

Update: United States Economy: First Quarter 2011

Job growth continues as a major challenge for the U.S. economy. Declines in construction and government spending weaken the pace of economic activity.

The U.S. economy hit a soft patch in early 2011. When the data were initially reported, the first quarter slowdown was attributed to temporary factors that many analysts believed would be reversed in the second quarter. Rather than shaking off the first-quarter easing in growth, however, the economy is throwing off signals that growth continued to be lackluster in the second quarter.

Stimulus programs from monetary and fiscal policies are ending, despite their seeming inability to spark a meaningful expansion in jobs. Fed Chairman Bernanke in an early June speech encapsulated the current business conditions in the remark that “U.S. economic growth was somewhat slower than expected”.

Extreme weather and natural disasters contributed to the uncertainty regarding future rates of economic growth. The earthquake in Japan disrupted supply channels both for cars and trucks as well as high-technology products and components, a condition that continued through mid-June 2011. Many communities throughout the U.S. suffered destruction and economic loss caused by tornados and flooding.

Expectations that worldwide growth was on the upswing placed significant upward pressures on prices, notably for energy and also for food and other basic commodities. As the first half of this year proceeded, the increasing evidence of weak growth led to a significant abatement of the upward pressures on prices, notably for energy.

GDP Growth

After an impressive increase in sales during the fourth quarter of 2010, the nation’s economy threw off indications of progressively weaker activity as 2011 unfolded.



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Following the 3.1% growth in the fourth quarter, real output increased 1.8% in the first quarter of 2011. Real final sales grew by a mere 0.6% in the first quarter after surging ahead 6.7% in the fourth quarter. The slowdown in first-quarter GDP growth was broadly based across the economy, reflecting decelerations in the rate of consumer spending, reductions in state and local government spending, a pickup in imports, and declines in federal government and construction spending.

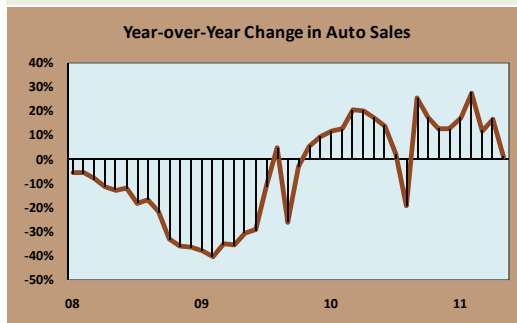
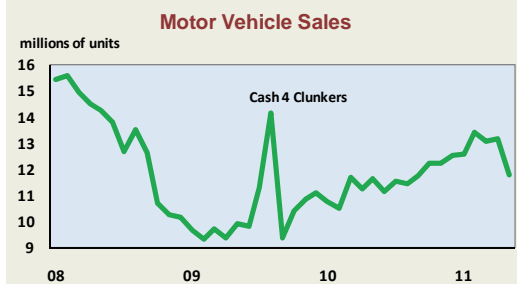
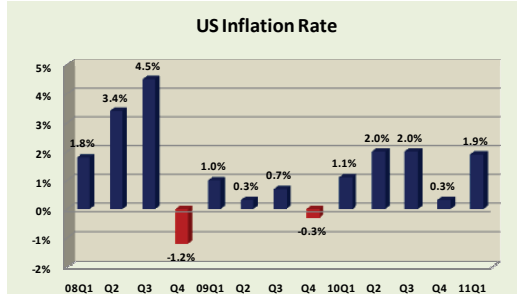
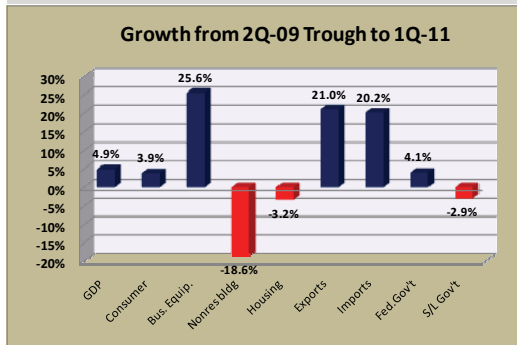
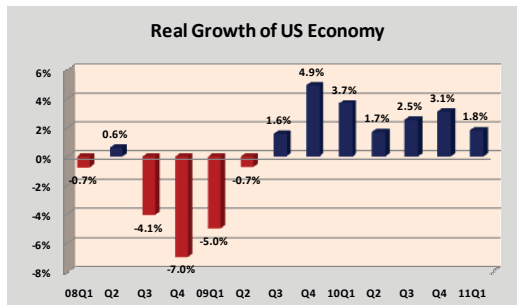
The 1.8% growth in the first quarter was the slowest advance since the second quarter of 2010. Since the beginning of the economic recovery in the second quarter of 2009 through the first quarter, investment in residential and non-residential construction and spending by state and local governments continued to decline. Conversely, leading the economic recovery were steep gains in business equipment spending and a rebound in the trade sector.

The GDP report indicated that the rate of inflation picked up in the first quarter. Inflation, as measured by the GDP price deflator, increased at a 1.9% rate, up from 0.4% in the fourth quarter. Prices based gross domestic purchases, which reflected the impact of imports on prices paid by domestic buyers, rose 3.8% in the first quarter up from 2.1% in the previous quarter.

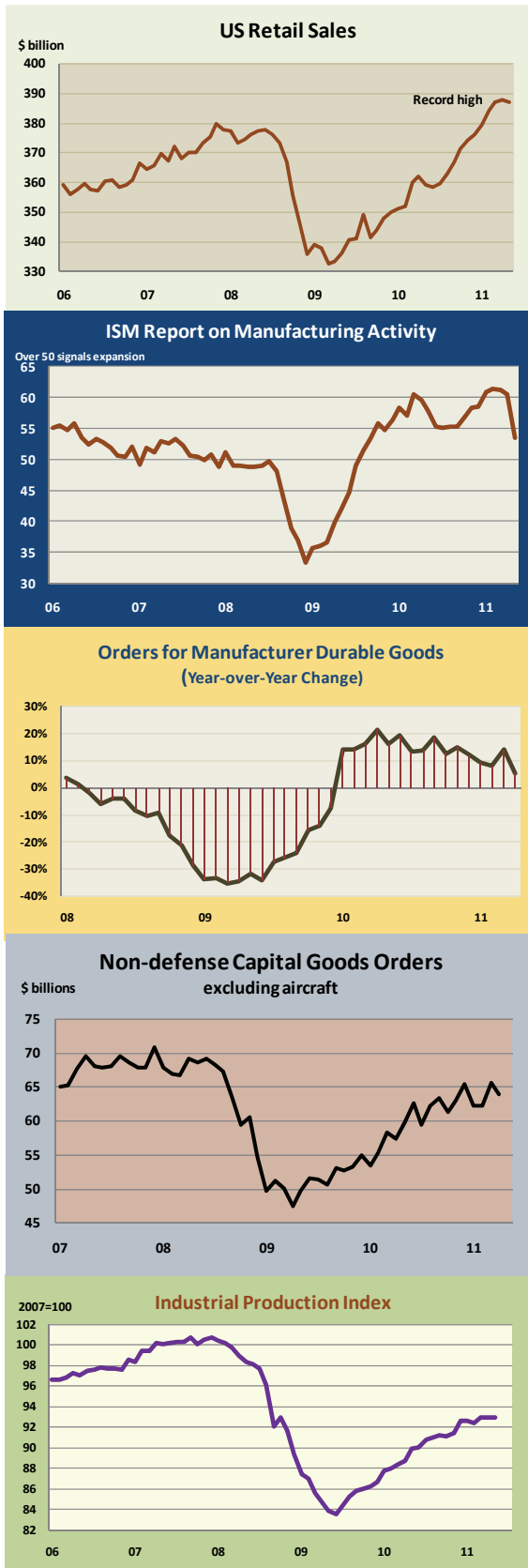
Consumer Spending

The slowdown in the consumer spending was centered in durable goods, but the slowdown pervaded the retail sector. Higher prices for food and energy prompted consumers to reduce the volume of spending for such products and to trim spending on more discretionary items. So far in the second quarter, further weakening occurred in consumer spending.

Sales of motor vehicles showed robust activity from February through April 2011, with sales averaging 13.2 million units for the three months. Higher prices for gasoline prompted consumers to replace their ageing cars with more fuel-efficient models. Sales of cars rose in February to the highest rate, net of fiscal stimulus programs, since August 2008, which was another period of high gasoline prices. Sales in May, however, were termed as the first significant setback in 18 months. Supply disruptions following the earthquake in Japan contributed to the 15.4% drop in motor vehicle sales to an estimated 11.8 million units. Sales in May 2011 declined to the lowest volume in eight months and brought the year-over-year ("YoY") change to 1%. In the preceding eight months, the YoY gains averaged in excess of 17%. Limited inventories caused some dealers to eliminate discounts. The average price of cars sold in May rose 2.1% over the month, thus contributing to a pick-up in the rate of consumer price inflation.



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Retail sales in May broke the ten-month string of sales advances. Part of the fall-off in May's sales resulted from declining car sales and the impact of lower prices for gasoline. The slowdown was not limited to these two sectors. Spending excluding gasoline and autos grew by the slowest rate of the year. Discretionary spending showed widespread easing in May.

Business Spending

Business spending on equipment and software continued to be a significant support to economic growth in the first quarter. Business spending on software, transportation equipment and industrial machinery and equipment provided significant ballast to the first quarter's economy as well as to the economic recovery to date.

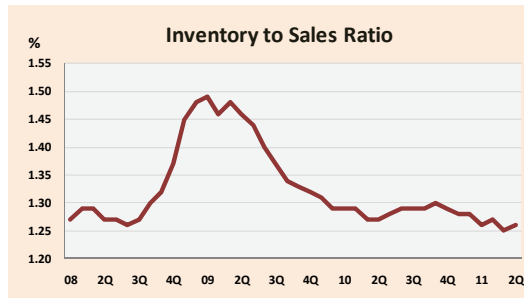
Early readings on the second quarter suggested that growth from the business sector was waning. The Institute for Supply Management (ISM) provided an early reading of monthly manufacturing activity based upon the following series: new orders, employment, production, supply deliveries, inventories and price paid. All measures were lower to push the composite index to 53.5 in May from 60.4 in April. While remaining above the 50 level that signaled expanding activity, the May reading was the lowest since September 2009 and reflected sharp declines in new orders, production and prices paid.

Orders for durable goods fell 3.6% in April, nearly offsetting the 4.4% rise in March. Transportation led the decline in orders, with the volatile order category of aircraft and parts off 23.6%. Supply disruptions following the earthquake in Japan and the subsequent lack of auto parts and components contributed to the 4.5% decline in orders for motor vehicles and parts. The YoY change in durable goods orders narrowed to a 5.3% advance in April compared with the 14.1% jump in March. New orders were weak outside the transportation sector. New orders for non-defense capital goods excluding aircraft declined 2.6% following a 5.4% advance in March. Significant declines in orders were reported for electrical and non-electrical machinery.

Industrial production increased 0.1% in May after showing no growth in April. The May reading provided mixed signals. Production of high-technology products rose briskly Auto production fell sharply, possibly due to a shortage of parts from Japan. Production of business equipment and construction supplies supported increased production in May, while output declined for consumer goods.

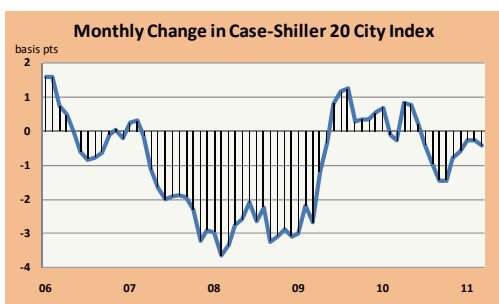
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The fourth-quarter 2010 rise in final sales contributed to possibly unattended reductions in business inventories, particularly for wholesale and retail trade. Inventory restocking on the wholesale and retail levels resumed and contributed to the positive contribution to growth from inventories in the first quarter. The inventory-to-sales ratio, however, remained near a record low in April 2011, reflecting some unwillingness to replenish supplies due to uncertainty about future sales.

