



Southeast Community Banking Forum

November 2012

CONFIDENTIAL

Southeast Community Banking Forum

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Regional Bank Performance

Regional Bank Performance

5 Year Total Return



Source: SNL Financial as of September 30, 2012.

Note: Total return assumes dividends are reinvested.

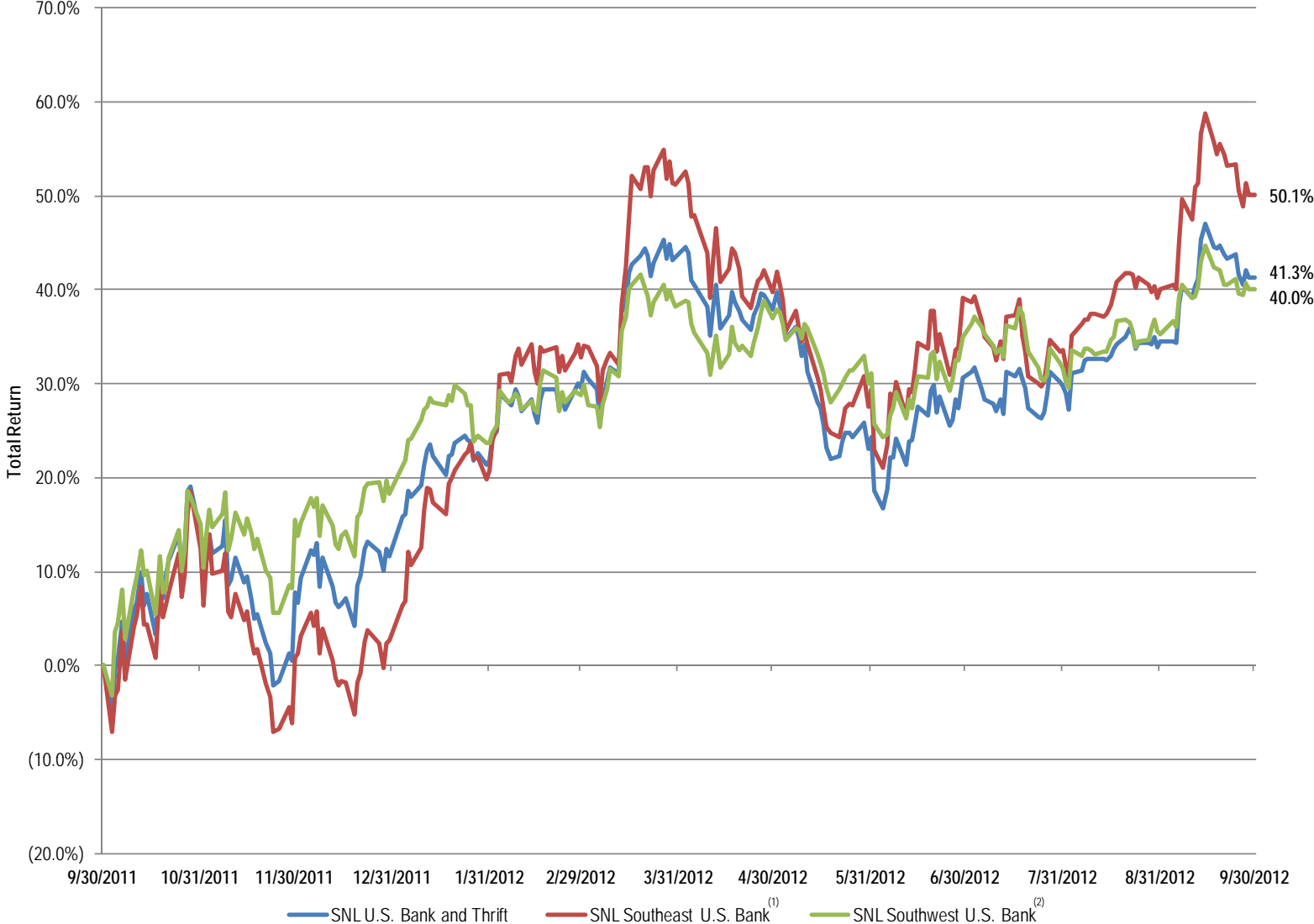
(1) SNL Southeast U.S. Bank index includes all major exchange banks in SNL's coverage universe headquartered in AL, AR, FL, GA, MS, NC, SC, TN, VA, WV.

(2) SNL Southwest U.S. Bank index includes all major exchange banks in SNL's coverage universe headquartered in CO, LA, NM, OK, TX, UT.

Regional Bank Performance



LTM Total Return



Source: SNL Financial as of September 30, 2012.

Note: Total return assumes dividends are reinvested.

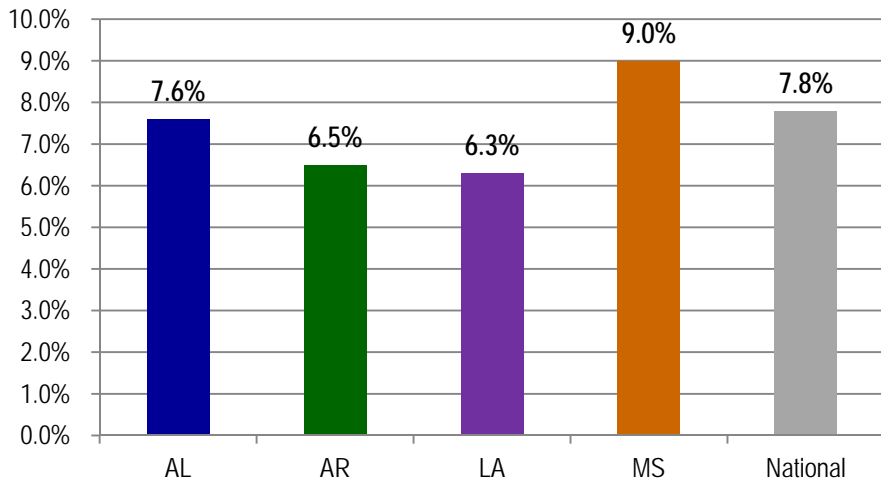
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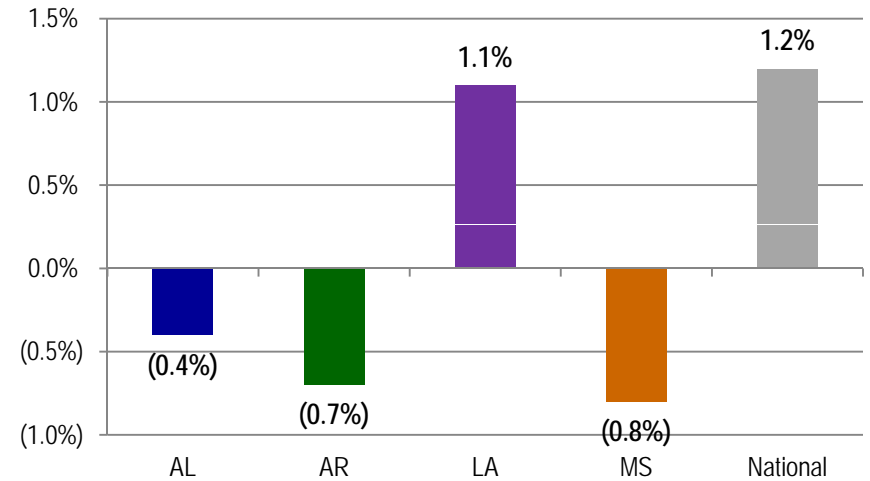
Regional Bank Performance

