



N E W S R E L E A S E

## Sorrento Pacific-Michael White Report Wealth Management Income Grows to Record First Half

**FOR IMMEDIATE RELEASE** – Radnor, PA, and San Diego, CA, November 11, 2014 – Bank and thrift holding companies (BHCs/THCs) tallied a record \$71.22 billion in wealth management income in first half 2014, up 6.2% from \$67.05 billion in first half 2013, according to the new *Sorrento Pacific-Michael White Bank Wealth Management Report*<sup>™</sup>. Of 1,063 large top-tier BHCs/THCs, 569 or 53.5% engaged in wealth management activities so far in 2014.

Second-quarter BHC wealth management income jumped 5.2% to a record \$36.18 billion from \$34.39 billion in second quarter 2013; and it rose from the prior first quarter 2014 by 3.2% from \$35.04 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 6,656 commercial banks, savings banks and savings associations (thrifts) and 1,063 large top-tier BHCs operating on June 30, 2014.

### TOP 12 BANK HOLDING COMPANIES WITH THE FASTEST GROWING WEALTH MANAGEMENT INCOME IN FIRST HALF 2014

R A N K	WEALTH MANAGEMENT FEE INCOME		PERCENT CHANGE 2013 - 2014	BANK HOLDING COMPANY		ASSETS	% OF NONINTEREST INCOME
	1H 2014	1H 2013					
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>							
1	\$2,163	\$605	257.52%	CAPITAL BANK FINANCIAL CORP.	FL	\$6,628,686	11.08%
2	\$6,548	\$2,728	140.03%	PROSPERITY BANCSHARES, INC.	TX	\$21,253,920	10.83%
3	\$1,050	\$446	135.43%	UNITED FINANCIAL BANCORP, INC.	CT	\$5,161,878	13.08%
4	\$136	\$62	119.35%	FORCHT BANCORP, INC.	KY	\$922,199	2.99%
5	\$5,469	\$2,571	112.72%	UNION BANKSHARES CORPORATION	VA	\$7,307,830	17.94%
6	\$906	\$426	112.68%	ACCESS NATIONAL CORPORATION	VA	\$999,187	10.58%
7	\$1,450	\$691	109.84%	UNITED COMMUNITY BANCORP, INC.	IL	\$1,725,638	17.13%
8	\$178	\$87	104.60%	1854 BANCORP	MA	\$883,095	12.76%
9	\$15,574	\$7,640	103.85%	CADENCE BANCORP LLC	TX	\$7,050,190	41.94%
10	\$147	\$74	98.65%	COMMUNITY FIRST BANCSHARES, INC.	TN	\$1,951,618	1.33%
11	\$9,355	\$4,753	96.82%	SOUTH STATE CORPORATION	SC	\$8,000,808	22.61%
12	\$126,205	\$66,203	90.63%	TD BANK US HOLDING COMPANY	NJ	\$236,006,420	14.65%

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<sup>™</sup>

(more)

These BHCs achieved unadjusted mean wealth management program fee income of \$125.17 million in first half 2014. Their median investment program income was \$956,000, up 4.9% from \$911,500 in median program income in first half 2013. Top quartile performance in first half 2014 began at \$3,723,000, up 31.5% from the \$3,503,500 starting point for top-quartile BHC investment program revenue in first half 2013.

**Wealth Management Program Growth**

Of all 569 BHCs reporting wealth management income, better than four out of five (477 BHCs or 83.8%) were on track to earn a minimum quarter-million dollars in 2014. Of those 477 on track to earn \$250,000 or more this year, three-fourths (359 BHCs or 75.3%) showed some level of positive growth in wealth management income over 2013, with nearly half (221 programs or 46.3%) exhibiting double-digit growth and nearly one-fourth (113 programs or 23.7%) achieving 20%+ growth.

For every one program that experienced a double-digit decline in wealth management income, more than four programs experienced a double-digit increase in that revenue. For every program that experienced a decline in wealth management revenue of 20% or greater, nearly four programs experienced an increase of 20% or greater.

“The results we’re seeing are all very good news for the industry. Wealth management income has continued its record growth overall, and the number of investment programs with positive revenue growth far outpaces those that are slow to grow or are experiencing revenue declines,” said Valorie Seyfert, president and CEO of Sorrento Pacific Financial. “With shrinking margins and reduced income levels from other channels, wealth management programs like the ones we support in banks across the country take on added importance in sustaining top and bottom lines for banking organizations. This quarter’s report shows that banks that generate meaningful wealth management fee income are experiencing robust growth and offsetting declining or flat traditional bank revenues.”

**Leaders in Wealth Management**

The table entitled “Top 5 Leaders in Wealth Management Income in First Half 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.

