



Hovde

Financial Institutions
Monthly Overview

Capital Markets
Economic Data Review
M&A Statistics

November 2010

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About Hovde

The Hovde Organization is an investment banking, asset management and private equity firm focused exclusively on the financial services sector. Founded in 1987 and possessing a distinguished industry heritage, Hovde draws from many years of experience and the comprehensive financial services expertise of our team members to develop innovative and value-added solutions for our clients. Hovde has regional offices in major areas of the United States and services the needs of financial services institutions, institutional investors, and private clients both domestically and internationally.

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“Quality means doing it right when no one is looking.”
—Henry Ford

As we are getting ready to head into fourth quarter banking industry earnings, we always think that it is helpful to look back at the prior quarter’s results once we have obtained all of the necessary data needed in order to conduct a complete and comprehensive analysis. On the surface, banks put up fairly impressive numbers for third quarter earnings. However, we think investors should be questioning the quality and the sustainability of those results. According to the FDIC’s quarterly analysis of the industry’s earnings, if you exclude Bank of America’s \$10.4 billion charge for goodwill impairment, “third quarter earnings would have represented a three-year high.” While that may be true, it is not the whole truth. Yes, if we were to add back that charge (which reflects the anticipated reduction in future revenues that will be caused by the limits placed on debit interchange fees under the Dodd-Frank Act), the industry’s reported earnings would have increased by \$1.5 billion, or 7.5%, sequentially, to \$22.1 billion. However, once again, there is more than meets the eye.

The big contributor to the third quarter’s “profit growth” was a \$5.7 billion decrease in the provisions for loan losses—which occurred despite a still struggling credit backdrop. Additionally, banks reduced their provisions for mortgage putbacks despite the fact that scrutiny over their securitization and servicing practices was just heating up. Worse still, underlying core trends did not inspire much confidence about future earnings growth as loan growth remains anemic at best, margins are beginning to roll over, and mortgage activity is almost certainly going to drop-off for the foreseeable future. Perhaps the most disconcerting aspect of bank earnings this year has been the belief by the banks’ management teams that they can continually pull the wool over investors’ eyes. The latest management party line involves banks having “turned the corner” as evidenced by declining nonperforming loans. However, this only appears to be true because managements are desperately renegotiating as many loans as possible before they go onto nonaccrual status—a short-term fix that does not prevent the borrower from blowing up, but merely lengthens the fuse. Then, there are the unrealistic promises of margin expansion “once rates start to rise,” coupled with published rate-sensitivity estimates that are based on fabled parallel shifts in the yield curve, both of which ignore the real-world impact of having to reinvest cash from maturing instruments at record low yields.

Consequently, this perceived “improvement” in earnings has not been driven by a positive progression in the industry’s core earnings power, but instead, by a handful of unsustainable gadgets and one-time windfalls (which, in many instances, were engineered by the government) that have been padding banks’ bottom lines for the better part of the last few quarters. In the third quarter, these included the tail-end of the mortgage banking bonanza and abnormally large gains on sales of securities that were both fueled by record-low interest rates (which were the direct result of the Federal Reserve’s overtly telegraphed launch of a second round of quantitative easing (“QE2”)), and the continued reduction in both loan loss provisions and mortgage repurchase provisions. Looking ahead, though, it is the reversal in these trends that we believe will ultimately result in a significant downturn in profits beginning in the fourth quarter.

Delving into third quarter earnings, once again, most of the things that went right last quarter were beneficial to really only a handful of the larger institutions. For instance, investment banking fees were up roughly 3.5% to \$10.84 billion in what is normally a seasonally slow quarter—according to The Boston Consulting Group, the average sequential decrease in underwriting and M&A advisory revenues over the prior three years was 20%. But, while the sun shined on capital-markets activities this quarter, 85% of those fees were recorded at the “Gang of Five”: Goldman Sachs, Morgan Stanley, Citigroup, JPMorgan, and BofA—and 93% if we were to include Wells Fargo. Likewise, mortgage banking saw another big quarter due to a 42 basis point drop in 10-year Treasury yields, which in turn caused refinancing volumes to jump by nearly 20% from the second quarter. Similarly, nearly two-thirds of all new mortgages were originated by only a small group of banks: Wells, BofA, JPM, Citi, US Bancorp, and Ally Bank (aka “GMAC”). Not surprisingly, gains from the sales of loans (mostly mortgages) increased by \$3.7 billion sequentially. Furthermore, securities gains inched up roughly \$200 million to \$3.37 billion—of which 49% was cashed in by just Citi and BofA.

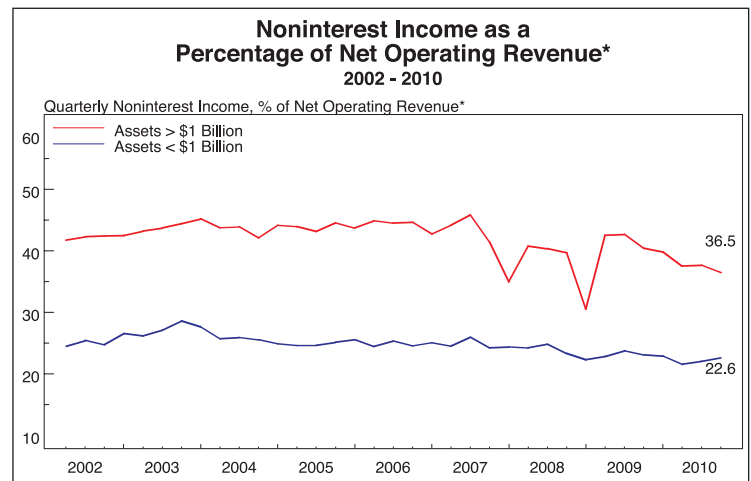
To be fair, there were some negatives in the quarter that affected those same massive financial conglomerates as well. For instance, trading revenue was down 6% sequentially, yet 86% of trading profits were recorded by the same five firms that dominate the investment banking business. So, for the average Main Street bank, that was not an issue. Likewise, the banks that mark financial instruments to fair

value (which these days tends to be driven by widening or tightening spreads on the banks' own debt), saw fair-value marks fall by \$2.94 billion, but, again, almost all of that was at Citi and BofA. Lastly, and which we will discuss further towards the end of this piece, the aforementioned large mortgage originators continued to record provisions for the likelihood that they will be forced to buy back mortgages that should never have been sold to investors. However, much to our surprise, they actually reduced the amount they were setting aside for future claims.

Stripping out the activities that are almost exclusively the purview of the Wall Street crowd, the bread-and-butter banking activities related to lending and deposit-taking that are “job one” for traditional banks were not exactly firing on all cylinders. For instance, deposit fees were off 11% sequentially as Reg E went into effect. Further, while loan portfolio contraction appears to have slowed, net interest margins (NIMs) have now begun to contract again (more on both of these topics in just a bit). Perhaps the best way to illustrate this point is to look at the quarter's results excluding the eight banks that are really investment banks and global custodians, and to also exclude all trading and investment banking revenue at the remaining institutions (as well as all securities gains, fair value marks, and one-time items such as bargain purchase gains, etc). What are left are all the traditional businesses in which banks engage. These include: consumer, small-business, and middle-market lending, equipment leasing, real estate finance, and personal trust/wealth management. Unfortunately, the core revenue growth for the industry on this basis was still negative: down 1.2% (or at nearly a -5% annualized rate). What makes this even more startling is the fact that while the big banks benefitted the most from the recent mortgage refinancing boom and strong secondary sales, almost all banks benefitted in some way from it. However, the reversal of fortune that has occurred since the end of the quarter—the backup in the 10-year yield has now erased the entire 42 basis point decline during the third quarter plus more than one-third of the 90 basis point second quarter decline—implies that origination volumes are now drying up, which in turn means that those same banks will be facing an extra headwind in the fourth quarter. The same would hold true for securities gains, which will now be less plentiful as the bond market rally we saw in the third has gone in reverse.

