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TUESDAY

AUGUST 8, 2006

YESTERDAY'S MARKETS

American Banker 225	▼	0.6%
American Banker 50	▼	0.3%
Dow Jones Industrial Average	▼	0.2%
Standard & Poor's 500	▼	0.3%

10-year Treasury yield 4.921%, up 0.026

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Part of Irwin Lending Unit Has Acquirer

■ BY JODY SHENN

More than six months after putting its first mortgage business on the block, Irwin Financial Corp. said that it has a deal to sell the origination platform, and that the $19.2 billion servicing portfolio should be sold soon.

The Columbus, Ind., company has said since January that it was seeking to divest its Irwin Mortgage Corp. to refocus on commercial banking, small-business lending, and a struggling home equity business it recently restructured. Irwin Financial has also said it did not want to commit the capital necessary to garner acceptable profits in the highly commoditized conforming mortgage business.

"Six months was longer than we hoped" to wait for a deal, "but we think this is a very good outcome," Will Miller, Irwin Financial's chairman and chief executive, said on a conference call Monday. The company did not say how much it would get for the origination platform, and it hinted that it is still not sure whether selling the servicing portfolio would produce a gain or loss.

The privately held Mt. Laurel,

See page 10

On track: Deals to sell a mortgage servicing portfolio and an asset management unit "are totally consistent" with the "five-year plan," Killinger says.

Wamu on Latest Alterations

Shift to banklike sheet tests Wall St. patience

■ BY JIM COLE

To some outsiders, Washington Mutual Inc. seems to be in a state of perpetual flux.

But Kerry K. Killinger, the $351 billion-asset Seattle thrift company's chairman and chief executive, says the changes that it is undergoing, while significant, are bringing it closer to its intended aim: a more banklike business less reliant on conventional mortgages.

The goal has the company jettisoning some elements of a balance sheet that had been put together in significant measure by acquisitions. In July, Wamu embarked on the sale of a big chunk of its mortgage servicing portfolio to reduce earnings volatility. Also last month, it agreed to sell its asset management unit and said it would increase its focus on core businesses.

See page 2

An Innocent Question? Small Banks Don't Buy It

■ BY JOE ADLER

WASHINGTON — It was just a brief mention of an idea, a single question in a 152-page plan distributed by the Federal Deposit Insurance Corp. last month.

The question: Whether to change the treatment of Home Loan Bank advances for federal deposit insurance rate-setting purposes.

The weeks since have seen a backlash from community bankers and industry representatives who see in the question the possibility of a policy change that they say would undermine the Home Loan Bank System and unfairly punish thousands of community banks that use advances for funding.

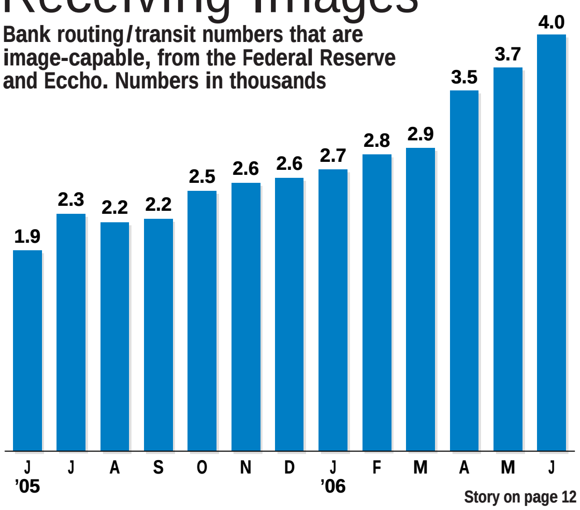
"We will scream to the high heavens about this," said Camden Fine, the president of the Independent Community Bankers of America.

The agency touched on the idea in its July 11 proposal out-

See page 3

Receiving Images

Bank routing/transit numbers that are image-capable, from the Federal Reserve and Eccho. Numbers in thousands



Story on page 12

First Deal Outside Region Won't Be Chicagoan's Last

■ BY BEN JACKSON

With its deal for Piedmont Bancshares Inc. of Atlanta, PrivateBancorp Inc. is following through on its pledge to expand outside the Midwest and into fast-growing southern and western markets.

The Chicago company, which targets wealthy households, agreed to pay $47 million in cash and stock for the $217 million-asset Piedmont. Ralph B. Mandell, its chairman, president, and chief executive, said in an interview Friday that even before making the Piedmont deal, his $3.7 billion-asset company had the "internal muscle" — capital, staff, back-office capability — to pursue expansion to new markets by acquisitions or bank start-ups.

Those markets include Phoenix/Scottsdale and Florida "for sure," Mr. Mandell said. PrivateBancorp currently has offices

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Wamu CEO: This Transformation Is Different

Continued from page 1

Those announcements came against a backdrop of office consolidation, layoffs, and the outsourcing of back-office operations to other countries.

Mr. Killinger said Wamu's latest retooling is a far cry from its 2003-04 one, when it slashed jobs and sought ways to stabilize the mortgage business after a big slowdown a year earlier. (In the second quarter of 2004 profits from its home loan business dropped to zero, from $531 million in the first quarter and $611 million a year earlier.)

"There is really quite a difference" between the changes the company made in 2003 and 2004 and those taking place today, Mr. Killinger said in an interview July 19, the day his company reported second-quarter earnings. The latest changes are "opportunities to accelerate some of the things we have been working on."

For several years he has been transforming Wamu's balance sheet to diminish interest rate risk, and along the way has taken steps that have added credit risk.

Some signs of the shift: Prime mortgages and mortgage-backed securities now make up 44% of Wamu's assets, versus 76% at the end of 1999. Subprime mortgages make up 6%, up from 2%. Home equity loans make up 15%, up from 5%. Credit cards, added last year, make up 3%.

Multifamily and commercial real estate loans make up 9%, down from 10%, and loans held for sale now make up 7%. (Wamu had none at the end of 1999.) Other assets, which include cash and short-term investments, make up 16% compared to 7% at the end of 1999.

When it released its second-quarter results, Wamu said it was selling $2.6 billion of mortgage servicing rights and its Milwaukee servicing facility to Wells Fargo & Co. of San Francisco.

A few days later Wamu said it was selling its asset management unit WM Advisors to Principal Financial Group.

"All these things are totally consistent with what we have laid out in our five-year plan," Mr. Killinger said in the interview.

In a conference call earlier that day, he said, "The sale of the MSR was about reducing the market risk or interest rate risk in the company. As we've indicated in our strategic plan, we want to gradually shift to much more of a banklike balance sheet."

Wamu has said that this quarter it would take a $52 million restructuring charge tied to the transaction with Wells Fargo.

Some analysts are wondering when the restructuring will be done.

"Every time you turn around, there are these types of sales. There is always a restructuring charge. There is always 'We're getting our expenses down,' but the expenses creep up. I think the sloppiness of the numbers they report is starting to wear on people," said Paul Miller, an analyst with Friedman, Billings, Ramsey & Co. Ins., said in an interview July 27.

During the conference call, Mr. Killinger acknowledged that the steps announced that day "are likely to cause our quarterly earnings to be more uneven than normal," but he also said they would contribute 5-10 cents to earnings per share next year.

When mortgage originations plummeted, Wamu laid off 4,500 people in late 2003 and another 2,900 in 2004.

It has also announced a string of layoffs this year. In the first quarter it cut the number of home loan processing offices by over a third, to 16, laying off 2,500 people. In May it said would cut 1,400 workers as it closed two call centers, and last month it cut 900 jobs in its retail banking and home loan operations.

During the 2003-04 downturn, Wamu sold its consumer finance division to Citigroup Inc. for $1.5 billion and used the proceeds to sustain its 250-branch-a-year retail banking expansion. Analysts said, back then and recently, that Wamu's troubles in those years were aggravated by the failure to integrate acquisitions made in 2001 and 2002 to beef up the mortgage business.

"Clearly there has been an evolution of strategy. It doesn't seem like it was too long ago that Wamu was talking about wanting to become a trillion-dollar servicer, and now they are clearly going the opposite way," said Frederick Cannon, an analyst with Keefe, Bruyette & Woods Inc.

Acquisitions remain part of the transformation strategy. Last year Wamu bought the San Francisco credit card issuer Providian Financial Corp., and this quarter it expects to close a $983 million deal for Commercial Capital Bancorp Inc., a $6 billion-asset multifamily lender in Irvine, Calif.

But those efforts are a sharp change from five years ago, when Wamu was focused on bulking up the mortgage business. Wamu bought the Houston thrift company Bank United Corp. in February 2001, and it bought the mortgage portfolios of PNC Financial Services Group Inc. in October 2000 and FleetBoston Financial Corp. in June 2001. Wamu also bought the New York thrift company Dime Bancorp Inc. in January 2002.

Mr. Killinger said three of Wamu's business lines — retail banking, card services, and commercial banking — are humming along.

"The one business that needed more of a strategic shift in direction was our home lending business. What we became convinced of was that we would be better off in focusing our efforts in the higher margin businesses of option ARMs, home equity, alt-A, and subprime," he said.

Analysts said that they endorse Wamu's effort to shrink its mortgage servicing portfolio, which should reduce the earnings volatility that comes from valuing the servicing portfolio quarter-to-quarter.

"They are looking to garner more stable income flows as opposed to tying themselves to the more volatile servicing and production," said Edwin Groshans, an analyst at Fox-Pitt, Kelton Inc. "The issue is they can't just cut and run from that business.

They are fully tied into it — they have a national servicing platform, a national origination platform, they are in retail, they are in subprime, they are in wholesale, they are in the conduit channel. It is a big part of what they do." ■

M&A Announcements for Week Ended Aug. 4

WHOLE INSTITUTION

Buyer	Seller	Payment type	Price (millions)	Price to equity	Price to net income*
PrivateBancorp, Inc. Ill.	**Piedmont Bancshares Inc.** Ga.	cash/stock	**$46.6**	**3.31**	**25.17**
Community Bank System Inc. N.Y.	**ONB Corp.** N.Y.	cash	**15.7**	**1.72**	**20.47**
Olympic Bancorp Inc. Wash.	**MarinerBank** Wash.	cash	**16.0**	**2.50**	**28.47**
Bradford Bank Md.	**Valley Bancorp Inc.** Md.	cash	**9.6**	**1.90**	**31.61**

BRANCHES

Buyer	Seller	Premium (millions)	Number of branches
Mid Penn Bancorp Inc. Pa.	**Omega Financial Corp.** Pa.	**NA**	**2**
Orrstown Financial Services Inc. Pa.	**Omega Financial Corp.** Pa.	**NA**	**1**

*Last 12 months

Source: SNL Financial

COMPANY INDEX

This index lists significant references to companies and banks in today's issue. Page numbers refer to where stories begin.

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Community Banks See Threat In Question on FHLB Advances

Continued from page 1

lining its plan to better tie an institution's premium with its risk to the Deposit Insurance Fund. In a request for comment, the agency asked whether Home Loan Bank advances should be treated as "volatile liabilities," or whether it should charge "higher assessment rates to institutions that have significant amounts of secured liabilities."

Both ideas would effectively raise premium rates for banks with Home Loan bank advances.

Under the plan, the agency would consider several financial ratios in determining an institution's premium, including its volatile liabilities as a percentage of gross assets. Deeming advances as volatile liabilities would raise that ratio, and result in a bank paying a higher premium. Since advances are also a type of secured liability, charging more for such liabilities would also increase a bank's assessment.

The FDIC signaled that it did not intend to change the proposal to treat advances as volatile liabilities or charge higher assessment rates. Doing so, it acknowledged would penalize "those institutions … that have traditionally relied on" advances.

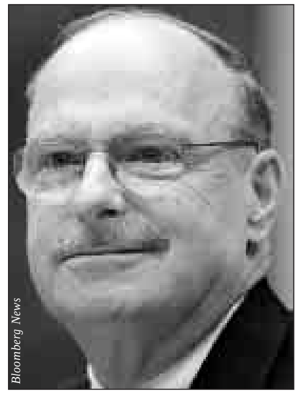
But the very mention of the idea riled bankers and industry representatives.

F. Weller Meyer, the president and chief executive officer of the $1.2 billion-asset Acacia Federal Savings Bank in Falls Church, Va., said he did not understand why advances would be considered volatile liabilities. The risk to the fund from advances is "nonexistent," he said.

"I'm puzzled as to why anyone would think that they were volatile," said Mr. Meyer, who is also the chairman of America's Community Bankers. "If you talk to most community bankers in the country, I think they'll tell you that they consider it a very important tool in managing their liabilities. … Long-term advances help fund housing loans in their respective communities."

"Advances should not be considered volatile liabilities," said Mr. Fine, a former community banker. "If they were considered that, it would have changed the whole profile of my bank."

"Well-managed banks know how to manage these borrowings as well as they manage deposits, which are also borrowings,"



Meyer: Advances' risk to the Deposit Insurance Fund is "nonexistent."

agreed Mark Macomber, a Federal Home Loan Bank of Boston board member and the president of the $188 million-asset Litchfield Bancorp in Connecticut.

"We'd rather have deposits, because that means customers," Mr. Macomber said. "But the advances are proxies in the sense that if we can't get deposits, the advances are another source of funding."

James Chessen, the American Bankers Association's chief economist, said the idea is sure to "draw a lot of fire."

"From a risk management standpoint," advances are "a great tool for community banks," Mr. Chessen said. "Anything that raises the cost of using advances would be viewed very negatively."

The FDIC has long held that advances raise the cost of bank failures because Home Loan banks can collect collateral ahead of the agency. Home Loan banks can also structure advances so that the banks can take them back if a borrower becomes troubled, and such a recall could trigger a funding crisis leading ultimately to a bank failure.

Advances "increase risk exposure" to the Deposit Insurance Fund, FDIC Chairman Sheila Bair said during a July 19 speech to the New York Bankers Association.

A 2003 report by the FDIC's Advisory Committee on Banking Policy also found that banks that rely on advances over deposits for funding would pay less in premiums because assessments are charged based on deposits.

The popularity of advances grew markedly in the late 1990s, according to figures from the Federal Home Loan Bank System. Advances to system members jumped from $161 billion in December 1996 to $620 billion by the end of 2005.

FDIC officials said they are just asking for comment, and reiterated that the current proposal would not charge more for banks with Home Loan bank advances.

"We have proposed a treatment for advances, but we also wanted to be explicit about asking for comment," said Arthur Murton, the director of the FDIC's division of insurance and research. "Depending on the comments," he said, the agency's board of directors "might then decide on a different direction." Comments on the proposal are due Sept. 22.

Many observers say that if the FDIC does not clear the matter up now, it will resurface.

"If it's not included in the definition of volatile liabilities in the final rule, I can see this issue continuing to be on the table, because it's been there for almost 20 years," said Bert Ely, a banking analyst based in Alexandria, Va. ■

Ney Calls Off Reelection Bid

Rep. Bob Ney, the chairman of the House Financial Services housing subcommittee, announced Monday that he will not seek reelection.

The Ohio Republican is under investigation for his alleged connection to the lobbyist Jack Abramoff.

Though Rep. Ney denies any wrongdoing, he said he does not want to continue to put his family through an "ordeal."

His announcement was a blow for some in the financial services industry, who called the lawmaker approachable and willing to work across party lines to craft legislation.

He co-sponsored a bill with Rep. Paul Kanjorski, D-Pa., to establish federal standards to curb predatory lending. Industry representatives support the bill, but many community groups oppose it.

Rep. Ney has also worked on several housing-related bills.

