



N E W S R E L E A S E

**Sorrento Pacific-Michael White Report
First Quarter Wealth Management Income Hits Record**

FOR IMMEDIATE RELEASE – Radnor, PA, and San Diego, CA, September 12, 2014 – Bank and thrift holding companies (BHCs) tallied a first quarter record of \$35.04 billion in wealth management income in the first three months of 2014, up 7.3% from \$32.66 billion in the same period of 2013, according to the new *Sorrento Pacific-Michael White Bank Wealth Management Report™*. Of 1,080 large top-tier BHCs/THCs, 567 or 52.5% engaged in wealth management activities so far in 2014.

Despite achieving record-high first-quarter BHC wealth management income, total production inched downward 1.0% to \$35.04 billion when compared to the \$35.41 billion earned in fourth quarter 2013.

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 6,730 commercial banks, savings banks and savings associations (thrifts) and 1,080 large top-tier BHCs operating on March 31, 2014.

**TOP 12 BANK HOLDING COMPANIES WITH THE
FASTEST GROWING WEALTH MANAGEMENT INCOME IN 1Q 2014**

R A N K	PERCENT CHANGE 2013 - 2014	WEALTH MANAGEMENT FEE INCOME		BANK HOLDING COMPANY	ASSETS	% OF NONINTEREST INCOME
		1Q 2014	1Q 2013			
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>						
1	401.99%	\$1,260	\$251	CAPITAL BANK FINANCIAL CORP.	FL	\$6,553,304 16.08%
2	275.00%	\$90	\$24	FORCHT BANCORP, INC.	KY	\$939,586 3.92%
3	246.82%	\$1,037	\$299	CERTUSHOLDINGS, INC.	GA	\$1,570,591 11.38%
4	205.59%	\$437	\$143	ROCKVILLE FINANCIAL, INC.	CT	\$2,381,749 16.92%
5	186.67%	\$172	\$60	MERIDIAN FINANCIAL SERVICES, INC	MA	\$2,928,503 7.53%
6	130.67%	\$376	\$163	PLATTE VALLEY FINANCIAL SVC COS.	NE	\$750,362 15.97%
7	125.31%	\$2,715	\$1,205	UNION FIRST MARKET BANKSHARES	VA	\$7,298,138 19.13%
8	122.81%	\$3,097	\$1,390	PROSPERITY BANCSHARES, INC.	TX	\$18,921,328 11.05%
9	118.80%	\$768	\$351	UNITED COMMUNITY BANCORP, INC.	IL	\$1,748,026 18.87%
10	115.20%	\$439	\$204	ACCESS NATIONAL CORPORATION	VA	\$926,800 13.48%
11	114.13%	\$197	\$92	COMMUNITY FINANCIAL CORP., THE	MD	\$1,016,938 24.23%
12	106.82%	\$91	\$44	NORTHFIELD BANCORP, INC.	NY	\$2,694,812 4.12%

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

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™

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These BHCs achieved unadjusted mean wealth management program fee income of \$61.8 million in the first quarter of 2014. Their median program income was \$484,000, up 6.4% from \$455,000 in median program income in first quarter of 2013. Top quartile performance in same period 2014 began at \$1,909,500, up 15.8% from the \$1,648,500 starting point for top-quartile BHC investment program revenue in first quarter 2013.

Wealth Management Program Growth

Many programs registered increases in revenue through first quarter of 2014 over the same period in 2013. Of all 567 BHC wealth management programs, 473 or 83% (up from 80% in first quarter 2013) were on track to earn a minimum quarter-million dollars in 2014. Of those 473 programs, 364 or 77% (up from 71%) showed some level of positive growth, however slight, in wealth management income over 2013, with 239 programs or 51% exhibiting double-digit growth and 139 programs or 29% achieving 20%+ growth.

Among those 109 BHCs or 23% (down from 130) whose annualized wealth management income equaled at least \$250,000 and experienced a decline in first quarter of 2014, 41 (9%) experienced single-digit declines, and 68 BHCs (14%) had declines in excess of 10%, with 31 programs (7%) of those experiencing decreases of 20% or more.