Current Regional Financial Performance

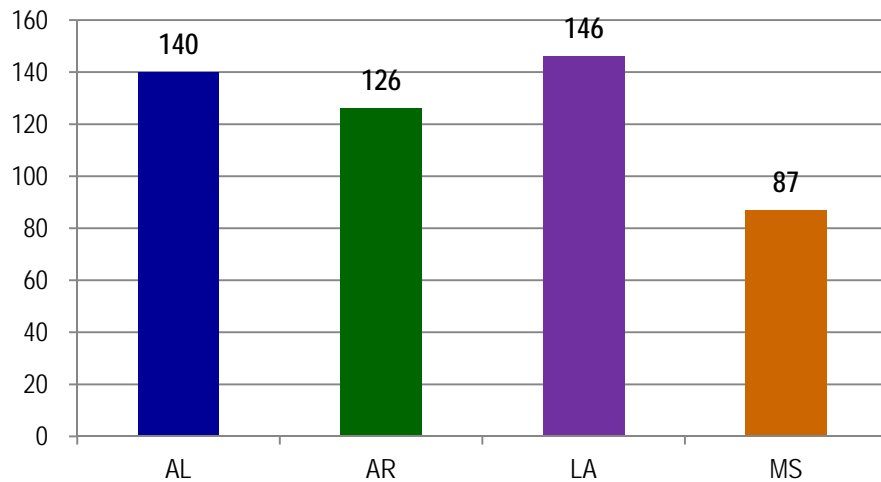
Unemployment Rate – September 2012



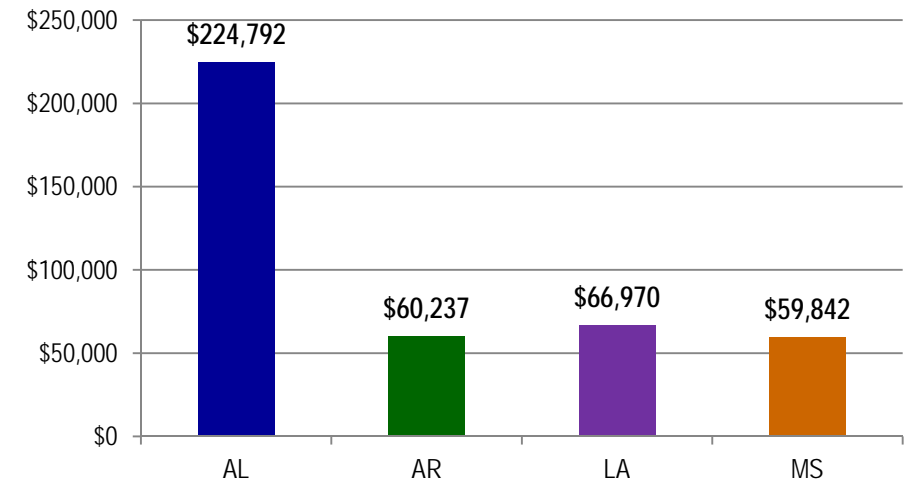
Home Price Index – Q2 2012 (Year-Over-Year)



Number of Institutions – Q2 2012



Total Assets (in Millions) – Q2 2012

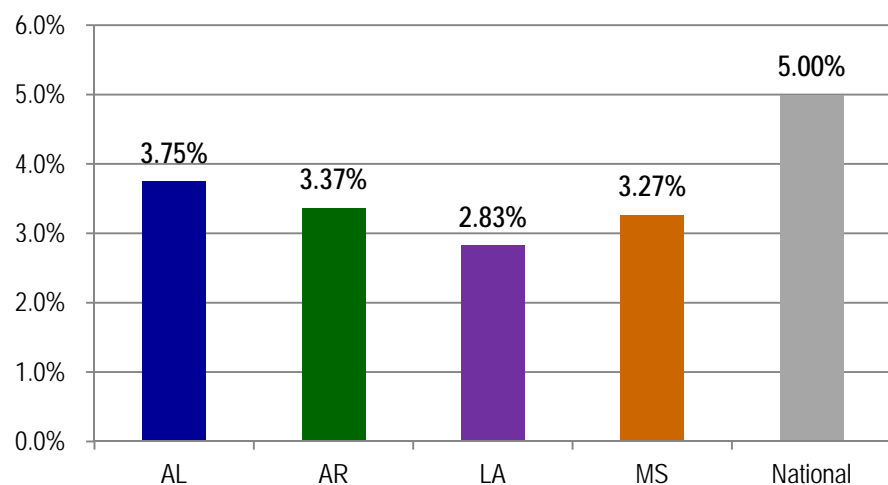


Source: FDIC Quarterly Banking Profile and State Banking Profile Second Quarter 2012 and S&P/Case-Schiller U.S. National Home Price Index

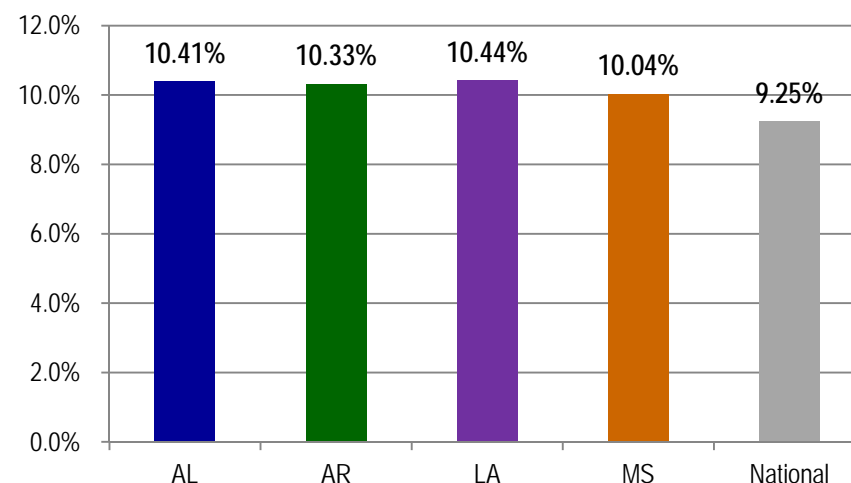
Regional Bank Performance

Current Regional Financial Performance

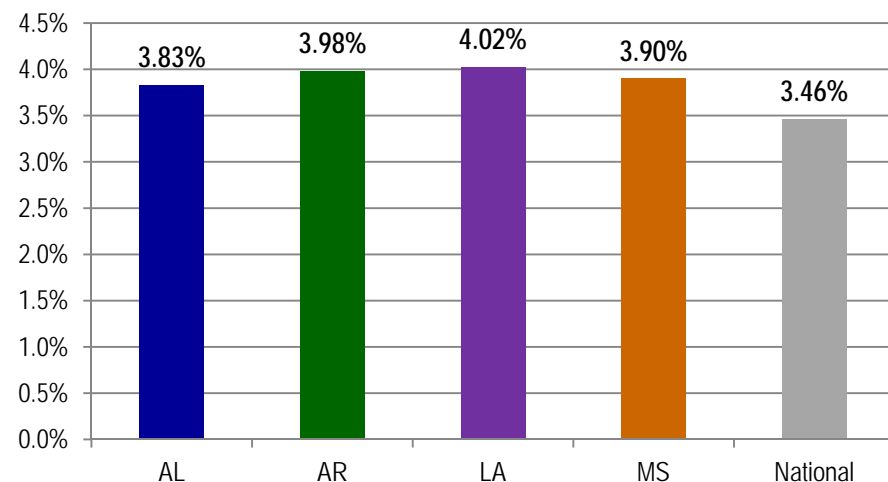
Past-Due & Non-accrual Loans/Loans – Q2 2012⁽¹⁾



