



Equity Strategy

Frederick Cannon, CFA

212-887-3887

fcannon@kbw.com

Brian Kleinhanzl

212-887-3699

bkleinhanzl@kbw.com

Matthew Dinneen, CFA

212-887-3862

mdinneen@kbw.com

Equity Strategy

May 12, 2013

Financial Stocks Weekly: Is America Running Out of Banks?

Summary--While regulators and legislators worry about the size and concentration of the largest banks, there is an equally concerning trend on the opposite side of the bank size spectrum. There have been no new bank or thrift charters issued during the past two years. This trend stands in sharp contrast to history, with dozens to hundreds of new banks starting each year, including during years of deep recessions. The lack of new bank startups may be causing limited competition for loans for small regional businesses and builders and pushing lending outside the banking system, essentially meaning that there aren't enough banks in the country to promote maximum economic growth. Concentration and limits on size at the top end, and the dearth of new banks at the small end, will push greater market share of banking into mid-sized banks, in our view. This is good news for profitable mid-sized banks that can take advantage of both trends.

Key Points--

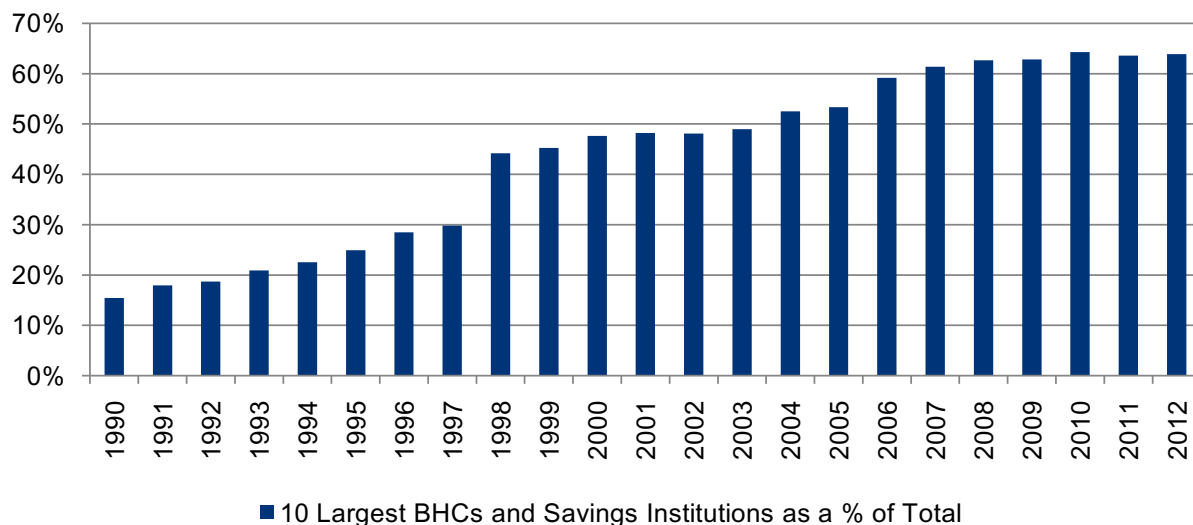
- The U.S. banking system has become less dynamic since the financial crisis: more concentrated in the largest banks and without new banks being formed. This likely is one factor contributing to a less robust economy. For bank stock investors, this suggests that the most interesting area of investment is in mid-sized banks, which today are the most profitable. These banks are likely to grow faster than others, picking up market share from the largest banks and consolidating smaller institutions.
- We again highlight our basket of "grower" banks we first highlighted in our October 15, 2012, report, *Beyond Geography: A Focus on "Grower" SMID-Cap Banks*, which highlighted these 42 banks: ANCX, ASBC, BANC, BBCN, BBNK, BHLB, BKU, CFNL, COBZ, COLB, EGBN, EVER, EWBC, FBK, FFIN, FNFG, FRC, HBOS, HFWA, HOMB, IBK, LKFN, NYCB, ORIT, OZK, PB, PBCT, PBNY, PCBK, PNFP, PVTB, SBNY, SBSI, SCBT, SIVB, STBZ, STL, STSA, TCBI, WAL, WSFS, WTFC.
- **The Week Ahead:** Financial stock news will shift from earnings releases to 10Qs next week as the deadline for most companies is the 15th. In addition, a competitor is hosting a financial services conference in New York and Textainer (TGH) and Progressive (PGR) are hosting investor days. The events for the coming week are included in Exhibit 10 of this report. The complete KBW Catalyst Calendar can be accessed from the home page of the KBW research library.
- **The Week Behind:** Financial stocks again led the market higher last week, with financials up 2.3%, compared to the S&P up 1.4%. Banks led the rally, and Universal Banks were the top-performing group. CDS spreads also narrowed for large banks. Earnings estimate revisions remained positive for the group with 76 upward revisions to 34 downward revisions. Every financial subsector except Large-Regional Banks had net positive earnings estimate revisions for the week.