Depending on which party wins control of the House and other committee assignments, Reps. Deborah Pryce, Sue Kelly, and Maxine Waters are among those who could succeed Rep. Ney as the head of the housing subcommittee, sources said. *— Stacy Kaper*

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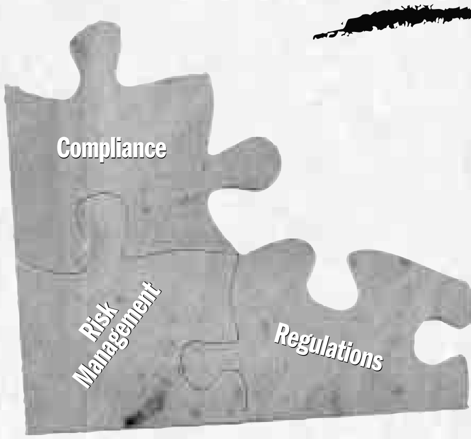

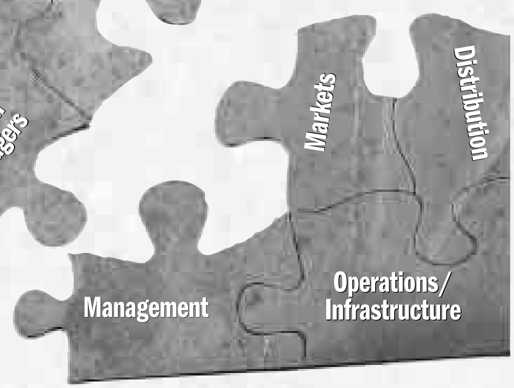

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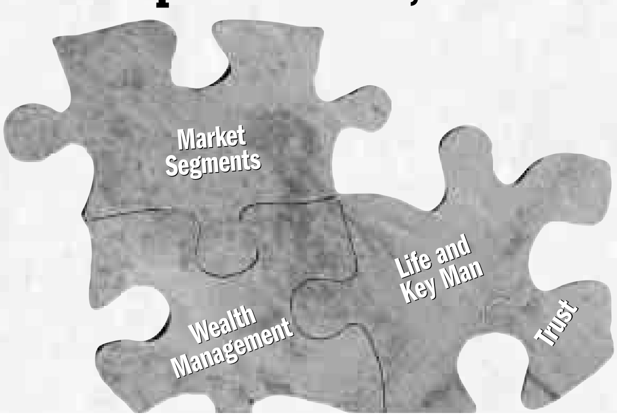

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Fla. Antipoverty Effort Draws Some Big Backers

■ BY KATIE KUEHNER-HEBERT

Five banks in Florida are putting up $385,000 to help fund an ambitious effort to create for-profit community development corporations to redevelop poor areas.

Bank of America, Citibank, Wachovia Bank, Fifth Third Bank, and Wells Fargo Bank are contributing $50,000 to $150,000 each to fund the initial stage of a 10-year program sponsored by Brandeis University and the Florida Minority Community Reinvestment Coalition. The goal of the "War on Poverty" is to stimulate more than $300 billion of redevelopment of lower-income neighborhoods throughout the state.

The first stage of the program entails "asset mapping" of poor communities in Florida's four largest urban counties: Duval, Dade, Hillsborough, and Orange.

Asset mapping catalogs a community's resources, including the leaders and financial assets that could be used to form for-profit community development corporations. The effort will start in October in the four counties and then expand to communities in six more counties. The total cost is estimated at $750,000.

Other investors in the program include Workforce Florida, a state-funded organization that has pledged $250,000, and GMAC, which has chipped in $50,000.

"This is about helping community leaders learn just how much capacity already exists for them to become self-sufficient" in redeveloping their neighborhoods, said Thomas Shapiro, a professor of law and social policy at Brandeis' Heller School for Social Policy and Management in Waltham, Mass.

Al Pina, the chairman of the Florida coalition, said his group and Brandeis will mentor the corporations being formed, using the $400 million-asset Telacu Community Development Corp. in Los Angeles as a model.

Founded in 1968, Telacu and its for-profit construction subsidiary, Telacu Industries, builds and rehabilitates affordable housing and industrial parks in lower-income neighborhoods and lends to homebuyers and emerging businesses there.

"The for-profit model is critical to the success of community redevelopment, because it's really the only way community-based organizations can be self-sufficient in fighting poverty," Mr. Pina said.

He was Telacu's vice president of development from 1999 until last year, when he formed the Florida coalition. Its 52 community organizations work to increase reinvestment in underserved communities by financial institutions, insurance companies, governmental entities, and nonprofits — in much the same way the Greenlining Institute in Berkeley, Calif., does.

Mr. Pina said Greenlining is helping him form a similar coalition in New Jersey.

The Florida coalition chose to work with Brandeis University, he said, because of Prof. Shapiro's research in asset mapping to help poor communities in Illinois and Massachusetts.

Prof. Shapiro said asset-based community development — drawing upon the resources of poor communities before seeking outside help — is becoming increasingly popular throughout the country. Banks like it, he says, because it demonstrates the communities' own financial commitment to redevelopment.

Greg Barnard, a spokesman for Bank of America Corp.'s community development programs in Washington, said its initial $50,000 contribution in Florida would be money well spent.

"We are trying to empower these communities to develop the capacity" to bring the Charlotte company redevelopment deals "that we might eventually be able to finance," he said.

B of A has a 10-year commitment to lend or invest $750 billion in underserved communities throughout its markets, and supporting this program should help the company reach its goal in Florida, Mr. Barnard said.

Barbara L. Romani, a community relations director for Citibank in Doral, Fla., said that asset mapping lower-income communities could reveal "diamonds in the rough," such as budding export/import businesses. The newly formed community development corporations — with the support of banks — could then foster the growth of these companies and help spawn related businesses around them.

Mr. Pina said that other Florida banks have said they would consider making loans to any of the corporations formed to satisfy Community Reinvestment Act responsibilities.

Mr. Pina said it would be two years before the community development corporations apply for bank loans and investments to help redevelop their neighborhoods. ■

IN BRIEF

Cadence: No Delay on Seasons

Cadence Financial Corp. in Starkville, Miss., said Monday that it does not expect the sudden departure of Seasons Bancshares Inc.'s president to delay the closing of its deal to buy the Blairsville, Ga., company.

David K. George, 50, left the $81 million-asset Seasons on July 31, Cadence said last week in a filing with the Securities and Exchange Commission. The filing did not explain his departure.

The deal, announced March 21 and scheduled to close in the fourth quarter, required Mr. George to stay on as a Cadence employee.

Nevertheless, "we intend to continue to push toward that fourth-quarter closure and evaluate the situation as we go forward," Richard T. Haston, the $1.5 billion-asset Cadence's chief financial officer, said Monday in an interview.

William L. Sutton, Seasons' chief executive officer, has become its interim president. He said he does not anticipate the resignation to delay the closing.

With every agreement, "from the time you sign it to the time it is finished, there's always a few rapids," he said Monday in an interview.

Mr. George is subject to a one-year noncompetitive agreement. *— Luke Mullins*

Maine's Northeast Profits Down

Northeast Bancorp in Lewiston, Maine, said Monday that earnings in its fiscal fourth quarter, which ended June 30, slipped about 1.4% from a year earlier, to just over $1 million.

For its fiscal year, net income was flat, at $4 million.

The $563 million-asset company attributed the slight drop in quarterly earnings to costs associated with the construction of a new headquarters and operations center, a lower net interest margin, and reduced loan volume.

Noninterest expenses rose 11%, to $4.7 million, and interest expenses jumped 23%, to $4.6 million. Net interest income fell 11%, to $4.3 million. *— Alan Kline*

PrivateBancorp Plans More M&A Outside Midwest

Continued from page 1

in its home market and the Milwaukee, St. Louis, and Detroit markets.

PrivateBancorp has the currency to make acquisitions. Its assets have nearly doubled in the last two years and its market capitalization is now close to $1 billion. After it announced the Piedmont deal Thursday, its stock price soared to a 52-week high, though it retreated some in profit-taking on Friday.

But Mr. Mandell said that when it comes to buying or building in a new market "we can go in either direction."

The key, he said, is finding bankers expert in their markets. In some cases — as it did in St. Louis and Milwaukee — PrivateBancorp will hire teams of bankers to open offices in new markets.

But "if the people are in an established bank, then we are more than willing to make an acquisition," Mr. Mandell said.

PrivateBancorp's last purchase was in June 2005, when it paid $64 million in cash for the $314 million-asset Bloomfield Hills Bancorp Inc. of Michigan.

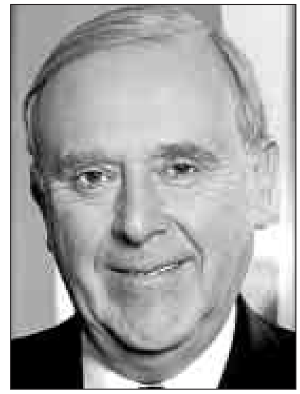
Mr. Mandell said demographics were among the qualities his company liked about the five-year-old Piedmont. Atlanta is precisely the type of market PrivateBancorp wants to enter — it has more 135,000 households with annual incomes over $150,000. Mr. Mandell said he is also looking for opportunities in cities that attract young people, because that is a good indicator a market will be strong over the long term.

Brian D. Schmitt, Piedmont's CEO, said his bank, which has focused on small- and middle-market business lending, needed to make a move to take care of its larger borrowers. Managing their wealth and assets "is something that has always intrigued us, but to be honest, we didn't have the people, talent, and capital to invest in it," he said.

Piedmont, which is to be renamed The PrivateBank, also wants the capability to make larger loans, Mr. Schmitt said.

The bank has been forced to share large loans to some of its best customers with other banks. After it merges with PrivateBancorp, it will be able to keep those loans in-house, Mr. Schmitt said.

"I'm getting tired working hard and giving away a lot of it," he said. "I'd rather ship it up to Chicago and keep it under the same umbrella, because we all benefit."



Mandell: His company will acquire in Arizona and Florida "for sure."

Daniel E. Cardenas, the director of research at Howe Barnes Hoefer & Arnett Inc., in Chicago, said PrivateBancorp is selective about where it expands and has made good choices so far.

Bloomfield Hills Bancorp "had a lot of similarities to PrivateBank," so that deal "made good strategic sense," Mr. Cardenas said.

Piedmont Bancshares is small, he said, but buying it would give the Chicago company a good growth platform in one of the nation's fastest-growing markets.

Investors seemed to favor the deal, which is expected to close next quarter. PrivateBancorp's stock closed at $47.51 on Thursday before dropping 4% Friday.

Kevin K. Reevey, an analyst at BankAtlantic Bancorp's Ryan Beck & Co. Inc., said he advised people to sell after the company reached its new high.

PrivateBancorp has shown it can successfully expand into new markets, so there is no reason to worry that it will struggle integrating Piedmont, Mr. Reevey said.

But, he said, "We're just telling investors that while the stock has had a great run, it's just very rich here."

Mr. Mandell, who was reached while on vacation, said he was not concerned about the selling on Friday.

"That is going to happen when you outperform the market," he said. "Certain people are going to say, 'Hey, take some profit.' "

