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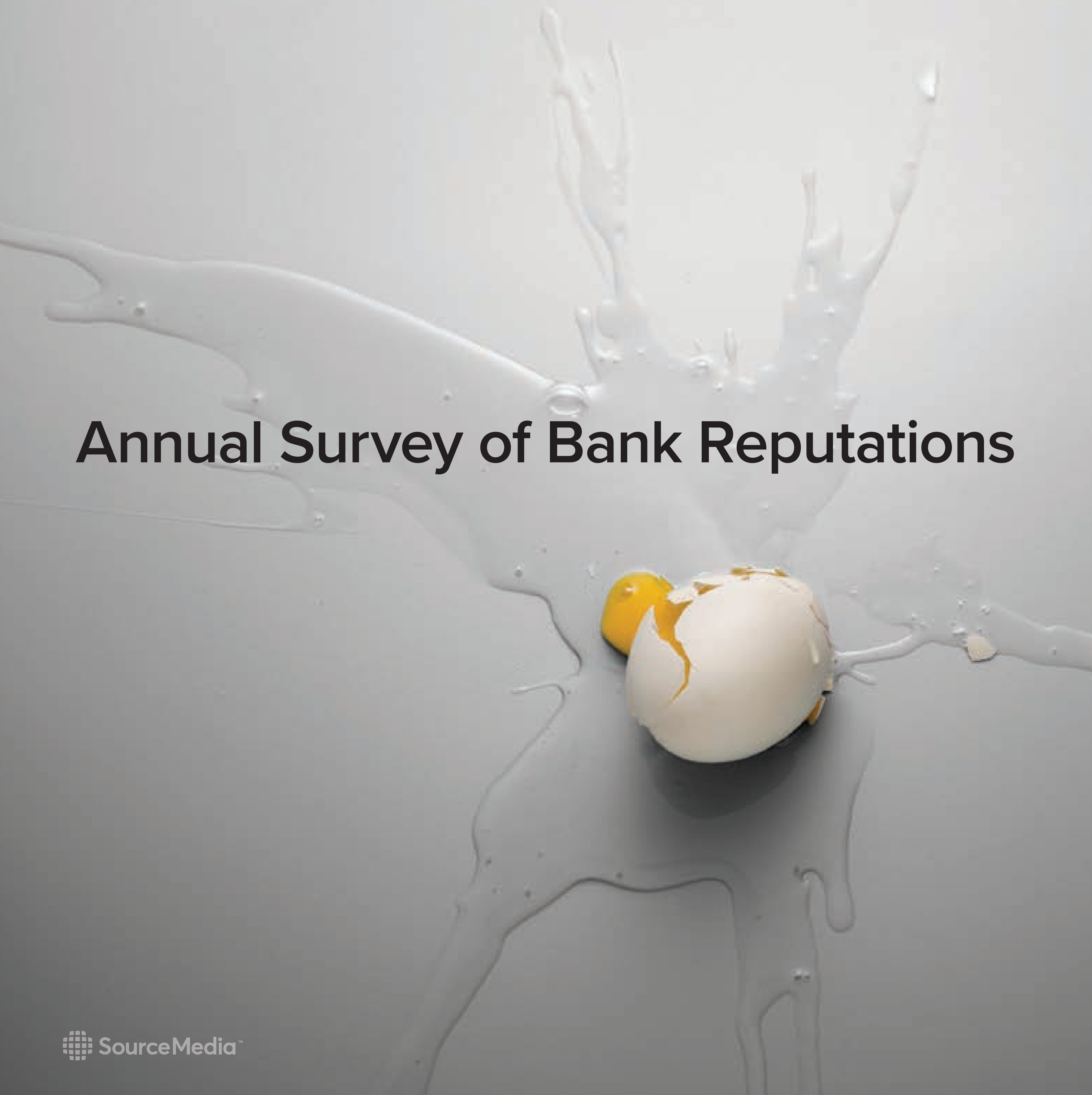
Annual Survey of Bank Reputations



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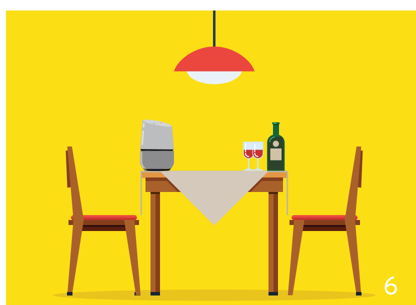

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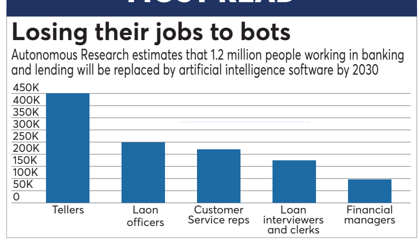

AI Reshapes Banking Jobs

More than 1 million jobs will be lost to artificial intelligence by 2030, according to one estimate. But new jobs are also being created. Are banks and their employees ready? Should re-training programs be added to move people into other roles? And as the work of tellers is automated, what will the new entry-level jobs be?

MOST SHARED

Bloomberg

Reg Relief's Small-Bank Impact

As President Trump signed the regulatory relief bill into law on May 24, a provision to help regional banks with more than $50 billion of assets got a lot of attention. But most of the bill aims to help banks and credit unions with less than $10 billion of assets. Read about the nine provisions most important to small institutions.

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Why Branches Are Still Worth Buying

The challenge in taking over someone else's unwanted, and often lackluster, branches is making them pay off. Flagstar has some ideas on how to go about that.

By Jackie Stewart

Branches don't get much love these days, yet almost every bank that decides to unload them has little trouble finding a buyer.

Banks have become increasingly focused on the liabilities side of their balance sheets, investing more time and resources into gaining and retaining deposits. Some banks are in greater need than others.

Flagstar Bancorp in Troy, Mich., is an example of a bank in need of cheap funding. It helped its cause in June, agreeing to buy 52 branches in four Midwest states from Wells Fargo. While the move promises to immediately help Flagstar's balance sheet, it also will test management's ability to retain the relationships gained from Wells.

Other bankers should take note.

"I think branch acquisitions will be part of the overall consolidation of the industry," said Tom Hall, chief executive of the consulting firm Resurgent Performance. "The largest banks will always be looking to cull the worst 5% to 10% of their branches. … There are opportunities for other good-sized banks to take advantage of that. It makes sense if you have a leverageable brand."

Flagstar has been reinventing itself since the financial crisis, moving away from a mortgage-heavy strategy to become more commercially focused. It has expanded beyond its home turf in Michigan, buying eight branches in California from East West Bancorp earlier this year.

The deal for the Wells Fargo branches is largely an extension of that effort.

"They're trying to become more banklike," said Bose George, an analyst at Keefe, Bruyette & Woods. "The company was more of a mortgage lender with a reasonably large percentage of wholesale funding. This transaction, in terms of what it does for deposits, is a big step in that direction."

The $17.7 billion-asset Flagstar has

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relied heavily on borrowings from the Federal Home Loan Bank System to fuel loan growth. Its ratio of net loans to deposits topped 126% at March 31, according to the Federal Deposit Insurance Corp. That number jumps to 143% when comparing net loans against core deposits.

The Wells Fargo branch deal includes $2.3 billion of deposits, which should allow Flagstar to pay off some short-term Home Loan bank advances. Flagstar said it expects Home Loan bank borrowings to fall from 24% of total assets at March 31 to about 12% after the deal closes.

The deal should decrease Flagstar's overall cost of funds by 21 basis points and increase its non-interest-bearing deposits by 21%. The deposits have an average rate of 0.04%, which is significantly lower than the 0.73% average at Flagstar.

"This is more about transforming the liabilities side of the balance sheet and increasing the number of retail customers the bank has access to," Alessandro DiNello, Flagstar's president and CEO, said in an interview. "We're adding almost 200,000 customers to the company by doing this and that is a very significant change for us."

It makes sense that Flagstar and other banks would look to reduce funding costs, especially through branch acquisitions, said Michael Iannaccone, vice president at Plexus Financial Services. Compliance costs remain high and loan yields are not rising as fast as many would like. That leaves lowering funding as a way to pad the bottom line.

