



N E W S R E L E A S E

Michael White-ABIA Report: Bank Annuity Income Up, But Number of Growing Bank Annuity Programs Declines

FOR IMMEDIATE RELEASE – Radnor, PA, and Washington, DC, October 22, 2012 – Income earned from the sale of annuities at bank holding companies in the first half of 2012 hit \$1.58 billion, up 3.4% over \$1.53 billion earned in first half 2011, according to the *Michael White-ABIA Bank Annuity Fee Income Report™*. However, annuity income would have been down 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). Second-quarter 2012 annuity commissions rose to \$799.9 million, up 2.4% from \$781.4 million earned in second quarter 2011 and up 2.3% from \$781.7 million in first quarter 2012.

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 7,246 commercial banks, savings banks and savings associations (thrifts), and 1,070 large top-tier bank and savings and loan holding companies (collectively, BHCs) operating on June 30, 2012. Thrifts and savings and loan holding companies began reporting insurance fee income for the first time in first quarter 2012. Several BHCs that are historically and traditionally insurance companies have been excluded from the report.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE JUNE 30, 2012 Nationally							
RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2011 - 2012	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2Q 2012	2Q 2011					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$383,000	\$415,000	-7.71%	WELLS FARGO & COMPANY	CA	\$1,336,100,000	1.85%
2	\$313,000	\$214,000	46.26%	MORGAN STANLEY	NY	\$748,517,000	2.25%
3	\$141,862	N/A	N/A	RAYMOND JAMES FINANCIAL	FL	\$20,874,325	7.95%
4	\$124,000	\$163,000	-23.93%	JPMORGAN CHASE & CO.	NY	\$2,288,620,000	0.52%
5	\$103,764	\$124,440	-16.62%	BANK OF AMERICA CORP.	NC	\$2,155,914,728	0.46%
6	\$48,173	\$40,380	19.30%	SUNTRUST BANKS, INC.	GA	\$178,307,292	2.72%
7	\$29,000	\$34,000	-14.71%	U.S. BANCORP	MN	\$353,136,000	0.63%
8	\$26,097	\$36,140	-27.79%	BBVA USA BANCHSARES, INC.	TX	\$66,013,042	6.24%
9	\$24,751	\$24,976	-0.90%	BB&T CORPORATION	NC	\$178,527,436	1.43%
10	\$23,016	\$38,318	-39.93%	PNC FINANCIAL SERVICES GROUP PA		\$299,712,018	0.94%

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

Of the 1,070 BHCs, 426 or 39.8% participated in annuity sales activities during first half 2012. Their \$1.58 billion in annuity commissions and fees constituted 14.0% of their total mutual fund and annuity income of \$11.33 billion and 28.9% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage

income) of \$5.47 billion. Of the 7,246 banks, 942 or 13.0% participated in first-half annuity sales activities. Those participating banks earned \$367.4 million in annuity commissions or 23.2% of the banking industry's total annuity fee income; their annuity income production was down 8.4% from \$401.1 million in first half 2011.

Kevin McKechnie, Executive Director of the ABIA, noted, "Of 426 large top-tier BHCs reporting annuity fee income in first half 2012, 185 or 43.4% were on track to earn at least \$250,000 this year. Of those 185, 65 BHCs or 35.1% achieved double-digit growth in annuity fee income for the quarter. That's more than a 30-point decline from first half 2011, when 121 institutions or 65.4% of 185 BHCs on track to earn at least \$250,000 in annuity fee income achieved double-digit growth. Along with a doubling of BHCs that experienced decreases in annuity commissions and fees, these findings of less growth and more declines are troublesome, despite the overall increase in the banking industry's annuity revenues year-to-date."

Two-thirds (67.1%) of BHCs with over \$10 billion in assets earned first-half annuity commissions of \$1.49 billion, constituting 94.1% of total annuity commissions reported by the banking industry. This revenue represented an increase of 2.3% from \$1.46 billion in annuity fee income in first half 2011. Among this asset class of largest BHCs in the first half, annuity commissions made up 14.9% of their total mutual fund and annuity income of \$9.99 billion and 30.3% of their total insurance sales volume of \$4.92 billion.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 24.3% in annuity fee income, rising from \$61.8 million in first half 2011 to \$76.8 million in first half 2012 and accounting for 18.3% of their total insurance sales income of \$418.9 million. BHCs with \$500 million to \$1 billion in assets generated \$16.2 million in annuity commissions in first half 2012, up 31.7% from \$12.3 million in first half 2011. Only 29.9% 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 (12.1%) of total insurance sales volume of \$134.0 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), and Raymond James Financial, Inc. (FL), a new addition to BHC ranks in 2012, led all bank holding companies in annuity commission income in first half 2012. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), National Penn Bancshares, Inc. (PA), and Old National Bancorp (IN). Among BHCs with assets between \$500 million and \$1 billion, leaders were First Command Financial Services, Inc. (TX), Liberty Shares, Inc. (GA), and Nutmeg Financial MHC (CT). 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 (NJ), The First National Bank of Elk River (MN), and Sturgis Bank & Trust Company (MI).

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 4.7% in first half 2012. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 15.1% 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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