Financial Stocks Weekly: Is America Running Out of Banks?

The increased concentration of U.S. banking since the financial crisis has been a concern for policy makers in recent weeks, with numerous statements and speeches concerning the challenge of “Too Big to Fail” (TBTF) banks. Exhibit 1 presents the percentage of total assets in U.S. banks held by the top 10 banks since 1990. As shown, the concentration has increased significantly, from 15% to more than 60% and the concentration levels increased meaningfully after the financial crisis.

Exhibit 1: Growth in Big Banks

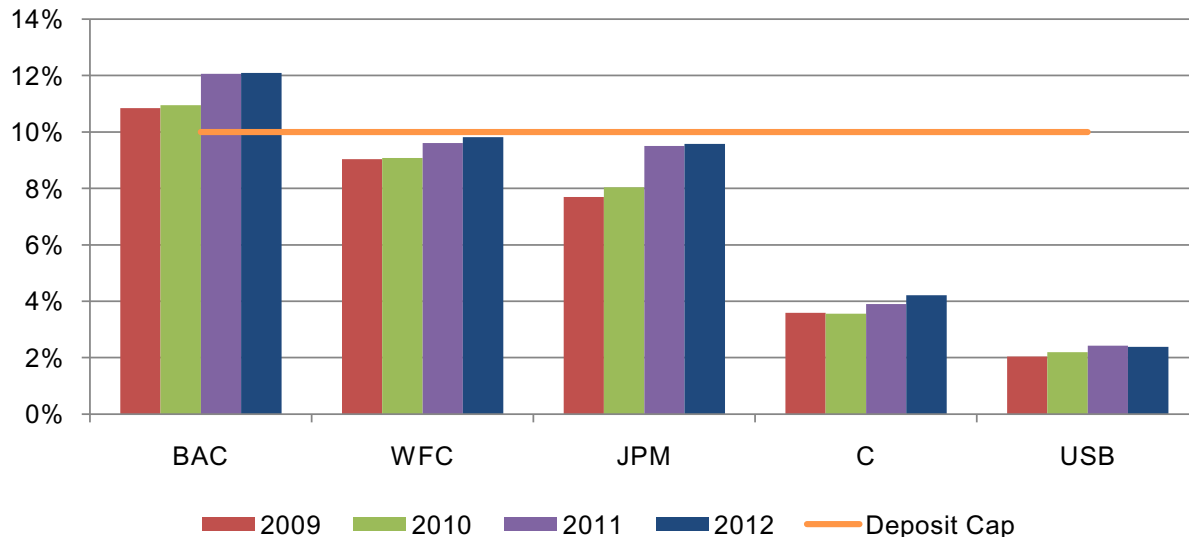


Note: Measures the total assets of the 10 largest BHCs and savings institutions as a percentage of the aggregate assets of those organizations.

Source: SNL Financial and KBW Research.

Concern about the concentration of the large banks has been expressed through numerous legislative initiatives, including limiting the large banks from buying depository institutions to push them above 10% of total deposits. As shown in Exhibit 2, BAC, WFC and JPM are essentially at their deposit caps today, precluding them from further acquisitions. In addition, Fed Governor Tarullo has stated that there is a “presumption of denial” for large bank to make further acquisitions.

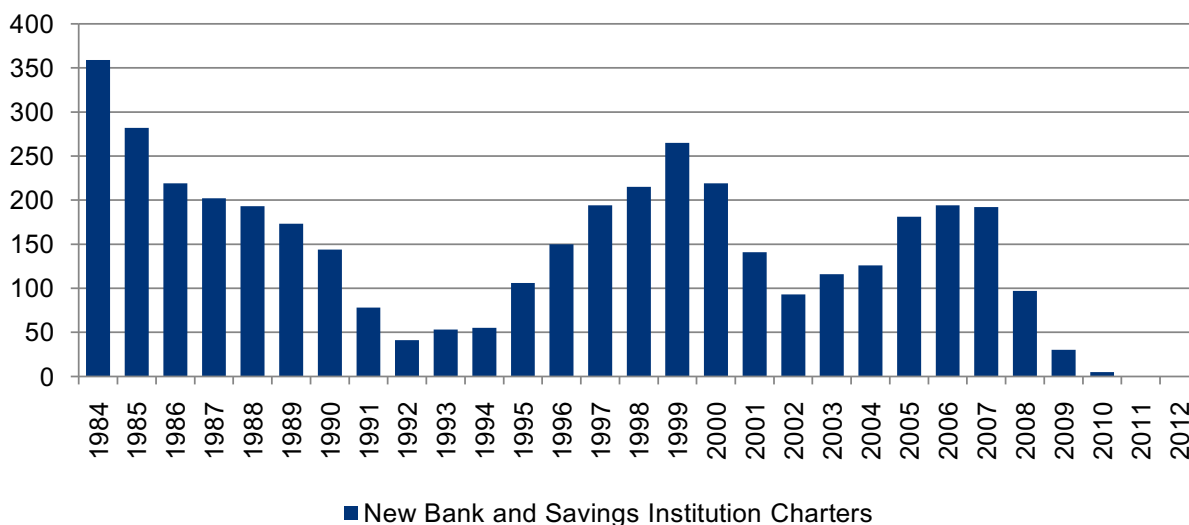
Exhibit 2: Large Financials and the Deposit Cap



Source: Federal Deposit Insurance Corporation, Federal Reserve, SNL Financial, and KBW Research.