"I think it could create a real opportunity for banks that are greater than $1 billion of assets," Iannaccone said. "But they have to ask themselves, is it really worth it to penetrate these smaller markets? It could create enormous opportunity to take someone else's problem and turn it around because you are more nimble or you have better technology or your profitability requirements are much less than another bank's."

Flagstar touted the longer-term benefits of the deal, noting that it increases its retail presence by about 49% and more than doubles its existing banking customer base. Management hopes to expand the platform by adding more retail deposits and lending relationships, especially with small and midsize businesses.

"It is a big change in terms of the opportunity to grow deposits," DiNello said. "These are sticky customers. They aren't moving for an extra few basis points offered by another bank."

Hitting that mark is easier said than done, industry experts said. Management will have to make sure the newly acquired customers stay.

Any bank that buys branches from a large institution must provide the service level, technology and functionality that customers had from the seller, Hall said.

"You must proactively retain these customers," Hall said. "Banks take for granted that deposits will stay, but that isn't always so."

Flagstar's executives said that they expect some attrition. The deposit premium will be paid based on the deposits at the time of closing. Management also said it would apply lessons learned from the East West branch purchase, which closed in March.

While Flagstar may be a familiar name with some customers due to its mortgage lending business, running a branch network requires different skills, Iannaccone said. This deal will require managing a larger number of a people in more markets, integrating different technology and getting new personnel accustomed to its culture.

To Flagstar, the risks are worth the potential payoff. Management is confident that it will be able to keep employees and retain customers given success it has had with previous acquisitions, DiNello said. For instance, DiNello said that he wasn't aware of any employees leaving after its California branch purchase and that Flagstar has seen growth in deposits from that transaction.

This success starts with communicating with the employees, who then share their own positivity about the transition with customers, DiNello said.

"If you understand banking, then you know customers bank with people, not a bank," he said.

'Not a Savior Program'

Facing a talent shortage, banks aim to recruit people with disabilities

If there's one thing Fifth Third Bank's Mitch Morgan wants people to know about Project SEARCH, it's that this isn't a charity case.

Project SEARCH is a high school transitional program aimed at preparing young adults with intellectual and cognitive disabilities for the workforce. How could it not tick a lot of boxes where diversity and inclusion are concerned?

But first and foremost, the $142 billion-asset Fifth Third joined the program because it was facing a shortage of talent, said Morgan, who is the bank's manager for diversity and inclusion. Simply put, the bank had jobs it desperately needed to fill, and this was one way to do that.

"You can't go into this thinking that

you're saving anyone. This is not a savior program," Morgan said. "This is a program that allows individuals who just happen to have a disability the opportunity to gain skills so they can go out and be active members of society."

There is an increased awareness that financial institutions can do more to make financial services accessible to people with disabilities. Besides the legal and altruistic reasons, about one in every five Americans has a disability, and it simply makes good business sense to meet their needs. Accessibility in both branches and digital services is important, and specialized financial literacy efforts also help. But many disability advocates say that hiring people with disabilities is another crucial need.

Project SEARCH was originally developed at Cincinnati Children's Hospital Medical Center in 1996. Today, the nonprofit has more than 500 program sites worldwide, with most them in the health care industry.

Fifth Third was the first bank to launch Project SEARCH, 13 years ago, and last year TD Bank became the second.

TD Bank learned of the program through its partnership with the Arc of Camden, a community organization in Camden County, N.J., for people with intellectual disabilities, said Jocelyn Weyrauch, diversity vendor manager at TD Bank. The Arc and Camden County Educational Services Commission wanted to bring Project SEARCH to the Philadelphia suburbs, and they needed a host employer to make it work.

The program runs on weekdays from September through June, for about the length of a typical school day. Interns kick off their day with an hour in the classroom, working on skills like resume writing, interviewing for jobs and money management. They spend the majority of their time working alongside employees, with and without disabilities, in a department where they have been assigned a 10-week rotation.

Project SEARCH interns each go through three rotations in different departments at the host employer. That might mean working in the loan processing department, in lockbox, or even information technology.

When TD Bank began its pilot, the company looked for functions that involved repetitive tasks that could help participants build skills, Weyrauch said. Interns also are matched up with departments depending on their particular capabilities and interests.

"For most people on the [autism] spectrum, that is their comfort zone," she said. "They like repetition, they like patterns, they like to know what to expect."

Both Fifth Third and TD Bank said the program has been well-received among other employees. For some, this might be their first exposure to a person with a disability that is not physically apparent, and the program seems to lift morale, Morgan said. He even cited one Fifth Third department that found a 30% improvement in attendance after hosting a 10-week rotation.

Fifth Third has 31 employees on staff whom it hired because of Project SEARCH, and Morgan said the bank has hired at least one graduate from the program every year. Fifth Third now hosts three Project SEARCH groups each year, two in its headquarters city of Cincinnati and one in Grand Rapids, Mich.

Fifth Third's program has graduated 298 students since its inception and 74% have gone on to hold jobs working at least 20 hours a week for a prevailing wage and benefits, he said. By comparison, the national employment rate for people with disabilities was a shade under 18% in 2016, according to the Bureau of Labor Statistics.

TD Bank currently has three Project SEARCH interns — this is its pilot year — and during its next rotation, in the fall, it will accept nine students.

Employers can do a better job of hiring more people with disabilities by making what are often very simple accommodations during the hiring and interviewing process, said Simon Dermer, a co-founder of the assistive tech vendor eSSENTIAL Accessibility.

"They may already be interviewing people with disabilities, but they don't know it because the candidates don't disclose it," he said.

Yet inviting voluntary disclosure can be challenging.

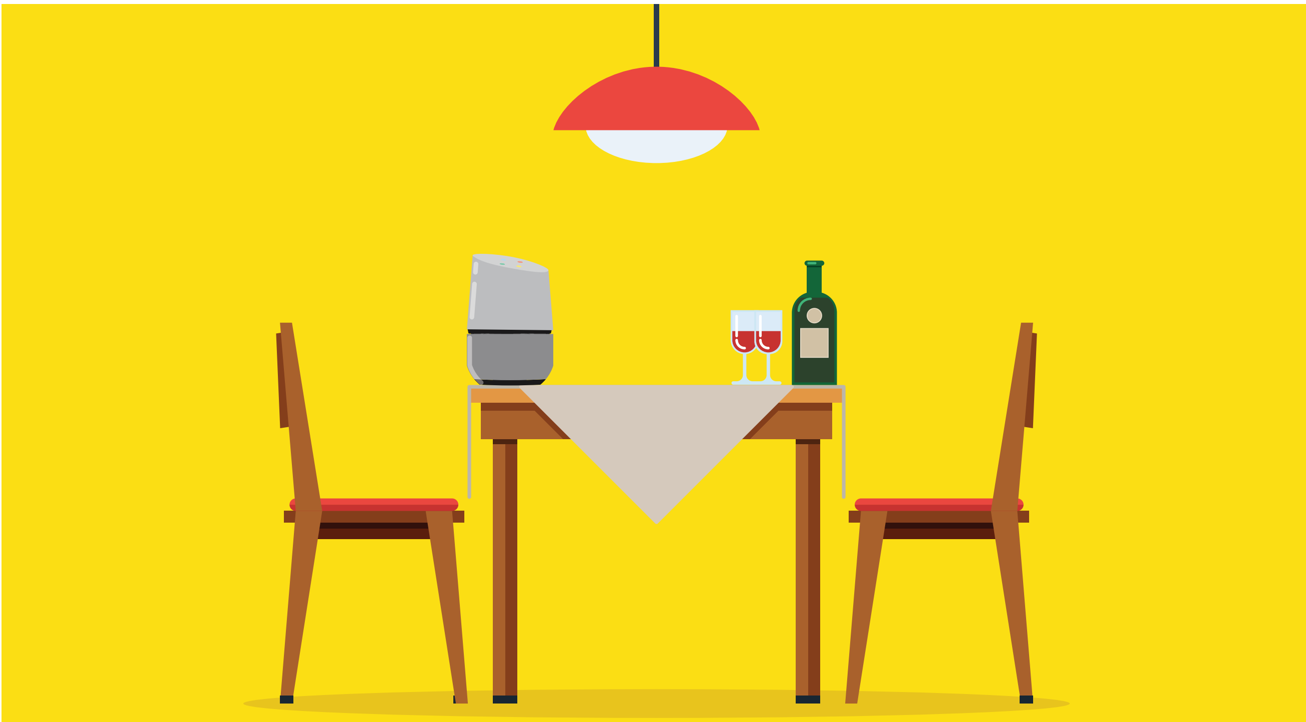
"Prospective employees often have good reason to worry that disclosing a disability will hurt them in the application process, but autistic job seekers often do need accommodations in the interview process," said Samantha Crane, director of public policy for the Autistic Self Advocacy Network.

