



N E W S R E L E A S E

**Michael White-Succeed Advisors Report
Some Big BHCs Continue to Fumble Bank Insurance Brokerage,
Others Grow Income in 1st Half 2014**

FOR IMMEDIATE RELEASE – Radnor, PA, November 4, 2014 – Bank holding companies (BHCs) tallied \$3.07 billion in insurance brokerage fee income in first half 2014, down 8.9% from \$3.37 billion for the same period in 2013, according to the *Michael White-Succeed Advisors Bank Insurance Fee Income Report*[™]. This decline was largely attributable to a drop of \$343.0 million in the insurance brokerage fee income of Bank of America Corporation (-\$228M), Citigroup (-\$59M) and Wells Fargo (-\$56M). Had those three BHCs only maintained first half 2013 production, the banking industry would have experienced an increase of 1.3% in insurance brokerage revenues. Of 1,063 large top-tier BHCs, 634 or 59.6% engaged in insurance brokerage activities in first half 2014.

**TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME
YEAR-TO-DATE JUNE 30, 2014 – NATIONALLY**

R A N K	INSURANCE BROKERAGE FEE INCOME		PERCENT CHANGE	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1H2014	1H2013					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$784,826	\$715,679	9.66%	BB&T Corporation	NC	\$188,009,096	42.73%
2	\$760,000	\$816,000	-6.86%	Wells Fargo & Company	CA	\$1,598,871,000	3.81%
3	\$317,000	\$376,000	-15.69%	Citigroup Inc.	NY	\$1,909,546,000	1.98%
4	\$94,000	\$90,000	4.44%	American Express Company	NY	\$151,934,000	0.67%
5	\$61,986	\$58,558	5.85%	Regions Financial Corporation	AL	\$119,013,705	6.35%
6	\$60,422	\$52,727	14.59%	BancorpSouth, Inc.	MS	\$12,989,487	46.55%
7	\$38,494	\$38,454	0.10%	First Command Financial Services	TX	\$944,174	32.73%
8	\$37,250	\$39,717	-6.21%	Discover Financial Services	IL	\$78,628,026	3.92%
9	\$37,000	\$55,000	-32.73%	Morgan Stanley	NY	\$823,880,000	0.23%
10	\$36,302	\$35,341	2.72%	Eastern Bank Corporation	MA	\$8,804,641	48.17%
11	\$35,613	\$36,627	-2.77%	First Niagara Financial Group	NY	\$38,578,423	23.63%
12	\$32,069	\$27,654	15.97%	Stifel Financial Corp.	MO	\$9,575,012	3.11%

Source: *Michael White-Succeed Advisors Bank Insurance Fee Income Report*[™]

Compiled by Michael White Associates (MWA) and sponsored by Succeed Financial Advisors, this report measures and benchmarks the banking industry’s performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 6,656 commercial banks, savings banks and savings associations and 1,063 large top-tier bank holding companies and thrift holding companies (defined as those BHCs with consolidated assets of \$500 million or greater) based upon financial information reported as of June 30, 2014. Certain thrift holding companies, such as those that are historically insurance companies, have been

excluded from this report in order to better understand the insurance performance of financial institutions that historically have engaged in significant banking activities. Bank holding company insurance brokerage fee income consists of commissions and fees earned by a bank holding company or its subsidiary from sales and referrals of credit, life, health, property, casualty, and title insurance.

“Fewer BHCs in first half 2014 are on track to earn at least \$250,000 in annualized insurance brokerage income than in 2013 (respectively, 218 versus 258, down 9.4%), and 157 of these BHCs, down 9.4% from 171 BHCs in first half 2013, showed positive growth. However, a larger percentage of these BHCs registered insurance brokerage revenue increases in 2014 than in 2013 (respectively, 72% versus 66%),” said Michael White, President of MWA. “In addition, the number of big winners, i.e., those BHCs with double-digit increases in insurance brokerage compared to the prior year's first half, rose by 19.8% from 106 in 2013 to 127 BHCs now.”

