



Keith Banks

The Business of Helping Families

An Interview with Keith Banks,
President of U.S. Trust, Bank of America Private Wealth Management

EDITORS' NOTE Keith Banks also oversees Global Wealth & Investment Management Banking and Bank of America Global Capital Management. Banks previously served as President of Global Private Client, Institutional and Investment Management for Bank of America. During his career at Bank of America, he was also President of Global Wealth & Investment Management and President and CIO of Columbia Management. He joined Bank of America in April 2004, following FleetBoston Financial's merger with Bank of America. Previously, he served as Chief Executive Officer and Chief Investment Officer of FleetBoston Financial's asset management organization. Prior to that, Banks was a managing director and head of U.S. equity for JP Morgan Investment Management for four years. During his 16-year career at JP Morgan, he also served as Global Head of Equity Research and, earlier, as head of U.S. equity research and a portfolio manager for 10 years. He began his investment career as an equity analyst at Home Insurance in 1981. Banks earned his bachelor's degree in economics, magna cum laude and Phi Beta Kappa, from Rutgers University and his M.B.A. degree in finance from Columbia Business School. He is a Chartered Financial Analyst.

COMPANY BRIEF U.S. Trust (www.ustrust.com) provides integrated investment, trust, banking, and lending services to wealthy and ultra-wealthy clients. Bank of America Global Capital Management (www.bofacapital.com; BofA) offers money market funds, offshore funds, customized separate accounts, and sub-advisory services to institutions and high-net-worth individuals. U.S. Trust and BofA Global Capital Management are part of Bank of America's Global Wealth & Investment Management organization (www.bankofamerica.com), which provides comprehensive wealth management to affluent and high-net-worth clients, as well as retirement and benefit plan services,

philanthropic management, and asset management to individuals and institutions. Global Wealth & Investment Management Banking, delivers a broad range of customized banking, credit, and lending solutions to help meet the needs of high-net-worth and ultra-high-net-worth individuals.

How has U.S. Trust thrived despite volatility in the markets?

We have thrived by staying 100 percent focused on the families we serve. U.S. Trust is a company with 200 years of history serving multiple generations of families – that's a wonderful legacy that we take seriously and are committed to sustaining. We understand that each generation is different than the one before it, that each family has its own dynamic, and that each member of each family is unique.

We can ask clients to entrust us with the financial well-being of their families because we offer two critical things: a powerful platform with the depth and breadth of expertise and capabilities to meet their families' broad-based wealth management needs; and the ability to deliver those solutions in a manner that is customized and high-touch. We accomplish this through teams of locally based client service professionals who understand our clients' aspirations and risk tolerance.

The nucleus of our client service teams is the private client advisor who serves as the primary interface on a daily basis. The advisor will ultimately broaden the team to include a portfolio manager, trust officer, and wealth strategist, among other professionals, who can apply their unique expertise to build solutions for our clients.

Is it tough to get the message across about that differentiation?

It's easy to say but tough to do. There are three key pillars of our U.S. Trust platform: credit and banking; investment management and trust; and wealth structuring.

In our credit and banking segment, we provide services such as deposit strategies and credit – everything from serving as the biggest fine art lender in the country to providing customized mortgages, as well as yacht and aviation financing.

Our investment management platform is second to none. Several years ago, when some of our competitors were cutting costs by reducing their investment management offering, we

invested in ours. We hired some of the industry's best investment talent to offer customized solutions to compliment our open architecture platform. We are also the biggest trust company in the U.S. being twice as large as our next competitor by client assets.

Our third segment, wealth structuring, includes estate planning, succession planning, philanthropy, and similar solutions, which are important to our clients.

In addition, we also have a multi-family office in U.S. Trust as well as a Specialty Asset Management group that acquires farmland, timberland, and oil and gas properties for our clients.

Clients will most likely come into U.S. Trust through one of the aforementioned segments of our platform. Over time, we bring more of our expertise and capabilities to bear on our clients' needs. As this happens, our clients begin to understand the full depth and breadth of our platform and how we can provide a comprehensive solution.

Do these three channels work closely together?

They do more than just work together – it's truly an integrated team. For U.S. Trust, it's not about selling products; it's about building strategic client relationships that span generations. It is critical that we deliver the full scope of the U.S. Trust platform in a seamless and integrated manner. We also have the ability to deliver all of Bank of America if that is what the client needs, including commercial banking, business banking or global investment banking, among others.

