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BankInsurance.com News

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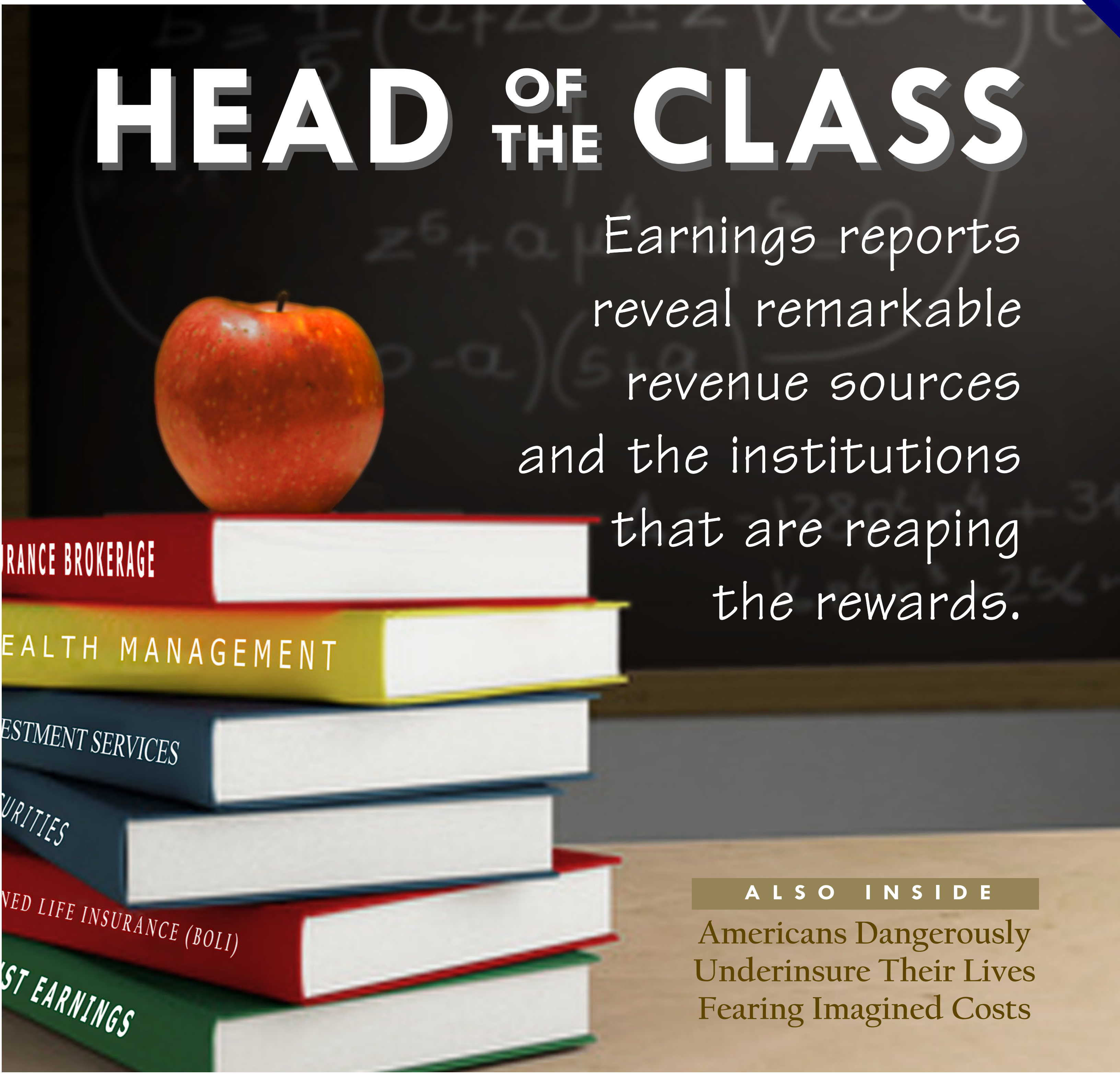

HEAD OF THE CLASS

Earnings reports reveal remarkable revenue sources and the institutions that are reaping the rewards.

ALSO INSIDE

Americans Dangerously Underinsure Their Lives Fearing Imagined Costs

DELAWARE LIFE ACQUIRES SUNLIFE'S U.S. ANNUITY & VARIABLE LIFE BUSINESS

Wilmington, DE-based Delaware Life Holdings, a New York City-based Guggenheim Partners' unit, has acquired Toronto, Canada-based Sun Life Financial's U.S. domestic variable annuity, fixed annuity, fixed indexed annuity, and variable life insurance businesses. The deal includes over 450,000 in-force policies, 500 former Sun Life employees and facilities in Wellesley, MA; Waterford, Ireland; and Lethbridge, Alberta, Canada.

Delaware Life President David Sams said, "We look forward to serving our distribution partners and policyholders and to delivering compelling new services and features in the months ahead." Sun Life Financial President and CEO Dean Connor said, "We are pleased to transfer this business to a buyer who is committed to customers and the approximately 500 outstanding employees who will continue to support them." Going forward, Connor said, "Our U.S. operations are focused on our successful employee benefits business and our voluntary benefits business, which have achieved substantial growth during the past two years."

Delaware Life was able to complete the deal after Guggenheim Partners agreed to heighten Delaware Life's risk-based capital levels 450%, establish a $200 million backstop trust account and enhance the disclosure, transparency and scrutiny of Delaware Life's investments, operations, dividends and reinsurance. The Guggenheim requirements were set by the New York Department of Insurance, whose approval was needed in order for Delaware Life to acquire Sun Life Insurance and Annuity Company of New York, a small portion of the deal.

AIG FEDERALSAVINGS BANK TO BECOME A TRUST-ONLY THRIFT

New York City-based American International Group is transitioning Wilmington, DE-based, $920.5 million-asset AIG Federal Savings Bank into a trust-only thrift. Beginning September 30, 2013, the bank will no longer service deposit accounts and offer mortgages and certificates of deposit. On that day, the bank will close all accounts and return all funds and interest due on accounts. Thereafter, the AIG trust unit will have no discount or borrowing privileges with the Federal Reserve Bank, and it will begin holding 99% or more of its deposits in a trust or fiduciary capacity.

AIG CEO Robert Benmosche said AIG was exiting the thrift business in order to avoid restrictions tied to those operations under the Volcker rule, lifehealthpro.com reports.

VALLEY NATIONAL TO FREEZE BENEFIT PENSION PLAN AT YEAR-END

Wayne, NJ-based, $56.1 billion-asset Valley National Bancorp has joined Columbus, OH-based, $16.0 billion-asset Huntington Bancshares in its decision to freeze its defined benefit pension plan at the end of 2013. Previously, Valley National had closed the plan to employees hired after July 1, 2011, but with $158.6 million in plan obligations under-funded by $19.7 million at the end of 2012, Valley National decided to act. Valley President and CEO Gerald Lipkin said, "While a painful step to take, a defined benefit plan has become a very costly benefit due to the costly and unpredictable nature of this expense." The freeze is expected to decrease pension expense by $2.1 million in second half 2013.

