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Michael White Associates is pleased to distribute BankInsurance.com News, a monthly publication that distills the most important news stories in the bank insurance and investment marketplace. Visit BankInsurance.com regularly for timely industry news and analysis, as well as up-to-date information about MWA consulting products and services. No other site offers as much information, knowledge and understanding of the bank insurance and investment market as www.BankInsurance.com.

FEBRUARY 7 - 13, 2011

RECORD INSURANCE EARNINGS AT U.S. BANK HOLDING COMPANIES

Over the first three quarters of 2010, BHCs tallied a record $9.73 billion in insurance brokerage fee income, up 7.0% from $9.10 billion for the same period in 2009, according to the *Michael White-Prudential Bank Fee Income Report*. Nonetheless, third-quarter bank holding company (BHC) insurance brokerage income was down 6.3% to $2.86 billion compared to $3.05 billion in third quarter 2009, hitting the lowest amount since fourth quarter 2008. Thus far in 2010, 63.9% of large top-tier BHCs engaged in insurance brokerage activities.

Compiled by Michael White Associates (MWA) and sponsored by The Prudential Insurance Company of America's Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 7,020 commercial and FDIC-supervised savings banks and 915 large top-tier bank holding companies operating on September 30, 2010. Bank holding company insurance brokerage fee income consists of commissions and fees earned by a bank holding company or its subsidiary from insurance product sales and referrals of credit, life, health, property, casualty, and title insurance.

Among companies with significant banking activities as of September 30, 2010, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of $1.34 billion. Citigroup Inc. (NY) ranked second nationally with $1.34 billion; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $712.8 million in insurance brokerage revenue over three quarters.

Bank holding companies over $10 billion in assets continued to have the highest participation (90.9%) in insurance brokerage activities. These BHCs produced $9.18 billion in insurance fee income in the first three quarters of 2010, up 7.6% from the $8.53 billion they produced YTD in 2009. These large bank holding companies accounted for 94.3% of all BHC insurance brokerage fee income earned thus far in 2010.

At a time when other bank revenues are down, particularly service charges on deposit accounts as a result of regulation, insurance brokerage stands out as a natural business for banks. Bank insurance income is proving to be a nice addition to the income statement. "Life insurance in particular is showing an increase in sales," said Joan H. Cleveland, senior vice president, Business Development with Prudential's Individual Life Insurance business. "This positive trend builds on our confidence in the product and processes we've developed and the relationships we have formed with financial institutions. We believe we will continue to enable them to achieve noninterest income while helping to meet their customers' life insurance needs."

Industry Shuffle: What Do These Maneuvers Reveal?

- Bank of America to Sell Balboa Insurance
- Allstate Exits Consumer Banking Business
- Bank Holding Companies Report Record Insurance Earnings
- Commercial Banks and Thrifts Turn a P-R-O-F-I-T
- Zurich Financial and Banco Santander Forge Bank Insurance Deal

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income in the first three quarters of 2010 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), and Old National Bancorp (IN). BHCs of this size registered a 2.9% decrease in insurance brokerage income to $442.3 million in three quarters of 2010, down from $455.4 million for the same period in 2009.

Among BHCs with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group, Inc. (IA), 473 Broadway Holding Corporation (NY), and Texas Independent Bancshares (TX). These BHCs experienced a 1.5% decline year-over-year in their insurance brokerage income. The smallest community banks, with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Hoosac Bank (MA), and First State Bank (IA). (Not shown in the accompanying table of companies is MetLife, Inc., which did not engage in significant banking activities.)

For more on the *Michael White-Prudential Bank Insurance Fee Income Report, click here*. *For more on third quarter year-to-date insurance brokerage results, click here*.

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2010 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME		% CHANGE 3Q 2009 - 3Q 2010	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
	3Q 2010	3Q 2009					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,340,000	$1,382,000	-3.04%	Wells Fargo & Company	CA	$1,220,662,000	4.54%
2	$1,321,000	$771,000	71.34%	Citigroup Inc.	NY	$1,982,776,000	5.17%
3	$712,834	$699,922	1.84%	BB&T Corporation	NC	$157,230,367	34.24%
4	$211,000	$115,000	83.48%	Morgan Stanley	NY	$841,372,000	0.92%
5	$148,473	$84,746	75.20%	American Express Company	NY	$144,853,158	0.97%
6	$103,209	$95,495	8.08%	Discover Financial Services	IL	$61,620,705	7.73%
7	$102,000	$80,000	27.50%	Goldman Sachs Group, Inc.	NY	$905,686,000	0.39%
8	$84,000	$106,000	-20.75%	Ally Financial Inc.	MI	$173,182,000	1.20%
9	$81,162	$83,999	-3.38%	Regions Financial Corp.	AL	$133,554,896	3.83%
10	$70,000	$65,000	7.69%	JPMorgan Chase & Co.	NY	$2,139,511,000	0.19%
11	$64,489	$63,664	1.30%	BancorpSouth, Inc.	MS	$13,589,893	37.13%
12	$54,591	$55,088	-0.25%	Huntington Bancshares, Inc.	OH	$52,954,267	7.40%

SOURCE: *Michael White-Prudential Bank Insurance Fee Income Report*
Prudential is a proud Platinum member of the American Bankers Insurance Association (ABIA)

JUDGE RULES U.S. HEALTHCARE LEGISLATION "UNCONSTITUTIONAL"

The U.S. healthcare legislation signed into law by President Obama in March 2010 was ruled unconstitutional last week by U.S. District Court Judge Roger Vinson in State of Florida et. al. vs. United States Department of Health and Human Services et. al. From his seat in Pensacola, Fl, the judge issued a Declaratory Judgment in favor of Florida and 25 other states, including Alabama, Alaska, Arizona, Colorado, Georgia, Idaho, Iowa, Indiana, Kansas, Louisiana, Maine, Michigan, Mississippi, Nebraska, Nevada, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Washington, Wisconsin and Wyoming.

In his 78-page ruling, the judge declared that the "individual mandate" that requires people to buy insurance or pay a penalty violates the Commerce Clause in the Constitution. Since that mandate and the rest of the provisions in the law "are inextricably bound together," he said, they "must stand or fall as a single unit…. Because the individual mandate is unconstitutional and unseverable, the entire Act must be declared void."

Judge Vinson concluded "the declaratory judgment is the functional equivalent of an injunction" since "it must be presumed that federal officers will adhere to the law as declared by the court…. Thus, the award of declaratory relief is adequate, and separate injunctive relief is not necessary." The judge then ordered: "A declaratory judgment shall be entered declaring The Patient Protection and Affordable Care Act unconstitutional."

The Obama administration disagreed with the judge's ruling and said it was "confident" that it would "ultimately prevail on appeal" to the 11th U.S. Circuit Court of Appeals. The U.S. Justice Department is appealing a similar decision made by U.S. District Court Judge Henry Hudson to the 4th U.S. Circuit Court of Appeals. In the latter case, Virginia Attorney General Ken Cuccinelli has filed court papers in Washington, DC, stating his intention to ask the U.S. Supreme Court to consider the District Court's decision prior to its review by the Appellate Court.

BANK OF AMERICA TO SELL BALBOA TO AUSTRALIA'S QBE

Charlotte, NC-based, $2.26 trillion-asset Bank of America (BofA) has agreed to sell the lender-placed (excepting mortgage) insurance and voluntary property and casualty insurance assets and liabilities of Irvine, CA-based Balboa Insurance and its affiliates (Balboa) to Sydney, Australia-based QBE Insurance Group for $700 million in cash plus additional future payments. QBE will assume Balboa's insurance liabilities in return for a reinsurance transaction with Balboa, which provides the cash and assets needed to cover those liabilities. QBE has also agreed to retain Balboa's employees and enter into an initial 10-year distribution agreement with BofA for lender-placed insurance, real estate-owned programs and certain voluntary consumer insurance products, including homeowners, contents and auto insurance. BofA will retain approximately $1.7 billion of Balboa's remaining net tangible equity, which it intends to use for different purposes as Balboa's insurance liabilities expire.

QBE CEO Frank O'Halloran said, "The distribution agreement with BofA in the U.S. and the portfolio transfer provide QBE with a specialist personal lines portfolio which is complementary to the Sterling National business acquired in 2008." When the deal closes in mid-2011, pending regulatory approval, QBE's U.S. businesses will include bank, agency and broker distribution systems for a range of products including those acquired in the Balboa-deal and other specialty, crop and reinsurance products.

BofA acquired Balboa when it purchased Countrywide Financial Corp., its parent, in 2008. In 2009, Balboa helped BofA generate $2.3 billion in insurance underwriting earnings, which comprised 3.67% of the company's noninterest income, according to the *Michael White-Prudential Bank Insurance Fee Income Report*. Bank of America Corporation (NC) earned $355.0 million in P&C underwriting net income in 2009, up 532.3% from $56.1 million in 2008.

ARROW FINANCIAL ACQUIRES THIRD AGENCY

Glens Falls, NY-based, $1.69 billion-asset Arrow Financial, through subsidiary Glens Falls National Bank and Trust Company, has acquired Chestertown, NY-based Upstate Agency. The acquired property and casualty insurance brokerage will retain its name, staff, management team and seven locations in Northern New York and operate as a wholly owned subsidiary of Glens Falls National Bank and Trust, joining health insurance agency Capital Finance Group and property and casualty agency Loomis & La Pann.

Arrow operates 35 branches across northeastern New York, and Arrow Financial Chairman, President and CEO Thomas Hoy said, "We are very pleased to have … the professionals of Upstate Agency join Arrow and the Glens Falls National Bank team…. Upstate's offices across the North Country will provide additional convenience and new opportunities in our existing banking commitments."

In 2009, Arrow Financial earned $2.4 billion in insurance brokerage income, which comprised 12.3% of its noninterest income. The company ranked 57th in insurance brokerage earnings among U.S. bank holding companies with assets between $1 billion and $10 billion, according to *Michael White-Prudential Bank Insurance Fee Income Report*.

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REGULATORS ASKED TO ESTIMATE COSTS OF DODD-FRANK

U.S. House of Representatives Financial Services Committee Chair Spencer Bacchus, and Chairman of the Oversight Investigations Subcommittee Randy Neugebauer have sent letters to regulators, including the Securities and Exchange Commission (SEC) Chair Mary Schapiro and U.S. Treasury Secretary Timothy Geithner, asking them to calculate "the costs that will be incurred by your agency for its implementation and annual execution" of the "rules, studies and reports required by the Dodd-Frank Act."

The Congressmen noted that Dodd-Frank requires that the eleven agencies complete a total of 59 studies, produce 22 annual reports and write 243 regulations within two years. The Congressmen said, "It is our responsibility to ensure that federal agencies have the tools they need to carry out congressional mandates" and "that mandates are not overly burdensome or wasteful of taxpayer money," *InvestmentNews.com* reports.