<b>TOP 5 LEADERS IN WEALTH MANAGEMENT INCOME IN FIRST HALF 2014</b>				
<b>RANK</b>	<b>BHCS OVER \$10 BILLION</b>	<b>BHCS BETWEEN \$1B - \$10B</b>	<b>BHCS BETWEEN \$500M - \$1B</b>	<b>SMALL BANK 'PROXIES' UNDER \$500M</b>
<b>1</b>	JPMorgan Chase & Co. (NY)	Stifel Financial Corp. (MO)	First Command Financial Services, Inc. (TX)	The Haverford Trust Company (PA)
<b>2</b>	Morgan Stanley (NY)	SWS Group, Inc. (TX)	First National Bankers Bankshares (LA)	Essex Savings Bank (CT)
<b>3</b>	Bank of America Corporation (NC)	Boston Private Financial Holdings, Inc. (MA)	First Bankers Trustshares, Inc. (IL)	Ledyard National Bank (VT)
<b>4</b>	The Goldman Sachs Group, Inc. (NY)	Hilltop Holdings, Inc. (TX)	Baker Boyer Bancorp (WA)	Truxton Trust Company (TN)
<b>5</b>	Wells Fargo & Co. (NY)	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 569 BHCs reporting wealth management income, 118 BHCs or 20.7% reported earnings in each of the four component revenues constituting wealth management.

<b>COMPONENT SHARES AS A PERCENT OF BHC WEALTH MANAGEMENT INCOME IN FIRST HALF 2014</b>				
<b>ASSET CLASS</b>	<b>ANNUITIES</b>	<b>FIDUCIARY ACTIVITIES</b>	<b>INVESTMENT ADVISORY / BANKING</b>	<b>SECURITIES BROKERAGE</b>
ALL BHCS	2.5%	27.2%	39.9%	30.4%
BHCS OVER \$10 BILLION	2.4%	27.1%	40.4%	30.1%
BHCS \$1 BILLION – \$10 BILLION	5.6%	32.0%	21.2%	41.2%
BHCS \$500 MILLION – \$1 BILLION	6.9%	36.0%	32.2%*	24.9%
SMALL BANK 'PROXIES' UNDER \$500 MILLION	10.1%	46.8%	6.8%	36.4%

\* Of the 32.2%, 24.7% (or more than three-fourths) was due to one thrift holding company

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

Securities brokerage fees and commissions represented \$21.64 billion or 30.4% of total BHC wealth management income in first half 2014, up 1.2% from \$21.38 billion in first half 2013.

Three hundred sixty-five (365) BHCs or 64.1% of the 569 wealth management programs reported annuity income of \$1.79 billion in first half 2014, up 11.5% from \$1.61 billion in first half 2013. Annuity income constituted 2.5% of total wealth management income in first half 2014 and was the smallest contributor to overall wealth management income.

Three hundred fifty-five (355) BHCs or 62.4% of all wealth management programs reported income from fiduciary activities of \$19.39 billion in the first six months of 2014, up 5.3% from \$18.41 billion in the same period of 2013. Fiduciary income constituted 27.2% of total wealth management income so far in 2014.

One hundred seventy-six (176) BHCs or 30.9% of wealth management programs reported investment advisory and banking income of \$28.40 billion in first half 2014, up 10.7% from \$25.65 billion in the first six months of 2013. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 39.9% in six months of 2014.

“While fiduciary income represents an important component of wealth management, broker-dealer activities, including investment banking, advisory and underwriting, securities brokerage and annuity sales, dominate wealth management,” 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 (39.9%) by the largest BHCs to their wealth management income, third-ranked fiduciary income (27.2%) ranked number one (73.6%) 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 decreased by sixty percent among the smaller BHCs (those under \$10 billion in assets), ranking third.

(more)

Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income in first half 2014 from securities brokerage (41.2%) and fiduciary activities (32.0%). Excluding one institution that accounted for most investment advisory/banking/underwriting income, the smallest BHCs with 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 securities brokerage resumed its second-place finish.

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 activity as a subsidiary so the income reported up to the bank, and, if there were a holding company, up to the BHC.

The bottom line findings of component contributions to BHC wealth management income are these: In first half 2014, investment advisory/banking/underwriting was most important to the largest BHCs with over \$10 billion in assets. Thereafter, involvement in those activities declined substantially among other BHC and proxy bank asset classes. Taking their place were fiduciary 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) in 2013, the median Wealth Management Concentration Ratio was 59.9%. 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 56.7% 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](http://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](http://www.BankInsurance.com). Produced by Michael White and Michael White Associates, LLC (MWA), the *Sorrento Pacific-Michael White Bank Wealth Management Report*<sup>™</sup> measures and benchmarks the performance of bank wealth management programs. The annual *Michael White-Succeed Advisors Bank Insurance Fee Income Report*<sup>™</sup> and the *Equias Alliance / Michael White BOLI Holdings Report*<sup>™</sup> provide, respectively, comprehensive analyses of bank insurance brokerage income and bank-owned life insurance. Additionally, the *MWA Fee Income Ratings Reports*<sup>™</sup> 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](http://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](mailto:MWA@BankInsurance.com)

Robert Spadafora  
Executive Vice President  
Sorrento Pacific Financial, LLC  
10150 Meanley Drive, 1st Floor  
San Diego, CA 92131  
Phone: 858-805-7916  
Email: [rspadafora@mybd.com](mailto:rspadafora@mybd.com)