



Growth and Productivity Report 2017 Data Year

Anytown Trust Company
Rochelle, IL

2017 Data Year

Thank you for your participation in Trustcompare for the 2017 data year. We appreciate your support and would like to hear your comments and suggestions about the product as we strive to provide the best tools for analyzing your organization.

Each Trustcompare subscriber is assigned one of our Account Executives as a resource throughout the process. The assigned A/E reviews your data during the data verification process, and will help you interpret the results

If you have any questions about this report and/or would like to discuss your results, please call your Trustcompare Account Executive, **Eric Timm**. He can be reached via email at eetimm@trustcompare.com, or by phone at 704-905-3415.



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High level overview of your results, including a discussion of our methods for grouping and comparing your results and key high-level metrics to your peers and the universe of all subscribers.

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Includes growth ratios for revenues, assets, and accounts. All ratios are based on the change between the 2016 and 2017 data input.

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Presents conversion ratio and average size metrics for both assets and accounts, and broken down by product line.

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Displays metrics on a per FTE basis, along with staffing by position comparisons.



Section 1. Executive Summary



Overview

The Trustcompare report for the 2017 data year has been upgraded to add more value as a starting point for your strategic planning efforts as well as an in-depth analysis of your prior year's performance.

As you review the report, it is important to keep in mind that the metrics capture the entirety of your organization: every single area of focus relates to at least one other area, and directly reflect the decisions made in the past.

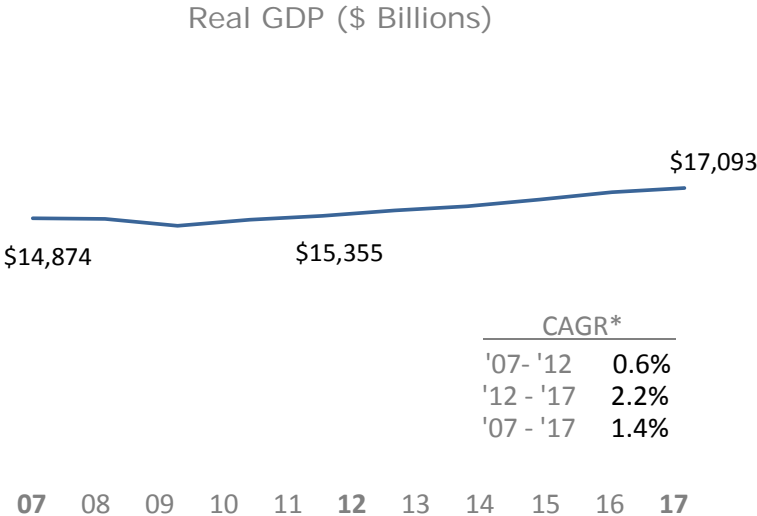
We highly recommend participating in a report review with your Account Executive. We believe our insight into your results can help boost your organization's performance.

Let us know how we can help!

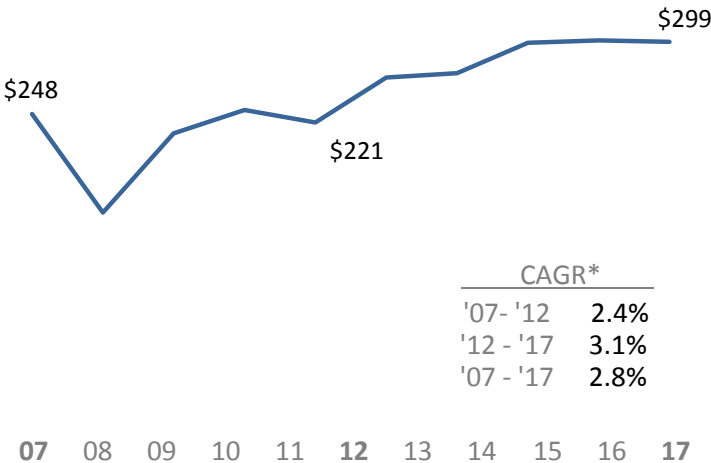
A handwritten signature in black ink, reading "E. Lloyd Pohl". The signature is written in a cursive style with a large initial "E".

Economic Growth

Gross Domestic Product (GDP) is the total value of goods and services produced in the US over a one-year period adjusted for inflation, and is the standard overall measure of the US economy. In 2017, GDP grew at a rate of 2.3%. Over the past 10 years GDP growth was relatively flat at a 1.4% compound average rate. GDP grew faster from 2012 through 2017 (at a rate of 2.2%) than during the prior five years (2007-2012 growth was very flat at 0.6%). Since 2012 GDP growth has been improving.



Industry Contribution (\$ Billions)



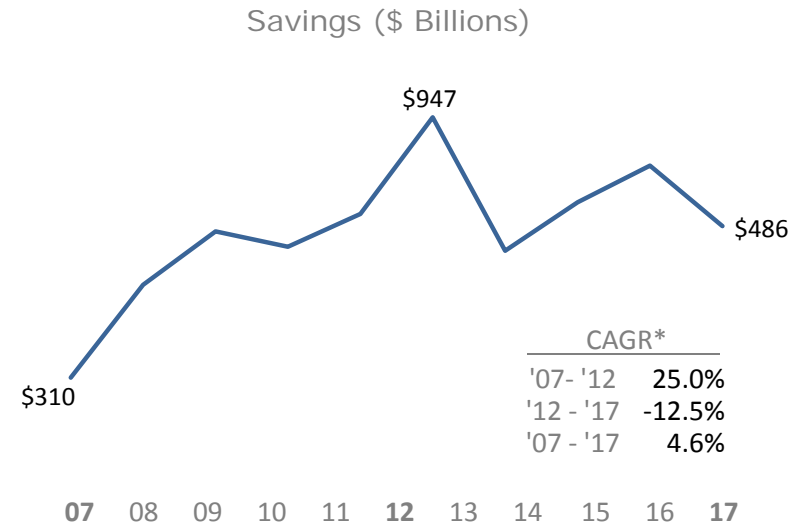
Industry Contribution to GDP

GDP measures the entire economy's output, but our industry is a subset of the total. The graph to the left depicts the combination of Investment Advisory and Brokerage & Trust Services and their contribution to total GDP. In 2017 the industry's contribution increased 5.1% to \$299 billion (representing 1.8% of total GDP). The compound annual growth rate from 2007 to 2012 was 2.4% and from 2012 to 2017 was 3.1%. Industry contribution was relatively flat from 2015 through 2017, increasing only 1.6% on an average annual basis.

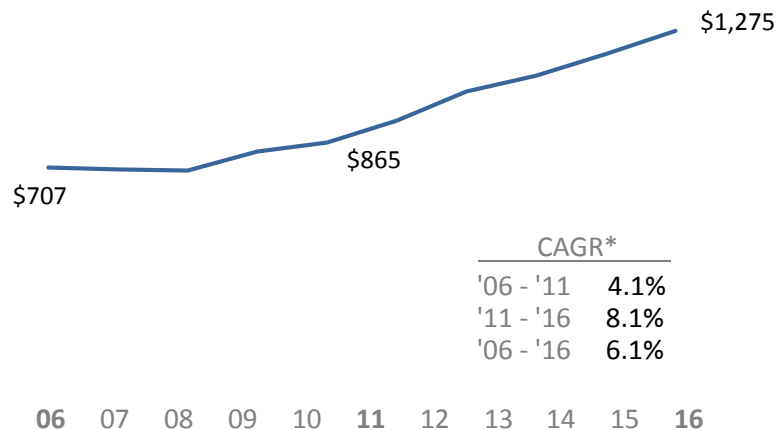
*CAGR - Compound Annual Growth Rate

Consumer Savings

Consumer savings has varied widely in the past 10 years, and is shown at right. In 2017, savings declined 36.2% to \$486 billion. From 2007 through 2012 savings increased at a compound annual rate of 25.0%, which was possibly a reaction to the market crash of 2008. Since the peak in 2012, growth declined 12.5% from 2012 to 2017. Recent decreases in savings could be due to generational changes, with Millennials and Baby Boomers both showing different habits. The 10-year CAGR (2007-2017) was 4.6%.



Payments/Withdrawals (\$ Billions)



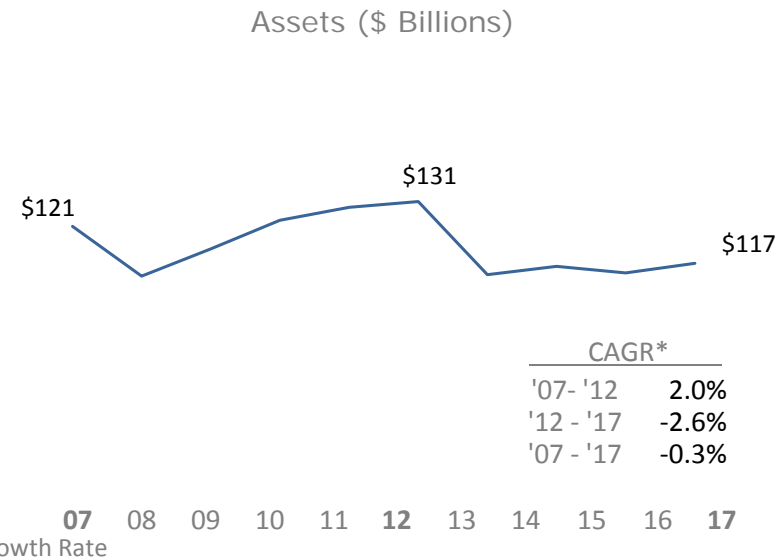
Benefit Payments / Withdrawals

The graph at left portrays payments and withdrawals from defined benefit / contribution plans, and increased 7.1% to \$1,275 billion in 2016. Withdrawals have been rising for the past 10 years, with an CAGR of 6.1% from 2006-2016. The number is actually growing at a faster pace, with the most recent 5-year period increasing by an annual rate of 8.1%. A potential explanation for the increase in payments is that Baby Boomers are withdrawing capital from their retirement plans to fund current expenses.

*CAGR - Compound Annual Growth Rate

Trust Assets

Growth of Trust Assets has been relatively flat over the past 10 years (using Call Report data), as is shown at right. The level of assets shows a decline from the 2008 financial crisis and again during the economic uncertainty of 2012. After each of these disruptions, the market has rebounded, but still has not attained the levels seen in 2007 or 2012. Average growth over the 10-year period was 4.6%, but the past 5 years showed assets declined by 12.5%. From 2016 - 2017 industry assets rose by 14.2% to \$117.3 billion.



Conclusions

Based on the data above, the following conclusions can be drawn:

- The US economy is growing, although at lower than the average historical rate (the average from 1947 to 2017 is 3.2%).
- Investment Advisory/Brokerage & Trust Services component of GDP has had negligible growth over the past 2 years.
- Savings rates are declining rapidly, while rates have been erratic over the past 10 years.
- Payments / Withdrawals from defined benefit / compensation plans have been increasing for the past 8 years.
- Trust assets grew in the past year, however, declined on average for the past 5 years. Over 10 years, growth is flat.

Given these conclusions, it is possible that the coming years could result in some contraction in the Trust industry. Considering the potential for lower growth due to economic and political uncertainty, decreased savings and higher retirement plan withdrawals reducing funds available for investment, and uncertain Trust asset growth we believe that the industry could face a downturn in the near future. Our recommendation is that organizations need to focus on improving their organization **now** to maximize efficiency and financial performance for the future.

Key Topics for 2018

Based on the economic outlook and our consulting experience, we believe that focus on the following key topics will improve your organization's performance. Reviewing the data in this report with these topics in mind will help you identify areas for change in your institution.

1. Maintain and grow client relationships

Maintaining a strong connection with your clients can have a two-fold purpose: minimizing attrition and increasing revenues by expanding the relationship. Losing focus on your current clients while trying to attract new business can result in higher attrition rates than will naturally occur.

The cost of increasing your business from within your existing client base is also much lower than finding new clients.

2. Revenue improvement

One method to increase revenues is to review your fee integrity. Are you adhering to your standard fee schedule or do you essentially have a custom schedule for each client? Maintaining a standardized fee structure across your organization will increase revenues as you get paid for the work you are performing. Reducing and managing exceptions could have major revenue implications.

Understanding your product mix and your conversion ratios can also help grow revenues. Knowing which product lines drive your revenues can direct you in planning expansion, or identify products that should be avoided.

3. Productivity

Managing the level of work being performed by your staff can also have an impact on results. Hiring the right staff, training them to your standards, and comparing their workload to your peers can help you maintain an optimal staff level, deployed in the right jobs.

Key Topics for 2018

4. Expense control

Monitoring and managing expenses has a direct impact on your bottom line. Creating and implementing a plan for expenses drives strategic rather than reactionary change.

5. Staff development

As a training company, we believe strongly in the benefits of staff development: **training does not cost, it pays!** The industry is complicated, but with staff development you can improve your organization's sales skills, increase knowledge of best practices, and maximize customer retention. Investing in your team also increases employee satisfaction and minimizes defection.

Keeping your organization's skills up-to-date can insure you are prepared for new challenges in the coming years.