TRUST IN U.S. BANKS ON THE RISE

The U.S. banking industry's reputation is "rebounding," according to the Chicago Booth/Kellogg School Financial Trust Index. The group's December 2010 survey of 1,003 individuals conducted by Social Science Research Solutions revealed that 43% of American adults trust their banks, a 10-percentage point climb over the 33% who expressed the same sentiment in December 2008. In contrast, 26% of those surveyed said they trust the financial system as a whole, up 6 percentage points from two years ago. *For more on the Chicago Booth/Kellogg School Financial Trust Index, click here*.

OVERCAPITALIZATION KEEPS PROPERTY AND CASUALTY RATES LOW

U.S. property and casualty insurers held $544 billion in policyholder surplus at the end of third quarter 2010, $74 billion more than it needs in order to bring supply and demand into equilibrium and halt the downward decline in premium rates, according to New York City-based Advisen. A mega-disaster could also do the trick; otherwise, property and casualty insurers will experience a "slow, painful hemorrhaging of capital … as deeply eroded rate levels take their toll," Advisen said. *To read $74 Billion Away From a Hard Market, click here*.

AIA BHD ENTERS SHARIAH-COMPLIANT BANCASSURANCE BUSINESS IN MALAYSIA

Kuala Lumpur, Malaysia-based American International Assurance Bhd (AIA Bhd), a unit of American International Assurance Co. (AIA) and parent New York City-based American International Group (AIG), has formed a joint venture with Kuala Lumpur-based Alliance Bank Malaysia Berhad (Alliance Bank), a subsidiary of Alliance Financial Group Berhad. AIA AFG Takaful Bhd, the Kuala Lumpur-based joint venture, will offer a range of Takaful (Islamic/Shariah compliant) savings, protection and investment products to Malaysia's Muslim population through Alliance Bank's 90 branches and AIA Bhd's 23 agency offices throughout the country.

AIA Group President and CEO Mark Tucker said, "AIA is set to become a major player in the important and fast-growing Takaful market in Malaysia." Alliance Financial Group Chairman Datuk oh Chong Peng said the joint venture reflects the bank's "firm commitment towards providing a broad range of Shariah-compliant financial solutions covering Islamic banking and Takaful to meet the demands of our customers," where the Takaful industry is growing at a rate of 40% per year. AIA AFG Takaful is 70% owned by AIA Bhd and 30% owned by Alliance Bank.

NONINTEREST EARNINGS INCLUDING INSURANCE DROP AT BANK OF AMERICA

Charlotte, NC-based, $2.26 trillion-asset Bank of America Corporation (BofA) reported insurance earnings in fourth quarter 2010 dropped 14.9% to $598 million, down from $703 million in fourth quarter 2009, and investment and brokerage services income slid 4.3% to $2.88 billion, down from $3.01 billion in fourth quarter 2009. Insurance and combined investment and brokerage services earnings comprised, respectively, 6.0% and 28.9% of noninterest income, which dropped 26.3% to $9.96 billion, down from $13.52

billion, reflecting decreases in all named categories but credit card earnings.

Net interest income in fourth quarter 2010 surged fourfold to $7.31 billion, up from $1.45 billion in fourth quarter 2009, reflecting a $5 billion cut in loan loss provisions to $5.13 billion. With expenses and a $2 billion goodwill impairment charge tied to the company's Home Loans and Insurance segment, BofA reported a net loss applicable to shareholders of $1.57 billion compared to a net loss of $5.2 billion in fourth quarter 2009.

For the year 2010, BofA reported insurance income dropped 25% to $2.07 billion, down from $2.76 billion in 2009, and investment and brokerage services earnings slid 2.5% to $11.62 billion, down from $11.92 billion in 2009. Insurance and combined investment and brokerage services earnings comprised, respectively, 3.5% and 19.8% of noninterest income, which fell 19.1% to $58.7 billion, down from $72.54 billion in 2009, hit by an over $6 billion drop in mortgage banking earnings.

Net interest income in 2010 of $23.08 billion contrasted with a $1.44 billion net interest loss in 2009, when loan loss provisions were over $20 billion and higher interest expenses exceeded those of 2010 by $7 billion. A loss of $3.595 billion applicable to common shareholders contrasted with a net loss of $2.204 billion in 2009. BofA President and CEO Brian Moynihan said, "Our results reflect the progress we are making at putting legacy – primarily mortgage-related issues – behind us. We earned $10.2 billion before goodwill impairment charges, rebuilt our capital positions, reduced the risk on our balance sheet, and shed more than $19 billion in assets that didn't directly service customers and clients."

In 2009, Bank of America's insurance brokerage income comprised 0.7% of its noninterest income. The company ranked 5th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

TRUST AND BOLI EARNINGS UP AT FIRSTMERIT

Akron, OH-based, $14.1 billion-asset FirstMerit Corp reported trust department earnings in the fourth quarter rose 4.8% to $5.63 million, up from $5.37 million in fourth quarter 2009,while bank-owned life insurance (BOLI) income fell 29.4% to $3.19 million, down from $4.52 million, and combined investment services and insurance revenue remained basically flat at $3.20 million compared to $3.22 million. Trust, BOLI and combined investment services and insurance earnings comprised, respectively, 10.4%, 5.9%, and 5.9% of noninterest income, which rose 3.1% to $54.31 million, up from $52.70 million in fourth quarter 2009, before the company acquired 24 Chicago-area branches from $7.8 billion-asset, St. Louis, MO-based First Bank, Chicago-based, $420 million-asset George Washington and Chicago-based, $3.2 billion-asset Midwest Bank and Trust Company.

Net interest income on a 4.14% net interest margin jumped 82.0% to $104.48 million, up from $57.42 million, reflecting acquisitions and a $6.6 million drop in loan loss provisions to $23.39 million and a $4.5 million decrease in interest expense to $18.5 million. Net income, benefiting from acquisitions and organic performance jumped 86.7% to $27.03 million, up from $14.48 million in fourth quarter 2009.

For the year 2010, trust department earnings increased 6.1% to $21.95 million, up from $20.68 million in 2009; BOLI income rose 8.8% to $14.95 million, up from $13.74 million; but combined investment services and insurance earnings, generated in part by FirstMerit's title insurance agency, slid 5.6% to $9.45 million, down from $10.01 million. Trust, BOLI, and combined investment services and insurance earnings comprised, respectively, 10.3%, 7.0%, and 4.4% of noninterest income, which rose 1.1% to $212.56 million, up from $210.30 million in 2009, helped by $1.04 million in a goodwill gain tied to the George Washington acquisition.

Net interest income in 2010 climbed 47.9% of $370.30 million, up from $250.33 million in 2009, helped by acquisitions and a $10 million drop in loan loss provisions to $88.22 million and a $26.9 million cut in interest expense to $83.85 million. Net income reflected acquisitions and improved organic performance and grew 35.8% to $102.91 million, up from $75.80 million in 2009, when the company benefited from $38 million in net securities gains. FirstMerit Chairman, President and CEO Paul Greig said, "During the fourth quarter we … successfully converted our Midwest Bank and Trust acquisition in Chicago, continued the integration of the three Chicago acquisitions with the First-Merit franchise and further penetrated the Chicago and Northeast Ohio markets." He added, "Our disciplined growth strategies … support the execution of our superior community bank model."

In 2009, FirstMerit's fiduciary income comprised 10.4% of its noninterest income and 3.7% of its net operating revenue. The company ranked 47th in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White's Bank Fiduciary Fee Income Report*.

ALLY FINANCIAL'S GROWING INSURANCE NET INCOME BOLSTERS OVERALL RESULTS

New York City-based, $172 billion-asset Ally Financial reported that in fourth quarter 2010 its insurance unit, which offers such auto-dealer-centric products as extended service contracts and dealer inventory insurance, generated $164 million in pretax income, almost double the $85 million earned in fourth quarter 2009, when the company still owned its U.S. and U.K. consumer property and casualty insurance businesses.

Insurance earnings helped overcome a $49 million loss in the company's legacy portfolio, a $355 million loss in corporate division earnings and a $117 million loss from discontinued operations. Along with increased auto finance and mortgage earnings, Ally reported fourth quarter net income of $79 million compared to a net loss of $4.95 billion in fourth quarter 2009.

For the year 2010, insurance earnings jumped 72.9% to $569 million, up from $329 million in 2009, helped by the first and second quarter 2010 sales of the company's respective U.S. and U.K. consumer property and casualty insurance businesses and bolstered by Ally's selection as the recommended provider of insurance products for Saab dealerships.

Again, insurance earnings and climbing auto finance and mortgage origination and servicing income countered legacy and corporate unit losses enabling Ally to report $1.08 billion in net income for year 2010 compared to a net loss of $10.3 billion in 2009.

In 2009, GMAC, Inc. reported $2.1 billion in total insurance income, which comprised 20.8% of its noninterest income and 20.5% of its net operating revenue. The company ranked fifth in total insurance earnings among bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report.*

TRUST AND SECURITIES PROCESSING FEE INCOME CLIMB AT UMB

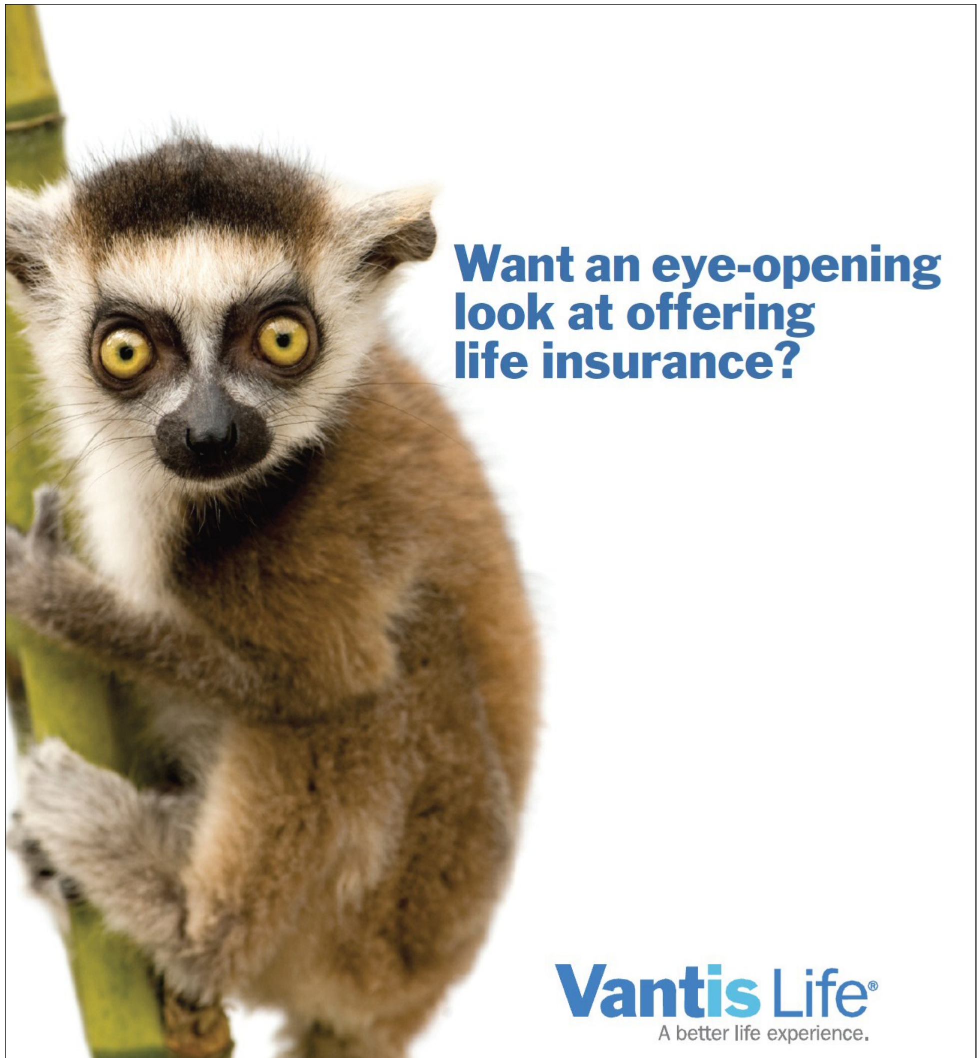
Kansas City, MO-based, $12.4 billion-asset UMB Financial Corp. Chairman and CEO Mariner Kemper said, "2010 marked another strong year [for the company] with record revenue, strategic acquisitions and consistency in earnings and balance sheet strength, demonstrating performance against our strategies as a diversified financial services company."

