



MICHAEL WHITE ASSOCIATES
BANK INSURANCE CONSULTANTS

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Investment Professionals INC

N E W S R E L E A S E

Michael White-IPI Report Wealth Management Income Up 10.5% through 3Q 2013

FOR IMMEDIATE RELEASE – Radnor, PA, and San Antonio, TX, February 11, 2014 – Bank and thrift holding companies (BHCs/THCs) tallied \$99.15 billion in wealth management income in the first nine months of 2013, up 10.5% from \$89.74 billion in the same period of 2012, according to the new *Michael White-IPI Bank Wealth Management Report*[™]. Of 1,068 large top-tier BHCs/THCs, 573 or 53.7% engaged in wealth management activities so far in 2013.

Third-quarter BHC wealth management income 12.1% to \$32.10 billion from \$28.63 billion in third quarter 2012; but it slid from second quarter 2013 by 6.7% from \$34.39 billion.

Compiled by Michael White Associates (MWA) and sponsored by Investment Professionals, Inc (IPI), 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 6,891 commercial banks, savings banks and savings associations (thrifts) and 1,068 large top-tier bank and thrift holding companies operating on September 30, 2013.

TOP 12 BANK HOLDING COMPANIES WITH THE FASTEST GROWING WEALTH MANAGEMENT INCOME YEAR-TO-DATE AT END OF THIRD QUARTER 2013

R A N K	WEALTH MANAGEMENT FEE INCOME		PERCENT CHANGE 2010 - 2012	BANK HOLDING COMPANY		ASSETS	% OF NONINTEREST INCOME
	3Q 2013	3Q 2012					
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>							
1	\$382	\$30	1,173.33%	QNB CORP.	PA	\$939,115	10.27%
2	\$692	\$66	948.48%	MONARCH FINANCIAL HOLDINGS	VA	\$1,011,624	1.25%
3	\$292	\$45	548.89%	FIRST BEMIDJI HOLDING COMPANY	MN	\$588,594	12.56%
4	\$772	\$187	312.83%	COLUMBIA BANK MHC	NJ	\$4,490,652	5.77%
5	\$234	\$82	185.37%	CUSTOMERS BANCORP, INC.	PA	\$3,925,112	1.23%
6	\$320	\$115	178.26%	SOUTHCREAST FINANCIAL GRP, INC.	GA	\$562,367	5.65%
7	\$738	\$278	165.47%	ROCKVILLE FINANCIAL, INC	CT	\$2,224,550	5.76%
8	\$3,947	\$1,536	156.97%	PROSPERITY BANCSHARES, INC.	TX	\$16,060,463	5.74%
9	\$122,143	\$48,548	151.59%	TD BANK US HOLDING COMPANY	ME	\$231,671,353	10.96%
10	\$16,376	\$6,966	135.08%	NEW YORK PRIVATE BANK & TRUST	NY	\$6,675,795	5.51%
11	\$11,456	\$5,171	121.54%	CADENCE BANCORP LLC	TX	\$6,221,481	21.93%
12	\$1,339	\$629	112.88%	CAPITAL BANK FINANCIAL CORP.	FL	\$6,605,991	5.62%

BHCs with a minimum annualized wealth management income of \$250,000 in 2013 ranked by program income growth.

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

SOURCE: Michael White - IPI Bank Wealth Management Report[™]

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These BHCs achieved unadjusted mean wealth management program fee income of \$173.04 million in the first three quarters of 2013. Their median wealth management income was \$1,382,000, up 19.4% from \$1,157,000 in median program income in three quarters of 2012. Top quartile performance in same period 2013 began at \$5,336,000, up 20.9% from the \$4,414,500 starting point for top-quartile BHC investment program revenue in three quarters of 2012.

Wealth Management Program Growth

Many programs registered increases in revenue through three quarters of 2013 over the same period in 2012. Of all 573 BHC wealth management programs, 475 (82.9%) were on track to earn a minimum quarter-million dollars in 2013. Of those 475 programs, 403 (84.8%) showed some level of positive growth, however slight, in wealth management income over 2012, with 267 programs (56.2%) exhibiting double-digit growth and 152 programs (32.0%) achieving 20%+ growth. These findings are significantly higher than at three quarters in 2012.

Among those 72 BHCs (15.2%) whose annualized wealth management income equaled at least \$250,000 and experienced a decline in three quarters of 2013, 42 (8.8%) experienced single-digit declines and 30 BHCs (6.3%) had declines in excess of 10%, with 12 of those experiencing decreases of 20% or more.