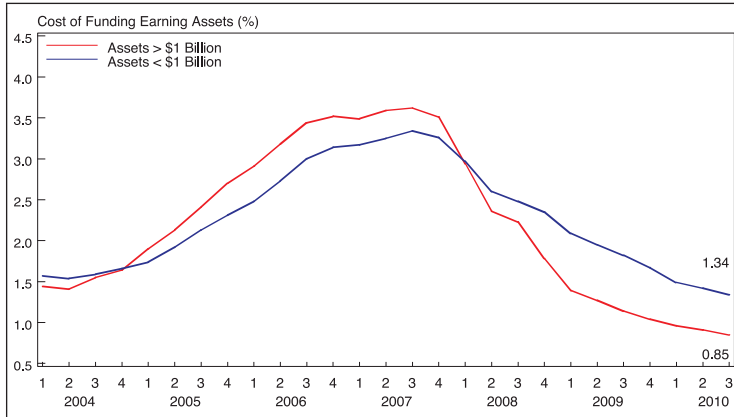
Of course, as rates rise, mortgage servicing becomes more valuable. However, it is worth pointing out that the six banks we mentioned earlier (the ones that originate roughly two-thirds of all new mortgages) have a 77% market share of

the mortgage servicing industry. Therefore, fewer “regular” banks would have this benefit to at least partly offset the above negatives.



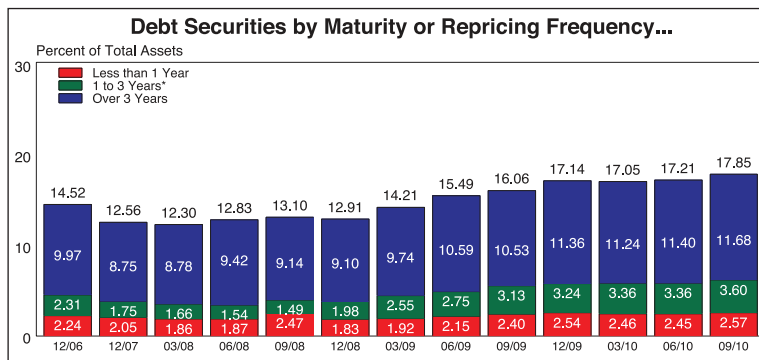
Source: FDIC

Circling back to the core business of every bank—spread lending—we want to take a minute to walk through what we see as a growing problem for banks over the next several quarters. As the above chart shows, most banks derive only a small portion of their revenues from non-spread sources, and the smaller the bank, the larger the dependence on both the slope of the yield curve and the absolute level of interest rates. So, while overall industry NIMs were relatively flat during the third quarter as they fell by only one basis point sequentially to 3.75%, the real issue facing banks in the fourth quarter, and beyond, is that they have already collapsed their deposit rates substantially and cannot take them down much further. This dynamic is unraveling in the face of a collapse in asset yields, which is why we expect NIMs to contract even further going forward—something which has already begun to occur since the end of the third quarter, as we will touch upon shortly. To illustrate this point, in the third quarter, ironically, it was the banks with the most stable funding sources which experienced the most margin deterioration, as they were unable to offset declines in earning asset yields with further decreases in their cost of funds. On the other hand, those banks most reliant on CDs had a much greater ability to ratchet down rates one more time. Nonetheless, as shown below, the beneficial effects from banks slashing their deposit rates are diminishing, particularly at smaller banks where non-CD wholesale funding is minimal.



Source: FDIC

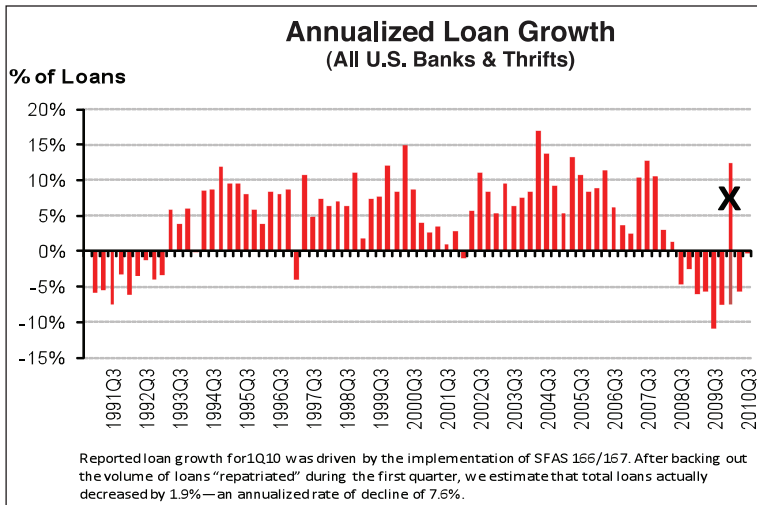
In the meantime, however, banks are concurrently facing a crisis on the asset side of their balance sheet. Not only have yields come down on floating-rate assets in lock-step with the rates they are benchmarked to, but yields on newly booked assets are vastly lower than the current averages. For instance, the average yield for all banks' earning assets was 4.66% in the third quarter, which is more than 125 basis points over the current prime rate and still more than 130 basis points higher than the yield on 10-year Treasuries—even after the recent run-up. And, as the chart below depicts, slightly over 2.5% of the total assets of the banking industry are maturing or repricing in the coming 12 months—the highest percentage since the end of 2002. To the extent at least a portion of those securities had three-year or longer maturities originally, the replacement yields today on the reinvested cash could be as much as 250 to 450 basis points lower. Likewise, any fixed-rate loans that had three to five year terms that are maturing now probably had yields that were 100 to 300 basis points higher than loans being underwritten today.



Source: FDIC

Consequently, even the recent rise in longer rates will not preclude margins from heading lower. While the approximately 80 basis point increase since QE2 was announced may reduce the negative impact on margins, the re-steepening of the yield curve still will not allow banks to escape NIM compression entirely. This is because as Treasuries, corporate bonds, and mortgage-backed securities (MBS) mature, or as prepayment speeds accelerate, banks are left taking that cash flow and having to reinvest it at vastly lower yields. But, while 10-year Treasury yields have moved up, banks are unlikely to go that far out on the yield curve, instead opting to park that cash in the 2-year range, yielding roughly 64 basis points. Furthermore, any upward move in the yield curve will also hurt banks' mortgage banking income, which, as we explained earlier, has helped bolster results over the last few quarters. In fact, this revenue stream would probably come under pressure even absent a move up in rates, as almost anyone who could qualify to refinance at record low mortgage rates has likely already done so. In fact, the Mortgage Bankers Association's (MBA) refinance index is now at its lowest since June, as the average Freddie Mac 30-year mortgage rate has increased by almost 60 basis points to 4.83% since the announcement of QE2 in the beginning of November. As such, what it boils down to going forward is that, if rates move lower, banks are hurt, and, if rates move higher, they suffer as well—truly leaving them in a no-win situation.

Turning back to third quarter trends, fortunately for the banks, loan contraction has slowed fairly dramatically in the banking industry. As the chart below shows, loans at U.S. banks and thrifts contracted by less than 0.5% industry wide after having fallen at an annualized rate of at least 5% for each of the prior six quarters. However, we would like to point out that the total rate of loan contraction in the third quarter would have been -4% (annualized) if we included lending at non-bank subsidiaries of U.S. bank holding companies. Nonetheless, banks have eased credit guidelines enough to find borrowers they are willing to lend to, in particular via government-guaranteed Small Business Association (SBA) programs, which may be why commercial and industrial (C&I) loans were actually up ever so slightly during the quarter. Furthermore, when looking at Federal Reserve survey data for the industry, total loans have inched up roughly 0.5% since the end of the third quarter. Nevertheless, the fact that the unemployment rate has now been at least 9.5% for the last 16 months—a record streak in data going back to 1948—along with an abundance of evidence that small businesses continue to delay expansion plans do not bode well for future loan growth prospects at banks.



Source: SNL Financial, Hovde Capital Advisors

Even though banks are somewhat more willing to lend money again, it does not mean that conditions have improved enough for resolutions of problem loans to move any faster. Similar to what we saw in the second quarter, the banking industry saw foreclosed properties plus noncurrent loans (loans on nonaccrual status or past due at least 90 days (PD90s)) decline by only a small amount: -2.1% in the third quarter versus -3.2% in second quarter. Worse still, these declines were largely due to back-to-back increases in mortgage modifications and troubled-debt restructurings (TDRs) of over \$8 billion per quarter, which was a key reason why fewer loans ended up on nonaccrual status or in foreclosure.

