualify the borrower for the loan. This is a topic that will become even more important over the coming months as lenders and investors start asking more and more how all of these delinquent homebuyers obtained mortgages they couldn’t afford in the first place and why the actual collateral backing those loans is not worth anything near the level at which it was originally appraised.

A popular index used to track this increasing level of credit risk in the subprime mortgage market is the ABX Index (see below), which was developed in mid-2006. This index acts as a gauge of investor sentiment towards the perceived credit risk of the lowest levels or tranches (BBB-s) of a basket of recent subprime mortgage securitizations and has become closely followed in recent months as more and more investors and institutions became aware of the inherent risks in the industry. It is clearly evident that towards the end of 2006 we began to see the effects of the loosening credit standards and overall credit deterioration without the benefit of increasing home prices to act as a buffer.

Growing Evidence of Strain in the Mortgage Market

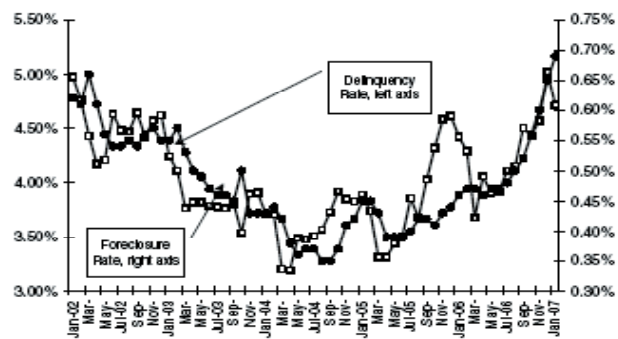
ABX-HE-BBB-06-2 (index level)



As subprime originators and Wall Street investment banks have continued to try to package these loans into asset backed securities, we have seen investors demand higher and higher spreads to hold on to the lower-rated securities – gradually taking out some of the excess liquidity in the market that contributed to a lot of the poor underwriting. As a result, issuers are finding it increasingly difficult to sell these lower-rated securities as investors now have a much more limited appetite for the risks associated with subprime loans – further reducing liquidity in the market and subprime borrowers’ access to credit, which may only serve to exacerbate the current credit issues in the near- to mid-term.

A quick look at the graph helps demonstrate the substantial increases in both delinquencies and foreclosures witnessed in the mortgage market recently. Many industry experts have labeled the 2006 vintage of originated mortgages some of the worst in recent times.

Delinquency and Foreclosure Trends



Another major development on the liquidity front has recently surfaced where one of the largest purchasers of subprime loans in the secondary market, Freddie Mac, announced that it will “cease buying subprime mortgages that have a high likelihood of excessive payment shock and possible foreclosure.” They will now only buy subprime adjustable-rate mortgages that qualify borrowers at the fully-indexed and fully-amortizing rate. On top of that, the company will limit the use of low-documentation underwriting for these types of mortgages. The implications for this are huge as Freddie Mac is one of the largest purchasers of subprime mortgages and helps dictate to the lenders what their standards should be. Tighter underwriting standards will inevitably lead to lower origination volumes and a decline in housing demand as fewer consumers are able to obtain credit.

While most of these issues were originally thought by many to be contained within the subprime sector, we have recently seen similar issues with delinquencies and defaults spill over into the Alt-A mortgage market (the area between subprime and prime) as well as many of the other types of exotic mortgage products. A substantial amount of these mortgages were originated with little, if any, documentation of income or assets, and include interest rate adjustment features that have started to result in significant payment shock for many borrowers – an issue that will only get worse as the year progresses. All of these issues warrant close scrutiny over the coming months as rising delinquencies and foreclosures and a general tightening of underwriting standards and contraction of liquidity will likely put further pressure on a housing market that has already come under significant pressure over the past year – ultimately leading to further credit deterioration in the near- to mid-term.

