INSURANCE INFORMATION INSTITUTE

THE FINANCIAL SERVICES ROUNDTABLE

The Financial Services Fact Book

2011

The Financial Services Fact Book 2011

INSURANCE INFORMATION INSTITUTE

The Financial Services Roundtable

TO THE READER

2010 was certainly a rebuilding year for our industry. With the passage of landmark legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are an industry changed. Many times our feet were held to the fire as we worked tirelessly to prove how the financial services industry is the fuel for the engine for economic growth.

Since its inception in 2002, the Financial Services Fact Book, a partnership between The Financial Services Roundtable and the Insurance Information Institute, has provided information to help reporters, businesses and researchers understand the trends and statistics shaping the financial services industry.

This year we present you with new material such as:

- Information on the Dodd-Frank Wall Street Reform and Consumer Protection Act
- New data on business and consumer loans
- More information on retirement plan options
- Expanded data on the largest bank holding companies

As always, this year's book provides a wealth of tables and charts on the workings of the insurance, banking and securities sectors, including data on mergers, employment, financial results, and leading companies, as well as data on national savings and debt, the U.S. housing market, and banks' insurance activities and other examples of convergence.

Many organizations, consultants and others who collect industry data have generously given permission to use their data in this book. However, the bulk of the work involved in collecting, integrating and interpreting the material was done by the Insurance Information Institute, which accepts editorial responsibility for the book.

We actively seek your advice, comments and suggestions for next year's edition. Please contact either of us, Steve@fsround.org or bobh@iii.org.

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The Financial Services Roundtable

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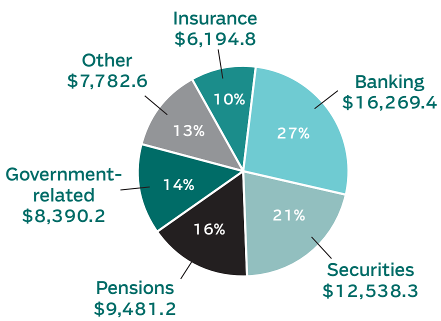
Contents

Financial Services at a Glance

- **The assets of the financial services sector rose 2.2 percent to $60.6 trillion in 2009, following a 4.4% drop the previous year.**
- **The financial services industry's gross domestic product (GDP), excluding the real estate sector, reached $1.20 trillion in 2008, accounting for 8.3 percent of the national GDP.**
- **Financial services employed 5.8 million workers in 2009, down from 6.0 million in 2008. Financial services employment accounted for 5.3 percent of total U.S. employment in private industry in 2009.**
- **Financial assets of the personal sector grew 8.9 percent to $41.6 trillion in 2009, following a 16.1 percent decline the previous year. The personal sector includes households, nonfarm noncorporate business and farm business.**
- **Financial services mergers were valued at $71.6 billion in 2009, down 55 percent from $158.3 billion in 2008.**
- **Retirement assets rose by $2 trillion to $16 trillion in 2009, after falling 22 percent in 2008.**
- **Household debt fell 1.7 percent in 2009, following a 0.3 percent increase the previous year. Business debt fell 2.5 percent in 2009, after increasing by 5.4 percent in 2008.**
- **Insurance fee income reported by bank holding companies (BHCs) rose by $4.7 billion to $47.2 billion in 2009, following a $1.1 billion decline in 2008. BHC investment fee income rose by $33.5 billion to $89.8 billion in 2009, after falling by $5.9 billion the previous year.**

ASSETS OF FINANCIAL SERVICES SECTORS, 2009

($ billions)



Source: Board of Governors of the Federal Reserve System.

FINANCIAL SERVICES EMPLOYMENT BY INDUSTRY, 2009

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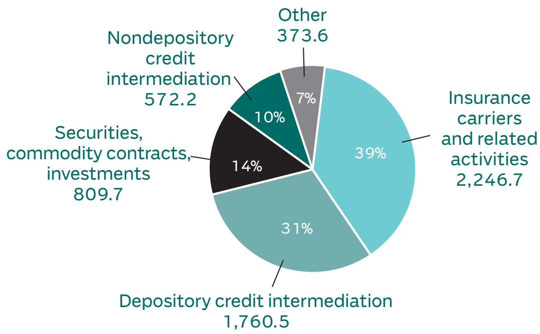


Source: U.S. Department of Labor, Bureau of Labor Statistics.

2010 in Review: Regulatory Reform

The financial services industry began to rebound in 2010 as the nation emerged from the economic crisis that began in 2007. Among the key developments were repayments to the Troubled Asset Relief Program (TARP), the federal rescue program for the financial services industry set up in 2008. As of June 2010 TARP repayments had surpassed the total amount of TARP funds outstanding, with repayments at $194 billion and funds outstanding at $190 billion. In addition to repayments, taxpayers have also received a further return on TARP investments of $23 billion through dividends, interest and other income. As of that date, banks had repaid more than 75 percent of disbursed TARP funds to the Treasury.

The year also marked the passage of landmark legislation that will have widespread impact on the financial services industry. In July 2010 Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, a sweeping overhaul of how financial services are regulated in the United States. Key provisions include:

- The creation of the Financial Stability Oversight Council and the Office of Financial Research, which increase federal oversight of large bank holding companies and "systemically risky" nonbank financial companies.
- The establishment of a liquidation fund supported by future assessments on large banks.
- Registration and recordkeeping requirements for hedge funds.
- The creation of the Federal Insurance Office (FIO) to monitor the insurance industry, while maintaining state regulation of insurance. The FIO has the authority to identify regulatory gaps or systemic risk, deal with international insurance matters and monitor the extent to which underserved communities have access to affordable insurance products.
- The establishment of the Consumer Financial Protection Bureau, with consumer regulatory authorities consolidated from other banking agencies, to reside in, but stay autonomous from, the Federal Reserve.
- The reduction of total TARP spending from $700 billion to $475 billion and a prohibition on new TARP programs.

A more detailed summary of the law can be found on page 207.

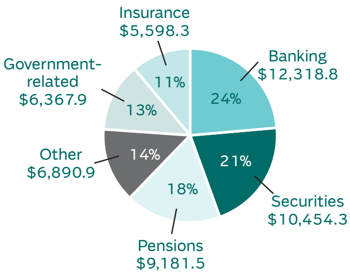
- 1916 National Bank Act limiting bank insurance sales except in small towns
- 1933 Glass-Steagall Act prohibiting commercial banks and securities firms from engaging in each other's business
- 1956 Bank Holding Company Act restricting bank holding company activities
- 1995 VALIC U.S. Supreme Court decision allowing banks to sell annuities
- 1996 Barnett Bank U.S. Supreme Court decision allowing banks to sell insurance nationwide
- 1999 Gramm-Leach-Bliley Act allowing banks, insurance companies and securities firms to affiliate and sell each other's products
- 2008 The Emergency Economic Stabilization Act, a $700 billion rescue plan for the U.S. financial services industry
- 2010 New federal rules providing consumer protections related to credit cards
- 2010 Congress enacts massive overhaul of financial services regulation

The Financial Services Industry

Assets

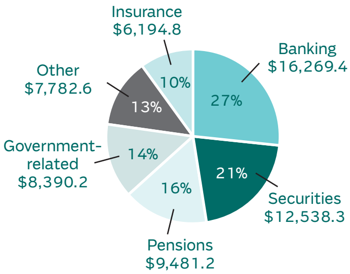
ASSETS OF FINANCIAL SERVICES SECTORS 2005

($ billions)



2009

($ billions)



Source: Board of Governors of the Federal Reserve System, June 10, 2010.

ASSETS OF FINANCIAL SERVICES SECTORS BY INDUSTRY, 2008-2009

($ billions, end of year)

Sector	2008	2009
Banking		
Commercial banking[1]	$14,001.4	$14,133.0
Savings institutions[2]	1,523.5	1,253.7
Credit unions	812.4	882.7
Total	**$16,337.3**	**$16,269.4**
Insurance		
Life insurance companies	4,523.5	4,825.5
All other insurers	1,303.2	1,369.3
Total	**$5,826.7**	**$6,194.8**
Securities		
Mutual and closed-end funds	9,399.5	10,454.1
Securities broker/dealers[3]	2,217.2	2,084.2
Total	**$11,616.7**	**$12,538.3**
Pensions		
Private pension funds[4]	4,552.7	5,471.0
State and local govt retirement funds	2,324.5	2,685.8
Federal govt retirement funds	1,221.2	1,324.4
Total	**$8,098.4**	**$9,481.2**
Government-related		
Government-sponsored enterprises	3,400.0	3,013.8
Federally related mortgage pools[5]	4,961.4	5,376.4
Total	**$8,361.4**	**$8,390.2**
Other		
Finance companies[6]	1,851.7	1,662.5
Real estate investment trusts	253.9	255.3
Asset-backed securities issuers	4,120.8	3,377.5
Funding corporations	2,854.9	2,487.3
Total	**$9,081.3**	**$7,782.6**
Total all sectors	**$59,321.8**	**$60,656.5**

[1]Includes U.S.-chartered commercial banks, foreign banking offices in the U.S., bank holding companies and banks in U.S.-affiliated areas. [2]Includes savings and loan associations, mutual savings banks and federal savings banks. [3]Includes investment banks. [4]Includes defined benefit and defined contribution plans (including 401(k)s) and the Federal Employees Retirement Thrift Savings Plan. [5]Agency- and GSE-backed mortgage pools. [6]Includes retail captive finance companies and mortgage companies.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

NUMBER AND VALUE OF ANNOUNCED FINANCIAL SERVICES MERGERS AND ACQUISITIONS BY SECTOR, 2005-2009

($ billions)

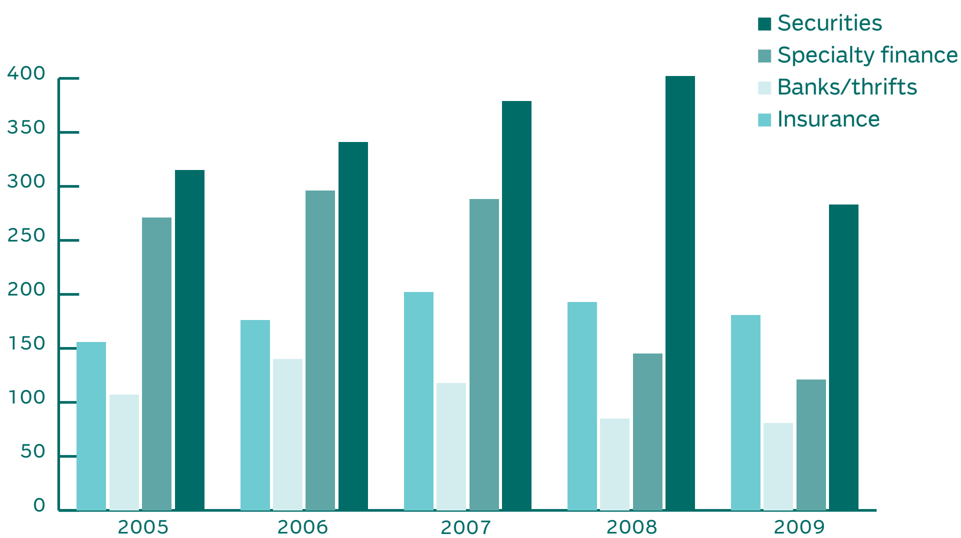
	2005		2006		2007		2008		2009	
	Deals	Value	Deals	Value	Deals	Value	Deals	Value	Deals	Value
Securities[1]	156	$20.4	176	$47.1	202	$46.8	193	$66.1	181	$37.8
Specialty finance[2]	107	58.6	140	23.1	118	15.4	85	26.7	81	18.3
Banks	235	19.4	249	77.7	249	67.9	120	28.3	106	1.1
Thrifts	36	9.8	47	31.1	39	4.2	25	7.3	15	0.3
Insurance	315	49.1	341	25.2	379	34.4	402	30.0	284	14.0
Life/health	26	21.9	34	6.0	33	6.6	29	3.6	26	3.2
Property/casualty	62	10.0	63	16.3	68	14.3	73	18.8	68	9.2
Brokers and agents	211	1.6	228	1.8	260	7.3	290	6.0	180	0.7
Managed care	16	15.6	16	1.1	18	6.3	10	1.5	10	0.8
Total	**849**	**$157.3**	**953**	**$204.2**	**987**	**$168.6**	**825**	**$158.3**	**667**	**$71.6**

[1]Includes securities and investment companies, broker/dealers, and asset managers.

[2]Specialty finance firms range from small finance companies to major credit card operations. Terminated deals and asset deals are not included.

Source: SNL Financial LC.

NUMBER OF ANNOUNCED FINANCIAL SERVICES MERGERS AND ACQUISITIONS, 2005-2009



Source: SNL Financial LC.

Mergers

TOP TEN-CROSS INDUSTRY FINANCIAL SERVICES ACQUISITIONS ANNOUNCED IN THE UNITED STATES, 2009[1]

($ millions)

Rank	Buyer	Industry	Country	Target	Industry	Country	Deal value[2]
1	Berkshire Hathaway Inc.	Insurance	U.S.	Burlington Northern Santa Fe Corporation	Not classified	U.S.	$26,450.7
2	Wells Fargo & Company	Bank	U.S.	Retail brokerage business of Prudential Financial	Broker/ dealer	U.S.	4,500.0
3	Blackstone Group L.P.	Asset manager	U.S.	Busch Entertainment Corporation	Media and enter- tainment	U.S.	2,700.0
4	Morgan Stanley	Broker/ dealer	U.S.	51% of Morgan StanleySmith Barney	Asset manager	U.S.	2,700.0
5	Invesco Ltd.	Asset manager	U.S.	Servicing rights portfolio from Citigroup	Specialty lender	U.S.	1,500.0
6	Ameriprise Financial, Inc.	Insurance	U.S.	Long-term asset management business of Columbia Management	Asset manager	U.S.	1,200.0
7	BMO Financial Group	Bank	Canada	Diners Club North American Franchise	Specialty lender	U.S.	1,000.0
8	Banco Santander, S.A.	Bank	Spain	Auto loan servicing operations from HSBC Holdings	Specialty lender	U.S.	904.0
9	Wintrust Financial Corporation	Bank	U.S.	Assets of A.I. Credit Corp.	Specialty lender	U.S.	745.8
10	People's United Financial, Inc.	Thrift	U.S.	Financial Federal Corporation	Specialty lender	U.S.	738.1

[1]Target is US domiciled. If target country is not available seller country is used. List does not include terminated deals. Buyer and target industry must be different. Only includes deals where buyer or target are financial institutions (excluding financial technology).
[2]At announcement.

Source: SNL Financial LC.

Employment and Compensation

From 2005 to 2009 employment in the financial services industry averaged 5.3 percent of total U.S. employment in private industry. Financial services employment fell by 6.4 percent from 2006 to 2009, reflecting problems in the economy.

EMPLOYMENT IN THE FINANCIAL SERVICES INDUSTRY, 2005-2009

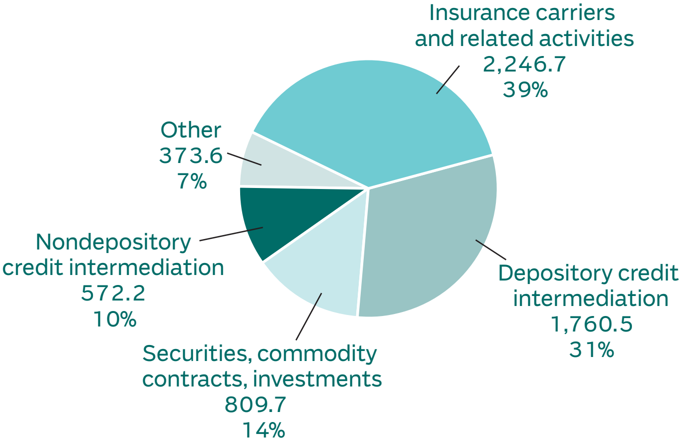
(000)

Year	Monetary authorities	Depository credit intermediation	Non-depository credit intermediation	Activities related to credit intermediation	Securities, commodity contracts, investments	Insurance carriers and related activities	Funds/ trusts	Total
2005	20.8	1,769.2	769.9	329.9	786.1	2,259.3	83.7	6,018.9
2006	21.2	1,802.0	776.3	346.6	818.3	2,303.7	87.9	6,156.0
2007	21.6	1,823.5	715.9	327.0	848.6	2,306.8	88.7	6,132.1
2008	22.4	1,815.2	632.7	284.8	864.2	2,305.2	90.5	6,015.0
2009	21.1	1,760.5	572.2	264.7	809.7	2,246.7	87.8	5,762.7

Source: U.S. Department of Labor, Bureau of Labor Statistics.

FINANCIAL SERVICES EMPLOYMENT BY INDUSTRY, 2009

(000)



- Total employment in private industry fell from 111.9 million in 2005 to 108.4 million in 2009.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Employment and Compensation

FINANCIAL SERVICES EMPLOYMENT BY STATE, 2009[1]

State	Number of employees (000)	Rank	State	Number of employees (000)	Rank
Alabama	72.1	26	Montana	15.7	47
Alaska	8.8	50	Nebraska	59.1	29
Arizona	120.5	17	Nevada	32.8	38
Arkansas	36.9	35	New Hampshire	29.4	40
California	542.5	1	New Jersey	199.9	8
Colorado	103.1	20	New Mexico[2]	33.4	37
Connecticut	118.5	18	New York	498.0	2
D.C.	15.6	48	North Carolina	152.5	11
Delaware	38.0	34	North Dakota	16.8	45
Florida	327.5	4	Ohio	218.8	7
Georgia	153.2	10	Oklahoma	58.8	30
Hawaii	16.4	46	Oregon	58.5	31
Idaho	22.3	43	Pennsylvania	257.8	6
Illinois	296.9	5	Rhode Island	25.3	41
Indiana	98.5	22	South Carolina	74.2	25
Iowa	89.1	24	South Dakota[2]	30.5	39
Kansas	56.7	32	Tennessee	107.2	19
Kentucky	69.6	27	Texas	453.4	3
Louisiana	60.5	28	Utah	55.0	33
Maine	25.0	42	Vermont	9.4	49
Maryland	101.9	21	Virginia	126.7	15
Massachusetts	172.7	9	Washington	94.6	23
Michigan	142.0	12	West Virginia	21.4	44
Minnesota	136.6	13	Wisconsin	134.6	14
Mississippi	33.9	36	Wyoming	7.1	51
Missouri	125.9	16	**United States**	**5,762.7**	

[1]Includes banks, securities firms, insurance carriers and related activities and funds/trusts.
[2]Includes real estate and rental and leasing.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

FINANCIAL SERVICES COMPENSATION BY STATE, 2009[1]

($ millions)

State	Compensation[2]	Rank	State	Compensation[2]	Rank
Alabama	$20,216	25	Montana	$3,696	47
Alaska	2,814	49	Nebraska	13,986	32
Arizona	35,370	19	Nevada	9,227	36
Arkansas	9,044	37	New Hampshire	9,809	35
California	238,566	2	New Jersey	91,841	8
Colorado	35,440	18	New Mexico	5,585	43
Connecticut	76,832	9	New York	432,500	1
D.C.	8,679	38	North Carolina	50,594	12
Delaware	13,796	33	North Dakota	3,667	48
Florida	106,013	5	Ohio	63,893	10
Georgia	53,358	11	Oklahoma	13,689	34
Hawaii	4,518	45	Oregon	17,328	28
Idaho	4,838	44	Pennsylvania	92,594	7
Illinois	127,059	4	Rhode Island	8,131	39
Indiana	25,912	23	South Carolina	18,143	27
Iowa	24,835	24	South Dakota	5,812	42
Kansas	15,568	29	Tennessee	32,625	22
Kentucky	18,361	26	Texas	143,265	3
Louisiana	14,940	30	Utah	14,455	31
Maine	6,813	41	Vermont	2,773	50
Maryland	38,858	16	Virginia	44,657	14
Massachusetts	93,281	6	Washington	33,538	21
Michigan	40,520	15	West Virginia	4,182	46
Minnesota	48,840	13	Wisconsin	36,629	17
Mississippi	7,787	40	Wyoming	1,682	51
Missouri	34,811	20	**United States**	**$2,261,366**	

[1]Does not include real estate.

[2]Includes wage and salary disbursements, bonuses, commissions, pay-in-kind, incentive payments, tips and employer contributions for employee pensions, insurance funds and government social insurance.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

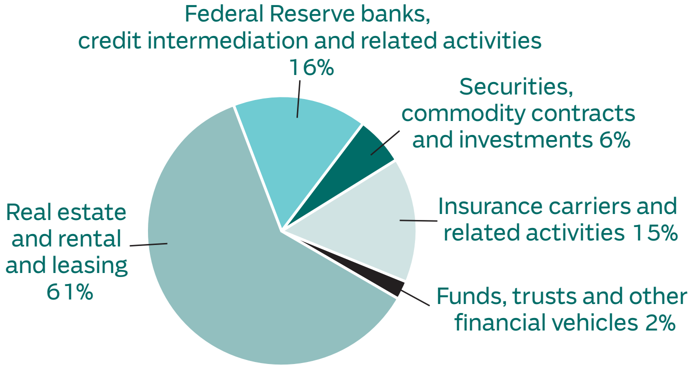
Gross Domestic Product

Financial Services Contribution to Gross Domestic Product

Gross domestic product (GDP) is the total value of all final goods and services produced in the economy. The GDP growth rate is the primary indicator of the state of the economy.

- When real estate transactions (e.g., leasing, renting, management and sales services) are included, financial services accounted for 21.1 percent of the GDP in 2008, compared with 20.6 percent in 2007.

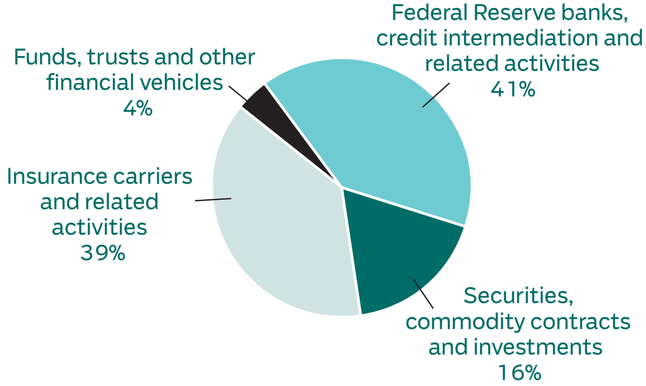
GROSS DOMESTIC PRODUCT OF FINANCIAL SERVICES, SHARES BY COMPONENT, INCLUDING REAL ESTATE, 2008



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

- With real estate excluded, the remaining financial services industries accounted for 8.3 percent of the GDP in 2008, compared with 8.0 percent in 2007.

GROSS DOMESTIC PRODUCT OF FINANCIAL SERVICES, SHARES BY COMPONENT, EXCLUDING REAL ESTATE, 2008



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

GROSS DOMESTIC PRODUCT OF THE FINANCIAL SERVICES INDUSTRY, 2004-2008[1]

($ billions)

	2004	2005	2006	2007	2008
Total GDP	**$11,867.8**	**$12,638.4**	**$13,398.9**	**$14,077.6**	**$14,441.4**
Total financial services industry	**$2,409.7**	**$2,606.5**	**$2,777.6**	**$2,905.9**	**$3,042.5**
Industry percent of total GDP	20.3%	20.6%	20.7%	20.6%	21.1%
Finance and insurance	$929.2	$1,028.5	$1,105.5	$1,121.7	$1,200.0
Federal Reserve banks,credit intermediation and related activities	433.3	470.7	483.5	483.0	486.3
Insurance carriers and related activities	319.6	337.5	367.4	392.5	464.0
Securities, commodity contracts and investments	144.0	183.0	214.5	201.1	196.1
Funds, trusts and other financial vehicles	32.4	37.3	40.2	45.1	53.6
Real estate and rental and leasing	$1,480.4	$1,577.9	$1,672.1	$1,784.2	$1,842.5
Real estate	1,337.6	1,424.9	1,488.6	1,585.5	1,647.0
Rental and leasing services and lessors of intangible assets	142.8	153.1	183.4	198.7	195.5

[1]Includes real estate and rental and leasing.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

FINANCIAL SERVICES SECTOR'S SHARE OF GROSS DOMESTIC PRODUCT, 2004-2008[1]

	Percent of total gross domestic product				
	2004	2005	2006	2007	2008
Total financial services industry	**20.3%**	**20.6%**	**20.7%**	**20.6%**	**21.1%**
Finance and insurance	7.8	8.1	8.3	8.0	8.3
Federal Reserve banks, credit intermediation and related activities	3.7	3.7	3.6	3.4	3.4
Insurance carriers and related activities	2.7	2.7	2.7	2.8	3.2
Securities, commodity contracts and investments	1.2	1.4	1.6	1.4	1.4
Funds, trusts and other financial vehicles	0.3	0.3	0.3	0.3	0.4
Real estate and rental and leasing	12.5	12.5	12.5	12.7	12.8

[1]Includes real estate and rental and leasing.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Gross Domestic Product

FINANCIAL SERVICES VS. TOTAL U.S. GROSS DOMESTIC PRODUCT GROWTH, 2004-2008

($ billions)

Year	Total U.S. gross domestic product	Percent change from prior year	Finance, insurance, real estate and rental and leasing	Percent change from prior year	Finance and insurance	Percent change from prior year
2004	$11,867.8	6.5%	$2,409.7	4.0%	$929.2	2.9%
2005	12,638.4	6.5	2,606.5	8.2	1,028.5	10.7
2006	13,398.9	6.0	2,777.6	6.6	1,105.5	7.5
2007	14,077.6	5.1	2,905.9	4.6	1,121.7	1.5
2008	14,441.4	2.6	3,042.5	4.7	1,200.0	7.0

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

FINANCIAL SERVICES PERCENTAGE SHARE OF GROSS STATE PRODUCT, 2008[1]

State	Percent	State	Percent	State	Percent
Alabama	5.3%	Louisiana	3.0%	Oklahoma	4.2%
Alaska	2.7	Maine	6.2	Oregon	4.9
Arizona	7.1	Maryland	5.6	Pennsylvania	7.3
Arkansas	3.7	Massachusetts	9.7	Rhode Island	11.2
California	5.8	Michigan	6.0	South Carolina	4.7
Colorado	5.9	Minnesota	8.7	South Dakota	17.5
Connecticut	15.6	Mississippi	4.1	Tennessee	5.7
Delaware	32.3	Missouri	5.6	Texas	5.5
D.C.	4.1	Montana	4.7	Utah	8.6
Florida	6.4	Nebraska	7.4	Vermont	5.8
Georgia	6.0	Nevada	7.6	Virginia	5.8
Hawaii	3.8	New Hampshire	8.2	Washington	5.3
Idaho	4.6	New Jersey	7.7	West Virginia	4.0
Illinois	9.2	New Mexico	2.9	Wisconsin	7.4
Indiana	5.8	New York	16.4	Wyoming	2.5
Iowa	10.5	North Carolina	10.0	**United States**	**7.5%[2]**
Kansas	5.6	North Dakota	5.3		
Kentucky	4.7	Ohio	7.4		

[1]Excludes real estate.

[2]Differs from data shown elsewhere for United States due to rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

LARGEST U.S. FINANCIAL SERVICES FIRMS BY REVENUES, 2009[1]

($ millions)

				Profits as a percent of			
Rank	Company	Revenues	Profits	Revenues	Assets	Industry	Employees
1	General Electric	$156,779	$11,025	7%	1%	Diversified financial	304,000
2	Bank of America Corp.	150,450	6,276	4	0	Banking	283,717
3	J.P. Morgan Chase & Co.	115,632	11,728	10	1	Banking	222,316
4	Berkshire Hathaway	112,493	8,055	7	3	Insurance	222,000
5	Citigroup	108,785	-1,606	-2	0	Banking	267,150
6	American International Group	103,189	-10,949	-11	-1	Insurance	96,000
7	Wells Fargo	98,636	12,275	12	1	Banking	267,300
8	State Farm Insurance Cos.	61,480	767	1	0	Insurance	67,500
9	Goldman Sachs Group	51,673	13,385	26	2	Banking	36,200
10	International Assets Holding	43,604	28	0	2	Diversified financial	625
11	MetLife	41,098	-2,246	-6	0	Insurance	54,000
12	Freddie Mac	37,614	-21,553	-57	-3	Diversified financial	5,366
13	New York Life Insurance	34,014	683	2	0	Insurance	16,835
14	Prudential Financial	32,688	3,124	10	1	Insurance	41,943
15	Allstate	32,013	854	3	1	Insurance	36,400
16	Morgan Stanley	31,515	1,346	4	0	Banking	61,388
17	Liberty Mutual Insurance Group	31,094	1,023	3	1	Insurance	45,000
18	Fannie Mae	29,065	-71,969	-248	-8	Diversified financial	6,000
19	American Express	26,730	2,130	8	2	Banking	58,300
20	TIAA-CREF	26,278	-459	-2	0	Insurance	6,890
21	Massachusetts Mutual Life Insurance	25,424	-115	-1	0	Insurance	11,000
22	Hartford Financial Services	24,701	-887	-4	0	Insurance	28,000
23	Travelers Cos.	24,680	3,622	15	3	Insurance	32,000
24	Northwestern Mutual	21,603	321	2	0	Insurance	4,783
25	Nationwide	20,751	716	4	1	Insurance	32,881

[1]Based on an analysis of companies in the Fortune 500.

Source: Fortune.

Corporate Social Responsibility

Financial services firms are major contributors to charitable causes, according to a survey of 166 of the largest U.S. corporations by the Conference Board. Banks, insurance companies and finance firms were each among the top 15 contributors. These three segments of the financial services industry made combined donations of almost $940 million, making financial services the second largest contributor by industry, topped only by pharmaceuticals.

LARGEST GIVERS TO U.S. BENEFICIARIES BY INDUSTRY, 2008

Rank	Industry	Number of companies	Total U.S. contributions
1	Pharmaceuticals	10	$2,457,550,359
2	**Banks**	**14**	**589,779,685**
3	Printing, publishing, and media	4	485,385,723
4	Retail and wholesale trade	5	472,564,729
5	Food, beverage and tobacco	11	465,074,984
6	Computers and technology	10	368,470,134
7	Petroleum, gas and mining	3	341,330,813
8	**Insurance**	**19**	**297,287,359**
9	Telecommunications	3	236,204,202
10	Utilities	23	197,599,917
11	Other manufacturing[1]	10	159,343,526
12	Chemicals	7	138,088,094
13	Precision instruments	9	129,449,985
14	Other services	8	111,066,483
15	Healthcare	4	101,388,476
16	Transportation	7	101,307,170
17	Aerospace and defense	5	88,573,298
18	Industrial machinery and construction	3	59,484,206
19	**Finance**	**7**	**51,564,867**
20	Paper and allied products	3	23,783,458
	Total	**165**	**$6,875,297,468**

[1]Includes aerospace and defense, electrical equipment and appliances, paper and allied products and other diversified manufacturing.

Source: The Conference Board.

Savings, Investment and Debt Ownership

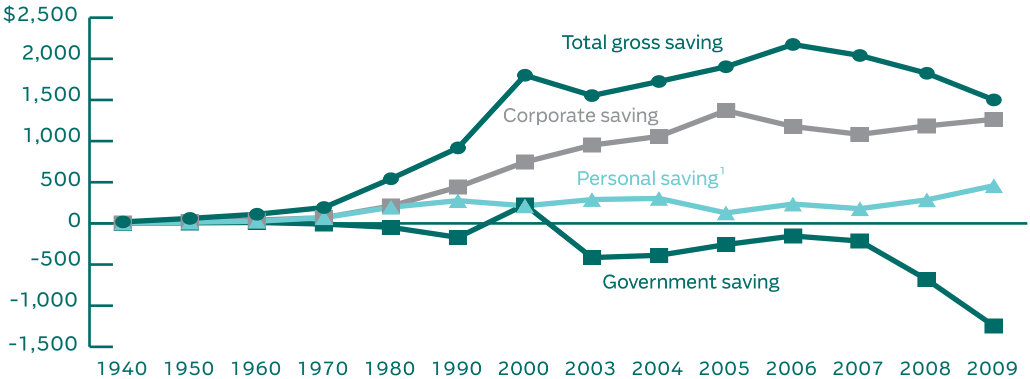
Individuals and businesses seek to increase their assets through savings and investments. They also borrow to purchase assets or finance business opportunities. The financial services industry exists to manage these activities by bringing savers, investors and borrowers together, a process known as financial intermediation. The banking industry acts as an intermediary by taking deposits and lending funds to those who need credit. The securities industry acts as an intermediary by facilitating the process of buying and selling corporate debt and equity to investors. Finance companies provide credit to both individuals and businesses, funded in large part by issuing bonds, asset-backed securities and commercial paper. The insurance industry safeguards the assets of its policyholders, investing the premiums it collects in corporate and government securities.

National Savings

Gross national savings is the excess of production over cost, or earnings over spending. Fueled largely by increased saving on the part of federal, state and local governments, gross national savings grew in the late 1990s and early 2000s, peaking in 2006. By 2009 they had fallen back to the lowest level since 1996. In 2009 all levels of government spent $1.2 trillion more than they received, compared with $683 billion in 2008. Personal saving—the excess of personal disposable income over spending—climbed from $286.4 billion in 2008 to $458.6 billion in 2009, the highest level on record.

GROSS NATIONAL SAVINGS, 1940-2009

($ billions)



[1]Includes individuals (including proprietors and partnerships), nonprofit institutions primarily serving individuals, life insurance carriers and miscellaneous entities.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Investments

Ownership of Equities and Corporate and Municipal Bonds

Equity and debt markets offer individuals and institutional investors the opportunity to participate in the development and expansion of publicly traded companies and municipalities. Equity investments provide an ownership interest in a company through stocks. Debt securities, generally bonds, represent money a corporation or municipality has borrowed from investors and must repay at a specific time and usually at a specific interest rate. Municipal bonds may be tax-exempt.

HOLDINGS OF U.S. CORPORATE EQUITIES, 2005-2009[1]

($ billions, market value, end of year)

	2005	2006	2007	2008	2009	Percent change 2005-2009
Total	**$20,636.1**	**$24,339.3**	**$25,576.5**	**$15,780.8**	**$20,227.6**	**-2.0%**
Household sector	8,093.0	9,643.7	9,626.4	5,913.5	7,463.9	-7.8
State and local governments	96.8	106.0	112.7	80.7	108.4	12.0
Federal government	0.0	0.0	0.0	188.7	67.4	NA
Rest of the world[2]	2,039.1	2,448.1	2,812.2	1,777.3	2,464.8	20.9
Monetary authority	0.0	0.0	0.0	0.0	25.1	NA
Commercial banking	24.1	35.3	41.5	6.7	30.3	25.7
Savings institutions	26.2	24.9	25.3	22.7	22.2	-15.3
Property/casualty insurance companies	199.5	227.0	236.2	193.3	219.8	10.2
Life insurance companies	1,161.8	1,364.8	1,464.6	1,001.7	1,256.3	8.1
Private pension funds	2,441.7	2,724.8	2,673.3	1,599.7	1,835.7	-24.8
State and local govt retirement funds	1,715.8	1,926.1	2,013.7	1,237.9	1,566.5	-8.7
Federal govt retirement funds	112.6	138.1	149.1	85.6	119.4	6.0
Mutual funds	4,175.7	4,989.6	5,476.9	3,014.1	4,136.2	-0.9
Closed-end funds	105.6	122.5	146.2	75.7	92.4	-12.5
Exchange-traded funds	285.8	402.0	573.7	473.9	669.9	134.4
Brokers and dealers	158.3	186.4	224.8	109.2	124.2	-21.5
Funding corporations	0.0	0.0	0.0	0.0	25.1	NA

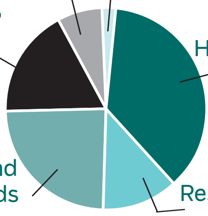
[1]Excludes open-end mutual fund shares.

[2]Holdings of U.S. issues by foreign residents.

NA=Not applicable.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

HOLDINGS OF U.S. CORPORATE EQUITIES, 2009[1]



Total:
$20.2 trillion

[1]Market value, end of year; excludes open-end mutual fund shares. [2]Holdings of U.S. issues by foreign residents.
Source: Board of Governors of the Federal Reserve System, June 10, 2010.

HOLDINGS OF U.S. CORPORATE AND FOREIGN BONDS, 2005-2009

($ billions, end of year)

	2005	2006	2007	2008	2009	Percent change, 2005-2009
Total	**$8,694.6**	**$9,982.2**	**$11,426.1**	**$11,158.8**	**$11,482.1**	**32.1%**
Household sector	1,299.5	1,552.8	2,005.4	1,988.6	2,197.9	69.1
State and local governments	127.2	139.4	148.1	149.5	160.2	25.9
Federal government	0.0	0.0	0.0	0.0	0.6	NA
Rest of the world[1]	1,762.9	2,320.8	2,719.1	2,456.7	2,348.4	33.2
Commercial banking	687.0	780.3	978.2	979.9	867.7	26.3
Savings institutions	80.2	92.7	142.2	108.5	85.1	6.1
Credit unions	23.5	30.6	34.6	25.7	18.6	-20.9
Property/casualty insurance companies	262.8	277.0	282.9	267.5	298.3	13.5
Life insurance companies	1,824.8	1,819.5	1,862.6	1,817.0	1,917.2	5.1
Private pension funds	290.0	317.6	357.4	400.1	442.9	52.7
State and local govt retirement funds	227.9	283.4	297.0	312.9	310.1	36.1
Federal govt retirement funds	2.9	2.9	3.0	2.9	3.0	3.4
Money market mutual funds	263.2	368.3	376.8	228.0	169.9	-35.4
Mutual funds	662.7	767.0	889.9	959.9	1,106.1	66.9
Closed-end funds	69.3	75.1	74.0	49.5	55.3	-20.2
Exchange-traded funds	5.3	7.6	13.8	27.7	55.3	943.4

(table continues)

HOLDINGS OF U.S. CORPORATE AND FOREIGN BONDS, 2005-2009 (Cont'd)

($ billions, end of year)

	2005	2006	2007	2008	2009	Percent change, 2005-2009
Government-sponsored enterprises	$465.7	$481.7	$464.4	$386.6	$310.8	-33.3%
Finance companies	203.5	184.8	189.4	192.4	198.6	-2.4
Real Estate Investment Trusts	53.0	64.6	34.4	14.4	17.5	-67.0
Brokers and dealers	315.7	355.5	382.8	123.8	171.3	-45.7
Funding corporations	67.5	60.4	170.0	667.3	747.2	1,007.0

[1]Holdings of U.S. issues by foreign residents. NA=Not applicable.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

HOLDINGS OF U.S. MUNICIPAL SECURITIES AND LOANS, 2005-2009

($ billions, end of year)

	2005	2006	2007	2008	2009	Percent change, 2005-2009
Total	**$2,225.9**	**$2,403.3**	**$2,618.9**	**$2,676.0**	**$2,803.7**	**26.0%**
Household sector	820.9	872.0	896.0	907.2	998.9	21.7
Nonfinancial corporate business	32.1	28.1	29.2	26.6	27.1	-15.6
Nonfarm noncorporate business	4.4	5.8	5.3	5.6	5.2	18.2
State and local governments	5.0	5.5	5.8	5.9	6.3	26.0
Rest of the world	29.0	34.4	45.1	41.0	60.6	109.0
Commercial banking	157.7	180.2	192.9	216.7	218.6	38.6
Savings institutions	9.0	11.2	11.0	7.8	9.2	2.2
Property/casualty insurance companies	313.2	335.2	371.3	381.9	369.4	17.9
Life insurance companies	32.5	36.6	41.4	47.1	73.3	125.5
State and local govt retirement funds	1.7	3.3	2.4	1.4	1.5	-11.8
Money market mutual funds	336.8	370.3	471.0	494.6	401.3	19.2
Mutual funds	311.7	344.4	372.2	389.6	480.2	54.1
Closed-end funds	89.4	89.4	91.3	78.5	81.8	-8.5
Government-sponsored enterprises	39.7	36.1	33.3	31.3	29.1	-26.7
Brokers and dealers	42.9	50.9	50.1	38.7	35.4	-17.5

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Mutual Fund Investments

Mutual fund assets totaled $7.0 trillion at the end of 2009, up from $5.4 trillion at the end of 2008 and back to the levels of 2006, according to the Federal Reserve. The household sector holds the largest share of the mutual fund industry. In 2009, 51.2 million U.S. households owned mutual funds, accounting for 44 percent of households. More than half (54 percent) of U.S. households headed by someone age 45 to 54 owned mutual funds in 2009, according to the Investment Company Institute. (See pages 50 and 155-157 for further information on the mutual fund sector.)

MUTUAL FUNDS BY HOLDER, 2005 AND 2009[1]

($ billions, market value, end of year)

	2005		2009	
	Amount	Percent of total	Amount	Percent of total
Household sector	$3,669.1	60.7%	$4,152.0	59.6%
Private pension funds	1,585.4	26.2	1,817.3	26.1
State and local govt retirement funds	248.4	4.1	229.2	3.3
Nonfinancial corporate business	140.0	2.3	189.7	2.7
Life insurance companies	109.0	1.8	140.8	2.0
Commercial banking	17.4	0.3	46.1	0.7
State and local governments	29.6	0.5	44.4	0.6
Property/casualty insurance companies	5.7	0.1	5.3	0.1
Credit unions	2.2	[2]	1.3	[2]
Rest of the world	242.0	4.0	335.6	4.8
Total	**$6,048.9**	**100.0%**	**$6,961.6**	**100.0%**

[1]Open-end investment companies. Excludes money market mutual funds, exchange-traded funds and variable annuity funding vehicles.
[2]Less than 0.1 percent.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Ownership of Federal Government Debt

The buying and selling of government securities is a crucial component of each of the financial sectors. Debt is issued and sold based on the changing needs of the federal government. The average daily trading volume in U.S. Treasury securities was $623.8 billion in May 2010, according to the Securities Industry and Financial Markets Association.

ESTIMATED OWNERSHIP OF U.S. PUBLIC DEBT SECURITIES, 2000-2009

($ billions, end of year)

Year	Total	Individuals	Mutual funds/ trusts[1]	Banking institutions[2]	Insurance companies	Pension funds[3]	U.S. monetary authorities	State and local governments	Foreign and international	Other[4]
2000	$3,357.8	17.2%	6.7%	5.9%	3.5%	9.7%	15.2%	9.2%	30.4%	2.1%
2001	3,352.7	12.9	7.8	5.7	3.4	9.0	16.5	9.8	32.7	2.2
2002	3,609.8	7.3	7.8	6.1	4.5	8.7	17.4	9.8	35.6	2.8
2003	4,008.2	10.2	7.1	4.8	4.2	8.0	16.6	9.1	37.8	2.4
2004	4,370.7	11.3	5.9	1.8	4.3	7.4	16.4	8.9	41.5	2.4
2005	4,678.0	9.9	5.6	1.1	4.3	7.2	15.9	10.3	42.4	3.2
2006	4,861.7	8.1	5.4	1.0	4.1	7.5	16.0	10.6	43.7	3.5
2007	5,099.2	5.2	7.5	1.4	2.8	7.8	14.5	10.4	46.6	3.7
2008	6,338.2	4.4	12.6	4.7	2.7	7.0	7.5	7.8	50.6	2.8
2009	7,781.9	8.3	9.1	4.2	3.3	7.8	10.0	7.0	48.0	2.3

[1]Includes mutual funds, money market funds, closed-end funds and exchange-traded funds.
[2]Includes commercial banks, savings institutions, credit unions and brokers and dealers.
[3]Includes state and local government, federal government and private pension funds.
[4]Includes nonfinancial corporate institutions, nonfarm noncorporate institutions, government-sponsored enterprises and asset-backed securities issuers.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Household Assets

Where people save their money and how much they save reflect many factors, including their personal finances, their appetite for risk, the investment products and savings incentives available to them, and the state of the economy. Financial assets of the personal sector grew 8.9 percent to $41.6 trillion in 2009, following a 16.1 percent decline the previous year. This sector includes households, nonfarm noncorporate business and farm business.

ASSETS AND LIABILITIES OF THE PERSONAL SECTOR, 1989-2009[1]

($ billions, end of year)

	Value			Percent of total		
	1989	1999	2009	1989	1999	2009
Total financial assets	**$11,624.4**	**$31,553.0**	**$41,572.8**	**100.0%**	**100.0%**	**100.0%**
Foreign deposits	11.9	40.7	47.7	0.1	0.1	0.1
Checkable deposits and currency	525.5	592.6	786.3	4.5	1.9	1.9
Time and savings deposits	2,507.5	2,954.5	6,476.6	21.6	9.4	15.6
Money market fund shares	356.9	856.8	1,386.5	3.1	2.7	3.3
Securities	4,021.4	15,452.6	15,535.9	34.6	49.0	37.4
Open market paper	87.9	84.9	4.6	0.8	0.3	[2]
U.S. savings bonds	117.7	186.4	191.2	1.0	0.6	0.5
Other Treasury securities	289.1	660.9	515.5	2.5	2.1	1.2
Agency- and GSE[3]-backed securities	74.8	541.8	6.8	0.6	1.7	[2]
Municipal securities	613.3	530.8	1,004.1	5.3	1.7	2.4
Corporate and foreign bonds	178.1	503.0	2,197.9	1.5	1.6	5.3
Corporate equities[4]	2,147.5	10,049.8	7,463.9	18.5	31.9	18.0
Mutual fund shares	513.0	2,894.9	4,152.0	4.4	9.2	10.0
Private life insurance reserves	342.8	748.9	1,194.5	2.9	2.4	2.9
Private insured pension reserves	495.5	1,478.4	2,338.0	4.3	4.7	5.6
Private noninsured pension reserves	1,663.3	4,651.5	5,507.4	14.3	14.7	13.2
Govt insurance and pension reserves	1,032.6	3,169.2	4,150.7	8.9	10.0	10.0
Miscellaneous and other assets	667.1	1,607.9	4,149.1	5.7	5.1	10.0

(table continues)

Household Assets

ASSETS AND LIABILITIES OF THE PERSONAL SECTOR, 1989-2009[1] (Cont'd)

($ billions, end of year)

	Value			Percent of total		
	1989	1999	2009	1989	1999	2009
Total liabilities	**$4,937.8**	**$9,283.7**	**$19,490.7**	**100.0%**	**100.0%**	**100.0%**
Mortgage debt on nonfarm homes	2,359.5	4,670.9	10,838.4	47.8	50.3	55.6
Other mortgage debt[5]	907.7	1,116.5	2,438.9	18.4	12.0	12.5
Consumer credit	809.3	1,553.6	2,478.9	16.4	16.7	12.7
Policy loans	58.4	100.0	121.1	1.2	1.1	0.6
Security credit	42.5	227.9	203.0	0.9	2.5	1.0
Other liabilities[5]	760.4	1,614.8	3,410.4	15.4	17.4	17.5

[1]Combined statement for households and nonprofit organizations, nonfarm noncorporate business and farm business.

[2]Less than 0.1 percent.

[3]Government-sponsored enterprise.

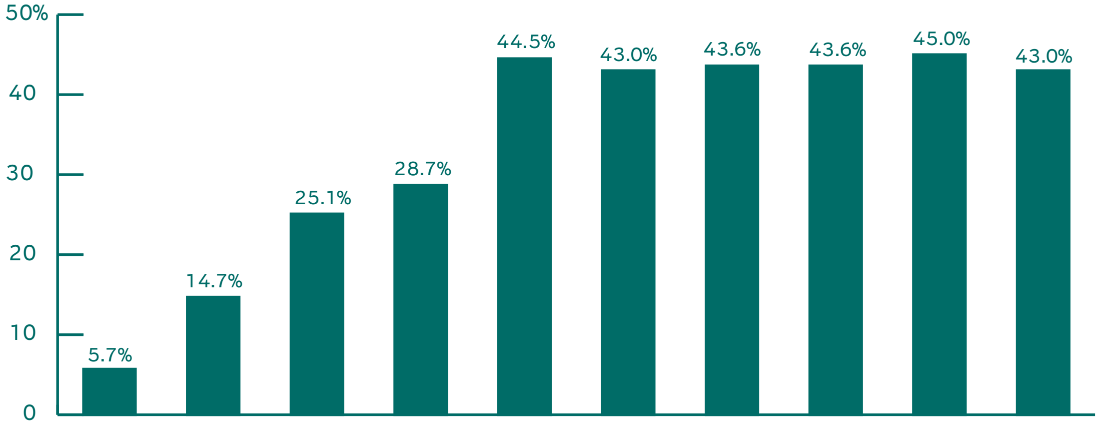
[4]Only those directly held and those in closed-end and exhange-traded funds. Other equities are included in mutual funds, life insurance and pension reserves.

[5]Includes corporate farms.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

U.S. HOUSEHOLD OWNERSHIP OF MUTUAL FUNDS, 1980-2009

(Percent of all U.S. households)



	1980	1985	1990	1995	2000	2005	2006	2007	2008	2009
Millions of U.S. households	4.6	12.8	23.4	28.4	47.4	48.7	49.9	50.6	52.5	50.4

Source: Investment Company Institute, U.S. Bureau of the Census.

NONFINANCIAL ASSETS HELD BY FAMILIES BY TYPE OF ASSET, 1998-2007

Percent of families owning asset[1]	Vehicles	Primary residence	Other residential property	Equity in non-residential property	Business equity	Other	Any non-financial asset	Any asset
1998	82.8%	66.2%	12.8%	8.6%	11.5%	8.5%	89.9%	96.8%
2001	84.8	67.7	11.3	8.2	11.9	7.5	90.7	96.7
2004	86.3	69.1	12.5	8.3	11.5	7.8	92.5	97.9
2007	87.0	68.6	13.7	8.1	12.0	7.2	92.0	97.7
By age of family head, 2007								
Under 35	85.4	40.7	5.6	3.2	6.8	5.9	88.2	97.1
35 to 44	87.5	66.1	12.0	7.5	16.0	5.5	91.3	96.9
45 to 54	90.3	77.3	15.7	9.5	15.2	8.7	95.0	97.6
55 to 64	92.2	81.0	20.9	11.5	16.3	8.5	95.6	99.1
65 to 74	90.6	85.5	18.9	12.3	10.1	9.1	94.5	98.4
75 and over	71.5	77.0	13.4	6.8	3.8	5.8	87.3	98.1
Percentiles of income, 2007[2]								
Less than 20	64.4	41.4	5.4	2.5	3.0	3.9	73.4	89.8
20 to 39.9	85.9	55.2	6.5	3.9	4.5	5.7	91.2	98.9
40 to 59.9	94.3	69.3	9.9	7.4	9.2	7.4	97.2	100.0
60 to 79.9	95.4	83.9	15.4	9.4	15.9	7.2	98.5	100.0
80 to 89.9	95.6	92.6	21.0	13.6	17.0	9.0	99.6	100.0
90 to 100	94.8	94.3	42.2	21.0	37.5	14.1	99.7	100.0

[1]Families include one-person units.

[2]Ranges represent percentiles rather than income levels. A percentile is a statistical ranking point. The 50th percentile represents the midpoint of all values. For example, at the 50th percentile, half of the families in the ranking fall above this income level and half fall below.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

Savings, Investment and Debt Ownership

Household Assets

FINANCIAL ASSETS HELD BY FAMILIES BY TYPE OF ASSET, 1998-2007

Percentage of families owning asset[1]	Trans-action accounts[2]	Certifi-cates of deposit	Savings bonds	Bonds[3]	Stocks[3]	Mutual funds[4]	Retire-ment accounts[5]	Life insurance[6]	Other assets[7]	Any financial asset[8]
1998	90.5%	15.3%	19.3%	3.0%	19.2%	16.5%	48.9%	29.6%	15.3%	92.9%
2001	91.4	15.7	16.7	3.0	21.3	17.7	52.2	28.0	16.0	93.4
2004	91.3	12.7	17.6	1.8	20.7	15.0	49.7	24.2	17.3	93.8
2007	92.1	16.1	14.9	1.6	17.9	11.4	52.6	23.0	15.1	93.9
By age of family head, 2007										
Under 35	87.3	6.7	13.7	[9]	13.7	5.3	41.6	11.4	10.0	89.2
35 to 44	91.2	9.0	16.8	0.7	17.0	11.6	57.5	17.5	11.8	93.1
45 to 54	91.7	14.3	19.0	1.1	18.6	12.6	64.7	22.3	15.6	93.3
55 to 64	96.4	20.5	16.2	2.1	21.3	14.3	60.9	35.2	16.9	97.8
65 to 74	94.6	24.2	10.3	4.2	19.1	14.6	51.7	34.4	22.6	96.1
75 and over	95.3	37.0	7.9	3.5	20.2	13.2	30.0	27.6	19.3	97.4
Percentiles of income, 2007[10]										
Less than 20	74.9	9.4	3.6	[9]	5.5	3.4	10.7	12.8	9.3	79.1
20 to 39.9	90.1	12.7	8.5	[9]	7.8	4.6	35.6	16.4	13.5	93.2
40 to 59.9	96.4	15.4	15.2	[9]	14.0	7.1	55.2	21.6	15.5	97.2
60 to 79.9	99.3	19.3	20.9	1.4	23.2	14.6	73.3	29.4	14.1	99.7
80 to 89.9	100.0	19.9	26.2	1.8	30.5	18.9	86.7	30.6	17.4	100.0
90 to 100	100.0	27.7	26.1	8.9	47.5	35.5	89.6	38.9	28.9	100.0
Percent distribution of amount of financial assets of all families										
1998	11.4	4.3	0.7	4.3	22.7	12.4	27.6	6.4	10.3	100.0
2001	11.5	3.1	0.7	4.6	21.7	12.2	28.4	5.3	12.6	100.0
2004	13.2	3.7	0.5	5.3	17.6	14.7	32.0	3.0	10.1	100.0
2007	11.0	4.1	0.4	4.2	17.9	15.9	34.6	3.2	8.6	100.0

[1]Families include one-person units. [2]Includes checking, savings and money market deposit accounts; money market mutual funds; and call accounts at brokerages. [3]Covers only those stocks and bonds that are directly held by families outside mutual funds, retirement accounts and other managed assets. [4]Excludes money market mutual funds and funds held through retirement accounts or other managed assets. [5]Covers IRAs, Keogh accounts and employer-provided pension plans. Employer-sponsored accounts are those from current jobs (restricted to those in which loans or withdrawals can be made, such as 401(k) accounts) held by the family head and that person's spouse or partner as well as those from past jobs held by either or both of them. Accounts from past jobs are restricted to those from which the family expects to receive the account balance in the future. [6]Cash value. [7]Includes personal annuities and trusts with an equity interest, managed investment accounts and miscellaneous assets. [8]Includes other types of financial assets, not shown separately. [9]Ten or fewer observations. [10]Ranges represent percentiles rather than income levels. A percentile is a statistical ranking point. The 50th percentile represents the midpoint of all values. For example, at the 50th percentile half of the families in the ranking fall above this income level, and half fall below.

Note: Latest data available. Based on surveys conducted every three years.

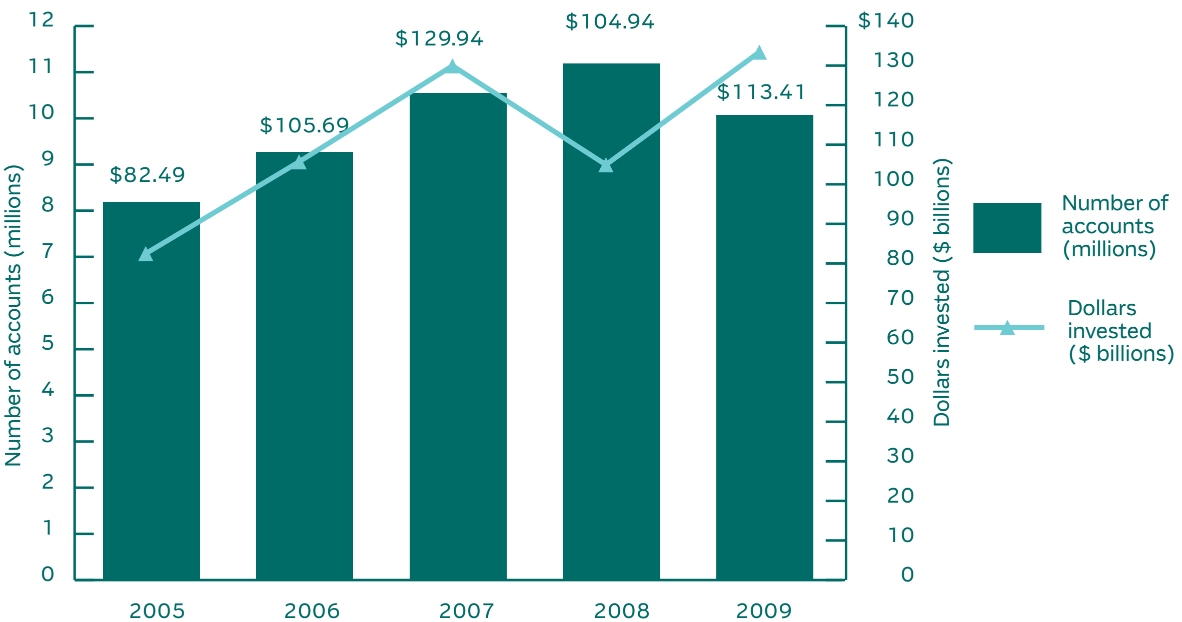
Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

529 Educational Savings Plans and Student Loans

To encourage households to save for college education, states have developed the Section 529 college savings plan, named after a part of the Internal Revenue tax code that allows earnings to accumulate free of federal income tax and to be withdrawn tax-free to pay for college costs. Slow to gain acceptance, by the end of 2002, all states had such plans in operation. There are two types of plans: savings and prepaid tuition. Plan assets are managed either by the state's treasurer or an outside investment company. Most offer a range of investment options.

- The value of dollars invested in 529 plan accounts grew to $133 billion in 2009 from $105 billion in 2008.

NUMBER OF AND DOLLARS INVESTED IN 529 PLAN ACCOUNTS, 2005-2009



Source: National Association of State Treasurers.

529 Educational Savings Plans and Student Loans

- The top 10 providers accounted for 74.4 percent of 529 plan assets in 2009.