To counteract the impact of the pension plan freeze, Valley National will increase employer matching contributions under its 401(k) plan effective January 1, 2014. It will additionally shorten the vesting period for contributions to that plan, and it will offer a Roth investment option.

LTC COSTS CONTINUE UP IN 2013

Long-term care costs continued to rise in 2013, according to surveys of 16,000 long-term care providers conducted by Waltham, MA-based LifePlans, Inc., on behalf of Boston-based John Hancock Life Insurance Company.

Over the past five years the average cost of care in a private room and a semi-private room in a nursing home has risen 3.6% annually reaching, respectively, $94,170 and $82,855 in 2013. The increased cost of care for assisted living has risen 2% annually to an average $41,124 in 2013, while the average cost of adult daycare has risen 1.6% to $18,640, and the average cost for a home health aide working 6 hours per day, 5 days a week has risen 1.3% to $19 per hour or $29,640 in 2013, LifePlans found.

John Hancock Insurance Executive Vice President Michael Doughty said, "The cost of long-term care continues to be one of the most significant uninsured financial risks that an individual can face."

TD BANK WARNS OF 3Q INSURANCE LOSSES

Toronto, Canada-based, C$826 billion ($796.5 billion)-asset TD Bank Group warned it expects its insurance business to report a net loss of $240 million to $290 million in third quarter 2013 as a result of $418 million in after tax charges tied to weather-related claims and increased general insurance claims. The weather-related claims are tied to severe summer flooding in Alberta and the Greater Toronto Area (GTA), but the general insurance claims reflect increased third-party bodily injury auto insurance claims tied to auto insurance reform and attendant litigation and fraud. These claims have prompted a $292 million after-tax reserve provision.

TD Bank Group President and CEO Ed Clark said, "Despite the challenges, we remain committed to our insurance business and believe in its potential for acceptable returns and growing profitability over time."

METLIFE & BIDV TO FORM LIFE INSURANCE JOINT VENTURE IN VIETNAM

New York City-based, MetLife, Inc. and Hanoi, Vietnam-based Bank for Investments and Development of Vietnam (BIDV) have signed a memorandum of understanding (MOU) to form a life insurance joint venture in Vietnam in fourth quarter 2013. The joint venture will maximize MetLife's insurance expertise, including over 60 years of doing business in Asia, and BIDV's financial operations, including banking, securities, insurance and investment. The life insurance joint venture will include a bancassurance distribution system, offering life insurance products through BIDV's over 600 branches across Vietnam.

FINANCIALS IN ITALY HIT WITH CLIMBING LIABILITY INSURANCE RATES

Liability insurance rates for financial institutions in Italy climbed 10% to 20% in the second quarter, according New York City-based Marsh's Global Insurance Market Quarterly Briefing. In contrast, liability insurance rates for financial institutions in France and Spain remained flat to up 10%.

INSURANCE EARNINGS GROW & INVESTMENT FEES SOAR AT REGIONS

Birmingham, AL-based, $118.7 billion-asset Regions Financial Corp. reported insurance brokerage fee income in second quarter 2013 grew 11.5% to $29 million, up from $26 million in second quarter 2012, while investment fee income soared 70.6% to $29 million, up from $17 million. Income from bank-owned life insurance (BOLI) rose 4.8% to $22 million, up from $21 million, while trust earnings slipped 2.0% to $49 million, down from $50 million. Insurance brokerage, investment fee, BOLI and trust income comprised, respectively, 5.8%, 5.8%, 4.4%, and 9.9% of noninterest earnings, which slid 2% to $497 million, down from $507 million in second quarter 2012, when mortgage income was $21 million.

Net interest income on a 3.16% net interest margin decreased 3.6% to $808 million, down from $838 million in second quarter 2012, as an $87 million decline in interest income could not be covered by a $57 million cut in interest expense. Net interest income, after a $5 million increase in loan loss provisions to $31 million, declined 4.3% to $777 million, down from $812 million. Net income available to common shareholders fell 8.8% to $259 million, down from $284 million in second quarter 2012, impacted by declining interest and mortgage earnings and increased loan provisions and noninterest expense.

Looking ahead, Regions Financial Chairman, President and CEO Grayson Hall said, "By continuing to execute our business priorities, our company is well-positioned to capitalize on opportunities as the economy continues to grow."

In 2012, Regions Financial reported $108.6 million in insurance brokerage and $57.0 million in wealth management income that comprised, respectively, 5.2% and 11.5% of its noninterest income and 2.0% and 4.4% of its net operating revenue. The company ranked 7th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White Bank Insurance Fee Income Report*, and it ranked 26th in earnings from wealth management activities among U.S. bank holding companies with assets over $10 billion, according to the *Michael White - IPI Bank Wealth Management Report*.

CLIMBING INSURANCE BROKERAGE, INVESTMENTS & TRUST FEES DRIVE UPTICK IN NONINTEREST EARNINGS AT HANCOCK

Gulfport, MS-based, $18.9 billion-asset Hancock Holding Company reported insurance earnings in second quarter 2013 rose 5.9% to $4.85 million, up from $4.58 million in second quarter 2012. Investment and annuity fees grew 12.6% to $5.19 million, up from $4.61 million, and trust fees climbed 22.8% to $9.80 million, up from $7.98 million. Insurance, investment/annuity, and trust fees comprised, respectively, 7.6%, 8.1% and 15.3% of noninterest income, which ticked up 0.6% to $63.90 million from $63.55 million in second quarter 2012, despite declines in service charges on deposit accounts, bank card fees and ATM fees.

Net interest income on a 4.17% net interest margin declined 4.7% to $171.82 million, down from $180.29 million in second quarter 2012, reflecting a $10.84 million drop in interest income, which could not be covered by a $2.56 million cut in interest expense. Net interest income, after a $232,000 increase in loan loss provisions to $8.26, decreased 5.1% to $163.57 million, down from $172.27 million. Net income, after a $17.7 million cut in noninterest expense, however, grew 19.2% to $46.86 million, up from $39.30 million in second quarter 2012.

Commenting on Hancock's second quarter performance and looking ahead, Hancock Holding Company President and CEO Carl Chaney said, "Coupled with the ongoing implementation of the expense and efficiency initiative announced last quarter we believe our Company is becoming better positioned to operate in both today's economic environment as well as an eventual sustained positive turn in the overall economy."

In 2012, Hancock Holding's insurance brokerage income of $15.7 million comprised 6.3% of its noninterest income and 1.6% 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 Bank Insurance Fee Income Report*.

In 2012, Hancock Holding's wealth management activities generated $13.3 million and comprised 21.1% of its noninterest income and 5.6% of its net operating revenue. The company ranked 50th in wealth management income among all U.S. bank holding companies, according to the *Michael White - IPI Bank Wealth Management Report*.

