



N E W S R E L E A S E

**Sorrento Pacific-Michael White Report
Bank Wealth Management Income Up 7.7%**

FOR IMMEDIATE RELEASE – Radnor, PA, and San Diego, CA, February 10, 2015 – Bank and thrift holding companies (BHCs/THCs) tallied \$106.77 billion in wealth management income in the first nine months of 2014, up 7.7% from \$99.15 billion in the same period of 2013, according to the new *Sorrento Pacific-Michael White Bank Wealth Management Report™*. Of 1,060 large top-tier BHCs/THCs, 578 or 54.5% engaged in wealth management activities so far in 2014.

Third-quarter BHC wealth management income 10.8% to \$35.55 billion from \$32.10 billion in third quarter 2013; but it slipped from second quarter 2014 by 1.7% from \$36.18 billion.

Compiled by Michael White Associates (MWA) and sponsored by [Sorrento Pacific Financial, LLC \(SPF\)](#) in partnership with [Imeriti Financial Network \(IFN\)](#), this report measures and benchmarks the banking industry’s performance in generating fee income from multi-faceted wealth management services for individuals, families, businesses, and nonprofits. Results are based on data from all 6,589 commercial banks, savings banks and savings associations (thrifts) and 1,060 large top-tier bank and thrift holding companies operating on September 30, 2014.

**TOP 12 BANK HOLDING COMPANIES WITH THE
FASTEST GROWING WEALTH MANAGEMENT INCOME
YEAR-TO-DATE AT END OF THIRD QUARTER 2014**

R A N K	WEALTH MANAGEMENT FEE INCOME		PERCENT CHANGE	BANK HOLDING COMPANY		ASSETS	% OF NONINTEREST INCOME
	3Q 2014	3Q 2013					
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>							
1	\$10,393	\$3,947	163.31%	PROSPERITY BANCSHARES, INC.	TX	\$21,125,064	11.62%
2	\$3,333	\$1,339	148.92%	CAPITAL BANK FINANCIAL CORP.	FL	\$6,694,984	12.62%
3	\$2,182	\$933	133.87%	UNITED COMMUNITY BANCORP	IL	\$1,713,894	17.01%
4	\$24,257	\$11,456	111.74%	CADENCE BANCORP LLC	TX	\$7,284,515	41.44%
5	\$1,408	\$665	111.73%	ACCESS NATIONAL CORP.	VA	\$1,015,093	10.24%
6	\$8,013	\$3,858	107.70%	UNION BANCSHARES CORP.	VA	\$7,194,752	17.30%
7	\$1,481	\$738	100.68%	UNITED FINANCIAL BANCORP	CT	\$5,316,998	10.93%
8	\$373	\$190	96.32%	CITIZENS NATIONAL CORP.	KY	\$514,488	8.77%
9	\$189	\$108	75.00%	FIRST CAPITAL BANCORP, INC.	VA	\$600,161	16.83%
10	\$2,112	\$1,211	74.40%	HOME BANCSHARES, INC.	AR	\$7,196,371	6.46%
11	\$1,582	\$920	71.96%	THREE SHORES BANCORP.	FL	\$1,040,935	50.29%
12	\$2,779	\$1,657	67.71%	FIRST DAKOTA FINANCIAL CORP.	SD	\$1,059,746	32.65%

BHCs with a minimum annualized wealth management income of \$250,000 in 2014 ranked by program income growth.

Excludes traditional insurance companies and mutual fund companies such as, respectively, The Principal and T. Rowe Price.

SOURCE: Sorrento Pacific-Michael White Bank Wealth Management Report™

(more)

These BHCs achieved unadjusted mean wealth management program fee income of \$184.72 million in the first three quarters of 2014. Their median wealth management income was \$1,432,500, up 3.7% from \$1,382,000 in median program income in three quarters of 2013. Top quartile performance in same period 2014 began at \$5,300,000, down 0.7% from the \$5,336,000 starting point for top-quartile BHC investment program revenue in three quarters of 2013.

Wealth Management Program Growth

Many programs registered increases in revenue through three quarters of 2014 over the same period in 2013. Of all 578 BHC wealth management programs, 481 (83.2%) were on track to earn a minimum quarter-million dollars in 2014. Of those 481 programs, 369 (76.7%) showed some level of positive growth, however slight, in wealth management income over 2013, with 230 programs (47.8%) exhibiting double-digit growth and 103 programs (21.4%) achieving 20%+ growth.

