

BANK INSURANCE MARKET RESEARCH GROUP

RELEASE: Immediate

CONTACT: Andrew Singer
914-381-7475
a.singer@verizon.net

BANKS THAT SOLD INSURANCE WERE MORE PROFITABLE IN 2007

Mamaroneck, NY—May 8 2008: Banks that sell insurance make more money than banks that don't.

That's one conclusion from an examination of 2007 bank data by the Bank Insurance Market Research Group (www.singerpubs.com).

Examining FDIC call report data, the Mamaroneck, New York-based research group found that banks with some insurance activity had 44 percent higher (median) net income in 2007.

Moreover, this trend toward higher (median) net income persisted in all asset-size groups. Among banks with \$10 billion or more in assets, for instance, banks with some insurance activity in 2007 scored 15 percent higher in (median) net income (see table below).

Net Income By Bank Asset Size in 2007: What does insurance add?							
<i>Commercial banks and savings banks only; dollars in millions</i>							
<i>Asset Size</i>	<i>Median Net Income</i>	<i>Number of banks</i>	<i>Median Net Income with Insurance</i>	<i>Number of banks</i>	<i>Change in net with insurance</i>	<i>Noninterest inc./ Bank Revenues</i>	<i>Noninterest/revs. with insurance</i>
More than \$10 billion	\$206.92	89	\$237.37	63	15%	31%	32%
\$1 billion-\$10 billion	\$18.39	472	\$19.12	290	4%	20%	22%
\$500 million - \$1 billion	\$6.52	592	\$7.09	312	9%	18%	21%
\$250mm-\$500mm	\$3.32	1,101	\$3.52	554	6%	16%	18%
< \$250 million	\$0.66	5,533	\$0.92	2,377	40%	13%	15%
All	\$1.07	7,787	\$1.54	3,596	44%	14%	17%
<i>Source: Bank Insurance Market Research Group (www.singerpubs.com)</i>							

"The data suggests that pursuing a diversification strategy—of which insurance brokerage is often a key part—may have paid off for banks in 2007," said Andrew Singer, Managing Director of the Bank Insurance Market Research Group, "particularly at a time when banks' traditional income sources are under pressure. An

insurance agency business can help smooth out earnings and act as a hedge against interest-rate volatility.”

Overall, the median net income at 7,787 operating banks and savings banks was \$1,071,000 in 2007. The median at 3,596 banks and savings banks that reported some insurance activity—less than half (44%) of the total number of banks—was \$1,543,000.

The largest discrepancy was in the smallest banks. Median net income at 5,533 banks with assets less than \$250 million was \$655,000 in 2007. (That is, the middle ranking bank in this asset-size group reported \$655,000 in profits.) Among the 2,377 with some insurance activity, however, the median was \$919,000—40 percent higher.

The ratio of noninterest income to total bank revenues among all 7,787 banks was 14 percent. At banks with some insurance activity, this closely watched ratio was 17 percent.

A fuller analysis will be presented in BIMRG’s upcoming [Who’s Who in Bank Insurance](#).

The Bank Insurance Market Research Group (www.singerpubs.com) provides market research and investment sales data to the bank and insurance industries. Data is based on in-depth surveys of depository and insurance entities augmented by analysis of government data. It also publishes the upcoming [Who’s Who in Bank Wealth Management](#), which profiles the top 60 U.S. bank companies in wealth management.

NOTE: Credentialed members of the press may obtain additional information from Andrew Singer at 914-381-7475.