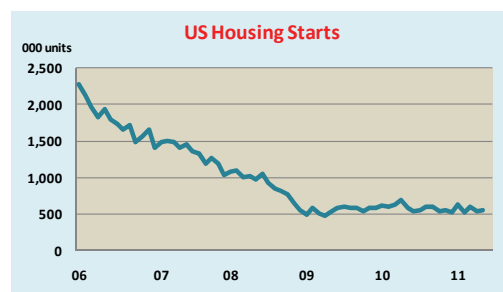


Construction

Perhaps the nation's most disappointing economic sector was housing. Essentially, the housing industry continued in recession, with any stabilization realized over the past five years caused by targeted federal stimulus, which had temporary effects. Home prices resumed a renewed downward trajectory in mid-2010. Home prices, as measured by the 20-city Case-Shiller survey for March 2011, fell to the lowest level since May 2009. Prices settled into ranges that existed in mid-2003. Six of the twenty cities surveyed reported new price lows for the current business cycle. Only Washington D.C. reported a YoY price advance.

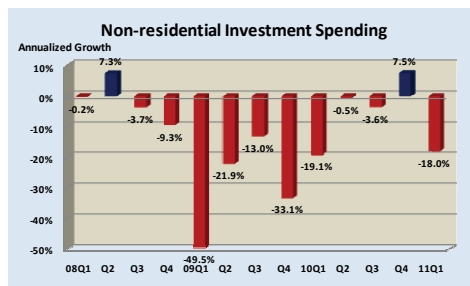


Renewed declines in home prices continue to plague home sales and the demand for new construction.



Declining home prices ensued as home sales weakened and the distressed and foreclosed properties continued to flood the market. Within this environment, homebuilding was flat. Housing starts remained in a low level and showed generally trendless activity since late 2008.

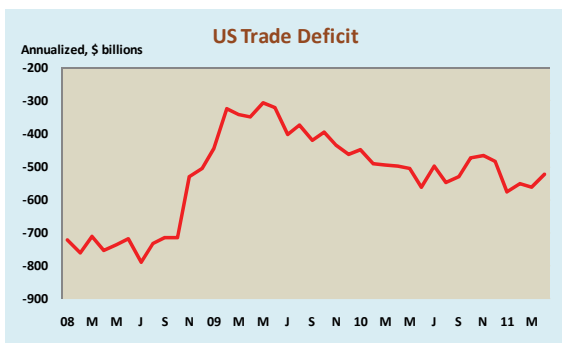
Commercial construction was the weakest sector throughout the past seven quarters of economic recovery. Investment in non-residential construction fell 18.6% from mid-2009 to the first quarter of 2011. The volume of commercial investment spending declined at an annualized rate of 18% in the first quarter, the sharpest decline in a year and more than reversing the 7.5% growth in the fourth quarter. Investment associated with mining and exploration increased in the first quarter, while sizable declines were reported in the construction of commercial, manufacturing, power and communication, health care and other structures.



Some major metropolitan markets reported stabilizing conditions for commercial real estate. Class A office buildings in prime markets, such as New York City, Boston, Washington, D.C. and San Francisco, reported positive absorption, lower vacancy rates and moderate increases in lease rates. Still lacking in the formula to restore the health throughout the commercial property markets were consistent and accelerating economic growth, increased employment and greater availability of financing for commercial real estate.

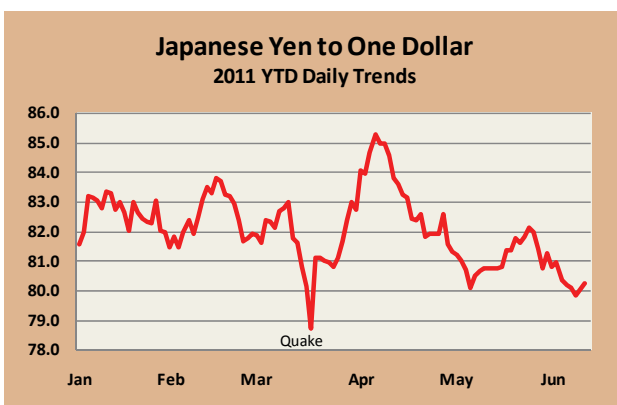
Trade and Foreign Exchange

U.S. exports picked up in the first quarter of 2011. Shipments of motor vehicles and parts and for industrial supplies and materials contributed greatly to the rise in first-quarter exports. Export growth was partially offset



by reductions in the exportation of agricultural products and non-auto consumer goods. Imports turned up in the first quarter. The rise in imports was broadly based, with significant gains reported for the imports of food, petroleum products, autos and consumer goods. In April 2011, the monthly trade deficit narrowed slightly to \$524.2 billion, a level that closely approximated the average deficit over the past 12 months.

The dollar generally declined over the current year, against the exchange rates of its major trading partners. The Chinese Yuan was allowed to appreciate against the dollar, rising 1.8% over the year-end 2010 rate and 5.1% over the rate at the start of 2010. Note that the declining trend in the Yuan meant that one dollar bought fewer Yuan. This trend resulted in goods denominated in Yuan costing more than at the start of the year.



Following the March 11, 2011 earthquake in Japan, the Yen appreciated, necessitating the concerted selling of the ¥ to allow Japanese products to remain price-competitive in world markets. As of June 10, 2011, the ¥ appreciated 1.7% against the dollar so far in 2011 and by 13.3% since the beginning of 2010.

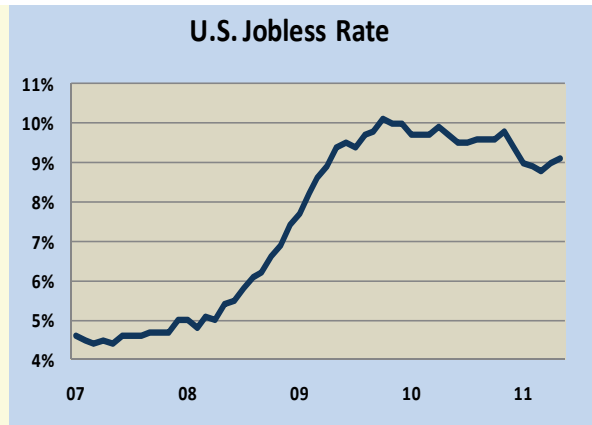
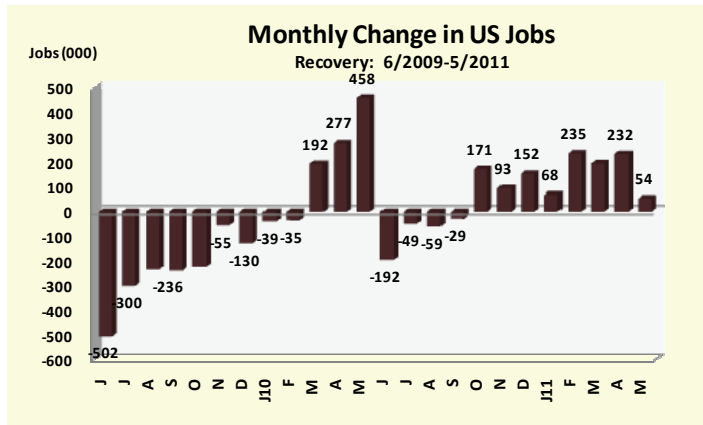
The Euro showed considerable volatility against the dollar in 2011. Debt crisis concerns triggered sell-offs of the currency, while increases in Euro Central Bank interest rates were met with € appreciation. Through June 10, 2011, the € was up 8.3% against the dollar compared with start of the year. The June 10th reading was down 3.4% from the early May peak for the year in the €.



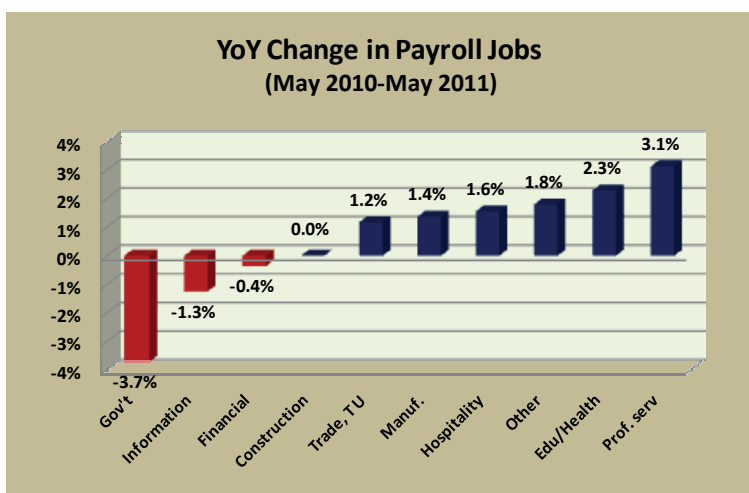
Employment

The U.S. economy generated jobs at an average monthly rate of 157,000 for the first five months of 2011. This pace translated into an average monthly growth rate of 0.12%. At that rate of job creation, the economy would finally recoup the jobs that were lost during the recession by January 2015, more than seven years after the start of the recession. In addition, the history of job creation in 2011 did not show a steady or increasing trajectory. The May creation of 54,000 payroll jobs was the smallest monthly gain since September 2010.

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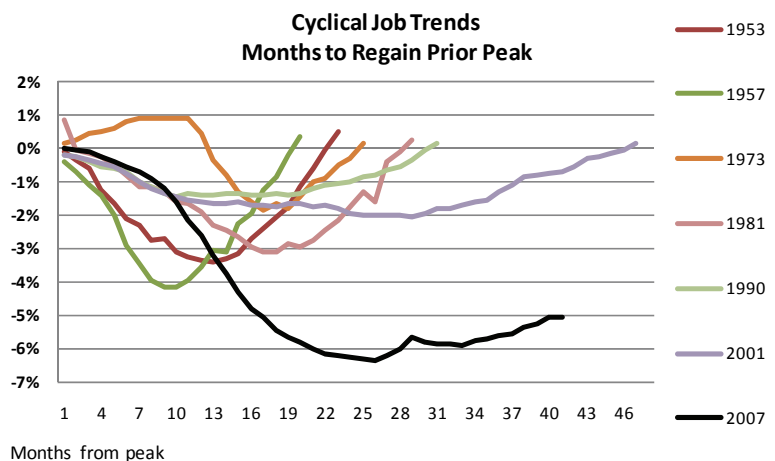


On a YoY comparison, payroll jobs rose for six of the ten major industries in May 2011. Construction employment, the perennially declining sector, was unchanged over the year. The government sector had the largest YoY decline. Jobs at local, state and federal government levels were eliminated primarily due to deficits and other spending constraints. In May 2010 federal government payrolls had expanded to support the survey work for the 2010 Census. The lack of such jobs contributed to the 16.1% YoY decline in federal government jobs for the May 2011 comparison. Part of the monthly slowdown in jobs could be attributed to supply disruptions following the earthquake in Japan and therefore could be temporary. The cut of 5,000 manufacturing industry jobs in May was probably caused by these supply disruptions as well as to the severe weather conditions in many parts of the U.S.



The jobless rate trended down to 8.8% in March 2011 before reporting two consecutive increases that brought the rate to 9.1% in May. The rate of under-employment, a measure that included discouraged job seekers who have dropped out of the labor force and those who were working fewer hours than preferred, declined to 15.8% in May, well below the peak of 17.1% of September 2010.

