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OPPOSITE OUTCOMES

Bulk of bank holding companies skate full speed ahead with growing insurance brokerage revenue while slipping programs at two mega BHCs drag overall industry results lower.

METLIFE TO ACQUIRE MAJOR STAKES IN MALAYSIA-BASED LIFE INSURERS & ENTER INTO BANCASSURANCE DEAL

New York City-based MetLife has agreed to acquire a 50% plus one share stake in Kuala Lumpur, Malaysia-based Am Life Insurance Berhad and a 50% minus one share stake in Kuala Lumpur-based Am Family Takaful Berhad. Kuala Lumpur AMMB Holdings Bhd, parent of RM129 billion-asset ($39.2 billion) Am Bank Group, AmLife and Am Takaful, will continue to own the remaining shares in the life insurers not acquired by MetLife.

In addition to the acquisition of stakes in the Malaysian life insurers, the RM812 million ($246.8 million) deal includes an exclusive twenty-year bancassurance and banctakaful agreement whereby Am Life and Am Takaful will distribute their protection, savings, investment-linked and shariah-compliant products through Am Bank Berhad and Am Islamic Bank Berhad's combined 187 branches throughout Malaysia.

MetLife Asia President Christopher Townsend said, "Our proposed transaction advances MetLife's strategy to capitalize on growth opportunities in emerging markets." He added, "Am Bank Group has a distinguished track record and brand, and we look forward to partnering with them to build top-tier life insurance and takaful [shariah-compliant] businesses in Malaysia."

MetLife Designated Markets and Health Asia CEO Dr. Nirmala Menon said, "Malaysia is a very attractive market with low insurance penetration and a rapidly expanding middle class." She added, "AMMB's customers will benefit from access to MetLife's global expertise, financial strength and innovative products and services, while MetLife will benefit from AMMB's distribution network and brand strength in the marketplace."

When the deal closes, pending regulatory approval, MetLife plans to enhance its takaful product capabilities and "export these across" its other Muslim markets.

MANULIFE EXPANDS MALAYSIAN ASSET MANAGEMENT BUSINESS WITH MAAKL PURCHASE

Toronto, Canada-based Manulife Financial unit Kuala Lumpur, Malaysia-based Manulife Holdings Berhad (MHB) has acquired Kuala Lumpur-based MAAKL Mutual Bhd (MAAKL). MHB CEO Mark O'Dell said, "The acquisition of MAAKL greatly enhances Manulife's business and presence here in Malaysia, complementing our wealth management growth strategy."

MAAKL's sales force of 1,100 unit trust advisors offer 27 unit trust funds, including Employee Provident Fund approved funds and 10 Islamic funds. MHB intends to transfer the investment management responsibility for these MAAKL funds to Manulife Asset Management Services Berhad within twelve months, pending regulatory approval.

As of September 30, 2013, MHB held RM4.0 billion ($1.22 billion) in assets under management; Manulife Asset Management held C$265 billion ($249.0 billion); and parent Manulife Financial held C$575 billion ($540.3 billion).

MANULIFE SELLS TAIWAN LIFE INSURER

Toronto, Canada-based Manulife Financial unit Manulife (International) Ltd. has completed its sale of Taipei, Taiwan-based Manulife Taiwan to Taipei-based CTBC Life Insurance Company. The deal is expected to increase the Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio of Manufacturers Life Insurance Company to 232%, up from 229%.

Manulife Financial said it remains committed to its Taipei-based asset management business, Manulife Asset Management (Taiwan) Co.

BANK OF CHINA TO PURCHASE STAKE IN STUMBLING SAMSUNG AIR CHINA LIFE

Beijing, China-based Bank of China Ltd., through its Beijing-based Bank of China Insurance Co. unit, has agreed to purchase an unannounced stake in Beijing-based Samsung Air China Life Insurance Co. Ltd., a 50-50 joint venture between Seoul, South Korea-based Samsung Life Insurance Co. and Beijing-based China Aviation Industry Corp. Samsung Air said it expects the deal to enhance its bancassurance distribution system and help drive growth.

Samsung Air China Life offers individual and group life, health and accident insurance coverages and has posted losses for the past five years. In 2012, the insurer reported an 85.7 Yuan ($14.0 million) loss, as written premium fell 15.1% to 275 million Yuan ($45.0 million) down from 324 million Yuan ($53.1 million) in 2011.

VIENNA INSURANCE GROUP EXPANDS INSURANCE PRESENCE IN HUNGARY

Vienna, Austria-based Vienna Insurance Group AG Wiener Versicherung Gruppe has agreed to acquire Budapest, Hungary-based AXA Biztosito Zrt. From Paris, France-based AXA Group. Vienna Insurance Group CEO Peter Hagen said, "Hungary is one of those core markets where we have been looking to enhance our [almost two-decade] presence." He added, "AXA Biztosito is the ideal complement to our life insurance portfolio, which also includes high potential in unit-linked products."

In the first three quarters of 2013, AXA Biztosito wrote €31 million ($42.3 million) in premiums selling life insurance (92%) and unit-linked products (8%) through its nationwide agency, broker and bancassurance system. The insurer ranks 13th in the Hungarian life insurance market.

Vienna Insurance Group's Hungarian insurance units Union Biztosito and Erste Biztosito wrote a combined €115 million ($156.9 million) in premium during the first three quarters of 2013, taking a 6% market share and ranking 8th in the Hungarian overall insurance market. Vienna Insurance Group said its Hungarian life insurer, Erste Biztosito, benefits from a "strong bancassurance partnership with Erste Bank," selling its life insurance products through the bank's branches throughout Hungary.