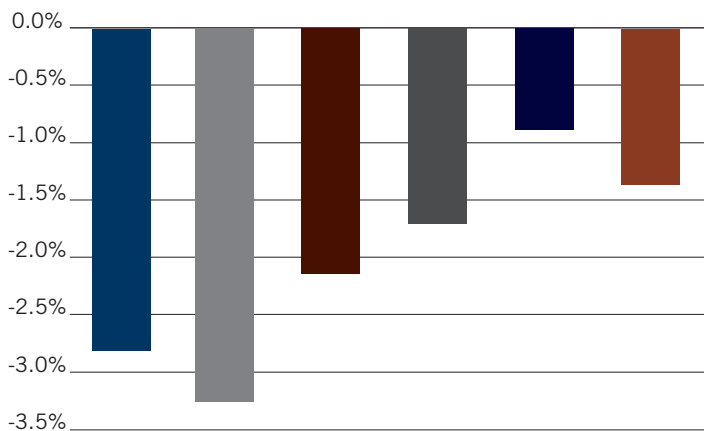
Federal Reserve Aggregate Bank Data

	1/2006	5/2006	6/2006	7/2006	8/2006	9/2006	10/2006	11/2006	12/2006	1/2007	MoM	YoY
ASSETS												
Securities												
Secs in Bank Credit	2,068	2,206	2,189	2,195	2,206	2,191	2,206	2,219	2,221	2,213	-0.4%	7.0%
Treasury & Agency	1,152	1,193	1,199	1,212	1,222	1,210	1,210	1,206	1,192	1,195	0.2%	3.7%
Other	916	1,013	989	984	985	981	996	1,013	1,029	1,018	-1.0%	11.1%
Loans and Leases												
C&I	1,053	1,110	1,118	1,130	1,160	1,165	1,176	1,180	1,190	1,193	0.3%	13.3%
Real Estate	2,942	3,049	3,089	3,128	3,128	3,150	3,296	3,301	3,324	3,345	0.6%	13.7%
Consumer	712	734	729	722	729	727	724	729	736	744	1.1%	4.6%
Other	529	545	547	549	553	550	512	513	518	518	0.2%	-2.0%
Other Assets	721	774	779	791	795	789	821	813	831	842	1.3%	16.9%
Total Assets	8,823	9,224	9,248	9,310	9,354	9,400	9,571	9,613	9,701	9,751	0.6%	10.6%
LIABILITIES												
Deposits												
Transaction	666	677	664	640	662	636	636	647	631	646	2.4%	-3.0%
Nontransaction	5,149	5,301	5,337	5,400	5,403	5,469	5,568	5,596	5,674	5,695	0.4%	10.6%
Large time	1,452	1,573	1,597	1,616	1,655	1,695	1,714	1,726	1,726	1,730	0.2%	19.1%
Other	3,697	3,728	3,740	3,783	3,748	3,774	3,854	3,870	3,948	3,965	0.4%	7.2%
Borrowings	1,748	1,821	1,827	1,801	1,804	1,854	1,910	1,945	1,957	1,958	0.1%	12.0%
Other Liabilities	479	573	554	553	560	554	570	571	577	572	-0.8%	19.4%
Total Liabilities	8,103	8,440	8,448	8,512	8,544	8,569	8,707	8,765	8,870	8,889	0.2%	9.7%
Residual (assets less liabilities)	720	784	800	798	810	830	864	848	831	862	3.7%	19.7%

SOURCE: Federal Reserve Documents

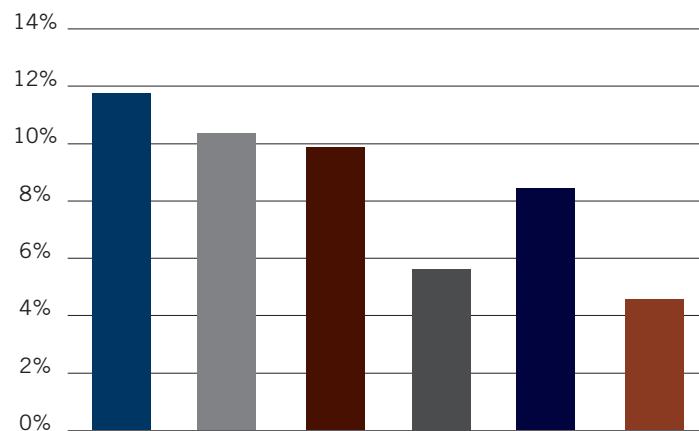
Major Market Index Performance

February 2007



SOURCE: Bloomberg, LLC

Last Twelve Months



SOURCE: Bloomberg, LLC

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

	3/2006	4/2006	5/2006	6/2006	7/2006	8/2006	9/2006	10/2006	11/2006	12/2006	1/2007	2/2007
Dow Jones	1.1%	2.3%	-1.7%	-0.2%	0.3%	1.7%	2.8%	3.4%	1.2%	2.0%	1.3%	-2.8%
S&P Financial	0.1%	4.1%	-3.9%	-0.7%	2.3%	0.8%	4.1%	2.3%	0.2%	3.7%	0.7%	-3.3%
S&P 500	1.1%	1.2%	-3.1%	0.0%	0.5%	2.1%	2.5%	3.2%	1.6%	1.3%	1.4%	-2.2%
NASDAQ	2.0%	-0.2%	-7.1%	-0.3%	-4.2%	4.7%	4.7%	4.7%	3.4%	-1.9%	2.0%	-1.7%
Russell 2000	4.7%	-0.1%	-5.7%	0.5%	-3.3%	2.9%	0.7%	5.7%	2.5%	0.2%	1.6%	-0.9%
NASDAQ Bank	2.0%	0.4%	-1.6%	-0.1%	1.2%	0.8%	0.4%	1.7%	0.6%	2.0%	-1.5%	-1.3%