VALLEY NATIONAL BENEFITS FROM GROWING INSURANCE & TIM EARNINGS

Wayne, NJ-based, $15.98 billion-asset Valley National Bancorp reported insurance brokerage earnings in second quarter 2013 climbed 23.4% to $4.06 million, up from $3.29 million in second quarter 2012, and trust and investment management (TIM) fees grew 14.1% to $2.26 million, up from $1.98 million, while income from bank-owned life insurance (BOLI) fell 12.9% to $1.42 million, down from $1.63 million. Insurance brokerage, TIM, and BOLI income comprised, respectively, 12.3%, 6.9% and 4.3% of noninterest earnings, which jumped 36.9% to $32.89 million, up from $24.03 million in second quarter 2012, propelled by $14.37 million in gains on loan sales.

Net interest income on a 3.15% net interest margin fell 10.0% to $109.89 million, down from $122.07 million in second quarter 2012, when interest income was $14.49 million higher. Net interest income after a $4.85 million decrease in loan loss provisions to $2.55 million, declined 6.4% to $107.34 million, down from $114.67 million. Net income, driven by increased noninterest income, rose 3.4% to $33.92 million, up from $32.82 million in second quarter 2012. Valley National Chairman, President and CEO Gerald Lipkin said, "These results are reflective of the quality of our balance sheet and the diligence of our management team to provide us a strong foundation in this difficult operating environment."

In 2012, Valley National reported $14.1 million of insurance brokerage income, which comprised 11.4% of its noninterest income and 2.3% of its net operating revenue. The company ranked 32nd in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets in excess of $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

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INSURANCE DOMINATES 34% OF SOLID NONINTEREST INCOME AT BANCORPSOUTH

Tupelo, MS-based, $13.2 billion-asset BancorpSouth CEO Dan Rollins said, “Earnings for the [second] quarter benefited from continued solid performance from noninterest lines of business.” Insurance brokerage fee income grew 12.6% to $25.86 million, up from $22.96 million in second quarter 2012, reflecting 11.1% growth in property and casualty commissions to $18.76 million, an 8.8% increase in life and health commissions to $5.09 million, and, an almost doubling of “other” to $1.43 million, while risk management income fell 15.4% to $523,000. Additionally, trust income ticked up 1.6% to $3.19 million; securities brokerage fees grew 12.9% to $2.01 million; and income from bank-owned life insurance (BOLI) increased 11.0% to $2.01 million; while annuity fees declined 14.5% to $543,000. Insurance brokerage, trust, securities brokerage, BOLI and annuity fee income comprised, respectively, 34.0%, 4.2%, 2.6%, 2.6%, and 0.7% of noninterest earnings, which grew 14.5% to $76.11 million, up from $66.47 million, helped additionally by a $6.4 million increase in mortgage banking income.

Net interest income on a 3.36% net interest margin decreased 6.2% to $98.21 million, down from $104.74 million in second quarter 2012, reflecting an $11.20 million drop in interest income to $112.01 million, which could not be covered by a $4.67 million cut in interest expense. Net interest income, after a halving of loan loss provisions to $3 million declined 3.6% to $95.21 million, down from $98.74 million. Despite an almost $6 million increase in noninterest expense driven by $10.85 million tied to the company’s voluntary early retirement program, net income ticked up 0.7% to $20.76 million, up from $20.62 million in second quarter 2012. Rollins said, “Much progress was made during the second quarter towards improving our cost structure and turning our attention toward growth.”

In 2012, BancorpSouth reported $90.6 million in insurance brokerage income, which comprised 36.8% of its noninterest income and 13.6% of its net operating revenue. The company ranked 9th in insurance brokerage earnings among all bank holding companies, according to the *Michael White Bank Insurance Fee Income Report*.

F.N.B. CORP REPORTS GROWING INSURANCE, TRUST & SECURITIES BROKERAGE INCOME

Hermitage, PA-based, $12.57 billion-asset F.N.B. Corp. reported insurance brokerage earnings in the second quarter increased 5.6% to $4.10 million, up from $3.88 million in second quarter 2012, while trust income grew 8.5% to $4.17 million, up from $3.84 million, and securities brokerage earnings jumped 41.2% to $2.87 million, up from $2.03 million. Insurance, trust and securities brokerage earnings comprised, respectively, 11.2%, 11.3% and 7.8% of noninterest income, which climbed to $36.75 million, up 12.1% from second quarter 2012.

Net interest income on a 3.63% net interest margin rose 2.4% to $96.75 million, up from $94.48 million in second quarter 2012, reflecting a 25% cut in interest expense, which more than covered the 1.3% decline in interest income. Net interest income after a 12.5% climb in loan loss provisions to $7.90 million rose 1.5% to $90.59 million, from $89.29 million. Net income, despite a 7.3% increase in largely merger-related noninterest expense, ticked up 0.2% to $29.19 million. F.N. B. said, "Improved revenue across several business lines, including wealth management, insurance and mortgage banking, reflects the benefits of revenue–enhancing strategies and initiatives."

In 2012, F.N.B. Corp's insurance brokerage income of $13.5 million comprised 10.2% 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 Bank Insurance Fee Income Report*.

TRUSTMARK'S WEALTH MANAGEMENT EARNINGS BENEFIT FROM BANCTRUST ACQUISITION

Jackson, MS-based, $11.86 billion-asset Trustmark Corporation reported its February 15, 2013 acquisition of Mobile, Alabama-based, $1.9 billion-asset BancTrust Financial Group helped drive second quarter wealth management earnings up 20.4% to $6.94 million from $5.76 million in second quarter 2012, contributing $1.1 million to the quarter's $1.18 million climb in that revenue. Insurance commissions, benefiting primarily from organic growth, grew 11.6% to $8.01 million. Trust and insurance brokerage earnings comprised, respectively, 15.9% and 18.3% of noninterest income, which slipped 0.1% to $43.71 million, down from $43.76 million in second quarter 2012, when mortgage banking income was higher and securities losses were lower.

Net interest income on a 4.02% net interest margin grew 14.6% to $102.96 million, reflecting both a 12% increase ($11.81 million) in interest income tied to the BancTrust acquisition and a 16% cut ($1.30 million) in interest expense. Net interest income after an $8.72 million recovery of loan loss provisions climbed 25% to $109.36 million. Net income available to common shareholders rose 6% to $31.12 million, up from $29.35 million in second quarter 2012, reflecting both the benefits and expenses tied to the BancTrust acquisition. Trustmark President and CEO Gerard Host said, "Trustmark's momentum continued to build during the second quarter as total revenue increased 7.2% to $142.9 million." Host added, "Thanks to our dedicated associates, solid profitability and strong capital base, we are well-positioned to continue providing value for our customers and shareholders."

In 2012, Trustmark's $28.2 million in insurance brokerage income comprised 16.9% of its noninterest income and 5.6% of its net operating revenue. The company ranked 26th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White Bank Insurance Fee Income Report*.

