

FINANCIAL SERVICES

THE TARP REPORT

The current status of the Capital Purchase Program.

A SNAPSHOT OF A MOVING TARGET. The Federal government's various efforts at addressing the current financial crisis are evolving rapidly and none more so at the moment than the TARP Capital Purchase Program (CPP). In this report we attempt to provide a comprehensive picture of the current state of play.

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TARP PARTICIPATION TAKING OFF. In the wake of the coerced participation of 10 large institutions (8 if pending mergers are completed), a rapidly growing list of smaller institutions are voluntarily participating (or seeking to do so), as the relatively generous terms of the capital infusions offset most banks' concerns about increased government influence on operational decisions, the stigma of taking government funds, or potential dilution.

POLITICS LIKELY TO KEEP SITUATION FLUID. From conception to implementation the TARP has, to a remarkable degree, reflected the views of one man, Treasury Secretary Henry Paulson. In less than three months, however, Secretary Paulson leaves office and his views go from being dispositive to largely irrelevant. As a result, the structure and goals of the TARP could change significantly after the election and even more so after the victor's inauguration.

REDUCING (YET ACCELERATING) M&A OPPORTUNITIES. While the TARP will give many banks the financial capacity to make acquisitions, the perennial bottleneck in bank consolidation has always been the lack of willing sellers. On an industry-wide basis, therefore, the CPP likely reduces the M&A opportunities in this cycle by recapitalizing a large number of weakened banks that would otherwise have faced pressure to find a stronger bank with which to merge. At the same time, many of the opportunities that remain are likely to be pulled forward, as banks that are denied TARP funds face added pressure from both regulators and the market to throw in the towel.

MORE LIKELY TO REDUCE SELLING OPPORTUNITIES THAN CREATE BUYING OPPORTUNITIES. We view the TARP Capital Purchase Plan as overcapitalizing healthy banks, restoring ailing banks to relative health, and euthanizing the terminal cases. In so doing, it is unlikely to create many new buying opportunities, since even overcapitalized banks are staring down the barrel of a recession that could well be the worst since the early 1980s, if not the early 1930s. It is more likely to reduce shorting opportunities, by either recapitalizing or merging away banks that otherwise might have gone the way of Indy Mac, though banks that are rejected may represent short opportunities until their situation is resolved.

WE CONTINUE TO EXPECT LOWER VALUATIONS FOR BANK STOCKS. Overall, we see little effect on our coverage, other than a small effect on earnings that could be easily overcome with an improved outlook and the resulting levering up of what is fairly inexpensive capital. We do feel valuations will continue to be pressured, both in the near and long term. Credit will continue to be the main driver in the short term, and longer term we feel a contraction in multiples is likely, given lower returns of capital as a result of lower leverage and an even more highly regulated environment.

Important Disclosures regarding Price Target Risks, Valuation Methodology, Regulation Analyst Certification, Investment Banking, Ratings Definitions, and potential conflicts of interest begin on Page I of the Appendix Section.

NEARLY \$35 BILLION IN ADDITIONAL CAPITAL COMMITTED. The Treasury Department's Troubled Asset Relief Program (TARP) is well underway with a wave of banks announcing participation in the Capital Purchase Program (CPP). In addition to the original 10 institutions that received a combined \$125 billion in preferred stock investments, sixteen smaller institutions, ranging from superregionals to community banks, have announced participation in the program. The combined capital being invested in these institutions is roughly \$35 billion (or 28%) of the \$125 billion Treasury has allocated to the remainder of the industry.

Figure 1: TARP Capital Purchase Plan Participants – First Tranche

| INSTITUTION | TICKER | CAPITAL (\$B) |
|-------------------------------------|--------|---------------|
| JPMorgan Chase | JPM | \$25 |
| Citigroup | C | \$25 |
| Bank of America | BAC | \$25 |
| Wells Fargo & Company | WFC | \$25 |
| Goldman, Sachs | GS | \$10 |
| Morgan Stanley | MS | \$10 |
| Bank of New York Mellon Corporation | BK | \$3 |
| State Street Corporation | STT | \$2 |
| TOTAL, FIRST TRANCHE | | \$125 |

Source: company reports

Figure 2: TARP Capital Purchase Plan Participants – Second Tranche

| INSTITUTION | TICKER | CAPITAL (\$B) |
|------------------------------------|--------|----------------|
| PNC Financial (Pro-forma for NCC) | PNC | \$7.70 |
| Capital One Financial Corporation | COF | \$3.60 |
| SunTrust Banks, Inc. | STI | \$3.50 |
| Regions Financial Corporation | RF | \$3.50 |
| Fifth Third Bancorp | FITB | \$3.40 |
| BB&T Corporation | BBT | \$3.10 |
| KeyCorp | KEY | \$2.50 |
| Comerica Incorporated | CMA | \$2.25 |
| Northern Trust Corporation | NTRS | \$1.50 |
| Huntington Bancshares Incorporated | HBAN | \$1.40 |
| First Horizon National Corporation | FHN | \$0.87 |
| City National Corporation | CYN | \$0.40 |
| Valley National Bancorp | VLY | \$0.33 |
| Washington Federal, Inc. | WFSL | \$0.30 |
| UCBH Holdings, Inc. | UCBH | \$0.30 |
| First Niagara | FNFG | \$0.19 |
| TOTAL, SECOND TRANCHE | | \$34.83 |

Source: company reports

SEEMINGLY ATTRACTIVE TERMS. The basic terms of the CPP – up to 3% of risk-adjusted assets in preferred stock with a 5% coupon, augmented by 15% of the total in warrants – are more attractive, both in the amount of capital and its cost, than any bank can expect to find in the public markets today. Whether to fill a hole in the balance sheet, build an acquisition war chest, or simply provide a cushion against a longer, deeper recession than anticipated, the CPP is an attractive proposition. Any perceived stigma should be gone in light of the rush of the nation's largest banks to participate, and managerial constraints, such as on executive compensation, do not strike us as terribly onerous. Constraints on dividend hikes and share repurchases are entirely academic for most banks in the current environment. The one big unknown, however – the reason why we say “seemingly” attractive terms – is the degree to which participation subjects a

bank to heightened informal scrutiny of its business decisions. Politicians are already haranguing managements for T&E expenses, and the TARP checks haven't even cleared yet; some healthy banks will likely pass on the TARP simply to avoid such headaches.

TREASURY PICKING WINNERS AND LOSERS (BUT MOSTLY WINNERS). Friday's PNC – National City transaction showed that Treasury was willing to shut even large banks out of the CPP, and force them instead into mergers with strong partners. Since then, however, most large banks whose eligibility could have been considered questionable have in fact been approved, suggesting that in being refused capital, National City was the exception.

DWINDLING NUMBER OF LARGE TARGETS. The number of sizable institutions not receiving capital (and thus relegated to pursuing a merger) is quickly dwindling. As a result, many institutions that participated as a way of raising an inexpensive war chest, may have to wait for the economy, rather than the Treasury Department, to present them with potential acquisitions commensurate with their new purchasing power.

LIKELY DEPLOYMENT: A LITTLE M&A, A LITTLE LENDING, A LOT OF WHOLESALE LEVERAGE. For some banks with current capital needs, deployment of the TARP proceeds is a non-issue since the capital really just allows them to continue to support their existing assets. For the majority of banks that are currently participating, though, the TARP funds produce gaudy capital levels that need to be deployed. Given the paucity of TARP rejects, opportunities to deploy the capital via M&A may be much smaller than initially expected. Lending is obviously the politically correct path, but in a rapidly slowing economy, the constraints of slackening loan demand and basic prudence are likely to preclude any significant acceleration in loan growth, despite relatively wide lending spreads. By default then, just as happened in the early 1990's, banks will use incremental capital to support wholesale leverage, producing earnings of low quality (but as good as any in defraying credit costs and building equity). This too will likely end badly (as it did in 1994), but that is a different problem for a different day.

DILUTION EASILY OFFSET WITH MODEST LEVERAGE. We anticipate companies will invest proceeds in low risk securities to offset the 5% dividend cost of the Sr. preferred, which is not tax deductible. Without leverage, many municipal bond investments (which are tax exempt) could be used to offset a bulk of the dividend expense for companies participating in the plan. With modest (2x) leverage through FHLB advances, and with municipal securities or agency MBS assets, the CPP could be accretive for participating institutions, in our view.

POSSIBLE SPUR TO PUBLIC CAPITAL RAISES. As with the situation for bank M&A, we suspect the TARP may accelerate some public capital raises, even as it eliminates the need for most of them. For example, we wonder whether the program might become less binary as it progresses, with some banks gaining approval with added conditions, such as a commitment to augment TARP capital with public market capital within a specified time frame. Other banks, such as those with a low tangible common equity ratio, but a high Tier 1 ratio, may elect to raise public funds, since the TARP capital would further widen the gap between capital ratios.

QUESTIONABLE FUTURE FOR TROUBLED ASSET AUCTION PROGRAM. The other prong of the TARP – the original focus of the program – continues to move forward as the Troubled Asset Auction Program (TAAP), through which Treasury would purchase depressed, hard-to-value assets from banks and others. However, we question whether the TAAP will ever amount to more than a footnote, for three reasons. First, claims on the \$700 billion TARP budget are rapidly multiplying; \$250 billion has been allocated to the CPP for banks, there is increasing discussion of expanding the CPP to cover insurance companies, and the Detroit auto industry is doing what it does best, rent-seeking in Washington. Second, attempting to consistently analyze and price such an enormous, heterogeneous pool of assets may simply prove to be beyond government's capabilities. Third, the final tranche of the TARP budget – \$350 billion – strikes us as unlikely to be appropriated by Congress until a new President takes office, and whichever candidate that is will likely find many less abstract (and more politically expedient) ways to deploy it.

Figure 3: Life Insurance Participation in the TARP Could Absorb \$35 Billion in Capital

| Company | Ticker | 6/30/2008 Invested Assets | Potential TARP Capital at | |
|-----------------------------------|--------|------------------------------|---------------------------|-----------------|
| | | | 1% | 3% |
| Aflac Incorporated | AFL | \$59,505 | \$595 | \$1,785 |
| American Equity Investment Life | AEL | \$13,167 | \$132 | \$395 |
| Ameriprise Financial, Inc. | AMP | \$30,500 | \$305 | \$915 |
| Assurant, Inc. | AIZ | \$13,016 | \$130 | \$390 |
| Conseco, Inc. | CNO | \$23,146 | \$231 | \$694 |
| Delphi Financial Group, Inc. | DFG | \$4,769 | \$48 | \$143 |
| FBL Financial Group, Inc. | FFG | \$11,290 | \$113 | \$339 |
| Genworth Financial, Inc. | GNW | \$67,289 | \$673 | \$2,019 |
| Hartford Financial Services Group | HIG | \$131,493 | \$1,315 | \$3,945 |
| Lincoln National Corporation | LNC | \$70,201 | \$702 | \$2,106 |
| MetLife, Inc. | MET | \$336,607 | \$3,366 | \$10,098 |
| Phoenix Companies, Inc. | PNX | \$14,901 | \$149 | \$447 |
| Principal Financial Group, Inc. | PFG | \$65,129 | \$651 | \$1,954 |
| Protective Life Corporation | PL | \$29,854 | \$299 | \$896 |
| Prudential Financial, Inc. | PRU | \$243,651 | \$2,437 | \$7,310 |
| StanCorp Financial Group, Inc. | SFG | \$9,332 | \$93 | \$280 |
| Torchmark Corporation | TMK | \$9,397 | \$94 | \$282 |
| Unum Group | UNM | \$40,381 | \$404 | \$1,211 |
| TOTAL | | | \$11,736 | \$35,209 |

Source: SNL, Sterne Agee estimates

TARP PARTICIPATION OUTLOOK BY BANK

Ameris Bancorp (ABCB - \$9.86 - Buy) – They believe it is attractive and we believe they would qualify- topping up - \$\$51 MM – warrant dilution = 5%

Astoria Financial Corp (AF - \$16.67 - Hold) – Astoria has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$371 mil. This amount would increase the Tier 1 risk based capital ratio to 14.1%, from 11.5%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 10%

Atlantic Coast Federal Corporation (ACFC - \$6.12 – Hold) Atlantic Coast has not announced any plans to participate in the TARP CPP. Ultimately we do believe the company will participate. At the max, the company can raise \$20 mil. This amount would increase the Tier 1 capital ratio to 9.3%, from 7.4%. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. Due to the company's distressed markets in Georgia and Florida, we feel the capital would help bolster reserves. Logistically, we are not sure how the warrant issue would affect MHC or minority shares. It is our opinion that the government would receive MHC shares and therefore, reduce current minority ownership. Dilution from the warrants based on current market cap is 3.4%.

Bancorp, Inc. (TBBK- \$3.45 – Hold) – The Bancorp has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$44 mil. This amount would increase the Tier 1 risk based capital ratio to 11.4%, from 8.7%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 22%

BancorpSouth, Inc. (BXS - \$20.05) – We believe they would qualify but management would make no comment except to say they are examining it - topping up - \$311 MM – warrant dilution = 2%

BancTrust Financial Group, Inc. (BTFG - \$8.74 - Buy) - – BancTrust could be on the cusp with respect to approval for participation. Management would make no comment except to say they are examining it, and may make decision by their earnings release (10/27) - \$52 MM – warrant dilution = 5%

BankAtlantic Bancorp (BBX - \$5.23 - Buy) – BankAtlantic could also be on the cusp with respect to approval for participation. Management would make no comment except to say they are examining it, and may make decision by the date of their earnings release (10/28) - \$128 MM – warrant dilution = 24%

BB&T (BBT - \$32.20 - Sell) - BB&T announced Capital Purchase Program (CPP) participation today of \$3.1B, or 3%. This extra capital gives BB&T more breathing room with TE/TA of 5.4% exiting 3Q and likely ammunition for acquisitions. We estimate TE/TA rising to 7.5%, though TCE/TA will decline slightly. We estimate share dilution of 2.6% and total earnings dilution for 2009 of 4.5%. The company states Tier 1 will increase from 9.4% to 12.4%.

Berkshire Hills Bancorp, Inc. (BHLB - \$23.75 – Buy) On the company's 3Q08 conference call, Berkshire Hills mentioned that they would consider participating in the program for at least 1% of risk weighted assets. Ultimately we do believe the company will participate. At the max, the company can raise \$61 mil. This amount would increase the Tier 1 capital ratio to 9.9%, from 7.6%. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. We feel Berkshire Hills could use the capital fro the TARP along with its common equity raise to consolidate smaller institutions within its markets. Dilution from the warrants based on current market cap is 3.7%. The above metrics are exclusive of the company's recent common equity raise totaling \$36 million.

Brookline Bancorp, Inc. (BRKL - \$9.94 – Hold) – Brookline has not announced any plans to participate in the TARP CPP. With a hefty 21% risk based capital ratio, we do not believe the company will participate.

