



N E W S R E L E A S E

**Sorrento Pacific-Michael White Report
Bank Wealth Management Fee Income Up 2.0% through 3Q 2015**

FOR IMMEDIATE RELEASE – Radnor, PA, and San Diego, CA, February 8, 2016 – Bank and thrift holding companies (BHCs) tallied \$102.73 billion in wealth management noninterest fee income in the first nine months of 2015, up 2.0% from \$100.69 billion in the same period of 2014, according to the new *Sorrento Pacific-Michael White Bank Wealth Management Report™*. Of 581 large top-tier BHCs, 358 or 61.6% engaged in wealth management activities during that period.

Third-quarter BHC wealth management noninterest fee income declined 2.4% to \$28.95 billion from \$29.67 billion in third quarter 2014; and it fell 22.7% from \$37.43 billion in second quarter 2015.

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 noninterest fee income from multi-faceted wealth management services for individuals, families, businesses, and nonprofits. Results are based on data from all 6,270 banks and savings associations and 581 large top-tier BHCs with \$1 billion or more in assets operating on Sept. 30, 2015.

**TOP 12 BANK HOLDING COMPANIES WITH THE
FASTEST GROWING WEALTH MANAGEMENT NONINTEREST FEE INCOME
YEAR-TO-DATE AT END OF THIRD QUARTER 2015**

R A N K	WEALTH MANAGEMENT NONINTEREST FEE INCOME		PERCENT CHANGE 2014 - 2015	BANK HOLDING COMPANY	ASSETS	% OF NONINTEREST INCOME
	YTD 3Q 2015	YTD 3Q 2014				
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>						
1	\$12,376	\$1,440	759.44%	BANK LEUMI LE-ISRAEL CORPORATION	NY	\$5,831,407 41.82%
2	\$318	\$83	283.13%	FIDELITY SOUTHERN CORPORATION	GA	\$3,498,801 0.32%
3	\$210,930	\$72,359	191.50%	HILLTOP HOLDINGS, INC.	TX	\$12,385,577 22.13%
4	\$709	\$329	115.50%	AUSTIN BANCORP, INC.	TX	\$1,570,073 4.43%
5	\$1,076	\$592	81.76%	RED RIVER BANCSHARES, INC.	LA	\$1,469,811 11.58%
6	\$6,036	\$3,586	68.32%	INDEPENDENT BANKERS FINANCIAL CORP.	TX	\$2,479,203 7.44%
7	\$905	\$544	66.36%	YADKIN FINANCIAL CORPORATION	NC	\$4,362,226 2.75%
8	\$7,686	\$4,768	61.20%	MIDLAND FINANCIAL CO.	OK	\$11,717,650 5.25%
9	\$3,257	\$2,112	54.21%	HOME BANCSHARES, INC.	AR	\$8,515,553 7.05%
10	\$1,091	\$713	53.02%	PEOPLES BANCORP	WA	\$1,466,004 7.40%
11	\$2,756	\$1,848	49.13%	BANK MUTUAL CORPORATION	WI	\$2,464,787 16.10%
12	\$1,178	\$792	48.74%	BNC BANCORP	NC	\$5,197,485 6.09%

BHCs with a minimum annualized wealth management income of \$250,000 in 2015 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™

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These BHCs achieved unadjusted mean wealth management program fee income of \$286.95 million in the first three quarters of 2015. Their median wealth management income was \$3.55 million, up 4.6% from \$3.40 million in median program income in three quarters of 2014. Top quartile performance in same period 2015 began at \$14.36 million, up 0.9% from the \$14.22 million starting point for top-quartile BHC investment program revenue in three quarters of 2014.

Wealth Management Program Growth

Many programs registered increases in revenue through three quarters of 2015 over the same period in 2014. Of all 358 BHC wealth management programs, 319 (89.1%) were on track to earn a minimum quarter-million dollars in 2015. Of those 319 programs, 223 (69.9%) showed some level of positive growth, however slight, in wealth management income over 2014, with 83 programs (26.0%) exhibiting double-digit growth and 38 programs (11.9%) achieving 20%+ growth.

Among those 96 BHCs (30.1%) whose annualized wealth management income equaled at least \$250,000 and experienced a decline in the first three quarters of 2015, 66 (20.7%) experienced single-digit declines and 30 BHCs (9.4%) had declines in excess of 10%, with 8 of those experiencing decreases of 20% or more.

“Wealth management income has continued its growth overall, and the number of investment programs with positive revenue growth outnumbers by 7 to 3 those that are experiencing revenue declines,” said Valorie Seyfert, president and CEO of Sorrento Pacific Financial. “While the interest income environment is easing up somewhat, wealth management programs like the ones we support in banks across the country are still important in sustaining top and bottom lines for banking organizations. This quarter’s report shows that banks that generate meaningful wealth management fee income are offsetting declining or flat traditional bank revenues.”