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NONINTEREST INCOME DRIVES EARNINGS GROWTH AT NATIONAL PENN

Boyertown, PA-based, $8.32 billion-asset National Penn Bancshares reported wealth management fee income in second quarter 2013 grew 16.3% to $6.99 million, up from $6.01 million in second quarter 2012, and remained the top contributor to noninterest income. Additionally, insurance brokerage earnings increased 3.7% to $3.33 million, up from $3.21 million, while income from bank-owned life insurance (BOLI) slipped 1.6% to $1.24 million from $1.26 million. Wealth management, insurance brokerage and BOLI income comprised, respectively, 28.0%, 13.3% and 5.0% of noninterest earnings, which climbed 22.0% to $24.97 million, up from $20.46 million in second quarter 2012, helped by increased income from interest rate swaps.

Net interest income on a 3.53% net interest margin ticked up 0.1% to $63.25 million from $63.20 million in second quarter 2012, reflecting a $7.85 million cut in interest expense, which more than covered the $7.80 million drop in interest revenue. Net interest income, after a $500,000 decrease in loan loss provisions to $1.50 million, ticked up 0.9% to $61.75 million from $61.20 million. Net income grew 11.4% to $25.02 million, up from $22.45 million in second quarter 2012, driven by growth in noninterest income. Looking ahead, National Penn Bancshares President and CEO Scott Fainor said, "National Penn remains well-positioned to build upon our solid fundamentals and performance. As the economy continues to improve and the environment in which we operate evolves, we will continue to be proactive in appropriately leveraging the strength of our franchise."

In 2012, National Penn earned $13.1 million and $24.4 million, respectively, in insurance brokerage and wealth management income, which comprised 13.7% and 25.4% of its noninterest income. The company ranked 47th in insurance brokerage earnings and 66th in wealth management income among all bank holding companies, according to the *Michael White Bank Insurance Fee Income Report* and the *Michael White - IPI Bank Wealth Management Fee Income Report*.

INSURANCE & TRUST EARNINGS UP AT NORTHWEST BANCHSARES

Warren, PA-based, $7.96 billion-asset Northwest Bancshares reported the first quarter 2013 purchase of the Bert Company drove a 36.9% increase in second quarter insurance brokerage earnings to $2.19 million, up from $1.60 million in second quarter 2012. At the same time, trust and investment management (TIM) income rose 11.9% to $2.26 million, up from $2.02 million; while income from bank-owned life insurance (BOLI) dipped 1.8% to $1.09 million, down from $1.11 million. Insurance brokerage, TIM and BOLI income comprised, respectively, 16.3%, 16.9% and 8.1% of noninterest earnings, which declined 11.1% to $13.41 million, down from $15.09 million in second quarter 2012, impacted by a $1.9 million write down on a foreclosed condominium project and decreased mortgage banking income.

Net interest income in second quarter 2013 slid 3.6% to $63.33 million, down from $65.71 million in second quarter 2012, reflecting a $6.05 million drop in interest income, which could not be covered by a $3.66 million cut in interest expense. Net income fell 17.6% to $13.48 million, down from $16.36 million in second quarter 2012, driven by decreased earnings and increased noninterest expense. Northwest Bancshares President and CEO William Wagner said, "Although earnings for the [second] quarter are greatly disappointing, they were greatly impacted by several unusual items, including … $1.3 million in ATM replacement expense."

In 2012, Northwest Bancshares reported $6.4 million in insurance brokerage income, which comprised 10.2% of its noninterest income and 1.9% of its net operating revenue. The company ranked 27th in insurance brokerage earnings among U.S. BHCs with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

Northwest reported $391,000 in annuity income, which comprised 0.6% of its noninterest income. The company ranked 93rd in annuity income among banks with assets between $1 billion and $10 billion according to the *Michael White Bank Annuity Fee Income Report*.

TRUST EARNINGS DOUBLE AT NBT ON ALLIANCE FINANCIAL ACQUISITION

Norwich, NY-based, $7.53 billion-asset NBT Bancorp reported its acquisition of Syracuse, NY-based, $1.4 billion-asset Alliance Financial Corp impacted second quarter results. Trust income more than doubled to $4.70 million, up from $2.31 million in second quarter 2012, while insurance brokerage fee income remained the largest contributor to noninterest earnings, rising 9.1% to $5.76 million, up from $5.28 million. Additionally, retirement plan administration (RPA) fees climbed 22.8% to $2.96 million, up from $2.41 million; and income from bank-owned life insurance (BOLI) jumped 43.4% to $886,000, up from $618,000. Trust, insurance, RPA and BOLI income comprised, respectively, 18.4%, 22.6%, 11.6% and 3.5% of noninterest earnings, which grew 23.5% to $25.54 million, up from $20.68 million in second quarter 2012.

Net interest income on a 3.69% net interest margin climbed 23.9% to $61.66 million, up from $49.75 million in second quarter 2012, reflecting an $8 million increase in interest income and an almost $1 million cut in interest expense. Net interest income, after a $2.30 million increase in loan loss provisions to $6.40 million, grew 21.0% to $55.25 million, up from $45.65 million. Net income, after a $9.06 million increase in noninterest expense largely tied to the Alliance Financial acquisition, surged 27.6% to $16.92 million, up from $13.26 million in second quarter 2012. NBT Bancorp President and CEO Martin Dietrich said, "We continue to operate in an environment that presents both economic and regulatory challenges, but our seasoned team of financial professionals remain focused on delivering long-term value to our shareholders and customers."

In 2012, NBT Bancorp reported $17.0 million in insurance brokerage income, which comprised 19.4% of its noninterest income and 5.8% of its net operating revenue. The company ranked 8th in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

NBT Bancorp's $5.4 million in investment program income comprised 6.1% of its noninterest income and 1.8% of its net operating revenue. The company ranked 83rd in wealth management earnings among all U.S. BHCs, according to the *Michael White - Securities America Report: Community Bank Investment Programs*.

WEALTH MANAGEMENT EARNINGS JUMP 30.6% AT COMMUNITY BANK SYSTEMS

Syracuse, NY-based, $7.02 billion-asset Community Bank System President and CEO Mark Tryniski said, "Noninterest income growth remained robust in the second quarter with double-digit year-over-year increases in wealth management services and our benefit plan services." Wealth management income jumped 30.6% to $4.05 million, up from $3.10 million in second quarter 2012, and employee benefits administrator and consulting earnings grew 8.5% to $9.40 million, up from $8.66 million, benefiting from new and expanded customer relationships, the company said. Wealth management and benefits plan administration earnings comprised, respectively, 14.9% and 34.7% of noninterest income, which grew 14.3% to $27.10 million, up from $23.70 million in second quarter 2012.

Net interest income rose 1.1% in second quarter 2013 to $58.43 million, up from $57.77 million in second quarter 2012, driven by a $7.07 million cut in interest expense, which more than covered a $6.41 million cut in interest revenue. Net interest income, after a decline in loan loss provisions to $1.32 million, increased 2.7% to $57.11 million. Net income, after a $5 million in increased noninterest expense ticked up 0.2% to $21.12 million. Tryniski said, "Our results through June 30, 2013, reflect our balanced approach to growth, both acquired and organic."

