



Freeman & Co. LLC

645 Fifth Avenue  
9<sup>th</sup> Floor  
New York, NY 10022  
Phone: 212-830-6161  
Fax: 212-265-4998

## *News Release*

### **FREEMAN & CO. REPORTS THAT PRIVATE EQUITY ACTIVITY IN FINANCIAL SERVICES CONTINUES ITS RECOVERY FROM THE FINANCIAL CRISIS AND IS BEGINNING A NEW CYCLE**

**NEW YORK - LONDON, September 9, 2011** – Freeman & Co., a leading independent advisor to the financial services industry, released its sixth annual report today covering Private Equity (“PE”) activity within the Financial Institutions Group (“FIG”) sector <sup>(1)</sup>.

#### **Highlights of current trends include:**

- **Deal Volume on Pace with Last Year** – 48 transactions (entry and exit deals) with a disclosed transaction value of \$14.9 billion invested in FIG by PE firms for 1H 2011. Deal value is up 39% year-over-year, with the number of transactions staying the same. The average transaction size was \$309.4 million, up significantly from 1H 2010’s average size of \$222.7 million <sup>(2)</sup>.
  - **Asset Management:** Activity kept pace at 3 transactions totaling \$187 million taking place in the first half of the year, the same number of transactions completed in the first half of 2010. However, total transaction value in 1H 2010 was higher at \$273 million.
  - **Banks & Broker-Dealers:** Activity increased 44% to 13 transactions totaling \$3.4 billion in 1H 2011, compared to 9 transactions valued at \$2.4 billion in the same period in 2010. The increase in transaction volume and size is a testament to the changing environment in the space.
  - **Business Services:** For the first half of the year, completed deals fell from 13 to 11, and total deal value halved to \$1.2 billion from \$2.4 billion in 1H 2010. The decline in deal value and activity follows a particularly active 2010, in which the acquisitions of Interactive Data, RBS WorldPay and Vertafore took place.
  - **Financial Technology:** 1H 2011 deal activity kept pace with the first half of 2010, with 5 transactions in each year. However, transaction value fell to \$744 million from \$1.9 billion due to the \$1.85 billion acquisition of RiskMetrics Group by MSCI in 2010 (General Atlantic, Spectrum and TCV were among the largest sellers along with public shareholders).
  - **Insurance:** In 1H 2011, deal activity fell to 3 completed transactions compared to 7 transactions closed in the same period in 2010. Total deal value for the first half of the year was \$1.6 billion compared to \$2.4 billion in 1H 2010. The largest deal in the space was JC Flowers’ \$1.2 billion acquisition of Groupe Prevoyance, a leading French loan insurance broker, in May 2011.
  - **Specialty Finance:** Activity in this space increased from 11 deals totaling \$1.3 billion in the prior year to 13 deals valued at \$7.7 billion in 1H 2011. The largest deal in the sector was Cerberus’ \$6.3 billion exit of TD Autofinance (formerly Chrysler Financial Services Americas LLC).
- **Fundraising:** Continued pressure on PE firms to deploy the large amounts of capital raised during 2005-2008 contributes to the major capital overhang facing the industry. Just \$97 billion was raised in 1H 2011. The drive to deploy capital for larger funds of 2005-2007 vintages should be a strong catalyst for PE activity in the coming 18-24 months.

- **Exits:** This year is on pace to be the most active year for exits of PE-sponsored portfolio companies since 2008, with \$9.0 billion of exits completed in the first half of the year, compared to total exit value of \$10.0 billion for the entirety of 2010. This is another signal that PE investment in FIG companies is entering a new, post-crisis cycle.

Eric C. Weber, CFA, Managing Director of Freeman & Co. said, "PE activity mirrors the market stability through June -- sales of portfolio companies in 1H 2011 nearly equaled full year 2010 levels of \$10 billion, allowing PE sponsors to return funds to investors. New investments in 1H 2011 were strong at \$5.7 billion, but lacked the larger deals of 2010 such as IDC or RBS WorldPay. Overall, banks and insurers still hold many non-core businesses, which provides ample hunting grounds for PE firms to target over the next 3 years."

### About Freeman & Co., LLC

Founded in 1991, Freeman & Co. LLC is an M&A advisory and strategic consulting firm focused exclusively on the financial services industry with offices in New York and London. The company's advisory services include mergers and acquisitions advice, capital raising, underwriting, fairness opinions, restructuring advice and private company valuations. Strategic consulting assignments are customized to client needs and have covered a wide array of projects. Additionally, Freeman & Co. developed a proprietary algorithm and methodology for benchmarking the competitive position of capital markets businesses, which has become the industry standard used by major investment banks. For more information, visit [www.freeman-co.com](http://www.freeman-co.com).

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**For a full copy of the report or further information please contact:**

#### United States:

**Eric C. Weber, CFA**  
**Freeman & Co.**  
 +1 212 830 6162  
[eweber@freeman-co.com](mailto:eweber@freeman-co.com)

**Peter J. Majar**  
**Freeman & Co. LLC**  
 +1 212 830 6196  
[pmajar@freeman-co.com](mailto:pmajar@freeman-co.com)

#### Europe:

**James Hatchley**  
**Freeman & Co.**  
 +44 (0) 207 743 6535  
[jhatchley@freeman-co.com](mailto:jhatchley@freeman-co.com)

**Howard Lee**  
**Daniel Kahn**  
**HeadLand Consultancy**  
 +44 (0) 207 367 5222  
[hlee@headlandconsultancy.co.uk](mailto:hlee@headlandconsultancy.co.uk)  
[dkahn@headlandconsultancy.co.uk](mailto:dkahn@headlandconsultancy.co.uk)

#### Notes:

- (1) All data in the report includes global deal activity for 180 private equity firms consistently tracked by Freeman & Co. Freeman & Co. believes the sample data is representative of total activity in financial institutions private equity
- (2) Average deal size calculations use deals with disclosed deal value only