Cadence Financial Corp. (CADE - \$8.30 - Hold) - We believe they would qualify but management would make no comment except to say they are examining it, may make decision by earnings release (10/28) – fill a small hole - \$45 MM – warrant dilution = 6%

Cape Bancorp, Inc. (CBNJ - \$7.80 – Buy) Cape has not announced any plans to participate in the TARP CPP. Ultimately we do believe the company will participate. At the max, the company can raise \$26 mil. This amount would increase the Tier 1 capital ratio to 12.1%, from 10.1%. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. We feel the capital could assist with potential, other than temporary impairment charges, in the company's \$30 mil. CDO portfolio. Dilution from the warrants based on current market cap is 3.6%.

Capital City Bank Group (CCBG - \$24.16 - Hold) – Management said they do not need it but it looks attractive; we believe they would qualify - topping up - \$61 MM – warrant dilution = 2%

City National (CYN - \$46.88 - Hold) – Announced participation at max of \$395 million. The \$395 million moves Tier 1 up to 12.0% from 9.1%. City National was adequately capitalized, while still building reserves and we don't expect there are any "holes" to be filled. We anticipate that this money can be leveraged in the near-term, but lending activity will not see a significant benefit. Overall, we are assuming 2x leverage in the securities portfolio with no additional benefit to loan growth in 2009. As a result, 2009 dilution from the preferred equity equals \$0.12(3%). Dilution from the warrants based on current market cap is 2.7%.

Colonial Bancgroup (CNB - \$3.01 - Sell) – In our universe, we think Colonial remains at risk of not attaining eligibility due to continued significant erosion in credit quality coupled with relatively thin tangible equity levels. In the midst of larger regionals in the process of obtaining approval to participate U.S. Treasury Capital Purchase program, Fitch cuts CNB's long and short issuer default ratings to BBB-/F3 from BBB-/F2 due to continued asset quality deterioration and the impact of higher credit costs. We think this latest announcement only increases the risk of non approval and potentially forcing Colonial to find a partner in fairly short order.

Comerica (CMA - \$25.80 – Buy) – On October 27th Comerica announced preliminary approval to participate in the maximum amount of \$2.25 billion. This should increase the Tier 1 ratio by approximately 300 bps to 10.35%. The increase should leave Comerica well equipped to handle its California homebuilder portfolio and ongoing deterioration in the Michigan market (roughly 1/3 of loans), without needing a dilutive equity raise.

Dime Community Bancshares, Inc. (DCOM - \$14.13 – Hold) – Dime Community has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$75 mil. This amount would increase the Tier 1 risk based capital ratio to 14.1%, from 11.5%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 9%

Fidelity Southern Corp. (LION - \$3.57 - Buy) – Management said they were interested and believed they would qualify, though we believe they could be on the cusp - \$49 MM – warrant dilution = 17%

First Horizon (FHN - \$9.58 - Buy) - FHN announced participation in the CPP of \$866 million or the full 3%. With a TE/TA ratio of 7.2% as of 3Q and a Tier 1 ratio of 10.92%, we do not feel the cap raise is filling a hole in the balance sheet but strengthening capital levels, particularly with expected asset runoff. We estimate total dilution from the warrants as 6.1% and total earnings dilution for 2009 of 12.7%. The company estimates a Tier 1 ratio of 14.1% adjusting 3Q Tier 1, we estimate 13.7% with the extra capital included in risk adjusted assets.

First M&F Corp. (FMFC - \$9.55 - Buy) – We believe they would qualify but management would make no comment except to say they are examining it - topping up - \$40 MM – warrant dilution = 6%

First Niagara Financial Group, Inc. (FNFG - \$13.87 - Hold) – On October 27th First Niagara announced preliminary approval to participate in the maximum amount of \$186 million. This should increase the Tier 1 ratio by approximately 300 bps to 14.6%.

First Security Group (FSGI - \$6.98 - Buy) – Management is very interested; we believe they are likely to apply and to be approved - topping up - \$33 MM – warrant dilution = 4%.

First State Bancorporation (FSNM - \$3.03 - Buy) - At \$90 million, we estimate Tier 1 Leverage goes to about 9.47% (7.11%), Tier 1 risk-based to 11.01% (8.18%) and total risk-based to 13.24% (10.44%). This would fill a hole – Dilution from warrants = 17%

Flushing Financial Corporation (FFIC - \$15.01 – Buy) – Flushing has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$69 mil. This amount would increase the Tier 1 risk based capital ratio to 13.7%, from 11.1%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 11%.

Hancock Holding Company (HBHC - \$41.52 - Hold) – Management is very interested – thinks it would provide additional powder for acquisitions. We believe they would qualify - topping up - \$138 MM – warrant dilution = 2%.

Hanmi Financial (HAFC - \$3.55 – Hold) – Hanmi has stated that it is considering participation; we believe management would like to participate, but do not regard approval as a foregone conclusion in light of Hanmi's elevated nonperforming asset levels (although a single credit accounting for over 20% of NPAs appears to have been worked out without loss) and, more significantly, an informal MOU with a seemingly very broad scope. Were Hanmi to participate, we estimate that 3% of risk-adjusted assets would equate to roughly \$107 million, enough to lift the Tier 1 ratio from 8.7% to 11.2%.

Hudson City Bancorp, Inc. (HCBK - \$15.71 – Hold) – Hudson City has not announced any plans to participate in the TARP CPP. With a hefty 22% risk based capital ratio, we do not believe the company will participate.

IBERIABANK Corp. (IBKC - \$43.09 - Hold) – We believe management is very interested – said it was examining its options – and would likely be approved for participation. – fill a small hole - \$115 MM – warrant dilution = 3%

Investors Bancorp, Inc. (ISBC - \$12.85 - Hold) – Investors has not announced any plans to participate in the TARP CPP. With a hefty 21% risk based capital ratio, we do not believe the company will participate.

KeyCorp (KEY - \$9.92 – Hold) - On October 27th KeyCorp announced preliminary approval to participate in the maximum amount of \$2.5 billion. This should increase the Tier 1 ratio by approximately 228 bps to 10.76%.

Nara Bancorp (NARA - \$8.36 – Hold) – We believe that Nara would likely be approved if management elects to participate. Given a Tier 1 ratio of 10.2% Nara has no pressing need for additional capital, but could raise as much as \$68 million if it elected to seek the full 3% allocation. We view Nara as a potential acquirer of other ethnic Korean banks around the country and the TARP capital could facilitate this.

National Penn Bancshares Inc. (NPBC - \$14.30 – Hold) The company's 3Q08 earnings release stated that the company would participate in the TARP CPP program for the maximum amount. At the max, the company can raise \$205 mil. This amount would increase the Tier 1 capital ratio to 9.6%, from 7.4. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. We feel the capital could assist with potential other than temporary impairment charges in the company's \$163 (original cost) CDO portfolio. Dilution from the warrants based on current market cap is 2.7%.

NewAlliance Bancshares, Inc. (NAL - \$13.14 – Hold) – NewAlliance has not announced any plans to participate in the TARP CPP. While the company is not in need of additional capital with an 18.7% Tier 1 risk based capital ratio, if they were to consider participation the company could raise up to \$136 mil. This amount would increase the Tier 1 risk based capital ratio to 21.1%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 11%.

New York Community Bancorp, Inc. (NYB - \$13.02 – Hold) – New York Community has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$597 mil. This amount would increase the Tier 1 risk based capital ratio to 14.5%, from 12.0%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 8%.

Northwest Bancorp, Inc. (NWSB - \$23.94 – Hold) Northwest has not announced any plans to participate in the TARP CPP. Ultimately we do believe the company will participate. At the max, the company can raise \$128 mil. This amount would increase the Tier 1 capital ratio to 9.6%, from 7.9%. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. Logistically, we are not sure how the warrant issue would affect MHC or minority shares. It is our opinion that the government would receive MHC shares and therefore, reduce current minority ownership. Dilution from the warrants based on current market cap is 1.6%.

OceanFirst Financial Corp. (OCFC - \$13.28 – Buy) – OceanFirst has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$37 mil. This amount would increase the Tier 1 risk based capital ratio to 14.5%, from 11.9%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 11%.

People’s United Financial, Inc. (PBCT - \$15.58 – Hold) – People’s United Financial has not announced any plans to participate in the TARP CPP. With a hefty 21% risk based capital ratio, we do not believe the company will participate.

Prosperity (PRSP - \$29.25 - Hold) – Participation is doubtful, in our opinion. Management has said they are evaluating it, but after a conversation with them last week, we view it as unlikely. Tier 1 is 13.3%, total risk-based capital is 14.3%. We believe Prosperity would take money if it came with an opportunity to make a sizable acquisition. Dilution from the warrants would be 1.1%.

Provident Financial Services, Inc. (PFS - \$12.58 –Buy) – Provident Financial has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$119 mil. This amount would increase the Tier 1 risk based capital ratio to 12.0%, from 9.4%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 11%.

Provident New York Bancorp (PBNY - \$10.02 – Hold) – Provident has not announced any plans to participate in the TARP CPP. While the company is not in need of additional capital with an 11.8% Tier 1 risk based capital ratio, if they were to consider participation the company could raise up to \$57 mil. This amount would increase the Tier 1 risk based capital ratio to 14.4%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 10%.

Renasant Corp. (RNST - \$17.87 - Hold) - We believe they would qualify, but management would make no comment except to say they are examining it – fill a small hole - \$83 MM – warrant dilution = 3%

Savannah Bancorp. (SAVB - \$12.50 - Buy) – Management has made no comment to this point, though we believe they would qualify for participation. – fill a small hole - \$24 MM – warrant dilution = 5%

Seacoast Banking Corp. of Florida (SBCF - \$8.66 - Hold) – Management stated that the TARP program seems “reasonably priced” and is examining their options; we believe they would be approved for participation. – fill a hole - \$54 MM – warrant dilution = 5%

Signature Bank (SBNY - \$27.21 – Hold) Signature has not announced any plans to participate in the TARP CPP. We do believe there is a chance the company will participate due to its loan growth potential, specifically in multi-family loans in and around the 5 boroughs. At the max, the company can raise \$108 mil. This amount would increase the Tier 1 capital ratio to 8.9%, from 7.3%. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. Dilution from the warrants based on current market cap is 2.0%. The above metrics are exclusive of the company’s recent common equity raise totaling \$149 million.

South Financial Group (TSFG - \$4.07 - Buy) – We feel that TSFG will likely get capital as while the shares remain under pressure, the bank exited 3Q with TE/TA of 7.9%. We estimate borrowings of \$350 million. As with most of our coverage, we feel the capital will likely be used to ease market worries as to capital adequacy as opposed to driving any meaningful growth. We estimate warrant dilution of 17.8% with TSFG trading at less than 40% of TBV.

Sterling (SBIB - \$7.51 - Hold) – We believe Sterling is pretty much in the same boat as Prosperity, although they are probably a little more likely than PRSP to participate. They have yet to make an announcement. Tier 1 exited 2Q at 9.1% and total risk-based stood at 11.7%, so there is a chance they take some money to strengthen capital, mostly to help with future acquisitions. Dilution from the warrants would be 3.3%.

Sun Bancorp, Inc. (SNBC - \$8.86 – Hold) – Sun Bancorp has not announced any plans to participate in the TARP CPP. Ultimately, we believe the company will participate in the plan. At the max, the company can raise \$88 mil. This amount would increase the Tier 1 risk based capital ratio to 13.7%, from 10.5%. Without any offsetting benefit from invested proceeds, the Sr. preferred dividend would dilute EPS available to common by 24%.

Superior Bancorp (SUPR - \$5.32 - Buy) – Superior has applied for \$70 million and anticipates approval potentially late this week. If it gets the \$70 million, we estimate Tier 1 Leverage goes to about 9.65% (from 7.44%), Tier 1 risk-based to 11.95% (9.13%) and total risk-based to 12.99% (10.61%). They already raised tier 2 capital, but we think they could use this – dilution from warrants = 6%.

Synovus (SNV - \$8.34 - Buy) – Management announced on the earnings call it planned to participate for the full amount, which should be around \$970 million. We consider Synovus to be the strongest in terms of tangible equity among our coverage list and do not feel the capital is needed, from a capital adequacy basis. Ultimately, relative to its peers, we feel Synovus possesses the capital levels to truly use proceeds from the CPP program for their originally intended purpose, to leverage the balance sheet through loan growth. Additionally, with this competitive advantage we think the company will be the beneficiary of potentially several FDIC assisted transactions. We estimate warrant dilution of 4.4%.

TCF Financial (TCB - \$15.29 – Buy) – TCF CEO Bill Cooper has stated that regulators have told management that TCF would qualify for participation if it chooses to apply, however, no decision has been made by TCF on whether to participate. While Cooper stated that he views the financial terms as attractive, and as a general rule believes banks should raise capital when it is available, he is awaiting details on the terms before committing to participate. TCF has no severe credit problems to address, so the funds, if accessed, would in our view be used to fund growth in both loans and in the leasing/equipment finance business.

Tennessee Commerce (TNCC - \$10.59 - Buy) – We believe they would qualify, but management would make no comment except to say they are examining it – fill a small hole - \$30 MM – warrant dilution = 8%

Texas Capital (TCBI - \$16.14 - Hold) – Announced that they are evaluating participation. We expect that Texas Capital will take the money to top supplement regulatory capital, which on a Tier 1 and Total Risk-based basis stood at 9.3% and 10.3%, respectively, exiting 2Q. We believe this is one of the few banks that will be able to leverage this capital to increase loan growth. Assuming the max 3%, this would take Tier 1 capital to about 11.9% (using 2Q data) and total risk-based capital to 12.9%. Dilution from the warrants would be 3.9%

Trustmark Corp. (TRMK - \$16.75 - Hold) – Management has made no comment, though they could bring it up 10/28 when they announce. We believe they would qualify. - topping up – 218 MM – warrant dilution = 3%

United Community Banks (UCBI - \$10.80 - Sell) – UBCI announced on the call that board approval had been received to borrow the full 3%. Given the company's smaller size, it will most likely be some time before we know if they are approved. We estimate a capacity of \$180 million or so. Estimated dilution due to warrants is 5.1%.

ViewPoint Financial Group (VPFG - \$15.71 – Hold) - ViewPoint has not announced any plans to participate in the TARP CPP. Ultimately we do believe the company will participate. At the max, the company can raise \$34 mil. This amount would increase the Tier 1 capital ratio to 10.6%, from 8.9%. Assuming 2x leverage on TARP capital with a

0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. We feel due to VeivPoint's growth market in and around the Metroplex in Texas, the company could use the capital to enhance loan growth. We also believe the capital could help offset potential other than temporary impairment charges in the company's \$14 mil. CDO portfolio. Logistically, we are not sure how the warrant issue would affect MHC or minority shares. It is our opinion that the government would receive MHC shares, and therefore, reduce current minority ownership. Dilution from the warrants based on current market cap is 1.2%.