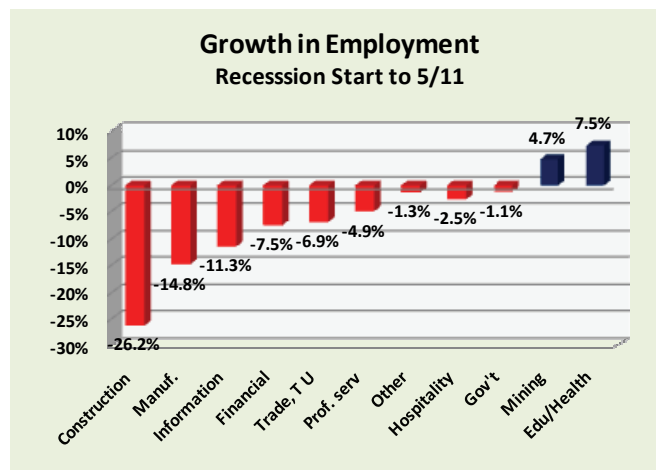
The slow pace of the current recovery is clearly evident from the performance of the economy versus the other postwar recessions. Previously, the longest interval required for employment to regain its prior peak was the 2001 recession. In that recession, the loss in jobs equaled 2.0% and it took 46 months to regain the prior peak. In the current recession, the maximum job loss equaled 6.3%. As of May 2011, the interval since the peak equaled 41 months and payroll jobs were still 5.0% below that peak.



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The downturn in jobs since the 2007 start of the recession was borne by most of the nation's major industries. The two exceptions were mining, where oil and gas exploration and mineral extraction created jobs and sparked a growth of 4.7% over the past 46 months in this generally small industry. Education and health service jobs rose steadily throughout the business cycle. Recently, job growth in this sector was sustained by health-related employment, which compensated for the declines in education jobs.

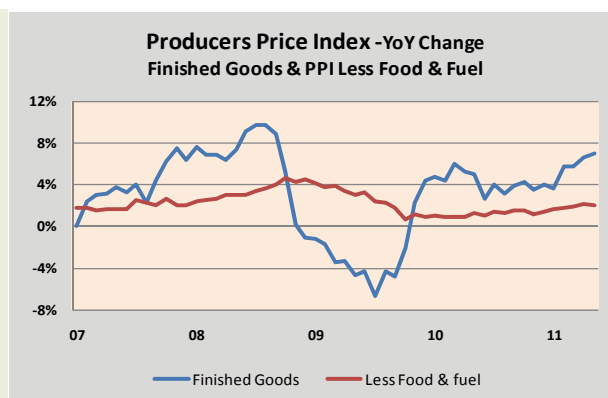
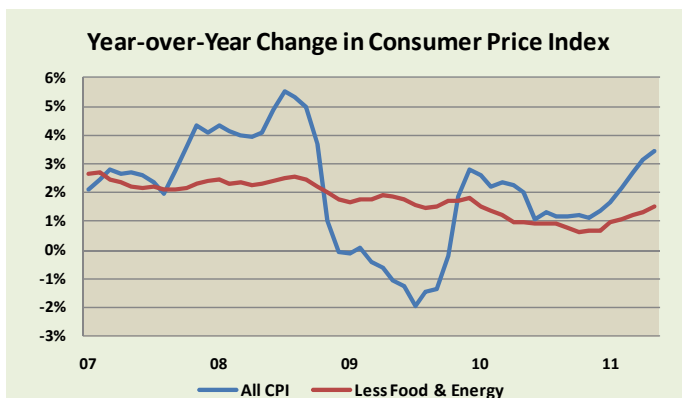
It is no surprise that construction jobs suffered the steepest cyclical decline, with both residential and commercial building still declining. Manufacturing jobs began to recover, led by increased auto production and renewed output of other consumer durable goods, technology and electronic products, machinery and industrial equipment in order to meet increased domestic and international demand.



Price Trends

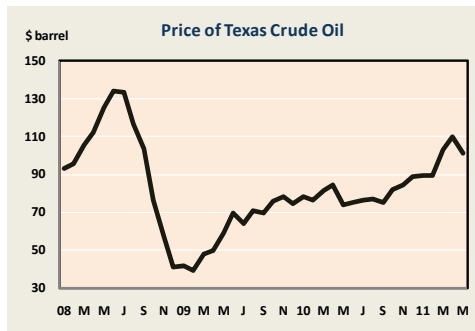
As mentioned previously, the rate of inflation increased in the first quarter. Contributing to this pick-up were higher prices for energy, food, housing, utilities and equipment and software. The military federal pay raise caused the rate of inflation in the government sector to accelerate. Consumer prices excluding food and energy, termed by the Federal Reserve as the core rate of inflation, increased 1.4% in the first quarter compared with the rate of 0.4% in the fourth quarter.

The rate of consumer price inflation rose throughout the first five months of 2011. Higher prices for food and energy contributed to the 3.4% YoY increase in the consumer price index. The CPI excluding food and fuel climbed 1.5% YoY, which was its highest reading since January 2010. Consumer food prices were up 3.5% YoY, and energy prices were up 20.7% YoY.



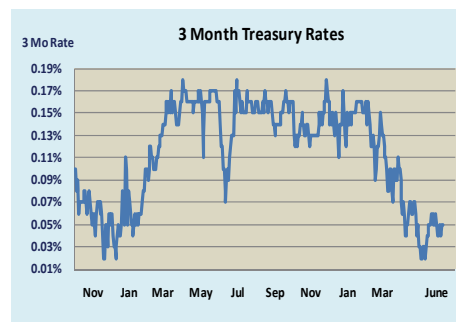
The producer price index for finished goods expanded 7.0% YoY in May 2011, while the index excluding food and fuel prices was up 2.1% YoY. The high reading for total producer prices occurred despite the May's decline in petroleum prices, which was evidenced in the drop of \$8.71 a barrel for Texas crude oil. That price change translated to a monthly decline of 7.9%.

As Chairman Bernanke noted, the increase in inflation was a concern for policy makers. Yet the appropriate diagnosis and policy response depended on whether the rise in inflation was likely to persist. The recent price increases generally were contained to a single product, i.e., oil, and occurred during a turbulent time for many oil-producing countries. If prices stabilize, the upward impetus on inflation will wane. Arguing for moderating inflationary pressures were the slackness in labor markets and expectations of generally contained longer-term inflation. The historic record gave credence to the view that high commodity prices often tempered demand, which in turn led to lower prices.



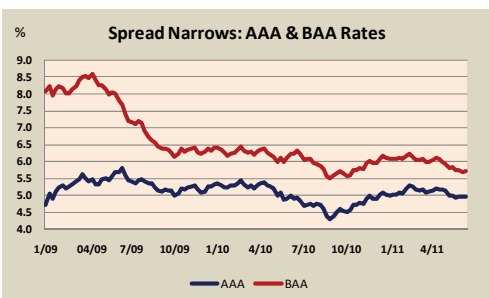
Interest Rates

Political, weather, geological and financial shifts created an environment in 2011 that made the safety and liquidity of U.S. treasury securities an attractive, yet low-yielding investment vehicle. Short-term interest rates were dictated by the accommodative monetary policy that maintained exceedingly low interest rates over an extended period. The rate on the three-month treasury bill oscillated within a band of 16 basis points over the past eight months.



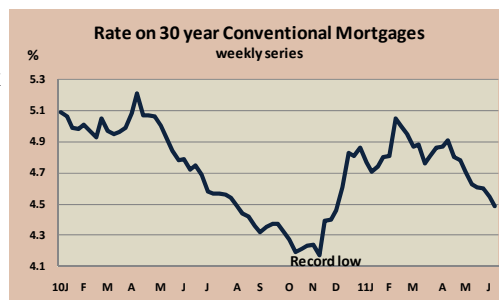
Long-term rates showed greater volatility. Rate upticks were in reaction to steep increases in commodity prices and inflationary fears fueled by large government deficits. Investors pushed up rates over concern that monetary policy had been too accommodative for too long and had supplied excessive liquidity into the financial system. In addition, investors feared that rates would rise sharply when the Fed's program of purchasing \$75 billion a month in intermediate-term treasuries ended in June.

The growing evidence of weakening economic activity lessened upward pressures on commodity prices, and dispelled concerns of run-away inflation. Despite the excess liquidity carried at the Federal Reserve, the financial system was not awash with lending. With quantitative easing by the Fed ending, the first phase of reducing accommodation was in place. The inflationary fears of investors began to abate. The pattern in long-term interest rates showed a peaking in February-March, with rates trending lower into June.



Due to generally low interest rates, investors appeared willing to accept increased risk for more return. The spread between AAA and BAA corporate bonds narrowed to a low of 75 basis points in June 2011, down from the 350 basis point spread in early 2009.

The weak demand in home sales in 2011 contributed to the renewed downturn in mortgage rates during the typically brisk spring selling season. In early June the rate on 30 year conventional mortgages was 56 basis points below the recent February peak and only 32 basis points higher than the November 2010 low in mortgage rates.



Update: California Economy: First Quarter 2011

Jobs are showing year over year growth, yet the jobless rate remains high. The decline continues in construction for both residential and commercial projects.

So far in 2011, the California economy mirrored the general weakness characterizing the national economy. Notably, California's recovery in jobs was limited and showed no persistently upward trend. The state's housing market remained in the doldrums, with sales soft and home prices even softer. Decades ago, the state was the engine of the nation's economic expansion, now business conditions characterized the state more like a caboose.

Like a struggling student, the state's economy showed signs of promise. Its fiscal condition was bad, up from catastrophic. The jobs picture wasn't pretty. The state has a long way to go to recoup the jobs lost over the past business cycle. The bright prospect, however, may be the fact that the May downdraft in jobs could be a only momentary hiccup caused by supply disruptions following the Japanese earthquake and the over-exuberant run-up in the price of gasoline.

Employment

The California economy experienced increases in payroll jobs for 10 of the past 17 months through May 2011. Beginning in November 2010, the state reported YoY gains in payroll employment and compiled seven consecutive months of YoY job gains.

In February, the state recorded its largest month-to-month gain in jobs based upon data going back to 1990. Nonetheless, recent job trends were mixed and growth was disappointingly slow. The 84,600 increase in jobs in February 2011 was followed by two months of declines and one month of gain. During the first five months of 2011, jobs grew at an average monthly rate of 14,600. At that pace, it will take more than 6 ½ years to regain the prior employment peak.