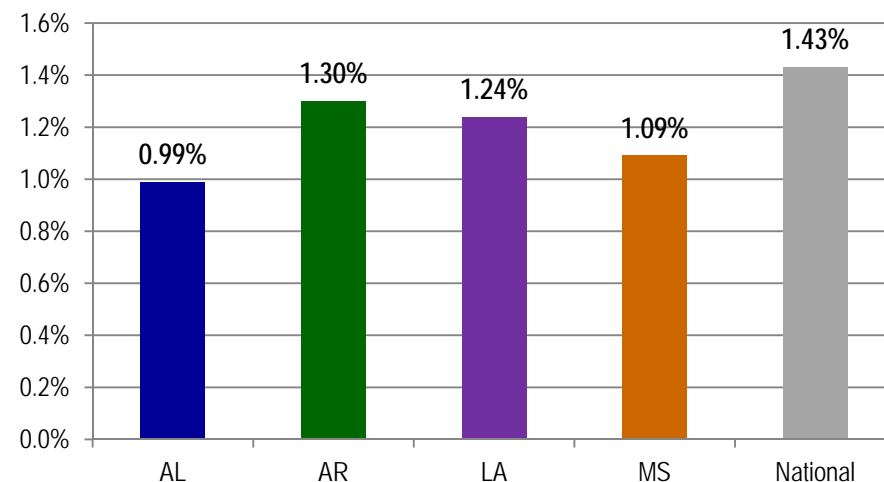
Tier 1 Leverage Ratio – Q2 2012



Net Interest Margin – Q2 2012



Pre-tax Return on Average Assets – Q2 2012



Source: FDIC Quarterly Banking Profile and State Banking Profile Second Quarter 2012

Note: Metrics are median for state and aggregate for national.

(1) Past-Due Loans include loans more than 30 days past due.

Overview of M&A Activity and Valuation

Overview of M&A Activity and Valuation

Factors Impacting the Current Whole Bank M&A Market

- Increased regulatory restrictions through implementation of Basel III
- General consolidation trend – decreasing number of banks...too small to survive concept
- Competition with FDIC – Failed Bank Assisted Deals
- Bifurcation in the market based primarily on asset quality
- Compression of purchase price multiples
- Uncertainty in public markets and asset quality issues impacting whole bank M&A volume

Basel III Impact on Mergers & Acquisitions

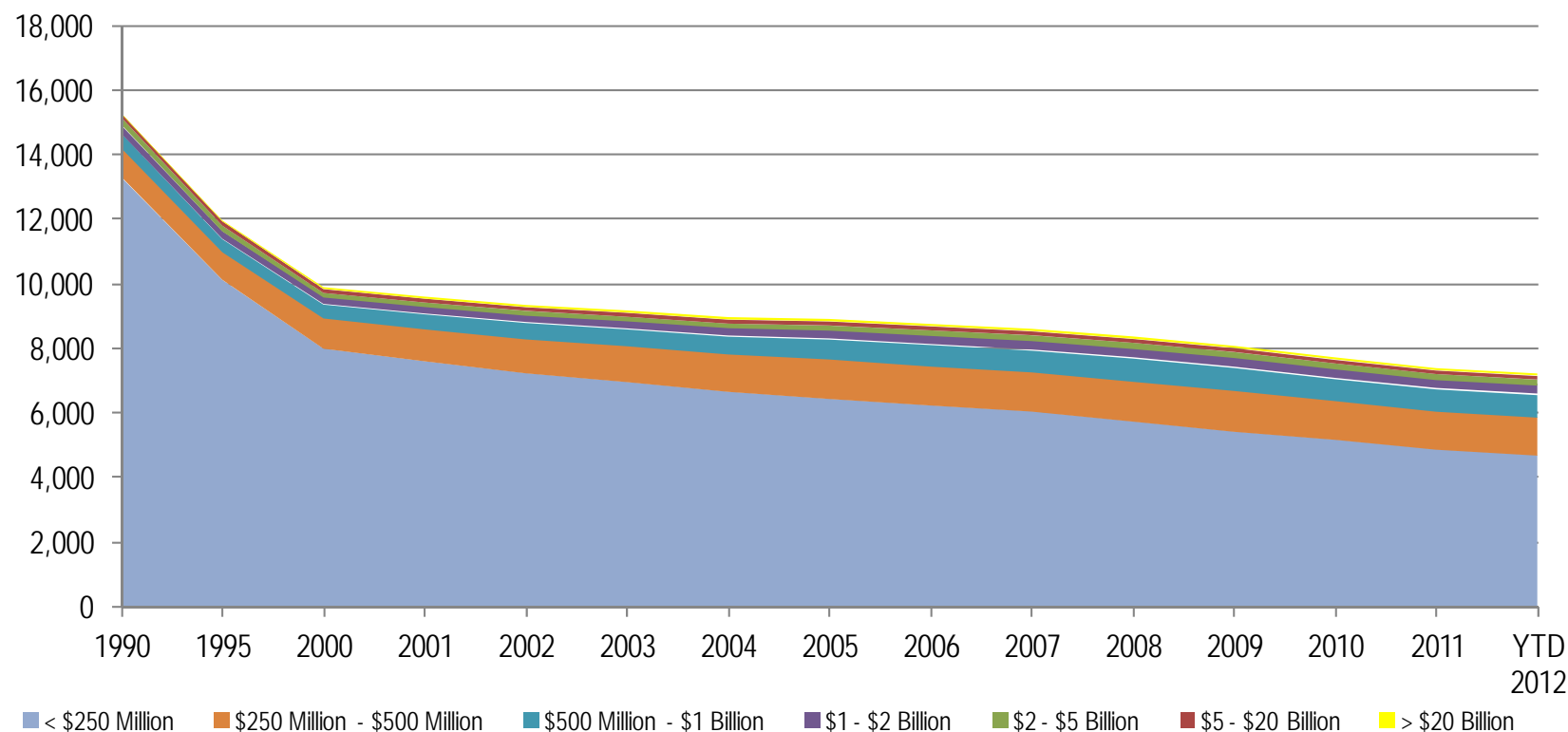
- Potential acquirors must:
 - Maintain capital well above regulatory minimums
 - Consider Basel III compliance prior to execution of transaction
 - Demonstrate continuity of transaction compliance
 - Assess risk-weighting of target organization's assets
 - Formulate realistic plans to obtain capital funding when necessary

