



MICHAEL WHITE ASSOCIATES
BANK INSURANCE CONSULTANTS

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N E W S R E L E A S E

Michael White Reports Record Bank Annuity Fee Income in 2013

FOR IMMEDIATE RELEASE – Radnor, PA, April 8, 2014 – Income earned from the sale of annuities at bank holding companies (BHCs) rose 9.0% for the year from \$3.15 billion in 2012 to a record \$3.43 billion in 2013, according to the *Michael White Bank Annuity Fee Income Report*[™].

In fact, bank annuity fee income set record revenues in each of the four quarters of the year. Fourth-quarter 2013 BHC annuity commissions reached a record \$932.0 million, up 6.5% from \$875.0 million in the record third quarter. They increased 17.3% from \$794.8 million earned in fourth quarter 2012.

Compiled by Michael White Associates (MWA), the report measures and benchmarks the banking industry’s performance in generating annuity fee income. Results are based on data from all 6,812 commercial banks, savings banks and savings associations (thrifts), and 1,062 large top-tier bank and thrift holding companies (collectively, BHCs) with consolidated assets greater than \$500 million operating on December 31, 2013. Several BHCs that are historically insurance or commercial companies have been excluded from the report.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-END DECEMBER 31, 2013 Nationally

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2012 - 2013	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2013	2012					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$837,000	\$759,000	10.28%	WELLS FARGO & COMPANY	CA	\$1,527,008,000	2.06%
2	\$663,000	\$621,000	6.76%	MORGAN STANLEY	NY	\$832,702,000	2.15%
3	\$321,403	\$302,294	6.32%	RAYMOND JAMES FINANCIAL	FL	\$21,630,878	7.71%
4	\$235,000	\$255,000	-7.84%	JPMORGAN CHASE & CO.	NY	\$2,408,874,000	0.44%
5	\$178,000	\$203,004	-12.32%	BANK OF AMERICA CORP.	NC	\$2,098,613,000	0.40%
6	\$103,893	\$92,108	12.79%	SUNTRUST BANKS, INC.	GA	\$175,380,779	3.07%
7	\$72,000	\$58,000	24.14%	U.S. BANCORP	MN	\$364,021,000	0.82%
8	\$65,000	\$51,000	27.45%	CITIGROUP INC.	NY	\$1,880,081,000	0.22%
9	\$55,128	\$48,806	12.95%	BB&T CORPORATION	NC	\$183,005,909	1.43%
10	\$51,978	\$47,819	8.70%	BBVA USA BANCSHARES, INC.	TX	\$71,965,476	6.38%
Source: <i>Michael White Bank Annuity Fee Income Report</i>							

Of 1,062 large BHCs, 423 or 39.8% participated in annuity sales activities during the year. Their \$3.43 billion in annuity commissions and fees constituted 35.6% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$9.65 billion. Of the 6,812 banks, 931 or 13.7% participated in annuity sales activities, earning \$800.1 million in annuity commissions or an amount equal to 23.3% of total BHC annuity fee income.

Michael White, president of MWA and author of the report, noted, “There were signs of a definite improvement in BHC annuity earnings momentum. Of 423 large top-tier BHCs reporting annuity fee income in

2013, 216 or 51.1% (up from 179 or 41.8%) earned a minimum of \$250,000 selling annuities. Of those 216, 127 BHCs (58.8%) achieved double-digit growth in annuity fee income. That was a 24-point rise from 2012, when 62 BHCs (34.6%) that earned at least \$250,000 in annuity income achieved double-digit growth in annuity fee income. This is additional cause for joy beyond the record generation of annuity revenues in each quarter and for all of 2013, as the number of BHCs with both meaningful annuity income and double-digit growth doubled from 62 in 2012 to 127 in 2013.”

“We also examined nearly 100 large top-tier BHCs with at least \$1 million in annuity revenue in 2013,” White continued, “and 69 of them or 75% attained increases in their revenue. That was twice the 35 BHCs with increased revenue in 2012. Those BHCs whose annuity revenues were up 10% or more outnumbered their 2012 peers by a factor of 2.5 times (54 BHCs in 2013 versus 22 in 2012). The number of significant players exhibiting growing programs, the rates of growth among them, and the substantial increase in significant players that experienced growth is a testimony to the caliber and resiliency of those annuity programs.”

Two thirds (67.0%) of BHCs with over \$10 billion in assets earned annuity commissions of \$3.20 billion, constituting 93.1% of total annuity commissions reported. This was an increase of 7.7% from \$2.97 billion in annuity fee income in 2012. Among this asset class of largest BHCs, annuity commissions made up 37.9% of their total insurance sales volume of \$8.44 billion, the highest proportion of annuity income to insurance sales revenue of any asset class. Wells Fargo & Company (CA), Morgan Stanley (NY), Raymond James Financial (FL), JPMorgan Chase & Co. (NY), and Bank of America Corporation (NC) led all bank holding companies in annuity commissions and fees in 2013.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 32.4% in annuity fee income in 2013, rising from \$156.4 million in 2012 to \$207.1 million and accounting for 22.2% of their total insurance sales volume of \$932.4 million. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Santander Bancorp (PR), Stifel Financial Corp. (MO), SWS Group, Inc. (TX), First Citizens Bancorporation, Inc. (SC), and Old National Bancorp (IN).

BHCs with \$500 million to \$1 billion in assets generated \$31.7 million in annuity commissions in 2013, up 8.7% from \$29.2 million the year before. 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 (11.5%) of total insurance sales volume of \$275.7 million. Among BHCs with assets between \$500 million and \$1 billion, leaders were First Command Financial Services, Inc. (TX), Hopfed Bancorp, Inc. (KY), ION Financial MHC (CT), Northeast Bancorp (ME), and Goodenow Bancorporation (IA).

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 Sturgis Bank & Trust Company (MI), Essex Savings Bank (CT), FNB Bank, N.A. (PA), Firststar Bank, N.A. (OK), and Savers Co-operative Bank (MA). These small banks, representing small BHCs, registered an increase of 5.2% in annuity fee income, rising from \$36.4 million in 2012 to \$38.2 million in 2013.

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 8.2% in 2013, up from 6.0% in 2012. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 13.3% of noninterest income, down from 14.8% in 2012.

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 \$977 per million dollars of retail deposits, up from \$863 in 2012. Among the top 50 small banks in annuity penetration, the median Annuity Penetration Ratio was \$1,428 per million dollars of core deposits in 2013, up from \$1,318 in 2012.

Among the top 50 BHC leaders in annuity productivity (i.e., annuity income per BHC employee), the median Annuity Productivity Ratio was \$3,363 per employee in 2013, up from \$2,813 per employee in 2012. Among the top 50 small banks in annuity productivity, the median Annuity Productivity Ratio was \$4,037 per BHC employee.

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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 Bank Annuity Fee Income Report*[™] and *Michael White Bank Insurance Fee Income Report*[™] 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