



N E W S R E L E A S E

**Michael White-Securities America Report:
Community Bank Investment Programs
Have Best 1st Half in Six Years**

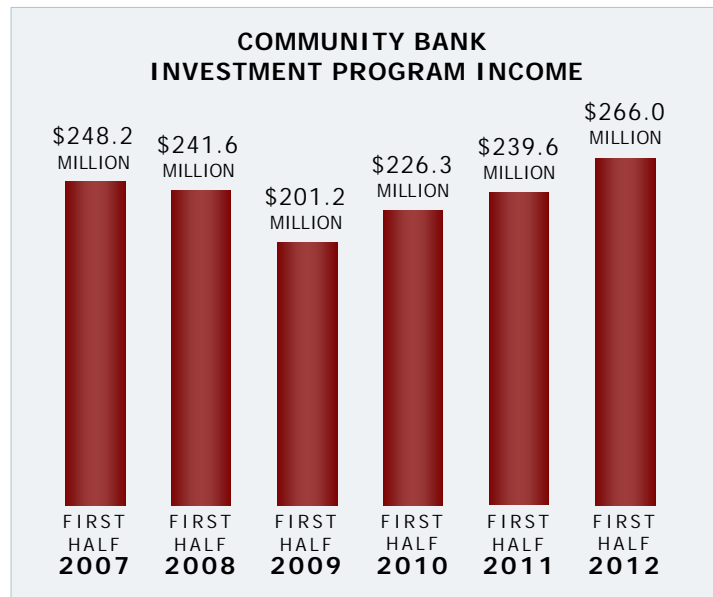
FOR IMMEDIATE RELEASE – Radnor, PA, and La Vista, NE, October 9, 2012 – Community bank investment programs continued to perform well in first half 2012 with double digit growth in securities brokerage fee income and near double-digit growth in annuity commissions, according to the *Michael White-Securities America Report: Community Bank Investment Programs™*.

Sponsored by Securities America and issued by Michael White Associates, LLC, the report measures and benchmarks investment programs at community banks, i.e., banks and savings associations with less than \$4 billion in assets. The current quarterly report is based on data reported by all 7,246 commercial and savings banks and savings associations operating on June 30, 2012. The annual report specially examines the 7,043 community banks among them, further segmenting them into five asset classes whose performance is also analyzed.

“Our latest report finds that first-half community bank investment program revenues are the best they’ve been in the last six years,” said Gregg H. Johnson, Senior Vice President at Securities America. “And, in the second quarter, income from securities brokerage and annuity sales grew nearly 15% and 9.5% over second quarter 2011. Second quarter 2012 had the most program income of any quarter since banks began filing these data in 2007.”

Program Production

In first half 2012, 1,468 or 20.8% of community banks participated in investment program activities, producing \$266.0 million in program income, up 11.0% from \$239.6 million in first half 2011. Second quarter 2012 program income of \$137.7 million increased 7.4% from \$128.2 million in first quarter 2012 and 13.4% from \$121.4 million in second quarter 2011, hitting its highest level in the five-and-a-half years these data have been available.



SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™

These community banks achieved average investment program fee income of \$181,170 in first half 2012, up 7.4% from \$168,614 in first half 2011. Average first-half investment program fee income in 2012 constituted its high-water mark. The number of banks participating in investment program activities was up 3.3% from 1,421 banks in first half 2011 to 1,468 banks in first half 2012.

Program Penetration

The Penetration of an investment program is measured as the amount of program revenue generated per million dollars of core or retail deposits. These deposits substitute as a measure of retail customers and the breadth of the customer relationship, since the data for retail customers or retail households are hard to obtain on a reliable, national, and standardized basis.

“In first half 2012, community banks earned mean investment program income of \$408 per million dollars of retail bank deposits,” said Michael White, president of Michael White Associates and author of the report. “That Penetration Ratio was down 1.4% from the previous year, due to the large amounts of retail deposits. In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$502 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs.”

1ST HALF MEAN PERFORMANCE BENCHMARKS FOR COMMUNITY BANK INVESTMENT PROGRAM INCOME		
MEAN PERFORMANCE MEASURES	1ST HALF 2012	1ST HALF 2011
Production - Dollar Volume	\$181,170	\$168,614
Concentration - % of Noninterest Income (adjusted)	6.09%	7.04%
Penetration – \$ per Million Dollars of Retail Deposits	\$408	\$414
Productivity - \$ per Bank Employee	\$1,256	\$1,236
Density - \$ per Domestic Office	\$26,202	\$26,850

SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™

Program Concentration

Program Concentration calculates the portion of total noninterest income attributable to a specific kind of noninterest fee income. This ratio enables us to know how concentrated or meaningful bank investment programs are among their banks’ non-lending activities.