TOP TEN 529 SAVINGS PLAN PROVIDERS BY ASSETS, 2009

($ billions, end of year)

Rank	Provider	Assets
1	American Funds	$25.6
2	Vanguard	24.9
3	Fidelity	15.2
4	Alliance	7.1
5	Oppenheimer	5.4
6	TIAA-CREF	5.4
7	T. Rowe Price	5.2
8	Merrill Lynch	4.8
9	Putnam	3.4
10	Franklin Templeton	2.3
	Top 10 Providers	**$99.3**

Source: National Association of State Treasurers.

TOP TEN STATES FOR 529 PLANS BY ASSETS UNDER MANAGEMENT, 2009

($ billions, end of year)

Rank	State	Assets under management
1	Virginia	$28.47
2	New York	9.07
3	New Hampshire	8.31
4	Florida	7.46
5	Rhode Island	7.10
6	Nevada	5.73
7	Ohio	5.68
8	Maine	4.83
9	California	3.38
10	Colorado	3.27

Source: National Association of State Treasurers.

Federal Student Loans

The Health Care and Education Reconciliation Act, the massive healthcare law enacted in 2010, included a number of provisions affecting student loans. Starting July 1, 2010 all new federal student loans will be direct loans from the Department of Education. The measure eliminates an arrangement, begun in 1965, in which private lenders that made student loans were granted federal subsidies and guarantees. While they will no longer be able to make student loans with federal money, lenders will still be able to generate revenue servicing those loans for the government. The chart below was compiled before the change went into effect.

TOP 20 PRIVATE HOLDERS OF FEDERAL STUDENT LOANS, 2008-2009[1]

($ millions)

		Amount outstanding	
Rank	Lender name	Fiscal year 2008	Fiscal year 2009
1	SLM Corporation (Sallie Mae)	$141,498.6	$154,141.9
2	Citibank Student Loan Corp.	31,321.8	32,474.1
3	National Ed Loan Network (NELNET)	25,911.8	25,256.2
4	Wells Fargo Education Financial Services	14,245.0	14,595.4
5	Wachovia Education Finance Inc.	12,331.1	13,214.5
6	Brazos Group	14,111.4	13,048.3
7	Pennsylvania Higher Education Assistance Agency (PHEAA)	11,986.8	11,126.0
8	JPMorgan Chase Bank	11,944.3	11,099.7
9	Bank of America	6,783.8	10,066.5
10	College Loan Corp.	10,447.4	9,658.8
11	Student Loan Xpress	11,097.4	9,629.2
12	Goal Financial	7,435.8	7,197.8
13	Access Group	6,355.3	6,644.8
14	GCO Education Loan Funding	6,068.4	5,729.9
15	Edsouth	4,791.3	5,481.1
16	Pittsburgh National Corp. (PNC)	2,246.7	5,298.7
17	Northstar	5,500.5	5,164.7
18	U.S. Bank	4,087.6	4,385.6
19	College Foundation Inc.	3,371.3	3,955.9
20	Missouri Higher Education Loan Authority	4,867.0	3,755.1

[1]Includes Stafford (subsidized and unsubsidized) and Plus Loans; excludes consolidation loans.
Note: Does not include direct federal loans.

Source: U.S. Department of Education, Federal Student Aid.

Business Lending

According to a July 2010 analysis by the The Financial Services Roundtable, commercial banks provided over $664 billion in outstanding loans to small businesses in the first quarter of 2010. While this is down from $692 billion in the second quarter of 2009, lending is expected to increase in 2010. The Roundtable also notes that loans approved by the Small Business Administration increased significantly between 2009 and 2010 for several categories, including start-ups (up 29 percent), $150,000 and under (up 29 percent), and minority-owned (up 50 percent). Lending to businesses and individuals by banks dropped from $7.9 trillion in 2007 to $7.3 trillion in 2009. For more information on business lending by banks, see page 116.

PERSONAL AND BUSINESS LENDING BY FDIC-INSURED BANKS, 2007-2009
($000, end of year)

	2007	2008	2009
Number of institutions reporting	8,534	8,305	8,012
Loans and leases, gross[1]	**$7,908,805,199**	**$7,876,382,316**	**$7,285,933,802**
All real estate loans	4,781,777,684	4,705,271,390	4,462,930,688
Real estate loans in domestic offices	4,711,246,167	4,640,860,379	4,399,388,497
Construction and land development	629,494,230	590,939,798	451,079,536
Commercial real estate	968,667,629	1,066,237,752	1,091,307,809
Multifamily residential real estate	202,817,014	206,526,094	212,618,165
1-4 family residential	2,852,857,559	2,713,457,107	2,577,682,374
Farmland	57,409,735	63,699,628	66,700,613
Real estate loans in foreign offices	70,531,517	64,411,011	63,542,191
Farm loans	56,786,230	59,801,247	59,580,695
Commercial and industrial loans	1,439,126,568	1,493,958,524	1,220,671,934
Loans to individuals	1,058,458,465	1,088,888,354	1,060,226,075
Credit cards	421,818,002	444,691,752	422,092,017
Related plans	63,283,725	61,567,294	61,491,907
Other loans to individuals	573,356,738	582,629,308	576,642,151
Total other loans and leases[2]	572,656,187	528,462,730	482,524,365

[1]Includes loan loss allowance and unearned income.
[2]Other loans and leases category items may not total for TFR reporters (savings institutions regulated by the Office of Thrift Supervision) due to reporting differences.

Source: Federal Deposit Insurance Corporation.

DEBT GROWTH BY SECTOR, 2005-2009[1]

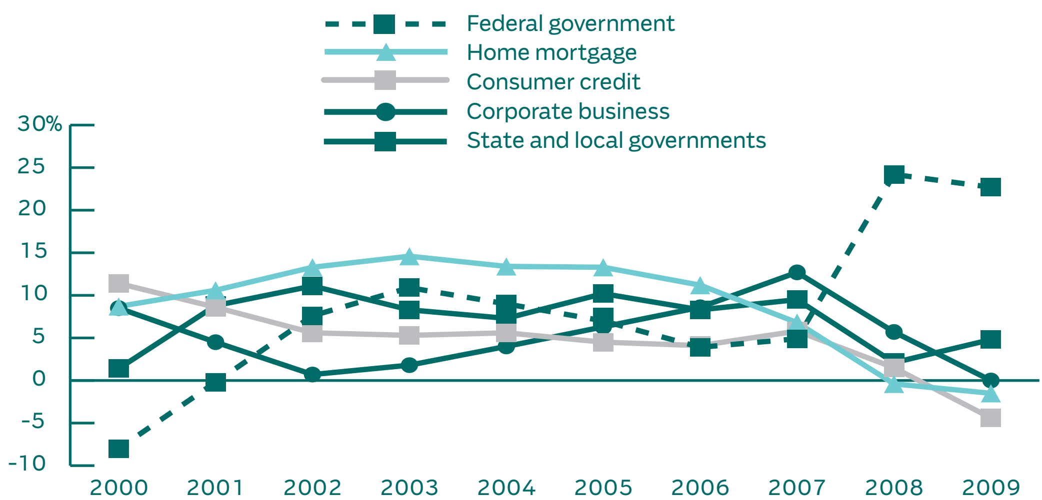
	2005	2006	2007	2008	2009
Total domestic nonfinancial sectors	**9.5%**	**9.0%**	**8.7%**	**6.0%**	**3.1%**
Households					
Home mortgage	13.3	11.2	6.8	-0.4	-1.5
Consumer credit	4.5	4.1	5.8	1.5	-4.4
Total household	**11.1**	**10.1**	**6.7**	**0.3**	**-1.7**
Business					
Corporate	6.3	8.6	12.7	5.7	0.0
Total business	**8.7**	**10.6**	**13.1**	**5.4**	**-2.5**
Government					
State and local govt	10.2	8.3	9.5	2.1	4.8
Federal govt	7.0	3.9	4.9	24.2	22.7
Domestic financial sectors	**9.3**	**10.0**	**12.5**	**5.6**	**-10.8**
Foreign	**7.9**	**22.0**	**9.0**	**-6.1**	**10.7**

[1]Percent change from prior year.

Board of Governors of the Federal Reserve System, June 10, 2010.

DEBT GROWTH BY SELECTED SECTOR, 2000-2009

(Percent change from prior year)



Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Consumer and Business Loans and Debt

Consumer Debt

DEBT HELD BY FAMILIES BY TYPE OF DEBT, 1998-2007

Percentage of families holding debt[1]	Home-secured	Other residential property	Installment loans	Credit card balances	Other lines of credit	Other	Any debt
1998	43.1%	5.1%	43.7%	44.1%	2.3%	8.8%	74.1%
2001	44.6	4.6	45.2	44.4	1.5	7.2	75.1
2004	47.9	4.0	46.0	46.2	1.6	7.6	76.4
2007	48.7	5.5	46.9	46.1	1.7	6.8	77.0
By age of family head, 2007							
Under 35	37.3	3.3	65.2	48.5	2.1	5.9	83.5
35 to 44	59.5	6.5	56.2	51.7	2.2	7.5	86.2
45 to 54	65.5	8.0	51.9	53.6	1.9	9.8	86.8
55 to 64	55.3	7.8	44.6	49.9	1.2	8.7	81.8
65 to 74	42.9	5.0	26.1	37.0	1.5	4.4	65.5
75 and over	13.9	0.6	7.0	18.8	[2]	1.3	31.4
Percentiles of income, 2007[3]							
Less than 20	14.9	1.1	27.8	25.7	[2]	3.9	51.7
20 to 39.9	29.5	1.9	42.3	39.4	1.8	6.8	70.2
40 to 59.9	50.5	2.6	54.0	54.9	[2]	6.4	83.8
60 to 79.9	69.7	6.8	59.2	62.1	2.1	8.7	90.9
80 to 89.9	80.8	8.5	57.4	55.8	[2]	9.6	89.6
90 to 100	76.4	21.9	45.0	40.6	2.1	7.0	87.6

[1]Families include one-person units.

[2]Ten or fewer observations.

[3]Ranges represent percentiles rather than income levels. A percentile is a statistical ranking point. The 50th percentile represents the midpoint of all values. For example, at the 50th percentile half of the families in the ranking fall above this income level and half fall below.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

Credit and Debit Card Payments

Studies conducted by the Federal Reserve show that payments made with debit and credit cards accounted for about half of all noncash payments, in terms of volume in 2006, but only about 4 percent of the value. Debit cards accounted for 1.3 percent of the $75.8 trillion in noncash payments in 2006, or $1 trillion dollars. Credit cards accounted for 2.8 percent of the payments, or $2.12 trillion. Checks accounted for 55 percent and automated clearing house payments accounted for 41 percent, in dollar terms. The Federal Reserve will update the study in 2010.

NUMBER OF NONCASH PAYMENTS, 2003 AND 2006

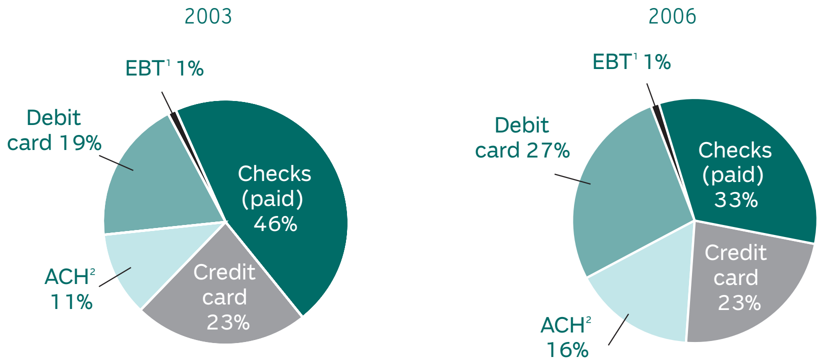
(billions)

	2003	2006	Compound annual growth rate, 2003-2006
Total (billions)	**81.4**	**93.3**	**4.6%**
Checks (paid)	37.3	30.6	-6.4
Debit card	15.6	25.3	17.5
Signature	10.3	16.0	15.8
PIN[1]	5.3	9.4	20.6
Credit card	19.0	21.7	4.6
ACH[2]	8.8	14.6	18.6
EBT[3]	0.8	1.1	10.0

[1]Personal identification number.
[2]Automated clearing house.
[3]Electronic benefits transfer.

Source: Federal Reserve System.

DISTRIBUTION OF THE NUMBER OF NONCASH PAYMENTS, 2003 AND 2006



[1]Electronic benefits transfer.
[2]Automated clearing house.

Source: Federal Reserve System.

Savings, Investment and Debt Ownership

Consumer and Business Loans and Debt

DEBT HELD BY FAMILIES BY TYPE OF DEBT AND LENDING INSTITUTION, 1998-2007

Type of debt	1998	2001	2004	2007
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home-secured debt	71.4	75.2	75.2	74.7
Installment loans	13.1	12.3	11.0	10.2
Other residential property	7.5	6.2	8.5	10.1
Credit card balances	3.9	3.4	3.0	3.5
Other debt	3.7	2.3	1.6	1.1
Other lines of credit	0.3	0.5	0.7	0.4
Purpose of debt				
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home purchase	67.9	70.9	70.2	69.5
Other residential property	7.8	6.5	9.5	10.8
Goods and services	6.3	5.8	6.0	6.2
Vehicles	7.6	7.8	6.7	5.5
Education	3.5	3.1	3.0	3.6
Home improvement	2.1	2.0	1.9	2.3
Investment, excluding real estate	3.3	2.8	2.2	1.6
Other	1.5	1.1	0.6	0.5
Type of lending institution				
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Mortgage or real estate lender	35.6	38.0	39.4	41.6
Commercial bank	32.8	34.1	35.1	37.3
Thrift institution[1]	9.7	6.1	7.3	4.2
Credit union	4.3	5.5	3.6	4.2
Credit and store cards	3.9	3.7	3.0	3.6
Finance or loan company	4.1	4.3	4.1	3.4
Other nonfinancial	1.3	1.4	2.0	2.0
Brokerage	3.8	3.1	2.5	1.6
Individual lender	3.3	2.0	1.7	1.4
Government	0.6	1.1	0.7	0.4
Pension account	0.4	0.3	0.3	0.2
Other loans	0.3	0.5	0.2	0.2

[1]Savings and loan association or savings bank.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

CONSUMER CREDIT FINANCE RATES BY INSTITUTION AND TYPE OF LOAN, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Commercial banks										
New automobiles (48 months)	9.34%	8.50%	7.62%	6.93%	6.60%	7.07%	7.72%	7.77%	7.02%	6.72%
Personal (24 months)	13.90	13.22	12.54	11.95	11.89	12.06	12.41	12.38	11.37	11.10
Credit card plans	15.78	14.87	13.40	12.30	12.72	12.51	13.21	13.30	12.08	13.40
Finance companies										
New automobiles	6.61	5.65	4.29	3.81	4.92	6.02	4.99	4.87	5.52	3.82
Used automobiles	13.55	12.18	10.74	9.86	8.81	8.81	9.61	9.24	NA	NA

NA=Data not available.

Source: Board of Governors of the Federal Reserve System.

CREDIT MARKET DEBT OUTSTANDING, OWED BY SECTOR, 2000-2009[1]

($ billions, end of year)

Year	Household sector	Nonfinancial corporate business
2000	$6,987.3	$4,633.6
2001	7,659.3	4,825.8
2002	8,484.3	4,859.4
2003	9,505.0	4,970.8
2004	10,569.6	5,168.1
2005	11,742.9	5,494.1
2006	12,929.5	5,963.3
2007	13,802.1	6,724.5
2008	13,843.0	7,100.2
2009	13,602.1	7,113.2

[1]Excludes corporate equities and mutual fund shares.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

- Household debt fell 1.7 percent from 2008 to 2009, while business debt was virtually unchanged. Over the 10 years, 2000-2009, household debt rose 94.7 percent, compared with a rise of 53.5 percent for business debt.

Credit Cards

Bank cards, credit cards issued by banks, are the most widely held type of credit card, with 96.1 percent of cardholders having such cards in 2007. Balances on bank cards accounted for 87.1 percent of outstanding credit card balances in 2007, up from 84.9 percent in 2004, according to the Federal Reserve's latest Consumer Finance Survey. Store cards were also popular, with 56.7 percent of cardholders having such cards in 2007.

In February 2010 new federal rules for credit card companies went into effect. Along with other consumer protections, the rules require credit card companies to provide consumers with 45-day notice of any major changes to their card's interest rates, fees and other material terms.

FAMILIES WITH CREDIT CARDS, 2004 AND 2007

	2004[1]	2007
All families		
Percent of all families with credit cards	74.9%	73.0%
Percent of all families with credit card balance	46.2	46.1
Median amount of credit card balance ($000)	$2.4	$3.0
Families with credit card balance		
By percentile of income		
Less than 20	28.8%	25.7%
20 to 39.9	42.9	39.4
40 to 59.9	55.1	54.9
60 to 79.9	56.1	62.1
80 to 89.9	57.6	55.8
90 to 100	38.5	40.6
Median amount of credit card balance ($000)		
By percentile of income		
Less than 20	$1.1	$1.0
20 to 39.9	2.0	1.8
40 to 59.9	2.4	2.4
60 to 79.9	3.3	4.0
80 to 89.9	3.0	5.5
90 to 100	4.4	7.5

[1]All 2004 dollars adjusted to 2007 dollars.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

UNDERGRADUATE CREDIT CARD USAGE, 1998-2008

	1998	2000	2002	2004	2008
Percentage who have credit cards	67%	78%	83%	76%	84%
Average number of credit cards	3.50	3.00	4.25	4.09	4.60
Percentage who have 4 or more cards	27%	32%	47%	43%	50%
Average credit card debt	$1,879	$2,748	$2,327	$2,169	$3,173
Median credit card debt	$1,222	$1,236	$1,770	$946	$1,645
Percentage with balances $3,000 to $7,000	14%	13%	21%	16%	21%

Source: Sallie Mae.

DELINQUENCY RATES, RESIDENTIAL REAL ESTATE AND CONSUMER CREDIT CARD LOANS, 2000-2009[1]

Year	Residential[2]	Credit cards	Year	Residential[2]	Credit cards
2000	2.28%	4.56%	2005	1.64%	3.54%
2001	2.23	4.69	2006	1.95	3.95
2002	1.97	4.85	2007	3.07	4.59
2003	1.78	4.43	2008	6.59	5.63
2004	1.39	4.04	2009	10.14	6.32

[1]All figures are for the fourth quarter and are based on loans at commercial banks, measured as a percentage of loans. [2]Residential real estate loans. Includes loans secured by 1 to 4 family properties, including home equity lines of credit.
Source: Board of Governors of the Federal Reserve System.

- Delinquency rates for residential real estate loans were 10.14 percent at the end of 2009, the highest since record-keeping began in 1991.
- By the first quarter of 2010, residential delinquency rates rose to 11.29 percent.

TOP TEN DEPOSITORY INSTITUTIONS BY CREDIT CARD LOANS OUTSTANDING, 2008-2009[1]

($000)

Rank	Institution	2008	2009
1	Bank of America Corporation	$81,273,997	$71,108,309
2	JPMorgan Chase & Co.	94,051,000	68,133,000
3	Citigroup Inc.	79,722,000	65,991,000
4	Discover Financial Services	[2]	48,232,468
5	HSBC North America Holdings Inc.	47,894,489	40,642,579
6	American Express Company	[2]	32,772,187
7	Wells Fargo & Company	23,960,000	24,228,000
8	U.S. Bancorp	13,520,000	16,819,000
9	Capital One Financial Corporation	19,828,039	14,437,122
10	American Express Centurion Bank	18,807,129	13,040,323

[1]Loans outstanding. Includes all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards. [2]Comparable data not available for 2008, as the reporting structure of the institution changed from bank to a financial holding company in 2009.
Source: SNL Financial LC.

Bankruptcy

There are three major types of bankruptcies: Chapter 7 is a liquidation, under which assets are distributed by a court-appointed trustee. If there are no assets, the debt is discharged and creditors receive nothing. Chapter 11 is a reorganization, used mostly by businesses, under which debts are restructured and a payment schedule is worked out. Chapter 13 is a debt repayment plan, under which debts are repaid in part or in full over a period of time, normally three years, under the supervision of a trustee.

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCA), which was the most comprehensive revision of bankruptcy laws in 25 years, instituted a means test that requires people who earn above their state's median income and can repay at least $6,000 over five years to file for bankruptcy protection under Chapter 13, which mandates a repayment plan. (Under the previous law more debtors were eligible to file under Chapter 7, with its less stringent provisions). There was a precipitous drop in filings in 2006 after the law took effect. However, filings have been rising steadily in recent years, with annual increases of over 30 percent from 2007 to 2009. In 2009 a total of 1.4 million bankruptcy petitions were filed in U.S. courts, the greatest number since 2005.

BANKRUPTCY PETITIONS FILED BY TYPE, 2005-2009

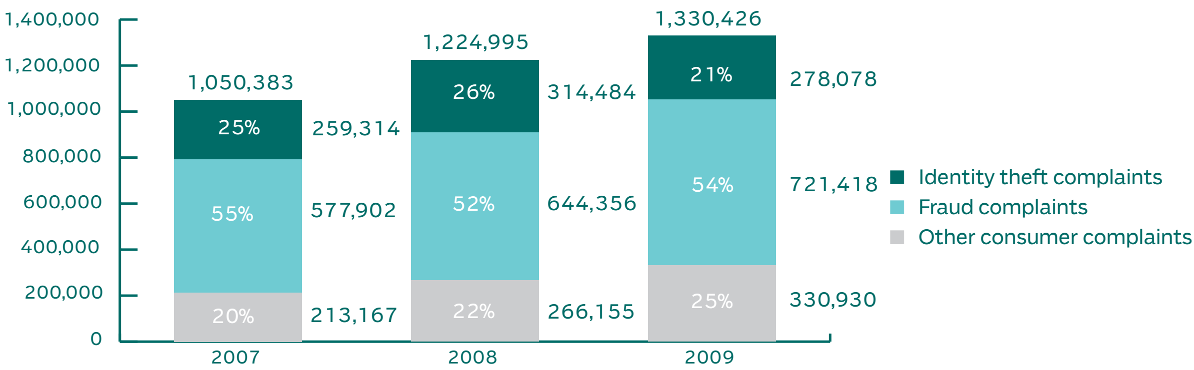
Year	Business	Percent change	Nonbusiness	Percent change	Total	Percent change
2005	39,201	14.2%	2,039,214	30.5%	2,078,415	30.1%
2006	19,695	-49.8	597,965	-70.7	617,660	-70.3
2007	28,322	43.8	822,590	37.6	850,912	37.8
2008	43,546	53.8	1,074,225	30.6	1,117,771	31.4
2009	60,837	39.7	1,412,838	31.5	1,473,675	31.8

Source: Administrative Office of the U.S. Courts.

Consumer Fraud and Identity Theft

The Consumer Sentinel database, maintained by the Federal Trade Commission, contains over 7.2 million consumer fraud and identity theft complaints that have been filed with federal, state and local law enforcement agencies and private organizations.

IDENTITY THEFT AND FRAUD COMPLAINTS, 2007-2009[1]



[1]Percentages are based on the total number of Consumer Sentinel Network complaints by calendar year. These figures exclude "Do Not Call" registry complaints.

Source: Federal Trade Commission.

HOW VICTIMS' INFORMATION IS MISUSED, 2009[1]

Type of identity theft fraud	Percent
Credit card fraud	17%
Government documents or benefits fraud	16
Phone or utilities fraud	15
Employment-related fraud	13
Bank fraud[2]	10
Attempted identity theft	6
Loan fraud	4
Other identity theft	23

[1]Percentages are based on the total number of complaints in the Federal Trade Commission's Consumer Sentinel Network (278,078 in 2009). Percentages total to more than 100 because some victims reported experiencing more than one type of identity theft (12% in 2009).
[2]Includes fraud involving checking and savings accounts and electronic fund transfers.

Source: Federal Trade Commission.

Savings, Investment and Debt Ownership

Consumer Fraud and Identity Theft

IDENTITY THEFT BY STATE, 2009

State	Complaints per 100,000 population[1]	Number of complaints	Rank[2]	State	Complaints per 100,000 population[1]	Number of complaints	Rank[2]
Alabama	76.2	3,586	17	Montana	41.8	408	46
Alaska	44.8	313	43	Nebraska	52.2	938	36
Arizona	119.4	7,875	2	Nevada	106.0	2,802	5
Arkansas	64.4	1,862	31	New Hampshire	44.1	584	45
California	114.2	42,209	4	New Jersey	84.5	7,361	12
Colorado	95.0	4,775	9	New Mexico	98.0	1,969	6
Connecticut	76.2	2,682	16	New York	96.7	18,906	8
Delaware	81.9	725	13	North Carolina	72.5	6,798	21
Florida	122.3	22,664	1	North Dakota	29.7	192	49
Georgia	97.2	9,556	7	Ohio	65.2	7,525	29
Hawaii	45.1	584	42	Oklahoma	71.4	2,633	23
Idaho	48.8	755	39	Oregon	67.5	2,583	27
Illinois	93.8	12,113	10	Pennsylvania	78.4	9,887	14
Indiana	64.8	4,163	30	Rhode Island	63.8	672	33
Iowa	39.2	1,179	47	South Carolina	67.3	3,070	28
Kansas	67.6	1,906	26	South Dakota	29.1	236	50
Kentucky	48.4	2,088	40	Tennessee	69.4	4,370	24
Louisiana	72.4	3,252	22	Texas	116.4	28,844	3
Maine	38.8	511	48	Utah	62.4	1,738	34
Maryland	91.8	5,232	11	Vermont	44.6	277	44
Massachusetts	69.0	4,551	25	Virginia	72.8	5,741	20
Michigan	75.5	7,525	18	Washington	77.2	5,145	15
Minnesota	54.6	2,877	35	West Virginia	46.2	841	41
Mississippi	73.2	2,161	19	Wisconsin	49.1	2,777	38
Missouri	64.3	3,850	32	Wyoming	49.2	268	37

[1]Population figures are based on the 2009 U.S. Census population estimates.

[2]Ranked by complaints per 100,000 population. The District of Columbia had 150.4 complaints per 100,000 population and 902 victims.

Source: Federal Trade Commission.

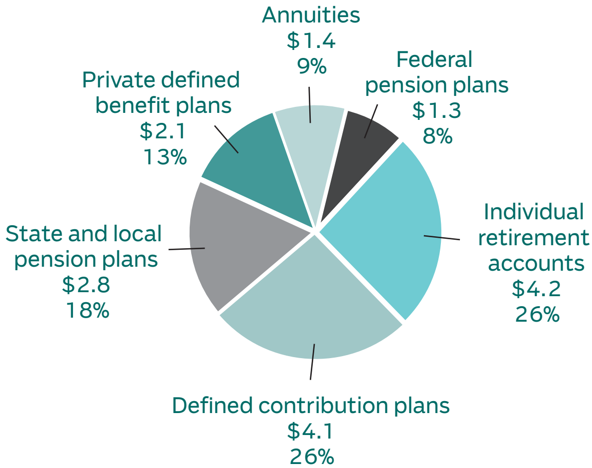
Retirement Funds, IRAs and 401(k)s

In addition to Social Security and private savings, a large number of Americans rely on investments in formal plans to prepare for retirement. A report by the Investment Company Institute (ICI) found that 68 percent of all U.S. households had retirement plans through work or individual retirement accounts (IRAs) in 2009.

Retirement market assets rose by $2 trillion to $16 trillion in 2009, with the 14 percent increase driven largely by investment returns. This contrasts sharply with 2008, when the economic downturn was accompanied by a 22 percent drop in retirement assets. Workplace plans play a major part in retirement savings, with nearly two thirds of Americans' retirement assets held in employer-sponsored plans in 2009, according to ICI.

U.S. RETIREMENT ASSETS, 2009

($ trillions, year-end)



Source: Investment Company Institute.

Retirement Assets

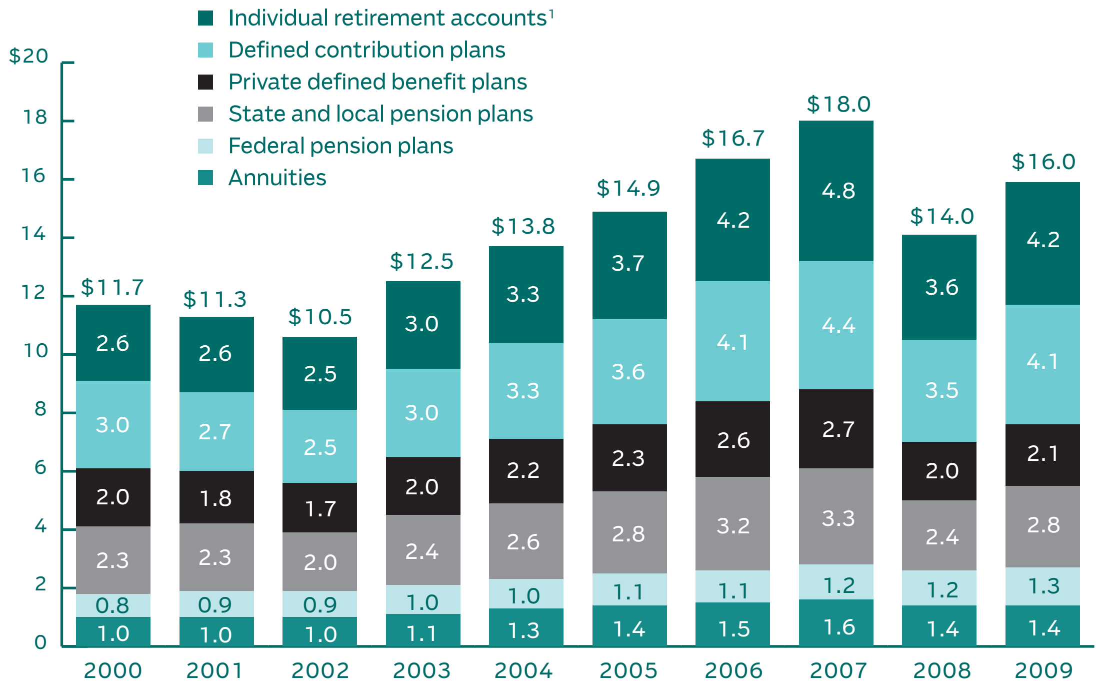
Retirement Funds, IRAs and 401 (k)s

Retirement Funds

In 2009 nearly two-thirds of retirement assets (64.8 percent) were in an employer-sponsored retirement plan (including government and private plans). About one-quarter (26.4 percent) of such assets were in individual retirement accounts and 8.8 percent were in annuities.

Retirement plans are generally administered by a bank, life insurance company, mutual fund, brokerage firm or pension fund manager. Because payouts are relatively predictable, pension funds invest primarily in long-term securities. They are among the largest investors in the stock market. Pension plan assets made up 15.6 percent of total financial services assets in 2009.

U.S. RETIREMENT ASSETS, BY TYPE, 2000-2009
($ trillions, end of year)



[1]Data for 2003, 2005, 2006, 2007, 2008 and 2009 are estimates.

Source: Investment Company Institute.

ASSETS OF PRIVATE PENSION FUNDS BY TYPE OF ASSET, 2005-2009[1]

($ billions, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$5,388.6**	**$6,082.8**	**$6,410.6**	**$4,552.7**	**$5,471.0**
Checkable deposits and currency	10.8	11.2	11.8	12.3	16.4
Time and savings deposits	62.2	63.1	67.7	67.9	72.7
Money market fund shares	86.7	90.1	93.5	95.7	96.4
Security repurchase agreements[2]	21.6	22.4	25.8	33.1	36.2
Credit market instruments	699.9	758.3	860.8	951.4	1,063.0
Open market paper	31.5	31.7	26.9	37.2	26.7
U.S. government securities	368.5	399.4	466.3	503.0	579.8
Treasury securities	116.5	130.8	169.5	184.9	310.7
Agency- and GSE[3]-backed securities	252.0	268.6	296.8	318.1	269.1
Corporate and foreign bonds	290.0	317.6	357.4	400.1	442.9
Mortgages	9.8	9.5	10.2	11.1	13.6
Corporate equities	2,441.7	2,724.8	2,673.3	1,599.7	1,835.7
Mutual fund shares	1,585.4	1,880.4	2,110.6	1,366.0	1,817.3
Miscellaneous assets	480.2	532.5	567.1	426.5	533.3
Unallocated insurance contracts[4]	338.4	387.9	431.3	317.6	412.8
Contributions receivable	44.8	42.8	47.2	47.9	50.5
Other	97.0	101.8	88.6	61.0	70.0
Pension fund reserves (liabilities)[5]	5,427.8	6,120.5	6,444.8	4,588.0	5,507.4

[1]Private defined benefit plans and defined contribution plans (including 401(k) type plans).
[2]Short-term agreements to sell and repurchase government securities by a specified date at a set price.
[3]Government-sponsored enterprise.
[4]Assets of private pension plans held at life insurance companies (e.g., variable annuities).
[5]Equal to the value of tangible and financial assets. These liabilities are assets of the household sector.

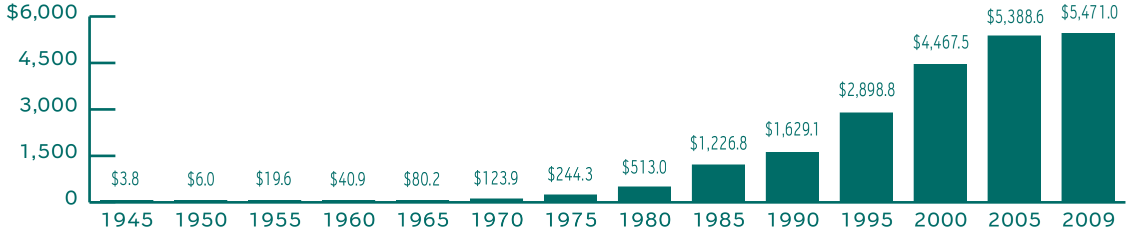
Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Retirement Assets

Retirement Funds, IRAs and 401(k)s

ASSETS OF PRIVATE PENSION FUNDS, 1945-2009

($ billions, end of year)



Source: Board of Governors of the Federal Reserve System, June 10, 2010.

ASSETS OF STATE AND LOCAL GOVERNMENT EMPLOYEE RETIREMENT FUNDS BY TYPE OF ASSET, 2005-2009

($ billions, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$2,721.4**	**$3,089.8**	**$3,198.8**	**$2,324.5**	**$2,685.8**
Checkable deposits and currency	15.8	13.1	17.9	17.8	17.6
Time and savings deposits	1.3	0.8	0.7	0.7	0.7
Money market fund shares	11.7	13.8	12.4	14.3	14.2
Security repurchase agreements[1]	19.7	24.1	21.7	23.5	23.3
Credit market instruments	693.4	808.0	820.3	833.5	818.1
Open market paper	35.2	42.8	38.4	25.9	22.8
U.S. government securities	412.2	464.0	472.7	483.9	474.4
Treasury	153.8	156.2	141.6	146.4	174.5
Agency- and GSE[2]-backed securities	258.4	307.8	331.1	337.5	299.9
Municipal securities	1.7	3.3	2.4	1.4	1.5
Corporate and foreign bonds	227.9	283.4	297.0	312.9	310.1
Mortgages	16.4	14.4	9.7	9.4	9.3
Corporate equities	1,715.8	1,926.1	2,013.7	1,237.9	1,566.5
Mutual fund shares	248.4	287.5	296.4	181.1	229.2
Miscellaneous assets	15.4	16.3	15.7	15.7	16.2
Pension fund reserves (liabilities)[3]	2,763.4	3,156.6	3,297.9	2,422.0	2,778.8

[1]Short-term agreements to sell and repurchase government securities by a specified date at a set price.

[2]Government-sponsored enterprise.

[3]Equal to the value of tangible and financial assets. These liabilities are assets of the household sector.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Types of Retirement Plans

There are two basic types of pension funds: defined benefit and defined contribution plans. In a defined benefit plan, the income the employee receives in retirement is guaranteed, based on predetermined benefits formulas. Typically, benefits are based on a percentage of the participant's "terminal earnings," i.e., earnings at retirement. In a defined contribution plan, a type of savings plan in which taxes on earnings are deferred until funds are withdrawn, the amount of retirement income depends on the contributions made and the earnings generated by the securities purchased. The employer generally matches the employee contribution up to a certain level and the employee selects investments from among the options the employer's plan offers. 401(k) plans fall into this category, as do 403(b) plans for nonprofit organizations.

Other types of retirement funds include profit sharing plans, in which employers contribute to accounts based on their profits, and Keogh plans for the self-employed and employees of small businesses. Some workers who do not fall into these categories may make limited contributions to an individual retirement account (IRA). IRAs allow individuals to save money without paying taxes until they withdraw it. With the Roth IRA, a plan created in 1998 for individuals earning below specified income levels, individuals pay taxes on the money before it is saved and withdraw funds without paying federal taxes. Beginning in 2010 people with traditional IRAs will be able to convert them to Roths. Roth 401(k)s were introduced in 2001 and made permanent by federal law in 2007.

PARTICIPATION IN DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS, 1990-2009[1]

(Percent)

Percent of all workers participating	1990-1991	2000	2005	2006	2007	2008	2009
Defined benefit pension plans	35%	19%	21%	20%	20%	20%	20%
Defined contribution plans	34	36	42	43	43	43	43

[1]All private industry.

Source: U.S. Bureau of Labor Statistics.

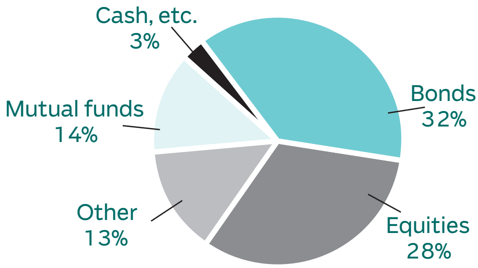
Retirement Assets

Retirement Funds, IRAs and 401(k)s

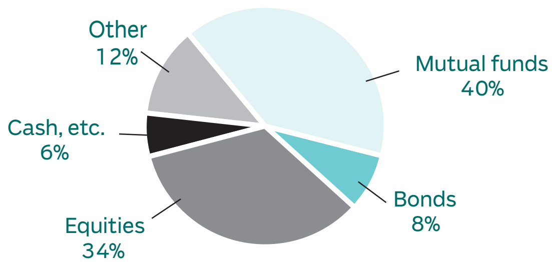
- In defined benefit plans, the share of investments in equities fell from 40 percent in 2008 to 38 percent in 2009, while investments in other assets rose from 11 percent in 2008 to 13 percent in 2009.
- In defined contribution plans, the share of the investments in mutual funds rose from 38 percent in 2008 to 40 percent in 2009. Investments in equities rose from 33 percent in 2008 to 34 percent in 2009. Investments in bonds fell from 10 percent to 8 percent during the same period.

RETIREMENT FUNDS ASSET MIX, 2009

Private Defined Benefit Plans



Private Defined Contribution Plans



Source: Securities Industry and Financial Markets Association.

DISTRIBUTION OF PRIVATE PENSION FUND ASSETS, 1985-2009

Year	Financial assets ($ billions)	Percent of financial assets: Defined benefit	Percent of financial assets: Defined contribution
1985	$1,226	64.9%	35.1%
1990	1,627	55.3	44.7
1995	2,902	50.5	49.5
2000	4,468	44.3	55.7
2005	5,302	43.0	57.0
2006	6,010	42.1	57.9
2007	6,391	41.7	58.3
2008	4,600	42.0	58.0
2009	5,457	38.9	61.1

Source: Securities Industry and Financial Markets Association.

INVESTMENT MIX OF PRIVATE DEFINED BENEFIT PLAN ASSETS, 2005-2009

($ billions)

Year	Equity	Bonds	Mutual funds	Cash items	Other assets	Total assets
2005	$1,393	$463	$253	$58	$114	$2,281
2006	1,521	497	246	59	156	2,479
2007	1,454	587	339	56	231	2,666
2008	777	648	228	68	209	1,930
2009	811	688	286	70	266	2,121

Source: Securities Industry and Financial Markets Association.

INVESTMENT MIX OF PRIVATE DEFINED CONTRIBUTION PLAN ASSETS, 2005-2009

($ billions)

Year	Equity	Bonds	Mutual funds	Cash items	Other assets	Total assets
2005	$1,149	$205	$1,146	$156	$366	$3,021
2006	1,354	229	1,361	160	376	3,481
2007	1,410	247	1,510	169	389	3,725
2008	878	266	1,002	178	336	2,660
2009	1,134	261	1,332	194	414	3,336

Source: Securities Industry and Financial Markets Association.

Pension Benefit Guaranty Corporation

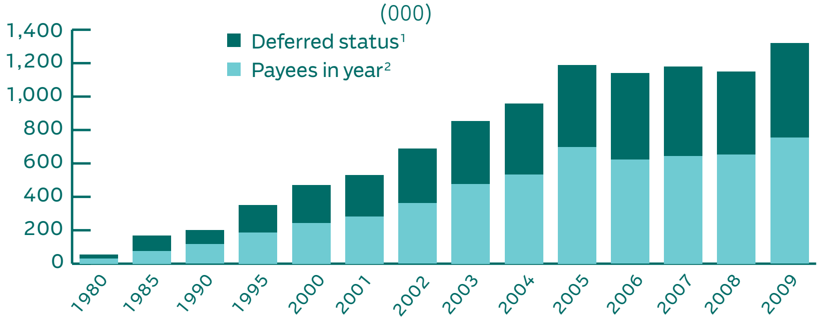
The Pension Benefit Guaranty Corporation (PBGC), a federal corporation created by the Employee Retirement Income Security Act of 1974, protects the pensions of workers in private defined benefit plans. The PBGC operates two pension programs. The Single-Employer Program, set up by individual companies, covers nearly 34 million workers and retirees in about 28,000 pension plans. The Multiple-Employer program, usually set up by two or more unrelated employers from the same industry, protects 10 million workers and retirees in about 1,500 pension plans. In 2006 Congress passed the Pension Protection Act, landmark pension reform legislation enacted to close shortfalls in employers' funding of defined benefit pension plans. The act gave employers seven years to fully fund their plans but gave some airlines in bankruptcy proceedings an extra 10 years to meet their obligations.

Retirement Funds, IRAs and 401(k)s

- The PBGC's Single-Employer Program for pension plans reported a deficit of $21.1 billion in fiscal year 2009, $10.4 billion more than the previous year's $10.7 billion shortfall.
- Overall single employer benefit payments rose to $4.5 billion in 2009 from $4.3 billion in 2008.

NUMBER OF PAYEES, PBGC, SINGLE-EMPLOYER PROGRAM, 1980-2009

(000)



[1]Deferred status refers to individuals eligible for future payments.
[2]Payees are retired participants or their beneficiaries receiving payments.

Source: Pension Benefit Guaranty Corporation.

Individual Retirement Accounts (IRAs)

An individual retirement arrangement, or IRA, is a personal savings plan that allows individuals to set aside money for retirement, while offering tax advantages. Traditional IRAs are defined as those first allowed under the Employee Retirement Income Security Act of 1974. Amounts in a traditional IRA, including earnings, generally are not taxed until distributed to the holder. Roth IRAs were created by the Taxpayer Relief Act of 1997. Unlike traditional IRAs, Roth IRAs do not allow holders to deduct contributions. However, qualified distributions are tax free. Other variations include Simplified Employee Pensions (SEP), which enable businesses to contribute to traditional IRAs set up for their workers, and Savings Incentive Match Plans for Employees (SIMPLE) plans, a similar arrangement for small businesses.

IRAs BY HOLDER, 2005-2009

($ billions, market share, end of year)

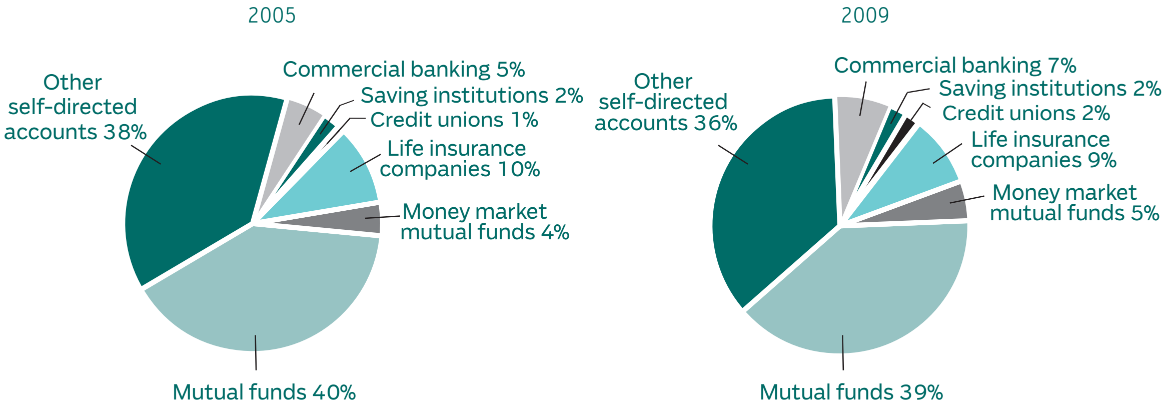
Holder	2005	2006	2007	2008	2009
Commercial banking[1]	$175.3	$202.0	$210.7	$248.1	$275.5
Savings institutions[1]	53.8	57.6	71.2	77.9	81.2
Credit unions[1]	49.3	53.2	58.2	65.5	74.2
Life insurance companies	381.0	406.0	424.2	376.8	388.0
Money market mutual funds[2]	141.0	175.0	219.0	265.0	226.0
Mutual funds[2]	1,474.0	1,752.0	1,971.0	1,253.0	1,641.0
Other self-directed accounts	1,377.6	1,561.2	1,829.7	1,292.7	1,544.1
Total	**$3,652.0**	**$4,207.0**	**$4,784.0**	**$3,579.0**	**$4,230.0**

[1]Includes Keogh accounts. [2]Excludes variable annuities.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

According to the Investment Company Institute, 46.1 million households (or 39.3 percent of U.S. households) had IRAs in 2009. Of these, 36.6 million households (31.2 percent) had traditional IRAs, 17 million (14.5 percent) had Roth IRAs and 9.6 million (8.2 percent) had SEP or SIMPLE IRAs.

IRA MARKET SHARES BY HOLDER, 2005 AND 2009

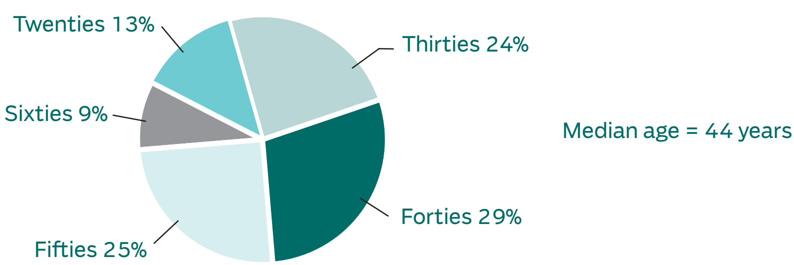


Source: Board of Governors of the Federal Reserve System, June 10, 2010.

401(k) Plan Participants

Fifty-three percent of people who participate in 401(k) plans are in their thirties or forties, according to an analysis by the Employee Benefits Research Institute and the Investment Company Institute. The median age of participants in 2008 was 44 years, the same as in 2007. Thirty-eight percent of participants had five or fewer years of tenure in their firms, while 5 percent were at their firms for over 30 years. The median tenure at the current employer was seven years in 2008, up from six years in 2007.

401(K) PLAN PARTICIPANTS BY AGE, 2008[1]



[1]May not add to total due to rounding.

Source: Investment Company Institute.

Retirement Assets

Retirement Funds, IRAs and 401(k)s

401(k) Assets

The National Bureau of Economic Research expects assets in 401(k) plans to grow dramatically in coming decades. The plans, first introduced in the early 1980s, currently represent only a small portion of retirees' wealth. However, in recent years the plans have become available to a majority of workers, with the percentage of families with members eligible to participate jumping from less than 20 percent in 1984 to more than 50 percent in 2003. By the time today's younger workers retire, they will have had more time to contribute to their plans than baby boomers, further fueling the growth of 401(k)s. About one third of 401(k) assets were invested in equity funds in 2008, down from almost 50 percent in 2007.

ASSETS IN 401(K) PLANS, 2000-2009

($ billions, end of year)

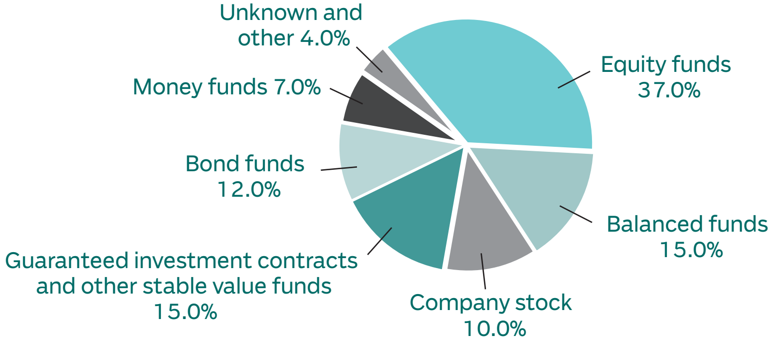
Year	Mutual fund 401(k) plan assets[1]	Other 401(k) plan assets	Total
2000	$837	$887	$1,725
2001	799	883	1,682
2002	736	837	1,573
2003	923	999	1,922
2004	1,119	1,069	2,189
2005	1,242	1,154	2,396
2006	1,511	1,257	2,768
2007	1,702	1,280	2,982
2008	1,166[2]	1,109[2]	2,275[2]
2009	1,515[2]	1,238[2]	2,754[2]

[1]Preliminary data. [2]Estimated by the Investment Company Institute.

Note: Components may not add to totals due to rounding.

Source: Investment Company Institute.

AVERAGE ASSET ALLOCATION FOR ALL 401(K) PLAN BALANCES, 2008[1]



[1]Percentages are dollar weighted averages.

Source: Investment Company Institute.

Sales of Fixed and Variable Annuities

There are two major types of annuities: fixed and variable. Fixed annuities guarantee the principal and a minimum rate of interest. Generally, interest credited and payments made from a fixed annuity are based on rates declared by the company, which can change only yearly. Fixed annuities are considered "general account" assets. In contrast, variable annuity account values and payments are based on the performance of a separate investment portfolio, thus their value may fluctuate daily. Variable annuities are considered "separate account" assets.

There are a variety of fixed annuities and variable annuities. One example, the equity indexed annuity, is a hybrid of the features of fixed and variable annuities. It credits a minimum rate of interest, just as other fixed annuities do, but its value is also based on the performance of a specified stock index—usually computed as a fraction of that index's total return. The financial services overhaul enacted into law in July 2010 included language keeping equity indexed annuities under state regulation. This provision, along with a 2010 D.C. Circuit Court of Appeal ruling, negated a December 2008 Securities and Exchange Commission ruling that would have treated equity indexed annuities as securities, under certain circumstances, starting in 2011. Variable annuities are subject to both state insurance and federal securities regulation. Annuities can also be classified by marketing channel, in other words whether they are sold to groups or individuals. (See the Premiums by Line table, page 103.)

Annuities can be deferred or immediate. Deferred annuities generally accumulate assets over a long period of time, with withdrawals usually made as a single sum or as an income payment beginning at retirement. Immediate annuities allow purchasers to convert a lump sum payment into a stream of income that begins right away.

INDIVIDUAL ANNUITY CONSIDERATIONS, 2005-2009[1]

($ billions)

			Total	
Year	Variable	Fixed	Amount	Percent change from prior year
2005	$136.9	$79.5	$216.4	-2.0%
2006	160.4	78.3	238.7	10.3
2007	184.0	72.8	256.8	7.6
2008	155.7	109.3	265.0	3.2
2009	127.0	107.9	234.9	-11.4

[1]Based on LIMRA's estimates of the total annuity sales market. Includes some considerations (i.e., premiums) that though bought in group settings involve individual buying decisions.

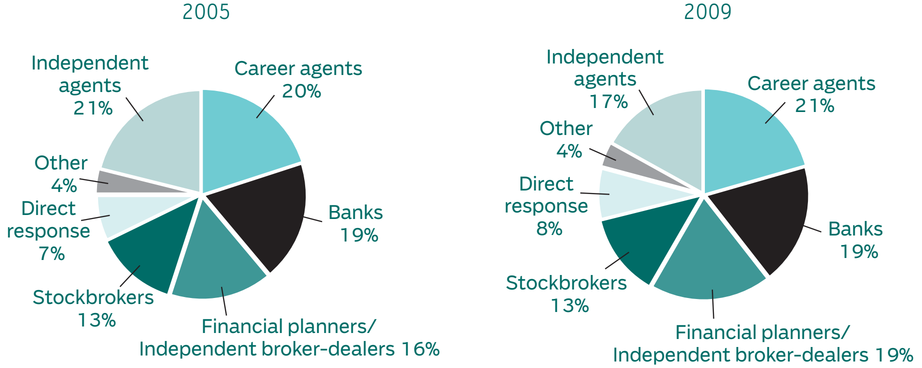
Source: LIMRA International.

- Individual fixed annuity sales in the U.S. declined by 1 percent in 2009, following 50 percent growth the previous year. Variable annuity sales declined 18 percent, following a 15 percent drop in 2008.

Annuity Distribution Systems

Insurance agents, including career agents, who sell the products of a single life insurance company, and independent agents, who represent several insurers, account for almost 40 percent of annuity sales. State and federal regulators require sellers of variable annuities, which are similar to stock market-based investments, to register with NASD and the Securities and Exchange Commission.

SALES OF INDIVIDUAL ANNUITIES BY DISTRIBUTION CHANNELS, 2005 AND 2009[1]

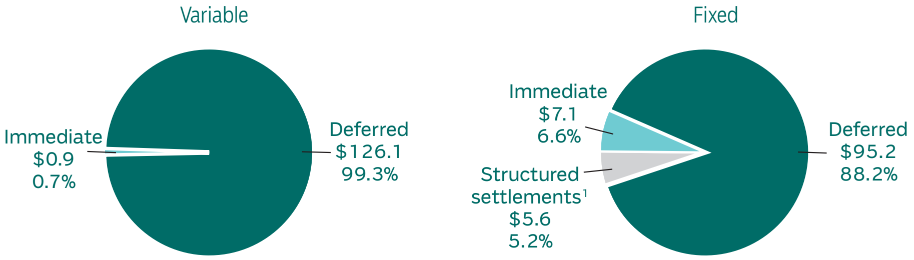


[1]Preliminary.

Source: LIMRA International.

ANNUITY SALES BY PRODUCT TYPE, 2009

($ billions)

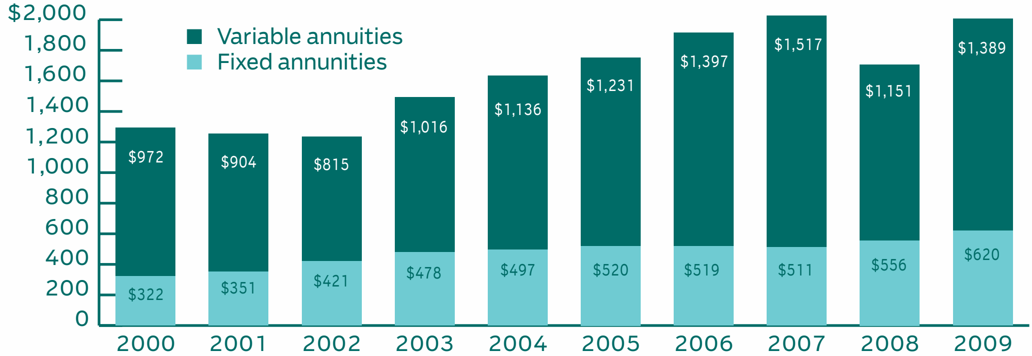


[1]Single premium contracts bought by property/casualty insurers to distribute awards in personal injury or wrongful death lawsuits over a period of time, rather than as lump sums.

Source: LIMRA International.

DEFFERED ANNUITY ASSETS, 2000-2009

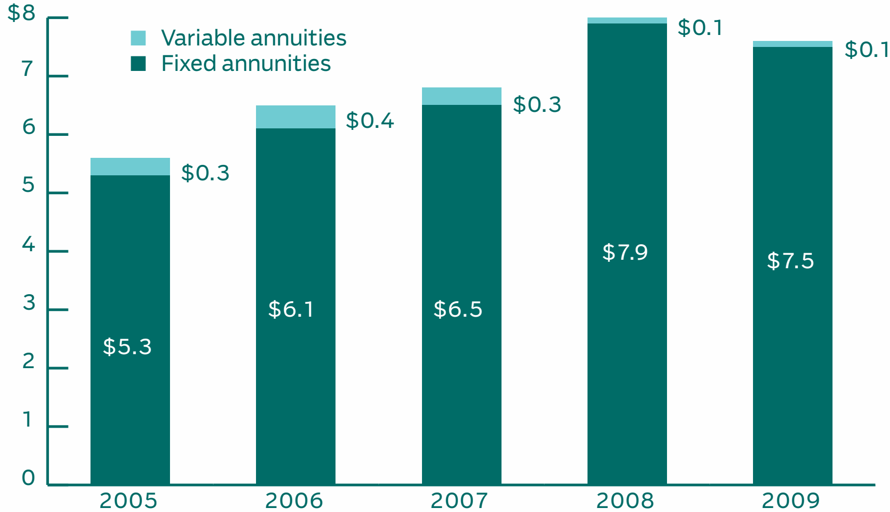
($ billions, year end)



Source: LIMRA International, The U.S. Individual Annuity Yearbook - 2009.

INDIVIDUAL IMMEDIATE ANNUITY SALES, 2005-2009

($ billions)



Source: LIMRA International, The U.S. Individual Annuity Yearbook - 2009.

Retirement Assets

Mutual Funds

MUTUAL FUND RETIREMENT ASSETS, 2000-2009

($ billions, end of year)

Year	Employer-sponsored accounts[2]	IRAs	Total retirement
2000	$2,530	$1,291	$1,239
2001	2,394	1,227	1,167
2002	2,131	1,094	1,037
2003	2,727	1,410	1,317
2004	3,143	1,634	1,509
2005	3,526	1,838	1,688
2006	4,174	2,159	2,015
2007	4,697	2,409	2,288
2008	3,224	1,639	1,585
2009	4,054	2,102	1,953

[1]Includes 401(k) plans, 403(b) plans, 457 plans, Keoghs and other defined contribution plans without 401(k) features; does not include defined benefit plan mutual fund assets.

