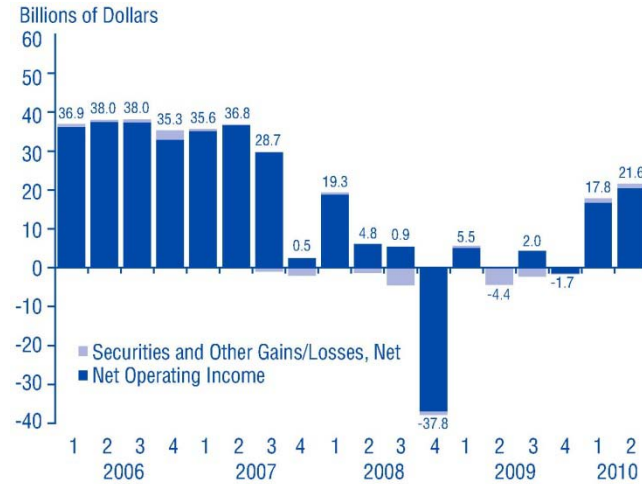


Banking Crisis: Where We Are, Where We Are Headed

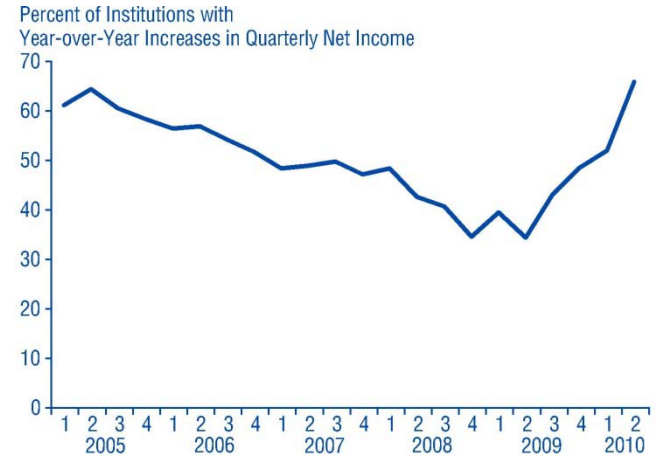
In this section, we present selected statistics on the state of the U.S. banking sector.

Summary Statistics on FDIC-Insured Banks

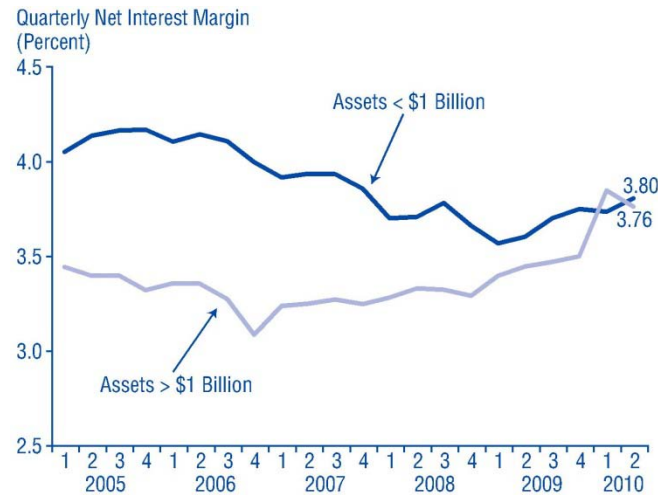
QUARTERLY NET INCOME



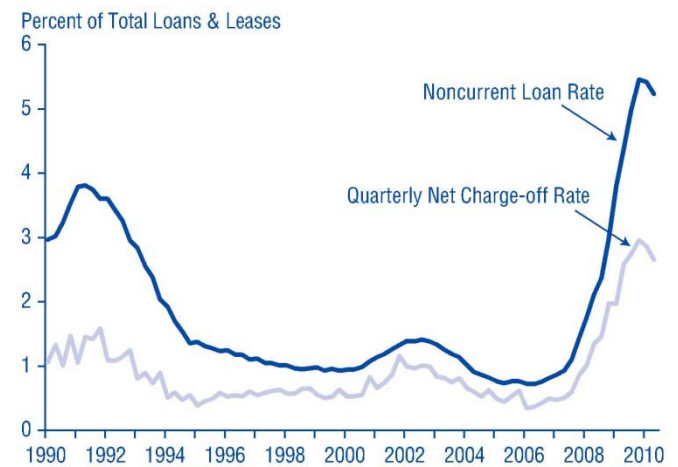
BANKS REPORTING EARNINGS GAINS



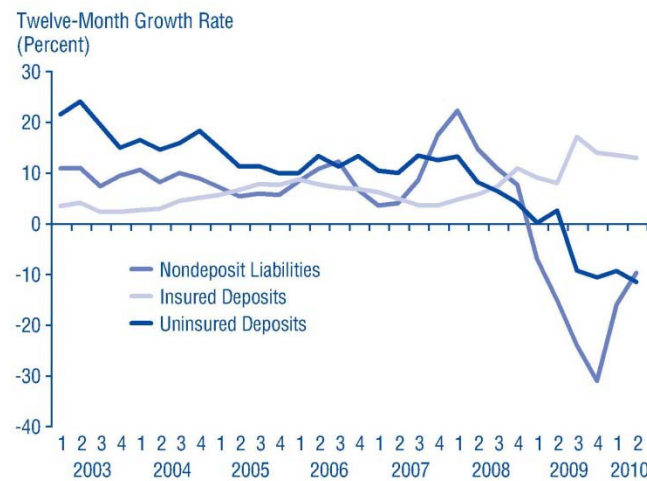
NET INTEREST MARGIN BY BANK SIZE



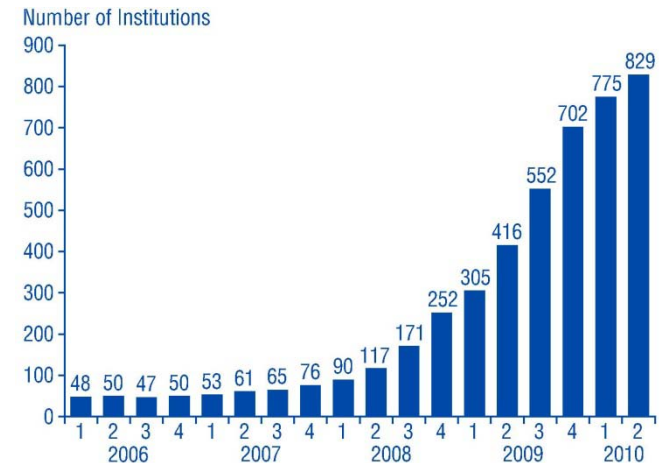
NONCURRENT LOANS AND NET CHARGE-OFFS



12-MONTH CHANGES IN BANK LIABILITIES



NUMBER OF FDIC-INSURED "PROBLEM" BANKS



SELECTED PERFORMANCE DATA *

	YTD June 30,		Years Ended December 31,				
	2010**	2009**	2009	2008	2007	2006	2005
Number of institutions reporting	7,830	8,195	8,012	8,305	8,534	8,680	8,833
Return on assets (%)	.6	.0	.1	.0	.8	1.3	1.3
Return on equity (%)	5.5	.3	.7	.4	7.8	12.3	12.4
Core capital (leverage) ratio (%)	8.8	8.2	8.6	7.5	8.0	8.2	8.2
Noncurrent assets plus OREO to assets (%)	3.3	2.8	3.4	1.9	1.0	.5	.5
Net charge-offs to loans (%)	2.7	2.3	2.5	1.3	.6	.4	.5
Asset growth rate (%)	(.6)	.0	(5.3)	6.2	9.9	9.0	7.6
Net interest margin (%)	3.8	3.4	3.5	3.2	3.3	3.3	3.5
Net operating income growth (%)	567.1	(77.2)	50.8	(90.7)	(27.6)	8.5	11.4
Percentage of unprofitable institutions (%)	20.3	27.7	30.7	24.9	12.1	7.9	6.2
Number of problem institutions	829	416	702	252	76	50	52
Assets of problem institutions (in billions)	\$403	\$300	\$403	\$159	\$22	\$8	\$7
Number of failed institutions	86	45	140	25	3	0	0

Asset quality is still an issue, but expanding interest margins are helping banks turns profitable

* Excludes insured branches of foreign banks (IBAs).

** Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

AGGREGATE FINANCIAL CONDITION

(\$ in millions)	Q2 2010	Q1 2010	Q2 2009	% Change 2Q09-2Q10
Number of institutions reporting	7,830	7,934	8,195	(4.5)
Total employees (full-time equivalent)	2,033,662	2,027,247	2,093,066	(2.8)
Total assets	\$13,220,551	\$13,356,798	\$13,300,007	(0.6)
Loans secured by real estate	4,336,825	4,401,538	4,651,638	(6.8)
1-4 Family residential mortgages	1,874,335	1,887,551	2,012,537	(6.9)
Nonfarm nonresidential	1,081,004	1,090,644	1,086,496	(0.5)
Construction and development	383,313	418,017	535,733	(28.5)
Home equity lines	654,450	659,871	672,906	(2.7)
Commercial & industrial loans	1,174,939	1,187,070	1,364,713	(13.9)
Loans to individuals	1,359,543	1,380,445	1,037,135	31.1
Credit cards	699,404	716,998	398,233	75.6
Farm loans	58,270	55,600	58,352	(0.1)
Other loans & leases	468,562	480,905	516,323	(9.3)
Less: Unearned income	2,794	2,711	2,903	(3.7)
Total loans & leases	7,395,345	7,502,849	7,625,258	(3.0)
Less: Reserve for losses	251,290	263,065	211,157	19.0
Net loans and leases	7,144,055	7,239,783	7,414,102	(3.6)
Securities	2,527,735	2,531,647	2,336,957	8.2
Other real estate owned	49,285	46,265	33,928	45.3
Goodwill and other intangibles	409,757	424,879	431,395	(5.0)
All other assets	3,089,719	3,114,224	3,083,625	0.2
Total liabilities and capital	13,220,551	13,356,798	13,300,007	(0.6)
Deposits	9,140,980	9,198,770	9,021,146	1.3
Domestic office deposits	7,667,695	7,692,326	7,555,214	1.5
Foreign office deposits	1,473,285	1,506,444	1,465,932	0.5
Other borrowed funds	1,911,837	2,051,791	2,159,362	(11.5)
Subordinated debt	150,986	150,540	168,125	(10.2)
All other liabilities	510,148	476,035	529,986	(3.7)
Total equity capital (includes minority interests)	1,506,599	1,479,662	1,421,388	6.0
Bank equity capital	1,487,435	1,459,993	1,403,711	6.0
Loans and leases 30-89 days past due	125,191	141,492	141,247	(11.4)
Noncurrent loans and leases	385,805	405,395	331,899	16.2
Restructured loans and leases	71,614	64,412	46,577	53.8
Mortgage-backed securities	1,381,160	1,386,427	1,365,416	1.2
Earning assets	11,389,950	11,554,019	11,436,792	(0.4)
FHLB Advances	445,400	480,364	634,642	(29.8)
Unused loan commitments	6,007,195	6,104,579	6,305,132	(4.7)
Trust assets	17,606,001	18,096,538	16,975,455	3.7
Assets securitized and sold	1,411,808	1,413,926	1,865,371	(24.3)
Notional amount of derivatives	225,433,522	218,068,203	208,656,901	8.0

Real estate loans are hard to come by, but consumers have re-discovered their credit cards

Foreclosures have left banks with more real estate inventory

Equity capital is growing again

Loan restructurings have been a popular way of avoiding non-accrual

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

AGGREGATE INCOME DATA

(\$ in millions)	H1 2010	H1 2009	% Change	Q2 2010	Q2 2009	% Change
Total interest income	273,091	279,906	(2)	135,182	137,832	(2)
Total interest expense	56,617	81,498	(31)	27,648	38,786	(29)
Net interest income	216,474	198,409	9	107,534	99,047	9
Provision for loan and lease losses	91,145	128,197	(29)	40,303	67,370	(40)
Total noninterest income	122,275	136,630	(11)	60,865	68,419	(11)
Total noninterest expense	192,790	196,686	(2)	97,930	99,449	(2)
Securities gains (losses)	3,737	839		2,148	(927)	n/m
Applicable income taxes	17,928	4,900		10,307	315	n/m
Extraordinary gains, net	(174)	(3,655)		(232)	(3,624)	n/m
Total net income (includes minority interests)	40,449	2,440		21,775	(4,221)	n/m
Bank net income	40,080	2,022		21,597	(4,376)	n/m
Net charge-offs	100,747	86,723	16	48,959	49,173	(0)
Cash dividends	17,317	13,374	30	12,934	6,139	111
Retained earnings	22,763	(11,352)	n/m	8,662	(10,515)	n/m
Net operating income	37,904	5,682	567	20,487	(161)	n/m

Declining provisions are helping boost reported income

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

Q2 2010, BY ASSET CONCENTRATION GROUP

	All Banks	Asset Concentration Groups [*]					
		Credit Card Banks	Inter-national Banks	Agri-cultural Banks	Com-mercial Lenders	Mort-gage Lenders	Con-sumer Lenders
Number of institutions reporting	7,830	20	4	1,579	4,265	745	83
Total assets (\$ in billions)	13,221	719	3,059	189	4,358	795	97
Total deposits (\$ in billions)	9,141	272	1,981	155	3,323	530	81
Bank net income (\$ in millions)	21,597	2,582	7,737	489	2,271	1,287	304
Performance Ratios (annualized, %)							
Yield on earning assets	4.7	12.6	3.5	5.3	4.9	4.5	5.8
Cost of funding earning assets	1.0	1.4	.7	1.4	1.2	1.4	1.3
Net interest margin	3.8	11.2	2.7	4.0	3.8	3.1	4.5
Noninterest income to assets	1.8	2.9	2.2	.7	1.4	1.0	2.0
Noninterest expense to assets	3.0	4.1	2.8	2.7	3.1	2.1	2.7
Loan and lease loss provision to assets	1.2	6.4	.4	.5	1.3	.7	1.6
Net operating income to assets	.6	1.3	.9	1.0	.2	.7	1.3
Pretax return on assets	1.0	2.2	1.4	1.2	.4	1.1	2.0
Return on assets	.7	1.4	1.0	1.0	.2	.7	1.3
Return on equity	5.9	8.7	11.1	9.2	1.9	6.6	12.0
Net charge-offs to loans and leases	2.6	11.6	1.8	.7	2.0	1.1	2.2
Loan and lease loss provision to net charge-offs	82.3	64.9	68.5	114.1	99.5	102.8	93.4
Efficiency ratio	56.5	30.8	61.3	61.3	63.6	53.1	42.5
Structural Changes							
New Charters	0	0	0	0	0	0	0
Banks absorbed in M&A	57	0	0	8	46	0	0
Failed Institutions	45	0	0	1	42	0	0
Prior Second Quarters							
Return on assets (%)	2009	(.1)	(.7)	(.5)	.8	(.2)	.6
	2007	1.2	3.3	1.0	1.3	1.2	.9
	2005	1.3	3.2	.7	1.4	1.4	1.4
Net charge-offs to loans & leases (%)	2009	2.6	10.8	3.1	.6	2.1	1.3
	2007	.5	3.9	.6	.2	.3	1.9
	2005	.4	4.2	.7	.2	.2	1.1

Large variability in NIM, but everyone is doing okay

Prima facie evidence of regulators' intention to help existing banks rather than allow new entrants to benefit from Fed/FDIC policies

Roughly Flat y-y

^{*} Excludes various "Other" categories. Credit-card lenders: institutions whose credit-card loans plus securitized receivables exceed 50% of total assets plus securitized receivables. International banks: banks with assets greater than \$10 billion and more than 25% of total assets in foreign offices. Agricultural banks: banks whose agricultural production loans plus real estate loans secured by farmland exceed 25% of their total loans and leases. Commercial lenders: institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25% of total assets. Mortgage lenders: institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50% of total assets. Consumer lenders: institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50% of total assets.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

