BankInsurance.com News

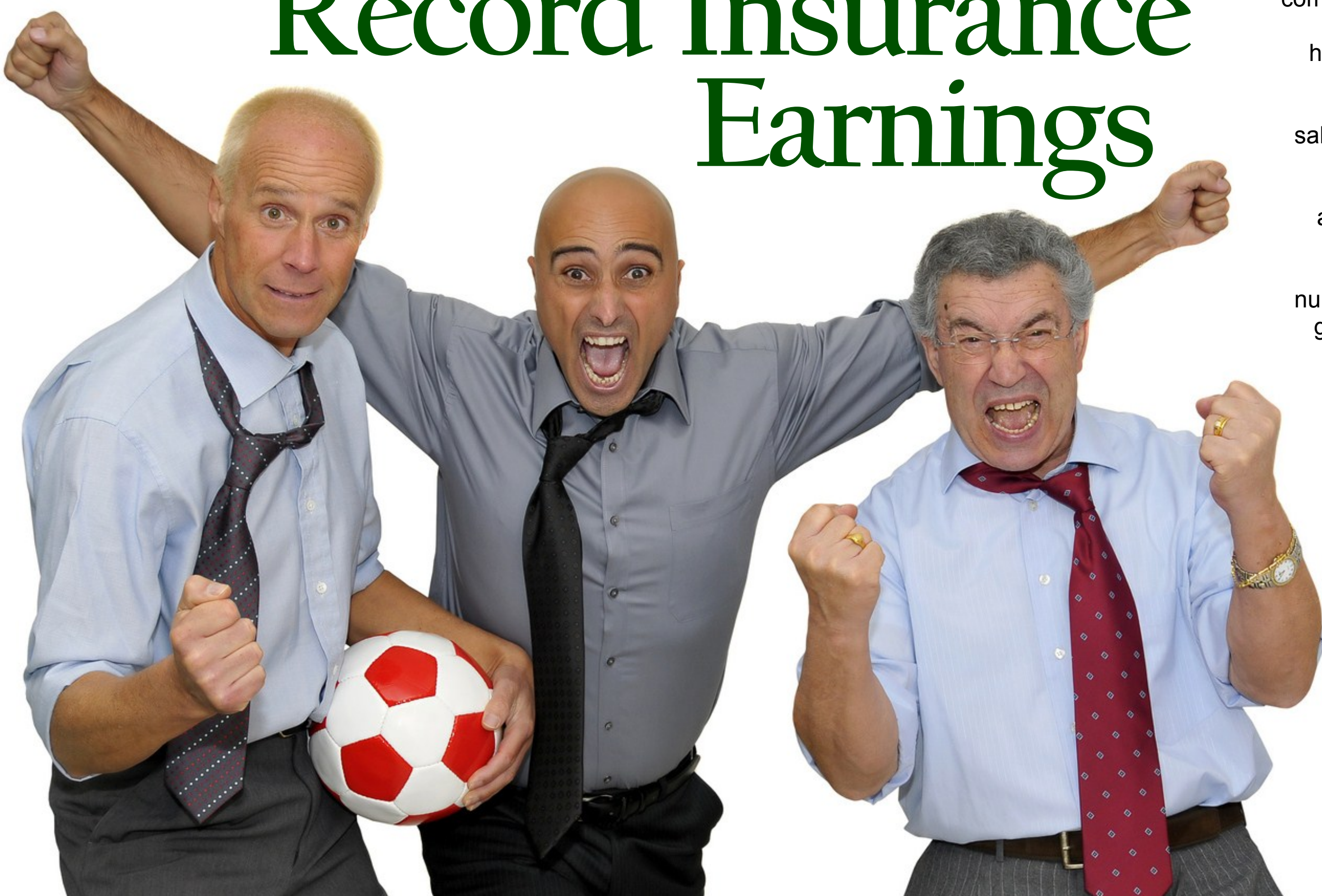
MARCH 2012

VOLUME XIII

ISSUE 3

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.

Banks Bring In Record Insurance Earnings



BANK INSURANCE BROKERAGE REGISTERS RECORD 3 QUARTERS

Over the first three quarters of 2011, bank holding companies (BHCs) tallied a record $5.89 billion in insurance brokerage fee income, up 14.4% from $5.14 billion for the same period in 2010, according to the *Michael White - Prudential Bank Fee Income Report*. Thus far in 2011, 64.6% of large top-tier BHCs engaged in insurance brokerage activities.

Third-quarter bank holding company (BHC) insurance brokerage income was up 56.9% to $2.01 billion compared to $1.28 billion in third quarter 2010 depressed by U.S. BHC insurance losses overseas. This third-quarter revenue hit this quarter's highest level ever, and it ranked as the third largest quarterly amount of insurance brokerage revenue in history. Thus far in 2011, 64.6% of large top-tier BHCs engaged in insurance brokerage activities. These findings exclude MetLife, Inc., which intends to undo its status as a bank holding company (BHC).

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 6,740 commercial and FDIC-supervised savings banks and 927 large top-tier bank holding companies operating on September 30, 2011. 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.

"In the first three quarters 2011, the number of BHCs that grew or maintained their insurance brokerage revenues increased in a meaningful way. We examined 155 BHCs with at least $1 million in annualized insurance brokerage income. While four BHCs had no growth, 80 BHCs showed positive growth in their insurance brokerage income through the third quarter, up 8.1% from 74 BHCs with positive growth at the end of the second quarter. BHCs with declines in their insurance brokerage income numbered 71 year-to-date, down 7.8% from 77 at the end of the second quarter," said Michael White, President of MWA. "The number of big losers, i.e., those BHCs with declines in insurance brokerage greater than 10%, fell dramatically by 29.7% from 37 at the end of second quarter to 26 at the end of third quarter. These changes signal improvement among BHC agencies, and offer hope that the economy is finally beginning to improve a bit and the property-casualty insurance markets are starting to harden."

As of September 30, 2011, Citigroup Inc. (NY) topped the leader board with insurance brokerage earnings of $1.66 billion. Wells Fargo & Company (CA) ranked second nationally with $1.26 billion; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $706.9 million in insurance brokerage revenue over three quarters.

Bank holding companies over $10 billion in assets continued to have the highest participation (89.0%) in insurance brokerage activities. These BHCs produced $5.33 billion in insurance fee income in the first three quarters of 2011, up 16.2% from the $4.59 billion they produced YTD in 2010. These large bank holding companies accounted for 90.6% of all BHC insurance brokerage fee income earned thus far in 2011.

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. "We continue to work with our bank distributors to increase life insurance sales with their customers," said Joan H. Cleveland, senior vice president, Business Development with Prudential's Individual Life Insurance business. "The ease and speed with which a customer can acquire one of our life insurance products has been a real asset to the banks – building both customer loyalty for them through cross sells as well as driving up their fee income."

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income in the first three

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2011 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME YTD 3Q2011	INSURANCE BROKERAGE FEE INCOME YTD 3Q2010	% CHANGE 3Q 2010 - 3Q 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,656,000	$1,321,000	25.36%	Citigroup Inc.	NY	$1,935,482,000	6.65%
2	$1,263,000	$1,340,000	-5.75%	Wells Fargo & Company	CA	$1,304,832,000	4.53%
3	$706,851	$712,834	-0.84%	BB&T Corporation	NC	$167,674,851	37.85%
4	$274,867	($215,794)	N/A	Bank of America Corporation	NC	$2,215,005,733	0.99%
5	$256,000	$211,000	21.33%	Morgan Stanley	NY	$794,939,000	0.96%
6	$158,000	$148,473	6.42%	American Express Company	NY	$147,456,000	0.92%
7	$105,852	$103,209	2.56%	Discover Financial Services	IL	$68,124,551	7.47%
8	$102,000	$102,000	0.00%	Goldman Sachs Group, Inc.	NY	$948,067,000	0.55%
9	$83,316	$81,162	2.65%	Regions Financial Corp.	AL	$129,761,507	3.99%
10	$75,000	$84,000	-10.71%	Ally Financial Inc.	MI	$181,956,000	1.65%
11	$67,832	$64,489	5.18%	BancorpSouth, Inc.	MS	$132,097,813	37.96%
12	$49,641	$36,899	34.53%	First Niagara Financial Group	NY	$31,226,107	29.42%

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

quarters of 2011 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI). BHCs of this size registered a 2.3% increase in insurance brokerage income to $455.9 million in three quarters of 2011, UP from $445.5 million for the same period in 2010.

Among BHCs with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group, Inc. (IA), 473 Broadway Holding Corporation (NY), Texas Independent Bancshares (TX), Evans Bancorp, Inc. (NY) and American Bancor, Ltd. (ND). These BHCs experienced a 9.4% 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), Industry State Bank (TX), First State Bank (IA), and Stoneham Savings Bank (MA). These small banks, representing small BHCs, also registered a decline of 1.7% in insurance brokerage income, dropping from $129.4 million in YTD 2010 to $127.2 million in YTD 2011.

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 36.8%. 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 $14,288 per employee (or an annualized Productivity Ratio of $19,045). Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was $22,411 per employee (or an annualized Productivity Ratio of $29,873).

To find out more about the *Michael White-Prudential Bank Insurance Fee Income Report*, click here.

