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ABIA- MICHAEL WHITE REPORT BANK ANNUITY FEE INCOME CLIMBED 22.6 % THROUGH FIRST THREE QUARTERS OF 2011

WASHINGTON — Income earned from the sale of annuities at bank holding companies (BHCs) climbed 22.6 percent to a record \$2.26 billion in the first three quarters of 2011, up from \$1.84 billion in the first three quarters of 2010, according to the [Michael White-ABIA Bank Annuity Fee Income Report](#).

Third-quarter BHC annuity commissions slowed in comparison to those of the first two quarters. They were \$731.5 million, down 6.4 percent from a record-setting \$781.4 million in second quarter 2011, but still up 17.7 percent from \$621.3 million earned in third quarter 2010. Thus far in 2011, 41.8 percent of large top-tier BHCs engaged in the sale of annuities.

Compiled by [Michael White Associates](#) (MWA) and sponsored by [American Bankers Insurance Association](#) (ABIA), the report measures and benchmarks the banking industry's performance in generating annuity commissions and fees. Results are based on data from all 6,740 commercial and FDIC-supervised savings banks and 927 large top-tier bank holding companies operating on September 30, 2011.

Of the 927 BHCs, 387 or 41.8 percent participated in annuity sales activities during the first three quarters of 2011. Their \$2.26 billion in annuity commissions and fees constituted 12.0 percent of their total mutual fund and annuity income of \$18.91 billion and 16.0 percent of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$14.2 billion. Of the 6,740 banks, 901 or 13.4 percent participated in annuity sales activities, earning \$588.9 million in annuity commissions or 26.0 percent of the banking industry's total annuity fee income. Bank annuity production was up 5.0 percent from \$560.9 million in the first three quarters of 2010.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2011 Nationally

RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2010 - 2011	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	3Q 2011	3Q 2010					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$617,000	\$517,000	19.34%	WELLS FARGO & COMPANY	CA	\$1,304,832,000	2.22%
2	\$318,000	\$237,000	34.18%	MORGAN STANLEY	NY	\$794,939,000	2.19%
3	\$245,000	\$185,000	32.43%	JPMORGAN CHASE & CO.	NY	\$2,287,462,000	1.03%
4	\$180,910	\$126,718	42.77%	BANK OF AMERICA CORP.	NC	\$2,215,005,733	0.51%
5	\$86,523	\$78,286	10.52%	REGIONS FINANCIAL CORP.	AL	\$129,761,507	3.98%

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6	\$72,213	\$46,151	56.47%	SUNTRUST BANKS, INC.	GA	\$172,583,676	2.72%
7	\$58,781	\$-----	-----%	RBC USA HOLDCO CORP.	NY	\$95,815,143	3.41%
8	\$55,947	\$60,173	-7.02%	PNC FINANCIAL SERVICES GROUP PA	PA	\$269,555,466	1.40%
9	\$54,810	\$36,847	48.75%	BBVA USA BANCSHARES, INC.	TX	\$64,484,460	8.99%
10	\$49,000	\$42,000	16.67%	U.S. BANCORP	MN	\$330,141,000	0.83%
Source: <i>Michael White-ABIA Bank Annuity Fee Income Report</i>							

Seventy-five percent (75.3 percent) of BHCs with over \$10 billion in assets earned third quarter year-to-date annuity commissions of \$2.15 billion, constituting 95.0 percent of total annuity commissions reported. This was an increase of 23.7 percent from \$1.74 billion in annuity fee income in the first three quarters of 2010. Among this asset class of largest BHCs in the first three quarters, annuity commissions made up 11.5 percent of their total mutual fund and annuity income of \$18.60 billion and 15.9 percent of their total insurance sales volume of \$13.51 billion. 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 the first three quarters of 2011.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 3.8 percent in annuity fee income, rising from \$91.6 million in the first three quarters of 2010 to \$95.0 million in the first three quarters of 2011 and accounting for 30.5 percent of their mutual fund and annuity income of \$311.2 million. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), National Penn Bancshares, Inc. (PA), Old National Bancorp (IN), Wesbanco, Inc. (WV), and Bremer Financial Corporation (MN).

BHCs with \$500 million to \$1 billion in assets generated \$17.9 million in annuity commissions in the first three quarters of 2011, up 5.6 percent from \$16.9 million in the first three quarters of 2010. Only 33.0 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 \$118.0 million. Among BHCs with assets between \$500 million and \$1 billion, leaders were Northeast Bancorp (ME), River Valley Bancorporation, Inc. (WI), Citizens Bancshares, Inc. (OH), Van Diest Investment Company (IA), and Nodaway Valley Bancshares, Inc. (MO).

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), Vantage Point Bank (PA), FNB Bank, N.A. (PA), and The Hardin County Bank (TN). These small banks, representing small BHCs, also registered an increase of 15.6 percent in annuity fee income, rising from \$24.4 million in year-to-date (YTD) 2010 to \$28.2 million in YTD 2011.

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Annuity Fee Income P/2

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the median year-to-date Annuity Concentration Ratio was 7.3 percent in third 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 15.3 percent of noninterest income.

Among the top 50 BHC leaders in annuity penetration (i.e., annuity fee income per one million dollars of core or retail deposits), the median Annuity Penetration Ratio was \$5,411 per million dollars of retail deposits (or an annualized Penetration Ratio of \$7,213). Among the top 50 small banks in annuity penetration, the median Annuity Penetration Ratio was \$7,859 per million dollars of core deposits (or an annualized Penetration Ratio of \$10,476).

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*The **American Bankers Insurance Association (ABIA)** is the separately chartered insurance subsidiary 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.*

***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 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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