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

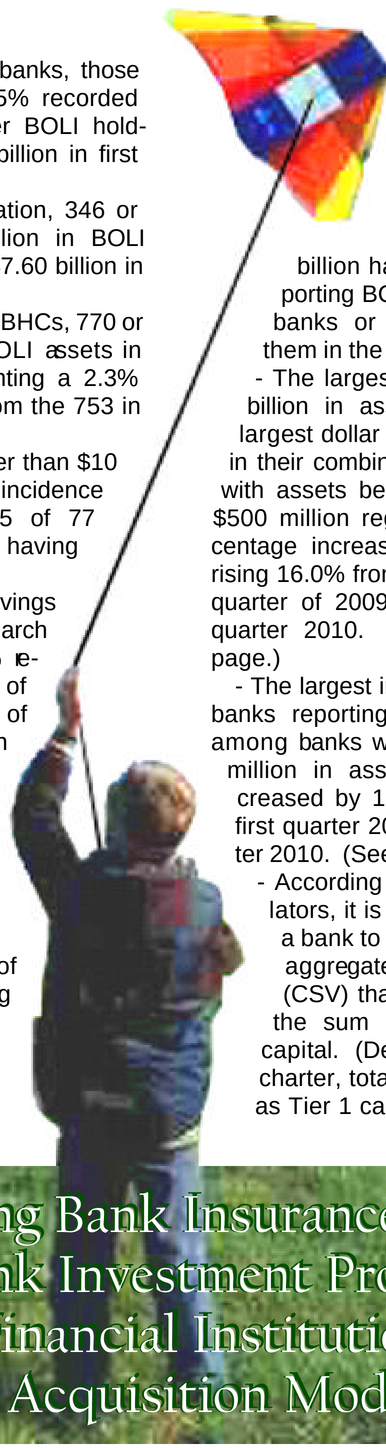
AUGUST 2-8, 2010

BOLI ASSETS UP IN FIRST QUARTER

Bank-owned life insurance (BOLI) assets reached $135.8 billion in the first quarter of 2010, reflecting a 1.6% increase from $133.7 billion in the first quarter of 2009, according to the *Michael White-Meyer-Chatfield BOLI Holdings Report*. The first quarter 2010 total for BOLI holdings is the sum of BOLI assets held by large bank holding companies (BHCs), stand-alone banks, and savings associations. BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks to keep up with the rising benefit costs.

Compiled by Michael White Associates, LLC (MWA) and sponsored by Meyer-Chatfield, the *Michael White-Meyer-Chatfield BOLI Holdings Report* measures and benchmarks the cash surrender values (CSV) of life insurance and ratio of CSV to capital possessed by BHCs and banks. The data herein were reported by 951 large top-tier BHCs with assets greater than $500 million and 7,932 commercial banks, thrifts and FDIC-supervised savings banks operating on March 31, 2010. Among the study's most significant findings are these:

- Large top-tier BHCs increased their BOLI holdings by 1.8% from $123.7 billion in first quarter 2009 to $125.98 billion in first quarter 2010.
- Of 1,443 stand-alone banks, those without BHCs, 423 or 29.5% recorded $2.42 billion in first quarter BOLI holdings, up 1.6% from $2.39 billion in first quarter 2009.
- Of 755 savings association, 346 or 45.8% recorded $7.44 billion in BOLI holdings, down 2.1% from $7.60 billion in first quarter 2009.
- Of the 951 large top-tier BHCs, 770 or 81.0% reported holding BOLI assets in first quarter 2010, representing a 2.3% increase in their number from the 753 in first quarter 2009.
- BHCs with assets greater than $10 billion reported the highest incidence of BOLI ownership, as 65 of 77 BHCs, or 84.4%, reported having BOLI assets.
- Of 7,932 banks and savings associations operating on March 31, 2009, 3,820 or 48.2% reported holding BOLI assets of $123.52 billion, an increase of 8.1% from $114.28 billion in first quarter 2009.
- Total bank BOLI holdings increased 0.58% from $122.81 billion at year-end 2009 to $123.52 billion year-to-date on March 31, 2010.
- The total number of banks and thrifts reporting BOLI assets increased 245 or 6.9% from 3,575 in first quarter 2009 to 3,820 banks in first quarter 2010. (See Table 2 on next page.)
- Banks with assets between $1 billion and $10 billion had the highest rate of reporting BOLI assets, as 418 of 575 banks or 72.7% reported having them in the first quarter of 2010.
- The largest banks, those over $10 billion in assets, accounted for the largest dollar increase – $6.22 billion – in their combined BOLI assets. Banks with assets between $300 million and $500 million registered the largest percentage increase in total BOLI assets, rising 16.0% from $2.63 billion in the first quarter of 2009 to $3.05 billion in first quarter 2010. (See Table 1 on next page.)
- The largest increase in the number of banks reporting BOLI assets occurred among banks with $100 million to $300 million in assets. Their number increased by 108 from 1,324 banks in first quarter 2009 to 1,432 in first quarter 2010. (See Table 2 on next page.)
- According to federal banking regulators, it is generally not prudent for a bank to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of the sum of the institution's total capital. (Depending on the bank's charter, total capital is defined either as Tier 1 capital or the sum of Tier 1



Inside: Flying High

- Rising BOLI Assets, Record-Making Bank Insurance Brokerage Income and Rosy Community Bank Investment Programs
- FDIC Creates Office of Complex Financial Institutions
- Earnings Reports … and Players in Acquisition Mode

capital and the allowance for loan and lease losses). Nationally, mean bank BOLI assets as a percent of the sum of Tier 1 capital and the loss allowances increased from 14.32% in first quarter 2009 to 16.33% in first quarter 2010. (See Table 3.)

- Among the largest bank holding companies (BHCs) with assets over $10 billion, the 36.4% increase in allowances for loan and lease losses from $180.8 billion in the first quarter of 2009 to $246.5 billion in the first quarter of 2010 resulted in an 8.2% increase in the sum of Tier 1 Capital and the allowances. The loss allowances nearly quadrupled from $64.2 billion in first quarter 2007, and Tier 1 capital rose 58% during the same period. These increases in capital and allowances for losses among the largest BHCs kept a lid on their BOLI-to-capital ratio and that of the industry.

NUVEEN TO ACQUIRE U.S. BANCORP'S LONG-TERM ASSET MANAGEMENT BUSINESS

Chicago, IL-based Nuveen Investments has agreed to pay a cash consideration and exchange a 9.5% stake in itself to acquire the $25 billion long-term asset management business of Minneapolis, MN-based FAF Advisors (FAF), an advisor to First American Funds and a unit of Minneapolis-based, $283 billion-asset U. S. Bancorp. The acquired asset management business will merge into Nuveen Asset Management, which manages $75 billion in fixed income assets as an advisor to Nuveen Funds. When the deal closes by the end of 2010, the addition of FAF's $25 billion in assets under management to Nuveen Investments will bring the parent company's combined total institutional and retail assets under management to $175 billion. Nuveen Asset Management will manage $100 billion of those funds from offices in Chicago and Minneapolis with current FAF CEO Tom Schreier serving as Nuveen Investments vice-chairman. Nuveen Investments Chairman and CEO John Amboian said, "The combination of our two respected mutual fund families will yield stronger, more diversified mutual fund offerings for the investors and advisors we serve."

FAF Advisors, which manages $86 billion in equity, fixed income, specialty and cash investments will retain $61 billion in assets under management but change its name to U.S. Bancorp Asset

TABLE 1. TOTAL BOLI ASSETS HELD BY BANK HOLDING COMPANIES IN 1Q 2010

BANKS BY ASSET SIZE	1Q 2010	1Q 2009	PERCENT CHANGE
Over $10 billion	$97.67	$91.45	6.80%
$1 billion - $10 billion	$13.29	$11.80	12.60%
$500 million - $1 billion	$4.73	$4.11	15.00%
$300 million - $500 million	$3.05	$2.63	16.00%
$100 million - $300 million	$3.88	$3.44	12.80%
Under $100 million	$0.90	$0.85	5.70%
All	**$123.52**	**$114.28**	**8.10%**

TABLE 2. NUMBER OF LARGE BANK HOLDING COMPANIES REPORTING BOLI ASSETS IN 1Q 2010

BANKS BY ASSET SIZE	1Q 2010	1Q 2009	PERCENT CHANGE
Over $10 billion	70	63	11.10%
$1 billion - $10 billion	418	365	14.50%
$500 million - $1 billion	498	460	8.30%
$300 million - $500 million	530	485	9.30%
$100 million - $300 million	1,432	1,324	8.20%
Under $100 million	872	878	0.70%
All	**3,820**	**3,575**	**6.90%**

TABLE 3. MEAN BOLI ASSETS AS A PERCENTAGE OF THE SUM OF TIER 1 CAPITAL + ALLOWANCE FOR LOAN & LEASE LOSSES

BANKS BY ASSET SIZE	1Q 2010	1Q 2009	PERCENT CHANGE
Over $10 billion	16.80%	15.26%	10.10%
$1 billion - $10 billion	16.33%	13.50%	21.00%
$500 million - $1 billion	16.43%	13.47%	22.00%
$300 million - $500 million	17.24%	14.08%	22.50%
$100 million - $300 million	15.35% *	14.17%	46.00%
Under $100 million	17.30%	15.40%	12.30%
All	**16.33% ***	**14.32%**	**28.00%**

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

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Management. Joseph Ulrey will serve as CEO and the unit, which will continue to offer cash management, securities lending, stable value and advisory services to First American Money Market Funds. U. S. Bancorp EVP Lee Mitan said, "FAF will continue to focus on its distinctly successful investment process, and its high-quality mutual fund offerings will benefit appreciably from the expanded reach of Nuveen's strong distribution capabilities."

