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BankInsurance.com News

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Earnings Reports Reveal This Spring's LIONS & LAMBS

PLUS: BOLI Assets Approach $150 Billion

Overseas Losses Drag U.S. Bank Insurance Brokerage Fee Income Down

GENWORTH TO SUSPEND MULTI-LIFE & LTC BUSINESS SOLUTIONS PROGRAMS

Richmond, VA-based Genworth Life Insurance Company and Genworth Life Insurance Company of New York (Genworth) are suspending the sale of long-term care insurance (LTC) products offered under their Multi-Life and Long Term Care Business Solutions (LTCBS) Programs. After March 1, 2013, Genworth will no longer accept request forms for LTCBS or group traditional Multi-Life programs. After April, enrollment in, plan design and quotes for LTCBS and traditional Multi-Life programs will not be accepted, and after April 15, new business applications for existing traditional Multi-Life groups will not be accepted. After July, no applications, including those for Multi-Life and LTCBS groups still in their 90-day enrollment period, will be accepted. Coverage under existing LTCBS group and Multi-Life individual policies, however, will remain in effect.

Genworth said it will continue to offer long-term care products and services to individuals and large employer groups, including voluntary plans for employers with more than 500 employees and employer-paid plans for employers with more than 150 employees.

Commenting on its decisions regarding LTC offerings, Genworth said, “Our current intention is to revisit new product offerings and revised underwriting practices once our primary priorities in the individual market are delivered.”

PROSPERITY LIFE TO ACQUIRE SBLI USA MUTUAL LIFE

Austin, TX-based Prosperity Life Insurance Group (Prosperity Life) has agreed to acquire New York City-based SBLI USA Mutual Life Insurance Company (SBLI USA). Matt Popoli, senior managing director of Reservoir Capital Group, which along with Black Diamond Capital owns Prosperity Life, said, “SBLU USA complements Prosperity’s existing presence in the mid-Atlantic region through our subsidiary Shenandoah Life.”

Prosperity is acquiring SBLI USA through a sponsored demutualization, which is expected to close in the third quarter, pending SBLI policyholder and board approval and approval from the New York Department of Financial Services. When the transaction is completed, SBLI USA will continue to operate from its current location and under its current management team and name as a unit of Prosperity. Popoli said, “This transaction is another good example of Prosperity’s ability to provide mutual life insurance companies with improved financial strength and access to capital, while still allowing the continuation of an independent identity and brand.” The deal is expected to boost Prosperity’s combined assets to $3 billion.

UN FEDERAL CREDIT UNION INCREASES BUSINESS INSURANCE LINES WITH INDUSTRIAL COVERAGE CORP ACQUISITION

Long Island City, NY-based United Nation’s Federal Credit Union (UNFCU) unit UNFCU Financial Services has acquired Patchogue, Long Island, NY-based Industrial Coverage Corp (ICC), a privately held, full service commercial and personal insurance agency. UNFCU President and CEO William Predmore said, “I could not think of a better way to begin 2013 than by delivering more options and resources in the service of risk management for our members stateside.” He added, “ICC’s business insurance mix complements our Insurance Center’s personal lines of insurance.”

ICC will retain its name, management team and staff and continue to operate from its current location, adding an “extensive suite of business owners’ policies” to UNFCU Financial Services’ insurance offerings, while continuing to serve its over 3,500 clients. ICC boasts a 95% client retention rate.

NY SUPREME COURT UPHOLDS SALVATION ARMY’S ALLEGATIONS AGAINST BNY MELLON

The Supreme Court of the State of New York has upheld The Salvation Army Southern Territory’s (Salvation Army) lawsuit against New York City-based, $340.1 billion-asset The Bank of New York Million (BNY Mellon) alleging the bank engaged in gross negligence, and breached its fiduciary duty and contract, and grossly mismanaged the organization’s securities lending account.

The Salvation Army (SA) said in its lawsuit that BHY Mellon assured the non-profit that it would follow the SA’s conservative investment mandate and “invest and maintain the Army’s funds in conservative assets with low risk and high liquidity.” Instead, BNY purchased such highly volatile investments as “asset-backed securities derived from sub-prime mortgages and other low quality mortgages and home equity loans,” failed to properly manage the portfolio “as market conditions deteriorated,” and left the account holding “unproductive toxic assets.”

Commenting on the Court’s decision in its favor, Salvation Army Southern Territory Chief Investment Officer Lt. Col. David Mothershed said, “The Court’s decision validates our efforts to remedy the bank’s failure to follow our instructions to be fiscally conservative with our funds and investments.” He added, “For three years we have pushed for an amicable settlement with Bank of New York Mellon to resolve allegations outlined in the lawsuit without success.”

The Salvation Army is seeking $22 million in damages. The Salvation Army said, “The stewardship of money entrusted to us is a responsibility that the Salvation Army has always taken very seriously, and we will not allow the trust to be broken.”

U.S. PENSION BENEFIT GUARANTY CORP REPORTS SURGING DEFICIT

The U.S. Pension Benefit Guaranty Corp (PBGC) reported the deficit in its multi-employer insurance programs jumped 87.7% in 2012 to $5.2 billion, up from $2.77 billion in 2011, as booked liabilities surged to $7.0 billion drowning $1.8 billion in assets. PBGC said, "There is a substantial risk that without significant change to the multi-employer plan system and PBGC's program, the multi-employer program will become insolvent" within "the next decade or so."

AIG & HSBC AGREE TO EXCLUSIVE NONLIFE BANCASSURANCE AGREEMENT IN TURKEY & FRANCE

New York City-based American International Group (AIG) has agreed to pay $55 million to enter into bancassurance agreements with London-based HSBC Group companies, whereby AIG will become the exclusive distributor of nonlife insurance products through HSBC banks in Turkey and France and a non-exclusive distributor of those products through HSBC banks in other Continental European countries. Additionally, AIG has agreed to pay $14.5 million ($13.3 million upfront and $1.2 million contingent) to acquire France-based HSBC Assurances I ARD (HAI), an HSBC nonlife insurance subsidiary.

AIG EMEA Region Consumer Insurance President Dan Doherty said, "This long term collaboration will allow us to expand our existing distribution and operations platforms with HSBC Turkey. We are particularly excited about our increased access to offer accident and health products in this key market, and we are delighted with the enhanced capacity to further the growth of our core customer platform in France."

The bancassurance partnership is expected to launch in first half 2013, pending country-specific-agreements. The HAI purchase will be completed, pending regulatory approval.

METLIFE TO ACQUIRE CHILE-BASED PENSION FUND ADMINISTRATOR AFP PROVIDA

New York City-based MetLife has agreed to pay approximately $2.0 billion to acquire Santiago, Chile-based pension fund administrator AFP Provida S.A. Under terms of the agreement, MetLife will conduct a public cash tender offer for all outstanding shares in Provida, including the transfer of the 64.3% stake in the company held by Bilbao-based BBVA.

MetLife Chairman, President and CEO Steven Kandarian said, "With this acquisition [which also includes a small asset management business in Ecuador], MetLife is delivering on key components of our strategy – expanding our presence in emerging markets … [and] shifting our business mix to less capital intensive products." Kandarian added, "MetLife is a leader in both life insurance and annuities in Chile, and Provida will further strengthen our position by adding the country's top pension franchise."

The deal for Provida, which had $45.3 billion in assets under management on September 30, 2012, is expected to close in the third quarter and be "immediately accretive to earnings."

HSBC & ALLIANZ ENTER EXCLUSIVE LIFE & PENSION BANCASSURANCE AGREEMENT IN TURKEY

London-based HSBC Bank and Munich, Germany-based Allianz SE have entered into a 10-year bancassurance agreement whereby HSBC Group companies will distribute Allianz life insurance and pension products to customers in Turkey and other countries in Central Europe. Allianz has agreed to pay HSBC Bank A.S. Turkey $30 million in cash plus commissions to be the exclusive distributor of life insurance and pension products through that bank. The bancassurance deals are expected to launch in first half 2013, pending regulatory approval.

CHAROEN POKPHAND COMPLETES ACQUISITION OF 15.6% STAKE IN CHINA'S PING AN INSURANCE

Bangkok, Thailand-based Charoen Pokphand Group has completed its purchase of London-based HSBC Group's 15.6% stake in Shenzhen,China-based Ping An Insurance. Charoen Pokphand, which is controlled by Thai billionaire Dhanin Chearavanont, paid $7.4 billion in cash for the second tranche of shares after paying $2 billion to acquire the first tranche of the 15.6% stake in December 2012. The China Insurance Regulatory Commission signed off on the deal, *Reuters* reports.

GROWING INSURANCE & TIM EARNINGS COMPRISE 45% OF CULLEN/FROST'S NONINTEREST INCOME

San Antonio, TX-based, $23.1 billion-asset Cullen/Frost Bankers reported insurance brokerage fee income in 2012 benefited from new business and rate increases and grew 12.8% to $39.95 million, up from $35.42 million in 2011. Trust and investment management (TIM) fees, bolstered by higher oil, gas and real estate fees and the increased value of trust assets, increased 6.4% to $83.32 million, up from $78.30 million. Insurance brokerage and TIM fees comprised, respectively, 13.8% and 28.9% of noninterest income, which slipped 0.4% to $288.79 million, down from $290.00 million in 2011, impacted by drops in service charges on deposit accounts and declines in interchange and debit card transaction fees.