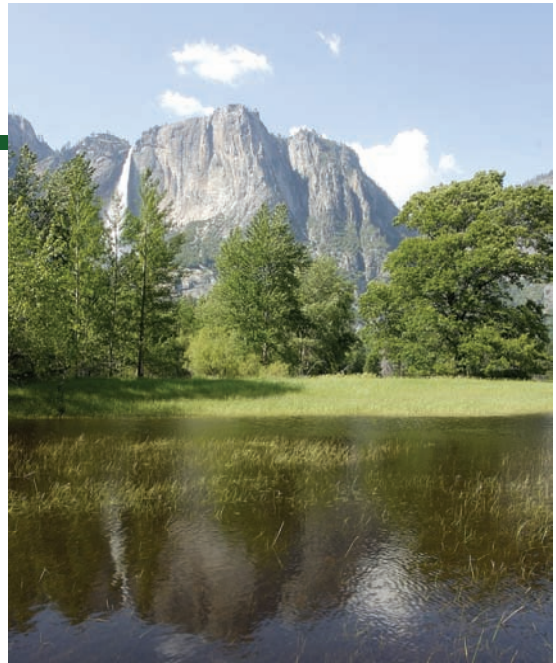


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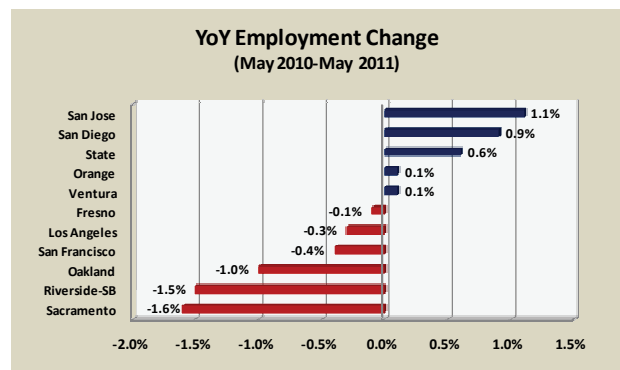
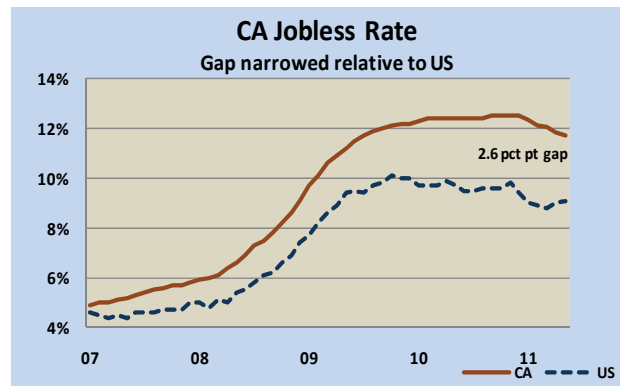
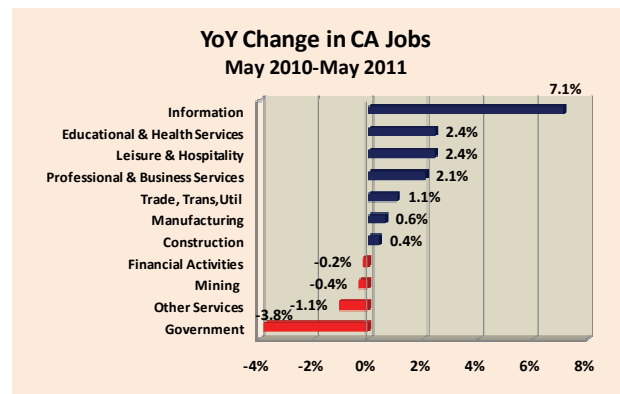
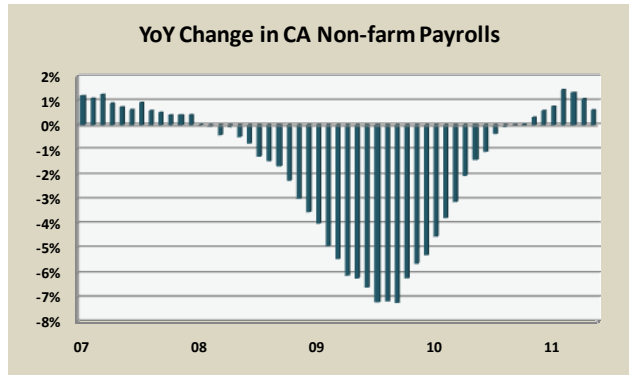
The good news was that through May 2011 the state had generated 183,800 new jobs since reaching the maximum in job loss in September 2010. The challenge now facing the state will be creating the additional 1.16 million jobs needed to regain the pre-recession peak in jobs. If jobs were created at the monthly average for the past eight months, it won't be until August 2015 that the state finally surpasses its pre-recession peak in jobs, a nearly eight year hiatus in job generation.

During May 2011 seven of the eleven major industries reported YoY gains in employment. The information industry, significantly film production, reported a 7% YoY gain. Suffering the largest YoY job decline was the government sector. Over the past year, public sector jobs were cut on the federal, state and local levels. On a month-to-month comparison increased federal employment in May 2011 was insufficient to offset continued reductions by local and state governments. Construction reported a moderate YoY job rise, in May, although such jobs were down on a monthly comparison.

California continued to be the state with the second highest jobless rate in the nation. The differential between top ranked Nevada narrowed significantly. The Nevada jobless rate declined from 14.9% in May 2010 to 12.1% in May 2011. California YoY decline was from 12.4% to 11.7%. Encouragingly, California's jobless rate narrowed relative to the U.S. to a 260 basis point differential, down from the 340 basis point spread in January 2011.

The May increase in jobs, according to the household survey, combined with declines in the labor force, contributed to the monthly drop in the jobless rate from 11.8% in April. The labor force in California showed a steady decline in recent years. In May the labor force was down 0.7% on a YoY basis and was 1.2% below the peak level that was recorded in January 2009. The rate of participation in the labor force declined in May 2011 to 63.2% of the non-institutionalized working age population of California. This rate compared with labor force participation rates of 65.9% when the recession began and 65.3% at the recession's trough.

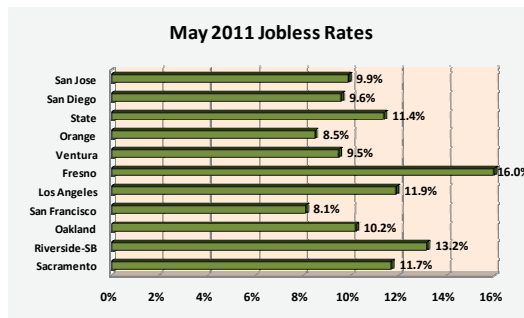
The major metropolitan areas in California reported generally mixed YoY job growth in May. Four of the ten major metropolitan areas reported YoY gains in jobs, with San Jose reporting the steepest growth at 1.1%. San Diego had the second highest YoY growth at 0.9%.



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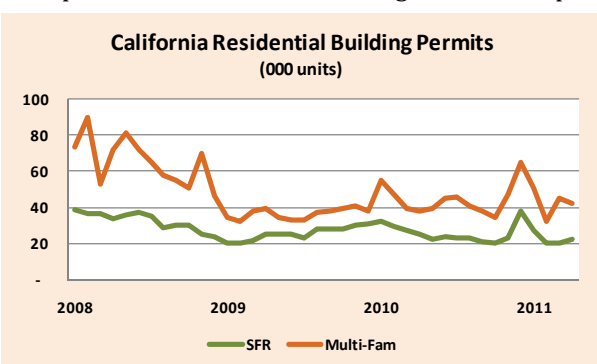
Orange and Ventura counties both reported 0.1% YoY gains. The steepest YoY decline occurred in Sacramento, where jobs were down 1.6%. The second worst performance was Riverside-San Bernardino with a 1.5% YoY job loss.

Rates of unemployment for the major metropolitan areas ranged in May from 8.1% in San Francisco to 16.0% in Fresno. Five of the ten areas reported jobless rates below 10%, compared with only two areas a year earlier. By county, the May unemployment rates ranged from 7.7% in Marin County to 28.9% in Imperial County. Eight of the 58 California counties reported jobless rates under 10%, while two counties reported jobless rates at 20% or above.



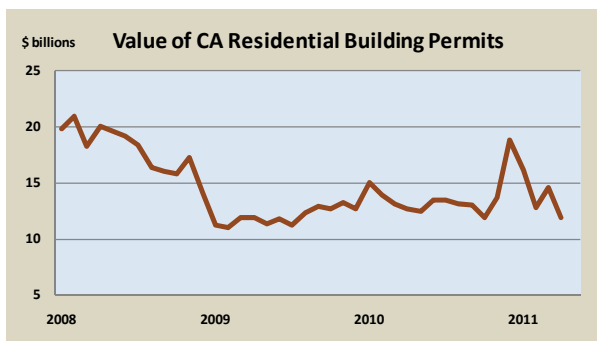
Construction

New homebuilding in California resumed its generally trendless performance following the year-end 2010 surge in housing building permits. In December 2010, housing permits climbed to an annualized rate of 65,000 units, as permits were pulled in anticipation of building code changes that would go into effect in 2011. The 65,000 unit pace in December was the highest level of permits since November 2008. Yet, the pick-up was short-lived.



By February permits were nearly one-half the December pace, with both single-family and multi-unit construction down sharply. Through April, permits, notably multi-unit construction, improved relative to February. Nonetheless, California housing permits continued to drift sideways. For the first four months of 2011, permits averaged 42,500 units, slightly below the 2010 annual average of 44,500 units. On a YoY comparison, April permits for single-family homes were down 12%, while permits for multi-family projects were up 53%. The value of residential permits was down 6% on a YoY basis in April to the lowest volume since July 2009.

California home sales were sluggish in May 2011, with sales down 5.8% over April and down 14.4% YoY. The slow market demand pushed the median price of an existing home sold in California down by 0.7% over the month and 10.9% below April 2010. The recent rate of sales caused the inventory of unsold homes to widen to a 5.4 month supply, up from a 4.5 month supply a year earlier. The slow sales could not be attributed to rising interest rates, since the average 30 year fixed mortgage peaked in February and averaged 4.64% in May 2011, down 25 basis points from the year-earlier rate.



According to the California Association of Realtors, the pattern of home sales and prices for California counties showed that only three counties, San Mateo, Napa and Mendocino, reported YoY price increases during May. Meanwhile, 14 of the 37 reporting counties experienced YoY increases in sales during May.

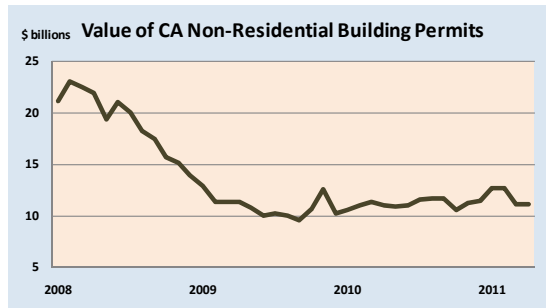
RealtyTrac reported that foreclosure sales accounted for 45% of all residential sales in California during the first quarter of 2011, up from 43% in the fourth quarter and down from 48% a year earlier. The average sales price for a California foreclosed home was 34% lower than the average price of a sold home not in foreclosure. California was second in the nation based upon its share of foreclosure sales. Nevada ranked first with a 53%

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foreclosure share to total sales. Foreclosure filings in May equaled one action for every 259 housing units in California, the third highest activity behind Nevada and Arizona. In May 2011 scheduled auctions in California showed a 16% increase over April, although the number of default notices was down 16% to a 31-month low. There was a 25% monthly decline in the number of California bank-owned houses.

Six California cities were listed within the top ten cities nationwide with the highest rates of foreclosure. These California cities with their national ranking in parenthesis were Stockton (2), Vallejo-Fairfield (3), Modesto (4), Bakersfield (7), Riverside-San Bernardino-Ontario (8) and Merced (10).

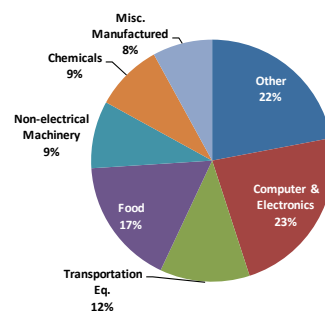
The volume of non-residential construction picked up in the initial two months of 2011, with January's value of non-residential building reaching the highest level since January 2009. Permits in March and April, however, fell back to the generally lackluster volumes that had persisted throughout 2010. Non-residential permit valuations for the first four months of 2011 were up 8.6% compared with the year-earlier period. Strong gains were noted in the categories of industrial construction, alterations and additions.



Trade

The fourth largest trading partner for the state of California is Japan. The March 11, 2011 earthquake and tsunami caused short-term supply and demand disruptions that reverberated through the state. About 23% of the California exports to Japan were computer and electronics products, while other significant exports from California to Japan were optical and medical instruments and aircraft and parts. In addition, 17% of the state's exports to Japan were agricultural based. About 55% of the goods imported from Japan to California in 2010 were transportation equipment. Shortages of transportation equipment were reported, notably for autos and trucks and in the parts used in the domestic assembly of motor vehicles. As Japan recovers its industrial production capability, supply shortages will lessen, trade volumes will increase and demand will rise for goods to be exported from California.

Product Share of CA Exports to Japan



Budget Process

Governor Brown vetoed the FY-2012 budget submitted by the legislature in early June 2011. The reason for the veto was that the measures to close the \$9 billion funding gap were deemed accounting trickery and not a balanced solution. More budget wrangling will occur as the 2011 fiscal year comes to a close and the associated deadline looms for the legislature to pass a budget or not get paid,

Data for the first eleven months of the FY 2011 showed that general fund revenues were up 7.8% compared with the first eleven months of FY 2010. Revenues from personal income taxes were 13.1% higher than the previous fiscal year, while retail sales and use taxes were up 1.5%. Corporate tax revenues continued to lag the previous year and remained below the revised budget projection estimates. Year-to-date collections from personal income, sales and corporate income taxes were 7.7% or \$5.4 billion higher than the revenues for the first eleven months of fiscal 2010.