In 2009, U.S. Bancorp reported $80.3 billion in mutual fund and annuity assets under management and $289.0 million in income from sales and servicing of mutual funds and annuities, which comprised 3.4% of its noninterest income and 1.7% of its net operating revenue. The company ranked 11th in combined mutual fund and annuity earnings among all BHCs, according to *Michael White's Bank Mutual Fund & Annuity Fee Income Report*.

UNIFIED FUND SERVICES ADOPTS HUNTINGTON NAME

Columbus, OH-based, $52 billion-asset Huntington Bancshares' subsidiary Unified Fund Services has been renamed Huntington Asset Services as of August 1, 2010. Huntington acquired the fund administrator and accounting, distribution and transfer agency services provider in 2006. The president of the renamed company said, "The name change demonstrates our commitment to invest in and dramatically grow our business."

In 2009, Huntington Bancshares reported $3.2 billion in mutual fund and annuity assets under management ranking it 24th and $51.7 million in income from sales and servicing of mutual funds and annuities, which comprised 5.6% of its noninterest income and 2.2% of its net operating revenue. The company ranked 24th in combined mutual fund and annuity earnings among all BHCs, according to *Michael White's Bank Mutual Fund & Annuity Fee Income Report*.

CITIZENS FINANCIAL COMMITS TO INVESTMENT BUSINESS

"Expanding our investment business is a key priority for CFG," according to Providence, RI-based, $144 billion-asset Citizens Financial Group (CFG) Chairman and CEO Ellen Alemany. Last year, Citizens created "Premier Banking" and hired Brian O'Connor to head Relationship Management for that business and named Thomas Fay as Director of Wealth Management Services. Thus far this year, 80 new "premier bankers" have joined the company's wealth management team, and the company has named Dawn Dupre president of CCO Investment Services which said it plans to hire 40 additional investment advisors over the year to come.

In 2009, Citizens Financial reported $106.5 million in wealth management fee income and $37.6 million in securities brokerage fees and commissions which comprised, respectively, 5.9% and 2.1% of its noninterest income. The company ranked 33rd in wealth management earnings and 22nd in securities brokerage earnings among all BHCs, according to *Michael White's Wealth Management Fee Income Report*.

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NEW VARIABLE ANNUITIES FOCUS ON WITHDRAWAL BENEFITS

Lifetime withdrawal benefits made up six of the new variable annuity benefits filed in the second quarter, according to the Insured Retirement Institute (IRI). On average, the lifetime withdrawal percentage for a 65-year old came in at 5%, IRI said.

MASSACHUSETTS LAW SUPPORTS SBLI

Massachusetts Governor Deval Patrick has signed into law Massachusetts House Bill 889, which allows Woburn, MA-based The Savings Bank Life Insurance Company of Massachusetts "to do business just like all the other companies selling life insurance in Massachusetts," said company President and CEO Robert Sheridan. He added, "The signing of the bill will allow us to compete not only in Massachusetts but across the nation with the lowest possible life insurance rates for men and women."

BB&T INSURANCE SERVICES AWARDED FOR EXCELLENCE

Raleigh, NC-based BB&T Insurance Services, the insurance brokerage unit of Winston-Salem, NC-based, $155 billion-asset BB&T Corp, was one of five U.S. middle-market insurance brokerages to receive the 2010 Greenwich National Excellence Award for Customer Satisfaction. More than 250 insurance brokers were included in the national study conducted by Greenwich Associates, which interviewed 9,000 middle-market ($10 million to $500 million in sales) decision-makers in order to determine the top performers. BB&T Insurance Services was singled out for its "ability to help corporate clients identify and manage their risk and implement cost-effective coverage."

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

AGEAS TO SELL LIFE BUSINESS IN TURKEY TO BNP PARIBAS ASSURANCE

Brussels, Belgium-based Ageas has agreed to sell Fortis Emeklilik ve Hayat (EvK), its pension and life insurance business based in Istanbul, Turkey, to Paris, France-based BNP Paribas Assurance. Aegeas (the re-branded name of Fortis' insurance unit) acquired EvH in 2005 when Fortis Bank purchased Disbank. At that time, the Turkish insurer recorded €29 million ($37.8 million) in insurance sales. Since then, with its expanded bancassurance distribution channels, the insurer's sales have more than doubled to €62 million ($80.9 million). Ageas said it decided to sell the unit because it did not meet its criteria of reaching a critical size, making a meaningful contribution to net results and generating returns to that exceed the cost of equity. BNP Paribas Assurance's bid to buy EvH is expected to close in the fourth quarter, pending regulatory approvals.

WELLS FARGO REPORTS SECOND QUARTER SLIDE IN INSURANCE EARNINGS

San Francisco, CA-based, $1.2 trillion-asset Wells Fargo & Co. reported second quarter insurance earnings slid 9% to $544 million, down from $595 million in second quarter 2009, while trust and investment fees grew 14% to $2.74 billion, up from $2.41 billion, to top all other sources of noninterest income. Insurance and trust/investment fees comprised, respectively, 5.5% and 27.5% of noninterest income, which decreased 7% to $9.95 billion, down from $10.7 billion, impacted by an 85% drop in net gains from trading activities and a 34% decline in mortgage banking income.

In contrast, net interest income on a 4.38% net interest margin grew 12% to $7.46 billion, up from $6.68 billion, as loan loss provisions fell 22% to $3.99 billion, down from $5.09 billion. Net income, however, slipped 3.5% to $3.06 billion, down from $3.17 billion in second quarter 2009. Wells Fargo Chairman and CEO John Stumpf said, "Wells Fargo's consistent business model and strong financial performance position us to serve a key role as our nation continues to recover from the recent financial crisis and regain its economic vibrancy and leadership." He added, "We remain true to our time-tested business model," which includes "cross-selling our array of financial products."

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In 2009, Wells Fargo reported $1.725 billion in insurance brokerage income, which comprised 4.2% of its noninterest income and 1.9% of its net operating revenue. The company ranked first in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*. That same year Wells Fargo reported $1.732 billion in trust income, which comprised 4.2% of its noninterest income and 2.0% of its net operating revenue. The company ranked fifth in trust earnings among BHCs with assets over $10 billion, according to the *Michael White's Bank Fiduciary Fee Income Report*.

DROP IN FAF ADVISORS' EARNINGS IMPACTS U.S. BANCORP'S WEALTH MANAGEMENT & SECURITIES REVENUE

Minneapolis, MN-based, $283 billion-asset U.S. Bancorp reported revenue from its wealth management and securities services unit in the second quarter slipped 2.7% to $365 million, down from $375 million in second quarter 2009. While income from wealth management grew 7.5% to $144 million, up from $134 million, and revenue from fund services rose 18.4% to $45 million, up from $38 million, income from FAF Advisors dropped 39.5% to $26 million, down from $43 million. Income from corporate trust slipped 3.4% to $113 million, down from $117 million, and revenue from institutional trust and custody declined 12.2% to $36 million, down from $41 million. Wealth management and corporate trust were the largest contributors to wealth management and securities services, comprising, respectively, 39.5% and 31.0% of that revenue, while fund services, institutional trust and custody, and FAF Advisors comprised, respectively, 12.3%, 9.9% and 7.1%.

Overall, U.S. Bancorp reported second quarter net income jumped 62.6% to $766 million, up from $471 million in second quarter 2009, as the company recorded net revenue of $4.5 billion. The company's Wealth Management and Securities Services unit contributed $60 million in net income to overall net income, down 29.4% from the year before. Consumer Banking contributed $178 million (down 15.6%), and Wholesale Banking contributed $82 million (up 20.6%). Payment Services contributed $180 million, and Treasury and Corporate Support contributed $266 million. U.S. Bancorp President and CEO Richard Davis said, "Our earnings were driven by record total net revenue and total credit costs. Ongoing investments and business line growth initiatives, as well as recent acquisitions, contributed to the increase in net revenue…. Additionally, $25 million of provision in excess of net charge offs in the second quarter was significantly lower than the $175 million and $466 million of excess provision recorded in the first quarter of 2010 and the second quarter of 2009, respectively."