BB&T TO EXPAND INSURANCE REVENUE 30% WITH CRUMP LIFE & CRUMP P&C ACQUISITIONS

Winston-Salem, NC-based, $174.6 billion-asset BB&T Corp has agreed to acquire Crump Life Insurance Services, Crump Property and Casualty Insurance Services and the rights to the Crump name from Roseland, NJ-based Crump Group, Inc. for $520 million in cash. BB&T Chairman and CEO Kelly King said, "As the largest independent wholesale life insurance distributor in the country, the Crump acquisition significantly expands and strengthens our insurance operations. The deal is a great strategic fit for BB&T, immediately increasing and diversifying our fee income while driving stronger revenues."

Crump Life Insurance Services wholesales life, long-term care, disability and annuity products and life settlements for over 100 life insurers to about 200,000 producers and institutional clients from its 23 offices across the country. Crump Property and Casualty Insurance brokers wholesale commercial standard, excess and surplus lines, and, as a managing general agent, underwrites such specialty lines as transportation, workers' compensation, professional liability and personal accident insurance.

BB&T Insurance Chairman and CEO Wade Reece said the acquisitions offer BB&T the opportunity "to become a significant strategic player in the high growth, high margin life insurance distributor business and expand our property and casualty business," adding potentially $300 million (or 30%) to BB&T Insurance's annual revenue.

Currently, BB&T Insurance's wholesale operations include CRC Insurance Services (property and casualty broker), Southern Cross TAPCO Underwriters (managing general agent) and AmRisc LLP (managing general underwriter). Additionally, the company operates 118 retail insurance agencies across the country.

Crump Life Insurance Services President Brian Winikoff will continue to serve as president of that unit, while Crump Property and Casualty Services President Dave Obenaur will oversee that unit's merger with BB&T's wholesale property and casualty channel. Both Winikoff and Obenaur will report to current Crump Group President and CEO John Howard, who will assume a senior management position within BB&T Insurance, reporting to Wade Reece, when the deal closes in the first quarter, pending regulatory approval.

In 2010, BB&T Corp earned $933.3 million in insurance brokerage income, which comprised 33.0% of its noninterest income and 11.5% of its net operating revenue. The company ranked 3rd in insurance brokerage earnings among all traditional U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

U.S. BANCORP TO ACQUIRE UMB'S INDIANA CORPORATE TRUST BUSINESS

Minneapolis, MN-based, $340 billion-asset U.S. Bancorp has agreed to acquire the Indiana corporate trust business of UMB Bank, a Kansas City, MO-based, $9.9 billion-asset subsidiary of UMB Financial Corp. The Indiana unit will merge into U.S. Bank Global Trust Services, when the deal closes on March 2, 2012, pending regulatory approval.

Currently, U.S. Bank Global Trust Services administers more than $4 trillion in assets as a municipal and corporate bond trustee, calculation/paying agent and document custodian through 48 offices in the U.S. and single offices in Argentina, London and Dublin.

PACIFIC LIFECORP SELLS BANK SUBSIDIARY & FILES TO DEREGISTER AS SAVINGS & LOAN HOLDING COMPANY

Newport Beach, CA-based Pacific LifeCorp has sold its Princeton, NJ-based, $531 million-asset College Savings Bank subsidiary to a syndicate of investors. Additionally, Pacific LifeCorp and its parent, Pacific Mutual Holding Company, have filed with the Federal Reserve Bank to complete deregistration as Savings and Loan Holding Companies.

TEXAS DOW EMPLOYEE CREDIT UNION CONTINUES INSURANCE AGENCY EXPANSION

Lake Jackson, TX-based, $1.8 billion-asset Texas Dow Employees Credit Union (TDECU) subsidiary TDECU Insurance Agency has acquired Bellville, TX-based Assurance Insurance Agency (Assurance) and Angleton, TX-based Burridge Insurance Agency (Burridge). TDECU Insurance Agency CEO Timothy Belton said, "Both agencies will help provide our company with even greater financial service strength and the enhanced ability to meet our [150,000] member-owners' needs."

Assurance offers commercial property and casualty insurance to small and medium-sized businesses, and Burridge offers life and health insurance coverages to individuals and groups. Both agencies will retain their management teams, agents and staffs and operate from their current locations as TDECU Insurance Agency branches.

The purchases mark TDECU Insurance Agency's second expansion this year. On January 3, the insurance brokerage acquired Houston, TX-based Associated Insurance Agency.

FIRST TECH FEDERAL CREDIT UNION PARTNERS WITH RAYMOND JAMES

Palo Alto, CA-based First Tech Federal Credit Union (FTFCU), through its Addison Avenue Investment Services unit, has partnered with St. Petersburg, FL-based Raymond James Financial to offer a broader range of investment and wealth management services to FTFCU members. Addison Avenue Investments CEO Scott Jenner said, "Raymond James is known for its award-winning research, its integrated advisory technology, strong asset management and investment banking programs." Addison Avenue Investments currently operates 38 branches in 8 states and manages $2.2 billion in assets.

COASTAL FEDERAL CREDIT UNION EXPANDS WEALTH MANAGEMENT WITH CFS PARTNERSHIP

Raleigh, NC-based, $2 billion-asset Coastal Federal Credit Union has agreed to partner with San Diego-based CUSO Financial Services (CFS) to expand its wealth management, investment and insurance offerings to its 190,000 members. CFS will work with Coastal Wealth Management's nine-member team to "chart their course and achieve their goals," CFS President and CEO Valerie Seyfert said. Coastal Wealth Management Program Manager Marvin Jones said, "CFS [has] everything: people, technology, products and services. [It] doesn't offer proprietary products and encourages advisors to choose whatever is best for our members." Coastal Wealth Management's team are salaried Coastal Federal Credit Union employees.

P&C CONTINGENT COMMISSIONS TO INCREASE 12%

Contingent commission payouts are expected to grow 12% for U.S. property and casualty insurance agents in 2012, according to Cincinnati, OH-based Ward Group's *Agency Compensation and Management Practices Study*. While base commission plans have not changed significantly since 2009, minimum premium requirements for contingent commissions have increased. While 11% of the 69 property-casualty insurers surveyed increased contingent commission premium volume requirements for 2012, 7% added growth requirements and 5% added retention requirements to the increased premium volume base, the Ward Group found.

FINRA ORDERS CITIGROUP GLOBAL TO PAY $500,000 FOR AGE DISCRIMINATION

The Financial Industry Regulatory Authority (FINRA) has ordered Citigroup Global Markets to pay a former branch manager $500,000 for violating his civil rights protected under Florida's age discrimination laws. Citigroup said, "We disagree with the decision regarding liability under … Florida law and are reviewing our options."

HANCOCK FOCUSES ON GROWING INSURANCE BROKERAGE EARNINGS AFTER MAGNA SALE

Gulfport, MS-based, $19.8 billion-asset Hancock Holding Company reported it sold Magna Insurance Co. at the end of fourth quarter 2011 and intends to focus on growing its insurance brokerage business. Overall, insurance fees grew 13.8% in fourth quarter 2011 to $4.29 million, up from $3.77 million in fourth quarter 2010. Investment and annuity fees climbed 70.4% to $3.97 million, up from $2.33 million, and trust fees, driven by news business, jumped 58.1% to $7.43 million, up from $4.32 million. Insurance revenue, combined investment and annuity fees, and trust earnings comprised, respectively, 7.1%, 6.6% and 12.3% of noninterest income, which surged 72.7% to $60.57 million, up from $35.07 million in fourth quarter 2010.

Net interest income on a 4.39% net interest margin in fourth quarter 2011 almost tripled to $179.81 million, up from $60.43 million in fourth quarter 2010, driven by "net loan growth" and "new customers," Hancock said. Net income, despite a $134.35 million increase in noninterest expense, largely tied to the June 2010 acquisition of Whitney Financial, rose 11.5% to $18.97 million, up from $17.02 million in fourth quarter 2010.

For the year 2011, insurance revenue grew 14.2% to $16.52, up from $14.46 million in 2010. Investment and annuity fees climbed 47.5% to $15.02 million, up from $10.18 million, and trust fees jumped 43.2% to $23.94 million, up from $16.72 million. Insurance revenue, investment and annuity fees and trust fees comprised, respectively, 8.0%, 7.3% and 11.6% of noninterest income, which surged 50.7% to $206.34 million, up from $136.95 million in 2010.

Net interest income in 2011 more than doubled to $494.43 million, up from $216.05 million in 2010, helped by a $27.26 million drop in loan loss provisions to $38.73 million. Net income, despite a $314.7 million increase in noninterest expense to $594.01 million, jumped 47.0% to $76.76 million, up from $52.21 million in 2010, reflecting organic growth and a full year of Whitney revenue as contrasted with a half-year in 2010. Hancock Holding Company President and CEO Carl Chaney said, "We remain focused on expense control."

In 2010, Hancock Holding's insurance brokerage income comprised 8.3% of its noninterest income and 2.7% of its net operating revenue. The company ranked 46th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

In 2010, Hancock Holding's fiduciary activities comprised 12.5% of its noninterest income and 4.1% of its net operating revenue. The company ranked 53rd in fiduciary income among all U.S. bank holding companies, according to the *Michael White Bank Wealth Management Fee Income Report*.