6. Metrics and analysis

Using metrics to analyze your business *on an ongoing basis* is vital to our overall success. Your subscription to Trustcompare gives you an advantage over other firms in that you actively seek information for planning and analysis. The Trustcompare Industry Insight report is a great resource for following the industry on a quarterly basis between Trustcompare reports. Taken together, both reports provide you with a you have a basic set of strategic planning tools using industry data.

We are also seeing risk rating analysis become increasingly important to regulators for quantifying and understanding the risks inherent in your accounts. Rating new accounts prior to acceptance could result in adding fewer risky accounts, potentially increasing your overall profitability.

Peer Group Demographics

	Revenue	Assets
Anytown Trust Co.	\$747,000	\$188,615,000
Peer Group		
Minimum	\$275,000	\$43,173,000
Mean	\$494,000	\$93,221,500
Maximum	\$717,000	\$140,781,000
Standard Deviation	\$182,461	\$40,549,531

Peer Groups are based primarily on revenue, under the assumption that two institutions of the same size will use roughly the same level of staffing and expenses to generate a similar amount of revenue. Our goal is to group your organization with both higher and lower revenue peers, so your data is as close to the mean as possible. We believe this provides the best possible match for your data. As peers are matched based on revenue, asset values could show more of a variance, but this difference reflects other factors such as product mix or account acceptance criteria.

We believe that demographics are much more important than geography when creating meaningful peer groups. An organization of similar revenue and operations located in another state will be a stronger peer than a dissimilar institution in the same state or region.

The members of your peer group are:

Peer Group
Composition



Universe Demographics

	Revenue	Assets
Anytown Trust Co.	\$747,000	\$188,615,000
Universe		
Minimum	\$275,000	\$31,532,000
Mean	\$601,250	\$108,409,167
Maximum	\$899,000	\$188,615,000

The "universe" of subscribers includes all organizations subscribing to the Trustcompare system, regardless of size or any other factors.

Although the Universe results can yield valuable insights, we believe the peer group data provides a more valid basis for comparison because the comparison is to similar organizations. Any comparison to the universe should be carefully considered, as many diverse institutions are part of the universe and might not be directly comparable to your organization.

2017 Data Snapshot

The chart at right uses green and red highlights to compare Anytown Trust Co.'s results (as "better" or "worse") to those of the Peer Group, creating an easily-scanned visual map.

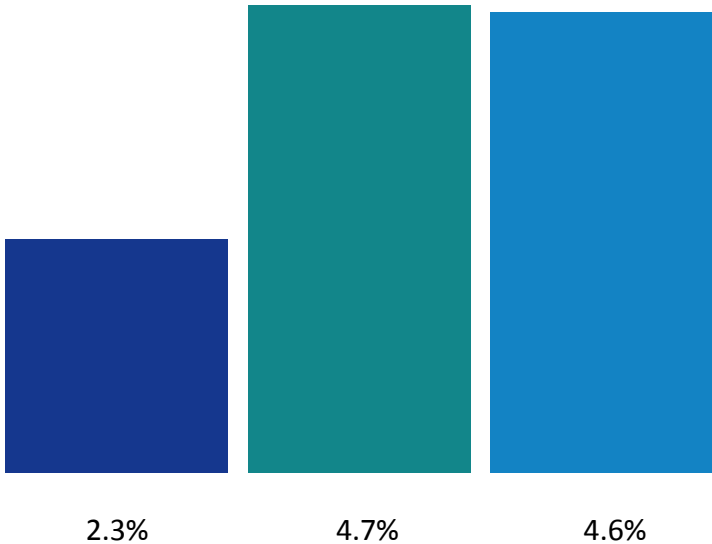
It is important to note that these results are somewhat subjective based on each institution's business model. For example, your revenue growth may be lower than your peers (and highlighted in red), but if your staff generates a higher level of revenue, it may not necessarily be a bad metric.

It is important to view this chart in terms of the overall results. These metrics are closely related and can provide a meaningful high-level perspective.

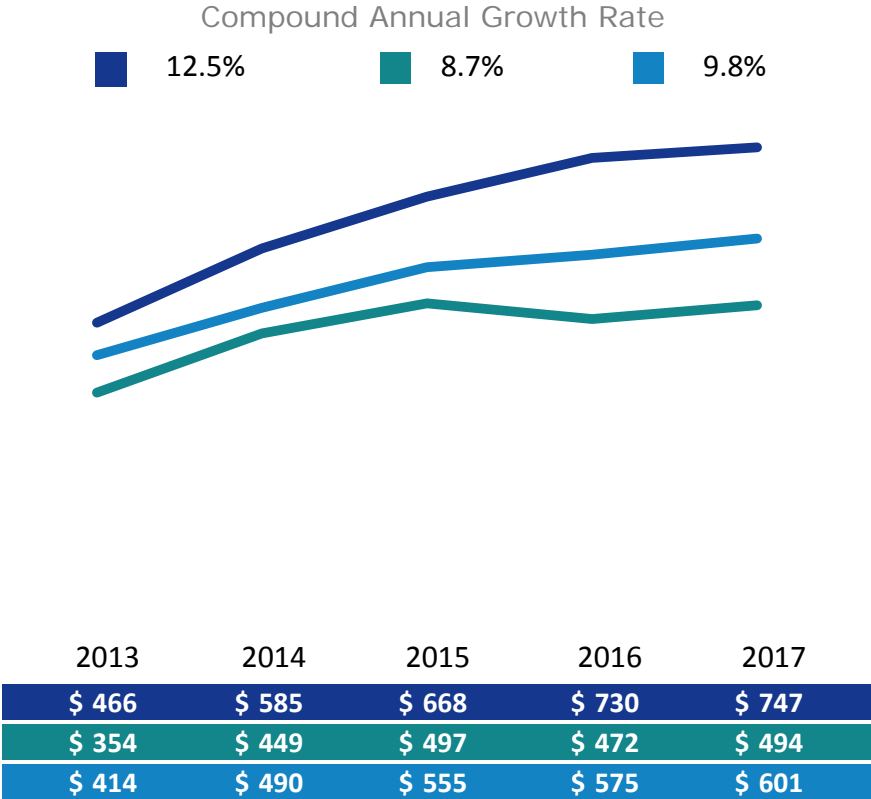
Anytown Trust Co. Peer Group

Total Revenue	\$ 747	\$ 494
Operating Profit	\$ 747	\$ 494
Revenue Growth	2.3%	4.7%
Asset Growth	9.8%	0.8%
Account Growth	15.5%	-1.4%
Revenue / FTE	\$ 249,000	\$ 168,409
Assets / FTE	\$ 62,871,667	\$ 31,780,057
Conversion Ratio	0.40%	0.51%