FINRA RELEASES 2014 REGULATORY & EXAMINATION PRIORITIES LETTER

The U.S. Financial Industry Regulatory Authority (FINRA) has released its 2014 Regulatory and Examination Priorities letter, which highlights the risks and issues the regulators believe could adversely affect investors and market integrity in 2014.

FINRA Chairman and CEO Richard Ketchum said, "By providing clear and detailed guidance to firms, we hope to not only support firms' compliance efforts but also to alert firms to the issues we have identified as the most salient risks to investors and the integrity of our markets." FINRA Executive Vice President Susan Axelrod added, "We encourage firms to use this guidance along with their own analysis to enhance their programs as we will be examining for strong controls and robust compliance efforts in these areas."

To access FINRA's 11-page letter outlining its 2014 Regulatory and Exam Priorities, click here.

OCEANPOINT FINANCIAL ACQUIRES COVENTRY, RI-BASED AGENCY

Newport, RI-based, $1.2 billion-asset OceanPoint Financial Partners, parent of BankNewport and OceanPoint Insurance Agency, has increased the size of its insurance agency operations through the acquisition of Coventry, RI-based Raymond Insurance.

Raymond Insurance's operations will merge into OceanPoint Insurance Agency where Kim Raymond will serve as Vice President of West Bay operations and continue to work with her team from the Coventry office.

OceanPoint Insurance CEO Doug Mayhew said, "We are pleased to welcome Kim and Raymond Insurance to the OceanPoint team." Kim Raymond serves on the Board of Directors of the Independent Insurance Agents of Rhode Island and is a Certified Insurance Counselor.

U.S. COMMERCIAL INSURANCE RATE INCREASES SLOW

U.S. composite commercial insurance rates rose 3% in December 2013 compared to December 2012 as "ample capacity" slowed higher increases registered earlier in the year, according to Dallas, TX-based MarketScout.

Commercial auto insurance rates led the increases by coverage class (+4%), followed by commercial property, business interruption, business owner policy (BOP), general liability, umbrella excess and workers' compensation insurance (+3%); inland marine, employment practices liability (EPLI), directors and officers liability, and professional liability insurance (+2%); and fiduciary, crime and surety (+1%).

Rates by account size continued to increase the greatest for small accounts up to $25,000 (+5%); rates for medium accounts of $25,001 to $250,000 and large accounts of $250,001 to $1 million rose a moderate 3%, while rates for jumbo accounts over $1 million ticked up 1%.

The contracting and transportation industries experienced the greatest rate increases by industry class (+5%), followed by the manufacturing, service and habitational industries (+4%); energy companies (+3%) and public entities (+2%), MarketScout found based on survey data collected by the National Alliance for Insurance Education and Research.

Looking ahead to the direction of commercial insurance rates in 2014, MarketScout CEO Richard Kerr said, "Insurance linked securities and new age reinsurance structures have opened the insurance market to many new investors and, as a result, created additional capacity. This added capacity may well put additional pressure on rates in 2014."

FINRA FINES STIFEL UNITS & ORDERS RESTITUTION OVER INAPPROPRIATE ETF SALES

The U.S. Financial Industry Regulatory Authority (FINRA) has ordered St. Louis, MO-based Stifel Financial Corporation units Stifel, Nicolaus & Company and Century Securities Associates to pay combined fines of $550,000 and combined restitution of $476,000 to 65 customers to settle charges involving training, procedural and oversight failures that led to unsuitable sales of leveraged and inverse exchange traded funds (ETFs).

FINRA found that between January 2009 and June 2013 the two Stifel units inappropriately sold the complex, leveraged and risky funds to customers with conservative objectives.

Stifel, Nicolaus & Company agreed to pay a $450,000 fine and pay $340,000 in restitution to 59 customers, and Century agreed to pay a $100,000 fine and $136,000 in restitution to 6 customers to settle the matter. Neither firm admitted or denied the charges, but both consented to the entry of FINRA's findings.

15% OF AMERICANS FEEL POSITIVE ABOUT OBAMACARE

Almost half (47%) of Americans with employer-based health insurance say more money is being taken out of their pay checks each month than a year ago, and 44% say their deductibles, copayments and other out-of-pocket expenses are higher than they were a year ago, according to Bankrate.com

Perhaps not surprisingly, 48% of Americans want to repeal Obamacare; 38% want to keep it; and 15% say they feel positive about Obamacare, Bankrate.com found in its monthly Health Insurance Pulse survey.

PRUDENTIAL FINANCIAL & BANK SIMPANAN PARTNER IN MALAYSIA

Newark, NJ-based Prudential Financial, through Prudential Insurance Company of America (PICA), and Kuala Lumpur, Malaysia-based Bank Simpanan National (BSN) have partnered to acquire Kuala-Lumpur-based Uni. Asia Life Assurance Berhad (UAL) from Uni. Asia Capital Sdn Bhd in a RM518 million ($160 million) cash-for-stock deal. PICA now holds a 70% stake in UAL, and BSN holds a 30% stake.

Prudential Insurance (Asia) President Jan van den Berg said, "We are pleased to enter Malaysia with BSN, Malaysia's premium savings institution with a strong bancassurance distribution channel throughout the nation as our partner." He added, "We look forward to working with them to help drive greater insurance penetration across BSN's customer base and transform BSN into one of Malaysia's leading conventional bancassurance providers."

BSN CEO Datuk Adinan Maning said, "This partnership complements BSN's mission to help people across Malaysia improve their financial security." He added that the partnership with Prudential will "help BSN broaden its range of products and deliver even more value to customers across Malaysia."

