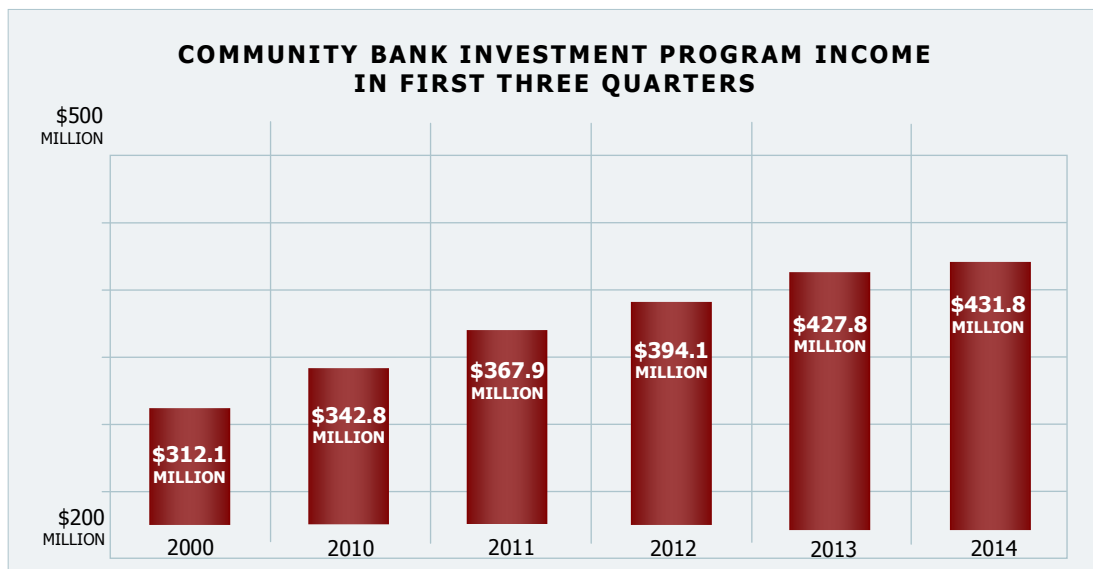


**N E W S R E L E A S E**

***Michael White-Securities America Report:***  
**Community Bank Investment Programs Reach Record Level of 3Q YTD Income**

**FOR IMMEDIATE RELEASE** – Radnor, PA, and La Vista, NE, January 12, 2015 – Community bank investment programs grew only 0.9% in the first three quarters of 2014, 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 with less than \$4 billion in assets. The current quarterly report is based on data reported by all 6,589 commercial and savings banks and savings associations operating on September 30, 2014. The annual report specially examines the 6,373 community banks among the 6,589, and further segments them into five asset classes whose performance is also analyzed.



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

Michael Anderson, First Vice President of Financial Institutions/Mergers & Acquisitions at Securities America said, “Total revenues of community bank investment programs rose to their highest point over three quarters since 2007, when we were first able to measure them. Financial institutions increased their 2014 year-to-date mean program income by 2.7%, as the banking industry consolidated and bank investment programs strengthened. Of community banks on track to earn revenues of at least \$150,000 in 2014, 7 in 10 (70.9%) have grown their investment program income through third quarter, and more than half (52.0%) have been growing it at a rate of 10% or better so far.”

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### **Program Production**

In the first nine months of 2014, 1,405 or 22.1% of community banks participated in investment program activities, producing \$431.8 million in program income, up only 0.9% from \$427.8 million in nine months of 2013. Third quarter 2014 program income of \$142.4 million decreased 3.4% from a record \$147.5 million in second quarter 2014 and decline 1.5% from \$144.5 million in third quarter 2013. Each of this year's three quarters ranks among the top 5 quarters in community bank investment program revenues since 2007.

These community banks achieved average investment program fee income of \$307,365 over nine months of 2014, up 2.7% from \$299,173 for the same period in 2013. Average three-quarter investment program fee income in 2014 constituted the high-water mark since MWA has been able to measure these data starting in 2007. The number of banks participating in investment program activities was down by 1.7% from 1,430 banks over three quarters of last year to 1,405 banks and thrifts through three quarters in 2014. Still, the total number of community banks and thrifts fell 4.7% from 6,686 to 6,373 over the same period.

