



N E W S R E L E A S E

Michael White-ABIA Report Bank Annuity Fee Income Declines in 1Q2012 Offset by New Thrift and Bank Holding Company Reporters

FOR IMMEDIATE RELEASE – Radnor, PA, and Washington, DC, July 31, 2012 – Income earned from the sale of annuities at banking companies was 4.5% higher at \$781.7 million in first quarter 2012, up from \$748.2 million in first quarter 2011, according to the *Michael White-ABIA Bank Annuity Fee Income Report*[™]. However, annuity income would have been down 5.8% were it not for the contributions of new reporters in the form of thrift holding companies (THCs) and new bank holding company (BHC) Raymond James Financial, Inc. (FL). Raymond James and THCs contributed, respectively, \$61.0 million and \$15.6 million to the industry’s total, thereby making the first quarter the highest quarterly amount of annuity fee income ever reported.

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. It is based on data from all 7,307 commercial banks, FDIC-supervised banks and savings associations (thrifts), and 1,074 large top-tier BHCs and THCs operating on March 31, 2012. Thrifts and THCs began reporting annuity fee income for the first time in first quarter 2012. Several THCs and a BHC that are historically and traditionally insurance underwriting operations have been excluded from the report.

Kevin McKechnie, Executive Director of the ABIA, noted, “Of 412 large top-tier BHCs and THCs reporting annuity fee income in first quarter 2012, 178 or 43.2% were on track to earn at least \$250,000 this year. Of those 178, 71 BHCs or 39.9% achieved double-digit growth in annuity fee income for the quarter. That’s nearly a 22-point decline from first quarter 2011, when 116 institutions or 63.4% of 183 of those on track to earn at least \$250,000 in annuity fee income achieved double-digit growth. Those findings are troublesome, particularly since they follow the significant slide in fourth quarter 2011 annuity income we previously reported.”

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE MARCH 31, 2012 Nationally							
RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2011 - 2012	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1Q 2012	1Q 2011					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$192,000	\$186,000	3.23%	WELLS FARGO & COMPANY	CA	\$1,333,693,000	1.82%
2	\$160,000	\$108,000	48.15%	MORGAN STANLEY	NY	\$781,030,000	2.33%
3	\$63,000	\$84,000	-25.00%	JPMORGAN CHASE & CO.	NY	\$2,318,722,000	0.43%
4	\$60,958	N/A	N/A	RAYMOND JAMES FINANCIAL	FL	\$18,976,430	7.67%
5	\$51,921	\$60,374	-14.00%	BANK OF AMERICA CORP.	NC	\$2,173,774,912	0.49%
6	\$22,781	\$20,746	9.81%	SUNTRUST BANKS, INC.	GA	\$178,256,171	2.67%
7	\$14,000	\$16,000	-12.50%	U.S. BANCORP	MN	\$340,762,000	0.62%
8	\$13,422	\$18,618	-27.91%	BBVA USA BANCSHARES, INC.	TX	\$65,390,593	7.44%
9	\$12,788	\$13,730	-6.86%	BB&T CORPORATION	NC	\$174,749,856	1.56%
10	\$11,571	\$20,377	-43.22%	PNC FINANCIAL SERVICES GRP.	PA	\$296,119,070	0.83%

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

Of 1,078 BHCs and THC's, 412 or 38.4% participated in annuity sales activities during first quarter 2012. Their \$781.7 million in annuity commissions and fees constituted 14.0% of their total mutual fund and annuity income of \$5.6 billion and 30.1% of total BHC and THC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$2.60 billion. Of 7,307 banks and thrifts, 873 or 12.0% participated in first-quarter annuity sales activities. Those participating banks and thrifts earned \$180.5 million in annuity commissions or 23.1% of the banking industry's total annuity fee income. The annuity production of banks and thrifts was down 11.6% from \$204.2 million in first quarter 2011.

Sixty-seven percent (67.1%) of BHCs and THC's with over \$10 billion in assets earned first-quarter annuity commissions of \$736.9 million, constituting 94.3% of total annuity commissions reported by the banking industry. Aided by the contribution of new BHC Raymond James Financial, Inc. (FL), this total was an increase of 4.0% from \$708.3 million in annuity fee income in first quarter 2011. Among this asset class of largest BHCs, annuity commissions made up 14.9% of their total mutual fund and annuity income of \$4.96 billion and 31.8% of their total insurance sales revenue of \$2.32 billion in first quarter 2012.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 8.9% in annuity fee income, growing from \$33.8 million in first quarter 2011 to \$36.9 million in first quarter 2012 and accounting for 17.5% of their total insurance sales income of \$210.8 million. BHCs with \$500 million to \$1 billion in assets generated \$7.84 million in annuity commissions in first quarter 2012, up 28.1% from \$6.12 million in first quarter 2011. Only 27.8% 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 (11.4%) of total insurance sales volume of \$68.6 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Raymond James Financial, Inc. (FL), and Bank of America Corporation (NC) led all bank and thrift holding companies in annuity commission income in first quarter 2012. Among BHCs and THC's with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), SWS Group, Inc. (TX), National Penn Bancshares (PA), Old National Bancorp (IN), and First Citizens Bancorporation, Inc. (SC). Among BHCs and THC's with assets between \$500 million and \$1 billion, leaders were First Command Financial Services, Inc. (TX), Liberty Shares, Inc. (GA), Nodaway Valley Bancshares, Inc. (MO), Nutmeg Financial MHC (CT), and Banctenn Corp. (TN). The smallest banks and thrifts, those with assets less than \$500 million, were used as "proxies" for the smallest BHCs and THC's, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were Essex Savings Bank (CT), Seneca Federal Savings and Loan Association (NY), FNB Bank, N.A. (PA), The Hardin County Bank (TN), and The Bennington State Bank (KS).

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 first quarter 2012. Among the top 50 small banks and thrifts in annuity concentration that are serving as proxies for small BHCs and THC's, the median Annuity Concentration Ratio was 16.0% of noninterest income.

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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.

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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-ABIA Bank Annuity Fee Income Report* and *Michael White-Prudential Bank Insurance Fee Income Report*[™] provide, respectively, comprehensive analyses of bank insurance brokerage and bank annuity commission 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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