In addition to marketing its insurance products to BSN's 8 million customers through the bank's 398 branches throughout Malaysia, UAL will continue to offer insurance through Pos Malaysia Berhad's (POS Malaysia) 1,000 retail outlets across the country. POS Malaysia is Malaysia's exclusive mail service provider.

PRUDENTIAL FINANCIAL IN INDIA LIFE INSURANCE PARTNERSHIP WITH MORTGAGE FINANCE COMPANY DHFL

Newark, NJ-based Prudential Financial, through Prudential International Insurance Holdings (PFI), has formed a joint venture with New Delhi, India-based Dewan Housing Finance Corporation Limited (DHFL). In order to form the venture, DHFL and two unnamed "provider entities" acquired the 74% stake in New Delhi-based DLF Pramerica Life Insurance Company formerly held by India property developer DFL Ltd. Newly named DHFL Pramerica Life Insurance Company is now 50% owned by DHFL, 12% owned by each of the "promoter entities," and 26% owned by Prudential.

Prudential International Insurance Holdings Senior Vice President Tom Feige said, "We are pleased to join forces with DHFL. With access to DHFL's strong branch network and retail financial services expertise, the life insurance joint venture will have the ability to reach even more people with its high quality products and services."

DHFL Chairman and Managing Director Kapil Wadhawan said, "We are committed to working with Prudential Financial and the team at the joint venture company to grow the business, which we believe will generate long-term value for DHFL shareholders."

Mortgage finance company DHFL operates 450 offices across India. Its distribution network includes associate companies Aadhar Housing Finance Ltd., DHFL Vysya Housing Finance Ltd., and Avanse Financial Services Pvt. Ltd.

RCS CAPITAL IN $1.15 BILLION DEAL TO ACQUIRE CETERA FINANCIAL

New York City-based RCS Capital Corporation (RCAP) has agreed to acquire El Segundo, CA-based Cetera Financial Group from New York City-based Lightyear Capital for $1.15 billion in cash. Cetera's 6,660 registered representatives provide independent broker-dealer services and investment advisory services through four independently managed broker-dealer platforms: Cetera Advisors, Cetera Advisor Networks, Cetera Financial Institutions and Cetera Financial Specialists. Together, the units control $4.3 billion in assets under management.

RCAP Chairman Nicholas Schorsch described the deal as "a truly transformative event" and said, "We intend for RCAP to be the most important full services financial services and securities distribution company in the industry." He added, "It is our plan to rapidly build out our footprint across America in one seamless step with our family of independently operated firms, led by Cetera."

Cetera and its four units will become part of RCAP's retail advisor platform, joining RCAP Holdings' First Allied Securities and soon-to-be acquired Investors Capital Holdings and Summit Financial Services. Cetera President and CEO Valerie Brown and her management team will continue to operate Cetera's respective brands from their current locations, when the deal closes in second quarter 2014, pending regulatory approval.

Looking ahead, Brown said, "By joining the RCS Capital family of companies, we become the cornerstone of the second largest independent financial advisor network in America and are positioned for even greater success in the future."

RCS CAPITAL TO ADD J.P. TURNER TO BROKER-DEALER FAMILY

New York City-based RCS Capital Corporation (RCAP) has agreed to acquire Atlanta, GA-based independent brokerage and investment banking firm J.P. Turner & Company and its affiliated investment advisory company J.P. Turner & Company Capital Management. The $27 million cash and stock deal for the combined company, which in 2012 generated $66.3 million in revenue and controlls about $4.3 billion in assets under management, is expected to close later this year, pending regulatory approval.

RCAP Chairman Nicholas Schorsch described the deal for the 325 registered representative strong company as "another important step in realizing RCAP's strategic vision to become the leading financial services firm focused on the direct investment sector."

RCAP CEO William Kahane said, "J.P. Turner offers its investor clients a compelling mix of leading edge technology, access to incisive third party research and top performing non-proprietary investment products." He added that with RCAP's acquisition of First Allied Securities last year and its pending acquisitions of Investors Capital Holdings, Summit Financial Services, Cetera Financial Group and J.P. Turner, RCAP is "well positioned to marry the strengths and resources of Wall Street with the values and perspectives of Main Street."

Like the other broker dealers poised to become part of RCAP's independent advisor network, J.P. Turner will continue to operate from its current location under its current management team. J.P. Turner Co-Founder Timothy McAfee said, "We are extremely pleased to have the opportunity to partner with RCAP while maintaining our current operating structure."

CITIGROUP & METLIFE EXPAND NON-U.S. BANCASSURANCE AGREEMENT

New York City-based MetLife and Citigroup have agreed to expand their existing bancassurance agreement, which is scheduled to expire in 2015. The new agreement extends through 2025 and enables MetLife and its affiliates to distribute their credit insurance products through Citigroup retail bank and credit card markets in Australia, Indonesia, Malaysia, Philippines, Thailand, the UAE, Egypt, Bahrain, Spain, Poland, Greece, Czech Republic, Argentina and Brazil.

MetLife Executive Vice President Maria Morris said, "MetLife and Citi are pioneering the type of partnership required today to ensure that consumer needs are met in a consistent way." Citi Global Retail Banking CEO Jonathan Larsen added, "This agreement enables us to provide enhanced value products and service to our clients while driving efficiency through a single, standard global product framework."

ICBA REINSURANCE ADDS AUTO GAP INSURANCE TO COMMUNITY BANK PRODUCTS

Washington, DC-based ICBA Reinsurance has added Auto Shield GAP to the line of insurance products its community bank customers can offer their auto loan customers. Transamerica underwrites Auto Shield GAP and Frost Financial Services serves as the administrator for the product that pays the difference between what an auto insurer says a totaled car is worth and what the auto loan customer owes the bank.