PrivateBancorp's stock was trading at $45.25 late Monday. ■

Credit Unions with the Most Assets

On March 31, 2006. Dollars in thousands

		March 31	Year earlier	Change
1	Navy Federal Credit Union Vienna, Va.	$25,443,179	$24,206,667	5.1%
2	State Employees Credit Union Raleigh	13,490,330	12,582,205	7.2
3	Pentagon Federal Credit Union Alexandria, Va.	8,707,149	7,494,435	16.2
4	Boeing Employees Credit Union Tukwila, Wash.	6,481,057	5,352,204	21.1
5	Orange County Teachers Federal Credit Union Santa Ana, Calif.	6,240,216	5,457,258	14.3
6	Golden 1 Credit Union Sacramento	6,013,757	5,596,012	7.5
7	Suncoast Schools Federal Credit Union Tampa	5,168,195	4,657,989	11.0
8	Alliant Credit Union Chicago	4,371,785	4,429,085	-1.3
9	American Airlines Federal Credit Union Fort Worth	3,948,627	4,016,375	-1.7
10	Security Service Federal Credit Union San Antonio	3,869,271	3,640,159	6.3
11	Patelco Credit Union San Francisco	3,868,587	3,638,324	6.3
12	America First Federal Credit Union Ogden, Utah	3,437,968	2,996,917	14.7
13	Wescom Credit Union Pasadena, Calif.	3,423,753	3,034,127	12.8
14	San Diego County Credit Union San Diego	3,377,214	2,853,036	18.4
15	Kinecta Federal Credit Union Manhattan Beach, Calif.	3,302,184	2,816,099	17.3
16	Star One Credit Union Sunnyvale, Calif.	3,105,740	2,902,196	7.0
17	Digital Federal Credit Union Marlborough, Mass.	3,102,304	2,739,412	13.2
18	VyStar Credit Union Jacksonville, Fla.	3,077,654	2,921,175	5.4
19	Citizens Equity First Credit Union Peoria, Ill.	3,017,277	2,884,604	4.6
20	ESL Federal Credit Union Rochester, N.Y.	2,798,923	2,692,405	4.0
21	Alaska USA Federal Credit Union Anchorage	2,789,363	2,531,890	10.2
22	Desert Schools Federal Credit Union Phoenix	2,693,323	2,319,860	16.1
23	Delta Community Credit Union Atlanta	2,474,111	2,629,037	-5.9
24	Randolph-Brooks Federal Credit Union Live Oak, Tex.	2,445,989	2,271,982	7.7
25	Pennsylvania State Employees Credit Union Harrisburg	2,373,654	2,288,934	3.7
26	Bethpage Federal Credit Union N.Y.	2,311,800	2,047,855	12.9
27	United Nations Federal Credit Union New York	2,291,703	2,151,987	6.5
28	OnPoint Community Credit Union Portland, Ore.	2,257,291	1,925,403	17.2
29	Lockheed Federal Credit Union Burbank, Calif.	2,236,164	2,079,154	7.6
30	Police and Fire Federal Credit Union Philadelphia	2,195,183	2,012,110	9.1
31	GTE Federal Credit Union Tampa	2,133,843	1,989,956	7.2
32	Teachers Federal Credit Union Farmingville, N.Y.	2,093,751	1,995,473	4.9
33	Bank Fund Staff Federal Credit Union Washington	2,070,148	1,917,167	8.0
34	Eastern Financial Florida Credit Union Miramar, Fla.	2,013,697	1,847,032	9.0
35	Hudson Valley Federal Credit Union Poughkeepsie, N.Y.	1,972,776	1,931,796	2.1
36	Mission Federal Credit Union San Diego	1,965,539	1,881,250	4.5
37	San Antonio Federal Credit Union	1,918,191	1,776,597	8.0
38	ENT Federal Credit Union Colorado Springs	1,909,674	1,787,901	6.8
39	Redstone Federal Credit Union Huntsville, Ala.	1,880,071	1,771,262	6.1
40	Addison Avenue Federal Credit Union Palo Alto, Calif.	1,877,789	1,685,955	11.4
41	Mountain America Federal Credit Union West Jordan, Utah	1,823,971	1,514,961	20.4
42	Dearborn Federal Credit Union Financial Mich.	1,808,610	1,728,560	4.6
43	Visions Federal Credit Union Endicott, N.Y.	1,664,686	1,603,580	3.8
44	MacDill Federal Credit Union Tampa	1,659,955	1,603,675	3.5
45	Eastman Credit Union Kingsport, Tenn.	1,632,411	1,448,762	12.7
46	Texans Credit Union Richardson	1,625,023	1,433,073	13.4
47	BellCo Credit Union Greenwood Village, Colo.	1,609,323	1,591,621	1.1
48	Kern Schools Federal Credit Union Bakersfield, Calif.	1,602,327	1,466,506	9.3
49	Coastal Federal Credit Union Raleigh	1,581,151	1,545,397	2.3
50	Travis Credit Union Vacaville, Calif.	1,579,672	1,443,847	9.4
51	State Employees Credit Union of Maryland Linthicum	1,565,694	1,486,426	5.3
52	Tower Federal Credit Union Laurel, Md.	1,561,979	1,525,237	2.4
53	Northwest Federal Credit Union Herndon, Va.	1,556,567	1,383,936	12.5
54	Teachers Credit Union South Bend, Ind.	1,538,757	1,416,262	8.6
55	Arizona Federal Credit Union Phoenix	1,535,375	1,313,780	16.9
56	North Island Financial Credit Union San Diego	1,510,776	1,463,305	3.2
57	Credit Union of Texas Dallas	1,510,703	1,517,875	-0.5
58	First Technology Credit Union Beaverton, Ore.	1,506,534	1,456,953	3.4
59	Wings Financial Federal Credit Union Apple Valley, Minn.	1,506,413	1,472,333	2.3
60	Community America Credit Union Lenexa, Kan.	1,498,682	1,481,734	1.1
61	Atlanta Postal Credit Union	1,481,228	1,491,205	-0.7
62	Keesler Federal Credit Union Biloxi, Miss.	1,468,687	1,061,290	38.4
63	Tinker Federal Credit Union Oklahoma City	1,429,046	1,332,219	7.3
64	Provident Credit Union Redwood City, Calif.	1,406,765	1,271,073	10.7
65	Space Coast Credit Union Melbourne, Fla.	1,393,793	1,332,207	4.6
66	Redwood Credit Union Santa Rosa, Calif.	1,393,391	1,157,172	20.4
67	Affinity Federal Credit Union Basking Ridge, N.J.	1,384,154	1,331,183	4.0
68	Educational Employees Credit Union Fresno	1,354,003	1,249,241	8.4
69	Apco Employees Credit Union Birmingham, Ala.	1,343,950	1,281,481	4.9
70	Harbor One Credit Union Brockton, Mass.	1,343,732	1,202,421	11.8
71	Virginia Credit Union, Inc. Richmond	1,340,391	1,254,919	6.8
72	State Employees Federal Credit Union Albany, N.Y.	1,305,875	1,250,961	4.4
73	Municipal Credit Union New York	1,285,459	1,259,781	2.0
74	SAFE Credit Union North Highlands, Calif.	1,284,359	1,242,033	3.4
75	Michigan State University Federal Credit Union East Lansing	1,282,417	1,204,318	6.5
76	Fairwinds Credit Union Orlando	$1,269,814	$1,109,097	14.5%
77	Schools Financial Credit Union Sacramento	1,242,255	1,099,148	13.0
78	Technology Credit Union San Jose	1,227,459	1,103,250	11.3
79	South Carolina Federal Credit Union North Charleston	1,213,652	1,056,411	14.9
80	Think Federal Credit Union Rochester, Minn.	1,208,189	1,161,675	4.0
81	Lake Michigan Credit Union Grand Rapids	1,205,079	1,173,442	2.7
82	Premier America Credit Union Chatsworth, Calif.	1,195,984	1,024,108	16.8
83	Members First Federal Credit Union Mechanicsburg, Pa.	1,186,652	1,062,254	11.7
84	G.E Credit Union El Paso	1,181,539	1,065,099	10.9
85	Western Federal Credit Union Manhattan Beach, Calif.	1,180,614	1,050,188	12.4
86	Founders Federal Credit Union Lancaster, S.C.	1,145,347	1,059,468	8.1
87	Langley Federal Credit Union Newport News, Va.	1,143,961	1,096,440	4.3
88	Washington State Employees Credit Union Olympia	1,130,944	1,079,581	4.8
89	Veridian Credit Union Waterloo, Iowa	1,116,993	1,043,231	7.1
90	Allegacy Federal Credit Union Winston-Salem, N.C.	1,113,198	1,073,149	3.7
91	California Credit Union Glendale	1,112,826	1,007,099	10.5
92	First Community Credit Union Chesterfield, Mo.	1,112,666	1,063,646	4.6
93	Chartway Federal Credit Union Virginia Beach, Va.	1,109,721	1,020,927	8.7
94	Wright-Patt Credit Union Fairborn Ohio	1,100,937	1,047,216	5.1
95	Truliant Federal Credit Union Winston-Salem, N.C.	1,083,312	1,004,972	7.8
96	Merck Employees Federal Credit Union Rahway, N.J.	1,072,776	1,109,203	-3.3
97	Community First Credit Union of Florida Jacksonville	1,065,350	873,489	22.0
98	Baxter Credit Union Vernon Hills, Ill.	1,061,861	1,001,948	6.0
99	Pacific Service Credit Union Walnut Creek, Calif.	1,058,982	1,017,114	4.1
100	Citadel Federal Credit Union Thorndale, Pa.	1,050,634	1,024,351	2.6
101	Central Florida Educators Federal Credit Union Orlando	1,049,788	914,099	14.8
102	Polish and Slavic Federal Credit Union Brooklyn, N.Y.	1,047,409	1,018,733	2.8
103	Meriwest Credit Union San Jose	1,043,082	948,496	10.0
104	Service Credit Union Portsmouth, N.H.	1,037,967	964,120	7.7
105	Texas Dow Employees Credit Union Lake Jackson	1,037,269	890,531	16.5
106	Georgia Telco Credit Union Atlanta	1,036,202	1,019,627	1.6
107	Affinity Plus Federal Credit Union St. Paul	1,026,794	957,888	7.2
108	AEDC Federal Credit Union Tullahoma, Tenn.	1,014,391	978,225	3.7
109	Landmark Credit Union Waukesha, Wis.	1,010,809	931,842	8.5
110	Dow Chemical Employees Credit Union Midland, Mich.	1,007,685	983,984	2.4
111	Credit Union Central Falls Smithfield, R.I.	1,004,769	966,216	4.0
112	Nassau Educators Federal Credit Union Westbury, N.Y.	999,376	932,161	7.2
113	Connecticut State Employees Credit Union Hartford	995,412	1,077,762	-7.6
114	Arrowhead Central Credit Union San Bernardino, Calif.	993,542	907,165	9.5
115	Sandia Laboratory Federal Credit Union Albuquerque	988,402	935,671	5.6
116	MidFlorida Schools Federal Credit Union Lakeland	987,396	822,367	20.1
117	Robins Federal Credit Union Warner Robins, Ga.	983,092	889,725	10.5
118	Indiana Members Credit Union Indianapolis	982,582	902,473	8.9
119	Forum Credit Union Fishers, Ind.	979,279	864,419	13.3
120	Eglin Federal Credit Union Fort Walton Beach, Fla.	975,336	934,230	4.4
121	Arizona State Savings and Credit Union Phoenix	973,975	960,258	1.4
122	Newport News Shipbuilding Credit Union Va.	954,443	861,033	10.8
123	LBS Financial Credit Union Long Beach, Calif.	954,022	846,120	12.8
124	California Coast Credit Union San Diego	927,845	844,546	9.9
125	ORNL Federal Credit Union Oak Ridge, Tenn.	927,659	795,256	16.6
126	Chevron Federal Credit Union Oakland, Calif.	909,238	875,692	3.8
127	First Future Credit Union San Diego	886,206	791,116	12.0
128	American Eagle Federal Credit Union East Hartford, Conn.	885,060	799,613	10.7
129	Nevada Federal Credit Union Las Vegas	861,946	816,280	5.6
130	State Department Federal Credit Union Alexandria, Va.	860,407	803,972	7.0
131	University of Wisconsin Credit Union Madison	850,917	752,906	13.0
132	Greylock Federal Credit Union Pittsfield, Mass.	848,220	813,408	4.3
133	Apple Federal Credit Union Fairfax, Va.	842,825	746,075	13.0
134	Anheuser-Busch Employees Credit Union St. Louis	839,836	705,535	19.0
135	Rockland Federal Credit Union Mass.	836,443	769,343	8.7
136	DM Federal Credit Union Tucson	831,162	781,144	6.4
137	Orange County's Credit Union Santa Ana, Calif.	826,406	783,381	5.5
138	Spokane Teachers Credit Union	822,529	724,731	13.5
139	Associated Credit Union Norcross, Ga.	821,364	829,416	-1.0
140	TruMark Financial Credit Union Trevose, Pa.	817,369	773,036	5.7
141	Silver State Schools Family Credit Union Las Vegas	816,229	736,382	10.8
142	Community First Credit Union Appleton, Wis.	813,379	695,461	17.0
143	Evangelical Christian Credit Union Brea, Calif.	813,271	685,800	18.6
144	Hawaii State Federal Credit Union Honolulu	808,049	762,483	6.0
145	F&A Federal Credit Union Monterey Park, Calif.	805,367	775,580	3.8
146	Xerox Federal Credit Union El Segundo, Calif.	802,238	752,354	6.6
147	Credit Union One Ferndale, Mich.	789,117	719,499	9.7
148	J.S.C. Federal Credit Union Houston	787,645	709,850	11.0
149	Pawtucket Credit Union R.I.	786,021	766,412	2.6
150	Oregon Community Credit Union Eugene	784,168	718,408	9.2

Source: SNL Financial, Charlottesville, Va. (www.snl.com)

