



**N E W S R E L E A S E**

**Sorrento Pacific-Michael White Report  
Big BHC Wealth Management Fee Income Hits Record \$135.5 Billion in 2015**

**FOR IMMEDIATE RELEASE** – Radnor, PA, and San Diego, CA, April 25, 2016 – Large bank holding companies (BHCs) with assets over \$1 billion narrowly tallied a record \$135.5 billion in wealth management fee income in 2015, up 0.3% from \$135.1 billion in 2014, according to the new *Sorrento Pacific-Michael White Bank Wealth Management Report™*. Of 578 large top-tier BHCs, 361 or 62.5% engaged in wealth management activities in 2015.

The first and second quarters in 2015 wealth management revenue were the highest on record in the 36 quarters since it became measurable in first quarter 2007. Fourth-quarter BHC wealth management income fell 4.8% to \$32.77 billion from \$34.41 billion in fourth quarter 2014; and it rose from the prior third quarter 2015 by 13.2% from \$28.95 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 6,182 commercial banks, savings banks and savings associations and 578 large top-tier bank holding companies operating on December 31, 2015.

**TOP 12 BANK HOLDING COMPANIES WITH THE FASTEST GROWING WEALTH MANAGEMENT INCOME IN 2015**

RANK	PERCENT CHANGE 2014 - 2015	WEALTH MANAGEMENT FEE INCOME		BANK HOLDING COMPANY	ASSETS	% OF NONINTEREST INCOME
		2015	2014			
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>						
<b>1</b>	738.94%	\$15,018	\$1,791	BANK LEUMI LE-ISRAEL CORP.	NY	\$6,073,477 11.10%
<b>2</b>	389.69%	\$475	\$97	FIDELITY SOUTHERN CORPORATION	GA	\$3,847,923 0.37%
<b>3</b>	162.19%	\$283,705	\$108,204	HILLTOP HOLDINGS, INC.	TX	\$11,863,369 23.18%
<b>4</b>	90.68%	\$921	\$483	AUSTIN BANCORP, INC.	TX	\$1,572,525 4.14%
<b>5</b>	61.86%	\$10,202	\$6,303	MIDLAND FINANCIAL CO.	OK	\$11,605,700 5.29%
<b>6</b>	61.17%	\$1,494	\$927	RED RIVER BANCSHARES, INC.	LA	\$1,492,702 12.02%
<b>7</b>	53.81%	\$1,475	\$959	PEOPLES BANCORP	WA	\$1,481,928 7.70%
<b>8</b>	52.35%	\$7,989	\$5,244	INDEPENDENT BANKERS FNC'L CORP	TX	\$2,568,732 7.62%
<b>9</b>	49.61%	\$4,005	\$2,677	HOME BANCSHARES, INC.	AR	\$9,289,122 6.38%
<b>10</b>	45.35%	\$21,590	\$14,854	SVB FINANCIAL GROUP	CA	\$44,688,667 4.62%
<b>11</b>	42.94%	\$24,646	\$17,242	WSFS FINANCIAL BANCORPORATION	DE	\$5,585,962 27.85%
<b>12</b>	40.27%	\$3,476	\$2,478	BANK MUTUAL CORPORATION	WI	\$2,498,730 15.17%

BHCs ranked by program income growth had a minimum \$250,000 in wealth management income in 2015.  
SOURCE: Sorrento Pacific-Michael White Bank Wealth Management Report™

Altogether, BHCs achieved adjusted mean wealth management program fee income of \$375.34 million in 2015. Their median investment program income was \$4,750,000, up 3.5% from \$4,589,000 in median program income in 2014. Top quartile performance in 2015 began at \$18,727,000, up 0.3% from the \$18,727,000 starting point for top-quartile BHC investment program revenue at the end of 2014.

“At a time when investors are faced with volatile markets, a confusing political environment and many new financial regulations, they are looking for a trusted source for information and advice about retirement and estate planning. This is a natural role for banks and their wealth management departments,” said Valorie Seyfert, President and CEO of SPF. “Banks can add great value to their customer relationships through wealth management services. Wealth management programs enable banks to help preserve, grow, distribute and administer assets and income for families, businesses and nonprofits. The continued focus on wealth management revenue in 2015 reflects the extensive opportunity these programs offer financial institutions.”