As a group, community banks achieved a higher mean Concentration of investment program income to noninterest income than larger banks in first half 2012. As a group, community banks attained an adjusted Concentration Ratio of 6.1%, adjusted for banks whose Concentration Ratio exceeded 100% as a result of significant losses on their sale of investment securities and properties. Large banks, those with assets greater than \$4 billion, attained a slightly higher mean Concentration Ratio of 6.4% for the same period, reflecting a switch in the relative position of small and large banks.

Program Productivity

Investment Program Productivity measures the amount of program fee income per bank employee. Program Productivity enables us to assess the relative generation of income among bank employees, which are frequently the important human assets in generating customer referrals and the attendant fee income earned from those customer relationships. In first half 2012, mean community bank Program Productivity was \$1,256 per bank employee, up 1.6% from \$1,236 in first half 2011, and the highest level of first-half productivity since MWA began analyzing these data in 2007. Community banks with assets between \$1 billion and \$4 billion generated the highest level of Program Productivity at \$1,392 in program revenue per bank employee.

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Program Density

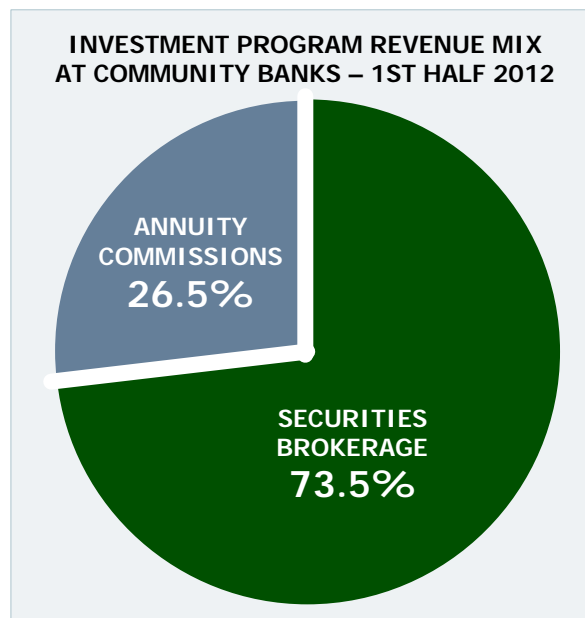
Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Unadjusted mean density per domestic community bank office was \$26,202 in first half 2012, down 2.4% from \$26,850 in first half 2011.

Revenue Mix – Securities Brokerage

In first half 2012, community banks earned securities brokerage fee income of \$195.5 million, up 11.6% from \$175.1 million in first half 2011. Second quarter 2012 brokerage revenues of \$100.8 million were 6.5% more than the \$94.65 million in first quarter 2012 and 15.0% more than \$87.65 million in second quarter 2011.

Security brokerage revenues constituted 73.5% of total investment program income of \$266.0 million in first half 2012, up from a cumulative mix of 73.1% in 2011. Second quarter 2012 securities revenue mix rose 1 point from 72.2% in second quarter 2011 to 73.2%.

Of the 1,468 banks with assets under \$4 billion that reported earning investment program income in first quarter 2012, 1,271 banks or 86.6% reported earning commissions and fees from securities brokerage, and 612 banks or 41.7% reported earning securities brokerage fee income only.



SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™

Revenue Mix – Annuities

Community banks earned annuity fee income of \$70.5 million in first half 2012, up 9.3% from \$64.5 million in first half 2011. Second quarter 2012 annuity revenues of \$36.9 million were up 9.8% from \$33.6 million in first quarter 2012 and up 9.2% from \$33.8 million in second quarter 2011.

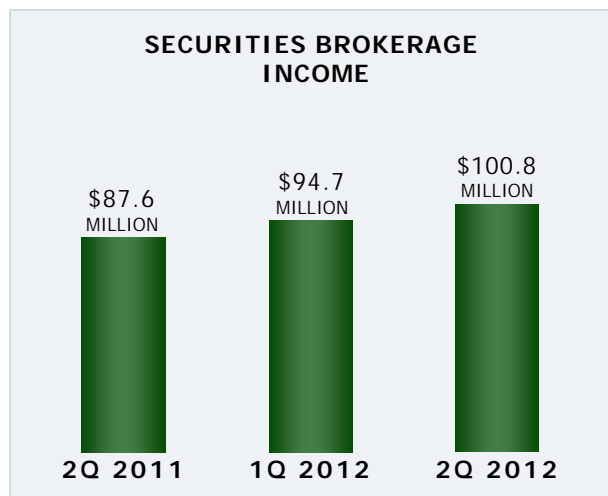
Annuity commissions constituted 26.5% of community bank investment program income of \$266.0 million in first half 2012, down from first half 2011's annuity revenue mix of 26.9%. In second quarter 2012, annuity revenue mix was 26.8%, down from 27.8% in second quarter 2011. With 13.1% of first half 2011 program income and 17.0% of first half 2012 program income from annuities, the bigger banks with assets in excess of \$4 billion had a considerably lower mix of annuity commissions in their programs.