While there is increasing pressure to limit the size of large banks, there are essentially no new banks being formed in the country. Exhibit 3 presents the number of new bank charters since 1984. As shown, the current period is exceptional with no new bank charters. Historically, periods of strong economic growth have been accompanied by a significant number of new banks being formed, while the numbers drop off during periods of economic weakness. The lack of new banks being formed could be one factor limiting U.S. growth in recent years.

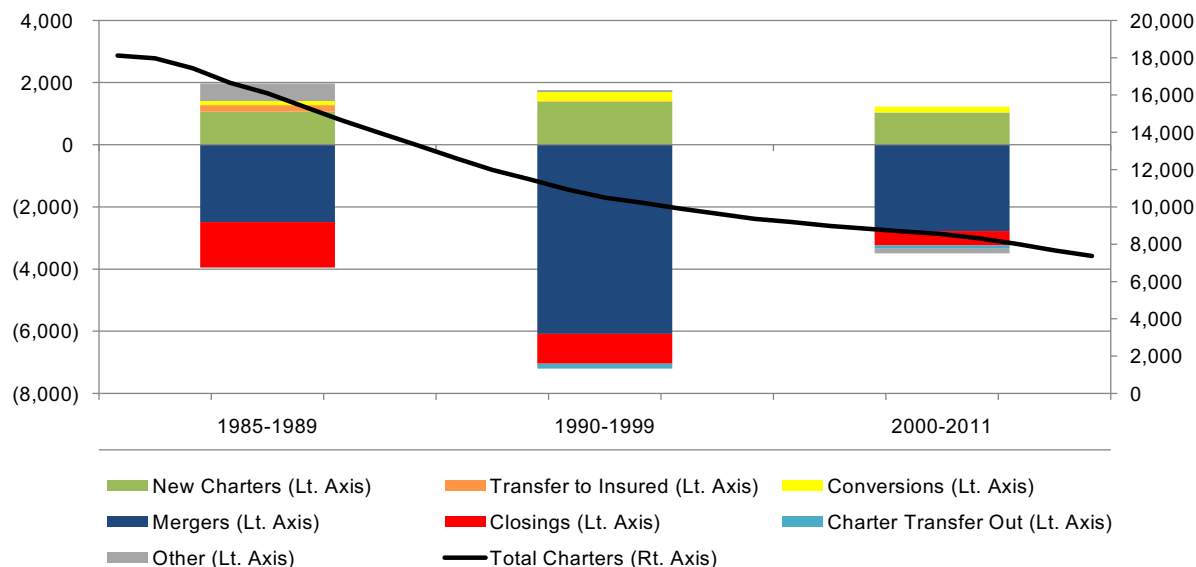
Exhibit 3: No New Commercial Bank and Savings Institution Charters



Source: Federal Deposit Insurance Corporation and KBW Research.

Overall, the number of banks in the U.S. has been shrinking for decades. The factors driving that decline are presented in Exhibit 4. As shown, while the number of banks has been shrinking primarily because of mergers, there have also been a significant number of new banks created. Historically, much of the dynamics of U.S. banking has been at the small end of the spectrum, with startup banks driving competition, market share shifts, and eventual consolidation.

Exhibit 4: Drivers in the Changes in Bank and Savings Institution Charters

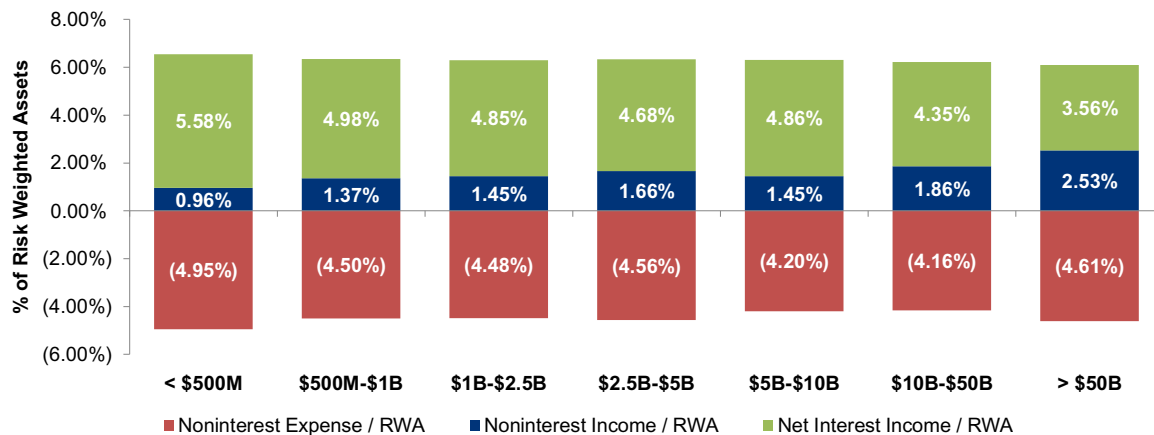


Source: Federal Deposit Insurance Corp. and KBW Research.