Leaders in Wealth Management

The table entitled “Top 5 Leaders in Wealth Management Income at End of Three Quarters in 2015” lists leaders in the three traditional BHC assets classes: over \$10 billion in assets and between \$1 billion and \$10 billion in assets. A third asset class includes the smallest community banks, those with assets less than \$1 billion, which are used as “proxies” for the smallest BHCs, which are not required to report wealth management income and its line item components.

TOP 5 LEADERS IN BANK WEALTH MANAGEMENT NONINTEREST FEE INCOME YTD 3Q 2015			
RANK	BHCS OVER \$10 BILLION	BHCS BETWEEN \$1B - \$10B	SMALL BANK 'PROXIES' UNDER \$1B
1	JPMorgan Chase & Co. (NY)	Stifel Financial Corp. (MO)	The Haverford Trust Company (PA)
2	Morgan Stanley (NY)	Santander Bancorp (PR)	Essex Savings Bank (CT)
3	Bank of America Corporation (NC)	Alerus Financial Corporation (ND)	Fieldpoint Private Bank & Trust (CT)
4	The Goldman Sachs Group, Inc. (NY)	Bryn Mawr Bank Corporation (PA)	The Security National Bank of Sioux City, Iowa (IA)
5	Wells Fargo & Co. (NY)	Washington Trust Bancorp, Inc. (RI)	Ledyard National Bank (VT)

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

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Contribution of Four Components to Total Wealth Management Noninterest Fee Income

Wealth management noninterest fee income consists of four main components in this report: (1) securities brokerage (which, by definition, must be present to define a wealth management program), (2) annuity sales, (3) fiduciary activities and (4) investment advisory/banking services. Of the 358 BHCs reporting wealth management noninterest fee income, 94 BHCs or 26.3% reported earnings in each of the four component revenues constituting wealth management.

COMPONENT SHARES AS A PERCENT OF BHC WEALTH MANAGEMENT NONINTEREST FEE INCOME IN FIRST THREE QUARTERS OF 2015				
ASSET CLASS	ANNUITIES	FIDUCIARY ACTIVITIES	INVESTMENT ADVISORY / BANKING	SECURITIES BROKERAGE
ALL BHCS	2.3%	28.9%	41.6%	27.3%
BHCS OVER \$10 BILLION	2.2%	28.8%	42.1%	26.9%
BHCS \$1 BILLION – \$10 BILLION	4.8%	32.5%	20.1%	42.5%
SMALL BANK 'PROXIES' UNDER \$1 BILLION IN ASSETS	9.5%	51.6%	6.0%	32.9%

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

Securities brokerage fees and commissions represented \$28.05 billion or 27.3% of total BHC wealth management income over the first three quarters of 2015, up 0.5% from \$27.91 billion in same period 2014.

Two hundred forty-eight (248) BHCs, or 69.3% of the 358 wealth management programs, reported annuity income of \$2.32 billion during the same period, down 2.9% from \$2.39 billion in same period 2014. Annuity income constituted 2.3% of total wealth management income and was the smallest contributor to overall wealth management income.

Two hundred forty-seven (247) BHCs, or 69.0% of all wealth management programs, reported income from fiduciary activities of \$29.66 billion year-to-date on September 30, 2015, up 1.7% from \$29.17 billion in the same period of 2014. Fiduciary income constituted 28.9% of total wealth management income.

One hundred thirty-nine (139) BHCs, or 38.8% of wealth management programs, reported investment advisory and banking income of \$42.70 billion, up 3.6% from \$41.22 billion in the first nine months of 2014. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 41.6% in nine months of 2015.

“While smaller than other components of wealth management, annuity revenues make a difference in most wealth management programs, particularly those of smaller institutions,” 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 (42.1%) by the largest BHCs (i.e., those over \$10 billion in assets) to their wealth management income, second-ranked fiduciary income (28.8%) ranked number one (74.9%) 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 the small proxy banks, ranking, respectively, third and fourth.

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Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income from securities brokerage (42.5%) and fiduciary activities (32.5%).

For purposes of comparing the smallest BHCs, i.e., those with assets less than \$1 billion, 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 conduct the activity directly or through a subsidiary of the bank, so the income reported up to the bank, then to the small BHC.) These smallest BHCs tended to mirror most of the smaller banks in that fiduciary income remained number one in rank and securities brokerage income also maintained its importance.

The bottom line findings of component contributions to BHC wealth management income are these: In the first nine months of 2015, investment advisory/banking was most important to the largest BHCs with over \$10 billion in assets. Thereafter, involvement in investment advisory/banking activities declined substantially among the other BHC and proxy bank asset classes. Among these institutions, fiduciary-related income or securities brokerage commissions and fees were the top contributors to wealth management income.

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), the median Wealth Management Concentration Ratio was 50.3%. Among the top 50 small banks, proxies for small BHCs, the median Wealth Management Concentration Ratio equaled 60.0% of noninterest income in the first nine months of 2015.

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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 BankInsurance 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