Net interest income rose 4.0% to $604.86 million, up from $581.76 million in 2011 and, after a 63.3% drop in loan loss provisions to $10.08 million, increased 7.3% to $594.78 million, up from $554.33 million. Net income, after increased expenses largely tied to salaries and employee benefits, grew 9.4% to a record $237.95 million, up from $217.54 million in 2011. Cullen/Frost Chairman and CEO Dick Evans said, "We are fortunate to operate in Texas, a state whose economy once again outpaced that of the nation in 2012." Evans added, "Our capital levels remain very strong."

In 2011, Cullen/Frost Bankers' insurance brokerage income and wealth management earnings comprised, respectively, 13.1% and 33.6% of its noninterest income, and 4.1% and 10.7% of its net operating revenue. The company ranked 24th and 33rd, respectively, in insurance brokerage income and wealth management earnings among all BHCs, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

TIM EARNINGS RISE AS INSURANCE INCOME FLATTENS AT VALLEY NATIONAL

Wayne, NJ-based, $16 billion-asset Valley National Bancorp reported insurance brokerage earnings in 2012 slipped 0.9% to $15.49 million, down from $15.63 million in 2011, and income from bank-owned life insurance (BOLI) income declined 7.0% to $6.86 million, down from $7.38 million. In contrast, trust and investment management (TIM) fees rose 2.3% to $7.69 million, up from $7.52 million. Insurance brokerage, BOLI and TIM income comprised, respectively, 12.8%, 5.7% and 6.4% of noninterest income, which grew 7.7% to $120.95 million, up from $112.30 million in 2011, driven by a more than quadrupling of mortgage loan sales to $47 million, up from $10.7 million.

Net interest income in 2012 rose 3.1% to $489.33 million, up from $474.81 million in 2011, reflecting a $17.7 million cut in interest expense, which more than made up for a $2.63 million decrease in interest income. Net interest income after a $27.78 million drop in loan loss provisions to $25.55 million, grew 10.2% to $464.33 million, up from $421.48 million. Net income, despite a $36.34 million increase in noninterest expense, grew 10.7% to $146.63 million, up from $132.51 million in 2011. Valley National Chairman, President and CEO Gerald Lipkin described the company's performance as "strong … despite a very difficult interest rate environment." Lipkin added, "We stand ready to compete across all of our lines of business and are committed to assisting in the continued economic recovery within our communities."

In 2011, Valley National's insurance brokerage income and investment banking, advisory and underwriting fees and commissions comprised, respectively, 15.6% and 6.2% of its noninterest income. The company ranked 30th and 32nd, respectively, in insurance brokerage income and investment banking and advisory fees among BHCs with assets over $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

TRUST & INSURANCE EARNINGS GROW AT FIRSTMERIT

Akron, OH-based, $14.9 billion-asset FirstMerit Corp reported trust department income in 2012 rose 3.3% to $23.14 million, up from $22.40 million in 2011; and insurance and investment brokerage earnings grew 9.2% to $8.99 million, up from $8.23 million, while income from bank-owned life insurance (BOLI) fell

18.1% to $12.14 million, down from $14.82 million. Trust income, combined insurance and investment brokerage earnings and BOLI income comprised, respectively, 10.3%, 4.0%, and 5.4% of noninterest income, which slipped 0.5% to $223.6 million, down from $224.76 million in 2011, reflecting drops in service charges on deposits, credit card fees and investment securities gains. In contrast, mortgage loan sales almost doubled to $27.03 million to comprise 12.1% of noninterest income.

Net interest income slid 1.6% to $471.83 million, down from $479.63 million in 2011, despite a $9.78 million cut in interest expense, as interest income declined 5.1% to $510.68 million, down from $538.26 million. Net interest income after a $19.69 million cut in loan loss provisions to $546.98 million, rose 2.9% to $417.13 million, up from $405.24 million. Net income, helped by a 2.3% cut in noninterest expense to $453.61 million, down from $464.35 million, grew 12.2% to $134.11 million, up from $119.56 million in 2011. FirstMerit Chairman, President and CEO Paul Greig said, "While the low-interest rate environment and slow economic recovery continue to challenge the banking industry, I am pleased to report that FirstMerit again performed well and grew our business."

In 2011, FirstMerit's fiduciary income comprised 13.9% of its noninterest income and 3.3% of its net operating revenue. The company ranked 48th in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White - IPI Bank Wealth Management Report*.

GROWING INSURANCE, TRUST & SECURITIES BROKERAGE REVENUE COMPRISE 30.5% OF F.N.B.'S NONINTEREST INCOME

Hermitage, PA-based, $12.0 billion-asset F.N.B. Corp reported insurance brokerage fee income in 2012 increased 8.2% to $16.43 million, up from $15.19 million in 2011; trust income rose 3.1% to $15.24 million, up from $14.78 million, and securities brokerage earnings grew 11% to $8.40 million, up from $7.56 million. Insurance brokerage, trust and securities brokerage earnings comprised, respectively, 12.5%, 11.6% and 6.4% of noninterest income, which increased 9.6% to $131.46 million, up from $119.92 million in 2011.

Net interest income on a 3.73% net interest margin climbed 17.8% to $372.85 million, up from $316.51 million in 2011, reflecting a 10% increase in interest income to $431.91 million and a 21% cut in interest expense to $59.06 million. Net interest income, after a 7% decline in loan loss provisions to $31.30 million, climbed 20% to $348.93 million, up from $290.76 million. Net income, despite a 12.4% increase in noninterest expense largely tied to the Parkvale acquisition, jumped 26.8% to a record $110.41 million, up from $87.05 million in 2011. F.N.B. Corp CEO Stephen Gurgovits attributed the strong results to organic growth and the Parkvale acquisition and said, "We remained focused on gaining market share and attracting customers, while maintaining our high quality underwriting standards."

In 2011, F.N.B. Corp's insurance brokerage income and wealth management earnings comprised, respectively, 11.0% and 19.2% of its noninterest income, and 3.0% and 5.2% of its net operating revenue. The company ranked 13th and 14th, respectively, in insurance brokerage income and wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

TRUSTMARK REPORTS RISING INSURANCE & WEALTH MANAGEMENT EARNINGS

Jackson, MS-based, $9.8 billion-asset Trustmark Corp. reported insurance brokerage fee income in 2012 increased 4.6% to $28.21 million, up from $26.97 million in 2011, while wealth management earnings rose 0.4% to $23.06 million, up from $22.96 million, both supported by the first quarter acquisition of Bay Bank & Trust Co. Insurance brokerage and wealth management earnings comprised, respectively, 16.1% and 13.2% of noninterest income, which grew 9.7% to $175.19 million, up from $159.77 million in 2011, helped by a 52.8% jump in mortgage banking income to $40.96 million, up from $26.81 million.

Net interest income on a 4.09% net

interest margin slid 2.2% to $355.39 million, down from $363.49 million in 2011, reflecting a 5.0% decline in interest income to $386.06 million, which exceeded the benefits of a 28.7% cut in interest expense to $30.67 million. Net interest income, after a drop in loan loss provisions to $12.29 million, down from $29.73 million, increased 3.3% to $343.09 million, up from $333.17 million. Net income, after increased expenses tied to the Bay Bank & Trust acquisition, grew 9.8% to $117.28 million, up from $106.84 million in 2011. Trustmark President and CEO Gerard Host said, “We experienced increased profitability in our insurance and wealth management businesses.” Host added, “Thanks in part to the low interest rate environment, the profitability of our mortgage banking business reached record levels.”

In 2011, Trustmark’s wealth management income and insurance brokerage fee income comprised, respectively, 15.6% and 18.3% of its noninterest income. The company ranked 13th in fiduciary earnings and 4th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White - IPI Bank Wealth Management Report* and the *Michael White - Prudential Bank Insurance Fee Income Report*.

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METLIFE & PUNJAB NATIONAL BANK FORM PNB METLIFE INDIA

New York City-based MetLife unit Bangalore, Inda-based MetLife India and Punjab, India-based Punjab National Bank (PNB) have formed PNB MetLife India Insurance Company Limited (PNB MetLife), now 30% owned by PNB. Commenting on the bancassurance deal, MetLife Chairman President and CEO Steven Kandarian said, “India is an important growth opportunity for MetLife, and we are proud to be partnering with such an outstanding financial institution as PNB.” PNB Chairman and Managing Director Shri K.R. Kamath said, “Partnering with MetLife gives us access to global products and the risk management expertise of MetLife. PNB will be able to offer a full suite of financial products to our customers, including life insurance, under the new PNB MetLife brand.”

PNB serves over 70 million customers through over 5,900 branches across India. MetLife said the bancassurance partnership with PNB fits with its strategic plan to achieve 20% of its operating earnings from businesses in emerging markets by 2016.

AEGON TO SELL UNNIM IT’S 50% STAKE IN UNNIM BANC JOINT VENTURE

The Hague-based Aegon has agreed to sell its 50% stake in its life, health and pension joint venture with Barcelona, Spain-based Unnim Banc to Unnim for €353 million ($471.6 million). The sale is expected to close in the second quarter, pending approvals.

Aegon said that in Spain it intends to focus on its exclusive bancassurance partnership with Santander, Spain-based Banco Santander whereby it offers life and general insurance products to Banco Santander’s 12 million banking customers through the bank’s 4,600 branches across Spain.

U.S. PENSION PLANS UNLIKELY TO ACHIEVE TARGETED RETURNS

U.S. pension plans’ targeted returns of 7% to 8% over the next 10 years will be “challenging” to achieve at best, according to the *10-Year Capital Return Assumptions Report* released by BNY Mellon Investment Strategy and Solutions Group (ISSG) and BNY Mellon Wealth Management.