Waterstone Financial Inc. (WSBF - \$7.00 – Hold) Waterstone has not announced any plans to participate in the TARP CPP. Ultimately we do believe the company will participate. At the max, the company can raise \$46 mil. This amount would increase the Tier 1 capital ratio to 11.2%, from 9.0%. Assuming 2x leverage on TARP capital with a 0.65% after tax spread, we expect minimal 2009 earnings dilution from the preferred equity. Due to the company's distressed markets in and around Milwaukee, Wisconsin, we feel the capital would help bolster reserves. Logistically, we are not sure how the warrant issue would affect MHC or minority shares. It is our opinion that the government would receive MHC shares, and therefore, reduce current minority ownership. Dilution from the warrants based on current market cap is 2.9%.

Westamerica (WABC - \$48.08 - Sell) – Announced in their recent 10-Q that they do not plan on participating in the plan. Without question they would be approved, but with earning assets shrinking over the last several quarters and adequate capital, really no point if taking on the additional restrictions.

Whitney Holding (WTNY - \$16.33 - Sell) – While we think WTNY would be approved for participation with TE/TA of 7.9% in 3Q, participation remains unknown, though we would expect regulatory pressure to make participation more likely than not. With a capacity of around \$280 million, dilution from the warrants would be around 4%.

Wilshire Bancorp (WIBC - \$8.46 – Hold) – With a Tier 1 ratio of 10.0%, Wilshire does not currently need capital, but may elect to participate in order to be positioned to pursue acquisitions of Korean or other ethnic banks. We would expect Wilshire to be easily approved and could raise as much as \$61 million, lifting the Tier 1 ratio to 12.2%.

Zions (ZION - \$34.56 - Sell) – It is being reported that they have been approved, although the amount has not been announced. Our estimate is that it will be between \$1B - \$1.3B. In our view this capital will be used to cleanse the balance sheet, allowing the company to possibly sell the CDO portfolio and take an elevated provision in 4Q to be better reserved heading into 2009. As a result, we do not expect this capital to be leveraged much at all. Dilution from the warrants at 3% max would be 5.0%.

SPECIAL SITUATIONS:**Overcapitalized MHCs**

The companies listed below currently have Tier 1 Core Capital ratios exceeding 9%. We do not feel that these companies will participate in the TARP program. Many of these institutions are trading below TBV, and potential restrictions on buy backs would hinder accretive capital deployment.

| Company | Tier 1 |
|----------------|---------------|
| ABBC | 15.0% |
| BNCL | 11.5% |
| CFFN | 10.0% |
| BKMU | 9.2% |
| DNBK | 11.4% |
| ESSA | 14.7% |
| LEGC | 9.3% |
| ORIT | 19.4% |
| TFSL | 13.3% |
| UBNK | 12.6% |
| WFD | 25.8% |

Puerto Rican Banks

We remain uncertain as to how to handicap the potential for approval of our Puerto Rican companies. While these companies are permitted to apply, with credit quality continuing to deteriorate with no turn near-term reversal anticipated, coupled with thin very thin TCE levels (BPOP and DRL), we are not convinced that any of these banks will be deemed eligible.

Summary of Key Terms of the Capital Purchase Program

The US Treasury Department will purchase up to \$250 billion of senior preferred shares on standardized terms as described in the program's term sheet.

Senior Preferred Terms

- **Amount** - The minimum subscription amount available to a participating institution is 1 percent of risk-weighted assets. The maximum subscription amount is the lesser of \$25 billion or 3% of risk-weighted assets. Treasury will fund the senior preferred shares purchased under the program by year-end 2008. Institutions interested in participating in the program should contact their primary federal regulator for specific enrollment details.
- **Dividend** - The senior preferred will pay cumulative dividends at a rate of 5% per annum until the fifth anniversary of the date of this investment, and thereafter at a rate of 9% per annum.
- **Redemption** - The Senior Preferred may not be redeemed for a period of three years from the date of this investment, except with the proceeds from a Qualified Equity Offering (perpetual preferred stock or common stock). After the third anniversary, the Senior Preferred may be redeemed, in whole or in part, at any time and from time to time.
- **Capital** - Counts as Tier 1 capital for regulatory capital ratios.

Warrant Terms

- **Amount** - In conjunction with the purchase of senior preferred shares, Treasury will receive warrants to purchase common stock with an aggregate market price equal to 15% of the senior preferred investment. The exercise price on the warrants will be the market price of the participating institution's common stock at the time of issuance, calculated on a 20-trading day trailing average.
- **Term** - 10 years
- **Exercisability** - Immediately exercisable, in whole or in part

Other CPP Terms

- **Executive Compensation** - Companies participating in the program must adopt the Treasury Department's standards for executive compensation and corporate governance, for the period during which Treasury holds equity issued under this program. These standards generally apply to the chief executive officer, chief financial officer, plus the next three most highly compensated executive officers. The financial institution must meet certain standards, including:
 - 1) Ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution;
 - 2) Required claw back of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate;
 - 3) Prohibition on the financial institution from making any golden parachute payment to a senior executive based on the Internal Revenue Code provision; and
 - 4) Agreement not to deduct for tax purposes executive compensation in excess of \$500,000 for each senior executive.

Figure 4: Sterne Agee Bank & Thrift Coverage, Ranked by Tier 1 Ratio

| Company Name | Ticker | Price | Market Cap. | Total Assets | Current Capital Adequacy | | | |
|--|--------|---------|-------------|--------------|--------------------------|---------------|-----------|-----------|
| | | | | | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC |
| Westfield Financial, Inc. (MHC) | WFD | \$9.18 | 288 | 1,069,412 | 25.6% | 25.8% | 44.8% | 45.8% |
| Oritani Financial Corp. (MHC) | ORIT | \$16.03 | 630 | 1,443,294 | 19.3% | 19.4% | 26.5% | 27.8% |
| Brookline Bancorp, Inc. | BRKL | \$10.13 | 591 | 2,494,616 | 18.3% | 17.4% | 20.6% | 21.8% |
| Abington Community Bancorp, Inc. (MHC) | ABBC | \$9.21 | 225 | 1,107,327 | 22.4% | 15.0% | 23.4% | 23.5% |
| ESSA Bancorp, Inc. | ESSA | \$12.93 | 213 | 984,857 | 21.1% | 14.7% | 28.0% | 28.8% |
| TFS Financial Corporation (MHC) | TFSL | \$12.53 | 4,045 | 10,360,935 | 18.8% | 13.3% | 19.3% | 19.7% |
| United Financial Bancorp, Inc. (MHC) | UBNK | \$13.08 | 232 | 1,214,206 | 18.6% | 12.6% | 18.5% | 19.5% |
| People's United Financial, Inc. | PBCT | \$16.09 | 5,545 | 20,392,400 | 18.0% | 12.2% | 16.5% | 17.8% |
| Beneficial Mutual Bancorp, Inc. | BNCL | \$11.55 | 950 | 3,747,932 | 12.8% | 11.5% | 18.9% | 19.9% |
| Danvers Bancorp, Inc. | DNBK | \$11.78 | 210 | 1,507,351 | 15.2% | 11.4% | 15.6% | 16.5% |
| Investors Bancorp, Inc. (MHC) | ISBC | \$13.12 | 1,430 | 6,419,142 | 12.9% | 11.3% | 21.4% | 21.8% |
| NewAlliance Bancshares, Inc. | NAL | \$13.75 | 1,472 | 8,262,256 | 10.1% | 11.0% | 18.7% | 19.7% |
| Capital City Bank Group, Inc. | CCBG | \$25.65 | 439 | 2,649,415 | 7.6% | 10.5% | 13.2% | 14.3% |
| National City Corporation | NCC | \$2.07 | 4,215 | 153,672,543 | 4.4% | 10.3% | 11.1% | 14.9% |
| Nara Bancorp, Inc. | NARA | \$8.85 | 232 | 2,573,584 | 8.7% | 10.2% | 11.5% | 12.8% |
| Cape Bancorp, Inc. | CBNJ | \$8.10 | 108 | 1,158,922 | 11.0% | 10.1% | 12.8% | 13.8% |
| Capitol Federal Financial (MHC) | CFFN | \$41.39 | 3,066 | 7,892,137 | 10.9% | 10.0% | 23.5% | 23.3% |
| Wilshire Bancorp, Inc. | WIBC | \$8.86 | 261 | 2,359,312 | 7.4% | 10.0% | 11.6% | 14.0% |
| South Financial Group, Inc. | TSFG | \$3.89 | 284 | 13,976,870 | 5.9% | 9.7% | 11.0% | 12.6% |
| KeyCorp | KEY | \$10.12 | 5,007 | 101,544,000 | 6.2% | 9.4% | 8.5% | 12.4% |
| Sun Bancorp, Inc. | SNBC | \$9.37 | 210 | 3,424,968 | 6.2% | 9.4% | 10.4% | 11.5% |
| Legacy Bancorp, Inc. | LEGC | \$11.04 | 98 | 925,107 | 12.5% | 9.3% | 12.6% | 13.6% |
| First Security Group, Inc. | FSGI | \$7.07 | 116 | 1,270,752 | 9.2% | 9.3% | 10.3% | 11.4% |
| Bank Mutual Corporation | BKMU | \$10.33 | 500 | 3,551,631 | 10.1% | 9.2% | 19.2% | 19.8% |
| UMB Financial Corporation | UMBF | \$41.71 | 1,707 | 8,806,522 | 9.2% | 9.1% | 14.0% | 14.9% |
| Waterstone Financial, Inc. (MHC) | WSBF | \$7.50 | 234 | 1,848,428 | 10.8% | 9.0% | 10.9% | 12.2% |
| ViewPoint Financial Group (MHC) | VPFG | \$16.38 | 408 | 1,859,275 | 10.8% | 8.9% | 14.5% | 15.2% |
| Texas Capital Bancshares, Inc. | TCBI | \$16.64 | 512 | 4,663,236 | 6.6% | 8.9% | 9.3% | 10.3% |
| Savannah Bancorp, Inc. | SAVB | \$13.35 | 79 | 963,600 | 7.9% | 8.8% | 10.5% | 11.8% |
| Hanmi Financial Corporation | HAFC | \$3.89 | 179 | 3,845,107 | 6.6% | 8.7% | 9.4% | 10.7% |
| BancTrust Financial Group, Inc. | BTFG | \$8.96 | 158 | 2,122,829 | 6.5% | 8.6% | 9.9% | 11.2% |
| First Horizon National Corporation | FHN | \$8.64 | 1,742 | 35,549,961 | 6.9% | 8.6% | 10.5% | 15.2% |
| Synovus Financial Corp. | SNV | \$8.51 | 2,811 | 34,227,301 | 8.5% | 8.6% | 8.9% | 12.3% |
| Comerica Incorporated | CMA | \$24.41 | 3,673 | 66,003,000 | 7.5% | 8.6% | 7.4% | 11.2% |
| Hancock Holding Company | HBHC | \$42.30 | 1,341 | 6,270,116 | 8.0% | 8.5% | 11.5% | 12.6% |
| First BanCorp | FBP | \$8.36 | 773 | 18,828,786 | 4.2% | 8.5% | 12.2% | 13.5% |
| First M & F Corporation | FMFC | \$9.60 | 87 | 1,617,355 | 6.1% | 8.5% | 10.1% | 11.3% |
| Hudson City Bancorp, Inc. | HCBK | \$16.03 | 8,349 | 49,161,986 | 9.3% | 8.4% | 22.3% | 22.5% |
| BancorpSouth, Inc. | BXS | \$20.02 | 1,663 | 13,399,151 | 7.0% | 8.3% | 10.5% | 11.7% |
| New York Community Bancorp, Inc. | NYB | \$13.64 | 4,688 | 31,083,499 | 5.6% | 8.3% | 12.0% | 12.4% |
| Provident New York Bancorp | PBNY | \$10.65 | 424 | 2,850,554 | 8.1% | 8.3% | 11.8% | 13.0% |

