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N E W S R E L E A S E

Michael White Reports 1Q2015 Bank Annuity Fee Income Hits Lowest Quarterly Point Since 2Q2013

FOR IMMEDIATE RELEASE – Radnor, PA, and Washington, DC, July 22, 2015 – Income earned from the sale of annuities by banking companies in first quarter 2015 hit its lowest quarterly mark since second quarter 2013, falling 5.5% from the \$888.8 million earned in first quarter 2014 to \$840.1 million, according to Michael White Associates (MWA), which compiled the findings.

The findings measure and benchmark the banking industry’s performance in generating annuity fee income. They are based on data from all 6,419 commercial banks, savings banks and savings associations (thrifts), and 576 large top-tier bank holding and thrift holding companies (collectively, BHCs) with consolidated assets greater than \$1 billion operating on March 31, 2015. Several BHCs that are historically insurance companies have been excluded from this report.

Michael White, president of MWA and author of the report, noted, “Of 274 BHCs reporting annuity fee income in first quarter 2015, 178 or 65.0% were on track to earn at least \$250,000 in that revenue this year. Of those 178 BHCs, 62 or 34.8% achieved double-digit growth. That’s a 25-point drop from first quarter 2014, when 108 institutions or 60.0% of the 276 BHCs on track to earn \$250,000 or more in 2014 annuity fee income achieved double-digit growth.” White said, “So far this year, one-fourth (49 BHCs or 27.5%) of these 178 BHCs with high annuity earnings had annuity income growth in excess of 20%.”

**TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME
YEAR-TO-DATE MARCH 31, 2015
Nationally**

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2014 - 2015	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1Q 2015	1Q 2014					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$232,000	\$223,000	4.04%	WELLS FARGO & COMPANY	CA	\$1,737,736,000	2.33%
2	\$166,000	\$170,000	-2.35%	MORGAN STANLEY	NY	\$826,413,000	1.81%
3	\$82,308	\$85,950	-4.24%	RAYMOND JAMES FINANCIAL	FL	\$24,707,657	6.95%
4	\$48,000	\$58,000	-17.24%	JPMORGAN CHASE & CO.	NY	\$2,569,278,000	0.36%
5	\$35,000	\$42,000	-16.67%	BANK OF AMERICA CORP.	NC	\$2,138,676,000	0.32%
6	\$25,495	\$29,135	-12.49%	SUNTRUST BANKS, INC.	GA	\$190,223,316	2.89%
7	\$17,000	\$21,000	-19.05%	CITIGROUP, INC.	NY	\$1,831,717,000	0.21%
8	\$17,000	\$18,000	-5.56%	U.S. BANCORP	MN	\$410,233,000	0.79%
9	\$14,656	\$13,980	4.84%	BB&T CORPORATION	NC	\$189,223,958	1.48%
10	\$12,619	\$14,973	-15.72%	BBVA USA BANCSHARES, INC.	TX	\$85,485,851	5.86%
Source: Michael White Associates (MWA)							

Of 576 BHCs, 274 or 47.6% participated in annuity sales activities during first quarter 2015. Their \$840.1 million in annuity commissions and fees constituted 35.3% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage fee income) of \$2.38 billion. Of 6,419 banks and thrifts, 820 or 12.8% participated in first-quarter annuity sales activities. Those participating banks and thrifts earned \$183.3 million in

annuity commissions, an amount equal to 21.8% of the banking industry's total annuity fee income. The annuity production of banks and thrifts fell 12.5% from \$209.5 million in first quarter 2014.

About two-thirds (66.3%) of BHCs with over \$10 billion in assets earned \$798.6 million in first-quarter annuity commissions, an amount equal to 94.7% of total annuity commissions reported by the banking industry, but down 4.4% from the \$835.1 million in annuity fee income those largest BHCs earned in first quarter 2014. Among this over \$10 billion asset class, annuity commissions made up 37.1% of their total insurance-product sales revenue of \$2.13 billion in first quarter 2015. 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.

BHCs with assets between \$1 billion and \$10 billion recorded a 22.8% tumble in first quarter to \$45.1 million in annuity fee income, down from \$53.8 million in first quarter 2014. These annuity earnings accounted for 17.8% of their total insurance sales income of \$232.9 million. Among BHCs with between \$1 billion and \$10 billion in assets, leaders included Santander Bancorp (PR), Stifel Financial Corp. (MO), Wesbanco, Inc. (WV), National Penn Bancshares, Inc. (PA), and First Commonwealth Financial Corporation (PA).

The smallest banks and thrifts, those with assets under \$1 billion, act as "proxies" for the smallest BHCs, which are not required to report annuity fee income. These banks generated \$16.3 million in first quarter annuity commissions, an 8.9% drop from \$17.9 million in first quarter 2014. Less than 10% (9.5%) of banks this size engaged in annuity sales activities, the lowest participation rate among all asset classes. Among these banks, annuity commissions constituted the smallest proportion (18.3%) of total insurance sales volume of \$89.2 million.

Leaders among these bank proxies for small BHCs were The Oneida Savings Bank (NY), Bank of Tennessee (TN), Sturgis Bank & Trust Company (MI), FNB Bank, N.A. (PA), The First National Bank and Trust Company (WI), The Citizens National Bank of Bluffton (OH), Valley Bank (VA), Bank of Springfield (IL), The Bank of Canton (MA) and Bank Midwest (IA).

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 5.5% in first quarter 2015. Among the top 50 small banks and thrifts in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 16.0% 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. MWA publishes a variety of reports on noninterest fee income, including the *Sorrento Pacific-Michael White Bank Wealth Management Report*[™] and the *Michael White BankInsurance Fee Income Report*[™]. Additionally, the *MWA Fee Income Ratings Reports*[™] compare, rank and rate a financial institution's insurance or other noninterest fee income program against that of other financial institutions 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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