Revenue Growth
2016 - 2017

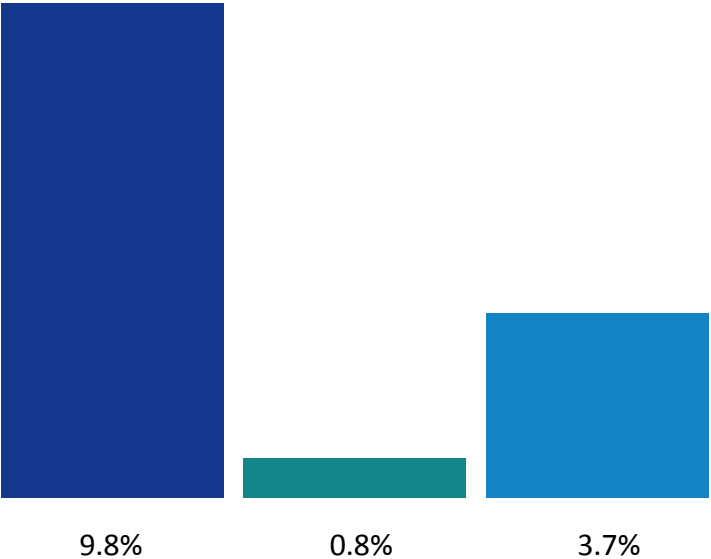


Total Revenue
2013 - 2017

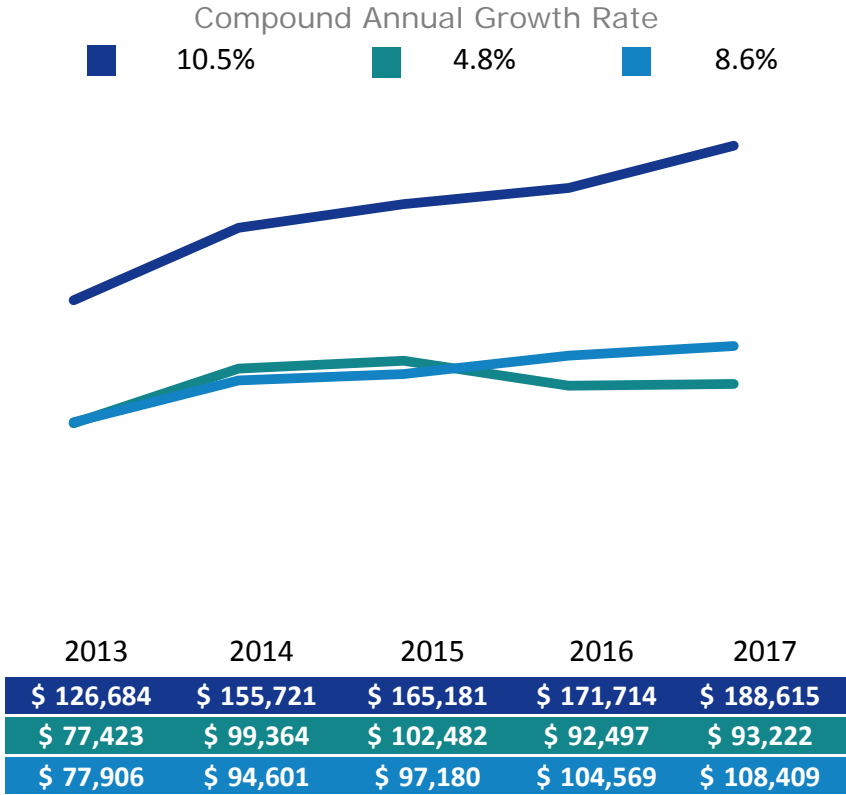


- Anytown Trust Company
- Peer Group
- Universe

Asset Growth
2016 - 2017

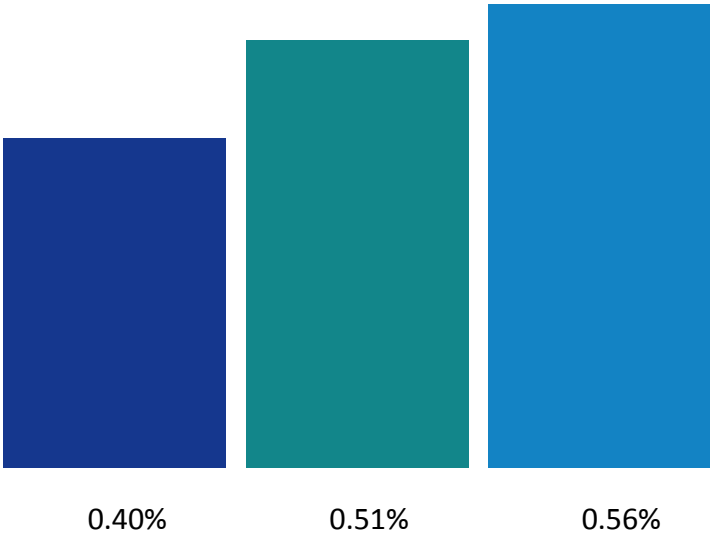


Total Assets
2013 - 2017

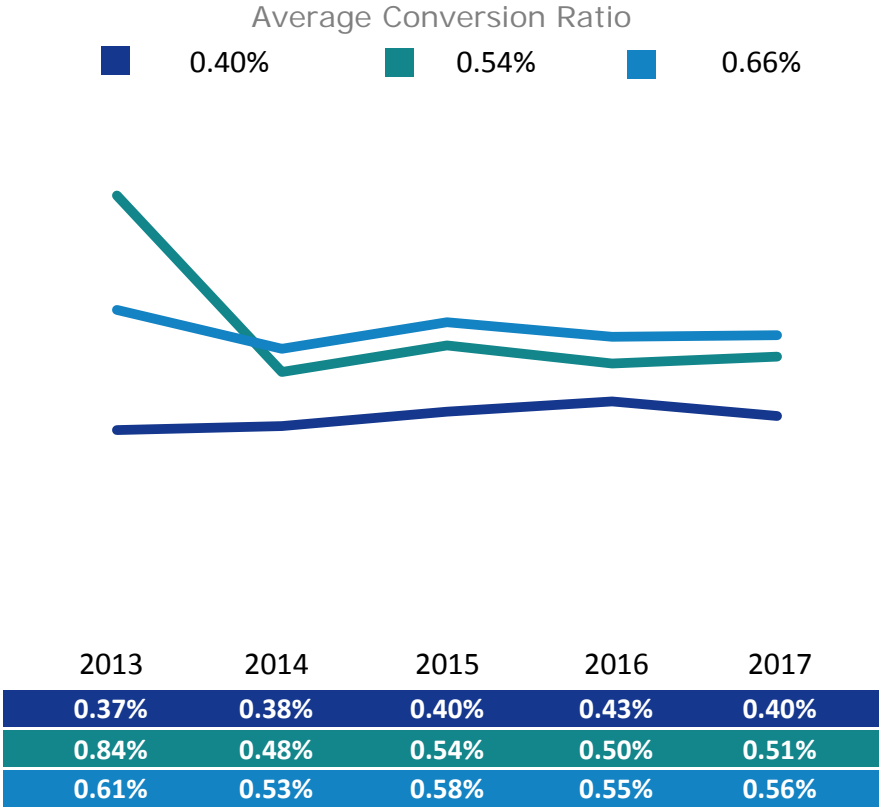


- Anytown Trust Company
- Peer Group
- Universe

Conversion Ratio
2016 - 2017



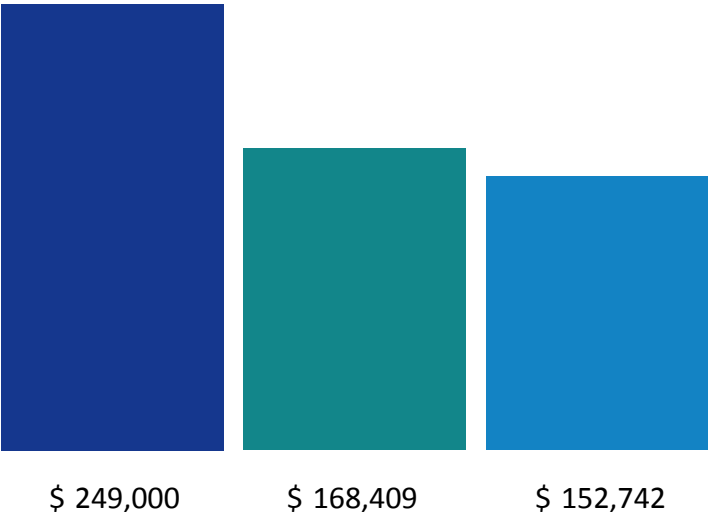
Conversion Ratio
2013 - 2017



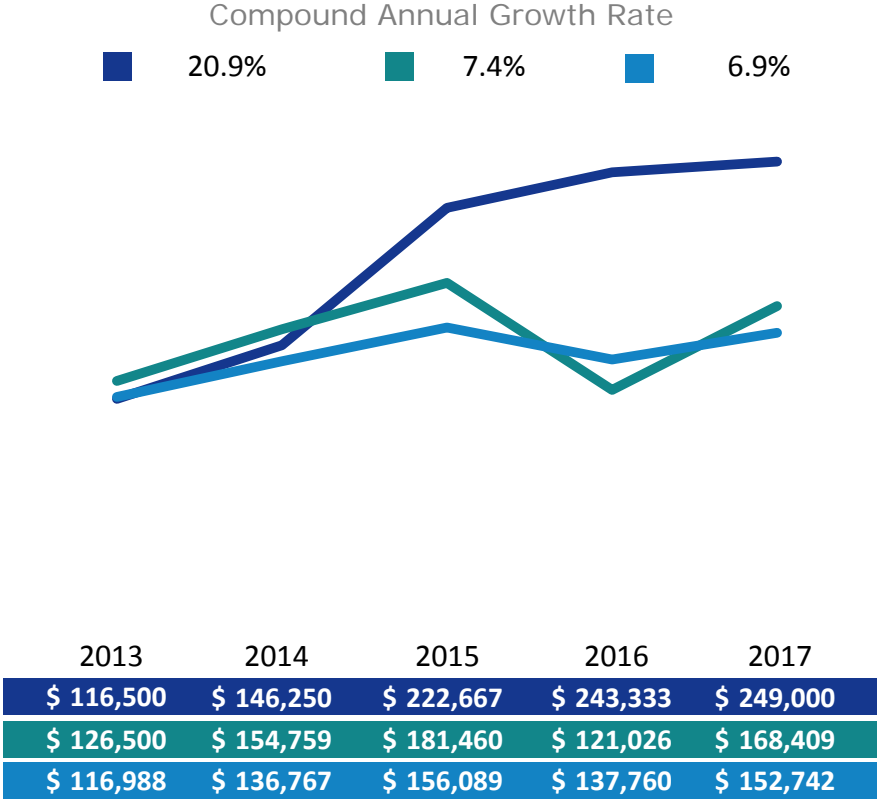
- Anytown Trust Company
- Peer Group
- Universe

Conversion Ratio calculation includes Personal Trust, Directed/Delegated Trusts, Investment Advisory, Employee Benefit, IRAs, Custody, and Retail Brokerage

Revenue per FTE
2016 - 2017

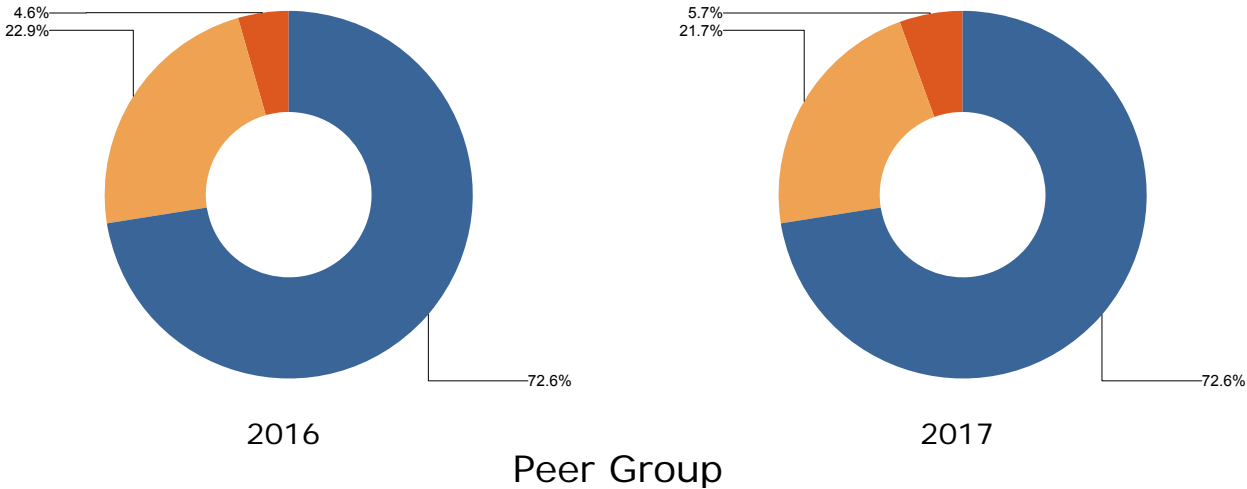
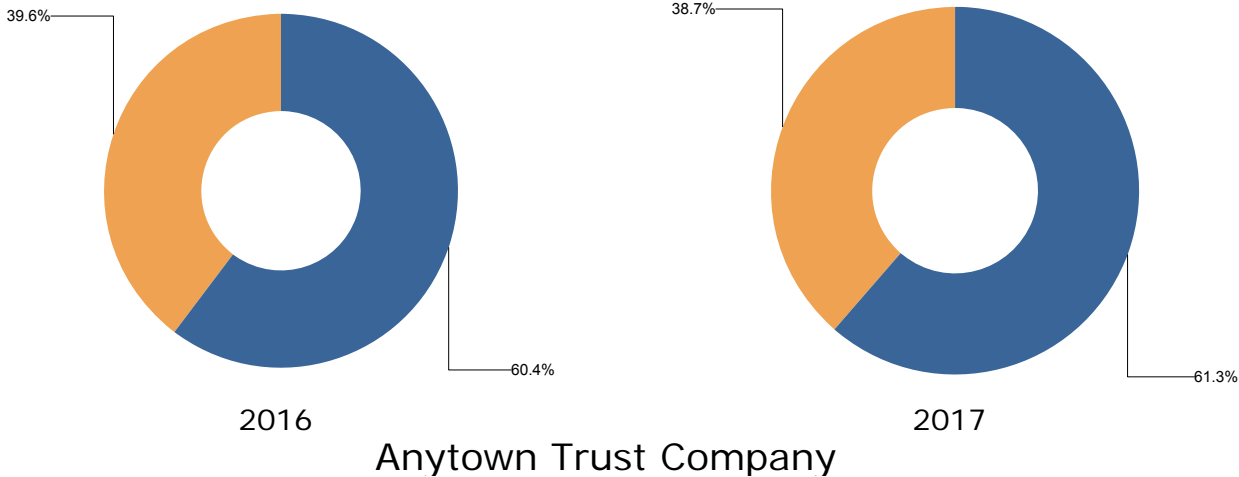


Revenue per FTE
2013 - 2017



- Anytown Trust Company
- Peer Group
- Universe

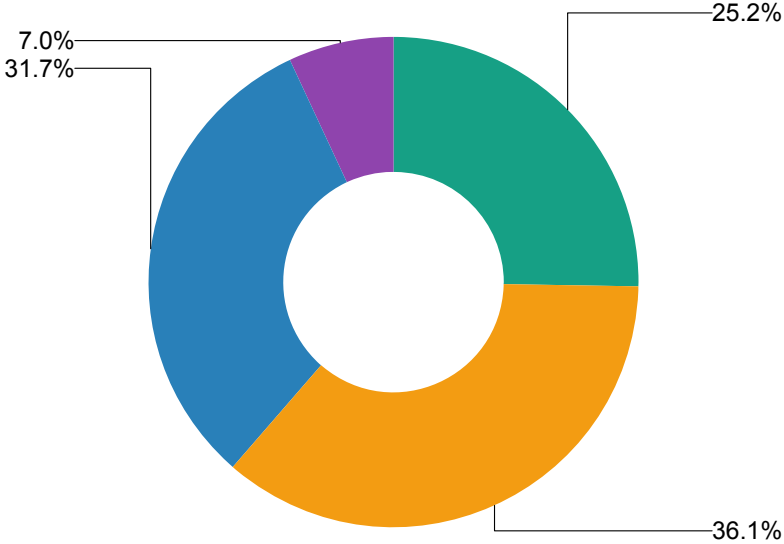
Business Mix *as % of Total Revenue*



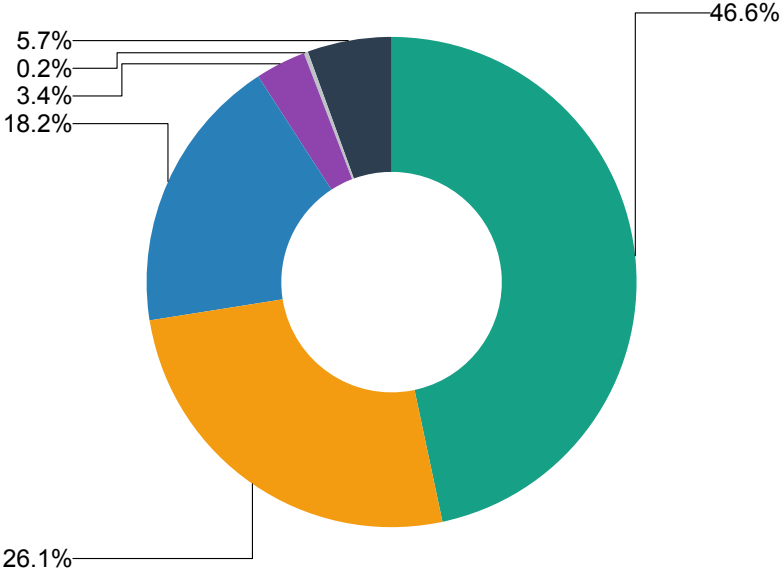
■ Personal Products
 ■ Institutional Products
 ■ Brokerage Products
 ■ Other Products

Anytown Trust Company

Revenue by Product Line *as % of Total Revenue*



Anytown Trust Company



Peer Group

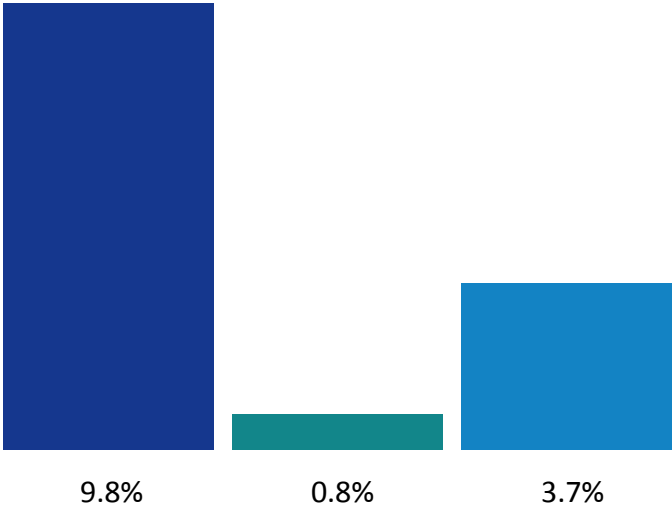
- Personal Trust
- Investment Advisory
- Total RPS
- Custody
- Corporate Services
- Other