	2010Q3	2010Q2	% Chg
NPAs + 90-Day Delinquencies	434,417,338	437,060,379	-0.6%
- Gtd By US Gov't	-87,052,769	-82,190,635	5.9%
Non-covered NPA+90s	347,364,569	354,869,744	-2.1%
% of Loans	4.73%	4.83%	
Modified RFMs	53,710,012	46,836,106	14.7%
+ Other TDRs	26,550,171	24,836,589	6.9%
Mods + TDRs	80,260,183	71,672,695	12.0%
% of Loans	1.10%	0.98%	
30-89 Day Delinquencies	124,123,689	124,619,136	-0.4%
- Gtd By US Gov't	-16,571,142	-15,955,367	3.9%
Non-covered 30-89s	107,552,547	108,663,769	-1.0%
% of Loans	1.47%	1.49%	
Charge-offs	47,550,546	54,722,619	-13.1%
- Recoveries	4,553,878	4,978,685	-8.5%
Net Charge-offs	42,996,668	49,743,934	-13.6%
% of Loans	2.36%	2.73%	
LLR % of Loans	3.16%	3.28%	-3.6%
Res Cov'g of NPA+90s	66%	67%	
Res Cov'g of NPA+TDR+90s	54%	56%	
Res Cov'g of Total Problem Loans	43%	45%	

On account of the distortions created by the newly eased guidelines for reporting TDRs, we believe investors should look at total nonperforming assets (which include nonaccrual and severely past due loans, as well as restructured loans and foreclosed real estate), which actually inched up by 0.3%. It is also important to note that after falling nearly 14% in the second quarter, early stage delinquencies (i.e., loans, past due 30-89 days) were essentially flat quarter-over-quarter, falling only 1%. The inability to drive this early-warning indicator lower is likely due to the diminishing impact of factors which helped push down second quarter 30-89s, including the fading efficacy of stimulus spending and the over 330,000 temporary government employees (mostly Census workers) who were let go during the third quarter.

	2010Q3	2010Q2	%Chg	% Delinq
HELOC NPL+90s	11,799,601	11,180,687	5.5%	
HELOC 30-89s	7,980,855	7,606,386	4.9%	
	19,780,456	18,787,073	5.3%	3.1%
2nd Lien NPL+90s	5,320,398	5,480,678	-2.9%	
2nd Lien 30-89s	3,451,183	3,466,903	-0.5%	
	8,771,581	8,947,581	-2.0%	5.7%
RFM NPL+90s	176,748,065	177,959,995	-0.7%	
RFM 30-89s	50,158,972	48,797,658	2.8%	
	226,907,037	226,757,653	0.1%	13.1%
Card NPL+90s	15,264,974	17,280,867	-11.7%	
Card 30-89s	14,085,071	14,617,425	-3.6%	
	29,350,045	31,898,292	-8.0%	4.6%
Auto/Student/Personal NPL+90s	9,625,730	9,239,820	4.2%	
Auto/Student/Personal 30-89s	13,782,998	13,384,375	3.0%	
	23,408,728	22,624,195	3.5%	3.4%

As you can see in the above table, the improvement in credit card delinquencies (which is probably the result of the card issuers' rapid curtailment of credit lines to their least creditworthy customers) was offset by a deterioration in consumer real-estate related loans as early-stage residential first mortgage (RFM) delinquencies increased by roughly \$1.35 billion (higher by nearly 3% from last quarter), despite a 15% increase in mortgage modifications this quarter. In addition, home equity line/loan (HELOC) 30-89s were higher by roughly \$375 million (up by almost 5%), and auto/student/personal loan 30-89s increased by almost \$400 million (also higher by 3%). These categories of delinquent loans clearly remain under duress, as the American consumer is still struggling to find its footing amidst a perpetually high unemployment rate and with one in seven residential mortgages either in foreclosure or at least one payment past due.

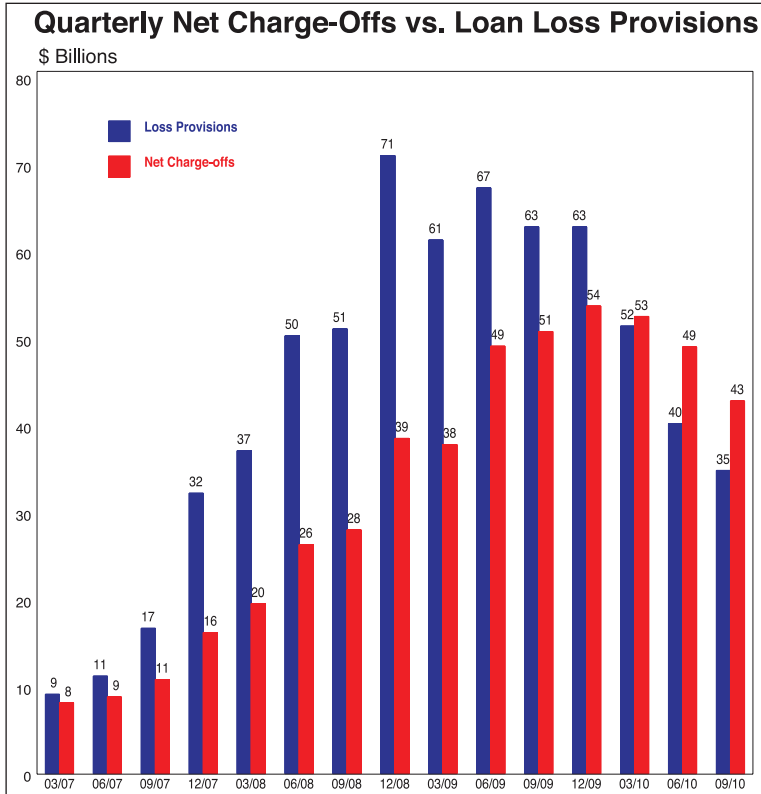
Furthermore, while we do not want to sound like a broken record, we would urge our readers to, again, please take another look at the table above and notice how the overall delinquency rate for RFMs was 13.1%, whereas the delinquency rates for second lien mortgages and HELOCs were only 5.7% and 3.1%, respectively. Obviously this dynamic is illogical given that second mortgages and HELOCs (which are often a third mortgage) are junior to the first mortgage. Again, the reason that this is occurring is because most second liens and home equity loans have smaller balances, are initially non-amortizing, and are tied to low, short-term interest rates. As such, banks have much more flexibility in making modifications and adjusting payment terms for these loans to keep them "current," even when the first mortgage is not performing. This is a dangerous game to play for the banking industry and is one that, in our view, will not end well.

	2010Q3	2010Q2	% Chg	% Delinq
Construc'n NPA+90s	76,368,949	80,760,209	-5.4%	
Construc'n 30-89s	7,875,849	8,832,962	-10.8%	
	84,244,798	89,593,171	-6.0%	24.4%
Multifam NPA+90s	12,842,069	11,405,383	12.6%	
Multifam 30-89s	2,276,619	2,178,147	4.5%	
	15,118,688	13,583,530	11.3%	7.0%
Income Property NPL+90s	28,902,896	28,508,824	1.4%	
Income Property 30-89s	6,833,283	7,355,500	-7.1%	
	35,736,179	35,864,324	-0.4%	6.4%
Owner-Occ'd NPL+90s	17,921,249	17,257,594	3.8%	
Owner-Occ'd 30-89s	4,804,564	4,766,253	0.8%	
	22,725,813	22,023,847	3.2%	4.4%
C&I NPL+90s	32,661,889	34,063,873	-4.1%	
C&I 30-89s	8,727,946	9,382,819	-7.0%	
	41,389,835	43,446,692	-4.7%	3.5%

Source: FDIC call reports and OTS TFRs

On the commercial side, results were more mixed as both early-stage and nonperforming construction loans declined for a second consecutive quarter, but multifamily and owner-occupied commercial mortgages continued to show signs of growing weakness. And, while investor properties appear to have improved a bit, particularly in terms of early-stage delinquencies, it is important to remember that this category is among the bigger targets for restructuring given the dire state of the commercial real estate market right now, and, therefore, much of the deterioration is getting masked by the growth in TDRs. The one category that was a pleasant surprise was C&I, which saw a 7% drop in 30-89s and almost a 5% drop in total problem loans. But, we wonder how much of that improvement may have been driven by the stimulus cash that was sloshing around the country this summer, rather than any true revival in the business sector.

Despite the inconclusiveness of the data, it would appear that the banks have gone ahead and declared victory as the industry released more than \$8 billion in loan loss reserves for a second consecutive quarter as shown in the chart below. However, once again, looks can be somewhat deceiving: while 74% of the 35 largest banks released reserves during the third quarter, only 32% of all banking companies did so. In aggregate, that one-third of the industry padded pretax earnings by \$9.75 billion (of which 69% came from Citi, JPM, BofA, Wells, and Capital One), largely in response to improving credit card loss rates. Conversely, that means that the remaining two-thirds of the industry either matched charge-offs or added to reserves.