Likewise, no company wants to wade into the legal quagmire of asking illegal questions during a job interview.

Outside a specific hiring program for a targeted disability, employers can make it clear they are willing to provide reasonable accommodations during the interview process if candidates ask for them, Crane said.

Weyrauch said that TD Bank has a centralized function that focuses specifically on workplace accommodations.

"Recruiters all have good intentions, but they need help sometimes," she said. "[People with disabilities] can still do the job — they may do it differently, but they need the opportunity to prove they can." *— Laura Alix*



Um-hmm, Got It

The pros and cons of Google Duplex's gift for gab — will it be bankers, or hackers, who find this humanlike voice assistant to be most useful?

By Penny Crosman

When he saw Google demo the latest version of its voice assistant technology in May, Eric Smith was blown away. The demonstration of Duplex showed the software calling a hair salon to book an appointment and a restaurant to reserve a table. Google's side of the conversation sounded human, with "um-hmms" and "got its" tucked in.

"The speed at which it worked, its ability to retrieve information and respond in a way that was very natural, was incredibly impressive," said Smith, the chief data and analytics officer at USAA.

"That naturalness is something we've been looking to achieve," said Smith, who was involved in developing USAA's voice assistant, Eva, as well as its interactive voice response system.

The list of possible uses in banking is long — as is the list of potential opportunities for cybercriminals to misuse the technology. Security is a worry with all voice assistants, but it is especially concerning in the case of Duplex, which seems so good at mimicking human speech. Smith and other bankers will have to do a lot of homework.

"We're still learning about the capability of the technology and how the mechanics work behind the scenes to determine where we might want to apply that," he said. "I see us experimenting with that as part of our USAA Labs work. I don't know what that interaction is yet, but we'll figure out something that makes sense."

Potential uses

USAA already works with the virtual assistant technology provider Clinc, which has voice and text interaction and powers its Alexa Skill. In USAA's demo of its voice assistant, it shows a customer asking Alexa if he can afford to go out to dinner and Alexa providing an informed answer.

One thing Smith can envision Google Duplex doing for USAA is gathering information for a mortgage application.

"Having a bot to walk you through that process could be very helpful," Smith said. "You could work at your pace, and it would be available when you need it to be available."

Over time, the bot could become a personalized assistant helping customers with a variety of things.

There are also scenarios in which a voice assistant that is less humanlike would be preferable, Smith said.

"There are certain topics where today people don't want to have that kind of conversation with a human," he said. "An example is collections. If I have to talk to a human about a collections situation, it can be embarrassing, whereas if it sounds like a machine, maybe that's OK."

Other scenarios demand a human interaction. A death in the family is one example.

Because it serves military members and their families, USAA gets a lot of calls after a spouse has died in battle. At such times a bot, no matter how well trained, would probably be a bad idea. "Within USAA we call those moments of truth," Smith said. "We have a survivor relations team, the front-line people that handle the death of a partner or spouse across all the different lines of business we have. I would never see us putting a bot in front of that."

Similarly, if a customer has lost everything in a hurricane, that would not be the best time for a bot interaction. "That for us is when that human touch is needed," Smith said. "Maybe a bot would get there some day."

Risk factors

Smith's biggest concern about Google Duplex is security, specifically authentication. "How do you validate that the conversation is happening with the right person?" Smith said.

He also would like to know more about how the technology works on the back end.

"How would that data flow?" he said. "How much of that would Google need access to, versus how much of that could be a call back to our environment? Where does the data have to sit for this to be effective, because especially in this day and age, we're keenly interested in managing sensitive data appropriately and ensuring trust with the member."

Due to security concerns, USAA would most likely start by testing Duplex for inquiries about balances and other types of information that are not transactions. Next it might test advice interaction: How much do I have to spend this month, or how much should I save?

"Once we solve some of the security concerns, transactions will be addressed," Smith said. "The positive thing is, I think there's been enough advancement in things like multifactor authentication that there are ways we could overcome the security piece in rapid order, depending on how open Google is going to be to work with financial institutions like us."

Google did not respond to a request for an interview by deadline.

Vijay Balasubramaniyan, chief executive of Pindrop Security, has given a lot of thought to what fraudsters might do with Google Duplex.

"You're going to face people who don't have a high ethical standard to begin with trying to get away with a system that's super good at fooling humans on the other end," he said.

As long as the technology is limited to booking hair appointments, there is little danger. But as it starts to do more, Balasubramaniyan said, criminals could use the technology to analyze conversation data and determine how best to get a call center agent to do their bidding.

"We see fraudsters who are really successful use tons of flattery and pressure to coerce a call center agent," he said. "What if I build a system that learns those concepts?"

A Google Duplex bot could use that knowledge to persuade call center agents to unwittingly help them drain victims' accounts.

Also, if a hacker could get access to hours of recordings of someone speaking, they could synthesize that person's voice accurately and be able to fool a human or a bot.

Pindrop, for instance, fed one of its systems the audiobook "Thrive," read by Ariana Huffington. The system synthesized her voice. When it was played back to her, Huffington said she could not tell the difference.

Such technology could be used to game a voice authentication system like the ones in use at many banks. "At that point, you're done. You've lost your voice," Balasubramaniyan said.

Pindrop has a neural network-based system that not only analyses speech patterns but can detect if a voice is synthesized by a machine. Pindrop has taught its software to identify Duplex as a synthesized voice.

"We can tell machines to be suspicious," Balasubramaniyan said.

Many observers complained that in the demo, Google Duplex seemed too human, that it could trick people.

"It is potentially deceptive," said Jacob Jegher, senior vice president of banking and head of strategy at Javelin Strategy & Research. "I have no doubt there is a segment of the population that will feel they're being played."

But Jegher suspects that people might start to get used to this as such systems become more prevalent.

One question he had was whether the Google Duplex will always work as flawlessly as the demo.

"This is the million dollar demo question," he said. "Things go off flawlessly on stage. Will it be able to pull it off in day-to-day life? If you throw it a variable it can't handle, how will that work? We don't know that quite yet."

Is it needed?

Google says Duplex will be ready later this year.

Balasubramaniyan said it will take a while for companies like banks to adopt it, because of its limited range. There's a big difference between booking a hair appointment and being able to answer any type of query, he noted.

The most obvious use case for banks — saving money on calls to the call center — may not happen for some time, in Jegher's view.

"There are numerous ways to reduce call center volume, and the industry has been working on that for years rather successfully," he said. "That's the whole goal with digital banking. A quarter of consumers don't use digital servicing options because they either can't find what they're looking for or find it too hard to use."

So basic improvements in mobile and online banking could deflect calls to the call center.

Google has leapfrogged Amazon in the voice assistant arena for now, but there will be lots of jockeying.

"If you look at advances in virtual assistants like Google Home and Amazon Alexa, this will be a game of pingpong over time," Jegher said.

Alexa still does rudimentary things like play songs and turn on the lights. "This is a whole other ballgame, where we're looking at an ongoing person-to-person interaction," Jegher said.

Balasubramaniyan noted that banks have realized the need to offer consumers voice interactions.

"Now that voice is becoming big, they're all trying to figure out," he said. "What do we need to create to stay ahead of the game?"

