“TWEENER” POWER: TRUST, IN MAN AND BANK

Midsized community bank finds niche in trust service--as did its CEO

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By Steve Cocheo, executive editor & digital content manager

Bill Grant and his bank, First United, have something in common: A strong interest in Trust. It’s a distinction that sets both apart from many peers. Being able to maintain a robust and profitable trust operation is one of the “tweener” advantages that $1.43 billion-assets First United enjoys over smaller competitors.

Loving the law of trust

After completing his BA in History at West Virginia’s Wesleyan College, Grant attended Duquesne University School of Law. He realized he had no interest in litigating—“I’m not an especially argumentative person”—and considered becoming a general practice small-town lawyer.

But along the way, Grant discovered an affinity for trust. In fact, he says he “fell in love with trust and estates.” Before long, he set his sights on joining a trust department in one of the large Pittsburgh banks.

“I found it a fascinating area of the law,” says Grant. “It’s old, indeed, it has its roots in the common law.”

But there was a second appeal, beyond the academic: “The main product you are providing in Trust is peace of mind for your customers.”

That appealed to Grant, and he passed both the Maryland bar and, with an eye on Pittsburgh, the Pennsylvania bar.

Fate intervened between Grant and Pittsburgh. He and his wife, Laurie, had met in the tour choir at Wesleyan, where she was a nursing student, and they married in his senior year. During a visit back home in Oakland, Laurie and Courtney Tusing, president of what was then The First National Bank of Oakland, began talking of Grant’s career plans. Tusing himself had come up through the bank’s trust department. He invited Grant to apply to the bank, which he readily did.

So, in 1978, Grant went to work in the trust department. In 1980 he became head of the trust department, and in 1987 he was promoted to executive vice-president, where he headed the entire retail division of the bank. In 1996, he became chairman and CEO of First United.

Grant notes that the work of the trust banker has evolved significantly. In his day, “we used to actually read the annual reports of companies. Not many read those anymore. Now most manage accounts using Morningstar and technical sources like that.”

Trust has grown to over $600 million in assets under management and $200 million in brokerage assets.

One of the advantages First United’s operation has is that trust services and brokerage services come under the same departmental leader. Grant points out that in some other banks the two functions operate separately, sometimes at cross purposes.

Read the February 2012 cover story profile of Grant, who is chairman and CEO at First United Bank, Oakland, Md., and current chairman of ABA’s Community Bankers Council, in the Digital Magazine.

“Our approach is seamless for customers,” says Grant.

A middle-class trust approach

Historically, trust departments focused on estate planning, tax planning, and safekeeping, but the function has evolved, explains Keith Sanders, who now heads Trust.

“More and more of our clients are not coming to us for the traditional trust relationship,” says Sanders, “but for professional management of their retirement assets.”

Sanders says First United’s “sweet spot” is personal accounts of between $100,000 and $3 million, including retirement assets. Many of its current clients are people who left brokerage firms because they want more hand-holding.

“We’re basically competing against the brokers,” says Sanders. In addition to the one-on-one work of the trust officers, organized regionally, First United provides customers with numerous podcasts on investments and related subjects, as well as the bank’s own investment newsletter.

All told, the bank’s Trust staff comes to 34 people, nearly 10% of the bank’s overall workforce.

Many of the trust bankers have been with the company for a decade or more.

“We don’t have a lot of turnover,” says Sanders, “and that’s very important to the trust business. If you’ve poured out your heart and your financial information once, you don’t want to do it with a new person every year.”

Trust continues to be a strong contributor to First United’s results, accounting for about 27% of other operating income, with both increasing asset growth and increasing earnings expected going forward. Perhaps one of Grant’s strongest endorsements of its ongoing benefit is that much of his own family holdings come under trust department management.