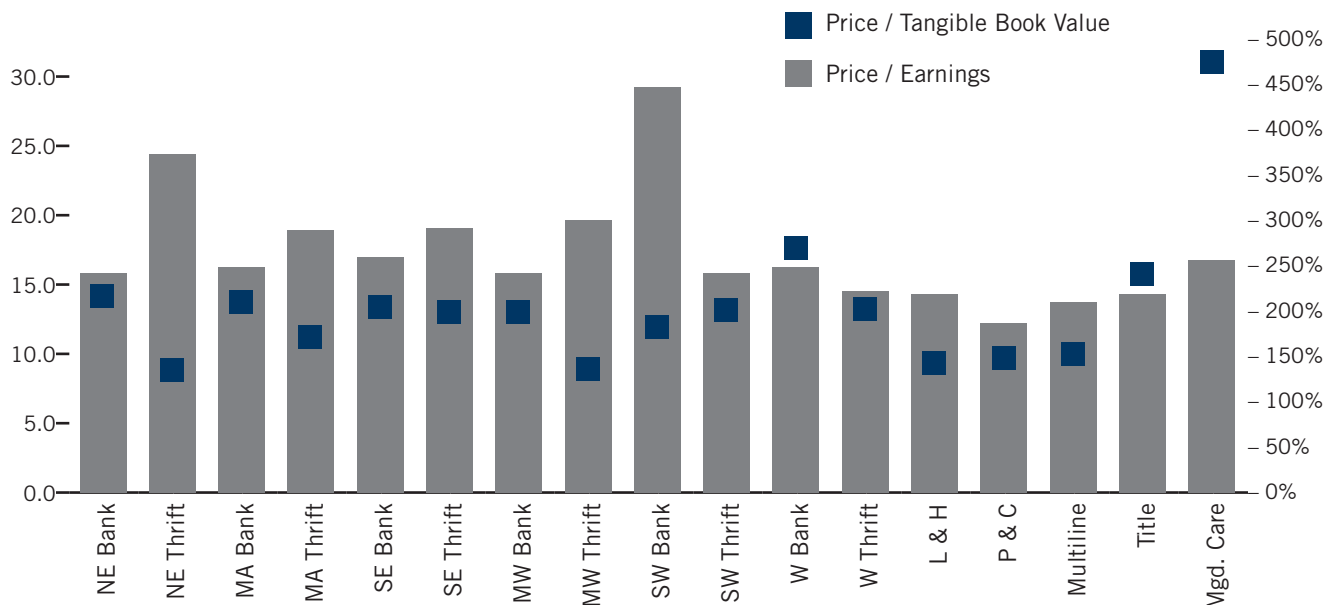
SOURCE: Bloomberg, LLC

Bank and Thrift Index Valuations

		Price / Earnings		Price / Book Value		Price / TBV		Price Performance		
		Weighted Avg	Median	Weighted Avg	Median	Weighted Avg	Median	1 Mo	6 Mo	12 Mo
New England	Bank	17.1	15.6	195%	163%	321%	235%	1.0%	3.0%	5.4%
	Thrift	15.9	24.5	190%	131%	221%	148%	0.1%	2.8%	7.4%
Mid Atlantic	Bank	15.1	16.1	184%	175%	290%	229%	-1.5%	-1.3%	-1.0%
	Thrift	17.5	19.3	159%	157%	236%	180%	-1.2%	1.9%	6.5%
Southeastern	Bank	14.6	16.6	175%	174%	286%	213%	-1.1%	2.2%	5.4%
	Thrift	16.9	19.1	133%	146%	187%	205%	-1.5%	0.3%	2.8%
Midwestern	Bank	14.7	15.5	223%	162%	348%	209%	-1.5%	-0.8%	-0.5%
	Thrift	23.6	19.8	174%	120%	201%	141%	-1.1%	1.2%	1.5%
Southwestern	Bank	19.1	28.3	132%	117%	269%	186%	-1.0%	1.2%	1.1%
	Thrift	23.4	15.4	148%	156%	206%	207%	2.0%	3.7%	12.1%
Western	Bank	15.7	15.9	225%	228%	259%	289%	-2.6%	2.2%	3.9%
	Thrift	11.5	14.0	142%	145%	145%	211%	-3.0%	3.6%	10.4%

