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MICHAEL WHITE-ABIA REPORT BANK ANNUITY FEE INCOME HITS A HIGH IN FIRST QUARTER

WASHINGTON — Income earned from the sale of annuities at bank holding companies (BHCs) rose 28.4 percent to \$748.2 million in first quarter 2011, up from \$582.6 million in first quarter 2010, according to the [Michael White-ABIA Bank Annuity Fee Income Report™](#). That is the highest quarterly amount of annuity fee income since first quarter 2007 when these data first became available. First-quarter 2011 annuity commissions were also 2.6 percent more than the \$729.5 million earned in fourth quarter 2010.

Compiled by Michael White Associates (MWA) 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 6,850 commercial and FDIC-supervised banks and 942 large top-tier bank holding companies operating on March 31, 2011.

Of the 942 BHCs, 378 or 40.1 percent participated in annuity sales activities during first quarter 2011. Their \$748.2 million in annuity commissions and fees constituted 11.9 percent of their total mutual fund and annuity income of \$6.31 billion and 15.8 percent of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$4.73 billion. Of the 6,850 banks, 821 or 12.0 percent participated in first-quarter annuity sales activities. Those participating banks earned \$204.2 million in annuity commissions or 27.2 percent of the banking industry's total annuity fee income. In contrast to BHCs, the banks' annuity production was up 9.7 percent from \$186.1 million in first quarter 2010.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE MARCH 31, 2011 Nationally

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2010 - 2011	BANK HOLDING COMPANY	ST	ASSETS	PERCENT OF NONINTEREST INCOME
	1Q 2011	1Q 2010					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$186,000	\$169,000	10.06 percent	WELLS FARGO & COMPANY	CA	\$1,244,550,000	1.93 percent
2	\$108,000	\$82,000	31.71 percent	MORGAN STANLEY	NY	\$836,185,000	1.43 percent
3	\$84,000	\$60,000	40.00 percent	JPMORGAN CHASE & CO.	NY	\$2,196,218,000	0.63 percent
4	\$60,374	\$44,458	35.80 percent	BANK OF AMERICA CORP.	NC	\$2,269,872,425	0.43 percent
5	\$30,520	\$24,338	25.40 percent	REGIONS FINANCIAL CORP.	AL	\$131,798,824	4.17 percent
6	\$20,746	\$13,873	49.54 percent	SUNTRUST BANKS, INC.	GA	\$170,835,041	2.60 percent

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7	\$20,377	\$3,687	452.67 percent	PNC FINANCIAL SERVICES GRP.	PA	\$259,500,612	1.41 percent
8	\$18,655	N/A	N/A	RBC USA HOLDCO CORPORATION	NY	\$85,012,708	2.67 percent
9	\$18,618	\$9,915	87.78 percent	BBVA USA BANCSHARES, INC.	TX	\$63,647,110	9.47 percent
10	\$16,000	\$12,000	33.33 percent	U.S. BANCORP	MN	\$311,462,000	0.80 percent
Source: <i>Michael White-ABIA Bank Annuity Fee Income Report</i>							

Seventy-four percent (74.3 percent) of BHCs with over \$10 billion in assets earned first-quarter annuity commissions of \$708.3 million, constituting 94.7 percent of total annuity commissions reported by the banking industry. This was an increase of 29.3 percent from \$547.8 million in annuity fee income in first quarter 2010. Among this asset class of largest BHCs, annuity commissions made up 11.4 percent of their total mutual fund and annuity income of \$6.20 billion and 15.8 percent of their total insurance sales revenue of \$4.49 billion in first quarter 2011.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 13.9 percent in annuity fee income, growing from \$29.7 million in first quarter 2010 to \$33.8 million in first quarter 2011 and accounting for 31.6 percent of their mutual fund and annuity income of \$1.33 billion. BHCs with \$500 million to \$1 billion in assets generated \$6.12 million in annuity commissions in first quarter 2011, up 19.0 percent from \$5.15 million in first quarter 2010. Only 30.5 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 (15.1 percent) of total insurance sales volume of \$40.6 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Bank of America Corporation (NC), and Regions Financial Corp. (AL) led all bank holding companies in annuity commission income in first quarter 2011. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), National Penn Bancshares (PA), Iberiabank Corporation (LA), and Bremer Financial Corp. (MN). Among BHCs with assets between \$500 million and \$1 billion, leaders were Northeast Bancorp (ME), First Volunteer Corporation (TN), Van Diest Investment Co. (IA), River Valley Bancorporation, Inc. (WI), and First American International Corp. (NY). 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 Jacksonville Savings Bank (IL), Essex Savings Bank (CT), Savers Co-operative Bank (MA), FNB Bank, N.A. (PA), and The Hardin County Bank (TN).

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 7.3 percent in first quarter 2011. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 16.6 percent 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-ABIA Bank Annuity Fee Income Report and Michael White-Prudential Bank Insurance Fee Income Report™ provide, respectively, comprehensive analyses of bank insurance brokerage and bank annuity commission 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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