Less Time, More Volume

Community bank partners with fintech to expedite its small-business loan approvals

Add Seacoast Banking in Stuart, Fla., to the list of community banks that now believe in working with fintechs.

The $6 billion-asset company is gaining traction in Small Business Administration lending after partnering with SmartBiz Loans to speed its approval process. The move halved the interval from application to funding, to as little as 10 days, said Julie Kleffel, Seacoast's community banking executive.

"Speed to delivery is crucial to any small business," Kleffel said. "Customers live very busy lives. ... This takes some of the tedium and stress out of the process."

Seacoast, which became a SmartBiz client late last year, booked $700,000 of gains from selling SBA loans in the first quarter, tripling what it reported a quarter earlier and surpassing its total for all of 2017 by 40%.

Kleffel, who said loans generated through SmartBiz hit 127% of targeted volume in the first quarter, predicted that the effort should allow Seacoast to become one of the SBA's top 100 7(a) lenders for the fiscal year that ends on Sept. 30. To do so, Seacoast would likely have to increase year-over-year 7(a) originations by more than 60%, according to SBA data.

Partnerships like the one between Seacoast and SmartBiz provide more proof community banks can gain an edge when they incorporate new technology, industry experts said.

"Community banks are going to win the fintech battle," said Robert Giltner, chairman of RCGiltner Services, a firm that markets a small-business lending product. "First and foremost, they already have the customers. They bank all these small businesses. They just don't have the loans." Adopting this kind of technology "puts them back in the game," Giltner said.

After a slow start, more community banks seem to be warming up to fintech solutions for small-business lending. In a May survey of 440 community bankers conducted by the American Bankers Association, 71% said they planned to introduce a digital small-business product in the next 12 months.

Fintech products could prove particularly helpful when it comes to making smaller loans.

MinuteLender, the product offered by RCGiltner Services, uses credit scores and data from an applicant's checking account to help banks underwrite small-business loans of $100,000 or less.

SmartBiz, which focuses on SBA 7(a) loans of $350,000 or less, has facilitated more than $500 million of loans since it was founded in 2009. Its online portal routes applications to the participating bank that is best suited to make a loan. It also automates its bank clients' underwriting and packaging, accelerating the application process and reducing processing costs.

SmartBiz has doubled the number of bank clients over the past year; Seacoast was the eighth bank to sign up. *— John Reosti*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TIME FOR DAMAGE CONTROL

Bank reputations are backsliding as consumers look for evidence of good corporate citizenship. But new data shows that a highly visible and vocal CEO — who talks about more than just the earnings report — can provide a major boost.

BY ROB GARVER

A broad wave of consumer distrust buffeted the banking industry's reputation over the past year, bringing an end to a run of positive change in public perception in the years after the financial crisis, according to the annual American Banker/Reputation Institute Survey of Bank Reputations.

"There has been a global erosion of trust around corporations, not even specific to banking, but corporations in general," said Bradley Hecht, a senior managing director with the Reputation Institute. "The trust level of banks has continued to drop relative to what it was before, to the point that less than half of customers and just a quarter of noncustomers give banks the benefit of the doubt in a crisis situation."

But while the decline in bank reputation can be traced to several factors, some of them well outside the industry's control, new data gathered in this year's survey points to a powerful — and perhaps surprising — antidote to much of the negativity focused on the industry: bank CEOs.

Based on an analysis of the survey data, the reputation scores of banks were 6 points higher among customers who were familiar with the CEO, compared with customers who were unfamiliar with the CEO. That is enough of a lift to move some banks from the "strong" to the "excellent" category on the 100-point scale.

The impact is even greater among noncustomers, with CEO familiarity accounting for a 7.7-point increase in reputation score.

The problem is that CEOs are largely invisible to most consumers. Only 17% of people surveyed were familiar with the CEO of their own bank, and only 7% said they recognized the name of the CEO of a bank where they don't do business.

To Hecht, the message in these findings is obvious.

"No longer can the CEO hide behind the curtain," he said. "No longer should they only talk about financial performance and product."

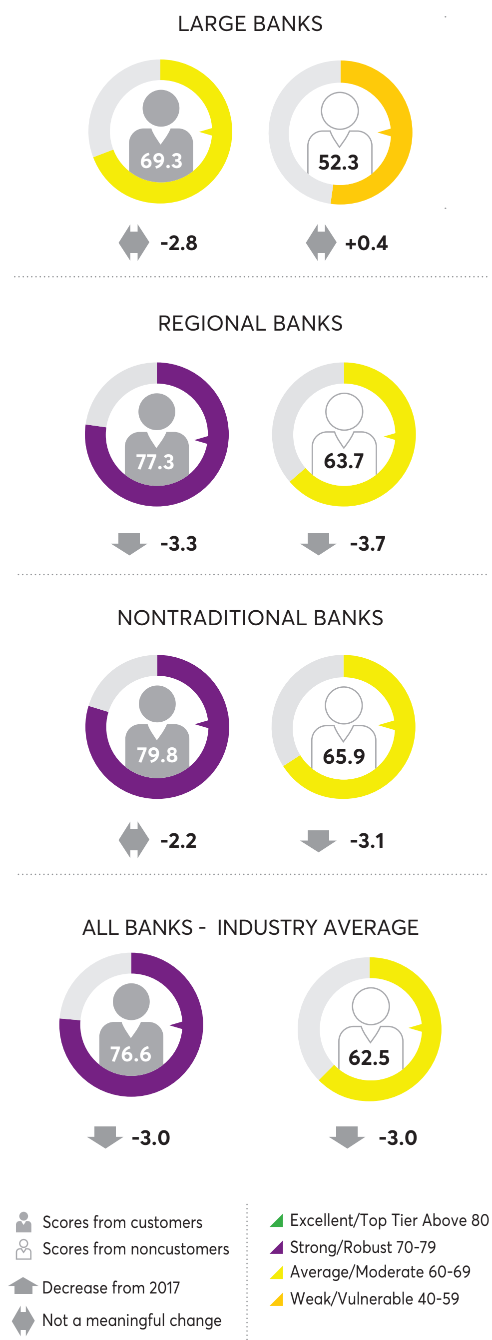
The survey found that in an era of increasing consumer distrust of corporations in general, worsened in the banking industry by scandals at major players like Wells Fargo, it is more important than ever for banks to demonstrate a sense of social responsibility and care for their customers. And bank CEOs are the single best voices to deliver that message.

"We know that the opportunity is for the CEO to link things like financial performance and product to societal impact and innovation," Hecht said. "Among CEOs who are most successful at doing that, their banks are more reputable, their customers like them more and their noncustomers are more likely to go to them versus other companies."

Banks especially need to show good corporate citizenship

A Down Year

Reputations overall declined with both customers and noncustomers. Regional banks as a group fell the most, but large banks continue to trail the other types of banks by a significant amount



Source: Survey of Bank Reputations 2018

given that they are making large profits — something not lost on customers — even as their reputation has declined.

"What we're finding is that the more profitable banks become, the higher the expectation and the responsibility on behalf of banks to take that profitability and use it to reinvest in areas of society where they can have a positive impact," Hecht said.

This year, for the first time ever, perceptions of a bank's good citizenship became one of the top three drivers of overall reputation among both customers and noncustomers. That, combined with other new findings about what events really damage banks' reputations, has major implications for how bankers need to think about their public image.

Traditionally, bankers have assumed that their reputation rests chiefly on their ability to protect customers' funds and to provide access to them when needed. However, when the Reputation Institute asked survey participants to rate the impact that a variety of risk factors had on their perception of banks, things like data breaches and system failures that temporarily restrict access to funds were far less important than other issues.

Four of the top five risk factors for reputational damage have to do not with a bank's interactions with its customers, but with its treatment of its own employees. Respondents cited a failure to pay female employees at the same rate as their male counterparts as the top driver of reputational damage, delivering a nearly 20-point decline in a bank's overall reputational score. Also in the top five were unequal opportunities for employees by either race or gender, fining or punishing an employee who blew the whistle on internal wrongdoing, and inappropriate behavior by management, including sexual harassment.