- Stress tests may be requested in M&A proposals, even for under \$10 billion organizations

- Updates to shelf registration statements will be required including changes to instruments registered

Overview of M&A Activity and Valuation

Total Number of Commercial Banks, Savings Banks, and Savings Institutions



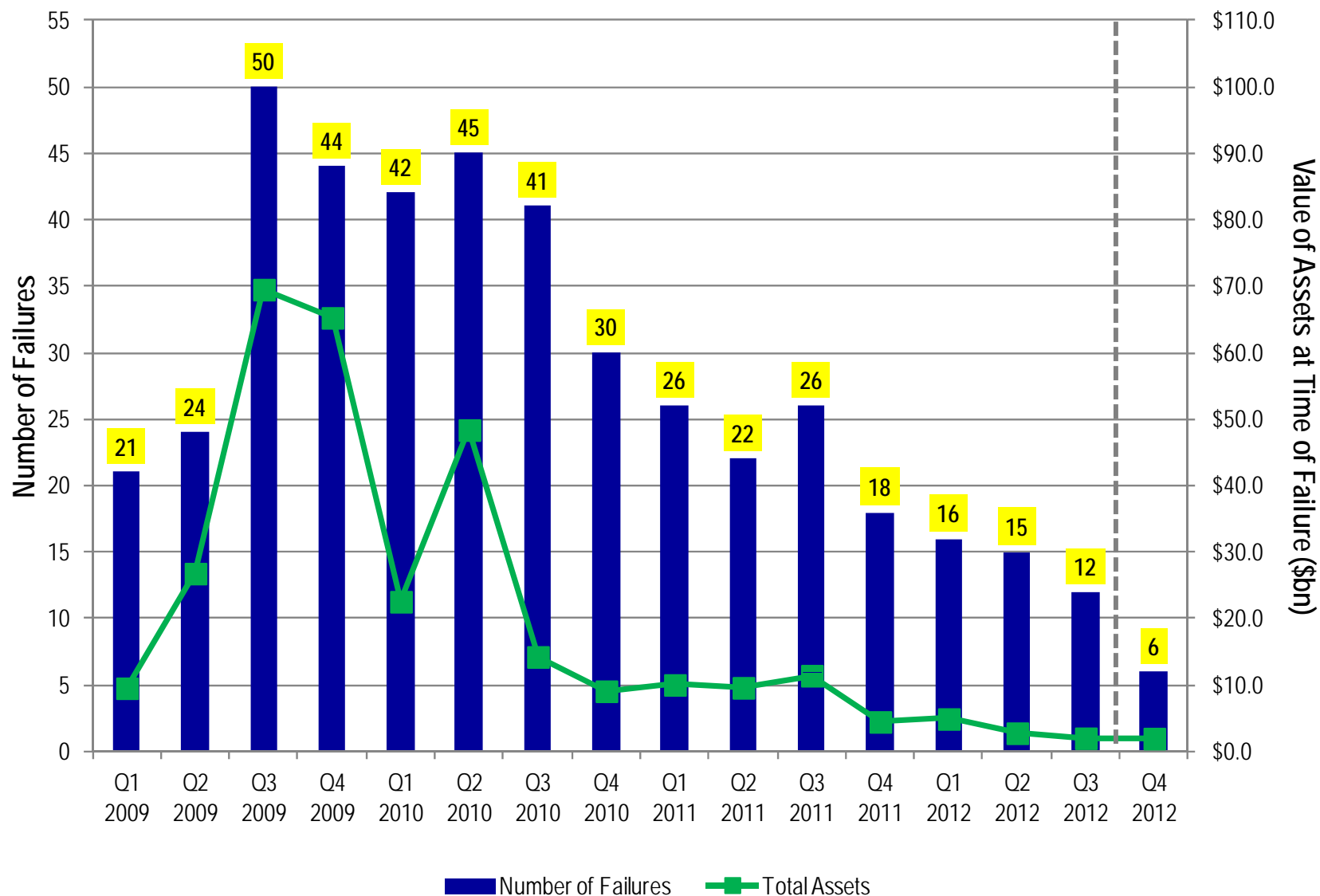
Year	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	YTD 2012
Total # Institutions	15,291	11,973	9,906	9,611	9,354	9,183	8,975	8,919	8,767	8,614	8,379	8,086	7,730	7,398	7,231
> \$20 Billion	21	33	56	58	61	65	69	68	64	67	68	59	62	61	61
\$5 - \$20 Billion	127	135	117	117	112	120	119	124	122	120	117	114	108	106	109
\$2 - \$5 Billion	222	178	141	140	153	143	140	158	173	178	189	184	182	184	183
\$1 - \$2 Billion	260	237	228	230	230	253	269	282	292	307	303	318	318	301	307
\$500 Million - \$1 Billion	459	405	426	467	506	522	551	617	665	668	722	713	676	688	695
\$250 Million - \$500 Million	908	874	955	1,006	1,071	1,132	1,179	1,242	1,227	1,235	1,250	1,284	1,221	1,198	1,199
< \$250 Million	13,294	10,111	7,983	7,593	7,221	6,948	6,648	6,428	6,224	6,039	5,730	5,414	5,163	4,860	4,677