In fourth quarter 2010, trust and securities processing fee income grew 34.8% to $46.33 million, up from $34.38 million in fourth quarter 2009, driven by a $4 million climb (40%) in advisory fee income from the Scout Funds, a $4.1 million jump (336%) in institutional and investment management services fees, and a $1.8 million increase (13%)in fund administration and custody services fees. In contrast, insurance brokerage fee income slipped 5.5% to $1.03 million, down from $1.09 million, and securities brokerage fees dipped 0.6% to $1.67 million, down from $1.68 million. Trust and securities processing fees, insurance earnings and securities brokerage fees comprised, respectively, 48.9%, 1.1%, and 1.8% of noninterest income, which grew 13.6% to $94.76 million, up from $83.43 million in fourth quarter 2009, despite a $3.3 million decline in service charges on deposits and a $3.5 million decrease in gains in securities available for sale.

Net interest income on a 3.12% net interest margin grew 7.8% to $71.39 million, up from $66.21 million in fourth quarter 2009, helped by a $4.1 million decrease in loan loss provisions to $7.4 million and a $3.8 million decrease in interest expense to $7.99 million. Net income for the fourth quarter, however, fell 20.2% to $19 million, down from $23.9 million in fourth quarter 2009, reflecting acquisition-related expenses.

For the year 2010, trust and securities processing fee income climbed 33.0% to $160.36 million, up from $120.54 million in 2009, and insurance fees and commissions grew 16.0% to $5.57 million, up from $4.80 million, but securities brokerage fees fell 11.4% to $6.35 million, down from $7.17 million. Trust and securities processing, insurance and securities brokerage fee income comprised, respectively, 44.5%, 1.5%, and 1.8% of noninterest income, which grew 16.2% to $360.37 million, up from $310.18 million in 2009.

Net interest income in 2010 rose 3.0% to $279.10 million, up from $270.89 million in 2009, driven largely by a $19.3 million drop in interest expense to $35.89 million. Net income for the year rose 1.7% to $91.0 million, up from $89.5 million in 2009. Kemper noted, "We remain pleased with the performance of our multiple fee income businesses." He added,



"As the economy improves, we expect to achieve even greater operating leverage from the investments we have made in our company."

In 2009, UMB Financial reported $127.7 million in wealth management fee income, which comprised 42.4% of its noninterest income and 21.1% of its net operating revenue. The company ranked 24th in wealth management earnings among all BHCs, up from 55th in 2008, according to *Michael White's Wealth Management Fee Income Report*.

RISING INSURANCE EARNINGS COMPRISE 31% OF BANCORPSOUTH'S NONINTEREST INCOME

Tupelo, MS-based, $13.6 billion -asset BancorpSouth reported insurance brokerage fee income in the fourth quarter increased 2.4% to $18.01 million, up from $17.58 million in fourth quarter 2009, and trust income rose 2.0% to $3.07 million, up from $3.01 million. Insurance brokerage and trust earnings comprised, respectively, 24.3% and 4.2% of noninterest income, which grew 14.7% to $73.97 million, up from $64.51 million in fourth quarter 2009, bolstered by an almost $10 million jump in mortgage lending fees to $18.13 million, just ahead of insurance revenue.

Net interest income on a 3.59% net interest margin climbed 33.7% to $66.96 million, up from $50.08 million in fourth quarter 2009, as interest expense was cut by almost $7 million to $32.8 million and loan loss provisions were slashed by $19 million to $43.29 million. Net income, driven by improved overall performance, especially in mortgage lending, reached $15.8 million and compared with a fourth quarter 2009 net loss of $2.1 million.

For the year 2010, insurance brokerage earnings at BancorpSouth rose 1.5% to $82.17 million, up from $80.94 million in 2009, and trust income grew 14.9% to $11.15 million, up from $9.70 million. Insurance and trust earnings comprised, respectively, 31.1% and 4.2% of noninterest income, which slid 4.0% to $264.14 million, down from $275.28 million in 2009.

Net interest income for 2010 dropped 27.6% to $237.13 million, down from $327.58 million, reflecting primarily an $86.7 million jump in loan loss provisions to $204.02 million, which overpowered an almost $29 million drop in interest expense to $141.62 million. For the year 2010, the company reported net income dropped 72.3% to $22.9 million from $82.7 million in 2009.

BancorpSouth Chairman and CEO Aubrey Patterson said, "We are encouraged by the improvement in the company's performance in the fourth quarter…. We do not underestimate the challenges to returning our credit metrics to their historical levels, but with the progress achieved throughout 2010 and with continuing strong capital and liquidity, we enter 2011 confident that we are on the right path to achieve that goal."

In 2009, BancorpSouth's insurance brokerage income comprised 31.2% of its noninterest income and 11.4% of its net

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operating revenue. The company ranked 13th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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ALLSTATE EXITS CONSUMER BANKING BUSINESS; FORGES SALE AND DISTRIBUTION AGREEMENT WITH DISCOVER

Riverwood, IL-based, $61.6 billion-asset Discover Financial Services has agreed to acquire all the deposits of Northbrook, IL-based, $1.25 billion-asset Allstate Bank, a subsidiary of Northbrook, IL-based insurer Allstate Corporation. Discover Bank will assume the deposits and provide banking products and services, including personal savings and money market accounts, certificates of deposit (CDs) and individual retirement account CDs to Allstate Customers through Allstate affiliates and agents. However, Allstate Financial affiliate Allstate Finance Company will continue to offer and administer business loans to Allstate agencies.

Allstate Financial President and CEO Matthew Winter said the changing regulatory environment influenced the company's decision to "refocus on insurance, retirement and investment products." Discover Consumer Banking President Carlos Minetti emphasized the distribution agreement Discover had forged with Allstate and said, Affinity relationships with leading organizations have provided us with an effective platform for offering Discover Bank's products to an expanded customer base."

WELLS FARGO INSURANCE SERVICES TO SELL E&S WHOLESALER TO R-T SPECIALTY

San Francisco, CA-based, $1.22 trillion-asset Wells Fargo & Co., through Chicago, IL-based subsidiary Wells Fargo Insurance Services, has agreed to sell San Francisco-based American E&S Insurance Brokers (E&S) to Chicago-based R-T Specialty, the wholesale brokerage unit of Ryan Specialty Group. The purchase of the excess and surplus insurance wholesaler includes E&S's offices in Atlanta, Denver, Fresno, Irvine, Nashville, New York City, and Seattle as well as its San Francisco home office.

Wells Fargo Insurance Services CEO Neal Aton said the sale enables WFIS to focus on its core retail and niche businesses, including Wells Fargo Special Risks, which offers underwriting and back office support services.

Ryan Specialty Group Chairman and CEO Patrick Ryan said the acquisition will not only benefit R-T Specialty's wholesale operations, but it will also enhance the company's presence in key metropolitan areas.

Since Ryan Specialty was formed last year it has established Technical Risk Underwriters and acquired professional liability intermediary Bloomfield, CT-based OakBridge Insurance Services and wholesaler West Palm Beach, FL-based McAuley Woods.

GUARDIAN SUBSIDIARY BERKSHIRE TO EXIT LTC MARKET

Pittsfield, MA-based Berkshire Life Insurance Company of America, a subsidiary of New York City-based Guardian Life Insurance Company of America, announced it will discontinue offering long-term care insurance by the end of 2011. Berkshire Life President Gordon Dinsmore said, "While it is our intent to make the current product available for the remainder of 2011, circumstances could arise that may require us to re-evaluate our plans and discontinue sales before year-end." He added that Berkshire's the long-term care market "will allow [parent] Guardian to focus on its core life and disability income insurance business."

Lower lapse rates, more claimants and low interest rates have been among the reasons that Berkshire and other insurers, including John Hancock, MetLife and Genworth, have decided to suspend sales or exit the long-term care insurance market, which is estimated to cover 15-18 million individuals.

INDEX SHOWS LTC RATES CAN VARY UP TO 48%

Most (76.3%) purchasers of long-term care insurance range in age between 45-64 with 57 being the average purchase age. A 55-year old married couple with no health issues, on average, pays $2,350 in combined annual premiums for $338,000 in combined current benefits or $800,000 in combined benefits when both reach age 80. If that 55-year old couple has health issues, their premium costs increase on average $325 annually, but the benefits remain the same, according to the 2011 Long-Term Care Insurance Price Index published by the American Association for Long-term Care Insurance (AALTC). Interestingly, AALTC found that premiums for comparable coverage from leading insurers can vary by 41-48%.

COMMERCIAL P&C RATES DOWN AGAIN IN JANUARY

Commercial property and casualty insurance rates fell 5% in January compared to January 2010, with large accounts over $1 million down 6% and small accounts under $25,000 down 1%, according to MarketScout.

SUNTRUST HAILS DIVERSE REVENUE SOURCES

Atlanta, GA-based, $173 billion-asset SunTrust Banks Chairman and CEO James Wells III said, "We are pleased with the diversity of our revenue sources and the continued improvement in our credit quality." In fourth quarter 2010, retail investment services income (RIS) rose 6% to $57 million, up from $54 million in fourth quarter 2009, while trust and investment management (TI) income slipped 4% to $130 million, down from $135 million in fourth quarter 2009, remaining the second largest source of noninterest revenue behind declining (-19%) deposit account fees. RIS and TI comprised, respectively, 5.5% and 12.6% of noninterest income, which climbed 39% to $1.03 billion, up from $742 million in fourth quarter 2009, when the company reported $31 million in trading account losses and $68 million in mortgage production losses.