Q2 2010, BY ASSET SIZE AND GEOGRAPHIC REGION

	Asset Size Distribution				Geographic Regions*						
	< \$100 mn	\$100 mn - \$1 bn	\$1 bn - \$10 bn	> \$10 bn	NY	ATL	CHI	KC	DAL	SF	
Number of institutions reporting	2,745	4,425	555	105	969	1,064	1,619	1,852	1,643	683	
Total assets (\$ in billions)	155	1,325	1,429	10,312	2,693	2,987	2,866	1,656	788	2,231	
Total deposits (\$ in billions)	129	1,089	1,083	6,839	1,743	2,099	1,952	1,207	618	1,522	
Bank net income (\$ in millions)	217	948	506	19,926	5,000	1,649	5,538	3,029	1,419	4,962	
Performance Ratios (annualized, %)											
Yield on earning assets	5.3	5.2	5.0	4.6	5.4	4.4	3.9	5.8	5.0	4.6	
Cost of funding earning assets	1.3	1.4	1.3	.9	1.1	.9	.8	.8	1.0	1.1	
Net interest margin	3.9	3.8	3.7	3.8	4.3	3.5	3.0	5.0	3.9	3.5	
Noninterest income to assets	1.4	.9	1.2	2.1	1.7	1.6	2.1	2.2	1.7	1.8	
Noninterest expense to assets	3.8	3.2	2.9	2.9	2.8	2.8	3.0	3.6	3.4	2.6	
Loan and lease loss provision to assets	.5	.8	1.2	1.3	1.5	1.3	.8	1.9	.9	.9	
Net operating income to assets	.5	.2	.1	.7				.7	.7	.9	
Pretax return on assets	.7	.4	.3	1.1				1.1	.9	1.3	
Return on assets	.6	.3	.1	.8				.7	.7	.9	
Return on equity	4.6	2.8	1.3	6.9				6.3	6.9	7.7	
Net charge-offs to loans and leases	.7	1.1	1.9	3.0	4.1	2.6	1.9	2.9	1.2	2.1	
Loan loss provision to net charge-offs	115.6	110.7	100.5	78.6	66.5	92.1	81.0	92.7	105.4	86.3	
Efficiency ratio	76.0	71.5	63.1	53.8	49.8	60.9	62.8	51.8	65.8	53.1	
Structural Changes											
New Charters	0	0	0	0	0	0	0	0	0	0	
Institutions absorbed by mergers	16	31	10	0	3	30	5	13	5	1	
Failed Institutions	9	26	9	1	4	11	12	6	2	10	
Prior Second Quarters											
Return on assets (%)	2009	0.04	-0.17	-0.83	-0.03	-0.56	-0.05	0.18	0.74	0.21	-0.71
	2007	0.85	1.14	1.11	1.25	1.05	1.25	1.05	1.54	1.15	1.41
	2005	1.09	1.24	1.35	1.28	1.29	1.34	0.93	1.55	1.28	1.63
Net charge-offs to loans (%)	2009	0.91	1.14	2.23	2.89	2.91	2.26	2.4	2.56	1.32	3.39
	2007	0.14	0.18	0.33	0.57	0.84	0.26	0.37	0.63	0.23	0.59
	2005	0.19	0.19	0.24	0.51	0.69	0.18	0.26	0.51	0.23	0.63

* Region codes: NY = New York: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands. ATL = Atlanta: Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia. CHI = Chicago: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin. KC = Kansas City: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. DAL = Dallas: Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas. SF = San Francisco: Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

H1 2010 FINANCIAL CONDITION RATIOS, BY ASSET CONCENTRATION GROUP

(in %)	All Banks	Asset Concentration Groups					
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders
Earning assets to total assets	86.2	86.2	84.0	91.8	88.3	93.2	94.4
Loss Allowance to:							
Loans and leases	3.4	9.9	4.0	1.6	2.6	1.5	2.9
Noncurrent loans and leases	65.1	377.2	59.8	78.8	56.0	33.1	227.8
Noncurrent assets & OREO to assets	3.3	2.2	2.6	1.7	3.9	3.0	1.0
Equity capital ratio	11.3	16.6	9.3	11.3	11.0	10.0	10.7
Core capital (leverage) ratio	8.8	11.5	7.2	10.1	9.1	9.3	10.4
Tier 1 risk-based capital ratio	12.4	13.4	12.2	14.1	11.8	19.0	14.1
Total risk-based capital ratio	15.1	16.4	15.3	15.2	14.0	20.1	15.9
Net loans and leases to deposits	78.2	198.5	52.8	77.6	86.8	87.4	87.5
Net loans to total assets	54.0	75.2	34.2	63.6	66.1	58.3	72.8
Domestic deposits to total assets	58.0	33.7	32.0	82.0	74.7	66.6	82.2

Commercial lenders and mortgage lenders are in relatively worse shape

* Excludes various "Other" categories. See footnotes to table on previous page for institution type definitions.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

H1 2010 FINANCIAL CONDITION RATIOS, BY ASSET SIZE AND GEOGRAPHIC REGION

(in %)	Asset Size Distribution				Geographic Regions [*]					
	< \$100 mn	\$100 mn - \$1 bn	\$1 bn - \$10 bn	> \$10 bn	NY	ATL	CHI	KC	DAL	SF
Earning assets to total assets	91.1	91.4	90.4	84.8	86.1	83.9	86.2	87.0	90.2	87.0
Loss Allowance to:										
Loans and leases	1.6	1.8	2.3	3.9	3.8	3.3	3.3	3.8	2.1	3.4
Noncurrent loans and leases	61.6	50.7	51.8	68.4	102.3	51.8	57.9	63.4	56.9	68.8
Noncurrent assets & OREO to assets	2.4	3.4	3.6	3.3	2.2	4.0	3.2	4.6	3.2	2.9
Equity capital ratio	12.2	10.2	11.1	11.4	13.0	11.4	9.2	11.6	10.6	11.7
Core capital (leverage) ratio	11.6	9.6	9.6	8.5	9.7	8.0	7.3	9.1	9.5	10.1
Tier 1 risk-based capital ratio	17.8	13.7	13.9	12.0	13.9	11.2	11.0	11.2	13.2	15.2
Total risk-based capital ratio	18.9	15.0	15.3	15.0	16.2	14.4	14.3	13.8	15.0	16.9
Net loans and leases to deposits	72.6	79.9	82.9	77.2	83.0	77.2	70.1	90.6	81.8	72.9
Net loans to total assets	60.7	65.7	62.9	51.2	53.8	54.3	47.8	66.1	64.1	49.7
Domestic deposits to total assets	83.6	82.2	75.3	52.1	57.4	62.6	53.9	67.0	77.9	44.2

Somewhat surprising: Smaller banks have higher core capital ratio

^{*} See footnotes to table on previous page for geographic region definitions.
Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

LOAN PERFORMANCE, AS OF JUNE 30, 2010, BY ASSET CONCENTRATION GROUP

	All Banks	Asset Concentration Groups [*]					
		Credit Card Banks	Int'l Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders
% of Loans 30-89 Days Past Due							
All loans secured by real estate	2.0	1.3	2.8	1.1	1.6	1.9	1.1
Construction and development	2.4	.0	2.5	1.9	2.3	5.9	.5
Nonfarm nonresidential	1.1	.0	.6	1.0	1.2	1.5	
Multifamily residential	1.1	.0	.6	1.3	1.3	1.7	
Home equity loans	1.2	2.0	1.5	.6	.9	1.2	
Other 1-4 family residential	2.8	1.2	4.3	1.7	2.1	1.9	
Commercial and industrial loans	.8	2.6	.4	1.4	1.0	1.0	1.3
Credit card loans	2.2	2.2	2.6	1.5	1.7	3.2	1.1
Total loans and leases	1.7	2.2	1.9	1.1	1.4	1.9	1.5
% of Loans Noncurrent^{**}							
All real estate loans	7.3	4.9	10.6	2.4	5.8	4.8	1.2
Construction and development	16.9	.0	19.0	10.1	16.5	15.1	4.5
Nonfarm nonresidential	4.3	.0	5.6	2.9	4.0	3.7	2.6
Multifamily residential	4.2	.0	4.2	2.9	4.4	3.2	1.7
Home equity loans	1.7	2.3	1.9	.8	1.2	1.8	.8
Other 1-4 family residential	9.8	6.1	17.7	1.6	5.4	4.9	1.1
Commercial and industrial loans	2.9	3.0	5.3	2.3	2.5	3.0	.7
Credit card loans	2.6	2.6	2.6	.8	2.9	3.2	1.1
Total loans and leases	5.2	2.6	6.8	2.0	4.7	4.6	1.2
% of Loans Charged-off (net, YTD)							
All real estate loans	2.0	4.9	2.4	.5	1.9	1.0	1.7
Construction and development	5.1	.0	2.8	3.0	5.5	6.2	1.7
Nonfarm nonresidential	1.1	.0	1.1	.5	1.2	.7	.5
Multifamily residential	1.2	.0	1.0	.8	1.4	.9	1.7
Home equity loans	2.9	9.0	2.8	.7	1.4	3.7	2.3
Other 1-4 family residential	1.7	4.2	3.0	.3	1.5	.8	1.1
Commercial and industrial loans	1.9	17.2	1.5	1.3	1.7	1.5	5.6
Credit card loans	12.2	13.7	6.3	2.4	8.1	10.5	5.1
Total loans and leases	2.7	13.4	2.2	.5	1.9	1.2	2.4

Relatively large differences in loan performance

^{*} Excludes various "Other" categories.

