

## **NEWS RELEASE**

Hovde Private Equity Advisors, LLC

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### **Financial Services Partner Fund I Subsidiary, Bay Bank, FSB, Purchases the Assets and Assumes the Deposits of Bay National Bank**

(Washington, DC—July 12, 2010) – Hovde Private Equity Advisors, LLC announced that on Friday, July 9, 2010, Bay Bank, FSB (“Bay Bank”) entered into an agreement with the Federal Deposit Insurance Corporation (“FDIC”) to assume the deposits and certain liabilities and purchase certain assets of Bay National Bank, located in Baltimore, Maryland. Bay Bank is a subsidiary of Jefferson Bancorp, Inc. (“Jefferson Bancorp”), a thrift holding company organized by the Financial Services Partners Fund I, LLC.

The transaction was structured as a purchase and assumption without a loss sharing agreement with the FDIC. Hovde Private Equity Advisor’s unique knowledge of the market, substantial banking experience, and history of investing in community banks enabled the structuring of an attractive transaction for the FDIC and for Bay Bank. Financial Services Partners Fund I, Hovde Acquisition, Hovde Private Equity Advisors, LLC, and Jefferson Bancorp, Inc. became savings and loan holding companies as a result of the transaction.

Joseph J. Thomas, Managing Director of Hovde Private Equity Advisors and Chairman of Jefferson Bancorp said: “We are excited to partner with Kevin Byrnes, Chairman of Bay Bank, and Kevin Cashen, President & CEO of Bay Bank, to sponsor a new, well-capitalized community bank. The Baltimore/Washington market is one of the most



desirable banking footprints in the country, where the economy is strong relative to other major metropolitan markets across the country.”

Thomas continued, “The Bay Bank board of directors and management are exceptionally experienced and knowledgeable and will stabilize the failed bank and grow the new Bay Bank franchise organically and through additional acquisitions to reach optimal size and scale. The substantial capital infusion and the structure of the transaction with the FDIC enables the new privately owned bank to have abundant capital, liquidity, and operating flexibility to serve the needs of small businesses and professionals in our local markets. Thomas added, “Bay Bank has an alignment of economic interests with the board and management team, and we will be seeking the participation of other local investors over time to accomplish our growth plans.”

Hovde Acquisition, founded in 1994 and based in nearby Washington, DC, is an affiliate of Hovde Private Equity Advisors and the manager of Financial Services Partners Fund. Hovde Acquisition and its affiliated private equity companies have a history and proven track record of investing in and successfully managing community banks across the United States. Since its founding in 1994, Hovde Acquisition has made equity investments in 10 community banks and thrifts and specialty finance/financial services companies.

Hovde Acquisition organized Jefferson Bancorp, Inc. and received preliminary conditional approval in November 2009 from the Office of Thrift Supervision’s (“OTS”) and to operate a federal savings bank upon being the successful bidder for a failed financial institution. Jefferson Bancorp, Inc. is one of only a few thrift holding companies owned by a private equity investment fund to be granted this status in the United States.

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*Since 2005, Hovde Acquisition I, LLC has been the manager of Financial Services Partners Fund I. Hovde Private Equity Advisors, LLC, an affiliate, is the investment manager. Each of these entities is a standalone entity, separate and distinct from Hovde Capital Advisors, LLC, and Hovde Financial, Inc. While the principals of Hovde Capital Advisors, LLC, and Hovde Financial, Inc. do have ownership interests in Hovde Acquisition, Hovde and Hovde Private Equity Advisors, operations and investment management are not affiliated with Hovde Capital or Hovde Financial.*