How much of a niche is your target market? Is it strictly top-tier?

It's broader than that. To become a client of U.S. Trust, the required level of investable assets is \$3 million or above, although we also manage assets for clients in the \$1 to \$3 million range. Our clients run the gamut from millionaires to billionaires.

How far have you gone in providing the expected technology and how do you avoid losing the personal touch?

We make sure we understand not only our clients' needs but exactly how they want us to deliver on and meet those needs – this is where technology comes into play.

Three years ago, we established our first Client Advisory Council, a group of our clients that meet with us twice a year to provide advice and guidance and to ensure that we are in sync with

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their evolving needs. These meetings have been a great success. Today, we have five Client Advisory Councils involving approximately 100 clients.

How critical is it to maintain the culture of innovation within the firm, despite your success, which can lead to complacency?

It's necessary for a company to evolve, and it's a balance between preserving the things that make U.S. Trust what it is and making sure we remain current on what is most important to our clients. It's also important to continue to raise the performance bar on ourselves to ensure success never breeds complacency.

We're a two-century-old firm. We understand that culture and tradition are powerful and partly why our clients trust us. But it's critically important for our clients to know that we are innovative in responding to changing conditions and new demands. The Client Advisory Councils provide us with insights that are the seeds for this innovation.

Do new programs come about as a result of these discussions?

Yes. During some of our initial meetings with our first Client Advisory Council, one of the topics we discussed was intergenerational wealth transfer. Clients are concerned that their children or grandchildren are not sufficiently prepared to be good stewards of that wealth when it does transfer to them.

We already had been working on trying to develop a program that would help families educate and prepare their children to handle their wealth responsibly. So we used the insights from our Client Advisory Council to develop the framework for what became our Financial Empowerment program. It is a customized program designed to help 20- to 30-year-olds build the knowledge necessary to handle the wealth they will inherit.

Another program under our Family Wealth Services banner is the Elder Care program. We were getting calls from clients who were dealing with their elderly parents' health issues. We were helping them get everything situated and we realized that, with an aging population, we would be seeing a lot more of this. So we developed a formal Elder Care plan to proactively prepare our clients for the day when they have to deal with the health care needs of their parents or other elderly loved ones.

In terms of recruiting advisors, are you more concerned with intellect or cultural fit?

Advisors need the requisite skills to understand their clients' needs and goals and what risks are appropriate to achieving those goals. There is definitely a lot of skill involved.

But what's equally important is that our advisors want to be part of a team. That's the culture of U.S. Trust – the team supersedes the individual; it's about having advisors who put their clients first and can build a strategic relationship with them. When I meet with our clients around the country, they tell me about how much our teams have helped their families, which reinforces that we're doing it the right way. If our clients don't consider our advisors an extension of their families, then we are falling short.

U.S. Trust operates as a fiduciary, which means we have to demonstrate every day that everything we do for our clients is solely in their best interests. I meet with our regulators and I have to walk them through what we're doing and how and why we're doing it, and demonstrate that our teams are acting in our clients' best interests.

If I was talking to some of your team without you in the room and I asked what it was like to work for you, what would they say?

I'm passionate about U.S. Trust and our clients. I'm a regular guy who rolls up his sleeves and is not afraid to work alongside his teammates. I'm also a

direct and transparent person, which means there is no need to read between the lines. It is apparent what I am saying and asking of them. I give them a vision and strategy as well as the roadmap they need to execute. My job is to help the people who work for me to understand how good they are and, even more importantly, how good they can become.

Do you ever reflect on the successes or are you always looking ahead?

We do stop and appreciate what we've achieved – it's what provides our teams with the confidence that they can achieve even more. The time for that is when a client tells us how we solved a problem for him or made a possibility become a reality. It's the client feedback that is most important.

We also seek objective, quantitative assessments of our performance. Many companies establish metrics to create the optics of success rather than a true report card. We conduct an anonymous survey of our clients, which leads to very candid feedback. We are proud to say that the percentage of our clients that give us the highest satisfaction rating has increased 19 percentage points from 2009 through the end of 2012. I share these report cards with my teammates to help them understand what we are doing right and where we have opportunities to improve.

As we look at the next three years, we are going to grow our business in two ways: by doing an even better job serving our existing clients by bringing in more solutions to meet their needs; and by bringing new clients into U.S. Trust. We know we can do a better job of helping families than most firms, so we want to attract those families and bring them into U.S. Trust. ●

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