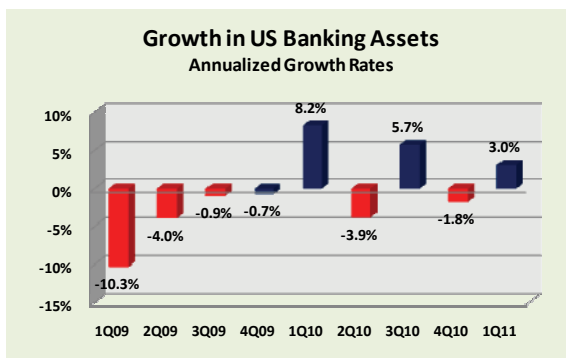
Total disbursements for the first eleven months of FY 2011 were up 5.1% over the comparable fiscal year period. The state's cash balance on May 31, 2011 equaled -\$14.9 billion. The state general fund had \$26.8 billion in borrowable resources against \$14.9 billion in outstanding loans. The funding gap was represented by \$9.9 billion carried over from the previous fiscal year and \$5 billion incurred in the current year.

Update: United States Banking: First Quarter 2011

Bank lending continues to decline. Deposits and equity capital grow. Industry is profitable largely due to reduced provision expense.

The U.S. banking industry in the first quarter of 2011 generated its highest quarterly earnings since the third quarter of 2007. This gain was largely achieved through reductions in both loan loss provisions and goodwill impairment losses. Revenues from net interest income and non-interest income fell compared with the fourth quarter.

Assets of commercial banks grew 3.0% in the first quarter following the 1.8% decline in the fourth quarter. Despite the increase in assets, bank loans continued to decline. The 6.7% drop in total loans was the steepest decline since the second quarter of 2009. Except for the accounting rule change that boosted consumer credit card balances in the first quarter of 2010, total loans declined consistently since the third quarter of 2008. Bank deposits and equity capital expanded in the first quarter, while banks continued to trim their use of borrowed funds.



Balance Sheets

Commercial bank assets grew 3.0% in the first quarter to a level of \$12.2 trillion. The expansion in assets was primarily centered in interest-bearing balances and securities. Loan portfolios continued to decline. From the third quarter 2008



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recent peak through the first quarter of 2011, total loans were down 6.6%. The annualized decline in total loans in the first quarter 2011 equaled 6.7% compared with the 1.0% decline in the fourth quarter.

From that third quarter 2008 peak through the first quarter of 2011, net loans declined 7.7%, while total real estate loans fell 6.3%, led by the halving in construction loan portfolios. Banks experienced a 20% decline in commercial & industrial (“C&I”) loans. The 19% rise in consumer loans since September 2008 was largely due to last year’s accounting change requiring securitized credit card balances be reported on bank portfolios.

Comparing quarterly growth patterns in the first quarter of 2011, C&I loans were the only major lending category to expand. Real estate loans declined at quarterly rate of 2.6%, led by sizable reductions in construction and land development loans and in residential mortgages. Consumer loans declined at a 3.3% quarterly rate, with both credit card and non-revolving loans lower.

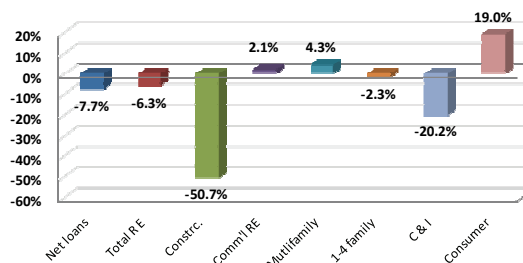
Balances of other real estate owned (OREO) registered the second consecutive decline in the first quarter. The reduction in OREO was primarily concentrated in 1-4 family residential properties. Commercial real estate properties and properties foreclosed from GNMA loans rose in the quarter. OREO obtained from construction and land development loans edged lower for the second consecutive quarter, yet accounted for the highest share of bank-owned properties. Over the past year, the most rapid advance in OREO occurred in the category of properties foreclosed from GNMA loans.

The growth in bank deposits continued to advance in the first quarter. The 7.5% annualized first quarter growth in deposits followed two previous quarters where growth rates exceeded 6%. Core deposits advanced, while time and brokered deposits declined. The annualized growth of 14.1% in non-interest-bearing deposits compared favorably to the 3.1% annualized rise in interest-bearing deposits.

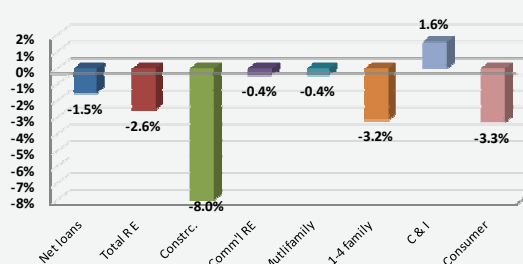
The divergent trends in loans and deposits caused the loan-to-deposit ratio to slip to 72.4% in the first quarter, down from 74.9% in the fourth quarter and from 78.0% in the first quarter of 2010.

Equity capital expanded at an annualized growth rate of 5.4% in the first quarter of 2011 following the 1.0%

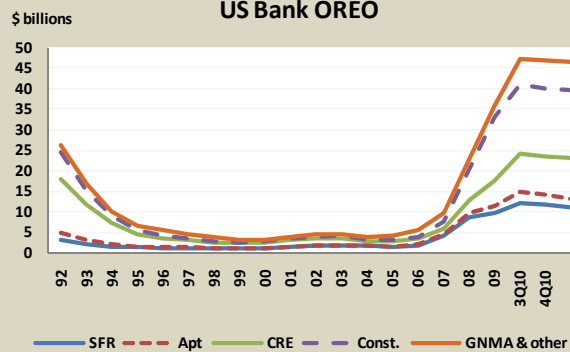
**Change in Loans
3Q2008 to 1Q2011**



**Change in Loans
4Q2010 to 1Q2011**

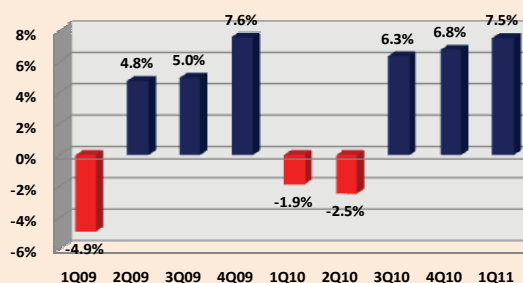


US Bank OREO



Declines in loans and increases in deposits brings the loan-to-deposit ratio to 72.4%

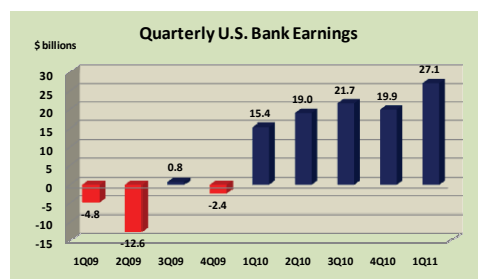
**Growth in US Bank Deposits
Annualized Growth Rates**



decline in the fourth quarter. Preferred and common stock balances were slightly lower over the quarter, while gains were reported in surplus capital and undivided profits.

Earnings

U.S. bank profits equaled \$27.1 billion in the first quarter, up from \$19.9 billion in the fourth quarter and the highest earnings since the third quarter of 2007. Nonetheless, bank revenues continued to decline. Interest income declined by more than the drop in interest expense to reduce net interest income. In the first quarter of 2011, net interest income registered its fourth consecutive quarter wherein the decline in earned interest greatly exceeded the decline in interest expense.



	1Q10	2Q10	3Q10	4Q10	1Q11
Total interest income	124,237	121,209	119,650	118,157	115,983
Total interest expense	24,284	22,926	21,582	21,366	19,506
Net interest income	99,953	98,283	98,068	96,791	96,477
Provision for loan losses	48,348	37,734	32,429	29,510	18,750
Total non-interest income	56,033	55,230	51,750	54,649	54,149
Fiduciary activities	6,075	6,347	6,372	6,701	6,687
Service charges on deposits	9,411	9,646	8,635	8,044	7,766
Trading account gains	8,297	6,700	4,126	3,472	7,413
Additional non-interest income	32,251	32,537	32,618	36,433	32,284
Total non-interest expense	87,190	89,528	88,561	95,019	92,484
Salaries & employee benefits	38,359	39,739	38,856	39,993	41,825
Premises & equipment	10,099	9,883	10,018	10,592	10,315
Additional expense	38,732	39,907	39,687	44,434	40,344
Pre-tax net operating income	20,448	26,250	28,829	26,911	39,393
Securities gains (losses)	1,360	2,072	2,782	2,107	(333)
Incomes taxes	6,239	8,874	9,486	8,947	11,770
Extraordinary gains/other	(200)	(409)	(461)	(126)	(143)
Net income	15,370	19,038	21,664	19,945	27,147

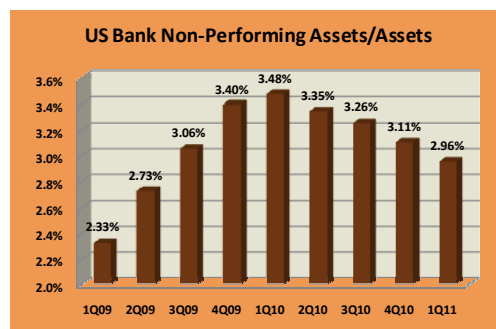
There was a moderate decline in non-interest income in the first quarter. Trading account gains increased, but that rise was more than offset by the reductions in fees from fiduciary activities, service charges on deposits and other non-interest income. Net gains from the sale of loans and other assets were lower than in the fourth quarter, while the losses reported from the sale of OREO were less than in the fourth quarter.

The source for the increased earnings in the first quarter was primarily the \$10.76 billion reduction in the provision against future loan losses. At \$18.75 billion, the first quarter 2011 provision was nearly \$30 billion lower than the provision expense of a year ago.

Total non-interest expense declined by more than \$2.5 billion relative to the fourth quarter. Increased salary and employee benefit costs were more than offset by reduced expenses for premises and equipment and the sizable decline in additional non-interest expense, particularly the reductions in goodwill impairment losses and miscellaneous non-interest expense.

Asset Quality

Continued improvement in the quality of bank assets triggered the reduction in provision expense. Non-current loans and leases declined at a 19.2% annualized rate compared with the fourth quarter of 2010 and were down 17.5% over the year-earlier quarter. Non-current loans as a percent of total loans declined 16 basis points from the fourth quarter to a ratio of 4.79%. The reduction in this ratio over the past year equaled 82 basis points. Likewise, the ratio of non-current assets including OREO fell to 2.96% of assets, which was 15 basis points lower than in the fourth



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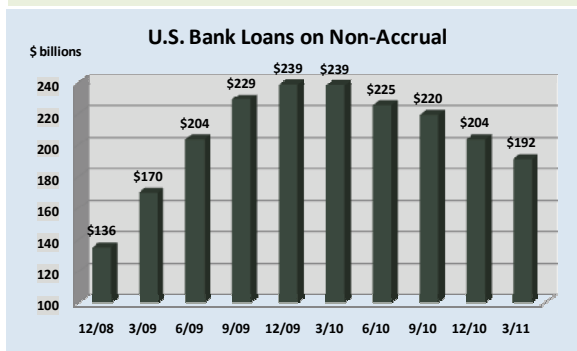
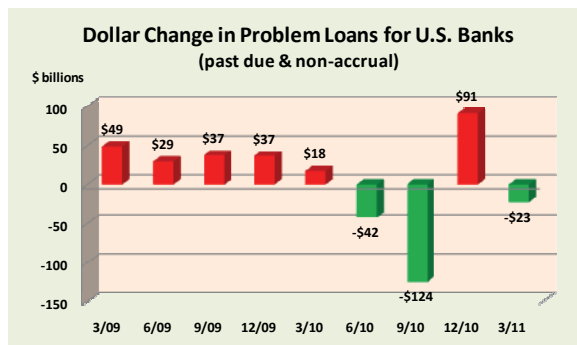
quarter and 52 basis points less than the year-earlier quarter. Net charge-offs declined to 1.91% of loans in the first quarter of 2011, down from 2.40% in the fourth quarter and 3.04% in the first quarter of 2010.