Source: SNL, Sterne Agee

Figure 5: Sterne Agee Bank & Thrift Coverage, Ranked by Tier 1 Ratio

| Company Name | Ticker | Price | Market Cap. | Total Assets | Current Capital Adequacy | | | |
|--|--------|---------|-------------|--------------|--------------------------|---------------|-----------|-----------|
| | | | | | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC |
| Tennessee Commerce Bancorp, Inc. | TNCC | \$10.19 | 48 | 1,065,985 | 6.2% | 8.3% | 9.0% | 10.2% |
| Popular, Inc. | BPOP | \$5.95 | 1,676 | 41,678,594 | 5.8% | 8.2% | 10.5% | 11.8% |
| Ameris Bancorp | ABCB | \$9.95 | 135 | 2,193,021 | 6.1% | 8.2% | 10.3% | 11.5% |
| Gateway Financial Holdings, Inc. | GBTS | \$5.52 | 70 | 2,127,725 | 4.2% | 8.1% | 8.9% | 10.9% |
| Whitney Holding Corporation | WTNY | \$16.46 | 1,053 | 11,016,323 | 7.6% | 8.1% | 9.3% | 12.1% |
| Sterling Bancshares, Inc. | SBIB | \$7.67 | 561 | 4,909,454 | 6.2% | 8.1% | 9.1% | 11.7% |
| Renasant Corporation | RNST | \$19.02 | 400 | 3,782,196 | 5.5% | 8.1% | 10.5% | 11.5% |
| NBC Capital Corporation | CADE | \$8.21 | 98 | 1,997,822 | 6.0% | 8.0% | 10.4% | 11.5% |
| Bancorp, Inc. | TBBK | \$3.08 | 45 | 1,677,406 | 6.6% | 7.9% | 8.7% | 9.7% |
| Northwest Bancorp, Inc. (MHC) | NWSB | \$24.50 | 1,188 | 6,916,333 | 6.4% | 7.9% | 12.4% | 13.4% |
| OceanFirst Financial Corp. | OCFC | \$13.98 | 173 | 1,874,239 | 6.6% | 7.9% | 11.9% | 12.7% |
| Seacoast Banking Corporation of Florida | SBCF | \$8.81 | 169 | 2,296,999 | 5.8% | 7.8% | 9.7% | 11.4% |
| Dime Community Bancshares, Inc. | DCOM | \$14.84 | 507 | 3,742,004 | 5.8% | 7.8% | 11.5% | 11.5% |
| Trustmark Corporation | TRMK | \$17.29 | 991 | 9,315,049 | 6.6% | 7.7% | 9.6% | 11.5% |
| City National Corporation | CYN | \$46.61 | 2,245 | 16,339,258 | 7.1% | 7.7% | 9.0% | 10.9% |
| Colonial BancGroup, Inc. | CNB | \$3.03 | 613 | 26,031,291 | 5.2% | 7.7% | 10.1% | 14.2% |
| Berkshire Hills Bancorp, Inc. | BHLB | \$23.95 | 287 | 2,546,875 | 5.9% | 7.6% | 8.9% | 10.0% |
| BankUnited Financial Corporation | BKUNA | \$0.55 | 19 | 14,119,511 | 3.8% | 7.6% | 12.6% | 13.9% |
| Wintrust Financial Corporation | WTFC | \$22.55 | 534 | 9,923,077 | 4.6% | 7.6% | 8.7% | 10.2% |
| First Niagara Financial Group, Inc. | FNFG | \$13.82 | 1,638 | 9,074,502 | 6.9% | 7.5% | 10.1% | 11.3% |
| Prosperity Bancshares, Inc. | PRSP | \$29.23 | 1,347 | 6,793,734 | 5.3% | 7.5% | 12.7% | 13.7% |
| Superior Bancorp | SUPR | \$5.35 | 54 | 3,039,558 | 5.4% | 7.4% | 9.2% | 10.2% |
| National Penn Bancshares, Inc. | NPBC | \$14.17 | 1,132 | 9,241,355 | 5.0% | 7.4% | 9.4% | 10.6% |
| Atlantic Coast Federal Corporation (MHC) | ACFC | \$6.39 | 84 | 963,927 | 8.7% | 7.4% | 10.7% | 11.6% |
| Sovereign Bancorp, Inc. | SOV | \$2.28 | 1,511 | 79,197,449 | 5.4% | 7.3% | 8.3% | 11.4% |
| Fidelity Southern Corporation | LION | \$3.50 | 33 | 1,778,261 | 5.4% | 7.3% | 7.9% | 11.2% |
| Signature Bank | SBNY | \$26.74 | 941 | 6,369,087 | 6.7% | 7.3% | 13.0% | 13.8% |
| Flushing Financial Corporation | FFIC | \$15.10 | 326 | 3,573,227 | 6.2% | 7.3% | 11.1% | 11.4% |
| First State Bancorporation | FSNM | \$3.07 | 62 | 3,464,882 | 5.0% | 7.2% | 8.2% | 10.4% |
| Westamerica Bancorporation | WABC | \$48.31 | 1,396 | 4,188,868 | 6.5% | 7.2% | 10.2% | 11.5% |
| BB&T Corporation | BBT | \$32.25 | 17,810 | 136,465,000 | 5.1% | 7.1% | 8.9% | 14.0% |
| IBERIABANK Corporation | IBKC | \$44.51 | 578 | 5,323,879 | 4.7% | 7.1% | 9.3% | 10.4% |
| United Community Banks, Inc. | UCBI | \$11.72 | 562 | 8,264,051 | 6.2% | 7.1% | 9.2% | 11.4% |
| Zions Bancorporation | ZION | \$32.24 | 3,717 | 54,630,883 | 5.3% | 7.0% | 7.4% | 11.6% |
| EuroBancshares, Inc. | EUBK | \$2.53 | 49 | 2,829,716 | 5.4% | 6.9% | 9.4% | 10.6% |
| Oriental Financial Group Inc. | OFG | \$13.03 | 317 | 6,060,179 | 3.8% | 6.8% | 17.3% | 17.8% |
| Astoria Financial Corporation | AF | \$17.36 | 1,664 | 21,620,071 | 4.8% | 6.6% | 11.5% | 12.2% |
| BankAtlantic Bancorp, Inc. | BBX | \$5.60 | 58 | 6,514,975 | 5.1% | 6.6% | 10.0% | 11.8% |
| Provident Financial Services, Inc. | PFS | \$12.43 | 741 | 6,384,944 | 7.7% | 6.4% | 9.4% | 10.4% |
| TCF Financial Corporation | TCB | \$15.24 | 1,938 | 16,460,123 | 5.7% | 6.0% | 8.1% | 10.9% |
| Doral Financial Corporation | DRL | \$7.52 | 405 | 10,449,871 | 6.2% | 5.1% | 12.4% | 13.6% |

Source: SNL, Sterne Agee

Figure 6: Sterne Agee Bank & Thrift Coverage, Tier 1 Ratio Minus Tangible Common Ratio

| Company Name | Ticker | Price | Market Cap. | Total Assets | TCE/TA | Current Capital Adequacy | | |
|---|--------|---------|-------------|--------------|--------|--------------------------|------------|-----------|
| | | | | | | Tier 1 RB | Difference | Total RBC |
| Westfield Financial, Inc. (MHC) | WFD | \$9.18 | 288 | 1,069,412 | 25.6% | 44.8% | 19.2% | 45.8% |
| Oriental Financial Group Inc. | OFG | \$13.03 | 317 | 6,060,179 | 3.8% | 17.3% | 13.4% | 17.8% |
| Hudson City Bancorp, Inc. | HCBK | \$16.03 | 8,349 | 49,161,986 | 9.3% | 22.3% | 13.1% | 22.5% |
| Capitol Federal Financial (MHC) | CFFN | \$41.39 | 3,066 | 7,892,137 | 10.9% | 23.5% | 12.5% | 23.3% |
| Bank Mutual Corporation | BKMU | \$10.33 | 500 | 3,551,631 | 10.1% | 19.2% | 9.1% | 19.8% |
| BankUnited Financial Corporation | BKUNA | \$0.55 | 19 | 14,119,511 | 3.8% | 12.6% | 8.8% | 13.9% |
| NewAlliance Bancshares, Inc. | NAL | \$13.75 | 1,472 | 8,262,256 | 10.1% | 18.7% | 8.6% | 19.7% |
| Investors Bancorp, Inc. (MHC) | ISBC | \$13.12 | 1,430 | 6,419,142 | 12.9% | 21.4% | 8.5% | 21.8% |
| First BanCorp | FBP | \$8.36 | 773 | 18,828,786 | 4.2% | 12.2% | 8.0% | 13.5% |
| Prosperity Bancshares, Inc. | PRSP | \$29.23 | 1,347 | 6,793,734 | 5.3% | 12.7% | 7.4% | 13.7% |
| Oritani Financial Corp. (MHC) | ORIT | \$16.03 | 630 | 1,443,294 | 19.3% | 26.5% | 7.2% | 27.8% |
| ESSA Bancorp, Inc. | ESSA | \$12.93 | 213 | 984,857 | 21.1% | 28.0% | 6.8% | 28.8% |
| Astoria Financial Corporation | AF | \$17.36 | 1,664 | 21,620,071 | 4.8% | 11.5% | 6.7% | 12.2% |
| National City Corporation | NCC | \$2.07 | 4,215 | 153,672,543 | 4.4% | 11.1% | 6.6% | 14.9% |
| New York Community Bancorp, Inc. | NYB | \$13.64 | 4,688 | 31,083,499 | 5.6% | 12.0% | 6.3% | 12.4% |
| Signature Bank | SBNY | \$26.74 | 941 | 6,369,087 | 6.7% | 13.0% | 6.3% | 13.8% |
| Doral Financial Corporation | DRL | \$7.52 | 405 | 10,449,871 | 6.2% | 12.4% | 6.2% | 13.6% |
| Northwest Bancorp, Inc. (MHC) | NWSB | \$24.50 | 1,188 | 6,916,333 | 6.4% | 12.4% | 6.0% | 13.4% |
| Beneficial Mutual Bancorp, Inc. | BNCL | \$11.55 | 950 | 3,747,932 | 12.8% | 18.9% | 6.0% | 19.9% |
| Dime Community Bancshares, Inc. | DCOM | \$14.84 | 507 | 3,742,004 | 5.8% | 11.5% | 5.7% | 11.5% |
| Capital City Bank Group, Inc. | CCBG | \$25.65 | 439 | 2,649,415 | 7.6% | 13.2% | 5.6% | 14.3% |
| OceanFirst Financial Corp. | OCFC | \$13.98 | 173 | 1,874,239 | 6.6% | 11.9% | 5.3% | 12.7% |
| South Financial Group, Inc. | TSFG | \$3.89 | 284 | 13,976,870 | 5.9% | 11.0% | 5.1% | 12.6% |
| Renasant Corporation | RNST | \$19.02 | 400 | 3,782,196 | 5.5% | 10.5% | 5.0% | 11.5% |
| Colonial BancGroup, Inc. | CNB | \$3.03 | 613 | 26,031,291 | 5.2% | 10.1% | 4.9% | 14.2% |
| Flushing Financial Corporation | FFIC | \$15.10 | 326 | 3,573,227 | 6.2% | 11.1% | 4.9% | 11.4% |
| BankAtlantic Bancorp, Inc. | BBX | \$5.60 | 58 | 6,514,975 | 5.1% | 10.0% | 4.9% | 11.8% |
| UMB Financial Corporation | UMBF | \$41.71 | 1,707 | 8,806,522 | 9.2% | 14.0% | 4.9% | 14.9% |
| Popular, Inc. | BPOP | \$5.95 | 1,676 | 41,678,594 | 5.8% | 10.5% | 4.7% | 11.8% |
| IBERIABANK Corporation | IBKC | \$44.51 | 578 | 5,323,879 | 4.7% | 9.3% | 4.7% | 10.4% |
| Gateway Financial Holdings, Inc. | GBTS | \$5.52 | 70 | 2,127,725 | 4.2% | 8.9% | 4.7% | 10.9% |
| National Penn Bancshares, Inc. | NPBC | \$14.17 | 1,132 | 9,241,355 | 5.0% | 9.4% | 4.4% | 10.6% |
| NBC Capital Corporation | CADE | \$8.21 | 98 | 1,997,822 | 6.0% | 10.4% | 4.4% | 11.5% |
| Sun Bancorp, Inc. | SNBC | \$9.37 | 210 | 3,424,968 | 6.2% | 10.4% | 4.2% | 11.5% |
| Wilshire Bancorp, Inc. | WIBC | \$8.86 | 261 | 2,359,312 | 7.4% | 11.6% | 4.2% | 14.0% |
| Ameris Bancorp | ABCB | \$9.95 | 135 | 2,193,021 | 6.1% | 10.3% | 4.2% | 11.5% |
| Wintrust Financial Corporation | WTFC | \$22.55 | 534 | 9,923,077 | 4.6% | 8.7% | 4.1% | 10.2% |
| First M & F Corporation | FMFC | \$9.60 | 87 | 1,617,355 | 6.1% | 10.1% | 3.9% | 11.3% |
| EuroBancshares, Inc. | EUBK | \$2.53 | 49 | 2,829,716 | 5.4% | 9.4% | 3.9% | 10.6% |
| Seacoast Banking Corporation of Florida | SBCF | \$8.81 | 169 | 2,296,999 | 5.8% | 9.7% | 3.9% | 11.4% |
| BB&T Corporation | BBT | \$32.25 | 17,810 | 136,465,000 | 5.1% | 8.9% | 3.8% | 14.0% |

Source: SNL, Sterne Agee

Figure 7: Sterne Agee Bank & Thrift Coverage, Tier 1 Ratio Minus Tangible Common Ratio

| Company Name | Ticker | Price | Market Cap. | Total Assets | TCE/TA | Current Capital Adequacy | | |
|--|--------|---------|-------------|--------------|--------|--------------------------|------------|-----------|
| | | | | | | Tier 1 RB | Difference | Total RBC |
| Superior Bancorp | SUPR | \$5.35 | 54 | 3,039,558 | 5.4% | 9.2% | 3.8% | 10.2% |
| ViewPoint Financial Group (MHC) | VPGF | \$16.38 | 408 | 1,859,275 | 10.8% | 14.5% | 3.8% | 15.2% |
| Westamerica Bancorporation | WABC | \$48.31 | 1,396 | 4,188,868 | 6.5% | 10.2% | 3.7% | 11.5% |
| Provident New York Bancorp | PBNY | \$10.65 | 424 | 2,850,554 | 8.1% | 11.8% | 3.7% | 13.0% |
| First Horizon National Corporation | FHN | \$8.64 | 1,742 | 35,549,961 | 6.9% | 10.5% | 3.6% | 15.2% |
| BancorpSouth, Inc. | BXS | \$20.02 | 1,663 | 13,399,151 | 7.0% | 10.5% | 3.6% | 11.7% |
| BancTrust Financial Group, Inc. | BTFG | \$8.96 | 158 | 2,122,829 | 6.5% | 9.9% | 3.4% | 11.2% |
| Hancock Holding Company | HBHC | \$42.30 | 1,341 | 6,270,116 | 8.0% | 11.5% | 3.4% | 12.6% |
| First Niagara Financial Group, Inc. | FNFG | \$13.82 | 1,638 | 9,074,502 | 6.9% | 10.1% | 3.2% | 11.3% |
| First State Bancorporation | FSNM | \$3.07 | 62 | 3,464,882 | 5.0% | 8.2% | 3.1% | 10.4% |
| Berkshire Hills Bancorp, Inc. | BHLB | \$23.95 | 287 | 2,546,875 | 5.9% | 8.9% | 3.1% | 10.0% |
| United Community Banks, Inc. | UCBI | \$11.72 | 562 | 8,264,051 | 6.2% | 9.2% | 2.9% | 11.4% |
| Trustmark Corporation | TRMK | \$17.29 | 991 | 9,315,049 | 6.6% | 9.6% | 2.9% | 11.5% |
| Sterling Bancshares, Inc. | SBIB | \$7.67 | 561 | 4,909,454 | 6.2% | 9.1% | 2.9% | 11.7% |
| Nara Bancorp, Inc. | NARA | \$8.85 | 232 | 2,573,584 | 8.7% | 11.5% | 2.9% | 12.8% |
| Tennessee Commerce Bancorp, Inc. | TNCC | \$10.19 | 48 | 1,065,985 | 6.2% | 9.0% | 2.9% | 10.2% |
| Sovereign Bancorp, Inc. | SOV | \$2.28 | 1,511 | 79,197,449 | 5.4% | 8.3% | 2.8% | 11.4% |
| Hanmi Financial Corporation | HAFC | \$3.89 | 179 | 3,845,107 | 6.6% | 9.4% | 2.8% | 10.7% |
| Texas Capital Bancshares, Inc. | TCBI | \$16.64 | 512 | 4,663,236 | 6.6% | 9.3% | 2.7% | 10.3% |
| Savannah Bancorp, Inc. | SAVB | \$13.35 | 79 | 963,600 | 7.9% | 10.5% | 2.6% | 11.8% |
| Fidelity Southern Corporation | LION | \$3.50 | 33 | 1,778,261 | 5.4% | 7.9% | 2.5% | 11.2% |
| TCF Financial Corporation | TCB | \$15.24 | 1,938 | 16,460,123 | 5.7% | 8.1% | 2.4% | 10.9% |
| KeyCorp | KEY | \$10.12 | 5,007 | 101,544,000 | 6.2% | 8.5% | 2.3% | 12.4% |
| Brookline Bancorp, Inc. | BRKL | \$10.13 | 591 | 2,494,616 | 18.3% | 20.6% | 2.3% | 21.8% |
| Zions Bancorporation | ZION | \$32.24 | 3,717 | 54,630,883 | 5.3% | 7.4% | 2.2% | 11.6% |
| Bancorp, Inc. | TBBK | \$3.08 | 45 | 1,677,406 | 6.6% | 8.7% | 2.1% | 9.7% |
| Atlantic Coast Federal Corporation (MHC) | ACFC | \$6.39 | 84 | 963,927 | 8.7% | 10.7% | 2.0% | 11.6% |
| City National Corporation | CYN | \$46.61 | 2,245 | 16,339,258 | 7.1% | 9.0% | 2.0% | 10.9% |
| Cape Bancorp, Inc. | CBNJ | \$8.10 | 108 | 1,158,922 | 11.0% | 12.8% | 1.8% | 13.8% |
| Whitney Holding Corporation | WTNY | \$16.46 | 1,053 | 11,016,323 | 7.6% | 9.3% | 1.7% | 12.1% |
| Provident Financial Services, Inc. | PFS | \$12.43 | 741 | 6,384,944 | 7.7% | 9.4% | 1.7% | 10.4% |
| First Security Group, Inc. | FSGI | \$7.07 | 116 | 1,270,752 | 9.2% | 10.3% | 1.1% | 11.4% |
| Abington Community Bancorp, Inc. (MHC) | ABBC | \$9.21 | 225 | 1,107,327 | 22.4% | 23.4% | 1.1% | 23.5% |
| TFS Financial Corporation (MHC) | TFSL | \$12.53 | 4,045 | 10,360,935 | 18.8% | 19.3% | 0.5% | 19.7% |
| Danvers Bancorp, Inc. | DNBK | \$11.78 | 210 | 1,507,351 | 15.2% | 15.6% | 0.4% | 16.5% |
| Synovus Financial Corp. | SNV | \$8.51 | 2,811 | 34,227,301 | 8.5% | 8.9% | 0.4% | 12.3% |
| Waterstone Financial, Inc. (MHC) | WSBF | \$7.50 | 234 | 1,848,428 | 10.8% | 10.9% | 0.1% | 12.2% |
| Legacy Bancorp, Inc. | LEGC | \$11.04 | 98 | 925,107 | 12.5% | 12.6% | 0.1% | 13.6% |
| Comerica Incorporated | CMA | \$24.41 | 3,673 | 66,003,000 | 7.5% | 7.4% | 0.0% | 11.2% |
| United Financial Bancorp, Inc. (MHC) | UBNK | \$13.08 | 232 | 1,214,206 | 18.6% | 18.5% | -0.1% | 19.5% |
| People's United Financial, Inc. | PBCT | \$16.09 | 5,545 | 20,392,400 | 18.0% | 16.5% | -1.5% | 17.8% |