### **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.

“Year-to-date third quarter 2014, community banks earned mean investment program income of \$654 per million dollars of retail bank deposits,” said Michael White, president of Michael White Associates and author of the report. “That Penetration Ratio was virtually the same as the previous year. In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$734 per million dollars of retail deposits. Although the higher amount indicates that community banks can further grow their programs by increasing penetration of their customer bases, it should be noted that big bank Penetration declined 52.5% from a high of \$1,546 at the end of three quarters in 2007.”

<b>THIRD QUARTER YTD 2014 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS</b>		
<b>MEAN PERFORMANCE MEASURES</b>	<b>3Q 2014 YTD</b>	<b>3Q 2013 YTD</b>
Production - Dollar Volume	\$307,365	\$299,173
Concentration - % of Noninterest Income (adjusted)	8.20%	7.51%
Penetration – \$ per Million Dollars of Retail Deposits	\$654	\$659
Productivity - \$ per Bank Employee	\$2,142	\$2,072
Density - \$ per Domestic Office	\$40,208	\$42,683

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 for three quarters in 2014. As a group, community banks attained a Concentration ratio of 8.2%. Large banks, those with assets greater than \$4 billion, had a lower mean Concentration ratio of 5.7% for the same period, reflecting the fact that, in their case, they tend to have more sources of noninterest income in larger volumes than just investment program income.

### **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. Year-to-date 2014, mean community bank Program Productivity was \$2,142 per bank employee, up 3.4% from \$2,072 over three quarters of 2013, and the highest level of three quarters' worth of productivity since MWA began analyzing these data in 2007. Community banks with assets between \$300 million and \$500 million generated the highest level of Program Productivity at \$2,252 in program revenue per bank employee, up 6.0% from \$2,124 a year ago.

### **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. Mean density per domestic community bank office was \$40,208 at September 30, 2014, down 5.8% from \$42,638 for nine months in 2013.

### **Revenue Mix – Securities Brokerage**

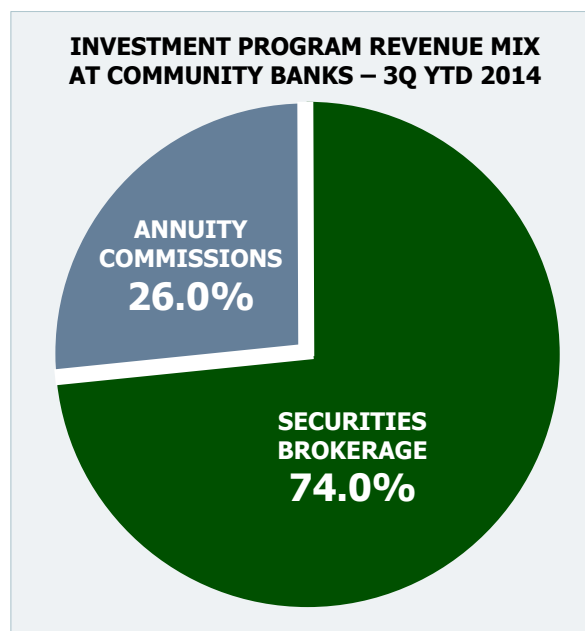
In the first nine months of 2014, community banks earned securities brokerage fee income of \$319.4 million, down 0.3% from \$320.3 million in three quarters in 2013. Third quarter 2014 brokerage revenues of \$105.5 million were 2.4% or \$2.6 million less than the \$108.1 million in second quarter 2014, and 3.3% less than \$109.1 million in third quarter 2013.

Security brokerage revenues constituted 74.0% of total investment program income of \$431.8 million in nine months of 2014, down from a cumulative mix of 74.9% in 2013.

Of the 1,405 banks with assets under \$4 billion that reported earning investment program income in third quarter 2014, 1,219 banks or 86.8% reported earning commissions and fees from securities brokerage, and 587 banks or 41.8% reported earning securities brokerage fee income only.

### **Revenue Mix – Annuities**

Community banks earned annuity fee income of \$112.4 million through September 30, up 4.5% from \$107.5 million in nine months of 2013. Third quarter 2014 annuity revenues of \$36.9 million were down 3.8% from \$38.4 million in second quarter 2014 but up 1.4% from \$36.4 million in third quarter 2013.