Insurance Index Valuations

	Price / Earnings		Price / Book Value		Price / TBV		Price Performance		
	Average	Median	Average	Median	Average	Median	1 Mo	6 Mo	12 Mo
Life & Health	16.2	13.5	134%	133%	160%	153%	-2.1%	7.6%	6.0%
Property & Casualty	13.3	11.4	163%	141%	107%	149%	-0.4%	9.2%	11.4%
Multiline	14.7	12.9	155%	143%	-264%	156%	1.5%	13.6%	15.2%
Title	14.5	14.0	122%	119%	309%	255%	4.8%	16.1%	1.0%
Managed Care	17.4	16.4	310%	239%	419%	470%	1.1%	15.4%	11.6%



Economic Data Points - February 2007

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
2/1	Personal Income	DEC	0.50%	0.50%	0.30%	2/16	PPI Ex Food & Energy (MoM)	JAN	0.20%	0.20%	0.20%
2/1	Personal Spending	DEC	0.70%	0.70%	0.50%	2/16	Producer Price Index (YoY)	JAN	0.40%	0.20%	1.10%
2/1	PCE Deflator (YoY)	DEC	2.20%	2.30%	1.90%	2/16	PPI Ex Food & Energy (YoY)	JAN	1.80%	1.80%	2.00%
2/1	PCE Core (MoM)	DEC	0.20%	0.10%	0.00%	2/16	Housing Starts	JAN	1600K	1408K	1642K
2/1	PCE Core (YoY)	DEC	2.30%	2.20%	2.20%	2/16	Building Permits	JAN	1590K	1568K	1596K
2/1	Pending Home Sales MoM	DEC	0.90%	4.90%	-0.50%	2/16	U. of Michigan Confidence	FEB P	96.5	93.3	96.9
2/2	Change in Nonfarm Payrolls	JAN	150K	111K	167K	2/21	Consumer Price Index (MoM)	JAN	0.10%	0.20%	0.50%
2/2	Unemployment Rate	JAN	4.50%	4.60%	4.50%	2/21	CPI Ex Food & Energy (MoM)	JAN	0.20%	0.30%	0.20%
2/2	Total Vehicle Sales	JAN	16.7M	16.7M	16.8M	2/21	Consumer Price Index (YoY)	JAN	1.90%	2.10%	2.50%
2/2	Domestic Vehicle Sales	JAN	12.7M	12.7M	12.7M	2/21	CPI Ex Food & Energy (YoY)	JAN	2.60%	2.70%	2.60%
2/5	ISM Non-Manufacturing	JAN	57	59	57.1	2/21	CPI Core Index SA	JAN	--	208.632	208.1
2/7	Nonfarm Productivity	4Q P	2.00%	3.00%	0.20%	2/21	Consumer Price Index NSA	JAN	202.3	202.416	201.8
2/7	Consumer Credit	DEC	\$6.0B	\$6.0B	\$12.3B	2/21	Mins of Jan. 31 FOMC Mtg				
2/12	Monthly Budget Statement	JAN	\$40.0B	\$38.2B	\$21.0B	2/27	Existing Home Sales	JAN	6.24M	6.46M	6.22M
2/13	Trade Balance	DEC	-\$59.7B	-\$61.2B	-\$58.2B	2/27	Existing Home Sales MoM	JAN	0.30%	3.00%	-0.80%
2/14	Advance Retail Sales	JAN	0.30%	0.00%	0.90%	2/28	GDP Annualized	4Q P	2.30%	2.20%	3.50%
2/14	Retail Sales Less Autos	JAN	0.40%	0.30%	1.00%	2/28	Personal Consumption	4Q P	4.20%	4.20%	4.40%
2/15	Import Price Index (MoM)	JAN	-1.10%	-1.20%	1.10%	2/28	GDP Price Index	4Q P	1.50%	1.70%	1.50%
2/15	Import Price Index (YoY)	JAN	0.00%	0.10%	2.50%	2/28	Core PCE QoQ	4Q P	2.10%	1.90%	2.10%
2/15	Industrial Production	JAN	0.00%	-0.50%	0.40%	2/28	New Home Sales	JAN	1080K	937K	1120K
2/15	Capacity Utilization	JAN	81.70%	81.20%	81.80%	2/28	New Home Sales MoM	JAN	-3.60%	-16.60%	4.80%
2/16	Producer Price Index (MoM)	JAN	-0.60%	-0.60%	0.90%						

