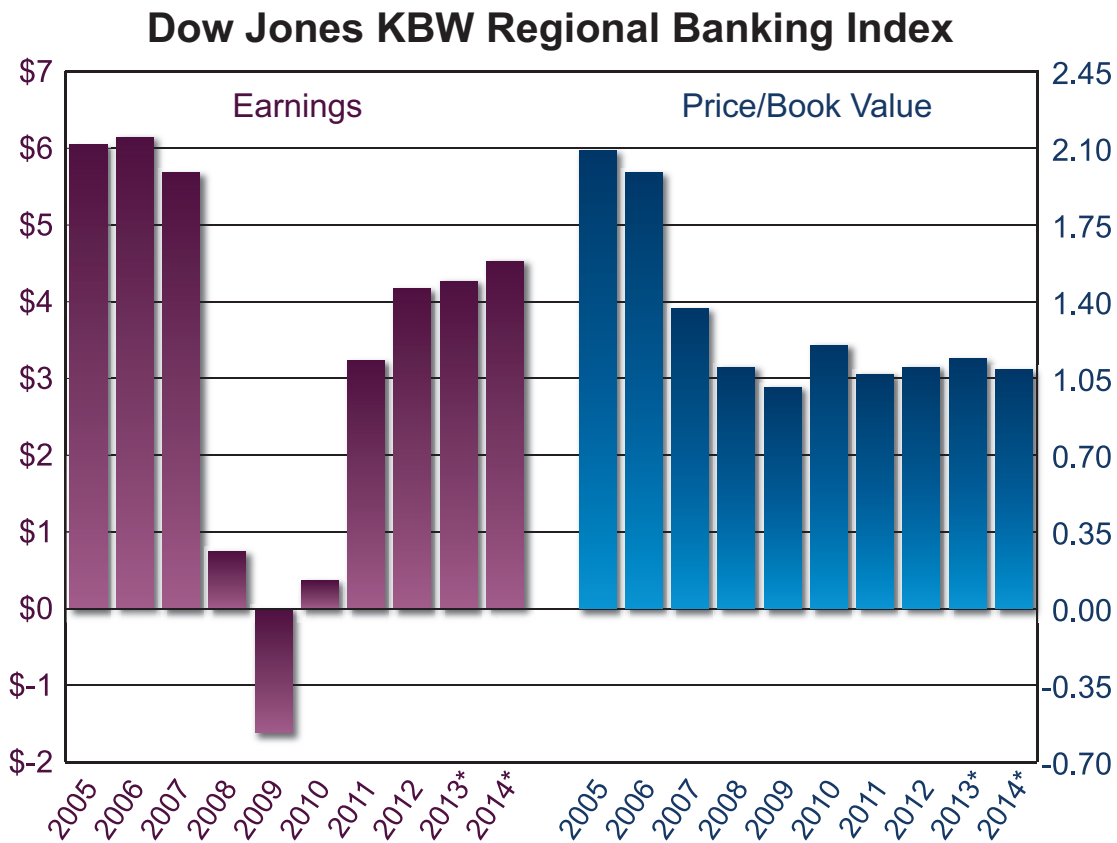


Banks Are Recovering And Their Stock Prices Are Still Attractive



Source: Bloomberg. *2013 and 2014 are estimates.

View from the Observation Deck

1. When the financial media reports on the banking industry much of the coverage is naturally directed towards the biggest banks ("Too big to fail").
2. The index featured in the chart is comprised of 50 regional banks. It is currently at a level approximately 42% below its all-time high set on 12/27/06, when earnings were strong (see chart).
3. Banks also traded at a higher price-to-book value in 2006. The KBW Regional Banking Index closed 2006 at 1.99, compared to 1.10 at the end of 2012.
4. From 1997 to 2006, the average price-to-book value for banks was 2.3, according to Gerald Cassidy of RBC Capital Markets. Looking ahead, he sees banks, on the whole, climbing back to a book value of 1.5.
5. The combination of higher earnings (estimates) through 2014, the ongoing housing recovery, the stabilization in the commercial real estate market and notable loan growth make bank stocks worth a look, in our opinion.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The Dow Jones KBW Regional Banking Index is a modified-capitalization-weighted index, created by Keefe, Bruyette & Woods, designed to represent the performance of the broad U.S. regional banking industry.