Source: SNL Financial

Note: YTD as of November 2, 2012

Overview of M&A Activity and Valuation

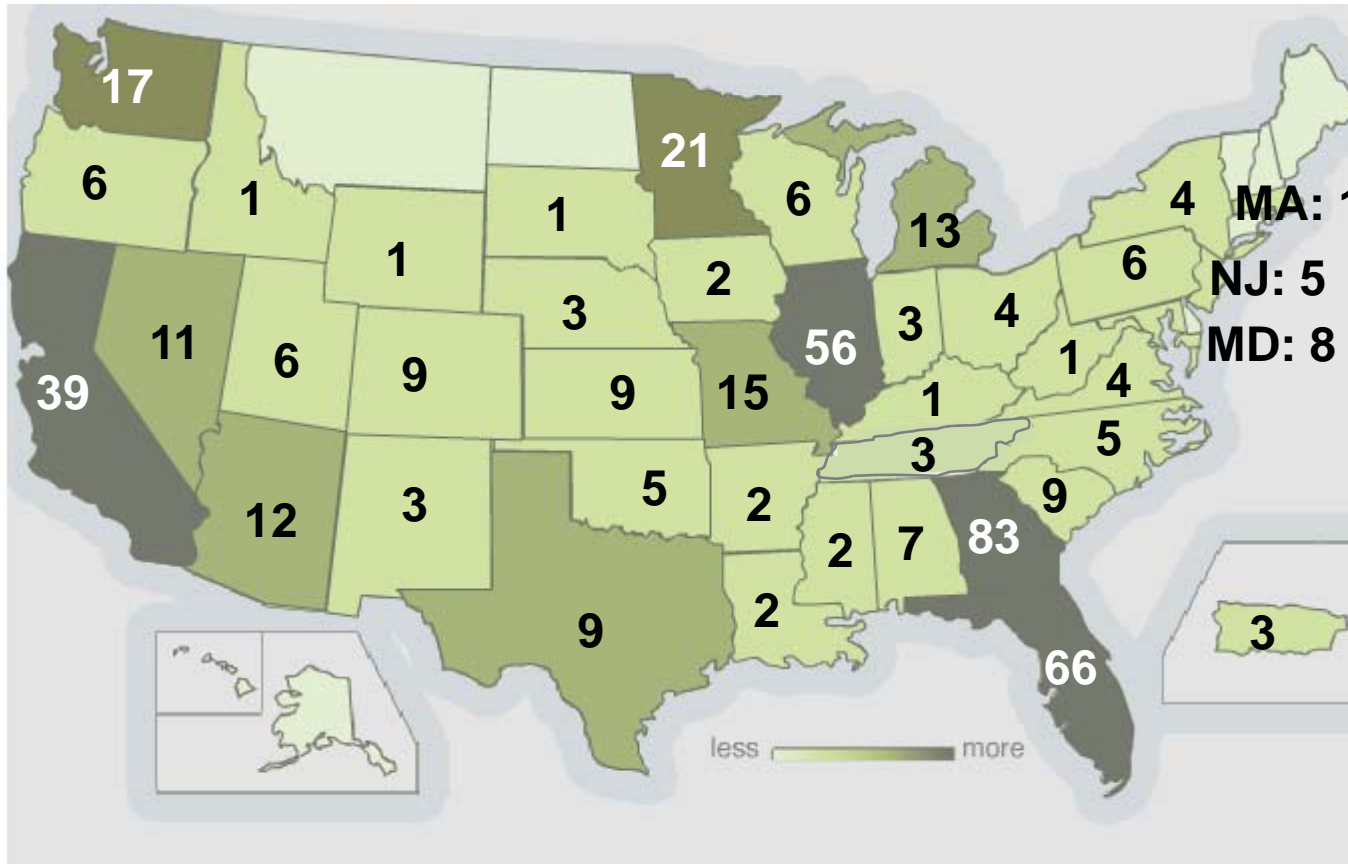
Bank Failures 2008 – YTD 2012



Source: FDIC
Note: YTD Q4 as of November 2, 2012

Overview of M&A Activity and Valuation

Bank Failures 2008 – YTD 2012



- 463 banks have failed since the beginning of 2008
- In 2011, 92 institutions failed representing \$34.9 billion in assets, a significant decline from 2010 when 157 institutions failed representing \$92.1 billion in assets
- Year to date, 49 institutions have failed representing \$11.8 billion in assets

Source: FDIC
Note: YTD as of November 2, 2012

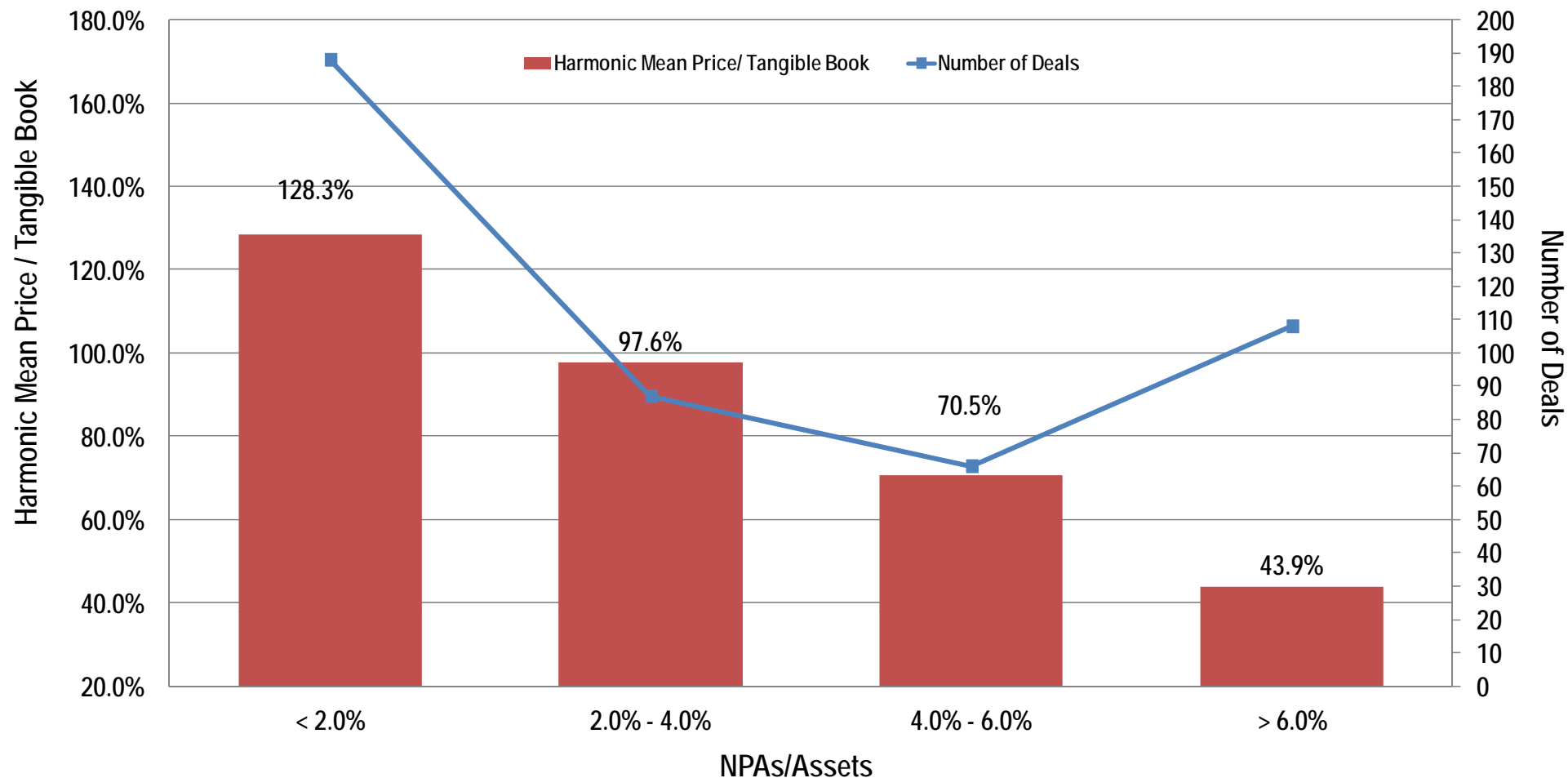
Overview of M&A Activity and Valuation

Regional Failures 2008 – YTD 2012

- Since January 2008, a total of 13 banks in Alabama, Arkansas, Louisiana, and Mississippi have failed:
 - **Alabama (7 failures):** 2009 – (i) Colonial Bank acquired by BB&T Corporation; (ii) CapitalSouth Bank acquired by IBERIABANK Corporation; (iii) New South Federal Savings Bank acquired by Beal Financial Corporation; 2010 – (iv) First Lowndes Bank acquired by First Citizens-Crenshaw Bancshares, Inc.; 2011 – (v) Superior Bank acquired by Superior Bank, N.A.; (vi) Nexity Bank acquired by AloStar Bank of Commerce; and 2012 – (vii) Alabama Trust Bank, N.A. acquired by Southern States Bancshares, Inc.
 - **Arkansas (2 failures):** 2008 – (i) ANB Financial, N.A. acquired by IBERIABANK Corporation; and 2010 – (ii) First Southern Bank acquired by Southern Missouri Bancorp, Inc.
 - **Louisiana (2 failures):** 2010 – (i) Statewide Bank acquired by Home Bancorp, Inc.; and 2011 – (ii) Central Progressive Bank acquired by First NBC Bank Holding Company
 - **Mississippi (2 failures):** 2010 – (i) First National Bank acquired by Southeast Arkansas Bank Corporation; 2011 – (ii) Heritage Banking Group acquired by Trustmark Corporation