INSURANCE EARNINGS CLIMB AT VALLEY NATIONAL

Wayne, NJ-based, $15.8 billion-asset Valley National Bancorp reported fourth quarter 2011 insurance brokerage fee income jumped 41.4% to $4.13 million, up from $2.92 million in fourth quarter 2010, and income from bank-owned life insurance (BOLI) grew 56.0% to $1.81 million, up from $1.16 million, while trust and investment services (TIS) earnings decreased 6.8% to $1.78 million, down from $1.91 million. Insurance brokerage, BOLI and TIS income comprised, respectively, 30.0%, 13.1% and 12.9% of noninterest income, which tumbled 61.6% to $13.77 million, down from $35.85 million in 2010, hit by $19.14 million in net impairment losses on securities.

Net interest income on a 3.74% net interest margin in the fourth quarter increased 5.0% to $102.95 million, up from $98.04 million in fourth quarter 2010, helped by a $3.69 million decrease in interest expense, as loan loss provisions remained basically stable at just over $15 million. Net income, reflecting decreased noninterest earnings and increased noninterest expenses, however, dropped 35.1% to $24.8 million, down from $38.2 million in fourth quarter 2010.

For the year 2011, insurance brokerage fee income climbed 38.0% to $15.63 million, up from $11.33 million in 2010, and income from bank-owned life insurance grew 19.6% to $7.38 million, up from $6.17 million, while TIS earnings slipped 2.0% to $7.52 million, down from $7.67 million. Insurance brokerage, BOLI and TIS income comprised, respectively, 13.9%, 6.6% and 6.7% of noninterest earnings, which climbed 23.0% to $112.30 million, up from $91.33 million in 2010.

Net interest income in 2011 rose 2.0% to $421.48 million, up from $413.30 million in 2010, driven by a $15.05 million decrease in interest expense, which compensated for a $3 million decline in interest income to $673.82 million and an almost $4 million increase in loan loss provisions to $53.34 million. Net income rose 1.9% to $133.7 million, up from $131.2 million in 2010.

Looking ahead, Valley National Chairman, President and CEO Gerald Lipkin said, “Given the expected synergies from the [January 2012] acquisition [of Long Island-based, $1.6 billion-asset State Bancorp], strengthening commercial loan demand and the recent signs of a steadily improving economy, we are optimistic about the year ahead and our ability to grow the Valley Brand to further benefit our shareholders.”

In 2008, Valley National’s insurance brokerage income comprised 13.4% of its noninterest income and 2.1% of its net operating revenue. The company ranked 30th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets in excess of $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

INSURANCE, INVESTMENT AND TRUST FEES SHRINK AT FIRSTMERIT

Akron, OH-based, $14.5 billion-asset FirstMerit Corp. reported combined insurance and investment services fee income fell 20% to $1.84 million, down from $2.30 million in fourth quarter 2010, and trust fees declined 3.9% to $5.41 million, down from $5.63 million, but income from bank-owned life insurance (BOLI) income rose 6.0% to $3.38 million, up from $3.19 million. Combined insurance and investment services fee income, trust fees and BOLI income comprised, respectively, 3.1%, 9.1% and 5.7% of noninterest income, which grew 10.0% to $59.74 million, up from $54.31 million in fourth quarter 2010, when "other" income was $5.41 million lower.

Net interest income on a 3.85% net interest margin in fourth quarter 2011 rose 1.4% to $105.92 million, up from $104.48 million in fourth quarter 2010, driven by a $7.3 million cut in interest expense and an $8.34 million drop in loan loss provisions to $15.05 million. Net income increased 12.8% to $30.50 million, up from $27.03 million in fourth quarter 2010.

For the year 2011, combined investment and insurance services revenue declined 12.9% to $8.23 million, down from $9.45 million in 2010, and BOLI income slipped 0.9% to $14.82 million, down from $14.95 million, but trust fees rose 2.1% to $22.40 million, up from $21.95 million in 2010. Insurance and investment services revenue, BOLI income and trust fees comprised, respectively, 3.7%, 6.6% and 10.0% of noninterest income, which rose 5.7% to $224.76 million, up from $212.56 million in 2010.

Net interest income in 2011 increased 9.4% to $405.24 million, up from $370.30 million, reflecting a $25.22 million cut in interest expense and a $13.83 million drop in loan loss provisions to $74.39 million, which more than made up for a $4.11 million decline in interest income to $538.26 million. Net income grew 16.2% to $119.56 million, up from $102.91 million in 2010. FirstMerit Chairman, President and CEO Paul Greig said, "We are moving forward on our expense management and revenue generation initiative [and] are in the process of evaluating nearly 4,000 ideas submitted by employees."

In 2010, FirstMerit's fiduciary income comprised 10.6% of its noninterest income and 3.3% of its net operating revenue. The company ranked 44th in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White Bank Wealth Management Fee Income Report*.

GROWING TRUST FEES RIVAL DECLINING INSURANCE BROKERAGE EARNINGS AT F.N.B.

Hermitage, PA-based, $9.8 billion-asset F.N.B. Corp. reported insurance brokerage revenue generated by First National Insurance Agency declined 8.3% in the fourth quarter to $3.37 million, down from $3.68 million in fourth quarter 2010. Additionally, what the company described as "volatile market conditions" drove securities brokerage fees generated by First National Investment Services down 6.7% to $1.60 million, from $1.72 million, while trust fees earned at F.N.B. Investment Advisors increased 8.3% to $3.56 million, up from $3.29 million in fourth quarter 2010. Insurance revenue, securities brokerage fees and trust income comprised, respectively, 10.3%, 4.9% and 10.9% of noninterest earnings, which grew 10.5% to $32.6 million, up from $29.5 million in fourth quarter 2010, bolstered by a $3.5

million gain on securities sales.

Net interest income on a 3.79% net interest margin in the fourth quarter grew 15.8% to $73.76 million, up from $63.72 million in fourth quarter 2010, helped by a 16% cut in interest expense to $16.77 million and a 23% drop in loan loss provisions to $8.29 million, which enhanced a 4.3% increase in interest income to $93.9 million. Net income, after increased noninterest expense tied to the Parkvale Bank acquisition and a prepayment to the FHLB, ticked up 1% to $23.74 million, from $23.53 million in fourth quarter 2010.

For year 2011, insurance commissions and fees slipped 3.7% to $15.19 million, but remained the largest contributor to noninterest income behind service charges. In contrast, securities commissions and fees grew 10.6% to $7.56 million, and trust income climbed 16.2% to $14.78 million. Insurance brokerage, securities brokerage and trust fee income comprised, respectively, 12.7%, 6.3% and 12.3% of noninterest earnings, which rose 3.4% to $119.92 million, up from $115.97 million in 2010.

Net interest income on a 3.79% net interest margin in 2011 climbed 19% to $290.76 million, up from $244.32 million in 2010, reflecting a 4.7% rise in interest income to $391.13 million, a 16% cut in interest expense to $74.62 million, and a 29% drop in loan loss provisions to $33.64 million. Net income grew 16.6% to $87.05 million, up from $74.65 million in 2010, reflecting organic growth and the Parkvale acquisition.

Commenting on F.N.B.'s results and looking ahead, F.N.B. Corp. President and CEO Vincent Delie, Jr. said, "We enter 2012 well-positioned to build on our positive momentum, with ten consecutive quarters of loan growth, an excellent team of bankers in place and on enhanced presence in the Pittsburgh market with the recently completed Parkvale acquisition."

In 2010, F.N.B. Corp's insurance brokerage income comprised 11.4% of its noninterest income and 3.3% of its net operating revenue. The company ranked 40th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

INSURANCE & WEALTH MANAGEMENT FEES COMPRISE 34% OF TRUSTMARK'S NONINTEREST INCOME

Jackson, MS-based, $9.64 billion-asset Trustmark Corporation reported insurance brokerage fee income in fourth quarter 2011 slipped 2.4% to $6.08 million, down from $6.22 million in fourth quarter 2010, and wealth management fee income declined 9.3% to $5.22 million, down from $5.76 million. Insurance brokerage and wealth management fee income comprised, respectively, 18.5% and 15.9% of noninterest income, which fell 15.2% to $32.78 million, down from $38.63 million in fourth quarter 2010, hit by a $4.2 million write-down of an FDIC indemnification asset.

Net interest income on a 4.28% net interest margin in fourth quarter 2011 rose 7.3% to $86.02 million, up from $80.16 million in fourth quarter 2010, driven by a 24% cut in interest expense to $9.34 million and a 48.5% drop in loan loss provisions to $6.69 million, which made up for a 2.1% dip in interest income to $102.06 million. Net income, after a $2.57 million increase in noninterest expense, slipped 3.6% to $24.26 million, down from $25.16 million in fourth quarter 2010.

For the year 2011, insurance brokerage fee income slid 2.6% to $26.97 million, down from $27.69 million in 2010, while wealth management fee income rose 5.0% to $22.96 million, up from $21.87 million. Insurance brokerage and wealth management fee income comprised, respectively, 16.9% and 14.4% of noninterest earnings, which slid 3.7% to $159.85 million from $165.93 million in 2010, when service charges on deposit accounts and mortgage banking earnings were, respectively, $3.48 million and $2.53 million higher. Still, noninterest income comprised 31.4% of total revenue.