In 2012, Community Bank System earned $3.1 million and $54.7 million, respectively, in insurance brokerage and other noninterest income, which comprised 3.1% and 55.1% of its noninterest income. The company ranked 117th in insurance brokerage earnings and 84th in other noninterest income among all bank holding companies, according, respectively, to the *Michael White Bank Insurance Fee Income Report* and other *Michael White Bank Fee Income Ratings Reports*.

FIRST COMMONWEALTH REPORTS SLIDE IN TRUST & INSURANCE EARNINGS

Indiana, PA-based, $6.15 billion-asset First Commonwealth Financial reported trust income in second quarter 2013 slipped 3.0% to $1.61 million, down from $1.66 million in second quarter 2012, and combined insurance and securities brokerage earnings dipped 2.8% to $1.38 million, down from $1.42 million, while income from bank-owned life insurance (BOLI) remained steady at $1.43 million. Trust, combined insurance and securities brokerage, and BOLI income comprised, respectively, 10.8%, 9.2% and 9.6% of noninterest income, which inched up 0.3% to $14.93 million from $14.89 million in second quarter 2012.

Net interest income on a 3.35% net interest margin slid 2.6% to $45.70 million, down from $46.92 million in second quarter 2012, driven by a $3.73 million decline in interest income, which could not be covered by a $2.51 million cut in interest expense. Net interest income, after a $6.30 million spike in loan loss provisions to $5.82 million, fell 14.4% $35.93 million, down from $41.95 million in second quarter 2012. Net income dropped 44.8% to $5.82 million, down from $10.55 million in second quarter 2012. First Commonwealth President and CEO T. Michael Price said, "Overall growth continues to be tempered as a result of our credit quality improvement activities."

In 2012, First Commonwealth Financial reported $3.3 million in insurance brokerage income, which comprised 5.7%

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of its noninterest income. The company ranked 56th in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

First Commonwealth's $11.6 million in wealth management income comprised 20.0% of its noninterest income and 4.7% of its net operating revenue. The company ranked 51st in wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - IPI Bank Wealth Management Fee Income Report*.

GROWING TIM EARNINGS TOP DEPOSIT FEES AT INDEPENDENT BANK CORP.

Rockland, MA-based, $5.85 billion-asset Independent Bank Corp., parent of Rockland Trust Company, reported trust and investment management (TIM) revenue in second quarter 2013 passed deposit account fees as the largest contributor to noninterest income, growing 13.8% to $4.36 million, up from $3.83 million in second quarter 2012. Additionally, income from bank-owned life insurance (BOLI) rose 6.1% to $786,000, up from $741,000. TIM and BOLI income comprised, respectively, 26.1% and 4.7% of noninterest earnings, which increased 11.3% to $16.69 million, up from $15.00 million in second quarter 2012.

Net interest income on a 3.57% net interest margin rose 7.0% to $45.62 million, up from $42.63 million in second quarter 2012, reflecting a $3 million increase in interest income, helped by the fourth quarter 2012 acquisition of Somerville, MA-based, $551.6 million-asset Central Bancorp. Net interest income, after a $5.4 million drop in loan loss provisions to $3.10 million, climbed 33.4% to $45.52 million, up from $34.13 million. Net income, despite a $5.17 million increase in largely merger-related noninterest expense, surged 43.9% to $12.76 million, up from $8.87 million in second quarter 2012.

In 2012, Independent Bank Corp.'s $14.7 million in wealth management income comprised 24.1% of its noninterest income and 6.2% of its net operating revenue. The company ranked 31st in wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - IPI Bank Wealth Management Fee Income Report*.

INVESTMENT SERVICES & TRUST REVENUE UP AT PINNACLE FINANCIAL PARTNERS

Nashville, TN-based, $5.37 billion-asset Pinnacle Financial Partners President and CEO M. Terry Turner said, "Our second quarter 2013 top-line revenues represent another record for our firm. We expect to continue increasing our revenues for the foreseeable future." Investment services fee income grew to $1.90 million, up 18.0% from second quarter 2012; and trust fees increased 14.3% to $880,204, while insurance brokerage fee income slipped 2.6% to $1.11 million. Investment services income, trust fees and insurance brokerage revenue comprised, respectively, 16.8%, 7.8% and 9.8% of noninterest income, which grew 14.3% to $11.33 million, up from $9.91 million in second quarter 2012.

Net interest income on a 3.77% net interest margin increased 8.5% to $43.60 million, up from $40.19 million in second quarter 2012, reflecting increased interest income and decreased interest expense. Net interest income, after a $2.14 million increase in loan loss provisions to $2.77 million, rose 3.2% to $40.83 million. Net income, bolstered by a $3.05 million drop in noninterest expense, jumped 83.7% to $14.31 million. Looking ahead, Turner said, "It will be the focus of the firm to increase quarterly revenues by growing our client base and associated loans and deposits."

In 2012, Pinnacle Financial Partners earned $4.6 million and $7.0 million, respectively, in insurance brokerage and combined securities brokerage and annuity income, which comprised, respectively, 15.4% and 24.2% of its noninterest income. The company ranked 48th in insurance brokerage earnings and 16th in combined securities brokerage and annuity income among BHCs with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report* and the *Michael White - Securities America Report: Community Bank Investment Programs*.

BEACON FEDERAL ACQUISITION BOOSTS WEALTH MANAGEMENT EARNINGS AT BERKSHIRE HILLS

Pittsfield, MA-based, $5.22 billion-asset Berkshire Hills Bancorp reported second quarter 2013 results included the operations of East Syracuse, NY-based, $911.1 million-asset Beacon Federal Bancorp, acquired in fourth quarter 2012. With that acquisition, wealth management fees grew 17.6% to $2.07 million, up from $1.76 million in second quarter 2012, while insurance brokerage fee income fell 13.0% to $2.41 million, down from $2.77 million. Wealth management and insurance brokerage fees comprised, respectively, 13.3% and 15.4% of noninterest income, which climbed 27.0% to $15.61 million, up from $12.29 million in second quarter 2012, bolstered by Beacon-related loan and deposit fees and a $1 million increase in gains on securities sales.

Net interest income on a 3.63% net interest margin grew 17.3% to $41.10 million, up from $35.05 million in second quarter 2012, driven by increased interest income tied to the Beacon acquisition. Net interest income, after a $450,000 increase in loan loss provisions to $2.70 million grew 17.1% to $38.40 million. Net income, after increased merger-related expenses, jumped 50.7% to $12.04 million, up from $7.99 million in second quarter 2012. Berkshire Hills Bancorp President and CEO Michael Daly said, "We had anticipated better results for the quarter." He added, "We relied on expected fee income from mortgage operations to supplement revenue. An abrupt and unexpected change in the yield curve in the second half of the quarter removed that supplement."