"When a bank is in control of a relationship and they violate that trust — whether it be mistreating employees, not paying women as much as men, discriminating by race, firing whistleblowers — those sort of things have the most significant impact on reputational support," Hecht said. "They care more about how you treat people than whether there is a data breach, because frankly, there's a breach every day and people tune it out for the most part."

Digging deeper into the data from this year's survey reveals some notable trends. Banks' average reputation score with their own customers fell by 3 points, to 76.6 this year — still considered strong, but well below the "excellent" level that a few were able to achieve last year. Among noncustomers, banks' reputation also fell 3 points, to 62.5, leaving them at the low end of the "average" range, in which reputation, while not harmful, is of little use attracting new customers.

Large banks as a group for the first time in recent memory began to narrow the gap in reputation with regional and nontraditional banks, mainly because they held steady as the others tumbled.

While both regional banks and nontraditional banks still enjoyed higher average ratings among customers, 79.8 and 77.3 respectively, compared with big banks' 69.3, the difference between them is shrinking.

USAA Bank earned the top

RANKINGS BASED ON CUSTOMER SCORES

		2018	2017	Change
1	USAA Bank	87.0	87.5	-0.5
2	BMO Harris Bank	82.3	83.6	-1.3
3	Regions	82.0	80.3	1.7
4	Huntington Bank	81.9	81.5	0.4
5	BOK Financial	81.0	85.2	-4.2
6	PNC	80.8	77.3	3.5
7	BB&T	79.7	80.5	-0.8
8	Discover Bank	79.7	78.6	1.1
9	Northern Trust	79.2	83.7	-4.5
10	Synovus	78.3	84.9	-6.6
11	First Citizens	78.0	84.4	-6.4
12	Cullen/Frost Bankers	77.9	83.9	-6.0
13	Capital One	77.9	77.9	0.0
14	SunTrust Banks	77.9	82.6	-4.7
15	Citizens Bank	77.8	80.1	-2.3
16	Zions Bank	77.8	80.7	-2.9
17	TD Bank	77.6	76.7	0.9
18	U.S. Bank	77.3	79.0	-1.7
19	BBVA Compass	77.3	81.2	-3.9
20	BNY Mellon	77.3	86.3	-9.0
21	Ally Bank	77.2	76.7	0.5
22	BankUnited	76.8	81.1	-4.3
23	First Tennessee	76.4	86.7	-10.3
24	Webster Bank	76.3	82.9	-6.6
25	KeyBank	76.2	72.4	3.8
26	People's United	75.5	81.3	-5.8
27	CIT Group	75.4	85.1	-9.7
28	Union Bank	75.3	80.0	-4.7
29	Comerica	75.2	74.8	0.4
30	M&T Bank	75.1	75.1	0.0
31	Bank of the West	74.9	76.9	-2.0
32	Santander	74.1	74.1	0.0
33	Fifth Third Bank	73.9	74.9	-1.0
34	Associated Bank	73.9	82.6	-8.7
35	Chase	73.7	75.8	-2.1
36	Citibank	72.9	72.9	0.0
37	First National of Pa.	71.7	n/a	n/a
38	HSBC	71.2	78.2	-7.0
39	Bank of America	67.2	71.5	-4.3
40	Wells Fargo	61.3	62.2	-0.9

- Excellent/Top Tier Above 80
- Strong/Robust 70-79
- Average/Moderate 60-69
- Weak/Vulnerable 40-59
- Poor/Bottom Tier Below 40

Source: American Banker/Reputation Institute Survey of Bank Reputations 2018

RANKINGS BASED ON NONCUSTOMER SCORES

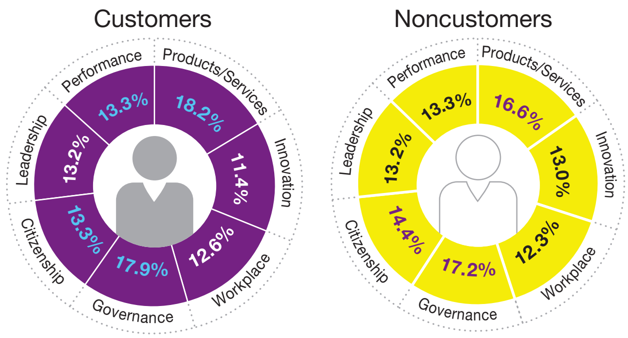
		2018	2017	Change
1	USAA Bank	73.8	76.2	-2.4
2	Cullen/Frost Bankers	71.1	75.6	-4.5
3	First Tennessee	69.7	73.6	-3.9
4	Synovus	68.5	77.9	-9.4
5	Webster Bank	68.4	72.4	-4.0
6	BOK Financial	68.2	75.4	-7.2
7	People's United	67.3	70.4	-3.1
8	Northern Trust	66.9	74.0	-7.1
9	BankUnited	66.4	70.4	-4.0
10	First Citizens	66.2	71.9	-5.7
11	BMO Harris Bank	66.0	71.8	-5.8
12	BNY Mellon	65.8	69.3	-3.5
13	Ally Bank	65.4	65.6	-0.2
14	Zions Bank	65.1	66.8	-1.7
15	Huntington Bank	64.8	64.3	0.5
16	First National of Pa.	64.6	n/a	n/a
17	BBVA Compass	63.4	67.1	-3.7
18	Regions	63.3	66.9	-3.6
19	M&T Bank	62.8	64.4	-1.6
20	Comerica	62.5	66.1	-3.6
21	Discover Bank	62.5	66.5	-4.0
22	Union Bank	62.0	68.8	-6.8
23	PNC	62.0	64.0	-2.0
24	Associated Bank	61.8	68.5	-6.7
25	CIT Group	61.8	67.7	-5.9
26	TD Bank	61.8	64.0	-2.2
27	Capital One	61.6	58.6	3.0
28	KeyBank	60.9	64.2	-3.3
29	Chase	60.0	62.2	-2.2
30	BB&T	59.8	61.4	-1.6
31	Fifth Third Bank	59.8	61.1	-1.3
32	Citizens Bank	59.8	61.8	-2.0
33	SunTrust Banks	59.6	59.0	0.6
34	Bank of the West	59.5	67.0	-7.5
35	HSBC	58.6	58.2	0.4
36	Santander	57.8	58.9	-1.1
37	Citibank	57.8	58.9	-1.1
38	U.S. Bank	57.1	58.1	-1.0
39	Bank of America	46.3	43.3	3.0
40	Wells Fargo	39.1	37.1	2.0

- Excellent/Top Tier Above 80
- Strong/Robust 70-79
- Average/Moderate 60-69
- Weak/Vulnerable 40-59
- Poor/Bottom Tier Below 40

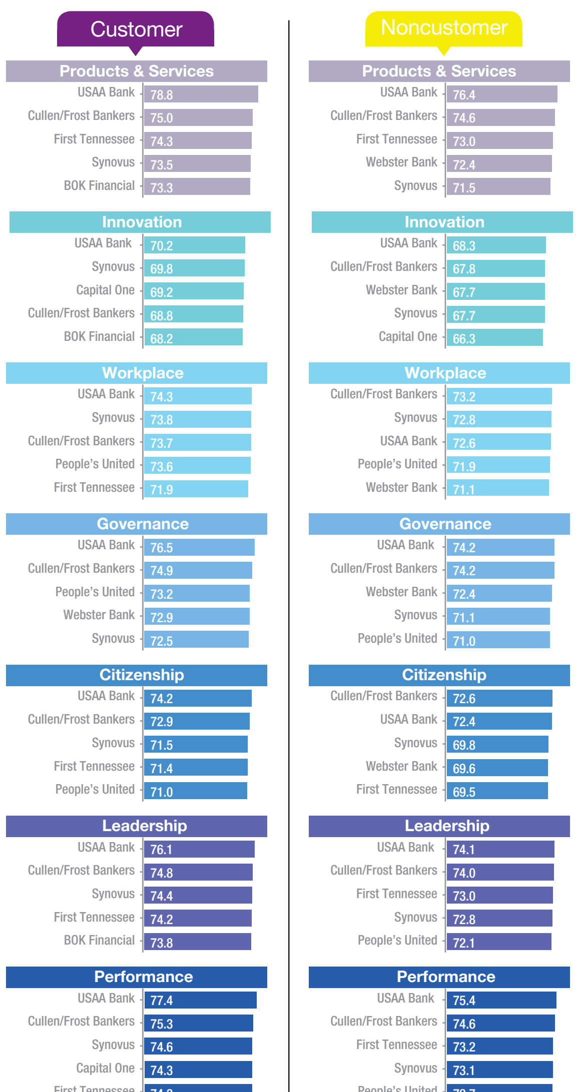
Source: American Banker/Reputation Institute Survey of Bank Reputations 2018

What matters most when forming perceptions of a brand?