IISG projects returns on fixed income products will rise 1% over the next 10 years, and 10-year U.S. Treasuries will yield 3.5%, driving long-term Treasury returns negative. At the same time, large, mid and small cap equities will average returns of 7%, reflecting real annual earnings growth of 2% (not the consensus 6%), dividend yields of 2.25% and annual inflation rates of 2.5%.

Given these projections and the fact that many pension plans are already underfunded, IISG said, “Concerned plan sponsors need to consider whether they need to add exposure to equities … [and shorten] the duration of their fixed income holdings.”

For more on the IISG report, click here.

BANK OF AMERICA AMONG GOLD MONITOR AWARD WINNERS

New York City-based Corporate Insight has named the winners of its Gold Monitor Awards for valuable services and exceptional user-friendly experiences offered online by U.S. financial services companies.

Charlotte, NC-based, $2.17 trillion-asset Bank of America won the Bank Gold Monitor. Lansing, MI-based Jackson National and San Francisco-based Transamerica tied for the Gold Monitor for annuity providers. Boston, MA-based Liberty Mutual received the Gold Monitor for property and casualty insurers. New York City-based AXA Equitable won the life insurer Gold Monitor, and Boston, MA-based Fidelity received Gold Monitors for both online brokerage and mutual funds.

Corporate Insight noted that, overall, many financial services companies are redesigning their websites, improving their readability on ipods and iphones. Others are adding educational and interactive functions such as videos, conversion calculators, savings planners and the like. Many are expanding their international viability by adding global stock trading and research capability to their websites.

Monitor Services Vice President Tim Ullrich said, "Consumers continue to demand more from their financial institutions, particularly in terms of the online experience. As the global economic landscape evolves and offerings like social research and mobile reshape customer expectations, it is vital for firms to ensure that they don't fall behind the pack."

TRUST FEES CLIMB 37% AT HANCOCK HOLDING COMPANY

Gulfport, MS-based, $19.5 billion-asset Hancock Holding Company reported trust fees in 2012 climbed 36.8% to $32.74 million, up from $23.94 million in 2011, bolstered by the Whitney acquisition. Additionally, investment and annuity fees grew 20.0% to $18.03 million, up from $15.02 million. In contrast, insurance brokerage fee income slid 5.0% to $15.69 million, down from $16.52 million. Trust fees, investment and annuity fees and insurance brokerage earnings comprised, respectively, 12.9%, 7.1% and 6.2% of noninterest income, which climbed 23.0% to $253.75 million, up from $206.34 million in 2011.

Net interest income in 2012 jumped 35.5% to $722.45 million, up from $533.16 million in 2011, driven by increased revenue tied to the Whitney acquisition and a $19.29 million cut in interest expense. Net interest income, after a $15.46 million increase in loan loss provisions to $54.19 million, climbed 35.2% to $668.26 million, up from $494.43 million. Net income, after surging income tax and noninterest expenses, almost doubled to $151.74 million, up from $76.76 million in 2011. Hancock Holding Company President and CEO Carl Chaney said, "We are fully focused on our future as one strong consolidated company."

In 2011, Hancock Holding's insurance brokerage income comprised 6.5% of its noninterest income and 1.9% of its net operating revenue. The company ranked 41st in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

In 2011, Hancock Holding's fiduciary activities comprised 11.6% of its noninterest income and 3.3% of its net operating revenue. The company ranked 46th in fiduciary income among all U.S. bank holding companies, according to the *Michael White - IPI Bank Wealth Management Report*.

BANCORPSOUTH REPORTS RISING INSURANCE REVENUE DOMINATES 32% OF NONINTEREST INCOME

Tupelo, MS-based, $13.4 billion-asset BancorpSouth reported insurance brokerage fee income in 2012 remained the largest contribution to noninterest income, rising 3.7% to $90.14 million, up from $86.92 million in 2011. In contrast, trust income slipped 2.3% to $11.91 million, down from $12.19 million. Insurance brokerage and trust earnings comprised, respectively, 32.2% and 4.3% of noninterest income, which rose 3.4% to $280.15 million, up from $270.85 million in 2011, despite drops in credit and debit card fees and services charges on deposit accounts, as mortgage lending more than tripled to $56.92 million, ranking second to insurance revenue in its contribution to noninterest income.

Net interest income on a 3.57% net interest margin declined 4.7% to $414.59 million, down from $434.91 million in 2011, as a $31.11 million cut in interest expense was not enough to compensate for a $51.43 million drop in interest revenue to $486.42 million. Net interest income, after a $102.08 million drop in loan loss provisions to $28 million, climbed 26.8% to $386.59 million, up from $304.83 million. Net income, despite increased expenses largely related to a $9.78 million prepayment penalty on FHLB borrowings, jumped 124.4% to $84.30 million, up from $37.57 million in 2011.

Commenting on BancorpSouth's positive performance in 2012, BancorpSouth Chairman Aubrey Patterson said, "The importance of fee income generation and efficiency are becoming increasingly magnified as we work to navigate through this rate environment."

In 2011, BancorpSouth's insurance brokerage income comprised 37.4% of its noninterest income and 13.0% of its net operating revenue. The company ranked 11th 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*.

INSURANCE, TRUST & SECURITIES BROKERAGE EARNINGS UP AT BREMER FINANCIAL

St. Paul, MN-based, $8.73 billion-asset Bremer Financial Corp. reported insurance brokerage fee income rose 3.9% in 2012 to $15.35 million, up from $14.77 million in 2011. Additionally, trust and investment management (TIM) fees rose an identical 3.9% to $16.05 million, up from $15.44 million, while securities brokerage fees increased 2.9% to $8.06 million, up from $7.83 million. Insurance brokerage, TIM and securities brokerage fees comprised, respectively, 13.7%, 14.3% and 7.2% of noninterest income, which grew 13.3% to $112.09 million, up from $98.93 million in 2011, propelled by a 67.2% jump in mortgage loan sales to $24.61 million.

Net interest income rose 2.6% to $285.12 million, up from $277.87 million in 2011, reflecting a 29% cut in interest expense, which more than made up for a 2.6% dip in interest revenue. Net interest income, after an almost halving of loan loss provisions to $12.54 million, increased 7.4% to $272.58 million, up from $253.91 million in 2011. Net income, with noninterest expense up 6.7%, grew 12.8% to $91.55 million, up from $81.16 million in 2011. Bremer Financial CEO Pat Donovan said, "I am exceptionally proud of the commitment our team showed to building relationships and meeting client needs, and that commitment is reflected in our very strong numbers."

In 2011, Bremer Financial's insurance brokerage and wealth management in-

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come comprised, respectively, 16.7% and 26.4% of its noninterest income and 4.0% and 6.3% of its net operating revenue. The company ranked 38th in insurance brokerage earnings and 60th in wealth management income among all U.S. bank holding_companies (BHCs), according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

WEALTH MANAGEMENT LARGEST CONTRIBUTOR TO NONINTEREST EARNINGS AT NATIONAL PENN

Boyertown, PA-based, $8.53 billion-asset National Penn Bancshares reported wealth management income in 2012 rose 4.3% to $24.63 million, up from $23.62 million in 2011 and remained the largest contributor to noninterest earnings. In contrast, insurance brokerage fee income slid 2.9% to $12.86 million, down from $13.25 million, and income from bank-owned life insurance (BOLI) declined 6.6% to $5.11 million, down from $5.47 million. Wealth management, insurance brokerage and BOLI income comprised, respectively, 25.7%, 13.4% and 5.3% of noninterest earnings, which rose 5.2% to $95.97 million, up from $91.21 million in 2011, helped by growing wealth management and mortgage lending earnings, as service charges on deposit accounts fell.

Net interest income on a 3.50% net interest margin in 2012 declined 2.3% to $254.01 million, down from $259.90 million, as a $24.11 million cut in interest expense could not compensate for a $30.01 million drop in interest revenue to $316.83 million. Net interest income, after a $7 million decrease in loan loss provisions to $8 million, however, rose 0.5% to $246.01 million in 2012, up from $244.90 million in 2011. Net income, after a $13 million decline in noninterest expenses and an over $7 million increase in income tax, grew 17.2% to $98.91 million, up from $84.40 million in 2011, driven by noninterest earnings, trimmed expenses and declining loan loss provisions. National Penn Bancshares President and CEO Scott Fainor described the results as "positive."

In 2011, National Penn's insurance brokerage income and wealth management earnings comprised, respectively, 15.2% and 26.4% of its noninterest income, and 3.9% and 6.7% of its net operating revenue. The company ranked 10th in both insurance brokerage income and wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

NORTHWEST BANCHSARES REPORTS RISING TIM FEES AS INSURANCE REVENUE SLIDES

Warren, PA-based, $7.9 billion-asset Northwest Bancshares reported trust and investment management (TIM) fees in 2012 increased 5.0% to $8.54 million from $8.13 million in 2011. In contrast, insurance brokerage fee income slid

4.4% to $6.26 million, down from $6.55 million, and income from bank-owned life insurance (BOLI) fell 17.6% to $4.96 million, down from $6.02 million. TIM fees, insurance brokerage earnings and BOLI income comprised, respectively, 14.6%, 10.7% and 8.5% of noninterest revenue, which ticked up 0.7% to $58.55 million from $58.14 in 2011.