As we have shown previously, Exhibit 5 presents an updated view of the dynamics of bank profitability by size. As shown, the most profitable banks remain in the mid-size range. In our view, these mid-size banks have the greatest opportunity for growth over the next decade, and they can take market share from the largest banks, consolidate the smallest banks, and don't have to fear increased competition from new bank startups.



Exhibit 5: Scale Benefits in Banking Peak Early



| | | | | | | | |
|------------|-------|-------|-------|-------|-------|-------|-------|
| PTPP / RWA | 1.59% | 1.84% | 1.82% | 1.77% | 2.11% | 2.05% | 1.48% |
| Count | 5447 | 652 | 359 | 120 | 64 | 57 | 36 |

Note: Median profitability metrics among all banks and thrifts using regulatory data as of 4Q12. For thrift chartered institutions, profitability metrics are given as a percentage of total assets.

Source: SNL Financial and KBW Research.

Financial Stock Earnings Revisions

Earnings estimate revisions remained positive for the group with 76 upward revisions to 34 downward revisions. Every financial subsector except Large-Regional Banks had net positive earnings estimate revisions for the week.

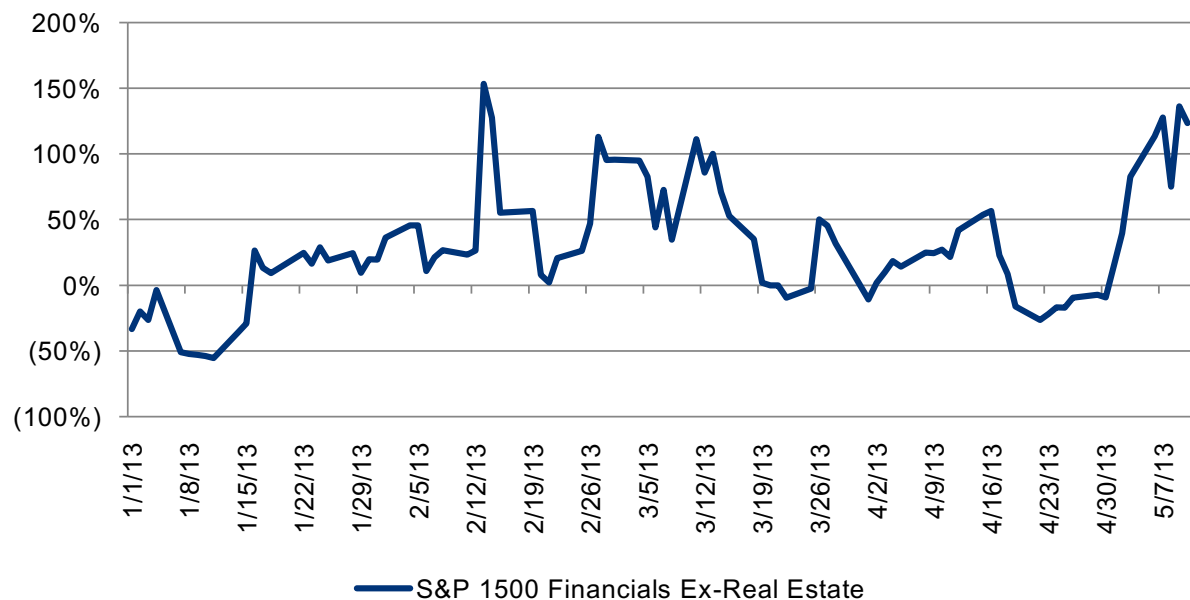
Exhibit 6: Financials Earnings Estimate Revisions*

| Weekly EPS Estimate Revisions | | |
|---|-----------|-----------|
| Sector | Upward | Downward |
| Universal Banks | 5 | 0 |
| Large-Regional Banks | 5 | 7 |
| SMID-Cap Banks | 9 | 4 |
| Capital Markets | 10 | 6 |
| Diversified Financials | 3 | 1 |
| P&C Insurance | 27 | 9 |
| Life Insurance | 17 | 7 |
| S&P 1500 Financials Ex-Real Estate | 76 | 34 |

*Data as of 05/10/2013. Note: Upward and downward revisions measure the number of FY2 (next full unreported fiscal year) EPS estimate revisions to each constituent in the given sector.