Credit Unions with the Most Deposits

On March 31, 2006. Dollars in thousands

		March 31	Year earlier	Change
1	Navy Federal Credit Union Vienna, Va.	$19,551,279	$18,495,712	5.7%
2	State Employees Credit Union Raleigh	12,339,670	11,501,001	7.3
3	Pentagon Federal Credit Union Alexandria, Va.	7,720,982	6,607,410	16.9
4	Boeing Employees Credit Union Tukwila, Wash.	5,665,675	4,709,436	20.3
5	Golden 1 Credit Union Sacramento	5,353,529	5,003,505	7.0
6	Orange County Teachers Federal Credit Union Santa Ana, Calif.	5,244,543	4,527,236	15.8
7	Suncoast Schools Federal Credit Union Tampa	4,566,828	4,118,052	10.9
8	Alliant Credit Union Chicago	3,723,652	3,766,801	-1.1
9	American Airlines Federal Credit Union Fort Worth	3,508,976	3,604,011	-2.6
10	Patelco Credit Union San Francisco	3,304,128	3,163,267	4.5
11	Security Service Federal Credit Union San Antonio	3,116,692	3,095,123	0.7
12	America First Federal Credit Union Ogden, Utah	3,053,915	2,662,832	14.7
13	San Diego County Credit Union San Diego	2,917,512	2,506,277	16.4
14	Digital Federal Credit Union Marlborough, Mass.	2,838,122	2,529,606	12.2
15	Kinecta Federal Credit Union Manhattan Beach, Calif.	2,684,299	2,503,481	7.2
16	VyStar Credit Union Jacksonville, Fla.	2,660,106	2,540,247	4.7
17	Citizens Equity First Credit Union Peoria, Ill.	2,657,507	2,549,892	4.2
18	Star One Credit Union Sunnyvale, Calif.	2,599,575	2,423,516	7.3
19	Wescom Credit Union Pasadena, Calif.	2,450,395	2,242,666	9.3
20	Alaska USA Federal Credit Union Anchorage	2,372,122	2,270,295	4.5
21	Desert Schools Federal Credit Union Phoenix	2,327,305	1,999,224	16.4
22	Pennsylvania State Employees Credit Union Harrisburg	2,133,434	2,065,706	3.3
23	Bethpage Federal Credit Union N.Y.	2,087,149	1,832,061	13.9
24	Delta Community Credit Union Atlanta	2,066,344	2,277,494	-9.3
25	United Nations Federal Credit Union New York	2,046,362	1,931,420	6.0
26	OnPoint Community Credit Union Portland, Ore.	2,008,491	1,672,632	20.1
27	Randolph-Brooks Federal Credit Union Live Oak, Tex.	1,988,022	1,824,070	9.0
28	ESL Federal Credit Union Rochester, N.Y.	1,894,771	1,772,731	6.9
29	Lockheed Federal Credit Union Burbank, Calif.	1,872,555	1,760,421	6.4
30	Police and Fire Federal Credit Union Philadelphia	1,855,645	1,695,658	9.4
31	Teachers Federal Credit Union Farmingville, N.Y.	1,835,304	1,762,645	4.1
32	GTE Federal Credit Union Tampa	1,785,626	1,813,155	-1.5
33	Hudson Valley Federal Credit Union Poughkeepsie, N.Y.	1,752,086	1,738,860	0.8
34	Bank Fund Staff Federal Credit Union Washington	1,738,540	1,614,176	7.7
35	ENT Federal Credit Union Colorado Springs	1,674,035	1,575,238	6.3
36	Mountain America Federal Credit Union West Jordan, Utah	1,656,833	1,374,088	20.6
37	Redstone Federal Credit Union Huntsville, Ala.	1,656,253	1,568,042	5.6
38	Mission Federal Credit Union San Diego	1,647,796	1,582,802	4.1
39	Addison Avenue Federal Credit Union Palo Alto, Calif.	1,626,215	1,487,264	9.3
40	MacDill Federal Credit Union Tampa	1,497,191	1,455,603	2.9
41	Eastern Financial Florida Credit Union Miramar, Fla.	1,491,442	1,300,820	14.7
42	Kern Schools Federal Credit Union Bakersfield, Calif.	1,432,121	1,324,029	8.2
43	Visions Federal Credit Union Endicott, N.Y.	1,425,957	1,382,384	3.2
44	Dearborn Federal Credit Union Financial Mich.	1,411,119	1,311,263	7.6
45	Travis Credit Union Vacaville, Calif.	1,392,676	1,270,662	9.6
46	Northwest Federal Credit Union Herndon, Va.	1,382,353	1,232,641	12.1
47	State Employees Credit Union of Maryland Inc. Linthicum	1,373,655	1,314,087	4.5
48	Tower Federal Credit Union Laurel, Md.	1,340,036	1,325,699	1.1
49	Eastman Credit Union Kingsport, Tenn.	1,334,661	1,164,448	14.6
50	Wings Financial Federal Credit Union Apple Valley, Minn.	1,327,797	1,303,907	1.8
51	Texans Credit Union Richardson	1,311,635	1,210,312	8.4
52	Keesler Federal Credit Union Biloxi, Miss.	1,306,664	932,636	40.1
53	Coastal Federal Credit Union Raleigh	1,298,326	1,246,715	4.1
54	Atlanta Postal Credit Union	1,289,432	1,309,081	-1.5
55	Tinker Federal Credit Union Oklahoma City	1,277,689	1,189,400	7.4
56	BellCo. Credit Union Greenwood Village, Colo.	1,276,818	1,263,505	1.1
57	Redwood Credit Union Santa Rosa, Calif.	1,275,392	1,053,917	21.0
58	San Antonio Federal Credit Union	1,274,235	1,177,038	8.3
59	Arizona Federal Credit Union Phoenix	1,251,688	1,045,434	19.7
60	Affinity Federal Credit Union Basking Ridge, N.J.	1,250,769	1,201,132	4.1
61	Teachers Credit Union South Bend, Ind.	1,250,412	1,163,233	7.5
62	Credit Union of Texas Dallas	1,250,263	1,297,587	-3.6
63	Apco Employees Credit Union Birmingham, Ala.	1,222,262	1,167,007	4.7
64	Educational Employees Credit Union Fresno	1,211,594	1,124,015	7.8
65	Virginia Credit Union Inc. Richmond	1,207,760	1,134,684	6.4
66	First Technology Credit Union Beaverton, Ore.	1,204,285	1,178,990	2.1
67	Space Coast Credit Union Melbourne, Fla.	1,194,527	1,165,631	2.5
68	State Employees Federal Credit Union Albany, N.Y.	1,178,950	1,135,417	3.8
69	North Island Financial Credit Union San Diego	1,149,167	1,094,527	5.0
70	SAFE Credit Union North Highlands, Calif.	1,123,868	1,091,838	2.9
71	Schools Financial Credit Union Sacramento	1,120,168	991,505	13.0
72	Municipal Credit Union New York	1,118,860	1,110,048	0.8
73	Fairwinds Credit Union Orlando	1,115,965	976,848	14.2
74	Provident Credit Union Redwood City, Calif.	1,110,471	1,049,122	5.8
75	Technology Credit Union San Jose	1,078,228	963,904	11.9
76	Michigan State University Federal Credit Union East Lansing	$1,075,118	$1,010,124	6.4%
77	Members First Federal Credit Union Mechanicsburg, Pa.	1,074,347	967,069	11.1
78	G.E. Credit Union El Paso	1,067,848	965,882	10.6
79	Community America Credit Union Lenexa, Kan.	1,058,811	1,117,208	-5.2
80	Western Federal Credit Union Manhattan Beach, Calif.	1,041,820	917,845	13.5
81	Chartway Federal Credit Union Virginia Beach	1,028,891	929,016	10.8
82	Premier America Credit Union Chatsworth, Calif.	1,020,870	888,797	14.9
83	Lake Michigan Credit Union Grand Rapids, Mich.	1,016,327	989,456	2.7
84	Washington State Employees Credit Union Olympia	999,713	955,690	4.6
85	Veridian Credit Union Waterloo, Iowa	993,861	926,505	7.3
86	Langley Federal Credit Union Newport News, Va.	993,150	951,714	4.4
87	South Carolina Federal Credit Union North Charleston	985,592	897,751	9.8
88	Founders Federal Credit Union Lancaster, S.C.	981,151	913,527	7.4
89	Allegacy Federal Credit Union Winston-Salem, N.C.	975,141	935,156	4.3
90	First Community Credit Union Chesterfield, Mo.	966,931	955,498	1.2
91	Wright-Patt Credit Union Fairborn, Ohio	963,793	919,205	4.9
92	Community First Credit Union of Florida Jacksonville	957,860	780,206	22.8
93	Merck Employees Federal Credit Union Rahway, N.J.	946,401	992,343	-4.6
94	California Credit Union Glendale	940,879	864,929	8.8
95	Truliant Federal Credit Union Winston-Salem, N.C.	939,565	877,263	7.1
96	Think Federal Credit Union Rochester, Minn.	921,653	891,227	3.4
97	Polish and Slavic Federal Credit Union Brooklyn, N.Y.	919,719	892,852	3.0
98	Pacific Service Credit Union Walnut Creek, Calif.	916,091	888,288	3.1
99	Arrowhead Central Credit Union San Bernardino, Calif.	910,704	835,079	9.1
100	Affinity Plus Federal Credit Union St. Paul	906,170	872,786	3.8
101	Connecticut State Employees Credit Union Hartford	900,206	979,314	-8.1
102	Harbor One Credit Union Brockton, Mass.	898,649	800,166	12.3
103	Citadel Federal Credit Union Thorndale, Pa.	884,918	867,053	2.1
104	Arizona State Savings and Credit Union Phoenix	884,503	880,183	0.5
105	Baxter Credit Union Vernon Hills, Ill.	882,797	844,742	4.5
106	Sandia Laboratory Federal Credit Union Albuquerque	875,299	830,728	5.4
107	Nassau Educators Federal Credit Union Westbury, N.Y.	873,193	814,798	7.2
108	Georgia Telco Credit Union Atlanta	872,459	864,813	0.9
109	Robins Federal Credit Union Warner Robins, Ga.	867,666	782,347	10.9
110	MidFlorida Schools Federal Credit Union Lakeland	867,375	718,922	20.6
111	Dow Chemical Employees Credit Union Midland, Mich.	865,805	862,533	0.4
112	Indiana Members Credit Union Indianapolis	865,201	796,368	8.6
113	Central Florida Educators Federal Credit Union Orlando	863,052	785,154	9.9
114	Landmark Credit Union Waukesha, Wis.	860,576	789,694	9.0
115	Eglin Federal Credit Union Fort Walton Beach, Fla.	846,277	816,264	3.7
116	AEDC Federal Credit Union Tullahoma, Tenn.	844,552	821,586	2.8
117	Meriwest Credit Union San Jose	839,669	768,131	9.3
118	California Coast Credit Union San Diego	823,627	762,454	8.0
119	LBS Financial Credit Union Long Beach, Calif.	813,105	745,571	9.1
120	Credit Union Central Falls Smithfield, R.I.	812,693	793,480	2.4
121	Texas Dow Employees Credit Union Lake Jackson, Tex.	810,444	795,221	1.9
122	First Future Credit Union San Diego	790,593	700,792	12.8
123	State Department Federal Credit Union Alexandria, Va.	788,341	741,038	6.4
124	American Eagle Federal Credit Union East Hartford, Conn.	783,976	704,107	11.3
125	ORNL Federal Credit Union Oak Ridge, Tenn.	781,279	662,158	18.0
126	Chevron Federal Credit Union Oakland, Calif.	777,442	747,136	4.1
127	Nevada Federal Credit Union Las Vegas	770,622	734,800	4.9
128	Service Credit Union Portsmouth, N.H.	765,907	717,452	6.8
129	Newport News Shipbuilding Credit Union Va.	744,504	733,937	1.4
130	Community First Credit Union Appleton, Wis.	736,206	625,754	17.7
131	University of Wisconsin Credit Union Madison	735,480	651,045	13.0
132	TruMark Financial Credit Union Trevose, Pa.	735,151	698,862	5.2
133	Orange County's Credit Union Santa Ana, Calif.	730,719	694,285	5.2
134	DM Federal Credit Union Tucson	730,221	680,330	7.3
135	Anheuser-Busch Employees Credit Union St. Louis	727,334	600,003	21.2
136	Silver State Schools Family Credit Union Las Vegas	707,118	635,756	11.2
137	Altura Credit Union Riverside, Calif.	706,314	581,041	21.6
138	Associated Credit Union Norcross, Ga.	702,776	719,266	-2.3
139	Caltech Employees Federal Credit Union La Canada Flintridge, Calif.	697,140	665,039	4.8
140	Hawaii State Federal Credit Union Honolulu	696,997	659,664	5.7
141	Apple Federal Credit Union Fairfax, Va.	694,754	633,175	9.7
142	J.S.C. Federal Credit Union Houston	693,361	626,735	10.6
143	Oregon Community Credit Union Eugene	686,296	623,258	10.1
144	Educators Credit Union Racine, Wis.	682,467	650,481	4.9
145	Rockland Federal Credit Union Mass.	682,296	632,152	7.9
146	Credit Union One Ferndale, Mich.	681,427	624,808	9.1
147	Spokane Teachers Credit Union	679,851	596,576	14.0
148	F&A Federal Credit Union Monterey Park, Calif.	676,957	630,380	7.4
149	TruWest Credit Union Scottsdale, Ariz.	676,557	608,623	11.2
150	HawaiiUSA Federal Credit Union Honolulu	675,738	652,605	3.5

Source: SNL Financial, Charlottesville, Va. (www.snl.com)

IN BRIEF

Elan to Buy Most of City Holding's Portfolio

City Holding Co. agreed to sell most of its credit card portfolio to Elan Financial Services, a subsidiary of U.S. Bancorp of Minneapolis.

The $2.5 billion Charleston, W.Va., bank holding company said Monday that Elan would buy $11.5 million of its $14 million portfolio at a premium of 29.6%, or $3.4 million.

City Holding also said it would provide credit card services to Elan's retail customers.

Albert Savastano, an analyst with Janney Montgomery Scott LLC, wrote in a research report issued Monday that City Holding has been shifting away from unsecured lending for the past several years, to focus instead on real estate loans.

"City Holding was letting the credit card portfolio run off, and this move accelerates that decision. Post sale, we estimate over 95% of the portfolio will be secured by real estate," he wrote.

In a press release, Craig Stillwell, City Holding's executive vice president, called the agreement an opportunity to expand the company's customer base in a tough credit card market.

"It has been difficult to grow credit card balances in recent years as the industry has experienced significant consolidation and many banks have elected to get out of the business," he said.*— H. Michael Jalili*

Visa Posts Small-Business Spending Surge

Spending on Visa U.S.A.'s small-business cards in the 12 months that ended June 30 rose 32.2% over the previous 12 months, to $103.5 billion, the San Francisco card association said.

Many small businesses are shifting their payments from cash and checks to cards, and Visa said Monday that small businesses are driving the growth in its commercial solutions unit.

Visa divides the commercial market into three segments: small businesses; large and middle-market corporations; and government agencies. Visa Business-branded cards are for companies with annual revenue of up to $25 million.

"Small-business owners desire a secure, reliable payment solution which will empower them to better control and more efficiently manage their businesses," Raghav Lal, a Visa senior vice president, said in a press release. *— H. Michael Jalili*

TRM's Loss Grows on Decline in ATM Use

TRM Corp. said a decline in the use of its automated teller machines, an issue it is having some success addressing, hurt its second-quarter results.

The Portland, Ore., ATM deployer said last week that net sales dropped 12% from a year earlier, to $44.2 million. Its net loss tripled, to $4.5 million.

However, the number of monthly withdrawals per ATM rose 6% from the first quarter, and the total number of withdrawals increased 4%. TRM also said it slowed the number of ATMs shut down or removed from its network, to 361 in the second quarter from 941 in the first. *— Daniel Wolfe*

Hypercom Cites Growth in Foreign Sales

Hypercom Corp. said international sales drove its second-quarter revenue growth.

The Phoenix point-of-sale technology provider said last week that its revenue rose 10% from a year earlier, to $66.1 million. It reported a net profit of $6.2 million, compared with a net loss of $16.7 million.

Hypercom increased sales in Brazil, Mexico, and some central European markets.

The company said several recently announced reseller and other marketing agreements are meant to expand its sales worldwide. Some, such as those with Symbol Technologies Inc. and Wincor Nixdorf Inc., will go into effect first in the United States and then internationally. Others focus on specific markets, such as Portugal and South Africa. *— Daniel Wolfe*

BankAtlantic, Royal Caribbean in ATM Deal

BankAtlantic Bancorp Inc. has installed its automated teller machines on Royal Caribbean International's Freedom of the Seas cruise ships.

The Fort Lauderdale, Fla., company announced its deal with Royal Caribbean last week. The ATMs connect to payment networks through satellite communications links.

BankAtlantic has had ATMs been on cruise liners since 1995. It now has more than 95 machines on ships operated by several companies, including Celebrity Cruises Inc., Carnival Corp., and Princess Cruise Lines Ltd. *— David Breitkopf*

Pulse Touts Its Freedom From Merchant Conflicts

■ BY DAVID BREITKOPF

For years Pulse EFT Association argued that its status as a bank-owned PIN debit network made it more attuned to banks' needs than networks that had to answer to shareholders.

That argument has been untenable since January of last year, when Morgan Stanley's Discover Financial Services LLC bought the Houston network. Now, Pulse's president, David Schneider, is emphasizing another difference between his network and others: It is not owned by a company that also does merchant processing, so it avoids pricing conflicts of interest between banks and merchants.

Schneider: "What the network has to decide is who pays what to whom."

"Fundamentally, what the network has to decide is who pays what to whom," Mr. Schneider said in an interview last month.

Marshall & Ilsley Corp.'s Metavante Corp. own the PIN debit networks NYCE, First Data Corp. owns Star, and Fiserv Inc. owns Accel/Exchange. At these companies, one unit contracts with banks for debit network services, while another contracts with merchants to process transactions at the point of sale.

Mr. Schneider did not use his rivals' names, but he said such a setup creates an inherent tension when it comes to setting interchange levels.

"When you are in the business of providing merchant processing, and you have to deal with merchants, many of those issues that merchants are concerned about create problems from a network perspective, when you're trying to also manage the interests of financial institutions in the role of issuing cards, and viewing these products as sources of revenue," he said.

First Data, Fiserv, and Metavante would not discuss Mr. Schneider's remarks.

Of course, Discover is known as the most merchant-friendly of the four major credit card networks, because its fees are the lowest. But Mr. Schneider said Discover keeps Pulse on a long leash.

"We certainly look for ways to work collaboratively with Discover to bring new products to the market," Mr. Schneider said. "But at the same time, Discover made a commitment at the time they acquired Pulse that we would remain independent."

For most of its 25 years Pulse, which caters to small and midsize institutions, focused on its home state of Texas. But in the last few years competition in the debit market has been fierce, and the notion of a regional network has pretty much been laid to rest with networks bidding for banks' business anywhere they might be.

For example, Pulse, now has bank issuers in the Southeast (BankAtlantic Bancorp Inc. in Fort Lauderdale, Fla.), the Northeast (Fulton Financial Corp. in Lancaster, Pa.), and the West (Silver State Bank in Las Vegas and Oak Valley Community Bank of Oakdale, Calif.).

Also, even though there are still thousands of small and midsize institutions, consolidation in the banking industry has left a handful of megabanks in control of millions of cardholders. Mr. Schneider said he expects that consolidation to taper off, for regulatory and other reasons. "There's only so much you can buy."

Pulse works with some large banking companies, such as U.S. Bancorp, JPMorgan Chase & Co., Bank of America Corp., and Wells Fargo & Co.

Tim Sloane, the director for debit advisory services at Mercator Advisory Group Inc. of Waltham, Mass., said that though PIN debit is still growing rapidly, the networks need to figure out how to participate in emerging markets like Internet payments.

He also noted that Visa U.S.A. and MasterCard Inc. have been siphoning off some low-value PIN debit transactions with innovations such as signatureless transactions and contactless cards.

"Today those markets are small, but they're growing fast," he said. "I think Pulse, like all the other EFT network operators, need to figure out how they're going to take PIN debit and extend it into these new environments. They don't have to do it today or this year, but they have to do it pretty soon."

Mr. Schneider said he did not see contactless transactions as a threat to PIN debit, because the terminal captures the same information whether through a swipe or a wave. In fact, Pulse has developed standards for contactless PIN debit, and it has talked with banks about contactless technology.

"We believed that the same fundamental drivers that make PIN debit attractive in a card swipe environment are also going to be present in a contactless environment," he said.

Signatureless transactions, where no authentication is needed for purchases under $25, is a "business decision" on the merchant's part to help speed customers through the checkout lines, Mr. Schneider said. But this likely would not be a major competitive advantage, "because keying in your PIN doesn't take a lot of time."

He agreed that PIN debit has not penetrated the Internet, even though Pulse and the other EFT networks have various options, but he said that moving PIN debit to the Internet requires care, because of the fraud risk.

"I think a lot of people would argue that it would have been a little more helpful if more thought had been given to the rollout of card acceptance into the Internet in the first place," he said.

"Not really thinking hard about those security issues, and just pushing for acceptance, which drives transaction volume … resulted in a lot of unhappy consumers, a lot of unhappy merchants, a lot of fraud losses that ended up being eaten by issuers and merchants."