Net interest income on a 4.26% net interest margin in 2011 rose 5.5% to $333.17 million, up from $315.89 million in 2010, reflecting a $13.16 million cut in interest expense to $43.08 million and a $19.22 million drop in loan loss provisions to $30.33 million, which more than made up for a $15.1 million decline in interest income to $406.53 million. Net income, despite over $4 million in increased noninterest expense, rose 6.2% to $106.84 million, up from $100.64 million in 2010. Trustmark President and CEO Gerald

Host described Trustmark's performance as "strong … particularly in light of the current economic and regulatory environment."

In 2010, Trustmark's insurance brokerage income comprised 18.9% of its noninterest income and 5.6% of its net operating revenue. The company ranked 28th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE, WEALTH MANAGEMENT & BOLI DOMINATE 46.5% OF NATIONAL PENN'S NONINTEREST EARNINGS, DESPITE DECLINES

Boyertown, PA-based, $8.5 billion-asset National Penn Bancshares reported all sources of noninterest fee income except cash management and electronic banking fees declined in fourth quarter 2011. Insurance brokerage fee income decreased 9.1% to $3.11 million, down from $3.42 million in fourth quarter 2010. Wealth management fee income dropped 18.8% to $5.62 million, and income from bank-owned life insurance (BOLI) fell 14.0% to $1.29 million, wealth management earnings and BOLI income comprised, respectively, 14.5%, 26.1% and 6.0% of noninterest earnings, which declined 9.1% to $21.50 million, down from $23.66 million in fourth quarter 2010.

Net interest income on a 3.49% net interest margin in fourth quarter 2011 climbed 24.7% to $62.52 million, up from $50.14 million in fourth quarter 2010, reflecting a $6.84 million cut in interest expense to $19.16 million and a $15.50 million drop in loan loss provisions to $2.00 million, which more than compensated for a $10.06 million drop in interest income to $83.68 million. Net income, driven by decreased expenses and loan loss provisions, more than tripled to $20.74 million, up from $6.64 million in fourth quarter 2010.

For the year 2011, all sources of noninterest fee income except cash management and electronic banking fees decreased compared to the year before. Insurance commissions and fees declined 7.5% to $13.25 million, down from $14.33 million in 2010; wealth management income fell 16.4% to $23.62 million, down from $28.25 million; and BOLI income slid 7.8% to $5.47 million, down from $5.93 million. Insurance brokerage, wealth management fees and BOLI income comprised, respectively, 14.5%, 25.9% and 6.0% of noninterest earnings, which decreased 7.1% to $91.21 million, down from $98.22 million in 2010.

Net interest income on a 3.52% net interest margin in 2011 benefited from a $29.09 million cut in interest expense to $86.93 million and an $80 million drop in loan loss provisions to $15 million, which more than made up for a $40.42 million decline in interest income to $346.83 million, driving net interest income up 39.0% to $244.90 million from $176.23 million in 2010.

Net income, driven by a $163.90 million drop in noninterest expense and the aforementioned cuts in interest expense and loan loss provisions, soared more than sixfold to $84.40 million, up from $13.32 million in 2010. National Penn Bancshares President and CEO Scott Fainor said, "Given the accomplishments of 2011, National Penn is a clean, strong and efficient company positioned for growth."

In 2010, National Penn's insurance brokerage income comprised 15.0% of its noninterest income and 4.0% of its net operating revenue. The company ranked 37th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 13 - 19, 2012

KEYCORP LAUNCHES DELAWARE-BASED TRUST COMPANY

Cleveland, OH-based, $89 billion-asset KeyCorp unit Key Private Bank has launched Key National Trust Company of Delaware. Key Private Bank Director of Trust Administration Catherine O'Malley Kearney said the newly created Wilmington, DE-based trust company offers "trust services for business owners, professionals and other wealth individuals who can benefit from Delaware's favorable personal trust laws to save taxes and protect their hard-earned assets from creditors." Tax attorney Anne Marcie Levin will oversee the company's estate and tax planning operations, while Certified Trust and Financial Advisor (CTFA) Isabel Pryor will oversee trust administration, risk, fiduciary obligations and compliance.

In 2010, KeyCorp's income from fiduciary activities comprised 10.5% of its noninterest income and 4.5% of its net operating revenue. The company ranked 15th in insurance brokerage earnings among all bank holding companies, according to the *Michael White Bank Wealth Management Fee Income Report*.

UNUM GROUP EXITS LONG-TERM CARE BUSINESS

Chattanooga, TN-based Unum Group has discontinued new sales of group long-term care insurance products and added this business to its earlier discontinued individual disability business in its Closed Block segment. Unum President and CEO Thomas Watjen said, "The decision … allows us to further refine our focus on the markets that provide the greatest long-term opportunity for our company and create maximum value for Unum shareholders."

In fourth quarter 2011, Unum took a \$561.2 million after-tax charge tied to the discontinuation of its group LTC business and recorded a \$119.3 million after-tax reserve charge tied to its discontinued individual disability insurance business. The charges drove the company's fourth quarter net loss of \$425.4 million, which contrasted with fourth quarter 2010 net income of \$225.8 million.

2012 SHOULD BE A GROWTH YEAR FOR U.S. BANKS

U.S. banks should plan to grow in 2012, according to Chicago-based Grant Thornton, and that group has detailed the *Top 10 Ways for Banks to Grow*. "Austerity alone will not lead to long-term growth," the company warns, but deploying capital to acquire weaker institutions, noninterest income sources like insurance agencies, and material things like iPads for staff is a good way to grow and increase profitability.

At the same time, Grant Thornton urges, banks must set the tone and direction "from the top," communicating, evaluating, incentivizing, training, implementing smart tax strategies, developing new service offerings for cross-sell, improving technology (including exploring cloud computing), utilizing social media effectively, assessing and managing risks, regulations and compliance and planning for worst-case scenarios.

For more detail on the Top 10 Ways for Banks to Grow, click here.

BREMER REPORTS GROWING TRUST FEES & RECORD EARNINGS

St. Paul, MN-based, $8.12 billion-asset Bremer Financial Corp. reported insurance brokerage fee income in fourth quarter 2011 slipped 3.4% to $5.54 million, down from $5.73 million in fourth quarter 2010, but remained the second-largest contributor to noninterest income behind service charges. In contrast, trust and investment management (TIM) fees grew 14.3% to $4.27 million, up from $3.74 million, and securities brokerage fee income increased 8.8% to $2.03 million, up from $1.87 million. Insurance brokerage, TIM and securities brokerage fees comprised, respectively, 17.8%, 13.7% and 6.5% of noninterest income, which remained basically flat at $31.13 million compared to $31.23 million in fourth quarter 2010.

Net interest income on a 3.87% net interest margin climbed 22.8% to $65.66 million, up from $53.46 million in fourth quarter 2010, driven by a 64% ($9.74 million) drop in loan loss provisions to $5.54 million and a 25% cut ($4.19 million) in interest revenue to $82.54 million. Net income jumped 41.3% to $24.18 million, up from $17.11 million in fourth quarter 2010.

For the year 2011, insurance brokerage earnings dipped 0.8% to $14.77 million, down from $14.89 million in 2010, while trust and investment management fees grew 10.5% to $15.44 million, up from $13.97 million, and securities brokerage fee income climbed 21.5% to $7.83 million, up from $6.44 million. Insurance brokerage, TIM and securities brokerage fees comprised, respectively, 14.9%, 15.6% and 7.9% of noninterest income, which fell 11.7% to $98.93 million, down from $112.08 million in 2010, when gains on loan sales and gains on the sale of securities were, respectively, $4.84 million and $11.22 million higher.

Net interest income on a 3.87% net interest margin in 2011 grew 10% to $253.91 million, up from $230.73 million in 2010, reflecting a 47.9% drop in loan loss provisions to $23.96 million and a 24% cut in interest expense to $55.67 million, which dwarfed the 4.7% ($16.48 million) slide in interest revenue to $333.54 million.

Net income, driven by net interest income and decreased noninterest expense, grew 18.5% to a record $81.16 million in 2011, up from $68.49 million in 2010. Bremer Financial CEO Pat Donovan said, "As we close the books on 2011, I'm proud to report that we have turned in a year of record profits – making 2011 Bremer's best year ever."

In 2010, Bremer Financial's insurance brokerage and wealth management income comprised, respectively, 18.5% and 25.2% of its noninterest income and 4.1% and 5.6% of its net operating revenue. The company ranked 36th in insurance brokerage earnings and 56th 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 Bank Wealth Management Fee Income Report*.

CLIMBING INSURANCE, TRUST & BOLI REVENUE COMPRISE 36% OF NORTHWEST'S NONINTEREST INCOME

Warren, PA-based, $7.96 billion-asset Northwest Bancshares reported fourth quarter 2011 insurance brokerage fee income grew 16.2% to $1.58 million, up from $1.36 million in fourth quarter 2010, and trust and investment management (TIM) fees rose 3.1% to $1.97 million, up from $1.91 million, while income from bank-owned life insurance (BOLI) slipped 2.4% to $1.20 million, down from $1.23 million. Insurance brokerage, TIM and BOLI income comprised, respectively, 11.3%, 14.0% and 8.5% of noninterest earnings, which fell 7.4% to $14.04 million, down from $15.17 million in fourth quarter 2010, when service charges were higher and mortgage banking generated a $1.42 million gain as opposed to a $29,000 loss in fourth quarter 2011.