In 2009, U.S. Bancorp reported $305.0 million in combined brokerage, investment banking and capital markets fee income, which comprised 3.6% of its noninterest income and 1.8% of its net operating revenue. The company ranked 19th in combined investment broking and banking earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White's Bank Broker-Dealer Fee Income Report*.

BB&T CORP. REPORTS RECORD INSURANCE EARNINGS IN SECOND QUARTER

Winston-Salem, NC-based, $163.7 billion-asset BB&T Corp. reported its insurance operations earned record quarterly revenues of $287 million in the second quarter, up 2.1% over $2.81 million generated in second quarter 2009. Trust and investment advisory revenue grew 18.2%, but mortgage-related revenue dropped 40.2% to $110 million. Overall, net income, helped by $219 million in net gains on the sale of $8 billion in securities, jumped 50% to $210 million, up from $121 million in second quarter 2009. BB&T Chairman and CEO Kelly King said, "We disposed of $682 million of problem assets, lowering our balance sheet risk" in the second quarter, and our "core business continued to produce solid results."

In 2009, BB&T Corp. reported $922 million in insurance brokerage income and $138.9 million in trust income, which comprised, respectively, 26.5% and 4.0% of its noninterest income, and 11.1% and 1.7% of its net operating revenue. The company ranked third in insurance brokerage earnings and 18th in trust earnings among U.S. BHCs engaged in significant banking activities last year, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

BROKERAGE/INVESTMENT BANKING AND CAPITAL MARKETS SHINE AT REGIONS

Birmingham, AL-based, $135 billion-asset Regions Financial Corp. reported insurance earnings in the second quarter slipped 3.7% to $26 million, down from $27 million in second quarter 2009, and combined brokerage, investment banking and capital markets income dipped 3.4% to $254 million, down from $263 million. In contrast, trust department earnings rose 2.1% to $49 million, up from $48 million. Insurance, trust and combined brokerage, investment banking and capital markets income comprised, respectively, 3.4%, 6.5% and 33.6% of noninterest income, which dropped 37% to $756 million from $1.2 billion in second quarter 2009, when the company reported securities gains ($108 million), leveraged lease termination gains ($189 million), VISA shares sale gains ($80 million), and gains in extinguishments of debt ($61 million).

Net interest income on a 2.87% net interest margin reached $205 million compared to a net interest loss of $81 million in second quarter 2009, when loan loss provisions of $912 million topped $651 million in second quarter 2010. Overall, Regions reported a net loss of $335 million after recording a non-deductible $200 million charge set aside to settle probable losses tied to Securities and Exchange Commission proceedings against the company's Morgan Keegan unit and its subsidiary Morgan Asset Management. In second quarter 2009, Regions reported a net loss of $244 million. Regions Financial President and CEO Grayson Hall said, "We remain intensely focused on returning the company to sustainable profitability." He added, "We are committed to serving our customers' financial needs with products and services that deliver value."

In 2009, Regions Financial reported $110.7 million in insurance brokerage income and $923.9 million in combined brokerage, investment banking and capital markets fee income, which comprised, respectively, 3.1% and 26.3% of its noninterest income and 1.6% and 13.5% of its net operating revenue. The company ranked 11th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report*, and it ranked 10th in combined investment broking and banking earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White Bank Broker-Dealer Fee Income Report*.

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RISING WEALTH MANAGEMENT EARNINGS COMPRISE 40% OF NONINTEREST INCOME AT M&I

Milwaukee, WI-based, $53.9 billion-asset Marshall and Ilsley reported second quarter wealth management earnings increased 6.2% to $69.9 million, up from $65.8 million in second quarter 2009, as assets under management remained $31.7 billion, but assets under administration grew 11.1% to $121.4 billion, up from $109.3 billion. Wealth management contributed the largest single amount to noninterest income, comprising 40.2% of that revenue, which dropped 34.3% to $174 million, down from $264.8 million in second quarter 2009, when the company recorded $82.7 million in net investment securities gains.

A net interest loss of $32.6 million on a 3.17% net interest margin compared favorably with a net interest loss of $220.5 million in second quarter 2009, as loan loss provisions fell 29% to $439.9 million, down from $619 million. A net loss overall of $173.8 million showed improvement over a net loss of $234 million the year before. Marshall & Ilsley President and CEO Mark Furlong said, "We remain diligent in continuing to improve our credit profile, but our attention will increasingly shift toward a return to profitability and growth opportunities."

In 2009, M&I Corp. reported $254.4 million in wealth management fee income, which comprised 38.9% of its noninterest income and 11.4% of its net operating revenue. The company ranked 18th in wealth management earnings among all BHCs, according to *Michael White's Wealth Management Fee Income Report*.

ACQUISITIONS & ORGANIC GROWTH DRIVE SURGE IN WEALTH MANAGEMENT INCOME AT FIRST NIAGARA

Buffalo, NY-based, $21 billion-asset First Niagara Financial Group reported its April acquisition of Harleysville National and its third quarter 2009 acquisition of PNC branches in western Pennsylvania helped drive second quarter wealth management income up 212.0% to $5.71 million from $1.83 million in second quarter 2009. Bank-owned life insurance (BOLI) income also increased, climbing 50% to $1.98 million, up from $1.32 million. Insurance and benefits consulting income, however, slipped 3.0% to $12.77 million, down from $13.16 million, but led as the second largest contributor to noninterest income (behind banking services), comprising 27.7% of that revenue, which jumped 60.1% to $46.05 million, up from $28.77 million, reflecting the PNC branch and Harleysville acquisitions. Wealth management and BOLI earnings comprised, respectively, 12.4% and 4.3% of noninterest income.

Net interest income on a 3.68% net interest margin more than doubled to $143.76 million, up from $71.05 million, reflecting acquisitions. Net income totaled $20 million, a 3.8% slip from $20.8 million in second quarter 2009, before the company recorded expenses tied to the PNC branch and Harleysville National acquisitions. First Niagara President and CEO John Koelmel said, "We had a near flawless integration of our recent Eastern Pennsylvania acquisition, and results to date in both of our new Pennsylvania markets have surpassed expectations with very high retention rates and robust new customer generation. We saw solid organic growth in our Upstate New York franchise, and we remain focused on building momentum, taking share and pursuing our growth missions."

AUGUST 9 -15, 2010

ON A ROLL: SECOND STRAIGHT QUARTER OF RECORD RESULTS FOR BANK INSURANCE BROKERAGE INCOME

Marking the highest quarterly results achieved, first-quarter bank holding company (BHC) insurance brokerage income of $3.32 billion was up 9.6% from $3.03 billion in first quarter 2009, according to the *Michael White-Prudential Bank Fee Income Report.* The last two quarters have registered the highest watermarks ever recorded in BHC insurance brokerage fee income. Thus far in 2010, 60.2% of BHCs engaged in insurance brokerage activities.

Compiled by Michael White Associates (MWA) since 2001 and sponsored by Prudential'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

TOP 10 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE MARCH 31, 2010 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME 1Q 2010	INSURANCE BROKERAGE FEE INCOME 1Q 2009	% CHANGE 1Q 2009 - 1Q 2010	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$531,000	$483,000	9.94%	Wells Fargo & Company	CA	$1,223,511,000	5.26%
2	$247,000	$250,000	-1.20%	Citigroup Inc.	NY	$2,001,675,000	3.89%
3	$225,121	$226,790	-0.74%	BB&T Corporation	NC	$163,700,076	31.58%
4	$140,339	$79,633	76.23%	Bank of America Corp.	NC	$2,333,898,691	0.79%
5	$68,000	$14,000	385.71%	Morgan Stanley	NY	$819,710,000	0.79%
6	$42,509	$21,452	98.16%	American Express Co.	NY	$142,295,548	0.89%
7	$33,660	N/A	N/A	Discover Financial Services	IL	$64,918,501	7.93%
8	$33,000	N/A	N/A	GMAC Inc.	MI	$179,394,000	1.47%
9	$27,772	$29,469	-5.76%	Regions Financial Corp.	AL	$137,287,286	3.94%
10	$27,000	$15,000	80.00%	JPMorgan Chase & Co.	NY	$2,133,547,000	0.20%
11	$21,781	$22,751	-4.26%	BancorpSouth Inc.	MS	$13,243,436	37.34%
12	$19,000	$15,000	26.67%	Goldman Sachs Group, Inc.	NY	$876,382,000	0.17%

SOURCE: *Michael White-Prudential Bank Insurance Fee Income Report*
Ranking excludes MetLife, Inc., which does not engage in significant banking activities.
Prudential is a proud Platinum member of the American Bankers Insurance Association (ABIA)

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are based on data from all 7,177 commercial banks and FDIC-supervised savings banks and 951 large top-tier bank holding companies operating on March 31, 2010.