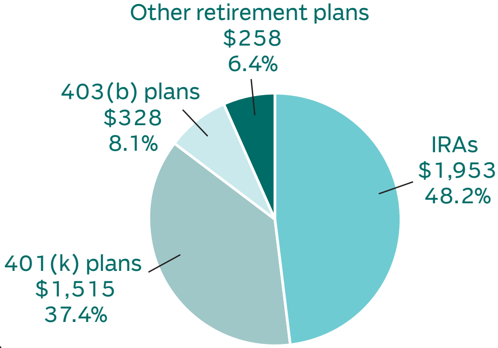
Note: Components may not add to totals due to rounding.

Source: Investment Company Institute.

- Of the total $4.1 trillion in mutual fund assets held in retirement plans at the end of 2009, 58 percent were invested in equity funds, including 44 percent in domestic funds and 14 percent in foreign funds.

MUTUAL FUND RETIREMENT ASSETS BY TYPE OF PLAN, 2009[1]

($ billions, end of year)



[1]Preliminary data.

Source: Investment Company Institute.

Overview

Spurred by the passage of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLB), many leading financial services companies are now doing business across sectors. Prior to GLB, competition among the various segments of the financial services industry was strictly limited by law. GLB removed many of the Depression-era barriers that restricted competition. While the arrangement that provided the major impetus for the passage of GLB, Citigroup's merger with Travelers Insurance Group, has been dissolved, the convergence of products and services continues as companies look for innovative ways to tap the enduring market for financial products. Banks have tended to concentrate on distributing insurance products by buying existing agencies and brokers rather than by setting up their own agencies or purchasing insurers. For their part, insurance companies have set up thrift or banking divisions rather than buying existing banks. Firms can form financial holding companies to engage in a variety of financial services activities. Industrial banks offer another route to convergence (See page 74).

Financial Holding Companies

Gramm-Leach-Bliley permits banks, securities firms and insurance companies to affiliate with each other through the financial holding company (FHC) structure. The first step in electing FHC status is to become a bank holding company (BHC), a company that owns one or more bank. BHCs must meet certain eligibility requirements in terms of capital, management and community investment to become an FHC.

GLB also allows banks owned by BHCs to expand into financial services activities by creating financial subsidiaries. The activities permitted by these subsidiaries are not as broad as those of the FHCs. For example, financial subsidiaries of banks may not engage in insurance underwriting. Before passage of GLB, BHCs could be involved in the securities business, but what they were permitted to do was strictly limited by law. The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed in July 2010, increases regulation of large bank holding companies and expands the authority of the Federal Reserve to regulate subsidiaries of BHCs. In 2008 securities giants, Morgan Stanley and Goldman Sachs converted to BHCs. Both now have FHC status.

NUMBER OF FINANCIAL HOLDING COMPANIES, 2005-2009[1]

	2005	2006	2007	2008	2009
Number of domestic FHCs[2]	591	599	597	557	479
Number of foreign FHCs[3]	38	44	43	45	46
Total number of FHCs	**629**	**643**	**640**	**602**	**525**

[1]To avoid double-counting, only the top-tier bank holding company in a multitier organization is included. [2]Bank holding company whose ultimate parent is incorporated in the United States. [3]Bank holding company whose ultimate parent is a foreign bank or other organization chartered outside the United States.

Source: Board of Governors of the Federal Reserve System.

- In 2009, 35 domestic FHCs had assets over $15 billion; 185 had assets between $500 million and $15 billion and 259 had assets below $500 million.

Bank Holding Companies/ BHCs: Securities Activities

Bank Holding Companies

Each year Michael White Associates benchmarks and ranks the insurance, securities, and mutual fund and annuity fee income programs of banks and bank holding companies (BHCs), based on data reported to the FDIC and the Federal Reserve. The charts on pages 52-60 show data from institutions with insurance and/or investment operations located within BHC subsidiaries. The charts on pages 61-66 show data from banks that have generated, either directly or through bank subsidiaries, insurance and investment income and report the data at the bank level. See the Overview section of the Banking chapter for additional information on bank holding companies, including a more extensive ranking of the largest BHCs.

- Goldman Sachs and Morgan Stanley are former securities firms that converted to bank holding companies in 2008 as a result of the financial crisis.
- The top 10 BHCs had financial holding company status, as of March 2010.

TOP TEN BANK HOLDING COMPANIES, 2010[1]
($000)

Rank	Bank holding company	Assets
1	Bank of America Corporation	$2,340,667,014
2	JPMorgan Chase & Co.	2,135,796,000
3	Citigroup Inc.	2,002,213,000
4	Wells Fargo & Company	1,223,630,000
5	Goldman Sachs Group, Inc.	880,677,000
6	Morgan Stanley	819,719,000
7	MetLife, Inc.	565,566,452
8	Barclays Group U.S. Inc.	427,837,000
9	Taunus Corporation	364,079,000
10	HSBC North America Holdings, Inc.	345,382,87

[1]As of March 31, 2010.

Source: Board of Governors of the Federal Reserve System.

BHCs: Securities Activities

BHCs recorded $52.6 billion in investment banking, advisory and underwriting income in 2009.

BANK HOLDING COMPANY INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2007-2009

	Reporting investment banking, advisory and underwriting income				
Year	Number	Percent	Investment banking, advisory and underwriting income ($ billions)	Mean investment banking, advisory and underwriting income	Median investment banking, advisory and underwriting income
2007	274	31.9%	$43.70	$159,480,270	$366,000
2008	279	31.6	35.64	127,755,735	310,000
2009	265	28.9	52.64	198,638,698	237,000

Source: Michael White Bank Investment Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2008-2009

($000)

			Investment banking, advisory and underwriting income				
Rank	Bank holding company	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Goldman Sachs Group, Inc.	NY	NA	$8,637,000	NA	23.14%	$844,806,000
2	Morgan Stanley	NY	NA	8,538,000	NA	37.59	771,453,000
3	Citigroup Inc.	NY	$12,076,000	8,396,000	-30.47%	26.15	1,856,063,000
4	JPMorgan Chase & Co.	NY	6,101,000	7,936,000	30.08	16.37	2,029,659,000
5	Bank of America Corporation	NC	2,406,163	5,565,469	131.30	8.90	2,217,711,899
6	Franklin Resources, Inc.	CA	5,170,150	4,478,999	-13.37	94.32	9,151,690
7	Wells Fargo & Company	CA	332,000	3,945,000	1,088.25	9.50	1,243,602,000
8	Barclays Group US Inc.	DE	525,057	1,375,348	161.94	19.06	365,703,204
9	Taunus Corporation	NY	831,000	919,000	10.59	12.54	369,105,000
10	PNC Financial Services Group	PA	461,016	422,144	-8.43	5.35	269,921,958

NA=Data not available.

Source: Michael White Bank Investment Fee Income Report - 2010.

BANK HOLDING COMPANY INVESTMENT FEE INCOME, 2005-2009[1]

	Reporting investment fee income				
Year	Number	Percent	Investment fee income ($ billions)	Mean investment fee income	Median investment fee income
2005	1,278	56.6%	$48.93	$38,282,635	$158,000
2006[2]	629	73.7	56.43	89,717,957	409,000
2007	632	73.7	62.19	98,402,304	549,500
2008	638	72.3	56.34	88,303,589	501,000
2009	653	71.3	89.75	137,441,992	440,000

[1]Income from investment banking, advisory, brokerage and underwriting fees and annuity commissions.

[2]Due to a 2006 redefinition of what constitutes a “small” bank holding company, most BHCs with less than $500 million in consolidated assets were exempt from filing detailed noninterest fee income data. The change reduced the number of BHCs that file the data by 1,300. The lower number of these small BHCs drove national means and medians higher, mainly for insurance brokerage fee income.

Source: Michael White Bank Investment Fee Income Report - 2010.

BHCs: Securities Activities

TOP TEN BANK HOLDING COMPANIES IN INVESTMENT FEE INCOME, 2008-2009

($000)

			Investment fee income				
Rank	Bank holding company	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Bank of America Corporation	NC	$5,755,915	$15,834,181	175.09%	25.31%	$2,217,711,899
2	Morgan Stanley	NY	NA	14,805,000	NA	65.18	771,453,000
3	Goldman Sachs Group, Inc.	NY	NA	12,630,000	NA	33.84	844,806,000
4	JPMorgan Chase & Co.	NY	9,605,000	11,168,000	16.27	23.03	2,029,659,000
5	Citigroup Inc.	NY	12,269,000	8,458,000	-31.06	26.34	1,856,063,000
6	Wells Fargo & Company	CA	1,851,000	8,003,000	332.36	19.26	1,243,602,000
7	Franklin Resources, Inc.	CA	5,170,150	4,478,999	-13.37	94.32	9,151,690
8	Barclays Group US Inc.	DE	1,284,992	3,425,716	166.59	47.48	365,703,204
9	Taunus Corporation	NY	2,006,000	1,869,000	-6.83	25.50	369,105,000
10	Bank of New York Mellon Corp.	NY	2,009,000	1,638,000	-18.47	16.18	212,336,000

NA=Data not available.

Source: Michael White Bank Investment Fee Income Report - 2010.

BANK HOLDING COMPANY SECURITIES BROKERAGE INCOME, 2007-2009

	Reporting securities brokerage income				
Year	Number	Percent	Securities brokerage income ($ billions)	Mean securities brokerage income	Median securities brokerage income
2007	502	58.5%	$16.47	$32,812,675	$365,500
2008	510	57.8	18.09	35,466,912	335,500
2009	530	57.9	34.49	65,071,925	265,500

Source: Michael White Bank Securities Brokerage Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN SECURITIES BROKERAGE INCOME, 2008-2009

($000)

			Securities brokerage income				
Rank	Bank holding company	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Bank of America Corporation	NC	$3,203,859	$10,016,884	212.65%	16.01%	$2,217,711,899
2	Morgan Stanley	NY	NA	6,014,000	NA	26.48	771,453,000
3	Goldman Sachs Group, Inc.	NY	NA	3,981,000	NA	10.67	844,806,000
4	Wells Fargo & Company	CA	1,401,000	3,380,000	141.26	8.14	1,243,602,000
5	JPMorgan Chase & Co.	NY	3,141,000	2,904,000	-7.55	5.99	2,029,659,000
6	Barclays Group US Inc.	DE	759,935	2,050,368	169.81	28.42	365,703,204
7	Bank of New York Mellon Corp.	NY	1,989,000	1,621,000	-18.50	16.01	212,336,000
8	Taunus Corporation	NY	1,175,000	950,000	-19.15	12.96	369,105,000
9	Regions Financial Corp.	AL	595,963	717,868	20.46	20.40	142,354,415
10	Stifel Financial Corp.	MO	572,934	685,717	19.69	64.92	3,167,356

NA=Data not available.

Source: Michael White Bank Securities Brokerage Fee Income Report - 2010.

BHCs: Insurance Activities

During 2009, 609 bank holding companies earned some type of insurance-related revenue, up from 588 the previous year. BHCs recorded total insurance revenue of $47.24 billion in 2009, up 11.1 percent from 2008.

BHCs: Insurance Activities

BANK HOLDING COMPANY INSURANCE BROKERAGE, UNDERWRITING AND TOTAL INSURANCE FEE INCOME, 2005-2009

	Insurance brokerage fee income[1]				
	Reporting insurance brokerage fee income		Insurance brokerage fee income ($ billions)	Mean insurance brokerage fee income	Median insurance brokerage fee income
Year	Number	Percent			
2005	1,423	63.1%	$10.98	$7,714,739	$65,000
2006[2]	583	68.3	12.12	20,787,417	233,000
2007	588	68.5	12.25	20,827,117	166,000
2008	585	66.3	11.80	20,177,880	161,000
2009	606	66.2	12.36	20,396,550	139,000

	Insurance underwriting fee income[3]				
	Reporting insurance underwriting fee income		Insurance underwriting fee income ($ billions)	Mean insurance underwriting fee income ($ millions)	Median insurance underwriting fee income
Year	Number	Percent			
2005	94	4.2%	$33.08	$351.9	$467,500
2006[2]	77	9.0	31.35	407.1	720,000
2007	72	8.4	31.42	436.4	609,500
2008	66	7.5	30.73	465.6	497,000
2009	69	7.5	34.88	505.5	509,000

	Total insurance fee income				
	Reporting total insurance fee income		Total insurance fee income ($ billions)	Mean total insurance fee income ($ millions)	Median total insurance fee income
Year	Number	Percent			
2005	1,428	63.3%	$44.06	$30.85	$67,000
2006[2]	586	68.6	43.46	74.17	267,500
2007	592	69.0	43.66	73.76	190,500
2008	588	66.7	42.53	72.34	184,500
2009	609	66.5	47.24	77.57	155,000

[1]Income from nonunderwriting activities, mostly from insurance product sales and referrals, service charges and commissions, and fees earned from insurance and annuity sales. [2]Due to a 2006 redefinition of what constitutes a “small” bank holding company, most BHCs with less than $500 million in consolidated assets were exempt from filing detailed noninterest fee income data. The change reduced the number of BHCs that file the data by 1,300. The lower number of these small BHCs drove national means and medians higher, mainly for insurance brokerage fee income. [3]Income from underwriting activities.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME, 2008-2009[1]

($000)

			Insurance brokerage fee income				
Rank	Bank holding company	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	MetLife, Inc.	NY	$5,737,422	$5,702,106	-0.62%	19.40%	$532,545,185
2	Wells Fargo & Company	CA	1,595,000	1,725,000	8.15	4.15	1,243,602,000
3	Citigroup Inc.	NY	1,207,000	1,040,000	-13.84	3.24	1,856,063,000
4	BB&T Corporation	NC	847,267	922,489	8.88	26.50	165,764,218
5	Bank Of America Corp.	NC	432,206	463,342	7.20	0.74	2,217,711,899
6	Morgan Stanley	NY	NA	191,000	NA	0.84	771,453,000
7	American Express Company	NY	NA	136,016	NA	0.71	123,053,223
8	Discover Financial Services	IL	NA	128,796	NA	3.14	68,570,088
9	Goldman Sachs Group, Inc.	NY	NA	124,000	NA	0.33	844,806,000
10	GMAC Inc.	MI	NA	122,000	NA	1.21	172,199,000

[1]Income from nonunderwriting activites, insurance product sales and referrals, service charges and commissions, and fees earned from insurance and annuity sales. NA=Data not available.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN INSURANCE UNDERWRITING NET INCOME, 2009

($000)

Rank	Bank holding company	State	Total insurance underwriting net income	Total net income/loss	Insurance net income as a percent of total net income	Assets
1	Citigroup Inc.	NY	$534,000	-$1,606,000	NA	$1,856,063,000
2	Bank of America Corporation	NC	364,002	6,276,005	5.80%	2,217,711,899
3	Wells Fargo & Company	CA	342,000	12,275,000	2.79	1,243,602,000
4	Goldman Sachs Group, Inc.	NY	338,000	13,385,000	2.53	844,806,000
5	American Express Company	NY	96,740	2,129,865	4.54	123,053,223
6	Old National Bancorp	IN	56,503	13,737	411.32	8,005,565
7	PNC Financial Services Group, Inc.	PA	52,351	2,447,823	2.14	269,921,958
8	BB&T Corporation	NC	24,485	853,783	2.87	165,764,218
9	HSBC North America Holdings	IL	16,507	-7,758,554	NA	391,332,071
10	Armed Forces Benefit Association	VA	15,429	15,130	101.98	543,396

NA=Not applicable.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

BHCs: Insurance Activities/Annuities Activities

TOP TEN BANK HOLDING COMPANIES IN TOTAL INSURANCE PREMIUMS UNDERWRITTEN, 2008-2009

($000)

			Total insurance premiums			
Rank	Bank holding company	State	2008	2009	Percent change	2009 Assets
1	MetLife, Inc.	NY	$25,914,156	$26,460,448	2.11%	$532,545,185
2	Bank of America Corporation	NC	1,390,293	2,296,617	65.19	2,217,711,899
3	Citigroup Inc.	NY	2,014,000	1,980,000	-1.69	1,856,063,000
4	GMAC Inc.	MI	NA	806,000	NA	172,199,000
5	Wells Fargo & Company	CA	235,000	392,000	66.81	1,243,602,000
6	JPMorgan Chase & Co.	NY	328,000	325,000	-0.91	2,029,659,000
7	Goldman Sachs Group, Inc.	NY	NA	318,000	NA	844,806,000
8	HSBC North America Holdings Inc.	IL	390,081	308,522	-20.91	391,332,071
9	American Express Company	NY	NA	293,020	NA	123,053,223
10	BB&T Corporation	NC	81,182	125,268	54.31	165,764,218

NA=Data not available.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

BHCs: Annuities Activities

BANK HOLDING COMPANY MUTUAL FUND AND ANNUITY INCOME, 2005-2009

	Reporting mutual fund and annuity income				
Year	Number	Percent	Mutual fund and annuity income ($ billions)	Mean mutual fund and annuity income	Median mutual fund and annuity income
2005	1,108	49.1%	$19.46	$17,562,670	$157,000
2006[1]	553	63.6	19.32	34,943,586	360,000
2007	555	64.7	22.81	41,102,155	432,000
2008	554	62.8	21.97	39,648,787	399,000
2009[2]	336	36.7	20.18	60,069,405	714,000

[1]Due to a 2006 redefinition of what constitutes a “small” bank holding company, most BHCs with less than $500 million in consolidated assets were exempt from filing detailed noninterest fee income data. The change reduced the number of BHCs that file the data by 1,300. The lower number of these small BHCs drove national means and medians higher, mainly for insurance brokerage fee income.
[2]Effective 2009, only banks with assets greater than $1 billion are required to report combined mutual fund and annuity fee income. Hence, the large decline in 2009 in banks reporting that form of fee income.

Source: Michael White Bank Mutual Fund and Annuity Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN PROPRIETARY MUTUAL FUND AND ANNUITIES ASSETS UNDER MANAGEMENT, 2008-2009

($000)

			Proprietary mutual fund and annuities assets under management			
Rank	Bank holding company	State	2008	2009	Percent change	2009 Assets
1	JPMorgan Chase & Co.	NY	$693,584,000	$757,815,000	9.26%	$2,029,659,000
2	Bank of New York Mellon Corp.	NY	361,267,000	333,106,000	-7.80	212,336,000
3	Goldman Sachs Group, Inc.	NY	NA	274,312,000	NA	844,806,000
4	Wells Fargo & Company	CA	272,705,000	250,825,000	-8.02	1,243,602,000
5	Bank of America Corporation	NC	261,032,783	211,387,091	-19.02	2,217,711,899
6	State Street Corporation	MA	104,805,923	133,684,912	27.55	156,755,765
7	Taunus Corporation	NY	113,687,000	127,394,000	12.06	369,105,000
8	Northern Trust Corporation	IL	89,853,507	100,020,930	11.32	82,141,531
9	U.S. Bancorp	MN	92,562,000	80,282,000	-13.27	281,176,000
10	Suntrust Banks, Inc.	GA	35,295,412	33,126,167	-6.15	174,166,407

NA=Data not available.

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN MUTUAL FUND AND ANNUITY FEE INCOME, 2008-2009

($000)

			Mutual fund and annuity fee income				
Rank	Bank holding company	State	2008	2009	Percent change	Percent of non-interest income, 2009	2009 Assets
1	Franklin Resources, Inc.	CA	$4,708,916	$4,041,367	-14.18%	85.10%	$9,151,690
2	Wells Fargo & Company	CA	1,334,000	3,144,000	135.68	7.57	1,243,602,000
3	MetLife, Inc.	NY	3,431,100	3,084,002	-10.12	10.49	532,545,185
4	JPMorgan Chase & Co.	NY	2,051,000	2,136,000	4.14	4.41	2,029,659,000
5	Morgan Stanley	NY	NA	1,403,000	NA	6.18	771,453,000
6	Bank of America Corporation	NC	1,874,018	1,281,401	-31.62	2.05	2,217,711,899
7	Bank of New York Mellon Corp.	NY	1,065,000	978,000	-8.17	9.66	212,336,000
8	Goldman Sachs Group, Inc.	NY	NA	815,000	NA	2.18	844,806,000
9	Citigroup Inc.	NY	1,430,000	598,000	-58.18	1.86	1,856,063,000
10	Taunus Corporation	NY	442,000	354,000	-19.91	4.83	369,105,000

NA=Data not available.

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2010.

BHCs: Annuities Activities

BANK HOLDING COMPANY ANNUITY COMMISSIONS, 2007-2009

Year	Reporting annuity commissions: Number	Reporting annuity commissions: Percent	Annuity commissions ($ billions)	Mean annuity commissions	Median annuity commissions
2007	376	43.8%	$2.02	$5,374,199	$220,500
2008	385	43.7	2.61	6,768,091	227,000
2009	392	42.8	2.62	6,689,403	210,000

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2010.

TOP TEN BANK HOLDING COMPANIES IN ANNUITY COMMISSIONS, 2008-2009

($000)

			Annuity commissions				
Rank	Bank holding company	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Wells Fargo & Company	CA	$118,000	$678,000	474.58%	1.63%	$1,243,602,000
2	JPMorgan Chase & Co.	NY	363,000	328,000	-9.64	0.68	2,029,659,000
3	Morgan Stanley	NY	NA	253,000	NA	1.11	771,453,000
4	Bank of America Corp.	NC	145,893	251,828	72.61	0.40	2,217,711,899
5	PNC Financial Services Group	PA	69,501	121,284	74.51	1.54	269,921,958
6	Regions Financial Corp.	AL	109,499	93,532	-14.58	2.66	142,354,415
7	Suntrust Banks, Inc.	GA	123,835	80,455	-35.03	2.23	174,166,407
8	U.S. Bancorp	MN	100,000	66,000	-34.00	0.79	281,176,000
9	Keycorp	OH	56,420	60,725	7.63	3.32	92,400,254
10	BB&T Corporation	NC	45,942	46,074	0.29	1.32	165,764,218

NA=Data not available.

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2010.

Banks: Securities Activities

The preceding charts highlighted insurance and securities income generated by bank holding companies based on an analysis by Michael White Associates. The Michael White charts in the following section focus on institutions that have generated such income either directly or through bank subsidiaries, insurance and investment income and report the data at the bank level, rather than at the bank holding company level. Banks reported $12 billion in investment fee income in 2009, down 9.6 percent from the previous year.

BANK INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2007-2009

	Reporting investment banking, advisory and underwriting income		Investment banking, advisory and underwriting income ($ billions)	Mean investment banking, advisory and underwriting income	Median investment banking, advisory and underwriting income
Year	Number	Percent			
2007	717	9.3%	$6.42	$8,956,393	$63,000
2008	688	9.2	5.27	7,656,314	65,000
2009	622	8.6	6.61	10,625,217	57,500

Source: Michael White Bank Investment Fee Income Report - 2010.

TOP TEN BANKS IN INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2008-2009

($000)

			Investment banking, advisory and underwriting income				
Rank	Bank	State	2008	2009	Percent Change	Percent of noninterest income, 2009	2009 Assets
1	JPMorgan Chase Bank, N.A.	OH	$3,103,000	$3,959,000	27.59%	10.67%	$1,627,684,000
2	Bank of America, N.A.	NC	489,693	687,692	40.43	2.06	1,465,221,449
3	Wachovia Bank, N.A.[1]	NC	5,332	382,000	7,064.29	4.37	510,083,000
4	U.S. Bank N.A.	OH	190,535	162,712	-14.60	2.03	276,376,130
5	Goldman Sachs Bank USA	NY	NA	161,000	NA	2.80	91,016,000
6	Fifth Third Bank	OH	133,129	123,560	-7.19	2.71	112,736,105
7	Keybank N.A.	OH	125,787	118,241	-6.00	7.30	90,179,122
8	State Street Bank and Trust Company	MA	93,588	114,195	22.02	1.94	153,740,526
9	PNC Bank, N.A.	PA	144,284	87,670	-39.24	1.64	260,309,849
10	Deutsche Bank Trust Company Americas	NY	129,000	83,000	-35.66	6.75	45,875,000

[1]In 2008 Wells Fargo purchased Wachovia. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White made adjustments to reflect the purchase. NA=Data not available.

Source: Michael White Bank Investment Fee Income Report - 2010.

Banks: Securities Activities

- From 2005 to 2009, banks bought an average of 42 securities firms each year. (See Chapter 7: Mergers and Acquisitions of U.S. Securities Firms.)

BANK INVESTMENT FEE INCOME, 2005-2009[1]

Year	Reporting investment fee income: Number	Reporting investment fee income: Percent	Investment fee income ($ billions)	Mean investment fee income	Median investment fee income
2005	2,245	28.2%	$9.97	$4,440,339	$77,000
2006	2,228	28.4	11.97	5,370,943	85,000
2007	2,216	28.8	14.21	6,412,762	110,000
2008	2,150	28.7	13.28	6,178,356	115,000
2009	2,034	28.1	12.00	5,898,968	95,000

[1]Income from investment banking, advisory and underwriting, securities brokerage and annuity commissions.

Source: Michael White Bank Investment Fee Income Report - 2010.

TOP TEN BANKS IN INVESTMENT FEE INCOME, 2008-2009[1]

($000)

Rank	Bank	State	Investment fee income: 2008	Investment fee income: 2009	Investment fee income: Percent change	Investment fee income: Percent of noninterest income, 2009	2009 Assets
1	JPMorgan Chase Bank, N.A.	OH	$4,883,000	$5,259,000	7.70%	14.18%	$1,627,684,000
2	Bank of America, N.A.	NC	3,303,574	2,204,615	-33.27	6.61	1,465,221,449
3	Wachovia Bank, N.A.[2]	NC	634,508	610,000	-3.89	6.98	510,083,000
4	PNC Bank, N.A.	PA	296,476	326,970	10.29	6.13	260,309,849
5	Wells Fargo Bank, N.A.	SD	432,000	272,000	-37.04	1.15	608,778,000
6	Keybank N.A.	OH	197,956	193,876	-2.06	11.96	90,179,122
7	Fifth Third Bank	OH	219,339	192,528	-12.22	4.22	112,736,105
8	State Street Bank and Trust Company	MA	147,242	167,904	14.03	2.85	153,740,526
9	U.S. Bank N.A.	OH	190,535	162,726	-14.60	2.03	276,376,130
10	Goldman Sachs Bank USA	NY	NA	161,000	NA	2.80	91,016,000

[1]Income from broker-dealer activities such as investment banking, advisory and underwriting; securities brokerage; and annuity commissions.

[2]In 2008 Wells Fargo purchased Wachovia. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White made adjustments to reflect the purchase.

NA=Data not available.

Source: Michael White Bank Investment Fee Income Report - 2010.

BANK SECURITIES BROKERAGE INCOME, 2007-2009

Year	Reporting securities brokerage income: Number	Reporting securities brokerage income: Percent	Securities brokerage income ($ billions)	Mean securities brokerage income	Median securities brokerage income
2007	1,624	21.1%	$6.85	$4,217,010	$90,500
2008	1,585	21.1	7.01	4,424,686	87,000
2009	1,525	21.1	4.57	2,993,721	71,000

Source: Michael White Bank Securities Brokerage Fee Income Report - 2010.

TOP TEN BANKS IN SECURITIES BROKERAGE INCOME, 2008-2009[1]

($000)

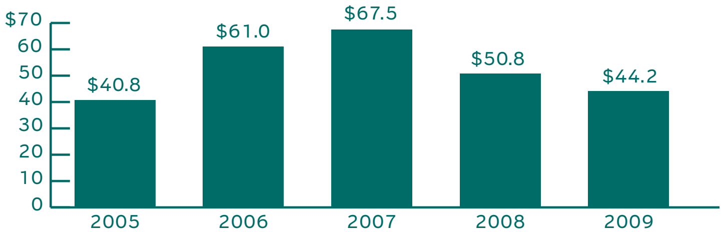
Rank	Bank	State	Securities brokerage income: 2008	Securities brokerage income: 2009	Securities brokerage income: Percent change	Securities brokerage income: Percent of noninterest income, 2009	2009 Assets
1	Bank of America, N.A.	NC	$2,668,908	$1,494,211	-44.01%	4.48%	$1,465,221,449
2	JPMorgan Chase Bank, N.A.	OH	1,780,000	1,300,000	-26.97	3.50	1,627,684,000
3	Wells Fargo Bank, N.A.	SD	371,000	262,000	-29.38	1.10	608,778,000
4	Wachovia Bank, N.A.[1]	NC	629,176	220,000	-65.03	2.52	510,083,000
5	The Bank of New York Mellon	NY	193,000	161,000	-16.58	2.86	164,275,000
6	PNC Bank, N.A.	PA	87,676	118,021	34.61	2.21	260,309,849
7	Chase Bank USA, N.A.	DE	96,355	86,184	-10.56	1.93	91,043,014
8	State Street Bank and Trust Company	MA	53,654	53,709	0.10	0.91	153,740,526
9	Citibank, N.A.	NV	134,000	43,000	-67.91	0.36	1,161,361,000
10	Fifth Third Bank	OH	46,527	40,736	-12.45	0.89	112,736,105

[1]In 2008 Wells Fargo purchased Wachovia. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White made adjustments to reflect the purchase.

Source: Michael White Bank Securities Brokerage Fee Income Report - 2010.

BANK SALES OF RETAIL MUTUAL FUNDS, 2005-2009[1]

($ billions)



[1]Estimated.

Source: Kehrer-LIMRA.

- Bank sales of retail mutual funds reached a record $67.5 billion in 2007.

Banks: Insurance Activities

BANK INSURANCE BROKERAGE, UNDERWRITING AND TOTAL INSURANCE FEE INCOME, 2005-2009

	Insurance brokerage fee income[1]				
	Reporting insurance brokerage fee income				
Year	Number	Percent	Insurance brokerage fee income ($ billions)	Mean insurance brokerage fee income	Median insurance brokerage fee income
2005	3,802	47.7%	$3.93	$1,033,970	$19,000
2006	3,648	46.5	4.08	1,117,370	20,000
2007	3,519	45.7	4.04	1,149,359	18,000
2008	3,372	45.0	3.51	1,041,330	18,000
2009	3,249	44.8	3.45	1,062,024	15,000

	Insurance underwriting fee income[2]				
	Reporting insurance underwriting fee income				
Year	Number	Percent	Insurance underwriting fee income ($ millions)	Mean insurance underwriting fee income	Median insurance underwriting fee income
2005	242	3.0%	$653.2	$2,699,335	$8,000
2006	227	2.9	354.8	1,563,141	6,000
2007	247	3.2	414.9	1,679,781	8,000
2008	223	3.0	459.3	2,059,534	9,000
2009	209	2.9	431.1	2,062,852	7,000

	Total insurance fee income				
	Reporting insurance fee income				
Year	Number	Percent	Total insurance fee income ($ billions)	Mean total insurance fee income	Median total insurance fee income
2005	3,926	49.3%	$4.58	$1,167,700	$18,000
2006	3,774	48.2	4.43	1,174,085	19,000
2007	3,625	47.0	4.46	1,230,207	18,000
2008	3,468	46.3	3.97	1,145,210	17,000
2009	3,332	47.0	3.88	1,164,961	15,000

[1]Income from non-underwriting activities, mostly from insurance product sales and referrals, service charges and commissions, and fees earned from insurance and annuity sales.
[2]Income from underwriting activities.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

TOP TEN BANKS IN INSURANCE BROKERAGE FEE INCOME, 2008-2009

($000)

			Insurance brokerage fee income				
Rank	Bank	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Branch Banking and Trust Company	NC	$860,339	$963,126	11.95%	34.12%	$159,675,538
2	Citibank, N.A.	NV	860,000	714,000	-16.98	5.91	1,161,361,000
3	FIA Card Services, N.A.	DE	271,303	177,814	-34.46	4.11	145,365,918
4	Bank of America, N.A.	NC	148,323	172,029	15.98	0.52	1,465,221,449
5	Discover Bank	DE	22,820	128,796	464.40	4.46	65,845,028
6	BancorpSouth Bank	MS	87,063	81,351	-6.56	31.14	13,196,176
7	Eastern Bank	MA	51,033	58,627	14.88	45.25	6,584,641
8	D Bank, N.A.	DE	58,425	53,717	-8.06	5.17	140,038,551
9	Compass Bank	AL	57,577	50,366	-12.52	5.52	64,611,556
10	PNC Bank, N.A.	PA	5,961	44,160	640.82	0.83	260,309,849

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

TOP TEN BANKS IN INSURANCE UNDERWRITING INCOME, 2009

($000)

			Insurance underwriting income			
Rank	Bank	State	Amount	Percent of total insurance income	Percent of noninterest income	Assets
1	JPMorgan Chase Bank, N.A.	OH	$98,000	87.50%	0.26%	$1,627,684,000
2	Wells Fargo Bank, N.A.	SD	73,000	91.25	0.31	608,778,000
3	Bank of America, N.A.	NC	48,350	21.94	0.15	1,465,221,449
4	SunTrust Bank	GA	47,590	99.50	1.62	164,340,844
5	PNC Bank, N.A.	PA	37,561	45.96	0.70	260,309,849
6	Wachovia Bank, N.A.	NC	30,000	73.17	0.86	510,083,000
7	U.S. Bank N.A.	OH	22,101	97.48	0.28	276,376,130
8	HSBC Bank USA, N.A.	VA	12,236	39.50	0.47	167,165,244
9	Fifth Third Bank	OH	11,276	49.17	0.25	112,736,105
10	First Tennessee Bank, N.A.	TN	9,130	26.56	0.86	25,841,918

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

Banks: Insurance Activities

TOP TEN BANKS IN TOTAL INSURANCE FEE INCOME, 2008-2009
($000)

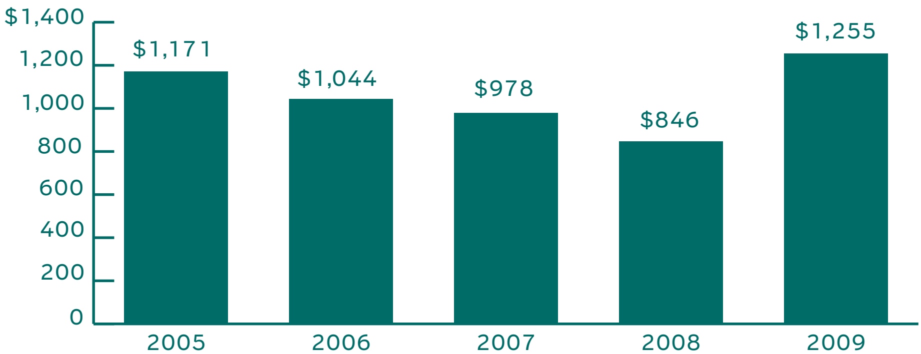
			Insurance fee income				
Rank	Bank	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Branch Banking and Trust Company	NC	$863,732	$966,438	11.89%	34.24%	$159,675,538
2	Citibank, N.A.	NV	860,000	714,000	-16.98	5.91	1,161,361,000
3	Bank of America, N.A.	NC	198,294	220,379	11.14	0.66	1,465,221,449
4	FIA Card Services, N.A.	DE	271,303	177,814	-34.46	4.11	145,365,918
5	Discover Bank	DE	22,820	128,796	464.40	4.46	65,845,028
6	JPMorgan Chase Bank, N.A.	OH	126,000	112,000	-11.11	0.30	1,627,684,000
7	PNC Bank, N.A.	PA	5,961	81,721	1,270.93	1.53	260,309,849
8	BancorpSouth Bank	MS	87,072	81,354	-6.57	31.14	13,196,176
9	Wells Fargo Bank, N.A.	SD	100,000	80,000	-20.00	0.34	608,778,000
10	Eastern Bank	MA	51,033	58,627	14.88	45.25	6,584,641

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2010.

Banks In Insurance Surveys

The preceding pages show Michael White Associates data on the insurance activities of banks and bank holding companies, based on the firm's analysis of Federal Reserve and FDIC data. The charts on pages 66-68 provide data on banks in insurance, based on research by Kehrer-LIMRA, SNL and the American Bankers Insurance Association.

BANK INDIVIDUAL LIFE INSURANCE SALES, 2005-2009[1]
($ millions)



[1]Based on total new premium.

Source: Kehrer-LIMRA.

WEIGHTED BANK SALES OF INDIVIDUAL LIFE INSURANCE, 2005-2009[1]

Year	Sales ($ millions)	Share of industry annualized premium
2005	$274	2.2%
2006	261	2.0
2007	227	1.6
2008	176	1.3
2009	203	1.8

[1]The weighted premium method of calculating annual sales volume emphasizes recurring premiums, i.e., policies with periodic payments. It deducts 90 percent of single premium sales, i.e., policies with one-time payments.

Source: Kehrer-LIMRA.

- Weighted bank sales of individual life insurance rose 15.6 percent in 2009.

BANK PURCHASES OF INSURANCE AGENCIES, 2005-2009[1]

	2005	2006	2007	2008	2009
Number of deals	46	64	59	54	24
Deal value[2] ($ millions)	$213.7	$45.9	$100.6	$146.0	$24.5

[1]Target is an insurance broker and buyer is a bank or thrift. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

- The number of bank/agency deals fell 56 percent in 2009 while the value of those deals fell 83 percent.

BANKS' DISTRIBUTION METHODS FOR MARKETING LIFE INSURANCE

Method	Percent of banks surveyed
Financial consultants	90%
Platform bankers[1]	58
Direct response	45
Advanced agents	21
Stand-alone agencies	16
Retail agents	9
Referrals to outside agency	7

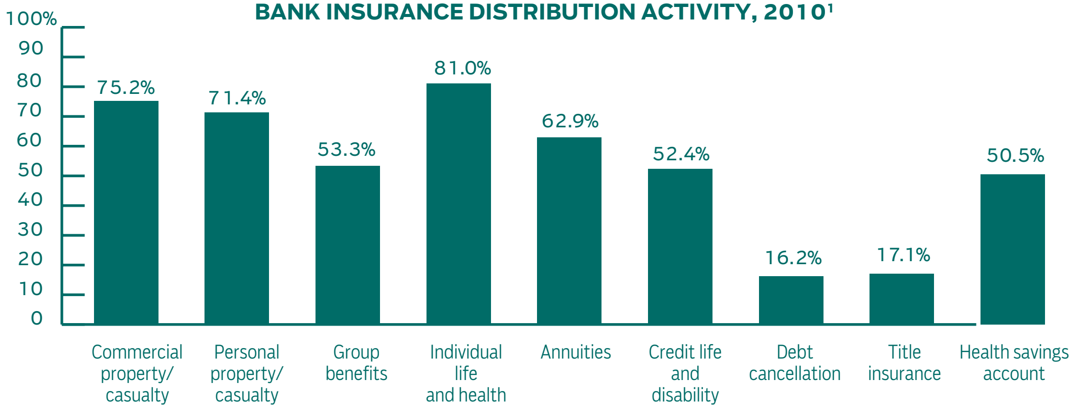
[1]Customer service area in bank lobby.

Source: 2008/2009 Kehrer-LIMRA Bank Life Insurance Sales Study.

Banks: Insurance Activities

A 2010 survey conducted by the Association of Banks in Insurance found that individual life/health products top bank sales of insurance, with 81.0 percent of respondents offering such coverage in 2010, down from 87.3 percent in 2008. Commercial property/casualty insurance coverage was next in line, with 75.2 percent offering such coverage in 2010 (down from 80.3 percent in 2008), followed by personal property/casualty, with 71.4 percent offering such coverage in 2010 (down from 80.3 percent in 2008).

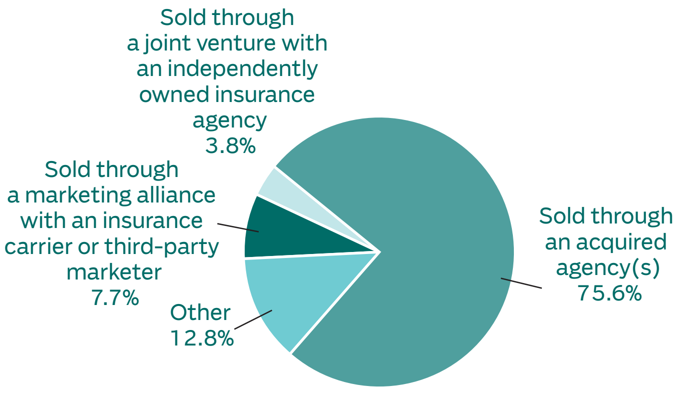
BANK INSURANCE DISTRIBUTION ACTIVITY, 2010[1]



[1]Based on the responses of banks in the survey that sell insurance products.

Source: 2010 Survey of Banks in Insurance, American Bankers Insurance Association

PRIMARY PROPERTY/CASUALTY DISTRIBUTION METHOD, 2010



[1]Percent of surveyed banks distributing these insurance products.

Source: 2010 Survey of Banks in Insurance, American Bankers Insurance Association.

Banks: Annuities Activities

BANK MUTUAL FUND AND ANNUITY INCOME, 2005-2009

Year	Reporting mutual fund and annuity income: Number	Reporting mutual fund and annuity income: Percent	Mutual fund and annuity income ($ billions)	Mean mutual fund and annuity income	Median mutual fund and annuity income
2005	1,958	24.6%	$5.02	$2,564,926	$87,000
2006	1,902	24.3	5.38	2,830,081	97,000
2007	1,841	23.9	5.80	3,152,999	112,000
2008	1,737	23.2	5.14	2,960,917	115,000
2009[1]	338	4.7	4.10	12,140,453	669,500

[1]Effective 2009 only banks with assets over $1 billion are required to report combined mutual fund and annuity fee income, causing a large decline such income.

Source: Michael White Bank Mutual Fund and Annuity Fee Income Report - 2010.

TOP TEN BANKS IN MUTUAL FUND AND ANNUITY INCOME, 2008-2009

($000)

Rank	Bank	State	Mutual fund and annuity commissions: 2008	Mutual fund and annuity commissions: 2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	Bank of America, N.A.	NC	$1,792,898	$1,043,153	-41.82%	3.13%	$1,465,221,449
2	Wachovia Bank, N.A.[1]	NC	582,652	545,000	-6.46	6.24	510,083,000
3	JPMorgan Chase Bank, N.A.	OH	219,000	483,000	120.55	1.30	1,627,684,000
4	Wells Fargo Bank, N.A.	SD	369,000	262,000	-29.00	1.10	608,778,000
5	PNC Bank, N.A.	PA	140,325	244,972	74.57	4.59	260,309,849
6	U.S. Bank N.A.	OH	190,535	162,722	-14.60	2.03	276,376,130
7	State Street Bank and Trust Company	MA	88,909	131,436	47.83	2.23	153,740,526
8	Fifth Third Bank	OH	121,407	87,689	-27.77	1.92	112,736,105
9	Keybank N.A.	OH	121,824	86,979	-28.60	5.37	90,179,122
10	Chase Bank USA, N.A.	DE	96,228	85,942	-10.69	1.92	91,043,014

[1]In 2008 Wells Fargo purchased Wachovia. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White made adjustments to reflect the purchase.

Source: Michael White Bank Mutual Fund and Annuity Fee Income Report - 2010.

BANK ANNUITY COMMISSIONS, 2007-2009

Year	Reporting annuity commissions: Number	Reporting annuity commissions: Percent	Annuity commissions ($ millions)	Mean annuity commissions	Median annuity commissions
2007	1,074	13.9%	$940.5	$875,718	$63,000
2008	1,038	13.9	1,003.0	966,083	65,000
2009	985	13.6	824.2	836,743	63,000

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2010.

Banks: Annuities Activities

TOP TEN BANKS IN ANNUITY COMMISSIONS, 2008-2009

($000)

			Annuity commissions				
Rank	Bank	State	2008	2009	Percent change	Percent of noninterest income, 2009	2009 Assets
1	PNC Bank, N.A.	PA	$64,516	$121,279	87.98%	2.27%	$260,309,849
2	Keybank N.A.	OH	56,420	60,725	7.63	3.75	90,179,122
3	Branch Banking and Trust Company	NC	45,942	46,074	0.29	1.63	159,675,538
4	Compass Bank	AL	47,081	43,095	-8.47	4.73	64,611,556
5	RBS Citizens, N.A.	RI	45,073	39,717	-11.88	3.05	116,921,115
6	Manufacturers and Traders Trust Co.	NY	41,162	39,011	-5.23	3.44	67,860,327
7	Bank of the West	CA	36,929	30,546	-17.28	6.60	60,000,590
8	Regions Bank	AL	26,543	29,364	10.63	1.25	138,006,763
9	Fifth Third Bank	OH	39,683	28,232	-28.86	0.62	112,736,105
10	Bank of America, N.A.	NC	144,973	22,712	-84.33	0.07	1,465,221,449

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2010.

TOP TEN BANKS IN PROPRIETARY MUTUAL FUND AND ANNUITIES ASSETS UNDER MANAGEMENT, 2008-2009

($000)

			Proprietary mutual fund and annuities assets under management			
Rank	Bank	State	2008	2009	Percent change	2009 Assets
1	Bessemer Trust Company, N.A.	NY	$7,261,949	$11,808,457	62.61%	$959,731
2	UMB Bank, N.A.	MO	5,017,975	6,993,882	39.38	10,219,530
3	The Washington Trust Company of Westerly	RI	1,314,567	1,590,153	20.96	2,882,295
4	Commerce Bank, N.A.	MO	1,184,639	1,415,977	19.53	17,958,713
5	Legg Mason Investment Counsel & Trust Co.	MD	863,000	999,000	15.76	85,719
6	Hancock Bank	MS	800,701	885,818	10.63	5,299,763
7	Wesbanco Bank, Inc.	WV	542,842	659,221	21.44	5,378,160
8	BancFirst	OK	1,055,877	587,496	-44.36	4,369,210
9	First National Bank of Omaha	NE	353,719	554,849	56.86	8,806,851
10	Tower Bank & Trust Company	IN	0	389,532	NA	681,439

NA=Not applicable.

Source: Michael White-Bank Mutual Funds & Annuity Fee Income Report - 2010.

Banks: Annuities Activities/Insurance Industry: Banking

BANK SHARE OF FIXED AND VARIABLE ANNUITY PREMIUMS, 2000-2009

($ billions)

	Fixed annuity premiums			Variable annuity premiums		
Year	Total market	Banks	Bank share	Total market	Banks	Bank share
2000	$47.7	$15.4	32.3%	$137.2	$15.6	11.4%
2001	68.3	27.4	40.1	111.0	10.9	9.8
2002	97.4	36.4	37.4	116.6	12.5	10.7
2003	89.4	33.1	37.0	129.4	16.2	12.5
2004	87.9	29.7	33.8	132.9	16.9	12.7
2005	79.5	21.8	27.4	136.9	17.9	13.1
2006	78.3	19.2	24.5	160.4	21.7	13.5
2007	72.8	16.9	23.2	184.0	25.5	13.9
2008	109.3	33.3	30.5	155.7	18.7	12.0
2009	110.6	31.4	28.4	128.0	13.1	10.2

Source: Kehrer-LIMRA.

Insurance Industry: Banking Activities

A number of insurance companies have entered the banking arena by establishing thrifts, which are savings institutions chartered by the Office of Thrift Supervision (OTS). A small number of insurance companies, including MetLife, have obtained financial holding company status, which allows them to engage in banking activities. Some insurers, such as USAA, own industrial banks. The Dodd-Frank act of 2010 transfers the functions of the OTS to other federal agencies, beginning in July 2011.

TEN LARGEST THRIFTS OWNED BY INSURANCE COMPANIES BY ASSETS, 2009

($000, end of year)

Rank	Parent company	Subsidiary	Subsidiary total assets	Subsidiary total deposits
1	ING Groep N.V.	ING Bank, FSB	$90,293,933	$75,084,509
2	USAA Insurance Group	USAA Federal Savings Bank	37,922,355	33,556,838
3	State Farm Mutual Automobile Insurance Company	State Farm Bank, FSB	16,157,711	10,455,769
4	Mutual of Omaha Insurance Company	Mutual of Omaha Bank	4,109,578	3,366,025
5	Nationwide Mutual Group	Nationwide Bank	3,206,002	2,448,302
6	Principal Financial Group, Inc.	Principal Bank	2,376,140	2,186,153
7	Prudential Financial, Inc.	Prudential Bank & Trust, FSB	1,785,822	1,527,892
8	UNIFI Mutual Holding Company	Acacia Federal Savings Bank (MHC)	1,387,290	961,561
9	Allstate Corporation	Allstate Bank	1,210,623	1,095,094
10	American International Group, Inc.	AIG Federal Savings Bank	1,127,943	973,682

Source: SNL Financial LC.

Insurance Industry: Banking Activities

TOP TEN WRITERS OF FIXED ANNUITIES SOLD THROUGH BANKS, 2009

($ millions)

Rank	Company	2009 premiums
1	Western National Life	$5,210
2	New York Life	5,194
3	AEGON/Transamerica	4,027
4	Pacific Life	2,319
5	Symetra Financial	2,093
6	Jackson National Life	1,142
7	MetLife	1,110
8	RiverSource Life Insurance	1,090
9	Lincoln Financial	1,034
10	Western-Southern Financial	1,034

Source: Kehrer-LIMRA.

TOP TEN WRITERS OF VARIABLE ANNUITIES SOLD THROUGH BANKS, 2009

($ millions)

Rank	Company	2009 premiums
1	Prudential Annuities	$1,812
2	Nationwide Financial	1,369
3	Jackson National Life	1,309
4	Pacific Life	1,215
5	Hartford Life	891
6	MetLife	834
7	Lincoln Financial	776
8	John Hancock	757
9	AXA	698
10	AEGON/Transamerica	640

Source: Kehrer-LIMRA.

TOP TEN UNDERWRITERS OF BANK LIFE PREMIUMS BY TOTAL NEW PREMIUM, 2009
($ millions)

Rank	Company	Premiums
1	Liberty Life of Boston	$233.2
2	Transamerica	214.3
3	Great-West L&A	156.7
4	Allstate	156.2
5	Hartford	106.8
6	OneAmerica	37.7
7	Protective	15.9
8	CUNA	6.1
9	American General	5.5
10	MassMutual	5.1

Source: Kehrer-LIMRA.

Industrial Banks

Nonbank Ownership of Industrial Banks

Industrial banks, also known as state-chartered industrial loan companies (ILCs), were first formed in the early part of the 20th century to make consumer loans and offer deposit accounts as part of a move to secure credit for low- and moderate-income workers. Their growth was spurred by a 1987 federal banking law modification that gave nonbanking companies a way to own FDIC-insured industrial banks. In 2009 the top 10 industrial banks had total assets of $114 billion. There are about 60 FDIC-insured ILCs, mostly headquartered in Utah and California. Five other states—Colorado, Minnesota, Indiana, Hawaii and Nevada—permit these charters. ILCs have broad banking powers and may be owned by banks and other financial services businesses, such as finance companies, credit card issuers and securities firms, as well as by nonfinancial businesses, such as automakers and department stores. Some regulators oppose the access to the financial services industry that ILCs provide to nonbanks. In 2003 California and Colorado passed laws that prohibit nonfinancial firms from owning ILCs.

Industrial Banks

- A wide variety of firms own industrial banks, including such diverse firms as Toyota, Target, and Harley-Davidson. USAA (an insurer) and BMW (an automaker) are among the owners of the largest institutions.

LARGEST INDUSTRIAL BANKS BY ASSETS, 2009

($ 000)

Rank	Institution	Parent	Institution Assets
1	UBS Bank USA	UBS AG	$30,049,614
2	American Express Centurion Bank	American Express Company	24,167,298
3	Capmark Bank	KKR Millennium Fund L.P.	10,584,824
4	USAA Savings Bank	USAA Insurance Group	10,516,360
5	GE Capital Financial Inc.	General Electric Company	9,514,110
6	Sallie Mae Bank	SLM Corporation	7,617,784
7	BMW Bank of North America	BMW of North America, LLC	7,210,025
8	CapitalSource Bank	CapitalSource Inc.	5,677,354
9	Beal Bank Nevada	Beal Financial Corporation	5,288,158
10	Woodlands Commercial Bank	Lehman Brothers Holdings Inc.	3,502,180

Source: SNL Financial LC.

Overview

The insurance industry safeguards the assets of its policyholders by transferring risk from an individual or business to an insurance company. Insurance companies act as financial intermediaries in that they invest the premiums they collect for providing this service. Insurance company size is usually measured by net premiums written, that is, premium revenues less amounts paid for reinsurance. There are three main insurance sectors: property/casualty (P/C), life/health (L/H) and health insurance. Property/casualty consists mainly of auto, home and commercial insurance. Life/health consists mainly of life insurance and annuity products. Health insurance is offered by private health insurance companies and some P/C and L/H insurers, as well as by government programs such as Medicare.

Regulation

All types of insurance are regulated by the states, with each state having its own set of statutes and rules. State insurance departments oversee insurer solvency, market conduct and, to a greater or lesser degree, review and rule on requests for rate increases for coverage. The National Association of Insurance Commissioners develops model rules and regulations for the industry, many of which must be approved by state legislatures. The McCarran-Ferguson Act, passed by Congress in 1945, refers to continued state regulation of the insurance industry as being in the public interest. Under the 1999 Gramm-Leach-Bliley Financial Services Modernization Act, insurance activities—whether conducted by banks, broker-dealers or insurers—are regulated by the states. However, there have been, and continue to be, challenges to state regulation from some segments of the federal government as well as from some financial services firms.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, the sweeping overhaul of financial services signed into law by President Obama in July 2010, included a number of provisions that affect insurance companies. The act establishes the Federal Insurance Office (FIO), an entity that will report to Congress and the President on the insurance industry. Insurance will continue to be regulated by the states, but the act includes a narrow preemption of state insurance laws in areas where the FIO determines that the state law is inconsistent with a negotiated international agreement and treats a non-U.S. insurer less favorably than a U.S. insurer. The FIO has the authority to monitor the insurance industry, identify regulatory gaps or systemic risk, deal with international insurance matters and monitor the extent to which underserved communities have access to affordable insurance products. The FIO covers insurers, including reinsurers, but not health insurance. The comprehensive health insurance reform legislation enacted in 2010 expands access to healthcare while retaining state regulation of the industry. (A summary of the Dodd-Frank act is on page 207.)

Insurance

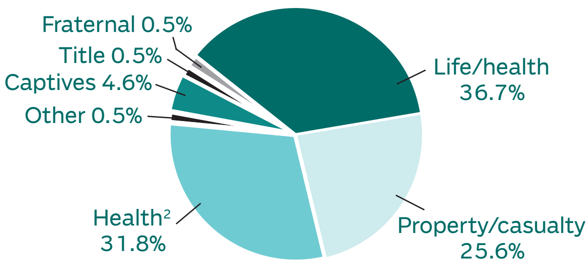
Overview/All Sectors

Accounting

Insurers are required to use statutory accounting principles (SAP) when filing annual financial reports with state regulators and the Internal Revenue Service. SAP, which evolved to enhance the industry's financial stability, is more conservative than the generally accepted accounting principles (GAAP), established by the independent Financial Accounting Standards Board (FASB). The Securities and Exchange Commission (SEC) requires publicly owned companies to report their financial results using GAAP rules. Insurers outside the United States use standards that differ from SAP and GAAP. As global markets developed, the need for more uniform accounting standards became clear. In 2001 the International Accounting Standards Board (IASB), an independent international accounting standards setting organization, began work on a set of standards, called International Financial Reporting Standards (IFRS) that it hopes will be used around the world. Since 2001 over 100 countries have required or permitted the use of IFRS.

In 2007 the SEC voted to stop requiring non-U.S. companies that use IFRS to re-issue their financial reports for U.S. investors using GAAP. In 2008 the National Association of Insurance Commissioners began to explore ways to move from statutory accounting principles to IFRS. Also in 2008, the FASB and IASB undertook a joint project to develop a common and improved framework for financial reporting.

PREMIUMS BY TYPE OF INSURER, 2009[1]



[1]Gross direct premiums. Total premiums for 2009 were $1,787 billion.
[2]Blue Cross/Blue Shield, HMOs and hospital, medical and dental indemnity.

Source: National Association of Insurance Commissioners. Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

All Sectors

Distribution

Property/casualty and life insurance policies were once sold almost exclusively by agents—either by captive agents, representing one insurance company, or by independent agents, representing several companies. Insurance companies selling through captive agents and/or by mail, telephone or via the Internet are called "direct writers." However, the distinctions between direct writers and independent agency companies have been blurring since the 1990s, when insurers began to use multiple channels to reach potential customers. In addition, in the 1980s banks began to explore the possibility of selling insurance through independent agents, usually buying agencies for that purpose. (See Chapter 4: Convergence, page 51.) Other distribution channels include sales through professional organizations and through workplaces.

Mergers and Acquisitions

The number of insurance mergers from 2005 to 2009 fluctuated from a low of 284 in 2009 to a high of 402 in 2008. During the same period, the value of deals ranged from a low of $14.0 billion in 2009 to a high of $49.1 billion in 2005. Insurance deal value fell from $30 billion in 2008 to $14 billion in 2009, and the number of deals fell from 402 to 284.

TOP TEN INSURANCE-RELATED MERGERS AND ACQUISITIONS REPORTED IN 2009[1]

Rank	Buyer	Country	Target	Country	Deal value ($ millions)[2]
1	Farmers Group (Zurich Financial Services AG)	Switzerland	AIG's personal lines automobile insurance business[3]	U.S.	$1,900.0
2	Farmers Exchanges[4]	U.S.	AIG's U.S. personal auto insurance entities	U.S.	1,380.0
3	Fairfax Financial Holdings Limited	Canada	Odyssey Re Holdings Corp.	U.S.	1,049.4
4	UnitedHealth Group Incorporated	U.S.	Health Net, Inc.'s Northeast HMO business	U.S.	630.0
5	Medical Professional Mutual Insurance Company	U.S.	FinCor Holdings, Inc.	U.S.	263.9
6	Auto Club Insurance Association Group	U.S.	MEEMIC companies	U.S.	217.5
7	Berkshire Hathaway Inc.	U.S.	Aon Corp.'s property/casualty operations	U.S.	200.0
8	Tower Group, Inc.	U.S.	Specialty Underwriters' Alliance, Inc.	U.S.	109.1
9	Aflac Incorporated	U.S.	Continental American Insurance Group	U.S.	100.0
10	Lifetime Healthcare, Inc.	U.S.	Long-term care business of Combined Insurance Company of America	U.S.	70.0

[1] Target is a U.S.-domiciled insurance underwriter. If target country is not available seller country is used. List does not include terminated deals.