Net interest income in fourth quarter 2011 increased 5.1% to $56.04 million, up from $53.31 million in fourth quarter 2010, reflecting a $3.42 million decrease in loan loss provisions to $10.50 million and a $3.52 million cut in interest expense, which more than made up for a $4.21 million decline in interest revenue to $88.81 million. Net income, helped by a $2.26 million cut in noninterest expense, grew 19.1% to $15.2 million, up from $12.7 million in fourth quarter 2010.

For the year 2011, insurance brokerage earnings climbed 26.2% to $6.55 million, up from $5.19 million in 2010; trust and investment management fees increased 12.1% to $8.13 million, up from $7.25 million; and BOLI income grew 18.5% to $6.02 million, up from $5.08 million. Insurance brokerage, TIM and BOLI income comprised, respectively, 11.3%, 14.0% and 10.4% of noninterest earnings, which slipped 3.7% to $58.14 million, down from $60.40 million in 2010, when mortgage banking income and service charges and fees were higher.

Net interest income in 2011 rose 7.3% to $233.10 million, up from $217.16 million in 2010, despite a $10.50 million drop in interest income to $360.07 million, as the company cut interest expense by $20.13 million and decreased loan loss provisions by $6.33 million to $34.17 million. With decreased expenses and loan losses, net income grew 11.5% to $64.1 million, up from $57.5 million in 2010.

Northwest Bancshares President and CEO William Wagner said, "Although delinquency continues to improve, loan loss provisions and loan charge-offs remain at elevated levels as we continue to work through the credit challenges that have accumulated over the past three years."

In 2010, Northwest Savings Bank reported insurance brokerage income comprised 9.2% of its noninterest income and 1.7% of its net operating revenue. The company ranked 18th 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*.

WEALTH MANAGEMENT EARNINGS DOMINATE 66% OF ORIENTAL FINANCIAL'S NONINTEREST INCOME

San Juan, Puerto Rico-based $6.7 billion-asset Oriental Financial Group reported "continued growth in wealth management activities in 2011." In fourth quarter 2011, wealth management revenue climbed 25.7% to $5.93 million, up from $4.72 million in fourth quarter 2010, and comprised 47.7% of the company's $12.43 million in fee income, which grew 18.7% over $10.47 million in 2010. After $15.02 million in securities losses, $4.85 million in derivatives losses, $3.19 million in FDIC loss/share losses, $1.38 million in foreclosed real estate losses and $3.25 million in other losses, however, Oriental reported a noninterest loss of $13.09 million, compared to noninterest income of $11.90 million in fourth quarter 2010.

Net interest income in fourth quarter 2011 grew 17% to $24.08 million, up from $20.61 million in fourth quarter 2010, reflecting a 62% drop in loan loss provisions to $3.8 million and an 11% cut in interest expense to $37.37 million, which more than compensated for a 10% decline in interest revenue to $65.26 million. A fourth quarter net loss of $13.09 million contrasted with net income of $3.87 million in fourth quarter 2010.

For year 2011, wealth management revenue grew 14.5% to $20.57 million, up from $17.97 million in 2010, and was by far the largest contributor to noninterest fee income, followed by banking service revenue ($13.79 million) and mortgage banking sales ($9.88 million). Wealth management fee income comprised 66.4% of noninterest income which soared almost six-fold to $30.99 million, up from $5.20 million in 2010.

Net interest income grew 12.1% to $126.63 million, up from $112.94 million in 2010, driven by a 38% drop in loan loss provisions to $13.81 million and a 7.2% cut in interest expense, which more than made up fro a 2.2% slide in interest revenue to $297.03 million. Net income jumped 62.6% to $29.6 million, up from $18.2 million in 2010.

Looking ahead, Oriental Financial President and CEO Jose Rafael Fernandez said, "We are entering 2012 with increasing momentum in our ability to expand quality credit and deposit relationships,… build our reputation as a solid commercial lender,… fortify our already strong capital position and further improve performance."

In 2010, Oriental Financial's fiduciary income comprised 6.0% of its net operating revenue. The company ranked 92nd in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White Bank Wealth Management Fee Income Report*.

ACQUISITIONS BOLSTER COMMUNITY BANK SYSTEMS' GROWING TRUST & BENEFIT PLAN EARNINGS

DeWitt, NY-based, $6.5 billion-asset Community Bank System reported the November 2011 acquisition of CAI Benefits helped drive fourth quarter 2011 benefit plan administration, consulting and actuarial (BPA) fees up 9.4% to $7.88 million from $7.20 million in fourth quarter 2010. At the same time, trust and investment management TIM) fees grew 18.4% to $2.83 million, up from $2.39 million, helped by the year 2011 acquisition of Wilber National Bank. BPA and TIM fees comprised, respectively, 35.2% and 12.6% of noninterest income, which rose 2.8% to $22.40 million, up from $21.78 million in fourth quarter 2010.

Net interest income on a 4.06% net interest margin in fourth quarter 2011 climbed 21.1% to $53.54 million, up from $44.20 million, before the company acquired Wilber. Interest revenue grew 13.5% to $70.41 million, up from $62.01 million, and interest expense and loan loss provisions declined by, respectively, $597,000 and $342,000, with loan loss provisions down to $1.59 million. Net income grew 19.5% to $18.99 million, up from $15.89 million in fourth quarter 2010.

For the year 2011, benefit plan administration and consulting (BPA) fees rose to $31.60 million, up 6.7% from 2010, and TIM fees bolstered by Wilber's acquired trust division, increased 8.9% to $10.70 million. BPA and TIM fees comprised, respectively, 35.4% and 12.0% of noninterest income, which rose 0.5% to $89.22 million, driven by BPA and TIM fees, which compensated for a $1.96 million drop in mortgage banking revenue and a $1.02 million decline in deposit service fees.

Net interest income in 2011 climbed 17.3% to $204.68 million, reflecting higher interest revenue driven by the Wilber acquisition, as well as lower interest expense and loan loss provisions, which decreased by $2.47 million to $4.74 million. Net income, despite $13.49 million in increased noninterest expenses tied to acquisitions, climbed 15.5% to a record $73.14 million, up from $63.32 million in 2010.

Commenting on the quarter and year-end results, Community Bank System President and CEO Mark Tyniski said, “We continued to focus on building additional value into our enterprise through selective acquisitions, disciplined lending and a consistent approach to business regardless of economic conditions … and produced another quarter and year with record earnings.” Community Bank System plans to continue its growth through acquisitions and has agreed to acquire 19 branch banking centers in Upstate New York from First Niagara Bank, N.A. and HSBC Bank USA, N.A. in third quarter 2012, pending regulatory approval.

In 2010, Community Bank System’s “other noninterest income” comprised 48.6% of its noninterest income and 15.9% of its net operating revenue. The company ranked 89th in other noninterest earnings among all U.S. bank holding companies (BHCs), according to the *MWA Fee Income Ratings Report*.

INSURANCE & SECURITIES BROKERAGE, TRUST FEES & BOLI ARE BRIGHT SPOTS AT FIRST COMMONWEALTH

Indiana, PA-based, $6.4 billion-asset First Commonwealth Financial reported combined insurance and securities brokerage fee income in fourth quarter 2011 jumped 44.2% to $1.50 million, up from $1.04 million in fourth quarter 2010. Income from bank-owned life insurance (BOLI) rose 2.9% to $1.44 million, up from $1.40 million; and while trust income slid 7.2% to $1.41 million, down from $1.52 million. Combined insurance and securities brokerage, BOLI and trust income comprised, respectively, 9.7%, 9.3% and 9.1% of noninterest earnings, which increased 8.6% to $15.48 million, up from $14.26 million in fourth quarter 2010.

Net interest income on a 3.78% net interest margin in fourth quarter 2011 dropped 47.4% to $22.99 million, driven by $2.3 million in lower interest revenue and a more than tripling of loan loss provisions to $25.91 million. With over $5 million in increased noninterest expense, the company reported a fourth quarter 2011 net loss of $5.72 million compared to net income of $11.95 million in fourth quarter 2010. First Commonwealth President and CEO T. Michael Price explained, saying, “We took aggressive steps in fourth quarter 2011 to address troubled loans that are intended to move us beyond the credit issues that have weighed on our recent earnings performance.”

For year 2011, combined insurance and securities brokerage commissions ticked up 0.2% to $6.38 million from $6.37 million in 2010; BOLI income rose 5.1% to $5.60 million, up from $5.33 million; and trust income grew 10.2% to $6.50 million, up from $5.90 million. Combined insurance and securities brokerage commissions, BOLI and trust income comprised, respectively, 11.1%, 9.7% and 11.3% of noninterest earnings, which climbed 17.1% to $57.67 million, up from $49.23 million in 2010, helped by asset and OREO sales.

Net interest income on a 3.80% net interest margin in 2011 fell 9.6% to $139.55 million, down from $154.38 million in 2010, driven by a $36.81 million drop in interest revenue, which overwhelmed a $20 million cut in interest expense and a $5.74 million decrease in loan loss provisions to $55.82 million. Net income dropped 33.6% to $15.27 million, down from $22.98 million in 2010. Price said, "First Commonwealth is determined to move forward and is focused on creating superior value for our investors."