"The less traditional financial institutions that joined the bank holding companies ranks in 2009 helped the industry achieve a second consecutive revenue record in insurance brokerage," said Michael White, President of MWA. "It seemed for every BHC whose revenue production was up, another was down. Among the top 100 BHCs in insurance brokerage income, 38 showed positive growth, 6 were steady, and 7 registered small declines under 2%. Not bad for a soft market that is in its sixth year of stymieing organic growth."

Among companies with significant banking activities as of March 31, 2010, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of $531.0 million. Citigroup Inc. (NY) ranked second nationally with $247.0 million in insurance brokerage fee income. BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $225.1 million in insurance brokerage revenue in first quarter 2010.

Bank holding companies over $10 billion in assets continued to have the highest participation (90.8%) in insurance brokerage activities. These BHCs produced $3.13 billion in insurance fee income in first quarter 2010, 10.7% more than the $2.82 billion they produced in first quarter 2009. These large bank holding companies accounted for 94.1% of all BHC insurance brokerage fee income earned in first quarter 2010.

"While the economy continues to be volatile, it's interesting to note that bank insurance brokerage income has attained record highs for two successive quarters," said Joan Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America, Newark, NJ. "Recent experience tells us that people are making a point to re-evaluate their life insurance needs. In tough times, it's more important than ever to protect loved ones and businesses with sound insurance products."

Among bank holding companies with between $1 billion and $10 billion in assets, leaders in insurance brokerage income in first quarter 2010 included Eastern Bank Corporation (MA), Old National Bancorp (IN), Stifel Financial Corp. (M0), and Johnson Financial Group, Inc. (WI). Bank holding companies of this size registered a 6.7% decrease in insurance brokerage income to $156.5 million in first quarter 2010, up from $167.7 million in first quarter 2009.

Among bank holding companies with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group (IA), 473 Broadway Holding Corporation (NY), Evans Bancorp (NY), and Texas Independent Bancshares (TX).

The smallest community banks, those with less than $500 million in assets, were used as "proxies" for the smallest bank holding companies , which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Industry State Bank (TX), Hoosac Bank (MA) and First State Bank (IA).

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

FIRST NIAGARA ACQUIRES PITTSBURGH AGENCIES

Buffalo, NY-based, $21 billion-asset First Niagara Financial Group, through First Niagara Risk Management, has acquired Pittsburgh, PA-based RIT Insurance Services and Three Rivers Financial Services. The agencies, which offer risk management, employee benefits consulting and investment services, have been renamed First Niagara Risk Management (FNRM), and will continue to be headed by founder John Folino, who will also serve as FNRM's Regional Director of Insurance for Western Pennsylvania. The purchases fit with First Niagara's acquisitions of PNC branches in western Pennsylvania, including Pittsburgh, where First Niagara operates a regional office. First Niagara Risk Management CEO Joseph Teresi said, "We've become a top 50 U.S. broker and the ninth-largest bank-owned agency by pairing organic growth with the selective acquisition of outstanding insurance businesses in markets where we do business." Folino said, "We look forward to lending our risk management and consulting expertise to our growing base of customers."

INSURANCE AGENTS GET PAID "UNDER A CLOAK OF SECRECY," CUOMO SAYS

New York Attorney General Andrew Cuomo in his filing with the New York Supreme Court defending the statutory authority and validity of Regulation 194, described insurance agents as "virtually unique among financial services professionals in that they operate under a cloak of secrecy as to both the nature and extent of their compensation." Regulation 194 requires insurance agents to inform their potential customers of the source of their compensation, and, if a potential customer asks for more information, the agent must tell the potential customer how much he will earn in the proposed transaction and what he would earn if the customer were to purchase similar but alternative insurance products.

The Insurance Agents and Brokers of New York (IIABNY), the Council of Insurance Brokers of Greater New York (CIBGNY), Aurora, Inc. and Sullivan Financial Group have filed suit against the State of New York arguing New York Insurance Superintendent James Wrynn had no statutory authority to issue Regulation 194 and that provisions in the regulation are "arbitrary, unreasonable and unconstitutional." Unless Plaintiffs win their case, Regulation 194 is scheduled to go into effect January 1, 2011.

NATIONAL HEALTH INSURANCE ON THE BALLOT AND IN THE COURTS

Missouri voters voted (71% to 29%) in favor of Proposition C, which declares that no law can force an individual or business in Missouri to participate in a health insurance system nor can it financially penalize those who do not purchase health insurance. Arizona and Oklahoma have similar propositions on their November ballots.

Additionally, U.S. District Judge Henry Hudson sided with Virginia and against the U.S. Justice Department in allowing Virginia to sue the U.S. government arguing that its recently-passed health insurance legislation is unconstitutional. Judge Hudson wrote: "While this case raises a host of complex constitutional issues, all seem to distill to the single question of whether or not Congress has the power to regulate – and tax – a citizen's decision not to participate in interstate commerce." Twenty other states have mounted similar legal challenges to the federally imposed health insurance legislation, *Reuters* reports.

INSURANCE AND COLI EARNINGS UP AT KEYCORP

Cleveland, OH-based, $94.2 billion-asset KeyCorp reported insurance brokerage fee income in the second quarter grew 18.8% to $19 million, up from $16 million in second quarter 2009, and corporate-owned life insurance (COLI) income increased 12.0% to $28 million, up from $25 million, while trust and investment services income slid 5.9% to $112 million, down from $119 million. COLI comprised 5.7% of noninterest income and insurance earnings comprised 3.9%, while trust and investment services income, the largest contributor to noninterest earnings, comprised 22.8% of that revenue, which dropped 30.3% to $492 million, down from $706 million in second quarter 2009, when the company recorded $125 million in net securities gains and a $36 million gain on leased equipment.

Net interest income of $389 million on a 3.17% net interest margin contrasted with a net interest loss of $254 million in second quarter 2009, when loan loss provisions of $823 million were more than 261.0% higher than the $228 million set aside in second quarter 2010. Net income, driven by net interest earnings and respectable noninterest income, reached $29 million and compared favorably with a net loss of $390 million in second quarter 2009. KeyCorp CEO Henry L. Meyer III said, "Key is now focusing on opportunities in a gradually improving economy. While consumer and business loan demand is soft, we remain focused on investing in our relationship business."

In 2009, Keycorp reported $281.9 million in wealth management fee income (sum of trust, mutual fund and annuity fee income), which comprised 15.4% of its noninterest income and 6.7% of its net operating revenue. The company ranked 18th in wealth management earnings among all U.S. BHCs last year, according to the *Michael White's Wealth Management Fee Income Report*.

CULLEN/FROST REPORTS RISING TRUST AND INSURANCE REVENUES

San Antonio, TX-based, $17.1 billion-asset Cullen/Frost Bankers reported trust fees in the second quarter rose 0.9% to $17.04 million, up from $16.88 million in second quarter 2009, and insurance brokerage fee income increased 5.6% to $7.51 million, up from $7.11 million. Trust fees and insurance brokerage earnings comprised, respectively, 24.4% and 10.7% of noninterest income, which rose 2.8% to $69.9 million, up from $68 million in second quarter 2009.

Net interest income on a 4.18% net interest margin grew 14.6% to $146.4 million, up from $127.7 million, as loan loss provisions dropped by almost $8 million to $8.65 million, down from $16.6 million. Net income climbed almost 40% to $52.9 million, up from $37.9 million in second quarter 2009. Cullen/Frost Chairman and CEO Dick Evans said, "The lending environment continues to be challenged with businesses remaining cautious about hiring or investing in capital improvements until they know the impact of various new government regulations on their operations." He added, however, "Texans, trusting the safety and soundness of our company and appreciating our value proposition, continue to bring their money and their business to Frost."

In 2009, Cullen/Frost Bankers reported $33.2 million in insurance brokerage income, which comprised 11.5% of its noninterest income and 4.0% of its net operating revenue. The company ranked 26th in insurance brokerage earnings among all BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE, TRUST AND BOLI COMPRISE 28%+ OF NONINTEREST INCOME AT VALLEY NATIONAL

Wayne, NJ-based, $14,1 billion-asset Valley National Bancorp reported insurance commissions in the second quarter rose 3.1% to $2.66 million, up from $2.58 million in second quarter 2009; trust and investment services income grew 22.6% to $1.95 million, up from $1.59 million; and bank-owned life insurance (BOLI) income climbed 26.4% to $1.77 million, up from $1.4 million. Insurance commissions, combined trust and investment services earnings, and BOLI income comprised, respectively, 11.8%, 8.7%, and 7.9% of noninterest income of $22.5 million, which contrasted with a noninterest loss of $389,000 in second quarter 2009, when the company recorded $18.6 million in net trading losses.