^{**} Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

LOAN PERFORMANCE, AS OF JUNE 30, 2010, BY ASSET SIZE AND GEOGRAPHIC REGION

	Asset Size Distribution				Geographic Regions					
	< \$100 mn	\$100 mn - \$1 bn	\$1 bn - \$10 bn	> \$10 bn	NY	ATL	CHI	KC	DAL	SF
% of Loans 30-89 Days Past Due										
All loans secured by real estate	1.7	1.5	1.3	2.3	1.5	2.1	1.9	2.3	1.6	2.1
Construction and development	2.2	2.1	2.0	2.6	2.9	1.9	2.4	2.9	1.9	3.0
Nonfarm nonresidential	1.5	1.3	1.1	1.1	1.2	1.2	1.3	1.0	1.0	.9
Multifamily residential real estate	1.1	1.3	1.0	1.0	.9	1.5	1.2	.9	1.3	.7
Home equity loans	.9	.8	.8	1.2				1.1	1.0	1.1
Other 1-4 family residential	2.1	1.7	1.5	3.2				3.6	2.4	3.1
Commercial and industrial loans	1.7	1.3	.9	.7				1.0	.9	.5
Credit card loans	2.4	2.5	2.1	2.2				2.7	1.0	2.2
Total loans and leases	1.6	1.4	1.3	1.8				2.1	1.4	1.6
% of Loans Noncurrent *										
All real estate loans	3.1	4.1	5.4	8.6	4.8	8.9	8.2	8.9	4.8	6.6
Construction and development	10.3	12.9	16.4	18.8	17.9	17.6	16.3	16.9	10.8	23.2
Nonfarm nonresidential	3.4	3.3	4.0	5.0	3.8	4.8	4.6	4.5	2.8	4.9
Multifamily residential real estate	2.8	3.5	4.6	4.2	3.1	4.9	4.6	3.6	3.8	4.9
Home equity loans	1.4	1.2	1.4	1.8	.9	1.9	1.6	2.4	1.1	1.4
Other 1-4 family residential	2.2	2.8	4.1	12.0	4.7	12.2	13.0	13.5	5.3	7.5
Commercial and industrial loans	2.7	2.4	2.5	3.0	2.9	2.3	2.6	2.8	1.7	4.8
Credit card loans	1.1	1.7	1.7	2.6	2.6	2.6	2.4	2.7	.9	2.6
Total loans and leases	2.7	3.6	4.5	5.7	3.7	6.3	5.7	6.0	3.8	5.0
% of Loans Charged-off (net, YTD)										
All real estate loans	.6	.9	1.8	2.3	1.0	2.7	2.1	2.0	1.2	2.1
Construction and development	2.7	3.2	5.9	5.7	4.3	5.6	6.1	4.3	3.3	7.1
Nonfarm nonresidential	.5	.6	1.2	1.4	.9	1.4	1.3	.8	.6	1.6
Multifamily residential real estate	.8	.8	1.5	1.2	1.0	1.3	1.3	.8	.8	1.7
Home equity loans	.7	.7	1.2	3.2	.8	4.3	2.1	3.8	1.6	2.6
Other 1-4 family residential	.4	.6	.9	2.0	.7	2.2	2.0	1.8	.9	2.0
Commercial and industrial loans	1.3	1.4	1.5	2.0	3.3	1.5	1.9	1.9	1.1	1.6
Credit card loans	4.4	7.5	8.2	12.3	14.2	11.1	8.0	15.0	4.2	6.2
Total loans and leases	.6	1.0	1.8	3.2	4.1	2.6	2.1	3.1	1.2	2.2
Loans Outstanding (\$ in billions)										
All real estate loans	66	694	681	2,896	827	1,069	852	637	358	595
Construction and development	5	83	86	209	52	123	63	55	55	36
Nonfarm nonresidential	20	267	269	525	220	245	195	151	125	145
Multifamily residential real estate	2	32	42	139	58	34	62	18	9	33
Home equity loans	2	38	48	566	87	191	176	116	24	60
Other 1-4 family residential	28	240	224	1,382	404	460	340	272	132	267
Commercial and industrial loans	12	111	136	915	180	274	251	173	90	207
Credit card loans	0	2	19	678	325	79	48	141	15	92
Total loans and leases **	95	887	921	5,496	1,504	1,676	1,415	1,137	516	1,150
Other Real Estate Owned (\$ in millions)										
All other real estate owned	1,089	12,873	10,356	24,968	4,052	14,702	9,966	8,583	5,362	6,620
Construction and development	353	6,240	5,570	5,840	1,120	5,976	2,622	2,897	2,693	2,696
Nonfarm nonresidential	330	3,183	2,185	3,282	928	1,974	2,040	1,560	1,212	1,267
Multifamily residential real estate	37	445	413	1,895	258	437	421	531	151	992
1-4 family residential	342	2,833	2,028	8,519	1,500	4,682	2,794	2,189	1,188	1,369
Farmland	25	171	90	31	16	47	68	58	99	30
GNMA properties	2	5	71	5,202	218	1,587	2,019	1,349	19	90

Are the big banks really in worse shape, or are small banks not taking the necessary write-downs in an attempt to preserve equity capital?

* Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

** Includes unearned income.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

DISTRIBUTION OF COMMERCIAL BANKS AND SAVINGS INSTITUTIONS

Asset Size (as of June 30, 2010) (\$ in billions)	Number of Institutions	Percent of Total Institutions	Total Domestic Deposits	Percent of Total Domestic Deposits	Total Assets Less Total Tangible Equity*	Percent of Total Assets Less Tangible Equity
Greater than \$100 billion	19	0%	3,785	49%	7,243	60%
\$50 to \$100 billion	16	0%	670	9%	1,012	8%
\$10 to \$50 billion	70	1%	920	12%	1,262	10%
\$1 to \$10 billion	555	7%	1,075	14%	1,293	11%
Less than \$1 billion	<u>7,170</u>	<u>92%</u>	<u>1,218</u>	<u>16%</u>	<u>1,333</u>	<u>11%</u>
Total	7,830	100%	7,668	100%	12,143	100%

* Data is based on quarter-end balance sheet amounts as of June 30, 2010. These calculations are provided by the FDIC as a rough approximation of how industry assets less tangible equity are stratified by institution asset size; however these calculations are not the equivalent of the future deposit insurance assessment base as defined by the Dodd-Frank Act. The assessment base, with possible exceptions, will be based on an institution's average consolidated assets during the assessment period; minus an institution's average tangible equity during the assessment period. These terms have not yet been defined by regulation. Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

PROBLEM BANKS AND FAILED/ASSISTED BANKS

(\$ in millions)	H1 2010	H1 2009	2009	2008	2007	2006	2005
Problem Institutions							
Number of institutions	829	416	702	252	76	50	52
Total assets	\$403,203	\$299,837	\$402,782	\$159,405	\$22,189	\$8,265	\$6,607
Failed Institutions							
Number of institutions	86	45	140	25	3	0	0
Total assets	\$69,396	\$35,868	\$169,709	\$371,945	\$2,615	\$0	\$0
Assisted Institutions*							
Number of institutions	0	8	8	5	0	0	0
Total assets	\$0	\$1,917,482	\$1,917,482	\$1,306,042	0	0	0

* Assisted institutions represent five institutions under a single holding company that received assistance in 2008, and eight institutions under a different single holding company that received assistance in 2009.

Source: Federal Deposit Insurance Corporation, The Manual of Ideas.

The headline numbers give ample reason for concern, but is such worry akin to looking in the rearview mirror?

VALUEX

Inaugural Meeting of Value Investors

Zurich and Klosters/Davos, Switzerland
February 2-4, 2011

Organized locally by
Guy Spier, Aquamarine Capital Management
John Mihaljevic, *The Manual of Ideas*

Attendance by invitation only.
Email john@manualofideas.com for more information.