First Financial Services President Jim Tenhuntfeld said, "ICBA members can now provide customers a GAP program with some of the best coverage in the market at a price significantly less than what they will typically pay at the dealership." ICBA Reinsurance President and CEO Steve Ello added, "GAP's skip-a-payment function will help community banks reduce potential charge-offs while providing a valuable service to their borrowers."

ZURICH & BANK OF CHINA TO EXPLORE BANCASSURANCE PROSPECTS IN MALAYSIA

Kuala Lumpur, Malaysia-based Zurich Malaysia Berhad, a unit of Zurich, Switzerland-based Zurich Insurance Group, and Beijing, China-based Bank of China have signed a memorandum of understanding to explore together bancassurance opportunities in Malaysia. Bank of China CEO Wang Hongwei and Zurich Insurance Malaysia CEO Trevor Bull signed the agreement at Zurich Insurance Group headquarters in Menara Zurich, Switzerland, where Bull said Zurich will build upon its 40 years of experience in Malaysia to help both companies expand their footprints in the Malaysian market.

INSURANCE TOPS NONINTEREST EARNINGS AT BB&T IN REVENUE & GROWTH

Winston-Salem, NC-based, $182.3 billion-asset BB&T Corp. reported insurance earnings for the year 2013 remained the largest contributor to noninterest income and showed the greatest growth among all sources of that revenue, climbing 11.6% to $1.52 billion, up from $1.36 billion in 2012. Investment banking and brokerage fees increased 4.9% to a record $383 million, up from $365 million; trust and investment advisory revenues grew 8.7% to a record $200 million, while BOLI income slipped 2.6% to $113 million. Insurance income, investment banking and brokerage fees, trust and investment advisory revenues, and BOLI earnings comprised, respectively, 38.6%, 9.7%, 5.1% and 2.9% of noninterest income, which rose 3.1% to $3.94 billion, up from $3.82 billion in 2012, despite a 32.7% ($275 million) drop in mortgage banking income.

Net interest income in 2013 declined 4.1% to $5.62 billion, down from $5.86 billion in 2012, driven by a 6% ($410 million) fall in interest income to $6.51 billion, which could not be covered by a 11.6% cut ($169 million) in interest expense to $891 million. Net interest income, after a 44% drop ($465 million) in loan loss provisions to $592 million, however, rose 4.7% to $5.02 billion, up from $4.80 billion in 2012. Net income, with noninterest expense almost steady (+0.2%) at $5.84 billion, fell 14.7% to $1.73 billion, down from $2.03 billion in 2012, impacted by an 83% spike ($631 million) in income tax provisions to $1.40 billion. Net income available to common shareholders dropped 18.8% to $1.56 billion, down from $1.92 billion in 2012. Operating results, however, grew 8.5% to a record $2.1 billion.

BB&T Chairman and CEO Kelly King noted the "record performances" in the company's trust and investment advisory businesses and investment banking and brokerage businesses. "Looking ahead to 2014," Kelly said, "we are optimistic about a number of initiatives that will help drive performance." Those include continuing "to expand our wealth, corporate banking, insurance and specialized lending businesses."

In 2012, insurance brokerage income at BB&T comprised 39.1% of its noninterest income and 13.1% of its net operating revenue. The company ranked second in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White Bank Insurance Fee Income Report*.

RISING TRUST INCOME COMPRISES 26.5% OF NONINTEREST EARNINGS AT M&T

Buffalo, NY-based, $85.1 billion-asset M&T Bank Corp. reported trust income for 2013 rose 5% to $496 million, up from $471.9 million in 2012, and brokerage services income grew 11% to $65.7 million, up from $59.1 million. Trust and brokerage services income comprised, respectively, 26.5% and 3.5% of noninterest income, which climbed 12% to $1.87 billion, up from $1.67 billion in 2012, despite a 5% decline in mortgage banking income.

Net interest income on a 3.65% net interest margin rose 3% to $2.67 billion, up from $2.60 billion, reflecting a 1% rise ($15.6 million) in interest income to $2.96 billion and a 17% cut ($59 million) in interest expense to $284.1 million. Net interest income, after a 9% decrease ($19 million) in loan loss provisions to $185 million, rose 4% to $2.49 billion, up from $2.39 billion. Net income grew 13% to $1.16 billion, up from $103 billion in 2012, driven by increased noninterest income, decreased interest expense and a relatively small rise (3%) in noninterest expense.

Looking ahead, M&T Chief Financial Officer Rene Jones said the company's "investments in our infrastructure during 2013 … will better position M&T for the future."

NONINTEREST INCOME RISES 6.2% AT PEOPLE'S UNITED

Bridgeport, CT-based, $33 billion-asset People's United Financial reported insurance brokerage earnings in 2013 slipped 1.9% to $31.2 million, down from $31.8 million in 2011, and income from bank-owned life insurance (BOLI) fell 16.7% to $4.5 million, down from $5.4 million. In contrast, investment management fees rose 6.6% to $37.2 million, up from $34.9 million; and securities brokerage commissions grew 12.3% to $13.7 million, up from $12.2 million. Insurance brokerage fee income, BOLI revenue, investment management and securities brokerage fees comprised, respectively, 9.4%, 1.4%, 11.2%, and 4.1% of noninterest income, which increased 6.2% to $333.2, up from $313.8 million in 2012, helped by $4.7 million in gains on sales of acquired loans and an almost $10 million jump in "other" unnamed noninterest income.