Net interest income on a 3.44% net interest margin in the fourth quarter soared 271.4% to $754 million, up from $203 million in fourth quarter 2009, as loan loss provisions were cut by almost half to $512 million and interest expense was sliced by 27% to $329 million. Net income of $114 million contrasted with a net loss of $316 million in fourth quarter 2009.

For the year 2010, trust and investment (T&I) income rose 3% to $503 million, up from $483 million in 2009, while retail investment services (RIS) income slid 6.0% to $205 million, down from $218 million. TI and RIS earnings comprised, respectively, 13.5% and 5.5% of noninterest income, which ticked up 1% to $3.73 billion from $3.71 billion in 2009, when the company recorded a $112 million gain from ownership in Visa.

Net interest income for 2010 more than quintupled to $2.20 billion, up from $420 million in 2009, as provisions for loan losses were sliced 35% to $2.65 billion and interest expense was cut 34% to $1.49 billion. After noninterest expenses, the company reported a net loss available to shareholders of $87 million, which contrasted with a net loss of $1.73 billion in 2009.

In 2009, SunTrust reported $17.4 million in insurance brokerage income, which comprised 0.5% of its noninterest income and 0.2% of its net operating revenue. The company ranked 33rd in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

SOFT PREMIUM PRICING SENDS BB&T'S INSURANCE EARNINGS DOWN 4.2% IN 4Q2010

Winston-Salem, NC-based, $157.1 billion-asset BB&T Corp. reported insurance earnings in fourth quarter 2010 slipped 4.2% to $249 million, down from $260 million in fourth quarter 2009, "reflecting continued softness in the industry's pricing for premiums," the company said. In contrast, investment banking and brokerage fees and commissions grew 17% to $97 million, up from $83 million, "driven by increased equity-offerings due to improved market conditions." Improved market conditions also drove trust and investment advisory fees up almost 11% to $42 million from $38 million, while income from bank-owned life insurance (BOLI) climbed 24% to $31 million, up from $25 million. Insurance, investment banking and brokerage fees, trust and investment advisory revenues, and BOLI earnings comprised, respectively, 25.8%, 10.1%, 4.4% and 3.2% of noninterest income, which dipped 0.6% to $964 million, down from $970 million in fourth quarter 2009, when service charges on deposits were $11 million higher.

Fourth quarter 2010 net interest income on a 4.04% net interest margin rose 8.1% to $226 million, up from $209 million in fourth quarter 2009, helped by the FDIC-assisted Colonial acquisition. Net income grew 12.4% to $208 million, up from $185 million in fourth quarter 2009. BB&T Corp. Chairman and CEO Kelly King said, "We are pleased to report record revenues for 2010, significant progress in our efforts to diversify the balance sheet, and across-the-board improvement in credit trends in the fourth quarter."

In 2009, BB&T Corp. reported $922.5 million in insurance brokerage income, which comprised 26.5% of its noninterest income and 11.1% of its net operating revenue. The company ranked third in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INVESTMENT ADVISORY REVENUE RISES WITH THE MARKET AT FIFTH THIRD

Cincinnati, OH-based, $111 billion-asset Fifth Third Bancorp reported "an overall increase in equity and bond market values" drove fourth quarter investment advisory revenue up 8% to $93 million from $86 million in fourth quarter 2009. Investment advisory earnings comprised 14.2% of noninterest income, which rose 1% to $656 million, up from $651 million in fourth quarter 2009, when service charges on deposits were $19 million higher.

Net interest income on a 3.75% net interest margin surged 637% to $748 million in fourth quarter 2010, up from $102 million in fourth quarter 2009, helped by a $616 million drop in loan loss provisions to $166 million. Net income of $270 million contrasted with a net loss of $160 million in fourth quarter 2009, driven primarily by dramatically lower loss provisions.

For the year 2010, investment advisory revenue grew 11% to $361 million, up from $326 million in 2009, and comprised 13.2% of noninterest income, which dropped 43% to $2.73 billion, down from $4.78 billion in 2009, when card and processing revenues were $300 million greater and the company recorded a $1.76 billion gain on the sale of a processing business.

Net interest income of $2.07 billion in 2010 contrasted with a net interest loss of $189 million in 2009, when loan loss provisions were $2 billion higher. Net income, however, slipped 1% to $503 million, down from $511 million in 2009, reflecting primarily the aforementioned $1.76 billion gain on the sale of the processing business.

Fifth Third Bancorp President and CEO Kevin Kabat said, "We expect returns on assets and equity to improve further in the longer term as a result of balance sheet growth, related efficiencies, lower credit costs and a more robust economic environment."

In 2009, Fifth Third reported $192.4 million in combined investment banking, advisory and underwriting and securities brokerage income, which comprised 4.2% of its noninterest income and 2.4% of its net operating revenue. The company ranked 21st in investment banking and securities brokerage earnings among all BHCs, according to the *Michael White's Bank Broker-Dealer Fee Income Report*.

That year the company reported $156.9 million in income from fiduciary activities, which comprised 3.4% of its noninterest income and 1.9% of its net operating revenue. The company ranked 17th in trust earnings among BHCs with assets over $10 billion, according to the *Michael White's Bank Fiduciary Fee Income Report*.

FIDUCIARY AND BROKERAGE EARNINGS FLAT TO DOWN WHILE BOLI JUMPS AT COMERICA

Dallas, TX-based, $53.7 billion -asset Comerica Inc. reported fiduciary income in the fourth quarter rose 1% to $39 million, up from $38 million in fourth quarter 2009, and bank-owned life insurance (BOLI) income jumped 55.6% to $14 million, up from $9 million, while brokerage fees remained flat at $7 million. Fiduciary, BOLI and brokerage fee earnings comprised, respectively, 18.1%, 6.5% and 3.3% of noninterest income, which rose 0.5% to $215 million, down from $214 million in fourth quarter 2009, when service charges on deposits were $7 million higher.

Net interest income on a 3.29% net interest margin in fourth quarter 2010 soared 148.6% to $348 million, up from $140 million in fourth quarter 2009, reflecting an almost $200 million drop in loan loss provisions to $57 million and a more than halving of interest expense to $40 million. Net income attributable to common shares of $95 million contrasted with a net loss of $62 million in fourth quarter 2009.

For the year 2010, fiduciary income fell 4.3% to $154 million, down from $161 million in 2009, and brokerage fees declined 19.4% to $25 million, down from $31 million, but BOLI earnings grew 14.3% to $40 million, up from $35 million. Fiduciary, BOLI and brokerage earnings comprised, respectively, 19.5%, 3.2% and 5.1% of noninterest income, which dropped 24.9% to $789 million, down from $1.05 billion in 2009 when net securities gains and service charges were, respectively, $2040 million and $20 million higher.

Net interest income on a 3.24% net interest margin in 2010 more than doubled to $1.17 billion, up from $485 million in 2009, as loan loss provisions dropped by $592 million to $480 million and interest expense was sliced by $331 million to $207 million. In 2010, net income attributable to common shares of $153 million contrasted with a net loss of $118 million in 2009.

Comerica Chairman and CEO Ralph Babb, Jr. said, "Given the many positive signs we have seen, as well as our strategy for success, which is focused on growth and balance, we believe we are uniquely positioned for the future."

In 2009, Comerica reported $159.0 million in fiduciary income and $31.0 million in securities brokerage fee income, which comprised, respectively, 20.7% and 4.0% of its noninterest income. The company ranked 16th in fiduciary earnings and 21st among U.S. bank holding companies with assets over $10 billion, according to the *Michael White's Wealth Management Fee Income Report* and the *Michael White's Bank Broker-Dealer Fee Income Report*.

WEALTH MANAGEMENT EARNINGS CONTINUE UP AT MARSHALL & ILSLEY

Milwaukee, WI-based, $50.8 billion-asset Marshall & Ilsley Corp (M&I) reported wealth management earnings in the fourth quarter rose 4.2% to $72.9 million, up from $69.9 million in fourth quarter 2009, dominating all other sources of noninterest fee income. Wealth management revenue comprised 28.5% of total noninterest revenues, which increased

6.7% to $255.9 million, up from $239.8 million in fourth quarter 2009, despite a drop in deposit service fees and helped by a 134% jump in mortgage banking income to $15.7 million.

A fourth quarter net interest loss of $54.2 million on a 3.15% net interest margin contrasted with a fourth quarter 2009 net interest loss of $232.9 million, reflecting primarily, a 33% drop in loan loss provisions to $429 million. The overall net loss of $133.4 million contrasted with a net loss of $259.5 million in fourth quarter 2009 and included $25.3 million in dividends paid to the U.S. Treasury as a result of the government share purchases under the Troubled Asset Relief Program (TARP).

For the year 2010, wealth management earnings rose 5.7% to $280.4 million, up from $265.1 million in 2009, and comprised 32.0% of noninterest income, which slipped 3% to $875 million, down from $903 million in 2009, reflecting a 22% drop in mortgage banking income and lower securities gains.

A net interest loss of $279.4 million in 2010 contrasted with a net interest loss of $696.6 million in 2009, when loan loss provisions were $555.7 million greater. A net loss of $616.9 million for the year 2010 contrasted with a net loss of $858.8 million in 2009 and included $100.2 million paid out to the U.S. Treasury under the TARP. M&I President and CEO Mark Furlong said, "We continue to make steady progress in addressing credit challenges."

In 2009, M&I Corp. reported $257.5 million in wealth management fee income, which comprised 39.3% of its noninterest income and 11.5% of its net operating revenue. The company ranked 20th in wealth management earnings among all BHCs, according to *Michael White's Wealth Management Fee Income Report*.

Montreal, Canada, $110 billion-asset BMO (Bank of Montreal) Financial Group has agreed to acquire M&I in a stock deal that is expected to close before July 31, 2011.

PEOPLES UNITED REPORTS FEE INCOME FLAT TO DOWN

Bridgeport, CT-based, $25 billion-asset Peoples United Financial reported investment management fees ($7.9 million) and securities brokerage commissions ($2.9 million) remained flat compared to fourth quarter 2009, while insurance revenue slipped 1.4% to $6.9 million, down from $7 million, and bank-owned life insurance (BOLI) income fell 47.4% to $1 million, down from $1.9 million. Investment management fees, brokerage commissions, insurance revenue and BOLI earnings comprised, respectively, 10.4%, 3.8%, 9.1% and 1.3% of noninterest income, which increased 5.9% to $75.9 million, up from $71.7 million in fourth quarter 2009, before Peoples acquired Smithtown Bancorp and LSB Corp.