In 2012, Berkshire Hills reported $10.8 million in insurance brokerage income, which comprised 20.8% of its noninterest income. The company ranked 14th in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

KEYCORP COMPLETES VICTORY CAPITAL SALE

Cleveland, OH-based, $90.6 billion-asset KeyCorp has completed the sale of Victory Capital Management and its broker-dealer affiliate Victory Capital Advisors to New York City-based Crestview Partners and Victory employees. KeyCorp said it will use what it expects to be the $75 million to $90 million cash portion of the after-tax $100 million to $115 million gain from the sale to repurchase KeyCorp common shares, pending regulatory approval.

HUB TO BE ACQUIRED BY HELLMAN & FRIEDMAN MANAGED FUNDS

Chicago-based HUB International Ltd. (HUB), owned by Apax Partners and Morgan Stanley Principal Investments, has agreed to be acquired by investment funds managed by San Francisco-based private equity firm Hellman & Friedman in a deal that values HUN at $4.4 billion. HUB Chairman and CEO Martin Hughes said, "Partnering with Hellman & Friedman will enable us to build upon our current strategy of enhancing our product and services capabilities and expanding our geographic footprint." Hellman & Friedman Managing Director David Tunnell said, "We have long advised HUB and are delighted to partner with Marty and the entire HUB team." He added, "Our firm has a longstanding history of investing in insurance businesses, and we look forward to working with the company to support its next phase of growth."

When the deal closes at year-end

2013, investment funds managed by Hellman & Friedman will hold a majority interest in HUB, and HUB senior management will continue to hold a "significant equity position" in the company.

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JOHN HANCOCK TO EXIT CA PARTNERSHIP FOR LONG-TERM CARE

John Hancock Life Insurance Company announced it will exit the California Partnership for Long-Term Care program on September 16. The insurer said, "We have found that the strategic direction of our LTC products and markets no longer synchronizes with California Partnership regulatory requirements."

John Hancock will continue to offer California residents its Custom Care III long-term care insurance product, lifehealthpro.com reports.

AMERICAN DANGEROUSLY UNDERINSURE THEIR LIVES FEARING IMAGINED COSTS

Almost all (98%) working adult Americans who are married, partnered or have dependents lack enough life insurance to replace their income, according to a March 2013 Nationwide Financial survey. The average individual will earn $1.5 million before retirement, but holds only $300,000 in life insurance coverage, $1.2 million short of lifetime income replacement.

While 33% of American adults say income replacement is their most important consideration in purchasing life insurance, only 2% have purchased sufficient insurance coverage to meet that goal. In fact, the average life insurance policy purchased replaces only 16% of expected pre-retirement earnings.

The gap appears to be based on the perception that life insurance coverage is expensive. Over 71% believe they can't afford the amount of income replacement insurance they need, overestimating insurance costs by nearly 300%, according to LIMRA. At the same time, only 35% have worked with an insurance agent or

advisor to determine their needs and the cost of coverage.

Nationwide Financial Senior Vice President Eric Henderson said, "The income we will earn before our retirement is far more significant to the financial well-being of our family than any material possession. The cost for enough life insurance to replace this income may be less than you spend to insure your car or home." In fact, a healthy 35-year old can purchase a 20-year term life policy for $99 a month and receive $2.3 million (male) or $2.6 million (female) in income replacement protection for their family. Henderson said, "An affordable solution may be available for consumers of nearly every income level."

U.K. BANKS & FCA ESTABLISH "SCHEME" TO REIMBURSE MISS-SOLD CPP CUSTOMERS

The U.K.'s Financial Conduct Authority (FCA) has reached an agreement with Card Protection Plan Limited (CPP) and 13 U.K. banks and credit card issuers to reimburse customers of these institutions who were miss-sold CPP's Card Protection and Identity Protection Products.

According to the agreement, the banks and credit card issuers have established a "Scheme of Arrangement" ("Scheme") whereby the 7 million customers who bought and renewed about 23 million of the policies in question beginning on January 14, 2005, will be notified by CCP on August 29, 2013 of their opportunity for reimbursement. Next, the customers will be invited to vote on the "Scheme." If consumers and the Court approve the "Scheme," the affected customers will be issued claim forms. As each claim is submitted, the financial institution responsible for inappropriately setting the product will pay money into the "Scheme" to cover the potential claim.

The FCA estimates that if the "Scheme" is approved, payouts of up to an aggregate £1.3 billion ($2.02 billion) will be issued beginning in Spring 2014. Each qualified customer is entitled to receive premiums paid plus 8% interest minus any policy payouts. Customers who submit claims will have their policies cancelled, even if their claim is rejected.

CPP stopped selling Card protection and identity protection insurance after the Financial Services Authority, the FCA's predecessor, fined the company £10.5 million ($16.3 million) for inappropriate sales of the products last year. CPP was found to have overstated the risks of identity theft and the need for £100,000 ($155,642) of card protection insurance for cards that were already covered by their banks.

Bank of Scotland, Barclays Bank, Canada Square Operations (formerly Egg Banking), Capital One (Europe), Clydesdale Bank, Home Retail Group Insurance Services, HSBC Bank, MBNA, Morgan Stanley Bank International, Nationwide Building Society, Santander UK, The Royal Bank of Scotland, and Tesco Personal Finance have agreed to pay into the "Scheme" designed to reimburse their CPP customers.

BNP PARIBAS' VIETNAM UNIT & VNG SAIGON COMMERCIAL BANK SIGN BANCASSURANCE DEAL

Paris, France-based BNP Paribas Cardif subsidiary Ha Noi, Vietnam-based Vietcombank Cardif Life Insurance Company (VCLI) and, Ho Chi Minh, Vietnam-based VNG Saigon Commercial Bank (SCB) have entered into a bancassurance partnership whereby VCLI's insurance products will be offered through SCB's 230 branches throughout Vietnam.

BNP Paribas Cardif said, "Vietnam offers a promising market for financial services and life insurance." The economy grew 5% in 2012, but the banking penetration rate among the country's 90 million people is low, offering great potential for expansion.

INSURANCE & SECURITIES BROKERAGE EARNINGS RISE AT BANK MUTUAL

Milwaukee, WI-based, $2.36 billion-asset Bank Mutual Corp. reported combined insurance and securities brokerage fee income in second quarter 2013 rose 1.5% to $978,000, up from $964,000 in second quarter 2012, while income from bank-owned life insurance (BOLI) fell 18.7% to $426,000, down from $524,000. Combined insurance and securities brokerage fees and BOLI income comprised, respectively, 14.1% and 6.1% of noninterest earnings, which rose 2.0% to $7.07 million, up from $6.93 million in second quarter 2012.

Net interest income on a 3.01% net interest margin increased 9.0% to $16.19 million, up from $14.85 million in second quarter 2012, driven by a $2.86 million cut in interest expense, which more than covered a $1.52 million drop in interest income. Net interest income, after steady loan loss provisions of $1.73 million grew 10.2% to $14.46 million, up from $13.12 million. Net income, helped further by decreased noninterest expense, spiked 99.2% to $2.65 million, up from $1.33 million in second quarter 2012.