Net interest income in 2013 declined 4.3% to $888.6 million, down from $928.7 million in 2012, reflecting a $9.6 million increase in interest expense and a $30.5 million drop in interest revenue. Net interest income, after a $5.5 million decrease in loan loss provisions to $43.7 million, fell 3.9% to $844.9 million, down from $879.5 million. Net income, after an $8.4 million increase in noninterest expense largely tied to salaries and benefits, declined 5.3% to $232.4 million, down from $245.3 million in 2012, when noninterest and interest income were higher and noninterest expenses were lower.

Commenting on People's United's overall results, President and CEO Jack Barnes said, "We had a large headwind in the form of a declining interest margin that continued to be impacted by historically low interest rates." He added, "Higher regulatory compliance costs pressured several of our operating metrics."

In 2012, insurance brokerage earnings at People's United Financial comprised 10.0% of the company's noninterest income and 2.5% of its net operating revenue. The company ranked 25th in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White Bank Insurance Fee Income Report*.

GROWING TRUST FEES WITH DECLINES IN MOST SOURCES OF NONINTEREST INCOME AT ASSOCIATED BANC-CORP

Green Bay, WI-based, $24 billion-asset Associated Banc-Corp reported trust service fees in 2013 grew 12% to $45.6 million, up from $40.7 million in 2012. In contrast, insurance brokerage earnings declined 6.4% to $44.0 million; securities brokerage and annuity commissions slid 4.9% to $14.9 million, and BOLI income fell 15% to $11.9 million. Trust service fees, insurance earnings, combined securities brokerage and annuity commissions, and BOLI income comprised, respectively, 14.6%, 13.3%, 4.8%, and 3.8% of noninterest earnings, which dipped only 0.1% to $313.1 million, down from $313.3 million in 2012, bolstered by growing trust service fees, which countered declines in 8 of the 11 sources of noninterest income reported.

Net interest income in 2013 rose 3.1% to $645.5 million, up from $626.0 million in 2012, driven by a 31.3% cut ($28.9 million) in interest expense, which more than covered a 1.3% decline ($9.3 million) in interest income to $709 million. Net interest income after a $7 million jump in loan loss provisions to $10 million rose 2% to $635.5 million. Net income, after an almost negligible 0.2% increase in noninterest expense, increased 5.4% to $188.7 million, up from $179 million in 2012, and net income available to common shareholders increased 5.6% to $183.5 million, up from $173.8 million in 2012. Associated Ban-Corp President and CEO Philip Flynn said, "Overall, we are pleased with our 2013 financial results and accomplishments."

In 2012, insurance brokerage earnings comprised 15.0% of Associated Banc-Corp's noninterest income and 5.0% of its net operating revenue. The company ranked 16th in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White Bank Insurance Fee Income Report*.

WEBSTER FINANCIAL REPORTS CLIMBING WEALTH MANAGEMENT & BOLI INCOME

Waterbury, CT-based, $20.9 billion-asset Webster Financial Corp. reported wealth management revenue and income from bank-owned life insurance (BOLI) income in 2013 stood out as the growth leaders among all noninterest contributors. Wealth management earnings grew 17.8% to a record $34.77 million, up from $29.52 million in 2012, and BOLI income climbed 22.4% to $13.77 million, up from $11.25 million. Wealth management and BOLI income comprised, respectively, 18.2% and 7.2% of noninterest earnings, which slipped 0.9% to $191.05 million, down from $192.76 million in 2012, hit by a $7.28 million loss on the write-down of investment securities to fair value, a $6.68 million drop in mortgage banking income, and a $2.54 million decline in net gains on investment securities.

Net interest income in 2013 rose 3.1% to $596.73 million, up from $578.91 million in 2012, reflecting a $5.86 million increase in interest income and a $23.68 million cut in interest expense. Net interest income, after a $12 million spike in loan loss provisions to $33.5 million, rose 1.0% to $563.23 million, up from $557.41 million. Net income, after a $3.75 million decline in noninterest expense to $498.06 million, increased 3.4% to $179.55 million, up from $173.70 million in 2012. Net income available to common shareholders rose to $168.75 million. Webster Financial Chairman and CEO James C. Smith credited double-digit growth in Webster's commercial banking operations and record revenue generated through wealth management services for what he described as Webster's "solid" performance in 2013.

In 2012, Webster Financial earned $7.2 million in annuity fee income, which comprised 4.9% of its noninterest income. The company ranked 26th in annuity earnings among all bank holding companies in the United States, according to the *Michael White Bank Annuity Fee Income Report*.

TWO BEHEMOTH BANK HOLDING COMPANIES BLAMED FOR 11% DROP IN BANK INSURANCE BROKERAGE INCOME

Bank holding companies (BHCs) tallied $4.83 billion in insurance brokerage fee income over three quarters of 2013, down 11.7% from $5.47 billion for the same period in 2012, according to the *Michael White Bank Insurance Fee Income Report*. This decline was largely attributable to a combined drop of $1.03 billion in the insurance brokerage fee income of Citigroup and Wells Fargo. Had those two BHCs only maintained their production at the 2012 level, the banking industry would have experienced an increase of 7.2% in insurance brokerage revenues. Of 1,068 large top-tier BHCs, 657 or 61.5% engaged in insurance brokerage activities through third quarter 2013.

Compiled by Michael White Associates (MWA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 6,891 commercial banks, savings banks and savings associations and 1,068 top-tier bank holding companies and thrift holding companies (defined as those BHCs with consolidated assets of $500 million or greater) based upon financial information reported as of September 30, 2013. Certain thrift holding companies, such as those that are historically insurance companies, have been excluded from this report in order to better understand the insurance performance of financial institutions that historically have engaged in significant banking activities. Bank holding company insurance brokerage fee income consists of commissions and fees earned by a bank holding company or its subsidiary from insurance product sales and referrals of credit, life, health, property, casualty, and title insurance.