In 2010, First Commonwealth's insurance brokerage income comprised 6.2% of its noninterest income and 1.3% of its net operating revenue. The company ranked 101st in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE & TRUST REVENUE GROW AT NBT

Norwich, NY-based, $5.6 billion-asset NBT Bancorp reported insurance brokerage fee income in fourth quarter 2011 increased 13.6% to $4.92 million, up from $4.33 million in fourth quarter 2010, bolstered by the second quarter 2011 acquisition of an insurance agency, and trust fees rose 9.7% to $2.48 million, up from $2.26 million. In contrast, retirement plan administration fees dropped 21.0% to $2.18 million, and income from bank-owed life insurance (BOLI) fell 17.9% to $716,000, down from $872,000. Insurance brokerage, trust fees, retirement plan administration and BOLI income comprised, respectively, 24.4%, 12.3%, 10.8% and 3.6% of noninterest income, which declined 9.5% to $20.13 million, down from $22.24 million in fourth quarter 2010, when net securities gains were $2.01 million higher.

Net interest income on a 3.98% net interest margin in fourth quarter 2011 rose 2.5% to $44.92 million, up from $43.81 million in fourth quarter 2010, reflecting a $2.45 million cut in interest expense and a $1.11 million decrease in loan loss provisions to $5.58 million, which made up for a $2.45 million decline in interest revenue. Net income decreased 4.9% to $13.72 million, down from $14.43 million in fourth quarter 2010.

For the year 2011, insurance brokerage fee income grew 10.4% to $20.84 million, up from $18.87 million in 2010, trailing service charge revenue by only $621,000. Trust income also grew, rising 19.1% to $8.60 million, up from $7.22 million. In contrast, retirement plan administration fees fell 13.9% to $8.92 million, down from $10.36 million, and BOLI income slid 6.09% to $3.09 million, down from $3.32 million. Insurance brokerage, trust fees, retirement plan administration fees and BOLI income comprised, respectively, 25.9%, 10.7%, 11.1% and 3.8% of noninterest income, which declined 4.3% to $80.31 million, down from $83.88 million in 2010, when net securities gains were $3.12 million higher.

Net interest income on a 4.09% net interest margin in 2011 rose 4.3% to $179.54 million, up from $172.22 million in 2010, driven by a $9.10 million drop in loan loss provisions to $20.74 million and a $13.49 million cut in interest expense, as interest income fell by $15.74 million to $234.00 million. Net income inched up 0.9% to $57.90 million from $57.40 million in 2010, "achieving the second highest level in the history of the company," NBT Bancorp President and CEO Martin Dietrich said.

NBT has been in the expansion mode. In 2011, it opened two de novo branches and acquired four branches. Thus far in 2012, it has acquired three branches and is on track to acquire Manchester, NH-based, $273.0 million-asset Hampshire First Bank in the second quarter.

In 2010, NBT Bancorp's insurance brokerage income comprised 17.8% of its noninterest income and 5.1% of its net operating revenue. The company ranked 38th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

WESBANCO REPORTS GROWING TRUST ASSETS & FEES

Wheeling, WV-based, $5.5 billion-asset Wesbanco reported trust fees in fourth quarter 2011 slipped 4.0% to $4.20 million, down from $4.38 million in fourth quarter 2010, and income from bank-owned life insurance (BOLI) dropped 50% to $864,000, down from $1.72 million in fourth quarter 2010 when a claim benefit was recorded.

Securities brokerage revenue, however, grew 13.7% to $1.05 million, up from $922,000. Trust fees, BOLI income, and securities brokerage revenue comprised, respectively, 26.6%, 5.5% and 6.7% of noninterest income, which rose 5% to $15.77 million, up from $15.00 million in fourth quarter 2010.

Net interest income on a 3.56% net interest margin in fourth quarter 2011 slipped 1.2% to $32.30 million, despite a $2.66 million cut in interest expense, as loan loss provisions remained steady at $9.63 million and interest income declined by $3.06 million. Net income, bolstered by increased noninterest income rose 3.17% to $10.64 million, up from $10.31 million in fourth quarter 2010.

For the year 2011, trust fees grew 8.45% to $17.17 million, up from $15.84 million in 2010, while BOLI income fell 21.0% to $3.57 million, down from $4.51 million. Securities brokerage revenue slipped 3.3% to $4.41 million, down from $4.56 million. Trust fees, BOLI income and securities brokerage revenue comprised, respectively, 28.7%, 6.0% and 7.4% of noninterest income, which ticked ahead 0.48% to $59.89 million from $59.60 million in 2010.

Net interest income on a 3.66% net interest margin in 2011 grew 10.32% to $134.05 million, up from $121.51 million in 2010, driven by a 22% cut in interest expense and a 21% drop in loan loss provisions to $35.31 million, which more than made up for a 5.23% million decline in interest revenue to $224.17 million. Net income climbed 23% to $43.81 million, up from $35.61 million in 2010. Wesbanco President and CEO Paul Limbert said, "Continued focus on credit quality resulted in significant decreases in nonperforming assets, classified, criticized and past due loans and OREO in 2011." He added, "Trust, securities brokerage and insurance operations continued to provide significant noninterest income with trust assets under management increasing again in 2011."

In 2010, Wesbanco's insurance brokerage and fiduciary-related income comprised, respectively, 4.1% and 19.2% of its noninterest income and 1.1% and 5.0% of its net operating revenue. The company ranked 120th in insurance brokerage earnings and 76th in fiduciary-related income among all U.S. bank holding companies (BHCs), according to the *MWA Fee Income Ratings Reports*.

INDEPENDENT BANK CORP. REPORTS GROWING INVESTMENT MANAGEMENT REVENUE

Rockland, MA-based, $5 billion-asset Independent Bank Corp., parent of Rockland Trust Co., reported investment management fee income in fourth quarter 2011 grew 9.04% to $3.22 million, up from $2.96 million in fourth quarter 2010, and income from bank-owned life insurance (BOLI) rose 0.95% to $847,000 from $839,000. Investment management and BOLI income comprised, respectively, 22.5% and 5.9% of noninterest earnings, which ticked up 0.36% to $14.32 million in fourth quarter 2011 from $14.26 million in fourth quarter 2010, with investment management revenue the second largest contributor to noninterest income behind service charges.

Net interest income on a 3.78% net interest margin in fourth quarter 2011 inched ahead 0.63% to $38.05 million from $37.81 million in fourth quarter 2010, driven by a 24% cut in interest expense, which made up for a 3.18% decline in interest revenue and a 6.29% rise in loan loss provisions to $3.80 million. Net income slid 5.65% to $11.17 million, down from $11.84 million in fourth quarter 2010.

For the year 2011, investment management income grew 15.43% to $13.53 million, up from $11.72 million in 2010, and retained its position as the number-two contributor to noninterest earnings behind $16.63 million in service charges on deposit accounts. BOLI income, in contrast, ticked down 0.69% to $3.17 million from $3.19 million. Investment management and BOLI income comprised, respectively, 25.7% and 6.0% of noninterest income, which grew 12.35% to $52.70 million, up from $49.91 million in 2010.

Net interest income on a 3.90% net interest margin in 2011 rose 7.08% to $155.60 million, up from $145.31 million in 2010, driven by a 26% cut in interest expense and a 38.5% drop in loan loss provisions to $11.48 million. Net income grew 13% to $45.44 million, up from $40.24 million in 2010. Independent Bank Corp. and Rockland Trust Company President and CEO Christopher Oddleifson said, "Rockland Trust continues to demonstrate that our focus on customer intimacy combined with a disciplined credit culture is a strategy that produces solid results."

FEBRUARY 20 - 26, 2012

ENCORE BANCSHARES EXPANDS INSURANCE AGENCY REACH THROUGH ACQUISITION

Houston, TX-based, $1.5 billion-asset Encore Bancshares, through its Town & Country Insurance Agency subsidiary, has acquired League City, TX-based Whittington Insurance Agency. Whittington will retain its management team, agents and staff and continue to operate from its League City and Katy, TX offices, where it currently offers all lines of personal insurance.

Town & Country Insurance Agency President and CEO Reed Moraw said the acquired agency "will be an invaluable asset as we continue to develop new markets and grow our company," expanding into West Houston and the Katy area. Town & Country offers personal and commercial property and casualty insurance.

WELLS FARGO INSURANCE CONSOLIDATES & REORGANIZES REGIONS

San Francisco, CA-based, $1.3 trillion-asset Wells Fargo & Co. unit Wells Fargo Insurance has reorganized its regional structure, consolidating its former 15 regions into 7. Wells Fargo Insurance Executive Vice President Kevin Kenny will oversee the regions and regional managers, which now include: (1) Northwest Region headed by Rich Lane; (2) Southwest Region headed by Howard McClure; (3) West Region headed by Sam Elliott; (4) Midwest Region headed by John Meder; (5) Northeast Region headed by Pete Gilbertson; (6) Mid-Atlantic Region headed by John Meehan; and (7) South Region headed by Tom Longhta.

Kenny described the new structure as more strategic and better aligned with other Wells Fargo business units. Kenny said, "As we continue to focus on cross-sell, the new model provides greater opportunity for our insurance executives to partner with other Wells Fargo business lines and identify the right products and services for our customers."