Net interest income on a 3.65% net interest margin in 2012 slipped 1.2% to $263.98 million, down from $267.27 million in 2011, despite a $17.60 million cut in interest expense, which was not enough to make up for a $20.90 million drop in interest revenue to $339.18 million. Net interest income, after a $7.83 million decrease in loan loss provisions to $26.34 million, rose 1.9% to $237.64 million, up from $233.10 million in 2011. Net income slipped 0.9% to $63.6 million, down from $64.2 million in 2011.

Northwest Bancshares President and CEO William Wagner described 2012 as "challenging but productive." Wagner said, "We further enhanced our compliance management system [and] strengthened our commercial lending process." He added, "Non-performing loans are now at their lowest level in four years."

In 2011, Northwest Savings Bank reported insurance brokerage income comprised 10.6% of its noninterest income and 1.8% of its net operating revenue. The company ranked 15th in insurance brokerage earnings among U.S. banks with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

CLIMBING BENEFIT-RELATED & WEALTH MANAGEMENT FEES DOMINATE 49% OF COMMUNITY BANK SYSTEM'S NONINTEREST INCOME

Syracuse, NY-based, $7.5 billion-asset Community Bank System reported the December 2011 acquisition of Metro New York City-based CAI Benefits helped drive combined benefit trust, administration, consulting and actuarial fees (benefit-related fees) up 13.8% to $35.95 million from $31.60 million in 2011. Additionally, wealth management fee income climbed 20.4% to $12.88 million from $10.70 million. Benefit-related and wealth management income comprised, respectively, 36.2% and 13.0% of noninterest income, which grew 11.2% to $99.25 million, up from $89.22 million in 2011.

Interest income in 2012 increased 10.0% to $230.42 million, up from $209.41 million in 2011, reflecting growth in interest revenue tied to acquisition and an over $10 million cut in interest expense. Net interest income, after an almost doubling of loan loss provisions to $9.11 million, grew 8.1% to $221.32 million, up from $204.68 million. Net income, after increased noninterest expenses largely tied to acquisitions and litigation, rose 5.4% to $77.07 million, up from $73.14 million in 2011.

Commenting on Community Bank System's (CBS) performance and looking ahead, CBS President and CEO Mark Tyniski said, "Full year operating performance was characterized by solid revenue growth." He added, "We continue to focus on building additional value into our enterprise through selective acquisitions."

In 2011, Community Bank System's "other noninterest income" comprised 53.8% of its noninterest income and 16.1% of its net operating revenue. The company ranked 82nd in other noninterest earnings among all U.S. bank holding companies (BHCs), according to the *MWA Fee Income Ratings Report*.

FEBRUARY 18 - 24, 2013

METLIFE DEREGISTERS AS BANK HOLDING COMPANY

New York City-based MetLife, Inc. has received approval from the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board (FRB) to deregister as a bank holding company.

Additionally, MetLife reported net income in 2012 dropped 80% to $1.20 billion, down from $6.16 billion in 2011, after fourth quarter net income tumbled 90% to $96 million, down from $959 million in fourth quarter 2011.

Looking ahead, MetLife Chairman, President and CEO Steve Kandarian said, "We are executing our strategy, including shifting our business mix toward less capital-intensive products. We're also growing our presence in emerging markets with our recent agreement to acquire AFP Provida in Chile, as well as our expansion in Central Europe, Turkey and India."

RENASANT TO ACQUIRE FIRST M&F CORP & DOUBLE INSURANCE OPERATIONS

Tupelo, MS-based, $4.2 billion-asset Renasant Corp. has agreed to acquire Kosciusko, MS-based, $1.6 billion-asset First M&F Corp in a 0.6425:1 stock deal valued at $118.8 million. Renasant Chairman, President and CEO E. Robinson McGraw said the acquisition will "expand our reach within every Renasant region, double our insurance operations and enhance our mortgage and wealth management divisions."

When the deal closes in the third quarter, pending regulatory approval, First M&F will merge into Renasant, adding 36 branches to Renasant's footprint in Mississippi, Alabama and Tennessee. First M&F Corp Chairman and CEO Hugh Potts said, "The combination of M&F and Renasant … offers our clients all the products and services of a much larger financial services institution with the high degree of service found in a local community bank."

ABA INSURANCE SERVICES ADDS PROPERTY-CASUALTY LINES

Washington, DC-based ABA Insurance Services, a Corporation for American Banking (CAB) unit, has added property, general liability, business automobile, workers' compensation and umbrella insurance to the products it offers its community bank owners. CAB Executive Vice President John Wolff said, "The new property and casualty program demonstrates the commitment of ABA Insurance Services and its reinsurer, American Bankers Mutual Insurance Ltd., to identify needs and provide insurance services for the banking industry."

ABA Insurance Services, which is endorsed by the American Bankers Association, will continue to offer directors and officers, bond and related insurance, as well.

MASSACHUSETTS SECRETARY GALVIN ASKS SEC TO BAN PRE-DISPUTE ARBITRATION CLAUSES

Massachusetts Secretary of the Commonwealth William Galvin has asked the U.S. Securities and Exchange Commission (SEC) to "at a minimum … commence a study of the issues raised" by "pre-dispute arbitration language in [investment] advisory contracts" and ultimately conclude by "banning" such language.

In a letter to SEC Chairman Elisse Walter and Commissioners Luis Aguilar, Troy Paredes and Daniel Gallagher, Galvin said, "By law, investment advisors are required to act as fiduciaries for their clients with an obligation to act in their best interests.… A clause binding an investor to arbitration before the circumstances are known may not be in the clients' best interest nor consistent with an investment advisor's fiduciary duty." He added, "It is my opinion that they are inconsistent with the fiduciary duty that investment advisors owe to their clients."

To read the letter, click here.

CUNA MUTUAL PARTNERS WITH DIGITAL INSURANCE

Madison, WI-based CUNA Mutual Group and Atlanta, GA-based Digital Insurance have partnered to offer credit unions services designed to help them "navigate the complexities of the Affordable Care Act (AC) and … modify their employee benefits packages accordingly." CUNA Mutual Group Employee Benefits Manager Brad

Pricer said, "Healthcare reform is changing the way businesses offer and fund employee health plans." He added, "Credit unions will need to ensure they are compliant with the new law."

ING SELLS STAKE IN KOREA'S KBFG

Amsterdam, Netherlands-based ING Group has sold its 5% stake in Seoul, Korea-based KB Financial Group (KBFG) to institutional investors for EURO500 million ($667.9 million). ING said the transaction fits with its intention to sharpen its focus and strengthen its capital position. ING expects the sale to result in an after-tax profit of EURO100 million ($133.6 million) to be booked in the first quarter.

ACQUISITIONS & ORGANIC GROWTH DRIVE RISING INSURANCE-RELATED & TRUST FEES AT NBT BANCORP

Norwich, NY-based, $6.04 billion-asset NBT Bancorp reported the second quarter 2011 acquisition of an insurance agency plus organic growth drove insurance brokerage fee income up 7.4% in 2012 to $22.39 million from $20.84 million in 2011. Additionally, retirement plan administration fees grew 13.2% to $10.10 million, up from $8.92 million; and trust fee income rose 3.5% to $9.17 million, up from $8.86 million, both bolstered by the second quarter acquisition of Hampshire First Bank and the first quarter acquisition of three branches. In contrast, income from bank-owned life insurance (BOLI) remained basically flat at $3.08 million compared to $3.09 million in 2011. Insurance, retirement plan fees, trust and BOLI income comprised, respectively, 25.6%, 11.6%, 10.5%% and 3.5% of noninterest earnings, which grew 8.7% to $87.33 million, up from $80.31 million in 2011.

Net interest income on a 3.86% net interest margin in 2012 rose 2.0% to $204.20 million, up from $200.28 million in 2011, reflecting a 11.4% cut in interest expense to $35.19 million, down from $39.72 million. Net interest income after a slight decrease in loan loss provisions to $20.27 million, increased 2.5% to $183.94 million, up from $179.54 million. Net income, after increased expenses tied to mergers and acquisitions, slid 5.8% to $54.56 million, down from $57.90 million in 2011. NBT Bancorp President and CEO Martin Dietrich said, "We are pleased with our results, especially our success in the areas of organic loan growth and integration of seven former Legacy Bank branches and our Hampshire First Bank acquisition."

In 2011, NBT Bancorp's insurance brokerage fee income comprised 19.8% of its noninterest income and 5.7% of its net operating revenue. The company ranked 7th 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*.

INSURANCE & TRUST EARNINGS SLIP AT FIRST COMMONWEALTH FINANCIAL

Indiana, PA-based, $6.0 billion-asset First Commonwealth Financial reported combined insurance and securities brokerage fee income in 2012 slipped 1.7% to $6.27 million, down from $6.38 million in 2011; and trust income slid 4.5% to $6.21 million, down from $6.50 million in 2011. In contrast, income from bank-owned life insurance (BOLI) rose 4.5% to $5.85 million, up from $5.60 million. Combined insurance and securities brokerage fee income, trust earnings and BOLI income comprised, respectively, 9.6%, 9.5% and 8.9% of noninterest earnings, which grew 13.5% to $65.43 million, up from $57.67 million in 2011, when the company reported a $6.67 million loss on interest rate swaps.

Net interest income on a 3.61% net interest margin in 2012 dipped 1.0% to $193.32 million, down from $195.37 million in 2011, reflecting a $12.47 million drop in interest income, which was not completely overshadowed by a $11.53 million cut in interest expense. Net interest income, after a 62.7% slash in loan loss provisions to $20.84 million, down from $55.82 million, grew 23.8% to $172.78 million, up from $139.55 million. Net income, driven by noninterest earnings and the drop in loan provisions, surged 174.7% to $41.95 million, up from $15.27 million in 2011. First Commonwealth Financial President and CEO T. Michael Price said, "Credit quality and efficiency are key aspects to driving our performance to the best-in-class level."