Worse, online fraud "has frankly created concerns about consumers' overall feelings and confidence of the payment system," Mr. Schneider said. "We're definitely interested in avoiding the mistakes that we think have been made in the past, in terms of extending payments into the Internet, and we're going to do it the right way." ■

Irwin Finds an Acquirer For Origination Platform

Continued from page 1

N.J., mortgage bank Freedom Mortgage Corp. is buying the platform. Brian Simon, a senior vice president at Freedom, said the acquisition should about quadruple its loan volume, which had been on pace to reach about $3 billion this year. (Irwin's second-quarter originations of first mortgages fell 15% from a year earlier, to about $2.2 billion.)

Freedom also said the acquisition would give it the scale to prosper in the conforming business. "It's not a business we want to get out of," Mr. Simon said, and the ability to spread costs over more volume will ease margin pressure.

Though it does both conforming and nonconforming lending, agency business is particularly important to Freedom, because its servicing operations are focused on such loans, Mr. Simon said. It is one of the biggest privately held agency servicers, with about $11 billion of servicing rights, and "it's much better to originate the servicing than to purchase it right now."

Freedom also would get significant sales operations in the Southeast, the Southwest, and the Midwest, as well as a platform with a bigger emphasis on third-party lending, whose lower fixed costs it likes, he said. (It has focused on the Middle Atlantic, the Northeast, and the West Coast.)

His company sees an opportunity to add more nonconforming products to its "well-established set of delivery channels," Mr. Simon said. Irwin Mortgage has roughly 100 offices, mostly sales offices.

Irwin Financial said it expects to sell the origination platform and the servicing rights this quarter,

Miller: "Six months was longer than we had hoped" to wait for a deal.

but that discussions with potential buyers for the servicing platform were not as far along. A spokesman said the servicing operation has about 125 employees; the origination shop has about 650.

David Konrad, an analyst at Keefe, Bruyette & Woods Inc., said he was surprised Irwin was not planning to sell the servicing rights and operations together. He also said that, despite the company's other explanations for its decision to quit the first mortgage business, the volatility of servicing rights and related hedging had been a big problem for Irwin in recent years.

Irwin also said it would probably take another $14.3 million of charges related to the sale of the two operations, after taking a $5.7 million charge in the second quarter. The additional charges do not reflect "any potential gain (or loss)" on the sale of the servicing assets.

Its second-quarter home equity lending plunged 58% from a year earlier, to $211 million; the unit has lost money in several recent quarters. Irwin recently replaced the management of its Irwin Home Equity and shut down almost all the unit's retail operations, eliminating 145 jobs, or 22% of the unit's work force.

Also Monday, the San Francisco lender Transnational Financial Network Inc. said it had agreed to buy the mortgage division of "a large regional bank holding company" with stock. The deal is expected to close by mid-September.

Transnational did not name the seller, which would become one of its largest shareholders. Joseph Kristul, Transnational's CEO, said early Monday that he could not discuss the deal yet.

His company said the acquisition should almost double its volume. In the second quarter, it originated $125 million.

The mortgage M&A market has been growing hotter by the day, mostly because of companies closer in size to Transnational than Irwin Mortgage.

Last week Shearson Financial Network Inc. of Las Vegas said it had bought 85% of Allstate Home Loans Inc., an Irvine, Calif., wholesale and retail mortgage bank that does business as Allstate Funding and originated $440 million last year. Shearson said the acquisition, which it valued at $5 million, should raise its annual originations to $1 billion.

That day Cherry Creek Mortgage Co. of Greenwood Village, Colo., said it had bought Premier Mortgage Group, a Colorado retail lender that originated $725 million last year. Cherry Creek said the acquisition, combined with one announced in May, should help its originations surpass $2 billion this year. ■

IN BRIEF

First American of Calif. Acquires Offutt

The Santa Ana, Calif., title insurance and settlement services giant First American Corp. said it purchased Offutt Systems Inc., a Greensboro, N.C., provider of multiple listing service technology, last week.

First American announced the purchase Monday but did not say what it paid for Offutt, which serves 60 multiple listing service organizations around the country, most in small or midsize real estate markets that First American's Tempo and MLXchange products traditionally have not reached.

About 80,000 real estate agents use Offutt's system, and the purchase raised the number of agents using First American's listing products to 600,000.

PMI Subsidiary Promotes Actuarial Exec

PMI Group Inc.'s U.S. mortgage insurance unit said it promoted Kenneth S. Dailey to vice president of actuarial services.

Mr. Dailey, whose promotion was announced Monday, works on loss reserves — developing models, annual budgets, and strategic plans — and assists with reserves for other units.

He joined PMI, of Walnut Creek, Calif., in 2002 as a director of actuarial services.

Thornburg Exec Cites Margin Woes on TV

Thornburg Mortgage Inc.'s president, Larry Goldstone, said increased competition in the mortgage market has put pressure on his Santa Fe, N.M., real estate investment trust's margins.

"What we've seen is, as mortgage originations have come down over the last year or two, the industry continues to have excess capacity, so there's a lot of competition for the smaller amount of business that there is out there today," Mr. Goldstone said in a CNBC interview Monday.

"That's put a lot of pressure on profit margins, and we're feeling some of the effects of that," he said. *— Dow Jones*

Survey: Portuguese Banks Reduce Spreads

Portuguese banks lowered the spread between the interest rate they charge on housing loans and the benchmark Euribor rate in the second quarter, as competition increased for one of the fastest-growing loan types. Four of the five banks in a Bank of Portugal survey said they reduced the spreads. One said it cut them "considerably," the central bank said on its Web site. Another said it "slightly" increased them.

Two cited increased competition as the reason for the lower spreads.

With few opportunities for acquisitions, foreign banking companies, including Santander Totta SGPS SA, a unit of Spain's Santander Central Hispano SA, and Barclays PLC, are using aggressive mortgage pricing to gain market share. "It's an area that's less risky, and it brings a client into the bank for a number of years," said Pedro Mendes, an analyst at Banco Comercial Portugues SA in Lisbon. "Banks can make up for the smaller margins on mortgages by selling other products."

The mortgage portfolios of Portuguese banks grew 11% in the 12 months through May, compared with 6.8% for other loans to individuals and 7.3% for loans to nonfinancial companies, the Bank of Portugal said in a previous report. The survey, issued last week, did not identify the five banks it covers. Portugal's five biggest banks are Caixa Geral de Depositos SA, Banco Comercial Portugues SA, Banco Espirito Santo SA, Santander Totta, and Banco BPI SA. *— Bloomberg News*

Harland: Software Offsets Check Sales

Declining consumer check use drove down second-quarter earnings at **John H. Harland Co.** but was offset by growth in the Atlanta company's software division.

Harland, the No. 2 check printer after **Deluxe Corp.** of Shoreview, Minn., reported Friday that its net income fell 12.1% from the same period last year, to $16.5 million.

Earnings per diluted share fell 9%, to 61 cents, and consolidated sales rose 8.4%, to $259.4 million.

Timothy C. Tuff, Harland's chairman and chief executive, said in a press release that the second-quarter results were solid "but came in at the low end of our guidance due to lower volumes in checks and our traditional forms business."

Harland said sales by its printed products division rose 5.9%, to $159 million, but net income fell 2.2%, to $26.5 million, because of the loss of a large customer (which the vendor did not name) and slower orders from several others.

In recent years many consumers have decreased their use of checks and increased their use of payment cards and online bill payment services.

Sales by the software and services division climbed 18.8% to 73.6 million, and net income grew 13.3%, to $7.6 million.

Harland has made efforts to expand its technology business to offset the decline in demand for checks. For example, it acquired the core processing outsourcer **Intrieve Inc.** last year.

Sales by Harland's third division, the educational testing equipment company Scantron, fell 0.7%, to $27.1 million, though its net income rose 18.2%, to $6.3 million, because of improvements in its cost structure.

Harland expects to earn 57 to 62 cents a share this quarter and $2.83 to $2.88 this year.

The vendor said it bought back 717,400 of its shares in the second quarter at an average price of $42.43 each. It is authorized to buy back nearly 1.8 million more.

Harland's stock price fell 12.8% Friday to $39.50, and slipped again on Monday. At midday it was trading at $34.03, down 1.19%.

— Will Wade

Deere & Co. to Use Fidelity National Tool

The agricultural and commercial equipment maker **Deere & Co.** has licensed the Profile core banking system from **Fidelity National Information Services Inc.** to process its U.S. installment loan portfolio.

Art Woodcock, the vice president of retail lending at the Moline, Ill., manufacturer's John Deere Credit, said last week in a Fidelity National press release that his company is converting from a mainframe system to Fidelity's core processing system to support its "future growth and continued focus on customer service."

John Deere Credit has $13.1 billion of financing receivables. **James Meenagh**, a spokesman for the unit, said the company plans a phased rollout of the Profile system over the next 18 to 24 months.

Fidelity National, which is majority owned by **Fidelity National Financial Inc.** of Jacksonville, Fla., said the licensing deal illustrates the value that nonbank lenders find in its core system offerings.

(Fidelity National plans to spin off its technology unit next quarter.)

Hundreds of institutions in 16 countries use the Profile system for real-time processing of accounts, Fidelity National Information said.

Fidelity's Profile software uses a single database of customer accounts and company products, and keeps track of deposit and loan transactions, in multiple currencies.

Frank Sanchez, the president of Fidelity National Information, said in the release that, "we look forward to working with John Deere Credit to ensure that it realizes the most value from our solutions."

— Steve Bills

More Banks Can Receive Check Images, Poll Finds

■ BY STEVE BILLS

The number of banks and credit unions that can receive check images is rising sharply, further reducing the need to print image replacement documents.

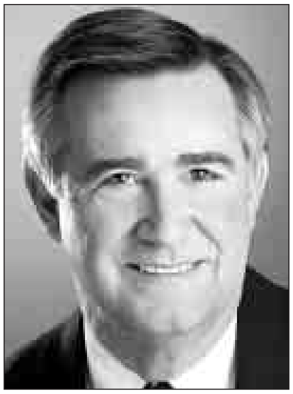
Though many large banks were quick to install imaging equipment in recent years, they quickly found that they could use the technology only to settle transactions with other banks that had the technology, and they had to use IRDs to settle the rest. However, according to the Electronic Check Clearing House Organization, at the end of June nearly 4,000 financial companies — almost a quarter of the industry — were ready to receive images, and most of them were small and midsize companies.

David Walker, the Dallas clearing house's president, said it was no longer tracking the number of companies that could send files, because the number of receivers has become more important.

Technically, Eccho is tracking not the number of companies that can receive images, but the amount of routing and transit numbers that banks are using to do so. At the end of June there were 3,990.

Most of the financial companies receiving images are using just a single routing number, Mr. Walker said. Even large banking companies, which often have numbers for different regions or business units, are rolling them out one number at a time. As a result, the routing number total closely correlates with the number of companies that can receive images.

"It's a significant number," and one that surprises many in the industry who had been concerned about slow adoption of image exchange, he said.



Walker: Banks are still using IRDs to settle high-dollar checks.

(Another large banking company recently started using image exchange — The Clearing House Payments Co. LLC announced Monday that PNC Financial Services Group Inc. of Pittsburgh had begun exchanging images over its SVPCO Image Payments Network. PNC is the 15th participant in the network, which connects with the Federal Reserve Banks' image system.)

Eccho's numbers show electronic clearing continuing to close in on substitute checks. In June, 43% of the 206.8 million imaged checks cleared electronically.

Eccho said $404.37 million of payments cleared using substitute checks, compared with $74.75 million cleared electronically.

Mr. Walker said banks often clear high-dollar checks using IRDs, because of advantages such as faster settlement, but they have been slower to open routing numbers for high-value payment types — such as controlled disbursement for corporate customers — to receive images.

"You don't want to experiment with high-value checks," he said.

Still, $2.3 billion of checks were paid in the first half using images for at least part of the process, and the value is climbing every month, Mr. Walker said.

"We've never had a major change in the payment systems of the U.S. that has proceeded as rapidly as this one has," he said. "The pace of this change is really unprecedented."

Aaron McPherson, the research manager of payments at Financial Insights Inc., a Framingham, Mass., unit of International Data Group Inc., said that small banks and credit unions are quicker to receive images than their large rivals.

"It is a large number, but less surprising if you take into account the size of the banks involved," Mr. McPherson wrote in an e-mail. Small banks outsource their check processing to a third party that can spread the cost of upgrading across its customer base, or the banks are small enough to use less expensive technology that can be replaced more quickly.

The more extensive, often custom-built, processing systems at large banks, make it more difficult and expensive for them to upgrade to image exchange, Mr. McPherson said. "However, clearly they are driving enough volume to give us the numbers we are seeing here. These cannot be all community bank checks." ■

Cyphermint Unveils PayCash Mobile

The electronic payment vendor Cyphermint Inc. has developed a mobile payment system linked to its prepaid cards.

People can use PayCash Mobile to initiate payments with any Internet-capable devices, such as cell phones and computers, Cyphermint said. It can also be used from PayCash kiosks.

The Marlborough, Mass., company announced PayCash Mobile on Monday. It plans to expand the service in October by allowing people to fund the accounts from other credit and debit cards.

Joe Barboza, Cyphermint's president and chief executive, said that though the initial focus is on enabling people to use the service to pay for goods and services, "we believe that the real market is in person-to-person transfers."

PayCash Mobile can be used only to send money to a maximum of 10 payees on a user-created list of merchants or friends.

The 10-payee limit was set to make the tracking of payments easier, in part to comply with the USA Patriot Act, Mr. Barboza said. It will be raised if the service becomes more widely used, he said.

There are 6 million PayCash users, Mr. Barboza said. Consumers and merchants must have PayCash accounts to receive payments and must pay a 2% fee to do so.

Cyphermint's service enters a nascent but increasingly heated landscape for mobile payments. Pay-Pal Inc. recently brought its service to mobile phones and is marketing both the person-to-person function and a system letting users of mobile phones buy items advertised with a PayPal Text-to-Buy logo. PayPal, of San Jose, is a unit of eBay Inc.

Other rivals include OboPay Inc. of Palo Alto, Calif., and Vayusa Inc. of Newton, Mass., which offers a service called MobileLime. Banks and mobile phone carriers are testing versions that combine mobile phone hardware with contactless cards.

— Daniel Wolfe

CitiStreet Hones Products for Small-Corporate Marketplace

■ BY STEVE GARMHAUSEN

CitiStreet is using an improved product roster and a veteran sales staff to make inroads in the competitive small-business retirement market, the unit's chief says.

The joint venture between State Street Corp. and Citigroup Inc., which was started in 2000, is known for its bigger clients, but it also has attracted 6,000 small corporate clients with $20 billion of assets, said Pat Bello, the executive vice president in charge of small corporate sales.

Its roster of small-plan sponsors, with assets of roughly $75 million or less, is expected to grow by 7% a year during the next three to five years, said Mr. Bello, and assets from this group will grow 7% annually as well.

Sales to small businesses rose 21% in the first half of this year, and revenue from these customers rose 14% compared with a year earlier, according to CitiStreet, which is headquartered in Quincy, Mass.

The plan sponsors are evenly dispersed over the East and West coasts and in large cities in between, Mr. Bello said.

Denise Valentine, a senior analyst at the Boston consulting firm Celent LLC, characterized getting 6,000 clients in five years as "fairly impressive."

Success in retaining sales talent is part of the reason for the improvement, Mr. Bello said. His 17 regional sales directors have average tenures of seven and a half years, which is saying something in a business where talent is poached regularly by competitors, he said. These tenures include time at Citigroup before CitiStreet's start-up.