SOURCE: Bloomberg, LLC

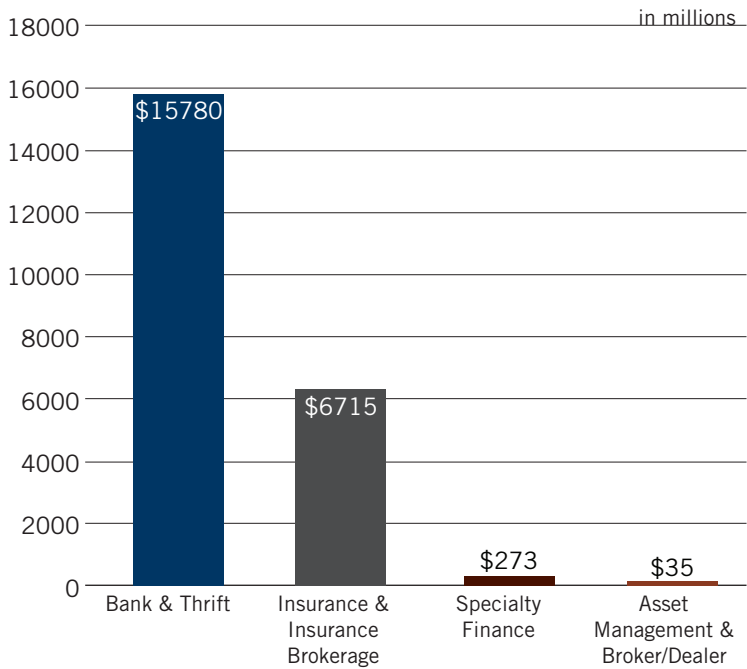
Economic Data Points - March 2007

Date	Event	Period	Survey	Actual	Prior	Date	Event	Period	Survey	Actual	Prior
3/1	PCE Core (MoM)	JAN	0.20%	--	0.10%	3/16	CPI Ex Food & Energy (MoM)	FEB	--	--	0.30%
3/1	PCE Core (YoY)	JAN	2.30%	--	2.20%	3/16	Consumer Price Index (YoY)	FEB	--	--	2.10%
3/1	PCE Deflator (YoY)	JAN	2.30%	--	2.30%	3/16	CPI Ex Food & Energy (YoY)	FEB	--	--	2.70%
3/1	Construction Spending MoM	JAN	-0.50%	--	-0.40%	3/16	CPI Core Index SA	FEB	--	--	208.6
3/1	House Price Index QQ	4Q	--	--	0.90%	3/16	Consumer Price Index NSA	FEB	--	--	202.4
3/1	Total Vehicle Sales	FEB	16.2M	--	16.7M	3/16	Industrial Production	FEB	--	--	-0.50%
3/1	Domestic Vehicle Sales	FEB	12.4M	--	12.7M	3/16	Capacity Utilization	FEB	--	--	81.20%
3/2	U. of Michigan Confidence	FEB F	93.5	--	93.3	3/16	U. of Michigan Confidence	MAR P	--	--	--
3/6	Pending Home Sales MoM	JAN	0.00%	--	4.90%	3/20	Housing Starts	FEB	--	--	1408K
3/7	Fed's Beige Book					3/20	Building Permits	FEB	--	--	1568K
3/7	Consumer Credit	JAN	\$6.9B	--	\$6.0B	3/21	FOMC Rate Decision Expected	21-Mar	5.25%	--	5.25%
3/9	Trade Balance	JAN	-\$60.0B	--	-\$61.2B	3/23	Existing Home Sales	FEB	--	--	6.46M
3/9	Change in Nonfarm Payrolls	FEB	100K	--	111K	3/23	Existing Home Sales MoM	FEB	--	--	3.00%
3/9	Unemployment Rate	FEB	4.60%	--	4.60%	3/26	New Home Sales	FEB	--	--	937K
3/12	Monthly Budget Statement	FEB	--	--	\$38.2B	3/26	New Home Sales MoM	FEB	--	--	-16.60%
3/13	Advance Retail Sales	FEB	--	--	0.00%	3/29	GDP Annualized	4Q F	--	--	2.20%
3/13	Retail Sales Less Autos	FEB	--	--	0.30%	3/29	Personal Consumption	4Q F	--	--	4.20%
3/14	Current Account Balance	4Q	--	--	--	3/29	GDP Price Index	4Q F	--	--	1.70%
3/14	Import Price Index (MoM)	FEB	--	--	-1.20%	3/29	Core PCE QoQ	4Q F	--	--	1.90%
3/14	Import Price Index (YoY)	FEB	--	--	0.10%	3/30	Personal Income	FEB	--	--	--
3/15	Producer Price Index (MoM)	FEB	--	--	0.20%	3/30	Personal Spending	MAR	--	--	--
3/15	PPI Ex Food & Energy (MoM)	FEB	--	--	1.80%	3/30	PCE Deflator (YoY)	FEB	--	--	--
3/15	Producer Price Index (YoY)	FEB	--	--	-0.60%	3/30	PCE Core (MoM)	FEB	--	--	--
3/15	PPI Ex Food & Energy (YoY)	FEB	--	--	0.20%	3/30	PCE Core (YoY)	FEB	--	--	--
3/16	Consumer Price Index (MoM)	FEB	--	--	0.20%	3/30	Construction Spending MoM	FEB	--	--	--