"We examined 186 BHCs at the end of the third quarter that were on track to earn $1 million in annualized insurance brokerage income. At quarter's end, 123 or two-thirds of these BHCs (66.1%) showed positive growth in their YTD 2013 insurance brokerage income, up 18.3% from 104 BHCs with positive growth at the end of third quarter 2012," said Michael White, President of MWA. "The number of big winners, i.e., those bank holding companies with double-digit increases in insurance brokerage compared to 2012, rose 10.7% from 56 in 2012 and by 63.2% from 38 two years ago to 62 BHCs so far in 2013. These findings signal continued revenue growth among the majority of million dollar BHC-owned insurance agencies and increase in their double-digit growth."

As of September 30, 2013, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of $1.14 billion, down 6.8% or $83 million. BB&T Corporation (NC) ranked second nationally with $1.04 billion; and Citigroup Inc. (NY), whose insurance income dropped $949 million or 63.5%, ranked third with $545.0 million in insurance brokerage revenue.

Bank holding companies over $10 billion in assets continued to have the highest participation (81.7%) in insurance brokerage activities. These BHCs produced $4.10 billion in insurance fee income in the first three quarters of 2013, down 14.5% from the $4.80 billion they produced YTD in 2012. This decline was largely attributable to Citigroup and Wells Fargo. Had those two BHCs maintained their 2012 production, this asset class would have experienced an increase of 7.0% in insurance brokerage revenues. These large bank holding companies accounted for 84.9% of all BHC insurance brokerage fee income earned thus far in 2013.

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income at September 30, 2013 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Tompkins Financial Corporation (NY), and Lauritzen Corporation (NE). Participating in insurance brokerage at a rate of 63.7%, these mid-sized BHCs registered a 12.5% increase in insurance brokerage income from $493.1 million YTD in 2012 to $554.7 million YTD in 2013.

Among BHCs with assets between $500 million and $1 billion, leaders were First Command Financial Services, Inc. (TX), Oneida Financial Corp. (NY), Two Rivers Financial Group, Inc. (IA), Texas Independent Bancshares (TX), and

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2013 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME		% CHANGE	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
	3Q 2013	3Q 2012					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,140,000	$1,223,000	-6.79%	Wells Fargo & Company	CA	$1,488,047,000	3.70%
2	$1,037,635	$914,973	13.41%	BB&T Corporation	NC	$181,047,799	36.01%
3	$545,000	$1,494,000	-63.52%	Citigroup Inc.	NY	$1,899,207,000	2.30%
4	$318,000	($75,973)	518.57%	Bank of America Corporation	NC	$2,122,325,000	0.93%
5	$137,000	$132,000	3.79%	American Express Company	NY	$149,746,000	0.66%
6	$86,590	481,872	5.76%	Regions Financial Corporation	AL	$116,937,255	5.74%
7	$76,638	$69,981	9.51%	Morgan Stanley	NY	$12,930,641	37.87%
8	$74,000	$68,000	8.82%	BancorpSouth, Inc.	MS	$832,223,000	0.32%
9	$59,541	$67,996	-12.43%	Discover Financial Services	IL	$75,254,075	3.86%
10	$57,855	$58,241	-0.66%	The Goldman Sachs Group	NY	$867,745	36.32%
11	$55,783	$54,664	2.05%	First Command Financial Svcs.	TX	$37,336,264	20.99%
12	$52,860	$52,071	1.52%	First Niagara Financial Group	NY	$56,290,715	7.30%

SOURCE: *Michael White Bank Insurance Fee Income Report*

Evans Bancorp (NY). As a group, BHCs of this size experienced a 2.3% decrease in their third quarter YTD insurance brokerage income from $178.2 million in 2012 to $174.1 million in 2013.

The smallest community banks, with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Benchmark Bank (TX), First State Bank (IA), First Federal Savings Bank (PA), and Midwest Heritage Bank, FSB (IA). These small banks, representing small BHCs, registered a very slight (0.2%) increase in insurance brokerage income, going from $121.2 million in YTD 2012 to $121.5 million in YTD 2013.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 39.0%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 64.5% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was $16,577 per employee at the end of three quarters (or an annualized Productivity Ratio of $22,101). Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was $18,259 per employee (or an annualized Productivity Ratio of $24,344).

WELLS FARGO INSURANCE TO SELL 42 AGENCY OFFICES TO U.S.I.

San Francisco-based, $1.5 trillion Wells Fargo & Co. unit Wells Fargo Insurance has agreed to sell 42 of what it described as "primarily smaller regional insurance brokerage and consulting locations" to Valhalla, NY-based U.S.I. Insurance Services. Wells Fargo Insurance CEO Laura Schupbach said Wells Fargo remains "100 percent committed to the insurance business." She added, "We are focused on strengthening our insurance operations in larger markets where we can partner more closely with the bank to serve more of our core middle and upper middle market customers."

The offices being sold are in the following locations: Birmingham and Tuscaloosa, AL; Anchorage, AK; Fresno and Grass Valley, CA; West Palm Beach, FL; Savannah, GA; Boise, ID; Springfield, IN; Elkhart and Fort Wayne, IN; Overland Park, KS; Lexington and Louisville, KY; Grand Rapids, MI; Grand Rapids, St. Cloud and Virginia, MN; Omaha, NE; Albuquerque, NM; Bismark, Minot and Valley City, ND; Dayton and Youngstown, OH; Eugene and Newport, OR; Erie, PA; Columbia, SC; Knoxville, TN; El Paso, TX; Salt Lake City, UT; Abingdon, Bluefield, Grundy and Norfolk, VA; and Beckley, Charleston, Huntington, Martinsburg, Morgantown and Wheeling, WV.