Perhaps a more important factor is that the company has fleshed out its product menu, he said. At first CitiStreet offered only a variable annuity product, but it has added solutions for businesses of every size.

Bello expects 7% annual growth in his small-business retirement unit.

The latest addition, aimed at businesses with $15 million to $100 million of plan assets, is Framewor(k), a fully bundled 401(k) program that is sold through financial advisers at Smith Barney.

The small-plan retirement market, which has been underserved because small businesses lack the deep pockets needed to afford coverage, is a busy area these days, Ms. Valentine said. "I think everyone has recognized there is a gap," she said. "So some of what is going on in the marketplace is heightened awareness."

To lure small-business clients, CitiStreet and its rivals are offering plans that are essentially free of charge. The asset managers share revenue with the distributors so that the plan sponsors do not have to write a check, Mr. Bello explained.

CitiStreet also uses a best-of-breed approach in choosing outside money managers in order to attract clients, he said. And the partnership has leveraged its scale — the entire enterprise has $200 billion of assets under management — so it can offer small corporations servicing features such as interactive Web tools, he said.

A year and a half ago, for instance, it introduced a function that lets sponsors choose which categories of information they want to extract from their plan, he said.

Still, the small-plan market is challenging because of its high turnover — small businesses are more prone to fail, Mr. Bello said. "It's also a very predatory marketplace," he said. "Brokers and more aggressive salespeople operating in that space have a lot more pull."

The turnover is such that CitiStreet should actually increase its small-corporate assets and plans by 10% or 11% annually but is counting on just 7% growth as customers go out of business, he said.

Small corporate plans account for 10% of CitiStreet's business, a share that is likely to remain unchanged as the entire business grows, Mr. Bello said.

CitiStreet does all its own distribution in the small end of the market — it has not opened the door to advisers. Mr. Bello said this may change but not soon.

"It's absolutely on our radar," he said. "But we don't think we're at the tipping point yet."

CitiStreet still has plenty of room to grow using its current approach, he said. Creating a corps of managers to oversee an adviser channel would make the business less lucrative than CitiStreet's simply going after the business itself, he explained.

Mr. Garmhausen, who covered mutual funds for American Banker *from 1997 to 1999, is a freelance writer in Brooklyn, N.Y.*

GlobalBridge, Ally To Aid Banks on Institution Assets

■ BY MATT ACKERMANN

GlobalBridge Inc., a Minneapolis open architecture managed account provider, says it plans to launch a platform to help trust banks gather institutional assets.

GlobalBridge said it would announce a partnership today with Mercer Investment Consulting Inc., a global provider of investment consulting services to fiduciaries of pension funds, foundations, and endowments, to give its customers investment research and consulting. The companies will offer the GlobalEdge platform to help banks compete for share in the institutional market.

Coughlin aims to help "trust banks to erase [market share] erosion."

Kelly Coughlin, GlobalBridge's chairman and chief executive officer, said banks' share of institutional assets has been cut in half in the past 10 years by wire houses, brokers, and other financial advisers. GlobalEdge is designed to help banks leverage their local presence, wealth management expertise, and pricing advantage to attract institutional clients, he said.

"For trust banks to erase some of the erosion that has occurred in terms of their market share, they need to consider different tools and different expertise," he said.

The Mercer partnership will give GlobalBridge the ability to help midsize trust banks attract institutional clients with more than $300 million of assets, Mr. Coughlin said, and he expects his company to use the platform to nearly double its base of customers — from 45 banks to 85 by the end of next year.

He said he expects the company, which was started in 2000, to reach $1 billion of assets under custody this quarter. GlobalBridge has $850 million of assets and expects to reach $1.3 billion by yearend. "Our plan is to double our assets every year for the next four years," he said. "GlobalEdge will help us to do that."

Analysts said this expectation is lofty given market conditions and an overwhelming trend away from banks. Mary McMahon, a principal and the director of relationship management at GlobalBridge, said banks are not losing institutional accounts — they just are not developing new ones because they do not offer open architecture with managed account services.

Prudential and Sungard are competing with GlobalBridge to offer open architecture managed accounts through banks, analysts said. Mercer Investment Consulting, GlobalBridge's new partner, is a unit of Mercer Human Resource Consulting, an operating company of Marsh & McLennan Cos. Inc.

Mr. Coughlin said GlobalBridge would continue to look for growth by working with banks that want to expand their service offerings. Though GlobalBridge's bank customers are heavily concentrated in the seven or eight states of the Upper Midwest, Ms. McMahon said the company will continue to look in areas with concentrations of trust banks.

"You'd think that California and Seattle would have a lot of trust banks, but we find more clients in Iowa than we do in California," she said.

Mr. Coughlin said GlobalBridge does not plan to look in any specific region for new customers. "We don't have geographic qualifications," he said; "we have cultural qualifications."

"We are finding excellent acceptance in second-tier cities outside of the primary markets," he added. "We are finding these firms a lot more receptive and open-minded. We are more than happy to let our competition fight for the top 25 cities and the top 25 banks." ■

IN BRIEF

Mich. Insurer's Profit Up 51%

Fremont Michigan InsuraCorp Inc., a Michigan provider of property and casualty coverages, said Monday that its second-quarter earnings grew 51.2%.

Its net income was $1.4 million, or $1.62 per diluted share, up from $939,000, or $1.09, the year earlier. The insurer, headquartered in Fremont, Mich., also reported a 0.1% decline in revenues, to $10.2 million.

Despite a 3.9% rise in net premiums earned, Fremont said, revenues were flat for the quarter due to a decline of $385,000 in net realized gains on investments.

Direct premiums written for the quarter grew 6.3%, to $13.2 million, from a year earlier. Despite highly competitive and soft market conditions in Michigan, Fremont said, it continued to expand its personal auto product line during the quarter. Direct premiums written for this product increased 23.4% in the quarter.

ProShare Hires ETF Sales Exec

ProShare Advisors LLC, a Bethesda, Md., exchange-traded fund manager, announced Monday that it had hired Robert Holderith to be a vice president and the national sales manager for ETF products.

ProShare appointed Mr. Holderith to the newly created sales post to direct the push for its innovative ETFs. The company, which was started in June, introduced that month the first exchange-traded funds designed to provide short exposure or magnified exposure to major market indexes.

Mr. Holderith was a corporate vice president at UBS Financial Services Inc., where he worked for nine years.

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For more complete information on position requirements and application procedures go to www.ots.treas.gov and click on Employment at OTS and then the link to Jobs. Candidates must apply for each vacancy announcement for which they wish to be considered. Applications will be accepted through August 28, 2006.

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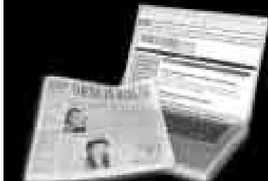

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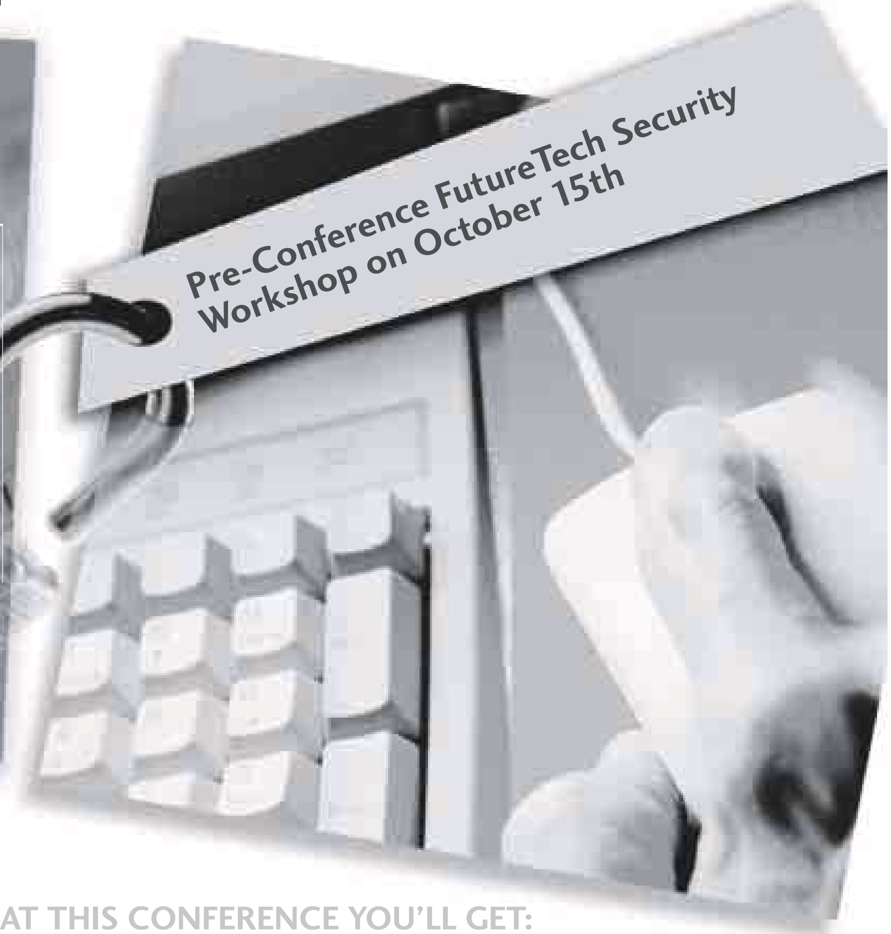

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HIGHLIGHTS: ***Monday, August 7, 2006***

TOP GAINERS %

FinancialInst-NY	5.6
FirstBancorp-PR	3.9
R&GFinancial-PR	2.7
HeritageFinlCorp-WA	2.1
CapitalBk-NC	1.5
Doral Financial-PR	1.4
1stSourceCorp-IN	1.2
OldSecondBncrp-IL	1.1
FlagstarBancorp-MI	1.0
IndyMac-CA	0.9

TOP LOSERS %

-4.5	SuffolkBancorp-NY
-2.6	GreaterBayBncp-CA
-2.4	SantanderBcp-PR
-2.2	FirstSouth Bancorp-NC
-2.2	ColumbiaBank-WA †
-2.1	CommerceBcp-NJ
-2.1	SouthwestBancor-OK
-2.1	FirstCharterCp-NC
-1.8	NaraBancp-CA
-1.8	New Century Fin-CA

VOLUME AS % OF AVERAGE

HeritageFinlCorp-WA	1802
OcwenFinancial-FL	662
AmerBkCorp-NJ	518
FinancialInst-NY	463
FirstSouth Bancorp-NC	449
BannerCorp-WA	375
CapitalBk-NC	347
AmerisBncrp-GA	324
YardvilleNatl-NJ	271
HarborFloridaBcp-FL	251

Percentage Changes

Computed from the indexes reported one, five and 20 days previous, respectively

	Value	Day	Week	Month
American Banker				
Bank Index	*2,452.4*	*–0.6*	*+1.0*	*+3.9*
Thrift Index	*919.8*	*+0.1*	*+1.1*	*+0.3*
S&P 500				
Composite Index	*1,275.8*	*–0.3*	*–0.1*	*+0.7*

Top 50 Banks — Index: 968.60

% Change: Day -0.25 Week 1.11 Month 3.92

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
29.83	23.85	AmSouthBancorp-AL	14.1	3.6	29.26	-0.12
34.94	28.87	AssociatedBanc-WI	12.5	3.7	31.35	0.00
28.18	19.93	BancorpSouth-MS	16.9	2.9	27.89	0.19
55.15	47.00	BankHawaii-HI	15.2	2.9	50.38	-0.18
52.75	41.13	BankOfAmerCorp-NC	12.4	4.3	52.16	-0.16
38.00	28.65	BankofNY-NY	15.6	2.6	34.05	0.27
43.92	37.39	BB&TCorp-NC	13.5	3.9	42.77	0.10
53.14	43.29	BOKFinancial-OK	17.0	1.1	52.71	-0.10
90.04	71.15	CapitalOne-VA	10.6	0.1	78.44	-0.71
50.72	42.91	Citigroup-NY	9.8	4.1	48.23	-0.27
78.25	60.02	CityNatlCorp-CA †	14.4	2.4	67.30	0.20
27.27	21.21	ColonialBancGrp-AL	15.9	2.6	26.01	0.10
61.95	50.12	ComericaInc-MI	11.6	4.0	58.56	-0.09
41.20	27.89	CommerceBcp-NJ	22.9	1.4	35.06	-0.75
53.63	47.57	CommerceBcsh-MO	15.3	1.9	50.50	-0.41
59.95	43.45	CompassBcshrs-AL	17.6	2.6	59.20	-0.11
59.48	47.33	Cullen/Frost-TX	17.7	2.3	58.37	-0.58
41.75	31.56	EastWestBncp-CA †	18.4	0.5	40.49	-0.12
43.49	35.04	FifthThirdBcp-OH	14.8	4.1	39.21	0.20
43.07	34.78	FirstHorizon-TN	10.0	4.3	42.23	-0.53
17.35	14.86	FultonFinCorp-PA	16.3	3.6	16.60	-0.07
24.90	20.97	HuntingtonBcshs-OH	13.5	4.1	24.47	-0.26
46.80	32.92	JPMorganChase-NY	13.6	3.0	45.27	0.15
38.31	30.10	KeyCorp-OH	13.3	3.7	37.64	-0.13
124.94	101.31	M&TBankCorp-NY	17.5	1.9	123.70	-0.26
47.68	40.14	Marshall&Ilsley-WI	15.0	2.3	46.88	-0.08
38.94	30.14	MellonFinlCorp-PA	17.8	2.4	36.00	0.05
40.08	34.11	MercantileBksh-MD	16.1	3.0	37.58	0.13
40.00	29.75	NationalCityCp-OH	12.7	4.2	36.73	-0.13
60.44	47.60	NorthernTrust-IL	20.2	1.6	57.47	0.21
30.64	23.05	NorthForkBanc-NY	15.1	3.5	28.52	-0.22
72.00	54.23	PNCFinlSvs-PA	14.9	3.1	71.69	0.02
27.74	16.97	Popular-PR	11.3	3.4	18.69	0.07
37.36	29.16	RegionsFinCorp-AL	14.8	3.8	36.83	-0.21
29.87	23.09	SkyFinlGrp-OH	13.5	3.7	24.77	-0.19
66.47	47.04	StateStreetCorp-MA	22.7	1.3	61.80	-0.10
80.87	65.32	SunTrustBanks-GA	13.8	3.1	79.71	-0.89
29.70	25.74	SynovusFinCorp-GA	16.5	2.7	29.21	0.03
28.82	24.23	TCFFinancial-MN	13.7	3.4	27.06	-0.02
31.40	26.00	TDBanknorthInc-ME	18.0	3.1	28.78	0.06
38.26	23.63	TexasRegional-TX	25.8	1.5	38.01	0.01
71.75	59.49	UnionBanCal-CA	10.4	3.1	60.04	-0.96
32.45	27.32	USBancorp-MN	12.8	4.1	32.30	-0.01
27.05	20.80	ValleyNatBanc-NJ	17.8	3.4	25.67	-0.41
60.04	46.30	WachoviaCorp-NC	12.6	3.7	55.48	-0.11
49.55	43.23	WebsterFinancial	14.2	2.3	47.28	-0.20
73.78	57.62	WellsFargo-CA	15.3	3.1	72.38	-0.62
37.26	24.14	WhitneyHolding-LA	19.5	3.0	36.22	-0.42
45.21	34.65	WilmingtonTrust-DE	16.6	2.9	44.12	-0.45
85.25	66.67	ZionsBancorp-UT †	15.6	1.7	82.61	-0.08

