



**MICHAEL WHITE ASSOCIATES**  
BANK INSURANCE CONSULTANTS

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N E W S R E L E A S E

## Michael White Report: Bank Annuity Income Up, Best First Half on Record

**FOR IMMEDIATE RELEASE** – Radnor, PA, November 3, 2014 – Income earned from the sale of annuities at bank holding companies hit a first-half record of \$1.81 billion in 2014, up 11.5% over \$1.63 billion earned in first half 2013, according to the *Michael White Bank Annuity Fee Income Report*<sup>TM</sup>. Second-quarter 2014 annuity commissions rose to \$916.8 million, the second-highest quarterly mark on record, up 9.6% from \$836.4 million earned in second quarter 2013 and up 2.2% from \$897.0 million in first quarter 2014.

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 6,656 commercial banks, savings banks and savings associations (thrifts), and 1,063 large top-tier bank and savings and loan holding companies (collectively, BHCs) operating on June 30, 2014. 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, 2014 Nationally

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2013 - 2014	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2Q 2014	2Q 2013					
<b>(ALL DOLLAR AMOUNTS IN THOUSANDS)</b>							
1	\$443,000	\$400,000	10.75%	WELLS FARGO & COMPANY	CA	\$1,598,871,000	2.22%
2	\$344,000	\$319,000	7.84%	MORGAN STANLEY	NY	\$823,880,000	2.15%
3	\$169,828	\$159,049	6.78%	RAYMOND JAMES FINANCIAL	FL	\$22,818,746	7.66%
4	\$115,000	\$109,000	5.50%	JPMORGAN CHASE & CO.	NY	\$2,512,455,000	0.44%
5	\$83,000	\$91,000	-8.79%	BANK OF AMERICA CORP.	NC	\$2,165,966,000	0.35%
6	\$59,639	\$47,450	25.69%	SUNTRUST BANKS, INC.	GA	\$182,585,899	3.23%
7	\$44,000	\$33,000	33.33%	CITIGROUP INC.	NY	\$1,909,546,000	0.27%
8	\$37,000	\$34,000	8.82%	U.S. BANCORP	MN	\$389,065,000	0.81%
9	\$30,581	\$24,124	26.77%	BBVA USA BANCHSARES, INC.	TX	\$75,747,100	7.38%
10	\$30,091	\$20,734	45.83%	CITIZENS FINANCIAL GROUP, INC.	RI	\$130,270,431	3.09%

Source: *Michael White Bank Annuity Fee Income Report*

Of the 1,063 BHCs, 422 or 39.7% participated in annuity sales activities during first half 2014. Their \$1.81 billion in annuity commissions and fees constituted 16.1% of their total mutual fund and annuity income of \$11.24 billion and 37.1% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$5.47 billion. Of the 6,656 banks, 900 or 13.5% participated in first-half annuity sales activities. Those participating banks earned \$435.4 million in annuity commissions or 19.7% of the banking industry’s total annuity fee income; their annuity income production was up 22.0% from \$356.9 million in first half 2013.

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Michael White, president of MWA, noted, “Of 422 large top-tier BHCs reporting annuity fee income in first half 2014, 218 or 51.7% were on track to earn at least \$250,000 this year. Of those 218, 127 BHCs or 58.3% achieved double-digit growth in annuity fee income for the quarter. That’s more than a doubling from first half 2013, when 61 institutions or 38.9% of 157 BHCs on track to earn at least \$250,000 in annuity fee income achieved double-digit growth. Along with a 39% increase in BHCs that experienced increases in annuity commissions and fees, these findings of more growth in year-to-date banking industry annuity revenue and more increases in banks on track to earn at least \$250,000 in annual annuity revenue are very positive.”

Two-thirds (68.4%) of BHCs with over \$10 billion in assets earned first-half annuity commissions of \$1.69 billion, constituting 93.2% of total annuity commissions reported by the banking industry. This revenue represented an increase of 11.7% from \$1.51 billion in annuity fee income in first half 2013. Among this asset class of largest BHCs in the first half, annuity commissions made up 15.5% of their total mutual fund and annuity income of \$10.93 billion and 39.6% of their total insurance sales volume of \$4.27 billion.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 9.5% in annuity fee income, rising from \$98.9 million in first half 2013 to \$108.3 million in first half 2014 and accounting for 22.6% of their total insurance sales income of \$480.0 million. BHCs with \$500 million to \$1 billion in assets generated \$15.37 million in annuity commissions in first half 2014, down 0.1% from \$15.38 million in first half 2013. Only 28.8% 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 (11.3%) of total insurance sales volume of \$136.4 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), and Raymond James Financial, Inc. (FL) led all bank holding companies in annuity commission income in first half 2014. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Santander Bancorp (PR), Stifel Financial Corp. (MO), and SWS Group, Inc. (TX). Among BHCs with assets between \$500 million and \$1 billion, leaders were First Command Financial Services, Inc. (TX), Platte Valley Financial Service Companies, Inc. (NE), 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), FNB bank, N.A. (PA), and Jacksonville Savings Bank (IL).

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 9.0% in first half 2014. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 16.4% of noninterest income.

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Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at [www.BankInsurance.com](http://www.BankInsurance.com). The annual *Michael White Bank Annuity Fee Income Report* and *Michael White-Succeed Advisors Bank Insurance Fee Income Report*<sup>™</sup> provide, respectively, comprehensive analyses of bank insurance brokerage and bank annuity commission income. Additionally, the *MWA Fee Income Ratings Reports*<sup>™</sup> 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](http://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](mailto:MWA@BankInsurance.com)