Section 2. Growth



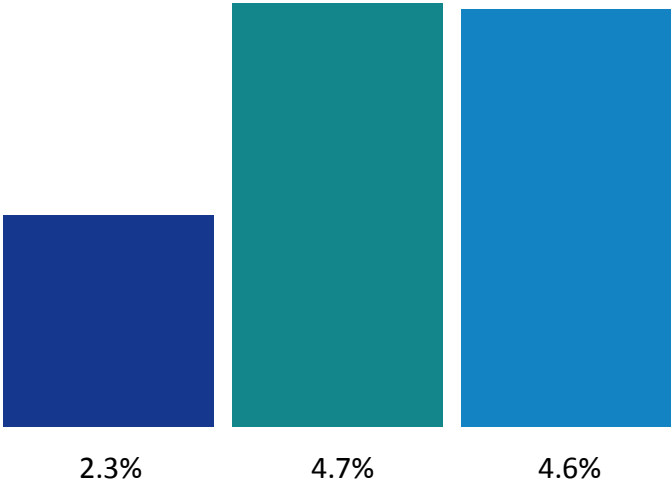
Growth - Total Assets

2016 - 2017 Assets from all sources



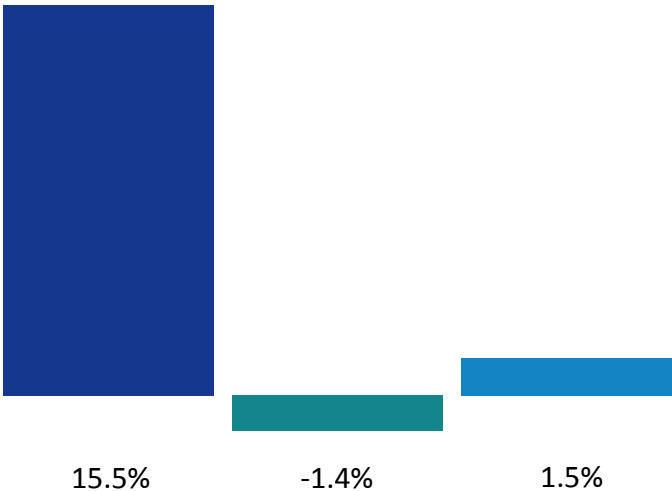
Growth - Total Revenue

2016 - 2017 Revenue from all sources



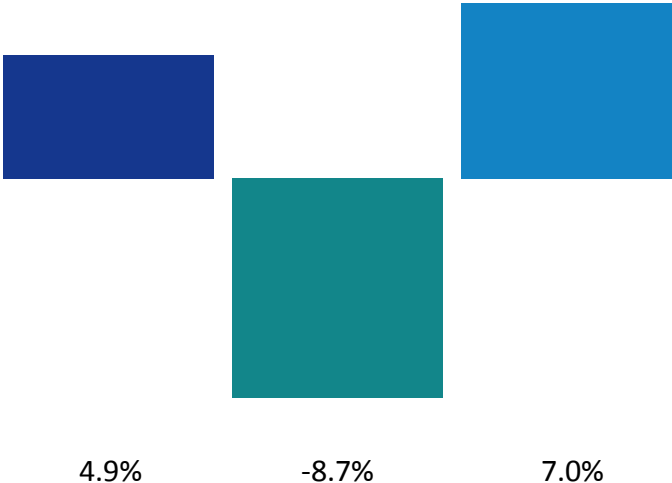
Growth - Total Accounts

2016 - 2017 Accounts from all sources

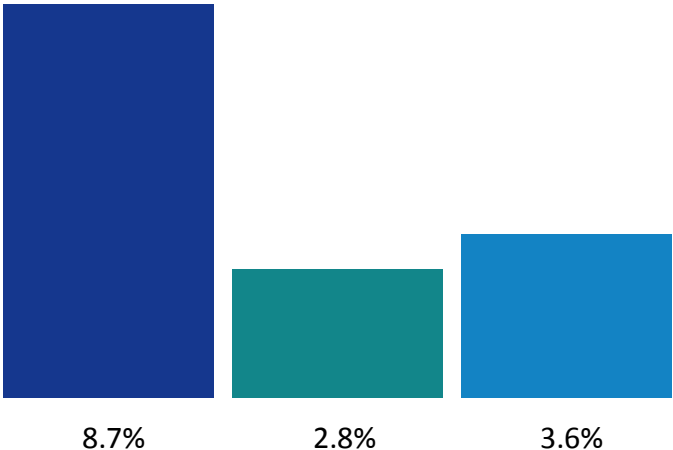


- Anytown Trust Co.
- Peer Group
- Universe

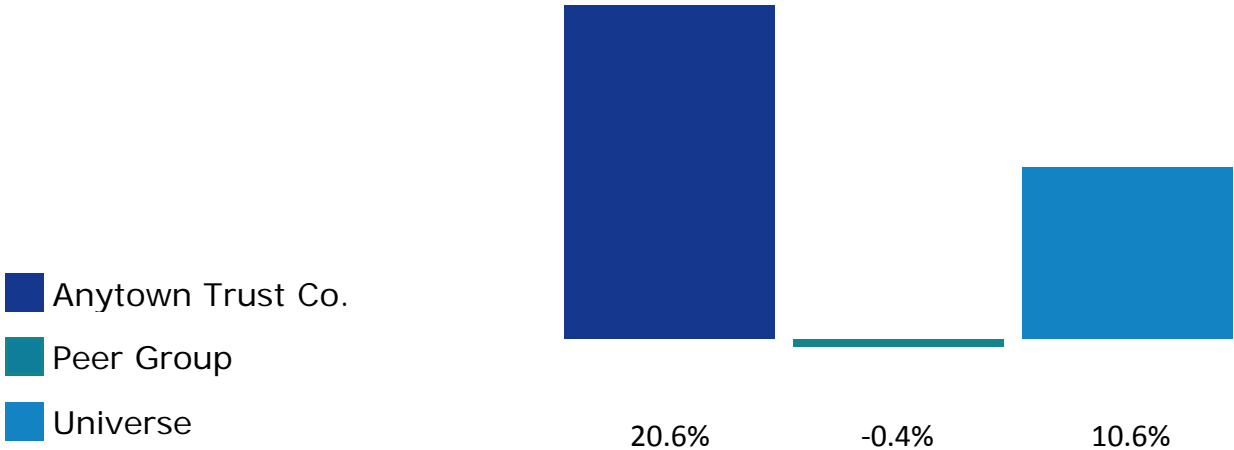
Personal Trust Growth - Assets
2016 - 2017



Personal Trust Growth - Fees
2016 - 2017

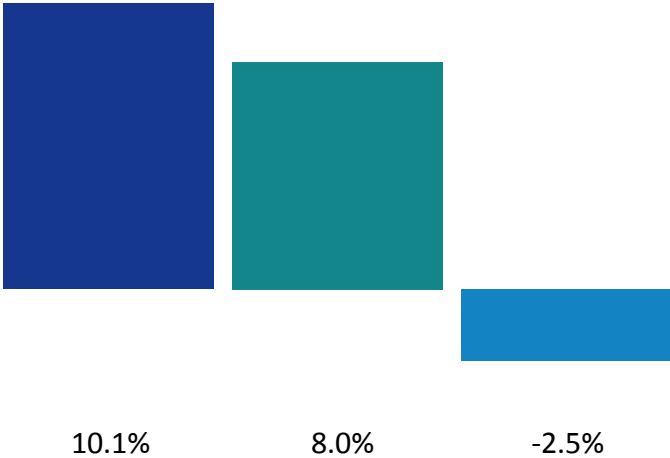


Personal Trust Growth - Accounts
2016 - 2017

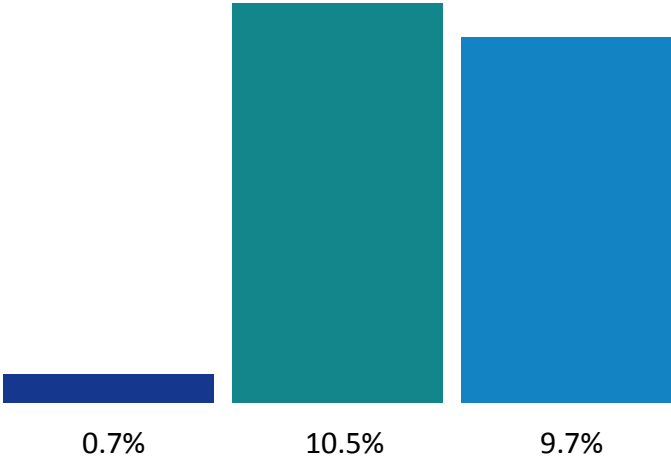


- Anytown Trust Co.
- Peer Group
- Universe

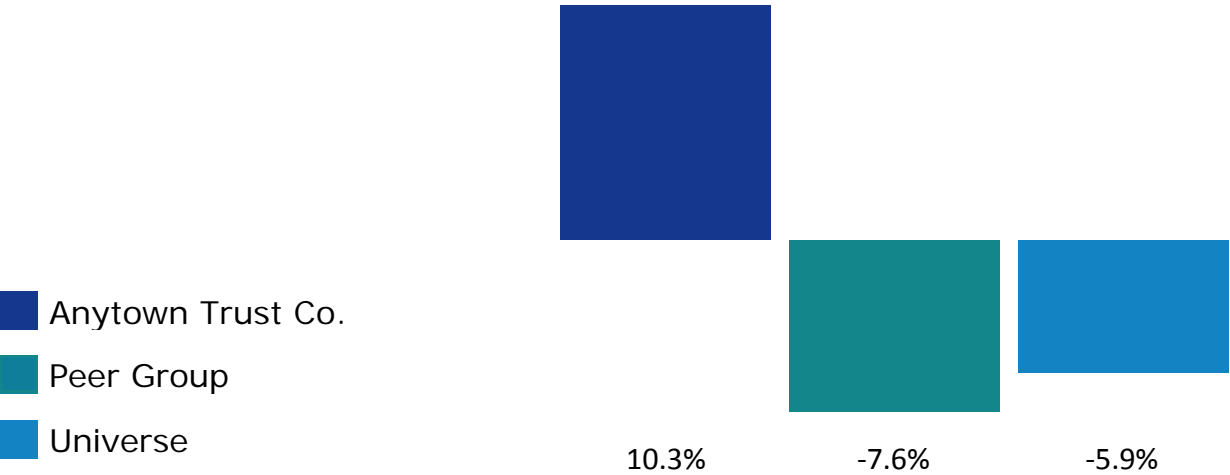
Investment Advisory Growth - Assets
2016 - 2017



Investment Advisory Growth - Fees
2016 - 2017

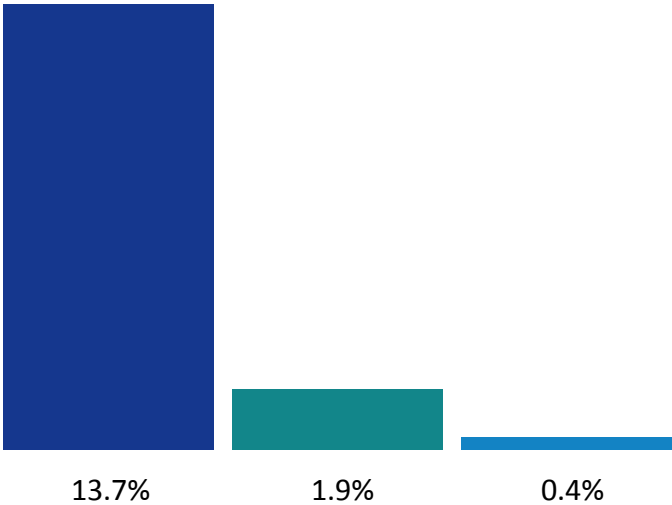


Investment Advisory Growth - Accounts
2016 - 2017

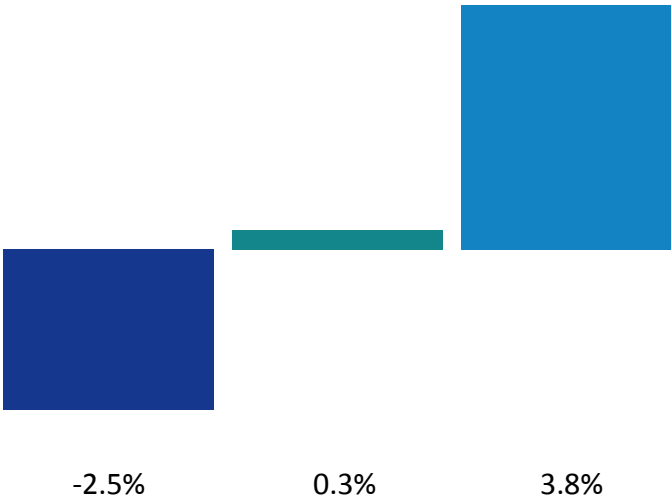


- Anytown Trust Co.
- Peer Group
- Universe

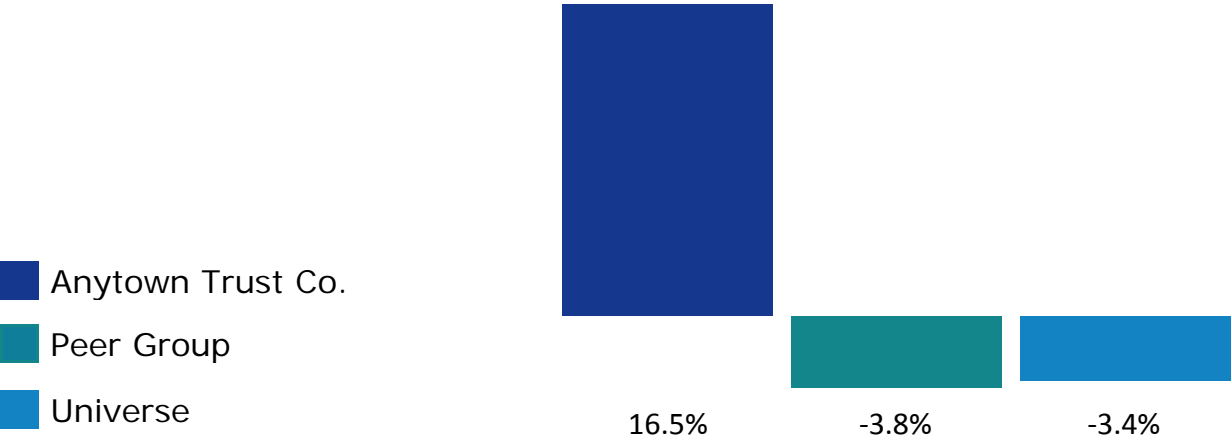
Retirement Planning Services (RPS)
Growth - Assets 2016 - 2017