Source: FDIC

that (1) the housing market has softened up again from both an activity and a pricing standpoint, (2) the commercial real estate market remains at depressed levels, and (3) the economy has stalled a bit in the second half of the year, it will almost certainly lead to another round of more aggressive provisioning. We expect banks will opt to take their medicine in the fourth quarter rather than risk tainting another calendar year for tax purposes. Consequently, the risk we foresee is a large decline in banking industry fourth-quarter earnings due to a reversal in the aforementioned reserve releases. The only exception to this is that many banks still need to pay off their TARP funds and a couple of super regional banks have recently completed secondary offerings—most notably Huntington Bancorp and First Horizon. Therefore, certain banks could decide to attempt to once again mask their earnings in order to look better than they appear in the fourth quarter by not properly provisioning in order to attain better pricing on further equity offerings.

The impact of this reversion back to higher provisions stands to be even more pronounced when one takes into account the utter mess which has unfolded with respect to mortgage foreclosures, as it will add even more downward pressure to banks' earnings prospects—particularly those with heavy residential mortgage exposure. After some of the largest lenders announced foreclosure moratoriums while they were looking into allegations of improper documentation, the attorneys general in all 50 states have begun jointly investigating foreclosure procedures, and MBS investors are clamoring for banks to repurchase, or to “take back,” certain securities sold to them due to possible false “representations and warranties” made by the banks. By some estimates, faulty foreclosures may cost lenders up to \$2 billion in legal costs for each month there is a delay in the foreclosure process, while it is estimated that MBS investors could demand nearly \$180 billion in total put-backs—both dynamics which have the potential of becoming yet another albatross around the neck of the banking industry for the foreseeable future. This ongoing situation will also obviously have a negative impact on the housing market as the foreclosure pipeline becomes even further backed up, thus only increasing inventory levels at the worst possible time. This development also comes at a major inflection point for the housing market, as we are seeing clear indications that home prices are falling again,

While we admit that the slight improvement in overall credit quality since the beginning of this year has been more broad-based than we would have expected—in no small part due to the approximately \$14 trillion in Federal Reserve and Treasury programs enacted over the last few years, in addition to the \$787 billion stimulus package in early 2009—we would caution readers to keep a close eye on the loan delinquencies tables we publish each quarter as a barometer of the true health of consumer and commercial loans.

As we have written about in the past, banks' balance sheets have a lag effect. A large portion of the banking industry collectively rationalized that, because of the modest rebound in housing in the first part of this year and the temporary uptick in economic activity, it did not need to provide a higher level of provisions. Consequently, many of the nation's largest banks, instead, began to reduce their loss recognition and reserves. As such, in our view, those banks under-provisioned by too much and too soon in both the second and third quarters, respectively. However, now

sales activity remains depressed, and credit has dried up for all but the most creditworthy of borrowers.

One final note worth mentioning in terms of the uphill battle facing the banking industry as we enter 2011 is that sell-side analysts have been projecting significant earnings growth for both 2011 and 2012, respectively, which contributed to the massive run-up in financial stocks in 2009 and early 2010. Now that we are finally on the cusp of 2011, we believe that it will be extremely unlikely that banks will be able to achieve those levels of projected earnings growth and we, therefore, anticipate a series of earnings misses and estimate revisions that will unfold at the beginning of the coming year.

As it relates to what all of this portends for 2011 and beyond, at a high level, the banking industry is continuing to shrink as loan growth remains anemic, therefore, causing negative operating margins. Additionally, the aforementioned unsustainable earnings drivers which helped lift bank profits in the third quarter—and for much of 2010—stand to drop-off precipitously as we move into next year. In addition, aspects of heightened regulation via the Dodd-Frank Act, the Federal Reserve's actions on non-sufficient funds (NSF) and interchange fees, and the soon-to-be-unleashed Consumer Financial Protection Bureau (CFPB) will have a profound impact on fee income and expenses. Also negatively impacting fee income and expenses will be the drag on net interest income (NII) and the exploding costs stemming from maintaining a burgeoning portfolio of nonperforming and foreclosed assets—the latter of which rose by \$3.7 billion, or an increase of 7.4%, from last quarter and are now higher by 43% from a year earlier. All of these factors will contribute to the erosion of headline earnings, which only stands to expose what has really been occurring to the quality of the banking industry's core earnings power.

Federal Reserve Aggregate Bank Data

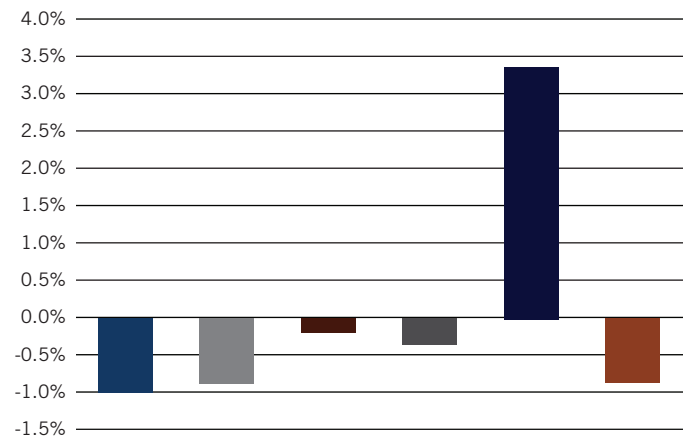
	10/2009	2/2010	3/2010	4/2010	5/2010	6/2010	7/2010	8/2010	9/2010	10/2010	MoM	YoY
ASSETS												
Securities												
Secs in Bank Credit	2,312	2,329	2,332	2,330	2,305	2,287	2,362	2,406	2,437	2,451	0.6%	6.0%
Treasury & Agency	1,380	1,431	1,453	1,500	1,495	1,496	1,549	1,585	1,607	1,632	1.5%	18.2%
Other	932	897	879	830	809	791	814	821	830	820	-1.2%	-12.1%
Loans and Leases												
C&I	1,378	1,304	1,276	1,264	1,246	1,242	1,237	1,241	1,223	1,219	-0.3%	-11.5%
Real Estate	3,749	3,727	3,707	3,713	3,700	3,677	3,656	3,649	3,638	3,621	-0.5%	-3.4%
Consumer	847	812	902	1,178	1,165	1,167	1,169	1,161	1,142	1,520	33.0%	79.5%
Other	744	744	762	777	783	775	787	785	796	811	1.9%	9.0%
Other Assets	1,113	1,205	1,257	1,240	1,260	1,252	1,225	1,242	1,235	1,237	0.2%	11.2%
Total Assets	11,799	11,727	11,723	11,869	11,875	11,822	11,963	12,054	11,947	12,026	0.7%	1.9%
LIABILITIES												
Deposits												
Large Time	1,886	1,854	1,852	1,800	1,746	1,753	1,769	1,778	1,793	1,793	0.0%	-4.9%
Other	5,754	5,826	5,842	5,867	5,913	5,940	5,980	6,022	6,059	6,102	0.7%	6.1%
Borrowings	2,002	1,860	1,861	1,898	2,045	2,001	1,995	2,000	1,922	1,928	0.3%	-3.7%
Other Liabilities	395	397	422	434	457	450	452	459	480	484	1.0%	22.6%
Total Liabilities	10,545	10,407	10,310	10,445	10,450	10,416	10,585	10,653	10,631	10,679	0.5%	1.3%
Residual (assets less liabilities)	1,254	1,320	1,414	1,425	1,425	1,405	1,378	1,401	1,316	1,347	2.4%	7.4%

