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N E W S R E L E A S E

**Michael White Reports Bank Annuity
Income Fell 6.4% in 2017**

FOR IMMEDIATE RELEASE – Radnor, PA, April 9, 2018 – Income earned from the sale of annuities at bank holding companies (BHCs) in 2017 fell 6.4% to \$3.01 billion from \$3.22 billion in 2016, according to the *Michael White Bank Annuity Fee Income Research*[™]. Fourth quarter 2017 BHC annuity commissions reflected the year-over-year downward trend, decreasing 1.0% to \$756.2 million from \$764.1 million earned in fourth quarter 2016, but indicated quarter-to-quarter growth climbing 12.5% over third quarter 2017 earnings of \$672.1 million.

Compiled by Michael White Associates (MWA), the research measures and benchmarks the banking industry’s performance in generating annuity fee income. Findings are based on data from all 5,670 commercial banks, savings banks and savings associations (thrifts), and 596 large top-tier bank and thrift holding companies (collectively, BHCs) with consolidated assets greater than \$1 billion operating on December 31, 2017.

**TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME
YEAR-END DECEMBER 31, 2017
Nationally**

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2016 - 2017	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2017	2016					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$749,000	\$765,000	-2.09%	WELLS FARGO & COMPANY	CA	\$1,951,498,000	1.97%
2	\$622,000	\$604,000	2.98%	MORGAN STANLEY	NY	\$849,898,000	1.93%
3	\$287,579	\$339,138	-15.20%	UBS AMERICAS HOLDING LLC	NY	\$140,671,823	2.74%
4	\$203,000	\$233,000	-12.88%	JPMORGAN CHASE & CO.	NY	\$2,525,256,000	0.41%
6	\$93,000	\$88,000	5.68%	CITIGROUP INC.	NY	\$1,842,454,000	0.35%
9	\$72,366	\$68,521	5.61%	RBC USA HOLDCO CORP.	NY	\$141,974,824	1.77%
5	\$71,000	\$118,000	-39.83%	BANK OF AMERICA CORP.	NC	\$2,274,006,000	0.17%
7	\$66,542	\$85,341	-22.03%	SUNTRUST BANKS, INC.	GA	\$206,633,681	1.85%
8	\$63,623	\$55,807	14.01%	KEYCORP	OH	\$136,729,402	2.59%
10	\$63,000	\$73,794	-14.63%	BB&T CORPORATION	NC	\$221,634,000	1.32%

Source: *Michael White Bank Annuity Fee Income Research*[™]

Of the 596 large BHCs, 286 or 48.0% participated in annuity sales activities during the year. Their \$3.01 billion in annuity commissions and fees constituted 35.6% of total BHC insurance sales revenue (i.e., the sum of annuity and insurance brokerage income) of \$8.47 billion. Of the 5,670 banks, 792 or 14.0% participated in annuity sales activities, earning \$705.7 million in annuity commissions or an amount equal to 23.4% of total BHC annuity fee income.

Michael White, president of MWA and author of the report, noted, “Of 286 large top-tier BHCs reporting annuity fee income in 2017, 176 or 61.5% earned a minimum of \$250,000 selling annuities. Among those

programs, the number achieving double-digit growth dropped 28% from 65 BHCs in 2016 to 47 BHCs in 2017. Annuity sales momentum has slowed over the last two years, due in part to the uncertainty relating to the attempted implementation of the Departments of Labor's fiduciary rule. If fourth quarter 2017 results are a predictor for bank annuity sales in 2018, then the trend may be up. First quarter 2018 will show if quarter-over-quarter growth continues."

Over two-thirds (69.0%) of BHCs with over \$10 billion in assets earned annuity commissions of \$2.91 billion, constituting 96.6% of total annuity commissions reported. This was a decrease of 6.4% from \$3.11 billion in annuity fee income in 2016. Among this asset class, annuity commissions made up 37.7% of their total insurance sales revenue of \$7.73 billion, the highest proportion of annuity income to insurance sales revenue of any asset class. Wells Fargo & Company (CA), Morgan Stanley (NY), UBS Americas Holding LLC (NY), JPMorgan Chase & Co. (NY), and Citigroup Inc. (NY) led all bank holding companies in annuity commissions and fees in 2017.

BHCs with assets between \$1 billion and \$10 billion recorded a 5.9% decline in annuity fee income to \$101.3 million, down from \$107.6 million in 2016, to comprise 13.6% of their total insurance sales revenue of \$742.6 million. Among BHCs with assets between \$1 billion and \$10 billion, annuity leaders included First Command Financial Services, Inc. (TX), Wesbanco, Inc. (WV), United Financial Bancorp, Inc. (CT), First Commonwealth Financial Corp. (PA), and NBT Bancorp Inc. (NY).

The smallest community banks, those with assets less than \$1 billion, were used as "proxies" for the smallest BHCs, which are no longer required to report annuity fee income. Among these small banks, annuity fee income fell 13.5% to \$48.2 million from \$55.8 million in 2016. Leaders among bank proxies for small BHCs were The Security National Bank of Sioux City, Iowa (IA), First Federal Bank of Louisiana (LA), Bank Midwest (IA), The Citizens National Bank of Bluffton (OH), and FNB Bank, N.A. (PA).

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 \$504 per million dollars of retail deposits, down 11.3% from \$666 in 2016. Among the top 50 small banks in annuity penetration, the median Annuity Penetration Ratio was \$1,198 per million dollars of core deposits in 2017, down 7.6% from \$1,296 in 2016.

Among the top 50 BHC leaders in annuity productivity (i.e., annuity income per BHC employee), the median Annuity Productivity Ratio was \$2,431 per employee in 2017, down 6.7% from \$2,606 per employee in 2016. Among the top 50 small banks in annuity productivity, the median Annuity Productivity Ratio was \$3,879 per bank employee, down 2.7% from \$3,986 in 2016.

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Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White BankInsurance Fee Income Report*[™] provides comprehensive analyses of bankinsurance brokerage. 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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