Of the 1,468 community banks that reported earning investment program income in first half 2012, 856 banks or 58.3% reported earning annuity commissions, and 197 banks or 13.4% reported earning annuity income only. This latter finding of 197 banks reporting only annuity income may be indicative of banks that have only platform annuity or licensed bank employee (LBE) programs and not full-product or hybrid investment programs.

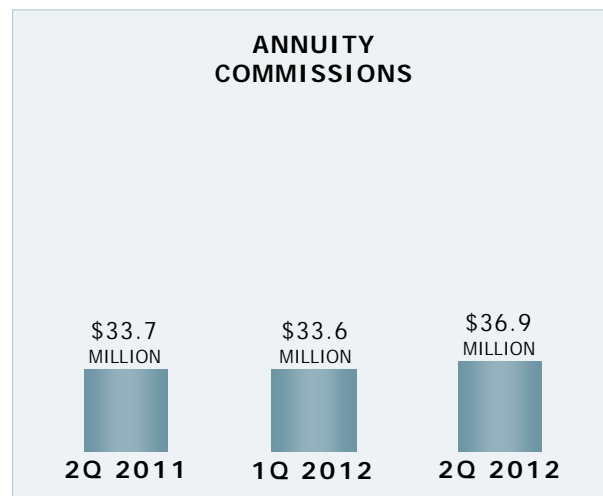
Leaders – Investment Program

In first half 2012, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$19.39 million, up 79.6% from \$10.80 million in first half 2011; North Shore Community Bank & Trust Company (IL) with \$8.35 million in 2012, up 2.4% from \$8.16 million; TIB The Independent Bankersbank (TX) with \$6.67 million, up 7.6% from \$2.86 million; United Bankers' Bank (MN) with \$3.62 million, up 26.7% from \$2.86 million; and Espirito Santo Bank (FL) with \$3.29 million, down 12.4% from \$3.75 million in first half 2011. (Not all income in some investment programs is derived from

activities conducted for retail customers. For instance, CenterState Bank of Florida and bankers' banks sell securities, particularly bonds, for other community banks. When bank lending is tight and there are higher deposits and fewer loans, the increased liquidity of banks' balance sheets also increases community banks' demand for bonds.)



SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™



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Leaders – Annuities

In first half 2012, leaders in annuity fee income among banks under \$4 billion in assets were AnchorBank (WI), a thrift that did not previously report, with \$1,181,000; Bank Mutual (WI) with \$1,064,000, another non-reporting thrift in 2011; CenterState Bank of Florida (FL) with \$1,056,000, up from \$27,000 in first half 2011; Lake City Bank (IN) with \$1,030,000, down 3.3% from \$1,065,000; and First Victoria National Bank (TX) with \$925,000 in 2012, up 17.4% from \$788,000 in first half 2011.

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About Securities America

Headquartered in La Vista, Neb., Securities America Inc. is the nation's eighth largest independent broker-dealer (as ranked by Financial Planning magazine, June 2012, based on 2011 total revenue). For more than 25 years, Securities America's mission has been to foster the success of financial professionals so they can provide quality, objective financial counsel and services to their clients. Advisors benefit from the firm's industry-leading programs in practice management, advisory services and retirement income distribution, supported by state-of-the-art technology. Founded in 1993, Securities America Advisors Inc. is an SEC-Registered Investment Advisory firm that offers investment management, financial advice and financial planning through a national network of independent financial advisors. Securities America Financial Corp. is a wholly owned subsidiary of Ladenburg Thalmann Financial Services Inc. (NYSE MKT: LTS). Securities America received the inaugural Thought Leadership Award from the Retirement Income Industry Association in March 2011. Additional information is available at <http://www.securitiesamerica.com/>.

About Michael White Associates

Michael White Associates, LLC (MWA) is a consulting, publishing and research firm headquartered in Radnor, PA, and online at www.BankInsurance.com. Produced by Michael White and Michael White Associates, LLC (MWA), the *Michael White-Securities America Report: Community Bank Investment Programs™* measures

and benchmarks the performance of community banks' investment programs. The annual *Michael White-ABIA Bank Annuity Fee Income Report*[™] and *Michael White-Prudential Bank Insurance Fee Income Report*[™] provide, respectively, comprehensive analyses of bank annuity commission income and bank insurance brokerage. Additionally, the *MWA Fee Income Ratings Reports*[™] 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.

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