Top 25 Thrifts — Index: 919.80

% Change: Day 0.07 Week 1.14 Month 0.31

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
31.95	24.43	AstoriaFinCorp-NY	14.3	3.2	30.29	0.16
17.95	12.67	BankAtlanticBcp-FL	29.9	1.1	14.06	-0.02
12.50	10.00	BankMutualCorp-WI	31.5	2.3	12.28	0.04
16.40	12.48	BrooklineBancorp-MA	37.2	5.7	13.03	-0.08
35.82	31.46	CapitolFedFin-KS	48.6	5.9	33.99	-0.16
19.56	13.24	CommericalCap-CA	15.7	1.9	15.88	-0.01
78.11	55.06	DowneyFinl-CA	9.5	0.6	66.87	-0.03
68.44	49.05	FirstFedFinCorp-CA	8.5	0.0	57.99	-0.06
18.09	12.62	FlagstarBancorp-MI	12.1	4.0	15.04	0.15
27.42	24.03	FstMutualBncshs-WA	13.9	1.5	27.00	0.22
15.16	13.35	FstNiagaraFinGrp-NY	17.0	3.3	14.76	0.01
76.57	55.40	GoldenWestFn-CA	15.2	0.4	75.66	-0.11
44.50	32.71	HarborFloridaBcp-FL	21.2	2.5	44.12	-0.08
14.07	11.15	HudsonCityBancorp-NJ	25.0	2.3	12.99	0.09
50.50	34.40	IndyMac-CA	9.0	4.3	44.55	0.41
45.00	39.14	MAFBancorp-IL	13.0	2.5	40.80	-0.16
18.23	15.69	NewYorkComBncrp-NY	18.7	6.2	16.24	-0.13
26.52	19.77	NorthWestBkCorp-PA	22.1	2.9	25.23	-0.17
116.90	10.60	OcwenFinancial-FL	5.2	0.0	14.29	0.09
36.59	28.17	PeoplesBank-CT	37.3	2.8	35.85	-0.04
39.49	27.01	PFFBancorp-CA	17.7	1.7	39.26	0.06
19.16	16.27	Provident Finl svcs-NJ	20.3	2.2	18.24	-0.16
23.41	19.39	Sovereign-PA	18.6	1.5	20.94	-0.01
25.07	21.11	WashingtonFed-WA	13.9	3.6	22.50	-0.27
47.01	36.64	WashMutualInc-WA	12.7	4.6	45.05	0.09

Midwestern Banks — Index: 1131.80

% Change: Day -0.30 Week 0.23 Month 1.27

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
30.81	19.01	1stSourceCorp-IN	18.6	1.9	29.51	0.35
32.25	26.80	AmcoreFinancial-IL	17.0	2.6	28.93	0.19
31.99	19.75	AmesNatlCorp-IA	14.8	5.0	20.71	-0.02
48.80	39.17	BancFirstCorp-OK	17.7	1.3	48.45	0.14
47.22	29.10	CapitolBancorp-MI	16.5	2.4	41.09	-0.08
34.50	28.56	ChemicalFinCorp-MI	14.9	3.7	29.75	-0.15
30.98	23.25	CitizensBanking-MI	13.7	4.5	25.86	-0.24
38.51	30.12	CommunityTrust-KY	15.2	2.8	37.47	0.31
33.73	22.07	CorusBkshrs-IL	7.8	3.5	22.76	-0.16
34.25	28.54	FarmersCapital-KY	14.0	4.1	32.18	-0.07
21.25	18.03	FirstBuseyCorp-IL	15.8	3.1	20.86	0.01
19.36	14.09	FirstFinBanc-OH	25.2	4.2	15.38	0.13
32.20	25.24	FirstFnclCorp-IN	17.4	2.7	30.82	-0.17
29.24	23.99	FirstIndianaCrp-IN	12.5	3.2	25.06	0.10
28.54	20.89	FirstMerit-OH	14.5	5.0	22.23	0.03
39.25	32.62	FirstMidwest-IL	16.2	3.1	35.71	-0.09
38.31	25.51	FirstOakBrook-IL	24.6	2.0	36.47	-0.20
29.42	22.20	FrstMerchantsCp-IN	14.2	3.9	23.36	0.11
15.16	12.58	GermanAmerican-IN	14.4	4.3	13.11	-0.20
32.61	25.05	GreatSouthern-MO	14.2	2.2	27.54	0.18
29.93	25.04	IndependentBk-MI	12.7	3.0	26.39	0.04
25.23	19.47	IntegraBankCorp-IN	15.6	2.8	24.40	0.00
23.32	17.92	IrwinFinlCorp-IN	15.7	2.3	19.10	-0.11
24.85	19.00	Lakeland FinCorp-IN	16.0	2.0	24.55	-0.07
19.50	16.15	Mainsource FinGrp-IN	12.8	3.4	16.59	-0.16
39.98	33.00	MBFinancial-IL	15.5	2.0	35.31	-0.27
44.30	35.29	MercantileBkCorp-MI	17.0	1.3	39.60	-0.28
26.65	20.25	MidwestBancHlds-IL	17.5	2.3	22.28	-0.17
23.24	18.57	OldNatlBancorp-IN	19.0	4.4	18.99	-0.09
33.64	28.00	OldSecondBncrp-IL	15.0	1.9	30.06	0.32
118.77	92.13	ParkNatlCorp-OH	15.2	3.6	101.92	0.19
31.73	25.40	PeoplesBancorp-OH	14.2	2.8	29.96	-0.11
47.51	32.38	PrivateBancorp-IL	26.5	0.5	45.24	-0.11
13.59	10.34	RepublicBancorp-MI	14.7	3.3	13.20	-0.10
22.34	18.14	RepublicBncorp-KY	13.8	1.9	20.70	-0.28
27.00	18.36	SouthwestBancor-OK	16.0	1.3	25.76	-0.55
29.82	20.95	SYBancorp-KY	18.3	2.0	27.92	-0.20
43.18	30.75	TaylorCapGrp-IL	11.1	0.8	31.66	-0.08
35.44	30.51	UMBFinCorp-MO	24.8	1.5	34.23	-0.22
19.98	15.24	WestBancCorp-IA	14.6	3.9	16.38	-0.26
59.64	46.14	WintrustFinl-IL	16.7	0.6	48.41	-0.54

Southern Banks — Index: 1462.00

% Change: Day -0.67 Week 0.20 Month 3.07

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
70.80	59.35	AlaNatBancorp-AL	16.8	2.2	67.71	-0.77
27.10	17.57	AmerisBncrp-GA	19.6	2.1	26.31	-0.34
24.50	19.29	BancsharesFlor-FL	23.1	0.0	21.50	-0.15
28.25	17.01	BanctrustFin-AL	18.1	2.0	26.38	-0.64
22.24	17.51	BankGraniteCorp-NC	17.1	2.6	21.40	-0.32
38.71	29.49	BankoftheOzarks-AR	16.2	1.3	31.49	-0.44
17.00	14.74	CapitalBk-NC	16.8	1.4	17.00	0.25
39.33	29.51	CapitalCityBkGp-FL	18.5	2.1	31.52	-0.18
13.68	8.94	CardinalFinlCorp-VA	24.3	0.4	10.71	-0.18
39.70	32.68	CityHoldingCo-WV	13.4	2.9	39.22	0.30
40.00	33.17	CommercialBkshs-FL	18.1	2.2	35.90	-0.19
19.38	16.40	FidelitySouthn-GA	16.9	1.7	18.72	0.40
23.90	19.32	FirstBancorp-NC	20.5	3.5	20.68	-0.24
26.95	22.04	FirstCharterCp-NC	27.3	3.3	23.49	-0.50
217.79	159.22	FirstCitizens-NC	18.5	0.5	208.99	3.06
34.72	19.64	FirstSouth Bancorp-NC	20.2	2.1	33.00	-0.75
21.50	17.35	FNBCorp-NC	10.5	3.3	18.08	-0.36
39.00	26.10	FNBCorp-VA	14.3	2.3	35.80	-0.89
16.59	13.62	GatewayFinl Hldg-NC	28.3	1.4	14.49	-0.01
35.42	25.09	GreeneCntyBnsh-TN	17.8	1.8	34.34	0.00
57.19	29.93	HancockHldgCo-MS	27.1	1.7	52.83	-0.40
61.50	47.92	IberiaBkCorp-LA	24.8	2.1	58.19	-0.41
25.36	21.74	NationalBancshrs-VA	12.9	3.1	23.01	0.00
25.81	19.57	NbcCapitalCorp-MS	13.3	4.8	20.98	0.32
34.61	21.70	PinnacleFinPartnrs-TN	35.7	0.0	34.26	-0.08
38.00	30.81	SCBT Fin-SC	17.0	1.9	36.51	-0.43
30.84	21.02	SeacoastBanking-FL	22.6	2.0	30.23	-0.48
26.00	21.07	SecurityBankCorp-GA	16.6	1.3	22.71	-0.03
30.36	25.00	SimmonsFirstNatl-AR	14.9	2.4	28.10	-0.73
30.28	24.60	SouthFinlGrp-SC	31.8	2.5	27.00	-0.11
33.71	28.88	TIBFinancial-FL	14.5	1.5	31.71	-0.21
32.76	24.00	TrustmarkCorp-MS	15.8	2.6	32.16	-0.11
50.15	38.26	UnionBankshares-VA	14.9	2.1	43.36	-0.92
32.50	24.50	UnitdSecBncshrs-AL	12.6	3.3	27.93	0.75
38.55	32.34	UnitedBkshrs-WV	15.3	3.0	36.19	0.02
33.10	25.32	UnitedComm-GA	20.8	1.0	32.00	-0.37
32.92	25.59	WesBanco-WV	17.2	3.6	29.06	-0.14

Western Banks — Index: 1653.40

% Change: Day -0.59 Week -0.51 Month 0.68

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
26.86	20.67	AmericanWest-WA	18.2	0.6	21.47	-0.34
35.25	30.47	BankMarin-CA	14.4	1.6	30.70	-0.09
40.44	25.89	BannerCorp-WA	25.4	1.8	39.41	-0.55
44.38	27.11	BWCFinlCorp-CA	18.5	1.0	40.52	-0.58
36.75	29.00	CapitalCorpWest-CA	15.2	1.0	31.37	-0.15
35.57	19.95	CascadeBancorp-OR	23.0	1.0	34.31	-0.26
39.95	32.62	CathayBancorp-CA	17.1	1.0	36.92	-0.44
13.05	9.30	Centennial Bank-CO	24.7	0.0	10.13	-0.04
40.15	31.87	CentralpacfInl-HI	14.3	2.6	35.85	-0.04
34.75	28.87	CmtyBancorp-NV	19.4	0.0	33.70	-0.29
23.96	17.00	CoBizInc-CO	24.0	1.1	22.83	0.20
27.45	18.09	ColumbiaBancorp-OR	16.7	1.7	23.63	-0.17
37.39	24.11	ColumbiaBank-WA †	15.4	1.9	30.81	-0.69
44.50	31.50	CommunityBncp-CA	17.9	1.3	39.68	-0.47
17.30	13.77	CVBFinCorp-CA	16.3	2.5	14.59	-0.14
61.65	45.07	First Cmnty Bancorp-CA	17.5	2.3	54.92	-0.61
39.48	32.20	FirstFinlBnkshrs-TX	17.8	3.2	37.82	-0.53
100.28	66.50	FirstRegional-CA	12.5	0.0	95.76	-2.14
46.02	33.31	FirstRepublicBk-CA	19.1	1.4	42.44	-0.61
27.47	20.25	FirstStateBanc-NM †	18.6	1.3	25.06	-0.12
39.98	26.00	FrontierFinlCorp-WA	18.7	1.9	38.67	-0.06
33.50	27.82	GlacierBcp-MT	18.2	2.0	31.45	-0.15
31.08	22.35	GreaterBayBncp-CA	16.1	2.2	28.23	-0.75
20.46	16.51	HanmiFinCorp-CA	15.6	1.3	19.03	-0.14
25.16	19.08	HeritageCommerce-CA	17.0	0.8	23.90	0.03
29.33	20.53	HeritageFinlCorp-WA	16.6	3.0	27.10	0.55
15.75	11.97	HomeFedBncorp-ID	31.8	1.5	14.31	-0.07
30.81	27.48	InterntnlBncshrs-TX	14.0	2.5	27.94	-0.29
33.20	22.87	MetrocorpBcshs-TX	18.8	0.8	31.74	0.28
19.87	13.50	NaraBancp-CA	15.0	0.6	18.33	-0.34
38.47	28.63	PacificCapitalBncp-CA	13.3	3.0	29.59	-0.09
20.00	14.55	PacificMercBancorp-CA	27.5	0.0	17.30	-0.39
36.00	27.97	ProsperityBnchs-TX	19.1	1.1	35.09	-0.11
54.78	43.73	SiliconValley-CA	20.4	0.0	45.17	0.22
25.94	16.46	SouthsideBncshs-TX	22.2	1.8	24.70	-0.05
20.18	13.53	SterlingBncshrs-TX	21.9	1.4	19.91	-0.01
33.11	21.66	SterlingFinl-WA	18.6	0.9	32.75	-0.15
28.94	16.78	SummitBancshare-TX	27.4	1.1	27.94	-0.27
28.38	20.75	TriCoBancshares-CA	15.6	2.0	24.57	-0.69
19.70	15.55	UCBHHoldings-CA	16.0	0.7	16.66	-0.16
29.67	22.58	UmpquaHolding-OR	16.1	1.8	26.63	-0.39
55.48	45.44	Westamerica-CA	14.5	2.7	48.20	-0.47
31.19	23.29	WestCoastBancp-OR	17.1	1.4	29.89	-0.03