Retirement Planning Services (RPS)
Growth - Fees 2016 - 2017

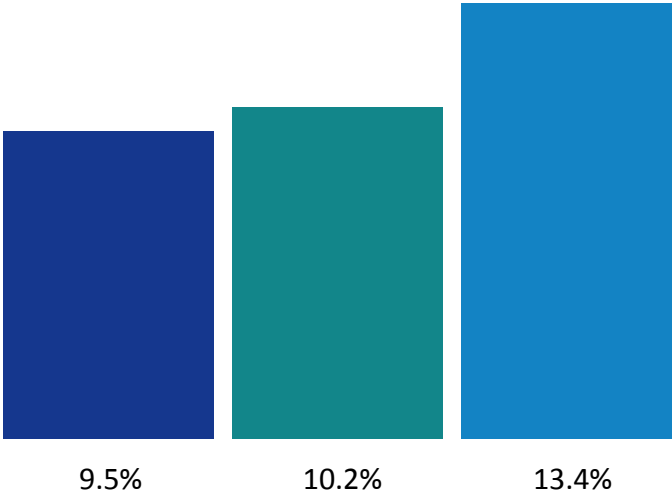


Retirement Planning Services (RPS)
Growth - Accounts 2016 - 2017

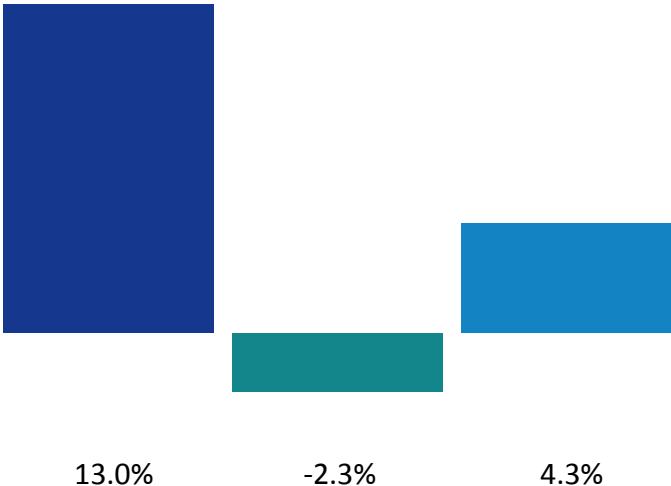


Retirement Planning Services (RPS) includes managed and non-managed employee benefit accounts.

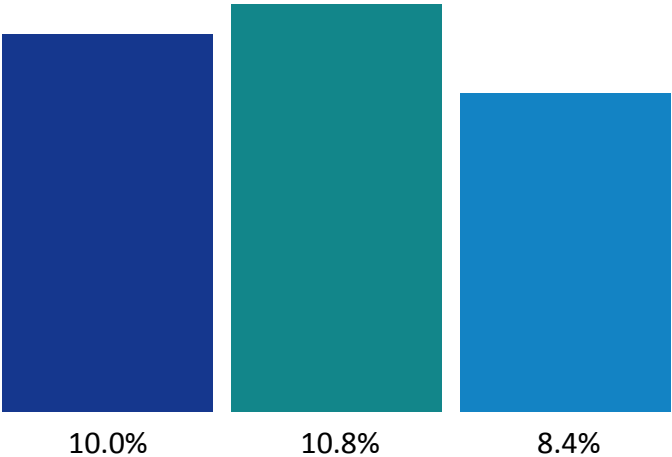
Custody Growth - Assets
2016 - 2017



Custody Growth - Fees
2016 - 2017



Custody Growth - Accounts
2016 - 2017



- Anytown Trust Co.
- Peer Group
- Universe

Section 3. Conversion Ratios



Conversion Ratios

Compare Conversion Ratios to the Peer Group to evaluate your organization's ability to generate revenue. The Peer Group is based on the operations model required to generate a given level of revenue and is a good point for comparison. Your overall conversion ratio is lower than that of your Peers.

On a product line basis, your conversion ratio results are equally spread between product lines, with some lower and some higher than your peers, which suggests that you are similarly than your peers, which suggests that you are slightly less successful at turning assets into revenues.

It is important to consider any product line differences when calculating and comparing

	Anytown Trust Co.	Peer Group
Personal Trust	1.04%	0.87%
Investment Advisory	0.88%	0.65%
Employee Benefits	0.71%	0.74%
Custody	0.05%	0.07%
IRAs	0.00%	0.00%
Total	0.40%	0.51%

The Conversion Ratio is calculated as $(Revenue / Assets) * 100$, and measures the institution's ability to convert assets into revenues. Conversion ratios vary based on the amount of labor required to manage accounts as well as the margin generated within each product line. For example, custody accounts generally yield a lower conversion ratio than personal trust accounts, but are also less labor intensive. Fee integrity and business mix are both key components to an organization's overall conversion ratio.

Conversion Ratios

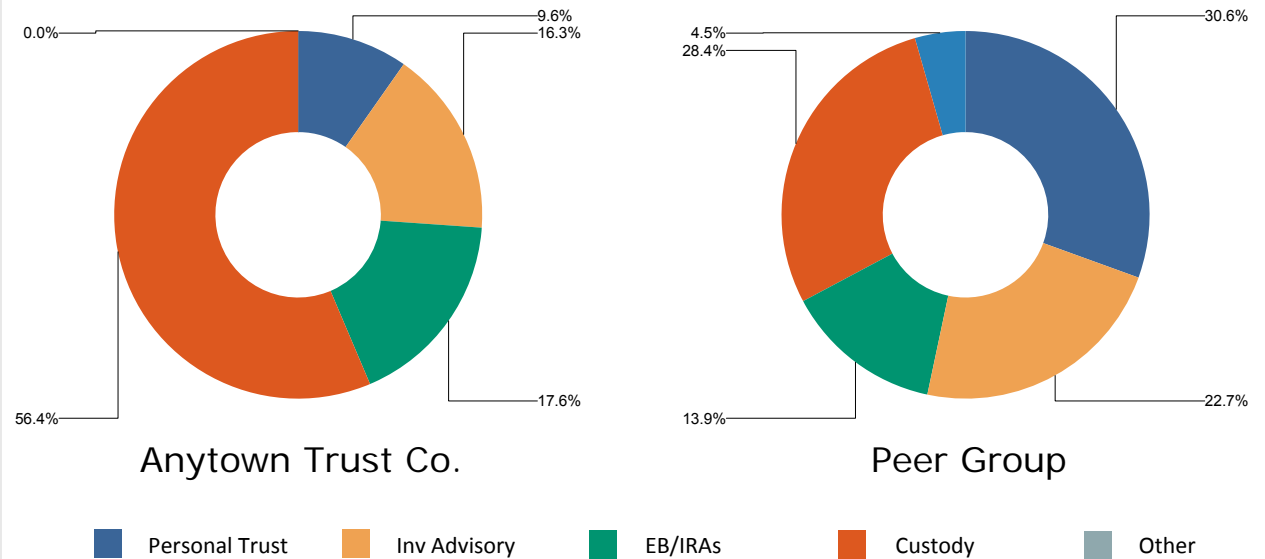
A key part of Conversion Ratios is not only the relationship between assets and revenues, as well as the product lines that comprise your business.

The graphs at the right allow you to determine the balance between the assets you hold and the revenues those assets generate. Variation in product line margins and your internal fee integrity can explain differences between the two graphs.

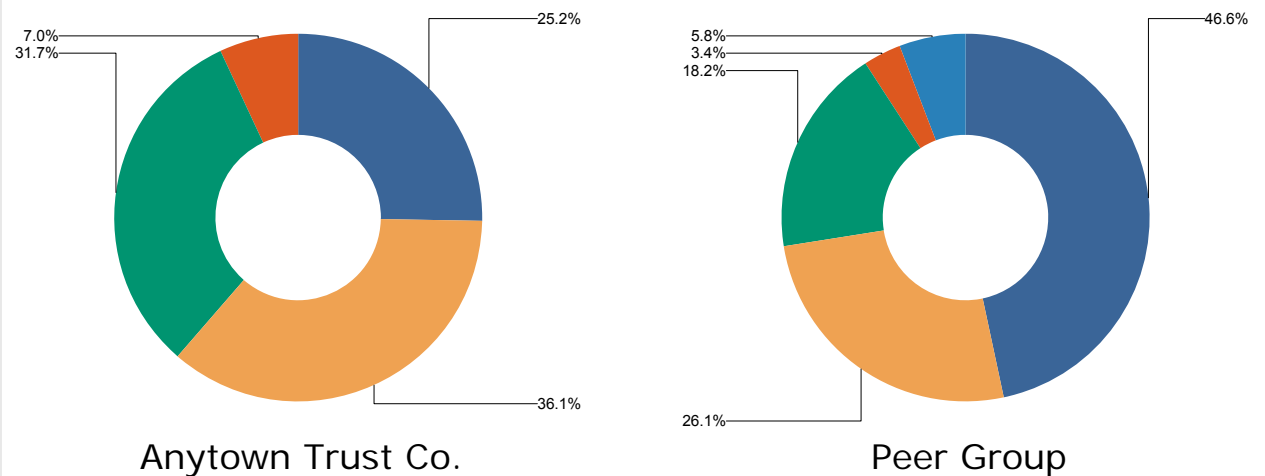
Comparison to your peer group results provides an opportunity to judge if your conversion ratios differ due to product mix decisions, fee structure, or staff capabilities.

There are multiple components to the conversion calculation, requiring thoughtful analysis.

Distribution of Assets

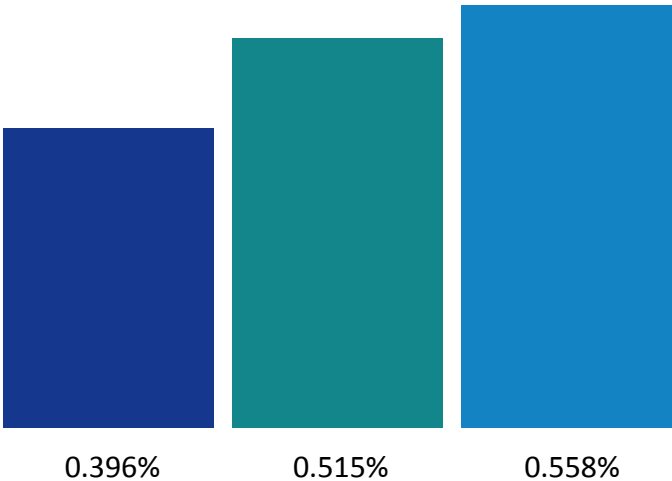


Distribution of Revenue

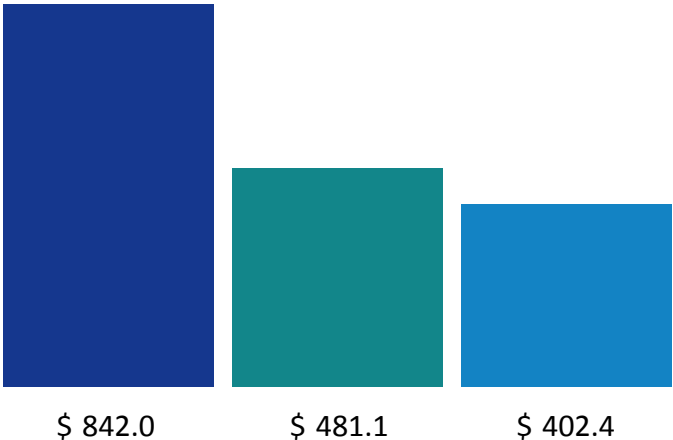


Anytown Trust Company

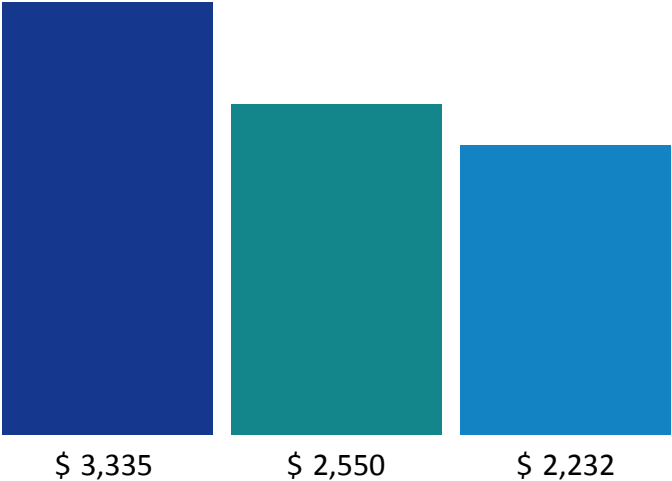
Conversion Ratio - Total Products
Excludes Non-Product revenues and assets