Among those 112 BHCs (23.3%) whose annualized wealth management income equaled at least \$250,000 and experienced a decline in three quarters of 2014, 61 (12.7%) experienced single-digit declines and 51 BHCs (10.6%) had declines in excess of 10%, with 22 of those experiencing decreases of 20% or more.

“In the first nine months of 2014 compared to 2013, all components of wealth management showed positive growth. Better than 4 in 5 wealth management programs were on pace to earn a quarter-million dollars or more in wealth management revenue through securities brokerage, annuity sales, fiduciary services, and investment advisory and banking activities,” said Valorie Seyfert, president and CEO of Sorrento Pacific Financial. “Community bank wealth management and investment program managers especially must continue to bolster retail distribution of these essential products and services to help their banks strengthen their customer relationships, enhance client retention, offset declines in traditional banking revenues and improve returns.”

Leaders in Wealth Management

The table entitled “Top 5 Leaders in Wealth Management Income at End of Three Quarters in 2014” lists leaders in the three traditional BHC assets classes: over \$10 billion in assets, between \$1 billion and \$10 billion in assets, and between \$500 million to \$1 billion in assets. A fourth asset class includes the smallest community banks, those with assets less than \$500 million, which are used as “proxies” for the smallest BHCs, which are not required to report wealth management income and its line items components.

TOP 5 LEADERS IN WEALTH MANAGEMENT INCOME AT END OF THREE QUARTERS IN 2014				
RANK	BHCS OVER \$10 BILLION	BHCS BETWEEN \$1B - \$10B	BHCS BETWEEN \$500M - \$1B	SMALL BANK 'PROXIES' UNDER \$500M
1	JPMorgan Chase & Co. (NY)	Stifel Financial Corp. (MO)	First Command Financial Services, Inc. (TX)	The Haverford Trust Company (PA)
2	Morgan Stanley (NY)	SWS Group, Inc. (TX)	First National Bankers Bankshares (LA)	Essex Savings Bank (CT)
3	Bank of America Corporation (NC)	Boston Private Financial Holdings, Inc. (MA)	First Bankers Trustshares, Inc. (IL)	Ledyard National Bank (VT)
4	The Goldman Sachs Group, Inc. (NY)	Hilltop Holdings, Inc. (TX)	Baker Boyer Bancorp (WA)	Truxton Trust Company (TN)
5	Wells Fargo & Co. (CA)	Santander Bancorp (PR)	Bou Bancorp, Inc. (UT)	Delta Trust & Bank (AR)

SOURCE: Sorrento Pacific-Michael White Bank Wealth Management Report™

(more)

Contribution of Four Components to Total Wealth Management Income

Wealth management income consists of four main components in this report, those being securities brokerage (which, by definition, must be present to define a wealth management program), annuity sales, fiduciary activities and investment advisory/banking services. Of the 573 BHCs reporting wealth management income, 119 BHCs or 20.8% reported earnings in each of the four component revenues constituting wealth management.

COMPONENT SHARES AS A PERCENT OF BHC WEALTH MANAGEMENT INCOME IN FIRST THREE QUARTERS OF 2014				
ASSET CLASS	ANNUITIES	FIDUCIARY ACTIVITIES	INVESTMENT ADVISORY / BANKING	SECURITIES BROKERAGE
ALL BHCs	2.5%	27.5%	39.6%	30.4%
BHCS OVER \$10 BILLION	2.4%	27.8%	38.4%	31.4%
BHCS \$1 BILLION – \$10 BILLION	5.5%	32.3%	21.0%	41.2%
BHCS \$500 MILLION – \$1 BILLION	7.4% (9.9%)	35.0% (46.9%)	32.5%* (9.5%)	25.1% (33.7%)
SMALL BANK 'PROXIES' UNDER \$500 MILLION	10.2%	47.2%	7.0%	35.6%

* Of the 32.5%, 25.4% was due to one institution.

** Adjustments for that one institution's investment advisory/banking are in parentheses.

SOURCE: Sorrento Pacific-Michael White Bank Wealth Management Report™

Securities brokerage fees and commissions represented \$32.41 billion or 30.4% of total BHC wealth management income over three quarters of 2014, up 2.8% from \$31.54 billion in same period 2013.

Three hundred seventy-one (371) BHCs or 64.2% of the 578 wealth management programs reported annuity income of \$2.68 billion in first nine months of 2014, up 8.3% from \$2.47 billion in same period 2013. Annuity income constituted 2.5% of total wealth management income in the first three quarters of 2014 and was the smallest contributor to overall wealth management income.