Selected Statistics by Bank

LOAN PORTFOLIO SNAPSHOT OF TOP 50 U.S. BANKS BY DEPOSITS *

	Deposits to (\$bn) Loans	Problem Loans / Total Loans					Loan Portfolio Breakdown by Type ***							
		30-89 Days	90+ Days	In Non- Accrual	All Problem Loans **	1-4 Family	Multi- Family	Com- mercial	C&D	Other RE	C&I	Per- sonal	All Other	
		Past Due												
1 Bank of America	1,007	141%	1.8%	3.7%	4.4%	9.9%	49%	1%	7%	4%	0%	20%	11%	7%
2 JPM Chase	969	180%	1.9%	3.5%	4.8%	10.2%	44%	6%	4%	1%	0%	18%	16%	11%
3 Wells Fargo	817	116%	2.3%	4.7%	3.3%	10.3%	44%	1%	12%	5%	1%	16%	13%	9%
4 Citibank	771	164%	2.1%	1.9%	4.4%	8.5%	29%	1%	2%	0%	9%	18%	24%	16%
5 U.S. Bank	191	105%	1.8%	2.5%	2.5%	6.9%	30%	2%	13%	6%	0%	17%	21%	10%
6 PNC	182	120%	1.8%	3.2%	3.5%	8.5%	35%	2%	13%	4%	0%	26%	13%	7%
7 BNY Mellon	140	569%	.9%	1.6%	1.4%	3.8%	17%	2%	1%	1%	2%	11%	0%	67%
8 HSBC USA	129	179%	2.2%	1.0%	3.1%	6.3%	25%	2%	6%	3%	0%	18%	35%	11%
9 TD Bank	122	209%	1.2%	.5%	2.2%	3.8%	29%	2%	26%	5%	0%	16%	8%	13%
10 SunTrust	122	108%	1.4%	1.2%	4.2%	6.8%	41%	1%	12%	5%	0%	20%	12%	9%
11 BB&T	104	106%	1.9%	2.3%	3.0%	7.1%	32%	2%	23%	14%	0%	14%	9%	7%
12 Regions	101	120%	1.4%	.8%	4.4%	6.7%	31%	5%	23%	7%	7%	16%	3%	8%
13 State Street	100	847%	.0%	1.7%	1.2%	2.9%	-	-	5%	-	-	1%	1%	93%
14 Capital One	94	140%	2.3%	1.7%	2.1%	6.1%	22%	7%	15%	4%	0%	16%	28%	8%
15 Fifth Third	84	113%	1.0%	.8%	3.6%	5.4%	27%	1%	13%	7%	0%	29%	16%	7%
16 ING Bank	77	196%	1.2%	.0%	4.5%	5.8%	98%	-	0%	0%	-	1%	0%	0%
17 FIA Card	77	51%	3.1%	3.8%	.0%	6.9%	-	0%	-	-	-	6%	93%	1%
18 RBS Citizens	72	96%	1.0%	.1%	2.5%	3.6%	44%	2%	12%	2%	0%	15%	20%	5%
19 Union Bank	67	143%	.9%	.7%	2.9%	4.4%	44%	5%	15%	5%	0%	27%	0%	4%
20 KeyBank	66	113%	1.3%	.6%	3.4%	5.3%	21%	3%	14%	6%	0%	23%	17%	17%
21 MS Bank	55	476%	.0%	.0%	4.1%	4.1%	0%	0%	0%	-	-	55%	27%	18%
22 Citibank (SD)	49	45%	3.2%	3.2%	.0%	6.4%	-	-	-	-	-	7%	93%	0%
23 Northern Trust	49	309%	1.1%	.0%	1.0%	2.1%	26%	2%	5%	2%	0%	37%	8%	21%
24 Manu. & Traders	47	96%	1.0%	.4%	2.2%	3.7%	23%	4%	28%	9%	0%	20%	10%	6%
25 Compass Bank	46	114%	2.5%	1.6%	5.2%	9.2%	26%	4%	17%	19%	0%	21%	7%	4%
26 Ch. Schwab Bank	46	584%	.4%	.0%	.5%	.8%	93%	-	-	1%	-	-	6%	-
27 Sovereign Bank	42	87%	1.8%	.0%	4.2%	6.0%	37%	11%	21%	3%	-	21%	6%	1%
28 Huntington	41	113%	1.5%	.5%	3.2%	5.2%	35%	3%	20%	5%	0%	18%	15%	4%
29 Chase Bank USA	41	36%	1.4%	1.8%	.0%	3.2%	-	-	-	-	-	5%	95%	0%
30 Comerica Bank	41	102%	.9%	.3%	2.8%	3.9%	9%	1%	22%	9%	0%	50%	1%	8%
31 Bank of the West	38	88%	1.3%	.1%	3.6%	5.1%	28%	1%	16%	5%	3%	13%	23%	11%
32 USAA Federal	37	113%	.9%	.4%	.2%	1.5%	36%	-	0%	0%	-	0%	63%	-
33 Marshall & Ilsley	35	98%	1.2%	.0%	4.7%	5.9%	24%	7%	22%	11%	2%	24%	4%	5%
34 Discover Bank	34	75%	2.0%	2.2%	.9%	5.0%	0%	-	-	-	-	1%	99%	0%
35 Ally Bank	32	78%	.5%	.0%	1.1%	1.6%	35%	-	4%	-	-	28%	28%	4%
36 Harris	32	143%	1.5%	.5%	3.1%	5.2%	44%	2%	15%	2%	0%	12%	21%	3%
37 GS Bank	30	842%	.0%	.0%	.0%	.0%	21%	-	0%	1%	-	25%	5%	48%
38 E*TRADE Bank	28	129%	2.6%	.0%	7.6%	10.2%	72%	-	0%	-	-	1%	27%	-
39 Capital One Bank	28	53%	2.6%	2.9%	.0%	5.5%	-	-	-	-	-	9%	90%	1%
40 Synovus Bank	26	116%	1.0%	.1%	5.8%	6.8%	20%	3%	32%	23%	1%	15%	2%	4%
41 UBS Bank USA	26	161%	.0%	.0%	.0%	.0%	3%	0%	0%	0%	-	46%	49%	2%
42 Hudson City Sav.	25	79%	1.8%	.2%	2.3%	4.2%	100%	0%	0%	0%	-	0%	0%	-
43 Citizens Bank PA	23	150%	.8%	.1%	2.8%	3.8%	46%	1%	11%	5%	-	24%	11%	3%
44 DB Americas	22	170%	.0%	.0%	4.3%	4.3%	30%	0%	6%	0%	0%	18%	8%	37%
45 NY Community	21	75%	1.0%	1.0%	2.1%	4.1%	20%	59%	17%	2%	-	1%	0%	0%
46 RBC Bank (USA)	20	111%	2.5%	.1%	7.2%	9.9%	35%	3%	25%	15%	0%	13%	1%	7%
47 Banco Popular	20	110%	6.9%	5.3%	9.5%	21.7%	19%	0%	29%	8%	10%	10%	16%	7%
48 AmEx Centurion	19	156%	1.0%	.4%	3.3%	4.7%	-	-	-	-	-	0%	100%	0%
49 City National	18	136%	1.0%	2.7%	2.0%	5.8%	32%	9%	18%	7%	0%	27%	3%	3%
50 Associated Bank	17	142%	1.3%	.2%	7.9%	9.3%	35%	4%	23%	7%	0%	19%	6%	5%

* Shows data for individual banks and national associations rather than bank holding companies. Data as of June 30, 2010.

** Excludes other real estate owned (OREO). *** C&D = construction and development loans; C&I = commercial and industrial loans (non-real estate).

Sources: FDIC, Manual of Ideas analysis.