Assets per Account - Total Products
 \$000



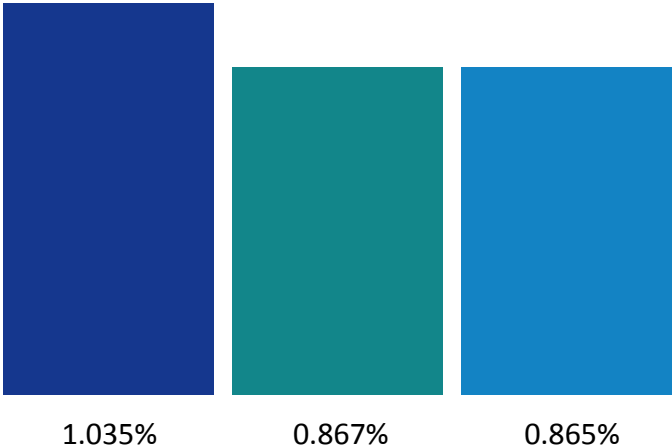
Fees per Account - Total Products
Excludes Non-Product Fees



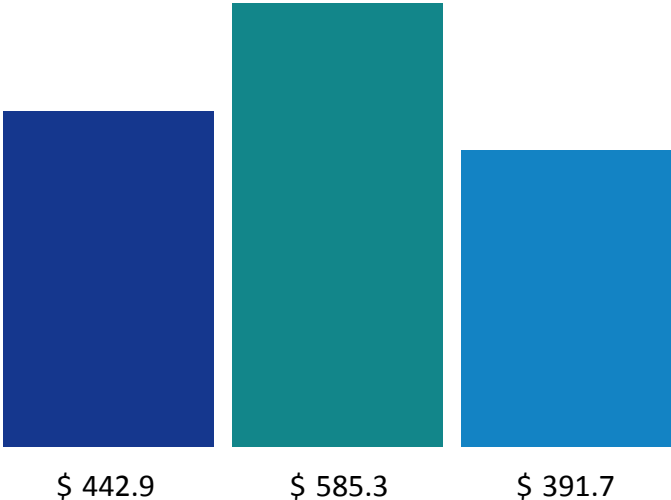
- Anytown Trust Co.
- Peer Group
- Universe

Anytown Trust Company

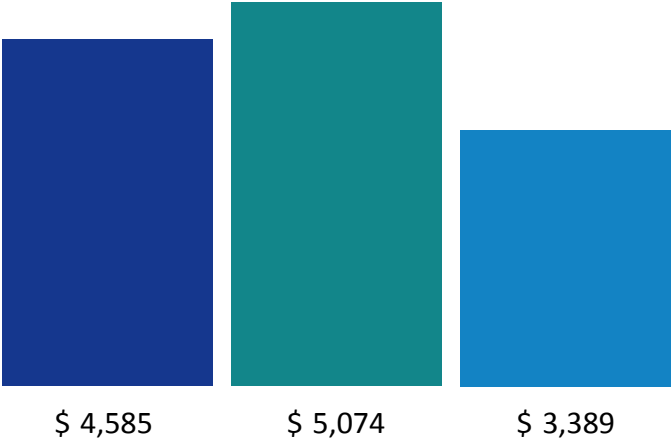
Conversion Ratio - Personal Trusts



Assets per Account - Personal Trusts
\$000



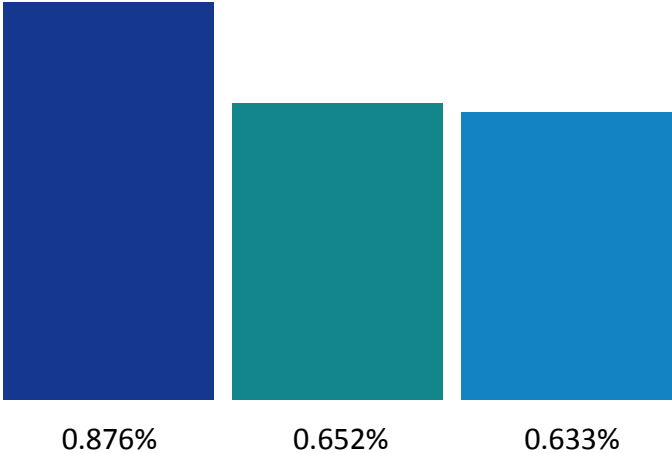
Fees per Account - Personal Trusts



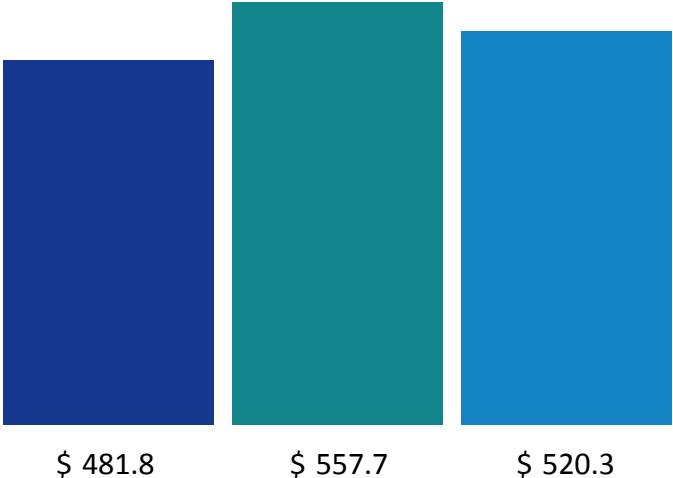
- Anytown Trust Co.
- Peer Group
- Universe

Anytown Trust Company

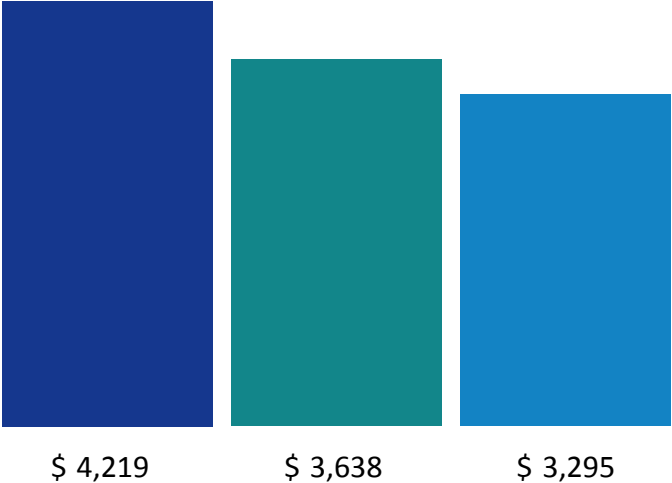
Conversion Ratio - Investment Advisory



Assets per Account - Investment Advisory \$000



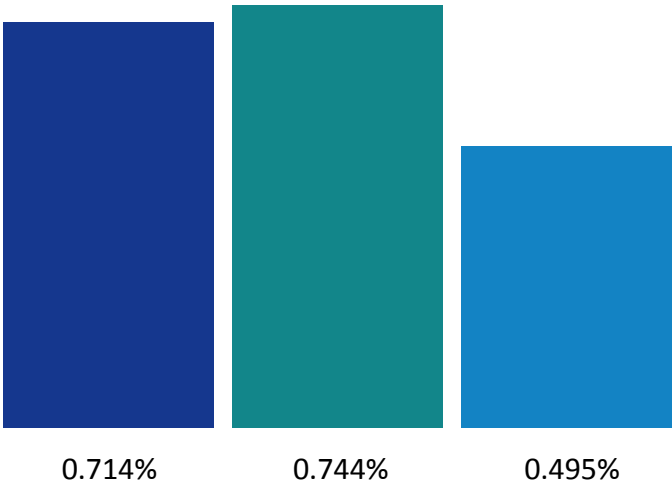
Fees per Account - Investment Advisory



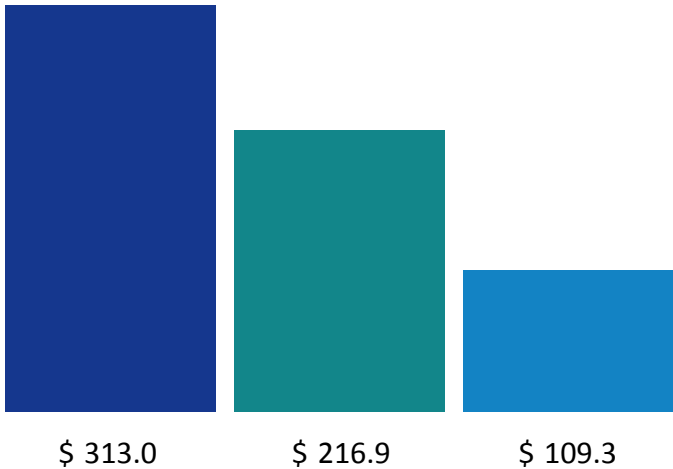
- Anytown Trust Co.
- Peer Group
- Universe

Anytown Trust Company

Conversion Ratio - Total RPS

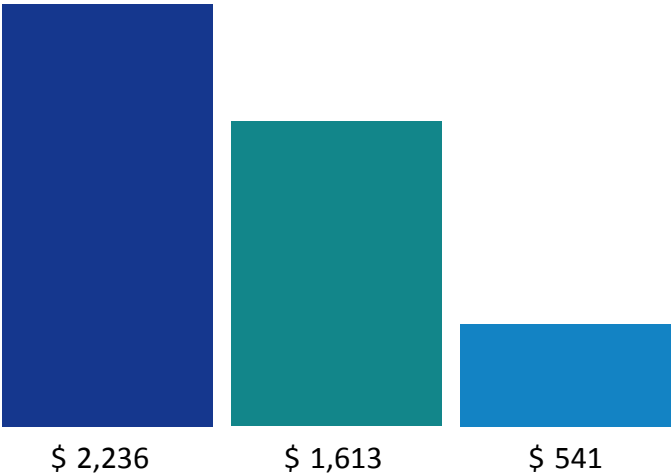


Assets per Account - Total RPS
\$000

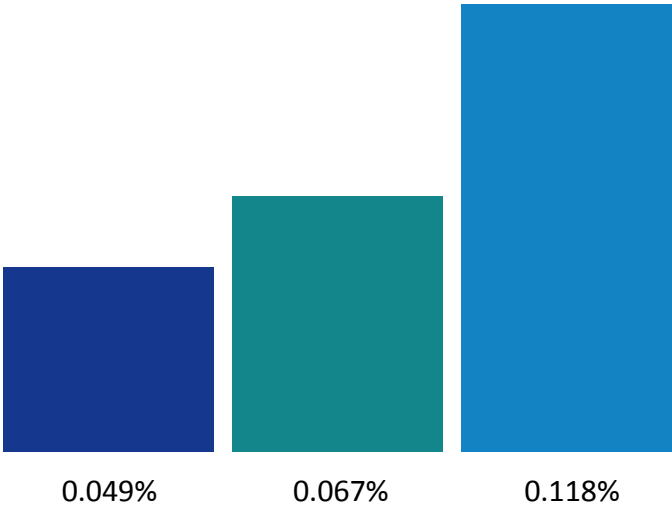


Fees per Account - Total RPS

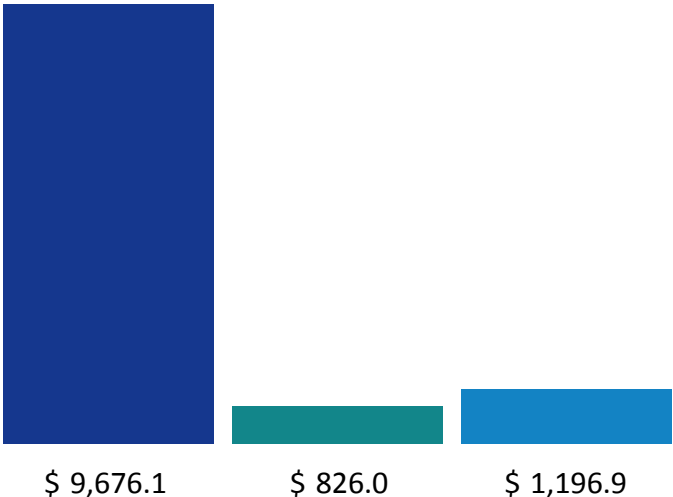
- Anytown Trust Co.
- Peer Group
- Universe



Conversion Ratio - Custody



Assets per Account - Custody
\$000



Fees per Account - Custody



Section 4. Productivity, Staffing and Other Ratios

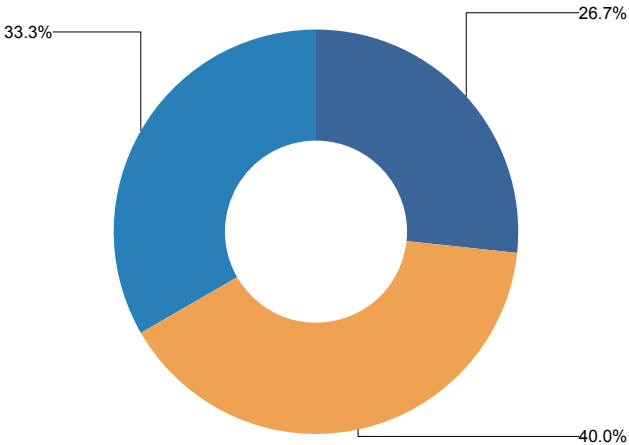


Staffing Distribution

The composition of your staff can have a major impact on your overall ability to generate profits. The graphs at right compare the distribution of your FTEs to your peer group, using a highly simplified classification of roles; the breakdown includes those servicing and supporting clients, investing, back office operations, and management.