all values in \$ billions

SOURCE: Federal Reserve Documents

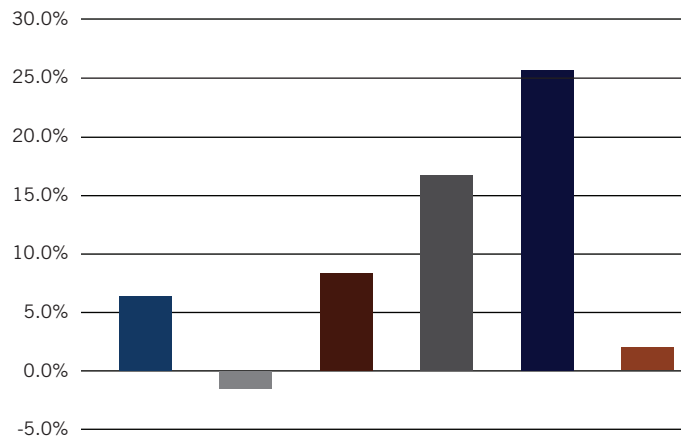
Major Market Index Performance

November 2010



SOURCE: Bloomberg, LLC

Last Twelve Months



SOURCE: Bloomberg, LLC

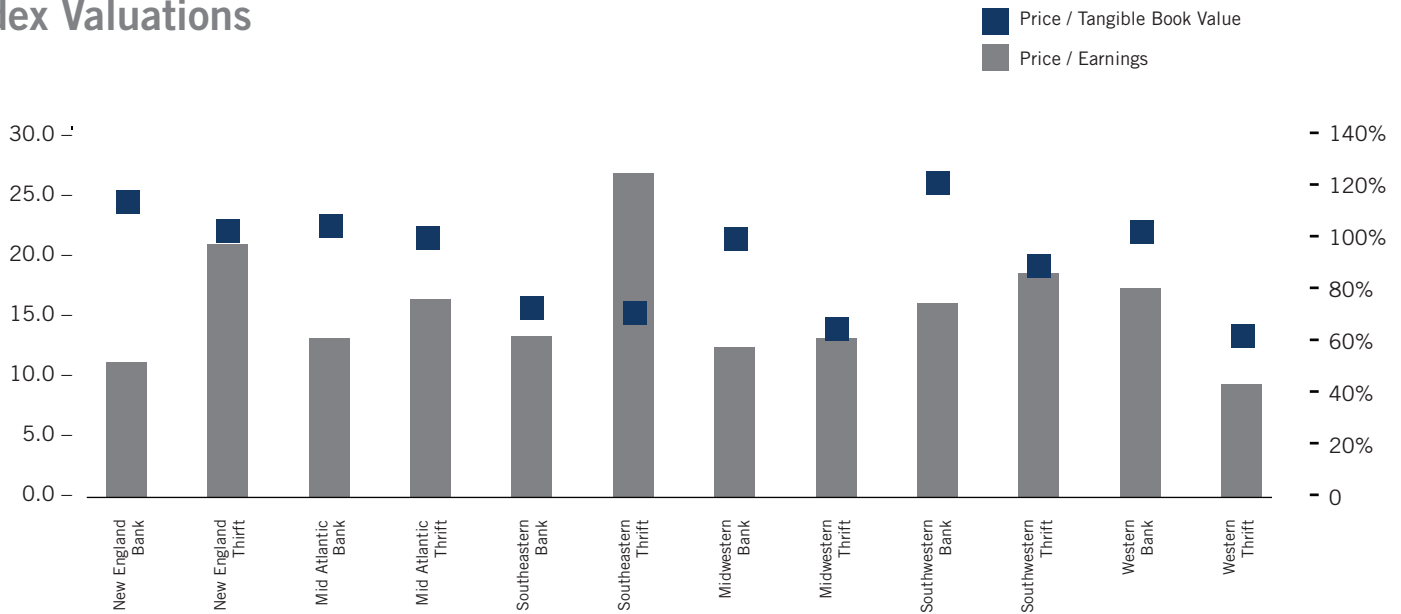
	12/2009	1/2010	2/2010	3/2010	4/2010	5/2010	6/2010	7/2010	8/2010	9/2010	10/2010	11/2010
Dow Jones	0.8%	-3.5%	2.6%	5.1%	1.4%	-7.9%	-3.6%	7.1%	-4.3%	7.7%	2.6%	-1.0%
S&P Financial	-1.6%	-1.5%	3.4%	8.8%	1.3%	-9.2%	-6.0%	6.6%	-7.9%	6.0%	1.3%	-0.9%
S&P 500	1.8%	-3.7%	2.9%	5.9%	1.5%	-8.2%	-5.4%	6.9%	-4.7%	8.8%	3.4%	-0.2%
NASDAQ	5.8%	-5.4%	4.2%	7.1%	2.6%	-8.3%	-6.5%	6.9%	-6.2%	12.0%	5.5%	-0.4%
Russell 2000	7.9%	-3.7%	4.4%	8.0%	5.6%	-7.7%	-7.9%	6.8%	-7.5%	12.3%	3.8%	3.4%
NASDAQ Bank	3.3%	4.6%	1.7%	6.4%	6.4%	-9.0%	-7.0%	3.0%	-10.5%	6.6%	0.3%	-0.9%

SOURCE: Bloomberg, LLC

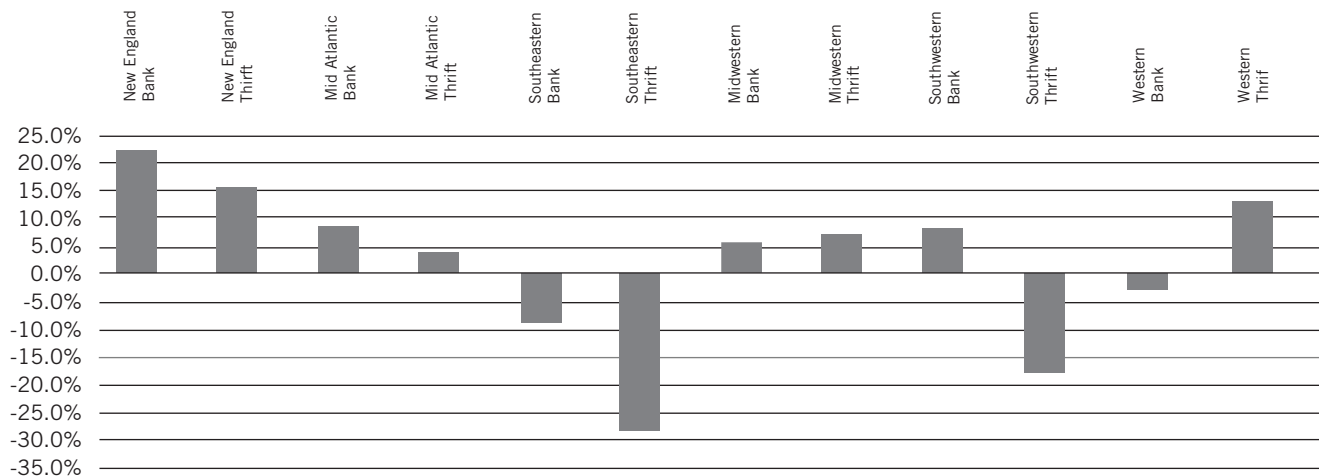
Bank and Thrift Index Valuations

		Price / Earnings		Price / Book Value		Price / TBV		Price Performance			Component Companies
		Weighted Avg	Median	Weighted Avg	Median	Weighted Avg	Median	1 Mo	YTD	12 Mo	
New England	Bank	9.6	11.5	102%	96%	136%	116%	2.0%	22.3%	22.0%	20
	Thrift	25.2	21.0	89%	85%	111%	105%	3.0%	15.2%	15.2%	22
Mid Atlantic	Bank	12.1	13.5	90%	93%	143%	110%	-0.4%	8.2%	9.6%	85
	Thrift	14.7	15.4	114%	87%	149%	100%	1.5%	4.4%	4.9%	51
Southeastern	Bank	9.6	13.8	70%	64%	101%	77%	-4.2%	-8.6%	-6.3%	104
	Thrift	9.1	26.7	65%	69%	67%	71%	-13.4%	-28.0%	-33.0%	13
Midwestern	Bank	12.3	13.0	119%	79%	153%	101%	-2.2%	5.2%	7.4%	82
	Thrift	16.1	13.4	99%	60%	103%	64%	-1.6%	6.9%	-1.8%	38
Southwestern	Bank	15.7	15.5	115%	106%	148%	121%	1.3%	7.8%	11.5%	19
	Thrift	12.5	18.3	116%	86%	117%	87%	-2.3%	-18.3%	-17.7%	7
Western	Bank	13.2	16.6	102%	89%	125%	105%	-1.6%	-2.6%	1.3%	50
	Thrift	9.6	9.6	70%	64%	74%	65%	-1.1%	13.9%	7.1%	12