The migration of assets into troubled condition abated in the first quarter. Assets past due 30-89 days, past due 90 or more days and in non-accrual status were all below the prior quarter and year-earlier quarter. With very few exceptions, all loan categories showed reductions in delinquent and non-accrual assets compared to both the prior quarter and year-earlier quarter. The few exceptions were the increases in 30-89 day delinquent construction and commercial real estate loans, and the rise in 90 plus days delinquent residential mortgages and commercial real estate loans. Volumes of troubled loans declined during three out of the past four quarters. Non-accrual loans declined to \$192 billion, which was the lowest level since the first quarter of 2009.

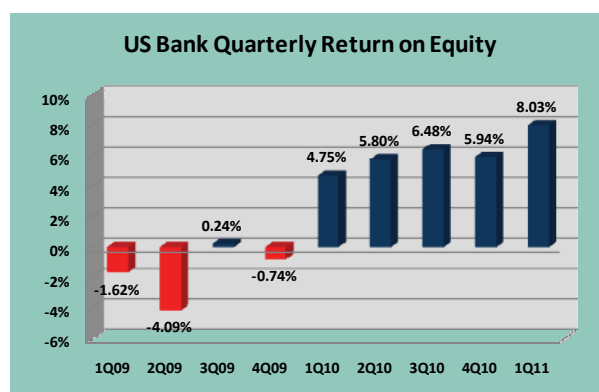
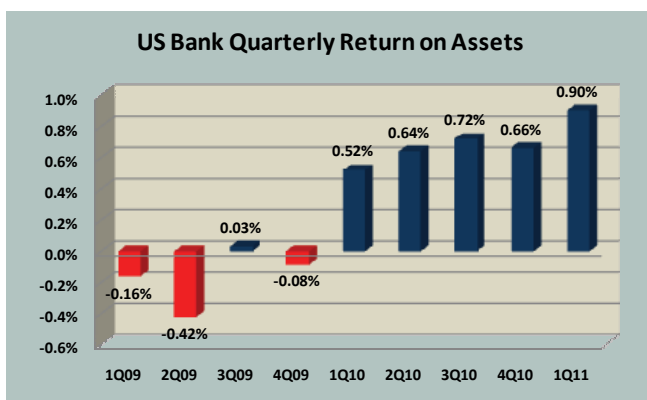
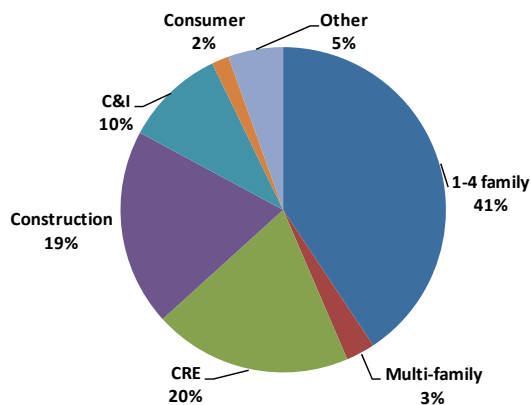
Residential mortgages accounted for 41% of total non-accrual loans in the first quarter of 2011, which was by far the largest share of loans. In the first quarter of 2010 residential mortgage represented 37% of non-accrual loans. Construction loans declined to a 19% share of non-accrual loans in the most recent quarter, down from 24% a year earlier.

Other Ratios

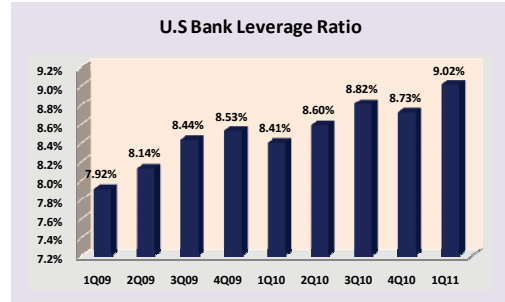
The step-up in earnings produced a commensurate rise in the returns on assets and equity. Quarterly return on assets equaled 0.90% in the first quarter, the highest quarterly ROA since the third quarter of 2007. Likewise, the 8.03% return on equity in the first quarter was the best return since the 10.18% ratio reported for the third quarter 2007.



March 2011 Composition of Non-accrual Loans by Loan Type



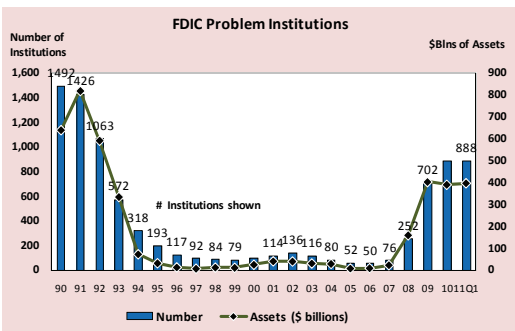
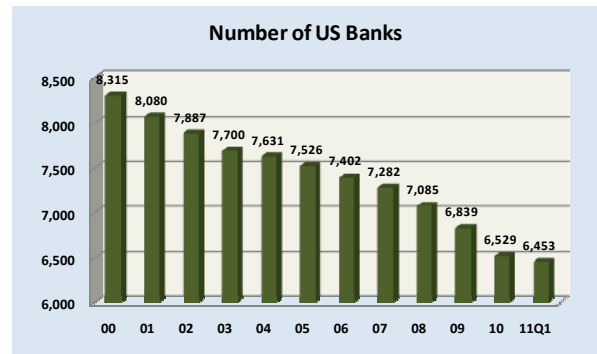
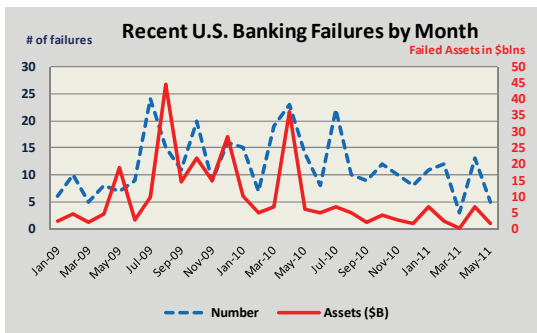
With the growth in equity capital outpacing the growth in total assets, the core capital ratio increased in the first quarter. At 9.02%, the leverage ratio was at a record high and was 29 basis points above the fourth quarter. Also achieving record rates were the risk-based capital (“RBC”) ratios of 12.68% for Tier 1 RBC and 15.29% for total RBC.



Due to the sizable reductions in the loan loss provision over the recent quarter, the ratio of loss allowance to total loans declined to 3.16% in the first quarter, down from 3.30% in the fourth quarter and 3.69% in the first quarter. Despite the reduction in the non-current loans, the loss allowance coverage to non-current loans dropped from 66.7% in the fourth quarter to 66.0%.

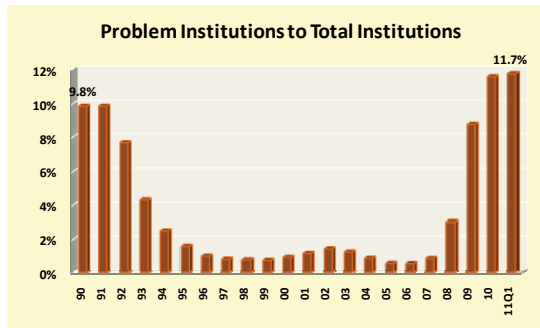
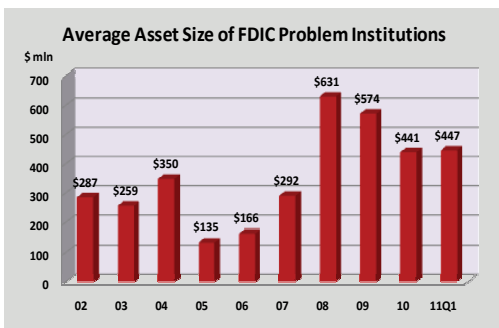
Banking Population

The number of U.S. commercial banks declined by 77 in the first quarter to 6,453. Failures of commercial banks accounted for 25 of the 77 charter closures. The remaining 52 closures were the result of mergers or consolidations into parent companies. For the second quarter through June 9, 2011, the number of commercial banks declined by an additional 32 charters to 6,421. Since the beginning of 2011 through June 9th, five banking charters were established to accommodate the resolution of failed institutions. Two of those charters were started to support the direct payout of failed institutions and were subsequently closed.



The total number of insured financial institutions equaled 7,574 in the first quarter down 84 from year-end 2010. The FDIC reported that there were 888 institutions representing \$397 billion in assets on its problem institutions list. This count was up by four institutions and \$7 billion from the fourth quarter of 2010.

With the continuing decline in the number of institutions and the rise in the number of problem institutions, the ratio of troubled to total institutions climbed to 11.7%, up from 11.5% in the fourth quarter and a new record ratio. The average size of FDIC problem



institutions rose slightly in the first quarter to \$447 million, up \$6 million from the fourth quarter, yet this average was down \$184 million from the 2008 recent peak.

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YTD 2011 Banking Failures

Since the beginning of 2011 through May, there were 44 banking failures involving \$19 billion in failed assets. For the same period in 2010, the count was 78 failures involving \$65 billion in assets. For the first five months of 2011, Georgia was the state with the most failures at 12, or 29% of the total number of failures in 2011. The \$4.5 billion in failed Georgia assets accounted for 25% of the YTD failed assets.

	Banking Failures January to May 2011					
	# of Failures	\$ Millions			DIF Cost to	
		Assets	Deposits	DIF Cost	Assets	Deposits
Alabama	2	3,798.3	3,319.1	435.0	11.5%	13.1%
Arizona	1	136.4	119.7	27.9	20.4%	23.3%
California	3	664.3	582.8	127.9	19.3%	21.9%
Colorado	1	2,153.7	1,535.2	321.8	14.9%	21.0%
Florida	5	1,241.9	1,152.1	182.9	14.7%	15.9%
Georgia	12	4,524.6	4,161.9	1,305.3	28.8%	31.4%
Illinois	4	524.7	517.0	107.4	20.5%	20.8%
Michigan	2	866.9	775.2	270.6	31.2%	34.9%
Minnesota	1	37.6	36.6	3.6	9.6%	9.8%
Mississippi	1	224.0	196.2	49.1	21.9%	25.0%
Nevada	1	144.9	136.4	31.9	22.0%	23.4%
New Mexico	1	2,188.2	1,847.9	260.0	11.9%	14.1%
North Carolina	1	204.9	199.4	56.2	27.4%	28.2%
Oklahoma	1	90.2	68.3	26.5	29.4%	38.8%
South Carolina	1	341.0	314.3	46.3	13.6%	14.7%
Washington	2	316.2	294.9	50.6	16.0%	17.2%
Wisconsin	3	515.2	455.6	83.8	16.3%	18.4%
TOTAL	42	17,972.9	15,712.4	3,386.8	18.8%	21.6%

2009-11 U.S. Bank Performance - By Quarter

(Dollars in Thousands, % are Averages)

	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011
Number of institutions	7,038	6,995	6,911	6,839	6,772	6,677	6,623	6,530	6,453
Total assets	11,992,028,432	11,873,224,872	11,845,127,712	11,823,028,756	12,065,682,626	11,948,449,015	12,120,164,550	12,066,352,708	12,157,323,620
Net loans & leases	6,544,379,468	6,519,231,307	6,332,978,860	6,281,436,028	6,471,399,043	6,382,899,400	6,382,548,744	6,377,184,273	6,279,076,894
Loan loss allowance	176,060,129	195,178,680	204,226,179	213,689,723	248,204,121	237,206,332	228,136,689	217,699,510	205,191,569
Loan loss allowance (%)	2.62%	2.91%	3.12%	3.29%	3.69%	3.58%	3.45%	3.30%	3.16%
Total deposits	7,982,803,559	8,077,753,892	8,178,170,953	8,333,137,406	8,294,120,382	8,242,707,585	8,373,014,801	8,514,350,004	8,674,568,188
Total equity capital	1,224,822,393	1,254,301,098	1,294,013,450	1,308,578,668	1,317,957,432	1,343,582,900	1,368,494,890	1,364,937,516	1,383,443,267
Net Income (Quarterly)	-4,771,899	-12,555,032	764,669	-2,376,771	15,370,311	19,038,080	21,663,601	19,944,832	27,147,083
ROA (Quarterly)	-0.16%	-0.42%	0.03%	-0.08%	0.52%	0.64%	0.72%	0.66%	0.90%
ROE (Quarterly)	-1.62%	-4.09%	0.24%	-0.74%	4.75%	5.80%	6.48%	5.94%	8.03%
NPAs/Assets	2.33%	2.73%	3.06%	3.40%	3.48%	3.35%	3.26%	3.11%	2.96%
NPAs	279,414,262	324,139,039	362,460,908	401,982,978	419,885,755	400,273,042	395,117,364	375,263,569	359,856,779
Core capital (leverage) ratio	7.92%	8.14%	8.44%	8.53%	8.41%	8.60%	8.82%	8.73%	9.02%
Total risk-based capital ratio	13.27%	13.58%	13.96%	14.12%	14.46%	14.82%	14.99%	15.01%	15.29%
% of unprofitable banks	21.82%	28.89%	26.94%	35.52%	18.97%	20.59%	19.13%	26.91%	14.68%
# of unprofitable banks	1,536	2,021	1,862	2,429	1,285	1,375	1,267	1,757	947
% of profitable banks	78.18%	71.11%	73.06%	64.48%	81.03%	79.41%	80.87%	73.09%	85.32%
# of profitable banks	5,502	4,974	5,049	4,410	5,487	5,302	5,356	4,773	5,506

Update: California Banking: First Quarter 2011

California banks are profitable for the sixth consecutive quarter. Lending resumes a downward trend. Banking population declines to 247.