Net interest income on a 3.85% net interest margin in fourth quarter 2010 jumped 33.6% to $178.9 million, up from $133.9 million in fourth quarter 2009, reflecting acquisitions, a $3 million decrease in loan loss provisions and a $9 million decrease in interest expenses. Net income, despite $34.7 million in increased noninterest expenses, climbed 28.5% to $32 million, up from $24.9 million.

For year 2010, investment management fees slipped 1.2% to $32 million, down from $32.4 million in 2009; insurance revenue slid 4.0% to $28.8 million, down from $30 million; securities brokerage commissions declined 7.4% to $11.3 million, down from $12.2 million; and BOLI income fell 20.2% to $6.7 million, down from $8.4 million in 2009. Investment management, insurance, securities brokerage and BOLI earnings comprised, respectively, 10.7%, 9.6%, 3.8% and 2.2% of noninterest income, which dipped 3.2% to $299.2 million, down from $309.1 million in 2009, when net securities gains of $22 million contrasted with a net securities loss of $1 million in 2010.

Net interest income in 2010 jumped 22.9% to $639 million, up from $519.8 million in 2009, benefiting from a $60.2 million drop in interest expenses. Net income for 2010, however, fell 15.3% to $85.7 million, down from $101.2 million, reflecting merger and acquisition-related expenses tied to the Smithtown Bancorp and LSB Corp. purchases. Peoples United Financial President and CEO Jack Barnes said, "Our performance throughout 2010 continues to reflect the benefits from our focused commercial, wealth management and retail banking strategy."

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NY LIFE STICKS WITH LTC AS SALES GROW

New York Life announced its December 2010 long-term care (LTC) insurance sales beat all other monthly records and helped year 2010 LTC sales grow 12% over the year before. With these results, New York Life said it "is significantly increasing its [LTC] sales support infrastructure" and paying LTC policyholder dividends for the seventh consecutive year.

New York Life Long Term Care Insurance Senior Vice President Mike Gallo attributed the company's success in the LTC market to its structure as a mutual company. "The mutual structure," Gallo said, "keeps us uniquely aligned with our policyholders and allows us to focus on long-term value and stability." He added, "New York Life has never raised premium rates on in-force [LTC] policies."

BALBOA UNDER REVIEW WITH NEGATIVE IMPLICATIONS

Bank of America (BA) Insurance Group companies Phoenix, AZ-based Newport Insurance Company and Irvine, CA-based Balboa Insurance Group (Balboa), Balboa Insurance Co. (BIC) and Meritplan Insurance have been placed under review with negative implications by Oldwick, NJ-based A.M. Best Co. regarding their financial strength rating (FSR) of "A" and their issuer credit ratings (ICR) of "a." A.M. Best has also placed under review with negative implications Irvine, CA-based Balboa Life Insurance Company and New York, NY-based Balboa Life Insurance Company of New York (collectively Balboa Life) regarding their FSRs of A- and their ICRs of "a-."

A.M. Best said it placed the BA Insurance Group companies under review after the Group's parent, Charlotte, NC-based, $2.27 trillion-asset Bank of America Corporation, announced it agreed to sell the assets and liabilities of Balboa's property and casualty insurers BIC, Meritplan and Newport Insurance to Sydney, Australia-based QBE Insurance Group (QBE), while retaining the legal entities. A.M. Best said, "The negative implications contemplate the prospective change in Balboa's business profile as a risk-bearing entity following the transaction."

Balboa Life (collectively) was placed under review, A.M. Best said, because the ratings company "is uncertain as to the strategic value of Balboa Life for BAC going forward." Although Balboa Life is not included in the QBE deal, A.M. Best said it believes the business expansion that has been anticipated through its BAC ownership "is now unlikely to materialize."

QBE'S "A" RATINGS AFFIRMED

Sydney, Australia-based QBE Insurance Group (QBE) will retain it's A.M. Best financial strength rating of "A" and its issuer of credit rating of "a" when it completes its acquisition of Irvine, CA-based Balboa Insurance Group and its affiliates' (Balboa) lender-placed voluntary homeowners, contents, motor and other related customer lines; assumes all Balboa's outstanding loss reserves and unearned premium liabilities, and enters into a ten-year distribution agreement with Balboa parent Bank of America.

A.M. Best said the acquired business will give QBE access to about $1.5 billion of gross premiums, making it one of the largest lender-placed insurers in the U.S. In addition, Balboa will front the business until QBE acquires state licensing, and QBE reinsurance affiliate Equator Reinsurance will share in the risk involved in transferring the Balboa portfolio. A.M. Best said the Balboa deal, which is expected to close in April 2011, will have a positive impact on QBE's future operating performance.

ACLI RAILS AGAINST COLI AND DRD PROVISIONS IN OBAMA BUDGET PROPOSAL

The American Council of Life Insurers (ACLI) has asked President Obama to withdraw two provisions in his administration's 2012 budget proposal that the ACLI said "amount to new taxes on products that provide security and peace of mind." One levies new taxes on corporate-owned life insurance (COLI), and another reduces life insurers' dividends-received deductions (DRDs).

The ACLI noted that businesses use COLI to protect against financial loss tied to the death of owners or key employees. Life insurers use DRDs (a way of preventing double taxation of corporate earnings) in accounts that fund variable life insurance and variable annuity contracts that Americans purchase to ensure their financial security.

The ACLI said, "Public policy should encourage families and businesses to responsibly plan for their financial futures. The administration's budget proposal would have the opposite effect."

NFIP NEITHER ACTUARILY SOUND NOR WELL-MANAGED, GAO SAYS

The U.S. National Flood Insurance Program (NFIP) is so poorly structured and managed that the Federal Emergency Management Agency (FEMA), which oversees the program, will unlikely be able to repay the U.S. Treasury the $18.5 billion the NFIP owed as of November 30, 2010, according to a study completed by the Government Accounting Office (GAO).

The GAO found the NFIP is basically funded by taxpayers to compensate for the fact its insurance program is not actuarily sound. For example, (1) the NFIP cannot reject high-risk applicants; (2) rate increases have statutory limits and (3) do not reflect risks; (4) 25% of property owners insured by the program pay subsidized rates; (5) many pay grand-fathered rates that do not reflect reassessments of their property's flood risks; and (6) because coverage cannot be denied on the basis of frequent losses, 25% to 30% of claims are made on frequent loss, high-risk properties. (7) Not surprisingly, the NFIP cannot purchase reinsurance, nor can it build capital surplus.

In addition to the actuarial weakness in the NFIP, the GAO found that FEMA does not manage the program well. For example, (1) FEMA does not consider actuarial expense information when it calculates its payments to private insurers who sell NFIP policies and administer claims. (2) FEMA does not consistently monitor contractors working outside the private insurer system, (3) nor does it have a system in place to share information on contractor deficiencies. (4) Despite the fact that FEMA spent 7 years and $40 million to develop an effective system to manage flood insurance policy and claims data, that system "did not meet users' needs," and its further "development has been halted."

The GAO concluded, "Unless these operational and management issues are addressed, FEMA risks ongoing challenges in effectively and efficiently managing NFIP, including management and use of information, data and technology."

To read the GAO report, click here.

FINRA FINES LINCOLN FINANCIAL

The Financial Industry Regulatory Authority (FINRA) has fined Fort Wayne, IN-based Lincoln Financial Advisors (LFA) $150,000 for failing to adequately protect non-public customer information, and it has fined Concord, NH-based Lincoln Financial Services (LFS) $450,000 for both failing to adequately protect non-public customer information and for failing to require brokers working remotely to install security application software on personal computers used to conduct LFS business. The Lincoln Financial companies neither admitted nor denied the charges, but agreed to pay the fines and to the entry of FINRA's findings.

For more detailed information on the LFA charges, click here.

For information on the LFS charges, click here.

BOLI SHINES AT FIRST HORIZON

Memphis, TN-based, $24.7 billion-asset First Horizon National reported trust services and investment management (TI) income slid 4% in fourth quarter 2010 to $7.34 million, down from $7.66 million in fourth quarter 2009. Securities brokerage income fell 11% to $5.79 million, down from $6.52 million. Insurance brokerage fee income dropped 31% to $4.04 million, down from $5.87 million, and reinsurance fees tumbled 71% to $516,000, down from $1.79 million, but bank-owned life insurance (BOLI) income jumped 47% to $7.73 million, up from $5.28 million in fourth quarter 2009. TI, securities brokerage, insurance brokerage, reinsurance fees and BOLI comprised, respectively, 3.5%, 2.7%, 1.9%, 0.24% and 3.7% of noninterest income, which fell 14% to $210.95 million, down from $246.20 million in fourth quarter 2009, reflecting drops in all sources of noninterest income except BOLI.

Net interest income on a 3.18% net interest margin in fourth quarter 2010 soared 150% to $137.24 million, up from fourth quarter 2009, when loan loss provisions were $95 million higher. After repurchasing $63 million in preferred shares bought by the U.S. government under the Troubled Asset Relief Program (TARP), the company reported a net loss of $48.69 million compared to a net loss of $70.58 million in fourth quarter 2009. First Horizon National CEO Bryan Jordan said, "We retired TARP while keeping our capital position strong. We are excited about our progress in 2010."

In 2009, First Horizon reported $34.4 million in total insurance income (i.e., the sum of insurance brokerage, underwriting and reinsurance income), which comprised 3.3% of its noninterest income and 1.9% of its net operating revenue. The company ranked 27th in total insurance earnings among BHCs with assets greater than $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FOURTH QUARTER BOLI CLIMBS WHILE INSURANCE AND TRUST FEES SLIDE AT ASSOCIATED BANC-CORP

Green Bay, WI-based, $22 billion-asset Associated Banc-Corp reported "retail commissions" in fourth quarter 2010 slid 5.6% to $14.4 million, down from $15.29 million in fourth quarter 2009. Trust services fees slipped 4% to $9.52 million, down from $9.91 million, while bank-owned life insurance (BOLI) income climbed 36.2% to $4.51 million, up from $3.31 million in fourth quarter 2009. Retail commissions, trust services fees, and BOLI earnings comprised, respectively, 17.0%, 11.2% and 5.3% of noninterest income, which remained steady at $84.7 million, helped by a 43% jump in mortgage banking income to $13.2 million.

Fourth quarter 2010 net interest income of $87.86 million on a 3.13% net interest margin contrasted with a net interest loss of $216.4 million in fourth quarter 2009, when loan loss provisions and interest expenses were, respectively, $331.8 million and $13.6 million higher. Net income of $6.6 million compared to a net loss of $180.6 million in fourth quarter 2009.