Source: SNL, Sterne Agee

Figure 8: Sterne Agee Bank & Thrift Coverage, Earnings Impact Without Invested Proceeds

| Company Name | Ticker | Current Capital Adequacy | | | TARP CPP | | | Pro Forma | | Dilution |
|---|--------|--------------------------|-----------|-----------|-----------|---------|----------|------------|---------|----------|
| | | TCE/TA | Tier 1 RB | Total RBC | Capital | Warrant | Calendar | 2009 | 2009 | |
| | | | | | Raise | Value | 2009 | | | |
| Wintrust Financial Corporation | WTFC | 4.6% | 8.7% | 10.2% | 251,701 | 37,755 | \$0.09 | 2,173 | -\$0.43 | -579.3% |
| First M & F Corporation | FMFC | 6.1% | 10.1% | 11.3% | 39,668 | 5,950 | \$0.14 | 1,268 | -\$0.08 | -156.4% |
| IBERIABANK Corporation | IBKC | 4.7% | 9.3% | 10.4% | 115,310 | 17,297 | \$0.35 | 4,489 | -\$0.10 | -128.5% |
| BankUnited Financial Corporation | BKUNA | 3.8% | 12.6% | 13.9% | 255,659 | 38,349 | \$0.41 | 14,413 | \$0.05 | -88.7% |
| BankAtlantic Bancorp, Inc. | BBX | 5.1% | 10.0% | 11.8% | 127,814 | 19,172 | \$0.70 | 7,856 | \$0.13 | -81.3% |
| UMB Financial Corporation | UMBF | 9.2% | 14.0% | 14.9% | 169,721 | 25,458 | \$0.27 | 11,099 | \$0.06 | -76.5% |
| EuroBancshares, Inc. | EUBK | 5.4% | 9.4% | 10.6% | 62,296 | 9,344 | \$0.26 | 5,078 | \$0.10 | -61.3% |
| Capital City Bank Group, Inc. | CCBG | 7.6% | 13.2% | 14.3% | 61,166 | 9,175 | \$0.30 | 5,144 | \$0.12 | -59.5% |
| Ameris Bancorp | ABCB | 6.1% | 10.3% | 11.5% | 51,137 | 7,670 | \$0.37 | 5,018 | \$0.18 | -50.9% |
| First State Bancorporation | FSNM | 5.0% | 8.2% | 10.4% | 91,070 | 13,661 | \$0.45 | 9,074 | \$0.22 | -50.2% |
| Colonial BancGroup, Inc. | CNB | 5.2% | 10.1% | 14.2% | 571,513 | 85,727 | \$0.32 | 60,394 | \$0.17 | -47.3% |
| Oriental Financial Group Inc. | OFG | 3.8% | 17.3% | 17.8% | 71,909 | 10,786 | \$0.33 | 8,047 | \$0.18 | -44.7% |
| Savannah Bancorp, Inc. | SAVB | 7.9% | 10.5% | 11.8% | 24,075 | 3,611 | \$0.60 | 3,571 | \$0.40 | -33.7% |
| First Horizon National Corporation | FHN | 6.9% | 10.5% | 15.2% | 866,540 | 129,981 | \$0.82 | 145,088 | \$0.58 | -29.9% |
| Doral Financial Corporation | DRL | 6.2% | 12.4% | 13.6% | 130,445 | 19,567 | \$0.54 | 29,057 | \$0.42 | -22.4% |
| BancTrust Financial Group, Inc. | BTFG | 6.5% | 9.9% | 11.2% | 52,410 | 7,861 | \$0.71 | 12,565 | \$0.56 | -20.9% |
| United Community Banks, Inc. | UCBI | 6.2% | 9.2% | 11.4% | 183,526 | 27,529 | \$0.98 | 46,660 | \$0.79 | -19.7% |
| Superior Bancorp | SUPR | 5.4% | 9.2% | 10.2% | 69,346 | 10,402 | \$2.00 | 20,112 | \$1.66 | -17.2% |
| Renasant Corporation | RNST | 5.5% | 10.5% | 11.5% | 82,701 | 12,405 | \$1.15 | 24,386 | \$0.95 | -17.0% |
| NBC Capital Corporation | CADE | 6.0% | 10.4% | 11.5% | 44,788 | 6,718 | \$1.29 | 15,398 | \$1.10 | -14.5% |
| Trustmark Corporation | TRMK | 6.6% | 9.6% | 11.5% | 218,138 | 32,721 | \$1.40 | 80,270 | \$1.21 | -13.6% |
| Hancock Holding Company | HBHC | 8.0% | 11.5% | 12.6% | 138,093 | 20,714 | \$1.60 | 50,902 | \$1.38 | -13.6% |
| Popular, Inc. | BPOP | 5.8% | 10.5% | 11.8% | 964,428 | 144,664 | \$1.33 | 373,429 | \$1.16 | -12.9% |
| Seacoast Banking Corporation of Florida | SBCF | 5.8% | 9.7% | 11.4% | 54,055 | 8,108 | \$1.60 | 30,378 | \$1.46 | -8.9% |
| First Security Group, Inc. | FSGI | 9.2% | 10.3% | 11.4% | 33,409 | 5,011 | \$1.25 | 20,296 | \$1.15 | -8.2% |
| TCF Financial Corporation | TCB | 5.7% | 8.1% | 10.9% | 361,174 | 54,176 | \$7.33 | 917,111 | \$7.19 | -2.0% |
| Northwest Bancorp, Inc. (MHC) | NWSB | 6.4% | 12.4% | 13.4% | 128,442 | 19,266 | \$8.33 | 404,503 | \$8.20 | -1.6% |
| Sovereign Bancorp, Inc. | SOV | 5.4% | 8.3% | 11.4% | 2,008,832 | 301,325 | \$13.33 | 7,616,202 | \$13.15 | -1.3% |
| Astoria Financial Corporation | AF | 4.8% | 11.5% | 12.2% | 370,969 | 55,645 | \$20.33 | 1,847,173 | \$20.13 | -1.0% |
| Comerica Incorporated | CMA | 7.5% | 7.4% | 11.2% | 2,270,297 | 340,545 | \$81.33 | 12,266,109 | \$80.58 | -0.9% |
| Flushing Financial Corporation | FFIC | 6.2% | 11.1% | 11.4% | 69,932 | 10,490 | \$23.33 | 471,233 | \$23.16 | -0.7% |
| Zions Bancorporation | ZION | 5.3% | 7.4% | 11.6% | 1,484,750 | 222,712 | \$99.33 | 10,599,698 | \$98.63 | -0.7% |
| City National Corporation | CYN | 7.1% | 9.0% | 10.9% | 406,380 | 60,957 | \$66.33 | 3,218,597 | \$65.91 | -0.6% |
| Provident Financial Services, Inc. | PFS | 7.7% | 9.4% | 10.4% | 119,465 | 17,920 | \$17.33 | 970,731 | \$17.22 | -0.6% |
| Dime Community Bancshares, Inc. | DCOM | 5.8% | 11.5% | 11.5% | 74,869 | 11,230 | \$19.33 | 636,639 | \$19.22 | -0.6% |
| Texas Capital Bancshares, Inc. | TCBI | 6.6% | 9.3% | 10.3% | 133,229 | 19,984 | \$46.33 | 1,241,892 | \$46.08 | -0.5% |
| Berkshire Hills Bancorp, Inc. | BHLB | 5.9% | 8.9% | 10.0% | 60,795 | 9,119 | \$56.33 | 584,931 | \$56.04 | -0.5% |
| People's United Financial, Inc. | PBCT | 18.0% | 16.5% | 17.8% | 417,222 | 62,583 | \$12.33 | 4,071,243 | \$12.27 | -0.5% |
| OceanFirst Financial Corp. | OCFC | 6.6% | 11.9% | 12.7% | 37,014 | 5,552 | \$31.33 | 367,814 | \$31.17 | -0.5% |
| KeyCorp | KEY | 6.2% | 8.5% | 12.4% | 3,300,815 | 495,122 | \$85.33 | 35,550,953 | \$84.93 | -0.5% |
| Tennessee Commerce Bancorp, Inc. | TNCC | 6.2% | 9.0% | 10.2% | 29,523 | 4,428 | \$71.33 | 348,883 | \$71.03 | -0.4% |

Source: SNL, Sterne Agee

Figure 9: Sterne Agee Bank & Thrift Coverage, Earnings Impact Without Invested Proceeds