Looking ahead, Bank Mutual said it expects gains on sales of mortgage loans in the second half to be substantially lower than they were during the same period in 2012. On the other hand, it expects sales of tax-deferred annuities to continue in the "generally lower interest rate environment."

In 2012, Bank Mutual Corp's $749,000 in securities brokerage income comprised 3.2% of its noninterest income and 0.9% of its net operating revenue. The company ranked 113th in securities brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - Securities America Report: Community Bank Investment Programs*.

GROWING TRUST EARNINGS DOMINATE 40.1% OF S.Y. BANCORP'S NONINTEREST INCOME

Louisville, KY-based, $2.26 billion-asset S.Y. Bancorp, parent of Stock Yards Bank & Trust Company, reported trust and investment management (TIM) income in second quarter 2013 grew 12.5% to $4.13 million, up from $3.67 million in second quarter 2012, while securities brokerage fee income declined 4.6% to $622,000, down from $652,000, and income from bank-owned life insurance (BOLI) remained basically steady at $259,000 compared to $260,000. TIM, securities brokerage and BOLI income comprised, respectively, 40.1%, 6.0% and 2.5% of noninterest earnings, which grew three-and-a-half times to $10.31 million, up from $2.92 million in second quarter 2012, driven by TIM revenue and supported by a $449,000 gain on acquisition, while mortgage banking income slid.

Net interest income on a 3.72% net interest margin rose 3.7% to $18.98 million, up from $18.30 million in second quarter 2012, reflecting a $70,000 increase in interest income and a $750,000 cut in interest expense. Net interest income, after a $1.15 million decline in loan loss provisions to $1.33 million, grew 11.6% to $17.65 million, up from $15.82 million. Net income rose 5.1% to a record $6.41 million, up from $6.10 million in second quarter 2012, despite $2.3 million in increased noninterest expense.

Commenting on the company's record performance, S.Y. Bancorp Chairman and CEO David Heintzman said, "Balanced operations have been key to our long-term record of success, and this quarter again underscored the benefit of that diversity." He added, "Spurred by both improving stock market conditions and the addition of new business, our investment management and trust services department … more than offset the more tempered pace of business in our mortgage division."

In 2012, S.Y. Bancorp's $2.6 million in securities brokerage income comprised 6.8% of its noninterest income and 2.3% of its net operating revenue. The company ranked 35th in securities brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - Securities America Report: Community Bank Investment Programs*.

ACQUISITIONS DRIVE CLIMBING INSURANCE & SECURITIES BROKERAGE EARNINGS AT UNIVEST

Souderton, PA-based, $2.26 billion-asset Univest Corporation of Pennsylvania (Univest) reported the May 2013 acquisitions of the John T. Fretz Insurance Agency and the Javers Group drove a 26.2% climb in second quarter insurance brokerage fee income to $2.60 million, up from $2.06 million in second quarter 2012. At the same time, securities brokerage fee income jumped 34.1% to $1.81 million, up from $1.35 million; trust earnings increased 9.2% to $1.78 million, up from $1.63 million; and income from bank-owned life insurance (BOLI) grew 22.9% to $413,000, up from $336,000. Insurance brokerage, securities brokerage, trust and BOLI income comprised, respectively, 23.7%, 16.5%, 16.2% and

3.8% of noninterest earnings, which climbed 37.4% to $10.99 million, up from $8.00 million in second quarter 2012, despite a $1.87 million loss on the termination of an interest rate swap.

Net interest income on a 3.84% net interest margin ticked down 0.2% to $18.11 million from $18.15 million in second quarter 2012, reflecting a $797,000 decline in interest income, which could not be covered by a $758,000 cut in interest expense. Net interest income, after a $2.10 million jump in loan loss provisions to $3.45 million fell 12.7% to $14.66 million, down from $16.80 million. Net income, driven by noninterest earnings, rose 1.5% to $4.83 million, up from $4.76 million in second quarter 2012.

In 2012, Univest reported $8.8 million in insurance brokerage fee income, which comprised 22.0% of the company's noninterest income and 7.8% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among banks with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

Univest's $12.0 million in wealth management fee income comprised 30.1% of its noninterest income and 10.7% of its net operating revenue. The company ranked 46th in wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - IPI Bank Wealth Management Fee Income Report*.

INSURANCE & WEALTH MANAGEMENT EARNINGS DRIVE NONINTEREST INCOME GROWTH AT ARROW

Glens Falls, NY-based, $2.08 billion-asset Arrow Financial reported insurance brokerage fee income in the second quarter of 2013 rose 3.3% to $2.18 million, up from $2.11 million in second quarter 2012, and wealth management earnings grew 10.0% to $1.76 million, up from $1.60 million as assets under administration rose 5.3%. Insurance brokerage and wealth management earnings comprised, respectively, 30.8% and 24.9% of noninterest income, which increased 3.8% to $7.07 million, up from $6.81 million in second quarter 2012.

Net interest income on a 2.99% net interest margin declined 4.6% to $13.59 million, down from $14.25 million in second quarter 2012, reflecting a $1.72 million drop in interest income, which could not be covered by a $1.06 million cut in interest expense. Net interest income, after a $140,000 drop in loan loss provisions to $100,000, slid 3.7% to $13.49 million from $14.01 million. Net income decreased 6.8% to $5.21 million, down from $5.59 million in second quarter 2012, impacted by lower net interest income and increased noninterest expense.

Arrow Financial President and CEO Thomas Murphy said, "Given the very low interest rate environment, we are pleased with these results." He added, "We are committed to our conservative business model and continue to grow."

In 2012, Arrow Financial reported $8.2 million in insurance brokerage fee income, which comprised 31.4% of the company's noninterest income and 9.9% of its net operating revenue. The company ranked 22nd in insurance brokerage earnings among banks with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

GROWING INSURANCE, TRUST & BOLI INCOME CONTRAST WITH SLUMPING MORTGAGE LOAN SALES AT FIRST DEFIANCE

Defiance, OH-based, $2.07 billion-asset First Defiance Financial reported combined insurance and securities brokerage fee income in second quarter 2013 rose 4.1% to $2.28 million, up from $2.19 million in second quarter 2012. Additionally, trust income grew 10.1% to $186,000, up from $169,000, and income from bank-owned life insurance (BOLI) increased 5% to $231,000, up from $219,000. Combined insurance/securities brokerage, trust and BOLI income comprised, respectively, 29.0%, 2.4% and 2.9% of noninterest earnings, which slid 1.8% to $7.85 million, down from $7.99 million in second quarter 2012, when services charges on deposit accounts and mortgage loan sales were higher.

Net interest income on a 3.82% net interest margin declined 1.9% to $16.92 million, down from $17.25 million in second quarter 2012, reflecting a $1.79 million drop in interest income, which could not be covered by a $1.46 million cut in interest expense. Net interest income, after a $3.65 million slash in loan loss provisions to $488,000, grew 25.2% to $16.47 million, up from $13.15 million. Net income surged 55.9% to a record $6.11 million, up from $3.92 million in second quarter 2012, driven by the drop in loan loss provisions, increased insurance/securities brokerage, trust and BOLI income and basically steady noninterest expense.