SOURCE: Bloomberg, LLC

Hovde M&A Transaction Update

Announced Transactions - February 2007



SOURCE: SNL Financial

Deal Count - February 2007

Bank & Thrift	24
Insurance & Insurance Brokerage	26
Specialty Finance	7
Asset Management & Broker/Dealer	11

SOURCE: SNL Financial

Deal Count - 1Q2007 (through 2/28/07)

Bank & Thrift	54
Insurance & Insurance Brokerage	61
Specialty Finance	18
Asset Management & Broker/Dealer	23

SOURCE: SNL Financial

Hovde Financial Deal Alert

Capital Bancorp Receives 3.9x TBV

Hovde Financial is pleased to announce its fifth Tennessee transaction in recent years with the February 5th merger announcement between Nashville, TN-based Capital Bancorp, Inc. (NASDAQ: CPBB) and Tupelo, MS-based Renasant Corporation (NASDAQ: RNST). Hovde served as exclusive financial advisor to Capital Bank and delivered a Fairness Opinion to Capital Bancorp's Board of Directors. Based on Renasant's closing price prior to the announcement, the total consideration is valued at \$134.99 million. The aggregate transaction consideration is equivalent to 3.9x book and tangible book value, 32.9x trailing-twelve-months earnings, a core deposit premium of 36.6%, and 23.9% of assets.

Note: Hovde data used in these calculations is more current than SNL Financial data used in "Bank and Thrift Transactions - February 2007."

Top Financial Advisors in Bank and Thrift Transactions

Trailing 12 Months, Sell Side Advisory Transactions

Rank	Firm	# of Deals
1	Hovde Financial	34
2	Keefe, Bruyette & Woods, Inc.	28
3	Sandler O'Neill & Partners, LP	25
4	Howe Barnes Hoefer & Arnett, Inc.	15
5	Ryan Beck & Company, Inc.	11
5	Sheshunoff & Co. Investment Banking LP	9
7	Burke Capital Group, LLC	6
7	Austin Associates, LLC	5
7	Goldman, Sachs & Co.	5

SOURCE: SNL Financial (data from 02/28/2006 - 02/28/2007)

Bank & Thrift Transactions - February 2007

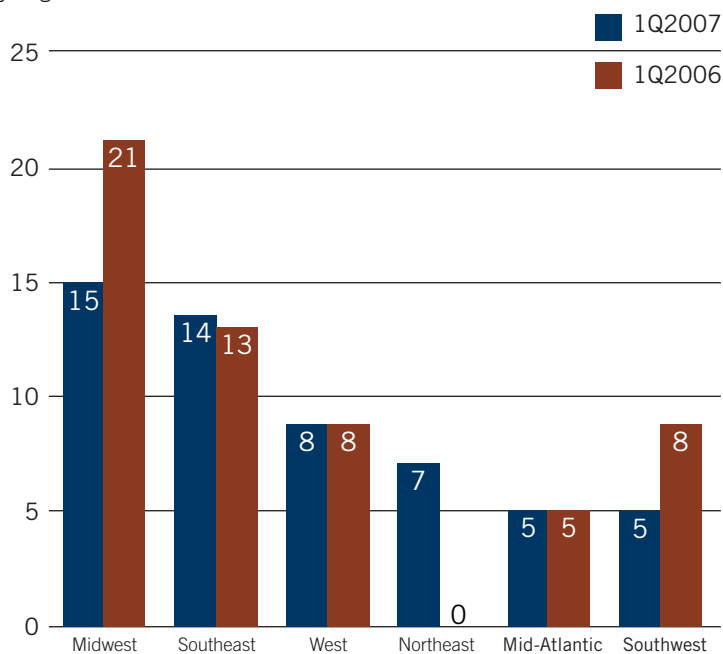
Buyer	Target	Announced	DV (\$MM)	P/LTM Ern	P/TBV (%)	Core Deposit Premium (%)
Belvedere Capital Partners LLC	Professional Business Bank	2/01/2007	44.3	45.1	242.6	17.9
Firstbank Corporation	ICNB Financial Corporation	2/01/2007	38.4	21.7	166.1	9.8
Southwest Bancorp, Inc.	Hart Food Stores, Inc. (Bank of Kansas)	2/02/2007	15.3	31.1	214.5	17.2
State Street Corporation	Investors Financial Services Corp.	2/04/2007	4493.6	28.5	519.2	64.6
Renasant Corporation	Capital Bancorp, Inc.	2/05/2007	136.1	31.4	389.3	37.3
United Community Banks, Inc.	Gwinnett Commercial Group, Inc.	2/05/2007	220.1	20.2	339.6	36.3
Fidelity Company	First National Bank, Oelwein	2/06/2007	NA	NA	NA	NA
First National of Nebraska, Inc.	First Marengo Financial Corporation	2/06/2007	NA	NA	NA	NA
American Bank Holdings, Inc.	Grange Bank	2/06/2007	NA	NA	NA	NA
Institution for Savings in Newburyport	Ipswich Co-operative Bank	2/07/2007	NA	NA	NA	NA
CVB Financial Corp.	First Coastal Bancshares	2/08/2007	35.7	49.4	470.6	20.8
Heritage Commerce Corp.	Diablo Valley Bank	2/08/2007	69.5	24.0	409.1	34.9
Mercantile Bancorp, Inc.	HNB Financial Services, Inc.	2/08/2007	30.2	25.2	184.2	11.5
Marshall & Ilsley Corporation	Excel Bank Corporation	2/09/2007	105.0	28.1	260.7	24.8
Investor group	Globe Bancorp, Inc.	2/14/2007	NA	NA	NA	NA
Banco Bilbao Vizcaya Argentaria, S.A.	Compass Bancshares, Inc.	2/16/2007	10166.9	20.6	NA	NA
1st Source Corporation	Fina Bancorp, Incorporated	2/19/2007	135.0	NM	196.6	15.1
Investor group	County Bancshares, Incorporated	2/19/2007	NA	NA	NA	NA
Lea M. McMullan Trust	Fort Knox National Bancorp, Inc.	2/19/2007	NA	NA	NA	NA
BankFive, MHC	New Bedford Community Bancorp	2/20/2007	NA	NA	NA	NA
1st Pacific Bancorp	Landmark National Bank	2/22/2007	24.6	25.9	196.2	NA
SouthCrest Financial Group, Inc.	Bank of Chickamauga	2/23/2007	18.0	34.8	130.6	10.7
Ridgewood Savings Bank	City & Suburban Financial Corporation	2/23/2007	119.1	18.2	219.0	17.2
LSB Bancshares, Inc.	FNB Financial Services Corporation	2/26/2007	127.7	NM	NM	NA

