



N E W S R E L E A S E

Michael White-ABIA Report Bank Annuity Fee Income Up in 2011, But Down in Fourth Quarter

FOR IMMEDIATE RELEASE – Radnor, PA, and Washington, DC, April 18, 2012 – Income earned from the sale of annuities at bank holding companies (BHCs) rose 10.4% for the year from \$2.57 billion in 2010 to \$2.84 billion in 2011, according to the *Michael White-ABIA Bank Annuity Fee Income Report*[™].

However, sales clearly slowed in the second half of 2011 and particularly in the last quarter. Fourth-quarter BHC annuity commissions reached their lowest point since fourth quarter of 2007. They were \$579.7 million, down 25.8% from the record-setting \$781.4 million in second quarter 2011, and down 20.5% from \$729.5 million earned in fourth quarter 2010.

Compiled by Michael White Associates (MWA) and sponsored by American Bankers Insurance Association (ABIA), the report measures and benchmarks the banking industry’s performance in generating annuity fee income. Results are based on data from all 6,679 commercial and FDIC-supervised banks and 930 large top-tier BHCs with consolidated assets greater than \$500 million operating on December 31, 2011.

Kevin McKechnie, Executive Director of the ABIA, noted, “The industry’s double-digit increase in annuity fee income in 2011 was due to wide-spread growth throughout the industry. Of 389 large top-tier bank holding companies reporting annuity fee income in 2011, 187 or 48.1% earned a minimum of \$250,000 selling annuities. Of those 187, 120 BHCs or 64.2% achieved double-digit growth in annuity fee income from 2010 to 2011. And, another seven BHCs with either negative or zero annuity income in 2010, earned at least \$250,000 in 2011. That’s all very positive news. What gives cause for concern was the significant slide in quarterly annuity income, particularly in the last quarter.”

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-END DECEMBER 31, 2011 Nationally							
RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2010 - 2011	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2011	2010					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$777,000	\$706,000	10.06%	WELLS FARGO & COMPANY	CA	\$1,313,767,000	2.08%
2	\$432,000	\$331,000	30.51%	MORGAN STANLEY	NY	\$749,898,000	1.35%
3	\$318,000	\$259,000	22.78%	JPMORGAN CHASE & CO.	NY	\$2,264,106,000	0.66%
4	\$244,447	\$179,383	36.27%	BANK OF AMERICA CORP.	NC	\$2,130,078,554	0.65%
5	\$93,536	\$63,267	47.84%	SUNTRUST BANKS, INC.	GA	\$176,900,103	2.90%
6	\$78,251	\$86,955	-10.01%	RBC USA HOLDCO CORPORATION	NY	\$83,129,546	3.46%
7	\$70,780	\$77,013	-8.09%	PNC FINANCIAL SERVICES GROUP	PA	\$271,407,158	1.29%
8	\$67,107	\$50,784	32.14%	BBVA USA BANCSHARES	TX	\$63,134,877	8.94%
9	\$62,000	\$56,000	10.71%	U.S. BANCORP	MN	\$340,122,000	0.71%
10	\$50,043	\$59,199	-15.47%	KEYCORP	OH	\$87,795,912	2.78%

Source: *Michael White-ABIA Bank Annuity Fee Income Report*

Of the 930 BHCs, 389 or 41.8% participated in annuity sales activities during the year. Their \$2.84 billion in annuity commissions and fees constituted 11.3% of their total mutual fund and annuity income of \$25.04 billion and 15.3% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$18.58 billion. Of the 6,679 banks, 910 or 13.6% participated in annuity sales activities, earning \$745.2 million in annuity commissions or 26.2% of the banking industry's total annuity fee income.

Three-fourths (75.3%) of BHCs with over \$10 billion in assets earned annuity commissions of \$2.69 billion, constituting 94.8% of total annuity commissions reported. This was an increase of 10.9% from \$2.43 billion in annuity fee income in 2010. Among this asset class of largest BHCs, annuity commissions made up 10.6% of their total mutual fund and annuity income of \$24.62 billion and 15.2% of their total insurance sales volume of \$17.69 billion, the highest proportion of insurance sales volume of any asset class. Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Bank of America Corporation (NC), and SunTrust Banks, Inc. (GA) led all bank holding companies in annuity commission income in 2011.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 0.2% in annuity fee income in 2011, rising from \$123.2 million in 2010 to \$123.4 million and accounting for 30.0% of their mutual fund and annuity income of \$411.6 million. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), National Penn Bancshares, Inc. (PA), Old National Bancorp (IN), Wesbanco, Inc. (WV) and First Citizens Bancorporation, Inc. (SC).

BHCs with \$500 million to \$1 billion in assets generated \$23.3 million in annuity commissions in 2011, up 4.9% from \$22.2 million the year before. Only 32.8% of BHCs this size engaged in annuity sales activities, which was the lowest participation rate among all BHC asset classes. Among these BHCs, annuity commissions constituted the smallest proportion (14.8%) of total insurance sales volume of \$157.0 million. Among BHCs with assets between \$500 million and \$1 billion, leaders were Northeast Bancorp (ME), Citizens Bancshares, Inc. (OH), River Valley Bancorporation, Inc. (WI), Nodaway Valley Bancshares, Inc. (MO), and Van Diest Investment Company (IA).

The smallest community banks, those with assets less than \$500 million, were used as "proxies" for the smallest BHCs, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were Essex Savings Bank (CT), Jacksonville Savings Bank (IL), FNB Bank, N.A. (PA), Vantage Point Bank (PA), and The Hardin County Bank (TN). These small banks, representing small BHCs, registered an increase of 9.1% in annuity fee income, rising from \$32.7 million in 2010 to \$35.7 million in 2011.

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the median Annuity Concentration Ratio was 7.2% in 2011. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the mean Annuity Concentration Ratio was 14.9% of noninterest income.

Among the top 50 BHC leaders in annuity penetration (i.e., annuity fee income per one million dollars of core or retail deposits), the median Annuity Penetration Ratio was \$947 per million dollars of retail deposits. Among the top 50 small banks in annuity penetration, the median Annuity Penetration Ratio was \$1,346 per million dollars of core deposits.

Among the top 50 BHC leaders in annuity productivity (i.e., annuity income per BHC employee), the mean Annuity Productivity Ratio was \$2,879 per employee. Among the top 50 small banks in annuity productivity, the mean Annuity Productivity Ratio was \$4,269 per BHC employee.

The American Bankers Insurance Association (ABIA) is the separately chartered insurance subsidiary of the American Bankers Association (ABA) and is the only Washington, D.C.-based full service association for bank insurance interests. The ABIA's mission is to develop policy and provide advocacy for banks in insurance and to support bank insurance operations through research, education, compliance-assistance and peer group networking opportunities. ABIA Membership consists of banks, and their affiliated agencies, insurance companies, marketing, and administrative services suppliers, non-bank lending organizations and other firms involved in the bank-affiliated insurance industry. Additional information on the ABIA can be found at www.theabia.com.

Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White-ABIA Bank Annuity Fee Income Report*[™] and *Michael White-Prudential Bank Insurance Fee Income Report*[™] provide, respectively, comprehensive analyses of bank annuity commission and bank insurance brokerage income. Additionally, the *MWA Fee Income Ratings Reports*[™] compare, rank and rate a particular financial institution's insurance or other noninterest fee income program nationally, regionally, statewide and in its asset-peer group. Copies of MWA reports can be ordered by calling (610) 254-0440, or by visiting www.BankInsurance.com.

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