In 2011, First Commonwealth Financial's insurance brokerage income comprised 6.8% of its noninterest income and 1.3% of its net operating revenue. The company ranked 51st in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

INDEPENDENT BANK CORP REPORTS GROWING TRUST & INVESTMENT MANAGEMENT INCOME

Rockland, MA-based, $5.76 billion-asset Independent Bank Corp, parent of Rockland Trust Company, reported trust and investment (TIM) income in 2012 grew 9.22% to $14.78 million, up from $13.53 million in 2011, and comprised 23.8% of noninterest earnings which climbed 17.7% to $62.02 million, up from $52.70 million in 2011.

Net interest income rose 3.42% to $172.80 million, up from $167.08 million in 2011, driven by an 18.4% cut in interest expense. Net interest income, after a 57.5% jump in loan loss provisions to $18.06 million, dipped 0.55% to $154.74 million from $155.60 million. Net income, after increased noninterest expense tied to the November stock and cash acquisition of Central Bancorp, decreased 6.2% to $42.6 million.

Independent Bank Corp President and CEO Christopher Oddleifson said, "We remain focused on increasing our core customer base. Rockland Trust's products, services and commitment to the markets we serve, position us well for another solid year."

In 2011, Independent Bank Corp's wealth management income comprised 25.1% of its noninterest income and 6.0% of its net operating revenue. The company ranked 34th in wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - IPI Bank Wealth Management Report*.

WEALTH MANAGEMENT FEES CLIMB 25% AT BERKSHIRE HILLS BANCORP

Pittsfield, MA-based, $5.3 billion-asset Berkshire Hills Bancorp reported insurance brokerage earnings in 2012 slipped 2.4% to $10.82 million, down from $11.09 million in 2011, while wealth management fees climbed 25.0% to $7.30 million, up from $5.84 million, reflecting organic growth, improved market conditions and the October 2012 acquisition of Beacon Federal Bancorp. Insurance brokerage and wealth management fee income comprised, respectively, 20.0% and 13.5% of noninterest earnings, which jumped 51.0% to $54.06 million, up from $35.80 million in 2011, bolstered by a five-fold surge in mortgage loan fees to $17.56 million, up from $3.16 million.

Net interest income climbed 34.6% to $143.39 million, up from $106.52 million in 2011, reflecting an almost $44 million jump in interest revenue tied to the Beacon Federal acquisition. Net interest income, after a $2 million increase in loan loss provisions to $9.59 million, grew 35.9% to $133.80 million, up from $98.46 million. Net income, after higher noninterest expense tied to acquisitions, almost doubled to a record $140.81 million, up from $116.44 million in 2011. Berkshire Hills Bancorp President and CEO Michael Daly said, "We maintained strong organic growth while successfully integrating our bank acquisitions in Northern Connecticut and Central New York, and expanding our lending in Eastern Massachusetts."

As a savings and loan holding company, Berkshire Hills Bancorp did not report line item noninterest fee income in 2011.

PINNACLE FINANCIAL REPORTS GROWING INSURANCE, INVESTMENT SERVICES & TRUST INCOME

Nashville, TN-based, $5.04 billion-asset Pinnacle Financial Partners reported insurance brokerage fee income in 2012 grew 11.5% to $4.46 million, up from $4.00 million in 2011; investment services fees grew 11.7% to $6.98 million, up from $6.25 million, and trust fees rose 6.7% to $3.20 million from $3.00 million. Insurance brokerage, investment services and trust fees comprised, respectively, 10.3%, 16.1% and 7.4% of noninterest income, which climbed 14.4% to $43.40 million, up from $37.94 million in 2011, bolstered by gains in mortgage loan sales and sales of investment securities.

Net interest income increased 7.5% to $162.86 million, up from $151.46 million in 2011, driven by an almost $14 million cut in interest expense, which more than made up for an over $3 million decline in interest revenue. Net interest income after a $16.23 million drop in loan loss provisions to $5.57 million, climbed 21.3% to $157.30 million, up from $129.67 million. Net income, with noninterest expense cut by $1 million, reflecting an almost $6 million cut in other real estate owned expense to $11.54 million, rose 2.7% to $38.07 million, up from $37.07 million in 2011. Pinnacle President and CEO M. Terry Turner said, "We believe we have now substantially completed the rehabilitation of our balance sheet, and we again find ourselves optimistic about our growth and profitability prospects for the coming year."

In 2011, Pinnacle Financial Partners' insurance brokerage income comprised 20.9% of its noninterest fee income and 2.3% of its net operating revenue, while wealth management income comprised 48.2% of its noninterest income and 5.4% of its net operating revenue. The company ranked 41st in insurance brokerage earnings and 51st in wealth management income among U.S. BHCs with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

INSURANCE & ADVISORY FEE INCOME COMPRISE 27% OF BENEFICIAL MUTUAL'S NONINTEREST EARNINGS

Philadelphia, PA-based, $5.0 billion-asset Beneficial Mutual Bancorp reported combined insurance and advisory fee income generated by Beneficial Insurance and Beneficial Advisors slid 4.3% to $7.39 million in 2012, down from $7.72 million in 2011. Insurance and advisory fee income comprised 26.8% of noninterest earnings, which increased 9.4% to $27.61 million, up from $25.24 million in 2011, driven by an almost $2 million jump in mortgage banking income to $2.73 million and an over $2.2 million increase in net gains on the sale of investment securities.

Net interest income on a 3.13% net interest margin slipped 1.9% to $139.46 million, down from $142.10 million in 2011, as a $7.09 million cut in interest expense was not enough to compensate for a $9.71 million drop in interest income. Net interest income, after an $8.50 million decline in loan loss provisions to $28 million, increased 6.6% to $111.46 million, up from $104.60 million. Net income, driven primarily by decreased loan loss provisions and increased mortgage loan sales, climbed 28.4% to $14.18 million, up from $11.04 million. Beneficial Mutual President and CEO Gerard Cuddy said, "We successfully closed and integrated the S.E. Financial Corp acquisition which increased our presence in key markets."

In 2011, Beneficial Mutual Savings Bank's insurance brokerage income comprised 28.2% of its noninterest income and 3.9% of its net operating revenue. The company ranked 14th in insurance brokerage earnings among U.S. banks with assets between $1 billion and $10 billion, according to the Michael White - Prudential Bank Insurance Fee Income Report.

INSURANCE, TRUST & BOLI UP AT HEARTLAND FINANCIAL

Dubuque, IA-based, $4.98 billion-asset Heartland Financial USA reported 2012 combined insurance and securities brokerage fee income of $3.70 million, up 5.4% from 2011. Additionally, trust fees increased 6.3% to $10.48 million, and income from bank-owned life insurance (BOLI) rose 6.7% to $1.44 million, up from $1.35 million. Combined insurance and securities brokerage fee income, trust fees and BOLI income comprised, respectively, 3.4%, 9.6% and 1.3% of noninterest earnings, which soared 82.4% to $108.66 million, up from $59.58 million in 2011, propelled by an almost $38 million increase in gains on mortgage loan sales, helped by the November acquisition of Wisconsin-based First Shares and the December acquisition of Arizona-based Heritage Bank.

Net interest income on a 3.98% net interest margin in 2012 rose to $150.16 million, up 3.3% from 2011, reflecting a $7.16 million cut in interest expenses, which more than covered a $2.40 million decrease in interest revenue. Net interest income, after a $21.16 million drop in loan loss provisions to $8.20 million, climbed 22.3% to $141.95 million. Net income more than doubled to a record $45.81 million, up from 2011 before the acquisitions of First Shares and Heritage Bank. Heartland Financial Chairman, President & CEO Lynn Fuller called 2012 “an extraordinary year for Heartland by nearly every measure.”

Heartland Financial’s wealth management income comprised 25.9% of its noninterest income and 6.4% of net operating revenue in 2011. The company ranked 41st in wealth management income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the Michael White - IPI Bank Wealth Management Report.

VIST ACQUISITION DRIVES 43% JUMP IN INSURANCE EARNINGS AT TOMPKINS FINANCIAL

Ithaca, NY-based, $4.8 billion-asset Tompkins Financial reported insurance brokerage income benefited from the company’s acquisition of VIST Financial in 2012 and jumped 43.4% to $19.42 million. In contrast, trust and investment management (TIM) fee income remained basically flat, ticking up 0.3% to $14.34 million. Insurance brokerage and TIM fees comprised, respectively, 35.4% and 26.2% of noninterest income, which grew to $54.81 million, up 14.2% from 2011, driven by increased insurance brokerage earnings, as service charges on deposit accounts slumped by over $1 million.

Net interest income in 2012 climbed to $134.14 million, up 20.4% from 2011, reflecting increased interest revenue tied to the VIST acquisition and a $1.4 million decrease in interest expense. Net interest income after a $108,000 decrease in loan loss provisions to $8.84 million, climbed 22.3% to $125.31 million. After a $39.06 million jump in noninterest expense largely tied to the VIST acquisition, net income declined to $31.3 million, down 11.6% from 2011. Tompkins Financial President and CEO Stephen Romaine said, “The acquisition of VIST Financial gives us exciting new growth opportunities in a new geography with attractive demographics.”

In 2011, Tompkins Financial’s insurance brokerage fee income comprised 28.4% of its noninterest income and 8.5% of its net operating revenue. The company ranked 9th 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.