Overview of M&A Activity and Valuation

Price to Tangible Book by Asset Quality 2010-YTD 2012

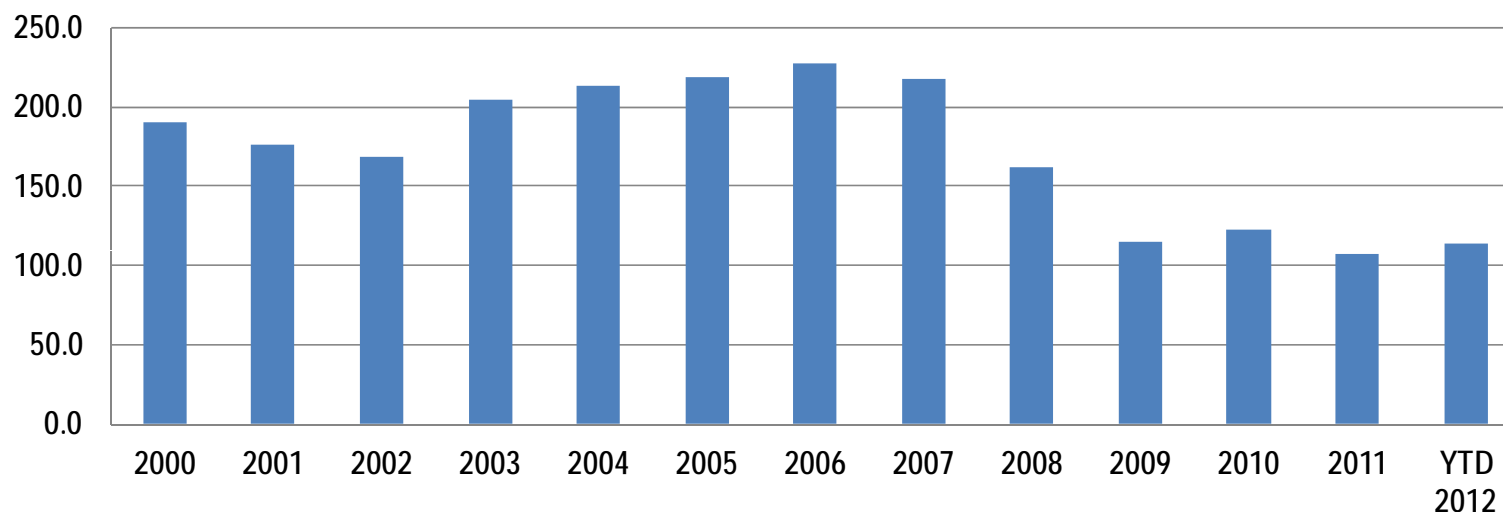


Source: SNL Financial
 Note: YTD as of November 2, 2012.

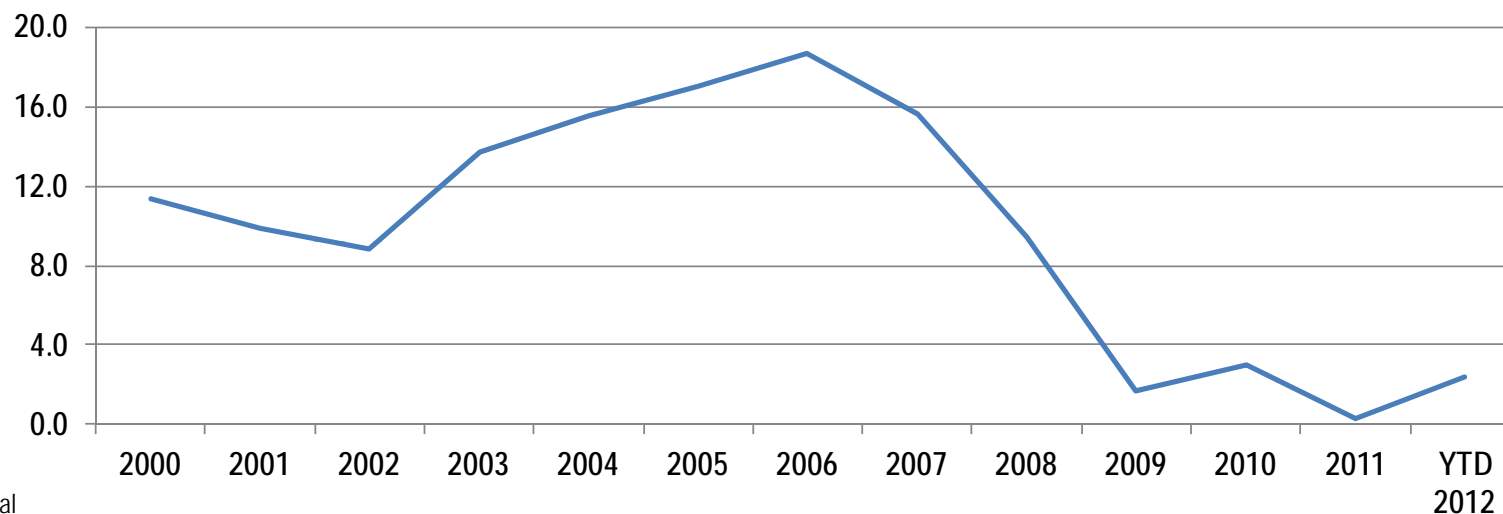
Overview of M&A Activity and Valuation

Bank and Thrift Whole Bank M&A Transaction Multiples 2000 – YTD 2012

Median Deal Value/ Tangible Book Value (%)