Source: FactSet, Standard and Poor's, and KBW Research.

Exhibit 7: Financials Earnings Revisions Year to Date*



*Data as of 05/10/2013.

Note: Measures the difference between the number of upward and downward EPS estimate revisions for companies within the S&P 1500 Financials as a percentage of downward EPS estimate revisions. Upward and downward EPS estimate revisions measure the number of FY2 (next full unreported fiscal year) EPS estimate revisions to each constituent in the S&P 1500 Financials during the previous week. Estimate Revisions for the S&P 1500 Financials exclude revisions for companies in the Real Estate sector.

Source: FactSet, Standard and Poor's, and KBW Research.



Financial Stock Performance, Week Ending May 10, 2013

Financial stocks again led the market higher last week, with financials up 2.3%, compared to the S&P up 1.4%. Banks led the rally and Universal Banks were the top-performing group. CDS spreads also narrowed for large banks.

Exhibit 8: Week-to-Date and Year-to-Date Returns

Calculated Returns for the Week Ending:*

| KBW Model Portfolio | 5/10/13 | S&P 1500 Financials | 5/10/13 | Excess Return | 5/10/13 |
|----------------------------|--------------|--------------------------------|--------------|------------------------|----------------|
| Universal Banks | 2.65% | Universal Banks | 3.21% | Universal Banks | (0.56%) |
| Large-Regional Banks | 2.56% | Large-Regional Banks | 2.26% | Large-Regional Banks | 0.30% |
| SMID-Cap Banks | 2.73% | SMID-Cap Banks | 2.33% | SMID-Cap Banks | 0.40% |
| Capital Markets | 2.59% | Capital Markets | 2.80% | Capital Markets | (0.20%) |
| Diversified Financials | 1.22% | Diversified Financials | 0.35% | Diversified Financials | 0.87% |
| P&C Insurance | 1.54% | P&C Insurance | 1.73% | P&C Insurance | (0.19%) |
| Life Insurance | 1.18% | Life Insurance | 1.06% | Life Insurance | 0.12% |
| KBW Model Portfolio | 2.14% | S&P 1500 Financials | 2.32% | Excess Return** | (0.18%) |
| | | S&P Composite 1500 | 1.41% | | |

Calculated Returns for full year:

| KBW Model Portfolio | 2013 | S&P 1500 Financials | 2013 | Excess Return | 2013 |
|----------------------------|---------------|--------------------------------|---------------|------------------------|--------------|
| Universal Banks | 18.53% | Universal Banks | 15.77% | Universal Banks | 2.77% |
| Large-Regional Banks | 5.71% | Large-Regional Banks | 10.96% | Large-Regional Banks | (5.24%) |
| SMID-Cap Banks | 9.32% | SMID-Cap Banks | 12.04% | SMID-Cap Banks | (2.72%) |
| Capital Markets | 27.90% | Capital Markets | 25.25% | Capital Markets | 2.65% |
| Diversified Financials | 12.35% | Diversified Financials | 21.71% | Diversified Financials | (9.36%) |
| P&C Insurance | 23.18% | P&C Insurance | 22.32% | P&C Insurance | 0.86% |
| Life Insurance | 20.79% | Life Insurance | 23.05% | Life Insurance | (2.26%) |
| KBW Model Portfolio | 18.45% | S&P 1500 Financials | 18.28% | Excess Return** | 0.18% |
| | | S&P Composite 1500 | 15.57% | | |

*Market-capitalization weighted returns as of 05/10/2013.

** Excess return calculated arithmetically.

Note: Returns for the S&P 1500 Financials exclude the impact of companies in the Real Estate sector.

Source: Standard & Poor's, FactSet, and KBW Research.



Exhibit 9: CDS Pricing

| | Price 05/09/2013 | -1 Day | -1 Week | Change vs. | | |
|-----|---------------------|--------|---------|------------|-----------|----------|
| | | | | -1 Month | -3 Months | -1 Year |
| BAC | 96 bps | -3 bps | -18 bps | -32 bps | -27 bps | -186 bps |
| C | 91 bps | +0 bps | -9 bps | -17 bps | -27 bps | -149 bps |
| JPM | 80 bps | +1 bps | -7 bps | -8 bps | -7 bps | -33 bps |
| WFC | 65 bps | +0 bps | -5 bps | -5 bps | -12 bps | -33 bps |
| GS | 106 bps | -1 bps | -12 bps | -28 bps | -38 bps | -182 bps |
| MS | 120 bps | +1 bps | -17 bps | -24 bps | -32 bps | -278 bps |

Source: Bloomberg.

