



PRIVATE TRUST GROUP OF AMERICA

A Strategic Resourcing Partner for Wealth Management Professionals

Sharing Ideas ~ Building RelationshipsSM

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Change is the incubator for success. We can embrace change and be energized by the opportunity, or we can shy away from it and become paralyzed by inaction.

VOLUME I ISSUE 3

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Loss Leader or Profit Center?

Rightly or wrongly, the profitability (or lack thereof) of a bank's trust department often determines the intrinsic value of the department as a whole...

Profitability...has a significant impact on the perceived value of a trust department executive's role within the bank.

Some bank executives are resigned to offering trust services to round out their bank's financial service offerings - even if it negatively impacts the P&L. It does not have to be that way.

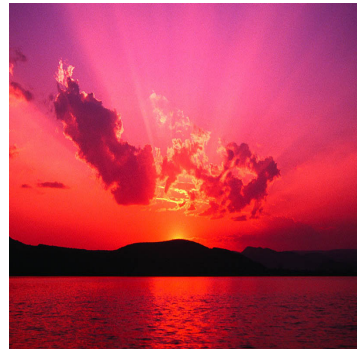
Although serious consideration should be given to adopting

modified pricing models to differentiate various levels of service, the pressures of a highly competitive marketplace generally prohibit the ability to increase fees. Therefore, the only logical place to look for any meaningful improvement to the bottom line is to explore other value added revenue enhancing opportunities and to consider effective cost cutting measures.

Today's technology, coupled with a plethora of service alternatives (both bundled and un-bundled), allows even a start-up trust department to become profitable in a relatively short time. For start-ups and established trust departments alike,

the need for expensive in-house investment management teams or trust accounting systems has been reduced or, in some cases, completely eliminated.

It is now possible, for example, for a trust department to offer a full range of trust, estate and wealth management services without the costly infrastructure, and with far superior results at a fraction of the cost.



Each new day brings unexpected challenges.

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PTG and Massachusetts Savings Bank Complete Outsourcing Agreement

Private Trust Group of America (PTG) recently signed an Agreement with a Massachusetts Savings Bank to provide a seamless, private label outsourcing solution for the Bank's trust products and related services.

The conversion from a leading national trust accounting service provider to the PTG platform was completed on budget and ahead of schedule.

According to a key Bank official, "Entrusting a firm with complete

responsibility for trust operations demands the highest level of due diligence. The integrity, competence and experience my Bank found in Private Trust Group of America made us completely comfortable in making our outsourcing decision."

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Sandi Lotito, a spokesperson

for PTG, said, "While each conversion is different, there is one common theme that guarantees results. The success of any conversion can be measured in direct proportion to the amount of time spent on the front end. In other words, there is no substitute for preparation."

Industry Trends

▶ Oklahoma and Missouri have passed asset protection trust legislation—bringing the tally to seven states that allow settlors to create trusts for their own benefit that also will be protected from future creditors. The other states are Alaska, Delaware, Nevada, Rhode Island and Utah.

▶ Wealth Management is the fastest growing sector of the financial services industry.

▶ The number of families with intergenerational wealth is

growing at 12% per year (Merrill Lynch/Gemini Consulting World Wealth Report, 2000.)

▶ Competitors are crowding into the industry. Clients are more demanding. Margins are vanishing. Long-term profitability is threatened. (“How to Make Money in Wealth Management” by Elizabeth Bloomer Nesvold, Managing Director, Berkshire Capital Securities.)

▶ Outsourcing back office

operations is rapidly becoming a “best practices” model for successful trust departments and wealth management offices.

▶ Bank Compliance examiners are focusing more attention on a “top down” risk management approach that puts more emphasis on the responsibilities of upper management. (FDIC Supervisory Insights—Compliance Examinations: A Change in Focus.)

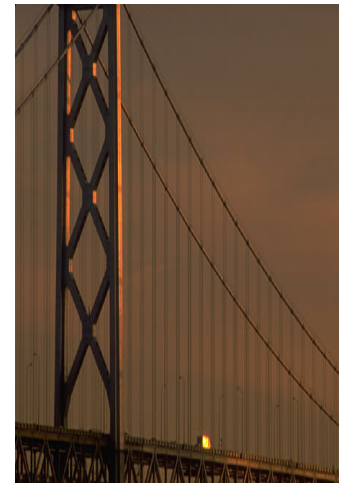
FDIC examiners focus more attention on “top down” risk management, putting more emphasis on the responsibilities of upper management.

PTG Signs Services Agreement with Edgewood Services, Inc.

Private Trust Group of America (PTG) is pleased to announce that it recently signed an agreement with Edgewood Services, Inc., which will allow

PTG to process trades for its clients via TrustConnectTM, an automated interface trading platform for mutual funds. Edgewood is a division of Fed-

erated Investments, one of the nation’s largest investment management organizations with assets under management of nearly \$184 billion.



The Gateway to Opportunity

Administration and Operational Tips

How to Prepare for an Audit: This is the third installment of a five-part series designed to assist trust department personnel with preparing for an audit. Les Revzon, who has over 35 years’ experience in providing auditing, regulatory, operational and compliance services to the financial industry, assisted with the development of this series.

planned the logistics of where the auditors will be camping out (*Part II of Series*); now, you must set the tone for a successful audit by subtly determining who is in control.

Les Revzon — Over 35 years’ experience in providing auditing, regulatory, operational and compliance services to the financial industry.

Part III — Who’s in Control?

You knew they were coming and you assembled the requested information (*Part I of Series*); you have carefully

Contact Person — Determine who will be an effective liaison between the auditors and other key bank personnel. This per-

son should be a good listener who can effectively communicate the needs of the auditors and obtain the requested information from proper sources from within the bank. He/She should check with the auditors twice daily to determine needs.

Key Staff — Prepare a master schedule of key staff members with telephone contact numbers and general availability.

Track Requests — The contact person should prepare a

daily list of requests, questions and responses from various parties. This should be the centerpiece for a daily debriefing session with all key bank personnel and the basis for a final overview of the process.

Daily Debriefings — At the end of each day, bring all key bank personnel together for a debriefing of the day’s events. Be sure to point out any specific areas of concern to ensure a prompt response or timely resolution.

Next Installment: *Day One*

Private Trust Group of America specializes in providing administrative and operational support to trust departments and wealth management offices nation wide. Our executive staff has over 100 years of combined trust and related technology experience, and our professional staff’s average experience exceeds 22 years. Please take a moment to review our website at www.privatetrustgroup.com for an overview of our services.