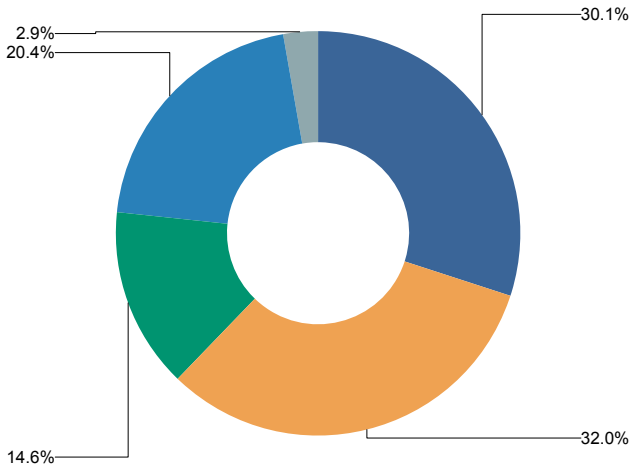
Managing your staffing levels is a balancing act between the roles that interact with clients and directly generate revenue versus those roles that provide organizational support that maintains revenue. The balance is influenced by many factors, such as product mix, technology, staff competency, and overall operational efficiency.

Your results versus your peers can yield insights into your profit generation and productivity.



Anytown Trust Company

- Rel Mgmt
- RM Support
- Investments
- Operations
- Gen'l Mgmt
- BDOs



Peer Group

Productivity

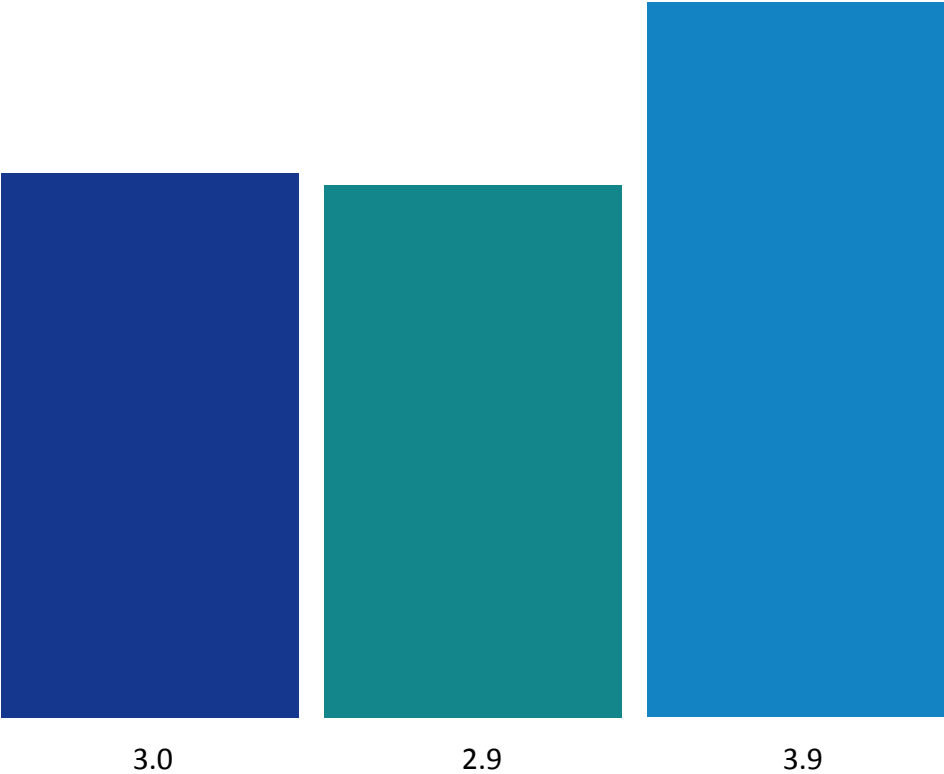
Productivity metrics measure various data points against a subset or all of your FTEs. These metrics can provide insights into your workloads and performance when compared to your peer group.

As with most metrics, productivity only tells part of the overall story. Is your staff simply more efficient than your peers, or are you in more profitable lines of business? A careful review of the various metrics in this section can show where your staff is deployed to serve clients and generate revenues, and how effective they are at doing so.

Evaluating your productivity metrics might also identify product lines that are not producing revenue at the same rate as your peers. This can help you identify inefficient processes or under-performing staff.

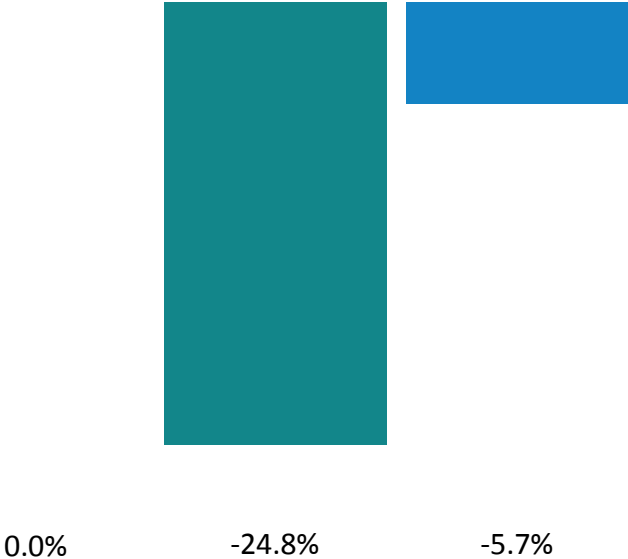
	Anytown Trust Co.	Peer Group
Total FTEs	3.0	2.9
FTE Growth	0.0%	-24.8%
Management FTEs to Total FTEs	33.3%	6.8%
RM FTEs to Total FTEs	26.7%	35.2%
Revenue per FTE	\$249,000	\$168,409
Assets per FTE	\$62,871,667	\$31,780,057
Accounts per FTE	75	66

Number of Employees
as Full Time Equivalent (FTE)