Exhibit 10: Key Events in the Upcoming Week

| KBW Catalyst Calendar | | | | |
|---------------------------------|------------------------|---|--|--------|
| May 2013 | | | | |
| Banks | Diversified Financials | Insurance | Macro/economy | Europe |
| 13 | 14 | 15 | 16 | 17 |
| Textainer (TGH) Investor Day | | April Monthly Card Metrics Data Release | PGR Investor Day CFTC Meeting - SEF Rules | |
| Events expected week of May 13: | | | | |

Copyright 2012, Keefe, Bruyette, and Woods, Inc. KBW and EUROPEAN CATALYST CALENDAR are trademarks of Keefe, Bruyette, and Woods Inc. All rights reserved.

Note: Dates listed in this report are subject to change. For access to our full catalyst calendar, please go to the home page of the KBW research library.

Source: Company reports, Bloomberg, and KBW Research.



IMPORTANT DISCLOSURES

RESEARCH ANALYST CERTIFICATION: We, Frederick Cannon, CFA, Brian Kleinhanzl and Matthew Dinneen, CFA, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject companies and their securities. We also certify that We have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation in this report.

Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

For disclosures pertaining to recommendations or estimates made on a security mentioned in this report, please see the most recently published company report or visit our global disclosures page on our website at <http://www.kbw.com/research/disclosures> or see the section below titled "Disclosure Information" for further information on how to obtain these disclosures.

AFFILIATE DISCLOSURES: This report has been prepared by Keefe, Bruyette & Woods, Inc. ("KBWI") and/or its affiliate Keefe, Bruyette & Woods Limited ("KBWL") (collectively "KBW"). Both KBWI and KBWL are affiliates of Stifel, Nicolaus & Company, Inc. Keefe, Bruyette & Woods Inc. is regulated by FINRA, NYSE, and the United States Securities and Exchange Commission, and its headquarters is located at 787 7th Avenue, New York, NY 10019. Keefe, Bruyette & Woods Limited is registered in England and Wales, no. 04605071 and its registered office is 7th Floor, One Broadgate, London EC2M 2QS. KBWL is authorised and regulated by the UK Financial Services Authority ("FSA"), entered on the FSA's register, no. 221627 and is a member of the London Stock Exchange. Disclosures in the Important Disclosures section referencing KBW include one or all affiliated entities unless otherwise specified.

Registration of non-US Analysts: Any non-US Research Analyst employed by a non-US affiliate of KBWI contributing to this report is not registered/qualified as research analyst with FINRA and/or the NYSE and may not be an associated person of KBWI and therefore may not be subject to NASD Rule 2711 or NYSE Rule 472 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Disclosure Information. For current company specific disclosures please write to one of the KBW entities: Keefe, Bruyette & Woods Research Department at the following address for US Research: 787 7th Avenue, 4th Floor, New York, NY 10019. For European Research: The Compliance Officer, Keefe, Bruyette and Woods Limited, 7th Floor, One Broadgate, London EC2m 2QS. Or visit our website at <http://www.kbw.com/research/disclosures>. KBW has arrangements in place to manage conflicts of interest including information barriers between the Research Department and certain other business groups. As a result, KBW does not disclose certain client relationships with, or compensation received from, such companies in its research reports.

Distribution of Ratings/IB Services
KBW

| Rating | Count | Percent | *IB Serv./Past 12 Mos. | |
|--------------------------|-------|---------|------------------------|---------|
| | | | Count | Percent |
| Outperform [BUY] | 172 | 30.12 | 80 | 46.51 |
| Market Perform [HOLD] | 303 | 53.06 | 99 | 32.67 |
| Underperform [SELL] | 50 | 8.76 | 11 | 22.00 |
| Restricted [RES] | 0 | 0.00 | 0 | 0.00 |
| Suspended [SP] | 46 | 8.06 | 7 | 15.22 |
| Covered -Not Rated [CNR] | 3 | 0.53 | 2 | 66.67 |

*KBW maintains separate research departments; however, the above chart, "Distribution of Ratings/IB Services," reflects combined information related to the distribution of research ratings and the receipt of investment banking fees globally.

Explanation of Ratings: KBW Research Department provides three core ratings: Outperform, Market Perform and Underperform, and three ancillary ratings: Suspended, Restricted, and Covered - Not Rated. For purposes of New York Stock Exchange Rule 472 and FINRA Rule 2711, Outperform is classified as a Buy, Market Perform is classified as a Hold, and Underperform is classified as a Sell. Suspended indicates that KBW's investment rating and/or target price have been temporarily suspended due to applicable regulations and/or KBW policies. Restricted indicates that KBW is precluded from providing an investment rating or price target due to the firm's role in connection with a merger or other strategic financial transaction. Covered - Not Rated indicates that KBW is not providing an investment rating and/or price target due to the lack of publicly available information and/or its inability to adequately quantify the publicly available information to sufficiently produce such metrics.

North American Stocks are rated based on an absolute rate of return (percentage price change plus dividend yield). Outperform represents a total rate of return of 15% or greater. Market Perform represents a total rate of return in a range between -5% and +15%. Underperform represents a total rate of return at or below -5%.