FEBRUARY 25 - MARCH 3, 2013

BOLI ASSETS REACH $147.8 BILLION

Bank-owned life insurance (BOLI) assets reached $147.82 billion in three quarters of 2012, reflecting an 8.8% increase from $134.8 billion in the same period of 2011. These BOLI assets are held by large bank and savings and loan (or thrift) holding companies (collectively, bank holding companies or BHCs) and stand-alone banks, according to the *Michael White/Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*.

BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks to keep up with the rising benefit costs. BOLI may be differentiated by three types of assets: separate account life insurance or SALI assets, general account life insurance (GALI) assets and hybrid account life insurance (HALI) assets. Over the past two years, Commercial banks and FDIC-supervised savings banks began reporting these types of assets, and THCs and savings associations began reporting them in 2012.

Compiled by Michael White Associates (MWA) and sponsored by Meyer-Chatfield, the *Michael White / Meyer-Chatfield BOLI Holdings Report* measures and benchmarks the cash surrender values (CSV) of life insurance and ratios of CSV to capital attained by BHCs, THCs, commercial banks and savings associations (or thrifts). The data in this report were submitted to regulators by 1,061 large top-tier holding companies with assets greater than $500 million and all 7,246 commercial banks, savings banks, and savings associations operating on September 30, 2012. Several THCs that are historically and traditionally insurance underwriting operations have been excluded from the report. Among the study's most significant findings are these:

TABLE 1. TOTAL BOLI ASSETS HELD BY BANKS AND THRIFTS AT END OF THIRD QUARTER 2012

BANKS BY ASSET SIZE	YTD 3Q 2012	YTD 3Q 2011	PERCENT CHANGE
Over $10 billion	$107.20 billion	$103.30 billion	3.80%
$1 billion - $10 billion	$15.09 billion	$14.42 billion	4.60%
$500 million - $1 billion	$5.27 billion	$4.86 billion	8.40%
$300 million - $500 million	$3.38 billion	$3.11 billion	8.70%
$100 million - $300 million	$4.52 billion	$4.19 billion	7.80%
Under $100 million	$892.50 million	$906.80 million	-1.60%
All	$136.35 **billion**	$130.79 **billion**	4.30%

SOURCE: *Michael White / Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*

TABLE 2. NUMBER OF BANKS AND THRIFTS REPORTING BOLI ASSETS AT END OF THIRD QUARTER 2012

BANKS BY ASSET SIZE	1ST HALF 2012	1ST HALF 2011	PERCENT CHANGE
Over $10 billion	72	70	2.90%
$1 billion - $10 billion	423	417	1.40%
$500 million - $1 billion	486	475	2.30%
$300 million - $500 million	541	512	5.70%
$100 million - $300 million	1,464	1,434	2.10%
Under $100 million	781	830	-5.90%
All	**3,767**	**3,738**	**0.80%**

SOURCE: *Michael White / Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*

By Types of Institutions:

- Of 1,061 bank and thrift holding companies, 871 or 82.1% reported holding BOLI assets in the first three quarters of 2012, increasing their BOLI holdings by 8.6% from $132.55 billion in the first nine months of 2011 to $143.94 billion.
- Of 1,302 stand-alone banks, i.e., those banks without parent-BHCs, 492 or 37.8% recorded $3.88 billion in BOLI holdings in three quarters of 2012, up 18.4% from $3.28 billion in 2011.
- Of 7,181 banks and savings associations (which, henceforth, we will refer to collectively as "banks"), 3,767 or 52.5% reported BOLI assets of $136.35 billion in the first three quarters of 2012, an increase of 4.3% from $130.79 billion in nine months of 2011. (See Tables 1 and 2.)

By Types of BOLI Assets:

- Among banks, the largest amount of BOLI assets was to be found in separate accounts. Separate account CSV assets totaled $68.65 billion among banks, representing 50.4% of all BOLI assets in three quarters of 2012. (See Table 3.) At the same time, only 599 or 15.9% of all banks reporting BOLI held separate account assets. (See Table 4.) So, among all banks holding BOLI assets, the fewest number hold the type of account (SALI) constituting the greatest portion of BOLI assets. Separate account life insurance assets are the cash surrender values (CSVs) associated with separate account insurance policies. These CSVs are supported by assets segregated from the general assets of the insurance carrier. Under such arrangements, the policyholders neither own the underlying separate account created by the insurance carrier on its behalf, nor control investment decisions in the underlying account. They do assume all investment and price risk so the investment income and investment gains or losses generally accrue directly to the policyholders and are not accounted for in the general account of the insurer.

- The BOLI assets most widely held by banks in three quarters of 2012 were GALI policies. (See Table 4.) Ninety-three percent (92.9%) or 3,499 of the 3,767 banks reporting BOLI assets had $54.73 billion in general account life insurance assets, representing 40.1% of total BOLI assets. (See Tables 3 and 4.) In GALI policies, the general assets of the insurance company issuing the policies support their CSV.
- 1,040 or 27.6% of the 3,767 institutions reporting BOLI assets held $12.96 billion in hybrid account life insurance assets in nine months of 2012, representing 9.5% of total BOLI assets and making HALI the smallest reporting category of BOLI assets. (See Tables 3 and 4.) Hybrid account insurance policies combine features of both general and separate account insurance products. Similar to general account life insurance policies, the general assets of the insurance company issuing hybrid account policies support the policies' cash surrender values. However, like separate account policies, the assets of hybrid accounts are protected from claims on the insurer. Additionally, the banks holding hybrid account life insurance policies are able to select the investment strategies in which the insurance premiums are invested.
- Separate account life insurance (SALI) assets were most heavily concentrated (92.4%) among the largest banks with assets greater than $10 billion. But, while also concentrated among the big banks, GALI and HALI assets were less so. Smaller banks held 36.5% of general account life insurance assets and 30.3% of hybrid account life insurance assets in the first nine months of 2012, as opposed to the much lower 7.6% of SALI assets. (See Table 3.)

TABLE 3. TOTAL BOLI ASSETS (IN BILLIONS) HELD BY BANKS AND THRIFTS AT END OF THIRD QUARTER 2012

BANKS BY ASSET SIZE	GENERAL ACCOUNT LIFE INSURANCE ASSETS (GALI)	SEPARATE ACCOUNT LIFE INSURANCE ASSETS (SALI)	HYBRID ACCOUNT LIFE INSURANCE ASSETS (HALI)	TOTAL
Over $10 billion	$34.75	$63.41	$9.04	$107.20
$1 billion - $10 billion	$9.03	$4.16	$1.89	$15.09
$500 million - $1 billion	$3.87	$0.57	$0.83	$5.27
$300 million - $500 million	$2.75	$0.18	$0.46	$3.38
$100 million - $300 million	$3.60	$0.25	$0.67	$4.52
Under $100 million	$0.74	$0.07	$0.08	$0.89
All	**$54.73**	**$68.65**	**$12.96**	**$136.35**

SOURCE: *Michael White / Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*

TABLE 4. NUMBER OF BANKS AND THRIFTS REPORTING BOLI ASSETS AT END OF THIRD QUARTER 2012				
BANKS BY ASSET SIZE	GENERAL ACCOUNT LIFE INSURANCE ASSETS (GALI)	SEPARATE ACCOUNT LIFE INSURANCE ASSETS (SALI)	HYBRID ACCOUNT LIFE INSURANCE ASSETS (HALI)	TOTAL
Over $10 billion	67	57	36	72 *(of 108)*
$1 billion - $10 billion	391	168	174	423 *(of 551)*
$500 million - $1 billion	462	94	190	486 *(of 699)*
$300 million - $500 million	517	53	157	541 *(of 819)*
$100 million - $300 million	1,348	150	389	1,464 *(of 2,717)*
Under $100 million	714	77	94	781 *(of 2,287)*
All	**3,499**	**599**	**1,040**	**3,767** *(of 7,181)*

SOURCE: *Michael White / Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*

- The fastest growing type of BOLI assets over three quarters of 2012, in terms of the increase in the number of banks employing them, were hybrid assets. For the first nine months, the number of banks using hybrid accounts increased 3.3% from 1,007 at end of 2011 to 1,040 banks at the end of three quarters in 2012. Banks employing separate account or SALI assets decreased slightly by 1.3% to 599 on September 30, 2012, up from 607 at end of 2011. The number of banks reporting the three types of BOLI assets increased rather dramatically because thrifts only began reporting them in 2012.

By Size of Institutions:

- The highest rate of BOLI ownership occurred among banks and thrifts with assets between $1 billion and $10 billion. 423 of 551 banks and thrifts or 76.8% reported having them through three quarters of 2012. The same-sized holding companies reported the highest incidence of BOLI ownership, as 398 of 465 BHCs or 85.6% declared they had BOLI assets.
- The largest banks and thrifts, those over $10 billion in assets, accounted for the largest dollar increase ($3.90 billion) in BOLI. Institutions with assets between $300 million and $500 million attained the largest percentage increase (8.7%) in BOLI assets. (See Table 1.) Among holding companies, it was the largest that accounted for the biggest dollar increase ($7.69 billion) year-over-year, but holding companies with assets between $1 billion and $10 billion attained the greatest percentage increase (27.6%) in their combined BOLI assets in nine months, as thrift holding companies began reporting BOLI for the first time.
- Five of six asset classes experienced increases in three quarters of 2012 in the number of banks and thrifts reporting BOLI assets. The largest numerical and percentage increases, 30 banks and thrifts and 5.7%, respectively, occurred among depository institutions between $100 million and $300 million and between $300 million and $500 million in assets. (See Table 2.)
- According to federal banking regulators, it is generally not prudent for a banking company to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of the sum of the institution's total capital. (Depending on an institution's charter, total capital is defined either as Tier 1 capital or the sum of Tier 1 capital and the allowance for loan and lease losses). Nationally, median bank BOLI assets as a percent of the sum of Tier 1 capital and the loss allowances increased (2.2%) from 14.88% at September 30, 2011 to 15.20% at the same time in 2012. Nationally, median BHC BOLI assets as a percent of total capital increased (13.3%) from 13.11% in nine months to 14.86% in 2012.