BANKS TO AVOID? 50 BANKS WITH HIGH TROUBLED ASSET RATIOS*

		State	Deposits		Tier 1 Cap. (\$mn)	Re-serves (\$bn)	Troubled Assets** / T1 Cap & Reserves	Problem Loans / Loans			% of Loan Portfolio***				
			(\$ bn)	to Loans				30-89 Days Past Due	90+ Days	In Non-Accrual	1-4 Family	Com-mercial	C&D	C&I	Per-sonal
1	Hillcrest Bank	KS	1.5	148%	10	35	572%	8.0%	.0%	15.8%	2%	20%	57%	14%	0%
2	Premier Bank	MO	1.0	134%	18	53	428%	6.6%	.3%	21.4%	14%	31%	41%	4%	0%
3	ShoreBank	IL	1.5	125%	4	90	352%	2.3%	1.3%	25.2%	23%	21%	11%	20%	0%
4	HomeStreet Bank	WA	2.3	121%	136	95	196%	2.1%	.2%	16.6%	43%	22%	25%	6%	0%
5	Metropolitan National	AR	1.2	141%	76	36	191%	3.2%	.0%	12.0%	20%	35%	20%	11%	3%
6	AmericanWest Bank	WA	1.4	126%	38	39	180%	.1%	.0%	8.0%	15%	45%	10%	9%	1%
7	MidFirst Bank	OK	7.5	83%	1,087	182	178%	9.4%	21.6%	2.6%	53%	24%	13%	8%	0%
8	Bank Midwest	MO	3.6	189%	193	159	175%	1.5%	.1%	22.8%	18%	30%	24%	17%	1%
9	First Community	NM	2.1	130%	65	123	170%	1.8%	.0%	16.4%	10%	47%	27%	12%	1%
10	Michigan Commerce	MI	1.0	119%	24	61	167%	3.7%	.2%	12.9%	19%	51%	7%	16%	0%
11	Community & Southern	GA	1.5	184%	222	0	166%	6.5%	2.3%	27.4%	30%	27%	25%	9%	4%
12	State Bank and Trust	GA	2.2	198%	322	4	163%	5.3%	.5%	31.8%	18%	32%	34%	10%	2%
13	Sterling Savings Bank	WA	6.8	116%	330	258	160%	1.1%	.0%	14.0%	22%	40%	16%	10%	3%
14	Ocean Bank	FL	3.6	129%	258	79	159%	1.8%	.4%	11.9%	22%	41%	10%	13%	1%
15	Hampton Roads	VA	2.3	120%	52	169	157%	1.0%	.0%	16.8%	20%	28%	30%	16%	1%
16	Communityone Bank	NC	1.7	116%	114	70	149%	1.3%	.3%	15.2%	29%	30%	24%	7%	3%
17	Scotiabank de PR	PR	3.3	65%	479	32	137%	5.5%	11.2%	1.0%	57%	16%	6%	6%	11%
18	AnchorBank	WI	3.2	105%	163	167	136%	2.1%	.0%	13.1%	33%	26%	8%	5%	11%
19	The Palmetto Bank	SC	1.2	127%	60	28	134%	1.6%	.0%	9.7%	20%	45%	18%	6%	7%
20	Bank of Smithtown	NY	1.8	95%	118	58	130%	2.5%	.0%	11.8%	11%	47%	16%	2%	0%
21	Doral Bank	PR	4.9	94%	670	122	129%	2.7%	1.2%	16.8%	68%	13%	8%	8%	1%
22	United Central Bank	TX	2.0	122%	261	28	129%	4.1%	17.6%	2.0%	2%	77%	13%	5%	0%
23	Superior Bank	FL	2.8	115%	187	32	126%	1.8%	.6%	8.7%	31%	29%	26%	8%	2%
24	TIB Bank	FL	1.3	125%	66	28	124%	1.0%	.0%	7.2%	29%	52%	6%	6%	3%
25	Great Florida Bank	FL	1.4	125%	91	33	118%	1.0%	.0%	9.9%	42%	23%	16%	8%	1%
26	Bank of Choice	CO	1.1	141%	74	24	115%	5.2%	1.4%	9.6%	17%	34%	24%	14%	1%
27	BankUnited	FL	7.6	179%	1,102	15	113%	3.2%	.0%	25.8%	82%	9%	2%	5%	0%
28	Integra Bank	IN	2.5	145%	136	107	109%	1.7%	.5%	13.1%	24%	28%	17%	13%	6%
29	U. S. Century Bank	FL	1.6	103%	168	52	107%	1.2%	.1%	12.8%	14%	41%	21%	12%	0%
30	Pacific Capital Bank	CA	5.4	124%	295	277	106%	1.3%	.1%	12.5%	30%	42%	8%	10%	2%
31	Bank of Cascades	OR	1.6	122%	75	58	106%	.8%	.0%	6.5%	8%	55%	14%	15%	4%
32	Banco Popular	PR	19.9	110%	2,067	684	104%	6.9%	5.3%	9.5%	19%	29%	8%	10%	16%
33	Iberiabank	LA	7.1	151%	655	76	104%	2.5%	1.9%	13.4%	31%	29%	11%	15%	7%
34	Old Second National	IL	2.2	118%	188	81	104%	2.0%	.0%	12.6%	26%	44%	10%	10%	0%
35	Central Pacific Bank	HI	3.2	129%	267	202	100%	.4%	.1%	17.2%	26%	34%	23%	9%	4%
36	EverBank	FL	9.0	136%	964	78	99%	4.3%	7.7%	5.7%	70%	12%	4%	5%	0%
37	Inter National Bank	TX	1.7	166%	178	29	98%	2.0%	.4%	11.5%	25%	33%	16%	20%	2%
38	Great Western Bank	SD	6.5	120%	506	36	92%	.7%	5.0%	2.0%	18%	32%	10%	15%	3%
39	Firstbank	PR	12.8	107%	1,449	578	91%	4.0%	1.6%	13.2%	28%	25%	10%	16%	12%
40	Far East National	CA	1.2	109%	172	67	90%	4.0%	4.1%	13.4%	10%	52%	16%	16%	0%
41	Parkway B&T	IL	2.1	113%	216	40	90%	6.1%	1.0%	9.0%	4%	61%	22%	2%	0%
42	Cascade Bank	WA	1.2	110%	99	26	90%	.1%	.0%	6.7%	23%	39%	14%	12%	0%
43	First Savings NW	WA	1.0	106%	124	30	89%	.9%	.0%	12.5%	47%	24%	15%	0%	0%
44	Community Bks CO	CO	1.6	126%	112	47	89%	3.0%	.9%	7.4%	14%	24%	31%	17%	4%
45	Macatawa Bank	MI	1.3	100%	106	56	89%	1.0%	.2%	7.1%	25%	34%	12%	21%	2%
46	Amboy Bank	NJ	2.0	125%	266	54	87%	3.9%	.1%	8.6%	33%	22%	35%	6%	0%
47	PremierWest Bank	OR	1.3	125%	126	44	85%	1.0%	.0%	12.4%	6%	49%	16%	16%	4%
48	First Mariner Bank	MD	1.1	116%	84	12	84%	2.8%	1.2%	5.2%	41%	31%	13%	8%	3%
49	Reliance Bank	MO	1.1	114%	103	30	83%	3.5%	.1%	7.9%	6%	62%	12%	9%	0%
50	Flagstar Bank	MI	8.4	96%	1,263	377	82%	2.2%	.2%	11.4%	76%	10%	3%	8%	1%

* Shows data for individual banks and national associations rather than bank holding companies. Data as of June 30, 2010 for banks with \$1+ bn in deposits.

** Troubled assets are calculated as the sum of loans 90+ days past due, non-accrual loans and other real estate owned (OREO) divided by the sum of Tier 1 capital and loan loss reserves. *** Selected loan types only. C&D = construction and development loans; C&I = commercial and industrial loans (non-real estate). Sources: FDIC, Manual of Ideas analysis.

100 CHEAPEST BANK HOLDING COMPANIES (all market caps), by Market Value to Total Assets

The following table presents companies trading at exceedingly low ratios of market value to total assets. These are generally distressed institutions, and many will have to raise additional capital, likely leading to significant equity dilution. Nonetheless, the list represents a potential way of identifying companies with asymmetric risk-reward profiles.