| Company Name | Ticker | Current Capital Adequacy | | | TARP CPP | | | Pro Forma | | Dilution |
|--|--------|--------------------------|-----------|-----------|-----------|---------|----------|------------|------------|----------|
| | | TCE/TA | Tier 1 RB | Total RBC | Capital | Warrant | Calendar | 2009 | 2009 | |
| | | | | | Raise | Value | 2009 | | | |
| | | | | | 3.0% | 15% | EPS | Net Income | Net Income | |
| New York Community Bancorp, Inc. | NYB | 5.6% | 12.0% | 12.4% | 596,586 | 89,488 | \$21.33 | 7,066,015 | \$21.24 | -0.4% |
| Bancorp, Inc. | TBBK | 6.6% | 8.7% | 9.7% | 44,134 | 6,620 | \$37.33 | 543,645 | \$37.18 | -0.4% |
| Sun Bancorp, Inc. | SNBC | 6.2% | 10.4% | 11.5% | 88,712 | 13,307 | \$48.33 | 1,121,777 | \$48.14 | -0.4% |
| Nara Bancorp, Inc. | NARA | 8.7% | 11.5% | 12.8% | 68,408 | 10,261 | \$35.33 | 934,486 | \$35.20 | -0.4% |
| BB&T Corporation | BBT | 5.1% | 8.9% | 14.0% | 3,133,650 | 470,048 | \$78.33 | 43,062,544 | \$78.04 | -0.4% |
| National City Corporation | NCC | 4.4% | 11.1% | 14.9% | 4,176,808 | 626,521 | \$82.33 | 59,514,046 | \$82.04 | -0.4% |
| Hanmi Financial Corporation | HAFC | 6.6% | 9.4% | 10.7% | 107,108 | 16,066 | \$34.33 | 1,575,114 | \$34.21 | -0.3% |
| Signature Bank | SBNY | 6.7% | 13.0% | 13.8% | 107,529 | 16,129 | \$54.33 | 1,633,268 | \$54.15 | -0.3% |
| First Niagara Financial Group, Inc. | FNFG | 6.9% | 10.1% | 11.3% | 185,580 | 27,837 | \$27.33 | 2,911,274 | \$27.24 | -0.3% |
| South Financial Group, Inc. | TSFG | 5.9% | 11.0% | 12.6% | 356,948 | 53,542 | \$77.33 | 5,615,010 | \$77.08 | -0.3% |
| Hudson City Bancorp, Inc. | HCBK | 9.3% | 22.3% | 22.5% | 553,224 | 82,984 | \$18.33 | 9,093,124 | \$18.27 | -0.3% |
| Investors Bancorp, Inc. (MHC) | ISBC | 12.9% | 21.4% | 21.8% | 102,120 | 15,318 | \$16.33 | 1,707,147 | \$16.28 | -0.3% |
| Wilshire Bancorp, Inc. | WIBC | 7.4% | 11.6% | 14.0% | 60,819 | 9,123 | \$36.33 | 1,068,635 | \$36.23 | -0.3% |
| Fidelity Southern Corporation | LION | 5.4% | 7.9% | 11.2% | 49,207 | 7,381 | \$92.33 | 867,329 | \$92.07 | -0.3% |
| Gateway Financial Holdings, Inc. | GBTS | 4.2% | 8.9% | 10.9% | 57,014 | 8,552 | \$83.33 | 1,070,969 | \$83.11 | -0.3% |
| Prosperity Bancshares, Inc. | PRSP | 5.3% | 12.7% | 13.7% | 105,625 | 15,844 | \$44.33 | 1,996,579 | \$44.21 | -0.3% |
| Provident New York Bancorp | PBNY | 8.1% | 11.8% | 13.0% | 56,712 | 8,507 | \$30.33 | 1,186,217 | \$30.26 | -0.2% |
| Synovus Financial Corp. | SNV | 8.5% | 8.9% | 12.3% | 973,530 | 146,030 | \$62.33 | 20,657,284 | \$62.18 | -0.2% |
| Whitney Holding Corporation | WTNY | 7.6% | 9.3% | 12.1% | 279,379 | 41,907 | \$93.33 | 6,044,196 | \$93.11 | -0.2% |
| Westamerica Bancorporation | WABC | 6.5% | 10.2% | 11.5% | 85,367 | 12,805 | \$64.33 | 1,890,787 | \$64.18 | -0.2% |
| NewAlliance Bancshares, Inc. | NAL | 10.1% | 18.7% | 19.7% | 136,120 | 20,418 | \$32.33 | 3,242,122 | \$32.26 | -0.2% |
| Sterling Bancshares, Inc. | SBIB | 6.2% | 9.1% | 11.7% | 125,198 | 18,780 | \$45.33 | 3,328,083 | \$45.24 | -0.2% |
| Atlantic Coast Federal Corporation (MHC) | ACFC | 8.7% | 10.7% | 11.6% | 19,926 | 2,989 | \$40.33 | 532,898 | \$40.25 | -0.2% |
| ViewPoint Financial Group (MHC) | VPFG | 10.8% | 14.5% | 15.2% | 34,164 | 5,125 | \$38.33 | 921,335 | \$38.26 | -0.2% |
| Bank Mutual Corporation | BKMU | 10.1% | 19.2% | 19.8% | 50,408 | 7,561 | \$29.33 | 1,412,250 | \$29.28 | -0.2% |
| Legacy Bancorp, Inc. | LEGC | 12.5% | 12.6% | 13.6% | 20,125 | 3,019 | \$75.33 | 612,432 | \$75.21 | -0.2% |
| Cape Bancorp, Inc. | CBNJ | 11.0% | 12.8% | 13.8% | 26,090 | 3,914 | \$72.33 | 886,914 | \$72.22 | -0.1% |
| National Penn Bancshares, Inc. | NPBC | 5.0% | 9.4% | 10.6% | 205,139 | 30,771 | \$100.33 | 8,089,245 | \$100.20 | -0.1% |
| United Financial Bancorp, Inc. (MHC) | UBNK | 18.6% | 18.5% | 19.5% | 24,852 | 3,728 | \$60.33 | 985,576 | \$60.25 | -0.1% |
| Waterstone Financial, Inc. (MHC) | WSBF | 10.8% | 10.9% | 12.2% | 45,780 | 6,867 | \$63.33 | 1,934,424 | \$63.26 | -0.1% |
| Abington Community Bancorp, Inc. (MHC) | ABBC | 22.4% | 23.4% | 23.5% | 21,308 | 3,196 | \$39.33 | 902,343 | \$39.28 | -0.1% |
| Brookline Bancorp, Inc. | BRKL | 18.3% | 20.6% | 21.8% | 61,817 | 9,273 | \$53.33 | 3,083,615 | \$53.28 | -0.1% |
| Danvers Bancorp, Inc. | DNBK | 15.2% | 15.6% | 16.5% | 32,974 | 4,946 | \$101.33 | 1,665,170 | \$101.23 | -0.1% |
| Oritani Financial Corp. (MHC) | ORIT | 19.3% | 26.5% | 27.8% | 31,585 | 4,738 | \$51.33 | 1,831,198 | \$51.29 | -0.1% |
| ESSA Bancorp, Inc. | ESSA | 21.1% | 28.0% | 28.8% | 15,514 | 2,327 | \$57.33 | 919,954 | \$57.28 | -0.1% |
| Capitol Federal Financial (MHC) | CFFN | 10.9% | 23.5% | 23.3% | 101,400 | 15,210 | \$86.33 | 6,303,884 | \$86.26 | -0.1% |
| Beneficial Mutual Bancorp, Inc. | BNCL | 12.8% | 18.9% | 19.9% | 66,280 | 9,942 | \$59.33 | 4,702,206 | \$59.29 | -0.1% |
| Westfield Financial, Inc. (MHC) | WFD | 25.6% | 44.8% | 45.8% | 18,449 | 2,767 | \$47.33 | 1,405,614 | \$47.30 | -0.1% |
| TFS Financial Corporation (MHC) | TFSL | 18.8% | 19.3% | 19.7% | 214,283 | 32,142 | \$55.33 | 17,733,840 | \$55.30 | -0.1% |
| BancorpSouth, Inc. | BXS | 7.0% | 10.5% | 11.7% | 310,819 | 46,623 | -\$0.09 | -7,431 | -\$0.28 | NM |
| First BanCorp | FBP | 4.2% | 12.2% | 13.5% | 391,495 | 58,724 | -\$0.17 | -15,760 | -\$0.38 | NM |

Source: SNL, Sterne Agee

Figure 10: Sterne Agee Bank & Thrift Coverage, Prospective Dilution From TARP Warrants

| Company Name | Ticker | Price | Market Cap. | Current Capital Adequacy | | | TARP CPP | | | Common Shares Issued | Common Shares | Shares Issued/Current Shares |
|--|--------|---------|-------------|--------------------------|-----------|-----------|---------------|---------------|--------------------|----------------------|---------------|------------------------------|
| | | | | TCE/TA | Tier 1 RB | Total RBC | Capital Raise | Warrant Value | Common Issue Price | | | |
| | | | | | | | | | | | | |
| BankUnited Financial Corporation | BKUNA | \$0.55 | 19 | 3.8% | 12.6% | 13.9% | 255,659 | 38,349 | \$0.55 | 69,738 | 195.6% | |
| National City Corporation | NCC | \$2.07 | 4,215 | 4.4% | 11.1% | 14.9% | 4,176,808 | 626,521 | \$2.07 | 302,667 | 39.8% | |
| BankAtlantic Bancorp, Inc. | BBX | \$5.60 | 58 | 5.1% | 10.0% | 11.8% | 127,814 | 19,172 | \$5.60 | 3,424 | 30.5% | |
| Fidelity Southern Corporation | LION | \$3.50 | 33 | 5.4% | 7.9% | 11.2% | 49,207 | 7,381 | \$3.50 | 2,109 | 22.4% | |
| First State Bancorporation | FSNM | \$3.07 | 62 | 5.0% | 8.2% | 10.4% | 91,070 | 13,661 | \$3.07 | 4,450 | 22.1% | |
| Sovereign Bancorp, Inc. | SOV | \$2.28 | 1,511 | 5.4% | 8.3% | 11.4% | 2,008,832 | 301,325 | \$2.28 | 132,160 | 19.9% | |
| Superior Bancorp | SUPR | \$5.35 | 54 | 5.4% | 9.2% | 10.2% | 69,346 | 10,402 | \$5.35 | 1,944 | 19.3% | |
| EuroBancshares, Inc. | EUBK | \$2.53 | 49 | 5.4% | 9.4% | 10.6% | 62,296 | 9,344 | \$2.53 | 3,693 | 18.9% | |
| South Financial Group, Inc. | TSFG | \$3.89 | 284 | 5.9% | 11.0% | 12.6% | 356,948 | 53,542 | \$3.89 | 13,764 | 18.9% | |
| Bancorp, Inc. | TBBK | \$3.08 | 45 | 6.6% | 8.7% | 9.7% | 44,134 | 6,620 | \$3.08 | 2,149 | 14.8% | |
| Colonial BancGroup, Inc. | CNB | \$3.03 | 613 | 5.2% | 10.1% | 14.2% | 571,513 | 85,727 | \$3.03 | 28,293 | 14.0% | |
| Gateway Financial Holdings, Inc. | GBTS | \$5.52 | 70 | 4.2% | 8.9% | 10.9% | 57,014 | 8,552 | \$5.52 | 1,549 | 12.2% | |
| KeyCorp | KEY | \$10.12 | 5,007 | 6.2% | 8.5% | 12.4% | 3,300,815 | 495,122 | \$10.12 | 48,925 | 10.1% | |
| Comerica Incorporated | CMA | \$24.41 | 3,673 | 7.5% | 7.4% | 11.2% | 2,270,297 | 340,545 | \$24.41 | 13,951 | 9.3% | |
| Tennessee Commerce Bancorp, Inc. | TNCC | \$10.19 | 48 | 6.2% | 9.0% | 10.2% | 29,523 | 4,428 | \$10.19 | 435 | 9.2% | |
| Hanmi Financial Corporation | HAFC | \$3.89 | 179 | 6.6% | 9.4% | 10.7% | 107,108 | 16,066 | \$3.89 | 4,130 | 9.0% | |
| Popular, Inc. | BPOP | \$5.95 | 1,676 | 5.8% | 10.5% | 11.8% | 964,428 | 144,664 | \$5.95 | 24,313 | 8.7% | |
| First BanCorp | FBP | \$8.36 | 773 | 4.2% | 12.2% | 13.5% | 391,495 | 58,724 | \$8.36 | 7,024 | 7.6% | |
| First Horizon National Corporation | FHN | \$8.64 | 1,742 | 6.9% | 10.5% | 15.2% | 866,540 | 129,981 | \$8.64 | 15,044 | 7.5% | |
| Wintrust Financial Corporation | WTFC | \$22.55 | 534 | 4.6% | 8.7% | 10.2% | 251,701 | 37,755 | \$22.55 | 1,674 | 7.1% | |
| NBC Capital Corporation | CADE | \$8.21 | 98 | 6.0% | 10.4% | 11.5% | 44,788 | 6,718 | \$8.21 | 818 | 6.9% | |
| First M & F Corporation | FMFC | \$9.60 | 87 | 6.1% | 10.1% | 11.3% | 39,668 | 5,950 | \$9.60 | 620 | 6.8% | |
| Zions Bancorporation | ZION | \$32.24 | 3,717 | 5.3% | 7.4% | 11.6% | 1,484,750 | 222,712 | \$32.24 | 6,908 | 6.4% | |
| Sun Bancorp, Inc. | SNBC | \$9.37 | 210 | 6.2% | 10.4% | 11.5% | 88,712 | 13,307 | \$9.37 | 1,420 | 6.3% | |
| Ameris Bancorp | ABCB | \$9.95 | 135 | 6.1% | 10.3% | 11.5% | 51,137 | 7,670 | \$9.95 | 771 | 5.7% | |
| Synovus Financial Corp. | SNV | \$8.51 | 2,811 | 8.5% | 8.9% | 12.3% | 973,530 | 146,030 | \$8.51 | 17,160 | 5.2% | |
| BancTrust Financial Group, Inc. | BTFG | \$8.96 | 158 | 6.5% | 9.9% | 11.2% | 52,410 | 7,861 | \$8.96 | 877 | 5.0% | |
| United Community Banks, Inc. | UCBI | \$11.72 | 562 | 6.2% | 9.2% | 11.4% | 183,526 | 27,529 | \$11.72 | 2,349 | 4.9% | |
| Doral Financial Corporation | DRL | \$7.52 | 405 | 6.2% | 12.4% | 13.6% | 130,445 | 19,567 | \$7.52 | 2,602 | 4.8% | |
| Seacoast Banking Corporation of Florida | SBCF | \$8.81 | 169 | 5.8% | 9.7% | 11.4% | 54,055 | 8,108 | \$8.81 | 920 | 4.8% | |
| Savannah Bancorp, Inc. | SAVB | \$13.35 | 79 | 7.9% | 10.5% | 11.8% | 24,075 | 3,611 | \$13.35 | 271 | 4.6% | |
| Texas Capital Bancshares, Inc. | TCBI | \$16.64 | 512 | 6.6% | 9.3% | 10.3% | 133,229 | 19,984 | \$16.64 | 1,201 | 4.5% | |
| Nara Bancorp, Inc. | NARA | \$8.85 | 232 | 8.7% | 11.5% | 12.8% | 68,408 | 10,261 | \$8.85 | 1,159 | 4.4% | |
| First Security Group, Inc. | FSGI | \$7.07 | 116 | 9.2% | 10.3% | 11.4% | 33,409 | 5,011 | \$7.07 | 709 | 4.3% | |
| Whitney Holding Corporation | WTNY | \$16.46 | 1,053 | 7.6% | 9.3% | 12.1% | 279,379 | 41,907 | \$16.46 | 2,546 | 4.0% | |
| Berkshire Hills Bancorp, Inc. | BHLB | \$23.95 | 287 | 5.9% | 8.9% | 10.0% | 60,795 | 9,119 | \$23.95 | 381 | 3.7% | |
| Cape Bancorp, Inc. | CBNJ | \$8.10 | 108 | 11.0% | 12.8% | 13.8% | 26,090 | 3,914 | \$8.10 | 483 | 3.6% | |
| Wilshire Bancorp, Inc. | WIBC | \$8.86 | 261 | 7.4% | 11.6% | 14.0% | 60,819 | 9,123 | \$8.86 | 1,030 | 3.5% | |
| Atlantic Coast Federal Corporation (MHC) | ACFC | \$6.39 | 84 | 8.7% | 10.7% | 11.6% | 19,926 | 2,989 | \$6.39 | 468 | 3.4% | |
| Oriental Financial Group Inc. | OFG | \$13.03 | 317 | 3.8% | 17.3% | 17.8% | 71,909 | 10,786 | \$13.03 | 828 | 3.4% | |
| Sterling Bancshares, Inc. | SBIB | \$7.67 | 561 | 6.2% | 9.1% | 11.7% | 125,198 | 18,780 | \$7.67 | 2,448 | 3.3% | |