Index Valuations



YTD Price Performance



SOURCE: SNL Financial and Bloomberg, LLC

Economic Data Points - November 2010

Date	Event	Period	Survey	Actual	Prior	Revised	Date	Event	Period	Survey	Actual	Prior	Revised
11/1	Personal Income	SEP	0.20%	-0.10%	0.50%	0.50%	11/15	Empire Manufacturing	NOV	14	-11.14	15.73	--
11/1	Personal Spending	SEP	0.40%	0.20%	0.40%	0.50%	11/15	Business Inventories	SEP	0.80%	0.90%	0.60%	0.90%
11/1	PCE Deflator (YoY)	SEP	1.40%	1.40%	1.50%	1.40%	11/16	Producer Price Index (MoM)	OCT	0.80%	0.40%	0.40%	--
11/1	ISM Manufacturing	OCT	54	56.9	54.4	--	11/16	PPI Ex Food & Energy (MoM)	OCT	0.10%	-0.60%	0.10%	--
11/1	Construction Spending MoM	SEP	-0.50%	0.50%	0.40%	-0.20%	11/16	Producer Price Index (YoY)	OCT	4.60%	4.30%	4.00%	--
11/3	MBA Mortgage Applications	29-Oct	--	-5.00%	3.20%	--	11/16	PPI Ex Food & Energy (YoY)	OCT	2.10%	1.50%	1.60%	--
11/3	Challenger Job Cuts YoY	OCT	--	-31.80%	-44.10%	--	11/16	Industrial Production	OCT	0.30%	0.00%	-0.20%	--
11/3	ADP Employment Change	OCT	20K	43K	-39K	-2K	11/16	Capacity Utilization	OCT	74.90%	74.80%	74.70%	74.80%
11/3	ISM Non-Manf. Composite	OCT	53.5	54.3	53.2	--	11/16	NAHB Housing Market Index	NOV	17	16	16	15
11/3	Factory Orders	SEP	1.60%	2.10%	-0.50%	0.00%	11/17	MBA Mortgage Applications	12-Nov	--	-14.40%	5.80%	--
11/3	FOMC Rate Decision	3-Nov	0.25%	0.25%	0.25%	--	11/17	Consumer Price Index (MoM)	OCT	0.30%	0.20%	0.10%	--
11/3	Domestic Vehicle Sales	OCT	8.90M	9.27M	8.82M	--	11/17	CPI Ex Food & Energy (MoM)	OCT	0.10%	0.00%	0.00%	--
11/3	Total Vehicle Sales	OCT	11.80M	12.25M	11.73M	--	11/17	Consumer Price Index (YoY)	OCT	1.30%	1.20%	1.10%	--
11/4	Nonfarm Productivity	3Q P	1.00%	1.90%	-1.80%	--	11/17	CPI Ex Food & Energy (YoY)	OCT	0.70%	0.60%	0.80%	--
11/4	Unit Labor Costs	3Q P	0.60%	-0.10%	1.10%	1.30%	11/17	Housing Starts	OCT	598K	519K	610K	588K
11/4	Initial Jobless Claims	30-Oct	442K	457K	434K	437K	11/17	Housing Starts MoM%	OCT	-2.00%	-11.70%	0.30%	-4.20%
11/4	Continuing Claims	23-Oct	4378K	4340K	4356K	4388K	11/17	Building Permits	OCT	568K	550K	539K	547K
11/5	Change in Nonfarm Payrolls	OCT	60K	151K	-95K	-41K	11/17	Building Permits MoM%	OCT	3.90%	0.50%	-5.60%	-4.20%
11/5	Change in Private Payrolls	OCT	80K	159K	64K	107K	11/18	Initial Jobless Claims	13-Nov	441K	439K	435K	437K
11/5	Unemployment Rate	OCT	9.60%	9.60%	9.60%	--	11/18	Continuing Claims	6-Nov	4295K	4295K	4301K	4343K
11/5	Avg Hourly Earning MoM All Emp	OCT	0.20%	0.20%	0.00%	0.10%	11/18	Leading Indicators	OCT	0.50%	0.50%	0.30%	0.50%
11/5	Avg Hourly Earning YoY All Emp	OCT	1.60%	1.70%	1.70%	--	11/18	Philadelphia Fed.	NOV	5	22.5	1	--
11/5	Avg Weekly Hours All Employees	OCT	34.2	34.3	34.2	--	11/23	GDP QoQ (Annualized)	3Q S	2.40%	2.50%	2.00%	--
11/5	Pending Home Sales MoM	SEP	3.00%	-1.80%	4.30%	4.40%	11/23	Personal Consumption	3Q S	2.50%	2.80%	2.60%	--
11/5	Pending Home Sales YoY	SEP	--	-24.90%	-18.40%	--	11/23	Existing Home Sales	OCT	4.48M	4.43M	4.53M	--
11/5	Consumer Credit	SEP	-\$3.0B	\$2.1B	-\$3.3B	-\$4.9B	11/23	Existing Home Sales MoM	OCT	-1.10%	-2.20%	10.00%	--
11/9	NFIB Small Business Optimism	OCT	90	91.7	89	--	11/24	Durable Goods Orders	OCT	0.10%	-3.30%	3.30%	4.90%
11/9	JOLTs Job Openings	SEP	--	2929	3201	3092	11/24	Durables Ex Transportation	OCT	0.60%	-2.70%	-0.80%	1.10%
11/9	Wholesale Inventories	SEP	0.70%	1.50%	0.80%	1.20%	11/24	Personal Income	OCT	0.40%	0.50%	-0.10%	0.00%
11/10	MBA Mortgage Applications	5-Nov	--	5.80%	-5.00%	--	11/24	Personal Spending	OCT	0.50%	0.40%	0.20%	0.30%
11/10	Trade Balance	SEP	-\$45.0B	-\$44.0B	-\$46.3B	-\$46.5B	11/24	Initial Jobless Claims	20-Nov	435K	407K	439K	441K
11/10	Initial Jobless Claims	6-Nov	450K	435K	457K	459K	11/24	Continuing Claims	13-Nov	4275K	4182K	4295K	4324K
11/10	Continuing Claims	30-Oct	4305K	4301K	4340K	4387K	11/24	U. of Michigan Confidence	NOV F	69.5	71.6	69.3	--
11/12	U. of Michigan Confidence	NOV P	69	69.3	67.7	--	11/24	New Home Sales	OCT	312K	283K	307K	308K
11/15	Advance Retail Sales	OCT	0.70%	1.20%	0.60%	0.70%	11/24	New Home Sales MoM	OCT	1.60%	-8.10%	6.60%	12.00%
11/15	Retail Sales Less Autos	OCT	0.40%	0.40%	0.40%	0.50%	11/30	S&P/CS 20 City MoM% SA	SEP	1.00%	0.59%	1.70%	1.67%
11/15	Retail Sales Ex Auto & Gas	OCT	0.20%	0.40%	0.40%	--	11/30	S&P/CS 20 City MoM% SA	SEP	-0.40%	-0.80%	-0.28%	-0.48%