* deals in bold represent Hovde Financial sell-side advisory transactions

SOURCE: SNL Financial

Bank & Thrift Transactions

by Region



source: SNL Financial

Deal Pricing by Region - 1Q2007

Region	Deal Value	Price/TBV	P/ LTM Ern	P/ Core Dep Prem
New England	\$4,603	394.1	23.1	64.6
Southeast	\$11,785	319.3	24.2	29.6
Midwest	\$372	218.3	25.1	16.8
West	\$2,790	301.2	30.8	21.6
Mid-Atlantic	\$119	218.3	25.1	16.8
Southwest	\$65	229.7	36.5	19.3
Average		280.2	27.5	28.1

SOURCE: SNL Financial

Deal Pricing by Quarter

Quarter	Deal Value	Price/TBV	P/ LTM Ern	P/ Core Dep Prem
4Q2004	\$2,785	218.1	27.2	15.4
1Q2005	\$6,669	229.8	25.7	16.1
2Q2005	\$3,488	221.9	27.3	16.9
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	259.0	25.5	21.9
1Q2007	\$19,915	284.5	27.2	24.5

SOURCE: SNL Financial

Insurance and Insurance Brokerage Transactions - February 2007

Buyer	Target	Announced	DV (\$MM)
QBE Insurance Group Limited	Cumbre Seguros	2/01/2007	NA
USI Holdings Corporation	Countrywide Financial Corporation	2/01/2007	NA
Johnson Financial Group, Inc.	Kaufman/Haumersen-Johnson Insurance Agency	2/05/2007	NA
MGIC Investment Corporation	Radian Group Inc.	2/06/2007	4901.2
National Insurance Programs Group, Inc.	Assets of TJ Sharp & Associates	2/06/2007	NA
Arthur J. Gallagher & Co.	Elite Benefits Insurance Marketing Services, Inc.	2/08/2007	NA
Brown & Brown, Inc.	Shapiro Insurance, Inc.	2/08/2007	NA
Brown & Brown, Inc.	ALCOS, Inc.	2/09/2007	NA
Hub International Limited	Hibernia Insurance Agency, L.L.C.	2/13/2007	NA
Johnson & Strachan Inc.	Progressive Management Associates, L.L.C.	2/13/2007	NA
Arthur J. Gallagher & Co.	Fishermans Insurance Services, Inc.	2/14/2007	NA
Philadelphia Consolidated Holding Corp.	Fitness & Wellness Insurance Agency (renewal rights)	2/14/2007	NA
Beecher Carlson Holdings Inc.	T.R. Jones & Company	2/15/2007	NA
Stewart Information Services Corporation	Gulf Coast Title Co. LLC	2/15/2007	NA
Stewart Information Services Corporation	Title Firstst Inc.	2/15/2007	NA
First Defiance Financial Corp.	Huber, Harger, Welt, & Smith Insurance Agency, Inc.	2/20/2007	NA
American Financial Group, Inc.	Great American Financial Resources, Inc.	2/22/2007	197.7
Maple Tree Acquisition Corp.	Hub International Limited	2/25/2007	1616.3
USI Holdings Corporation	H.W. Gates Agency, Inc.	2/26/2007	NA
Endurance Specialty Holdings Ltd.	American Merchants Casualty Company	2/27/2007	NA
Health Net, Inc.	Healthcare Solutions business	2/27/2007	NA
M.J. Hall & Company, Inc.	Cravens Leffler & McCormick Insurance Services Inc.	2/27/2007	NA
Stewart Information Services Corporation	Hardee County Title & Abstract Company	2/27/2007	NA
American International Group, Inc.	Matrix Direct, Inc.	2/28/2007	NA
National Financial Partners Corp.	Golden & Cohen LLC	2/28/2007	NA
Stewart Information Services Corporation	Title One of Waupaca	2/28/2007	NA

SOURCE: SNL Financial

Specialty Finance Transactions - February 2007

Buyer	Target	Announced	DV (\$MM)
CompuCredit Corporation	ACC Consumer Finance LLC	2/02/2007	NA
IndyMac Bancorp, Inc.	Retail mortgage platform of NYMC	2/06/2007	13.4
Franklin Credit Mangement Corporation	Wholesale lending platform of NYMC	2/07/2007	0.7
Advent International Corporation	Pronto!	2/08/2007	NA
TMSF Holdings Inc.	Central Pacific Mortgage wholesale division	2/14/2007	NA
Silverado Financial, Inc.	Fidelity Capitol Financing Inc.	2/15/2007	NA
Credit-Based Asset Servicing (MGIC)	Fieldstone Investment Corporation	2/16/2007	259.2