[2] At announcement.

[3] Includes 21st Century and Agency Auto.

[4] This transaction is part of Farmers Group's purchase of AIG's personal auto business (see deal no. 1). Farmers Exchanges is managed, but not owned, by Zurich Financial Services AG.

Source: SNL Financial LC.

Insurance

All Sectors

Profitability

ANNUAL RATE OF RETURN, GAAP ACCOUNTING, PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE, 2000-2009

Year	Property/casualty[1]	Life/health[2]	Year	Property/casualty[1]	Life/health[2]
2000	5.9%	10.0%	2005	9.6%	13.0%
2001	-1.2	7.0	2006	12.7	12.0
2002	2.1	1.0	2007	10.9	11.0
2003	8.8	9.0	2008	0.1	1.0
2004	9.4	11.0	2009	4.7	4.0

[1]Return on average net worth, ISO.

[2]Combined stock and mutual companies from data reported by Fortune as calculated by the Insurance Information Institute.

Source: ISO; Fortune.

Net Premiums Written, Property/Casualty and Life/Health

PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE NET PREMIUMS WRITTEN, 2000-2009
($000)

Year	Property/casualty[1]	Life/health[2]	Total
2000	$296,757,129	$281,525,166	$578,282,295
2001	320,757,207	461,067,196	781,824,403
2002	367,545,259	491,993,034	859,538,292
2003	404,213,786	481,638,052	885,851,838
2004	425,059,714	511,806,810	936,866,524
2005	426,794,082	525,382,838	952,176,920
2006	448,930,604	578,023,446	1,026,954,050
2007	446,938,523	616,794,395	1,063,732,917
2008	440,231,323	631,266,722	1,071,498,045
2009	422,785,162	511,376,546	934,161,708
Percent change 2000-2009	**42.5%**	**81.6%**	**61.5%**

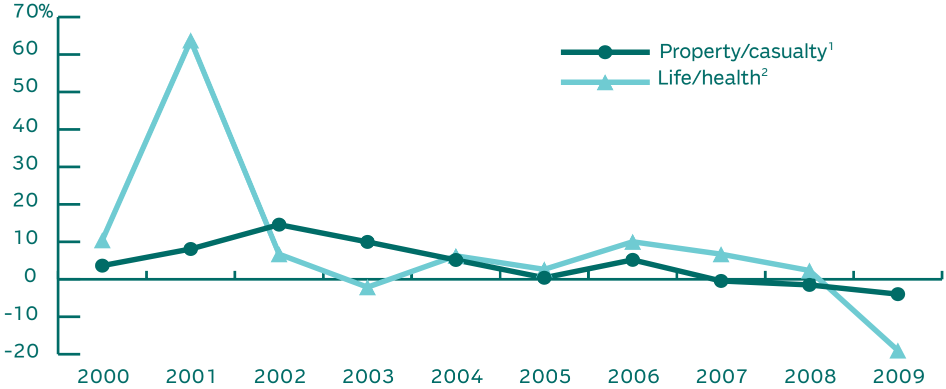
[1]Net premiums written, excluding state funds.

[2]Premiums and annuity considerations (fees for annuity contracts) for life/health insurance companies. Includes deposit-type funds beginning in 2001.

Source: SNL Financial LC.

GROWTH IN U.S. PREMIUMS, PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE, 2000-2009

(Percent change from prior year)

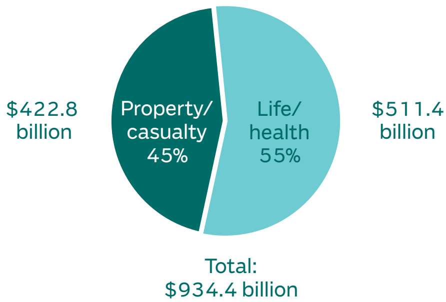


[1]Net premiums written, excluding state funds.

[2]Premiums and annuity considerations (fees for annuity contracts) for life/health insurance companies. Includes deposit-type funds beginning in 2001.

Source: SNL Financial LC.

U.S. PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE PREMIUMS, 2009[1]



[1]Net premiums written, excluding state funds.

Source: SNL Financial LC.

- Over the last 10 years, employment in the insurance industry (all sectors) has averaged 2.0 percent of the total U.S. employment in private industry.

EMPLOYMENT IN INSURANCE, 2000-2009
(000)

Year	Insurance companies[1] Life, health and medical	Insurance companies[1] Property/ casualty	Reinsurers	Insurance agencies, brokerages and related services[2]	Total industry
2000	808.8	591.6	32.3	787.8	2,220.6
2001	807.7	591.3	31.4	803.2	2,233.7
2002	791.1	590.0	31.7	820.4	2,233.2
2003	789.0	608.6	31.0	837.4	2,266.0
2004	764.4	604.4	29.8	860.1	2,258.6
2005	761.9	595.0	28.8	873.6	2,259.3
2006	787.4	597.4	28.0	890.8	2,303.7
2007	784.0	586.1	27.0	909.8	2,306.8
2008	797.6	571.2	27.9	908.5	2,305.2
2009	789.8	549.3	27.1	880.5	2,246.7

[1]Described by the Bureau of Labor Statistics as "direct insurers."
[2]Includes claims adjusters, third-party administrators of insurance funds and other service personnel such as advisory and insurance ratemaking services.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

U.S. Insurance Companies

An insurance company is said to be "domiciled" in the state that issued its primary license; it is "domestic" in that state. Once licensed in one state, it may seek licenses in other states as a "foreign" insurer. An insurer incorporated in a foreign country is called an "alien" insurer in the U.S. states in which it is licensed.

According to the National Association of Insurance Commissioners (NAIC), there were 2,737 P/C companies in the United States in 2009, compared with 2,741 in 2008.

The L/H insurance industry consisted of 1,106 companies in 2009, compared with 1,128 in 2008, according to the NAIC.

DOMESTIC INSURANCE COMPANIES BY STATE, PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE, 2009

State	Property/ casualty	Life/ health	State	Property/ casualty	Life/ health
Alabama	20	10	Montana	4	3
Alaska	5	0	Nebraska	29	32
Arizona	49	154	Nevada	15	3
Arkansas	12	31	New Hampshire	41	2
California	121	15	New Jersey	74	3
Colorado	15	10	New Mexico	11	3
Connecticut	66	27	New York	208	81
Delaware	86	29	North Carolina	69	5
D.C.	8	3	North Dakota	17	3
Florida	145	12	Ohio	134	40
Georgia	34	16	Oklahoma	39	27
Hawaii	18	3	Oregon	13	4
Idaho	9	1	Pennsylvania	189	33
Illinois	197	60	Rhode Island	24	4
Indiana	80	31	South Carolina	24	10
Iowa	59	25	South Dakota	7	12
Kansas	24	14	Tennessee	20	13
Kentucky	8	7	Texas	230	139
Louisiana	35	47	Utah	10	15
Maine	19	2	Vermont	14	2
Maryland	38	6	Virginia	16	11
Massachusetts	53	16	Washington	20	10
Michigan	75	30	West Virginia	17	0
Minnesota	46	12	Wisconsin	179	22
Mississippi	16	20	Wyoming	3	0
Missouri	54	30	**United States[1]**	**2,737**	**1,106**

[1]Includes U.S. territories and possessions.

Source: Insurance Department Resources Report, 2009, published by the National Association of Insurance Commissioners (NAIC). Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

- Many insurance companies are part of larger organizations. According to A.M. Best, in 2009 the P/C insurance industry contained about 995 organizations (as opposed to about 2,400 companies), including 595 stock (or public) organizations, 311 mutual organizations (firms owned by their policyholders) and 58 reciprocals (a type of self insurance). The remainder consisted of Lloyd's organizations and state funds.

All Sectors/Property /Casualty: Financial

World Insurance Market

Outside the United States, the insurance industry is divided into life and nonlife or general insurance rather than life/health and property/casualty. According to the latest Swiss Re *sigma* study, world insurance premiums fell by 3.65 percent in 2009, reflecting a 4.4 percent drop in life premiums and a 2.6 decline in nonlife premiums. The study found that in most countries, insurance premiums grew faster than GDP in 2009 and that the industry's profitability and capital strength improved as the credit and stock markets recovered.

- Nonlife premiums accounted for 43 percent of world premiums. Life insurance accounted for 57 percent.

WORLD LIFE AND NONLIFE INSURANCE PREMIUMS, 2007-2009[1]

(Direct premiums written, U.S. $ millions)

Year	Life	Nonlife[2]	Total
2007	$2,441,823	$1,685,762	$4,127,586
2008	2,439,294	1,780,776	4,220,070
2009	2,331,566	1,734,529	4,066,095

[1]Before reinsurance transactions.
[2]Includes accident and health insurance.

Source: Swiss Re, *sigma* database.

Property/Casualty Insurance: Financial

Property/casualty insurance covers the property and liability losses of businesses and individuals. These losses range from damage and injuries resulting from car accidents to the cost of lawsuits stemming from faulty products and alleged professional misconduct. In terms of premiums written, private auto insurance is by far the largest single line, nearly three times greater than the next largest line, homeowners multiple peril. Property/casualty insurance companies tend to specialize in commercial or personal insurance, but some sell both, and a number of companies are expanding into other financial services sectors, including personal banking and mutual funds.

Property/casualty insurers invest largely in high-quality liquid securities, which can be sold quickly to pay for claims resulting from a major hurricane, earthquake or a man-made disaster such as a terrorist attack.

PROPERTY/CASUALTY INSURER FINANCIAL ASSET DISTRIBUTION, 2005-2009

($ billions)

	2005	2006	2007	2008	2009
Total financial assets	**$1,245.0**	**$1,334.6**	**$1,381.0**	**$1,303.2**	**$1,369.3**
Checkable deposits and currency	21.0	29.9	42.7	27.9	27.6
Money market fund shares	12.8	13.5	20.7	32.8	29.1
Security repurchase agreements[1]	1.4	0.7	3.1	2.0	0.0
Credit market instruments	819.3	864.1	869.3	853.4	887.5
Open market paper	15.8	16.4	13.3	19.1	17.0
U.S. government securities	224.8	232.0	197.1	179.9	198.4
Treasury	106.9	110.0	71.3	65.6	82.2
Agency- and GSE[2]-backed securities	117.9	122.0	125.8	114.3	116.2
Municipal securities	313.2	335.2	371.3	381.9	369.4
Corporate and foreign bonds	262.8	277.0	282.9	267.5	298.3
Commercial mortgages	2.7	3.5	4.8	5.0	4.4
Corporate equities	199.5	227.0	236.2	193.3	219.8
Mutual fund shares	5.7	6.9	6.8	4.4	5.3
Trade receivables	82.1	87.0	85.4	86.7	83.0
Miscellaneous assets	103.3	105.5	116.8	102.6	117.0

[1]Short-term agreements to sell and repurchase government securities by a specified date at a set price. [2]Government-sponsored enterprise. Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Financial Results

A property/casualty insurer must maintain a certain level of surplus to underwrite risks. This financial cushion is known as “capacity” or policyholders’ surplus. When the industry is hit by high losses, such as a major hurricane, capacity is diminished. It can be restored by increases in net income, favorable investment returns, reinsuring more risk and/or raising additional capital. The industry’s policyholders’ surplus was $511.5 billion at year-end 2009, up $54.2 billion, or 11.8 percent, from $457.3 billion at year-end 2008, according to ISO. Although insurers have recouped the majority of the surplus lost in the recession and credit crisis, 2009 surplus was down 1.2 percent from that of year-end 2007.

Insurers use various measures to gauge financial performance. The combined ratio after dividends is a measure of underwriting profitability. It reflects the percentage of each premium dollar an insurer spends on claims and expenses. The combined ratio does not take investment income into account. A combined ratio above 100 indicates an underwriting loss. In 2009 the combined ratio was 101.0 after dividends according to ISO, an improvement from the combined ratio after dividends of 105.0 in 2008.

Property/Casualty: Financial

- The U.S. property/casualty insurance industry posted a $3.1 billion net loss on underwriting in 2009, an improvement of $18.1 billion from the $21.2 billion loss in 2008. The improvement occurred despite a weakness in premiums as losses, including loss adjustment expenses, fell by $31.3 billion, according to ISO.

P/C INSURANCE INDUSTRY INCOME ANALYSIS, 2005-2009[1]

($ billions)

	2005	2006	2007	2008	2009
Net written premiums	$425.5	$443.5	$440.6	$434.9	$419.0
Percent change	0.3%	4.2%	-0.6%	-1.3%	-3.7%
Earned premiums	$417.6	$435.5	$438.9	$438.3	$422.9
Losses incurred	256.5	231.3	244.7	286.3	254.0
Loss adjustment expenses incurred	55.1	52.6	52.3	51.7	52.7
Other underwriting expenses	109.8	117.1	120.1	119.6	117.3
Policyholder dividends	1.9	3.4	2.4	2.0	2.0
Underwriting gain/loss	-5.6	31.1	19.3	-21.2	-3.1
Investment income	49.7	52.3	55.1	51.5	47.0
Miscellaneous income/loss	1.0	1.2	-1.0	0.4	0.8
Operating income/loss	45.1	84.6	73.4	30.6	44.7
Realized capital gains/losses	9.7	3.5	8.9	-19.8	-8.0
Incurred federal income taxes/credit	10.7	22.4	19.8	7.8	8.4
Net income after taxes	44.2	65.8	62.5	3.0	28.3

[1]Data in this chart may not agree with similar data shown elsewhere due to different sources.

Source: ISO.

The ranking below is based on Fortune magazine's annual analysis of the 500 largest U.S. companies, based on revenues. Fortune organizes the 500 companies into broad industry categories. Each company is assigned one category, even though some companies are involved in several industries. For example, some of the leading property/casualty insurance companies also write significant amounts of life insurance.

TOP TWENTY U.S. PROPERTY/CASUALTY COMPANIES BY REVENUES, 2009[1]

($ millions)

Rank	Group	Revenues	Assets
1	Berkshire Hathaway	$112,493	$297,119
2	American International Group	103,189	847,585
3	State Farm Insurance Cos.	61,480	183,785
4	Allstate	32,013	132,652
5	Liberty Mutual Insurance Group	31,094	109,475
6	Hartford Financial Services	24,701	307,717
7	Travelers Cos.	24,680	109,560
8	Nationwide	20,751	140,084
9	United Services Automobile Association (USAA)	17,558	79,906
10	Progressive	14,564	20,049
11	Loews (CNA)	14,123	74,070
12	Chubb	13,016	50,449
13	Assurant	8,701	25,842
14	American Family Insurance Group	6,453	16,251
15	First American Corp.	5,973	8,723
16	Fidelity National Financial	5,858	7,934
17	Auto-Owners Insurance	5,017	14,300
18	W.R. Berkley	4,431	17,329
19	American Financial Group	4,321	27,683
20	Erie Insurance Group	4,255	13,359

[1]Revenues for insurance companies include premium and annuity income, investment income and capital gains or losses but exclude deposits. Source: Fortune.

Distribution Channels

Agency writers, whose products are sold by independent agents or brokers representing several companies; and direct writers, which sell their own products through captive agents by mail, telephone, the Internet and other means, each account for about half of the P/C market. There is a degree of overlap as many insurers use multiple channels.

Property/Casualty: Financial

A.M. Best organizes insurance into two main distribution channels: agency writers and direct writers. Its “agency writers” category includes insurers that distribute through independent agencies, brokers, general agents, and managing general agents. Its “direct writers” category includes insurers that distribute through the Internet, exclusive/captive agents, direct response, and affinity groups.

- In 2009 direct writers accounted for 50.9 percent of P/C insurance net premiums written and agency writers accounted for 47.9 percent, according to A.M. Best.*
- In the personal lines market, direct writers accounted for 70.5 percent of net premiums written in 2009 and agency writers accounted for 29.3 percent. Direct writers accounted for 69.2 percent of the homeowners market and agency writers accounted for 30.4 percent. Direct writers accounted for 70.9 percent of the personal auto market and agency writers accounted for 28.9 percent.*
- Agency writers accounted for 67.3 percent of commercial P/C net premiums written and direct writers accounted for 30.5 percent.*

*unspecified distribution channels accounted for the remainder.

Traditionally, there has been a distinction between agents and brokers, with agents (whether captive or independent) representing the insurance company and brokers representing the client. Recently, the line between agencies and brokers has blurred, with intermediary firms operating as brokers and agents, depending on their jurisdiction and the type of risk.

TOP TEN COMMERCIAL INSURANCE BROKERS OF U.S. BUSINESS BY REVENUES, 2009[1]

($ millions)

Rank	Company	Brokerage revenues
1	Marsh & McLennan Cos. Inc.[2]	$4,938.3
2	Aon Corp.	2,667.6
3	Willis Group Holdings P.L.C.	1,669.2
4	Wells Fargo Insurance Services Inc.	1,560.9
5	Arthur J. Gallagher & Co.	1,523.4
6	BB&T Insurance Services Inc.	1,081.5
7	Brown & Brown Inc.	962.0
8	USI Holdings Corp.	628.0
9	Lockton Cos. L.L.C.	528.5
10	Hub International Ltd.	514.9

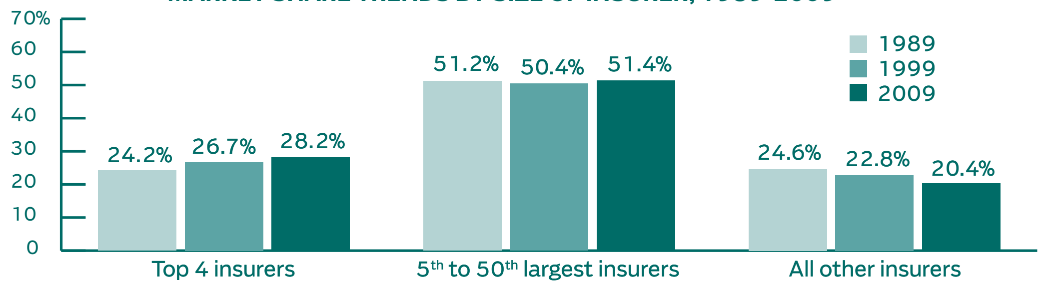
[1]Companies that derive more than 50 percent of revenues from commercial retail brokerage or employee benefits.
[2] Revenues do not include HSBC Insurance Brokers Ltd., purchased April 2010.

Source: Business Insurance, July 19, 2010.

Property/Casualty Insurance Industry Concentration

According to ISO, concentration in the property/casualty insurance sector as measured by the Herfindahl-Hirschman Index increased from 229 in 1980 to 357 in 2008 and then dropped to 351 in 2009. The U.S. Department of Justice classifies any score under 1,000 as unconcentrated. A score over 1,800 means an industry is highly concentrated.

MARKET SHARE TRENDS BY SIZE OF INSURER, 1989-2009[1]



[1]Based on net premiums written, excluding state funds. Source: ISO.

Premiums by Line

In 2009 commercial lines net premiums written totaled $207.8 billion, or 49.1 percent, of property/casualty net premiums written. Personal lines totaled $215.0 billion, or 50.9 percent.

NET PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2006-2009[1]

($ millions)

Lines of insurance	2006	2007	2008	2009	Percent change from prior year 2007	2008	2009	Percent of total, 2009
Private passenger auto								
Liability	$95,354.7	$95,063.9	$94,536.0	$94,816.7	-0.3%	-0.6%	0.3%	22.4%
Collision and comprehensive	65,084.1	64,608.5	64,082.8	62,538.1	-0.7	-0.8	-2.4	14.8
Total private passenger auto	160,438.9	159,672.4	158,618.8	157,354.7	-0.5	-0.7	-0.8	37.2
Commercial auto								
Liability	19,772.0	18,964.9	17,832.6	16,574.5	-4.1	-6.0	-7.1	3.9
Collision and comprehensive	7,000.1	6,653.9	5,990.3	5,348.2	-4.9	-10.0	-10.7	1.3
Total commercial auto	26,772.1	25,618.7	23,822.9	21,922.7	-4.3	-7.0	-8.0	5.2
Fire	9,338.0	9,765.4	9,904.9	10,099.9	4.6	1.4	2.0	2.4
Allied lines	6,551.4	6,969.7	7,708.5	7,736.6	6.4	10.6	0.4	1.8
Multiple peril crop	2,828.1	3,649.0	5,077.6	3,962.0	29.0	39.2	-22.0	0.9

(table continues)

Property/Casualty: Premiums by Line

NET PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2006-2009[1] (Cont'd)

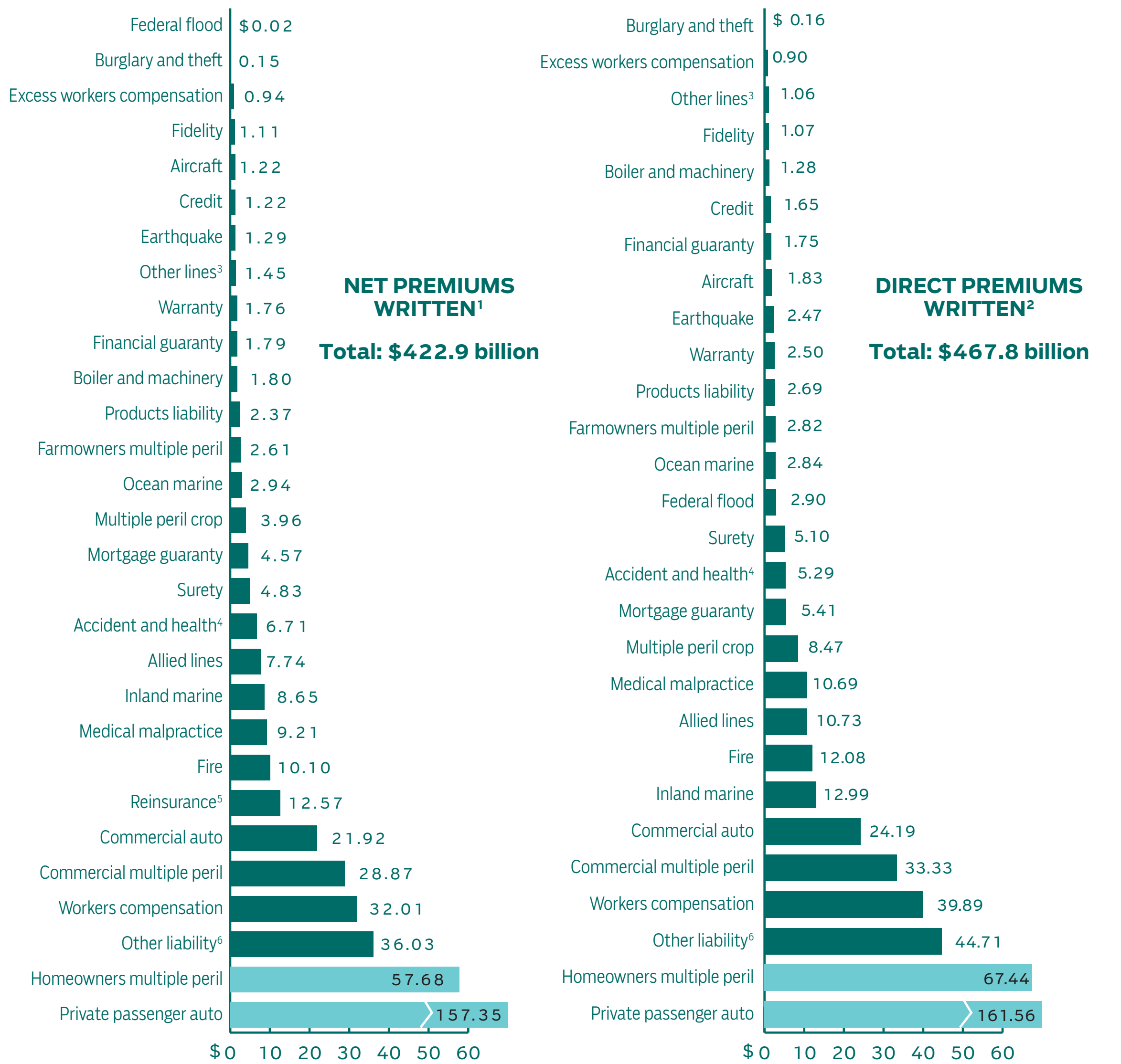
($ millions)

Lines of insurance	2006	2007	2008	2009	Percent change from prior year 2007	2008	2009	Percent of total 2009
Federal flood[2]	$5.2	$16.5	$3.2	$21.0	220.8%	-80.6%	553.3%	[3]
Farmowners mutliple peril	2,307.9	2,424.1	2,583.0	$,608.7	5.0	6.6%	1.0	0.6%
Homeowners multiple peril	55,084.7	55,585.5	56,404.9	57,679.9	0.9	1.5	2.3	13.6
Commercial multiple peril	31,778.2	31,176.2	30,223.9	28,867.2	-1.9	-3.1	-4.5	6.8
Mortgage guaranty	4,563.9	5,189.9	5,367.7	4,570.1	13.7	3.4	-14.9	1.1
Ocean marine	3,131.8	3,258.2	3,094.3	2,935.7	4.0	-5.0	-5.1	0.7
Inland marine	9,232.4	9,740.7	9,367.6	8,648.0	5.5	-3.8	-7.7	2.0
Financial guaranty	3,075.6	3,039.0	3,171.6	1,793.4	-1.2	4.4	-43.5	0.4
Medical malpractice	10,395.9	9,953.5	9,521.1	9,206.2	-4.3	-4.3	-3.3	2.2
Earthquake	1,306.6	1,247.8	1,250.3	1,285.8	-4.5	0.2	2.8	0.3
Accident and health[4]	6,650.5	7,100.3	7,156.3	6,705.9	6.8	0.8	-6.3	1.6
Workers compensation	41,735.2	40,582.8	36,523.0	32,010.0	-2.8	-10.0	-12.4	7.6
Excess workers compensation	NA	NA	926.5	941.1	NA	NA	1.6	0.2
Products liability	3,616.5	3,304.0	2,777.6	2,366.0	-8.6	-15.9	-14.8	0.6
Other liability[5]	42,143.4	41,151.0	38,484.5	36,031.1	-2.4	-6.5	-6.4	8.5
Aircraft	1,990.6	1,761.5	1,329.3	1,222.8	-11.5	-24.5	-8.0	0.3
Fidelity	1,240.3	1,246.9	1,140.6	1,105.4	0.5	-8.5	-3.1	0.3
Surety	4,435.1	4,808.0	4,960.3	4,834.9	8.4	3.2	-2.5	1.1
Burglary and theft	142.9	160.7	160.6	152.0	12.4	-0.1	-5.3	[3]
Boiler and machinery	1,675.3	1,741.3	1,729.1	1,801.9	3.9	-0.7	4.2	0.4
Credit	1,090.1	1,405.4	1,413.3	1,224.5	28.9	0.6	-13.4	0.3
Warranty	NA	NA	2,086.9	1,757.3	NA	NA	-15.8	0.4
International	193.6	136.6	289.0	142.5	-29.4	111.5	-50.7	[3]
Reinsurance[6]	13,808.7	13,075.0	13,845.3	12,566.4	-5.3	5.9	-9.2	3.0
Other lines[7]	3,159.8	2,957.0	998.8	1,307.0	-6.4	-66.2	30.9	0.3
Total, all lines[8]	**$448,692.9**	**$446,737.2**	**$439,941.3**	**$422,860.9**	**-0.4%**	**-1.5%**	**-3.9%**	**100.0%**

[1]After reinsurance transactions, excluding state funds. [2]Provided by FEMA through participating private insurers. [3]Less than 0.1 percent. [4]Premiums from certain insurers that write health insurance but file financial statements with state regulators on a property/casualty basis. [5]Coverages protecting against legal liability resulting from negligence, carelessness or failure to act. [6]Only includes nonproportional reinsurance, an arrangement in which a reinsurer makes payments to an insurer whose losses exceed a predetermined amount. [7]Includese miscellaneous coverages. [8]May not match total premiums shown elsewhere in this book because of the use of different exhibits from SNL Financial LC. NA=Data not available. Source: SNL Financial LC.

PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2009

($ billions)



[1]After reinsurance transactions, excluding state funds. [2]Before reinsurance transactions. [3]Includes international and miscellaneous coverages. [4]Premiums from certain insurers that write health insurance but file financial statements with state regulators on a property/casualty rather than life/health basis. [5]Only includes nonproportional reinsurance, an arrangement in which a reinsurer makes payments to an insurer whose losses exceed a predetermined amount. [6]Coverages protecting against legal liability resulting from negligence, carelessness, or failure to act.

Source: SNL Financial LC.

Property Insurance Requirements for Mortgagors

Some lenders require borrowers to purchase homeowners insurance or other property insurance. Several states have passed laws that prohibit mortgage lenders from requiring a borrower to obtain property insurance coverage that exceeds the replacement value of the buildings and structures on the property as a condition for the loan. In states without such a law, borrowers might be forced to take out more coverage than they could be compensated for, as homeowners insurance only covers rebuilding costs, not the value of the land, in the event of a catastrophic fire or other covered peril.

Mortgage Guaranty Insurance

Private mortgage insurance (PMI), also known as mortgage guaranty insurance, guarantees that, in the event of a default, the insurer will pay the mortgage lender for any loss resulting from a property foreclosure, up to a specific amount. PMI, which is purchased by the borrower but protects the lender, is sometimes confused with mortgage life insurance, a life insurance product that pays off the mortgage if the borrower dies before the loan is repaid. Banks generally require PMI for all borrowers with down payments of less than 20 percent. The industry's combined ratio, a measure of profitability, deteriorated in 2007 and 2008, reflecting the economic downturn and the subsequent rise in mortgage defaults, but began to improve in 2009.

MORTGAGE GUARANTY INSURANCE, 2000-2009

($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2000	$3,403,114	10.0%	47.3	-9.0 pts.
2001	3,734,987	9.8	52.0	4.7
2002	3,980,889	6.6	58.2	6.2
2003	4,315,463	8.4	67.5	9.3
2004	4,316,131	0.0	75.0	7.5
2005	4,429,402	2.6	71.8	-3.2
2006	4,563,852	3.0	71.8	-0.1
2007	5,189,894	13.7	129.5	57.7
2008	5,367,720	3.4	219.9	90.4
2009	4,570,092	-14.9	199.5	-20.5

[1]After reinsurance transactions, excluding state funds.
[2]After dividends to policyholders. A drop in the combined ratio represents an improvement; an increase represents a deterioration.
[3]Calculated from unrounded data.

Source: SNL Financial LC.

TOP TEN MORTGAGE GUARANTY INSURANCE GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2009[1]

($000)

Rank	Group/Company	Direct premiums written	Market share
1	MGIC Investment Corp.	$1,316,165	24.2%
2	PMI Group Inc.	839,052	15.4
3	American International Group	816,249	15.0
4	Radian Group Inc.	798,977	14.7
5	Genworth Financial Inc.	714,562	13.2
6	Old Republic International	634,085	11.7
7	Trian Guaranty Inc.	217,012	4.0
8	CMG Mortgage Insurance Group	99,073	1.8
9	Southern Pioneer P&C Insurance Co.	235	[2]
10	Aztec Insurance Co.	3	[2]

[1]Before reinsurance transactions.

[2]Less than 0.1 percent.

Source: SNL Financial LC.

Title Insurance

Title insurance protects the owner of property or the holder of a mortgage against loss in the event of a property ownership dispute.

TITLE INSURANCE, 2000-2009

($000)

Year	Net premiums written	Annual percent change	Year	Net premiums written	Annual percent change
2000	$7,820,139	-10.5%	2005	$16,939,278	8.7%
2001	9,949,587	27.2	2006	16,568,820	-2.2
2002	13,004,693	30.7	2007	14,227,111	-14.1
2003	17,036,936	31.0	2008	9,920,074	-30.3
2004	15,578,889	-8.6	2009	9,479,092	-4.4

Source: American Land Title Association.

Surety Bonds

Some kinds of insurance provide financial guarantees. The oldest type, a personal contract of suretyship, dates back to biblical times, when one person would guarantee the creditworthiness or the promise to perform of another. Surety bonds in modern times are primarily used to guarantee the performance of contractors.

Property/Casualty: Specialty Lines

A surety bond is a contract guaranteeing the performance of a specified obligation. Simply put, it is a three-party agreement under which one party, the surety company, answers to a second party, the owner, creditor or "obligee," for a third party's debts, default or nonperformance. Before it issues the bond, the insurer investigates the background and financial condition of the contractor to satisfy itself that the firm is capable of doing the job as set out in the contract. If the contractor fails to perform, the surety company is obligated to get the work completed or pay for the loss up to the bond "penalty." Surety bonds are generally required on large federal, state and local public works projects.

SURETY BONDS, 2000-2009
($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2000	$3,328,126	1.7%	87.0	3.3 pts.
2001	3,044,064	-8.5	124.1	37.1
2002	3,280,927	7.8	116.9	-7.2
2003	3,384,636	3.2	122.1	5.2
2004	3,821,170	12.9	119.8	-2.3
2005	$3,866,026	1.2%	101.5	-18.3pts
2006	4,435,122	14.7	81.7	-19.8
2007	4,807,994	8.4	72.3	-9.3
2008	4,960,255	3.2	66.9	-5.4
2009	4,834,939	-2.5	79.5	12.5

[1]After reinsurance transactions, excluding state funds.
[2]After dividends to policyholders. A drop in the combined ratio represents an improvement; an increase represents a deterioration.
[3]Calculated from unrounded data.

Source: SNL Financial LC.

TOP TEN SURETY GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2009[1]
($000)

Rank	Group/Company	Direct premiums written	Market share
1	Travelers Cos.	$924,173	17.8%
2	Liberty Mutual Holding Co.	723,214	13.9
3	Zurich Financial Services Ltd.	486,754	9.4
4	CNA Financial Corp.	406,141	7.8
5	Chubb Corp.	276,977	5.3
6	Hartford Financial Services	181,037	3.5
7	HCC Insurance Holdings Inc.	165,159	3.2
8	International Fidelity Insurance Co.	117,984	2.3
9	ACE Ltd.	109,049	2.1
10	American Financial Group Inc.	104,470	2.0

[1]Before reinsurance transactions.

Source: SNL Financial LC.

Financial Guaranty Insurance

Financial guaranty insurance, also known as bond insurance, helps expand the financial markets by increasing borrower and lender leverage. Starting in the 1970s, surety bonds began to be used to guarantee the principal and interest payments on municipal obligations. This made the bonds more attractive to investors and at the same time benefited bond issuers because having the insurance lowered their borrowing costs. Initially, financial guaranty insurance was considered a special category of surety. It became a separate line of insurance in 1986.

Financial guaranty insurers are specialized, highly capitalized companies that traditionally have had the highest rating. The insurer's high rating attaches to the bonds, lowering the riskiness of the bonds to investors. With their credit rating thus enhanced, municipalities can issue bonds that pay a lower interest rate, enabling them to borrow more for the same outlay of funds.

FINANCIAL GUARANTY INSURANCE, 2000-2009
($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2000	$1,434,152	5.1%	37.1	6.7 pts.
2001	1,913,150	33.4	25.8	-11.3
2002	2,596,750	35.7	29.2	3.4
2003	3,506,363	35.0	24.8	-4.4
2004	3,118,566	-11.1	39.7	14.9
2005	3,006,829	-3.6	34.1	-5.6
2006	3,075,577	2.3	38.8	4.7
2007	3,038,967	-1.2	155.8	117.0
2008	3,171,561	4.4	422.5	266.7
2009	1,793,428	-43.5	101.2	-321.4

[1]After reinsurance transactions, excluding state funds.
[2]After dividends to policyholders. A drop in the combined ratio represents an improvement; an increase represents a deterioration.
[3]Calculated from unrounded data.

Source: SNL Financial LC.

TOP TEN FINANCIAL GUARANTY INSURANCE GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2009[1]
($000)

Rank	Group/Company	Direct premiums written	Market share
1	MBIA Inc.	$407,682	21.2%
2	Ambac Financial Group Inc.	325,119	16.9
3	Syncora Holdings Ltd.	87,334	4.5
4	Financial Guaranty Insurance Co.	86,253	4.5
5	Radian Group Inc.	46,526	2.4
6	Berkshire Hathaway Inc.	33,106	1.7
7	CIFG Holding Inc.	26,959	1.4
8	Triple-S Propiedad Inc.	6,281	0.3
9	ACA Financial Guaranty Corp.	864	[2]
10	Stonebridge Casualty Insurance Co.	750	[2]

[1]Before reinsurance transactions. [2]Less than 0.1 percent.
Source: SNL Financial LC.

Credit Insurance for Customer Defaults

Credit insurance protects merchants, exporters, manufacturers and other businesses that extend credit to their customers from losses or damages resulting from the nonpayment of debts owed them for goods and services provided in the normal course of business. Credit insurance facilitates financing, enabling insured companies to get better credit terms from banks.

CREDIT INSURANCE, 2000-2009[1]
($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2000	$588,566	5.3%	79.4	5.7 pts.
2001	575,214	-2.3	90.7	11.4
2002	703,038	22.2	104.6	13.8
2003	568,502	-19.1	98.6	-6.0
2004	806,372	41.8	96.4	-2.2
2005	936,101	16.1	82.2	-14.2
2006	1,090,144	16.5	86.2	4.0
2007	1,405,439	28.9	129.2	43.0
2008	1,413,313	0.6	170.6	41.4
2009	1,224,472	-13.4	140.8	-29.8

[1]After reinsurance transactions, excluding state funds. [2]After dividends to policyholders. A drop in the combined ratio represents an improvement; an increase represents a deterioration. [3]Calculated from unrounded data.
Source: SNL Financial LC.

TOP TEN CREDIT INSURANCE GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2009[1]

($000)

Rank	Group/Company	Direct premiums written	Market share
1	Assurant Inc.	$327,363	17.3%
2	American International Group	253,887	13.4
3	Allianz SE	199,793	10.6
4	QBE Insurance Group Ltd.	155,143	8.2
5	Old Republic International	153,250	8.1
6	American National Insurance	131,720	7.0
7	Coface North America Insurance Co.	73,945	3.9
8	State National Companies Inc.	61,624	3.3
9	White Mountains Insurance	50,087	2.7
10	Atradius N.V.	47,076	2.5

[1]Before reinsurance transactions.

Source: SNL Financial LC.

Reinsurance

Reinsurance is essentially insurance for insurance companies. It is a way for primary insurers to protect against unforeseen or extraordinary losses. Reinsurance also serves to limit liability on specific risks, to increase individual insurers' capacity to write business and to help insurers stabilize their business in the face of the wide swings in profit and loss margins that are inherent in the insurance business.

Reinsurance is an international business. According to the Reinsurance Association of America, 57.8 percent of the reinsurance purchased by U.S. insurance companies was written by foreign reinsurance companies in 2009. If the domicile of the reinsurance company's parent is taken into account, foreign (or foreign-owned) reinsurance companies accounted for 84.5 percent of the market. This is because many U.S. reinsurance companies are owned by foreign firms.

TOP TEN PROPERTY/CASUALTY REINSURERS OF U.S. BUSINESS BY GROSS PREMIUMS WRITTEN, 2009

($000)

Rank	Company	Country of parent company	Gross premiums written
1	Swiss Reinsurance America Corporation[1]	Switzerland	$4,966,205
2	National Indemnity Company (Berkshire Hathaway)[2]	U.S.	4,872,244
3	TRC/Putnam Reinsurance Company	U.S.	3,814,364
4	Munich Re America Corp.[3]	Germany	3,356,069
5	Everest Reinsurance Company	Bermuda	3,248,420
6	XL Reinsurance America[4]	Bermuda	3,007,124
7	Odyssey America Re./Odyssey Reinsurance[5]	Canada	1,991,115
8	QBE Reinsurance Group[6]	Australia	1,753,795
9	General Re Group[7]	U.S.	1,435,553
10	Berkley Insurance Company	U.S.	1,344,193
	Total, top ten reinsurers		**$29,789,082**
	Total, all reinsurers		**$35,683,051**

[1]Excludes Westport Insurance Corp.
[2]Underwriting results exclude assumptions from affiliated General Re Group.
[3]Includes Munich Reinsurance America, Inc., American Alternative Insurance Corporation, and The Princeton Excess and Surplus Lines Insurance Company.
[4]Includes the net pooled share of the combined underwriting results of the XL America Group Pool.
[5]Includes Odyssey America Reinsurance Corporation, Clearwater Insurance Company, Hudson Insurance Company, Hudson Specialty Insurance Company and Clearwater Select Insurance Company.
[6]Includes QBE Reinsurance Corporation, QBE Insurance Corporation, and QBE Specialty Insurance Company.
[7]Includes the North American Property/Casualty segment of the General Re Group. Excludes cessions to certain affiliated members of the Berkshire Hathaway Group.

Source: Reinsurance Association of America.

The Securitization of Insurance Risk: Catastrophe Bonds

Catastrophe (cat) bonds are one of a number of innovative risk transfer products that have emerged as an alternative to traditional insurance and reinsurance products. Insurers and reinsurers typically issue cat bonds through an issuer known as a special purpose vehicle, a company set up specifically for this purpose. Cat bonds pay high interest rates and diversify an investor's portfolio because natural disasters occur randomly and are not associated with economic factors. Depending on how the cat bond is structured, if losses reach the threshold specified in the bond offering, the investor may lose all or part of the principal or interest.

As the financial markets began to stabilize in 2009, conditions in the catastrophe bond market began to improve. In 2009, $3.4 billion of risk capital was issued through 18 transactions, marking a 25 percent increase over 2008, according to an analysis by GC Securities. After declining over the first two quarters of 2009, total catastrophe bond risk principal outstanding increased from $12.0 billion at year-end 2008 to $12.2 billion at year-end 2009, reflecting a particularly strong fourth quarter for issuance. Growth somewhat flattened during the first quarter of 2010, with issuance activity declining relative to the first quarter of 2009, both in terms of transaction count (two versus three) and risk capital issued ($300 million versus $575 million).

TOP TEN CATASTROPHE BOND TRANSACTIONS, 2009

($ millions)

Rank	Special purpose vehicle	Sponsor	Risk amount	Peril	Risk location
1	Longpoint Re II Ltd.	Travelers	$500.0	Hurricane	Northeast U.S.
2	Multicat Mexico 2009 Limited	Agroasamex (FONDEN)[1]	290.0	Multiple	Mexico
3	Residential Re 2009	USAA	250.0	Multiple	U.S.
4	Mystic Re II	Liberty Mutual	225.0	Multiple	U.S.
5	Lakeside Re II Ltd.	Zurich	225.0	U.S. earthquake	CA
6	Eurus II Ltd.	Hannover	211.6	Windstorm	Europe
7	Atlas V	SCOR Global P&C SE	200.0	Multiple	U.S.
8	Parkton Re Ltd.	North Carolina Joint Underwriting Association/ Insurance Underwriting Association[1]	200.0	Hurricane	NC
9	Blue Fin Ltd. (2009 takedowns)	Allianz SE	180.0	Multiple	U.S.
10	Montana Re Ltd.	Flagstone Re	175.0	Hurricane	U.S.

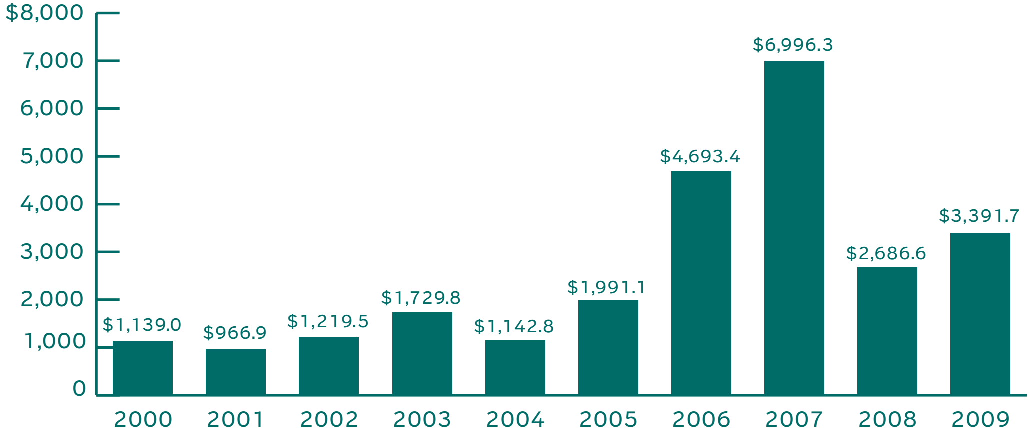
[1]Sponsored through Swiss Re.

Source: GC Securities and Guy Carpenter & Company, LLC.

Property/Casualty: Capital Markets

CATASTROPHE BONDS, ANNUAL RISK CAPITAL ISSUED, 2000-2009

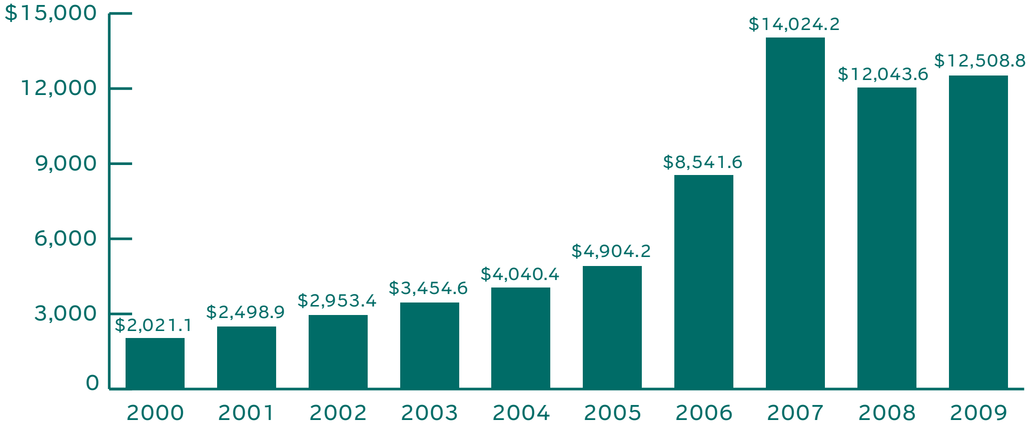
($ millions)



Source: GC Securities and Guy Carpenter & Company, LLC.

CATASTROPHE BONDS, RISK CAPITAL OUTSTANDING, 2000-2009

($ millions)



Source: GC Securities and Guy Carpenter & Company, LLC.

Life/Health: Financial

Whether measured by premium income or by assets, traditional life insurance is no longer the primary business of many companies in the life/health insurance industry. Today, the emphasis has shifted to the underwriting of annuities. Annuities are contracts that accumulate funds and/or pay out a fixed or variable income stream. An income stream can be for a fixed period of time or over the lifetimes of the contract holder and his or her beneficiaries. Nevertheless, traditional life insurance products such as universal life and term life for individuals as well as group life remain an important part of the business, as do disability income and health insurance. Life insurers invest primarily in corporate bonds but also significantly in corporate equities. Besides annuities and life insurance products, life insurers may offer other types of financial services such as asset management.

LIFE/HEALTH INSURER FINANCIAL ASSET DISTRIBUTION, 2005-2009

($ billions)

	2005	2006	2007	2008	2009
Total financial assets	**$4,353.3**	**$4,687.8**	**$4,952.5**	**$4,523.5**	**$4,825.5**
Checkable deposits and currency	47.7	56.1	58.3	82.8	52.5
Money market fund shares	13.5	23.3	21.6	39.2	33.7
Credit market instruments	2,753.9	2,786.4	2,871.2	2,882.8	3,061.3
Open market paper	24.4	28.7	41.7	38.3	59.0
U.S. government securities	463.9	465.3	453.5	471.9	532.2
Treasury	95.4	87.9	70.6	105.7	176.3
Agency- and GSE[1]-backed securities	368.5	377.4	382.9	366.2	355.9
Municipal securities	32.5	36.6	41.4	47.1	73.3
Corporate and foreign bonds	1,824.8	1,819.5	1,862.6	1,817.0	1,917.2
Other loans and advances	122.8	132.6	145.8	166.1	153.5
Mortgages	285.5	303.8	326.2	342.4	326.1
Corporate equities	1,161.8	1,364.8	1,464.6	1,001.7	1,256.3
Mutual fund shares	109.0	148.8	188.4	121.0	140.8
Miscellaneous assets	267.3	308.4	348.3	396.0	281.0

[1]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Life/Health: Financial

Financial Results

The life/health insurance industry, which includes annuities, enjoyed slow but reasonably steady growth in most measures of operating income and benefits in the years heading into 2008. On the investment side, however, the net yield on invested assets continued dropping (following the general decline in interest rates) and the industry posted net realized capital losses in 2007 for the first time since 2001. The financial crisis, which drastically reduced asset values by year-end 2008, resulted in a record $50-plus billion in net realized capital losses that year. Moreover, the recessionary conditions that began in 2007 led to a 19 percent drop (about $120 billion) in premium income for 2009, as well as another $28.7 billion in net realized capital losses. Nevertheless, the industry continued to pay benefits and dividends in 2009 and earned net income of $21 billion.

LIFE/HEALTH INSURANCE INDUSTRY INCOME ANALYSIS, 2005-2009

($ millions, end of period)

	2005	2006	2007	2008	2009
Income statement					
Premiums, consideration and deposits	$526,289.9	$578,970.4	$617,692.0	$632,201.3	$512,901.4
Net investment income	155,173.0	161,862.0	167,744.7	161,737.5	156,449.9
Separate accounts revenue	16,373.5	20,169.0	22,897.6	21,177.3	20,375.3
Total revenue	**$731,239.3**	**$791,929.7**	**$821,582.6**	**$851,658.9**	**$779,032.6**
Benefits	191,439.6	216,113.5	233,126.9	245,492.7	246,015.8
Surrenders	226,013.2	272,108.8	305,165.6	291,708.9	228,671.2
Increase in reserves and deposits	103,615.1	69,776.8	35,284.6	144,163.6	99,045.4
Commissions	48,104.8	49,847.9	51,057.7	51,993.5	49,031.7
General and administrative expense	46,877.9	49,490.4	52,558.5	54,093.9	54,364.5
Net transfers to separate accounts	42,753.8	60,911.4	66,100.6	22,654.6	11,098.0
Policyholder dividends	15,939.5	16,450.2	17,497.0	17,736.4	15,005.0
Income tax	8,612.2	11,090.7	11,848.7	187.2	11,280.4
Net realized capital gains (losses)	3,151.4	6,532.0	-1,498.8	-50,471.2	-28,746.1
Net Income	36,474.9	37,689.9	31,832.3	-51,834.6	21,108.5
Pre-tax operating income	41,935.5	42,365.7	45,179.9	-1,174.8	61,135.0

Source: SNL Financial LC.

TOP U.S. LIFE/HEALTH INSURANCE GROUPS BY REVENUES, 2009[1]

($ millions)

Rank	Group	Revenues	Assets
1	MetLife	$41,098	$539,314
2	New York Life Insurance	34,014	187,772
3	Prudential Financial	32,688	480,203
4	TIAA-CREF	26,278	383,595
5	Massachusetts Mutual Life Insurance	25,424	173,776
6	Northwestern Mutual	21,603	167,180
7	AFLAC	18,254	84,106
8	Unum Group	10,091	54,477
9	Guardian Life Ins. Co. of America	10,041	42,683
10	Lincoln National	9,072	177,433
11	Genworth Financial	9,069	108,187
12	Principal Financial	8,849	137,759
13	Reinsurance Group of America	7,067	25,250
14	Thrivent Financial for Lutherans	6,515	57,752
15	Pacific Life	5,211	109,954
16	Mutual of Omaha Insurance	5,150	22,197
17	Western & Southern Financial Group	5,014	33,674
18	Conseco	4,341	30,344

[1] Revenues for insurance companies include premium and annuity income, investment income and capital gains or losses but exclude deposits. Based on companies and categories in the Fortune 500. Each company is assigned only one category, even if it is involved in several industries.

Source: Fortune.

Life Insurance Ownership

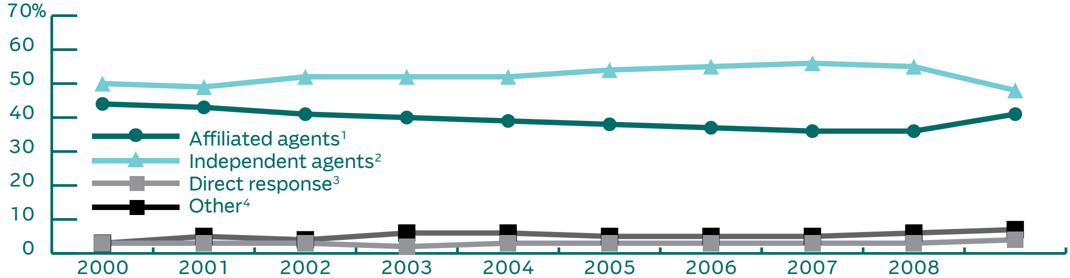
Thirty percent of U.S. households, or 35 million households, do not have life insurance, according to LIMRA's 2010 Life Insurance Ownership Study. Only 44 percent of U.S. households now have individual life insurance, a 50-year low, according to LIMRA.

Distribution Channels

Life insurance was once sold primarily by career life agents, captive agents that represent a single insurance company, and by independent agents, who represent several insurers. Now, life insurance is also sold directly to the public by mail, telephone and through the Internet. In addition, in the 1980s insurers began to market annuities and term life insurance through banks and financial advisors, professional groups and the workplace. A large portion of variable annuities, and a small portion of fixed annuities, are sold by stockbrokers. By 2009 independent agents held 48 percent of the new individual life insurance sales market, followed by affiliated (i.e., captive) agents with 41 percent, direct marketers with 4 percent and others, including stockbrokers, accounting for the remaining 7 percent, according to LIMRA.

LIFE INDIVIDUAL MARKET SHARE BY DISTRIBUTION CHANNEL, 2000-2009

(Based on first year collected premium)

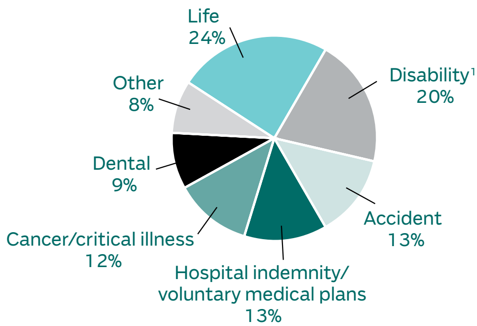


[1]Includes career, multiline exclusive and home service agents. [2]Includes brokers and personal producing general agents. [3]No producers are involved. Does not include direct marketing efforts involving agents. [4]Includes stockbrokers, financial institutions, worksite and other channels. [5]Estimate.

Source: LIMRA's Market Share by Distribution Channel Survey, LIMRA estimates.

- Worksite marketing is the selling of voluntary (employee-paid) insurance and financial products at the worksite. The products may be on either an individual or group platform and are usually paid through periodic payroll deductions.
- Worksite sales of life and health insurance in 2009 totaled $5.4 billion, up 3.3 percent over 2008 sales.

WORKSITE LIFE INSURANCE SALES BY LINE OF BUSINESS, 2009



[1]Short-term and long-term disability.

Source: Eastbridge Consulting Group, Inc.

Premiums by Line

Measured by premiums written, annuities are the largest life/health product line, followed by life insurance and health insurance (also referred to in the industry as accident and health). Life insurance policies can be sold on an individual, or "ordinary," basis or to groups such as employees and associations. Accident and health insurance includes medical expense, disability income and long-term care. Other lines include credit life, which pays the balance of a loan if the borrower dies or becomes disabled, and industrial life, small policies whose premiums are generally collected by an agent on a weekly basis.

DIRECT PREMIUMS WRITTEN BY LINE, LIFE/HEALTH INSURANCE INDUSTRY, 2005-2009

($ millions)

	2005		2008		2009	
Lines of insurance	Direct premiums written[1]	Percent of total	Direct premiums written[1]	Percent of total	Direct premiums written[1]	Percent of total
Annuities						
Ordinary individual annuities	$177,602	31.4%	$220,594	32.2%	$195,661	31.2%
Group annuities	110,952	19.6	126,663	18.5	108,216	17.3
Total	**$288,554**	**51.1%**	**$347,257**	**50.6%**	**$303,877**	**48.5%**
Life						
Ordinary life	123,259	21.8	137,243	20.0	120,964	19.3
Group life	30,245	5.4	30,962	4.5	29,802	4.8
Credit life (group and individual)	1,603	0.3	1,570	0.2	1,249	0.2
Industrial life	250	[2]	234	[2]	197	[2]
Total	**$155,357**	**27.5%**	**$170,009**	**24.8%**	**$152,212**	**24.3%**
Accident and health[3]						
Group	78,484	13.9	93,023	13.6	91,465	14.6
Other	39,709	7.0	74,302	10.8	78,660	12.5
Credit	1,499	0.3	1,236	0.2	979	0.2
Total	**$119,693**	**21.2%**	**$168,560**	**24.6%**	**$171,103**	**27.3%**
All other lines	1,325	0.2	0.7	[2]	1.4	[2]
Total, all lines[4]	**$564,929**	**100.0%**	**$685,827**	**100.0%**	**$627,194**	**100.0%**

[1]Before reinsurance transactions.

[2]Less than 0.1 percent.

[3]Does not include accident and health premiums reported on the property/casualty and health annual statements.

[4]Does not include deposit-type funds.

Source: SNL Financial LC.

Insurance

Life/Health: Premiums by Line

There are several types of annuities. *Fixed* annuities guarantee that a specific sum of money will be paid in the future, generally as a monthly benefit, for as long as the annuitant lives. The value of *variable* annuities fluctuate with the performance of an underlying investment portfolio. The *equity indexed* annuity is a hybrid product, with features of *fixed* and *variable* annuities. Annuities play a key role in financing retirement for many Americans. (See also Retirement Assets: Annuities, page 47.)

TOP TEN WRITERS OF GROUP ANNUITIES BY DIRECT PREMIUMS WRITTEN, 2009

($000)

Rank	Group	Direct premiums written	Market share
1	Prudential Financial Inc.	$10,330,219	19.10%
2	ING Groep N.V.	8,911,464	16.48
3	Great-West Insurance Group	5,021,798	9.29
4	AXA	4,672,458	8.64
5	American International Group	3,938,097	7.28
6	TIAA Board of Overseers	3,387,294	6.26
7	Sun Life Financial Inc.	3,089,233	5.71
8	Lincoln National Corp.	2,437,446	4.51
9	MetLife Inc.	1,899,352	3.51
10	OneAmerica Financial Partners	1,617,221	2.99

Source: SNL Financial LC.

