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## Bank Annuity Fee Income Down 21% in 1Q 2010

WASHINGTON— Income earned from the sale of annuities at bank holding companies fell 20.7 percent to \$582.6 million in first quarter 2010, down from \$734.5 million in first quarter 2009, according to the Michael White-ABIA Bank Annuity Fee Income Report™. First-quarter annuity commissions were 6.8 percent less than the \$624.8 million earned in fourth quarter 2009.

Compiled by Michael White Associates and sponsored by American Bankers Insurance Association, the report measures and benchmarks the banking industry's performance in generating annuity fee income. It is based on data from all 7,177 commercial and FDIC-supervised banks and 951 large top-tier bank holding companies operating on March 31, 2010.

### TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE MARCH 31, 2010 Nationally

RAN K	YTD ANNUITY INCOME		PERCENT CHANGE 2009 - 2010	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1Q 2010	1Q 2009					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$169,000	\$177,000	-4.52%	WELLS FARGO & COMPANY	CA	\$1,223,511,000	1.67%
2	\$82,000	\$37,000	121.62%	MORGAN STANLEY	NY	\$819,710,000	0.95%
3	\$60,000	\$90,000	-33.33%	JPMORGAN CHASE & CO.	NY	\$2,133,547,000	0.45%
4	\$44,458	\$111,002	-59.95%	BANK OF AMERICA CORP.	NC	\$2,333,898,691	0.25%
5	\$24,338	\$25,538	-4.70%	REGIONS FINANCIAL CORP.	AL	\$137,287,286	3.46%
6	\$16,578	\$15,549	6.62%	KEYCORP	OH	\$94,303,414	3.94%
7	\$13,873	\$26,475	-47.60%	SUNTRUST BANKS, INC.	GA	\$171,796,255	1.99%
8	\$12,000	\$20,000	-40.00%	U.S. BANCORP	MN	\$282,428,000	0.62%
9	\$11,084	\$13,345	-16.94%	HUNTINGTON BANCSHARES INC.	OH	\$51,628,186	4.87%
10	\$10,695	\$12,319	-13.18%	BB&T CORPORATION	NC	\$163,700,076	1.50%

Source: Michael White-ABIA Bank Annuity Fee Income Report

## **ABIA-ANNUITY/PG: 2**

Of the 951 BHCs, 379 or 39.9 percent participated in annuity sales activities during first quarter 2010. Their \$582.6 million in annuity commissions and fees constituted 10.2 percent of their total mutual fund and annuity income of \$5.70 billion and 14.9% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$3.90 billion. Of the 7,177 banks, 848 or 11.8 percent participated in first-quarter annuity sales activities. Those participating banks earned \$186.1 million in annuity commissions or 31.9 percent of the banking industry's total annuity fee income. Bank annuity production was down 27.2% from \$255.7 million in first quarter 2009.

Seventy-three percent of BHCs with over \$10 billion in assets earned first-quarter annuity commissions of \$547.8 million, constituting 94.0 percent of total annuity commissions reported. This was a decrease of 21.4 percent from \$697.1 million in annuity fee income in first quarter 2009. Among this asset class of largest BHCs, annuity commissions made up 12.5 percent of their total mutual fund and annuity income of \$4.37 billion and 14.9 percent of their total insurance sales volume of \$3.67 billion in first quarter 2010.

BHCs with assets between \$1 billion and \$10 billion recorded a decrease of 3.2% in annuity fee income, declining from \$30.7 million in first quarter 2009 to \$29.7 million in first quarter 2010 and accounting for 2.2 percent of their mutual fund and annuity income of \$1.33 billion. BHCs with \$500 million to \$1 billion in assets generated \$5.15 million in annuity commissions in first quarter 2010, down 23.0 percent from \$6.69 million in first quarter 2009. Only 29.8 percent 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 (11.6 percent) of total insurance sales volume of \$44.2 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), and Bank of America Corporation (NC) led all bank holding companies in annuity commission income in first quarter 2010. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), National Penn Bancshares (PA), and First Interstate

**(more)**

### ABIA-ANNUITY/PG: 3

Bancsystem (MT). Among BHCs with assets between \$500 million and \$1 billion, leaders were First American International Corp. (NY), First Citizens Bancshares, Inc. (TN), Citizens Bancshares (OH), and Ironhorse Financial Group (OK). 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 FNB Bank, N.A. (PA), Baker-Boyer National Bank (WA), The Hardin County Bank (TN), and Republic Bank & Trust (OK) and Sturgis Bank & Trust Company (MI) tied for fifth.

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 6.8% in first quarter 2010. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 16.2% of noninterest income.

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The American Bankers Insurance Association (ABIA) is the separately chartered insurance affiliate of the American Bankers Association (ABA) and is the only Washington, D.C.-based full service association for bank insurance interests. The ABIA's mission is to develop policy and provide advocacy for banks in insurance and to support bank insurance operations through research, education, compliance-assistance and peer group networking opportunities. ABIA Membership consists of banks, and their affiliated agencies, insurance companies, marketing, and administrative services suppliers, non-bank lending organizations and other firms involved in the bank affiliated insurance industry. Additional information on the ABIA can be found at [www.theabia.com](http://www.theabia.com).

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-ABIA Bank Annuity Fee Income Report* and *Michael White-Prudential 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).

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