



MICHAEL WHITE ASSOCIATES
BANK INSURANCE CONSULTANTS

BANKINSURANCE.com

N E W S R E L E A S E

**Michael White Reports 1Q2017 Bank Annuity Fee Income
Up 4.2% from 1Q2016**

FOR IMMEDIATE RELEASE – Radnor, PA, June 30, 2017 – Income earned from the sale of annuities by large bank holding companies in first quarter 2017 hit \$788.5 million, up 4.2% from \$840.1 million in first quarter 2016, 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 5,856 commercial banks, savings banks and savings associations (thrifts), and 624 large top-tier bank holding and thrift holding companies (collectively, BHCs) with consolidated assets greater than \$1 billion operating on March 31, 2017. 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 280 BHCs reporting annuity fee income in first quarter 2017, 182 or 65% were on track to earn at least \$250,000 in that revenue in 2017. Of those 182 BHCs, 174 (62.1%) produced annuity income in first quarter 2016. Of those 174 BHCs, 61 or 35.1% achieved double-digit growth. That’s nearly a 13-point drop from first quarter 2016, when 79 institutions or 45.7% of 173 BHCs on track to earn \$250,000 or more in 2016 annuity fee income achieved double-digit growth.” White said, “So far this year, one-quarter (45 BHCs or 25.9%) of these 174 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, 2017
Nationally**

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2016 - 2017	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1Q 2017	1Q 2016					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$189,000	\$197,000	-4.06%	WELLS FARGO & COMPANY	CA	\$1,951,103,000	1.99%
2	\$149,000	\$149,000	0.00%	MORGAN STANLEY	NY	\$830,587,000	1.73%
3	\$84,057	N/A	N/A	UBS AMERICA HOLDING	NY	\$140,340,161	3.56%
4	\$60,000	\$64,000	-6.25%	JPMORGAN CHASE & CO.	NY	\$2,536,889,000	0.47%
5	\$26,000	\$17,000	52.94%	CITIGROUP, INC.	NY	\$1,821,617,000	0.36%
6	\$22,000	\$32,000	-31.25%	BANK OF AMERICA CORP.	NC	\$2,242,080,000	0.20%
7	\$17,346	\$22,963	-24.46%	SUNTRUST BANKS, INC.	GA	\$205,949,928	1.96%
8	\$16,959	\$19,726	-14.03%	BB&T CORPORATION	NC	\$220,492,498	1.45%
9	\$16,803	\$18,190	-7.63%	RBC USA HOLDCO CORPORATION	NY	\$147,180,305	1.59%
10	\$15,808	\$14,066	12.38%	KEYCORP	OH	\$133,697,831	2.78%
Source: Michael White Associates (MWA)							

Of 624 BHCs, 280 or 44.9% participated in annuity sales activities during first quarter 2017. Their \$788.5 million in annuity commissions and fees constituted 35.1% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage fee income) of \$2.24 billion. Of 5,856 banks and thrifts, 762 or 13.0% participated in first-quarter annuity sales activities. Those participating banks and thrifts earned \$189.8 million in

annuity commissions, an amount equal to 24.1% of the banking industry's total annuity fee income. The annuity production of banks and thrifts fell 9.2% from \$209.1 million in first quarter 2016.

Over two-thirds (67.6%) of BHCs with over \$10 billion in assets earned \$762.1 million in first-quarter 2017 annuity commissions, an amount equal to 96.6% of total annuity commissions reported by the banking industry, up 6.2% from the \$717.9 million in annuity fee income earned in first quarter 2016. Among this over \$10 billion asset class, annuity commissions made up 37.6% of their total insurance-product sales revenue of \$2.03 billion in first quarter 2017. Wells Fargo & Company (CA), Morgan Stanley (NY), UBS Americas Holding (NY), JPMorgan Chase & Co. (NY), and Citigroup Inc. (NY) led all bank holding companies in annuity commission income.

BHCs with assets between \$1 billion and \$10 billion recorded a 32.0% fall in first quarter to \$26.4 million in annuity fee income, down from \$38.8 million in first quarter 2016. These annuity earnings accounted for 12.2% of their total insurance sales income of \$216.6 million. Among BHCs with between \$1 billion and \$10 billion in assets, leaders included First Command Financial Services, Inc. (TX), Wesbanco, Inc. (WV), United Financial Bancorp, Inc. (CT), First Commonwealth Financial Corporation (PA), and NBT Bancorp Inc. (NY).

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 \$12.2 million in first quarter annuity commissions, a 20.4% drop from \$15.4 million in first quarter 2016. Less than 10% (9.4%) 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 (16.1%) of total insurance sales volume of \$75.9 million.

Leaders among these bank proxies for small BHCs were The Citizens National Bank of Bluffton (OH), First Federal Bank of Louisiana (LA), Bank Midwest (IA), Thumb National Bank and Trust Company (MI), First State Bank (NE), FNB Bank, N.A. (PA), Bank of Clarke County (VA), Heritage Bank USA, Inc. (KY), First Columbia Bank & Trust (PA), and First Neighbor Bank, N.A. (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 4.9% in first quarter 2017. 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 12.8% of noninterest income.

###

Michael White Associates (MWA) is a bankinsurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. MWA publishes a variety of reports on noninterest fee income, including *Michael White's BankInsurance Fee Income Report*[™] and the *Equias Alliance/Michael White Bank-Owned Life Insurance (BOLI) Holdings Report*[™]. Additionally, the *MWA Fee Income Ratings Reports*[™] compare, rank and rate a particular financial institution's annuity, 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.

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