"As an industry, wealth management programs got off to a record start in the first three months of 2014 compared to 2013. Every component of wealth management showed positive growth – securities brokerage; investment banking, advisory and underwriting activities; annuity sales; and fiduciary activities. And, with greater than two out of five programs overall registering double-digit growth, it looks like 2014 could be the best year ever for banks in wealth management activities," said Valorie Seyfert, president and CEO of Sorrento Pacific Financial. "Optimizing all components of wealth management programs in our current economy has become a key factor in banks' overall ROA, especially in order to help 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 First Quarter 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 FIRST QUARTER IN 2014				
RANK	BHCS OVER \$10 BILLION	BHCS BETWEEN \$1B - \$10B	BHCS BETWEEN \$500M - \$1B	SMALL BANK 'PROXIES' UNDER \$500M
1	Morgan Stanley (NY)	Stifel Financial Corp. (MO)	First Command Financial Services, Inc. (TX)	The Haverford Trust Company (PA)
2	JPMorgan Chase & Co. (NY)	Wedbush, Inc. (CA)	First National Bankers Bankshares, Inc. (LA)	Essex Savings Bank (CT)
3	Bank of America Corporation (NC)	SWS Group, Inc. (TX)	First Bankers Trustshares, Inc. (IL)	Ledyard National Bank (VT)
4	The Goldman Sachs Group, Inc. (NY)	Boston Private Financial Holdings, Inc. (MA)	Baker Boyer Bancorp (WA)	Truxton Trust Company (TN)
5	Wells Fargo & Co. (NY)	Hilltop Holdings, Inc. (TX)	Bou Bancorp, Inc. (UT)	Delta Trust & Bank (AR)

SOURCE: Sorrento Pacific - Michael White 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 567 BHCs reporting wealth management income, 113 BHCs or 19.9% reported earnings in each of the four component revenues constituting wealth management.

COMPONENT SHARES AS A PERCENT OF BHC WEALTH MANAGEMENT INCOME IN FIRST QUARTER OF 2014				
ASSET CLASS	ANNUITIES	FIDUCIARY ACTIVITIES	INVESTMENT ADVISORY / BANKING	SECURITIES BROKERAGE
ALL BHCs	2.5%	27.4%	38.5%	31.6%
BHCs OVER \$10 BILLION	2.4%	27.3%	39.1%	31.2%
BHCs \$1 BILLION – \$10 BILLION	5.3%	30.3%	19.4%	45.1%
BHCs \$500 MILLION – \$1 BILLION	7.0%	36.6%	32.0%*	24.5%
SMALL BANK 'PROXIES' UNDER \$500 MILLION	9.9%	46.4%	6.7%	37.1%

* Of the 32.0%, 23.9% was due to one reporting entity, a thrift holding company

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

Securities brokerage fees and commissions represented \$11.06 billion or 31.6% of total BHC wealth management income over first quarter 2014, up 4.9% from \$10.54 billion in same period 2013.

Three hundred sixty (360) BHCs or 63.5% of the 567 wealth management programs reported annuity income of \$885.6 million in first three months of 2014, up 13.6% from \$779.7 million in same period 2013. Annuity income constituted 2.5% of total wealth management income in the first quarter of 2014 and was the smallest contributor to overall wealth management income.

Three hundred fifty-three (353) BHCs or 62.3% of all wealth management programs reported income from fiduciary activities of \$9.60 billion year-to-date on March 31, 2014, up 7.6% from \$8.91 billion in the same period of 2013. Fiduciary income constituted 27.4% of total wealth management income so far in 2014.

One hundred seventy-four (174) BHCs or 30.7% of wealth management programs reported investment advisory and banking income of \$13.50 billion in the first quarter of 2014, up 8.7% from \$12.42 billion in the first three months of 2013. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 38.5% in first quarter 2014.

Contribution of Wealth Management Components by BHC Asset Class

Whereas investment advisory/banking income was the number one contributor (39.1%) to the wealth management income of the largest BHCs, third-ranked fiduciary income (27.3%) ranked number one (74.4%) 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 small proxy banks, respectively, ranking third and fourth or last.

Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income in three months of 2014 from securities brokerage (45.1%) 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

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income resumed its number one ranking, securities brokerage was second, 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 three months of 2014, investment advisory/banking was both most important to and the most important for the largest BHCs, those over \$10 billion in assets. Thereafter, when the production of one thrift 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 61.6%. 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 57.5% of noninterest income.

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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.

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