For the year 2010, retail commissions ticked up 1% to $61.26 million from $60.68 million in 2009, and trust services fees rose 5.1% to $37.85 million, up from $36 million, but BOLI income slipped 1.7% to $15.76 million, down from $16.03 million. Retail commissions, trust services fees and BOLI earnings comprised, respectively, 17.7%, 11.0% and 4.6% of noninterest income, which dipped 1.5% to $345.5 million, down from $350.96 million in fourth quarter 2009, when net investment securities gains were $16 million higher.

Net interest income in 2010 declined 9.2% to $243.77 million, down from $268.41 million in 2009, despite a 48% drop in loan loss provisions to $390 million and a 33% fall in interest expense to $172.3 million. A net loss of $30.4 million contrasted with a net loss of $161.2 million in 2009. Associated Banc-Corp President and CEO Philip Flynn said, "Our full attention is now on the challenging job of ensuring profitable growth. We believe the enhancements we have made to our business portfolio, along with our strategic initiatives position us well for the future."

In 2009, Associated Banc-Corp reported $42.6 million in insurance brokerage income, which makes up the bulk of what Associated calls "retail commissions" and comprised 13.0% of its noninterest income and 4.0% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARKET CONDITIONS BOOST TRUST INCOME, ANNUITIES BUT HURT SECURITIES BROKERAGE AT F.N.B.

Hermitage, PA-based, $9.6 billion-asset F.N.B. Corp reported total insurance fee income (i.e., the sum of insurance brokerage and underwriting) in fourth quarter 2010 slipped 3% to $3.68 million, down from $3.79 million in fourth quarter 2009, reflecting "decreased contingent fee revenue," F.N.B. said. Trust income, in contrast, rose 8.7% to $3.29 million, up from $3.03 million, as market conditions improved, but the low interest rate environment for annuities drove securities commissions and fees down 22.4% to $1.72 million from $2.21 million, F.N.B. said. Total insurance earnings, trust income and securities commissions and fees comprised, respectively, 12.5%, 11.2% and 5.8% of noninterest income, which grew 16.7% to $29.50 million, up from $25.28 million in fourth quarter 2009, helped by an almost doubling of sales on loans to $1.42 million and increased securities gains. Noninterest income comprised 28% of fourth quarter revenue.

Fourth quarter 2010 net interest income on a 3.77% net interest margin jumped 40.3% to $63.72 million, up from $45.43 million in fourth quarter 2009, reflecting a $6.44 million drop in interest expense, a 58% slash in loan loss provisions to $10.81 million and the acquisition of Comm Bancorp. Net income soared 416.5% to $23.53 million, up from $4.56 million in fourth quarter 2009, helped by a $6.9 million after-tax credit to pension expense, reduced expenses and negligible net securities losses compared to $3.66 million in those losses in 2009.

For the year 2010, total insurance income slid 5.4% to $15.77 million, down from $16.67 million in 2009; trust income increased 7.7% to $12.72 million, up from $11.81 million; and securities commissions and fees fell 8.3% to $6.84 million, down from $7.46 million, with these sources of fee income reflecting the same conditions noted in the fourth quarter. Total insurance earnings, trust income and securities commissions and fees comprised, respectively, 13.6%, 11.0% and 5.9% of noninterest income, which increased 9.9% to $115.97 million, up from $105.82 million in 2009.

Net interest income in 2010 climbed 18.3% to $244.32 million, up from $206.59 million in 2009, reflecting a 29% drop in loan loss provisions to $47.32 million and a 27% cut in interest expense to $88.73 million. Net income soared 127.6% to $74.65 million, up from $32.8 million in 2009, when F.N.B. paid out $8.3 million in dividends and buybacks of stock sold to the U.S. Treasury under the Troubled Asset Relief Program (TARP).

F.N.B. Corp CEO Stephen Gurgovits said of the company's performance, "Our commercial and retail bankers continue to be successful in winning new customer relationships and deepening existing relationships. We begin 2011 with good momentum and an expanded footprint in northwestern Pennsylvania with the recently completed acquisition of Comm Bancorp, Inc."

In 2009, F.N.B. Corp reported $16.67 million in total insurance income, which comprised 14.8% of its noninterest income and 4.4% of its net operating revenue. The company ranked 7th in total insurance earnings among BHCs with assets between $1 and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

COMBINED INSURANCE AND TRUST EARNINGS COMPRISE 31% OF 4Q NONINTEREST INCOME AT TRUSTMARK

Jackson, MS-based, $9.36 billion-asset Trustmark Corp. reported insurance commissions in fourth quarter 2010 slipped 2.6% to $6.22 million, down from $6.39 million in fourth quarter 2009, while wealth management earnings rose 5.9% to $5.76 million, up from $5.43 million. Insurance brokerage and wealth management earnings comprised, respectively, 16.1% and 14.9% of noninterest income, which comprised 29.6% of total revenue, although it slipped 4.1% to $38.63 million, down from $40.28 million in fourth quarter 2009, when mortgage banking income was $2.05 million higher.

Fourth quarter net interest income on a 4.36% net interest margin grew 9.6% to $80.16 million, up from $73.15 million in fourth quarter 2009, reflecting 33% drops in loan loss provisions and interest expense to, respectively, $11.29 million and $12.30 million. Net income jumped 81.3% to $25.16 million from $13.88 million in fourth quarter 2009, when the company paid out about $10.60 million to the U.S. Treasury.

For the year 2010, insurance brokerage fee income slid 4.8% to $27.69 million, down from $29.08 million in 2009, and wealth management income slipped 1.0% to $21.87 million, down from $22.08 million. Insurance brokerage and wealth management earnings comprised, respectively, 16.7% and 13.2% of noninterest income, which dropped 1.4% to $165.93 million, down from $168.24 million.

Net interest income in 2010 climbed 10.1% to $315.89 million, up from $286.81 million in 2009, as loan loss provisions were cut by $27.57 million to $49.55 million and interest expense was sliced by $31.66 million to $56.20 million. In 2010, net income jumped 37.8% to $100.64 million, up from $73.05 million in 2009, when the company paid out almost $20 million in preferred stock dividends and discounts to the U.S. Treasury.

Trustmark said, "Managing credit risks resulting from current economic and real estate market conditions continues to be a primary focus." On January 1, 2011, Jerry Host took over as CEO.

In 2009, Trustmark reported $12.8 million in fiduciary income and $29.1 million in insurance brokerage fee income, which comprised, respectively, 8.3% and 18.9% of its noninterest income. The company ranked 18th in fiduciary earnings and 3rd in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White's Wealth Management Fee Income Report* and the *Michael White-Prudential Bank Insurance Fee Income Report*.

BANKINSURANCE.com NEWS

HALF OF NATIONAL PENN'S NONINTEREST INCOME MADE UP OF INSURANCE, WEALTH MANAGEMENT AND BOLI

Boyertown, PA-based, $9 billion-asset National Penn Bancshares issued its 2010-2009 quarterly and year-to-date earnings release using non-GAAP measures. According to the financial information the company made available, wealth management income in the fourth quarter declined 6.6% to $6.92 million, down from $7.41 million in fourth quarter 2009. Insurance commissions and fees decreased 13.9% to $3.42 million, down from $3.97 million, which bank-owned life insurance (BOLI) income rose 4.2% to $1.50 million, up from $1.44 million. Wealth management, insurance brokerage and BOLI earnings comprised, respectively, 29.2%, 14.4% and 6.3% of total noninterest income, which declined 9.9% to $23.66 million, down from $26.25 million in fourth quarter 2009.

Net interest income in the fourth quarter surged 145.2% to $50.14 million, up from $20.45 million in fourth quarter 2009, reflecting a $29.5 million drop in loan loss provisions to $17.50 million and a $10.4 million cut in interest expense to $26.10 million. Net income available to shareholders of $6.64 contrasted with a net loss of $283.29 million in fourth quarter 2009, despite a $5.5 million tax expense tied to the divestiture of Christina Bank & Trust.

For the year 2010, wealth management earnings slipped 1.3% to $28.53 million, down from $28.92 million, and insurance brokerage earnings decreased 8.8% to $14.33 million, down from $15.71 million in 2009. BOLI income grew 20.5% to $5.93 million, up from $4.92 million. Wealth management, insurance brokerage and BOLI earnings comprised, respectively, 29.0%, 14.6% and 6.0% of noninterest income of $98.22 million compared to a noninterest loss of $1.52 million in 2009, when the company recorded $101.79 million in net securities losses.

Net interest income in 2010 climbed 81.0% to $178.23 million, up from $98.48 million in 2009, reflecting a $59.03 million drop in loan loss provisions to $95 million and a $52.62 million cut in interest expense to $116.02 million. With $241.68 million in noninterest expenses, net income reached $13.32 million and compared with a net loss of $356.38 million in 2009. National Penn Bancshares President and CEO Scott Fainor said, "The strategic initiatives of divesting Christina Bank & Trust and finalizing the $150 million Warburg Pincus investment position National Penn well for the future."

In 2009, National Penn Bancshares' fiduciary income and insurance brokerage fee income comprised, respectively, 17.3% and 15.6% of its noninterest income. The company ranked 7th in fiduciary earnings and 7th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White's Wealth Management Fee Income Report* and the *Michael White-Prudential Bank Insurance Fee Income Report*.

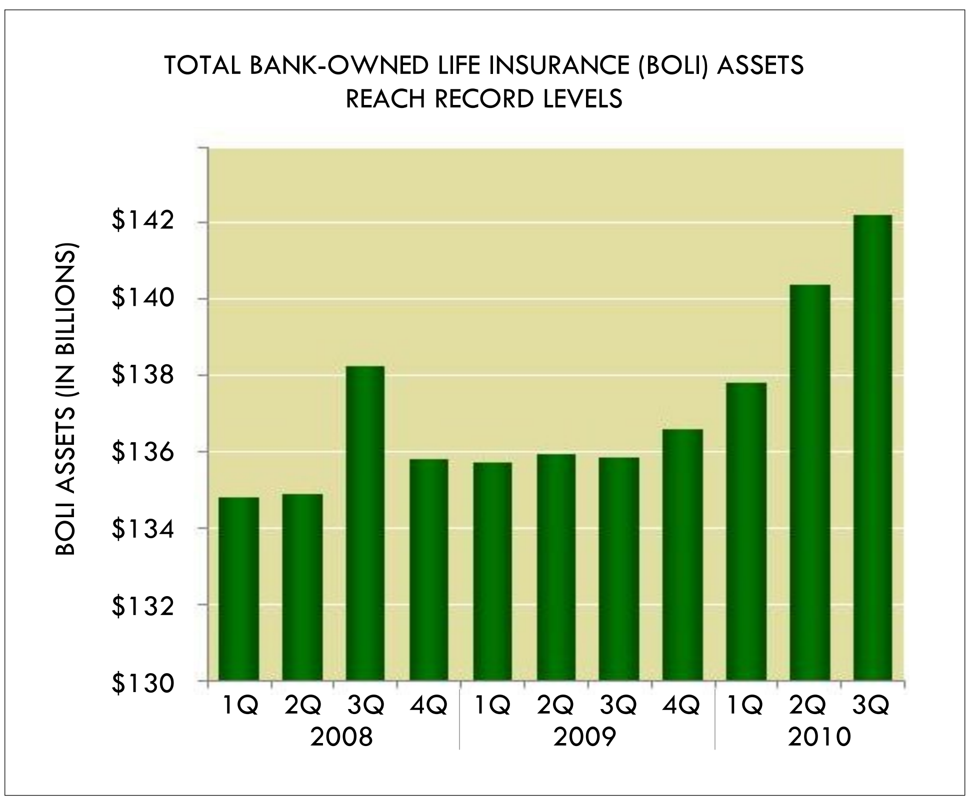
FEBRUARY 28 - MARCH 6, 2011

BOLI ASSETS HIT RECORD $140.2 BILLION IN THIRD QUARTER 2010

Bank-owned life insurance (BOLI) assets reached $140.24 billion in the third quarter of 2010, reflecting a 4.8% increase from $133.87 billion in third quarter 2009, according to the *Michael White / Meyer - Chatfield Bank - Owned Life Insurance (BOLI) Holdings Report*. The third quarter 2010 total for BOLI holdings is the sum of BOLI assets held by large bank holding companies (BHCs), stand-alone banks, and savings associations (i.e., thrifts). These institutions use BOLI to recover costs of employee benefits and offset the liabilities of retirement benefits.