Source: SNL, Sterne Agee

Figure 11: Sterne Agee Bank & Thrift Coverage, Prospective Dilution From TARP Warrants

| Company Name | Ticker | Price | Market Cap. | Current Capital Adequacy | | | TARP CPP | | Common Issue Price | Common Shares Issued | Shares Issued/Current Shares |
|--|--------|---------|-------------|--------------------------|-----------|-----------|---------------|---------------|--------------------|----------------------|------------------------------|
| | | | | TCE/TA | Tier 1 RB | Total RBC | Capital Raise | Warrant Value | | | |
| | | | | | | | 3.0% | 15% | | | |
| Astoria Financial Corporation | AF | \$17.36 | 1,664 | 4.8% | 11.5% | 12.2% | 370,969 | 55,645 | \$17.36 | 3,205 | 3.3% |
| Trustmark Corporation | TRMK | \$17.29 | 991 | 6.6% | 9.6% | 11.5% | 218,138 | 32,721 | \$17.29 | 1,892 | 3.3% |
| Flushing Financial Corporation | FFIC | \$15.10 | 326 | 6.2% | 11.1% | 11.4% | 69,932 | 10,490 | \$15.10 | 695 | 3.2% |
| OceanFirst Financial Corp. | OCFC | \$13.98 | 173 | 6.6% | 11.9% | 12.7% | 37,014 | 5,552 | \$13.98 | 397 | 3.2% |
| Renasant Corporation | RNST | \$19.02 | 400 | 5.5% | 10.5% | 11.5% | 82,701 | 12,405 | \$19.02 | 652 | 3.1% |
| Legacy Bancorp, Inc. | LEGC | \$11.04 | 98 | 12.5% | 12.6% | 13.6% | 20,125 | 3,019 | \$11.04 | 273 | 3.1% |
| IBERIABANK Corporation | IBKC | \$44.51 | 578 | 4.7% | 9.3% | 10.4% | 115,310 | 17,297 | \$44.51 | 389 | 3.0% |
| Waterstone Financial, Inc. (MHC) | WSBF | \$7.50 | 234 | 10.8% | 10.9% | 12.2% | 45,780 | 6,867 | \$7.50 | 916 | 2.9% |
| BancorpSouth, Inc. | BXS | \$20.02 | 1,663 | 7.0% | 10.5% | 11.7% | 310,819 | 46,623 | \$20.02 | 2,329 | 2.8% |
| TCF Financial Corporation | TCB | \$15.24 | 1,938 | 5.7% | 8.1% | 10.9% | 361,174 | 54,176 | \$15.24 | 3,555 | 2.8% |
| National Penn Bancshares, Inc. | NPBC | \$14.17 | 1,132 | 5.0% | 9.4% | 10.6% | 205,139 | 30,771 | \$14.17 | 2,172 | 2.7% |
| City National Corporation | CYN | \$46.61 | 2,245 | 7.1% | 9.0% | 10.9% | 406,380 | 60,957 | \$46.61 | 1,308 | 2.7% |
| BB&T Corporation | BBT | \$32.25 | 17,810 | 5.1% | 8.9% | 14.0% | 3,133,650 | 470,048 | \$32.25 | 14,575 | 2.7% |
| Provident Financial Services, Inc. | PFS | \$12.43 | 741 | 7.7% | 9.4% | 10.4% | 119,465 | 17,920 | \$12.43 | 1,442 | 2.4% |
| Danvers Bancorp, Inc. | DNBK | \$11.78 | 210 | 15.2% | 15.6% | 16.5% | 32,974 | 4,946 | \$11.78 | 420 | 2.4% |
| Dime Community Bancshares, Inc. | DCOM | \$14.84 | 507 | 5.8% | 11.5% | 11.5% | 74,869 | 11,230 | \$14.84 | 757 | 2.2% |
| Capital City Bank Group, Inc. | CCBG | \$25.65 | 439 | 7.6% | 13.2% | 14.3% | 61,166 | 9,175 | \$25.65 | 358 | 2.1% |
| Signature Bank | SBNY | \$26.74 | 941 | 6.7% | 13.0% | 13.8% | 107,529 | 16,129 | \$26.74 | 603 | 2.0% |
| Provident New York Bancorp | PBNY | \$10.65 | 424 | 8.1% | 11.8% | 13.0% | 56,712 | 8,507 | \$10.65 | 799 | 2.0% |
| New York Community Bancorp, Inc. | NYB | \$13.64 | 4,688 | 5.6% | 12.0% | 12.4% | 596,586 | 89,488 | \$13.64 | 6,561 | 1.9% |
| First Niagara Financial Group, Inc. | FNFG | \$13.82 | 1,638 | 6.9% | 10.1% | 11.3% | 185,580 | 27,837 | \$13.82 | 2,014 | 1.8% |
| Northwest Bancorp, Inc. (MHC) | NWSB | \$24.50 | 1,188 | 6.4% | 12.4% | 13.4% | 128,442 | 19,266 | \$24.50 | 786 | 1.6% |
| United Financial Bancorp, Inc. (MHC) | UBNK | \$13.08 | 232 | 18.6% | 18.5% | 19.5% | 24,852 | 3,728 | \$13.08 | 285 | 1.6% |
| Brookline Bancorp, Inc. | BRKL | \$10.13 | 591 | 18.3% | 20.6% | 21.8% | 61,817 | 9,273 | \$10.13 | 915 | 1.6% |
| Hancock Holding Company | HBHC | \$42.30 | 1,341 | 8.0% | 11.5% | 12.6% | 138,093 | 20,714 | \$42.30 | 490 | 1.6% |
| Bank Mutual Corporation | BKMU | \$10.33 | 500 | 10.1% | 19.2% | 19.8% | 50,408 | 7,561 | \$10.33 | 732 | 1.5% |
| UMB Financial Corporation | UMBF | \$41.71 | 1,707 | 9.2% | 14.0% | 14.9% | 169,721 | 25,458 | \$41.71 | 610 | 1.5% |
| Abington Community Bancorp, Inc. (MHC) | ABBC | \$9.21 | 225 | 22.4% | 23.4% | 23.5% | 21,308 | 3,196 | \$9.21 | 347 | 1.4% |
| NewAlliance Bancshares, Inc. | NAL | \$13.75 | 1,472 | 10.1% | 18.7% | 19.7% | 136,120 | 20,418 | \$13.75 | 1,485 | 1.4% |
| ViewPoint Financial Group (MHC) | VPFG | \$16.38 | 408 | 10.8% | 14.5% | 15.2% | 34,164 | 5,125 | \$16.38 | 313 | 1.2% |
| Prosperity Bancshares, Inc. | PRSP | \$29.23 | 1,347 | 5.3% | 12.7% | 13.7% | 105,625 | 15,844 | \$29.23 | 542 | 1.2% |
| People's United Financial, Inc. | PBCT | \$16.09 | 5,545 | 18.0% | 16.5% | 17.8% | 417,222 | 62,583 | \$16.09 | 3,890 | 1.1% |
| ESSA Bancorp, Inc. | ESSA | \$12.93 | 213 | 21.1% | 28.0% | 28.8% | 15,514 | 2,327 | \$12.93 | 180 | 1.1% |
| Investors Bancorp, Inc. (MHC) | ISBC | \$13.12 | 1,430 | 12.9% | 21.4% | 21.8% | 102,120 | 15,318 | \$13.12 | 1,168 | 1.1% |
| Beneficial Mutual Bancorp, Inc. | BNCL | \$11.55 | 950 | 12.8% | 18.9% | 19.9% | 66,280 | 9,942 | \$11.55 | 861 | 1.0% |
| Hudson City Bancorp, Inc. | HCBK | \$16.03 | 8,349 | 9.3% | 22.3% | 22.5% | 553,224 | 82,984 | \$16.03 | 5,177 | 1.0% |
| Westfield Financial, Inc. (MHC) | WFD | \$9.18 | 288 | 25.6% | 44.8% | 45.8% | 18,449 | 2,767 | \$9.18 | 301 | 1.0% |
| Westamerica Bancorporation | WABC | \$48.31 | 1,396 | 6.5% | 10.2% | 11.5% | 85,367 | 12,805 | \$48.31 | 265 | 0.9% |
| TFS Financial Corporation (MHC) | TFSL | \$12.53 | 4,045 | 18.8% | 19.3% | 19.7% | 214,283 | 32,142 | \$12.53 | 2,565 | 0.8% |
| Oritani Financial Corp. (MHC) | ORIT | \$16.03 | 630 | 19.3% | 26.5% | 27.8% | 31,585 | 4,738 | \$16.03 | 296 | 0.7% |
| Capitol Federal Financial (MHC) | CFFN | \$41.39 | 3,066 | 10.9% | 23.5% | 23.3% | 101,400 | 15,210 | \$41.39 | 367 | 0.5% |

Source: SNL, Sterne Agee

Figure 12: Sterne Agee Bank & Thrift Coverage, Pro Forma TARP CPP Analysis

| Company Name | Ticker | TARP CPP | | | | | | | | | | | | |
|--|--------|--------------------------|---------------|-----------|-----------|---------------|---------------|----------------------------------|-----------|-----------|--|---------------|-----------|-----------|
| | | Current Capital Adequacy | | | | Capital Raise | Warrant Value | P/F Capital Adequacy w/ Sr. Pfd. | | | P/F Capital Adequacy w/ Sr. Pfd. + Wrnts | | | |
| | | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC | 3.0% | 15% | Tier 1 (core) | Tier 1 RB | Total RBC | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC |
| Abington Community Bancorp, Inc. (MHC) | ABBC | 22.4% | 15.0% | 23.4% | 23.5% | 21,308 | 3,196 | 16.64% | 25.67% | 26.01% | 22.6% | 16.9% | 26.0% | 26.3% |
| Ameris Bancorp | ABCB | 6.1% | 8.2% | 10.3% | 11.5% | 51,137 | 7,670 | 10.34% | 12.87% | 14.09% | 6.6% | 10.7% | 13.2% | 14.5% |
| Astoria Financial Corporation | AF | 4.8% | 6.6% | 11.5% | 12.2% | 370,969 | 55,645 | 8.23% | 14.09% | 14.73% | 5.1% | 8.5% | 14.5% | 15.1% |
| Atlantic Coast Federal Corporation (MHC) | ACFC | 8.7% | 7.4% | 10.7% | 11.6% | 19,926 | 2,989 | 9.29% | 13.32% | 14.13% | 9.0% | 9.6% | 13.7% | 14.5% |
| Bancorp, Inc. | TBBK | 6.6% | 7.9% | 8.7% | 9.7% | 44,134 | 6,620 | 10.39% | 11.39% | 12.33% | 7.3% | 10.8% | 11.8% | 12.7% |
| BancorpSouth, Inc. | BXS | 7.0% | 8.3% | 10.5% | 11.7% | 310,819 | 46,623 | 10.47% | 13.15% | 14.31% | 7.4% | 10.8% | 13.5% | 14.7% |
| BancTrust Financial Group, Inc. | BTFG | 6.5% | 8.6% | 9.9% | 11.2% | 52,410 | 7,861 | 10.94% | 12.56% | 13.77% | 7.2% | 11.3% | 12.9% | 14.1% |
| Bank Mutual Corporation | BKMU | 10.1% | 9.2% | 19.2% | 19.8% | 50,408 | 7,561 | 10.50% | 21.52% | 22.18% | 10.4% | 10.7% | 21.9% | 22.5% |
| BankAtlantic Bancorp, Inc. | BBX | 5.1% | 6.6% | 10.0% | 11.8% | 127,814 | 19,172 | 8.43% | 12.61% | 14.34% | 5.5% | 8.7% | 13.0% | 14.7% |
| BankUnited Financial Corporation | BKUNA | 3.8% | 7.6% | 12.6% | 13.9% | 255,659 | 38,349 | 9.28% | 15.16% | 16.39% | 4.1% | 9.5% | 15.5% | 16.8% |
| BB&T Corporation | BBT | 5.1% | 7.1% | 8.9% | 14.0% | 3,133,650 | 470,048 | 9.31% | 11.57% | 16.55% | 5.7% | 9.6% | 12.0% | 16.9% |
| Beneficial Mutual Bancorp, Inc. | BNCL | 12.8% | 11.5% | 18.9% | 19.9% | 66,280 | 9,942 | 13.13% | 21.23% | 22.22% | 13.6% | 13.4% | 21.6% | 22.6% |
| Berkshire Hills Bancorp, Inc. | BHLB | 5.9% | 7.6% | 8.9% | 10.0% | 60,795 | 9,119 | 9.95% | 11.57% | 12.65% | 6.7% | 10.3% | 12.0% | 13.0% |
| Brookline Bancorp, Inc. | BRKL | 18.3% | 17.4% | 20.6% | 21.8% | 61,817 | 9,273 | 19.41% | 22.93% | 24.12% | 19.0% | 19.7% | 23.3% | 24.4% |
| Cape Bancorp, Inc. | CBNJ | 11.0% | 10.1% | 12.8% | 13.8% | 26,090 | 3,914 | 12.14% | 15.31% | 16.29% | 11.9% | 12.4% | 15.7% | 16.7% |
| Capital City Bank Group, Inc. | CCBG | 7.6% | 10.5% | 13.2% | 14.3% | 61,166 | 9,175 | 12.59% | 15.68% | 16.84% | 8.2% | 12.9% | 16.0% | 17.2% |
| Capitol Federal Financial (MHC) | CFFN | 10.9% | 10.0% | 23.5% | 23.3% | 101,400 | 15,210 | 11.19% | 25.69% | 25.53% | 11.1% | 11.4% | 26.0% | 25.9% |
| City National Corporation | CYN | 7.1% | 7.7% | 9.0% | 10.9% | 406,380 | 60,957 | 10.04% | 11.68% | 13.54% | 7.6% | 10.4% | 12.1% | 13.9% |
| Colonial BancGroup, Inc. | CNB | 5.2% | 7.7% | 10.1% | 14.2% | 571,513 | 85,727 | 9.79% | 12.74% | 16.66% | 5.8% | 10.1% | 13.1% | 17.0% |
| Comerica Incorporated | CMA | 7.5% | 8.6% | 7.4% | 11.2% | 2,270,297 | 340,545 | 11.61% | 10.14% | 13.80% | 8.0% | 12.0% | 10.5% | 14.2% |
| Danvers Bancorp, Inc. | DNBK | 15.2% | 11.4% | 15.6% | 16.5% | 32,974 | 4,946 | 13.28% | 18.06% | 18.97% | 15.5% | 13.6% | 18.4% | 19.3% |
| Dime Community Bancshares, Inc. | DCOM | 5.8% | 7.8% | 11.5% | 11.5% | 74,869 | 11,230 | 9.62% | 14.08% | 14.11% | 6.2% | 9.9% | 14.5% | 14.5% |
| Doral Financial Corporation | DRL | 6.2% | 5.1% | 12.4% | 13.6% | 130,445 | 19,567 | 6.32% | 14.91% | 16.14% | 6.4% | 6.5% | 15.3% | 16.5% |
| ESSA Bancorp, Inc. | ESSA | 21.1% | 14.7% | 28.0% | 28.8% | 15,514 | 2,327 | 16.00% | 30.05% | 30.89% | 21.3% | 16.2% | 30.4% | 31.2% |
| EuroBancshares, Inc. | EUBK | 5.4% | 6.9% | 9.4% | 10.6% | 62,296 | 9,344 | 8.87% | 12.00% | 13.21% | 5.8% | 9.2% | 12.4% | 13.6% |
| Fidelity Southern Corporation | LION | 5.4% | 7.3% | 7.9% | 11.2% | 49,207 | 7,381 | 9.83% | 10.63% | 13.77% | 5.8% | 10.2% | 11.0% | 14.1% |
| First BanCorp | FBP | 4.2% | 8.5% | 12.2% | 13.5% | 391,495 | 58,724 | 10.35% | 14.76% | 15.97% | 4.5% | 10.6% | 15.1% | 16.3% |

Source: Company reports and Sterne, Agee & Leach, Inc. estimates.