Ticker	Company	State	Stock Price (\$)	Δ Since 12/29/06	Market Value (\$mn)	Total Assets (\$mn)	MV/ Total Assets	Tang. Book (\$mn)	TBV/ MV	TBV/ Tang. Assets	Assets/ Empl. (\$mn)	MV/ Empl. (\$'000)	Insider Own.
FBP	First Bancorp	PR	.32	-97%	30	18,116	.2%	464	1563%	2.6%	7	11	16%
AIB	Allied Irish Banks	IRE	1.19	-98%	761	235,730	.3%	11,905	1564%	5.1%	10	33	1%
FNBN	FNB United	NC	.58	-97%	7	2,023	.3%	19	292%	1.0%	5	15	7%
SUPR	Superior Bancorp	AL	.90	-98%	11	3,358	.3%	135	1191%	4.0%	4	14	15%
TIBB	TIB Financial	FL	.42	-97%	6	1,691	.4%	10	159%	.6%	4	16	12%
BFCF	BFC Financial	FL	.35	-95%	26	6,150	.4%	119	452%	2.0%	1	5	35%
UWBK	United Western	CO	.38	-98%	11	2,221	.5%	111	999%	5.0%	10	50	6%
CBC	Capitol Bancorp	MI	1.15	-98%	25	4,749	.5%	17	69%	.4%	4	19	12%
BNCC	BNCCORP	ND	1.70	-87%	6	903	.6%	37	664%	4.1%	3	18	14%
TRUE	Centrue Financial	MO	1.40	-93%	9	1,227	.7%	46	536%	3.8%	4	28	28%
PABK	PAB Bankshares	GA	.63	-97%	9	1,111	.8%	26	294%	2.3%	4	32	36%
CACB	Cascade Bancorp	OR	.54	-98%	15	1,919	.8%	6	42%	.3%	4	32	15%
IBCA	Interinvest Banc	NY	1.95	-94%	18	2,164	.8%	164	923%	7.6%	30	247	33%
CRZBY	Commerzbank	GER	8.99	-77%	10,620	1,225,614	.9%	32,691	308%	2.7%	20	174	47%
CARV	Carver Bancorp	NY	3.11	-80%	8	804	1.0%	40	522%	5.0%	6	55	4%
TDBK	Tidelands Banc	SC	1.37	-91%	6	585	1.0%	17	286%	2.9%	7	71	34%
FMAR	First Mariner Banc	MD	.81	-96%	15	1,342	1.1%	43	296%	3.2%	2	21	23%
BYFC	Broadway Financial	CA	3.43	-67%	6	552	1.1%	20	330%	3.6%	7	76	31%
FETM	Fentura Financial	MI	2.25	-93%	5	455	1.1%	18	351%	3.9%	4	49	24%
NSFC	Northern States Fin.	IL	1.57	-92%	6	556	1.2%	24	372%	4.3%	4	47	44%
BBX	BankAtlantic	FL	.88	-99%	54	4,656	1.2%	64	119%	1.4%	3	38	55%
VBFC	Village B & T	VA	1.65	-88%	7	607	1.2%	49	693%	8.0%	3	36	20%
PNBK	Patriot Nation. Banc	CT	2.00	-92%	10	817	1.2%	32	333%	3.9%	6	65	50%
GRAN	Bank of Granite	NC	.76	-96%	12	988	1.2%	35	295%	3.5%	5	59	7%
OSBC	Old Second Banc	IL	2.10	-93%	29	2,463	1.2%	86	293%	3.5%	4	51	15%
CBKN	Capital Bank	NC	1.56	-91%	20	1,694	1.2%	83	413%	4.9%	4	53	23%
WBK	Waccamaw Bank	NC	1.30	-91%	7	574	1.3%	18	253%	3.2%	4	56	12%
DEAR	Dearborn Bancorp	MI	1.63	-91%	13	933	1.3%	30	240%	3.2%	5	64	16%
GRBS	Greer Bancshares	SC	2.50	-90%	6	458	1.4%	17	277%	3.8%	6	78	18%
FFBH	First Federal Banc	AR	1.92	-92%	9	678	1.4%	28	303%	4.2%	3	39	27%
IMCB	Intermountain Banc	ID	1.75	-92%	15	1,066	1.4%	46	313%	4.4%	3	40	30%
CBCO	Coastal Banking	SC	2.40	-89%	6	436	1.4%	27	431%	6.1%	4	60	15%
PNBC	Princeton Nat. Banc	IL	4.90	-85%	16	1,131	1.4%	50	307%	4.4%	4	57	6%
FSGI	First Security	TN	1.18	-90%	19	1,334	1.5%	104	536%	7.8%	4	58	10%
CECB	Cecil Bancorp	MD	2.00	-79%	7	505	1.5%	27	361%	5.3%	6	81	50%
MBR	Mercantile Bancorp	IL	1.70	-89%	15	1,009	1.5%	36	244%	3.6%	3	49	55%
FUNC	First United Corp.	MD	4.45	-80%	27	1,776	1.5%	55	202%	3.1%	5	73	3%
CWBS	Commonwealth Bank	VA	2.75	-89%	19	1,222	1.5%	77	405%	6.3%	6	96	19%
CADE	Cadence Financial	MS	2.45	-89%	29	1,886	1.5%	76	260%	4.0%	4	68	11%
HMNF	HMN Financial	MN	3.51	-90%	15	975	1.5%	65	427%	6.6%	5	71	24%
SCMF	Southern Community	NC	1.61	-84%	27	1,660	1.6%	76	279%	4.6%	5	89	8%
HCFB	HCSB Financial	SC	3.49	-80%	13	796	1.7%	27	205%	3.4%	5	84	13%
FFKT	Farmers Capital	KY	4.76	-86%	35	2,093	1.7%	120	342%	5.8%	4	64	7%
CAFI	Camco Financial	OH	2.00	-84%	14	844	1.7%	57	398%	6.8%	4	64	4%
RBS	Royal Bank Scotland	SC	14.80	n/a	42,897	2,522,044	1.7%	99,348	232%	4.0%	16	273	69%
FCVA	First Capital Banc	VA	3.12	-83%	9	546	1.7%	44	471%	8.0%	7	119	20%
BTC	Community Bankers	VA	.96	-87%	21	1,204	1.7%	76	367%	6.4%	4	71	4%
TNCC	TN Commerce Banc	TN	4.25	-86%	24	1,390	1.7%	86	358%	6.2%	14	247	11%
DRL	Doral Financial	PR	1.55	-97%	167	9,397	1.8%	309	185%	3.3%	8	145	2%
IRE	Bank of Ireland	IRE	3.41	-96%	4,518	246,883	1.8%	9,871	218%	4.0%	17	312	0%

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YAVY	Yadkin Valley Fin.	NC	2.58	-87%	42	2,240	1.9%	96	229%	4.3%	5	97	5%
GFED	Guaranty Federal	MO	5.18	-82%	14	732	1.9%	37	272%	5.1%	5	98	19%
ACFC	Atlantic Coast Fed	GA	1.27	-93%	17	901	1.9%	53	313%	5.9%	6	111	69%
SMMF	Summit Financial	WV	3.89	-80%	29	1,520	1.9%	76	264%	5.0%	7	125	23%
FPFC	First Place Fin.	OH	3.55	-85%	60	3,153	1.9%	174	288%	5.5%	4	72	10%
EVBS	Eastern VA Bank	VA	3.55	-84%	21	1,100	1.9%	60	283%	5.5%	3	67	5%
FFKY	First Financial	KY	5.05	-82%	24	1,239	1.9%	66	274%	5.3%	4	76	15%
UCFC	United Community	OH	1.47	-88%	45	2,314	2.0%	212	467%	9.2%	4	80	13%
PVSA	Parkvale Financial	PA	6.65	-79%	37	1,842	2.0%	59	159%	3.2%	5	99	27%
VYFC	Valley Financial	VA	3.30	-75%	15	762	2.0%	39	253%	5.1%	6	118	46%
FMFC	First M & F	MS	3.50	-82%	32	1,568	2.0%	74	231%	4.7%	3	64	22%
PFBC	Preferred Bank	CA	1.68	-96%	27	1,323	2.0%	114	423%	8.6%	11	213	20%
MBWM	Mercantile Bank	MI	4.28	-88%	37	1,804	2.0%	119	323%	6.6%	7	148	13%
RBNF	Rurban Financial	OH	2.75	-74%	13	649	2.1%	27	199%	4.3%	2	50	16%
MCBC	Macatawa Bank	MI	1.93	-90%	34	1,650	2.1%	33	97%	2.0%	4	87	7%
UBMI	United Bancorp	MI	3.50	-84%	18	849	2.1%	56	316%	6.6%	4	82	17%
PBCE	Peoples Bancorp SC	SC	1.61	-85%	11	538	2.1%	41	364%	7.6%	5	98	29%
CSBQ	Cornerstone Banc	TN	1.70	-89%	11	523	2.1%	27	241%	5.1%	5	106	17%
FBIZ	First Business Fin.	WI	9.00	-61%	23	1,074	2.1%	54	238%	5.1%	9	188	28%
BCS	Barclays	EN	18.22	-69%	54,879	2,524,448	2.2%	64,842	118%	2.6%	17	374	12%
BRBI	Blue River Banc	IN	1.50	-75%	5	237	2.2%	14	271%	6.0%	4	93	28%
RBPA	Royal Banc PA	PA	2.04	-92%	26	1,184	2.2%	72	272%	6.1%	8	169	45%
MBTF	MBT Financial	MI	1.75	-89%	28	1,264	2.2%	86	304%	6.8%	4	80	8%
FSRL	First Reliance	SC	3.25	-79%	13	593	2.3%	33	243%	5.5%	4	92	21%
BKOR	Oak Ridge Financial	NC	4.37	-66%	8	343	2.3%	21	273%	6.2%	4	96	32%
BCAR	Bank of Carolinas	NC	3.22	-78%	13	540	2.3%	32	258%	6.0%	4	104	21%
MCBI	MetroCorp Banc	TX	3.08	-85%	38	1,624	2.3%	94	248%	5.8%	5	128	33%
QCRH	QCR Holdings	IL	9.30	-47%	43	1,836	2.3%	129	301%	7.0%	5	123	12%
DCBF	DCB Financial	OH	4.06	-86%	15	644	2.3%	48	315%	7.4%	4	86	4%
CZBS	Citizens Bancshares	GA	4.39	-62%	9	394	2.4%	32	340%	8.1%	3	69	38%
PFED	Park Bancorp	IL	4.26	-87%	5	214	2.4%	22	425%	10.1%	4	85	41%
FBMI	Firstbank Corp.	MI	4.61	-78%	36	1,477	2.4%	78	216%	5.4%	3	77	4%
FSBI	Fidelity Bancorp	PA	5.66	-70%	17	708	2.4%	39	224%	5.5%	5	132	21%
ABVA	Alliance Bankshares	VA	2.97	-81%	15	620	2.5%	36	235%	5.8%	8	188	24%
KSBI	KS Bancorp	NC	6.50	-75%	9	344	2.5%	19	228%	5.6%	5	118	25%
SMTB	Smithtown Bancorp	NY	3.83	-84%	57	2,307	2.5%	91	159%	4.0%	8	191	5%
FCFL	First Community Bank	FL	2.40	-87%	13	516	2.5%	20	150%	3.8%	5	136	53%
CRFN	Crescent Financial	NC	2.60	-78%	25	986	2.5%	63	251%	6.4%	7	166	18%
SFST	Southern First Banc	SC	6.02	-72%	19	741	2.5%	45	237%	6.0%	7	180	25%
BTFG	BancTrust Financial	AL	2.99	-88%	53	2,058	2.6%	113	215%	5.5%	4	95	9%
PLBC	Plumas Bancorp	CA	2.79	-81%	13	506	2.6%	27	199%	5.2%	3	74	22%
MCFI	MidCarolina Fin.	NC	3.00	-81%	15	561	2.6%	36	244%	6.4%	7	180	19%
PEBK	Peoples Bancorp NC	NC	5.25	-72%	29	1,088	2.7%	77	264%	7.1%	4	109	22%
CWBC	Community West Banc	CA	3.05	-81%	18	672	2.7%	45	251%	6.7%	6	148	46%
BOVA	Bank of Virginia	VA	1.95	-74%	6	217	2.7%	17	285%	7.7%	4	116	15%
MTU	Mitsubishi UFJ	TK	4.63	-63%	65,412	2,402,406	2.7%	83,175	127%	3.5%	30	828	5%
SCGLY	Societe Generale	FRA	11.56	-66%	42,895	1,568,961	2.7%	52,578	123%	3.4%	10	274	7%
PMBC	Pacific Mercantile	CA	3.02	-81%	32	1,149	2.7%	56	177%	4.8%	6	152	8%
FCZA	First Citizens Banc	OH	4.00	-80%	31	1,119	2.8%	49	160%	4.5%	4	109	8%
CFFC	Community Financial	VA	3.52	-70%	15	552	2.8%	37	242%	6.7%	4	99	33%