For the first time ever, citizenship is one of the top reputation drivers with both customers and noncustomers



The top 5 scorers for each of the reputation drivers



Source: American Banker/Reputation Institute Survey of Bank Reputations 2018

marks in reputation among both customers (87.0) and noncustomers (73.8). The San Antonio-based bank has typically been at or near the top of both rankings in recent years.

That consistency is something the bank takes seriously, said its president, Chad Borton, citing USAA's focus on meeting the unique needs of its customer base, which consists of current and retired military personnel and their families.

"When we do that, we believe the outcome of reputation will also be consistent," Borton said. "Building and maintaining trust with our members over the long term is central to everything we do. It's embedded into our model; it's embedded into our operating rhythms."

In keeping with an increased expectation that banks demonstrate corporate responsibility, Borton noted that last year USAA committed to spending over 50% of the money it invests in philanthropy to supporting the families of military personnel facing challenges related to deployments and other stresses inherent in military life.

More recently, he added, the bank committed to donating 1% of its pretax profit to its corporate responsibility programs.

Among noncustomers, USAA and Cullen/Frost Bankers were the only two to receive "strong" scores (above 70). rounding out the top five were First Tennessee, Synovus and Webster, which were in the "average" category with scores in the 60s.

Though many banks saw their scores fall, Synovus' drop of 9.4 points with noncustomers was the highest. Hecht said that could be in part because of a campaign to consolidate all of its banks, which had been operating under their original local names, into the Synovus brand.

"I imagine there is a little pushback around the changing of community bank brands," he said.

When customers assessed their own banks, their ratings were more generous, even though the overwhelming majority of banks considered in the survey saw their reputation with their own customers suffer. Besides USAA, five other banks achieved an "excellent" score (above 80) in the customer ranking: BMO Harris, Regions, Huntington, BOK Financial and PNC.

Regions was one of the handful of banks whose reputation among customers increased over the past year, something that Keith Herron, a senior executive vice president and head of corporate responsibility and community engagement at the bank, said was an explicit goal of the "Regions 360" program. The idea, he said, is to take the focus off pushing bank products and recenter it on the customer experience, with an emphasis on building trust.

The program was put in place in 2012 as part of what Herron said was a long-term plan to overhaul the relationship between Regions bankers and their customers.

"Reputations are not built overnight; it's something that has to be a part of your strategy," he said.

Over time, he said, the Regions 360 program became the bank's go-to strategy, guiding bankers in their interactions with customers.

"What we observed in the industry was that a lot of banks were focused on products, and there needed to be more focus on our customers' needs — their long-term aspirations and goals — and our ability to understand those needs would allow us to bring the right solution to the customer, no matter where that solution may be within our bank," Herron said.

"We wanted to take a holistic view of that customer relationship and as such, we've built deeper relationships with our customers and we have more trust with our customers as a result of the transparency."

Herron said that Regions is aware of the challenges facing the industry — particularly concerns among the general public about banks' behavior toward customers and employees — and that it tailors its business practices to maximize transparency and to give customers the sense that transactions benefit parties on both sides.

"The way we found a competitive advantage over our peers was through our operating model of Regions 360, which is 'one bank, one team, one Region.' " He said bankers work to develop a "comprehensive view" of each individual customer's needs "and then really work together as one bank to deliver the right solution." ☐

How banking compares

After a consistent improvement in its reputation from 2011 to 2017, the banking industry started to backslide this year. But because it did not drop as much as some other industries – 16 are rated in all – it now ranks in the top 10

Industry	2018	Change from 2017
Consumer	72.1	-4.4
Food & Beverage	71.8	-3.7
Automotive	70.4	-3.6
Retail	69.6	-2.8
Technology	69.2	-2.6
Hospitality	69.1	-2.5
Transport	68.9	-5.4
Services	68.7	-1.9
Health Care	68.2	0.9
Banking	66.5	-3.0
Financial	64.9	-4.1
Information	64.4	-7.4
Pharmaceutical	64.0	-7.6
Airlines	62.3	-11.0
Telecommunications	58.3	-7.0
Energy	56.5	-3.3

Source: Reputation Institute

- Strong/Robust 70-79
- Average/Moderate 60-69
- Average/Moderate 40-59

SURVEY METHODOLOGY

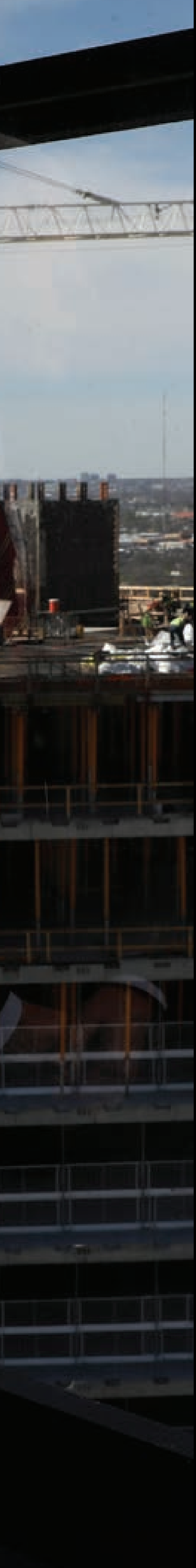
COMPANY SELECTION:

- Companies drawn from the Federal Reserve's list of large commercial banks, with final selections by American Banker based on total assets and deposits
- Only those with significant retail brands were considered

RATINGS:

- Ratings were collected via online questionnaire in the spring of 2018
- All companies were rated by at least 100 customers and 100 noncustomers
- Each respondent was very or somewhat familiar with the companies they rated

Phil Green's San Antonio office overlooks the site of his company's new 23-story headquarters, which is slated to open early next year.



Hip to Be Square

Frost Bank has a reputation for never wavering from its mission of building long-term relationships. It achieves this goal by providing top-notch service, putting principles before profits and giving customers a fair deal. "Our culture is our value proposition," says Phil Green, its chairman and CEO.

By Alan Kline

Photograph by Gabe Hernandez and the San Antonio Business Journal

Hip to Be Square

Investors hate surprises, so when Frost Bank revealed on an earnings conference call last July that it had increased the rates it was paying on customers' deposits, the stock market reacted unkindly.

Shares of the bank's parent company, Cullen/Frost Bankers, plunged 5% that day on fears that the higher deposit costs would suppress the net interest margin and eat into future profits.

What surprised investors most was that San Antonio-based Frost would be among the first regional banks in the country to meaningfully boost what it pays on deposits in response to the Federal Reserve rate hikes. Frost already had ample low-cost deposits to fund its lending activities — its 49% loan-to-deposit ratio is well below the industry average — and shareholders questioned why it would pay up to bring in money it didn't seem to need, said Brett Rabatin, a senior banking analyst at Piper Jaffray.

"Their minds were blown a little bit because if you look at the balance sheet, you would think Frost would be the bank dragging its feet" on raising deposit rates, Rabatin said. "Yet here it was getting in front of the market, and it left everyone really confused."

But to Phil Green, the chairman and chief executive of the $31.5 billion-asset Frost, the decision to increase rates was less about attracting new deposits to the bank and more about "providing a square deal" to existing customers. At that point the Fed had raised its rates by 100 basis points over the previous 18 months and Green believed that those banks still paying next to nothing on consumer deposits would soon face a reckoning.

