

THANKS AND LET THE COUNTDOWN BEGIN

by [Steve Brown](#)

As with each of the few past years, this article goes out against a backdrop where the economy is chugging along and an industry under stress - but getting slowly better. So our readers don't forget all that has happened and all that they have survived, we offer a recap of 2011. Before we do, however, we thank you for your business this past year and look forward to doing more with your bank in 2012. Thanks again and Happy New Year. Here is the year that was. The Top 5 biggest financial news events of the year included: S&P's downgrade of US debt from "AAA"; European crisis; Quantitative Easing #2; cyber attacks and Occupy Wall Street. Meanwhile, the Top 5 financial missteps of the year included: the bankruptcy of MF Global; Raj Rajaratnam insider trading; Bank of America's debit fee debacle; Citigroup's major data breach and Bank of America's foreclosure on a couple who then foreclosed on a BofA branch they owned. The Financial Crisis continued and the Inquiry Commission concluded, "the crisis was avoidable and was caused by: Widespread failures in financial regulation, including the Federal Reserve's failure to stem the tide of toxic mortgages; Dramatic breakdowns in corporate governance including too many financial firms acting recklessly and taking on too much risk; An explosive mix of excessive borrowing and risk by households and Wall Street that put the financial system on a collision course with crisis; Key policy makers ill prepared for the crisis, lacking a full understanding of the financial system they oversaw; and systemic breaches in accountability and ethics at all levels." Industries that added the most jobs included: retail; hospitality; technology; automotive and professional services. Meanwhile, industries that cut the most jobs included: government; financial services, retail, aerospace/defense and pharmaceutical. Companies that hired the most people included: McDonald's (62k); Ford (12k); Lowe's (10k); GM (6k) and Google (6k). Meanwhile, companies that fired the most were: Bank of America (36k); HSBC (30k); Borders (17k); Merck (13k) & Cisco (7k). Other major events for the year included: The deaths of terrorists Osama bin Laden, Anwar al-Awlaki and Muammar Gaddafi; the biggest earthquake and tsunami in Japanese history that also triggered the nuclear accident; major tornados in southern US states; the Arab Spring; Greek protests; Libyan and Syrian civil war; Egyptian revolution & the Royal Wedding. The best inventions of the year in our humble opinion were: The Stark prosthetic hand (has fingers that work and looks like a real hand); Amnesia Connect (allows users to share data between smartphones and tablets by simply swiping the files); PCEye (tracks movement of a user's eyes and converts it into mouse cursor on the screen); CellScope (a mini microscope that slips onto the iPhone); Avatar (a device that scans facial features and uses voice analysis to detect deception of people boarding planes) and the freeKey (a roll-able keyboard) & the Nano Hummingbird (defense purposes). The Top 5 searches on Google were (after filtering out navigational searches): iPhone; Casey Anthony; Kim Kardashian; Katy Perry & Jennifer Lopez. The Top 5 baby names were: Girls - Isabella (made popular by the Twilight movie series); Emma (Harry Potter); Olivia; Sophia and Ava. Boys - Jacob (biblical & Twilight); Ethan; Michael (perennial favorite and Michael Jackson); Alexander and William. The highest grossing movies: Harry Potter and the Deathly Hallows Part 2; Transformers: Dark of the Moon; Pirates of the Caribbean: On Stranger Tides; Kung Fu Panda 2 and Fast Five. In pop culture, we bid a sad but fond farewell to famous people including: Visionary: Steve Jobs. Actors: Jeff Conaway; Jackie Cooper; Peter Falk; Harry Morgan; Charles Napier; Cliff Robertson; Jane Russell & Elizabeth Taylor. Sports: Seve Ballesteros; Al Davis; Joe Frazier; Harmon Killebrew; Randy Savage; Bubba Smith & Dan Wheldon. Singers/Entertainers: Clarence Clemons; Nate Dogg; Patrice O'Neal & Amy Winehouse. Others: Warren

Christopher; Lawrence Eagleburger; Geraldine Ferraro; Betty Ford; Bill Keane; Jack Kevorkian; Jack Lalanne; Sidney Lumet; Andy Rooney & Sargent Shriver. As we prepare for 2012, we fondly recall this year and look forward to an even better one for community bankers. We wish you a happy, healthy and prosperous New Year.

BANK NEWS

M&A

Independent Bank Group (\$1.2B, TX) will buy I Bank (\$155mm, TX) for an undisclosed sum.

Charter Switch

In a move that we predict will become more popular in 2012, Security Federal (\$960mm, SC) has reorganized as a bank holding company and switched its charter from a federal thrift to a state-regulated commercial bank. The bank, however, will keep "federal" in its name.

Big Fed

The Fed's balance sheet continues to increase as a result of US Dollar swap lines to provide European banks more liquidity. Total borrowing under these lines almost touched \$100B, compared to \$63B last week.

GE Update

The WSJ reports GE Capital paid \$100mm (about 1.3% premium) to MetLife for \$7.5B in deposits and an online banking platform.

Money Funds

Banks aren't the only ones experiencing an increase in deposits, as money funds took in about \$55B in Nov and another \$37B in Dec, up to last Fri. That is the largest 2 month inflow since the 2 month period ending in Jan '09.

Average Mortgages

LendingTree.com released a study that showed in 2011, Hawaii in 2011 had the largest average home mortgage at \$677,299, while D.C. was second at \$393,453, followed by New Jersey at just over \$344,000. Mississippi was the lowest at \$137,182, while CA, placed 9th at \$310,676. The national average was \$222,261.

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