Net interest income on a 3.72% net interest margin increased 4.5% to $104.6 million, up from $100.1 million, as loan loss provisions decreased by $526,000 and interest earnings, bolstered by FDIC-assisted acquisitions, rose by over $4 million. Net income more than doubled to $33 million, up from $15 million, helped by acquisitions, which Valley National Bancorp Chairman, President and CEO Gerald Lipkin said "were immediately accretive to first and second quarter 2010 earnings." Lipkin added, however, "The slow economic recovery, low loan demand and low interest rates continue to present a challenging operating environment."

In 2009, Valley National reported $10.2 billion in insurance brokerage income, which comprised 14.6% of its noninterest income and 2.0% of its net operating revenue. The company ranked 53rd in insurance brokerage earnings among all BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

RISING INSURANCE INCOME COMPRISES 38% OF NONINTEREST EARNINGS AT BANCORPSOUTH

Tupelo, MS-based, $13.4 billion-asset BancorpSouth reported insurance commissions in the second quarter rose 5.3% to $21.67 million, up from $20.58 million in second quarter 2009. Trust income grew 32.8% to $2.71 million, up from $2.04 million, reflecting "an increased level of activity," the company said. Insurance revenue stood out as the largest contributor to noninterest earnings (38%), while trust income comprised 4.7% of noninterest income, which dropped 29.1% to $57.1 million, down from $80.5 million a year ago, when BancorpSouth reported $13.96 million in mortgage lending income compared to a $2.3 million mortgage lending loss in second quarter 2010.

Net interest income on a 3.71% net interest margin tumbled 49.7% to $46.98 million, down from $93.35 million in second quarter 2009, as loan loss provisions jumped $44.76 million to $62.35 million, up from $17.59 million, and with credit costs and write-downs, BancorpSouth reported a net loss of $12.6 million compared to net income of $33.9 million in second quarter 2009. BancorpSouth Chairman and CEO Aubrey Patterson said, "The second quarter of 2010 was a difficult one, focused on dealing with continuing credit issues." But, he added, "We expect our culture of strong customer service, comprehensive financial products and services, and our strong capital position will continue to enable us to build long-term value for BancorpSouth's shareholders."

In 2009, BancorpSouth reported $81.4 million in insurance brokerage income, which comprised 31.2% of its noninterest income and 11.4% of its net operating revenue. The company ranked 13th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

UMB FINANCIAL "ANCHORED BY DIVERSE REVENUE STREAMS," CHAIRMAN SAYS

Kansas City, MO-based, $11.1 billion-asset UMB Financial Corp. reported a 35% climb in trust and securities processing income to $38.62 million in the second quarter, up from $28.64 million in second quarter 2009, compensated for a 38.4% slump in trading and investment banking income to $5.53 million, down from $8.98 million and drove second quarter noninterest income ahead 15.3% to $89.1 million, up from $77.3 million in second quarter 2009. Insurance commissions and fees jumped 45.6% to $1.29 million, up from $886,000, and brokerage fees rose 6.7% to $1.6 million, up from $1.5 million, to comprise, respectively, 1.4% and 1.8% of noninterest income, while trust and securities processing income comprised 43.3%, bolstered by a 38.3% climb in Scout Funds' administration and custody service fees and a 59% jump in Scout Funds' advisory fee income.

Net interest income on a 3.29% net interest margin increased 2.5% to $69.57 million, up from $67.86 million, despite a $1.8 million increase in loan loss provisions to $8.1 million. Net income grew 21% to $23 million, up from $19 million in second quarter 2009. UMB Chairman and CEO Mariner Kemper said, "We take pride in knowing that our business model – anchored by diverse revenue streams – drives solid performance in all kinds of economic environments. We are executing our strategies, as evidenced by this quarter's results, in spite of the continuing effects of the weak economy and low interest rates."

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

AUGUST 16 -22, 2010

FDIC CREATES NEW UNITS TO IMPLEMENT DODD-FRANK

The Federal Deposit Insurance Corporation (FDIC) has created an Office of Complex Financial Institutions (CFI) and a Division of Depositor and Consumer Protection (DCP) in order to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act. The CFI will oversee bank holding companies with over $100 billion in assets and nonbank financial institutions deemed systemically important by the Financial Stability Oversight Council. Should any of these companies fail, the FDIC will oversee their liquidations. The DCP will ensure that banks comply with consumer protection and fair lending statutes and regulations and enforce these requirements for banks with $10 billion or fewer assets. FDIC Chairman Sheila Bair said, "The FDIC plans to vigorously implement its new authorities under the Dodd-Frank Act."

FINRA WANTS IMMEDIATE COMMENT ON PROPOSED EXPANDED REPORTING RULE

The Financial Industry Regulatory Authority (FINRA) has issued a proposed rule that requires member firms to file expanded revenue and expense information on a supplementary schedule attached to the Statement of Income (Loss) page of the FOCUS Report Parts II and IIA. In addition, firms with underwriting and/or sales revenue from unregistered offerings that exceeds 10% of total revenue must complete appropriate sections of a new Operational Page. Comments on the proposed rule are due via email or regular mail by August 18, 2010.
To read more about the proposed rule in Regulatory Notice 10-33, click here.

BROKERCHECK TO MAKE CUSTOMER COMPLAINTS PUBLIC

The Financial Industry Regulatory Authority (FINRA) is reminding member firms that changes to BrokerCheck take effect on August 23, 2010. Beginning on this date, all historic customer complaints will become publicly available on BrokerCheck, and firms will be able to amend incorrect historic complaints using functional edit links. In addition, FINRA's process for disputing the accuracy of information disclosed through BrokerCheck will be enhanced and codified. *For more on Regulatory Notice 10-34, click here*.

FINRA FINES AND CENSURES MORGAN STANLEY FOR DISCLOSURE FAILURES

The Financial Industry Regulatory Authority (FINRA) has censured and fined New York City-based, $809.5 billion-asset Morgan Stanley $800,000 for failing to make public required disclosures regarding research analyst conflicts of interest and for failing to disclose the availability of independent research in customer account statements. According to FINRA, from April 2006 through June 2010 Morgan Stanley issued 6,836 deficient disclosures and from August 2007 through February 2008 failed to disclose the availability of independent third-party market research in 127,600 monthly account statements. In addition to the financial penalty, Morgan Stanley was ordered to review research reports every six months for two years and certify that they comply with FINRA's research analyst conflict of interest rules. Morgan Stanley consented to an entry of FINRA's findings, but neither admitted nor denied the charges.

HUNTINGTON ASSET SERVICES TO ADMINISTER NEW TEAM FUND

Indianapolis, Indiana-based Huntington Asset Services (HAS), a subsidiary of Columbus, OH-based, $52 billion-asset Huntington Bancshares, has added TEAM Asset Strategy Fund to its list of administered mutual funds. TEAM Financial Chief Investment Officer James Dailey said, "The opportunity to work within Huntington Asset Services' turnkey solution to bring our first fund to market proved unbeatable." HAS will service the TEAM fund through Huntington Asset Services' Value Advisors Trust.

INSURANCE JOBS SLIDE, AS WAGES CLIMB

Jobs in the insurance sector slid 3.2% to 2.18 million in July, down from 2.25 million in July 2009, according to the U.S. Bureau of Labor Statistics. In the first half, claims adjusters saw the largest drop year-over-year, down 10% to 43,500. Title insurers came next with a 7.7% skid to 66,800, followed closely by reinsurers, which posted a 7.6% decline to 25,500. Third-party administrators recorded a 4.4% slide to 125,700; property casualty insurers were down 3.7% to 464,000; agents and brokers decreased by 3.1% to 630,800; life insurers slipped 1.8% to 345,000, and jobs in the health insurance industry dipped 0.8% to 434,600.

Weekly earnings reflected a different story, rising among all groups. Workers in the property casualty industry earned on average $1,028.13 per week, while life insurers earned $1,015.82. Health insurers ($978.32), title insurers ($929.96), and claims adjusters ($924.30) followed in a cluster, trailed by agents and brokers ($794.95) and third-party administrators ($760.92), *BestWire* reports.

RBC SHOPS LIBERTY LIFE

Toronto, Canada-based Royal Bank of Canada (RBC) is looking for a buyer to purchase its Greenville, SC-based Liberty Life Insurance unit. RBC paid $650 million to acquire the company about a decade ago, *Bloomberg* reports.