"The industry will ultimately have to respond with higher rates to compete with offerings from nonbank alternatives," such as money market funds, Green told analysts on that second-quarter earnings call. "It can either respond in a timely manner or risk being too late and losing relationships and trust along the way."

The move to raise rates on deposit accounts well before competitors did and over the concerns of many investors goes a long way toward explaining why one of Texas' oldest banks is also one of its most admired.

While many banks say that they put their customers' needs first, Frost demonstrates this better than most, industry observers say. Its strategy of emphasizing relationships, not compromising its principles to make quarterly numbers and putting a high premium on convenience is apparent in its actions. Not many other banks its size offer live customer support 24 hours a day, seven days a week, have a network of more than 1,200 ATMs and continue to add, rather than close, branches.

Its service earns high marks from customers. For nine consecutive years now, Frost has placed No. 1 in J.D. Power's annual customer satisfaction rankings for the Texas region, and for the past two years it has won more excellence awards from Greenwich Associates than any other bank in the country, based on the service it provides to small and middle-market businesses.

Frost is also well-respected for being one of Texas' best corporate citizens. After Hurricane Harvey ravaged southeast Texas last summer, its charitable foundation decided to give an unprecedented $1 million to nonprofits aiding hurricane victims. Last year it won a first-ever citizenship award from the Federal Home Loan Bank of Dallas for the investments it has made in affordable housing projects over the last two decades. And in honor of its 150th anniversary this year, the bank is committed to performing 150 good deeds in the markets it serves, from sponsoring arts festivals to sending volunteers to help at animal shelters to hosting small-business and financial literacy seminars.

This devotion to the people part of doing business — building relationships and helping its communities — is a big reason Frost enjoys a strong reputation in the markets it serves.

This holds true with both customers and noncustomers, as measured by the American Banker/Reputation Institute Survey of Bank Reputations. This year Frost placed second, behind only USAA Bank, in the noncustomer ranking, with a score of 71.1 on a scale of 1 to 100. It came in at No. 12 in the customer ranking, with a score of 77.9.

Frost received industry-leading scores in several categories that are considered reputation drivers, including products and services, financial performance and corporate governance. (For this survey, governance is essentially a measure of how ethical people think a bank is, with the score being based on perceptions of transparency and fairness.)

Frost also won high marks for loyalty and retention rates among employees and for creating a workplace culture in which employees feel valued and empowered and treat each other with respect.

Frost's reputation has been bolstered by a conservative credit culture that has allowed the bank to weather the most severe of economic downturns. It famously refused to accept funds from the government's Troubled Asset Relief Program at the onset of the financial crisis in 2008 because it didn't need the money, and many people in Texas remember that it was the only one of the state's 10 largest banks to survive the oil and real estate busts of the late 1980s and early 1990s.

What happened in the '80s and '90s might not be significant to millennials, but it matters a lot to older generations who want to know that their bank is not making risky bets with their money, said Curtis Carpenter, managing director at Sheshunoff Investment Banking in Austin. "A lot of gold-star banks went down in the '80s, and Frost is the only one that didn't," he said. "For people who are in their mid-50s or older, that is still very much a thing."

Frost's banking philosophy is guided by what it calls the "blue book" — a manual written 20 years ago by Green's predecessor, Richard Evans. The book itself builds on a mission statement written by Evans' predecessor, Thomas Frost, a few years earlier that reads: "We will grow and prosper, building long-term relationships based on top-quality service, high ethical standards, and safe, sound assets."

Green, who has been Frost's chairman and CEO since early 2016, said that the words in the book are not merely "aspirational," they are the core values by which all employees must abide. The book is thin, but it is packed with details on how employees are expected to treat customers and each other, while setting expectations for shareholders and outlining the bank's commitments to the communities it serves. "Our culture is our value proposition," Green said. "We have to make sure, as best we can, that we are doing the things that are documented in that book."

Still, even the best banks have to work at maintaining their cultures, so when Green took over as CEO, one of his first orders of business was naming longtime human resources executive Candace Wolfshohl to the newly created position of executive vice president for culture and people development.

Under Wolfshohl, Frost has put an even greater emphasis on development, coaching and leadership training and it undertook its first-ever employee survey to gauge workers' attitudes toward the company.

While the survey found that employees generally feel good about how they are helping customers, it also showed that Frost had some room for improvement in the work environment. The online survey included an open-ended comment section that produced more than 1,200 comments — 161 pages' worth — the results of which were sent

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only to Green, who read every word. In response to those comments, the company last year implemented a series of worker-friendly changes, such as increasing wages, adding more vacation days and extending its maternity and paternity leave.

"We do a fantastic job creating great customer experiences that make people's lives better, but we needed to do better creating great employee experiences," Green wrote in his annual letter to shareholders.

This is not to suggest that employees are unhappy or frustrated. Nearly 500 employees, including Green and Wolfshohl, have been with the company for at least 25 years, and most wouldn't have stayed if they didn't find it to be a welcoming work environment.

"In the blue book we say that 'technical competence is no substitute for personal character' and we mean that," Wolfshohl said. "It's just as important to us how you treat your co-workers as it is how you treat your customers."

That continuity, particularly within the ranks of lenders, is also one of the bank's key competitive advantages, said Brady Gailey, an analyst at Keefe, Bruyette & Woods. "At some banks it's like a revolving door, lenders will come and go every three or four years, but Frost has bankers who have been there for decades," Gailey said. "When you have the consistency of bank officers, it translates to a consistency of customers. A lot of Frost's customers are multigenerational."

Carpenter, who has been following the Texas banking scene for 35 years, said that Frost's ability to retain customers — in some of the nation's most desirable and fiercely competitive markets — is unmatched.

"One of the things Frost is known for is its tremendous customer loyalty," he said. "Most bankers around the state will tell you that it's just really hard to steal a Frost customer."

Frost's loyalty to its customers is sometimes at odds with the short-term demands of shareholders, though it typically pays off for all parties in the end. The decision to raise rates on deposits is a case in point.

"It's just as important to us how you treat your co-workers as it is how you treat your customers," says Frost's Candace Wolfshohl.

Growth in Frost's money market deposit accounts had slowed since the Fed began raising interest rates in late 2015 and bank officials suspected it was because some customers had already moved their money to nonbank funds. Then in July Frost substantially increased rates on high-yielding money market funds and certificates of deposit, and by the end of the third quarter, money market deposits had grown to their highest levels since the third quarter of 2015.

Frost's stock price, meanwhile, more than recovered from its midsummer swoon. Since falling to as low as $81.09 in early September, the stock had climbed more than 40%, to about $116, as of early June.

Piper Jaffray's Rabatin said he was skeptical of the decision to boost deposit rates, but then he put together an analysis of how peer banks' funding costs would be affected once they got around to raising rates and found that Frost's would still be lower. That's because its percentage of low-cost core deposits to total assets is roughly 84.5%, far higher than peer averages, according to Federal Deposit Insurance Corp. data. "There was good logic to the bank getting out in front of their competitors," Rabatin said. "Its cost of funds is still half that of most banks."

Green came up on the finance side of the bank and he admits that there was a time early in his career when he would have been concerned about the impact a decision like raising rates on deposits would have on the bottom line or the stock price. But in working for leaders such as Evans, the author of that blue book, and Frost, the writer of that mission statement — who at 90 is still the bank's chairman emeritus — Green began to change his thinking.

"I used to believe that the objective was to create a successful business and that you got there by making a correct series of business decisions," said Green. "I've come not to believe that anymore. What I believe today is that the objective is to create a successful institution and you get there by making a correct series of institutional decisions, and they aren't always the same thing."

An example of this institutional thinking was a decision in the early 2000s to exit the mortgage business. Mortgage lending was profitable, but management began to view it as a commodity business that did not jibe with its stated mission of building long-term, sustainable relationships.

"We got out of the mortgage business not because we saw trouble ahead — we weren't that smart — but because it wasn't based on a relationship, it was based on price," Green said. "If you are dealing with someone just on the basis of price, that's not going to be a quality relationship." ☐

How to save a reputation

By Davia Temin

From #MeToo to lending to gunmakers; from compliance issues to cyberhacks; from questionable marketing practices to persistent gender inequality — political, economic, and social issues are all directly impacting bank operations and reputations like never before.