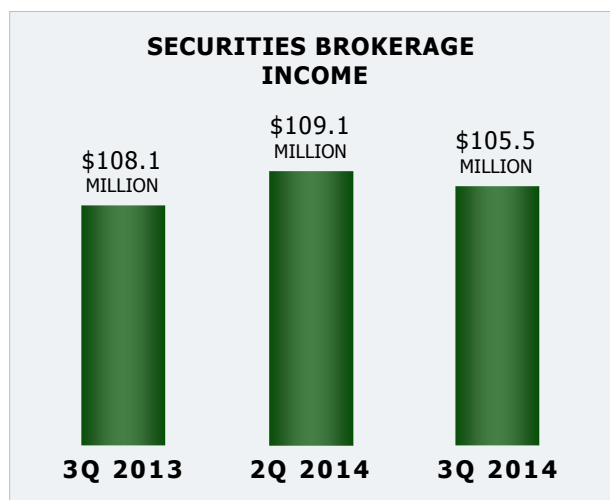
SOURCE: Michael White-Securities America Report:  
Community Bank Investment Programs™

Annuity commissions constituted 26.0% of community bank investment program income of \$431.8 million over three quarters in 2014, up slightly from 2013's annuity revenue mix of 25.1% at the end of three quarters. In third quarter 2014, annuity revenue mix was 25.9%, up from 25.2% in third quarter 2013.

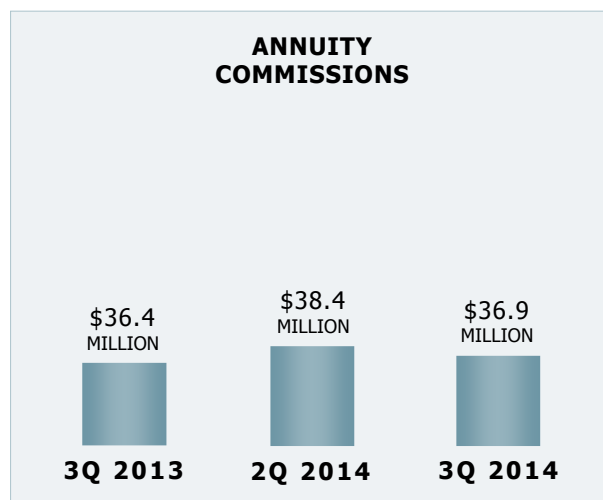
Of the 1,405 community banks that reported earning investment program income through three quarters in 2014, 818 banks or 58.2% reported earning annuity commissions, and 186 banks or 13.2% reported earning annuity income only. This latter finding of 186 banks reporting only annuity income may be indicative 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 three quarters of 2014, leaders in investment program fee income among big banks with assets under \$4 billion were Wintrust Bank (IL) with \$17.80 million in 2014, up 4.9% from \$16.96 million; CenterState Bank of Florida (FL) with \$15.85 million, down 11.6% from \$17.94 million for the same period in 2013; Johnson Bank (WI) with \$5.30 million, up 4.95% from \$5.05 million; Espirito Santo Bank (FL) with \$5.30 million, up 35.99% from \$3.90 million; and TIB The Independent Bankersbank (TX) with \$3.59 million, down 41.9% from \$6.17 million in the first three quarters of 2013. (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™



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

**Leaders – Annuities**

Over three quarters of 2014, leaders in annuity fee income among banks under \$4 billion in assets were CenterState Bank of Florida (FL) with \$1.62 million, down 15.8% from \$1.92 million; AnchorBank, fsb (WI) with \$1.49 million, down 6.7% from \$1.59 million; Bank Mutual (WI) with \$1.27 million, down 21.4% from \$1.61 million in 2013; Firsttrust Savings Bank (PA) with \$1.26 million, up 11.9% from \$1.13 million; and Centier Bank (IN) with \$1.21 million in 2014, down 8.3% from \$1.12 million on September 30, 2013.

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## About Securities America

[Securities America](#) is one of the nation's largest independent broker-dealers with more than 1,800 independent advisors and \$50 billion in client assets.

## 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](http://www.BankInsurance.com). Produced by Michael White and MWA, the *Michael White-Securities America Report: Community Bank Investment Programs™* measures and benchmarks the performance of community banks' investment programs. The annual *Equias Alliance/Michael White BOLI Holdings Report™* provides comprehensive analyses of bank-owned life insurance assets. 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](http://www.BankInsurance.com).

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