Figure 13: Sterne Agee Bank & Thrift Coverage, Pro Forma TARP CPP Analysis

| Company Name | Ticker | TARP CPP | | | | | | | | | | | | |
|-------------------------------------|--------|--------------------------|---------------|-----------|-----------|---------------|---------------|----------------------------------|-----------|-----------|--|---------------|-----------|-----------|
| | | Current Capital Adequacy | | | | Capital Raise | Warrant Value | P/F Capital Adequacy w/ Sr. Pfd. | | | P/F Capital Adequacy w/ Sr. Pfd. + Wrnts | | | |
| | | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC | 3.0% | 15% | Tier 1 (core) | Tier 1 RB | Total RBC | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC |
| First Horizon National Corporation | FHN | 6.9% | 8.6% | 10.5% | 15.2% | 866,540 | 129,981 | 10.78% | 13.11% | 17.62% | 7.3% | 11.1% | 13.5% | 18.0% |
| First M & F Corporation | FMFC | 6.1% | 8.5% | 10.1% | 11.3% | 39,668 | 5,950 | 10.71% | 12.71% | 13.93% | 6.7% | 11.0% | 13.1% | 14.3% |
| First Niagara Financial Group, Inc. | FNFG | 6.9% | 7.5% | 10.1% | 11.3% | 185,580 | 27,837 | 9.57% | 12.70% | 13.88% | 7.9% | 9.9% | 13.1% | 14.3% |
| First Security Group, Inc. | FSGI | 9.2% | 9.3% | 10.3% | 11.4% | 33,409 | 5,011 | 11.64% | 12.93% | 13.98% | 9.8% | 12.0% | 13.3% | 14.4% |
| First State Bancorporation | FSNM | 5.0% | 7.2% | 8.2% | 10.4% | 91,070 | 13,661 | 9.58% | 10.85% | 13.04% | 5.4% | 9.9% | 11.2% | 13.4% |
| Flushing Financial Corporation | FFIC | 6.2% | 7.3% | 11.1% | 11.4% | 69,932 | 10,490 | 9.05% | 13.66% | 13.95% | 6.5% | 9.3% | 14.0% | 14.3% |
| Gateway Financial Holdings, Inc. | GBTS | 4.2% | 8.1% | 8.9% | 10.9% | 57,014 | 8,552 | 10.58% | 11.54% | 13.49% | 4.7% | 10.9% | 11.9% | 13.9% |
| Hancock Holding Company | HBHC | 8.0% | 8.5% | 11.5% | 12.6% | 138,093 | 20,714 | 10.50% | 14.04% | 15.16% | 8.4% | 10.8% | 14.4% | 15.5% |
| Hanmi Financial Corporation | HAFC | 6.6% | 8.7% | 9.4% | 10.7% | 107,108 | 16,066 | 11.22% | 12.04% | 13.26% | 7.0% | 11.6% | 12.4% | 13.6% |
| Hudson City Bancorp, Inc. | HCBK | 9.3% | 8.4% | 22.3% | 22.5% | 553,224 | 82,984 | 9.43% | 24.60% | 24.80% | 9.4% | 9.6% | 24.9% | 25.1% |
| IBERIABANK Corporation | IBKC | 4.7% | 7.1% | 9.3% | 10.4% | 115,310 | 17,297 | 9.16% | 11.98% | 12.98% | 5.2% | 9.5% | 12.4% | 13.4% |
| Investors Bancorp, Inc. (MHC) | ISBC | 12.9% | 11.3% | 21.4% | 21.8% | 102,120 | 15,318 | 12.72% | 23.66% | 24.05% | 13.1% | 12.9% | 24.0% | 24.4% |
| KeyCorp | KEY | 6.2% | 9.4% | 8.5% | 12.4% | 3,300,815 | 495,122 | 12.31% | 11.20% | 14.96% | 6.8% | 12.7% | 11.6% | 15.3% |
| Legacy Bancorp, Inc. | LEGC | 12.5% | 9.3% | 12.6% | 13.6% | 20,125 | 3,019 | 11.24% | 15.18% | 16.08% | 13.0% | 11.5% | 15.5% | 16.4% |
| Nara Bancorp, Inc. | NARA | 8.7% | 10.2% | 11.5% | 12.8% | 68,408 | 10,261 | 12.56% | 14.11% | 15.30% | 9.0% | 12.9% | 14.5% | 15.7% |
| National City Corporation | NCC | 4.4% | 10.3% | 11.1% | 14.9% | 4,176,808 | 626,521 | 12.77% | 13.65% | 17.35% | 5.0% | 13.1% | 14.0% | 17.7% |
| National Penn Bancshares, Inc. | NPBC | 5.0% | 7.4% | 9.4% | 10.6% | 205,139 | 30,771 | 9.56% | 12.03% | 13.19% | 5.7% | 9.9% | 12.4% | 13.6% |
| NBC Capital Corporation | CADE | 6.0% | 8.0% | 10.4% | 11.5% | 44,788 | 6,718 | 10.13% | 13.00% | 14.03% | 6.6% | 10.4% | 13.4% | 14.4% |
| New York Community Bancorp, Inc. | NYB | 5.6% | 8.3% | 12.0% | 12.4% | 596,586 | 89,488 | 10.22% | 14.54% | 14.99% | 6.4% | 10.5% | 14.9% | 15.4% |
| NewAlliance Bancshares, Inc. | NAL | 10.1% | 11.0% | 18.7% | 19.7% | 136,120 | 20,418 | 12.58% | 21.06% | 22.08% | 11.0% | 12.8% | 21.4% | 22.4% |
| Northwest Bancorp, Inc. (MHC) | NWSB | 6.4% | 7.9% | 12.4% | 13.4% | 128,442 | 19,266 | 9.62% | 14.97% | 15.96% | 6.8% | 9.9% | 15.3% | 16.3% |
| OceanFirst Financial Corp. | OCFC | 6.6% | 7.9% | 11.9% | 12.7% | 37,014 | 5,552 | 9.64% | 14.50% | 15.28% | 6.9% | 9.9% | 14.9% | 15.7% |
| Oriental Financial Group Inc. | OFG | 3.8% | 6.8% | 17.3% | 17.8% | 71,909 | 10,786 | 7.92% | 19.67% | 20.15% | 4.0% | 8.1% | 20.0% | 20.5% |
| Oritani Financial Corp. (MHC) | ORIT | 19.3% | 19.4% | 26.5% | 27.8% | 31,585 | 4,738 | 21.08% | 28.67% | 29.88% | 19.6% | 21.3% | 29.0% | 30.2% |
| People's United Financial, Inc. | PBCT | 18.0% | 12.2% | 16.5% | 17.8% | 417,222 | 62,583 | 14.09% | 18.95% | 20.17% | 19.7% | 14.4% | 19.3% | 20.5% |
| Popular, Inc. | BPOP | 5.8% | 8.2% | 10.5% | 11.8% | 964,428 | 144,664 | 10.35% | 13.11% | 14.34% | 6.3% | 10.7% | 13.5% | 14.7% |
| Prosperity Bancshares, Inc. | PRSP | 5.3% | 7.5% | 12.7% | 13.7% | 105,625 | 15,844 | 9.15% | 15.24% | 16.18% | 6.3% | 9.4% | 15.6% | 16.5% |

Source: Company reports and Sterne, Agee & Leach, Inc. estimates.

Figure 14: Sterne Agee Bank & Thrift Coverage, Pro Forma TARP CPP Analysis

| Company Name | Ticker | TARP CPP | | | | | | | | | | | | |
|---|--------|--------------------------|---------------|-----------|-----------|---------------|---------------|----------------------------------|-----------|-----------|--|---------------|-----------|-----------|
| | | Current Capital Adequacy | | | | Capital Raise | Warrant Value | P/F Capital Adequacy w/ Sr. Pfd. | | | P/F Capital Adequacy w/ Sr. Pfd. + Wrnts | | | |
| | | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC | 3.0% | 15% | Tier 1 (core) | Tier 1 RB | Total RBC | TCE/TA | Tier 1 (core) | Tier 1 RB | Total RBC |
| Provident Financial Services, Inc. | PFS | 7.7% | 6.4% | 9.4% | 10.4% | 119,465 | 17,920 | 8.24% | 12.02% | 13.03% | 8.7% | 8.5% | 12.4% | 13.4% |
| Provident New York Bancorp | PBNY | 8.1% | 8.3% | 11.8% | 13.0% | 56,712 | 8,507 | 10.23% | 14.39% | 15.52% | 8.9% | 10.5% | 14.8% | 15.9% |
| Renasant Corporation | RNST | 5.5% | 8.1% | 10.5% | 11.5% | 82,701 | 12,405 | 10.13% | 13.09% | 14.03% | 6.2% | 10.4% | 13.5% | 14.4% |
| Savannah Bancorp, Inc. | SAVB | 7.9% | 8.8% | 10.5% | 11.8% | 24,075 | 3,611 | 11.00% | 13.11% | 14.32% | 8.2% | 11.3% | 13.5% | 14.7% |
| Seacoast Banking Corporation of Florida | SBCF | 5.8% | 7.8% | 9.7% | 11.4% | 54,055 | 8,108 | 9.98% | 12.35% | 14.00% | 6.3% | 10.3% | 12.7% | 14.4% |
| Signature Bank | SBNY | 6.7% | 7.3% | 13.0% | 13.8% | 107,529 | 16,129 | 8.85% | 15.53% | 16.29% | 6.9% | 9.1% | 15.9% | 16.7% |
| South Financial Group, Inc. | TSFG | 5.9% | 9.7% | 11.0% | 12.6% | 356,948 | 53,542 | 12.05% | 13.62% | 15.11% | 6.5% | 12.4% | 14.0% | 15.5% |
| Sovereign Bancorp, Inc. | SOV | 5.4% | 7.3% | 8.3% | 11.4% | 2,008,832 | 301,325 | 9.74% | 10.94% | 13.99% | 6.1% | 10.1% | 11.3% | 14.4% |
| Sterling Bancshares, Inc. | SBIB | 6.2% | 8.1% | 9.1% | 11.7% | 125,198 | 18,780 | 10.46% | 11.79% | 14.27% | 6.9% | 10.8% | 12.2% | 14.6% |
| Sun Bancorp, Inc. | SNBC | 6.2% | 9.4% | 10.4% | 11.5% | 88,712 | 13,307 | 11.79% | 13.03% | 14.07% | 6.8% | 12.1% | 13.4% | 14.4% |
| Superior Bancorp | SUPR | 5.4% | 7.4% | 9.2% | 10.2% | 69,346 | 10,402 | 9.62% | 11.81% | 12.84% | 6.1% | 9.9% | 12.2% | 13.2% |
| Synovus Financial Corp. | SNV | 8.5% | 8.6% | 8.9% | 12.3% | 973,530 | 146,030 | 11.14% | 11.56% | 14.84% | 9.0% | 11.5% | 11.9% | 15.2% |
| TCF Financial Corporation | TCB | 5.7% | 6.0% | 8.1% | 10.9% | 361,174 | 54,176 | 8.00% | 10.76% | 13.46% | 6.0% | 8.3% | 11.1% | 13.8% |
| Tennessee Commerce Bancorp, Inc. | TNCC | 6.2% | 8.3% | 9.0% | 10.2% | 29,523 | 4,428 | 10.79% | 11.66% | 12.80% | 6.5% | 11.1% | 12.0% | 13.2% |
| Texas Capital Bancshares, Inc. | TCBI | 6.6% | 8.9% | 9.3% | 10.3% | 133,229 | 19,984 | 11.39% | 11.93% | 12.92% | 7.0% | 11.8% | 12.3% | 13.3% |
| TFS Financial Corporation (MHC) | TFSL | 18.8% | 13.3% | 19.3% | 19.7% | 214,283 | 32,142 | 15.07% | 21.64% | 22.04% | 19.0% | 15.3% | 22.0% | 22.4% |
| Trustmark Corporation | TRMK | 6.6% | 7.7% | 9.6% | 11.5% | 218,138 | 32,721 | 9.93% | 12.22% | 14.04% | 7.2% | 10.2% | 12.6% | 14.4% |
| UMB Financial Corporation | UMBF | 9.2% | 9.1% | 14.0% | 14.9% | 169,721 | 25,458 | 10.86% | 16.52% | 17.36% | 9.5% | 11.1% | 16.9% | 17.7% |
| United Community Banks, Inc. | UCBI | 6.2% | 7.1% | 9.2% | 11.4% | 183,526 | 27,529 | 9.16% | 11.81% | 13.98% | 6.8% | 9.5% | 12.2% | 14.4% |
| United Financial Bancorp, Inc. (MHC) | UBNK | 18.6% | 12.6% | 18.5% | 19.5% | 24,852 | 3,728 | 14.38% | 20.88% | 21.84% | 18.9% | 14.6% | 21.2% | 22.2% |
| ViewPoint Financial Group (MHC) | VPFG | 10.8% | 8.9% | 14.5% | 15.2% | 34,164 | 5,125 | 10.56% | 17.04% | 17.63% | 11.0% | 10.8% | 17.4% | 18.0% |
| Waterstone Financial, Inc. (MHC) | WSBF | 10.8% | 9.0% | 10.9% | 12.2% | 45,780 | 6,867 | 11.18% | 13.48% | 14.75% | 11.1% | 11.5% | 13.9% | 15.1% |
| Westamerica Bancorporation | WABC | 6.5% | 7.2% | 10.2% | 11.5% | 85,367 | 12,805 | 9.10% | 12.84% | 14.09% | 7.0% | 9.4% | 13.2% | 14.5% |
| Westfield Financial, Inc. (MHC) | WFD | 25.6% | 25.8% | 44.8% | 45.8% | 18,449 | 2,767 | 27.02% | 46.40% | 47.37% | 25.8% | 27.2% | 46.6% | 47.6% |
| Whitney Holding Corporation | WTNY | 7.6% | 8.1% | 9.3% | 12.1% | 279,379 | 41,907 | 10.46% | 11.94% | 14.66% | 8.2% | 10.8% | 12.3% | 15.0% |
| Wilshire Bancorp, Inc. | WIBC | 7.4% | 10.0% | 11.6% | 14.0% | 60,819 | 9,123 | 12.23% | 14.13% | 16.49% | 7.7% | 12.6% | 14.5% | 16.9% |
| Wintrust Financial Corporation | WTFC | 4.6% | 7.6% | 8.7% | 10.2% | 251,701 | 37,755 | 9.96% | 11.38% | 12.81% | 5.1% | 10.3% | 11.8% | 13.2% |
| Zions Bancorporation | ZION | 5.3% | 7.0% | 7.4% | 11.6% | 1,484,750 | 222,712 | 9.58% | 10.14% | 14.16% | 5.9% | 10.0% | 10.5% | 14.5% |

Source: Company reports and Sterne, Agee & Leach, Inc. estimates.

APPENDIX SECTION

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