First Defiance Chairman, President and CEO William Small said, "We are still very cognizant of the challenges the banking industry faces, but we believe we are well-positioned to deal with them." He added, "We still face significant net interest income challenges."

In 2012, First Defiance Financial reported $8.4 million in insurance brokerage fee income, which comprised 26.6% of the company's noninterest income and 8.4% of its net operating revenue. The company ranked 21st in insurance brokerage earnings among banks with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

INSURANCE TOP CONTRIBUTOR TO NONINTEREST INCOME AT GERMAN AMERICAN

Jasper, IN-based, $2.01 billion-asset German American Bancorp reported second-quarter 2013 insurance brokerage fee income remained the largest contributor to noninterest earnings, rising 1.5% to $1.38 million, up from $1.36 million in second quarter 2012. Additionally, trust and investment management (TIM) fee income jumped 22.6% $814,000, up from $664,000, while income from bank-owned life insurance (BOLI) income fell 18.4% to $217,000, down from $266,000. Insurance brokerage, TIM, and BOLI income comprised, respectively, 22.6%, 13.3% and 3.6% of noninterest earnings, which climbed 26.5% to $6.11 million, up from $4.83 million in second quarter 2012, helped by revenue from interest rate swap transactions.

Net interest income on a 3.64% net interest margin ticked up 0.4% to $16.71 million from $16.65 million in second quarter 2012, driven by a $1.17 million cut in interest expense, which more than covered a $1.10 million drop in interest income. Net interest income, after a $200,000 recovery of loan loss provisions (compared to a $391,000 provision in second quarter 2012), rose 4.0% to $16.91 million, up from $16.26 million. Net income grew 9.4% to a record $6.53 million, up from $5.97 million in second quarter 2012, driven by increased noninterest income, decreased interest expense and a recovery of loan loss provisions.

German American Chairman and CEO Mark Schroeder said, "Significant revenue growth within virtually every segment of our sources of noninterest income allowed our company to report very impressive financial performance."

In 2012, German American Bancorp earned $5.5 million in insurance brokerage income, which comprised 27.4% of its noninterest income and 6.4% of its net operating revenue. The company ranked 35th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Insurance Fee Income Report*.

CLIMBING WEALTH MANAGEMENT EARNINGS DOMINATE 70.2% OF BRYN MAWR BANK'S NONINTEREST INCOME

Bryn Mawr, PA-based, $2.01 billion-asset Bryn Mawr Bank Corp reported wealth management earnings climbed 26.1% in second quarter 2013 to $9.09 million, up from $7.21 million in second quarter 2012, bolstered by the 2012 acquisitions of Davidson Trust and First Bank of Delaware. In contrast, income from bank-owned life insurance (BOLI) fell 19.0% to $85,000, down from $105,000. Wealth management and BOLI income comprised, respectively, 70.2% and 0.7% of noninterest earnings, which grew 13.7% to $12.94 million, up from $11.38 million in second quarter 2012, driven by wealth management revenue.

Net interest income on a 3.98% net interest margin increased 12.9% to $17.92 million, up from $15.90 million in second quarter 2012, reflecting increased interest income and a $1 million cut in interest expense. Net income grew 16.8% to $6.25 million, up from $5.35 million in second quarter 2012. Bryn Mawr Trust Chairman and CEO Ted Peters said, "Significant factors contributing to the results for the three months ended June 30, 2013, included increases in wealth management revenues and net interest income, which were partially offset by increases in salaries and benefits expense, occupancy costs and other operating expenses." He added, "The acquisition of Davidson Trust and the First Bank of Delaware transaction have been nicely accretive to earnings."

In 2012, Bryn Mawr Bank Corp's $29.7 million in wealth management income comprised 67.1% of its noninterest income and 27.1% of its net operating revenue. The company ranked 10th in wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White - IPI Bank Wealth Management Fee Income Report*.

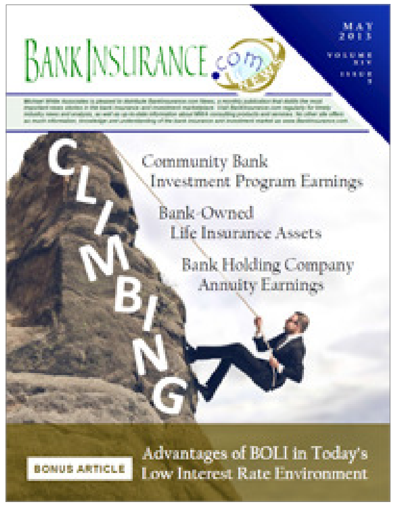
GROWING INSURANCE REVENUE BESTS DECLINING DEPOSIT FEES AT OHIO'S PEOPLES BANCORP

Marietta, OH-based, $1.9 billion-asset Peoples Bancorp reported cross-selling and insurance and investment brokerage acquisitions in second quarter 2013 drove the quarter's insurance brokerage fee income up 32.0% to $3.22 million from $2.44 million in second quarter 2012, and drove trust and investment management (TIM) income up 22.1% to $1.77 million from $1.45 million. Insurance remained the largest contributor to noninterest earnings (26.5%) and TIM income ranked third, comprising 19.1% of that revenue, which increased 8.5% to $9.22 million, up from $8.50 million in second quarter 2012, despite declines in account service charges and mortgage banking income.

Net interest income on a 3.15% net interest margin slid 3.3% to $13.16 million, down from $13.61 million in second quarter 2012, reflecting a $1.23 million decline in interest income, which could not be covered by a $733,000 cut in interest expense. Net interest income, after a $1.42 million recovery of loan loss provisions compared to a $1.12 million recovery in 2012, slipped 0.7% to $14.62 million, down from $14.73 million. Net income slid 2.2% to $4.92 million, down from $5.03 million in second quarter 2012, impacted by decreased interest income and increased noninterest expense largely tied to salaries, benefits, occupancy and equipment. Revenue, however, grew, benefiting "from double-digit increases within over fee-based businesses," Peoples Bancorp President and CEO Chuck Sulerzyski said.

Peoples has agreed to acquire Beachwood, OH-based, $106.8 million-asset Ohio Commerce Bank in an all cash deal that is expected to close in the fourth quarter, pending shareholder and regulatory approval. Sulerzyski said, "We are excited to expand our footprint in the greater Cleveland region, where we believe meaningful growth opportunities exist."

In 2012, Peoples Bancorp earned $9.8 million and $610,000, respectively, in insurance brokerage and securities brokerage earnings, which comprised, respectively, 28.3% and 1.8% of its noninterest income. The company ranked 15th in insurance brokerage earnings and 135th in securities brokerage income among BHCs with assets between $1 billion and $10 billion, according to the according to the *Michael White Bank Insurance Fee Income Report* and the *Michael White - Securities America Report: Community Bank Investment Programs*.



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