SOURCE: Bloomberg, LLC

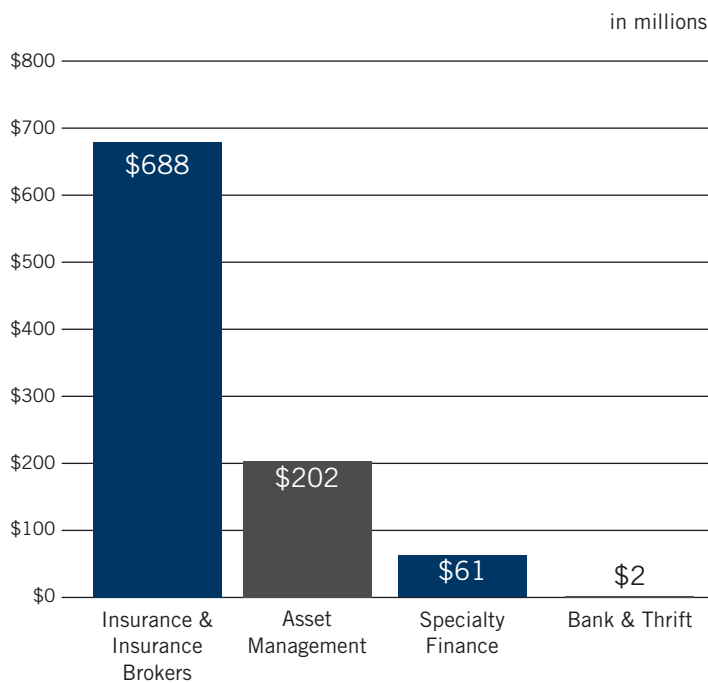
Economic Data Points - December 2010

Date	Event	Period	Survey	Actual	Prior	Revised	Date	Event	Period	Survey	Actual	Prior	Revised
12/1	MBA Mortgage Applications	26-Nov	--	-16.50%	2.10%	--	12/15	Consumer Price Index (MoM)	NOV	0.20%	0.10%	0.20%	--
12/1	Challenger Job Cuts YoY	NOV	--	-3.30%	-31.80%	--	12/15	CPI Ex Food & Energy (MoM)	NOV	0.10%	0.10%	0.00%	--
12/1	ADP Employment Change	NOV	70K	93K	43K	82K	12/15	Consumer Price Index (YoY)	NOV	1.10%	1.10%	1.20%	--
12/1	ISM Manufacturing	NOV	56.5	56.6	56.9	--	12/15	CPI Ex Food & Energy (YoY)	NOV	0.60%	0.80%	0.60%	--
12/1	Construction Spending MoM	OCT	-0.30%	0.70%	0.50%	0.70%	12/15	Empire Manufacturing	DEC	5	10.57	-11.14	--
12/1	Fed's Beige Book	1-Dec	--	--	--	--	12/15	Industrial Production	NOV	0.30%	0.40%	0.00%	-0.20%
12/1	Domestic Vehicle Sales	NOV	9.03M	9.27M	9.27M	--	12/15	Capacity Utilization	NOV	75.00%	75.20%	74.80%	74.90%
12/1	Total Vehicle Sales	NOV	12.10M	12.26M	12.25M	--	12/15	NAHB Housing Market Index	DEC	16	16	16	--
12/2	Initial Jobless Claims	27-Nov	424K	436K	407K	410K	12/16	Housing Starts	NOV	550K	555K	519K	534K
12/2	Continuing Claims	20-Nov	4200K	4270K	4182K	4217K	12/16	Housing Starts MoM%	NOV	6.00%	3.90%	-11.70%	-11.10%
12/2	Pending Home Sales MoM	OCT	-1.00%	10.40%	-1.80%	--	12/16	Building Permits	NOV	560K	530K	550K	552K
12/3	Change in Nonfarm Payrolls	NOV	150K	39K	151K	172K	12/16	Building Permits MoM%	NOV	1.50%	-4.00%	0.50%	0.90%
12/3	Change in Private Payrolls	NOV	160K	50K	159K	160K	12/16	Initial Jobless Claims	11-Dec	425K	420K	421K	423K
12/3	Unemployment Rate	NOV	9.60%	9.80%	9.60%	--	12/16	Continuing Claims	4-Dec	4115K	4135K	4086K	4113K
12/3	Avg Hourly Earning MoM All Emp	NOV	0.20%	0.00%	0.20%	0.30%	12/20	Chicago Fed Nat Activity Index	NOV	--	--	-0.28	--
12/3	Avg Hourly Earning YoY All Emp	NOV	1.70%	1.60%	1.70%	--	12/22	MBA Mortgage Applications	17-Dec	--	--	--	--
12/3	ISM Non-Manf. Composite	NOV	54.8	55	54.3	--	12/22	GDP QoQ (Annualized)	3Q T	2.80%	--	2.50%	--
12/3	Factory Orders	OCT	-1.20%	-0.90%	2.10%	3.00%	12/22	Personal Consumption	3Q T	--	--	2.80%	--
12/7	JOLTs Job Openings	OCT	--	3362	2929	3011	12/22	Existing Home Sales	NOV	4.75M	--	4.43M	--
12/7	Consumer Credit	OCT	-\$1.0B	\$3.4B	\$2.1B	\$1.2B	12/22	Existing Home Sales MoM	NOV	7.20%	--	-2.20%	--
12/8	MBA Mortgage Applications	3-Dec	--	-0.90%	-16.50%	--	12/23	Durable Goods Orders	NOV	-0.50%	--	-3.30%	-3.40%
12/9	Initial Jobless Claims	4-Dec	425K	421K	436K	438K	12/23	Durables Ex Transportation	NOV	2.00%	--	-2.70%	-2.70%
12/9	Continuing Claims	27-Nov	4237K	4086K	4270K	4277K	12/23	Personal Income	NOV	0.30%	--	0.50%	--
12/9	Wholesale Inventories	OCT	0.80%	1.90%	1.50%	2.10%	12/23	Personal Spending	NOV	0.40%	--	0.40%	--
12/10	Trade Balance	OCT	-\$43.8B	-\$38.7B	-\$44.0B	-\$44.6B	18-Dec	Initial Jobless Claims	18-Dec	--	--	--	--
12/10	U. of Michigan Confidence	DEC P	72.5	74.2	71.6	--	12/23	Continuing Claims	11-Dec	--	--	--	--
12/14	NFIB Small Business Optimism	NOV	92.3	93.2	91.7	--	12/23	U. of Michigan Confidence	DEC F	74.4	--	74.2	--
12/14	Advance Retail Sales	NOV	0.60%	0.80%	1.20%	1.70%	12/23	New Home Sales	NOV	300K	--	283K	--
12/14	Retail Sales Less Autos	NOV	0.60%	1.20%	0.40%	0.80%	12/23	New Home Sales MoM	NOV	6.00%	--	-8.10%	--
12/14	Retail Sales Ex Auto & Gas	NOV	0.60%	0.80%	0.40%	0.80%	12/28	S&P/CS 20 City MoM% SA	OCT	--	--	-0.80%	--
12/14	Producer Price Index (MoM)	NOV	0.60%	0.80%	0.40%	--	12/28	S&P/CS Composite-20 YoY	OCT	--	--	0.59%	--
12/14	PPI Ex Food & Energy (MoM)	NOV	0.20%	0.30%	-0.60%	--	12/28	Consumer Confidence	DEC	--	--	54.1	--
12/14	Producer Price Index (YoY)	NOV	3.30%	3.50%	4.30%	--	12/29	MBA Mortgage Applications	24-Dec	--	--	--	--
12/14	PPI Ex Food & Energy (YoY)	NOV	1.20%	1.20%	1.50%	--	12/30	Initial Jobless Claims	25-Dec	--	--	--	--
12/14	Business Inventories	OCT	1.00%	0.70%	0.90%	1.30%	12/30	Continuing Claims	18-Dec	--	--	--	--
12/14	FOMC Rate Decision	14-Dec	0.25%	0.25%	0.25%	--	12/30	Pending Home Sales MoM	NOV	--	--	10.40%	--
12/15	MBA Mortgage Applications	10-Dec	--	-2.30%	-0.90%	--	12/30	Pending Home Sales YoY	NOV	--	--	-22.40%	--

SOURCE: Bloomberg, LLC

M&A Transaction Update

Announced Transactions - November 2010



SOURCE: SNL Financial

Deal Count - November 2010

Insurance & Insurance Brokerage	22
Asset Management & Broker/Dealer	12
Specialty Finance	8
Bank & Thrift	6

SOURCE: SNL Financial

Deal Count - 2010 YTD

Insurance & Insurance Brokerage	207
Bank & Thrift	158
Asset Management & Broker/Dealer	114
Specialty Finance	60

SOURCE: SNL Financial

Hovde Financial & Hovde Securities Deal Alert

Hovde Financial is pleased to announce the signing of a merger agreement between its client—Encino, California-based California United Bank (CUNB)(\$589.8 million in assets) and Cal Oaks State Bank (COSB)(\$137.5 million in assets) of Thousand Oaks, California. The acquisition, in which California United Bank is acquiring Cal Oaks State Bank for approximately \$17.3 million in cash and stock, allows CUNB to further expand its footprint in Northern Los Angeles and Ventura County as CUNB builds upon its impressive momentum as the largest bank based in the San Fernando Valley.

Hovde Securities is pleased to announce that its client, Chula Vista, California-based First PacTrust Bancorp, Inc. (FPTB) (\$862.7 million in assets), has closed on its previously announced capital offering. The \$60 million common equity offering was priced at \$11.00 per share and the proceeds will be used to pursue growth opportunities in Southern California. The price of the newly issued shares represented a 37.5% premium to the closing price one day prior to announcement for FPTB shareholders. Hovde Securities, LLC served as FPTB's exclusive placement agent for the offering.

