



MICHAEL WHITE ASSOCIATES
BANK INSURANCE CONSULTANTS

BANKINSURANCE.com

N E W S R E L E A S E

Michael White Reports Bank Annuity Fee Income Steady in 1Q2013, Number of BHCs with Double-Digit Growth Increases

FOR IMMEDIATE RELEASE – Radnor, PA, and Washington, DC, July 23, 2013 – Income earned from the sale of annuities at banking companies was 1.2% higher at \$790.7 million in first quarter 2013, up from \$781.7 million in first quarter 2012, according to the *Michael White Bank Annuity Fee Income Report*[™].

Compiled by Michael White Associates (MWA), the report measures and benchmarks the banking industry’s performance in generating annuity fee income. It is based on data from all 7,019 commercial banks, savings banks and savings associations (thrifts), and 1,084 large top-tier bank and thrift holding companies (collectively, BHCs) with consolidated assets greater than \$500 million operating on March 31, 2013. Several BHCs that are historically insurance or commercial companies have been excluded from the report.

Michael White, president of MWA and author of the report, noted, “Of 417 large top-tier BHCs reporting annuity fee income in first quarter 2013, 209 or 50.1% were on track to earn at least \$250,000 this year. Of those 209, 105 BHCs or 50.2% achieved double-digit growth in annuity fee income for the quarter. That’s over a 10-point increase from first quarter 2012, when 71 institutions or 39.9% of 178 of those on track to earn at least \$250,000 in annuity fee income achieved double-digit growth. Those findings are considerably better than first quarter 2012, but not quite as high as 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.”

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE MARCH 31, 2013 Nationally

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2012 - 2013	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1Q 2013	1Q 2012					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$194,000	\$192,000	1.04%	WELLS FARGO & COMPANY	CA	\$1,436,625,000	1.83%
2	\$157,000	\$160,000	-1.88%	MORGAN STANLEY	NY	\$801,383,000	1.96%
3	\$81,244	\$60,958	33.28%	RAYMOND JAMES FINANCIAL	FL	\$22,434,262	7.65%
4	\$55,000	\$63,000	-12.70%	JPMORGAN CHASE & CO.	NY	\$2,388,072,000	0.40%
5	\$44,000	\$51,921	-15.26%	BANK OF AMERICA CORP.	NC	\$2,170,304,000	0.36%
6	\$22,925	\$22,781	0.63%	SUNTRUST BANKS, INC.	GA	\$172,527,629	2.53%
7	\$16,000	\$14,000	14.29%	U.S. BANCORP	MN	\$355,447,000	0.74%
8	\$15,000	\$11,000	36.36%	CITIGROUP, INC.	NY	\$1,881,420,000	0.18%
9	\$12,278	\$12,788	-3.99%	BB&T CORPORATION	NC	\$180,834,561	1.26%
10	\$11,762	\$13,422	-12.37%	BBVA USA BANCSHARES, INC.	TX	\$69,639,420	6.49%

Source: *Michael White Bank Annuity Fee Income Report*

Of 1,078 BHCs, 417 or 38.5% participated in annuity sales activities during first quarter 2013. Their \$790.7 million in annuity commissions and fees constituted 31.6% of total BHC and THC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$2.51 billion. Of 7,019 banks and thrifts, 868 or 12.4% participated in first-quarter annuity sales activities. Those participating banks and thrifts earned \$179.9 million in

annuity commissions or 22.8% of the banking industry's total annuity fee income. The annuity production of banks and thrifts was down 0.3% from \$180.5 million in first quarter 2012.

Two-thirds (65.2%) of BHCs with over \$10 billion in assets earned first-quarter annuity commissions of \$735.1 million, constituting 93.0% of total annuity commissions reported by the banking industry. This total was a decrease of 0.2% from \$736.9 million in annuity fee income in first quarter 2012. Among this asset class of the largest BHCs, annuity commissions made up 33.5% of their total insurance sales revenue of \$2.19 billion in first quarter 2013.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 29.8% in annuity fee income, growing from \$36.9 million in first quarter 2012 to \$47.8 million in first quarter 2013 and accounting for 19.7% of their total insurance sales income of \$210.8 million. BHCs with \$500 million to \$1 billion in assets generated \$7.70 million in annuity commissions in first quarter 2013, down 1.8% from \$7.84 million in first quarter 2012. Only 28.5% 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 (11.2%) of total insurance sales volume of \$68.6 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), Raymond James Financial, Inc. (FL), JPMorgan Chase & Co. (NY), and Bank of America Corporation (NC) led all bank holding companies in annuity commission income in first quarter 2013. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Santander Bancorp (PR), Stifel Financial Corp. (MO), SWS Group, Inc. (TX), National Penn Bancshares (PA), and Old National Bancorp (IN). Among BHCs and THC's with assets between \$500 million and \$1 billion, leaders were First Command Financial Services, Inc. (TX), Nutmeg Financial MHC (CT), Hopfed Bancorp, Inc. (KY), Goodenow Bancorporation (IA), and Centre 1 Bancorp, Inc. (WI). 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 Sturgis Bank & Trust Company (MI), Essex Savings Bank (CT), Jacksonville Savings Bank (IL), The Hardin County Bank (TN), and Firstar Bank, N.A. (OK).

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 7.4% in first quarter 2013. 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 12.7% of noninterest income.

###

Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White Bank Annuity Fee Income Report*[™] and *Michael White Bank Insurance Fee Income Report*[™] sponsored by Dowling Hales 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.

For additional information contact:

Michael White
Michael White Associates, LLC
823 King of Prussia Road
Radnor, PA 19087
Phone: (610) 254-0440
Email: MWA@BankInsurance.com