European Stocks are rated based on the share price upside to target price relative to the relevant sector index performance on a 12-month horizon. Outperform rated stocks have a greater than 10 percentage point ("pp") relative performance versus the sector, Market Perform rated stocks between +10pp to -10pp relative performance versus the sector, and Underperform rated stocks a lower than 10pp relative performance versus the sector. The 12-month price target may be determined by the stock's fundamentally driven fair value and/or other factors (e.g., takeover premium or



illiquidity discount).

KBW Model Portfolio: "Model Portfolio Buy" - Companies placed on this list are expected to generate a total rate of return (percentage price change plus dividend yield) of 10% or more over the next 3 to 6 months.

"Model Portfolio Sell" - Companies placed on this list are expected to generate a total rate of return (percentage price change plus dividend yield) at or below -10% over the next 3 to 6 months.

The purpose of the Model Portfolio is to inform institutional investors of KBWI's short-term (as described above) outlook for a particular industry sector. The Portfolio is not available for purchase or sale, cannot be duplicated as shown, is hypothetical and is for illustrative purposes only. For a more detailed description of the selection criteria and other specifics related to the construction of the Model Portfolio, please refer to the January 5, 2010 Model Portfolio Primer and/or contact your KBWI representative for more information.

The Model Portfolio should be viewed as a short-term outlook of a particular industry sector, not as individual security recommendations. The Model Portfolio uses a three-to-six-month time horizon and should not be considered when making longer term investments. KBWI Research publishes research with a 12-month outlook on each issuer of securities contained in the Model Portfolio. Investors who are interested in a particular security should request KBWI Research's coverage of such securities by contacting your KBWI representative. KBW research contains analyses of fundamentals underlying each issuer.

KBWI's long-term recommendations may differ from recommendations made for the Model Portfolio. These differences are the result of different time horizons -- KBWI research has a 12-month outlook and the Model Portfolio has a three-to-six-month outlook.

Although the model portfolio is based upon actual performance of actual investments, KBWI did not recommend that investors purchase this combination -- or hypothetical portfolio -- of investments during the time period depicted here. As this hypothetical portfolio was designed with the benefit of hindsight, the choice of investments contained in it reflects a subjective choice by KBWI. Accordingly, this hypothetical portfolio may reflect a choice of investments that performed better than an actual portfolio, which was recommended during the depicted time frame, would have performed during the same time period. Moreover, unlike an actual performance record, these results do not represent actual trading wherein market conditions or other risk factors may have caused the holder of the portfolio to liquidate or retain all or part of the represented holdings.

Other Research Methods: Please be advised that KBW provides to certain customers on request specialized research products or services that focus on covered stocks from a particular perspective. These products or services include, but are not limited to, compilations, reviews and analysis that may use different research methodologies or focus on the prospects for individual stocks as compared to other covered stocks or over differing time horizons or under assumed market events or conditions.

OTHER DISCLOSURES

Indices: The following indices: U.S.: KBW Bank Index (BKX), KBW Insurance Index (KIX), KBW Capital Markets Index (KSX), KBW Regional Banking Index (KRX), KBW Mortgage Finance Index (MFX), KBW Property & Casualty Index (KPX), KBW Premium Yield Equity REIT Index (KYX); KBW Financial Sector Dividend Yield Index (KDX) and Global: KBW Global ex-U.S. Financial Sector Index (KGX), are the property of KBWI.

KBWI does not guarantee the accuracy and/or completeness of the Indices, makes no express or implied warranties with respect to the Indices and shall have no liability for any damages, claims, losses or expenses caused by errors in the index calculation. KBWI makes no representation regarding the advisability of investing in options on the Index. **Past performance is not necessarily indicative of future results.**

ETFs: The shares ("Shares") of KBW ETFs are not sponsored, endorsed, sold or promoted by KBWI. KBWI makes no representation or warranty, express or implied, to the owners of the Shares or any member of the public regarding the advisability of investing in securities generally or in the Shares particularly or the ability of its Indices to track general stock market performance. The only relationship of KBWI to Invesco PowerShares Capital Management LLC and ProShares is the licensing of certain trademarks and trade names of KBWI and its Indices which are determined, composed and calculated by KBWI without regard to Invesco PowerShares Capital Management LLC and ProShares, the fund, or the Shares. KBWI has no obligation to take the needs of Invesco PowerShares Capital Management LLC and ProShares or the owners of the shares into consideration in determining, composing, or calculating the Indices. KBWI is not responsible for and has not participated in any determination or calculation made with respect to issuance or redemption of the Shares. KBWI has no obligation or liability in connection with the administration, marketing or trading of the Shares.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Investing in a single sector may be subject to more volatility than funds investing in a diverse group of sectors. Brokerage commissions and ETF expenses will reduce returns. In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETFs may be bought and sold on the exchange through any brokerage account, ETFs are not individually redeemable from the Fund. Investors may acquire ETFs and tender them for redemption through the Fund in Creation Unit Aggregations only, please see the prospectus for more details. There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks including those regarding short selling and margin maintenance requirements. Past performance is not necessarily indicative of future results.