TOP TEN WRITERS OF INDIVIDUAL ANNUITIES BY DIRECT PREMIUMS WRITTEN, 2009

($000)

Rank	Group	Direct premiums written	Market share
1	MetLife Inc.	$20,393,013	10.97%
2	Jackson National Life Group	12,352,891	6.65
3	New York Life Insurance Group	10,960,340	5.90
4	Lincoln National Corp.	10,888,414	5.86
5	American International Group	10,647,175	5.73
6	Ameriprise Financial	8,988,068	4.84
7	Allianz SE	8,472,058	4.56
8	Prudential Financial Inc.	7,989,042	4.30
9	AEGON NV	7,868,756	4.23
10	Pacific MHC	7,249,923	3.90

Source: SNL Financial LC.

Credit Life Insurance

Credit life insurance, a form of decreasing term insurance, protects creditors such as banks. The borrower pays the premium, generally as part of the credit transaction, to cover the outstanding loan in the event he or she dies. The face value of a policy decreases as the loan is paid off until both equal zero. When loans are paid off early, premiums for the remaining term are returned to the policyholder. Credit accident and health, a similar product, provides a monthly income in the event the borrower becomes disabled.

CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE DIRECT PREMIUMS WRITTEN, 2000-2009

($000)

Year	Credit life	Credit accident and health
2000	$2,582,567	$2,377,491
2001	2,301,233	2,217,597
2002	1,779,886	1,869,046
2003	1,413,243	1,540,703
2004	1,524,161	1,535,309
2005	1,603,243	1,499,462
2006	1,555,402	1,430,649
2007	1,625,833	1,399,687
2008	1,569,655	1,235,684
2009	1,248,615	978,694

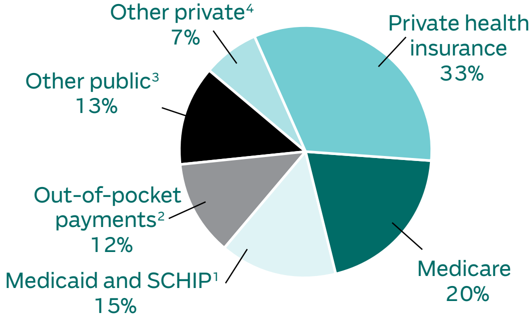
Source: SNL Financial LC.

Health Insurance

In 2010 President Obama signed the Patient Protection and Affordable Care Act, a massive overhaul of the nation's healthcare system that requires most U.S. citizens to have health insurance.

- According to the U.S. Census Bureau's latest health insurance survey, 16.7 percent of the U.S. population lacked coverage in 2009, up from 15.4 percent in 2008.
- The number of people with health insurance fell by 1.5 million to 253.6 million people in 2009, the first drop since data collection began in 1987.
- Between 2008 and 2009, the number of people covered by private health insurance decreased from 201.0 million to 194.5 million, while the number covered by government health insurance climbed from 87.4 million to 93.2 million.
- Between 2008 and 2009 the number covered by employment-based health insurance declined from 176.3 million to 169.7 million. The number with Medicaid coverage increased from 42.6 million to 47.8 million.

THE NATION'S HEALTHCARE DOLLAR: 2008 WHERE IT CAME FROM



[1]State Children's Health Insurance Program. [2]Includes co-pays, deductibles, and treatments not covered by private health insurance. [3]Includes programs such as workers' compensation, public health activity, Department of Defense, Department of Veterans Affairs, Indian Health Service, state and local hospital subsidies and school health. [4]Includes industrial in-plant, privately funded construction and non-patient revenues, including philanthropy. Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

HEALTH INSURANCE COVERAGE STATUS AND TYPE OF COVERAGE, 2000-2009

(000)

		Uninsured		Insured		
Year	Total U.S. population	Number of people	Percent of total population	Private health insurance	Government health insurance	Any insurance
2000	279,517	38,426	13.7%	202,794	69,037	241,091
2001	282,082	39,760	14.1	201,695	71,295	242,322
2002	285,933	42,019	14.7	200,891	73,624	243,914
2003	288,280	43,404	15.1	199,871	76,755	244,876
2004	291,166	43,498	14.9	200,924	79,486	247,669
2005	293,834	44,815	15.3	201,167	80,213	249,020
2006	296,824	46,995	15.8	201,690	80,270	249,829
2007	299,106	45,657	15.3	201,991	83,031	253,449
2008	301,483	46,340	15.4	200,992	87,411	255,143
2009	304,280	50,674	16.7	194,545	93,167	253,606

Source: U.S. Census Bureau, Current Population Survey, 1998-2009 Annual Social and Economic Supplement.

TOP TEN HEALTH INSURANCE GROUPS BY DIRECT PREMIUMS WRITTEN, 2009[1]

($ billions)

Rank	Group	Direct premiums written	Market share
1	UnitedHealth Group	$80.1	12.36%
2	Wellpoint Inc. Group	56.3	8.69
3	Kaiser Foundation Group	48.4	7.46
4	Aetna Group	28.1	4.33
5	Humana Group	26.6	4.11
6	HCSC Group	18.3	2.82
7	American Family Corp. Group	14.8	2.29
8	Coventry Corp. Group	13.1	2.02
9	Highmark Group	12.9	1.98
10	Independence Blue Cross Group	10.2	1.57

[1]Includes data from the property/casualty, life/health, fraternal and health annual statements.

Source: National Association of Insurance Commissioners (NAIC). Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

- Health insurance direct premiums written increased from $593.3 billion in 2008 to $630.3 billion in 2009, according to a National Association of Insurance Commissioners report based on data from health, L/H, P/C and fraternal insurance companies.

Health Savings Accounts

Established in 2003 by the Medicare Modernization Act, health savings accounts (HSAs) are designed to give consumers financial incentives to manage their own health expenses. An individual's HSA must be coupled with a high-deductible health plan (HDHP). HSA funds may be used to cover current and future healthcare costs.

HEALTH SAVINGS ACCOUNT ENROLLMENT (COVERED LIVES), 2007-2010[1]

	January 2007	January 2008	January 2009	January 2010
Individual market	1,106,000	1,502,000	1,832,000	2,053,000
Small group market	1,057,000	1,816,000	2,429,000	2,970,000
Large group market	2,044,000	2,777,000	3,752,000	4,986,000
Other group[2]	291,000	13,000	NA	NA
Other[3]	34,000	10,000	NA	NA
Total	**4,532,000**	**6,118,000**	**8,013,000**	**10,009,000**

[1]Includes health savings accounts (HSAs) and high-deductible health plans (HDHPs). [2]Enrollment data for companies that did not break down their group membership into large and small group categories. [3]Enrollment data for companies that did not provide a breakdown of enrollees by market category. NA=Data not available.

Source: America's Health Insurance Plans.

- According to America's Health Insurance Plans, 10 million people were covered by HSA/HDHP products in January 2010, up 2 million from January 2009.
- In 2010 over 90 percent of people in large group or individual HSA/HDHP plans were in preferred provider organizations (PPOs). Eighty percent in small group plans were in PPOs.

Long-Term Care Insurance

Long-term care (LTC) insurance pays for services to help individuals who are unable to perform certain activities of daily living without assistance or require supervision due to a cognitive impairment such as Alzheimer's disease. There is a common misconception that LTC is primarily geared toward the elderly. A November 2009 survey by the insurer UNUM revealed that the average age of someone purchasing group LTC insurance was 43 in 2008 and that California, Wisconsin, Illinois, New York and Missouri were the top states for LTC policies. Nearly 5 million people were covered by long-term care insurance in 2009, according to a study by LIMRA International. The average first-year premium for individual LTC coverage purchased in 2009 was $2,181, unchanged from 2008, according to LIMRA.

- The number of policyholders and new premiums both dropped by 23 percent in 2009 from a year ago. LIMRA estimates that current sales are where they were in the early 1990s.

INDIVIDUAL LONG-TERM CARE INSURANCE, 2009[1]

	Lives	Percent change from 2008	Premium ($ millions)	Percent change from 2008
New business	212,800	-23%	$464	-23%
In-force[2]	4,800,000	[3]	8,740	1

[1]Based on LIMRA International's Individual LTC Sales survey, representing over 95% of the individual LTC market.

[2]Includes estimates for non-participants.

[3]Less than 0.1%.

Source: LIMRA International.

Overview

Banking, the largest sector within the financial services industry, includes all depository institutions, from commercial banks and thrifts (savings and loan associations and savings banks) to credit unions. In their role as financial intermediaries, banks use the funds they receive from depositors to make loans and mortgages to individuals and businesses, seeking to earn more on their lending activities than it costs them to attract depositors. However, in so doing they must manage many risk factors, including interest rates, which can result in a mismatch of assets and liabilities. Over the past decade, many banks have diversified and expanded into new business lines such as credit cards, stock brokerage and investment management services. Some have also moved into the insurance business, selling annuities and life insurance products in particular, often through the purchase of insurance agencies. (See Chapter 4: Convergence.)

Regulation

Since 1863, banks have had the choice of whether to be regulated by the federal government or the states. Under the National Bank Act, national banks are chartered and supervised by the Office of the Comptroller of the Currency (OCC), part of the U.S. Treasury. Thrift institutions, including savings and loans associations and savings banks, can be federally chartered and regulated by the Office of Thrift Supervision (OTS), another agency in the U.S. Treasury, or state chartered and subject to state regulation. The National Credit Union Administration supervises federal credit unions, while state regulators supervise state credit unions. State-chartered banks are subject to some federal regulation if they are members of the Federal Reserve System or insured by the FDIC. The Federal Reserve was established by Congress in 1913 to regulate the money supply according to the needs of the U.S. economy. The agency attempts to do this by changing bank reserve requirements and the discount rate that banks pay for loans from the Federal Reserve system, and by increasing or decreasing its open-market operations, the buying and selling of federal securities. Because banks are sensitive to interest rates, Federal Reserve policy has a major impact on the banking sector.

In October 2008, in a response to a massive credit crisis and the failure or near collapse of several large institutions, Congress enacted the Emergency Economic Stabilization Act. The act established the Troubled Asset Relief Program (TARP), a landmark $700 billion rescue plan for banks and other qualifying financial services firms. As of June 2010, as the industry began to recover, repayments to TARP had surpassed the total amount of TARP funds still owed. In July 2010 Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, a sweeping overhaul of how financial services are regulated in the United States. The act increases oversight and regulation of banks and nonbank financial institutions, establishes a Consumer Financial Protection Bureau and transfers the functions of the Office of Thrift Supervision to other federal agencies, beginning in July 2011. (See page 207 for a detailed summary of the law.)

Bank Holding Companies

A bank holding company (BHC) is any company (not necessarily a bank) that has direct or indirect control of at least one bank. Under the Bank Holding Act of 1956 and its amendments, the Federal Reserve supervises all BHCs, regardless of whether the bank subsidiary is a state or national bank. The act stipulated that BHCs may engage in, establish or acquire subsidiaries that engage in nonbanking activities closely related to banking, as determined by the Federal Reserve. The act was amended by the Gramm-Leach-Bliley Act (GLB) of 1999, which allows a BHC that meets specified eligibility requirements to become a financial holding company (FHC) and thereby engage in expanded financial activities, including securities underwriting and dealing, insurance agency and underwriting activities, and merchant banking activities. GLB also allows securities firms and insurance companies to acquire a bank and thereby become a BHC eligible for FHC status. (See Convergence, page 51) The 2010 Dodd-Frank act increases the Federal Reserve's oversight of bank holding companies with total consolidated assets of at least $50 billion. It also contains provisions requiring that FHCs remain "well capitalized and well maintained."

BANK HOLDING COMPANIES (BHCs) WITH ASSETS OVER $50 BILLION
($ billions)

Rank	Institution	2009 Assets
1	Bank of America Corp.	$2,225
2	JPMorgan Chase & Co.	2,032
3	Citigroup Inc.	1,857
4	Wells Fargo & Co.	1,244
5	Goldman Sachs Group, Inc.	849
6	Morgan Stanley	771
7	MetLife, Inc.	539
8	HSBC North America Holdings Inc.	391
9	Taunus Corp.	369
10	Barclays Group US Inc.	366
11	U.S. Bancorp	281
12	PNC Financial Services Group, Inc.	270
13	Bank of New York Mellon Corp.	212
14	SunTrust Banks, Inc.	174
15	Ally Financial Inc.	172
16	Capital One Financial Corp.	169
17	BB&T Corp.	166
18	State Street Corp.	157
19	Citizens Financial Group, Inc.	148
20	TD Bank US Holding Co.	$145
21	Regions Financial Corp.	142
22	American Express Co.	123
23	Fifth Third Bancorp	113
24	KeyCorp	93
25	UnionBanCal Corp.	86
26	Northern Trust Corp.	82
27	BancWest Corp.	74
28	M&T Bank Corp.	69
29	Discover Financial Services	69
30	BBVA USA Bancshares Inc.	65
31	Compass Bancshares Inc.	65
32	Harris Financial Corp.	64
33	CIT Group, Inc.	60
34	Comerica, Inc.	59
35	Marshall & Ilsley Corp.	57
36	Huntington Bancshares Inc.	52
37	Zions Bancorporation	51

Source: SNL Financial LC.

Deposit Insurance

The Federal Deposit Insurance Corporation (FDIC) was created in 1933 to restore confidence in the banking system following the collapse of thousands of banks during the Great Depression. The FDIC, which is an independent agency within the federal government, protects against the loss of deposits if an FDIC-insured commercial bank or savings association fails. The basic insurance amount, $100,000 per depositor per insured bank, was raised temporarily to $250,000 as part of the federal government's 2008 rescue program for the financial services industry. The Dodd-Frank act, enacted in July 2010, made the increase permanent.

During the savings and loan crisis of the late 1980s and early 1990s, over 1,000 institutions holding over $500 billion failed, leading to a broad restructuring of the industry. The economic downturn that began in 2008 spawned an increase in bank failures. Twenty-five banks, with assets of $371.9 billion, failed in 2008, following three failures in 2007 and none during the previous two years. In 2009 there were 140 failures with assets of $170 billion. This was the highest number since 1992, when 179 institutions failed.

NUMBER OF BANK FAILURES, 2000-2009[1]

Year	Number of failures	Year	Number of failures
2000	7	2005	0
2001	4	2006	0
2002	11	2007	3
2003	3	2008	25
2004	4	2009	140

[1]Based on failures of banks and savings and loan associations insured by the FDIC.

Source: Federal Deposit Insurance Corporation.

- 117 FDIC-insured banks failed during the first seven months of 2010.

TOP TEN BANK AND THRIFT DEALS ANNOUNCED IN 2009[1]

($ millions)

Rank	Buyer (Location)	Target (State)	Deal value[2]
1	First Niagara Financial Group, Inc. (NY)	Harleysville National Corporation (PA)	$239.8
2	Banco Sabadell SA (Spain)	Mellon United National Bank (FL)	157.7
3	Union Bankshares Corporation (VA)	First Market Bank, FSB (VA)	105.4
4	Investor group (U.S.)	Gibraltar Private Bank & Trust Co. (FL)	93.0
5	Tower Bancorp, Inc. (PA)	First Chester County Corporation (PA)	64.8
6	Danvers Bancorp, Inc. (MA)	Beverly National Corporation (MA)	60.9
7	BCB Bancorp, Inc. (NJ)	Pamrapo Bancorp, Inc. (NJ)	46.9
8	First National Security Company (AR)	Heritage Capital Corporation (AR)	39.6
9	Union Savings Bank (CT)	First Litchfield Financial Corporation (CT)	36.9
10	Bryn Mawr Bank Corporation (PA)	First Keystone Financial, Inc. (PA)	32.8

[1]Target is a U.S.-domiciled bank or thrift. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

TOP TEN FEDERALLY CHARTERED AND STATE-CHARTERED BANKS BY ASSETS, 2009[1]

($000)

Rank	Federally chartered bank[2]	Total assets	State-chartered bank	State	Total assets
1	JPMorgan Chase Bank, National Association	$1,627,684,000	SunTrust Bank	GA	$164,340,844
2	Bank of America, National Association	1,465,221,449	The Bank of New York Mellon	NY	164,275,000
3	Citibank, National Association	1,161,361,000	Branch Banking and Trust Company	NC	159,675,538
4	Wells Fargo Bank, National Association	608,778,000	State Street Bank and Trust Company	MA	153,740,526
5	Wachovia Bank, National Association	510,083,000	Regions Bank	AL	138,006,763
6	U.S. Bank National Association	276,376,130	Fifth Third Bank	OH	112,736,105
7	PNC Bank, National Association	260,309,849	Goldman Sachs Bank USA	NY	91,016,000
8	HSBC Bank USA, National Association	167,165,244	The Northern Trust Company	IL	68,809,308
9	FIA Card Services, National Association	145,365,918	Manufacturers and Traders Trust Company	NY	67,860,327
10	TD Bank, National Association	140,038,551	Discover Bank	DE	65,845,028

[1]As of December 31, 2009.
[2]Chartered by the Office of the Comptroller of the Currency.

Source: Federal Deposit Insurance Corporation.

Profitability

In their efforts to maximize profits, commercial banks and other depository institutions must balance credit quality and future economic conditions with liquidity needs and regulatory mandates.

PROFITABILITY OF SAVINGS BANKS, COMMERCIAL BANKS AND CREDIT UNIONS, 2005-2009

	Return on equity		Return on average assets
Year	Savings banks	Commercial banks	Credit unions
2005	10.38%	12.91%	0.85%
2006	8.70	13.06	0.82
2007	2.71	9.29	0.65
2008	-6.15	1.62	-0.02
2009	1.39	0.85	0.20

Source: Office of Thrift Supervision; Federal Deposit Insurance Corporation; National Credit Union Administration.

NET INCOME OF COMMERCIAL BANKS, SAVINGS INSTITUTIONS AND CREDIT UNIONS, 2000-2009

($ millions)

	Amount			Percent change from prior year		
Year	Commercial banks[1]	Savings institutions[1]	Credit unions[2]	Commercial banks	Savings institutions	Credit unions
2000	$70,274.2	$10,701.9	NA	-1.0%	-1.6%	NA
2001	73,215.3	13,279.2	$4,492.0	4.2	24.1	NA
2002	89,132.0	15,243.4	5,663.0	21.7	14.8	26.1%
2003	102,578.0	18,056.0	5,779.0	15.1	18.5	2.0
2004	104,724.0	18,246.0	5,789.0	2.1	1.1	0.2
2005	114,016.0	19,894.0	5,658.0	8.9	9.0	-2.3
2006	128,217.0	17,025.0	5,723.0	12.5	-14.4	1.1
2007	97,630.0	2,362.0	4,737.0	-23.9	-86.1	-17.2
2008	15,308.0	-10,759.0	-167.0	-84.3	-555.5	-103.5
2009	10,752.0	1,775.0	1,673.0	-29.8	[3]	[3]

[1]FDIC-insured.
[2]Federally insured credit unions.
[3]Not applicable.
NA=Data not available.

Source: Federal Deposit Insurance Corporation; National Credit Union Administration.

Assets

- Assets of credit unions grew 8.7 percent from 2008 to 2009. Commercial bank assets grew 0.9 percent, but savings institution assets fell 17.7 percent.

FINANCIAL ASSETS OF BANKING INSTITUTIONS, 1980-2009
($ billions, end of year)

Year	Commercial banks	Savings institutions	Credit unions
1980	$1,481.7	$792.4	$67.6
1990	3,337.8	1,323.0	217.2
2000	6,708.6	1,217.7	441.1
2005	9,843.7	1,789.4	685.7
2006	10,821.0	1,714.8	716.2
2007	11,809.5	1,815.0	758.7
2008	14,001.4	1,523.5	812.4
2009	14,133.0	1,253.7	882.7

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Credit Markets

Until about 1950, commercial banks dominated the credit market. While depository institutions continue to be the leading holders of credit assets, asset shares of federal mortgage pools, government-sponsored corporations and asset-based securities issuers have risen steadily over the past two decades.

CREDIT MARKET ASSET HOLDINGS, 2005-2009[1]
($ billions, amount outstanding, end of year)

	2005	2006	2007	2008	2009	Percent of total, 2009
Financial sectors						
Monetary authority	$744.2	$778.9	$740.6	$986.0	$1,987.7	3.8%
Commercial banking	7,278.4	8,040.5	8,781.6	9,425.1	9,001.4	17.2
U.S.-chartered commercial banks	6,487.4	7,144.1	7,666.8	8,197.9	8,055.5	15.4
Foreign banking offices in the U.S.	657.8	761.6	963.3	1,063.7	782.7	1.5
Bank holding companies	32.2	35.6	58.7	72.6	75.1	0.1
Banks in U.S.-affiliated areas	101.0	99.3	92.8	90.9	88.1	0.2
Savings institutions	1,617.1	1,533.2	1,596.1	1,320.0	1,079.2	2.1
Credit unions	592.6	622.7	657.9	697.9	731.0	1.4
Property/casualty insurance companies	819.3	864.1	869.3	853.4	887.5	1.7
Life insurance companies	2,753.9	2,786.4	2,871.2	2,882.8	3,061.3	5.9
Private pension funds	699.9	758.3	860.8	951.4	1,063.0	2.0

(table continues)

CREDIT MARKET ASSET HOLDINGS, 2005-2009[1] (Cont'd)

($ billions, amount outstanding, end of year)

	2005	2006	2007	2008	2009	Percent of total, 2009
State and local govt retirement funds	$693.4	$808.0	$820.3	$833.5	$818.1	1.6%
Federal govt retirement funds	76.0	84.3	96.1	120.3	127.7	0.2
Money market mutual funds	1,340.8	1,560.8	1,936.4	2,675.0	2,031.2	3.9
Mutual funds	1,747.1	1,932.0	2,203.1	2,276.4	2,657.2	5.1
Closed-end funds	165.8	171.8	170.9	131.2	141.5	0.3
Exchange-traded funds	15.0	20.7	34.0	57.0	102.9	0.2
GSEs[2]	2,543.9	2,590.5	2,829.5	3,033.6	2,688.7	5.1
Agency- and GSE[2]- backed mortgage pools	3,548.5	3,841.1	4,464.4	4,961.4	5,376.4	10.3
ABS issuers	3,287.7	4,087.5	4,420.6	4,025.3	3,316.5	6.3
Finance companies	1,740.6	1,811.6	1,828.2	1,755.9	1,532.6	2.9
Real Estate Investment Trusts	239.7	265.8	244.7	180.8	182.5	0.3
Brokers and dealers	477.2	583.4	803.1	717.4	525.3	1.0
Funding corporations	317.4	362.2	305.2	991.9	813.9	1.6
Total financial sectors	**$30,698.5**	**$33,503.9**	**$36,534.2**	**$38,876.4**	**$38,125.8**	**72.9%**
Total domestic nonfinancial sectors[3]	**5,390.5**	**5,655.5**	**6,244.4**	**6,118.3**	**6,375.3**	**12.2**
Rest of the world	**5,191.3**	**6,200.1**	**7,272.5**	**7,594.2**	**7,827.4**	**15.0**
Total credit market assets held	**$41,280.3**	**$45,359.4**	**$50,051.2**	**$52,589.0**	**$52,328.4**	**100.0%**

[1]Excluding corporate equities and mutual fund shares. [2]Government-sponsored enterprise. [3]Includes household, federal and local governments, and selected nonfinancial and nonfarm business sectors.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

- In 2009 employment fell 1.3 percent at credit unions, 2.9 percent at commercial banks and 6.1 percent at savings institutions. Overall, banking industry employment declined by 3.0 percent.

EMPLOYMENT IN THE BANKING INDUSTRY, 2005-2009

(000)

Year	Commercial banks	Savings banks	Credit unions	Total
2005	1,296.0	238.3	234.9	1,769.2
2006	1,322.9	236.7	242.4	1,802.0
2007	1,351.4	225.7	246.3	1,823.5
2008	1,357.5	207.6	250.1	1,815.2
2009	1,318.8	194.9	246.8	1,760.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

BUSINESS LENDING BY LOAN SIZE AND SIZE OF BANK, 2010[1]

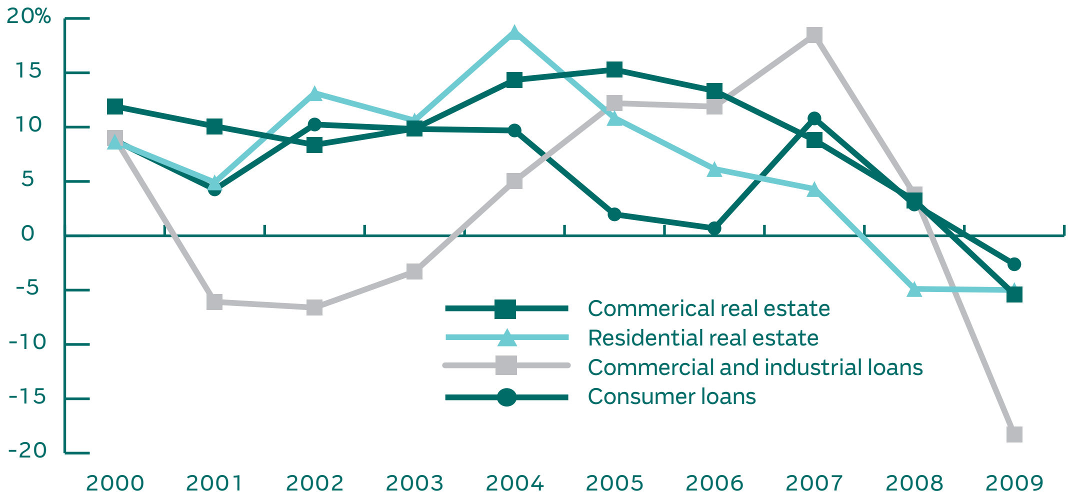
	Value of loans ($ millions)	
Size of loans ($000)	Large banks[2]	Small banks
$7.5 to $99	$1,727	$949
$100 to $999	6,737	1,882
$1,000 to $9,999	9,456	754
$10,000 and over	14,654	[3]

[1]Based on a sample of 348 domestically chartered commercial banks, May 3-7, 2010.
[2]As of March 31, 2007, assets of large banks were at least $3.7 billion.
[3]The number of loans was insufficient to provide a meaningful value.

Source: Board of Governors of the Federal Reserve System.

TWELVE-MONTH LOAN GROWTH RATES, 2000-2009

(Percent, end of year)



Source: Federal Deposit Insurance Corporation.

Community Development Lending

The Federal Community Reinvestment Act requires commercial banks and savings institutions with total assets of $1 billion to report data regarding their small business, small farm and community development loans. In 2009, 941 of these institutions reported originations or purchases of about 6.2 million small business loans, totaling $206 billion, and about 250,000 small farm loans, totaling $11.7 billion. About 72 percent of these lenders, or 679 institutions, extended community development loans in 2009, a 5 percent drop from the number making such loans in 2008. However, the dollar volume of community development loans fell 52 percent from $72.5 billion to $34.7 billion in 2009.

The Federal Financial Institutions Examination Council said that the decrease in small business and small farm loans reflects a significant reduction in small business credit card activity and reductions in lines of credit, while the decline in community development loans was primarily due to the unusually high volume of such loans in 2008.

COMMUNITY DEVELOPMENT LENDING, 2009[1]

	CRA loans				CRA reporting institutions			
	Number		Amount ($000)		Total		Community development loans	
Asset size of lender ($ millions)	Total	Percent	Total	Percent	Number	Percent	Number extending	Percent extending
Less than $100	10	[2]	$27,350	0.1%	6	0.6%	3	0.4%
$100 to $249	13	[2]	2,418	[2]	11	1.2	2	0.3
$250 to $1,060	2,018	6.9%	1,428,705	4.1	364	38.7	223	32.8
$1,061 or more	27,093	93.0	33,264,108	95.8	560	59.5	451	66.4
Total	**29,134**	**100.0%**	**$34,722,581**	**100.0%**	**941**	**100.0%**	**679**	**100.0%**

[1]As per the Community Reinvestment Act (CRA), enacted in 1977 to encourage banks to help meet the needs of the communities in which they operate, including low and moderate income neighborhoods. The act mandates that the reporting threshold adjusts annually to the Consumer Price Index, bringing the threshold to $1.109 billion in assets in 2009.

[2]Less than 0.1 percent.

Source: Federal Financial Institutions Examination Council.

Banking

All Sectors

Bank Branches

Consolidation has substantially reduced the number of commercial banking institutions but has not reduced consumers' access to their deposits as the number of bank offices and ATMs continues to grow. There are also fewer savings institutions and offices than in 1995, and the number of credit unions dropped by 35 percent from 1995 to 2009.

NUMBER OF BANKING OFFICES BY TYPE OF BANK, 1995-2009

	1995	2000	2005	2007	2008	2009
All banking offices[1]	**92,686**	**95,808**	**100,741**	**105,375**	**106,967**	**107,104**
Commercial bank offices	65,321	71,337	78,030	83,360	85,283	88,061
Number of institutions	10,166	8,477	7,549	7,350	7,203	6,995
Savings institution offices	15,637	14,136	14,003	13,903	13,867	11,479
Number of institutions	2,082	1,623	1,294	1,244	1,227	1,180
Credit unions	11,687	10,316	8,695	8,101	7,806	7,554
U.S. branches of foreign banks	41	19	13	11	11	10

[1]Includes commercial bank and savings institution offices, credit unions and U.S. branches of foreign banks.
Source: Federal Deposit Insurance Corporation; National Credit Union Administration.

ASSETS OF FOREIGN BANKING OFFICES IN THE UNITED STATES, 2005-2009[1]

($ billions, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$818.1**	**$828.2**	**$1,048.0**	**$1,624.5**	**$1,267.8**
Reserves at Federal Reserve	0.9	0.6	1.0	239.0	284.1
Total bank credit	792.1	946.8	1,151.4	1,126.0	844.2
U.S. government securities	78.7	81.9	87.5	86.0	93.5
Treasury	27.8	26.8	30.4	35.5	61.4
Agency- and GSE[2]-backed securities	50.9	55.1	57.1	50.5	32.1
Corporate and foreign bonds	262.8	292.5	369.5	401.6	244.9
Total loans	450.6	572.3	694.4	638.4	505.9
Other bank loans	294.7	361.8	466.8	531.9	406.5
Mortgages	20.8	24.9	39.0	44.2	37.8
Security credit	135.1	185.6	188.6	62.3	61.6
Customers' liability on acceptances	0.8	0.4	0.5	0.0	0.0
Miscellaneous assets	24.3	-119.6	-104.9	259.6	139.5

[1]Branches and agencies of foreign banks, Edge Act and Agreement corporations and American Express Bank. [2]Government-sponsored enterprise. Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Financial Literacy Programs

As the United States emerged from the global recession, many Americans improved their money managing skills, according to the National Foundation for Credit Counseling's 2010 Financial Literacy Survey. The survey found that more consumers now have a budget and non-retirement savings and a greater proportion gave themselves high grades on their knowledge of personal finance, compared with the previous year. However, many U.S. adults continue to engage in risky financial behaviors and certain subgroups of the population—young adults and minorities in particular—are at greater risk than others.

Key findings include:

- 51 percent of adults report spending less than they did a year ago.
- One-third of adults (33 percent), or about 75 million people, do not put any part of their annual household income toward retirement, about the same as the previous year.
- Though a majority of adults (67 percent) say they pay for most purchases with cash or a debit card, about two in five (41 percent) report that their household carries credit card debt and more than 11 million people (5 percent of adults) say they carry $10,000 or more in credit card debt from month to month.

Also in 2010 The Financial Services Roundtable made financial literacy the focus of Community Service 2010, its annual community improvement campaign conducted in partnership with nonprofits and public policymakers.

Commercial Banks

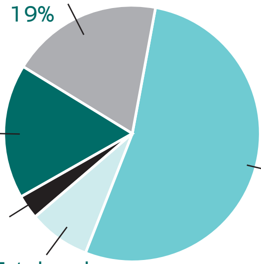
Commercial banks vary greatly in size from the "money center" banks located in the nation's financial centers that offer a broad array of traditional and nontraditional banking services, including international lending, to the smaller regional and local community banks engaged in more typical banking activities, such as consumer and business lending. Commercial banks receive revenue from many sources, including check writing, trust account management fees, investments, loans and mortgages. A growing number of banks also receives revenue from consumer use of Internet banking services.

In 2009 the number of small commercial banks continued to drop while the number of mid-size and large banks held steady. There were 259 fewer commercial banks with assets of less than $100 million in 2009 than in 2008, but 14 more in the $100 million to $10 billion asset size. The number of banks with assets of more than $10 billion dropped by one bank.
(See Concentration, page 51.)

Assets and Liabilities

A bank's assets and liabilities are managed in order to maximize revenues and maintain liquidity. The lending sector's susceptibility to changes in interest rates, domestic and international economies, and credit quality can make revenue streams unpredictable. Banks hold substantial amounts of U.S. Treasury and government agency obligations, which are highly liquid, although the asset mix includes equity as well as other asset classes.

ASSETS OF FDIC-INSURED COMMERCIAL BANKS, 2009



Source: Federal Deposit Insurance Corporation.

ASSETS AND LIABILITIES OF FDIC-INSURED COMMERCIAL BANKS GROUPED BY ASSET SIZE, 2009

($ millions, end of year)

	Total commercial banks	By asset size: Less than $100 million	$100 million to $1 billion	$1 billion or more	Foreign offices
Number of institutions	6,839	2,526	3,799	514	NA
Total assets	**$11,843,784**	**$141,358**	**$1,111,690**	**$10,590,737**	**$1,436,739**
Cash and funds due from depository institutions	976,561	12,700	72,275	891,586	188,675
Interest-bearing	763,803	7,179	46,772	709,852	NA
Securities	2,199,650	30,347	208,282	1,961,022	NA
Federal funds sold and re-repos[1]	401,755	4,665	19,593	377,497	NA
Net loans and leases	6,281,761	85,934	739,068	5,456,759	388,216
Loan loss allowance	213,582	1,488	14,404	197,690	NA
Assets held in trading accounts[2]	706,385	8	501	705,876	363,277
Bank premises and fixed assets	110,494	2,564	21,583	86,347	NA

(table continues)

ASSETS AND LIABILITIES OF FDIC-INSURED COMMERCIAL BANKS GROUPED BY ASSET SIZE, 2009 (Cont'd)

($ millions, end of year)

	Total commercial banks	By asset size: Less than $100 million	$100 million to $1 billion	$1 billion or more	Foreign offices
Other real estate owned	$35,840	$963	$9,938	$24,938	NA
Intangible assets	407,154	467	5,822	400,865	NA
All other assets	724,184	3,711	34,625	685,847	NA
Total liabilities and capital	**$11,843,784**	**$141,358**	**$1,111,690**	**$10,590,737**	**NA**
Total liabilities	$10,514,351	$124,940	$1,003,217	$9,386,195	$1,895,589
Deposits, total	8,333,158	118,962	918,183	7,296,014	1,529,874
Interest-bearing	6,766,446	99,360	786,473	5,880,613	1,465,106
Federal funds purchased and repos[1]	551,003	847	20,074	530,082	NA
Trading liabilities	253,268	0	14	253,254	NA
Other borrowed money	931,499	4,266	56,324	870,909	NA
Subordinated notes and debentures	154,668	9	623	154,036	NA
All other liabilities	290,755	856	8,000	281,900	NA
Total equity capital	$1,329,433	$16,417	$108,473	$1,204,542	NA
Perpetual preferred stock	6,181	48	619	5,514	NA
Common stock	46,390	2,594	12,707	31,088	NA
Surplus	993,632	7,693	53,615	932,325	NA
Undivided profits	262,982	6,081	41,447	215,454	NA

[1]Short-term agreements to sell and repurchase government securities by a specified date at a set price. [2]The foreign office component of "assets held in trading accounts" is only available for institutions with $1 billion or more in total assets or $2 billion or more in off-balance sheet contracts. NA=Data not available.

Source: Federal Deposit Insurance Corporation.

Deposits

In the depository process, banks pay interest to depositors and gain income by lending and investing deposits at higher rates. Banks must balance the generation of revenue from these deposits with the maintenance of liquidity, according to FDIC guidelines. The impact of these guidelines on the banking industry is similar to that of statutory accounting practices on the insurance industry—both serve to promote solvency.

Commercial Banks

DEPOSITS, INCOME AND EXPENSES OF FDIC-INSURED COMMERCIAL BANKS, 2005-2009

($ millions, end of year)

	2005	2006	2007	2008	2009
Number of institutions	7,510	7,384	7,266	7,070	6,823
Total deposits (domestic and foreign) individuals, partnerships, corps.	**$5,485,256**	**$5,991,024**	**$6,485,480**	**$7,172,255**	**$7,417,154**
U.S. government	3,272	3,727	4,898	3,853	8,976
States and political subdivisions	257,745	286,564	322,662	350,854	380,683
All other	270,791	392,912	434,378	490,059	464,823
Total domestic and foreign deposits	**$6,017,064**	**$6,674,226**	**$7,247,418**	**$8,017,021**	**$8,271,637**
Interest-bearing	4,820,188	5,465,215	6,053,457	6,593,729	6,712,608
Noninterest-bearing	1,196,876	1,209,011	1,193,961	1,423,292	1,559,028
Domestic office deposits					
Demand deposits	535,783	507,795	504,432	637,800	642,936
Savings deposits	2,946,617	3,094,150	3,185,596	3,495,455	4,129,225
Time deposits	1,614,597	1,879,273	2,055,843	2,345,213	1,970,160
Total domestic deposits	**$5,096,998**	**$5,481,218**	**$5,745,870**	**$6,478,469**	**$6,742,321**
Transaction	736,095	703,808	695,226	839,341	892,563
Nontransaction	4,360,903	4,777,410	5,050,644	5,639,128	5,849,758
Income and expenses					
Total interest income	427,748	541,524	604,687	524,694	477,331
Total interest expense	162,432	259,277	304,149	207,391	119,968
Net interest income	265,316	282,247	300,538	317,303	357,363
Total noninterest income (fees, etc.)	202,080	216,759	210,290	193,261	241,865
Total noninterest expense	274,500	288,349	312,042	328,793	350,558
Provision for loan and lease losses	26,325	25,154	56,471	151,338	227,732
Pretax net operating income	166,572	185,503	142,315	30,433	20,938
Securities gains (losses)	-216	-1,346	-567	-14,439	-1,283
Income taxes	53,663	59,231	42,649	6,213	3,873
Net extraordinary items	239	2,648	-1,741	5,446	-3,857
Net income	112,932	127,573	97,358	15,226	11,143

Source: Federal Deposit Insurance Corporation.

Investments

SECURITIES OF FDIC-INSURED COMMERCIAL BANKS, GROUPED BY ASSET SIZE, 2009

($ millions, end of year)

	Total commercial banks	By asset size[1]		
		Less than $100 million	$100 million to $1 billion	$1 billion or more
Securities (debt and equity)	**$2,199,650**	**$30,347**	**$208,282**	**$1,961,022**
Securities held-to-maturity (amortized cost)	148,474	4,185	21,609	122,680
Securities available-for-sale (fair value)	2,051,176	26,161	186,673	1,838,342
By security type[2]:				
U.S. Government securities	1,311,266	21,513	145,913	1,143,840
U.S. Treasury securities	100,347	826	4,778	94,743
U.S. Government obligations	1,210,919	20,687	141,134	1,049,098
Securities issued by states and political subdivisions	154,100	7,649	48,693	97,758
Asset-backed securities	154,554	18	642	153,894
Other domestic debt securities[3]	496,970	1,086	11,864	484,020
Foreign debt securities[3]	217,037	1	182	216,854
Equity securities	20,277	98	1,631	18,549
Other items[2]				
Pledged securities	1,071,597	11,541	101,791	958,265
Mortgage-backed securities	1,210,597	9,044	85,415	1,116,138
Certificates of participation in pools of residential mortgages	763,268	6,969	54,611	701,687
Issued or guaranteed by the U.S.	758,387	6,965	54,502	696,920
Privately issued	4,881	5	109	4,767
Collateralized mortgage obligations and REMICs[4]	398,405	2,013	30,177	366,215
Issued by FNMA and FHLMC[5]	218,240	1,728	25,070	191,442
Privately issued by GNMA[6]	180,165	285	5,107	174,773

[1]Grouped by asset size and insurance fund membership.

[2]Includes held-to-maturity securities at amortized cost and available-for-sale securities at fair value.

[3]Institutions with less than $100 million in total assets include “foreign debt securities” in “other domestic debt securities.”

[4]Real estate mortgage investment conduits.

[5]Federal National Mortgage Association (Fannie Mae) and Federal Home Mortgage Corporation (Freddie Mac). Includes REMICs.

[6]Government National Mortgage Association (Ginnie Mae).

Source: Federal Deposit Insurance Corporation.

Concentration

As a result of consolidation over the past two decades, small banks are dropping in number and in percentage of assets and deposits held. A large share of the nation's banking business is held by a relatively small number of big banks.

COMMERCIAL BANK CONCENTRATION BY ASSET SIZE, 2005 AND 2009

($ billions, end of year)

	Less than $100 million	Percent of total	$100 million to $1 billion	Percent of total	$1 billion to $10 billion	Percent of total	Greater than $10 billion	Percent of total	Total banks
2005									
Number of institutions reporting	3,459	46.0%	3,593	47.7%	391	5.2%	84	1.1%	7,527
Total assets	$180.1	2.0	$1,000.9	11.1	$1,074.6	11.9	$6,784.0	75.0	$9,039.7
Total deposits	149.7	2.5	813.7	13.4	754.4	12.4	4,355.5	71.7	6,073.3
Return on assets	1.01	NA	1.32	NA	1.37	NA	1.31	NA	1.31
Return on equity	8.28	NA	13.03	NA	12.74	NA	13.07	NA	12.91
2009									
Number of institutions reporting	2,525	36.9%	3,800	55.6%	429	6.3%	85	1.2%	6,839
Total assets	$141.3	1.2	$1,112.6	9.4	$1,120.5	9.5	$9,471.7	80.0	$11,846.1
Total deposits	118.9	1.4	918.3	11.0	850.6	10.2	6,445.4	77.3	8,333.2
Return on assets	0.06	NA	-0.01	NA	-0.35	NA	0.15	NA	0.09
Return on equity	0.46	NA	-0.15	NA	-3.16	NA	1.44	NA	0.85

NA=Not applicable.

Source: Federal Deposit Insurance Corporation.

TOP TWENTY U.S. COMMERCIAL BANKS BY REVENUES, 2009
($ millions)

Rank	Company	Revenues
1	Bank of America Corp.	$150,450
2	JPMorgan Chase & Co.	115,632
3	Citigroup	108,785
4	Wells Fargo	98,636
5	Goldman Sachs Group	51,673
6	Morgan Stanley	31,515
7	American Express	26,730
8	U.S. Bancorp	19,490
9	GMAC	19,403
10	PNC Financial Services Group	19,231
11	Capital One Financial	15,980
12	BB&T Corp.	10,818
13	SunTrust Banks	10,420
14	Fifth Third Bancorp	9,450
15	State Street Corp.	9,362
16	Regions Financial	9,087
17	Bank of New York Mellon Corp.	8,345
18	Discover Financial Services	7,986
19	KeyCorp	6,068
20	Northern Trust Corp.	4,193

Source: Fortune.

Commercial Banks

TOP TWENTY FIVE U.S. COMMERCIAL BANKS BY ASSETS, 2009

($ millions)

Rank	Company	City, State	Assets
1	JPMorgan Chase Bank, National Association	Columbus, OH	$1,627,684
2	Bank of America, National Association	Charlotte, NC	1,465,221
3	Citibank, National Association	Las Vegas, NV	1,161,361
4	Wells Fargo Bank, National Association[1]	Sioux Falls, SD	608,778
5	Wachovia Bank, National Association[1]	Charlotte, NC	510,083
6	U.S. Bank, National Association	Cincinnati, OH	276,376
7	PNC Bank, National Association	Pittsburgh, PA	260,310
8	HSBC Bank USA, National Association	McLean, VA	167,165
9	Suntrust Bank	Atlanta, GA	164,341
10	Bank of NY Mellon	New York, NY	164,275
11	Branch Banking and Trust Company	Winston-Salem, NC	159,676
12	State Street Bank & Trust Company	Boston, MA	153,741
13	FIA Card Services, National Association	Wilmington, DE	145,366
14	TD Bank, National Association	Wilmington, DE	140,039
15	Regions Bank	Birmingham, AL	138,007
16	Capital One, National Association	McLean, VA	127,360
17	RBS Citizens, National Association	Providence, RI	116,921
18	Fifth Third Bank	Cincinnati, OH	112,736
19	Citibank SD, National Association	Sioux Falls, SD	97,969
20	Chase Bank USA, National Association	Newark, DE	91,043
21	Goldman Sachs Bank USA	New York, NY	91,016
22	Keybank, National Association	Cleveland, OH	90,179
23	Union Bank, National Association	San Francisco, CA	85,196
24	Northern Trust Company	Chicago, IL	68,809
25	Manufacturers & Traders Trust Company	Buffalo, NY	67,860

[1]Wachovia Bank was purchased by Wells Fargo & Co. in December 2008.

Source: Board of Governors of the Federal Reserve System.

Thrift Institutions

Savings and loan associations and savings banks fall into the category of thrift institutions. Thrifts were originally established to promote personal savings through savings accounts and home ownership through mortgage lending, but now provide a range of services similar to many commercial banks.

Like other banking institutions with a significant portion of mortgages on their books, thrifts may belong to the Federal Home Loan (FHL) Bank System. In exchange for holding a certain percentage of their assets in mortgage-backed securities and residential mortgages, these financial institutions may borrow funds from the FHL Bank System at favorable rates.

At their peak in the late 1960s, there were more than 4,800 thrifts. But a combination of factors has reduced their ranks significantly. These include sharp increases in interest rates in the late 1970s, which immediately raised the cost of funds without a similar rise in earnings from thrifts' principal assets, long-term, fixed-rate mortgages. In addition, the recession of the early 1980s increased loan defaults. By 2009, due mostly to acquisitions by, or conversions to, commercial banks or other savings banks, the number of thrifts had fallen to 1,173.

The 2010 Dodd-Frank act calls for the elimination of the Office of Thrift Supervision (OTS) and the transfer of its functions to other federal banking agencies. The act transfers all functions of the OTS relating to federal savings associations to the Office of the Comptroller of the Currency and shifts all functions of the OTS relating to state savings associations to the Federal Deposit Insurance Corporation. It also transfers all functions of the OTS relating to savings and loan holding companies and their nonbank subsidiaries to the Federal Reserve.

SELECTED INDICATORS, FDIC-INSURED SAVINGS INSTITUTIONS, 2005-2009

	2005	2006	2007	2008	2009
Return on assets (%)	1.15	0.99	0.13	-0.72	0.14
Return on equity (%)	10.37	8.68	1.08	-7.75	1.39
Core capital (leverage) ratio (%)	9.86	10.28	9.97	8.04	9.54
Noncurrent assets plus other real estate owned to assets (%)	0.57	0.63	1.46	2.39	2.96
Net charge-offs to loans (%)	0.25	0.29	0.47	1.14	1.81
Asset growth rate (%)	8.64	-3.70	4.97	-17.53	-17.55
Net interest margin (%)	3.07	2.87	2.94	2.77	3.20
Net operating income growth (%)	8.03	-9.84	-81.68	-456.8	120.84
Number of institutions reporting	1,307	1,279	1,251	1,219	1,173
Percentage of unprofitable institutions (%)	5.66	10.24	17.19	33.31	30.35
Number of failed institutions	0	0	1	5	20
Number of assisted institutions	0	0	0	1	2

Source: Federal Deposit Insurance Corporation.

OTS-REGULATED THRIFT INDUSTRY INCOME STATEMENT DETAIL, 2005-2009

($ millions, end of year)

	2005	2006	2007	2008	2009
Interest income	$72,290	$90,805	$95,904	$74,910	$52,523
Interest expense	33,473	49,871	55,283	36,827	19,896
Net interest income before provisions for losses	38,817	40,934	40,621	38,083	32,627
Provisions for losses for interest bearing assets[1]	2,954	3,768	11,638	39,338	19,460
Net interest income after provisions for losses	35,863	37,167	28,983	-1,254	13,167
Noninterest income[2]	23,922	25,678	20,121	18,634	17,112
Noninterest expense	34,317	38,665	47,371	38,746	27,618
Income before taxes and extraordinary items	24,180	1,733	-19,131	-21,366	2,662
Income taxes	9,068	8,292	2,383	-5,638	2,612
Other[3]	-1	-39	1	-83	52
Net income	15,112	-6,598	-21,513	-15,812	29
Other items					
Gross profits of profitable thrifts	16,610	16,342	11,425	-22,029	-9,587
Gross profits of unprofitable thrifts	-209	-492	-12,074	6,217	9,616

[1]Loss provisions for noninterest-bearing assets are included in noninterest expense.

[2]Net gain (loss) on sale of assets is reported in noninterest income.

[3]Defined as extraordinary items, net of tax effect and of cumulative effect of changes in accounting principles. Extraordinary items are material events and transactions that are unusual and infrequent.

Source: U.S. Department of the Treasury, Office of Thrift Supervision (OTS).

BALANCE SHEET OF THE FEDERALLY INSURED THRIFT INDUSTRY, 2005-2009

($ millions, end of year)

	2005	2006	2007	2008	2009
Number of thrifts	1,307	1,279	1,251	1,219	1,173
Assets					
Cash and invested securities	$133,882	$159,259	$186,345	$174,986	$200,768
Mortgage-backed securities	242,692	223,422	264,586	211,726	184,670
1 to 4 family loans	919,208	828,639	840,255	637,644	435,544
Multifamily loans	90,175	86,710	92,112	56,416	55,486
Construction and land development	57,252	66,403	69,574	58,311	36,754
Nonresidential loans	87,340	93,852	104,248	111,100	109,825
Consumer loans	111,054	97,385	99,409	89,546	80,498
Commercial loans	66,197	79,560	74,637	82,165	68,313
Real estate owned	1,137	1,681	3,433	4,671	5,597
Other assets	128,991	132,985	123,346	105,750	85,886
Total assets	**$1,837,927**	**$1,769,896**	**$1,857,945**	**$1,532,316**	**$1,263,342**
Liabilities and equity					
Total liabilities	1,631,617	1,551,941	1,653,438	1,395,422	1,126,924
Deposits	1,068,176	1,093,800	1,105,535	953,534	893,635
FHLB advances	325,696	268,326	347,771	255,079	124,719
Other borrowings	206,098	152,096	161,805	156,959	90,066
Other liabilities	31,647	37,720	38,327	29,849	18,504
Equity capital	206,367	217,955	204,507	136,895	136,417
Total liabilities and equity	**$1,837,983**	**$1,769,896**	**$1,857,945**	**$1,532,316**	**$1,263,342**

Source: U.S. Department of the Treasury, Office of Thrift Supervision (OTS).

INVESTMENT SECURITIES OF FDIC-INSURED SAVINGS INSTITUTIONS, 2000-2009

($ millions, end of year)

	U.S. Treasury, agencies and corporations				
Year	U.S. Treasury	U.S. agencies and corporations	Total[1]	States and political subdivisions	Other debt securities
2000	$2,136.5	$223,582.0	$225,718.4	$3,831.6	$42,697.3
2001	3,260.0	231,187.9	234,447.9	4,486.6	45,500.3
2002	2,791.5	240,475.5	243,267.0	5,716.0	39,778.8
2003	2,827.6	258,132.2	260,959.8	6,534.7	37,603.6
2004	2,754.4	232,682.0	235,436.4	7,159.2	64,485.5
2005	5,779.1	224,234.2	230,013.3	8,871.7	85,874.4
2006	5,638.6	193,340.7	198,979.3	11,782.3	100,762.9
2007	903.3	197,828.2	198,731.5	11,959.7	152,602.1
2008	832.2	177,393.2	178,225.4	7,774.4	103,853.7
2009	2,161.7	206,217.5	208,379.2	9,318.9	82,452.0

Year	Equity securities	Less: contra accounts[2]	Less: trading accounts	Total investment securities[3]	Memo[4] mortgage-backed securities
2000	$10,484.8	$1.4	$758.6	$281,972.3	$212,652.8
2001	10,166.3	1.7	1,816.7	292,782.7	203,372.1
2002	11,427.6	0.9	1,581.0	298,607.5	209,660.5
2003	10,677.8	0.4	1,276.5	314,499.1	206,453.8
2004	10,372.1	0.0	8,772.1	308,681.1	234,309.2
2005	9,439.3	0.1	13,293.0	320,905.6	242,691.6
2006	8,738.4	0.0	5,545.4	314,717.6	223,422.2
2007	8,041.7	0.0	7,991.1	363,343.9	264,586.0
2008	5,518.0	0.0	6,424.1	288,947.3	211,725.9
2009	5,509.3	0.0	4,858.3	300,801.1	184,670.3

[1]Components may not add to total.

[2]Balance in account that offsets another account. Reserves for loan losses, for example, offset the loan account.

[3]Book value.

[4]Represents mortgage-backed securities, included in other columns, on a consolidated basis.

Source: Federal Deposit Insurance Corporation.

THRIFT INDUSTRY MORTGAGE LENDING ACTIVITY, 2000-2009

($ millions, end of year)

Year	Mortgage refinancing[1]	Mortgage loans outstanding	Mortgage-backed securities outstanding	Total mortgage portfolio	Mortgage portfolio as a percent of total assets
2000	$24,622	$556,958	$93,106	$650,064	70.03%
2001	125,889	578,974	92,360	671,333	68.66
2002	218,585	599,747	90,232	689,979	68.69
2003	368,546	787,734	91,891	879,625	80.51
2004	240,807	878,715	157,125	1,035,841	79.27
2005	250,181	980,207	172,595	1,152,802	78.74
2006	210,790	909,522	167,346	1,076,868	76.35
2007	343,891	926,475	207,584	1,134,059	75.00
2008	173,796	668,677	166,303	834,980	70.00
2009	130,711	475,993	140,813	598,806	64.00

[1]Full year.

Source: U.S. Department of the Treasury, Office of Thrift Supervision (OTS).

TOP TEN U.S. THRIFT COMPANIES BY ASSETS, 2009[1]

($ billions)

Rank	Company	Parent name	Assets[2]
1	ING Bank, FSB	ING Groep N.V.	$90.3
2	Sovereign Bank	Banco Santander, S.A.	73.8
3	Hudson City Savings Bank	Hudson City Bancorp, Inc.	60.2
4	E*TRADE Bank	E*TRADE Financial Corporation	45.0
5	Charles Schwab Bank	Charles Schwab Corporation	43.2
6	New York Community Bank	New York Community Bancorp, Inc.	40.2
7	USAA Federal Savings Bank	USAA Insurance Group	37.9
8	Citizens Bank of Pennsylvania	Royal Bank of Scotland Group Plc	32.5
9	American Express Bank, FSB	American Express Company	31.9
10	OneWest Bank, FSB	IMB Management Holdings, LP	23.3

[1]Data based on regulatory financials of savings banks and savings institutions.
[2]As of 12/31/2009.

Source: SNL Financial LC.

Thrift Institutions/Remittances

TOP TEN U.S. THRIFT COMPANIES BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues	Rank	Company	Revenues
1	American Express Bank, FSB	$5,708.9	6	Sovereign Bank	$1,791.9
2	GE Money Bank	4,054.4	7	Hudson City Savings Bank	1,262.7
3	OneWest Bank, FSB	3,052.1	8	Citicorp Trust Bank, FSB	1,005.2
4	USAA Federal Savings Bank	2,796.1	9	New York Community Bank	995.9
5	E*TRADE Bank	1,808.7	10	People's United Bank	889.0

[1]Based on regulatory filings of savings banks and savings institutions. Source: SNL Financial LC.

Remittances

The flow of money from immigrants from Latin America and the Caribbean to their families back home, commonly referred to as remittances, dropped by 15 percent in 2009, reflecting the impact of the economic downturn in the United States and other industrialized countries on migrant workers from this region, according to a study by the Inter-American Development Bank (IADB). The decline follows consistent annual growth since 2001. Mexico, which sends many workers to the United States, was hardest hit in 2009, with remittances declining by 16 percent. The study found evidence of a possible stabilization in 2010, as remittances picked up in the last quarter of 2009. Another IADB study found that in 2009 most respondents sent the money through transfers (65 percent of participants); the remainder sent the money through travelers and other informal means (14 percent), the Internet (2 percent) and banks (20 percent, up from 7 percent the previous year).

REMITTANCES TO SELECTED LATIN AMERICAN COUNTRIES, 2008-2009

($ millions)

Country	2008	2009	Percent change
Mexico	$25,145	$21,132	-16.0%
Brazil	7,200	4,746	-34.1
Colombia	4,842	4,134	-14.6
Guatemala	4,315	3,912	-9.3
El Salvador	3,788	3,465	-8.5
Dominican Republic	3,111	2,790	-10.3
Peru	2,960	2,665	-10.0
Ecuador	2,822	2,495	-11.6
Honduras	2,701	2,483	-8.1
Jamaica	2,033	1,798	-11.6
Other	10,283	9,180	-10.7
Total	**$69,200**	**$58,800**	**-15.0%**

Source: Inter-American Development Bank/MIF.

TOP TEN STATES BY REMITTANCES TO LATIN AMERICA, 2006 AND 2008

		Total amount ($ millions)			
Rank	State	2006	2008	Percent change 2006-2008	Percent that send money regularly
1	California	$13,191	$14,599	10.7%	52%
2	Texas	5,222	4,299	-17.7	30
3	New York	3,714	3,933	5.9	53
4	Florida	3,083	3,071	-0.4	48
5	Illinois	2,583	2,813	8.9	58
6	New Jersey	1,869	1,943	4.0	56
7	Georgia	1,736	1,443	-16.9	53
8	Arizona	1,378	1,357	-1.5	39
9	North Carolina	1,221	1,243	1.8	59
10	Virginia	1,110	1,023	-7.8	59
	Total 50 states and D.C.	**$45,276**	**$45,932**	**1.4%**	**50%**

Source: Inter-American Development Bank/MIF.