AVIVA AND SANTANDER EXPAND BANCASSURANCE PARTNERSHIP IN BRITAIN

London, England-based AVIVA and Santander, Spain-based Banco Santander have entered into a bancassurance partnership whereby Santander will offer AVIVA's life and critical illness insurance products through the bank's 1,300 branches in Great Britain for the next five years beginning in June 2011. Santander already offers AVIVA's general insurance products through its branch network. AVIVA UK CEO Mark Hodges said, "AVIVA has proven its ability to work closely with more than 90 bancassurance partners throughout the world as part of its broad multi-distribution strategy. Our new deal with Santander demonstrates our ability to develop strong and lasting partnerships across our UK business."

BOC GIVEN GO AHEAD TO OWN BOC INSURANCE

Beijing, China-based Bank of China (BOC) received approval from the China Insurance Regulatory Commission to acquire 100% ownership of Bank of China Insurance Company. The deal will be accomplished through an internal equity stake transfer whereby BOC affiliate Bank of China Insurance Group will transfer its 100% stake in BOC Insurance Company to BOC. When the deal is completed, BOC Insurance will focus on the growing China life insurance market, distributing its products in a bancassurance partnership through BOC's branches throughout China.

AIG STICKS WITH NAN SHAN-CONSORTIUM DEAL; CHINATRUST REITERATES "SUPERIOR BID"

New York City-based American International Group (AIG) said it remains committed to selling Nan Shan, its Taipei, Taiwan-based life insurance unit, to the consortium led by Primus Financial Holdings and China Strategic Holdings. Taipei-based Chinatrust Financial Holdings, however, reiterated its desire to purchase Nan Shan at a "superior bid" to the consortium's. Chinatrust Financial President Daniel Wu said such a transaction "would be in the best interest of AIG, Nan Shan and U.S. taxpayers who own 80% of AIG."

ING'S SECOND QUARTER INCOME SOARS ON BANK UNIT EARNINGS; EQUITIES HURT INSURANCE RESULTS

Amsterdam, Netherlands-based ING Group reported second quarter net income jumped fifteen-fold to €1.09 billion ($1.40 billion), up from €71 million ($91.0 million) in second quarter 2009, driven by a €1.61 billion ($206.2 billion) pretax profit earned by its banking unit, which compensated for a €115 million ($147.3 million) pretax loss reported by its insurance segment. While insurance sales climbed 22.2% to €1.25 billion ($1.60 billion) in Japan and the U.S., sales dropped in Europe. Rising U.S. sales, however, could not overcome "the sharp decline" in U.S. equity markets which "severely impacted the results of our U.S. insurance operations," ING Group CEO Jan Hommen said. Hommen added, "We continue to work towards the operational separation of our banking and insurance operations, with the aim to have the business operating on an arm's-length, standalone basis by the end of the year."

AXA ASIA PACIFIC AGREES TO SELL NORTHWEALTH.NET TO SWEETEN AXA/NAB DEAL

Melbourne, Australia-based IOOF Holdings has agreed to acquire NorthWealth.net from Melbourne, Australia-based AXA Asia Pacific (AAPH) Holdings. AAPH is willing to divest itself of the Internet-based investment and pension services platform in order to satisfy the Australian Competition and Consumer Commission's (ACCC) concerns that National Australia Bank's (NAB) proposed acquisition of AAPH and divestment of AAPH's Asian operations to AXA SA would "substantially lessen competition" among Australia's retail investment platforms.

North Wealth has about A$1.4 billion ($1.29 billion) in funds under administration. IOOF, which offers superannuation, estate planning, corporate trust and wealth, investment and asset management services, holds approximately A

$101.7 billion ($91.3 billion) in funds under management and advisory supervision. IOOF's deal for NorthWealth.net will close prior to NAB's proposed acquisition of AAPH, pending shareholder and regulatory approvals. ACCC announced that it expects to make a final decision regarding the proposed NAB/AXA merger, acquisition and divestment proposals by September 9, 2010.

ANZ GROUP TO REBRAND FUNDS AND LIFE INSURANCE BUSINESSES

Melbourne, Australia-based Australia and New Zealand Bank Group (ANZ Group) will rebrand its specialist funds management and life insurance business as OnePath in November, when its right to use the ING name ends. ANZ Group acquired total ownership of ING ANZ last year when it added ING's 51% stake in the bancassurance partnership to its 49% stake in the business, which offers retail and wholesale investment funds and property trusts and insurance products. ING Property Trust and ING Medical Properties will not adopt the OnePath name, but will also be rebranded by November.

TRUST EARNINGS GROW AT FIRST FINANCIAL BANCORP

Cincinnati, OH-based, $6.6 billion-asset First Financial Bancorp reported the third quarter 2009 FDIC-assisted acquisitions of Peoples Community Bank, Irwin Union Bank & Trust Co. and Irwin Union Bank helped drive second quarter trust and wealth management fee income up nearly 13% to $3.67 million from $3.25 million in second quarter 2009. Trust and wealth management earnings comprised 14.5% of noninterest income, which jumped 79.4% to $25.3 million, up from $14.1 million, reflecting accelerated discounts and settlements tied to the FDIC-assisted acquisitions.

Net interest income on a 4.51% net interest margin almost tripled to $61.33 million, up from $20.85 million in second quarter 2009, as loan loss provisions dropped about 40% to $6.4 million and net interest earnings before loan loss provisions more than doubled to $67.74 million, reflecting acquisitions. Net income surged nearly twelve-fold to $17.8 million, up from $1.5 million in second quarter 2009. First Financial President and CEO Claude Davis said, "We continued to execute our client-focused business model with improvement in our wealth management, mortgage and deposit businesses."

INSURANCE, BOLI AND TRUST INCOME UP AT FIRST COMMONWEALTH

Indiana, PA-based, $6.1 billion-asset First Commonwealth Financial reported combined insurance and retail brokerage commissions in the second quarter rose 6.3% to $1.87 million, up from $1.76 million in second quarter 2009. Trust income grew 21.7% to $1.4 million, up from $1.15 million, and income from bank-owned life insurance (BOLI) climbed 26.2% to $1.3 million, up from $1.03 million. Combined insurance and retail brokerage earnings, trust fees and BOLI income comprised, respectively, 14.8%, 11.1% and 10.3% of noninterest income, which jumped 88.2% to $12.65 million, up from $6.72 million in second quarter 2009, when the company recorded $8.76 million in net impairment losses compared to $2.1 million in those losses recorded in the current second quarter.

Net interest income on a 3.88% net interest margin soared eightfold to $51.23 million, up from $6.33 million in second quarter 2009, when First Commonwealth set aside $48.25 million in loan loss provisions compared to $4.01 million in the current quarter. Combining these favorable results, the company reported net income of $13.5 million compared to a net loss of $18.6 million in second quarter 2009. First Commonwealth President and CEO John Dolan said, "We have made significant progress toward the resolution of a relatively small number of troubled credits that have cause disproportionate earnings pressure over the last three quarters during this unprecedented economic period."

In 2009, First Commonwealth reported $3.2 million in insurance brokerage income, which comprised 5.8% of its noninterest income and 1.2% of its net operating revenue. The company ranked 51st 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*.

COMBINED BOLI, WEALTH MANAGEMENT AND INSURANCE EARNINGS COMPRISE 43% OF NATIONAL PENN'S NONINTEREST INCOME

Boyertown, PA-based, $9.2 billion-asset National Penn Bancshares reported insurance commissions and fees in the second quarter slid 9.5% to $3.64 million, down from $4.02 million in second quarter 2009, while wealth management ($7.24 million) and bank-owned life insurance (BOLI) income ($1.28 million) remained basically steady. Insurance, wealth management and BOLI income comprised, respectively, 12.8%, 25.4%, and 4.5% of noninterest income, which grew 33.8% to $28.5 million, up from $21.3 million a year ago, when the company recorded $6.25 million in net losses from fair value exchanges and $863,000 in net losses on investment securities sales.

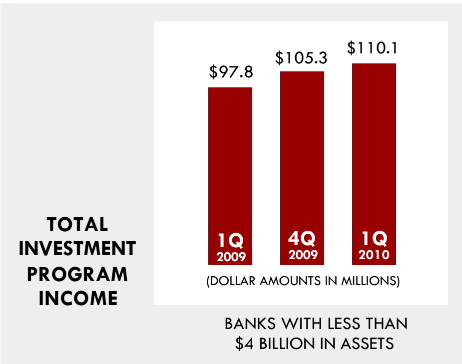
Net interest income on a 3.50% net interest margin jumped 85.1% to $43.64 million, up from $23.58 million, as loan loss provisions dropped by $12.5 million to $25 million. But, with an $8.3 million goodwill impairment charge tied to the pending sale of the company's Christiana Bank and Trust Company subsidiary and an $8.1 million income tax expense accompanying a BOLI redemption, the company recorded a $5.5 million net loss compared to second quarter net income of $1.9 million in 2009. National Penn President and CEO Scott Fainor said "We expect the Christiana and BOLI transactions to result in improved capital ratios, increased holding company liquidity and increased future earnings when completed."