Top Financial Advisors in Bank and Thrift Transactions

Last Five Years, Sell-Side Advisory Transactions

Rank	Firm	# of Deals
1	Keefe, Bruyette & Woods, Inc.	94
2	Sandler O'Neill & Partner, LP	91
3	Hovde Financial	63
4	Howe Barnes Hoefer & Arnett, Inc.	51
5	Stifel, Nicolaus & Company, Inc.	34
6	Sheshunoff & Co. Investment Banking, LP	28
7	Austin Associates, LLC.	14
7	Capitol Corporation, LLC.	14
9	Professional Bank Services Inc.	13
10	Carson Medlin Company	12

SOURCE: SNL Financial (data from 11/30/2005-11/30/2010)

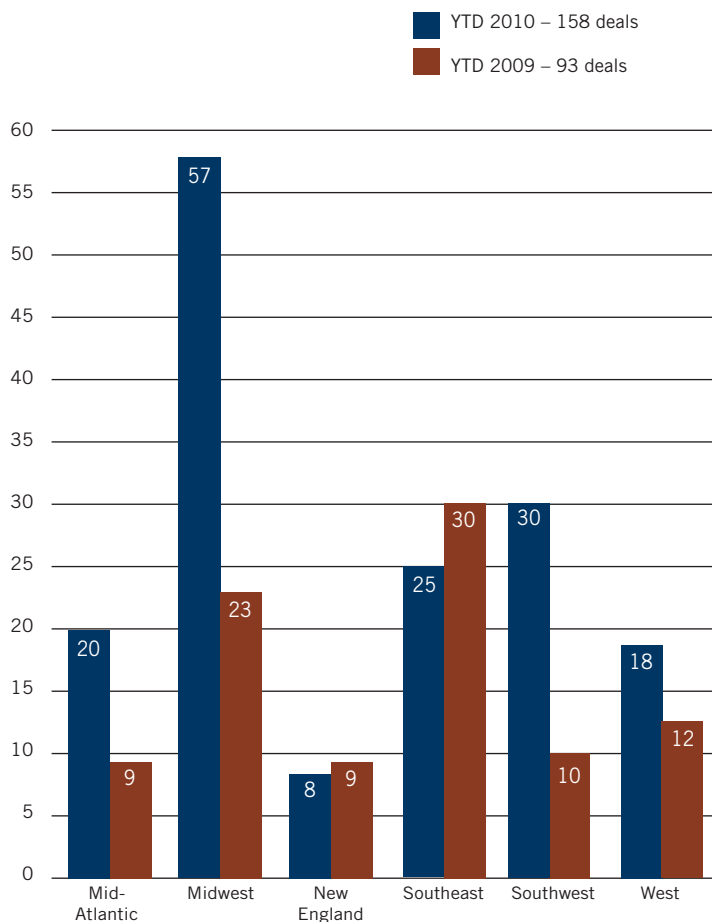
Bank & Thrift Transactions - November 2010

Buyer	Buyer State	Target	Target State	Announced	DV (\$MM)	P/LTM Ern	P/TBV (%)	Core Deposit Premium (%)
Bay Commercial Bank	CA	Charter Oak Bank	CA	11/1/10	2.3	NM	34.89	NM
North American Financial Holdings, Inc.	NC	Capital Bank Corporation	NC	11/3/10	NA	NM	70.33	NA
Frontier Holdings, LLC	NE	Arsebeco, Inc.	NE	11/18/10	NA	NA	NA	NA
Piedmont Community Bank Holdings, Inc.	NC	Capitol Bancorp Ltd.	NC	11/19/10	NA	NA	NA	NA
Commercial Bancshares, Inc.	TX	El Campo Bancshares, Inc.	TX	11/22/10	NA	NA	NA	NA
River Holding Company	WI	Community Business Bancshares, Inc.	WI	11/22/10	NA	NA	NA	NA

SOURCE: SNL Financial. Please note that prior data is updated by the source provider on a regular basis.

Bank & Thrift Transactions

by Region



SOURCE: SNL Financial

Deal Pricing by Region - 2010 YTD

Region	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern (x)	P/ Core Dep Prem (%)
Mid-Atlantic	\$1,234	109.34	19.4	7.63
Midwest	\$338	106.11	17.2	4.31
New England	\$1,805	131.31	23.8	7.01
Southeast	\$320	78.26	17.7	6.46
Southwest	\$112	144.56	21.9	16.57
West	\$120	100.91	43.1	6.02
Total	\$3,929	108.04	24.5	7.51

SOURCE: SNL Financial. Please note that prior data is updated by the source provider on a regular basis.

Deal Pricing by Quarter

Quarter	Deal Value (MM)	Price/TBV (%)	P/ LTM Ern (x)	P/ Core Dep Prem (%)
2Q2008	\$5,093	189.2	26.9	12.4
3Q2008	\$1,884	176.6	29.3	8.9
4Q2008	\$27,194	152.5	25.9	12.2
1Q2009	\$1,430	116.0	32.6	6.6
2Q2009	\$259	89.5	18.8	3.3
3Q2009	\$402	99.6	19.4	12.6
4Q2009	\$643	102.7	8.4	3.9
1Q2010	\$271	107.8	20.0	5.6
2Q2010	\$271	110.9	33.9	6.0
3Q2010	\$585	100.7	32.0	5.4
4Q2010	\$1,978	99.8	20.0	4.8

SOURCE: SNL Financial. Please note that prior data is updated by the source provider on a regular basis.

Insurance and Insurance Brokerage Transactions - November 2010

Buyer	Target	Announced	DV (\$MM)
Ohio Mutual Insurance Group	Investor Group	11/1/10	NA
First Niagara Financial Group, Inc.	Summit Insurance Group, Inc.	11/1/10	NA
Hub International Limited	Obenchain Insurance Agency, Inc.	11/1/10	NA
Kuhl & Company Insurance	Managed Benefits Agency, Inc.	11/1/10	NA
Enstar Group Limited	Shinsei Bank's Hillcot Holdings Limited	11/2/10	38.0
Brown & Brown, Inc.	Rogers & Norman, Inc.	11/2/10	NA
Tower Group, Inc.	AequiCap Services Group's Renewal Rights	11/2/10	NA
Arrowhead General Insurance Agency Inc.	Alexander Anthony Insurance Agency, LLC	11/3/10	NA
Erie Insurance Exchange	Erie Family Life Insurance Company	11/4/10	82.0
Erie Insurance Exchange	Erie Indemnity Co. P&C Subsidiaries	11/4/10	293.0
Argo Group International Holdings, Ltd.	ARIS Title Insurance Corporation	11/11/10	NA
Shively Group	Royal Palm Insurance Company	11/11/10	NA
First Gilmer Bankshares, Inc.	East Texas Insurance Agency, Inc.	11/11/10	NA
AMERISAFE, Inc.	Cooperative Mutual Insurance Company's Workers' Comp. Business	11/16/10	NA
NSM Insurance Group, Inc.	IDEAL Marine Insurance	11/16/10	NA
QBE Insurance Group Limited	RenRe North America Insurance/RenRe Agency Holdings	11/18/10	275.0
Arthur J. Gallagher & Co.	Behnke & Co., Inc.	11/18/10	NA
Breckenridge IS, Inc.	International Placement Services, LC	11/22/10	NA
Hub International Limited	Byars Thompson Buchanan Insurance & Financial Services, LLC	11/22/10	NA
Brightway Insurance, Inc.	General Insurance Concepts Inc	11/23/10	NA
Brown & Brown, Inc.	Mavum Consulting/Mavum Risk Management	11/23/10	NA
Compass Acquisition Holdings Corporation	New Jersey operations of Kinloch Holdings, Inc.	11/23/10	NA

SOURCE: SNL Financial

Asset Management/Broker-Dealer Transactions - November 2010

Buyer	Target	Announced	DV (\$MM)
GFI Group Inc.	Undisclosed seller	11/1/10	22.4
Stonehenge Partners, Inc.	National Investment Managers, Inc.	11/4/10	48.0
First American Insurance Underwriters	Workman Financial Group, Inc.	11/8/10	NA
FIG LLC	C-BASS Investment Management LLC	11/9/10	2.4
Israel A. Englander & Co., Inc.	Alaris Trading Partners, LLC	11/10/10	NA
Bank of New York Mellon Corporation	Jefferies Group's Correspondent Broker-dealer Clearing Business	11/11/10	NA
U.S. Bancorp	Bank of America Corporation's SecuritizationTrust Admin. Businesses	11/15/10	35.0
Citco Group Limited	Wells Fargo Trust Company	11/18/10	NA
Franklin Resources, Inc.	Rensburg Fund Management Ltd	11/18/10	71.6
Salient Partners, L.P.	Integrity Capital, LLC	11/18/10	NA
Marsh & McLennan Companies, Inc.	Hammond Associates Institutional Fund Consultants Inc	11/24/10	NA
Sanders Morris Harris Group Inc.	Global Financial Services, L.L.C.	11/26/10	22.5

SOURCE: SNL Financial

Specialty Finance Transactions - November 2010

Buyer	Target	Announced	DV (\$MM)
NewStar Financial, Inc.	American Capital's CORE Business Credit LLC	11/1/10	25.3
Crestmark Bancorp, Incorporated	Westgate Financial Corp.	11/3/10	NA
North Mill Capital	Summa Capital Corp.	11/3/10	NA
Capital One Financial Corporation	GE Capital's Hudson's Bay Co Card Bus	11/9/10	NA
State Bankshares, Inc.	Bell America Mortgage, LLC	11/9/10	NA
Dollar Financial Corp.	Undisclosed seller	11/10/10	13.0
Tree.com, Inc.	First Residential Mortgage Network, Inc.	11/15/10	23.0
Management group	American Capital's Velocity business line	11/16/10	NA

SOURCE: SNL Financial