Leverage and Inverse ETFs: ProShares Ultra KBW Regional Banking (KRU) and ProShares Short KBW Regional Banking (KRS) ETFs seek returns that are either 2x, -1x, respectively, the return of an index or other benchmark (target) for a single day, as measured from one NAV calculation to the next. **Due to the compounding of daily returns, returns over periods other than one day will likely differ in amount and possibly direction from the target return for the same period.** These effects may be more pronounced in funds with larger or inverse multiples and in funds with volatile benchmarks. These funds may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results. **Investing involves risk, including the possible loss of principal.** ProShares Short are **non-diversified and should lose value when their market indexes rise—a result that is opposite from**



traditional ETFs—and they entail certain risks including risk associated with the use of derivatives, imperfect benchmark correlation, leverage and market price variance, all of which can increase volatility and decrease performance.

For more on correlation, leverage and other risks, please read the [prospectus](#).

An investor should consider the Funds' investment objectives, risks, charges and expenses carefully before investing. This and other information can be found in their prospectuses. For this and more complete information about the Funds, call InvescoPowerShares at 1-800-983-0903 or visit <https://invescopowershares.com>; or call ProShares Client Services at 1-866-776-5125 or visit <http://www.proshares.com/resources/litcenter/> for a prospectus. The prospectus should be read carefully before investing.

Shares of the ETFs funds are not guaranteed or insured by the FDIC or by another governmental agency; they are not obligations of the FDIC nor are they deposits or obligations of or guaranteed by KBWI, Invesco PowerShares Capital Management LLC or ProShares. ETFs are distributed by Invesco Distributors, Inc. the distributor of the PowerShares Exchange-Traded Fund Trust II. PowerShares® is a registered trademark of Invesco PowerShares Capital Management LLC; ProShares are distributed by SEI Investments Distribution Co. which is not affiliated with ProFunds Group or its affiliates.

General Risk Disclosure: Investments in securities or financial instrument involve numerous risks which may include market risk, counterparty default risk, liquidity risk and exchange rate risk. No security or financial instrument is suitable for all investors and some investors may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in this communication. The securities of some issuers may not be subject to the audit and reporting standards, practices and requirements comparable to those companies located in the investor's local jurisdiction. Where net dividends to ADR investors are discussed, these are estimated, using withholding tax rate conventions, and deemed accurate, but recipients should always consult their tax advisor for exact dividend computations.

COUNTRY SPECIFIC AND JURISDICTIONAL DISCLOSURES: United States: This report is being distributed in the US by Keefe, Bruyette & Woods Inc. Where the report has been prepared by a non-US affiliate, Keefe, Bruyette & Woods Inc., accepts responsibility for its contents. **U.K. and European Economic Area (EEA):** This report is issued and approved for distribution in the EEA by Keefe Bruyette & Woods Limited, which is regulated in the United Kingdom by the Financial Services Authority.

In jurisdictions where KBW is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non US customers wishing to effect a transaction should contact a representative of the KBW entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect a transaction should do so by contacting a representative of Keefe, Bruyette & Woods Inc.

ONLY DISTRIBUTE UNDER REGULATORY LICENSE: This communication is only intended for and will only be distributed to persons residing in any jurisdictions where such distribution or availability would not be contrary to local law or regulation. This communication must not be acted upon or relied on by persons in any jurisdiction other than in accordance with local law or regulation and where such person is an investment professional with the requisite sophistication and resources to understand an investment in such securities of the type communicated and assume the risks associated therewith.

CONFIDENTIAL INFO: This communication is confidential and is intended solely for the addressee. It is not to be forwarded to any other person or copied without the permission of the sender. Please notify the sender in the event you have received this communication in error.

NO SOLICITATION OR PERSONAL ADVICE: This communication is provided for information purposes only. It is not a personal recommendation or an offer to sell or a solicitation to buy the securities mentioned. Investors should obtain independent professional advice before making an investment.

ASSUMPTIONS, EFFECTIVE DATE AND UPDATES: Certain assumptions may have been made in connection with the analysis presented herein, so changes to assumptions may have a material impact on the conclusions or statements made in this communication. Facts and views presented in this communication have not been reviewed by, and may not reflect information known to, professionals in other business areas of KBW, including investment banking personnel.

The information relating to any company herein is derived from publicly available sources and KBW makes no representation as to the accuracy or completeness of such information. Neither KBW nor any of its officers or employees accept any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its content.

This communication has been prepared as of the date of the report.

KBW does not undertake to advise clients of any changes in information, estimates, price targets or ratings, all of which are subject to change without notice. The recipients should assume that KBW will not update any fact, circumstance or opinion contained in this report.

COPYRIGHT: This report is produced for the use of KBW customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of KBW.