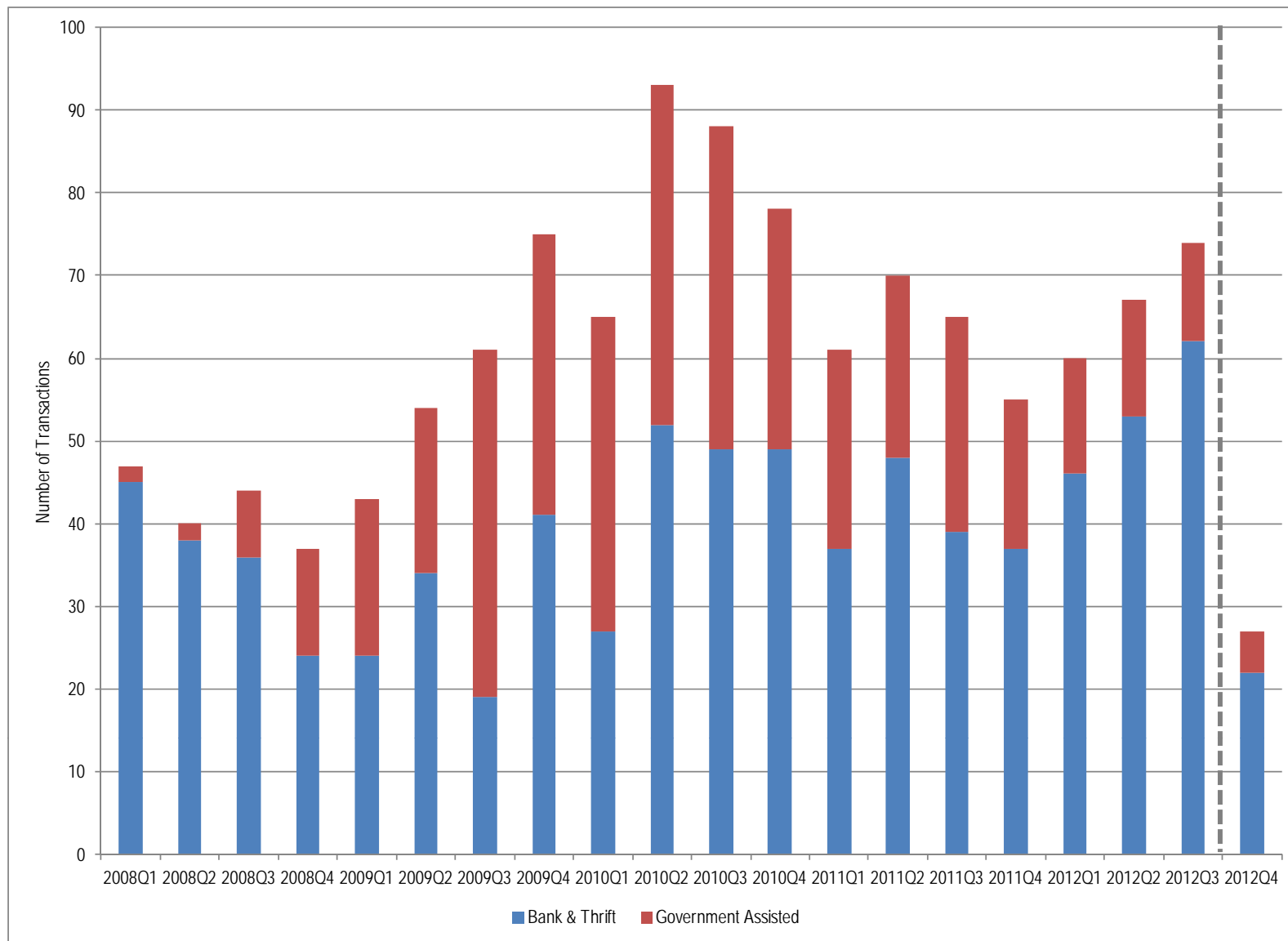
Median Tangible Book Premium/ Core Deposits (%)



Source: SNL Financial
Note: YTD as of November 2, 2012

Overview of M&A Activity and Valuation

Quarterly Transaction Activity Since 2008



Source: SNL Financial

Note: 2012 Q4 as of November 2, 2012 (approximately 35% through quarter).

Comparable M&A Transactions

Transactions announced between 1/1/2010 and YTD 2012 in which the target was headquartered in AL-AR-LA-MS

ALABAMA-ARKANSAS-LOUISIANA-MISSISSIPPI WHOLE BANK TRANSACTIONS															
Buyer	Buyer State	Target	Target State	Announce Date	Completion/Termination Date	Deal Value (\$000)	SELLER ANNOUNCEMENT FINANCIALS								
							Total Assets (\$000)	TE/TA	LTM ROAA	LTM ROAE	NPAs/Assets	Price/TBV	Price/Assets	Price/Earnings	TBPI/Core Deposits
Bank of the Ozarks, Inc.	AR	Genala Banc, Inc.	AL	10/4/2012	Pending	27,300	170,422	16.53%	0.98%	6.02%	1.16%	95.30%	16.02%	16.7x	(1.28%)
MidSouth Bancorp, Inc.	LA	PSB Financial Corporation	LA	8/3/2012	Pending	39,953	495,113	9.57%	0.74%	7.76%	1.59%	113.91%	8.07%	13.7x	1.37%
Trustmark Corporation	MS	BancTrust Financial Group, Inc.	AL	5/28/2012	Pending	55,384	2,008,767	5.45%	(2.30%)	(32.51%)	8.31%	91.47%	2.76%	NM	(3.96%)
MidSouth Bancorp, Inc.	LA	First Louisiana National Bank	LA	8/29/2011	12/1/2011	19,091	116,160	10.33%	1.03%	10.19%	0.03%	159.07%	16.44%	25.3x	8.25%
Home Bancorp, Inc.	LA	GS Financial Corp.	LA	3/30/2011	7/15/2011	26,417	263,811	10.50%	0.15%	1.43%	4.82%	95.41%	10.01%	NM	(0.83%)
IBERIABANK Corporation	LA	Cameron Bancshares, Inc.	LA	3/10/2011	5/31/2011	134,755	705,735	10.96%	1.29%	12.37%	1.34%	174.25%	19.09%	14.6x	11.94%
IBERIABANK Corporation	LA	Omni Bancshares, Inc.	LA	2/21/2011	5/31/2011	39,957	745,884	4.42%	(0.44%)	(9.89%)	8.71%	121.34%	8.57%	NM	1.41%
Hancock Holding Company	MS	Whitney Holding Corporation	LA	12/21/2010	6/4/2011	1,768,409	11,517,194	10.78%	(0.46%)	(3.18%)	4.51%	163.73%	15.35%	NM	7.42%
First Guaranty Bancshares, Inc.	LA	Greensburg Bancshares, Inc.	LA	10/21/2010	7/1/2011	5,309	94,703	9.98%	(0.21%)	(2.37%)	6.36%	89.39%	9.30%	NM	(1.03%)
Community Bancorp, LLC	TX	Cadence Financial Corporation	MS	10/6/2010	3/4/2011	68,773	1,886,445	6.27%	(0.78%)	(12.00%)	5.67%	39.25%	3.65%	NM	(4.42%)
Allcorp, Inc.	AR	Community State Bancshares, Inc.	AR	5/12/2010	8/16/2010	3,127	20,549	10.22%	1.07%	9.97%	1.11%	167.67%	15.22%	17.7x	8.85%
						Median	495,113	10.22%	0.15%	1.43%	4.51%	113.91%	10.01%	16.7x	1.37%
						Average ⁽¹⁾	1,638,617	9.55%	0.10%	(1.11%)	3.97%	100.28%	7.91%	16.8x	2.52%