### Leaders in Wealth Management

The table entitled “Top 5 Leaders in Wealth Management Income in 2015” lists leaders in the two 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 items components. In the past, when small BHCs did report fee income data, small banks closely replicated their results, operating, as they do, fee income activity as a department or direct subsidiary so the income reported up to the bank, and then, up to the BHC.

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

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

### Wealth Management Program Growth

Of all 361 BHC wealth management programs, 335 (88.9%, down from 324 BHCs, or 91.5%, of 354 BHCs in 2014) earned a minimum quarter-million dollars in 2015. Fourteen of these were new programs. Of the remaining 321 programs, 210 programs, or 74.0% (down from 262 BHCs, or 80.9%, in 2014) showed some level of positive growth in wealth management income over 2014.

Seventy-one (71 programs, or 33.8%) of 210 wealth management programs exhibited double-digit growth in 2015 (down from 144 BHCs, or 55.0%, of 262 growing programs in 2014). Thirty-two (32) programs, or 15.2%, of those 210 BHCs showing some positive growth achieved 20% or more growth in 2015, (down from 58 programs, or 22.1%, of 262 BHCs with positive growth in 2014).

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### Contribution of Four Components to Total Wealth Management Income

Wealth management income consists of four main components, 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 361 BHCs reporting wealth management income, 97 BHCs or 26.9% reported earnings in each of the four component revenues constituting wealth management.

<b>COMPONENT SHARES AS A PERCENT OF BHC WEALTH MANAGEMENT INCOME IN 2015</b>				
<b>ASSET CLASS</b>	<b>ANNUITIES</b>	<b>FIDUCIARY ACTIVITIES</b>	<b>INVESTMENT ADVISORY / BANKING</b>	<b>SECURITIES BROKERAGE</b>
ALL BHCs	2.3%	28.9%	41.3%	27.5%
BHCs OVER \$10 BILLION	2.2%	28.5%	41.7%	27.6%
BHCs \$1 BILLION – \$10 BILLION	8.3%	62.1%	7.8%	21.8%
SMALL BANK 'PROXIES' UNDER \$1 BILLION	9.4%	52.3%	6.1%	32.2%

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

Securities brokerage fees and commissions represented \$37.26 billion or 27.5% of total BHC wealth management income in 2015, down 0.2% from \$37.32 billion in 2014.

Two hundred fifty-four (254) BHCs or 70.4% of the 361 wealth management programs reported annuity income of \$3.11 billion in 2015, down 1.2% from \$3.14 billion in 2014. Annuity income constituted 2.3% of total wealth management income in 2015 and was the smallest contributor to overall wealth management income.

Two hundred fifty (250) BHCs or 69.3% of all wealth management programs reported income from fiduciary activities of \$39.17 billion in 2015, down 0.04% from \$39.19 billion in 2014. Fiduciary income constituted 28.9% of total wealth management income in 2015.

One hundred thirty-nine (139) BHCs or 38.5% of wealth management programs reported investment advisory and banking income of \$55.96 billion in 2015, up 0.9% from \$55.45 billion in 2014. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 41.3% in 2015.

### Contribution of Wealth Management Components by BHC Asset Class

Whereas investment advisory/banking income was the number one contributor (41.3%) by the largest BHCs to their wealth management income, second-ranked fiduciary income (28.5%) ranked number one (73.5%) among large banks, further demonstrating that most investment advisory/banking operations are direct nonbank 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 ranked fourth among the smaller BHCs (those under \$10 billion in assets) with 7.8% and proxy banks with 6.1%.

Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income in 2015 from fiduciary activities (62.1%) and securities brokerage (21.8%). The mid-size BHCs tended to mirror the small bank proxies in that fiduciary income ranked first (52.3%) and securities brokerage ranked second (32.2%).

The bottom line findings of component contributions to BHC wealth management income are these: In 2015, investment advisory/banking was most important to the largest BHCs, those over \$10 billion in assets.

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Thereafter, involvement in those activities dropped off 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) in 2015, the median Wealth Management Concentration Ratio was 48.7%. 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 58.3% of noninterest income.

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**About Sorrento Pacific Financial, LLC:** Established in 2005, [Sorrento Pacific Financial, LLC](http://www.sorrentopacific.com) (Member [FINRA/SIPC](http://www.finra.org)) 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 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).

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