“In the first nine months of 2013 compared to 2012, all components of wealth management showed positive growth. Those activities – securities brokerage, annuity sales, fiduciary-related roles, investment advisory and banking activities – have each contributed to double-digit growth (10.5%) in overall wealth management revenues,” said Jay McAnelly, President of Investment Professionals. “Optimizing all components of a wealth management program in our current economy is a key factor in a bank’s overall ROA. Community bank wealth management and investment program managers especially must continue to strengthen retail distribution of these essential products and services to help their banks offset declines in traditional banking revenues such as service charges and net interest margins.”

Leaders in Wealth Management

The table entitled “Top 5 Leaders in Wealth Management Income at End of Three Quarters in 2013” 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 2013				
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)	Wedbush, Inc. (CA)	First National Bankers Bankshares (LA)	Essex Savings Bank (CT)
3	Bank of America Corporation (NC)	SWS Group, Inc. (TX)	Baker Boyer Bancorp (WA)	Ledyard National Bank (VT)
4	The Goldman Sachs Group, Inc. (NY)	Boston Private Financial Holdings, Inc. (MA)	First Bankers Trustshares, Inc. (IL)	Delta Trust & Bank (AR)
5	Wells Fargo & Co. (CA)	Santander Bancorp (PR)	United Bankers' Bancorporation (MN)	Nashville Bank and Trust (TN)

SOURCE: Michael White - IPI Bank Wealth Management Report™

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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 2013				
ASSET CLASS	ANNUITIES	FIDUCIARY ACTIVITIES	INVESTMENT ADVISORY / BANKING	SECURITIES BROKERAGE
ALL BHCS	2.5%	27.9%	37.8%	31.8%
BHCS OVER \$10 BILLION	2.4%	27.8%	38.4%	31.4%
BHCS \$1 BILLION – \$10 BILLION	5.2%	30.3%	18.6%	46.0%
BHCS \$500 MILLION – \$1 BILLION	7.1%	35.7%	30.9%*	26.3%
SMALL BANK 'PROXIES' UNDER\$500 MILLION	9.8%	44.7%	7.0%	38.5%

* Of the 30.9%, 21.6% was due to one institution

SOURCE: Michael White - IPI Bank Wealth Management Report™

Securities brokerage fees and commissions represented \$31.54 billion or 31.8% of total BHC wealth management income over three quarters of 2013, up 7.7% from \$29.29 billion in same period 2012.

Three hundred sixty-four (364) BHCs or 63.5% of the 573 wealth management programs reported annuity income of \$2.47 billion in first nine months of 2013, up 7.0% from \$2.31 billion in same period 2012. Annuity income constituted 2.4% of total wealth management income in the first three quarters of 2013 and was the smallest contributor to overall wealth management income.

Three hundred sixty-nine (369) BHCs or 64.4% of all wealth management programs reported income from fiduciary activities of \$27.66 billion year-to-date on September 30, 2013, up 8.3% from \$25.53 billion in the same period of 2012. Fiduciary income constituted 27.9 of total wealth management income so far in 2013.

One hundred seventy-eight (178) BHCs or 31.1% of wealth management programs reported investment advisory and banking income of \$37.48 billion in the first three quarters of 2013, up 14.1% from \$32.62 billion in the first nine months of 2012. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 37.8% in nine months of 2013.

“While smaller than other components of wealth management, annuity revenues make a difference in most wealth management programs, particularly smaller BHCs and banks,” 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 (37.8%) by the largest BHCs to their wealth management income, third-ranked fiduciary income (27.9%) ranked number one (74.3%) 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.

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Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income in nine months of 2013 from securities brokerage (46.0%) and fiduciary activities (30.3%). 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 2013, investment advisory/banking was most important to the largest BHCs, those over \$10 billion in assets. Thereafter, when the production of one 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 2013, the median Wealth Management Concentration Ratio was 60.9%. 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 54.8% of noninterest income.

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Investment Professionals, Inc. (IPI): Exclusively dedicated to the bank brokerage industry since its inception in 1992, IPI assists community banks throughout the country in establishing successful, profitable investment programs. Banks benefit from IPI’s expertise in all facets of bank brokerage, resulting in a program designed to meet customer needs while also generating meaningful non-interest income. Based in San Antonio, Texas, IPI provides extensive guidance in the key components of a successful program, including compliance and regulatory support, advisor recruiting, compensation design, co-branded marketing, ongoing sales management and realistic goal setting. Learn about IPI’s industry accolades by visiting www.invpro.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 *Michael White-IPI Bank Wealth Management Report*[™] measures and benchmarks the performance of bank wealth management programs. The annual *Michael White Bank Insurance Fee Income Report*[™] sponsored by Dowling Hales 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

David Doerflinger
Senior Vice President of Business Development
Investment Professionals, Inc.
16414 San Pedro Ave, Suite 150
San Antonio, TX 78232
Phone: (800) 593-8800
Email: IPIBD@invpro.com