California banks reported an annualized 3.4% increase in assets in the first quarter of 2011. California banks experienced their best quarterly earnings since the third quarter of 2007. As was the case nationally, improving asset quality in the California banking industry allowed institutions to reduce provision expense, a development that was a significant factor in achieving the earnings improvement. Unlike the nation, operating revenues of California banks improved in the past quarter.

Balance Sheets

Total assets of California banks rose to \$434.2 billion in the first quarter, up from \$430.6 billion in the fourth quarter and from \$409.3 billion in the first quarter of 2010. A significant portion of the YoY increase in bank assets was attributable to the \$23.5 billion First Republic Bank, which was established in California during the third quarter of 2010. Without First Republic, the YoY increase in assets would have equaled 0.4% rather than 6.1%.

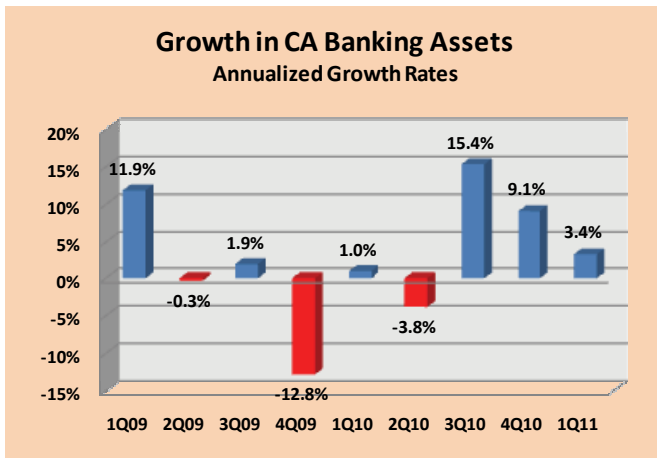


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 Reduced provision improve earnings.
 Operating profits increase.

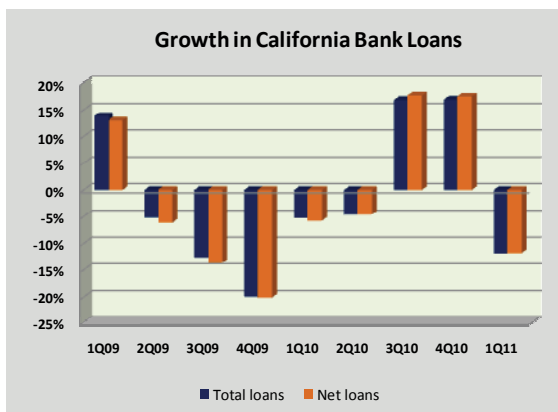
Asset QualityPage 22
 Improvement continues but at a slower pace than in recent quarters.
 Non-current loan ratios better than the nation.

Ratios.....Page 23
 ROA, ROE, leverage ratios all higher.

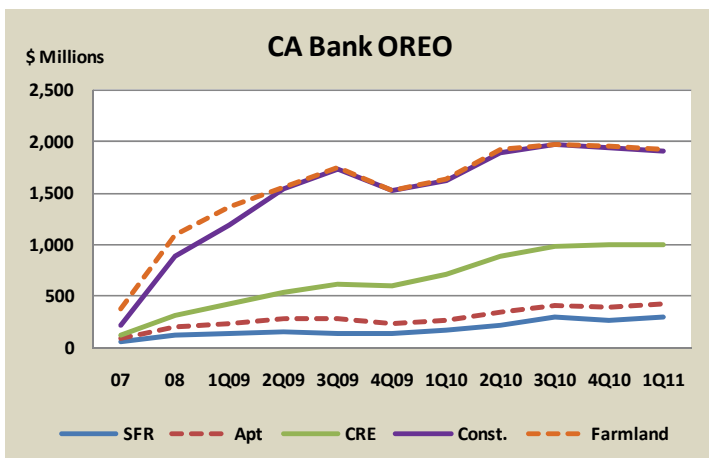
Banking Population.....Page 23
 California bank population reduced by four to 247.

Banking Data.....Page 24
 9 quarters of banking statistics.

Net loans of California banks fell at an annualized rate of 11.7% in the first quarter relative to the fourth quarter. The quarterly decline in loan portfolios was broadly based across most categories of loans. The significant exception to the declining trend was the gain in multi-family real estate loans. Residential mortgages reported the steepest quarterly decline in the first quarter, off at an annualized rate of 25.7% and led by the large drop in mortgage lending by banks with more than \$10 billion in assets.

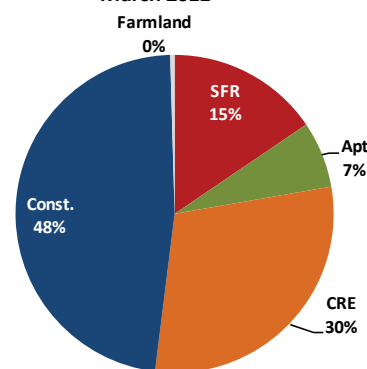


The volume of California bank OREO declined for the second consecutive quarter in the first quarter of 2011, off by an annual pace of 7.6%, yet up 17% from the year-earlier level. The volume of bank-owned homes and apartments increased in the first quarter, while construction and commercial real estate OREO declined. Construction represented the largest share of California OREO at 48%. This percentage, however, compared favorably with the 65% share in the second quarter of 2009. The dollar amount of construction-related OREO was down 18% from the third quarter 2009 peak.

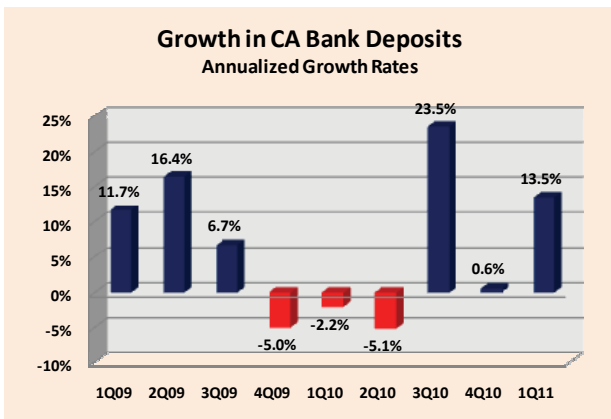


CA OREO Share by Property Type

March 2011



With loans down and assets growing, California banks reported increased holdings of cash, securities and sold federal funds. The total of these three categories grew at a 50% annualized rate in the first quarter and accounted for nearly 27% of California banking assets.



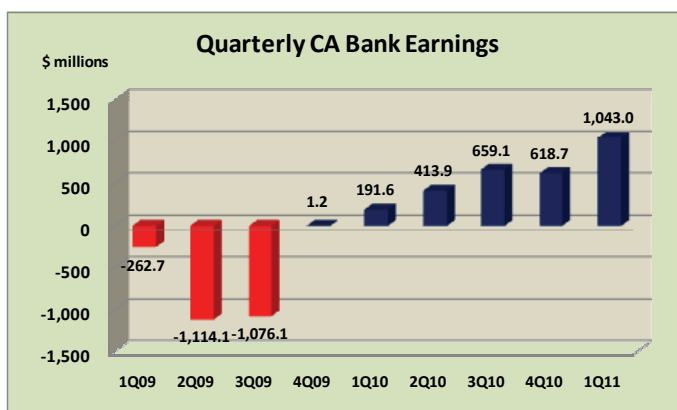
California bank deposits grew at a 13.5% annualized rate in the first quarter. Banks reduced time deposits and brokered deposits, while core deposits expanded by an annualized rate of 16.6%. These trends lowered the cost of funding earning assets to a 0.62% ratio from 0.68% in the fourth quarter. The loan-to-deposit ratio fell to 90.0% from 95.8% in the fourth quarter.

California banks reduced federal fund purchases by \$10.5 billion in the first quarter, while other borrowed funds increased nearly \$3 billion. Total equity of California banks grew at an annualized rate of 7.6% in the first quarter, propelling capital 9.8% above the year-earlier level.

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Earnings

California banks reported quarterly profits of \$1.04 billion, the best earnings performance since the third quarter of 2007 and up \$424 million from the downwardly revised fourth-quarter estimate of \$619 million. California banks reported increases in both net interest income and non-interest income, a superior performance to the declining operating revenue trends for all U.S. banks. In addition, non-interest expenses were lower in the first quarter than in the fourth quarter.



Total interest income declined \$40 million in the first quarter, while the drop in interest expense equaled \$47 million to allow net interest income to expand by \$7 million. Non-interest income grew \$27 million in the first quarter. The quarterly patterns in non-interest income were mixed with declines in deposit service charges and trading account gains and unchanged fiduciary income being more than offset by a pick-up in additional non-interest income. The upturn in additional non-interest income was achieved through the turnaround from losses to net gains in the sale of other assets and the sizable reduction in the losses from the sale of OREO. In the fourth quarter of 2010, California banks realized a loss of \$51.9 million from the sale of OREO. In the first quarter that loss narrowed to \$17.6 million.

	1Q10	2Q10	3Q10	4Q10	1Q11
Total interest income	4,351	4,277	4,432	4,476	4,436
Total interest expense	842	773	711	649	602
Net interest income	3,509	3,504	3,721	3,827	3,834
Provision for loan losses	1,518	1,054	990	881	380
Total non-interest income	757	900	822	970	997
Fiduciary activities	119	120	120	123	125
Service charges on deposits	243	237	213	215	205
Trading account gains	37	37	46	58	51
Additional non-interest income	358	506	444	574	616
Total non-interest expense	2,493	2,671	2,583	3,017	2,847
Salaries & employee benefits	1,278	1,286	1,321	1,478	1,478
Premises & equipment	307	310	331	335	328
Additional expense	908	1,076	931	1,204	1,042
Pre-tax net operating income	255	678	970	898	1,604
Securities gains (losses)	93	25	78	61	39
Incomes taxes	166	291	390	346	601
Extraordinary gains/other	9	1	1	6	1
Net income	192	414	659	619	1,043

Non-interest expense declined \$1.7 million in the first quarter. Salary expense held steady at the fourth quarter level, while premise and equipment expenses declined slightly and other non-interest expenses were down significantly. Compared with the first quarter of 2010, non-interest expenses were up by more than \$305 million, led by the \$200 million hike in salary and employee benefit costs. The addition of First Republic Bank and the growth in the mortgage subsidiaries of Bank of America and JPMorgan Chase were contributing factors behind the sizable increases in salary expense over the past year.