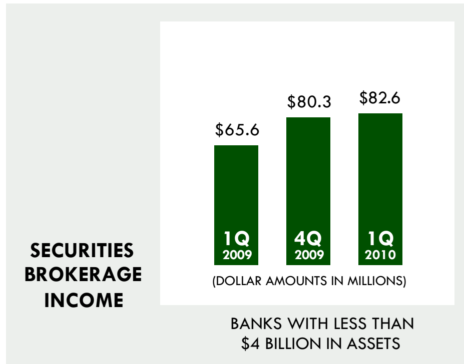
In 2009, National Penn reported $16.1 million in insurance brokerage income, which comprised 15.6% of its noninterest income and 4.5% of its net operating revenue. The company ranked 7th in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

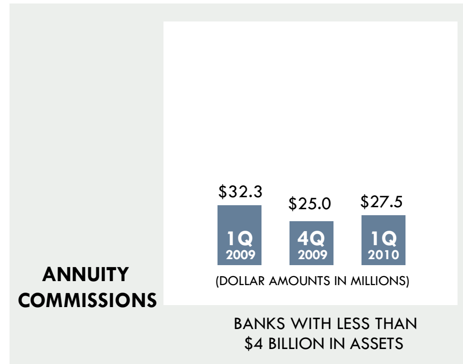
TRUSTMARK REPORTS RISING WEALTH MANAGEMENT AND SLIDING INSURANCE EARNINGS

Jackson, MS-based, $9.2 billion-asset Trustmark Corp. reported insurance brokerage fee income in the second quarter slid 6.6% to $6.88 million, down from $7.37 million in second quarter 2009. Wealth management earnings rose 1.1% to $5.56 million, up from $5.5 million. Insurance and wealth management income comprised, respectively, 15.3% and 12.4% of noninterest income, which grew 10.1% to $44.95 million, up from $40.82 million, bolstered by a more than tripling of mortgage banking income to $8.9 million.

Net interest income on a 4.47% net interest margin climbed 27.2% to $81.47 million, up from $64.05 million, as loan loss provisions dropped over 61% to $10.4 million, down from $26.8 million, and net income almost doubled to $26.16 million, up from $13.44 million in second quarter 2009. Trustmark Chairman and CEO Richard Hickson said, "Trustmark's financial results reflect revenue growth across our banking, mortgage, insurance and wealth management businesses."







SOURCE: Michael White Community Bank Investment Programs Report 1Q 2010

In 2009, Trustmark Corp. reported $29.1 million in insurance brokerage income, which comprised 18.9% of its noninterest income and 5.7% of its net operating revenue. The company ranked third in insurance brokerage earnings 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*.

AUGUST 23-29, 2010

COMMUNITY BANKS BOAST IMPROVING INVESTMENT PROGRAMS

Community bank investment programs are off to a better start in 2010 thanks to an increase in annuity commissions, according to the *Michael White Community Bank Investment Programs Report*.

Issued quarterly by Michael White Associates, LLC (MWA), the report measures and benchmarks investment programs at community banks, i.e., those with assets under $4 billion. The current report is based on data reported by 7,007 commercial and FDIC-regulated savings banks operating on March 31, 2010.

"This report finds that first quarter revenue of community bank investment programs surpassed where they started and ended in 2009," said Michael White, president of Michael White Associates and author of the report. "The report's metrics also show improvements in Program Productivity and Density, key measures by which to gauge investment program strength."

Program Production

In first quarter 2010, 1,412 or 20.2% of community banks participated in investment program activities, producing $110.1 million in program income. Community bank investment program income increased 4.6% from $105.3 million in the prior quarter (i.e., fourth quarter 2009) and rose 12.6% from $97.8 million in first quarter 2009.

The number of banks participating in investment program activities was down by 6.0% or 90 banks from 1,502 banks in first quarter 2009. These community banks achieved average investment program fee income of $77,969 in first quarter 2010, up 19.7% from $65,115 last year.

Program Penetration

The Penetration of an investment program is measured as the amount of program revenue generated per million dollars of core or retail deposits. These deposits substitute as a measure of retail customers and the breadth of the customer relationship, since the data for retail customers or retail households are hard to obtain on a reliable, national, and standardized basis.

"In first quarter 2010, community banks earned mean investment program income of $245 per million dollars of retail bank deposits," said White. "In contrast, big banks with assets over $4 billion attained a higher mean Investment Program Penetration of $341 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs."

Program Concentration

Program Concentration calculates the portion of total noninterest income attributable to a specific kind of noninterest fee income. This ratio enables us to know how concentrated or meaningful bank investment programs are among their banks' non-lending activities.

Community banks had virtually the same mean Concentration of investment program income to noninterest income as larger banks in first quarter 2010. As a group, community banks achieved a Concentration ratio of 8.4%. Large banks, those with assets greater than $4 billion, had a similar mean Concentration ratio of 8.5%.

Program Productivity

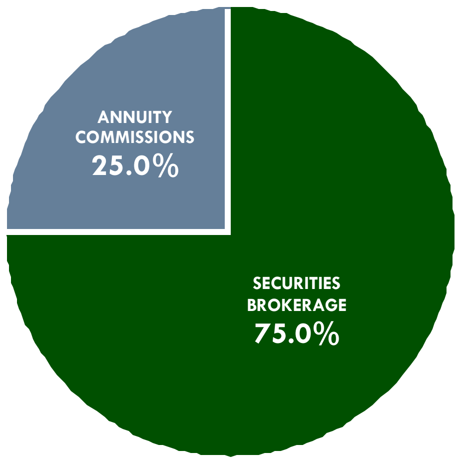
Investment Program Productivity measures the amount of program fee income per bank employee. Program Productivity enables us to assess the relative generation of income among bank employees, which are frequently the important human assets in generating customer referrals and the attendant fee income earned from those customer relationships. In first quarter 2010, mean community bank employee Productivity was $587 per bank employee, or $2,348 per employee when annualized for yearend projection purposes.

Program Density

Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Mean density per domestic community bank office was an adjusted $11,533 (unadjusted, it was $14,460) in first quarter 2010, and at that quarterly rate projected to be $46,132 per banking office by yearend.

INVESTMENT PROGRAM REVENUE MIX
FIRST QUARTER 2010

BANKS WITH LESS THAN $4 BILLION IN ASSETS



Revenue Mix – Securities Brokerage

Community banks earned securities brokerage fee income of $82.56 million, up 25.9% from $65.59 million in first quarter 2009, and it was up 2.8% from $80.29 million in fourth quarter 2009. Security brokerage revenues constituted 75.0% of total investment program income of $110.1 million in first quarter 2010, down from a revenue mix of 76.3% in the prior quarter, but up from a cumulative mix of 71.4% for all of 2009.

Of the 1,412 banks with assets under $4 billion that reported earning investment program income, 1,255 banks or 88.9% reported earning commissions and fees from securities brokerage, and 646 banks or 45.8% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $27.54 million, down 14.5% from $32.21 million in first quarter 2009, but up 10.3% from $24.97 million in fourth quarter 2009. Annuity commissions constituted 25.0% of community bank investment program income in first quarter 2010, up from a revenue mix of 23.7% in the prior quarter, but down from a cumulative mix of 28.6% for all of 2009. With 11.3% of program income from annuities, the bigger banks with assets in excess of $4 billion had a considerably lower mix of annuity commissions in their programs.

Of the 1,412 community banks that reported earning investment program income, 766 banks or 54.2% reported earning annuity commissions, and 157 banks or 11.1% reported earning annuity income only. This latter finding of 157 banks reporting only annuity income may be indicative of banks that have only platform annuity or licensed bank employee (LBE) programs and not full-product investment programs. The number of community banks reporting only annuity income dropped 6.0% from 167 banks in first quarter 2009.

Leaders – Investment Program

First-quarter leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida, N.A. (FL) with $6.39 million, up 138.7% from $2.68 million in first quarter 2009; North Shore Community Bank & Trust Company (IL) with $3.56 million, up 58.1% from $2.25 million; BAC Florida Bank (FL) with $2.28 million, up 354.5% from $501,000; TIB The Independent Bankersbank (TX) with $2.06 million, down 36.7% from $3.25 million; and Espirito Santo Bank (FL) with $1.88 million, up from zero in first quarter 2009.

Leaders – Annuities

First-quarter 2010 leaders in annuity fee income among banks under $4 billion in assets were Bank of Hampton Roads (VA) with $1.15 million, up from zero in first quarter 2009; Sumitomo Trust and Banking Co. (U.S.A.) (NJ) with $821,000, up from zero; First Victoria National Bank (TX) with $515,000, up 10.3% from $467,000; Lake City Bank (IN) with $442,000, up 41.2% from $313,000; and United Bank (WV) with $428,000, down 35.6% from $665,000 in first quarter 2009.