Three hundred sixty-one (361) BHCs or 62.5% of all wealth management programs reported income from fiduciary activities of \$29.37 billion year-to-date on September 30, 2014, up 6.2% from \$27.66 billion in the same period of 2013. Fiduciary income constituted 27.5% of total wealth management income so far in 2014.

One hundred eighty-five (185) BHCs or 32.0% of wealth management programs reported investment advisory and banking income of \$42.32 billion in the first three quarters of 2014, up 12.9% from \$37.48 billion in the first nine months of 2013. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 39.6% in nine months of 2014.

“While smaller than other components of wealth management, annuity revenues make a difference in most wealth management programs, particularly smaller BHCs,” said Michael White, President of MWA.

Contribution of Wealth Management Components by BHC Asset Class

Whereas investment advisory/banking income was the number one contributor (39.6%) by the largest BHCs to their wealth management income, third-ranked fiduciary income (27.5%) ranked number one (72.8%) among large banks, further demonstrating that most investment advisory/banking operations are direct subsidiaries of bank holding companies, whereas fiduciary services operate mostly through banks or their subsidiaries. Interestingly, the contribution of investment advisory/banking to wealth management income is much less among the smaller BHCs (those under \$10 billion in assets) and banks, ranking third.

(more)

Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income in nine months of 2014 from securities brokerage (41.2%) and fiduciary activities (32.3%). The smaller BHCs (assets between \$500 million and \$1 billion) tended to mirror most of the smaller banks in that fiduciary income resumed its number one ranking and annuity income took on greater importance.

For purposes of comparing the smallest BHCs, i.e., those with assets less than \$500 million, which no longer report line item fee income, the report uses similarly sized small banks as a stand-in or “proxy” for the smallest BHCs. (In the past, when these smallest BHCs did report line item fee income data, they closely tracked the results of small banks, mainly because the small banks tended to hold the subsidiary activity as a subsidiary so the income reported up to the bank, and, if there was any holding company, up to the BHC.)

The bottom line findings of component contributions to BHC wealth management income are these: In nine months of 2014, investment advisory/banking was most important to the largest BHCs, those over \$10 billion in assets. Thereafter, when the production of one outlying holding company is excluded, involvement in investment advisory/banking activities basically declined steadily and substantially among the other BHC and proxy bank asset classes. Taking its place were fiduciary-related income and securities brokerage commissions and fees.

Contributions of Wealth Management to Noninterest Income

Among the top 50 BHCs nationally in wealth management concentration (i.e., wealth management income as a percent of noninterest income) year-to-date in 2014, the median Wealth Management Concentration Ratio was 58.7%. Among the top 50 small banks in wealth management concentration that are serving as proxies for small BHCs, the median Wealth Management Concentration Ratio was 53.2% of noninterest income.

###

About Sorrento Pacific Financial, LLC: Established in 2005, [Sorrento Pacific Financial, LLC](#) (Member [FINRA/SIPC](#)) is a full-service broker dealer offering customized investment and insurance solutions, training and program development support to the banking industry. Headquartered in San Diego, CA, SPF works with banks throughout the country, providing expertise in key areas including retirement services, wealth management, and fee-based and insurance products for both individuals and business customers, and provides a fully-electronic account management system for advisors. For more information, call toll-free 888.805.5585, extension 7916 or 4410, or visit www.sorrentopacific.com.

Michael White Associates (MWA): MWA is a consulting, publishing and research firm headquartered in Radnor, PA, and online at www.BankInsurance.com. Produced by Michael White and Michael White Associates, LLC (MWA), the *Sorrento Pacific-Michael White Bank Wealth Management Report*[™] measures and benchmarks the performance of bank wealth management programs. The annual *Michael White-Succeed Advisors Bank Insurance Fee Income Report*[™] and the *Equias Alliance / Michael White BOLI Holdings Report*[™] provide, respectively, comprehensive analyses of bank insurance brokerage income and bank-owned life insurance. 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.

For additional information contact:

Michael D. White, Ph.D., CLU, ChFC
President
Michael White Associates, LLC
823 King of Prussia Road
Radnor, PA 19087
Phone: (610) 254-0440
Email: MWA@BankInsurance.com

Valorie Seyfert
President and CEO
Sorrento Pacific Financial, LLC
10150 Meanley Drive, 1st Floor
San Diego, CA 92131
Phone: 858-805-4412
Email: vseyfert@cusonet.com