Sources: Company filings and other data, Manual of Ideas analysis.

We take a quick look at selected companies in the previous table in order to identify ideas that warrant further inquiry:

Ticker	Company	State	Stock Price (\$)	Δ Since 12/29/06	Market Value (\$mn)	Total Assets (\$mn)	MV/ Total Assets	Tang. Book (\$mn)	TBV/ MV	TB/ Tang. Assets	Assets/ Empl. (\$mn)	MV/ Empl. (\$'000)	Insider Own.
FBP	First Bancorp firstbankpr.com	PR	.32	-97%	30	18,116	.2%	464	1563%	2.6%	7	11	16%
<p>FBP's FirstBank subsidiary is Puerto Rico's second-largest bank behind Banco Popular (BPOP). FBP's loan portfolio is concentrated primarily in Puerto Rico, with a small portion in Florida. The above MV-to-asset ratio of 0.2% must be adjusted for the exchange of preferred for common stock, completed in late August. \$487 million, or 89%, of the relevant preferred stock was tendered into the exchange offer, resulting in the issuance of 227 million common shares. Positively, the company essentially issued stock at \$2.15 per share, or multiples of the recent stock price, resulting in a large one-time gain for common shareholders. The completed exchange offer increases FBP's tangible common equity and Tier 1 common ratios to 5.21% and 6.62%, respectively, from 2.57% and 2.86%, respectively, and shares outstanding from 93 million to 320 million, implying a "true" current market value of roughly \$100 million. The MV-to-assets ratio rises accordingly from 0.2% to 0.5%. This is still exceedingly low, so the question becomes how much more common equity issuance the bank will be forced to undertake. Here, the news is sobering, but let's look at the math: The U.S. Treasury continues to hold \$400 million of FBP preferred stock from a TARP investment. FBP can compel conversion of the preferred into common if it separately raises \$500 million in new common stock. As management is both pursuing a \$500 million equity raise and the \$400 million conversion, let's assume that FBP must issue \$900 million of stock at \$0.30 per share. This would bring the total share count to roughly 3.3 billion, resulting in a pro forma market value of \$1 billion. Consequently, the MV-to-assets ratio would increase from 0.5% to 5.5%. Considering the risks involved in the pending equity issuance and FBP's balance sheet, an MV-to-assets ratio of 5.5% is insufficient to make this an attractive opportunity, in our view.</p>													
FNB	FNB United MyYesBank.com	NC	.58	-97%	7	2,023	.3%	19	292%	1.0%	5	15	7%
<p>FNB signed a regulatory consent order in July, agreeing to raise new capital. According to CEO Larry Campbell, the bank is "actively engaged with financial advisors to assist us in developing a capital raising plan over the coming months to stabilize our financial position." As the bank only meets "adequately capitalized" thresholds even after receiving \$51 million in TARP money, we believe common equity dilution could be very substantial going forward. As a result, we pass on FNB.</p>													
SUPR	Superior Bancorp superiorbank.com	AL	.90	-98%	11	3,358	.3%	135	1191%	4.0%	4	14	15%
<p>Superior Bancorp has a troubled asset ratio (troubled assets divided by the sum of Tier 1 capital and loan loss reserves) of 125%. This puts the bank at risk of shutdown by the FDIC while requiring management to scramble to raise equity capital. Shareholders have approved an increase in authorized common shares to 200 million, compared to fewer than 13 million shares outstanding. Assuming an increase in shares outstanding to 200 million and no change in the stock price, Superior would have a market value of \$180 million, implying an MV-to-asset ratio of 5.3%. We view this as too high given the risks.</p>													
TRUE	Centrue Financial centrue.com	MO	1.40	-93%	9	1,227	.7%	46	536%	3.8%	4	28	28%
<p>St. Louis, Missouri-based Centrue Bank has been providing banking services for 135 years. Capital ratios at the bank and the holding company continue to exceed regulatory "well capitalized" threshold, at least on paper. The company sold a branch during Q2, resulting in a small gain. Management has also "implemented an aggressive cost reduction program that includes streamlining operational functions, reducing marketing and other discretionary expenses, freezing officer salaries, eliminating annual bonuses for 2010 and reducing Board of Director fees." These actions suggest that insiders, who own 26% of the company, are at least attempting to help the bank survive the crisis. Centrue had a troubled asset ratio of roughly 75% as of June 30th, up slightly from March 31st. While this ratio is high, it does not put Centrue at imminent risk of closure and indeed may allow management to continue optimizing capital without a large near-term equity raise. We find Centrue worthy of a closer look.</p>													
IBCA	Interwest Banc interwestnatbank.com	NY	1.95	-94%	18	2,164	.8%	164	923%	7.6%	30	247	33%
<p>New York City-based commercial real estate lender Interwest completed a sale of 10.6 million common shares for \$1.95 per share on October 14th. The offering included some participation by company insiders. Following the equity raise, Interwest has roughly 20 million shares outstanding, implying a market value of roughly \$40 million. Market value to total assets is therefore 1.8% — quite attractive assuming the company can escape further equity dilution. Interwest's troubled asset ratio actually decreased in Q2, from 56% as of March 31st to 31% as of June 30th. As a result, we find the shares worthy of some consideration.</p>													
FMAR	First Mariner Banc 1stmarinerbank.com	MD	.81	-96%	15	1,342	1.1%	43	296%	3.2%	2	21	23%
<p>Baltimore-based First Mariner raised \$11 million at \$1.15 per share in Q2. The company previously extinguished \$20 million of trust preferred debt by issuing \$2 million of stock at \$1.23 per share to chairman and CEO Edwin Hale, Sr., who had purchased the debt for \$2 million in cash. We believe Hale's actions show he is committed to continuing to strengthen the capital base of First Mariner in a way that should not unnecessarily dilute shareholders. While First Mariner continues to have a troubled asset ratio in the 80s, we are intrigued by Hale's success in keeping the bank off the brink of failure.</p>													
OSBC	Old Second Banc oldsecond.com	IL	2.10	-93%	29	2,463	1.2%	86	293%	3.5%	4	51	15%
<p>Aurora, Illinois-based Old Second had a troubled asset ratio of 103% as of June 30th, up from 78% as of March 31st. This seems to necessitate an equity raise, although capital ratios remain above "well capitalized" thresholds. Old Second is not regarded as "well capitalized" because it is subject to a regulatory order to increase the Tier 1 leverage capital ratio to 8.75% and the total risk-based capital ratio to 11.25% (the bank's Tier 1 leverage capital ratio was 7.76% and the total risk-based capital ratio was 10.73% as of June 30th). CEO Skoglund is attempting to avoid major equity dilution, but it is unclear whether he will be successful. According to Skoglund, "Like many financial institutions, we would like to be in a position to augment our capital position and we continue to pursue every avenue to do so. However, we remain confident that Old Second National Bank has sufficient capital and projected strong core earnings that are more than sufficient to support our operations and to weather the current challenging economic climate. We've been operating for nearly 140 years and have navigated many previous economic downturns and we intend to do so again now." It will be interesting to review Old Second's Q3 results (to be released after our print deadline).</p>													

Sources: Company filings and other data, Manual of Ideas analysis.