U.S. LIFE INSURANCE APPLICATIONS CONTINUE TO CLIMB

U.S. applications for individually underwritten life insurance grew 8.3% in January 2012 over January 2011 and rose 1.7% over December 2011 in what Braintree, MA-based MIB Group described as "atypical growth for this time period." January-over-January applications were up across all age groups. While applications among individuals aged 60 and older continued to lead with the highest growth (+17.2%), applications among individuals aged 45-59 were up a strong 6.9% followed by an unusual 6.6% increase in applications among individuals aged 0-44, according to the MIB Life Index. MIB Group attributed the increases to "an improving domestic economy and pent up demand/need for life insurance after years of decline."

INSURANCE & ADVISORY INCOME COMPRISES OVER 30% OF BENEFICIAL MUTUAL'S 2011 NONINTEREST EARNINGS

Philadelphia, PA-based, $4.6 billion-asset Beneficial Mutual Bancorp reported combined insurance and advisory fee income in fourth quarter 2011 fell to $1.62 million, down 16.5% from fourth quarter 2010, and comprised 22.9% of noninterest income, which rose 2.3% to $7.07 million, bolstered by a $1.21 million increase in service charges and other income.

Net interest income on a 3.23% net interest margin in fourth quarter 2011 declined to $26.32 million, down 9.5% from fourth quarter 2010, driven by a $5.96 million decrease in interest revenue and a $500,000 increase in loan loss provisions to $8.50 million. Net income of $5.88 million contrasted with a $356,000 net loss in fourth quarter 2010.

For year 2011, insurance and advisory fee income fell 10.9% from 2010 to $7.72 million, and comprised 30.6% of noninterest earnings, which declined 7.3% to $25.24 million.

Net interest income on a 3.22% net interest margin in 2011, climbed 35.1% to $104.60 million, driven by a $32.70 million drop in loan loss provisions to $37.50 million and an $11.85 million cut in net interest expense, which more than made up for a $17.37 million drop in interest revenue. Net income of $11.04 million contrasted with a net loss of $8.96 million in 2010. Commenting on the improved results and looking ahead, Beneficial Mutual Bancorp President and CEO Gerald Cuddy said, "We are encouraged by the decrease in our non-performing assets … and are focused on reducing our non-performing asset levels in 2012."

In 2010, Beneficial Mutual Savings Bank's insurance brokerage income comprised 33.2% of its noninterest income and 4.3% of its net operating revenue. The company ranked 8th 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*.

TRUST FEES COMPRISE INCREASING PERCENTAGE OF HEARTLAND'S NONINTEREST INCOME

Dubuque, IA-based, $4.26 billion-asset Heartland Financial USA reported brokerage and insurance commissions in fourth quarter 2011 slid 6.2% to $889,000, down from $948,000 in fourth quarter 2010; income from bank-owned life insurance (BOLI) fell 12.1% to $407,000; and trust fees slipped 3.7% to $2.34 million. Combined brokerage and insurance commissions, BOLI income and trust fees comprised, respectively, 4.7%, 2.1% and 12.3% of noninterest income, which rose 4.1% to $19.04 million, driven by higher securities gains and increased gains on mortgage loan sales.

Net interest income on a 4.08% net interest margin in fourth quarter 2011 increased to $29.05 million, up 7.6% from fourth quarter 2010, driven by a $2.21 million cut in interest expense and a $1.10 million decrease in loan loss provisions to $7.78 million. Net income after dividends and increased noninterest expense ticked up 0.6% to $5.23 million.

For the year 2011, combined brokerage and insurance commissions grew 10.4% to $3.51 million, up from $3.18 million in 2010; trust rose 7.1% to $9.86 million, up from $9.21 million in 2009, while BOLI income slid 8.2% to $1.35 million, down from $1.47 million. Combined brokerage and insurance, trust fees and BOLI income comprised, respectively, 5.9%, 16.5% and 2.3% of noninterest income, which grew 13.9% to $59.58 million, up from $52.33 million in 2010.

Net interest income on a 4.16% net interest margin in 2011 rose 5.0% to $116.03 million, up from $110.54 million in 2010, reflecting a $9.54 million cut in interest expense and a $3.14 million decrease in loan loss provisions to $29.37 million, which more than made up for an over $7 million drop in interest income. Net income, after over $8 million in increased noninterest expense largely tied to salaries and employee benefits, rose 9.9% to $20.40 million, up from $18.56 million in 2010. Heartland Financial Chairman, President and CEO Lynn Fuller noted that loans increased 6% year over year and said, "We believe this is the beginning of a positive trend toward sustained growth in quality loans."

In 2010, Heartland Financial USA's fiduciary income comprised 26.8% of its noninterest income and 5.2% of its net operating revenue. The company ranked 35th in fiduciary earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White Bank Wealth Management Fee Income Report*.

INSURANCE & WEALTH MANAGEMENT FEES COMPRISE 27% OF S&T'S NONINTEREST INCOME

Indiana, PA-based, $4.1 billion-asset S&T Bancorp reported insurance brokerage fee income slipped to $1.81 million, down 2.7% from fourth quarter 2011, and wealth management revenue dipped 1.5% to $2.02 million. Insurance brokerage and wealth management fee income comprised, respectively, 15.6% and 17.5% of noninterest income, which slid 3.5% to $11.57 million.

Fourth quarter 2011 net interest income on a 3.79% net interest margin increased 10.4% to $32.83 million, driven a $1.68 million cut in interest expense and a $4.34 million drop in loan loss provisions to $2.34 million, which more than made up for a $4 million decline in interest income. Net income after dividends rose 6.6% to $9.32 million.

For year 2011, insurance brokerage fee income remained steady at $8.31 million, while wealth management earnings rose 4.7% to $8.18 million. Insurance brokerage and wealth management earnings comprised, respectively, 18.8% and 18.5% of noninterest income, which declined 5.9% to $44.18 million.

Net interest income on a 3.83% net interest margin in 2011 rose 4.1% to $125.89 million, driven by a $13.90 million drop in loan loss provisions to $15.61 million and a $6.84 million cut in interest expense, which more than made up for a $14.69 million fall in interest income. Net income after dividends and decreased noninterest expenses increased 6.4% to $39.65 million.

Looking ahead, S&T Bancorp President and CEO Todd Brice said he expects "plenty of momentum as we move into 2012," helped by the pending acquisition of Ebensburg, PA-based, $235.8 million-asset Mainline Bancorp.

In 2010, S&T Bancorp's insurance brokerage income comprised 12.4% of its noninterest income and 3.0% of its net operating revenue. The company ranked 29th 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*.

WEALTH MANAGEMENT FEES CLIMB AT BERKSHIRE HILLS

Pittsfield, MA-based, $3.98 billion-asset Berkshire Hills Bancorp reported insurance brokerage fee income in fourth quarter 2011 remained stable compared to fourth quarter 2010 at $2.15 million, while wealth management fees jumped 43.5% to $1.65 million, up from $1.15 million. Insurance brokerage and wealth management fees comprised, respectively, 24.3% and 18.7% of noninterest income, which grew 18.8% to $8.83 million, up from $7.43 million in fourth quarter 2010.

Net interest income on a 3.61% net interest margin in fourth quarter 2011 benefited from the April 2011 acquisition of Rome Bancorp and the July 2011 acquisition of Legacy Bancorp and jumped 59.5% to $28.87 million, up from $18.10 million in fourth quarter 2010, as loan loss provisions remained basically steady at around $2 million and interest expense declined by a modest $381,000, while interest income climbed by almost $11 million to $39.03 million. Net income, despite $8.1 million in increased noninterest expense largely tied to acquisitions, jumped 135.6% to $8.48 million, up from $3.60 million in fourth quarter 2010.

For year 2011, insurance brokerage fee income dipped 0.4% $11.09 million, down from $11.14 in 2010, while wealth management fees climbed 30.9% to $5.84 million, up from $4.46 million. Insurance brokerage and wealth management fees comprised, respectively, 31.0% and 17.3% of noninterest income, which grew 20.3% to $35.80 million, up from $29.75 million in 2010, bolstered by a $2.09 million nonrecurring gain tied to branch sales.

Net interest income in 2011 jumped 44.6% to $98.96 million, up from $68.42 million in 2010, as expenses were cut by $3.59 million and loan loss provisions declined by $1 million to $7.56 million and interest income, benefiting from acquisitions, soared by $25.98 million to $138.26 million. Net income, after $34.33 million in increased noninterest expense largely tied to the Rome and Legacy acquisitions, climbed 26.8% to $17.58 million, up from $13.86 million in 2010. Berkshire Hills Bancorp President and CEO Michael Daly said, "Our merger integrations are now completed, allowing us to focus on revenue enhancements going forward." Those revenue enhancers include another acquisition, however. Berkshire's pending purchase of Hartford, CT-based, $284.2 million-asset The Connecticut Bank and Trust Company is expected to expand the company's market in its central and eastern New England markets.