USI Chairman, President and CEO Michael Sicard said, "We look forward to building and expanding in these cities and states with an innovative and comprehensive set of solutions, including middle market property-casualty, employee benefits, personal lines, retirement programs and other specialty lines."

When the deal closes in the second quarter, personnel at the acquired offices will be offered continuous employment by U.S.I., Wells Fargo said.

PRUDENTIAL & FOSUM TO EXPAND CHINA-BASED PARTNERSHIP

Newark, NJ-based, $1 trillion-asset Prudential Financial, Inc. (PFI) and Shanghai-based RMB35.7 billion ($5.85 billion)-asset Fosun Group have agreed to expand upon and beyond their Shanghai-based 50/50 joint ventures, Pramerica Fosun Life Insurance Company (PFLI) and Pramerica-Fosun China Opportunity Fund. Building upon these businesses, the partners have agreed to develop a retirement platform within PFLI, and they have agreed to launch a real estate joint venture investing in mixed use development projects in urban centers inside and outside China.

Fosun Group Chairman Guo Guangchang said, "The growth of China's urban centers and the aging of our population present significant opportunities for our two companies to help address economic and development issues of critical importance to China." Prudential Financial Vice Chairman Mark Grier added, "We anticipate that Fosun's investment ability and deep understanding of the market in China will continue to help us achieve PFI's goal of developing a successful long-term presence in China."

In order to further develop that presence, PFI agreed to serve as a cornerstone limited partner in Fosun's second USD Fund last year, and it has agreed to move its China headquarters to the Bund Financial Center when it opens in 2015.

U.S. BANCORP REPORTS CONTINUED GROWTH IN TIM & INVESTMENT PRODUCT EARNINGS

Minneapolis, MN-based, $364 billion-asset U.S. Bancorp reported trust and investment management (TIM) fees in 2013 rose 7.5% to $1.14 billion, up from $1.06 billion in 2012, and investment product fees and commissions grew 18.7% to $178 million, up from $150 million. TIM fees were the third-ranked contributor to noninterest earnings behind merchant processing fees and mortgage banking revenue and comprised 13.0% of those earnings, while investment product fees comprised 2.0%. In contrast to rising TIM and investment product fees, four other sources of noninterest income slumped, led by a $581 million drop in mortgage banking revenue, driving total noninterest income, down 5.9% to $8.77 billion from $9.32 billion in 2012.

Net interest income on a 3.44% net interest margin also declined, sliding 1.4% to $10.60 billion, down from $10.75 billion in 2012, despite a $457 million cut in interest expense. Net interest income, after a $540 million drop in loan loss provisions to $1.34 billion, however, rose 4.5% to $9.26 billion, up from $8.86 billion. Net income, bolstered by the drop in loan loss provisions, cuts in interest and noninterest expenses, and increased TIM and investment product fees, rose 4.4% to a record $5.73 billion, up from $5.49 billion in 2012. Net interest available to common shareholders rose 3.2% to $5.55 billion, up from $5.38 billion.

Commenting on the company's record results, U.S. Bancorp Chairman, President and CEO Richard Davis said, "I am particularly proud to have achieved these results during a year marked by slow economic growth, a significant pullback in mortgage activity and continued regulatory and legislative change and uncertainty. Our results clearly demonstrate the benefits we derive from our diverse mix of businesses and conservative risk profile."

In 2012, U.S. Bancorp's wealth management income comprised 12.9% of its noninterest income and 6.0% of its net operating revenue. The company ranked 13th in wealth management earnings among bank holding companies with assets over $10 billion, according to the *MWA Wealth Management Ratings Report*.

INSURANCE, WEALTH MANAGEMENT & BOLI INCOME COMPRISE 39% OF FIRST NIAGARA'S NONINTEREST EARNINGS

Buffalo, NY-based, $37.6 billion-asset First Niagara Financial Group reported insurance brokerage fee income in 2013 declined 12.% to $67.33 million, down from $68.17 million in 2012, but remained the second largest contributor to noninterest earnings behind deposit service charges. In contrast, wealth management earnings jumped 41.4% to $58.42 million, up from $41.32 million, and income from bank-owned life insurance (BOLI) climbed 20.6% to $16.54 million, up from $13.71 million, bolstered by a fourth quarter benefit payout. Insurance brokerage, wealth management and BOLI income comprised, respectively, 18.4%, 16.0% and 4.5% of noninterest earnings, which rose 1.7% to $365.59 million, up from $359.53 million in 2012, despite declines in four out of nine sources of that revenue, led by a $13.53 million drop in mortgage banking income.

Net interest income on a 3.39% net interest margin rose 6.9% to $1.09 billion from $1.02 billion in 2012, reflecting a $34 million increase in interest income and a $36 million cut in interest expense. Net interest income, after a $12.7 million increase in loan loss provisions to $105 million, rose 6.2% to $988.39 million, up from $930.98 million. Net income spiked 75.3% to $295.25 million, up from $168.42 million in 2012, and net income available to common shareholders soared 88.4% to $265.06 million, up from $140.67 million.

First Niagara President and CEO Gary Crosby attributed the company's positive performance in 2013 to "disciplined cost management" and its "proven ability to acquire and deepen customer relationships."

In 2012, First Niagara's insurance brokerage income comprised 21.2% of its noninterest income and 5.2% of its net operating revenue. The company ranked 12th in insurance brokerage earnings among all bank holding companies, according to the *Michael White Bank Insurance Fee Income Report*.

GROWING INSURANCE, TRUST & SECURITIES BROKERAGE EARNINGS DRIVE NONINTEREST INCOME UP AT F.N.B. CORP.

