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N E W S R E L E A S E

**Michael White Report: Bank Annuity Income
In First-Half 2017 Up From First-Half 2016**

FOR IMMEDIATE RELEASE – Radnor, PA, September 25, 2017 – Income earned from the sale of annuities at bank holding companies hit a hit \$1.59 billion in first half 2017, up 4.4% from \$1.52 billion in first half 2016, according to the *Michael White Bank Annuity Fee Income Report*[™]. Second-quarter 2017 annuity commissions rose to \$761.4 million, up 4.7% from \$761.4 million earned in second quarter 2016, but up only 1.1% from \$788.5 million in first quarter 2017.

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 5,787 commercial banks, savings banks and savings associations (thrifts), and 612 large top-tier bank and savings and loan holding companies (collectively, BHCs) with over \$1 billion in consolidated assets operating on June 30, 2017. 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, 2017
Nationally**

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2016 - 2017	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2Q 2017	2Q 2016					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$380,000	\$396,000	-4.04%	WELLS FARGO & COMPANY	CA	\$1,930,383,000	2.00%
2	\$302,000	\$300,000	0.67%	MORGAN STANLEY	NY	\$839,101,000	1.84%
3	\$174,714	N/A	N/A	UBS AMERICAS HOLDING	NY	\$142,741,825	3.38%
4	\$115,000	\$128,000	-10.16%	JPMORGAN CHASE & CO.	NY	\$2,554,136,000	0.44%
5	\$47,000	\$38,000	23.68%	CITIGROUP INC.	NY	\$1,864,044,000	0.34%
6	\$42,000	\$64,000	-34.38%	BANK OF AMERICA CORP.	NC	\$2,248,966,000	0.19%
7	\$35,230	\$36,735	-4.10%	RBC USA HOLDCO CORPORATION	NY	\$147,045,325	1.77%
8	\$35,000	\$39,463	-11.31%	BB&T CORPORATION	NC	\$221,184,000	1.47%
9	\$34,790	\$45,775	-24.00%	SUNTRUST BANKS, INC.	GA	\$207,318,106	1.99%
10	\$33,284	\$34,651	17.30%	KEYCORP	OH	\$135,066,222	2.73%

Source: *Michael White Bank Annuity Fee Income Report*

Of the 612 BHCs, 286 or 46.7% participated in annuity sales activities during first half 2017. Their \$1.59 billion in annuity commissions and fees constituted 17.5% of their total mutual fund and annuity income of \$7.29 billion and 35.4% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$4.48 billion. Of the 5,787 banks, 792 or 13.7% participated in first-half annuity sales activities. Those participating banks earned \$379.8 million in annuity commissions or 23.9% of the banking industry’s total annuity fee income; their annuity income production was down 10.5% from \$424.3 million in first half 2016.

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Michael White, president of MWA, noted, “Of 286 large top-tier BHCs reporting annuity fee income in first half 2017, 182 or 63.6% are on track to earn at least \$250,000 this year. Of those 182, only 54 BHCs or 29.7% achieved double-digit growth or greater in annuity fee income for the quarter. That’s a decrease of nearly 13 percentage points from first half 2016, when 77 institutions or 42.5% of 181 BHCs on track to earn at least \$250,000 in annuity fee income achieved double-digit growth or greater. Over one-half of the 182 BHCs saw declines in their annuity revenue, with nearly 40% of those experiencing double-digit declines.”

Nearly seven in ten (69.6%) of BHCs with over \$10 billion in assets earned first-half annuity commissions of \$1.53 billion, constituting 96.6% of total annuity commissions reported by BHCs. This revenue represented an increase of 5.6% from \$1.45 billion in annuity fee income in first half 2016. Among this asset class of largest BHCs in the first half, annuity commissions made up 17.2% of their total mutual fund and annuity income of \$8.93 billion and 37.6% of their total insurance sales volume of \$4.08 billion.

BHCs with assets between \$1 billion and \$10 billion recorded a decrease of 20.7% in annuity fee income, falling from \$66.6 million in first half 2016 to \$52.8 million in first half 2017 and accounting for 13.2% of their total insurance sales income of \$422.5 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), and UBS Americas Holding (NY) led all bank holding companies in annuity commission income in first half 2017. Among BHCs with assets between \$1 billion and \$10 billion, leaders included First Command Financial Services (TX), Wesbanco, Inc. (WV), and First Commonwealth Financial Corporation (PA).

The smallest community banks, those with assets less than \$1 billion, 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 First Federal Bank of Louisiana (LA), The Security National Bank of Sioux City, Iowa (IA), The Citizens National Bank of Bluffton (OH), Bank Midwest (IA), and Savers Co-operative Bank (MA). These banks with less than \$1 billion in assets generated \$25.8 million in annuity commissions in first half 2017, down 15.5% from \$30.6 million in first half 2016. Only 10.0% of banks this size engaged in annuity sales activities, which was the lowest participation rate among all asset classes. Among these proxy banks, annuity commissions constituted 17.9% of total insurance sales volume of \$144.6 million.

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 half 2017. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 13.0% 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. 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 income 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.

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