The single most significant reason for the improved earnings in the first quarter of 2011 was the decline in provision expense. First quarter provision at \$380 million was down more than \$500 million from the fourth quarter and \$1.1 billion lower than the first quarter of 2010.

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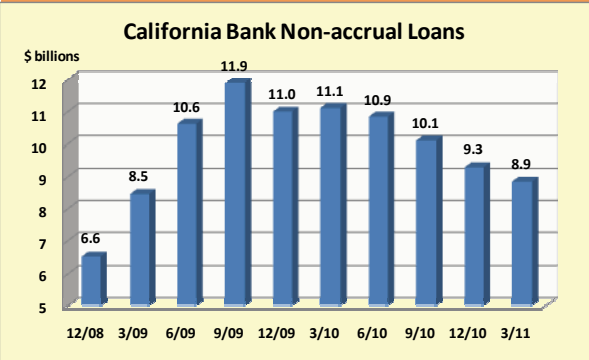
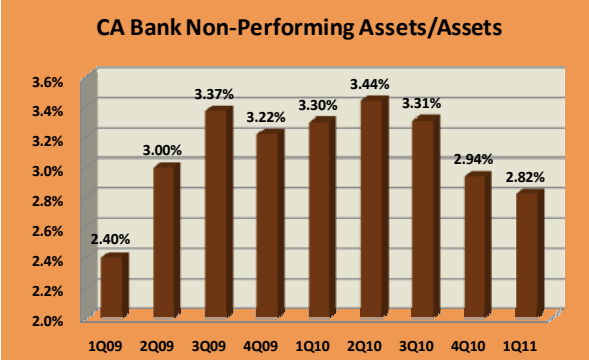
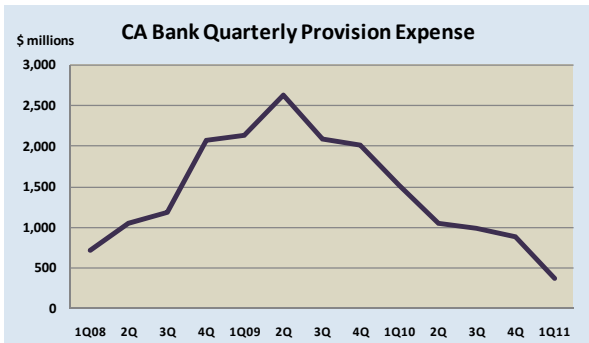
Improving asset quality produced four consecutive quarters of reductions in loss provision expense. Reduced provision expenses, however, were not the only reason for the improved first-quarter earnings. Net of provision expense, California bank earnings were significantly higher in the first quarter of 2011 than comparable income for the first quarter of 2010.

Asset Quality

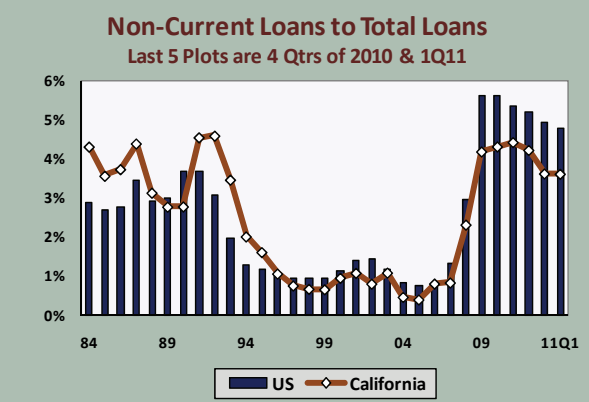
As was the case nationally, California banks reported improved asset quality in the first quarter. There were, however, mixed readings regarding future trends in asset quality. For example, the ratio of non-current assets plus OREO declined 12 basis points in the first quarter to 2.82% of total assets. The decline in non-current loans to total loans equaled only a single basis point to a reading of 3.62%. The steadily lower rate of loss provision brought the loan loss allowance to 2.25% of loans, down two basis points from the fourth quarter ratio and 34 basis points below the year-earlier coverage.

The migration of assets into troubled condition was mixed in the first quarter. Assets past due 30-89 days and assets past due 90 plus days were both higher in the first quarter. The decline in non-accrual assets was greater than the increases in the delinquent loans to produce the net decline in troubled assets. Declines in such assets occurred in five of the past six quarters. The first-quarter increases in loans 30-89 days delinquent occurred in the categories of construction and commercial real estate loans. The increases in assets more than 90 days past due were concentrated in commercial real estate, residential mortgages and consumer loans. Declines in non-accrual assets occurred across the categories of real estate loans and more than offset the increased non-accrual C&I loans and consumer loans. Non-accrual assets at \$8.9 billion were at the lowest level in two years.

Total charge-offs taken by California banks declined for the fifth consecutive quarter. At \$759 million, charge-offs in the first quarter were 53% below the record charge-offs taken in the fourth quarter of 2009. The quarterly reduction in charge-offs generally occurred across loan types, except for the increases in charge-offs for residential mortgages. California banks realized its second consecutive quarterly increase in recoveries, with sizable recoveries realized for commercial real estate loans. The ratio of net charge-offs to total loans declined 49 basis points to 0.85% in the first quarter, down 136 basis points from the recent high in the fourth quarter of 2009.



First quarter reduction in CA non-current loan ratio was less than experienced nationally. CA banks continued to report a lower ratio of non-current loans than the U.S.



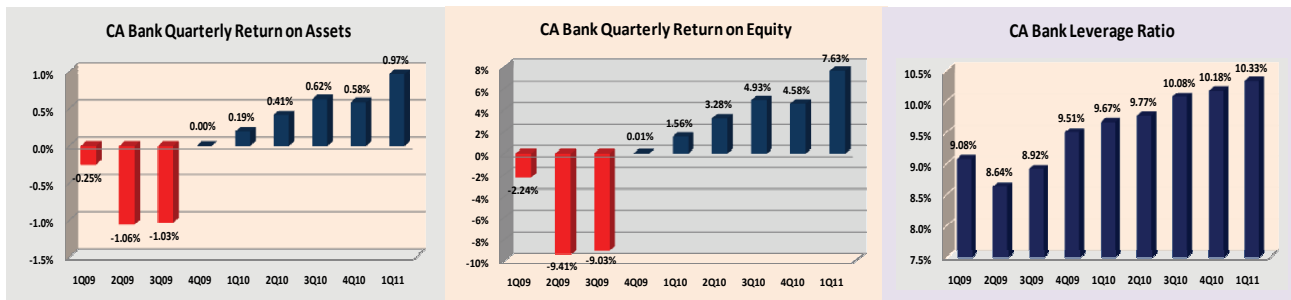
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The 1 basis point reduction in non-current loans to total loans revealed mixed trends between loan categories. Total non-current real estate loans were unchanged at 4.22% of loans. Construction and multifamily loans experienced significant declines in non-current ratios, while increases were reported for commercial real estate and 1-4 family residential loans. The ratio of non-current C&I loans and consumer loans edged higher in the first quarter. The ratio of non-current loans to total loans for California banks was 117 basis points lower than the ratio reported for all U.S. banks

Other Ratios

California banks reported a return on assets of 0.97%, the best quarterly reading since the third quarter of 2007. The return on equity equaled 7.63%, up from 4.58% in the fourth quarter. California banks amassed six consecutive quarters of positive returns, which had followed six consecutive quarters of negative returns. The percentage of unprofitable institutions declined to 21.5% in the first quarter from 34.3% in the fourth quarter and 38.4% a year earlier.

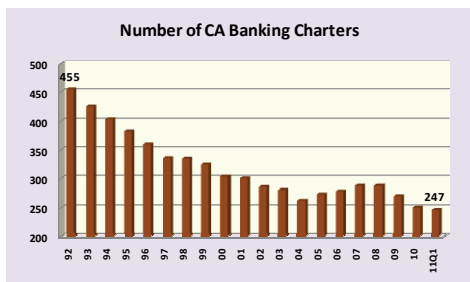
Growth in equity capital exceeded asset growth in the first quarter. Thus, California banks reported a higher leverage ratio, the seventh consecutive quarterly rise. The first-quarter leverage ratio equaled a record 10.33%, up 17 basis points from the fourth quarter and 66 basis points above the first quarter of 2010. The tier 1 risk-based capital ratio increased to 14.37%, which represented a 51 basis point gain over the fourth quarter and more than offset the 24 basis point decline that occurred in the fourth quarter. The total risk-based capital ratio expanded by 66 basis points in the first quarter to 15.08%.



Banking Population

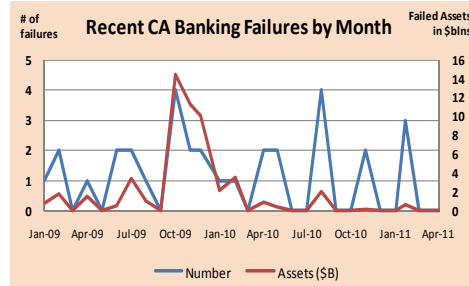
The number of California commercial banks decreased by four in the first quarter to 247 charters. The first quarter 2011 population was down by 19 from the year-earlier count. The first-quarter reduction occurred through a combination of two banking failures, the consolidation of a subsidiary bank and the merger of another bank. During the second quarter through June 9th, two additional California charters were closed through the consolidation of two subsidiary banks into an out-of-state parent company.

In addition to the two failed California banks so far in 2011, a California-based savings association also failed in the first quarter. The volume of failed assets YTD 2011 equaled \$664 million. Since the beginning of 2008, a total of 34 California financial institutions failed, representing \$102.5 billion in total assets.



Post war low in number of CA banks.

Rate of failures ebbing.



2009-11 California Bank Performance - By Quarter

(Dollars in Thousands, % are Averages)

	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011
Number of institutions	287	284	278	271	266	260	257	251	247
Total assets	420,137,912	419,799,621	421,787,266	408,312,460	409,291,404	405,405,271	420,976,920	430,590,156	434,239,577
Net loans & leases	298,994,189	294,393,896	284,355,086	270,084,086	266,184,173	263,122,077	274,752,454	286,772,370	278,352,740
Loan loss allowance	5,848,576	6,481,248	7,063,187	6,824,311	7,084,744	7,006,860	6,765,944	6,663,992	6,405,574
Loan loss allowance (%)	1.92%	2.15%	2.42%	2.46%	2.59%	2.59%	2.40%	2.27%	2.25%
Total deposits	275,113,886	286,383,376	291,200,651	287,545,434	285,997,484	282,323,009	298,905,098	299,327,131	309,432,938
Total equity capital	47,580,191	47,290,042	48,134,290	48,213,572	50,648,281	51,371,640	54,473,268	54,595,428	55,631,580
Net Income (Quarterly)	(262,715)	(1,114,083)	(1,076,120)	1,246	191,646	413,862	659,086	618,726	1,043,046
ROA (Quarterly)	-0.25%	-1.06%	-1.03%	0.00%	0.19%	0.41%	0.62%	0.58%	0.97%
ROE (Quarterly)	-2.24%	-9.41%	-9.03%	0.01%	1.56%	3.28%	4.93%	4.58%	7.63%
NPAs/Assets	2.40%	3.00%	3.37%	3.22%	3.30%	3.44%	3.31%	2.94%	2.82%
NPAs	10,083,310	12,593,989	14,214,231	13,147,661	13,506,616	13,945,941	13,934,336	12,659,351	12,245,556
Core capital (leverage) ratio	9.08%	8.64%	8.92%	9.51%	9.67%	9.77%	10.08%	10.18%	10.33%
Total risk-based capital ratio	12.69%	12.54%	13.21%	14.42%	15.08%	15.32%	15.74%	15.48%	16.08%
% of unprofitable banks	50.52%	57.04%	51.80%	59.04%	38.35%	36.54%	28.79%	34.26%	21.46%
# of unprofitable banks	145	162	144	160	102	95	74	86	53
% of profitable banks	49.48%	42.96%	48.20%	40.96%	63.16%	63.46%	71.21%	65.74%	78.54%
# of profitable banks	142	122	134	111	168	165	183	165	194

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