Hermitage, PA-based, $13.6 billion-asset F.N.B. Corp reported trust income in 2013 grew 9.9% to $16.75 million, up from $15.24 million in 2012, surpassing insurance brokerage earnings, which rose 1.0% to $16.60 million, up from $16.27 million in 2012. Trailing in revenue but excelling in growth, securities brokerage income jumped 34.4% to $11.29 million, up from $8.40 million. Trust, insurance brokerage, and securities brokerage earnings comprised, respectively, 12.3%, 12.2% and 8.3% of noninterest income, which rose 3.4% to $135.78 million, up from $131.25 million in 2012, driven by growing trust, insurance and securities brokerage revenue, which countered declines in service charges on deposit accounts and mortgage banking income.

Net interest income on a 3.65% net interest margin increased 6.2% to $396.04 million, up from $372.85 million in 2012, reflecting a 2% rise in interest income and a 25% cut in interest expense. Net interest income, after a 0.7% tick down in loan loss provisions to $31.09 million, increased 6.6% to $371.92 million, up from $348.93 million. Net income, after a 6.1% increase in noninterest expense to $338.17 million, grew 6.7% to a record $117.80 million, up from $110.41 million in 2012, marking what F.N.B. Corp President and CEO Vincent Delie described as "a transformational year" for F.N.B.

Looking ahead, Delie said that with F.N.B.'s "expanded footprint in Baltimore, Maryland and Cleveland, Ohio" and "some of the most talented bankers in our markets … F.N.B. is better positioned than ever for the future."

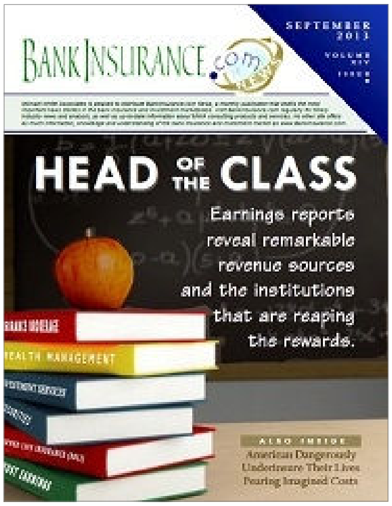
In 2012, F.N.B. Corp's insurance brokerage income and wealth management earnings (sum of trust, securities brokerage, investment advisory and annuity revenue) comprised, respectively, 10.2% and 20.3% of its noninterest income, and 2.7% and 5.3% of its net operating revenue. The company ranked 29th and 57th, respectively, in insurance brokerage income and wealth management earnings among BHCs with assets over $10 billion, according to the *MWA Insurance Fee Income Ratings Report* and the *MWA Wealth Management Ratings Report*.

INSURANCE & TRUST INCOME GROW AT BANCORPSOUTH

Tupelo, MS-based, $13.0 billion-asset BancorpSouth reported insurance brokerage fee income in 2013 grew 8.4% to $97.70 million, up from $90.14 million in 2012, and trust income climbed 12.9% to $13.45 million, up from $11.91 million. Insurance earnings continued to surpass all other sources of noninterest income, comprising 35.5% of that revenue, while trust income comprised 4.9%. Despite these strong performances, however, noninterest income slipped 1.8% to $275.07 million, down from $280.15 million in 2012, hit by declines in deposit services charges and an $11.94 million drop in mortgage lending revenue.

Net interest income in 2013 decreased 3.8% to $398.95 million, down from $414.59 million in 2012, reflecting a $36.92 million decline in interest income that could not be covered by a $21.28 million cut in interest expense. Net interest income, after a $20.50 million drop in loan loss provisions to $7.50 million, however, rose 1.3% to $391.45 million, up from $386.59 million. Net income, after a $13.34 million cut in noninterest expense, grew 11.6% to $94.12 million, up from $84.30 million in 2012.

BancorpSouth CEO Dan Rollins said, "Our financial performance continues to benefit from consistent credit quality improvement." Rollins added, "We are excited about the opportunity that the transaction with GEM [fourth quarter 2013 acquisition] provides for us to be able to continue to expand our insurance operations, particularly in a high-growth market like Houston, TX." GEM, Rollins noted, generates about $9 million in annual insurance commission revenue.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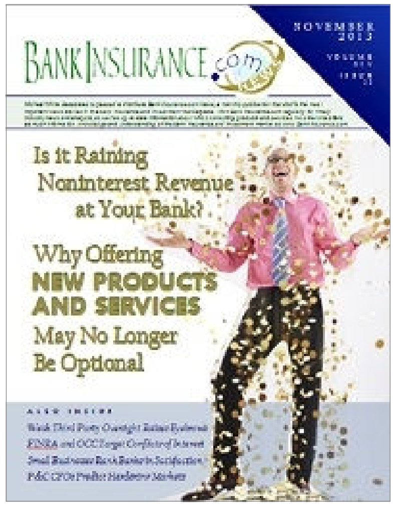
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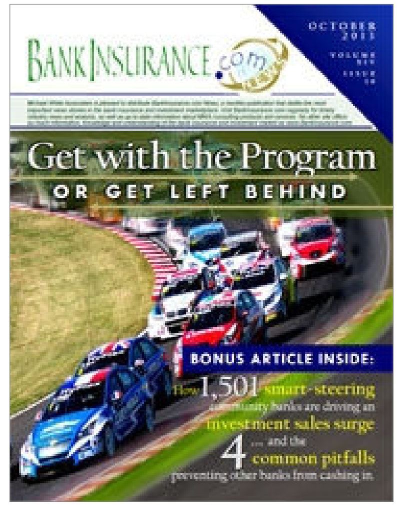
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