The *Michael White / Meyer-Chatfield BOLI Holdings Report* measures and benchmarks the cash surrender values (CSV) of life insurance and ratio of CSV to capital possessed by BHCs and banks and thrifts. The report analyzes data reported by 915 large top-tier BHCs with assets greater than $500 million and 7,760 commercial banks, thrifts and FDIC-supervised savings banks. The report is compiled by Michael White Associates, LLC (MWA) and sponsored by Meyer-Chatfield.

A comprehensive report is published annually, but quarterly executive summaries are published and are available free of charge to interested parties. To obtain a copy, contact Chris Pezalla at c.pezalla@meyerchatfield.com or 800.444.BOLI.



SOURCE: *Michael White / Meyer-Chatfield BOLI Holdings Report*

BankInsurance.com News

U.S. COMMERCIAL BANKS AND THRIFTS TURN PROFITABLE IN 2010

U.S. commercial banks and financial institutions reported aggregate net income of $21.7 billion in fourth quarter 2010, a $23.5 billion improvement over the fourth quarter 2009 net loss of $1.8 billion, according to the Federal Deposit Insurance Corporation (FDIC). Almost two-thirds (62%) of all institutions reported earnings improvements over the year before, driving return on assets (ROA) to 0.65%, up from –0.06% in fourth quarter 2009.

Reductions in loan loss provisions accounted for the majority of earnings improvements, as these provisions were basically slashed in half to $31.6 billion, down from $62.9 billion in fourth quarter 2009. In addition, net operating revenue rose by $2.8 billion (1.7%), and realized gains on securities increased by $2.3 billion, while charge offs on uncollectible loans dropped $13 billion (23.7%) to $41.9 billion.

In contrast, service charge income on deposit accounts fell 20.7% ($2.1 billion); asset-servicing income dropped 32.3% ($2.2 billion), and securitization income tumbled 90.7% ($1.5 billion) primarily reflecting, respectively, Regulation E and changes in accounting rules.

For year 2010, aggregate net income for FDIC-insured institutions reached $87.5 billion, its highest level since 2007, and compared with a net loss of $10.6 billion in 2009. More than two-thirds (67.5%) of all commercial banks and financial institutions reported higher earnings, and the percentage of those reporting losses dropped from 31% in 2009 to 21% in 2010.

Lower loan loss provisions and good will impairments accounted for most of the earnings improvements, as provisions dropped by $92.6 billion and charges for goodwill impairments fell by $28.7 billion. In addition, net operating revenue and realized gains on securities each increased by $10.8 billion. Despite overall improvements, however, 157 banks failed and 197 were absorbed in mergers.

FDIC Chairman Sheila Bair said, “Overall, 2010 was a turnaround year with four straight quarters of positive earnings.” Looking forward, she added, “The long term health of both the industry and our economy will depend on a responsible expansion of bank lending at this pivotal point in the economic recovery.”

To read the FDIC’s Quarterly Banking Profile, click here.

IBERIABANK EXPANDS WEALTH MANAGEMENT DIVISION WITH FLORIDA TRUST PURCHASE

Lafayette, LA-based, $10 billion-asset Iberiabank has agreed to acquire Florida Trust Company from formerly Naples, FL-based, $640.9 million-asset Bank of Florida, which was merged with FDIC assistance last year into Jacksonville, FL-based, $12 billion-asset EverBank. The cash deal includes $700,000 upfront and a $700,000 contingent payment to be made one year after the transaction is completed. Florida Trust, which holds $460 million in assets under management, will retain its offices in Naples and Fort Lauderdale, its management team, other professionals and staff and merge into Iberia Wealth Advisors, Iberiabank's trust and asset management division, when the deal closes.

Iberiabank Trust, Brokerage and Wealth Management Managing Director Jefferson Parker said, "By acquiring a seasoned team with an established base and connectivity to their local markets, we can immediately begin serving our banking clients with services they have been unable to access previously within our franchise." Iberiabank has acquired three banks and 42 branches in Southeast and Southwest Florida over the past 15 months.

BRYN MAWR BANK TO ACQUIRE HERSHEY TRUST'S PRIVATE WEALTH MANAGEMENT GROUP

Bryn Mawr, PA-based, $1.7 billion-asset Bryn Mawr Bank has agreed to acquire the Private Wealth Management Group (PWMG) of Hershey Trust Company. Hershey, PA-based PWMG will retain its office, investment advisors and client services teams and merge into Bryn Mawr Trust's Wealth Management Division.

Bryn Mawr Trust Wealth Management Division Director Francis Leto said, "This acquisition is an important step in growing a business that has strategic importance to us." Hershey Trust Company Chairman LeRoy Zimmerman said, "The Hershey Trust Company has been taking ongoing steps to return its full focus to its core mission of managing the assets of the Milton Hershey School Trust. Selling our private wealth management business to Bryn Mawr Trust is another important step to help us achieve that goal."

When the cash and stock deal closes in second quarter 2011, pending regulatory approval, PWMG will add $1.1 billion in assets under management to Bryn Mawr Trust's current $3.4 billion in trust and investment assets under management, administration, supervision and brokerage.

THERE'S NO COMMON LAW REQUIRING DISCLOSURE, NY APPEALS COURT SAYS

The New York Court of Appeals has upheld the lower court's dismissal of *The People vs. Wells Fargo Insurance Services (WFIS), Inc. et. al.* in which New York alleged that WFIS had breached its fiduciary duty by failing to disclose to its customers any incentive payments made by insurers. The Court said, "The [New York] attorney general asks us to outlaw the practice [of nondisclosure] retroactively by creating a common law rule." While nondisclosure "is prohibited by a recently adopted [January 1, 2011] regulation of the Insurance Department, that regulation did not exist at the time of the conduct at issue here."

The Independent Insurance Agents and Brokers of New York (IIABNY) saw victory in the Court's decision and said: "The New York Court of Appeals ruled that common law does not require an insurance broker to disclose to its clients incentive arrangements it has with insurance companies."

NEW YORK LIFE TO SELL STAKE IN THAILAND INSURER TO PARTNER SIAM COMMERCIAL BANK

New York City-based New York Life Insurance Company has agreed to sell its 23.89% stake and its Thai affiliate's 23.44% stake in Bangkok, Thailand-based Siam Commercial New York Life Insurance Public Company (SCNYL) to Bangkok-based, Baht 1.477 trillion ($48.1 billion)-asset Siam Commercial Bank Public Company (SCB) for Thai Baht 8.4 billion ($274 million).

New York Life International Chairman and CEO Dick Mucci said of the deal, "The joint venture with Siam produces the majority of its sales through the bank distribution, and SCB is very interested in fully integrating the operation into its consumer banking platform." SCB President Khun Kannikar Chalitaporn said, "SCB views life insurance as an important component of our long-term strategy that complements our banking franchise, and we see enormous opportunity in our insurance sector."

When the deal closes in March 20111, pending regulatory approvals, SCB will own 94.66% of SCNYL, which in 2010 wrote Baht 24 billion ($790 million) in net written premiums selling its life insurance products primarily through SCB's 1,019 branches throughout Thailand.

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE DOWN IN JANUARY AND 2010

U.S. applications for individually underwritten life insurance declined 2.3% in January compared to January 2010, according to the MIB Life Index. While applications among individuals ages 60 and older continued their upward trend (+8.7%), applications among individuals ages 45-59 slipped 0.7% and among those ages 0-44 fell 5.9%, Braintree, MA-based MIB Group said.

For the year 2010 applications slipped 1.2% from those written in 2009 the MIB Life Index shows. Applications among individuals ages 60 and older and ages 45-59 were up, but comprised, respectively, 15.3% and 29.1% of all applications. Applications among individuals ages 0-44, in contrast, comprised 55.6% of all applications and were down.

Residents of the Texas/South and Mid-West regions were more inclined to purchase individually underwritten life insurance than were those who lived in the Western Mountain regions, MIB Group found.

D.C. FEDERAL JUDGE RULES U.S. HEALTHCARE LAW IS CONSTITUTIONAL

District of Columbia Federal Court Judge Gladys Kessler has ruled as constitutional the individual mandate in the healthcare legislation signed into law by President Obama in March 2010. Plaintiffs had argued that the mandate violates the Commerce Clause in the U.S. Constitution because it requires U.S. citizens to purchase health insurance or pay a penalty, i.e., participate in commerce against their will. Judge Kessler disagreed and wrote in her decision last week: "Making a choice is an affirmative action whether one decides to do something or not do something." She added that the individual mandate is "an appropriate means which is rationally related to the achievement of Congress' larger goal of reforming the national health insurance system."

Four other Federal judges in different states have also ruled on the constitutionality of the healthcare legislation. Two ruled it does not violate the Constitution, and two ruled it violates the Constitution's Commerce Clause and is, therefore, unconstitutional. Virginia has asked the U.S. Supreme Court to expedite a hearing on challenges to the constitutionality of the law.

IBERIABANK TO EXPAND IN NEW ORLEANS WITH OMNI BANCSHARES PURCHASE

Lafayette, LA-based, $10 billion-asset Iberiabank Corp. has agreed to acquire Metaine, LA-based, $735 million-asset Omni Bancshares. When the $40 million deal closes, Iberiabank will almost double greater its greater New Orleans' reach to include 21 branches. Iberiabank President and CEO Daryl Byrd said, "Our goal is clearly and simply to be the most significant bank in the New Orleans community."