Middle Atlantic Banks — Index: 764.40

% Change: Day 0.03 Week 0.30 Month -1.92

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
28.00	9.72	AmerBkCorp-NJ	30.9	1.3	12.05	-0.04
29.64	23.82	ArrowFinlCorp-NY	15.4	3.7	26.28	0.09
12.30	9.90	BrooklynFedBncorp-NY	36.6	0.0	12.08	0.03
25.25	20.75	BrynMawrBkCorp-PA	15.9	2.2	21.98	-0.02
15.20	10.51	CenterBancorp-NJ	47.6	2.4	14.75	0.00
11.07	10.01	CliftonSvgsBancorp-NJ	98.5	1.8	10.83	-0.07
28.47	23.34	CommunityBanks-PA	14.7	3.1	25.73	0.05
24.68	18.75	CommunityBkSys-NY	15.7	3.5	21.76	0.12
15.37	4.70	Doral Financial-PR	3.4	6.3	5.10	0.07
21.98	15.52	FinancialInst-NY	12.7	1.5	21.80	1.15
23.69	8.59	FirstBancorp-PR	4.9	2.8	9.95	0.37
14.70	12.14	FirstCmnwlthFinl-PA	17.5	5.4	12.58	-0.13
30.20	23.18	FirstCommtyBncrp-PA	38.7	1.6	28.00	-0.10
45.10	40.26	FirstLongIsland-NY	14.3	2.1	43.89	-0.11
19.18	15.15	FNBCorp-PA	17.1	5.8	16.21	-0.16
26.43	18.68	HarleysvilleNat-PA	15.0	3.7	20.39	-0.08
22.77	15.60	Interchange-NJ	22.8	1.8	22.54	-0.06
17.02	14.15	KNBT Bancorp-PA	20.3	2.0	15.65	-0.13
15.56	12.66	LakelandBncp-NJ	16.0	2.8	14.35	-0.13
23.18	18.05	NationalPenn-PA	14.2	3.4	19.54	-0.30
24.67	20.75	NBTBankcorp-NY	14.6	3.2	23.67	0.05
34.21	25.42	OmegaFinancial-PA	17.5	4.2	29.76	0.00
14.52	10.30	OrientalFinlGroup-PR	11.1	4.5	12.42	-0.13
36.68	25.71	PennCommBancp-PA	22.5	0.0	27.69	0.04
38.08	32.15	ProvidentBkshrs-MD	16.1	3.2	37.25	-0.17
14.40	10.70	PrudentialBkcp-PA	42.7	1.2	13.25	-0.08
15.98	7.65	R&GFinancial-PR	2.9	5.3	8.24	0.22
26.74	21.57	RoyalBncshsPA-PA	10.8	4.3	25.75	0.05
39.54	30.56	S&TBancorp-PA	15.1	3.7	31.00	-0.10
38.55	31.51	SandySpringBcp-MD	15.3	2.5	34.81	-0.23
30.12	20.10	SantanderBcp-PR	16.3	2.7	23.31	-0.58
20.65	16.46	Severn Bancorp-MD	11.0	1.3	19.11	-0.44
20.00	13.02	StateBancorp-NY	NM	3.0	19.72	0.77
23.15	17.05	SterlingBancorp-NY	15.9	3.9	19.34	0.09
22.64	18.02	SterlingFinanCorp-PA	15.4	2.6	21.42	-0.14
37.00	27.01	SuffolkBancorp-NY	14.4	2.8	31.28	-1.48
20.95	15.96	SunBancorp-NJ	20.5	0.0	17.55	-0.01
26.67	22.01	SusquehannaBcsh-PA	14.0	4.0	24.28	-0.28
46.53	36.81	TompkinsCtyTr-NY	15.9	2.8	42.70	-0.01
13.47	10.40	TrustCoBankCorp-NY	15.0	5.9	10.89	-0.08
23.64	20.51	USBHoldingCo-NY	15.7	2.5	22.45	-0.03
10.55	5.02	W.HoldingCo-PR	10.3	3.5	5.43	0.00
39.19	32.25	YardvilleNatl-NJ	19.3	1.3	34.41	0.20

Northeastern Banks — Index: 1182.70

% Change: Day -0.55 Week -0.36 Month 1.96

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
42.30	32.53	BankRhodeIsland-RI	24.9	1.4	41.75	0.06
35.16	24.17	BostonPrivate-MA	17.1	1.3	24.90	-0.02
30.30	24.47	ChittendenCorp-VT	15.6	2.8	28.13	-0.26
20.40	15.50	FirtNationalLincoln-ME	13.6	3.4	17.63	0.00
34.55	26.50	IndependentBkCp-MA	15.5	1.9	33.72	0.06
28.00	23.35	MerchantsBcshrs-VT	13.6	4.6	24.23	-0.02
15.10	13.55	NewAllience-CT	29.9	1.7	14.05	-0.13
40.50	27.62	NewMilBanCorp-CT	19.6	2.2	40.28	0.18
15.40	12.67	RockvilleFinl-CT	NM	0.0	14.37	-0.03
29.98	24.01	WashTrustBanc-RI	14.7	2.9	26.05	0.03

Specialty Finance Companies

Gov't Sponsored Enterprises — Index: 1556.20

% Change: Day 0.17 Week -0.48 Month -2.18

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
58.60	41.34	FannieMae-DC	6.0	2.2	47.46	-0.05
32.47	22.44	FarmerMac-DC	11.6	1.4	27.84	-0.21
68.75	54.50	FreddieMac-VA	13.4	3.2	57.93	0.33

Private Mortgage Companies — Index: 954.90

% Change: Day -1.35 Week 3.25 Month -2.77

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
43.67	29.34	Countrywide-CA	8.6	1.6	36.91	-0.49
51.97	30.22	New Century Fin-CA	6.0	16.0	46.17	-0.83

General Finance — Index: 666.50

% Change: Day -0.37 Week 0.32 Month -1.81

52-Week Hi	Lo	Name	P/E	Div. Yld.	Last	$ Chg.
32.24	25.65	Allied Capital Corp.DC	7.0	8.5	29.02	0.15
55.00	46.59	AmericanExpress-NY	18.2	1.2	52.10	-0.11
31.70	21.31	AmeriCreditCorp-TX	12.3	0.0	24.81	-0.41
30.12	24.16	FinancialFederal-NY	17.0	1.5	27.17	-0.04
58.26	20.89	FirstMarblehead-MA	14.2	1.0	45.90	0.20
24.87	16.78	Fremont General-CA	4.9	2.5	17.70	-0.30
58.35	48.88	SLMHoldingCorp.-DC	13.0	2.0	50.28	-0.33

THE TABLE LISTS daily composite stock prices at the close (unless otherwise noted) for the 225 largest publicly traded commercial banking firms and the 25 largest publicly traded thrifts as measured by the market value of all common shares outstanding. The table also lists major financial services companies by industry type. **52 Wk Hi Lo** is the moving 52-week high and low closing prices for the stock. **PE** represents the current stock price divided by the trailing four-quarter earnings per share adjusted for the latest announced earnings. The ratio is annualized for companies with less than four quarters of data. **Mkt. to book** is the ratio of the current day's closing price to the stock's book value, expressed as a percentage. **Last** is the price at which the stock is last traded. If no trades for the day, the latest bid. **AB Bank and Thrift Indices** are market-value weighted averages of the top 225 banks in market value and the top 25 thrifts in market value, respectively. The **Top 50 Banks Index** is a weighted average of the top 50 banks in market value. The 175 banks in the AB Bank Index which do not fall into the Top 50 are divided into five regional groups and each region has a weighted average index assigned to it: the Northeastern Banks Index, the Middle Atlantic Banks Index, the Southeastern Banks Index, the Midwestern Banks Index, and the Western Banks Index. The **Credit Card Companies Index**, and the **Mortgage Companies Index** are weighted averages of selected publicly traded firms in each of these industries. The **GSE Index** is a weighted average of Fannie Mae and Freddie Mac and the **Specialty Indexes** are weighted averages of selected specialized financial services firms. Highlights shows the largest percentage gains/losses in price and two volume indicators: most shares traded and today's volume as a percentage of average shares traded daily over the past year. N/M = not meaningful, N/A = not available. Prices unchanged from the previous day's or week's close are indicated with "…". The dagger symbol (†) means ex-dividend.

Data Source: Thomson Financial

Improved Outlook for Several in Puerto Rico

■ BY LAURIE KULIKOWSKI

Puerto Rican banking stocks received a lift Monday when an analyst upgraded five of the island's companies.

Thomas J. Monaco, an analyst at Sterne Agee & Leach Inc., wrote in a research note that even though the next six months will be "extremely challenging" for banking companies in Puerto Rico, there is "enough positive momentum" to upgrade several companies.

He said he visited several of the companies last week and believes the banking market there is ripe for consolidation.

Mr. Monaco raised his rating to "buy," from "hold," on three San Juan companies — R&G Financial Corp., the $48.6 billion-asset Popular Inc., and the $2.4 billion-asset Eurobancshares Inc. He upgraded First BanCorp of San Juan and W Holding Co. Inc. of Mayaguez to "hold," from "sell."

He did not downgrade any companies. He maintained a "sell" rating on the $19 billion-asset Doral Financial Corp. and a "hold" rating on Santander BanCorp and Oriental Financial Group Inc.

Several Puerto Rican companies, including Doral, R&G, and First BanCorp, have been embroiled in a scandal that started at Doral early last year over its accounting for interest-only strips. The companies have been compelled to restate several years' worth of earnings. Doral has already done so. A spokesman for First BanCorp said it expects to do so this summer. R&G has said it's likely to restate next quarter.

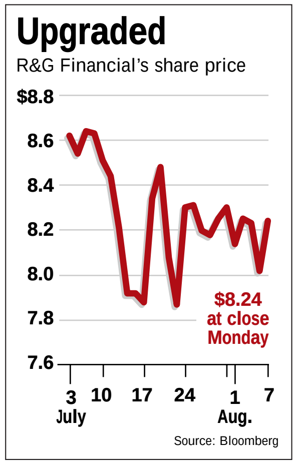
In addition to his note on the upgrades, Mr. Monaco wrote notes on each of the companies. In his note on R&G, he wrote that its financial and legal problems are "substantially more manageable" than those of Doral, and that R&G's Florida subsidiary has "substantially more value than that of Doral in New York."

R&G also has managed to maintain its No. 2 market share in mortgage originations in Puerto Rico.

The island is experiencing a fiscal and economic crisis that could cause consumer lending and possibly commercial and mortgage lending to slow and hurt the credit quality of all its banks.

But Mr. Monaco said in an interview Monday that an improved economic and political environment, combined with the expectation that the accounting issues will be resolved soon, has left him "a little less pessimistic" than he had been on the sector.

"The government has certainly put a Band-Aid on the fiscal situation by adding a 7% sales tax. Unemployment has stabilized, and auto sales have improved … [from] their lows in May," he said. "We're probably a couple weeks to a couple months away from getting these mortgage accounting issues put behind us."



He expects some consolidation over the next six to 12 months. He said that R&G and First BanCorp may sell themselves and that Doral may sell certain assets. He would not speculate on a possible buyer, except to say that it would be "another Puerto Rican bank."

Though he would not name any names in the interview, he wrote in his note on Santander that he believes it is interested in making deals on the island — whether a whole-bank purchase, "franchise acquisitions, or certain asset purchases."

First BanCorp has "taken some positive steps to ensure the organization's viability and to avoid" a possible delisting of its stock from the New York Stock Exchange, he wrote in a note.

Mr. Monaco wrote in his note on W Holding that his upgrade of the $16.7 billion-asset holding company for Westernbank Puerto Rico and Westernbank Insurance Corp., was "most difficult." He has numerous concerns about the company, including an "unresolved SEC investigation, credit quality, … [net interest margin] compression, a large unrealized securities portfolio loss not reflected in equity, and the move to a Florida market," where the company has "very little knowledge."

But he wrote that the optimism on the island's economic improvement, coupled with anecdotal evidence, "suggests that we should take a breather on our negative rating on the name for now."

Carmen Casellas, a spokeswoman for W Holding, took issue with several points in Mr. Monaco's note on the company.

She said that the SEC investigation "is very old" and had to do with purchases of corporate bond and loan obligations the company found to have credit problems. "So we asked permission to hold them for sale, and we sold them," Ms. Casellas said. "We thought we had done absolutely the correct thing, and instead the SEC launched an investigation," on which the regulators have not asked any information in close to two years.

She rejected Mr. Monaco's opinion that the company is not familiar with the Florida market.

Not everyone is as optimistic about Puerto Rico as Mr. Monaco.

Keri McGreevy, an analyst at Brean Murray, Carret & Co., said that the island's banking market is still too uncertain, and that investors should not commit money there.

"We don't feel the island is out of the economic frying pan," Ms. McGreevy said. "Puerto Rico could be heading into a recession, and the local banks are knee deep in funding cost pressures and deteriorating credit quality." Any rally in the Puerto Rican banking stocks could be "short lived."

Alan Cohen, a spokesman for First BanCorp, said it was "comforting to see that the analyst community is seeing Puerto Rico in a new light — and that there is light at the end of the tunnel."

Popular would not discuss Mr. Monaco's note. R&G and Eurobancshares did not return phone calls before press time. Santander did not comment by press time.

On Monday, First BanCorp's shares rose 3.9%, R&G 2.7%, Popular 0.4%, and Eurobancshares 5.1%. W Holding's stock was flat. ■

IN BRIEF

9% Earnings Drop at Anchor of Wis.

Anchor BanCorp Wisconsin Inc. on Monday reported a 9% year-over-year drop in earnings for its fiscal first quarter, to $10.6 million.

The Madison company's diluted earnings per share for the three months, which ended June 30, fell 6%, to 49 cents. That missed estimates by 4 cents, according to Thomson Financial.

The $4.4 billion-asset company said its earnings fell because it did fewer real estate development projects in California. Income from real estate development partnerships fell 61%, to $4.5 million. That lowered noninterest income by 29%, to $13.3 million.

Anchor's net interest income after provisions for loan losses fell 1%, to $31.6 million. Its loan-loss provision was up 355%, to $1.2 million.

— Ben Jackson

Greater Bay Cut to 'Market Perform'

Greater Bay Bancorp of East Palo Alto, Calif., was downgraded Monday by an analyst who expressed concern about its net interest margin and its insurance business.

On Friday the $7.4 billion-asset Greater Bay reported a second-quarter profit of $25.1 million, up 11% from a year earlier. Earnings per share rose 8 cents, to 46 cents, beating Wall Street's expectations by 4 cents.

But analysts calculated that excluding unusual items, core earnings were anywhere from 44 cents to 38 cents. The company said its net interest margin contracted 9 basis points in the quarter from the first and 1 basis point from a year earlier, to 4.26%, and said its ABD Insurance and Financial Services unit is facing an industrywide weakness in premiums.

In a report issued Monday, Manuel Ramirez of Keefe, Bruyette & Woods Inc. lowered his rating on Greater Bay's shares to "market perform" from "outperform."

"Our revisions primarily reflect a lower NIM and reduced earnings contribution from ABD, offset partially by better expense discipline at the bank level and lower credit costs," the report said.

Greater Bay's shares are nearly fully valued, but the company could improve earnings by cutting costs, Mr. Ramirez wrote.

— Jim Cole

Fed Reports Brisk Credit Growth

U.S. consumer credit expanded at a rapid clip in June, led by gains in revolving credit, the Federal Reserve said Monday.

Consumer credit outstanding rose $10.3 billion in June, to $2.18 trillion, according to the latest report from the Fed. That followed a $5.9 billion consumer credit increase in May, previously estimated as a $4.4 billion expansion.

June credit growth was well above Wall Street estimates for a $3.8 billion expansion during the month.

The consumer credit data exclude home mortgages and other real estate-secured loans. They tend to be highly volatile from month to month and are frequently revised.

The latest report shows that in June households increased nonrevolving credit, such as car and boat loans.

Nonrevolving credit grew $3.6 billion, to $1.366 trillion. That followed a $1.5 billion drop in May, previously reported as a decline of $2.2 billion.

Revolving debt, which mainly reflects credit card financing, grew $6.6 billion, to $820.7 billion. That followed a $7.4 billion increase in May, marking the sharpest two-month rise since September-October 2004. Consumer credit over all grew in June at a seasonally adjusted annual rate of 5.7% following May's 3.3% rise.

— Dow Jones

Intervest-Mortgage Buys in Calif.

Intervest-Mortgage Investment Co., a unit of Sterling Financial Corp. of Spokane, has acquired the $625 million servicing portfolio, the name, and other assets of the Oakland, Calif., commercial mortgage bank Mason-McDuffie Financial Corp.

Sterling did not say how much it paid. The deal closed July 31 and was announced Friday.

Intervest will operate under the Mason-McDuffie name in northern California, where the Oakland firm had been doing business since 1887. Campbell O'Neill, who has been with Mason-McDuffie for 35 years, was named the unit's president.

The unit opened a Sacramento office in 2004 and since then has made more than $450 million of construction and interim loans in northern California.

Clarification

In the Aug. 7 paper, a story on page 17, "U.S. Bancorp to Phase Out Money Transfers via ATMs," said that Bank of America had discontinued a similar program but did not say that it continues to offer remittances under the SafeSend brand. Recipients must pick up the funds over the counter.