INSURANCE BROKERAGE & INVESTMENT SERVICES FEES COMPRISE 48% OF TOMPKINS' 2011 NONINTEREST INCOME

Ithaca, NY-based, $3.4 billion-asset Tompkins Financial Corp. reported insurance brokerage fee income in fourth quarter 2011 rose 4.0% to $3.14 million, up from $3.02 million in fourth quarter 2010, while investment services income fell 10.1% to $3.20 million, down from $3.56 million. Insurance brokerage and investment services fee income comprised, respectively, 28.0% and 28.6% of noninterest earnings, which decreased 8.8% to $11.20 million, down from $12.28 million in fourth quarter 2010.

Net interest income on a 3.62% net interest margin in fourth quarter 2011 rose 1.6% to $26.84 million, up from $26.43 million in fourth quarter 2010, driven by a $2.46 million cut in interest expense and a $273,000 decrease in loan loss provisions to $1.16 million. Net income, helped additionally by $1 million in decreased noninterest expenses, rose 5.6% to $9.39 million, up from $8.89 million in fourth quarter 2010.

For year 2011, insurance brokerage fee income rose 6.3% to $13.54 million, up from $12.74 million in 2010, while investment services fee income slipped 0.3% to $14.29 million, down from $14.33 million. Insurance brokerage and investment services fee income comprised, respectively, 28.2% and 29.8% of noninterest income, which increased 4.0% to $48.01 million, up from $46.16 million in 2010.

Net interest income on a 3.72% net interest margin in 2011 slipped 0.8% to $102.46 million, down from $103.27 million in 2010, despite a $6.61 million cut in interest expense, as interest income dropped by $6.96 million and loan loss provisions increased by $438,000 to $8.95 million. Net income, driven by increased noninterest income and decreased noninterest expense, rose 4.7% to a $35.42 million, up from $33.83 million in 2010.

Tompkins Financial President and CEO Stephen Romaine described 2011 as "a strong year for our company with net income and total assets at record levels." He added, "Our strong balance sheet and earnings performance, along with a dedicated and professional team of employees, continue to position us well to take advantage of new growth opportunities." Toward that end, Tompkins has agreed to acquire Wyomissing, PA-based, $1.43 billion-asset VIST Financial and expand its reach into southeastern Pennsylvania.

In 2010, Tompkins Financial's insurance brokerage income comprised 27.7% of its noninterest income and 8.1% of its net operating revenue. The company ranked 13th 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*.

CITY HOLDING REPORTS GROWING TRUST & INVESTMENT MANAGEMENT EARNINGS

Charleston, WV-based, $2.64 billion-asset City Holding Company reported insurance brokerage fee income in fourth quarter 2011 slid 4.7% to $1.43 million, down from $1.50 million in fourth quarter 2010. Income from bank-owned life insurance (BOLI) slipped 3.1% to $728,000, down from $751,000, while trust and investment management (TIM) fee income climbed 28.5% to $925,000, up from $720,000. Insurance brokerage, BOLI and TIM income comprised, respectively, 11.8%, 6.0%, and 7.6% of noninterest earnings, which ticked up 1.8% to $12.13 million, up from $11.91 million in fourth quarter 2009.

Net interest income on a 3.90% net interest margin in fourth quarter 2011 rose 1.8% to $21.00 million from $20.62 million in fourth quarter 2010, driven by a $2.07 million cut in interest expense, as loan loss provisions remained basically steady at $2.23 million, and interest income fell by $1.80 million. Net income declined 2.6% to $9.65 million, down from $9.91 million in fourth quarter 2010, as expenses grew by $2.85 million.

For year 2011, insurance brokerage fee income increased 8.4% to $5.95 million, up from $5.49 million in 2010, and TIM income grew 11.5% to $3.11 million, up from $2.79 million, while BOLI earnings slid 6.5% to $3.18 million, down from $3.40 million in 2010. Insurance, TIM and BOLI income comprised, respectively, 10.8%, 5.7%, and 5.8% of noninterest earnings, which grew 12.1% to $54.86 million, up from $48.94 million in 2010.

Net interest income in 2011 inched ahead 0.4% to $87.53 million, up from $87.20 million in 2010, driven by a $3.09 million drop in loan loss provisions to $4.60 million and a $6.87 million cut in interest expense, which made up for a $9.03 million fall in interest income. Net income, driven by increased noninterest income, rose 1.8% to $40.68 million, up from $39.96 million in 2010. City Holding President and CEO Charles Hageboeck said, "City was able to improve our financial results … [despite] a sustained low interest rate environment, an unsettled economy and regulatory changes on how service fees are collected." City plans to expand its presence across the Eastern Panhandle of West Virginia into northwestern Virginia, when its agreement to acquire Front Royal, VA-based, $130 million-asset Virginia Savings Bancorp is completed in the first half, pending regulatory approval.

In 2010, City Holding's insurance brokerage fee income comprised 10.6% of its noninterest income and 3.8% of its net operating revenue. The company ranked 30th 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*.

GROWING INSURANCE, TRUST, INVESTMENT ADVISORY & BOLI DOMINATE 61% OF UNIVEST'S NONINTEREST INCOME

Souderton, PA-based, $2.1 billion-asset Univest Corporation of Pennsylvania (Univest) reported insurance brokerage fee income in fourth quarter 2011 slid 4.0% to $1.67 million, down from $1.74 million in fourth quarter 2010. Trust income declined 9.8% to $1.47 million, down from $1.63 million, while investment advisory fee income grew 49.6% to $1.78 million in fourth quarter 2011, up from $1.19 million, and income from bank-owned life insurance (BOLI) climbed 22.4% to $502,000, up from $410,000. Insurance brokerage, trust, investment advisory and BOLI income comprised, respectively, 18.6%, 16.4%, 19.8% and 5.6% of noninterest earnings, which declined 3.1% to $8.98 million, down from $9.27 million in fourth quarter 2010, when service charges on deposit accounts and mortgage banking income were higher.

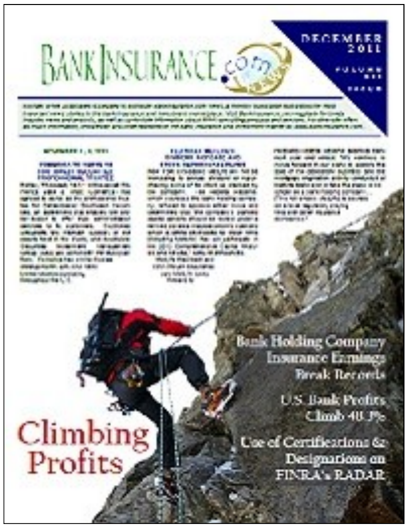
Net interest income on a 3.96% net interest margin in fourth quarter 2011 grew 17.6% to $15.19 million, up from $12.92 million in fourth quarter 2010, reflecting a 50% drop in loan loss provisions to $3.14 million and an $893,000 cut in interest expense. Net income, benefiting especially from the over $3 million drop in loan loss provisions, grew 7.1% to $5.26 million, up from $4.91 million in fourth quarter 2010.

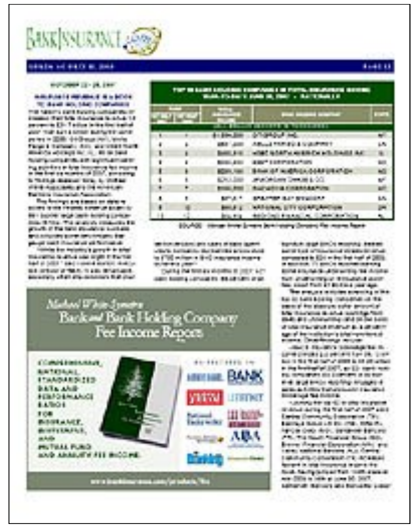
For year 2011, insurance brokerage fee income rose 0.5% to $7.73 million, up from $7.69 million in 2010; trust income increased 4.3% to $6.34 million, up from $6.08 million, investment advisory fee income grew 16.0% to $5.37 million, up from $4.63 million, and BOLI income climbed 31.5% to $1.67 million, up from $1.27 million. Insurance brokerage, trust, investment advisory and BOLI income comprised, respectively, 22.5%, 18.4%, 15.6% and 4.9% of noninterest earnings, which remained basically stable at $34.41

million compared to $34.42 million in 2010, despite a $1.64 million drop in service charges on deposit accounts.

Net interest income on a 4.15% net interest margin in 2011 grew 10.2% to $57.26 million, reflecting a $6.64 million cut in interest expense and a $4.09 million drop in loan loss provisions to $17.48 million. Net income, benefiting from noninterest earnings and cuts in interest expense and loan loss provisions, grew 19.8% to $18.88 million.

In 2010, Univest's insurance brokerage fee income comprised 24.5% of its noninterest income and 7.7% of its net operating revenue. The company ranked 18th 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*.





Are You Receiving Your Complimentary Subscription?

BankInsurance.com News. distills the most important news stories that directly impact businesses in the bank insurance and investment world.

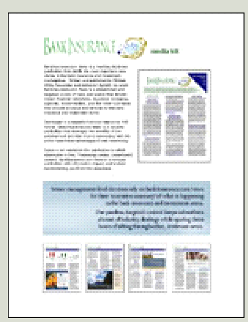
If you are not already receiving

register now to receive your complimentary subscription today.

www.bankinsurance.com/editorial/news/bi-com-news

Interested in Advertising?

BankInsurance.com News is an excellent and affordable way to reach senior management-level decision makers in the bank insurance and investment arena.



CLICK TO VIEW MEDIA KIT