Moreover, the rules appear to be changing in real time. Where the "Boom Boom Room" was an aberration that took a long time to be taken seriously and then addressed, today almost any whiff of sexual harassment will find bankers on the curb in a nanosecond, as the public's tolerance for such behavior is plummeting.

Yet new studies are telling us that even after a crisis of major proportions, most companies' share price returns to normal valuation in months. (Note how quickly Equifax rebounded after its massive hack.)

So, what is the difference between a reputational hit that ends up being just a blip, and one that becomes an extinction level event? Following are five ways to assess your exposure.

1. Is the crisis narrative-driven?

Today, stories are the jet fuel of crises. Personal narratives, whether anonymous or named, and even whether true or false, have enormous power on social media. Especially if the narrative is accompanied by video or an audio recording, even more sophisticated readers will turn credulous when they hear a story that pulls at their heartstrings or inflames their rage. And reputations will suffer.

So think before your act: Will this spur negative reactions on the part of your customers? And if so, think again.

The way to mitigate reputational risk is to build in great customer stories, great word of mouth, and great good will. These may be intangible assets, but in today's information-obsessed world, they help protect you in some highly tangible ways.

2. What are the prevailing winds?

There used to be something called the "wave theory" of journalism and crisis — where issues surfaced in waves of popularity, were partially addressed, then faded into the background, only to resurface (if left unresolved).

Today, crisis has almost become stylish, and different crises are in vogue at different times. If your crisis is in vogue, or worse, you are the leader of the class, you are more at risk. So don't dig your heels in. Rather, capitulate sooner, take your medicine, and then move on. Leave the bleeding to someone else.

3. Is it a first-time mistake?

In America, we tend to love the comeback kid. As long as the proper kind of repentance is shown for a mistake, even a serious one, we have a national tendency to forgive and forget. But only if it doesn't happen again.

Make the same mistake twice, after publicly promising not to, as with Wells Fargo, and all bets are off. This, depending on the severity, could really foretell an extinction level event. So, leaders beware. You may think no one is looking, or if they are, they don't care. But if you try to justify your actions — instead of apologizing and ensuring you never make the same mistake again — you run the risk of losing public trust forever. Trust is hard-won, and easily lost. Cherish and protect it.

4. How soon did you announce solutions?

The quicker you put solutions in place, the less chance a crisis will spiral out of control. But denial is a basic human instinct, and everyone, including CEOs and board directors, tends to want to ignore the early stages of a problem. Don't. The sooner you act, the sooner the risk is mitigated.

5. Will a short-term financial hit help you avoid a long-term one?

These days the public appears to want to see its leaders bleed before they are forgiven. Reciprocity is critical. This is what was going on when Facebook CEO Mark Zuckerberg was called in front of Congress. The three-ring circus, and Zuckerberg's discomfort, needed to be commensurate with the perceived crime. Then, once he had suffered enough, and promised to do better, it was as if his debt had been discharged.

If you're willing to do that — and, in general, to recognize, own up to, and fix your shortcomings — you have a far better chance of saving not only your reputation, but your company as well. □

Davia Temin is chief executive of Temin and Co., a New York consultancy focused on reputation and crisis management.

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NOTICE

The annual report of **THE MILLENNIUM FOUNDATION TRUST** for the calendar year ended December 31, 2017 is available at its principal office located at c/o Meltzer, Lippe, Goldstein & Breitstone, LLP, 190 Willis Avenue, Mineola, New York 11501, (516) 747-0300 for inspection during regular business hours by any citizen who requests it within 180 days hereof. The Principal Manager of the Foundation is Mr. Lewis S. Meltzer.

NOTICE

The annual report of **THE EUCALYPTUS FOUNDATION** for the calendar year ended December 31, 2017 is available at the offices of Morris & McVeigh LLP, c/o Charles D. Manice, located at 767 Third Avenue, New York, NY 10017, (212) 418-0500, for inspection during regular business hours by any citizen who requests it within 180 days hereof. The Principal Manager of the Foundation is Frances Setaro.

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ANNOUNCEMENT

MARK BOWER

ELECTED EXECUTIVE VICE PRESIDENT

CHIEF FINANCIAL OFFICER OF CENTRAL BANK

Houston – February 8, 2018 – Central Bank today announced the election of Mr. Mark Bower as Executive Vice President – Chief Financial Officer.

"We are excited to have Mark Bower join Central Bank's executive management team," said Robert Mrlik, President and Chief Executive Officer. "Mark's industry experience and excellent financial management skills will serve the bank well in its commitment to providing long-term value to our stakeholders."

Bower comes to Central Bank with 36 years of commercial banking experience; with the last 23 years at Home State Bank, Loveland, CO.

Bower, a Certified Public Accountant, is a graduate of Augustana College. Mark and his wife Annie, have three children, Elizabeth, Hannah and Michal.

Central Bank was founded in 1956 as Montrose National Bank and in 1961 changed its name to Central National Bank of Houston. In 1979, the bank converted to a state bank charter. As of December 31, 2017 Central Bank reported total assets of more than $650 million and total deposits of $583 million. It operates four locations in Houston.

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BackPorch

ALESSANDRO DINELLO

"You can be doing nothing good in the community and still pass the test."

President and CEO of Flagstar Bank, arguing that the Community Reinvestment Act is ineffective and needs updating

MIKE MAYO

"This is a watershed event. Citi is no longer 'too big to engage.' "

Wells Fargo Securities' banking analyst, on an activist investor announcing that it owns $1.2 billion of Citigroup stock

ALEXIS GOLDSTEIN

"Closing the office for students is like shuttering the fire department in the middle of a three-alarm fire."

Americans for Financial Reform analyst, on the CFPB merging its student loan unit into another unit amid a student debt crisis

CASTLE CRAIG HOSPITAL

"Cryptocurrency users can get hooked by the volatile fluctuation of prices online which creates a 'high' when they buy or trade a winning currency."

A Scotland hospital, announcing a rehab program to treat people for whom trading digital currencies has become a gambling addiction

ADITYA BHASIN

"If Google Duplex is talking to erica, we need to understand, what is one robot saying to the other robot? And what decisions are they making without us?"

Head of consumer and wealth management tech at Bank of America, on the need to monitor the use of artificial intelligence as it evolves

CHARLIE MUNGER

"To me, it's just dementia. It's like somebody else is trading turds and you decide you can't be left out."

Berkshire Hathaway's vice chairman, on his dislike of cryptocurrencies

VICKI KRAMER

"If you're going to take leadership on this issue, you want to take it to the highest level, and your board speaks volumes about what you really think about diversity."

Independent consultant, noting how JPMorgan Chase touts gender diversity but has fewer women on its board of directors than other large banks

PATRICK ALTES

"So much of America is just a heartbeat away from a repossession — even good people, decent people who aren't deadbeats."

Repo agent in Daytona Beach, Fla., on the auto delinquency rate reaching its highest point since 2012

AMBER BALDET

"When public cloud started to be a thing, a lot of businesses said, 'Oh, cloud, it's a great idea architecturally, but we're going to go ahead and build our own private cloud internally, because it's safer and we know what we need.' Now they're spending millions of dollars to undo a lot of that work in an attempt to migrate to the public clouds that have evolved to the point where they are secure and robust and connected."

Former JPMorgan Chase executive who led its blockchain development, predicting that use of distributed ledger technology will evolve much as use of the cloud did

This material is provided by Athene Annuity and Life Company headquartered in West Des Moines, Iowa, which issues annuities in 49 states and D.C., and Athene Annuity & Life Assurance Company of New York headquartered in Pearl River, New York, which issues annuities only in New York.

[1] Ranked #2 carrier in fixed indexed annuity sales for the 12 months ended December 31, 2017. LIMRA US Individual Annuity Industry Sales Report, LIMRA Secure Retirement Institute, fourth quarter 2017.

[2] A.M. Best rating as of April 2018 (A, 3rd highest of 16).

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