Credit Unions

Credit unions, generally set up by groups of individuals with a common link, such as membership in a labor union, are not-for-profit financial cooperatives that offer personal loans and other consumer banking services. Originating in Europe, the first credit union in this country was formed in Manchester, New Hampshire, in 1909. Credit unions now serve nearly 90 million people in the United States.

In 1934 President Roosevelt signed the Federal Credit Union Act into law, authorizing the establishment of federally chartered credit unions in all states. The purpose of the federal law was “to make more available to people of small means credit for provident [provisions for the future] purposes through a national system of cooperative credit...” In 1970 the National Credit Union Administration, which charters and supervises credit unions, was created along with the National Credit Union Share Insurance Fund, which insures members’ deposits. Individual credit unions are served by 28 federally insured corporate credit unions, which provide investment, liquidity and payment services for their members.

Credit Unions

FEDERAL CREDIT UNIONS AND FEDERALLY INSURED STATE-CHARTERED CREDIT UNIONS, 1980-2009

(End of year)

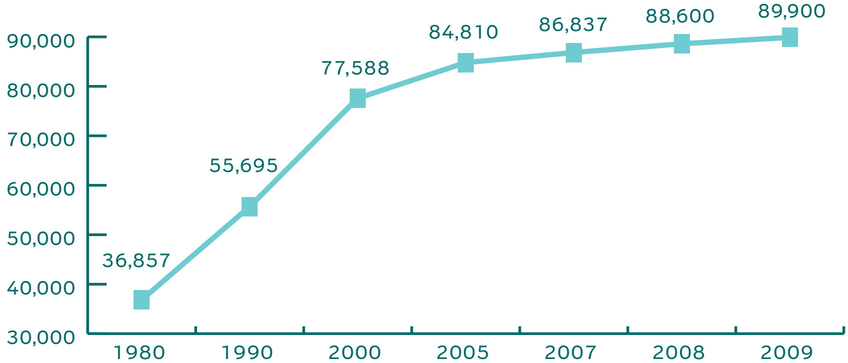
	1980	1990	2000	2007	2008	2009
Operating credit unions						
Federal	12,440	8,511	6,336	5,036	4,847	4,714
State	4,910	4,349	3,980	3,065	2,959	2,840
Number of failed institutions	239	164	29	12	18	28
Members (000)						
Federal	24,519	36,241	43,883	48,474	49,100	49,600
State	12,338	19,454	33,705	38,363	39,500	40,300
Assets ($ millions)						
Federal	$40,092	$130,073	$242,881	$417,578	$447,124	$482,684
State	20,870	68,133	195,363	335,885	364,132	402,069
Loans outstanding ($ millions)						
Federal	26,350	83,029	163,851	289,169	309,277	311,154
State	14,852	44,102	137,485	237,755	256,720	261,285
Shares ($ millions)						
Federal	36,263	117,892	210,188	349,101	373,366	408,832
State	18,469	62,082	169,053	283,298	307,762	343,835

Source: National Credit Union Administration.

- From 1980 to 2009 federal and federally insured state credit union assets grew from $61 billion to $885 billion. In 2009 assets increased by $74 billion, or 9.1 percent, from 2008.
- There are currently fewer than 500 nonfederally insured state-chartered credit unions.

CREDIT UNION MEMBERS, 1980-2009

(000)



Source: National Credit Union Administration.

ASSETS AND LIABILITIES OF CREDIT UNIONS, 2005-2009

($ billions, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$685.7**	**$716.2**	**$758.7**	**$812.4**	**$882.7**
Reserves at Federal Reserve	0.0	0.0	0.0	4.7	22.8
Checkable deposits and currency	38.1	44.4	43.3	37.6	39.1
Time and savings deposits	21.9	17.0	17.0	28.3	37.8
Federal funds and security repos[1]	6.7	5.1	2.5	-2.3	0.1
Credit market instruments	592.6	622.7	657.9	697.9	731.0
Open market paper	0.8	1.0	0.4	0.0	0.0
U.S. government securities	94.1	79.9	78.8	91.7	125.0
Treasury	7.7	7.4	10.4	8.8	14.2
Agency- and GSE[2]-backed securities	86.4	72.5	68.4	82.9	110.8
Corporate and foreign bonds	23.5	30.6	34.6	25.7	18.6
Other loans and advances	25.9	26.8	26.9	29.6	32.3
Home mortgages	219.7	249.7	281.5	314.7	317.9
Consumer credit	228.6	234.5	235.7	236.2	237.2
Mutual fund shares	2.2	2.1	2.1	2.0	1.3
Miscellaneous assets	24.2	24.9	35.9	44.2	50.6
Total liabilities	**$622.7**	**$648.7**	**$688.2**	**$742.7**	**$815.3**
Shares/deposits	596.1	620.6	652.3	697.4	769.4
Checkable	81.1	72.6	73.7	75.3	86.9
Small time and savings	452.5	483.0	508.7	551.7	655.1
Large time	62.5	65.0	69.9	70.4	27.3
Other loans and advances	14.7	18.9	32.3	40.6	26.5
Miscellaneous liabilities	11.9	9.2	3.6	4.7	19.4

[1]Security repurchase agreements; short-term agreements to sell and repurchase government securities at a specified date and at a set price.

[2]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

CREDIT UNION DISTRIBUTION BY ASSET SIZE, 2009[1]

(End of year)

Asset size ($ millions)	Number of credit unions	Percent change from Dec. 2008	Assets ($ millions)	Percent change from Dec. 2008
$0 to $0.2	133	-3.6%	$15	-7.1%
$0.2 to $0.5	219	-14.5	77	-14.3
$0.5 to $1	295	-13.5	219	-14.4
$1 to $2	456	-10.4	673	-10.0
$2 to $5	948	-6.6	3,229	-6.5
$5 to $10	1,040	-6.7	7,647	-5.8
$10 to $20	1,120	-5.4	16,121	-5.2
$20 to $50	1,411	0.8	45,952	1.8
$50 to $100	793	-0.4	56,031	0.6
$100 to $200	578	4.0	80,359	3.4
$200 to $500	473	6.8	148,607	8.0
$500 to $1,000	206	9.0	144,871	11.5
More than $1,000	159	8.9	400,190	12.2
Total	**7,831**	**-3.2%**	**$903,991**	**8.6%**

[1]From Credit Union Call Reports.

Source: Credit Union National Association.

TOP TEN U.S. CREDIT UNIONS BY ASSETS, 2009[1]

($ millions)

Rank	Company	Assets
1	State Employees'	$19,574.6
2	Boeing Employees	8,604.9
3	The Golden 1	7,618.7
4	Alliant	7,006.9
5	Star One	5,111.2
6	San Diego County	4,862.4
7	Citizens Equity First	4,191.8
8	Vystar	3,991.1
9	Patelco	3,711.8
10	Delta Community	3,574.5

[1]Federally insured credit unions.

Source: National Credit Union Administration.

Overview

The securities industry consists of securities brokers and dealers, investment banks and advisers, and stock exchanges. Together, these entities facilitate the flow of funds from investors to companies and institutions seeking to finance expansions or other projects. Firms that make up the securities sector may specialize in one segment of the business or engage in a wide range of activities that includes brokerage, asset management and advisory services, as well as investment banking and annuity sales.

Investment banking involves the underwriting of new debt securities (bonds) and equity securities (stocks) issued by private or government entities to finance new projects. Investment banks buy the new issues and, acting essentially as wholesalers, sell them, primarily to institutional investors such as banks, mutual funds and pension funds. Investment banks are sometimes referred to as securities dealers or broker/dealers because many also participate in the financial market as retailers, selling to individual investors. The primary difference between a broker and dealer is that dealers buy and sell securities for their own account, whereas brokers act as intermediaries for investors who wish to purchase or sell securities. Dealers make money by selling at a slightly higher price than they paid. Like underwriters and wholesalers, they face the risk that the securities in their inventory will drop in price before they can resell them.

In 2008 massive mortgage and real estate investment losses led to an upheaval in the securities industry, which included the collapse of Lehman Brothers, the largest bankruptcy in U.S. history. The same year JPMorgan Chase agreed to take over Bear Stearns, in a move backed by the Federal Reserve; Merrill Lynch agreed to a takeover by Bank of America. Also in 2008 Morgan Stanley and Goldman Sachs got regulatory approval to convert to traditional bank holding companies (BHCs). Both now have financial holding company status, which expands the financial services activities that BHCs are permitted.

Regulation

The Dodd-Frank Wall Street Reform and Consumer Protection Act, the massive financial services regulatory overhaul enacted in 2010, has key implications for the securities industry, including provisions that affect the regulation of capital market transactions, credit agencies, hedge funds and derivatives.

Securities and Exchange Commission: The Securities and Exchange Commission (SEC), established by Congress in 1934, regulates the U.S. securities markets. Its mission is to protect investors and maintain the integrity of the market by enacting new regulations and interpreting and enforcing existing laws. The Dodd-Frank act enhances the SEC's enforcement authority in a number of areas, including antifraud actions and the servicing of subpoenas. The act exempts indexed annuities from SEC regulation, thus keeping them under the purview of state insurance departments.

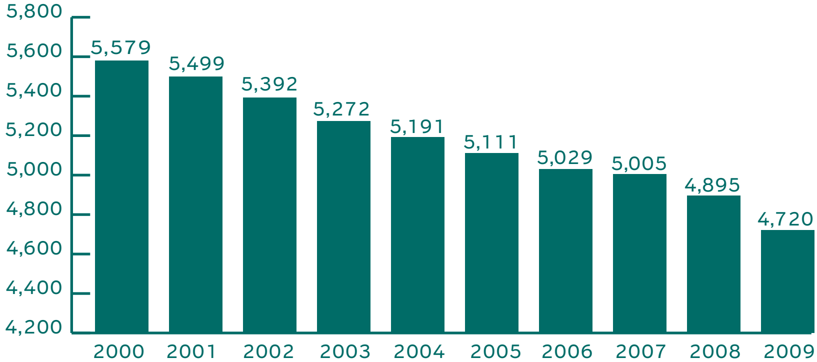
Securities

Overview

A component of the Securities Act of 1933 is the requirement that publicly held companies disclose their financial information to provide transparency, ensuring that potential investors have access to key information needed for investment decisions. The Sarbanes-Oxley Act enacted in 2002 further increases the accountability of the boards of publicly held companies to their shareholders.

The Financial Industry Regulatory Authority: The Financial Industry Regulatory Authority (FINRA), is the largest nongovernmental regulator of the securities industry. Its members include all securities firms doing business in the United States. Its role is to promote investor protection through such activities as registering and examining securities firms, enforcing federal securities laws, rule writing, and dispute resolution.

NUMBER OF FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) REPORTING FIRMS, 2000-2009



Source: Securities Industry and Financial Markets Association.

NUMBER OF FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) REGISTERED REPRESENTATIVES, 2000-2009

(000)

Source: Securities Industry and Financial Markets Association.

Mergers and Acquisitions

The largest 2009 securities deal, Wells Fargo & Company's deal with Prudential, totaled $4.5 billion, in contrast to 2008's largest deal, Bank of America's $47.1 billion takeover of Merrill Lynch and Co.

TOP TEN SECURITIES AND INVESTMENT FIRMS MERGERS AND ACQUISITIONS, 2009[1]

($ millions)

Rank	Buyer	Industry	Target	Industry	Deal value[2]
1	Wells Fargo & Company	Bank	Prudential Financial's stake in its retail brokerage joint venture with Wells Fargo	Broker/dealer	$4,500.0
2	Morgan Stanley	Broker/dealer	51% of Morgan Stanley Smith Barney	Asset manager	2,700.0
3	Invesco Ltd.	Asset manager	Morgan Stanley's retail asset management business	Asset manager	1,387.8
4	Ameriprise Financial, Inc.	Insurance	Long-term asset management business of Columbia Management	Asset manager	1,200.0
5	TD Ameritrade Holding Corporation	Broker/dealer	thinkorswim Group Inc.	Broker/dealer	581.2
6	Pacific Century Group	Not classified	Portion of AIG's investment advisory and asset management business	Asset manager	500.0
7	Macquarie Group Limited	Bank	Delaware Management Holdings, Inc.	Asset manager	428.0
8	Occidental Petroleum Corporation	Oil	Phibro LLC	Broker/dealer	250.0
9	Piper Jaffray Companies	Broker/dealer	Advisory Research Holdings, Inc.	Asset manager	218.0
10	Alternative Asset Management Acquisition Corp.	Asset manager	Great American Group, LLC	Asset manager	152.0

[1]Both companies involved are U.S.-domiciled companies. List does not include terminated deals. Securities and investments firm is either buyer or target.

[2]At announcement.

Source: SNL Financial LC.

Securities

Overview

- Bank purchases of securities firms accounted for 27 percent of securities industry mergers and acquisitions from 2005 to 2009. (See also Chapter 4: Convergence.)

MERGERS AND ACQUISITIONS OF U.S. SECURITIES FIRMS, 2005-2009[1]

	2005	2006	2007	2008	2009
Number of deals	138	148	171	166	156
Purchased by banks and thrifts	40	44	45	42	37

[1]Target is a U.S.-domiciled securities and investment firm. List does not include terminated deals.
Source: SNL Financial LC.

Profitability

- The security industry's return on equity rose to 48.7 percent in 2009, up from -38.5 percent in 2008.
- The 2008 return on equity was the lowest in the 29 years that the Securities Industry and Financial Markets Association has kept records.

SECURITIES INDUSTRY PRETAX RETURN ON EQUITY, 2000-2009[1]

(Percent)

[1]New York Stock Exchange reporting firms doing public business.
Source: Securities Industry and Financial Markets Association.

- The securities industry posted a pretax profit of $61.4 billion in 2009, a record high, following two years of losses.

SECURITIES INDUSTRY PRETAX PROFIT/LOSS, 2000-2009[1]

($ billions)

[1]New York Stock Exchange reporting firms doing public business.
Source: Securities Industry and Financial Markets Association.

FINANCIAL DATA OF NYSE-REPORTING FIRMS, 2009[1]

($ millions)

Revenue	
Commissions	$25,575
Trading gain (loss)	29,539
Investment account gain (loss)	607
Underwriting	20,062
Margin interest	3,574
Mutual fund sales	4,998
Asset management fees	16,532
Research	63
Commodities	2,348
Other revenue related to the securities business	53,156
Other revenue	31,618
Total revenue	**$188,072**
Expenses	
Total compensation	$68,079
Registered representative compensation	24,017
Clerical employee compensation	35,728
Total floor costs	7,549
Communications expense	4,866
Occupancy and equipment costs	5,332
Promotional costs	839
Interest expense	19,518
Losses from error accounts and bad debts	348
Data processing (EDP) costs	2,269
Regulatory fees and expenses	1,406
Nonrecurring charges	90
Other expenses	23,105
Total expenses	**$126,638**
Pretax net income (loss)	**$61,434**

[1]New York Stock Exchange reporting firms doing public business.

Source: Securities Industry and Financial Markets Association.

Overview

ASSETS AND LIABILITIES OF SECURITIES BROKER/DEALERS, 2005-2009

($ billions)

	2005	2006	2007	2008	2009
Total financial assets	**$2,127.1**	**$2,741.7**	**$3,092.0**	**$2,217.2**	**$2,084.2**
Checkable deposits and currency	56.5	80.5	105.0	120.1	90.7
Credit market instruments	477.2	583.4	803.1	717.4	525.3
Open market paper	60.2	64.3	87.1	65.7	41.5
U.S. government securities	36.4	71.0	230.2	433.2	233.9
Treasury	-64.6	-67.0	-60.0	190.6	123.0
Agency- and GSE[1] -backed securities	101.0	138.0	290.2	242.6	110.9
Municipal securities	42.9	50.9	50.1	38.7	35.4
Corporate and foreign bonds	315.7	355.5	382.8	123.8	171.3
Other loans and advances	22.0	41.7	52.8	55.9	43.2
Corporate equities	158.3	186.4	224.8	109.2	124.2
Security credit	232.4	292.1	325.5	164.8	203.0
Miscellaneous assets	1,202.6	1,599.4	1,633.7	1,105.7	1,141.0
Total liabilities	**$2,052.6**	**$2,669.1**	**$3,025.9**	**$2,165.9**	**$2,013.5**
Security repos[2] (net)	733.6	1,071.8	1,147.3	586.9	470.9
Credit market instruments	62.4	68.8	64.8	142.6	92.9
Corporate bonds	62.4	68.8	64.8	97.1	92.9
Other bank loans	0.0	0.0	0.0	45.5	0.0
Trade payables	43.1	48.3	45.8	21.2	70.1
Security credit	806.0	957.8	1,200.9	963.6	888.2
Customer credit balances	575.3	655.7	866.4	742.7	668.6
From banks	230.7	302.2	334.5	221.0	219.6
Taxes payable	2.1	2.8	2.2	2.5	5.7
Miscellaneous liabilities	405.5	519.5	564.9	449.2	485.8
Foreign direct investment in U.S.	49.9	61.0	69.2	79.9	100.2
Due to affiliates	544.5	582.3	545.2	619.2	1,077.6
Other	-188.9	-123.8	-49.4	-249.9	-692.1

[1]Government-sponsored enterprise.

[2]Security repurchase agreements: short-term agreements to sell and repurchase government securities at a specified date and at a set price.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

SECURITIES INDUSTRY EMPLOYMENT BY FUNCTION, 2005-2009

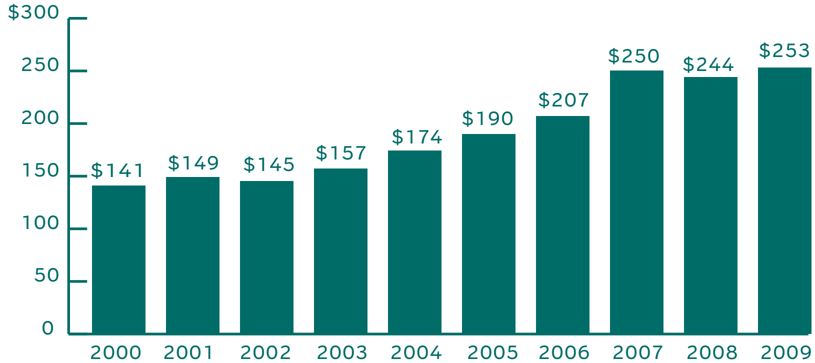
(000)

	2005	2006	2007	2008	2009
Securities, commodity contracts, investments (total industry)	**786.1**	**818.3**	**848.6**	**864.2**	**809.7**
Securities and commodity contracts, brokerages and exchanges	498.9	510.6	518.8	516.2	476.0
Securities brokerage	294.5	300.1	302.9	301.5	283.3
Other financial investment activities	287.1	307.8	329.7	348.0	333.7
Miscellaneous intermediation	22.9	23.7	24.0	26.1	24.9
Portfolio management	112.9	121.0	129.3	141.3	133.7
Investment advice	110.5	121.3	130.1	133.5	130.9
All other financial investment activities	40.9	41.8	46.3	47.2	44.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

TOTAL CAPITAL OF NYSE REPORTING FIRMS, 2000-2009

($ billions)



Source: Securities Industry and Financial Markets Association.

Securities

Overview

EQUITY CAPITAL OF NYSE REPORTING FIRMS, 2000-2009

($ billions)

Source: Securities Industry and Financial Markets Association.

TOP FOUR U.S. SECURITIES FIRMS BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues
1	BlackRock	$4,699
2	NYSE Euronext	4,687
3	Charles Schwab	4,414
4	Franklin Resources	4,194

[1]Based on all securities firms in the Fortune 500.

Source: Fortune.

TOP TEN PUBLICLY TRADED U.S. SECURITIES AND INVESTMENT COMPANIES BY ASSETS, 2009[1]

($ millions, end of year)

Rank	Company	Assets[2]
1	Goldman Sachs Group, Inc.[2]	$848,942
2	Morgan Stanley[2]	771,462
3	BlackRock, Inc.	178,066
4	Charles Schwab Corporation	75,431
5	Annaly Capital Management, Inc.	69,376
6	Brookfield Asset Management Inc.	61,902
7	MF Global Holdings Ltd.	38,836
8	KKR & Co. L.P.	30,221
9	Jefferies Group, Inc.	28,189
10	IntercontinentalExchange, Inc.	21,885

[1]Includes assets managers, investment companies and broker/dealers.

[2]Financial holding company. Classified as a securities firm by SNL Financial LC on the basis of its business model.

Source: SNL Financial LC.

Capital Markets

Investment Banking

Investment banks underwrite securities for the business community and offer investment advice. The type of equity deals they bring to market reflects a variety of factors including investor sentiment, the economy and market cycles. Examples of how these market factors drive this segment of the securities business include the rise and retreat of technology stocks; the varying levels of initial public offerings, where new stock issues are first offered to the public; and fluctuations in merger and acquisition activity.

In 2008 the crisis in the U.S. financial markets led to a shake up in the investment industry. Following the collapse of the giant investment bank Lehman Brothers, two other major players, Goldman Sachs and Morgan Stanley, opted to convert to traditional bank holding companies.

Capital Markets

CORPORATE UNDERWRITING, 2005-2009
($ billions)

	Value of U.S. corporate underwritings			Number of U.S. corporate underwritings		
Year	Debt	Equity	Total	Debt	Equity	Total
2005	$2,437.6	$190.4	$2,628.0	5,479	856	6,335
2006	2,793.0	190.6	2,983.6	5,814	812	6,626
2007	2,488.2	247.5	2,735.7	4,557	825	5,382
2008	933.8	242.3	1,176.1	1,390	377	1,767
2009	1,113.2	264.2	1,377.4	1,505	942	2,447

Source: Thomson Reuters; Securities Industry and Financial Markets Association.

EQUITY AND DEBT, 2000-2009
($ billions, end of year)

Year	Corporate equities[1]	Corporate bonds[2]	Total U.S. Government Securities[3]	Municipal bonds
2000	$17,571.2	$4,827.2	$7,704.8	$1,480.7
2001	15,551.0	5,578.7	8,341.8	1,603.4
2002	12,346.6	6,256.6	9,146.1	1,762.9
2003	16,450.7	7,048.3	9,977.6	1,900.4
2004	18,940.1	7,922.9	10,455.2	2,030.9
2005	20,636.1	8,694.6	10,842.5	2,225.9
2006	24,339.3	9,982.2	11,354.1	2,403.3
2007	25,576.5	11,426.1	12,496.9	2,618.9
2008	15,780.8	11,158.8	14,504.9	2,676.0
2009	20,227.6	11,482.1	15,888.4	2,803.7

[1]Market value.
[2]Includes foreign bonds.
[3]Includes Treasury and agency- and government-sponsored enterprise-backed securities.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Municipal Bonds

Municipal bonds are debt obligations issued by state or local governments to raise funds for general government needs (general obligation bonds) or special projects (revenue bonds). The average daily trading volume of these bonds nearly tripled from $8.8 billion in 2000 to $26 billion in 2007. Volume dropped to $15.0 billion in 2009 from $19.2 billion in 2008.

There are a variety of types of municipal bonds. Revenue bonds are used to fund projects that will eventually create revenue directly, such as a toll plaza. The principal and interest on revenue bonds are paid out of the revenues of the local government operation that issued the bonds. General obligation bonds are unsecured bonds; the principal and interest are backed by the "full faith and credit" of the local government and paid for out of the municipality's general revenues.

Municipal bonds are usually sold in blocks to securities dealers, who either submit competitive bids for the bonds or negotiate a sale price. Negotiation is the prevailing form when the issuer is new to the financial markets or when the issue is particularly complex. Negotiation enables the underwriting dealer to become familiar with the issuer and the bonds and to help the municipality structure a complex issue. In some cases, new issues of municipal bonds are sold through private placements, in which issuers sell the bonds directly to investors, without a public offering.

NUMBER AND VALUE OF LONG-TERM MUNICIPAL BOND UNDERWRITINGS, 2000-2009[1]

($ billions)

	Revenue bonds		General obligation bonds		Private placement bonds		Total municipal bonds	
Year	Value	Number	Value	Number	Value	Number	Value	Number
2000	$128.3	5,325	$66.3	5,267	$6.2	668	$200.8	11,260
2001	183.2	6,457	101.4	6,874	3.1	455	287.7	13,786
2002	229.4	6,505	125.4	7,552	2.7	341	357.5	14,398
2003	238.2	6,688	140.6	8,065	3.9	277	382.7	15,030
2004	227.8	6,022	129.1	7,295	2.9	286	359.8	13,603
2005	262.4	6,108	144.0	7,664	1.8	176	408.2	13,948
2006	267.5	5,921	114.6	6,537	4.4	284	386.5	12,742
2007	294.3	5,994	130.1	6,263	4.9	372	429.3	12,629
2008	276.8	4,713	110.0	5,658	4.5	315	391.3	10,686
2009	251.8	4,274	155.2	7,163	2.9	300	409.9	11,737

[1]Excludes taxable municipal bonds and bonds with maturities under 13 months.

Source: Thomson Reuters; Securities Industry and Financial Markets Association.

Capital Markets

Private Placements

Private placement is the sale of stocks, bonds or other securities directly to an insitutional investor such as an insurance company. If the purchase is for investment purposes, as opposed to resale purposes, the transaction does not have to be registered with the Securities and Exchange Commission, as public offerings do.

PRIVATE PLACEMENTS, 2005-2009

($ billions)

	Value of U.S. private placements			Number of U.S. private placements		
Year	Debt	Equity	Total	Debt	Equity	Total
2005	$554.7	$57.7	$612.4	2,887	516	3,403
2006	524.0	76.5	600.5	2,719	718	3,437
2007	580.4	139.4	719.8	2,028	951	2,979
2008	168.6	127.8	296.4	519	786	1,305
2009	164.0	34.0	197.9	515	494	1,009

Source: Thomson Reuters; Securities Industry and Financial Markets Association.

FOREIGN HOLDINGS OF U.S. SECURITIES, 2000-2009

($ billions, end of year)

Year	Stocks	Corporate bonds	Treasuries[1]	Total
2000	$1,422.0	$841.8	$1,369.6	$3,633.4
2001	1,409.4	1,018.7	1,599.3	4,027.4
2002	1,169.6	1,123.0	1,916.1	4,208.7
2003	1,524.4	1,330.0	2,168.8	5,023.2
2004	1,904.6	1,558.9	2,688.8	6,152.3
2005	2,039.1	1,762.9	2,997.3	6,799.3
2006	2,448.1	2,320.8	3,388.5	8,157.4
2007	2,812.2	2,719.1	3,958.8	9,490.1
2008	1,777.3	2,456.7	4,655.8	8,889.8
2009	2,464.8	2,348.4	5,045.7	9,858.9

[1]Includes agency issues.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

U.S. HOLDINGS OF FOREIGN SECURITIES, 2000-2009

($ billions, end of year)

Year	Stocks[1]	Bonds	Total
2000	$1,849.1	$572.7	$2,421.8
2001	1,535.1	557.1	2,092.2
2002	1,282.3	702.7	1,985.0
2003	1,891.6	868.9	2,760.5
2004	2,560.4	985.0	3,545.4
2005	3,317.7	1,011.6	4,329.3
2006	4,329.0	1,275.5	5,604.5
2007	5,248.0	1,587.1	6,835.1
2008	2,851.4	1,392.9	4,244.3
2009	4,095.1	1,545.8	5,640.9

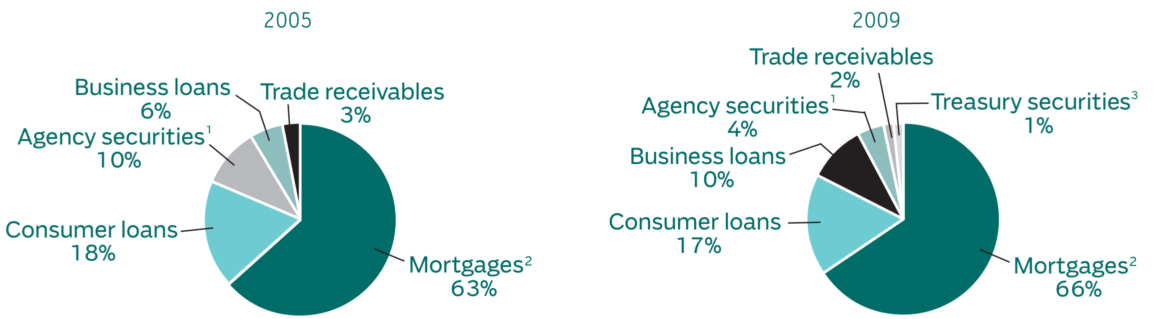
[1]Market value.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Asset-Backed Securities

Asset-backed securities (ABS) are bonds that represent pools of loans of similar types, duration and interest rates. By selling their loans to ABS packagers, the original lenders recover cash quickly, enabling them to make more loans. The asset-backed securities market increased significantly from 1999 to 2005, but growth has leveled off in recent years. Asset-backed securities may be insured by bond insurers. In 2009, 66 percent of ABSs consisted of bundled mortgages, see also Chapter 9, Mortgage Industry.

ASSET-BACKED SECURITY SOURCES, 2005 AND 2009



[1]Securities of federal mortgage pools backing privately issued collateralized mortgage obligations (CMOs). In CMOs, mortgage principal and interest payments are separated into different payment streams to create bonds that repay capital over differing periods of time. [2]Mortgages backing privately issued pool securities and CMOs. [3]Treasury securities accounted for less than 1 percent in 2005.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Asset-Backed Securities/Derivatives

ASSET-BACKED SECURITY SOURCES, 2000-2009

($ billions, end of year)

Year	Agency securities[1]	Mortgages[2]	Consumer loans	Business loans	Trade receivables	Treasury securities	Total
2000	$176.4	$604.5	$528.4	$104.2	$83.3	$0.1	$1,497.0
2001	211.4	725.1	597.8	127.7	89.1	0.5	1,751.7
2002	286.5	836.0	630.4	144.0	83.5	0.9	1,981.3
2003	369.0	1,009.3	594.8	149.2	92.3	2.8	2,217.4
2004	363.4	1,443.7	571.5	168.1	102.6	8.0	2,657.4
2005	330.5	2,131.3	609.9	188.3	99.8	27.7	3,387.5
2006	349.7	2,767.0	661.1	253.4	108.3	56.4	4,195.8
2007	367.5	2,950.0	683.7	341.9	111.7	77.5	4,532.2
2008	338.6	2,595.4	646.4	379.8	95.5	65.1	4,120.8
2009	144.3	2,216.9	577.9	328.7	61.1	48.7	3,377.5

[1]Securities of federal mortgage pools backing privately issued collateralized mortgage obligations (CMOs). In CMOs, mortgage principal and interest payments are separated into different payment streams to create bonds that repay capital over differing periods of time.
[2]Mortgages backing privately issued pool securities and CMOs.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Derivatives

Financial derivatives are contracts that derive their value from the performance of an underlying financial asset, such as publicly traded securities and foreign currencies. They are used as hedging instruments to protect against changes in asset value. There are many kinds of derivatives, including futures, options and swaps. Futures and options contracts are traded on the floors of exchanges. Swaps are over-the-counter, privately negotiated agreements between two parties. The number of futures contracts traded on U.S. exchanges more than quadrupled from 629 million in 2001 to 2.9 billion in 2008, but dropped to 2.3 billion in 2009.

Credit derivatives are contracts that lenders, large bondholders and other investors can purchase to protect against credit risks. One such derivative, credit default swaps (CDSs), protects lenders when companies do not pay their debt. The swaps are contracts between two parties: the buyer of the credit protection and the seller, i.e., the firm offering protection. Their workings are similar to insurance. Under the contract the buyer makes payments to the seller over an arranged period of time. The seller pays only if there is a default or other credit problem. Either the buyer or the seller can sell the contract to a third party. These instruments are often valued based on computer models; the actual value at settlement might be quite different from the modeled value. Banks, insurance companies and hedge funds create and trade the

CDSs, which are largely unregulated and have experienced enormous growth from 2001 to 2009 but declined sharply in 2008 and 2009.

Bond insurers now issue protection in the form of CDSs in addition to their traditional bond insurance coverage. According to the International Swaps and Derivatives Association, the CDS market dropped from $62.0 trillion in 2007 to $30.4 trillion in 2009.

CREDIT DEFAULT SWAPS MARKET, 2001-2009
($ billions , end of year)

Year	Amount outstanding	Percent change
2001	$919	NA
2002	2,192	138.5%
2003	3,779	72.5
2004	8,422	122.8
2005	17,096	103.0
2006	34,423	101.3
2007	62,173	80.6
2008	38,564	-38.0
2009	30,428	-21.1

[1]Notional principal value outstanding. Notional value is the underlying (face) value.

NA=Data not available.

Source: International Swaps and Derivatives Association.

NUMBER OF FUTURES CONTRACTS TRADED ON U.S. EXCHANGES, 2000-2009
(millions)

Year	Interest rate	Agricultural commodities	Energy products	Foreign currency	Equity indices	Precious metals	Non-precious metals	Other	Total
2000	248.7	73.2	73.1	19.4	62.8	10.2	2.8	1.3	491.5
2001	342.2	72.3	72.5	21.7	107.2	9.6	2.9	0.7	629.2
2002	418.8	79.2	92.1	23.5	221.5	12.4	2.9	1.0	851.3
2003	509.6	87.9	91.9	33.6	296.7	16.9	3.2	3.1	1,043.0
2004	704.2	101.8	109.5	51.1	330.0	21.3	3.3	2.9	1,324.0
2005	870.5	116.4	140.5	84.8	406.8	23.4	4.0	6.5	1,652.9
2006	1,034.6	157.5	190.9	114.0	500.4	34.3	3.3	1.1	2,043.9
2007	1,333.1	193.3	240.9	143.0	659.3	44.1	3.8	19.2	2,644.6
2008	1,213.1	215.4	285.6	155.8	904.9	56.2	4.6	13.0	2,852.5
2009	854.6	196.6	313.1	156.3	744.7	48.8	6.4	4.8	2,328.1

Source: Futures Industry Association; Securities Industry and Financial Markets Association.

Derivatives

NUMBER OF OPTIONS CONTRACTS TRADED ON U.S. EXCHANGES, 2000-2009
(millions)

- The number of options contracts traded on U.S. exchanges decreased by 2.8 percent in 2009, compared with increases of 26.8 percent in 2008 and 27.8 percent in 2007.

Year	Equity	Stock index	Foreign currency	Interest rate	Futures	Total
2000	665.3	53.3	0.5	[1]	103.1	822.2
2001	701.1	79.6	0.6	[1]	168.2	949.4
2002	679.4	100.6	0.4	[1]	213.1	993.6
2003	789.2	118.3	0.3	0.1	221.7	1,129.5
2004	1,032.4	149.3	0.2	0.1	289.2	1,471.2
2005	1,292.2	211.8	0.2	0.1	368.0	1,872.2
2006	1,717.7	310.0	0.1	0.2	501.5	2,529.4
2007	2,379.1	267.9	2.8	[1]	583.6	3,233.5
2008	3,284.8	292.2	5.6	[1]	518.9	4,101.5
2009	3,367.0	244.1	1.6	[1]	374.5	3,987.1

[1]Fewer than 50,000 interest rate contracts traded.

Source: Options Clearing Corporation; Futures Industry Association; Securities Industry and Financial Markets Association.

GLOBAL DERIVATIVES MARKET, 2000-2009[1]
($ billions)

Year	Exchange-traded	Over-the-counter	Total
2000	$14,246	$95,200	$109,445
2001	23,748	111,178	134,926
2002	23826	141,665	165,491
2003	36,693	197,167	233,860
2004	46,511	258,628	305,139
2005	57,242	299,261	356,503
2006	69,380	418,131	487,511
2007	79,067	595,738	674,805
2008	57,715	547,983	605,699
2009	73,137	614,674	687,811

[1]Notional principal value outstanding. Notional value is the underlying (face) value.

Source: Bank for International Settlements; Securities Industry and Financial Markets Association.

Exchanges

Exchanges are markets where sales of securities and commodities are transacted. Most stock exchanges are auction markets where stocks are traded through competitive bidding in a central location. The oldest stock exchanges in the United States are the New York Stock Exchange (NYSE) and the American Stock Exchange (AMEX). There are also seven regional exchanges and others that specialize in commodities and derivatives. The Chicago Mercantile Exchange and the Chicago Board of Trade, for example, are markets where both futures and options on financial and agricultural products are traded.

Stocks are also traded in dealer markets. Most transactions in a dealer market are between principals acting as dealers for their own accounts rather than between brokers acting as agents for buyers and sellers. One example is NASDAQ, the first electronic stock market, introduced in 1971. NASDAQ's dealer markets have come to more closely resemble auction markets. As with auction markets, companies must meet size and earnings requirements to trade on NASDAQ.

Over-the-counter (OTC) stocks are another segment of the securities market. Securities transactions are conducted through a telephone and computer network connecting dealers, rather than on the floor of an exchange. OTC stocks, which totaled 3,006 in September 2010, are traditionally those of smaller companies that do not meet the listing requirements of NYSE, AMEX or NASDAQ. OTC trading rules are written and enforced by the Financial Industry Regulatory Authority (FINRA). The Dow Jones Industrial Average, a price-weighted average of a collection of industrial stocks, was introduced in 1896 and is still widely used as an indicator of stock prices today.

NUMBER OF EXCHANGE LISTED COMPANIES, 2000-2009

Year	NASDAQ	NYSE	AMEX[1]
2000	4,734	2,862	765
2001	4,109	2,798	691
2002	3,663	2,783	698
2003	3,333	2,755	700
2004	3,271	2,768	725
2005	3,208	2,767	812
2006	3,247	2,764	821
2007	3,158	2,805	812
2008	2,954	3,507	644
2009	2,852	3,517	NA

[1]Acquired by NYSE Euronext on October 1, 2008.
NA=Data not available.

Source: New York Stock Exchange, Inc.; The Nasdaq Stock Market, Inc.; American Stock Exchange LLC; Securities Industry and Financial Markets Association.

Exchanges

New York Stock Exchange daily share volume fell 16.7 percent in 2009 after posting a record 660 billion shares in 2008. The Dow Jones Industrial Average rose 18.8 percent after dropping 33.8 percent in 2008, the worst percentage drop in its history.

EXCHANGE ACTIVITIES, 2000-2009

	NYSE		AMEX		NASDAQ	
Year	Reported share volume (millions)	Value of shares traded ($ millions)	Share volume (millions)	Value of shares traded ($ millions)	Share volume (millions)	Value of shares traded ($ millions)
2000	262,478	$11,060,046	13,318	$945,391	442,753	$20,395,335
2001	307,509	10,489,323	16,317	817,042	471,217	10,934,572
2002	363,136	10,311,156	16,063	642,183	441,706	7,254,595
2003	352,398	9,692,316	16,919	563,438	424,745	7,057,440
2004	367,098	11,618,151	16,513	884,100	453,930	8,727,498
2005	403,764	14,125,304	19,500	1,267,300	448,175	9,965,442
2006	453,291	17,140,500	44,515	2,364,800	500,264	11,675,879
2007	531,947	21,866,800	54,027	4,394,100	537,263	15,115,541
2008	660,168	20,855,441	146,202	6,817,600	571,613	15,104,864
2009	549,644	11,767,400	113,276	4,208,600	560,637	10,458,851

Source: New York Stock Exchange, Inc.; American Stock Exchange LLC; The Nasdaq Stock Market, Inc.; Securities Industry and Financial Markets Association.

STOCK MARKET PERFORMANCE INDICES, 2000-2009

(End of year)

Year	DJIA[1]	S&P 500	NYSE Composite	AMEX Composite	NASDAQ Composite
2000	10,786.85	1,320.28	6,945.57	897.75	2,470.52
2001	10,021.50	1,148.08	6,236.39	847.61	1,950.40
2002	8,341.63	879.82	5,000.00	824.38	1,335.51
2003	10,453.92	1,111.92	6,440.30	1,173.55	2,003.37
2004	10,783.01	1,211.92	7,250.06	1,434.34	2,175.44
2005	10,717.50	1,248.29	7,753.95	1,759.80	2,205.32
2006	12,463.15	1,418.30	9,139.02	2,056.43	2,415.29
2007	13,264.82	1,468.36	9,740.32	2,409.62	2,652.28
2008	8,776.39	903.25	5,757.05	1,397.53	1,577.03
2009	10,428.05	1,115.10	7,184.96	1,824.95	2,269.15

[1]Dow Jones Industrial Average.

Source: Securities Industry and Financial Markets Association.

Mutual Funds

A mutual fund is a pool of assets that is managed by professional investment managers. Embraced as an investment vehicle by people who do not want to actively manage their investment accounts but who believe they can earn higher returns in the securities markets than through traditional savings bank products, mutual funds have experienced tremendous growth. In 1940 there were only 68 funds and about 300,000 shareholder accounts. By 1990 there were 3,000 funds and 62 million accounts, with a trillion dollars in assets. In 2009, 7,700 funds had 271 million shareholder accounts and $11.1 trillion in assets, up from $9.6 trillion in 2008. According to the Investment Company Institute, the trade association for the mutual fund industry, 44 percent of all American households owned mutual funds in 2009, up from 42 percent in 1999.

Mutual funds are regulated by the Investment Company Act of 1940, which defines, among other things, the responsibilities of mutual fund companies to the public and requirements regarding financial reporting, governance and fiduciary duties. Mutual fund managers have a substantial presence in the securities markets as they trade and manage the securities within the funds they oversee. For further information on mutual funds, see Chapter 3, Retirement Funds.

MUTUAL FUND INDUSTRY NET ASSETS, NUMBER OF FUNDS AND SHAREHOLDER ACCOUNTS, 1940-2009

(End of year)

Year	Total net assets ($ billions)	Number of funds	Number of shareholder accounts[1] (000)
1940	$0.45	68	296
1960	17.03	161	4,898
1970	47.62	361	10,690
1985	495.39	1,528	34,098
1990	1,065.19	3,079	61,948
1995	2,811.29	5,725	131,219
2000	6,964.63	8,155	244,705
2005	8,891.11	7,974	275,479
2006	10,396.51	8,117	288,596
2007	12,000.64	8,026	292,590
2008	9,602.60	8,022	264,597
2009	11,120.73	7,691	270,949

[1]Number of shareholder accounts includes a mix of individual and omnibus accounts.

Source: Investment Company Institute.

- In 2009 mutual funds accounted for 25 percent of the U.S. private and public pensions sector, or $2.0 trillion, up from $1.5 trillion in 2008, according to the Federal Reserve. This amount represented 18 percent of all mutual fund assets.
- Mutual funds own 20 percent of all U.S. corporate equity, according to the Federal Reserve.

Mutual Funds

MUTUAL FUND INDUSTRY NET ASSETS BY TYPE OF FUND, 1985-2009

($ billions, end of year)

Year	Equity funds	Hybrid funds	Bond funds	Taxable money market funds	Tax-exempt money market funds	Total
1985	$111.3	$17.6	$122.7	$207.6	$36.3	$495.4
1990	239.5	36.1	291.3	414.6	83.8	1,065.2
1995	1,249.1	210.3	598.9	631.3	121.7	2,811.3
2000	3,961.9	346.3	811.2	1,612.1	233.1	6,964.6
2005	4,939.7	567.3	1,357.3	1,692.8	334.0	8,891.1
2006	5,910.5	653.2	1,494.4	1,972.1	366.4	10,396.5
2007	6,515.9	719.0	1,680.0	2,620.7	465.1	12,000.6
2008	3,704.3	499.5	1,566.6	3,340.8	491.5	9,602.6
2009	4,957.6	640.8	2,206.2	2,918.8	397.5	11,120.7

Source: Investment Company Institute.

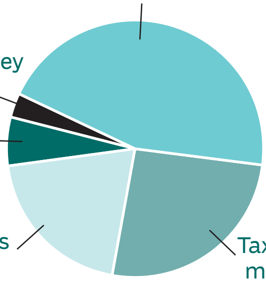
NUMBER OF MUTUAL FUNDS BY TYPE, 1985-2009

(End of year)

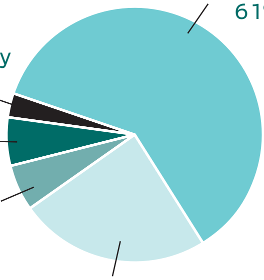
Year	Equity funds	Hybrid funds	Bond funds	Taxable money market funds	Tax-exempt money market funds	Total
1985	562	103	403	350	110	1,528
1990	1,099	193	1,046	505	236	3,079
1995	2,139	412	2,177	676	321	5,725
2000	4,385	523	2,208	705	334	8,155
2005	4,585	505	2,014	594	276	7,974
2006	4,768	508	1,994	574	273	8,117
2007	4,763	489	1,969	546	259	8,026
2008	4,828	493	1,918	535	248	8,022
2009	4,659	474	1,853	478	227	7,691

Source: Investment Company Institute.

MUTUAL FUND INDUSTRY NET ASSETS BY TYPE OF FUND, 2009



NUMBER OF MUTUAL FUNDS BY TYPE OF FUND, 2009



Source: Investment Company Institute.

TOP TEN MUTUAL FUND COMPANIES BY ASSETS, 2010[1]

($000)

Rank	Company	Total net assets
1	Vanguard Group	$1,287,463,442
2	Fidelity Investments	1,216,499,002
3	Capital Research & Management	988,877,058
4	PIMCO Funds	420,242,286
5	JP Morgan Chase & Co.	406,266,879
6	Franklin Templeton Investments	343,199,708
7	BlackRock Funds	304,930,165
8	Federated Investors	272,425,550
9	Bank of New York Mellon/Dreyfus	258,135,565
10	T. Rowe Price	242,536,070

[1]As of August 31, 2010. Includes members of Investment Company Institute only.

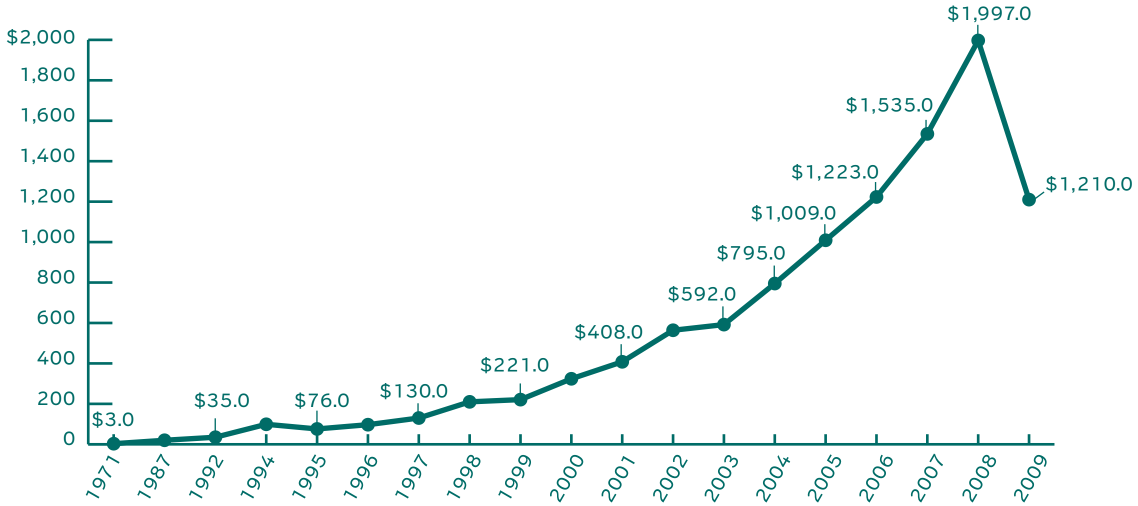
Source: Investment Company Institute, Washington, D.C., 2010.

Hedge Funds

Hedge funds are private investment pools subject to the terms of investment agreements between the sponsors of and investors in the hedge fund. While mutual funds typically have a minimum opening investment of about $1,000, hedge fund investors are often required to have a minimum investment of $1 million. Hedge fund industry assets totaled $1.21 trillion as of January 2009, a 39 percent decline from the previous year.

ASSETS OF HEDGE FUNDS, 1971-2009[1]

($ billions)



[1]As of January.

Source: Hennessee Group LLC.

Overview

Finance companies, which supply credit to businesses and consumers, are often categorized as nondepository institutions, along with mortgage bankers and brokers, because they make loans without taking in deposits. They acquire funds to make these loans largely by issuing commercial paper and bonds, and securitizing their loans. As financial intermediaries, finance companies compete with banks, savings institutions and credit unions. In terms of assets, the sector is twice as large as the credit union sector, about the same size as thrifts and one-fifth as large as commercial banks. Accounts receivable—the amount of money that is owed to a business—rather than assets or revenues, determine a company's standing within the industry.

Finance companies are diverse. Captive finance companies—which are generally affiliated with motor vehicle or appliance manufacturers—finance dealer inventories and consumer purchases of their products, sometimes at below-market rates. Consumer finance companies make loans to consumers who want to finance purchases of large household items such as furniture, make home improvements or refinance small debts. Business finance companies offer commercial credit, making loans secured by the assets of the business to wholesalers and manufacturers and purchasing accounts receivable at a discount. Increasingly, finance companies are participating in the real estate market. They also offer credit cards and engage in motor vehicle, aircraft and equipment leasing.

TOP TEN SPECIALTY LENDER MERGERS AND ACQUISITIONS, 2009[1]

($ millions)

Rank	Buyer	Buyer's industry	Target	Deal value[2]
1	C12 Capital Management LP	Asset manager	Portion of Barclays PLC's credit market assets	$12,300.0
2	BMO Financial Group	Bank	Diners Club North American Franchise	1,000.0
3	Banco Santander, S.A.	Bank	HSBC Finance's auto loan servicing operations	904.0
4	Wintrust Financial Corporation	Bank	Assets of A.I. Credit Corp.	745.8
5	People's United Financial, Inc.	Thrift	Financial Federal Corporation	738.1
6	Ares Capital Corporation	Investment company	Allied Capital Corporation	623.1
7	General Electric Company	Thrift	BAC-Credomatic GECF, Inc.	623.0
8	Berkshire Hathaway/ Leucadia National Corporation	Insurance	North American servicing and mortgage banking businesses of Capmark	468.0
9	Prospect Capital Corporation	Investment company	Patriot Capital Funding, Inc.	196.8
10	Dollar Financial Corp.	Specialty lender	Military Financial Services, LLC	117.5

[1]Target is a U.S.-domiciled specialty lender. List does not include terminated deals. [2]At announcement.

Source: SNL Financial LC.

Finance Companies

Overview

ASSETS AND LIABILITIES OF FINANCE COMPANIES, 2005-2009[1]

($ billions, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$1,856.9**	**$1,891.3**	**$1,911.2**	**$1,851.7**	**$1,662.5**
Checkable deposits and currency	17.4	15.8	16.2	16.5	17.0
Time and savings deposits	52.2	47.4	48.6	49.4	51.0
Credit market instruments	1,740.6	1,811.6	1,828.2	1,755.9	1,532.6
Corporate and foreign bonds	203.5	184.8	189.4	192.4	198.6
Other loans and advances	479.2	498.0	523.0	539.9	448.9
Mortgages	541.4	594.4	531.9	447.9	397.4
Consumer credit	516.5	534.4	584.1	575.8	487.8
Miscellaneous assets	46.7	16.4	18.2	30.0	61.9
Total liabilities	**$1,828.3**	**$1,876.8**	**$1,949.6**	**$1,880.5**	**$1,630.3**
Credit market instruments	1,108.6	1,144.2	1,279.6	1,200.3	1,044.1
Open market paper	160.0	165.3	123.5	100.9	62.1
Corporate bonds	806.5	849.7	974.1	924.5	837.5
Other bank loans	142.1	129.2	182.0	174.9	144.5
Taxes payable	16.9	17.0	15.5	15.4	12.7
Miscellaneous liabilities	702.8	715.7	654.4	664.8	573.6
Foreign direct investment in U.S.	38.8	51.1	31.9	26.2	31.3
Investment by parent	312.2	338.5	321.4	313.0	280.5
Other	351.8	326.0	301.1	325.6	261.8
Consumer leases not included above[2]	85.3	106.0	122.9	111.1	85.4

[1]Includes retail captive finance companies and mortgage companies.

[2]Receivables from operating leases, such as consumer automobile leases, are booked as current income when payments are received and are not included in financial assets (or household liabilities). The leased automobile is a tangible asset.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

FINANCE COMPANY EMPLOYMENT, 2005-2009

(000)

	2005	2006	2007	2008	2009
Nondepository credit intermediation	**769.9**	**776.3**	**715.9**	**632.7**	**572.2**
Credit card issuing	121.5	117.5	112.1	108.1	102.2
Sales financing	107.5	108.7	108.9	104.9	91.1
Other nondepository credit intermediation	541.0	550.1	494.9	419.7	378.8
Consumer lending	112.5	117.8	118.9	109.9	99.4
Real estate credit	349.0	351.4	292.2	225.8	196.9
Miscellaneous nondepository credit intermediation	79.5	80.9	83.8	84.1	82.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

BUSINESS AND CONSUMER FINANCE COMPANIES' RETURN ON EQUITY, 2006-2009[1]

	Business finance companies' return on average equity[2]		Consumer finance companies' return on average equity[3]	
Year	Median	Average	Median	Average
2006	11.27%	13.80%	17.71%	4.92%
2007	11.94	12.68	11.34	2.91
2008	9.69	7.94	5.31	-6.86
2009	7.84	8.86	11.08	0.85

[1]Net income as a percentage of average equity.

[2]Includes 30 public and private commercial lenders; excludes government-sponsored enterprises (GSEs), mortgage real estate investment trusts (REITs) and real estate companies.

[3]Includes 34 public and private consumer lenders; excludes GSEs, REITs and real estate companies.

Source: SNL Financial LC.

Receivables

TOTAL RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2005-2009[1]

($ billions, end of year)

	2005	2006	2007	2008	2009
Total	**$1,910.9**	**$2,025.4**	**$2,065.6**	**$1,932.4**	**$1,630.6**
Consumer	781.4	825.4	891.1	840.2	703.0
Real estate	565.0	614.8	572.4	483.9	431.9
Business	564.5	585.2	602.2	608.3	495.6

[1]Includes finance company subsidiaries of bank holding companies but not retailers and banks. Includes owned receivables (carried on the balance sheet of the institution) and managed receivables (outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator).

Source: Board of Governors of the Federal Reserve System.

Finance Companies

Receivables

BUSINESS RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2005-2009

($ billions, end of year)

						Percent of total				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Total	**$564.5**	**$585.2**	**$602.2**	**$608.3**	**$495.6**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Motor vehicles	105.5	105.1	105.7	95.1	63.4	18.7	18.0	17.6	15.6	12.8
Retail loans	15.2	17.1	16.4	12.8	10.1	2.7	2.9	2.7	2.1	2.0
Wholesale loans[1]	61.2	55.7	56.9	51.3	37.0	10.8	9.5	9.4	8.4	7.5
Leases	29.0	32.3	32.4	31.0	16.3	5.1	5.5	5.4	5.1	3.3
Equipment	281.9	299.5	328.2	347.0	296.9	49.9	51.2	54.5	57.0	59.9
Loans	93.6	102.4	111.4	115.9	92.2	16.6	17.5	18.5	19.1	18.6
Leases	188.3	197.1	216.9	231.1	204.7	33.4	33.7	36.0	38.0	41.3
Other business receivables[2]	91.8	93.5	89.0	97.8	88.6	16.3	16.0	14.8	16.1	17.9
Securitized assets[3]	85.4	87.2	79.3	68.4	46.8	15.1	14.9	13.2	11.2	9.4
Motor vehicles	28.8	38.0	33.6	27.4	12.4	5.1	6.5	5.6	4.5	2.5
Retail loans	2.7	3.0	2.6	2.4	3.0	0.5	0.5	0.4	0.4	0.6
Wholesale loans	26.0	34.9	30.9	25.0	9.4	4.6	6.0	5.1	4.1	1.9
Leases	0.1	0.1	0.1	0.0	0.0	[4]	[4]	[4]	[4]	[4]
Equipment	24.4	15.4	13.3	10.7	6.8	4.3	2.6	2.2	1.8	1.4
Loans	11.6	9.9	9.4	7.1	3.4	2.1	1.7	1.6	1.2	0.7
Leases	12.8	5.5	3.9	3.6	3.4	2.3	0.9	0.6	0.6	0.7
Other business receivables[2]	32.2	33.8	32.4	30.3	27.6	5.7	5.8	5.4	5.0	5.6

[1]Credit arising from transactions between manufacturers and dealers, also known as floor plan financing.

[2]Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, recreation vehicles and travel trailers.

[3]Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

[4]Less than 0.1 percent.

Source: Board of Governors of the Federal Reserve System.

CONSUMER RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2005-2009

($ billions, end of year)

	2005	2006	2007	2008	2009
Total consumer	**$781.4**	**$825.4**	**$891.1**	**$840.2**	**$703.0**
Motor vehicle loans	278.0	259.8	261.5	247.7	205.6
Motor vehicle leases	85.3	106.0	122.9	111.1	85.4
Revolving[1]	66.3	79.9	86.0	74.4	46.4
Other[2]	172.3	194.7	236.5	253.7	235.8
Securitized assets[3]	179.5	185.1	184.1	153.3	129.9
Motor vehicle loans	112.6	112.8	110.7	85.1	67.3
Motor vehicle leases	4.2	3.6	3.1	2.7	2.3
Revolving	14.9	15.9	25.6	25.5	24.1
Other	47.8	52.8	44.7	40.0	36.2

[1]Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

[2]Includes student loans, personal cash loans, mobile home loans and loans to purchase other types of consumer goods such as appliances, apparel, boats and recreational vehicles.

[3]Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

Source: Board of Governors of the Federal Reserve System.

REAL ESTATE RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2005-2009

($ billions, end of year)

	2005	2006	2007	2008	2009
Total real estate	**$565.0**	**$614.8**	**$572.4**	**$483.9**	**$431.9**
1 to 4 family	489.8	538.1	472.7	375.4	327.7
Other	51.6	56.2	59.1	72.5	69.7
Securitized real estate assets[1]	23.7	20.5	40.5	36.0	34.6
1 to 4 family	18.9	16.8	34.9	31.0	30.3
Other	4.8	3.7	5.6	5.0	4.3

[1]Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

Source: Board of Governors of the Federal Reserve System.

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Mortgage Industry

Mortgage financing, an increasingly important element in the economy, involving a wide range of financial institutions from commercial banks, thrifts and credit unions to finance companies, insurers and government-sponsored enterprises, began to contract in 2006 and was still in a downturn in the second quarter of 2010. In 2009 home mortgage debt outstanding amounted to $10.9 trillion, down from $11.1 trillion in 2008, the year that marked the first decline since recordkeeping began in 1945.