ALABAMA-ARKANSAS-LOUISIANA-MISSISSIPPI BRANCH SALE TRANSACTIONS									
Buyer	State	Target	Target State	Announce Date	Completion/Termination Date	Franchise Premium (\$000)	Total Assets (\$000)	Total Deposits (\$000)	Deposit Premium
ALABAMA									
State Capital Corporation	MS	SunSouth Bancshares, Inc.	AL	6/29/2012	9/21/2012	540	18,356	18,896	3.00%
Heritage Financial Group, Inc.	GA	Community Capital Bancshares, Inc.	AL	4/6/2012	6/29/2012	200	19,800	20,000	1.00%
LOUISIANA									
First Bancshares, Inc.	MS	Hancock Holding Company	LA, MS	5/17/2011	9/16/2011	9,100	185,900	195,000	4.67%
MISSISSIPPI									
Bancorp of Okolona, Inc.	MS	OmniBank	MS	7/27/2012	Pending	201	19,896	20,097	1.00%

Source: SNL Financial

Note: YTD as of November 2, 2012. Core deposits exclude CDs greater than \$100,000 and brokered deposits.

(1) Harmonic Mean used for all pricing multiples other than Tangible Book Premium/ Core Deposits

Comparable M&A Transactions

Transactions announced between 1/1/2010 and YTD 2012 in which the target was headquartered in AL-AR-LA-MS

ALABAMA-ARKANSAS-LOUISIANA-MISSISSIPPI WHOLE BANK TRANSACTIONS													
Buyer	Buyer		Target State	Announce Date	Completion/Termination Date	Deal Value (\$000)	SELLER ANNOUNCEMENT FINANCIALS					LTM Efficiency Ratio	
	State	Target					Total Assets (\$000)	TE/TA	LTM ROAA	LTM ROAE	NPAs/Assets		
Jeff Davis Bancshares, Inc.	LA	Guaranty Capital Corporation	LA	10/12/2012	Pending	NA	143,371	11.05%	0.73%	6.85%	1.03%	70.84%	
Investor group	AL	FEB Bancshares, Inc.	AL	7/27/2012	Pending	NA	178,708	1.89%	(3.47%)	(77.08%)	7.39%	103.10%	
FBT Bancshares, Inc.	AR	Bank of Rison	AR	2/25/2012	Pending	NA	30,120	18.01%	1.08%	5.97%	1.37%	70.72%	
Merchants & Marine Bancorp, Inc.	MS	Heritage First Bank	AL	8/3/2011	12/9/2011	NA	53,538	6.55%	(3.08%)	(52.90%)	8.09%	117.55%	
USAmeriBancorp ⁽¹⁾	FL	Aliant Financial Corporation	AL	7/22/2011	12/30/2011	NA	960,862	10.01%	(0.90%)	(8.54%)	5.68%	84.46%	
Investar Bank	LA	South Louisiana Business Bank	LA	6/1/2011	10/1/2011	NA	50,086	24.51%	(0.63%)	(2.33%)	0.61%	133.75%	
Investor group ⁽²⁾	NA	North Alabama Bancshares, Inc.	AL	2/23/2011	5/18/2011	NA	124,793	9.44%	(2.02%)	(25.03%)	11.43%	112.90%	
Bear State Financial Holdings, LLC	AR	First Federal Bancshares of Arkansas, Inc.	AR	1/27/2011	5/3/2011	NA	632,340	6.24%	(3.37%)	(51.12%)	15.74%	74.82%	
Southwest Security, Inc.	MS	Merchants & Farmers Bank	LA	1/24/2011	8/26/2011	NA	7,961	12.01%	(0.98%)	(8.70%)	1.48%	120.10%	
Citizens National Bancshares of Bossier, Inc.	LA	Citizens Bankshares of Springhill, Inc.	LA	12/16/2010	3/31/2011	NA	153,809	8.82%	1.01%	12.73%	0.65%	73.04%	
Charles Investment Group, LLC	AL	Americus Financial Services, Inc.	AL	6/18/2010	10/29/2010	NA	351,648	8.71%	(0.50%)	(6.19%)	3.02%	71.58%	
USAmeriBancorp Inc.	FL	Aliant Financial Corporation	AL	6/15/2010	12/31/2010	NA	1,026,794	6.36%	(2.47%)	(41.95%)	6.26%	107.02%	
							Median	143,371	9.44%	(0.90%)	(8.54%)	3.02%	84.46%
							Average	244,294	10.66%	(1.10%)	(18.76%)	5.14%	93.90%

ALABAMA-ARKANSAS-LOUISIANA-MISSISSIPPI BRANCH SALE TRANSACTIONS									
Buyer	State	Target	Target State	Announce Date	Completion/Termination Date	Franchise Premium (\$000)	Total Assets (\$000)	Total Deposits (\$000)	Deposit Premium
ALABAMA									
Metro City Bank	GA	Synovus Financial Corp.	AL	10/28/2011	3/16/2012	NA	NA	12,057	NA
ARKANSAS									
First Carroll Bankshares, Inc.	AR	First Arkansas Bancshares, Inc.	AR	8/30/2011	12/3/2011	NA	NA	6,604	NA
State Holding Company	AR	First Arkansas Bancshares, Inc.	AR	8/17/2011	11/8/2011	NA	NA	5,135	NA
First Security Bancorp	AR	First Arkansas Bancshares, Inc.	AR	8/11/2011	3/6/2012	NA	NA	4,464	NA
Harrell Bancshares, Incorporated	AR	Community First Bancshares, Inc.	AR	6/17/2010	11/5/2010	NA	NA	113,950	NA
Washco Bancshares, Inc.	MO	DBT Financial Corporation	AR	5/13/2010	7/30/2010	NA	NA	977	NA
MISSISSIPPI									
FSB Bancshares, Inc.	LA	First Bankshares of St. Martin, Ltd.	LA	2/3/2010	6/30/2010	NA	NA	7,451	NA

Source: SNL Financial

Note: Year to date as of November 2, 2012.

- (1) Clearwater, FL – based USAmeriBancorp Inc. acquired the remaining 38.3% stake in Alexander City, AL – based Aliant Financial Corp. that it did not own previously announced on July 22, 2011 and completed on December 30, 2011 (after increasing stake in the bank in 2010).
- (2) An investor group consisting of certain directors of Hazel Green, AL – based North Alabama Bancshares Inc. agreed to acquire a majority stake in the bank announced on February 23, 2011 and completed on 5/18/11.

Key Drivers of M&A Activity

Characteristics of Buyers and Sellers

➤ Issues Driving Consolidation

- Increasing regulatory costs
- Asset quality issues
- Difficulty raising capital / limited access to capital
- Economies of scale
- Succession planning

➤ Buyer Characteristics:

- Strong asset quality
- Well-capitalized or able to access capital markets
- Good regulatory relationship
- Looking to strategically expand into new, attractive markets or increase market share in existing markets

➤ Seller Characteristics:

- Aging boards and management
- Strained capital and lack of access to new capital
- Asset quality issues
- Management fatigue
- Lack of economies of scale
- Ownership issues