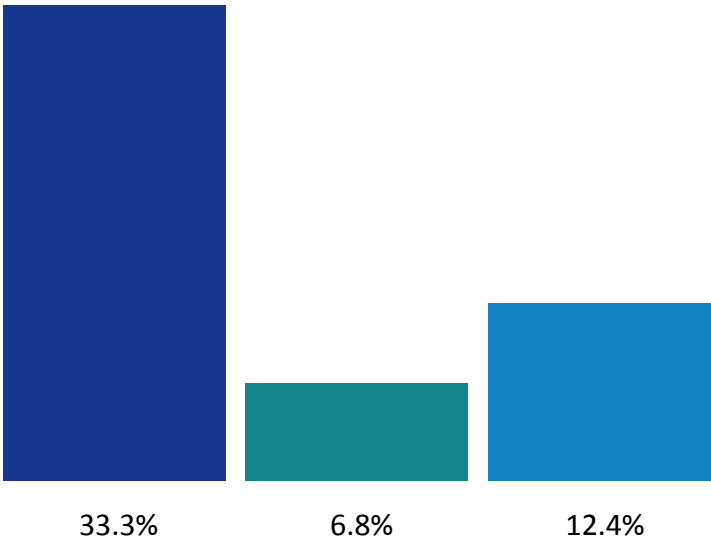


- Anytown Trust Company
- Peer Group
- Universe

Employee Growth 2016 - 2017

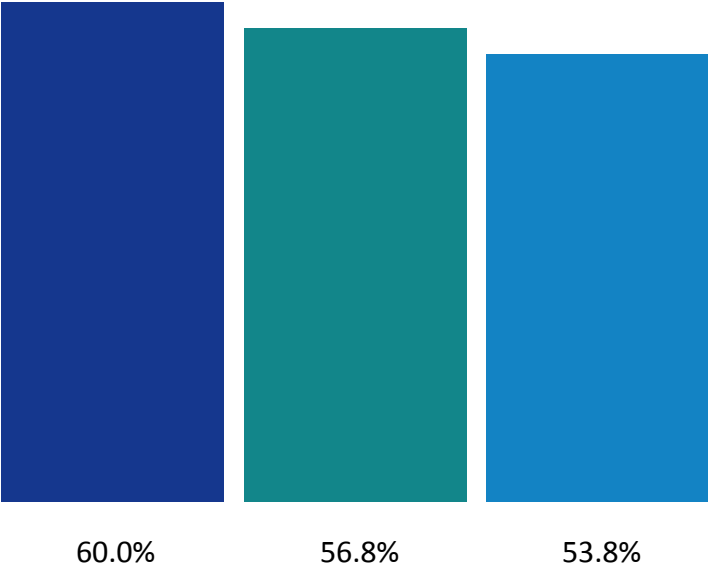


Management FTEs to Total FTEs

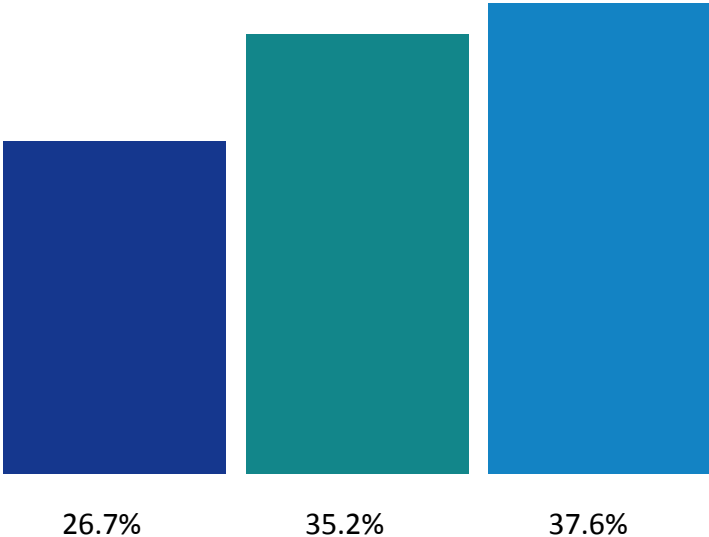


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- Peer Group
- Universe

Officer FTEs to Total FTEs



Relationship Manager FTEs to Total FTEs

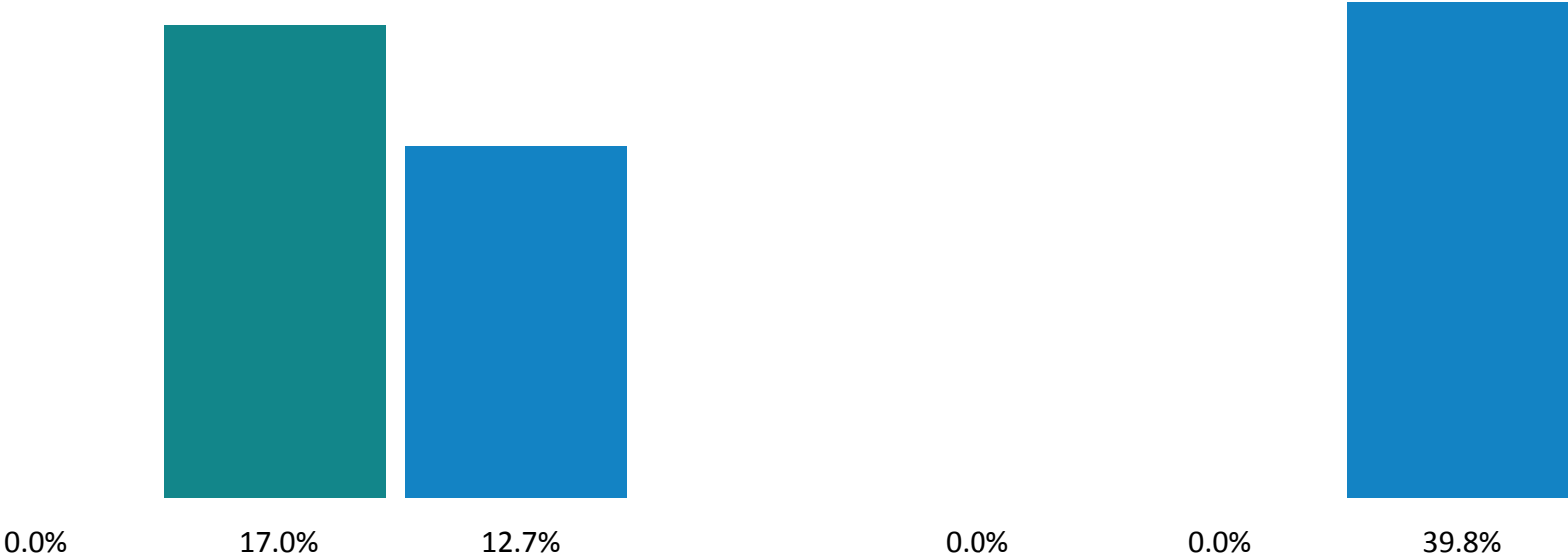


- Anytown Trust Company
- Peer Group
- Universe

Anytown Trust Company

Investment Staff to Total FTEs

Operations FTEs to Total FTEs

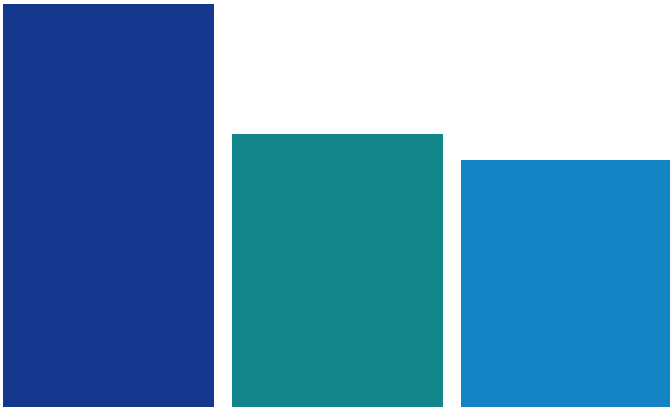


- Anytown Trust Company
- Peer Group
- Universe

Anytown Trust Company

Total Revenue per Total Employees

Total Accounts per Total Employees



\$ 249,000

\$ 168,409

\$ 152,742

74.7

66.1

68.4

Total Assets per Total Employees
\$000

- Anytown Trust Company
- Peer Group
- Universe



\$ 62,871,667

\$ 31,780,057

\$ 27,540,435

Anytown Trust Company

Managed Revenue per Relationship Manager \$000



\$ 695,000 \$ 548,065 \$ 418,129

Managed Accounts per Relationship Manager



211.0 167.6 159.3

Managed Assets per Relationship Manager \$000



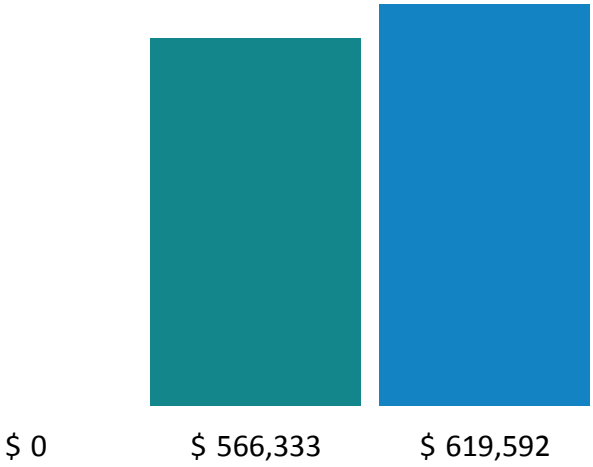
\$ 82,169 \$ 71,282 \$ 58,781

Relationship Manager FTEs include:
 Personal Trust RMs
 RPS/EB/Administrators/RMs
 Other Administrators/RMs

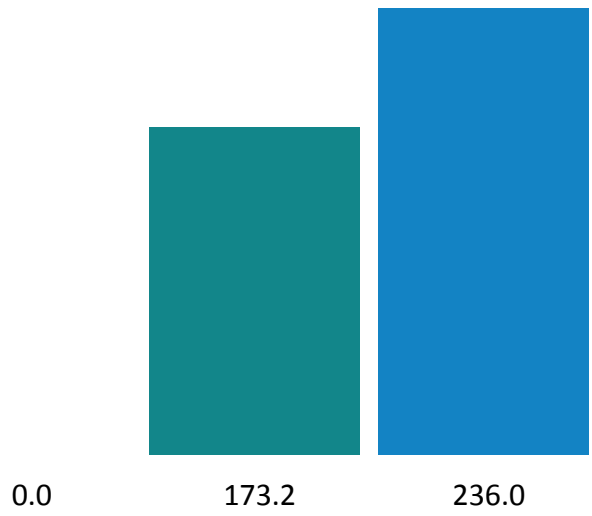
- Anytown Trust Company
- Peer Group
- Universe

Anytown Trust Company

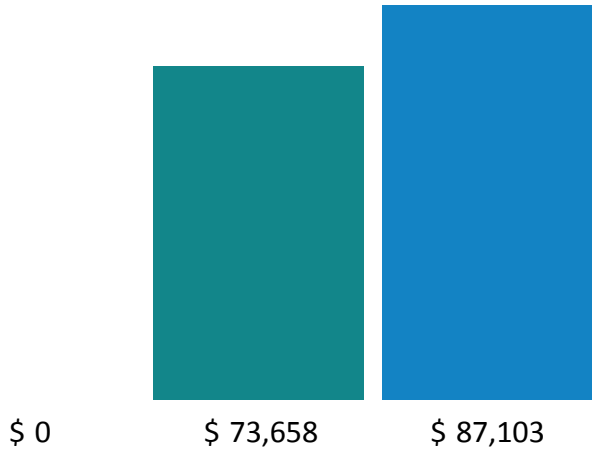
Managed Revenue per Total Investment Staff \$000



Managed Accounts per Total Investment Staff



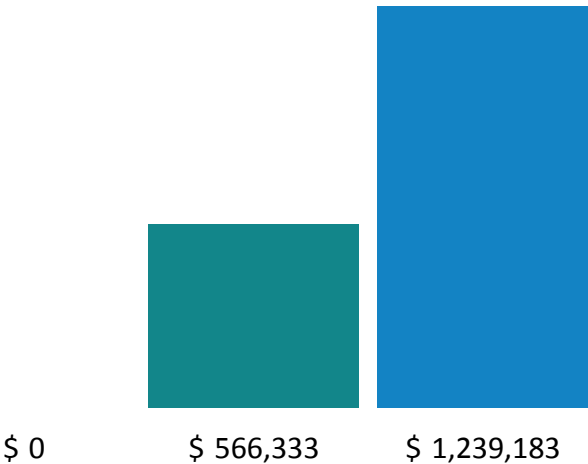
Managed Assets per Total Investment Staff \$000



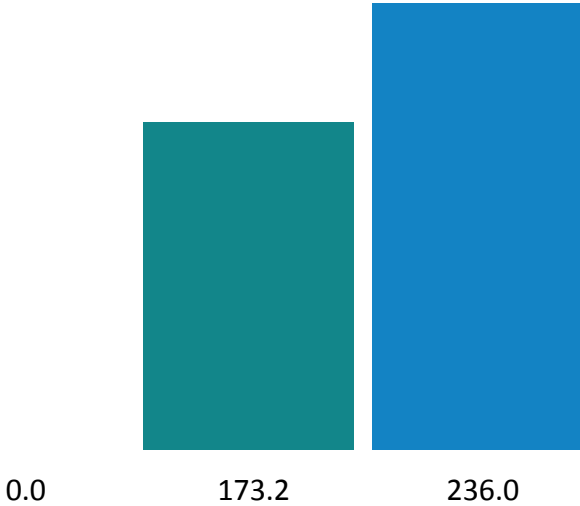
- Anytown Trust Company
- Peer Group
- Universe

Anytown Trust Company

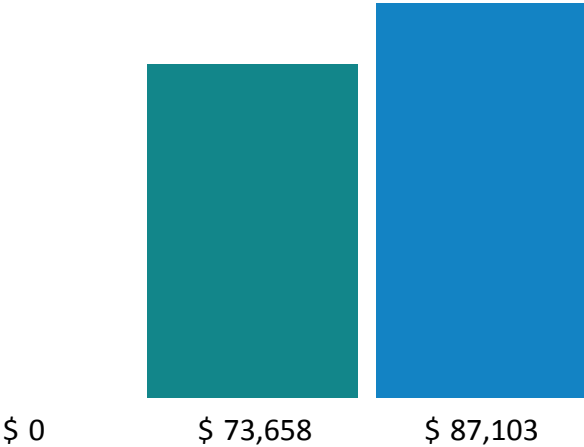
Managed Revenue per Portfolio Manager \$000



Managed Accounts per Portfolio Manager



Managed Assets per Portfolio Manager \$000



- Anytown Trust Company
- Peer Group
- Universe

Anytown Trust Company

RPS Revenue per Total RPS Staff
\$000

RPS Accounts per Total RPS Staff

\$ 0 \$ 0 \$ 0 0.0 0.0 0.0

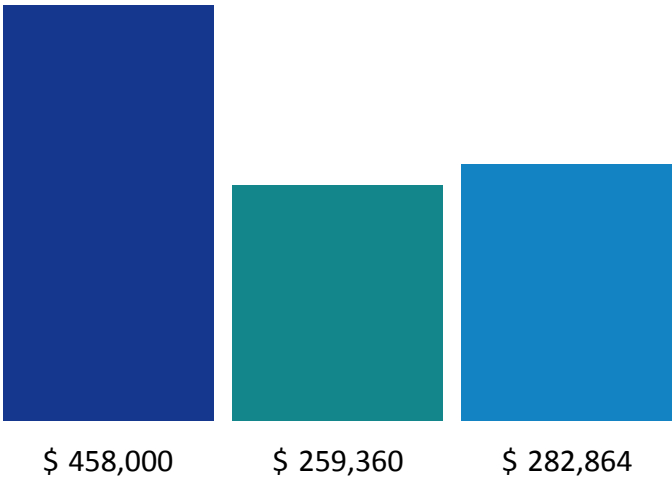
RPS Assets per Total RPS Staff
\$000

- Anytown Trust Company
- Peer Group
- Universe

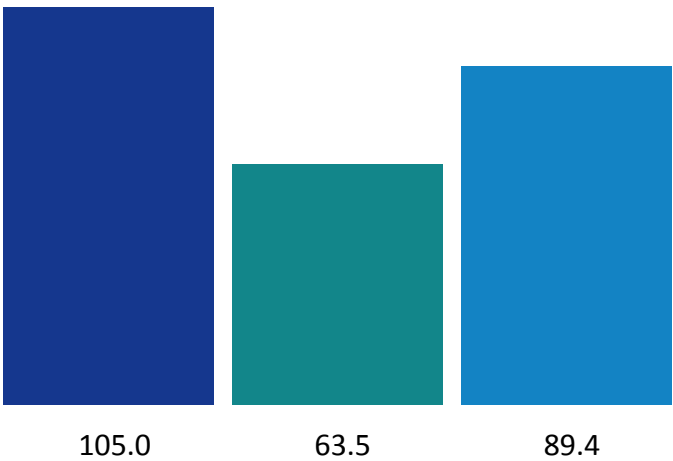
\$ 0 \$ 0 \$ 0

Anytown Trust Company

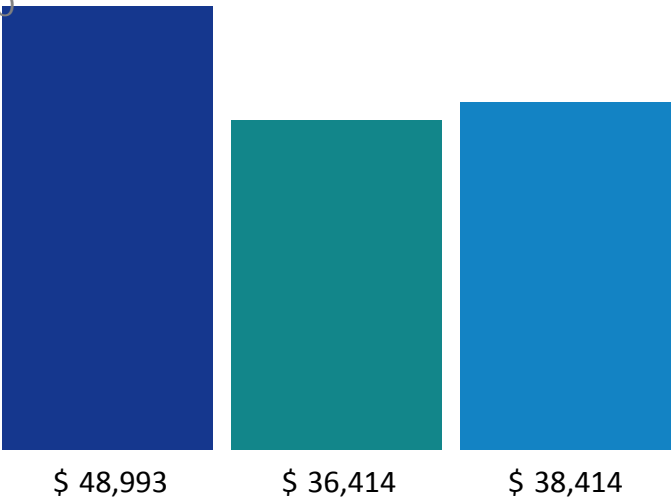
Trust Revenue per FTE
Personal Trust / Investment Advisory
 \$000



Trust Accounts per FTE
Personal Trust / Investment Advisory



Trust Assets per FTE
Personal Trust / Investment Advisory
 \$000



- Anytown Trust Company
- Peer Group
- Universe