In the 1990s the housing market entered a period of expansion, marked by a relaxation of mortgage underwriting requirements, the introduction of innovative mortgage products and a rise in median home prices. In 2006 conditions began to change. Home prices dropped, credit tightened and mortgage defaults rose. In 2007, 1.03 percent of all U.S. housing units received at least one foreclosure filing during the year, according to mortgage data firm RealtyTrac. By 2009 that figure had risen to 2.21 percent, or one out of every 45 U.S. housing units. In September 2008 the federal government took over Fannie Mae and Freddie Mac, two government enterprises which owned or guaranteed over half of the nation's home mortgages that originated in 2008.

Demographic factors such as the size of various age groups and changes in disposable income, as well as interest rates, the desirability of other investment options and economic conditions such as unemployment all influence the residential mortgage market. The total mortgage market (including commercial and residential mortgages) fell 1.9 percent in 2009 from the previous year. In the home mortgage sector, mortgage holdings of commercial banks and credit unions rose 0.5 percent and 1.0 percent, respectively. Holdings of finance companies fell 12.8 percent while holdings of savings institutions fell 32.7 percent.

Mortgages may be packaged as securities and sold to investors. In 2008 and 2009, stung by a steep rise in subprime mortgage defaults, investors shunned private mortgage-backed securities in favor of securities guaranteed by federally backed Fannie Mae, Freddie Mac and Ginnie Mae.

The term mortgage origination refers to the original transaction, the point at which the homeowner purchases the mortgage from a financial services company such as a bank. The bank originating the mortgage does not always "service" the mortgage itself. It may sell the servicing of the mortgage, which includes collecting and processing monthly payments, to another company. The servicing business of many of the leading mortgage originators is much larger than their origination business.

TOTAL MORTGAGES, 2005-2009
($ billions, end of year)

	2005	2006	2007	2008	2009
Total mortgages	**$12,073.3**	**$13,469.5**	**$14,533.2**	**$14,623.1**	**$14,340.5**
Home	9,382.4	10,455.6	11,165.9	11,070.6	10,858.7
Multifamily residential	666.6	707.3	789.5	840.5	849.0
Commercial	1,919.5	2,198.5	2,465.1	2,581.9	2,494.3
Farm	104.8	108.0	112.7	130.1	138.5

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Mortgage Industry

HOME MORTGAGES BY HOLDER, 2005-2009[1]

($ billions, end of year)

	2005	2006	2007	2008	2009
Total assets	**$9,382.4**	**$10,455.6**	**$11,165.9**	**$11,070.6**	**$10,858.7**
Household sector	117.9	102.9	90.8	91.2	83.2
Nonfinancial corporate business	40.9	35.9	25.0	20.6	16.3
Nonfarm noncorporate business	13.3	12.7	15.4	16.3	15.1
State and local governments	77.5	84.9	90.2	87.5	97.6
Federal government	13.2	13.3	13.7	16.4	22.1
Commercial banking	1,792.1	2,082.1	2,210.5	2,249.0	2,259.7
Savings institutions	953.8	867.8	879.0	666.3	448.6
Credit unions	219.7	249.7	281.5	314.7	317.9
Life insurance companies	7.5	10.3	9.4	10.2	5.6
Private pension funds	1.4	1.3	1.2	1.3	2.0
State and local government retirement funds	5.9	5.2	3.5	3.4	3.4
GSEs[2]	453.9	457.6	447.9	456.9	438.5
Agency- and GSE[2]-backed mortgage pools	3,446.4	3,749.1	4,371.8	4,864.0	5,266.5
ABS issuers	1,621.9	2,140.8	2,174.2	1,860.8	1,527.0
Finance companies	489.8	538.1	472.7	375.4	327.7
REITs[3]	127.4	103.7	79.2	36.7	27.5
Home equity loans included above[4]					
Commercial banking	549.0	653.6	692.3	776.1	761.7
Savings institutions	151.6	137.6	180.5	119.5	80.0
Credit unions	75.9	86.9	94.1	98.7	94.6
ABS issuers	40.4	80.4	69.4	44.8	30.3
Finance companies	98.0	107.6	94.5	75.1	65.5

[1]Mortgages on 1 to 4 family properties.

[2]Government-sponsored enterprise.

[3]Real Estate Investment Trusts.

[4]Loans made under home equity lines of credit and home equity loans secured by junior liens. Excludes home equity loans held by mortgage companies and individuals.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Home Mortgage-Backed Securities

The dollar volume of total home mortgage-backed securities (MBS) rose only 3 percent in 2008 and 1 percent in 2009, reflecting the decline in housing values and the increase in mortgage defaults. By 2009 the majority of MBS (78 percent) were backed by agency- and government-sponsored enterprises (GSEs), where the dollar volume rose by 11 percent in 2008 and 8 percent in 2009. The volume of privately issued MBS dropped by 14 percent in 2008 and 18 percent in 2009. This contrasts sharply with a dramatic 107 percent rise from 2004 to 2007 in privately issued MBS.

SECURITIES COMPRISED OF HOME MORTGAGES, CLASSIFIED BY ISSUER, 2005-2009

($ billions, amounts outstanding, end of year)

	2005	2006	2007	2008	2009
Home mortgages backing privately issued pool securities	$1,621.9	$2,140.8	$2,174.2	$1,860.8	$1,527.0
Agency- and GSE[1]-backed mortgage pools	3,446.4	3,749.1	4,371.8	4,864.0	5,266.5
Total	**$5,068.3**	**$5,889.9**	**$6,546.0**	**$6,724.8**	**$6,793.5**

[1]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

AVERAGE CONVENTIONAL SINGLE-FAMILY MORTGAGES, 2000-2009[1]

($000)

Year	Mortgage loan amount	Purchase price	Adjustable rate mortgage (ARM) share[2]
2000	$148.3	$198.9	24%
2001	155.7	215.5	12
2002	163.4	231.2	17
2003	167.9	243.4	18
2004	185.5	262.0	35
2005	211.9	299.8	30
2006	222.9	307.1	22
2007	224.7	300.5	11
2008	219.8	306.1	7
2009	217.8	307.3	NA

[1]National averages, all homes.
[2]ARM share is the percent of total volume of conventional purchase loans. Does not include interest-only mortgages.
NA=Data not available.

Source: Federal Housing Finance Agency, Monthly Interest Rate Survey.

- Adjustable rate mortgages, loans in which the interest rate is adjusted periodically according to a pre-selected index, dropped from a high of 62 percent of mortgages in 1984 to just 7 percent of mortgages in 2008, according to the Federal Housing Finance agency. By 2009 the agency said that there were no data on adjustable rate mortgages due to insufficient sample size.

Interest-Only Mortgages

Interest-only mortgages were an innovation that gained popularity in the early 2000s. In these arrangements, the borrower paid only the interest on the capital for a set term. At the end of that term, usually five to seven years, the borrower either refinanced, paid the balance in a lump sum or started paying off the principal, in which case the monthly payments rose. The vast majority of interest-only mortgages were adjustable rate mortgages, according to First American LoanPerformance. Originations of nonprime loans with so-called affordability features—such as interest-only loans or payment-option loans (which give the borrower a choice of payment options)—fell from almost 20 percent of originations in 2005 to less than 2 percent in 2008, according to Harvard's 2009 State of the Nation's Housing study. In 2009 such mortgages were virtually unavailable.

Foreclosures

The number of properties in some phase of foreclosure totaled over 2.8 million in 2009, up 21 percent compared with 2008 and up 120 percent compared with 2007, according to a report from RealtyTrac, an online marketplace for foreclosure properties. The report also shows that 2.21 percent of all U.S. housing units (one in 45) received at least one foreclosure filing during the year, up from 1.84 percent in 2008.

TOP TEN STATES BY FORECLOSURE RATES, 2009

Rank	State	Percent of housing units with foreclosure filings[1]
1	Nevada	10.17%
2	Arizona	6.12
3	Florida	5.93
4	California	4.75
5	Utah	2.93
6	Idaho	2.72
7	Georgia	2.68
8	Michigan	2.61
9	Illinois	2.50
10	Colorado	2.37

[1]Foreclosure filings include foreclosure-related documents in all phases of foreclosure, including defaults, auction notices and repossessions by banks. One property may have more than one filing.

Source: RealtyTrac Inc.

U.S. FORECLOSURE MARKET STATISTICS BY STATE, 2009

State	Total properties with filings	Percent of housing units with filings	Filing rate[1]	Percent change from 2008	Rank[2]
Alabama	19,896	0.93%	107	156.26%[3]	30
Alaska	2,442	0.87	116	25.49	31
Arizona	163,210	6.12	16	39.60	2
Arkansas	16,547	1.29	78	15.90	23
California	632,573	4.75	21	20.81	[4]
Colorado	50,514	2.37	42	0.23	10
Connecticut	19,679	1.37	73	-10.24	21
Delaware	3,034	0.78	128	20.59	35
D.C.	3,235	1.14	88	-22.64	4
Florida	516,711	5.93	17	34.10	3
Georgia	106,110	2.68	37	24.46	7
Hawaii	9,002	1.78	56	182.64	15
Idaho	17,161	2.72	37	101.61[3]	6
Illinois	131,132	2.50	40	31.81	9
Indiana	41,405	1.49	67	-9.87	18
Iowa	5,681	0.43	234	5.50	43
Kansas	9,056	0.74	135	45.64	36
Kentucky	9,682	0.51	197	33.66[3]	40
Louisiana	11,750	0.63	158	64.82[3]	39
Maine	3,178	0.46	219	11.47	41
Maryland	43,248	1.87	54	33.74	13
Massachussets	36,119	1.33	75	-18.54	22
Michigan	118,302	2.61	38	11.54	8
Minnesota	31,697	1.38	73	56.28	20
Mississippi	5,402	0.43	232	135.59[3]	42
Missouri	28,519	1.08	93	-8.75[5]	28
Montana	1,373	0.32	317	10.19	44
Nebraska	1,845	0.24	423	-42.16	46
Nevada	112,097	10.17	10	44.28	1
New Hampshire	7,210	1.21	82	8.65	26
New Jersey	63,208	1.81	55	1.11	14

(table continues)

U.S. FORECLOSURE MARKET STATISTICS BY STATE, 2009 (Cont'd)

State	Total properties with filings	Percent of housing units with filings	Filing rate[1]	Percent change from 2008	Rank[2]
New Mexico	7,212	0.84	120	93.51%[3]	32
New York	50,369	0.63	158	0.67	38
North Carolina	28,384	0.69	145	-16.07	37
North Dakota	390	0.13	796	5.12	49
Ohio	101,614	2.01	50	-10.53	12
Oklahoma	12,937	0.80	125	3.79	34
Oregon	34,121	2.12	47	89.55	11
Pennsylvania	44,732	0.82	122	20.21	33
Rhode Island	5,065	1.12	89	-23.06	27
South Carolina	25,163	1.24	80	67.81[3]	25
South Dakota	765	0.21	467	90.30[3]	47
Tennessee	40,733	1.49	67	-7.75[6]	17
Texas	100,045	1.06	94	4.04	29
Utah	27,140	2.93	34	82.93	5
Vermont	143	0.05	2,178	4.38	50
Virginia	52,127	1.59	63	6.36	16
Washington	35,268	1.29	78	35.34	24
West Virginia	1,479	0.17	597	115.91[3]	48
Wisconsin	35,252	1.38	73	78.99[3]	19
Wyoming	717	0.30	338	5.91	45
United States	**2,824,674**	**2.21%**	**45**	**21.21%**	

[1]For example in Alabama, one out of every 107 homes had a foreclosure filing in 2009.
[2]Ranked on percent of housing units with filings.
[3]Actual increase may not be as high due to collection changes or improvements.
[4]Not ranked.
[5]Collection of some records previously classified as not in default discontinued in January 2009.
[6]Collection of some records previously classified as not in default discontinued in September 2008.

Source: RealtyTrac Inc.

TOP TEN RESIDENTIAL FINANCE COMPANIES BY MANAGED FIRST MORTGAGE RECEIVABLES, 2009[1]

($ millions)

Rank	Company	Managed first mortgage receivables[1]
1	Bank of America Corporation	$803,355
2	Citigroup Inc.	650,969
3	Wells Fargo & Company	564,353
4	JPMorgan Chase & Co.	408,116
5	SunTrust Banks, Inc.	175,468
6	PHH Corporation	144,712
7	Ally Financial Inc.	116,757
8	HSBC North America Holdings Inc.	89,572
9	General Electric Capital Services	58,831
10	Morgan Stanley	53,449

[1]Ranked by receivables that include loans sold that are still serviced and managed.

Source: SNL Financial LC.

Home Equity Mortgage Loans

Home equity loans, in which the borrower's home serves as collateral, are generally used for major items such as education, home improvements or medical bills, as opposed to day-to-day expenses. The dollar value of home equity loans outstanding dropped from $1.13 trillion in 2007 to $1.03 trillion in 2009.

HOME EQUITY MORTGAGE LOANS BY HOLDER, 2005-2009[1]

($ billions, end of year)

	2005	2006	2007	2008	2009
Total	**$914.8**	**$1,066.1**	**$1,130.8**	**$1,114.1**	**$1,032.1**
Commercial banking	549.0	653.6	692.3	776.1	761.7
Savings institutions	151.6	137.6	180.5	119.5	80.0
Credit unions	75.9	86.9	94.1	98.7	94.6
Asset-backed securities issuers	40.4	80.4	69.4	44.8	30.3
Finance companies	98.0	107.6	94.5	75.1	65.5

[1]Loans made under home equity lines of credit and home equity loans secured by junior liens, such as second mortgages, which are subordinate to another mortgage. Excludes home equity loans held by individuals.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

Subprime Loans

Subprime loans are offered to applicants with an incomplete or less than perfect credit record. The subprime interest rate is generally higher than the prevailing rate because of the additional risks involved in lending to less creditworthy applicants. During the housing boom years, which began in the 1990s, the subprime industry flourished, with lenders extending credit to borrowers previously unable to qualify for loans. By 2007 the tide had turned; subprime mortgages were harder to obtain and defaults were on the rise. Defaults on subprime loans continued to increase in 2008 and 2009 as rising unemployment and other effects of the recession took their toll. The trend continued into 2010. The number of subprime loans more than 90 days delinquent or in foreclosure was high and climbing in the first quarter of 2010, according to the 2010 State of the Nation's Housing study from Harvard University's Joint Center for Housing Studies (JCHS).

Key findings of the JCHS study related to the subprime sector include:

- The share of severely delinquent loans in the first quarter of 2010 ranged from 5.1 percent of prime fixed-rate mortgages to 42.5 percent of subprime adjustable-rate mortgages.
- The number of subprime loans being serviced dropped by 1.5 million loans between the first quarter of 2007 and the first quarter of 2010, reflecting the large number of subprime loans already eliminated through foreclosures and short sales (sold for less than the amount owed on the mortgage), as well as a curtailment in subprime originations.
- Despite the much higher incidence of serious delinquencies and foreclosures among subprime loans, the JCHS notes that most problem mortgages are now prime loans, with the economy being the driving force. It cites a Freddie Mac survey that found that over 58 percent of all delinquencies among prime borrowers in 2009 were due to unemployment and the curtailment of income and about 16 percent were due to excessive financial obligations.

Cash-Out Home Mortgage Refinancing

With cash-out refinancing, borrowers refinance an existing mortgage for more than they currently owe, then pocket the difference. As with home equity loans, the proceeds are often used for tuition, debt repayment or other expenses that require a significant amount of cash.

CASH-OUT HOME MORTGAGE REFINANCING, 2000-2009[1]

($ billions)

[1]Represents homeowners' cash withdrawals from home mortgage refinance transactions. Includes prime conventional loans only and is net of retirement of outstanding second mortgages.
[2]Estimated.

Source: Freddie Mac.

Government-Sponsored Enterprises

Government-sponsored enterprises (GSEs) are privately owned, federally chartered corporations with a public purpose, created by Congress to assist groups of borrowers such as homeowners, mortgage lenders, students and farmers gain access to capital markets. Two of these entities, the Federal Home Loan Mortgage Corporation, known as Freddie Mac, and the Federal National Mortgage Association, known as Fannie Mae, increase the supply of funds that mortgage lenders make available to home buyers by purchasing mortgages from banks and other lenders, packaging them into securities and selling them to investors. They also raise funds by purchasing mortgages from banks and other loan originators for their own investment portfolios. Together, Freddie Mac and Fannie Mae guarantee or control more than half of the nation's home mortgages. As the housing market entered a downturn in 2006, the two GSEs confronted steep rises in delinquencies and foreclosures. To reassure investors and provide continued liquidity in the housing market, the federal government stepped in to take control of Fannie Mae and Freddie Mac. The plan, announced by the U.S. Treasury in September 2008, put the firms into a conservatorship, giving management control to the Federal Housing Finance Agency.

Mortgage Industry

GOVERNMENT-SPONSORED ENTERPRISES (GSEs)[1], 2005-2009

($ billions, amounts outstanding, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$2,819.4**	**$2,872.9**	**$3,174.3**	**$3,400.0**	**$3,013.8**
Checkable deposits and currency	14.6	16.4	13.7	88.3	99.4
Time and savings deposits	35.3	33.9	46.6	68.5	25.7
Federal funds and security RPs[2]	107.7	117.4	142.7	114.5	122.1
Credit market instruments	2,543.9	2,590.5	2,829.5	3,033.6	2,688.7
Open market paper	13.8	32.4	27.7	6.8	9.7
U.S. government securities	764.2	728.2	718.4	926.8	946.4
Treasury securities	13.1	14.2	15.5	16.8	21.9
Agency- and GSE[3]-backed securities	751.1	714.0	702.9	910.0	924.5
Municipal securities	39.7	36.1	33.3	31.3	29.1
Corporate and foreign bonds	465.7	481.7	464.4	386.6	310.8
Other loans and advances	671.8	704.9	942.6	980.7	695.9
Farm Credit System	51.6	63.5	75.5	80.3	80.0
Federal Home Loan Banks	620.2	641.4	867.1	900.5	615.9
Mortgages	588.8	607.2	643.1	701.4	696.7
Home	453.9	457.6	447.9	456.9	438.5
Multifamily residential	93.0	105.4	147.7	187.7	197.8
Farm	42.0	44.2	47.6	56.9	60.4
Miscellaneous assets	117.8	114.7	141.7	95.0	77.8
Total liabilities	**$2,734.0**	**$2,781.2**	**$3,081.3**	**$3,394.1**	**$2,977.0**
Credit market instruments[4]	2,592.2	2,627.8	2,910.2	3,181.9	2,706.6
Miscellaneous liabilities	141.8	153.4	171.1	212.1	270.4

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corportation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation.

[2]Short-term agreements to sell and repurchase government securities by a specified date at a set price.

[3]Government-sponsored enterprise.

[4]Such issues are classified as agency- and GSE-backed securities.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

AGENCY AND GOVERNMENT-SPONSORED ENTERPRISE (GSE)[1]-BACKED MORTGAGES, 2005-2009

($ billions, amounts outstanding, end of year)

	2005	2006	2007	2008	2009
Total financial assets	**$3,548.5**	**$3,841.1**	**$4,464.4**	**$4,961.4**	**$5,376.4**
Home mortgages	3,446.4	3,749.1	4,371.8	4,864.0	5,266.5
Multifamily residential mortgages	101.3	88.8	88.1	92.8	105.4
Farm mortgages	0.8	3.2	4.5	4.7	4.5
Total pool securities (liabilities)[2]	**$3,548.5**	**$3,841.1**	**$4,464.4**	**$4,961.4**	**$5,376.4**

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corporation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation.

[2]Such issues are classified as agency- and GSE-backed securities.

Source: Board of Governors of the Federal Reserve System, June 10, 2010.

GOVERNMENT-SPONSORED ENTERPRISE (GSE) SHARE[1] OF 1 TO 4 FAMILY UNIT MORTGAGE DEBT OUTSTANDING, 2000-2009

($ millions)

Year	Total volume	Government-sponsored enterprise share
2000	$5,508,600	41.5%
2001	6,102,600	44.7
2002	6,896,300	45.5
2003	7,785,200	46.3
2004	8,863,200	43.2
2005	10,042,500	40.0
2006	11,157,700	38.8
2007	11,954,100	41.4
2008	11,903,400	44.4
2009	11,683,100	46.7

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corporation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation. The Student Loan Marketing Association (Sallie Mae) was included until it was fully privatized in the fourth quarter of 2004.

Source: Office of Federal Housing Oversight.

- Government-sponsored enterprises' share of the residential mortgage market was close to half of the market by 2009 and almost double the 25.7 percent share it held in 1990.

Mortgage Industry

MORTGAGE STATUS OF OWNER OCCUPIED HOUSING UNITS, 2009

Mortgages	
Number of owner occupied housing units with a mortgage	50,747,854
Percent of units of owner occupied housing with mortgage	67.8%
Mortgage status	Percent
With either a second mortgage or home equity loan, but not both	23.9%
Second mortgage only	6.3
Home equity loan only	17.6
Both second mortgage and home equity loan	1.0
No second mortgage and no home equity loan	75.1

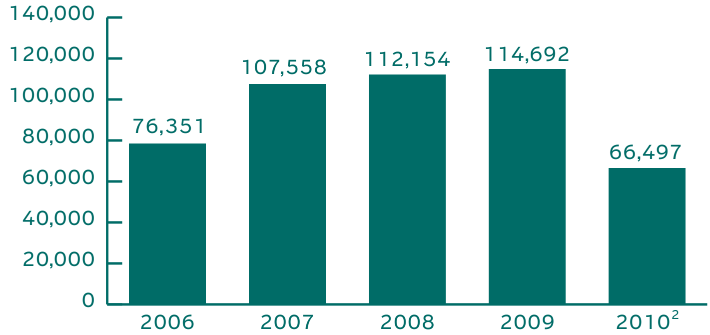
Source: U.S. Census Bureau; American Community Survey.

Reverse Mortgages

Reverse mortgages are special mortgages that allow homeowners over age 61 to sell their homes to a bank in exchange for monthly payments, a lump sum or a line of credit. The Home Equity Conversion Mortgage (HECM) is the federally insured reverse mortgage product. It is insured by the Federal Housing Administration, a branch of the U.S. Department of Housing and Urban Development. HECMs now account for nearly all reverse mortgages.

- After increasing steadily since 2006, the volume of reverse mortgages began to decline in 2010.

REVERSE MORTGAGES: ANNUAL ORIGINATION VOLUME FOR HOME EQUITY CONVERSION MORTGAGES (HECMs), FISCAL YEAR 2006-2010[1]



[1]HECMs are federally insured reverse mortgage products.
[2]Through July 2010; fiscal year ends September 30.

Source: National Reverse Mortgage Lenders Association.

CONVENTIONAL HOME PURCHASE LOANS ORIGINATED BY RACIAL/ETHNIC IDENTITY AND INCOME OF BORROWERS, 2004 AND 2008[1]

	2004		2008	
	Number	Amount ($000)	Number	Amount ($000)
Race/ethnic identity				
American Indian/Alaska native	45,375	$7,490,749	8,565	$1,497,541
Asian	294,450	72,161,164	130,468	37,031,427
Black or African American	384,629	54,658,382	81,032	14,133,267
Hispanic or Latino	633,131	104,393,913	142,743	26,105,874
White	4,294,703	752,749,161	1,640,976	342,876,017
Income[2]				
Less than 50%	309,383	24,930,411	122,389	11,629,327
50 to 79%	998,626	106,773,047	335,016	43,297,530
80 to 99%	747,388	98,950,912	233,137	37,260,225
100 to 119%	693,755	106,035,836	213,450	39,313,016
120% or more	2,810,867	660,896,916	1,140,849	319,554,213
Income not available	252,385	48,738,935	62,547	14,178,219

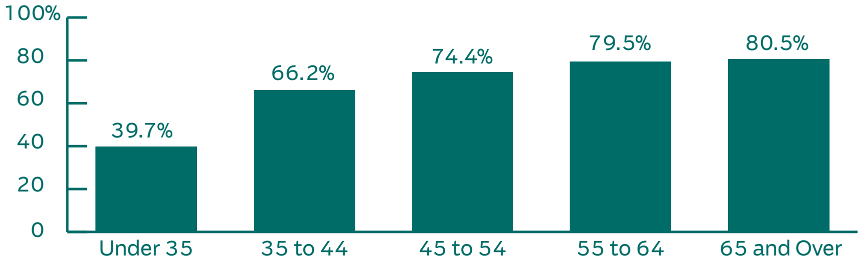
[1]Includes 1 to 4 family and manufactured homes.
[2]Percentage of metropolitan area median. Metropolitan area median is the median family income of the metropolitan area in which the property related to the loan is located.

Source: Federal Financial Institutions Examination Council.

Home Ownership

HOME OWNERSHIP RATES BY AGE OF HOUSEHOLDER, 2009

(Percent)



Source: U.S. Department of Commerce, Census Bureau; Housing Vacancy Survey.

Home Ownership

SNAPSHOT OF HOUSING IN AMERICA, 2005-2009

	Percent change[1]	
	2005-2009	2008-2009
New single-family sales	-70.8%	-22.7%
Existing single-family sales	-26.1	5.0
Housing starts[2]	-73.2	-38.8
Housing completions[2]	-58.9	-29.1
Median new single-family price	-18.1	-6.3
Median existing single-family price	-28.5	-12.1
Home equity	-56.6	-4.2
Mortgage debt	5.6	-1.2
Residential investment	-57.6	-24.1
Owner residential improvements	-19.6	-3.3

[1]Calculated from unrounded data. Dollar values adjusted for inflation using the consumer price index for all items.
[2]Single- and multifamily units.

Source: Harvard University, 2010 State of the Nation's Housing study.

Home Prices

In 2009 the national median existing single-family home price fell by nearly 13 percent to $172,500, the third annual decline. However, the median existing single-family home price rose to $183,000 in June 2010. The median represents the market price where half of the homes sold for more and half sold for less, and is an indicator of typical prices.

MEDIAN SALES PRICE OF EXISTING SINGLE FAMILY HOMES, 1970-2009

Year	Median sales price	Average annual percent change[1]	Year	Median sales price	Average annual percent change[1]
1970	$23,000	NA	2000	$143,600	4.5%
1975	35,300	8.9%	2005	219,600	12.4
1980	62,200	12.0	2006	221,900	1.0
1985	75,500	4.0	2007	219,000	-1.3
1990	96,400	4.9	2008	198,100	-9.5
1995	114,600	3.5	2009	172,500	-12.9

[1]From prior year shown.
NA=Data not available.

Source: National Association of Realtors.

U.S. HOME OWNERSHIP RATES BY RACE AND ETHNICITY, 2005-2009

	2005	2006	2007	2008	2009
All households	**68.9%**	**68.8%**	**68.1%**	**67.8%**	**67.4%**
Whites	75.8	75.8	75.2	75.0	74.8
Blacks	49.5	49.7	49.7	49.1	48.4
Hispanics	48.8	48.4	47.8	47.9	46.6
Asians/others	60.3	60.8	60.1	59.5	59.0

Source: U.S. Department of Commerce, Census Bureau.

HOME OWNERSHIP RATES BY REGION, 1960-2009

(End of year)

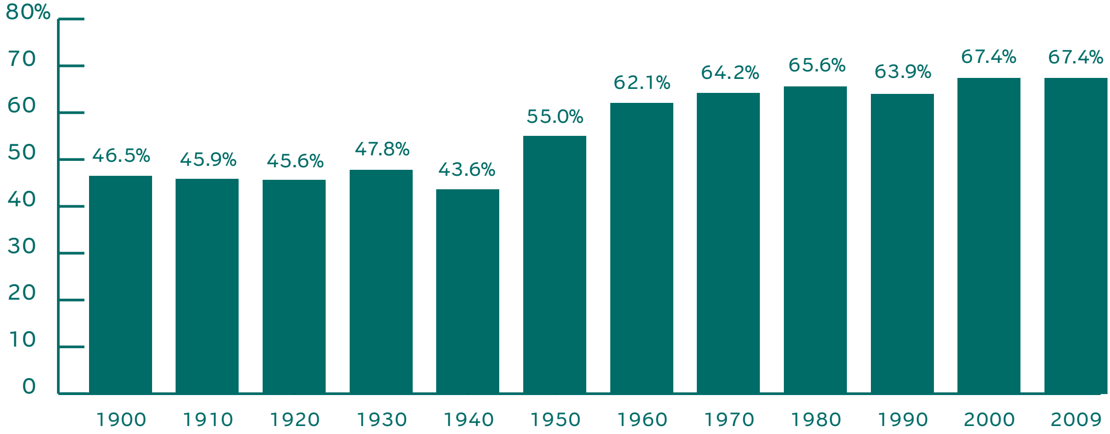
Year	United States	Northeast	Midwest	South	West
1960	62.1%	55.5%	66.4%	63.4%	62.2%
1970	64.2	58.1	69.5	66.0	60.0
1980	65.6	60.8	69.8	68.7	60.0
1990	63.9	62.6	67.5	65.7	58.0
2000	67.4	63.5	72.6	69.6	61.8
2001	67.8	63.7	73.1	69.8	62.6
2002	67.9	64.3	73.1	69.7	62.4
2003	68.3	64.4	73.2	70.1	63.4
2004	69.0	65.0	73.8	70.9	64.2
2005	68.9	65.2	73.2	70.8	64.4
2006	68.8	65.2	72.7	70.5	64.7
2007	68.1	65.0	71.9	70.1	63.5
2008	67.8	64.6	71.8	69.9	63.0
2009	67.4	64.0	71.0	69.6	62.6

Source: U.S. Department of Commerce, Census Bureau.

Mortgage Finance and Housing

Home Ownership

HOME OWNERSHIP RATES, 1900-2009



Source: U.S. Department of Commerce, Census Bureau.

SELECTED CHARACTERISTICS OF HOMEOWNERS, 2009

Race/origin of householder	As a percent of owner occupied housing units
White alone, not Hispanic or Latino	78.9%
Hispanic or Latino origin	8.2
Black or African American	8.0
Asian	3.4
Total owner occupied units	**74,843,004**
Household income in the past 12 months (in 2009 inflation-adjusted dollars)	
Less than $5,000	1.7%
$5,000 to $9,999	2.1
$10,000 to $14,999	3.6
$15,000 to $19,999	4.0
$20,000 to $24,999	4.4
$25,000 to $34,999	9.0
$35,000 to $49,999	13.7
$50,000 to $74,999	20.1
$75,000 to $99,999	14.8
$100,000 to $149,999	15.4
$150,000 or more	11.1
Median household income	$63,306

Source: U.S. Census Bureau; American Community Survey.

IT Spending

Information technology (IT) has transformed the financial services industry, making available many products and services that would have otherwise been impossible to offer. These range from asset-backed securities and automated teller machines (ATMs), introduced in the 1970s and 1980s, to more recent innovations such as online banking. At the same time, IT has improved efficiency and reduced labor costs.

IT SPENDING OF THE NORTH AMERICAN FINANCIAL SERVICES INDUSTRY, 2008-2012

($ billions)

						Percent change	
	2008	2009	2010[1]	2011[1]	2012[1]	2009-2010	2010-2011
Banking	$49.4	$50.3	$51.4	$53.0	$55.2	2.2%	3.1%
Insurance	34.0	33.0	34.1	35.7	36.8	3.5	4.7
Securities and investments	36.3	31.8	32.7	34.7	36.8	2.7	6.2
Total	**$119.7**	**$115.0**	**$118.2**	**$123.4**	**$128.8**	**2.7%**	**4.4%**

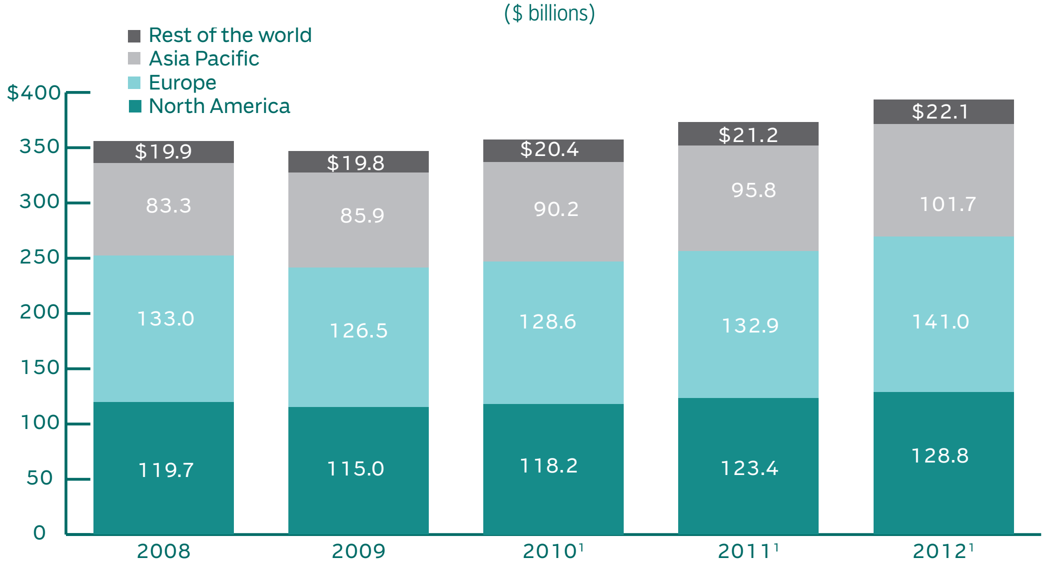
[1]Estimated.

Source: Celent.

- Celent estimates that global information technology spending by financial services institutions will reach $357.4 billion in 2010, up 2.9 percent from the previous year. This contrasts with a 2.5 percent decline in 2009.

IT SPENDING OF THE GLOBAL FINANCIAL SERVICES INDUSTRY, 2008-2012

($ billions)

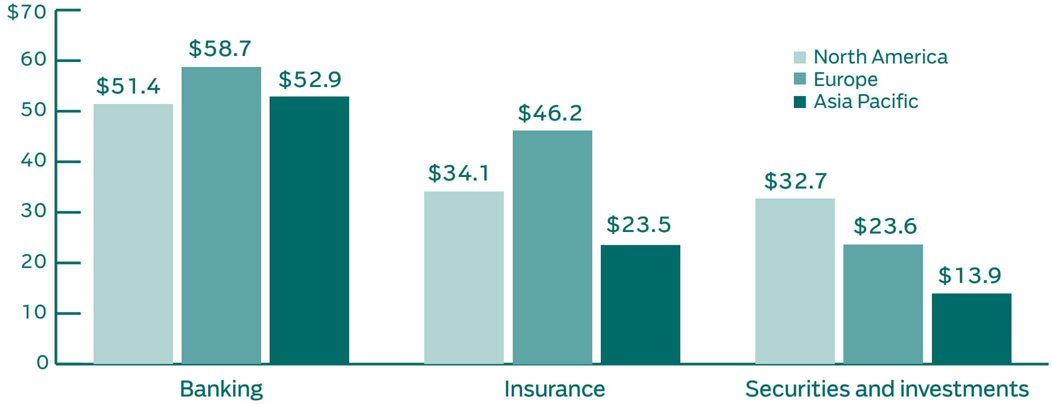


[1]Estimated.

Source: Celent.

IT Spending/Electronic Commerce

IT SPENDING BY INDUSTRY AND REGION, 2010[1]
($ billions)



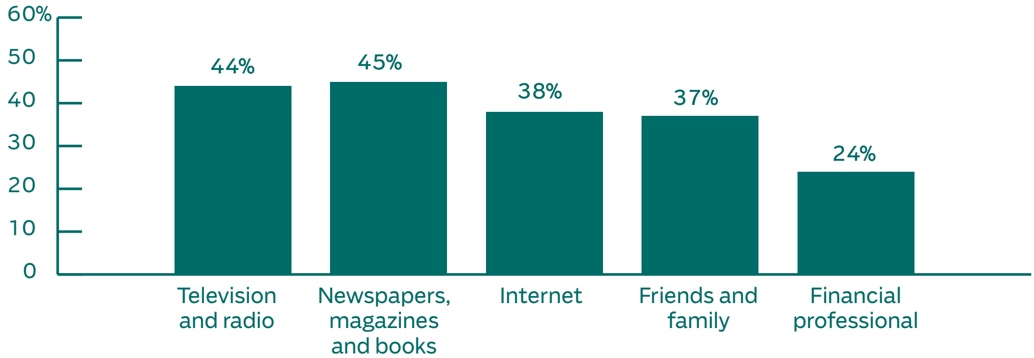
[1]Estimated.

Source: Celent.

Electronic Commerce

More than two-thirds of Americans—69 percent—have used the Internet to help them with personal financial problems arising from the recession and to gather information about the economic situation, according to a 2009 installment of the ongoing Pew Internet and American Life survey. The latest Consumer Finance Survey, issued by the Federal Reserve in 2009, also found that the Internet is an important source of financial information and services. The survey found that in 2007 (the latest year available) 59.7 percent of all families used the Internet to access financial information or services, up sharply from 46.5 percent in 2004 and 32.5 percent in 2001. Among the least wealthy 25 percent of families, 50.3 percent made such use of the Internet, compared with 75.6 percent of the wealthiest 10 percent. Financial services firms are also using social networking websites such as Twitter to provide marketing and educational messages and to communicate with customers. A 2010 report from Deloitte contends that companies that use social media can obtain a competitive edge in branding and marketing, and that consumers are increasingly using social networking tools on their own to assess insurers, even if the company itself does not use such tools. An August 2010 survey of major insurers from the Customer Respect Group found that each of the insurers had from 300 to 10,000 “followers” who sign up to receive or track the firm’s online messages.

PERSONAL FINANCE INFORMATION SOURCES CONSULTED, 2009



Source: Pew Internet and American Life Project.

Online Securities Revenues

E-COMMERCE AND TOTAL REVENUES, SECURITIES AND COMMODITY CONTRACTS, 2007-2008

($ millions)

	Value of revenues				Percent change		E-commerce as a percent of total revenues	
	2007		2008					
	Total	E-commerce	Total	E-commerce	Total revenues	E-commerce revenues	2007	2008
Securities and commodity contracts, intermediation and brokerage	$317,789	$9,898	$159,276	$10,593	-49.9%	7.0%	3.1%	6.7%

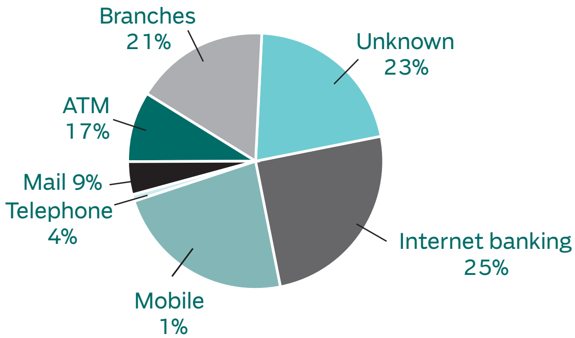
Source: U.S. Department of Commerce, Census Bureau.

Electronic Commerce

Online Banking

Online banking is a service provided by many banks, thrifts and credit unions that allows consumers to conduct banking transactions over the Internet using a personal computer, mobile telephone or handheld computer. In recent years online banks, which provide financial services entirely over the Internet, have emerged. However, the distinctions between “brick and mortar” and online banks have diminished as traditional banks also offer online banking, and some formerly Internet-only banks have opened branches. The American Bankers Association reports that in 2009 its annual consumer survey showed that for the first time more bank customers (25 percent) prefer to do their banking online, compared with any other method. Survey results showed that the popularity of online banking was not exclusive to the youngest consumers; it is the preferred banking method for all bank customers under the age of 55. Consumers over 55 still prefer to visit their local branch (26 percent), followed by ATMs (17 percent).

PREFERRED BANKING METHOD, ALL AGE GROUPS, 2009[1]



[1]Estimated.

Source: American Bankers Association.

Online Insurance Sales

Property/casualty insurance distribution systems have evolved to encompass many of the new ways of transacting business available to customers, including new technologies and new forms of association and collaboration.

Younger consumers are more likely to shop for and buy auto insurance on the Web than older shoppers, according to J.D. Power’s 2010 Insurance Shopping survey. The survey found that more than one-half (58 percent) of Generation Y shoppers (i.e., those in their 20s and 30s) have used insurers’ websites to gather information when shopping for auto insurance, compared with 46 percent of the Baby Boomer generation (i.e., people in their 50s and 60s). Generation Y shoppers are substantially more likely to gather quotes directly from an insurer’s website

(48 percent), compared with 28 percent of Baby Boomers. A slight majority (51 percent) of Generation Y new buyers purchased their auto insurance directly from the insurer rather than through a local agent, compared with only 36 percent of Baby Boomers.

A 2010 survey by comScor estimates that U.S. consumers submitted requests for 38.8 million online auto insurance quotes in 2009 and purchased a record 2.8 million policies online during the year, each representing an increase of more than 20 percent versus the previous year, as consumers sought ways to save on auto insurance during the recession. Of those who did not purchase insurance online, more than one-third (35 percent) said they would be likely to do so, an increase of 7 percentage points from the previous year.

A 2009 Insurance Research Council survey found that more than half (52 percent) of those who had recently shopped for auto insurance had visited an insurance company website. Eighteen percent reported they had actually purchased insurance over the Internet at some point.

TOP FIVE SOURCES CONSULTED WHILE SHOPPING FOR AUTO INSURANCE[1]

Rank		Percent
1	Insurance company website	52%
2	Website that gives quotes from multiple insurance companies	44
3	Insurance agents	40
4	Relatives, friends, neighbors, co-workers, etc.	31
5	Insurance company advertising	26

[1]Based on a national survey; multiple responses allowed; percent of respondents.

Source: Insurance Research Council.

Electronic Payments

Over the past quarter-century, electronic alternatives to the traditional way of paying bills by check have revolutionized the payments infrastructure. By 2006 debit card payments, which include both personal identification number (PIN) and signature, surpassed credit card payments to become the most frequently used electronic payment type, according to the Federal Reserve. Other choices such as Automated Clearing House (ACH) payments and electronic benefits transfer (EBT) have grown rapidly as well. EBTs give consumers more flexible access to Social Security, veterans' pensions and other benefits disbursed by the federal government.

Studies conducted by the Federal Reserve in 2004 and 2007 document the dramatic shift in payments away from paper-based checks and toward electronic payments. In 2003 there were 37.3 billion checks paid, compared with 44.2 billion electronic payments. By 2006 there were 30.6 billion checks paid, compared with 62.7 billion electronic payments. The number of checks paid fell an average of 6.4 percent per year between 2003 and 2006. The number of electronic payments rose 12.4 percent per year during the same period. In 2006 two-thirds of all noncash payments were made electronically, compared with a little over half of all noncash payments in 2003.

Credit and debit cards accounted for about 50 percent of noncash payments in 2006, according to the 2007 Federal Reserve study. Credit cards accounted for 23 percent of noncash payments (based on the number of payments), the same as in 2003. The share of debit cards grew from 19 percent to 27 percent during the same period. The Federal Reserve will update the study in 2010.

Automated Clearing House Network

Total payments processed through the Automated Clearing House (ACH), a national electronic payments network, reached 18.8 billion payments in 2009, up 34 percent from 2005. Such payments include direct deposit of payroll, Social Security benefits and tax refunds, as well as direct payment of consumer bills, business-to-business payments and e-commerce payments. The majority (81 percent) of these payments were processed through the ACH network, a vast electronic funds transfer system whose transactions are processed by two ACH operators, the Federal Reserve and the Electronic Payments Network. The number of ACH network transactions increased by 2 percent from 2008 to 15.3 billion payments in 2009.

- Consumer Internet transactions via ACH were up 8.75 percent to nearly 2.4 billion payments in 2009.

AUTOMATED CLEARING HOUSE ELECTRONIC PAYMENTS 2000-2009

Year	Volume (millions)	Percent change	Year	Volume (millions)	Percent change
2000	6,882	12.4%	2005	13,957	16.2%
2001	7,994	16.2	2006	15,107	8.2
2002	8,944	11.9	2007	17,105	13.2
2003	10,017	12.0	2008	18,285	6.9
2004	12,009	19.9%	2009	18,760	2.6

Source: NACHA - The Electronic Payments Association.

COMMERCIAL AND GOVERNMENT AUTOMATED CLEARING HOUSE ELECTRONIC PAYMENTS, 2008-2009

($ millions)

Transaction volume	2008	2009	Percent change
Commercial	17,139	17,550	2.4%
Federal government	1,146	1,210	5.6
Total	**18,285**	**18,760**	**2.6%**

Source: NACHA - The Electronic Payments Association.

- The dollar volume of federal government ACH transactions increased by 7.22 percent to $4.29 trillion from 2008 to 2009.

ATMs

The growth of online banking, electronic payments and deposits, and automated teller machine (ATM) usage has been driven by customer demand for greater convenience. ATMs were introduced in the mid-1970s. By 2009 there were some 425,000 ATMs in the United States, almost four times the number of bank, thrift and credit union offices in 2009. ATMs increasingly are being installed in places where consumers may want access to their money such as supermarkets, convenience stores and transportation terminals.

The ATM business consists of three major entities: ATM cardholders' banks; the ATM network that links banks in other locations; and the owners of the ATM machines, which may or may not be banks. Most banks allow their own customers to withdraw money from their ATMs free of charge but charge a fee to other banks' customers. These charges help offset the cost of ATMs and fees banks must pay to the ATM network system.

OFF-PREMISE ATM DEPLOYMENT, 2005-2009[1]

Year	Total ATMs	Off-premise ATMs	Percent off-premise
2005	396,000	260,000	65.7%
2006	395,000	260,000	65.8
2007	415,321	236,732	57.0
2008	406,145	239,626	59.0
2009	425,010	290,000	68.2

[1]ATMs located away from financial institution branches.

Source: ATM&Debit News.

- The first ATM in the United States was installed in 1971 at the Citizens & Southern National Bank in Atlanta.

ATMs

TOP TEN U.S. BANK OWNERS OF ATMS, 2008-2009

		Number of ATMs, second quarter	
Rank	Owner	2008	2009
1	Bank of America	18,531	18,426
2	JPMorgan Chase[1]	9,310	14,144
3	Wells Fargo[2]	6,960	12,353
4	PNC Financial Services Group[3]	4,015	6,474
5	U.S. Bancorp	4,895	5,173
6	Citizens	3,561	3,606
7	Citibank	3,315	3,211
8	Sun Trust Banks, Inc.	2,506	2,695
9	Fifth Third Bancorp	2,329	2,355
10	Regions Financial Corporation	2,410	2,321

[1]JPMorgan Chase acquired Washington Mutual's retail banking business in September 2008.
[2]Wells Fargo acquired Wachovia Corp. in October 2008.
[3]PNC Financial Services Group acquired National City Corporation effective January 1, 2009.

Source: ATM&Debit News.

Overview

The rankings that follow are extracted from Fortune magazine's analysis of the world's largest corporations based on 2009 revenues, as featured in its annual Global 500. Fortune groups the companies in broad industry categories. Each company is assigned one category, even though some are involved in several industries. For example, some of the leading property/casualty insurance companies also write life insurance.

Financial Services

TOP TEN GLOBAL FINANCIAL SERVICES FIRMS BY REVENUES, 2009[1]

($ millions)

Financial services industry rank	Company	Global 500 rank (all industries)	Revenues	Profits	Country	Industry
1	Japan Post Holdings	6	$202,196	$4,849	Japan	Life/health
2	AXA	9	175,257	5,012	France	Life/health
3	ING Group	12	163,204	-1,300	Netherlands	Banking
4	General Electric	13	156,779	11,025	U.S.	Diversified financial
5	Bank of America Corp.	15	150,450	6,276	U.S.	Banking
6	BNP Paribas	18	130,708	8,106	France	Banking
7	Assicurazioni Generali	19	126,013	1,820	Italy	Life/health
8	Allianz	20	125,999	5,973	Germany	Property/casualty
9	J.P. Morgan Chase & Co.	25	115,632	11,728	U.S.	Banking
10	Berkshire Hathaway	28	112,493	8,055	U.S.	Property/casualty

[1]Based on an analysis of companies in the Global Fortune 500.

Source: Fortune.

Insurance

TOP TEN COUNTRIES BY LIFE AND NONLIFE DIRECT PREMIUMS WRITTEN, 2009[1]

($ millions)

				Total premiums		
Rank	Country	Life premiums	Nonlife premiums[2]	Amount	Precent change from prior year	Percent of total world premiums
1	United States[3]	$492,345	$647,401	$1,139,746	-8.07%	28.03%
2	Japan[4]	399,100	106,856	505,956	4.73	12.44
3	United Kingdom	217,681	91,560	309,241	-21.84	7.61
4	France	194,077	88,993	283,070	2.61	6.96
5	Germany	111,775	126,591	238,366	-1.48	5.86
6	Italy	115,290	54,070	169,360	20.38	4.17
7	China[5]	109,175	53,872	163,047	15.79	4.01
8	Netherlands[6]	33,758	74,385	108,144	-5.57	2.66
9	Canada[7]	43,656	55,183	98,840	-5.29	2.43
10	South Korea	57,436	34,527	91,963	1.48	2.26

[1]Before reinsurance transactions. [2]Includes accident and health insurance. [3]Nonlife premiums include state funds; life premiums include an estimate of group pension business. [4]April 1, 2009-March 31, 2010. [5]Provisional. [6]Estimated. [7]Life premiums are net premiums.

Source: Swiss Re, *sigma*, No. 2/2010.

TOP TEN GLOBAL INSURANCE COMPANIES BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues[2]	Country	Industry
1	Japan Post Holdings	$202,196	Japan	Life/health
2	AXA	175,257	France	Life/health
3	Assicurazioni Generali	126,013	Italy	Life/health
4	Allianz	125,999	Germany	Property/casualty
5	Berkshire Hathaway	112,493	U.S.	Property/casualty
6	American International Group	103,189	U.S.	Property/casualty
7	Aviva	92,140	U.K.	Life/health
8	Prudential	75,010	U.K.	Life/health
9	Munich Re Group	74,764	Germany	Property/casualty
10	Nippon Life Insurance	72,051	Japan	Life/health

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies. [2]Revenues include premium and annuity income, investment income and capital gains or losses, but excludes deposits; includes consolidated subsidiaries, excludes excise taxes.

Source: Fortune.

TOP TEN GLOBAL PROPERTY/CASUALTY INSURANCE COMPANIES BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues[2]	Country
1	Allianz	$125,999	Germany
2	Berkshire Hathaway	112,493	U.S.
3	American International Group	103,189	U.S.
4	Munich Re Group	74,764	Germany
5	Zurich Financial Services	70,272	Switzerland
6	State Farm Insurance Cos.	61,480	U.S.
7	Tokio Marine Holdings	38,458	Japan
8	Allstate	32,013	U.S.
9	Liberty Mutual Insurance Group	31,094	U.S.
10	Swiss Reinsurance	30,745	Switzerland

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.
[2]Revenues include premium and annuity income, investment income and capital gains or losses, but excludes deposits; includes consolidated subsidiaries, excludes excise taxes.

Source: Fortune.

TOP TEN GLOBAL LIFE/HEALTH INSURANCE COMPANIES BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues[2]	Country
1	Japan Post Holdings	$202,196	Japan
2	AXA	175,257	France
3	Assicurazioni Generali	126,013	Italy
4	Aviva	92,140	U.K.
5	Prudential	75,010	U.K.
6	Nippon Life Insurance	72,051	Japan
7	Legal & General Group	68,290	U.K.
8	CNP Assurances	66,556	France
9	Aegon	64,506	Netherlands
10	China Life Insurance	57,019	China

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.
[2]Revenues include premium and annuity income, investment income and capital gains or losses, but excludes deposits; includes consolidated subsidiaries, excludes excise taxes.

Source: Fortune.

World Rankings

Insurance

- Net reinsurance premium written by the top 10 global reinsurers rose from $108.9 billion in 2008 to $112.2 billion in 2009, according to Business Insurance.

TOP TEN GLOBAL REINSURERS BY NET REINSURANCE PREMIUMS WRITTEN, 2009

($ millions)

Rank	Company	Net reinsurance premiums written	Country
1	Munich Re	$32,768.2	Germany
2	Swiss Re Group	21,880.0	Switzerland
3	Hanover Re	13,260.1	Germany
4	Berkshire Hathaway Reinsurance Group	12,362.0	U.S.
5	Lloyd's of London	9,460.8	U.K.
6	SCOR	8,889.1	France
7	Transatlantic Holdings, Inc.	3,986.1	U.S.
8	PartnerRe Ltd.	3,948.7	Bermuda
9	Everest Re Group Ltd.	3,929.8	Bermuda
10	Korean Re	2,368.3	South Korea

Source: Business Insurance, September 6, 2010.

- Commercial retail business accounted for 54.4 percent of the largest brokers' revenues. The next largest segments were employee benefits (18.6 percent) and wholesale (7.0 percent).

TOP TEN GLOBAL INSURANCE BROKERS BY REVENUES, 2009[1]

($ millions)

Rank	Company	Brokerage revenues	Country
1	Marsh & McLennan Cos. Inc.[2]	$10,507	U.S.
2	Aon Corp.	7,410	U.S.
3	Willis Group Holdings P.L.C.	3,210	U.K.
4	Arthur J. Gallagher & Co.	1,712	U.S.
5	Wells Fargo Insurance Services Inc.	1,561	U.S.
6	BB&T Insurance Services Inc.	1,081	U.S.
7	Brown & Brown Inc.	965	U.S.
8	Jardine Lloyd Thompson Group P.L.C.	958	U.K.
9	Lockton Cos. L.L.C.	766	U.S.
10	Gras Savoye & Cie.	755	France

[1]Gross revenues generated by insurance brokerage, consulting and related services.
[2]Revenues do not include HSBC Insurance Brokers Ltd., purchased April 2010.

Source: Business Insurance, July 19, 2010.

TOP TEN GLOBAL REINSURANCE BROKERS BY REINSURANCE GROSS REVENUES, 2009[1]

($000)

Rank	Company	Reinsurance gross revenues	Country
1	Aon Benfield	$1,485,000	U.S.
2	Guy Carpenter & Co. L.L.C[2]	911,000	U.S.
3	Willis Re	614,000	U.K.
4	Towers Watson & Co.	166,427	U.S.
5	Cooper Gay Swett & Crawford Ltd.	157,393	U.K.
6	Jardine Lloyd Thompson Group P.L.C.	146,587	U.K.
7	BMS Group	73,488	U.K.
8	UIB Holdings Ltd.	44,321	U.K.
9	Axiom Re Inc.	31,346	U.S.
10	Lockton Cos. International Ltd.	31,037[3]	U.K.

[1]Includes all reinsurance revenue reported through holding and/or subsidary companies.
[2]Includes aviation reinsurance business placed by Marsh Inc.
[3]Fiscal year ending April 30.

Source: Business Insurance, October 25, 2010.

Banks

TOP TEN GLOBAL COMMERCIAL AND SAVINGS BANKS BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues	Country
1	ING Group	$163,204	Netherlands
2	Bank of America Corp.	150,450	U.S.
3	BNP Paribas	130,708	France
4	J.P. Morgan Chase & Co.	115,632	U.S.
5	Citigroup	108,785	U.S.
6	Crédit Agricole	106,538	France
7	Banco Santander	106,345	Spain
8	HSBC Holdings	103,736	U.K.
9	Lloyds Banking Group	102,967	U.K.
10	Wells Fargo	98,636	U.S.

[1]Based on an analysis of companies in the Global Fortune 500.

Source: Fortune.

- Goldman Sachs and Morgan Stanley, which converted from securities firms to bank holding companies in 2008, ranked as number 22 and 37, respectively, on Fortune's list of the world's largest banks in 2009.

World Rankings

Diversified Financial

TOP FIVE GLOBAL DIVERSIFIED FINANCIAL COMPANIES BY REVENUES, 2009[1]

($ millions)

Rank	Company	Revenues	Country
1	General Electric	$156,779	U.S.
2	International Assets Holding	43,604	U.S.
3	Freddie Mac	37,614	U.S.
4	Citic Group	30,605	China
5	Fannie Mae	29,065	U.S.

[1]Based on an analysis of companies in the Global Fortune 500.

Source: Fortune.

Geographic Mobility

The percentage of the U.S. population that moved rose from 11.9 percent in 2008, the lowest rate since the U.S. Census Bureau began tracking these data in 1948, to 12.5 percent in 2009. In 2009, 37.1 million people 1 year and older had changed residences in the U.S. within the past year, up from 35.2 million in 2008.

GENERAL MOBILITY, 1949-2009
(millions)

Mobility period	Total population[1]	Total movers	Moving rate (percent)
1949-1950	147	28	19.1%
2000-2001	276	39	14.2
2001-2002	278	41	14.8
2002-2003	283	40	14.2
2003-2004	284	39	13.7
2004-2005	287	40	13.9
2005-2006	290	40	13.7
2006-2007	293	39	13.2
2007-2008	295	35	11.9
2008-2009	297	37	12.5

[1]People age 1 year old and older.

Source: U.S. Census Bureau.

- Among people who moved in 2009, 13 percent moved to a different state. Most of the movers (85 percent) moved within the same state, with the majority (67 percent) moving within the same county. Almost three percent moved to the U.S. from abroad.
- In 2009 renters were more than five times more likely to move than homeowners. Almost one in three people (29.2 percent) living in renter-occupied housing units lived in a different residence one year earlier. By comparison, the moving rate of people living in owner-occupied housing units was 5.2 percent.
- During the period 2008 to 2009, 40 percent of movers were from the South, 28 percent were from the West, 20 percent were from the Midwest and 12 percent from the Northeast.

MOBILITY BY REGION, 2007-2009
(millions)

	2008-2009		Moving rate (percent)	
Region	Total population[1]	Movers	2007-2008	2008-2009
Northeast	53,537	4,337	8.2%	8.1%
South	109,236	14,941	13.5	13.7
Midwest	64,719	7,536	11.1	11.6
West	69,689	10,290	13.2	14.8

[1]People age 1 year old and older.

Source: U.S. Census Bureau.