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

U.S. applications for individually under-written life insurance declined 2.3% in January compared to January 2012 and slipped 1% compared to December 2012, according to the *MIB Life Index*.

January over January applications were down among all age groups, led by individuals aged 45-59 (-3.2%) and those 60 and older (-2.6%), while applications among individuals aged 0-44 were down 1.7%, Braintree, MA-based MIB Group found.

KEYCORP TO SELL VICTORY CAPITAL MANAGEMENT & VICTORY CAPITAL ADVISORS TO CRESTVIEW PARTNERS

Cleveland, OH-based, $89.2 billion-asset KeyCorp has agreed to sell its investment management subsidiary Victory Capital Management (VCM) and its broker-dealer affiliate Victory Capital Advisors (VCA) to New York City-based private equity fund Crestview Partners for $201 million in cash and about $45 million in debt. Key-Corp Chairman and CEO Beth Mooney said, "The divestiture is consistent with our strategic focus on businesses that leverage the competitive advantages of our core relationship banking model."

Crestview Partners, which currently manages $4 billion in capital, will gain $22 billion in assets under management with the VCM purchase, when the deal closes in third quarter 2013, pending shareholder and regulatory approvals. Last year, Victory Capital Management and Victory Capital Advisors generated $112 million in revenue for KeyCorp.

8.6% INCREASE IN IDENTITY THEFT IN 2012

Identity theft in the U.S. affected 12.6 million individuals in 2012, up 8.6% from 11.6 million in 2011 as fraud associated with that theft grew 16.7% to $21 billion, up from $18 billion, according to Chantilly, VA-based Javelin Strategy and Research.

BANKINSURANCE.com NEWS

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BANK INSURANCE BROKERAGE INCOME DECLINES 7.1% IN FIRST THREE QUARTERS

Over the first three quarters of 2012, bank holding companies (BHCs) tallied $5.47 billion in insurance brokerage fee income, down 7.1% from $5.89 billion for the same period in 2011, according to the *Michael White - Prudential Bank Fee Income Report*. BHC 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.

Third-quarter bank holding company (BHC) insurance brokerage income was down 21.3% to $1.58 billion compared to $2.01 billion in third quarter 2011 depressed by U.S. BHC insurance losses overseas. This third-quarter revenue hit this quarter's third lowest level in the last nine years. Thus far in 2012, 61.7% 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 7,181 commercial banks, savings banks and savings associations (thrifts), and 1,061 large top-tier bank and savings and loan holding companies (collectively, BHCs) operating on September 30, 2012. Thrifts and savings and loan holding companies began reporting insurance fee income for the first time in first quarter 2012. Several BHCs that are historically and traditionally insurance companies have been excluded from the report, among them MetLife, Inc., which shed its status as a bank holding company (BHC) on February 14.

In the first three quarters of 2012, the 231 BHCs were on track to earn at least $250,000 in annualized insurance brokerage income, an increase from 228 BHCs in 2011. Of these BHCs, at September 30, 2012, those showing positive growth in their insurance brokerage income increased 19.5% from 123 BHCs in 2011 to 147. Big winners, i.e., those with double-digit increases in insurance brokerage income, rose 25.8% from 66 at September 30, 2011 compared to 83 in 2012. These changes signal improvement among BHC-owned insurance agencies, despite the declines in insurance revenue among the group of the largest BHCs.

As of September 30, 2012, Citigroup Inc. (NY) topped the leader board with insurance brokerage earnings of $1.49 billion. Wells Fargo & Company (CA) ranked second nationally with $1.22 billion; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $915.0 million in insurance brokerage revenue over three quarters.

Bank holding companies over $10 billion in assets continued to have the highest participation (81.8%) in insurance brokerage activities. These BHCs produced $4.80 billion in insurance fee income in the first three quarters of 2012, down 10.0% from the $5.33 billion they produced YTD in 2011. These large bank holding companies accounted for 87.7% of all BHC insurance brokerage fee income earned thus far in 2012.

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income at September 30, 2012 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI). Insurance brokerage fee income at these mid-sized BHCs, increased 8.2% from $455.9 million over three quarters in 2011 to $493.1 million YTD in 2012. More than three-fifths (62.6%) of these BHCs reported earning some insurance brokerage income.

Among BHCs with assets between $500 million and $1 billion, leaders were First Command Financial Services, Inc. (TX), Two Rivers Financial Group, Inc. (IA), Oneida Financial Corp. (NY), 473 Broadway Holding Corporation (NY), and Texas Independent Bancshares (TX). These BHCs experienced a 77.9% surge year-over-year in their insurance brokerage income, 85.7% of which was due to

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2012 - NATIONALLY

(ALL DOLLAR AMOUNTS IN THOUSANDS)

RANK	INSURANCE BROKERAGE FEE INCOME YTD 3Q 2012	INSURANCE BROKERAGE FEE INCOME YTD 3Q 2011	% CHANGE	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
1	$1,494,000	$1,656,000	-9.78%	Citigroup Inc.	NY	$1,931,024,000	10.38%
2	$1,223,000	$1,263,000	-3.17%	Wells Fargo & Company	CA	$1,374,629,000	3.94%
3	$914,973	$706,851	29.44%	BB&T Corporation	NC	$182,019,457	34.33%
4	$132,000	$158,000	-16.46%	American Express Company	NY	$151,344,000	0.73%
5	$93,000	$102,000	-8.82%	The Goldman Sachs Group	NY	$948,581,000	0.42%
6	$81,872	$83,316	-1.73%	Regions Financial Corp.	AL	$121,797,804	5.24%
7	$69,981	$67,832	3.17%	BancorpSouth, Inc.	MS	$13,236,020	37.70%
8	$68,000	$256,000	-73.44%	Morgan Stanley	NY	$764,985,000	0.36%
9	$67,996	$105,852	-35.76%	Discover Financial Services	IL	$74,999,136	4.61%
10	$64,000	$75,000	-14.67%	Ally Financial Inc.	MI	$182,482,000	1.44%
11	$60,000	$46,000	30.43%	JPMorgan Chase & Co.	NY	$2,319,841,000	0.16%
12	$58,241	N/A	N/A	First Command Financial Svcs.	TX	$828,452	39.18%

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

the contributions of two thrift holding companies which did not report their line item fee income prior to 2012.

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), Benchmark Bank (TX), First State Bank (IA), Deutsche Bank Trust Company Delaware (DE), and First South Bank (TN). These small banks, representing small BHCs, registered a decline of 4.7% in insurance brokerage income, dropping from $127.3 million in YTD 2011 to $121.3 million in YTD 2012.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 70.5%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 74.0% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was $14,095 per employee (or an annualized Productivity Ratio of $18,793). Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was $19,056 per employee (or an annualized Productivity Ratio of $25,407).

INVEST ADDS THREE CREDIT UNIONS TO CLIENT LIST

Frankfort, KY-based, $929 million-asset Commonwealth Credit Union; Louisville, KY-based $786 million-asset L&N Federal Credit Union and Glendale, CA-based $324 million-asset Glendale Area Schools Federal Credit Union have agreed to partner with Tampa, FL-based Invest Financial Corp to offer brokerage and investment services to their members. INVEST President and CEO Steve Dowden said, "As INVEST continues to expand its footprint in the credit union space, … we are confident our industry experience and customer service will allow us to build a lasting relationship with each entity."

SEC'S NATIONAL EXAM PROGRAM PUBLISHES 2013 EXAM PRIORITIES

The U.S. National Exam Program within the Security and Exchange Commission's (SEC) Office of Compliance Inspections and Examinations has published its 2013 examination priorities for investment advisors, investment companies, broker-dealers, and clearing and transfer agents.

Overall, the National Exam Program intends to focus on (1) fraud detection and prevention, (2) corporate governance and enterprise risks, including financial, legal, compliance, operational, reputation and business continuity risks, (3) conflicts of interest, including steps taken to identify and mitigate conflicts and make appropriate investor disclosures, (4) supervision of information technology systems, including mitigating risks of system outages and compromises to information security and data integrity.

To access the National Exam Program's Examination Priorities for 2013, click here.

1ST SOURCE REPORTS GROWING INSURANCE EARNINGS & STEADY TRUST FEES

South Bend, IN-based, $4.55 billion-asset 1st Source Corp. reported insurance brokerage fee income in 2012 grew 14.6% to $5.49 million, up from $4.79 million in 2011, and trust fees rose 1.0% to $16.50 million, up from $16.33 million. Insurance brokerage and trust fees comprised, respectively, 6.8% and 20.3% of noninterest earnings, which rose 0.4% to $81.19 million, up from $80.87 million in 2011, bolstered by a more than doubling of mortgage banking income and growing insurance revenue and steady trust fees, as investment gains and equipment rental income dropped.

Net interest income on a 3.69% net interest margin increased 2.3% to $151.78 million, up from $148.40 million in 2011, reflecting an almost $9 million cut in interest expense, which more than made up for a $5.5 million drop in interest revenue. Net interest income, after a $2.62 million increase in loan loss provisions to $5.75 million, rose 0.5% to $146.02 million, up from $145.27 million.