ZURICH FINANCIAL AND BANCO SANTANDER FORGE LATIN AMERICAN BANK INSURANCE DEAL

Zurich, Switzerland-based Zurich Financial Services Group (Zurich) has agreed to pay Santander, Spain-based, $1.68 trillion-asset Banco Santander SA (Santander) $1.67 billion to acquire a 51% stake in Santander's life insurance, pension and general insurance operations in Brazil, Mexico, Chile, Argentina and Uruguay and to acquire a 25-year distribution agreement with Santander for these products in these countries.

As part of the 51:49 deal, Zurich will form and manage Zurich Santander Insurance America in Madrid, which will serve as a holding company for the to-be-formed jointly owned companies. Each local Latin American-based company will then enter into an exclusive bank distribution agreement for life, savings, pension and general insurance products with Santander's respective local banking unit, giving Zurich access to Santander's 5,600 bank branches and 36 million customers throughout the region.

Zurich CEO Martin Senn said, "This alliance with Banco Santander is another milestone in the implementation of Zurich's emerging market strategy in both global life and general insurance. Santander's Latin American insurance operations offer a rare combination of high growth potential and strong cash flow generation."

In 2010, Santander's Latin American insurance premiums grew 32% to $1.9 billion in gross written premiums, with bank distribution in Brazil accounting for 40% of total insurance sold in 2009. The Zurich-Santander deal is expected to close by first quarter 2012, pending regulatory approval.

BENEFITS AGENCY ACQUISITION DRIVES NORTHWEST BANCSHARES INSURANCE EARNINGS UP

Warren, PA-based, $8.15 billion-asset Northwest Bancshares reported its acquisition of Veracity Benefits Design drove fourth quarter 2010 insurance brokerage fee income up 120% to $1.36 million from $619,000 in fourth quarter 2009. Income from bank-owned life insurance (BOLI) also increased, rising 2.5% to $1.23 million, from $1.20 million in fourth quarter 2009, while income from trust and other financial services slipped 2.6% to $1.91 million, down from $1.96 million. Insurance brokerage, BOLI and trust earnings comprised, respectively, 9.2%, 8.1% and 12.6% of noninterest income, which fell 12.3% to $15.17 million, down from $17.30 million in fourth quarter 2009, when the company recorded a $3.50 million gain on the bargain purchase of Keystone State Savings Bank.

Net interest income in fourth quarter 2010 jumped 22.4% to $53.31 million, up from $43.54 million in fourth quarter 2009, largely reflecting a $7.05 million drop in interest expenses and a $580,000 decrease in loan loss provisions to $13.92 million. Net income soared nearly thirteen-fold to $12.7 million, up from $1 million in fourth quarter 2009.

For the year 2010, insurance brokerage income almost doubled to $5.19 million, up from $2.66 million in 2009 before the Veracity benefits acquisition; trust earnings grew 14.9% to $7.25 million, and BOLI income rose 6.1% to $5.08 million. Insurance, trust and BOLI earnings comprised, respectively, 8.6%, 12.0% and 8.4% of noninterest income, which climbed 13.2% to $60.40 million, up from $53.34 million 2009, despite the fact that mortgage banking income was sliced by over $5 million.

Net interest income in 2010 climbed 16.2% to $217.16 million, up from $186.81 million in 2009, helped by a $22.88 million drop in interest expense and a $1.36 million decline in loan loss provisions to $40.49 million. Net income jumped 76.2% to a record $57.5 million, up from $32.7 million in 2009. Northwest Bancshares President and CEO William Wagner said, "We are pleased to report record annual earnings during a year when the banking industry continued to be challenged by economic and regulatory issues."

In 2009, Northwest Savings Bank reported $2.94 million in insurance brokerage income, which comprised 5.2% of its noninterest income and 1.0% of its net operating revenue. The company ranked 34th in insurance brokerage earnings among banks with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

HANCOCK REPORTS GROWING INSURANCE, TRUST, INVESTMENT AND ANNUITY FEES

Gulfport, MS-based, $8.14 billion-asset Hancock Holding Company reported insurance earnings in fourth quarter 2010 grew 13.3% to $3.77 million, up from $3.33 million in fourth quarter 2009. Trust fees rose 9.8% to $4.32 million, up from $3.94 million, and combined investment and annuity fees jumped 40.4% to $2.33 million, up from $1.66 million. Insurance, trust and combined investment and annuity fees comprised, respectively, 10.7%, 12.3% and 6.6% of noninterest income, which dropped 44.6% to $35.07 million, down from $63.36 million in fourth quarter 2009, when the company recorded a $33.62 million gain on the acquisition of Peoples First Community Bank.

Net interest income on a 4.06% net interest margin in fourth quarter 2010 climbed 26.2% to $60.42 million, up from $47.87 million in fourth quarter 2009, reflecting primarily a $4.4 million cut in loan loss provisions to $11.39 million and a $5.7 million drop in interest expense. Net income tumbled 46.4% to $17.02 million, down from $31.78 million in fourth quarter 2009, when the $33.62 million gain in the Peoples First acquisition was recorded.

For the year 2010, insurance fees rose 0.7% to $14.46 million, up from $14.36 million in 2009; trust fees increased 10.5% to $16.72 million, up from $15.13 million; and combined investment and annuity fees grew 23.8% to $10.18 million, up from $8.22 million. Insurance, trust and combined investment and annuity fees comprised, respectively, 10.6%, 12.2% and 7.4% of noninterest income, which fell 13.0% to $136.95 million, down from $157.33 million in 2009, when the $33.62 million gain on the Peoples First acquisition and a $69 million gain on securities transactions were recorded.

Net interest income in 2010 climbed 16.2% to $216.05 million, up from $185.90 million in 2009, despite an $11.40 million increase in loan loss provisions to $65.99 million, but helped by a more than $13 million decrease in interest expense. Net income, however, fell 30.2% to $52.21 million, down from $74.78 million in 2009, when the company recorded the $33.62 million Peoples First gain and the $69 million gain on securities transactions.

Hancock President and CEO Carl Chaney commented on the company's pending acquisition of New Orleans, LA-based, $11.8 billion-asset Whitney Holding, saying, "Upon completion of the transaction, our business footprint will grow dramatically in Hancock's current, Louisiana, Mississippi, Alabama and Florida markets, and we will expand into dynamic new regions such as Houston and Tampa-St. Petersburg." He added, "We are excited about the coming year." The deal with Whitney is expected to close in the second quarter.

In 2009, Whitney Holding reported $2.52 million in insurance brokerage income, which comprised 2.3% of its noninterest income and 0.5% of its net operating revenue. The company ranked 48th in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2009, Hancock Holding reported $10.63 million in insurance brokerage income, which comprised 6.8% of its noninterest income and 2.8% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

BREMER REPORTS RISING TRUST FEES, FALLING BROKERAGE EARNINGS, AND INSURANCE EARNINGS DOWN IN 4Q BUT UP FOR 2010

St. Paul, MN-based, $8 billion-asset Bremer Financial reported insurance earnings in fourth quarter 2010 slipped 2.2% to $5.73 million, down from $5.86 million in fourth quarter 2009. Trust and investment management (TI) fees rose 5.6% to $3.74 million, up from $3.54 million, but brokerage earnings fell 18.7% to $1.87 million, down from $2.30 million. Insurance, TI management and brokerage earnings comprised, respectively, 18.3%, 12.0% and 6.0% of noninterest income, which grew 11.6% to $31.23 million, up from $27.98 million in fourth quarter 2009, helped by a $2.10 million increase in loan sales and a $2.6 million gain on the sale of other real estate owned (OREO).

Net interest income on a 3.84% net interest margin declined 8.6% in fourth quarter 2010 to $53.46 million, down from $58.47 million in fourth quarter 2009, despite a $5.86 million decrease in interest expense which made up for a $2.19 million increase in loan loss provisions to $15.28 million. Net income, bolstered by noninterest earnings and decreased noninterest expense, grew 10.3% to $17.11 million, up from $15.52 million in fourth quarter 2009.

For the year 2010, insurance earnings rose 1% to $14.87 million, up from $14.75 million in 2009; TI fees grew 12.4% to $13.97 million, up from $12.43 million, and brokerage earnings slid 3.1% to $6.44 million, down from $6.64 million. Insurance, TI and brokerage income comprised, respectively, 13.3%, 12.5% and 5.7% of noninterest income, which slipped 2.5% to $112.08 million, down from $114.91 million in 2009, when the gain on loan sales was $3.60 million higher and service charges were $3.40 million higher.

Net interest income on a 3.96% net interest margin increased 7.8% in 2010 to $230.73 million, up from $213.98 million in 2009, driven by a $31.42 million drop in interest expense and a $13.42 million cut in loan loss provisions to $45.97 million. Net income rose 5.1% to $68.94 million, up from $65.16 million in 2009.

Bremer Financial CEO Pat Donovan looked to and beyond the results and said, "In the face of an economy that refused to warm up, Bremer mobilized around emerging needs and successfully positioned the company for future opportunities."

In 2009, Bremer Financial reported $14.7 million in insurance brokerage fee income, which comprised 15.5% of its noninterest income and 3.9% of its net operating revenue. The company ranked 8th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

ORIENTAL FINANCIAL BANKS ON GROWING WEALTH MANAGEMENT REVENUE

San Juan, PR-based, $7.31 billion-asset Oriental Financial Group reported wealth management revenues in fourth quarter 2010 grew 8.9% to $4.69 million, up from $4.31 million in fourth quarter 2009, topping all other sources of noninterest fee income. Wealth management earnings comprised 39.4% of the $11.89 million in noninterest income, which contrasted with a noninterest loss of $81.63 million in fourth quarter 2009, when losses on sales of securities reached $52 million.

Net interest income in fourth quarter 2010 fell 25.1% to $20.62 million, down from $27.52 million in fourth quarter 2009, reflecting a $5.58 million increase in loan loss provisions to $9.98 million and a $2.49 million decrease in interest income before expenses and provisions. Net income of $3.87 after dividend payments contrasted with a net loss of $75.25 million in fourth quarter 2009.

For the year 2010, wealth management revenues climbed 23.3% to $17.85 million, up from $14.47 million in 2009, helping compensate for $36.89 million in derivatives losses, which cut noninterest income to $5.13 million, an improvement over a noninterest loss of $2.07 million in 2009.

Net interest income in 2010 slipped 2% to $113.00 million, down from $115.36 million in 2009, despite a $20 million drop in interest expense. With almost $40 million in increased noninterest expenses and $28.04 million paid out to shareholders, the company reported a year 2010 net loss of $18.21 million compared to net income of $18.14 million in 2009. Oriental Financial President and CEO Jose Rafael Fernandez said, "Our core Oriental Bank & Trust and Oriental Financial Services banking and financial services operations performed well." He added, "We expect to continue to make strong progress in 2011 in line with our strategy of generating a great portion of our income from lending and wealth management activities.



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