Click here for more information on the *Michael White Community Bank Investment Programs Report.*

EAGLE BANK AND THE MELTZER GROUP PEN INSURANCE REFERRAL DEAL

Bethesda, MD-based, $1.8 billion-asset EagleBank subsidiary Eagle Insurance Services has entered into an insurance referral agreement with The Meltzer Group, whereby the Bethesda-based subsidiary of National Financial Partners will offer Eagle Bank customers group benefits and individual life, property, casualty and liability insurance products. The Meltzer Group CEO Alan Meltzer said, "Our new agreement with EagleBank further strengthens our long-standing relationship."

U.S. BANCORP'S TRUST UNIT TO ACQUIRE FNB'S BOND & TRANSFER AGENT BUSINESS

Minneapolis, MN-based, $283 billion-asset U.S. Bancorp subsidiary U.S. Bank N.A. has agreed to acquire the bond and transfer agent business of First National Trust Company, a subsidiary of First National Bank of Pennsylvania, a unit of Hermitage, PA-based, $8.8 billion-asset F.N.B. Corp. U.S. Bank Corporate Trust Services (USBCTS) President Bryan Calder said, "The acquisition complements the existing U.S. Bank corporate trust business and will strengthen our competitive position as a leading national trustee for new municipal issuances." USBCTS currently services Pennsylvania through its offices in Pittsburgh and Philadelphia. When the acquisition is completed pending regulatory approval, USBCTS will have $2.9 trillion in assets under administration.

INDEXED ANNUITY & LIFE INSURANCE SALES NEARING RECORDS

Indexed annuity sales in the second quarter reached $8.3 billion, just 0.1% short of the record sold in second quarter 2009, according to Pleasant Hill, IA-based *AnnuitySpecs.com*. Minneapolis, MN-based Allianz Life remained the number one indexed annuity provider with a 19% market share, followed by Des Moines, IA-based Aviva, Des Moines, IA-based American Equity, Radnor, PA-based Lincoln National and Chicago-based North American Company for Life and Health Insruance, respectively. Annuity Specs President and CEO Sheryl Moore credited the robust sales to the fact that "CD rates are at 1% and fixed annuities [are] crediting a mere 3.65% on average."

Indexed life insurance sales showed continued growth, jumping 25% to $165.8 million, up from $132.6 million in second quarter 2009. Aviva with an 18% market share remained the number one provider of this product, followed by Newport Beach, CA-based Pacific Life, Horsham, PA-based Penn Mutual, Cedar Rapids, IA-based AEGON Companies and St. Paul, MN-based Minnesota Life, respectively. Moore said, "Indexed life is finally transitioning from a niche product to mainstream insurance." The average premium for each indexed life product sold in the second quarter totaled $7,036, according to *AnnuitySpecs.com*.

BB&T INSURANCE SERVICES LAUNCHES ONLINE AUTO QUOTES

Raleigh, NC-based BB&T Insurance Services, a subsidiary of Branch Banking & Trust, a unit of Winston-Salem, NC-based, $155.1 billion-asset BB&T Corp., has launched Insurewithbbt.com, an online personal auto insurance quoting system that offers personal auto insurance products underwritten by The Hartford, Travelers and Safeco. The move fits with the 21% jump in online auto insurance quote shopping last year, when 38.8 million consumers shopped for policies and 2.8 million purchased their auto insurance policies online, *BestWire* reports.

FINRA DROPS INDEXED ANNUITIES FROM SUITABILITY RULES

The Financial Industry Regulatory Authority (FINRA) has published its proposed Rule 2090 (Know Your Customer) and proposed Rule 2111 (Suitability) in the *Federal Register*. Significantly, neither rule includes references to indexed annuity products, which have been defined by Dodd-Frank as insurance products to be regulated by insurance regulators.
To read FINRA Rule 2090 and FINRA Rule 2111, click here.

FINRA FINES HSBC SECURITIES OVER UNSUITABLE CMO SALES

The Financial Industry Regulatory Authority (FINRA) has fined HSBC Securities (USA), a unit of London, England-based, $2.42 trillion-asset HSBC Corp., $375,000. FINRA found that HSBC Securities (USA) recommended unsuitable sales of inverse floating rate Collateralized Mortgage Obligations (CMOs) to retail customers, failed to adequately supervise the suitability of CMO sales, and failed to fully explain to retail customers the risks that inverse floating rates pose. FINRA noted that since 1993 securities firms have been advised that "inverse floating rate CMOs are only suitable for sophisticated investors with a high-risk profile." FINRA Executive Vice President James Shorris said, "Firms must adequately train their brokers on all the products that they are selling and must reasonably supervise them to ensure that every security recommended is suitable for the particular customer." Because HSBC Securities sold unsuitable CMOs to retail customers, it has repaid those clients who lost money a total of $320,000.

FINRA FINES MERRILL FOR UNIT INVESTMENT TRUST FAILURES

The Financial Industry Regulatory Authority (FINRA) has fined Merrill Lynch, a subsidiary of Charlotte, NC-based, $2.37 trillion-asset Bank of America Corp., $500,000 for failing to give customers sales charge discounts on eligible Unit Investment Trusts (UIT) purchases and for failing to have an adequate supervisory system in place to ensure that customers received those discounts. In addition to paying the fine, Merrill Lynch agreed to repay a total of $2 million to UIT customers that were overcharged between October 2006 and the present. FINRA Executive Vice President James Shorris said, "Firms have been on notice since at least 2004 that they must implement procedures to ensure customers receive appropriate sales charge discounts for UIT investments."

MERRILL AGREES TO PAY UP AND REMEDY AGENT REGISTRATION ISSUES IN NEW JERSEY

New York City-based Merrill Lynch, a subsidiary of Charlotte, NC-based, $2.37 trillion-asset Bank of America Corp., has agreed to pay New Jersey $728,260 in fines and implement a system to make sure that all its Client Associates (CAs) doing business in New Jersey are registered agents in New Jersey. The agreement is a result of an Administrative Consent Order between Merrill Lynch and New Jersey's Bureau of Securities issued on August 10, 2010.

The New Jersey Bureau of Securities found that starting in 2004, Merrill Lynch failed to enforce its own written supervisory procedures to such an extent that approximately 700 of its CAs who accepted client securities orders in New Jersey were not registered agents in that state. New Jersey Bureau of Securities Chief Marc Minor said, "Investors deserve and expect that their trading is being conduct by registered agents." In addition to the New Jersey settlement, Merrill Lynch agreed to pay up to $25.83 million in fines and penalties to be appropriately divided among the other 49 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands that were part of the multi-state working group affected by Merrill Lynch's oversight failures.

As a result of the New Jersey investigation, the company conducted its own review and found that as of June 30, 2008, 60% of its 3,780 registered CAs, were registered only in their home state or one additional state. In October 2008, Merrill Lynch amended its registration policy to require that each CA have the same state registrations as the financial advisors they support.
For further information and to read the Consent Order, click here.

CHINA CONSORTIUM WANTS 30% OF AIA

A consortium including Industrial and Commercial Bank of China, China Life Insurance Co., Cinda Asset Management Co., Fosun Group, Hony Capital and Alibaba.com reportedly plans to bid for a 30% stake in Hong Kong-based American International Assurance (AIA), a subsidiary of New York City-based American International Group (AIG). AIG intends to list AIA on the Hong Kong stock exchange later this year in an attempt to raise money for the unit, which AIG had hoped to sell to London-based Prudential plc for $35.5 billion in a deal that collapsed. If the newly formed consortium cannot acquire 30% of AIA prior to the initial public offering (IPO) on the Hong Kong exchange, it will not buy into the IPO, *insurancejournal.com* reports.

REGULATORS PROHIBIT TYING ANNUITIES AND INAPPROPRIATE INSURANCE TO REVERSE MORTGAGES

The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), Office of Thrift Supervision (OTS) and National Credit Union Administration (NCUA) have issued Final Compliance and Risk Guidance on Reverse Mortgage Products. Among the guidance is the prohibition against reverse mortgages being conditional on the purchase of any other financial product from the lender.

Specifically, the guidance states: "an institution may risk violations, depending on the specific law that applies, if it requires consumers to obtain annuity products – or any other product that is not a traditional banking product – in order to obtain a reverse mortgage."

In addition, financial institutions must have policies and procedures in place "to ensure that neither lenders nor brokers require the borrower to obtain any insurance, annuity or similar product (other than appropriate title, flood or other hazard insurance)." The final guidance takes effect on October 18, 2010.
To read the Final Guidance on Reverse Mortgages, click here.

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