Net income, bolstered by decreased expenses, increased 3.0% to a record $49.63 million, up from $48.20 million in 2011. 1st Source Chairman and CEO Christopher Murphy III said, “We strive to be distinctly convenient, provide straight talk and sound advice for our clients, and always keep their best interests in mind.” He added, “In spite of the rocky economy, 2012 was a good year for 1st Source .”

In 2011, 1st Source Corp.’s insurance brokerage and trust income comprised, respectively, 6.0% and 20.3% of its noninterest income. The company ranked 34th in insurance brokerage earnings and 10th in trust income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

WEALTH MANAGEMENT EARNINGS CLIMB AT S&T BANCORP

Indiana, PA-based, $4.53 billion-asset S&T Bancorp reported insurance brokerage fee income in 2012 rose 1.7% to $8.45 million, up from $8.31 million in 2011, and wealth management earnings, benefiting from the March acquisition of Mainline Bancorp and the August acquisition of Gateway Bank of Pennsylvania, climbed 19.9% to $9.81 million, up from $8.18 million. Insurance brokerage and wealth management earnings comprised, respectively, 17.3% and 20.1% of noninterest income, which grew 10.7% to $48.90 million, up from $44.18 million in 2011, boosted by $3.02 million in investment securities gains compared to a $124,000 investment securities loss in 2011.

Net interest income, despite acquisitions and a $6.7 million cut in interest expense, slid 1.3% to $139.70 million, down from $141.50 million, reflecting an almost $9 million drop in interest income. Net interest income, after an over $7 million increase in loan loss provisions to $22.82 million, declined 7.2% to $116.88 million, down from $125.89 million. After almost $19 million in increased noninterest expense, largely tied to acquisitions and salary and benefits increases, net income fell 13.7% to $34.20 million, down from $39.65 million in 2011. S&T Bancorp President and CEO Todd Brice said, “The low interest rate environment was a challenge to our net interest income, as earning asset rates reset faster than our ability to offset those decreases on the funding side.”

In 2011, S&T Bancorp’s insurance brokerage and wealth management income comprised, respectively, 13.6% and 18.5% of its noninterest income. The company ranked 26th in insurance brokerage earnings and 57th in wealth management income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

RENASANT CORP REPORTS 42.4% JUMP IN WEALTH MANAGEMENT INCOME

Tupelo, MS-based, $4.18 billion-asset Renasant Corp. reported insurance brokerage fee income in 2012 grew 10.1% to $3.63 million, up from $3.30 million in 2011, while wealth management earnings jumped 42.4% to $6.93 million, up from $4.86 million driven by the 2011 acquisitions of RBC’s Birmingham, AL-based trust operations and Roswell, GA-based American Bank & Trust. Insurance brokerage and wealth management earnings comprised, respectively, 5.3% and 10.1% of noninterest income, which increased 6.2% to $68.71 million, up from $64.70 million in 2011, as growth in insurance and wealth management earnings and a 202.4% spike in mortgage loan sales to $12.50 million more than made up for the $9.34 million gain on acquisitions and higher service charges on deposit accounts recorded in 2011.

Net interest income in 2012 rose 3.13% to $133.34 million, up from $129.29 million in 2011, driven by a 37% cut in interest expense, which more than compensated for a 6.7% decline in interest revenue. Net interest income, after a 19% drop in loan loss provisions to $18.13 million, increased 7.7% to $115.21 million, up from $106.94 million. Net income rose 3.9% to $26.6 million, up from $25.6 million in 2011, driven by increased noninterest income and decreased interest expense and loan loss provisions. Renasant Chairman and CEO Robinson McGraw said, “The current interest rate and competitive banking environment continues to put pressure on any banking and financial service institution’s ability to grow net interest income and preserve net interest margin.” McGraw added, “As we move into 2013, … we will continue to take advantage of external opportunities to expand our market share and cultivate new relationships.”

Earlier this month, Renasant announced it has agreed to acquire Kosciusko, MS-based, $1.6 billion-asset First M&F Corp., whereby it will double its insurance operations.

In 2011, Renasant Corp.’s insurance brokerage income and wealth management comprised, respectively, 7.4% and 9.9% of its noninterest income. The company ranked 47th in insurance brokerage earnings and 80th in wealth management income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Report*.

WEALTH MANAGEMENT EARNINGS DOMINATE 39.4% OF ENTERPRISE FINANCIAL’S NONINTEREST INCOME

St. Louis, MO-based, $3.33 billion-asset Enterprise Financial Services, parent of Enterprise Bank & Trust, reported wealth management revenue in 2012 increased 6.7% to $7.30 million, up from $6.84 million in 2011, and comprised 39.4% of noninterest income, which dropped 50.9% to $9.08 million, down from $18.51 million in 2011, driven by a $14.87 million loss of FDIC loss share receivables.

Net interest income jumped 26.3% to $142.30 million, up from $112.69 million in 2011, reflecting an over $23 million increase in interest revenue to $165.41 million and a $7 million cut in interest expense. Net interest income, after a $6.69 million increase in loan loss provisions to $22.79 million, climbed 23.8% to $119.51 million, up from $96.52 million. Net income grew 11% to $25.10 million, up from $22.90 million in 2011. Enterprise Financial President and CEO Peter Benoist said, “We continued to gain share in our primary private business market.” Looking ahead, Enterprise Bank & Trust Chairman and CEO Steve Marsh said, “The longer term trend in asset quality remains favorable with non-performing loan and foreclosed real estate balances and net charge-off percentage lower than a year ago.”

CITY HOLDING REPORTS ORGANIC GROWTH IN INSURANCE & TIM EARNINGS

Charleston, WV-based, $2.9 billion-asset City Holding Company reported insurance brokerage fee income in 2012 rose 2.0% to $6.07 million, up from $5.95 million in 2011, and trust and investment management (TIM) earnings grew 21.2% to $3.77 million, up from $3.11 million, both driven by organic growth. In contrast, income from bank-owned life insurance (BOLI) slid 4.2% to $2.98 million, down from $3.11 million. Insurance brokerage, TIM fees and BOLI income comprised, respectively, 11.0%, 6.8%, and 5.4% of noninterest earnings, which ticked up 0.7% to $55.26 million from $54.86 million in 2011, despite a decline in service charges on deposit accounts.

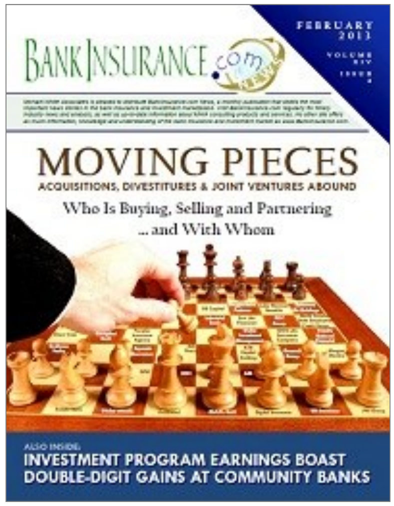
Net interest income on a 3.96% net interest margin increased 6.1% to $97.76 million, up from $92.13 million in 2011, driven by a $6.30 million cut in interest expense, as interest revenue slipped despite the 2012 acquisition of Virginia Savings Bancorp (VSB). Net interest income, after a $1.78 million increase in loan loss provisions to $6.38 million, rose 4.4% to $91.39 million. Net income, after $3.4 million in increased expenses largely tied to the VSB acquisition, grew 12.8% to $10.81 million, up from $9.58 million in 2011. City Holding CEO Charles Hageboeck said, "The acquisition of Virginia Savings Bancorp marked our first acquisition in seven years." He added, "We look forward to continuing the development of our presence in Virginia."

In 2011, City Holding's insurance brokerage fee income comprised 11.5% of its noninterest income and 4.1% of its net operating revenue. The company ranked 28th 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*.

TAX-DEFERRED ANNUITY SALES DRIVES INCREASED BROKERAGE INCOME AT BANK MUTUAL

Milwaukee, WI-based, $2.4 billion-asset Bank Mutual Corp. reported combined insurance and securities brokerage earnings in 2012 increased 5.8% to $3.01 million, up from $2.84 million in 2011, driven by tax-deferred annuity sales encouraged by lower returns on deposit-related products. Income from bank-owned life insurance (BOLI), also impacted by "a lower interest rate environment," Bank Mutual said, fell 10.8% to $2.12 million, down from $2.37 million. Combined insurance and securities brokerage earnings and BOLI income comprised, respectively, 10.3% and 7.2% of noninterest income, which grew 26.3% to $29.26 million, up from $23.16 million in 2011, driven by a more than doubling of gains on mortgage loan sales to $13.21 million.

Net interest income on a 2.67% net interest margin slipped 1.9% to $61.38 million, down from $62.59 million in 2011, as $5.1 million cut interest expense was not enough to overcome an almost $6 million decline in interest income. Net interest income after a $2.2 million drop in loan loss provisions to $4.55 million, rose 1.7% to $56.84 million, up from $55.88 million. Net income of $6.75 million contrasted with a $47.57 million net loss in 2011, when the company recorded a $52.6 million non-cash goodwill impairment. Commenting on the positive results, Bank Mutual Chairman and CEO Michael Crowley said, "We have stayed the course with strategies to enhance our earning asset mix and our funding mix." Bank Mutual President David Baumgarten added, "Our attention will be even more focused on the strategies necessary to increase our revenue and control our expenses."



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