“And, a larger percentage of on-target BHCs (81% of those experiencing revenue increases and 58% of those on track to earn \$250,000 or more in 2014) achieved double-digit increases in insurance brokerage fee income in first half than BHCs in first half 2013 (62% of those with revenue increases and 41% of those that were on track to earn \$250,000 or more in 2013). These findings signal more concentrated and significant revenue generation among a slightly smaller number of BHCs.”

In first half 2014, BB&T Corporation (NC), which owns more agencies than any other financial holding company, topped the leader board for the first time with insurance brokerage earnings of \$784.8 million. Wells Fargo & Company (CA) ranked second nationally with \$760.0 million; and Citigroup Inc. (NY), whose insurance income dropped 15.7%, ranked third with \$317.0 million in insurance brokerage revenue.

Bank holding companies over \$10 billion in assets continued to have the highest participation (80.0%) in insurance brokerage activities. These BHCs produced \$2.58 billion in insurance fee income in first half 2014, down 10.6% from the \$2.89 billion they produced in first half 2013. This decline was largely attributable to Bank of America, Citigroup and Wells Fargo. Had those three BHCs only maintained first half 2013 production, this asset class would have experienced an increase of 1.3% in insurance brokerage revenues. These large bank holding companies accounted for 84.0% of all BHC insurance brokerage fee income earned in first half 2014.

Among BHCs with assets between \$1 billion and \$10 billion, leaders in insurance brokerage income in first half 2014 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Tompkins Financial Corporation (NY), Lauritzen Corporation (NE), and Johnson Financial Group, Inc. (WI). Participating in insurance brokerage at a rate of 63.8%, BHCs of this size registered a 0.6% increase in insurance brokerage income to \$371.7 million in first half 2014, up from \$369.5 million in first half 2013.

Among BHCs with assets between \$500 million and \$1 billion, leaders were First Command Financial Services (TX), Oneida Financial Corp. (NY), Two Rivers Financial Group, Inc. (IA), 473 Broadway Holding Corporation (NY), and Texas Independent Bancshares, Inc. (TX). As a group, BHCs of this size experienced a 1.8% increase for first half year-over-year in their insurance brokerage income.

The smallest community banks, with assets less than \$500 million, were used as “proxies” for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Benchmark Bank (TX), First State Bank (IA), Midwest Heritage Bank, FSB (IA), and First Federal Savings Bank (PA). These representatives of small BHCs, registered a 4.1% decrease in insurance brokerage income, declining from \$83.1 million in first half 2013 to \$79.7 million in first half 2014.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as

a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 42.7%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 61.1% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was \$21,474 per BHC employee on an annualized basis. Among the top 50 small banks in insurance brokerage productivity, the mean Insurance Brokerage Productivity Ratio was \$23,826 per bank employee on an annualized basis.

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Succeed Financial Advisors, LLC is one of the most experienced M&A advisory firms specializing in the insurance industry. Its team of advisors has advised on over 200 completed insurance and distribution M&A transactions. It focuses on middle-market transactions of insurers, retail brokers, wholesale brokers, MGAs, TPAs and other service-related firms. Succeed's senior management are more than analysts; they are practitioners in the businesses they examine, including service as senior executives in insurance carriers, CEO and vice-chairman of other M&A advisory firms, chairman of one of the nation's leading insurance call centers, and president of a large property-casualty MGA operation. With offices in Seattle, Southern California and San Francisco, Succeed Advisors offers a broad scope of advisory services, including merger and acquisition advisory, valuations, and due diligence review services to the insurance industry with specific expertise in the distribution sector.

Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White-Succeed Advisors Bank Insurance Fee Income Report*[™] and *Michael White-Securities America Report: Community Bank Investment Programs*[™] provide, respectively, comprehensive analyses of bank insurance brokerage and bank investment program 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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