SOURCE: SNL Financial



CONCORD

Concord Wealth Management

Hovde Private Equity Advisors LLC is pleased to announce its new partnership with Concord Wealth Management, a provider of comprehensive wealth management platforms to investment advisors (primarily bank wealth management and trust departments) that are moving away from proprietary account management to external professional management.

Hovde's partnership with Concord, which operates as part of the outsourced asset management industry, stems from our assessment of the near-term growth of the wealth management industry and our belief that Concord offers the best Open Architecture Wealth Management Solution in the industry. Indeed, we anticipate significant savings acceleration as the baby boom generation prepares for its retirement over the next five to ten years and, additionally, believe that we will experience the largest generational wealth transfer in U.S. financial services history. For banks and thrifts facing the challenges of a flat yield curve and deteriorating credit quality, wealth management products and services provide a stable, long-term revenue-producing alternative to lending that will significantly benefit the financial institution.

About Open Architecture

Open architecture, a major wealth management industry trend, involves the separation of asset management from the client advisory services due to conflicts of interest. As high net worth investors have increasingly demanded access to the best-performing professional asset managers in the industry, we have seen a migration of their assets over the last ten years, resulting in a market share decline for banks and thrifts from 86% to 36%. Thus, open architecture provides a platform solution that:

- Enables wealth managers to invest clients' assets in separately managed accounts with professional asset managers;

- Offers virtually-instant access to up-to-date information regarding client portfolios; and
- Automates other tasks such as proposal generation and portfolio analytics.

Concord Wealth Management

Concord delivers a highly customizable, comprehensive Open Architecture Wealth Management Solution entirely branded under the name of the banking or financial services institution. The platform incorporates an institution's proprietary processes, including the retention of internal fund managers, with third-party managers, and integrates all custodial and trust accounting systems. Concord's wealth management solution offers significant benefits to financial institutions that include:

- Providing wealth management advisors, regardless of geographic location, the tools to compete with the large Wall Street brokerages and win business;
- Improving the retention of existing high net worth clients through the elimination or reduction of perceived conflicts of interest;
- Offering institutions the ability to generate recurring fee income, which tends to increase the valuation acquirers place on the business; and
- Enabling institutions to enter the wealth management business without obtaining Trust powers or hiring expensive asset management personnel.

For more information, please contact Richard Trumpler at 732.335.0800 x264 or r.trumpler@concordwealthmanagement.com.

Note: Financial Services Partners Fund I LLC, an affiliate of Hovde Private Equity Advisors LLC, owns shares in Concord Capital Partners, the parent of Concord Wealth Management.