Geographic Mobility

PERCENT OF PEOPLE WHO LIVED IN A DIFFERENT STATE ONE YEAR AGO, 2009[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	2.7%	31	Montana	3.2%	17
Alaska	5.9	2	Nebraska	3.0	24
Arizona	3.5	12	Nevada	4.2	5
Arkansas	3.0	24	New Hampshire	2.9	26
California	1.3	50	New Jersey	1.6	46
Colorado	3.7	9	New Mexico	3.3	15
Connecticut	2.3	36	New York	1.4	49
Delaware	4.0	7	North Carolina	3.1	21
D.C.	6.60	1	North Dakota	4.7	4
Florida	2.6	33	Ohio	1.5	48
Georgia	2.9	26	Oklahoma	3.2	17
Hawaii	4.2	5	Oregon	3.4	14
Idaho	3.8	8	Pennsylvania	1.9	42
Illinois	1.6	46	Rhode Island	3.2	17
Indiana	2.1	39	South Carolina	3.2	17
Iowa	2.5	34	South Dakota	3.7	9
Kansas	3.7	9	Tennessee	2.7	31
Kentucky	2.9	26	Texas	2.1	39
Louisiana	2.1	39	Utah	3.3	15
Maine	1.9	42	Vermont	3.1	21
Maryland	3.1	21	Virginia	3.5	12
Massachusetts	2.3	36	Washington	2.9	26
Michigan	1.2	51	West Virginia	2.8	30
Minnesota	1.7	44	Wisconsin	1.7	44
Mississippi	2.3	36	Wyoming	5.8	3
Missouri	2.5	34	**United States**	**2.3%**	

[1]People age 1 year old and older.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

U.S. MIGRATION, BY PLACE OF ORIGIN, 2009

State	Percent of U.S. population who are foreign born		Percent of foreign born population who were born in			
	Percent	Rank[1]	Latin America	Asia	Europe	Other
Alabama	3.1%	44	51.0%	28.3%	12.5%	8.2%
Alaska	7.0	24	23.7	51.6	13.3	11.4
Arizona	14.0	9	69.4	15.0	8.9	6.7
Arkansas	4.2	36	65.5	20.2	9.6	4.7
California	26.9	1	54.8	35.1	6.7	3.4
Colorado	9.7	18	58.0	21.5	13.5	7.0
Connecticut	13.1	11	42.7	21.5	28.1	7.7
Delaware	8.4	21	41.9	31.0	14.6	12.5
D.C.	12.0	15	49.0	17.3	16.9	16.8
Florida	18.8	5	74.8	10.0	10.5	4.7
Georgia	9.4	20	54.6	25.0	10.0	10.4
Hawaii	17.3	6	4.8	78.2	5.5	11.5
Idaho	6.3	26	59.1	15.3	17.1	8.5
Illinois	13.5	10	47.6	25.8	22.7	3.9
Indiana	4.4	35	47.8	27.6	16.4	8.2
Iowa	3.9	38	42.0	33.8	15.2	9.0
Kansas	6.1	28	57.8	26.8	8.8	6.6
Kentucky	3.0	46	40.4	30.7	18.0	10.9
Louisiana	3.4	41	49.5	32.4	10.7	7.4
Maine	3.3	42	8.1	22.6	24.9	44.4
Maryland	12.8	12	37.6	32.8	12.2	17.4
Massachusetts	14.3	8	34.8	27.6	25.9	11.7
Michigan	6.2	27	19.3	45.5	25.0	10.2
Minnesota	6.8	25	29.2	36.3	12.9	21.6
Mississippi	2.0	49	49.5	31.1	12.5	6.9
Missouri	3.6	40	30.1	35.7	23.6	10.6
Montana	2.0	49	16.2	28.1	33.1	22.6
Nebraska	5.9	29	57.4	26.2	5.9	10.5
Nevada	19.2	4	58.7	26.8	8.7	5.8

(table continues)

- In 2009, 12.5 percent of the U.S. population was born outside the United States, with more than half born in Latin America.
- The percentage of the population that speaks Spanish at home ranges from 12 percent nationally to almost 30 percent in Texas, California and New Mexico.

- The Hispanic population is projected to nearly triple from 46.7 million in 2009 to 132.8 million by 2050, according to the U.S. Census. Its share of the nation's total population is projected to double, from 15 percent to 30 percent over the same period.

U.S. MIGRATION, BY PLACE OF ORIGIN, 2009 (Cont'd)

	Percent of U.S. population who are foreign born		Percent of foreign born population who were born in			
State	Percent	Rank[1]	Latin America	Asia	Europe	Other
New Hampshire	5.2%	31	22.9%	29.8%	25.7%	21.6%
New Jersey	20.2	3	45.2	31.1	18.1	5.6
New Mexico	9.8	17	78.3	9.5	7.9	4.3
New York	21.4	2	48.8	26.4	19.2	5.6
North Carolina	7.1	23	57.3	22.2	11.7	8.8
North Dakota	2.4	48	11.5	25.7	16.1	46.7
Ohio	3.8	39	20.5	36.6	27.7	15.2
Oklahoma	5.1	32	60.4	23.4	7.9	8.3
Oregon	9.6	19	48.0	27.7	16.4	7.9
Pennsylvania	5.5	30	26.9	36.4	26.4	10.3
Rhode Island	12.7	13	43.4	16.6	23.6	16.4
South Carolina	4.5	33	52.3	24.1	16.6	7.0
South Dakota	2.7	47	22.4	31.4	23.2	23.0
Tennessee	4.2	36	46.9	29.6	12.0	11.5
Texas	16.1	7	73.4	17.6	4.6	4.4
Utah	7.8	22	59.6	18.5	11.1	10.8
Vermont	3.3	42	6.1	24.3	38.7	30.9
Virginia	10.2	16	35.7	41.4	11.7	11.2
Washington	12.2	14	30.2	39.0	18.4	12.4
West Virginia	1.3	51	19.8	51.6	16.5	12.1
Wisconsin	4.5	33	41.2	31.2	20.3	7.3
Wyoming	3.1	44	59.0	16.4	13.2	11.4
United States	**12.5%**		**53.1%**	**27.7%**	**12.7%**	**6.5%**

[1]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

FASTEST GROWING METROPOLITAN STATISTICAL AREAS, 2000-2009

Rank	Metropolitan statistical area	Population growth	Rank	Metropolitan statistical area	Population growth
1	Dallas-Fort Worth-Arlington, TX	1,286,078	6	New York-Northern New Jersey-Long Island, NY-NJ-PA	746,357
2	Atlanta-Sandy Springs-Marietta, GA	1,227,192	7	Washington-Arlington-Alexandria, DC-VA-MD-WV	680,167
3	Houston-Sugar Land-Baytown, TX	1,152,072	8	Miami-Fort Lauderdale-Pompano Beach, FL	539,059
4	Phoenix-Mesa-Scottsdale, AZ	1,112,206	9	Las Vegas-Paradise, NV	527,096
5	Riverside-San Bernardino-Ontario, CA	888,296	10	Los Angeles-Long Beach-Santa Ana, CA	509,169

Source: U.S. Census Bureau.

Income and Expenses

The poverty rate rose from 13.2 percent in 2008 to 14.3 percent in 2009, the second statistically significant annual increase since 2004, according to a 2010 U.S. Census report. Real median income was $49,777 in 2009, not statistically different from the 2008 median. There were 43.6 million people living in poverty in 2009, up from 39.8 million in 2008. The 2009 increase was the third consecutive annual increase.

INCOME BY REGION, 2008-2009

	2008		2009		
	Number of households (000)	Median income[1]	Number of households (000)	Median income[1]	Percentage change in median income
All households	**117,181**	**$50,112**	**117,538**	**$49,777**	**-0.7%**
By region					
Northeast	21,309	54,140	21,479	53,073	-2.0
Midwest	26,282	49,922	26,390	48,877	-2.1
South	43,423	45,417	43,611	45,615	0.4
West	26,166	54,876	26,058	53,833	-1.9

[1]Income before deductions for taxes and other expenses; does not include lump sum payments or capital gains. Expressed in 2009 dollars.

Source: U.S. Census Bureau.

Income and Expenses

HOUSEHOLD INCOME BY STATE, 2009[1]

- In 2009 household incomes were highest in Maryland, followed by New Jersey and Connecticut.
- Mississippi had the lowest median household income, followed by West Virginia and Arkansas.

State	Median income	Rank	State	Median income	Rank
Alabama	$40,489	47	Montana	$42,322	44
Alaska	66,953	4	Nebraska	47,357	31
Arizona	48,745	24	Nevada	53,341	19
Arkansas	37,823	49	New Hampshire	60,567	7
California	58,931	10	New Jersey	68,342	2
Colorado	55,430	14	New Mexico	43,028	41
Connecticut	67,034	3	New York	54,659	16
Delaware	56,860	11	North Carolina	43,674	40
D.C.	59,290	9	North Dakota	47,827	28
Florida	44,736	39	Ohio	45,395	34
Georgia	47,590	30	Oklahoma	41,664	46
Hawaii	64,098	5	Oregon	48,457	25
Idaho	44,926	38	Pennsylvania	49,520	23
Illinois	53,966	18	Rhode Island	54,119	17
Indiana	45,424	33	South Carolina	42,442	43
Iowa	48,044	27	South Dakota	45,043	37
Kansas	47,817	29	Tennessee	41,725	45
Kentucky	40,072	48	Texas	48,259	26
Louisiana	42,492	42	Utah	55,117	15
Maine	45,734	32	Vermont	51,618	21
Maryland	69,272	1	Virginia	59,330	8
Massachusetts	64,081	6	Washington	56,548	12
Michigan	45,255	35	West Virginia	37,435	50
Minnesota	55,616	13	Wisconsin	49,993	22
Mississippi	36,646	51	Wyoming	52,664	20
Missouri	45,229	36	**United States**	**$50,221**	

[1]In 2009 inflation-adjusted dollars.

Source: U.S. Census Bureau.

HOUSEHOLD INCOME SPENT ON HOME OWNERSHIP COSTS, 2009[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	29.5%	38	Montana	34.7%	26
Alaska	32.8	32	Nebraska	25.4	47
Arizona	40.9	9	Nevada	47.1	4
Arkansas	27.1	43	New Hampshire	41.1	8
California	52.2	1	New Jersey	46.8	5
Colorado	35.7	24	New Mexico	34.2	28
Connecticut	40.5	12	New York	40.9	9
Delaware	36.0	21	North Carolina	32.3	34
D.C.	38.9	14	North Dakota	21.3	51
Florida	49.2	2	Ohio	31.1	37
Georgia	35.9	23	Oklahoma	25.8	45
Hawaii	49.2	2	Oregon	41.5	7
Idaho	36.6	18	Pennsylvania	32.6	33
Illinois	38.2	16	Rhode Island	43.3	6
Indiana	27.4	42	South Carolina	32.1	35
Iowa	23.3	50	South Dakota	25.6	46
Kansas	25.2	48	Tennessee	32.9	31
Kentucky	27.9	41	Texas	31.2	36
Louisiana	28.6	40	Utah	35.4	25
Maine	36.3	20	Vermont	38.1	17
Maryland	38.5	15	Virginia	36.0	21
Massachusetts	40.0	13	Washington	40.9	9
Michigan	36.6	18	West Virginia	24.2	49
Minnesota	33.6	29	Wisconsin	34.5	27
Mississippi	33.1	30	Wyoming	26.7	44
Missouri	29.1	39	**United States**	**37.5%**	

[1]Homeowner costs as a percent of household income. Based on mortgaged owner-occupied housing units spending 30 percent or more of household income on selected owner costs such as all mortgage payments (first mortgage, home equity loans, etc.), real estate taxes, property insurance, utilities, fuel and condominium fees if applicable.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

- In 2009 home ownership costs as a percentage of income were highest in California, followed by Hawaii and Florida, which were tied for second place.
- Homeownership costs were lowest in North Dakota, followed by Iowa and West Virginia.

- In 2009 median housing values were highest in Hawaii, followed by the District of Columbia and California.
- Median housing values were lowest in West Virginia, followed by Mississippi and Arkansas.

MEDIAN HOUSING VALUE BY STATE, 2009[1]

State	Median value	Rank[2]	State	Median value	Rank[2]
Alabama	$119,600	45	Montana	$176,300	26
Alaska	232,900	16	Nebraska	123,300	42
Arizona	187,700	22	Nevada	207,600	19
Arkansas	102,900	49	New Hampshire	249,700	13
California	384,200	3	New Jersey	348,300	4
Colorado	237,800	15	New Mexico	160,900	31
Connecticut	291,200	8	New York	306,000	7
Delaware	249,400	14	North Carolina	155,500	32
D.C.	443,700	2	North Dakota	116,800	47
Florida	182,400	24	Ohio	134,600	37
Georgia	162,800	30	Oklahoma	107,700	48
Hawaii	517,600	1	Oregon	257,400	11
Idaho	171,700	27	Pennsylvania	164,700	29
Illinois	202,200	20	Rhode Island	267,100	10
Indiana	123,100	43	South Carolina	137,500	34
Iowa	122,000	44	South Dakota	126,200	39
Kansas	125,500	41	Tennessee	137,300	35
Kentucky	117,800	46	Texas	125,800	40
Louisiana	135,400	36	Utah	224,700	17
Maine	177,500	25	Vermont	216,300	18
Maryland	318,600	6	Virginia	252,600	12
Massachusetts	338,500	5	Washington	287,200	9
Michigan	132,200	38	West Virginia	94,500	51
Minnesota	200,400	21	Wisconsin	170,800	28
Mississippi	98,000	50	Wyoming	184,000	23
Missouri	139,700	33	**United States**	**$185,200**	

[1]Owner-occupied housing units.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

PERCENT OF OCCUPIED HOUSING UNITS THAT ARE OWNER OCCUPIED, 2009

State	Percent	Rank[1]	State	Percent	Rank[1]
Alabama	69.6%	15	Montana	69.2%	18
Alaska	65.2	41	Nebraska	67.2	32
Arizona	67.1	35	Nevada	59.3	47
Arkansas	66.0	39	New Hampshire	72.5	6
California	56.6	49	New Jersey	66.1	38
Colorado	67.0	36	New Mexico	69.3	17
Connecticut	68.8	22	New York	55.0	50
Delaware	73.6	2	North Carolina	67.2	32
D.C.	44.8	51	North Dakota	66.0	39
Florida	68.5	25	Ohio	68.0	27
Georgia	67.0	36	Oklahoma	67.2	32
Hawaii	56.7	48	Oregon	63.1	46
Idaho	71.5	8	Pennsylvania	70.5	12
Illinois	68.0	27	Rhode Island	63.4	45
Indiana	70.4	13	South Carolina	70.1	14
Iowa	72.1	7	South Dakota	67.9	29
Kansas	67.8	31	Tennessee	69.2	18
Kentucky	68.6	23	Texas	63.7	44
Louisiana	67.9	29	Utah	71.5	8
Maine	72.7	5	Vermont	71.3	10
Maryland	68.6	23	Virginia	68.1	26
Massachusetts	64.2	43	Washington	64.3	42
Michigan	73.2	4	West Virginia	73.6	2
Minnesota	73.7	1	Wisconsin	69.0	21
Mississippi	69.5	16	Wyoming	70.9	11
Missouri	69.1	20	**United States**	**65.9%**	

[1]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

- In 2009 Minnesota, Delaware, West Virginia and Michigan had the highest percentage of owner-occupied housing units.
- The District of Columbia had the lowest percentage of owner-occupied units, followed by New York, California, Hawaii and Nevada.

- Nationwide, 47.7 percent of renters spent at least 30 percent of their household income on rent and utilities in 2009.
- In 2009 housing costs as a percentage of income were lowest for renters in Wyoming, followed by South Dakota, Alaska, North Dakota and Montana.
- Florida renters had the highest housing costs as a percentage of income, followed by California, Hawaii, Michigan and Delaware.

HOUSEHOLD INCOME SPENT ON RENT AND UTILITIES, 2009[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	44.2%	34	Montana	38.2%	47
Alaska	36.6	49	Nebraska	39.1	46
Arizona	48.0	13	Nevada	49.9	5
Arkansas	42.8	39	New Hampshire	45.8	24
California	52.8	2	New Jersey	49.9	5
Colorado	49.3	9	New Mexico	42.2	40
Connecticut	49.4	8	New York	48.8	11
Delaware	49.9	5	North Carolina	45.6	26
D.C.	46.7	20	North Dakota	36.7	48
Florida	55.9	1	Ohio	46.0	23
Georgia	47.6	14	Oklahoma	41.4	43
Hawaii	52.3	3	Oregon	48.5	12
Idaho	44.0	37	Pennsylvania	44.2	34
Illinois	47.4	15	Rhode Island	46.9	18
Indiana	45.3	30	South Carolina	44.9	32
Iowa	40.2	45	South Dakota	36.2	50
Kansas	41.9	41	Tennessee	45.5	28
Kentucky	41.7	42	Texas	45.5	28
Louisiana	44.3	33	Utah	45.8	24
Maine	46.5	21	Vermont	47.2	17
Maryland	49.2	10	Virginia	45.6	26
Massachusetts	46.3	22	Washington	47.3	16
Michigan	51.6	4	West Virginia	40.5	44
Minnesota	46.8	19	Wisconsin	45.3	30
Mississippi	44.1	36	Wyoming	32.8	51
Missouri	43.1	38	**United States**	**47.7%**	

[1]Based on renter-occupied units spending 30 percent or more on rent and utilities such as electric, gas, water and sewer, and fuel (oil, coal, etc.) if paid by the renter.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

PERCENT OF PEOPLE WITHOUT HEALTH INSURANCE BY STATE, 2007-2009 AVERAGE[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	13.6%	26	Montana	15.7%	17
Alaska	18.6	7	Nebraska	12.2	35
Arizona	19.1	4	Nevada	18.9	5
Arkansas	17.7	11	New Hampshire	10.4	43
California	18.9	5	New Jersey	15.2	19
Colorado	15.9	16	New Mexico	22.6	2
Connecticut	10.5	42	New York	14.0	24
D.C.	10.6	41	North Carolina	16.6	13
Delaware	11.8	38	North Dakota	10.8	40
Florida	20.9	3	Ohio	12.5	33
Georgia	18.6	7	Oklahoma	16.6	13
Hawaii	7.8	50	Oregon	16.9	12
Idaho	14.9	20	Pennsylvania	10.3	44
Illinois	13.7	25	Rhode Island	11.6	39
Indiana	12.6	32	South Carolina	16.4	15
Iowa	10.0	46	South Dakota	12.0	37
Kansas	12.7	31	Tennessee	14.9	20
Kentucky	15.3	18	Texas	25.5	1
Louisiana	18.2	9	Utah	13.6	26
Maine	9.8	47	Vermont	10.1	45
Maryland	13.2	30	Virginia	13.4	29
Massachusetts	5.1	51	Washington	12.2	35
Michigan	12.4	34	West Virginia	14.4	22
Minnesota	8.6	49	Wisconsin	9.1	48
Mississippi	18.1	10	Wyoming	14.3	23
Missouri	13.5	28	**United States**	**15.8%**	

[1]Includes private coverage from an employer or purchased by an individual and government coverage including Medicare, Medicaid, military healthcare, the State Children's Health Insurance Program and individual state health plans. People were considered insured if they were covered by any coverage for part or all of the previous calendar year.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

- Texas, followed by New Mexico and Florida, had the highest percentages of people without health insurance during the period 2007-2009.
- Massachusetts and Hawaii had the lowest percentage of people without health insurance, followed by Minnesota.

Aging

- Florida, followed by West Virginia and Maine, had the highest percentage of people 65 or older in 2009.
- Alaska had the lowest percentage of people over 65, followed by Utah and Texas.

PERCENT OF THE TOTAL POPULATION WHO ARE 65 YEARS AND OVER, 2009

State	Percent	Rank[1]	State	Percent	Rank[1]
Alabama	13.8%	16	Montana	14.6%	7
Alaska	7.6	51	Nebraska	13.4	25
Arizona	13.1	30	Nevada	11.6	45
Arkansas	14.3	11	New Hampshire	13.5	20
California	11.2	46	New Jersey	13.5	20
Colorado	10.6	47	New Mexico	13.0	31
Connecticut	13.9	14	New York	13.4	25
Delaware	14.3	11	North Carolina	12.7	35
D.C.	11.7	44	North Dakota	14.7	6
Florida	17.2	1	Ohio	13.9	14
Georgia	10.3	48	Oklahoma	13.5	20
Hawaii	14.5	8	Oregon	13.5	20
Idaho	12.1	42	Pennsylvania	15.4	4
Illinois	12.4	37	Rhode Island	14.3	11
Indiana	12.9	33	South Carolina	13.7	17
Iowa	14.8	5	South Dakota	14.5	8
Kansas	13.0	31	Tennessee	13.4	25
Kentucky	13.2	29	Texas	10.2	49
Louisiana	12.3	38	Utah	9.0	50
Maine	15.6	3	Vermont	14.5	8
Maryland	12.2	40	Virginia	12.2	40
Massachusetts	13.6	19	Washington	12.1	42
Michigan	13.4	25	West Virginia	15.8	2
Minnesota	12.7	35	Wisconsin	13.5	20
Mississippi	12.8	34	Wyoming	12.3	38
Missouri	13.7	17	**United States**	**12.9%**	

[1]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

On July 21, 2010 President Obama signed into law a sweeping overhaul of how financial services are regulated in the United States. The law has significant implications for all the sectors of the financial services industry. A summary of the law's titles (i.e. sections) is below.

TITLE I: Financial Stability

Creates the Financial Stability Oversight Council and the Office of Financial Research, imposes heightened federal regulation on large bank holding companies and "systemically risky" nonbank financial companies.

TITLE II: Orderly Liquidation Authority

Establishes a liquidation fund supported by future assessments on large banks and requires submission of "living wills" detailing how to unwind failing nonbank financial companies.

TITLE III: Transfer of Powers to the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve.

One year after enactment the Office of Thrift Supervision (OTS) will transfer its functions as follows:

- Savings and loan holding companies: To be regulated by the Federal Reserve Board of Governors.
- Federal savings associations: To be regulated by the OCC.
- State savings associations: To be regulated by the FDIC

TITLE IV: Regulation of Advisors to Hedge Funds and Others

Requires registration and recordkeeping requirements for private advisers, with limited exemptions.

TITLE V: Insurance

Establishes the Federal Insurance Office (while maintaining state regulation of insurance) within the Department of Treasury, headed by a Director appointed by the Secretary of Treasury.

- Office Functions: The office will handle all insurance (with the exception of health insurance) and will have authority to monitor the insurance industry, identify regulatory gaps or systemic risk, deal with international insurance matters and monitor the extent to which underserved communities have access to affordable insurance products (except health insurance).
- Financial Stability Oversight Council (FSOC) Recommendations: May make recommendations to the FSOC on whether an insurer (including reinsurers) poses a systemic risk under Title I and should therefore be placed under the supervision of the Federal Reserve.

- New Authority to Negotiate and Enforce Narrow International Agreements on Insurance: The Office has the authority to jointly enter into agreements, with the U.S. Trade Representative, which cover prudential measures related to the business of insurance and reinsurance. In doing so, the Office has limited preemption authority over state law in cases where it is determined that the state law is inconsistent with a negotiated international agreement and treats a non-U.S. insurer less favorably than a U.S. insurer. The power of preemption is further limited by a savings clause, which states that the Office has no authority to preempt state laws on insurer's rates, premiums, underwriting, sales practices, capital, solvency or state antitrust laws.
- The Federal Insurance Office Reporting: Annual Reports to the President and Senate Banking Committee are expected of the Office.
- Insurance Study: A study must be completed on how to improve insurance regulation in the United States, including state insurance, due no more than 18 months after enactment.

An amendment to the Act stipulates that equity indexed annuities will continue to be regulated by state insurance commissioners.

TITLE VI: Improvement to Regulation of Bank and Savings Association Holding Companies and Depository Institutions

Expands the authority of the Federal Reserve to regulate subsidiaries of bank holding companies, sets a 10 percent concentration limit for bank mergers and creates the "Volcker Rule," prohibiting banks from proprietary trading, with notable exceptions.

TITLE VII: Wall Street Transparency and Accountability

Introduces significant requirements for derivatives, including mandatory clearing of nonexempt OTC derivatives and limitations on bank involvement in derivative activities.

TITLE VIII: Payment, Clearing and Settlement Supervision

Authorizes the Financial Stability Oversight Council to designate financial market utilities or payment, clearing and settlement activities as systemically important.

TITLE IX: Investor Protection and Improvements to the Regulation of Securities

Imposes risk retention requirements, corporate governance standards, executive compensation requirements and a study on broker-dealer fiduciary duties.

TITLE X: Bureau of Consumer Financial Protection

Establishes the Consumer Financial Protection Bureau, with consumer regulatory authorities consolidated from other banking agencies. Also introduces interchange fee restrictions for debit card payments. The bureau is located in, but is autonomous from, the Federal Reserve.

TITLE XI: Federal Reserve System Provisions

Restricts the Federal Reserve's emergency lending powers and debt guarantees while further authorizing a one time Government Accountability Office-conducted audit of the Fed.

TITLE XII: Improving Access to Mainstream Financial Intuitions

Encourages initiatives to provide financial products and services for Americans with low and moderate incomes.

TITLE XIII: Pay it Back Act

Reduces the TARP spending authority, limiting any future purchase of troubled assets to amounts collected through the Pay It Back Act, and further directs that all amounts collected from the subsequent sale of such assets be directed towards deficit reduction.

TITLE XIV: Mortgage Reform and Anti-Predatory Lending Act

Provides consumer protection through reform on mortgage issuance, mortgage related fees and various mortgage practices.

TITLE XV: Miscellaneous Provisions

Addresses bailouts of foreign governments.

Source: The Financial Services Roundtable and the Insurance Information Institute.

Appendices

Brief History

YEAR	EVENT
1601	First insurance legislation in the U.K. enacted. Modern insurance has its root in this law concerning coverages for merchandise and ships.
1735	Friendly Society, first insurance company in the U.S., established in Charleston, S.C. The mutual insurer went out of business in 1740.
1759	First life insurance company, established in Philadelphia by the Synod of the Presbyterian Church.
1762	Equitable Life Assurance founded. Was the world's oldest mutual insurer until it failed in 2001.
1782	Pennsylvania chartered first bank in the U.S.
1790	The federal government refinanced all federal and state Revolutionary War debt, issuing $80 million in bonds. These became the first major issues of publicly traded securities, marking the birth of the U.S. investment markets.
1791	Secretary of the Treasury, Alexander Hamilton, established First Bank of the United States.
1792	Insurance Company of North America, first stock insurance company, established.
	The Buttonwood Agreement, pact between 24 brokers and merchants to trade securities on a common commission basis, marked the origins of the New York Stock Exchange. Bank of America was first listed stock.
1809	Rhode Island was the scene of first bank failure.
1849	New York passed first general insurance law in the U.S.
1850	Franklin Health Assurance Company of Massachusetts offered first accident and health insurance.
1863	Office of the Comptroller of the Currency established in the U.S. Treasury Department. Authorized to charter banks and issue national currency.
1875	American Express established first pension plan in the U.S.
1880	First corporate surety company established.
1890	First policies providing benefits for disabilities from specific diseases offered.
1898	Travelers Insurance Company issued first automobile insurance policy in the U.S.
1909	St. Mary's Cooperative, first U.S. credit union, formed in New Hampshire.
	Massachusetts passed first state credit union law.
1911	Group life insurance for employees introduced.
1913	Federal Reserve established to replace J.P. Morgan as lender of last resort.
1916	National Bank Act, limiting bank insurance sales, except in small towns, passed.
1920	Financial options introduced.
1924	First mutual funds established in Boston.
1929	Stock market crash. Nearly 10,000 U.S. banks failed.

YEAR	EVENT
1932	Federal Home Loan Bank Act established Federal Home Loan Bank System to act as central credit system for savings and loans institutions.
1933	Glass-Steagall Act, separating banking and securities industries, passed by Congress.
	Federal Deposit Insurance Corporation, guaranteeing accounts up to $2,500, opened.
	Securities Act of 1933 passed. Regulated registration and offering of new securities, including mutual funds, to the public.
1934	Securities Exchange Act passed. Authorized Securities and Exchange Commission to provide for fair and equitable securities markets.
	Federal Savings and Loan Insurance Corporation established by Congress to insure savings and loans deposits. Replaced by Savings Association Insurance Fund in 1989.
	Federal Credit Union Act of 1934 authorized establishment of federally chartered credit unions in all states.
1936	Revenue Act of 1936 established tax treatment of mutual funds.
1940	Investment Company Act set structure and regulatory framework for modern mutual fund industry.
1944	National Association of Investment Companies, predecessor to the Investment Company Institute, formed and began collecting statistics.
1950	First package policies for homeowners insurance introduced.
1955	First U.S.-based international mutual fund introduced.
1956	Bank Holding Company (BHC) Act, putting multiple bank holding companies under federal supervision, passed. Stipulates that nonbanking activities of BHCs must be “closely related to the business of banking.”
1960	Bank Merger Acts of 1960 and 1966 set standards for mergers and placed them under federal authority.
1961	Banking industry introduced fixed-rate certificates of deposit.
1962	Keogh plans, providing savings opportunities for self-employed individuals, introduced under the Self Employed Individuals Tax Retirement Act.
1968	Mortgage insurance introduced.
	Federal flood insurance program established with the passage of the National Flood Insurance Act. It enables property owners in communities that participate in flood reduction plans to purchase insurance against flood losses.
1970	U.S. government introduced mortgage-related securities to increase liquidity.
	National Credit Union Administration created to charter and supervise federal credit unions.
	National Credit Union Share Insurance Fund created by Congress to insure members’ deposits in credit unions up to the $100,000 federal limit. Administered by the National Credit Union Administration.

Appendices

Brief History

YEAR	EVENT
1971	Municipal bonds insured for first time in arrangement between American Municipal Bond Assurance Corporation (predecessor to Ambac Assurance Corporation) and Borough Medical Arts Building in Alaska.
	NASDAQ, the first electronic stock market, was introduced by NASD, then known as the National Association of Securities Dealers. NASDAQ was spun off in 2000.
1972	Money market mutual funds introduced.
1974	Automated teller machines (ATMs) widely introduced.
	Employee Retirement Income Security Act (ERISA) set minimum standards for pension plans in private industry; established the federal Pension Benefit Guaranty Corporation to protect pension benefits.
1975	SEC deregulated broker commissions by eliminating fixed commissions brokers charged for all securities transactions.
1976	First individual variable life insurance policy issued.
1977	Banking industry introduced variable rate certificates of deposit.
	Community Reinvestment Act passed to encourage banks to meet credit needs of their local communities.
1978	International Banking Act limited the extent to which foreign banks could engage in securities activities in the U.S.
1979	Congress created the Central Liquidity Facility, credit union lender of last resort.
1980	Depository Institutions Deregulation and Monetary Control Act provided universal requirements for all financial institutions, marking first step toward removing restrictions on competition for deposits.
	The Office of the Comptroller of the Currency and the Federal Reserve authorized banks to establish securities subsidiaries to combine the sale of securities with investment advisory services.
1982	Garn-St. Germain Depository Institutions Act authorized money market accounts and expanded thrifts' lending powers.
	Stock market futures contracts introduced.
1983	Federal government introduced collateralized mortgage obligations.
	Bank of America bought discount securities broker, Charles Schwab. Schwab reacquired the discounter in 1987.
1987	Federal Reserve ruling interpreting Section 20 of Glass-Steagall as permitting separately capitalized affiliates of commercial bank holding companies to engage in a variety of securities activities on a limited basis.
1989	Financial Institutions Reform, Recovery and Enforcement Act established, providing government funds to insolvent savings and loan institutions (S&Ls) from the Resolution Trust Corporation and incorporating sweeping changes in the examination and supervision of S&Ls.
	Savings Association Insurance Fund, deposit insurance fund operated by the FDIC, established.
1990	J.P. Morgan permitted to underwrite securities.
1992	European Union's Third Non-Life Insurance Directive became effective, establishing a single European market for insurance.

YEAR	EVENT
1994	Riegle-Neal Interstate Banking and Branching Efficiency Act allowed bank holding companies to acquire banks in any state and, as of June 1, 1997, to branch across state lines.
1995	U.S. Supreme Court ruled in NationsBank vs. Variable Annuity Life Insurance Company that annuities are not a form of insurance under the National Bank Act, thus allowing national banks to sell annuities without limitation.
	Private Securities Litigation Reform Act of 1995 enacted to reduce the number of frivolous securities fraud lawsuits filed.
1996	Barnett Bank U.S. Supreme Court decision allowed banks to sell insurance nationwide.
1996	Section 20 of Glass-Steagall amended to allow commercial bank affiliates to underwrite up to 25 percent of revenue in previously ineligible securities of corporate equity or debt.
1997	The Financial Services Agreement of the General Agreement on Trade in Services provided framework to reduce or eliminate barriers that prevent financial services from being freely provided across national borders, or that discriminate against foreign-owned firms.
1998	Citibank and Travelers merged to form Citigroup, a firm engaged in all major financial services sectors.
1999	Gramm-Leach-Bliley Financial Services Modernization Act allowed banks, insurance companies and securities firms to affiliate and sell each other's products.
2001	U.S. House of Representatives Banking Committee renamed itself the Financial Services Committee.
2002	JPMorgan Chase introduced an annuity, becoming one of the first banking companies to underwrite an insurance product under the Gramm-Leach-Bliley Act.
	Sarbanes-Oxley Act enacted to increase the accountability of the boards of publicly held companies to their shareholders. Strengthened the oversight of corporations and their accounting firms.
	President Bush signed the Terrorism Risk Insurance Act (TRIA), whereby private insurers and the federal government share the risk of future losses from terrorism for a limited period.
2003	State regulators and the Securities and Exchange Commission (SEC) launched investigations into late trading and market timing in the mutual funds and variable annuities industries.
	Fair and Accurate Credit Transaction Act (FCRA) enacted to provide uniform rules for banks, insurers and others who use credit information, and to provide credit fraud and identity theft protections.
2004	New York Attorney General Eliot Spitzer, the Securities and Exchange Commission, and a number of state regulators launched investigations into insurance industry sales and accounting practices.
2005	Federal Bankruptcy Prevention and Consumer Protection Act was enacted to tighten rules for personal bankruptcy.
	Citigroup sold off its Travelers' life insurance unit, following the spin off of its property/casualty business in 2002. This dissolved the arrangement that led to the passage of the Gramm-Leach-Bliley Act in 1999.

Appendices

Brief History

YEAR	EVENT
2006	President Bush signed the Federal Deposit Insurance Reform Conforming Amendments Act of 2005, which merges the Bank Insurance Fund and the Savings Association Insurance Fund into the new Deposit Insurance Fund, increases the deposit insurance limit for certain retirement accounts from $100,000 to $250,000, and indexes that limit to inflation.
	Congress passed landmark pension reform legislation to close funding shortfalls in the nation's defined benefit system. The act also provides tax incentives for workers to enroll in individual retirement accounts, secures the legality of cash balance pension plans and permits automatic enrollment in employer-sponsored defined contribution pension plans such as 401(k)s.
	Massachusetts passed a mandatory universal health insurance law.
	NASD and the New York Stock Exchange formed the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization to serve as the single regulator for all securities firms doing business in the U.S.
2008	Washington Mutual was taken over by JPMorgan Chase after it was shut down by federal regulators, marking the largest failure in banking history.
	The federal government took over Fannie Mae and Freddie Mac and assumed a 80 percent ownership in American International Group, reflecting widespread turmoil in financial markets.
	Securities giant Lehman Brothers failed, marking the largest bankruptcy in U.S. history. Two other major securities firms, Goldman Sachs and Morgan Stanley, got federal approval to convert to bank holding companies.
	The Emergency Economic Stabilization Act, a $700 billion rescue plan for the U.S. financial services industry, was enacted. The act established the Trouble Asset Relief Program (TARP), which authorized the U.S. government to purchase assets and equity from qualifying financial institutions.
2009	American Recovery and Reinvestment Act, a $787 billion stimulus program to shore up the nation's economy was enacted.
	The Financial Stability Plan was implemented by the U.S. Treasury to promote economic recovery.
2010	Dodd-Frank Wall Street Reform and Consumer Protection Act, landmark regulatory overhaul of the financial services industry, was signed into law.
	New federal rules providing consumer protections related to credit cards were enacted.
	President Obama signed the Patient Protection and Affordable Care Act, requiring most U.S. citizens to have health insurance.

Advantage Group Associates, Inc. • 215 SE Wildflower Court, Pleasant Hill, IA 50327. Tel. 515-262-2623. www.annuityspecs.com — A third-party market research firm that tracks indexed annuity and indexed life products, carriers and sales.

A.M. Best Company, Inc. • Ambest Rd., Oldwick, NJ 08858. Tel. 908-439-2200. www.ambest.com — Rating organization and publisher of books and periodicals relating to the insurance industry.

America's Health Insurance Plans • 601 Pennsylvania Ave., NW, South Building, Suite 500, Washington, DC 20004. Tel. 202-778-3200. Fax. 202-331-7487. www.ahip.org — National trade association representing health insurance plans providing medical, long-term care, disability income, dental supplemental, stop-gap and reinsurance coverage.

American Bankers Association • 1120 Connecticut Ave., NW, Washington, DC 20036. Tel. 800-BANKERS. Fax. 202-828-4540. www.aba.com — Represents banks of all sizes on issues of national importance for financial institutions and their customers. Brings together all categories of banking institutions, including community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks.

American Bankers Insurance Association • 1120 Connecticut Ave., NW, Washington, DC 20036. Tel. 202-663-5163. Fax. 202-828-4546. www.theabia.com — A separately chartered affiliate of the American Bankers Association. A full service association for bank insurance interests dedicated to furthering the policy and business objectives of banks in insurance.

The American College • 270 S. Bryn Mawr, PA 19010. Tel. 610-526-1000. Fax. 610-526-1465. www.theamericancollege.edu — An independent, accredited, nonprofit educational institution that provides graduate and professional education, primarily on a distance learning basis, to people pursuing career growth in the field of financial services.

American Council of Life Insurers • 101 Constitution Ave, NW Ave., Suite 700, Washington, DC 20001-2133. Tel. 202-624-2000. www.acli.com — Trade association responsible for the public affairs, government, legislative and research aspects of the life insurance business.

American Financial Services Association • 115 S. LaSalle St., Suite 3300, Chicago, IL 60603-3801. Tel. 800-224-0900. Fax. 312-683-2373. www.americanfinsvcs.com — The national trade association for market funded providers of financial services to consumers and small businesses.

American Insurance Association • 1130 Connecticut Ave., Suite 1000, NW, Washington, DC 20036. Tel. 202-828-7100. Fax. 202-293-1219. www.aiadc.org — Trade and service organization for property/casualty insurance companies. Provides a forum for the discussion of problems and provides safety, promotional and legislative services.

Association of Financial Guaranty Insurers • Mackin & Company, 139 Lancaster St., Albany, NY, 12210-1903. Tel. 518-449-4698. Fax. 518-432-5651. www.afgi.org — Trade association of the insurers and reinsurers of municipal bonds and asset-backed securities.

Financial Services Organizations

Bank Administration Institute • One N. Franklin, Suite 1000, Chicago, IL 60606-3421. Tel. 888-284-4078. Fax. 800-375-5543. www.bai.org — A professional organization devoted exclusively to improving the performance of financial services companies through strategic research and information, education and training.

Bank for International Settlements • CH-4002, Basel, Centralbahnplatz 2, Basel, Switzerland. Tel. 41-61-280-8080. Fax. 41-61-280-9100. www.bis.org — An international organization which fosters cooperation among central banks and other agencies in pursuit of monetary and financial stability.

Bank Insurance & Securities Association • 303 West Lancaster Ave., Suite 2D, Wayne, PA 19087. Tel. 610-989-9047. Fax. 610-989-9102. www.bisanet.org — Fosters the full integration of securities and insurance businesses with depository institutions' traditional banking businesses. Participants include executives from the securities, insurance, investment advisory, trust, private banking, retail, capital markets and commercial divisions of depository institutions.

Bank Insurance Market Research Group • 154 E. Boston Post Rd., Mamaroneck, NY 10543. Tel. 914-381-7475. www.singerpubs.com — Provides market research and investment sales data to the bank and insurance industries, based on surveys of depository and insurance entities augmented by analysis of government data.

Certified Financial Planner Board of Standards, Inc. • 1425 K Street, NW, Suite 500, Washington, DC 20005. Tel. 202-379-2200. Fax. 202-379-2299. www.cfp.net — Group whose mission is to create awareness of the importance of financial planning and the value of the financial planning process and to help underserved populations gain access to competent and ethical financial planning.

CFA Institute • 560 Ray C. Hunt Dr., Charlottesville, VA 22903-2981. Tel. 800-247-8132. Fax. 434-951-5262. www.cfainstitute.org — Global membership organization that awards the CFA designation, the institute leads the investment industry by setting standards of ethics and professional excellence and advocating fair and transparent capital markets.

College Savings Plans Network • PO Box 11910, Lexington, KY 40578-1910. Tel. 859-244-8175. Fax. 859-244-8053. www.collegesavings.org — An affiliate of the National Association of State Treasurers. The Network serves as a clearinghouse for information on college savings programs.

Commercial Finance Association • 370 7th Ave., Suite 1801, New York, NY 10001. Tel. 212-793-9390. Fax. 212-564-6053. www.cfa.com — The trade group of the asset-based financial services industry, with members throughout the U.S., Canada and around the world.

The Committee of Annuity Insurers • c/o Davis & Harman LLP, 1455 Pennsylvania Ave., NW, Suite 1200, Washington, DC 20004. Tel. 202-347-2230. Fax. 202-393-3310. www.annuity-insurers.org — Group whose goal is to address federal legislative and regulatory issues relevant to the annuity industry and to participate in the development of federal tax and securities policies regarding annuities.

Commodity Futures Trading Commission • Three Lafayette Centre, 1155 21st St., NW, Washington, DC 20581. Tel. 202-418-5000. Fax. 202-418-5521. www.cftc.gov — Independent agency created by Congress to protect market participants against manipulation, abusive trade practices and fraud.

Conference of State Bank Supervisors • 1155 Connecticut Ave., NW, 5th Fl., Washington, DC 20036-4306. Tel. 202-296-2840. Fax. 202-296-1928. www.csbs.org — National organization that advocates on behalf of the nation's state banking system.

Conning Research and Consulting Inc. • One Financial Plaza, Hartford, CT 06103-2627. Tel. 860-299-2000. www.conningresearch.com — Research and consulting firm that offers an array of specialty information products, insights and analyses of key issues confronting the insurance industry.

Consumer Bankers Association • 1000 Wilson Blvd., Suite 2500, Arlington, VA 22209-3912. Tel. 703-276-1750.Fax. 703-528-1290. www.cbanet.org — This group represents retail banking issues in the nation's capital.

The DMA Financial Services Council • 1120 Avenue of the Americas, New York, NY 10036-6700. Tel. 212-768-7277. Fax. 212-302-6714. www.the-dma.org — Integrates the direct marketing concept with mainstream insurance and financial services marketing to create a strategic business synergism; a division of the Direct Marketing Association (DMA).

Eastbridge Consulting Group, Inc. • 50 Avon Meadow Lane, Avon, CT 06001. Tel. 860-676-9633. www.eastbridge.com — Provides consulting, marketing, training and research services to financial services firms, including those involved in worksite marketing and the distribution of individual and employee benefits products.

Employee Benefit Research Institute • 1100 13th St. NW, Suite 878, Washington, DC 20037-1896. Tel. 202-659-0670. Fax. 202-775-6312. www.ebri.org — The institute's mission is to advance knowledge and understanding of employee benefits and their importance to the U.S. economy.

Federal Deposit Insurance Corporation (FDIC) • 550 17th St., NW, Washington, DC 20429-9990. Tel. 877-275-3342. www.fdic.gov — The FDIC's mission is to maintain the stability of and public confidence in the nation's financial system. The FDIC has insured deposits and promoted safe and sound banking practices since 1933.

Federal Financial Institutions Examination Council • 3501 Fairfax Dr., Arlington, VA 22201-2305. Tel. 703-516-5487. Fax. 703-516-5588. www.ffiec.gov — A formal interagency body empowered to prescribe uniform principles, standards and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System.

Appendices

Financial Services Organizations

Federal Reserve • 20th St. and Constitution Ave., NW, Washington, DC 20551. Tel. 202-452-3000. www.federalreserve.gov — Central bank of the United States, founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.

Financial Industry Regulatory Authority • 1735 K St., NW, Washington, DC 20006. Tel. 301-590-6500. Fax. 240-386-4838. www.finra.org — Largest non-governmental regulator for all securities firms doing business in the United States. Created in July 2007 through the consolidation of NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange.

The Financial Planning Association • 4100 E. Mississippi Ave., Suite 400, Denver, CO 80246-3053. Tel. 800-322-4237. Fax. 303-759-0749. www.fpanet.org — Group whose primary aim is to foster the value of financial planning and advance the financial planning profession.

Financial Services Forum • 601 Thirteenth St., NW, Suite 750 South, Washington, DC 20005. Tel. 202-457-8765. Fax. 202-457-8769. www.financialservicesforum.org — An organization of chief executive officers of major U.S. financial services firms dedicated to the execution and coordination of activities designed to promote the development of an open and competitive financial services industry.

The Financial Services Roundtable • 1001 Pennsylvania Ave., NW, Suite 500 South, Washington, DC 20004. Tel. 202-289-4322. Fax. 202-628-2507. www.fsround.org — A forum for U.S. financial industry leaders working together to determine and influence the most critical public policy concerns related to the integration of the financial services industry.

Fitch Credit Rating Company • One State Street Plaza, New York, NY 10004. Tel. 212-908-0500. Fax. 212-480-4435. www.fitchratings.com — Assigns claims-paying ability ratings to insurance companies.

Futures Industry Association • 2001 Pennsylvania Ave., NW, Suite 600, Washington, DC 20006. Tel. 202-466-5460. Fax. 202-296-3184. www.futuresindustry.org — Association representative of all organizations that have an interest in the futures market.

Global Association of Risk Professionals • 111 Town Square Place, Suite 1215, Jersey City, NJ 07310. Tel. 201-719-7210. Fax. 201-222-5022. www.garp.com — International group whose aim is to encourage and enhance communications between risk professionals, practitioners and regulators worldwide.

The Hedge Fund Association • 2875 NE 191st St., Suite 900, Aventura, FL 33180. Tel. 202-478-2000. Fax. 202-478-1999. www.thehfa.org — An international not-for-profit association of hedge fund managers, service providers and investors formed to unite the hedge fund industry and add to the awareness of the advantages and opportunities in hedge funds.

Highline Data LLC • One Alewife Center, Suite 460, Cambridge, MA 02140. Tel. 877-299-9424. Fax. 617-864-2396. www.highlinedata.com — An information and data services company comprised of two principal product lines: National Underwriter Insurance Data Services and Highline Banking Data Services.

Independent Insurance Agents & Brokers of America, Inc. • 127 S. Peyton St., Alexandria, VA 22314. Tel. 800-221-7917. Fax. 703-683-7556. www.iiaba.net — Trade association of independent insurance agents.

Insurance Information Institute • 110 William St., New York, NY 10038. Tel. 212-346-5500. Fax. 212-732-1916. www.iii.org — A primary source for information, analysis and referral on insurance subjects.

Insurance Marketplace Standards Association • 4550 Montgomery Ave., Suite 700N, Bethesda, MD 20814 Tel. 240-744-3030. Fax. 240-744-3031. www.imsaethics.org — A nonprofit, independent organization created to strengthen consumer trust and confidence in the marketplace for individually sold life insurance, long-term care insurance and annuities.

Insured Retirement Institute • 1331 L St, NW, Suite 310, Washington, DC 20005 Tel. 202-469-3000. Fax. 202-898-5786. www.irionline.org — Source of knowledge pertaining to annuities, insured retirement products and retirement planning; provides educational and informational resources. Formerly the National Association for Variable Annuities (NAVA).

International Financial Risk Institute • 2, Cours de Rive, 1204 Geneva, Switzerland. Tel. 41-22-312-5678. Fax. 41-22-312-5677. www.riskinstitute.ch — Nonprofit foundation created with the objective of promoting global understanding of commodity trading as well as financial futures and options.

International Swaps and Derivatives Association • 360 Madison Ave., 16th Fl, New York, NY 10017. Tel. 212-901-6000. Fax. 212-901-6001. www.isda.org — The association's primary purpose is to encourage the prudent and efficient development of the privately negotiated derivatives business.

Investment Company Institute • 1401 H St., Suite 1200, NW, Washington, DC 20005. Tel. 202-326-5800. www.ici.org — The national association of the American investment company industry.

ISO • 545 Washington Blvd., Jersey City, NJ 07310-1686. Tel. 800-888-4476. Fax. 201-748-1472. www.iso.com — Provider of products and services that help measure, manage and reduce risk. Provides data, analytics and decision-support solutions to professionals in many fields, including insurance, finance, real estate, health services, government and human resources.

Kehrer-LIMRA • 300 Day Hill Rd., Windsor, CT 06095-4761. Tel. 978-448-0198. Fax. 860-298-9555. www.kehrerlimra.com — Consultant focusing on the financial services marketplace. Conducts studies of sales penetration, profitability, compensation and compliance.

Life Insurance Settlement Association • 1101 E. Colonial Dr., Suite 500, Orlando, FL 32803-4635. Tel. 407-894-3797. Fax. 407-897-1325. www.thevoiceoftheindustry.com — Promotes the development, integrity and reputation of the life settlement industry.

The Life and Health Insurance Foundation for Education • 1655 N. Fort Myer Drive, Suite 610, Arlington, VA 22209. Tel. 888-LIFE-777. Fax. 202-464-5011. www.lifehappens.org — Nonprofit organization dedicated to addressing the public's growing need for information and education about life, health, disability and long-term care insurance.

Financial Services Organizations

LIMRA International • 300 Day Hill Rd., Windsor, CT 06095. Tel. 860-285-7787. Fax. 860-298-9555. www.limra.com — Worldwide association providing research, consulting and other services to insurance and financial services companies in more than 60 countries. LIMRA helps its member companies maximize their marketing effectiveness.

LOMA (Life Office Management Association) • 2300 Windy Ridge Pkwy., Suite 600, Atlanta, GA 30339-8443. Tel. 770-951-1770. Fax. 770-984-0441. www.loma.org — Worldwide association of insurance companies specializing in research and education, with a primary focus on home office management.

Michael White Associates • 823 King of Prussia Rd., Radnor, PA 19087. Tel. 610-254-0440. Fax. 610-254-5044. www.BankInsurance.com — Consulting firm that helps clients plan, develop and implement bank insurance sales programs. Conducts research on and benchmarks performance of bank insurance and investment fee income activities.

Money Management Institute • 1140 Connecticut Ave., NW, Suite 1040, Washington DC 20036-4001. Tel. 202-822-4949. Fax. 202-822-5188. www.moneyinstitute.com — National organization for the managed account solutions industry, represents portfolio manager firms and sponsors.

Moody's Investors Service • 7 World Trade Center at 250 Greenwich St., New York, NY 10007. Tel. 212-553-1653. Fax. 212-553-0882. www.moodys.com — Global credit analysis and financial information firm.

Mortgage Bankers Association of America • 1331 L Street, NW, Washington, DC 20006-3404. Tel. 202-557-2700. www.mbaa.org — Represents the real estate finance industry.

Mortgage Insurance Companies of America (MICA) • 1425 K St., NW, Suite 210, Washington, DC 20005. Tel. 202-682-2683. Fax. 202-842-9252. www.privatemi.com — Represents the private mortgage insurance industry. MICA provides information on related legislative and regulatory issues, and strives to enhance understanding of the role private mortgage insurance plays in housing Americans.

Museum of American Finance • 48 Wall Street, New York, NY 10005. Tel. 212-908-4110. Fax. 212-908-4601. www.moaf.org — An affiliate of the Smithsonian Institution, the museum is the nation's only independent public museum dedicated to celebrating the spirit of entrepreneurship and the democratic free market tradition.

National Association for Fixed Annuities • 2300 E. Kensington Blvd. Milwaukee, WI 53211. Tel. 414-332-9306. Fax. 415-946-3532. www.nafa.com — Promotes the growth, acceptance and understanding of annuity and life products; provides educational and informational resources.

National Association of Federal Credit Unions • 3138 10th St. North, Arlington, VA 22201-2149. Tel. 800-336-4644. Fax. 703-524-1082. www.nafcunet.org — Trade association that exclusively represents the interests of federal credit unions before the federal government and the public.

National Association of Health Underwriters • 2000 N. 14th St., Suite 450, Arlington, VA 22201. Tel. 703-276-0220. Fax. 703-841-7797. www.nahu.org — Professional association of people who sell and service disability income, and hospitalization and major medical health insurance companies.

National Association of Insurance and Financial Advisors • 2901 Telestar Ct., PO Box 12012, Falls Church, VA 22042-1205. Tel. 703-770-8100. www.naifa.org — Professional association representing health and life insurance agents.

National Association of Insurance Commissioners • 2301 McGee St., Suite 800, Kansas City, MO 64108-2662. Tel. 816-842-3600. Fax. 816-783-8175. www.naic.org — Organization of state insurance commissioners to promote uniformity in state supervision of insurance matters and to recommend legislation in state legislatures.

National Association of Investment Professionals • Tel. 952-322-4322. www.naip.com — Promotes the interests and the image of its financial professionals members, and encourages and facilitates higher levels of competency in members so that they may better serve the investing public.

National Association of Mortgage Brokers • 11325 Random Hills Road, Suite 360, Fairfax, VA 22030. Tel. 703-342-5900. Fax. 703-342-5905. www.namb.org — National trade association representing the mortgage broker industry; promotes the industry through programs and services such as education, professional certification and government affairs representation.

National Association of Mutual Insurance Companies • PO Box 68700, 3601 Vincennes Rd., Indianapolis, IN 46268. Tel. 317-875-5250. Fax. 317-879-8408. www.namic.org — Trade association of property/casualty mutual insurance companies.

The National Association of Personal Financial Advisors • 3250 North Arlington Heights Rd., Suite 109, Arlington Heights, IL 60004. Tel. 847-483-5400. Fax. 847-483-5415. www.napfa.org — Organization of fee-only financial planning professionals serving individuals and institutions.

National Association of Professional Insurance Agents • 400 N. Washington St., Alexandria, VA 22314. Tel. 703-836-9340. Fax. 703-836-1279. www.pianet.com — Trade association of independent insurance agents.

National Credit Union Administration • 1775 Duke St., Alexandria, VA 22314-3428. Tel. 703-518-6300. Fax. 703-518-6660. www.ncua.gov — An independent agency in the executive branch of the federal government responsible for chartering, insuring, supervising and examining federal credit unions.

NCCI Holdings, Inc. • 901 Peninsula Corporate Circle, Boca Raton, FL 33487-1362. Tel. 561-893-1000. Fax. 561-893-1191. www.ncci.com — Develops and administers rating plans and systems for workers compensation insurance.

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Financial Services Organizations

National Futures Association • 300 S. Riverside Plaza, Suite 1800, Chicago, IL 60606-6615. Tel. 312-781-1300. Fax. 312-781-1467. www.nfa.futures.org — Industrywide self-regulatory organization for the commodity futures industry.

National Reverse Mortgage Lenders Association • 1400 16th St., NW, Suite 420, Washington, DC 20036. Tel. 202-939-1760. Fax. 202-265-4435. www.nrmlaonline.org — Educates consumers about the opportunity to utilize reverse mortgages and trains lenders to be sensitive to the needs of older Americans.

Office of Thrift Supervision • 1700 G St., NW, Washington, DC 20552. Tel. 202-906-6000. www.ots.treas.gov — The primary regulator of all federal and many state-chartered thrift institutions, which include savings banks and savings and loan associations.

Options Industry Council • One North Wacker Dr., Suite 500, Chicago, IL 60606. Tel. 800-678-4667. www.optionseducation.org — Nonprofit association created to educate the investing public and brokers about the benefits and risks of exchange-traded options.

Pension Research Council • The Wharton School of the University of Pennsylvania, 3620 Locust Walk, 3000 Steinberg Hall - Dietrich Hall, Philadelphia, PA 19104-6302. Tel. 215-898-7620. Fax. 215-573-3418. www.pensionresearchcouncil.org/about — Organization committed to generating debate on key policy issues affecting pensions and other employee benefits.

Property Casualty Insurers Association of America • 2600 South River Rd., Des Plaines, IL 60018-3286. Tel. 847-297-7800. Fax. 847-297-5064. www.pciaa.net — Serves as a voice on public policy issues and advocates positions that foster a competitive marketplace for property/casualty insurers and insurance consumers.

Reinsurance Association of America • 1445 New York Ave., NW, 7th Fl., Washington, DC. 20005. Tel. 202-638-3690. Fax. 202-638-0936. www.reinsurance.org — Trade association of property/casualty reinsurers; provides legislative services for members.

Retirement Income Industry Association • 101 Federal St., Suite 1900, Boston, MA 02110. T el. 617-342-7390. Fax. 617-342-7080. www.riia-usa.org—Financial services industry association focusing on the financial and public policy issues related to the income needs of retirees. Members include insurance companies, banks, securities firms and others.

Securities and Exchange Commission • 100 F St., NE, Washington, DC 20549. Tel. 202-942-8088. www.sec.gov — Primary mission is to protect investors and maintain the integrity of the securities markets.

Securities Industry and Financial Markets Association • 120 Broadway, 35th Fl., New York, NY 10271-0080. Tel. 212-313-1200. Fax. 212-313-1301. www.sifma.org — Association bringing together the shared interests of securities firms to accomplish common goals.

SNL Financial LC • One SNL Plaza, PO Box 2124, Charlottesville, VA 22902. Tel. 434-977-1600. Fax. 434-977-4466. www.snl.com — Research firm that collects, standardizes and disseminates all relevant corporate, financial, market and M&A data as well as news and analytics for the industries it covers: banking, specialized financial services, insurance, real estate and energy.

Society of Financial Services Professionals • 17 Campus Blvd., Suite 201, Newtown Square, PA 19073-3230. Tel. 610-526-2500. Fax. 610-527-1499. www.financialpro.org — Advances the professionalism of credentialed members with resources to serve their clients' financial needs.

Standard & Poor's Rating Group • 55 Water St., New York, NY 10041. Tel. 212-438-1000. www. standardandpoors.com — Monitors the credit quality of bonds and other financial instruments of corporations, governments and supranational entities.

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