



N E W S R E L E A S E

**Michael White-Securities America Report:  
Community Bank Investment Programs Grow in 2010**

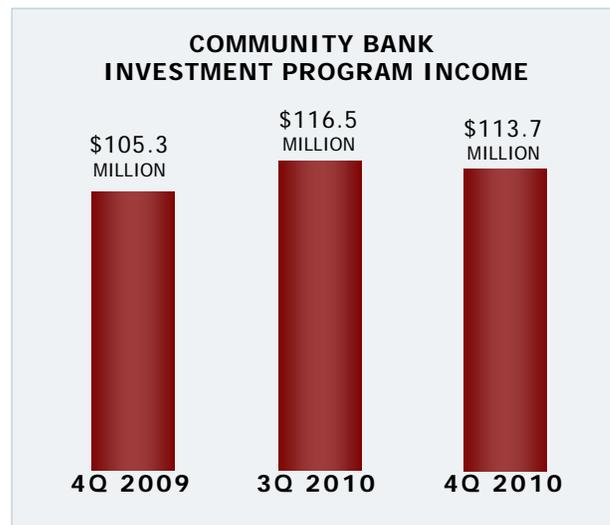
**FOR IMMEDIATE RELEASE** – Radnor, PA, and La Vista, NE, May 10, 2010 – Community bank investment programs strengthened in 2010 due to increases in both securities brokerage fee income and annuity commissions, according to the *Michael White-Securities America Report: Community Bank Investment Programs™*.

Sponsored by Securities America and issued by Michael White Associates, LLC, the report measures and benchmarks investment programs at community banks, i.e., banks with less than \$4 billion in assets. The current report is based on data reported by 6,760 commercial and FDIC-regulated savings banks operating on December 31, 2010. The report not only examines all community banks, but it further segments them into five asset classes whose performance is also analyzed.

“The 2010 revenues of community bank investment programs remained well ahead of those in 2009. Indeed, 2010 was the best year for those program revenues since 2007,” said Michael White, president of Michael White Associates and author of the report. “Our benchmark findings show meaningful improvements in Program Concentration, Penetration, Productivity and Density, key measures by which to gauge investment program strength.”

**Program Production**

In 2010, 1,517 or 22.4% of community banks participated in investment program activities, producing \$456.5 million in program income, up 9.4% from \$417.4 million in 2009. Fourth quarter 2010 program income of \$113.7 million declined 2.4% from \$116.5 million in third quarter 2010, but was up 8.1% from \$105.3 million in fourth quarter 2009.



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

These community banks achieved average investment program fee income of \$300,928 in 2010, up 15.8% from \$259,889 in 2009. The number of banks participating in investment program activities was down by 5.5% from 1,606 banks in 2009 to 1,517 banks in 2010.

**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 2010, community banks earned mean investment program income of \$851 per million dollars of retail bank deposits,” said White. “In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$1,352 per million dollars of retail deposits. There is by comparison, then, room for continued improvement in program penetration and overall expansion of 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 mean Concentration of investment program income to noninterest income of 7.7% in 2010, up from 6.4% in 2009. Large banks, those with assets greater than \$4 billion, had a mean Concentration ratio of 4.3%, although they have more sources from which to earn noninterest income.

<b>2010 Investment Program Income Performance Benchmarks for Community Banks</b>	
<b>Performance Measures</b>	<b>Mean Ratios</b>
Production - Dollar Volume	\$300,928
Concentration - % of Noninterest Income	7.67%
Penetration – \$ per Million Dollars of Retail Deposits	\$851
Productivity - \$ per Bank Employee	\$2,189
Density - \$ per Domestic Office	\$49,501

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

### **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 2010, mean community bank employee Productivity was \$2,189 per bank employee, up 10.8% from \$1,975 in 2009.

### **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 \$49,501 in 2010.

However, a number of banks with substantial securities brokerage production, including some commercial banks and bankers’ banks that provide specialized investment and correspondent banking programs to small community banks, also have or report only a handful of domestic offices, sometimes only one office. When that happens, this ratio can be susceptible to skewing on a large scale, so this tends to be the ratio in which mean readings are often most likely to be adjusted so as to get a more normal or typical reading. An adjusted reading for Program Density among community banks produces a Program Density Ratio of \$29,573, based on adjustment for eight (8) banks.

**Revenue Mix – Securities Brokerage**

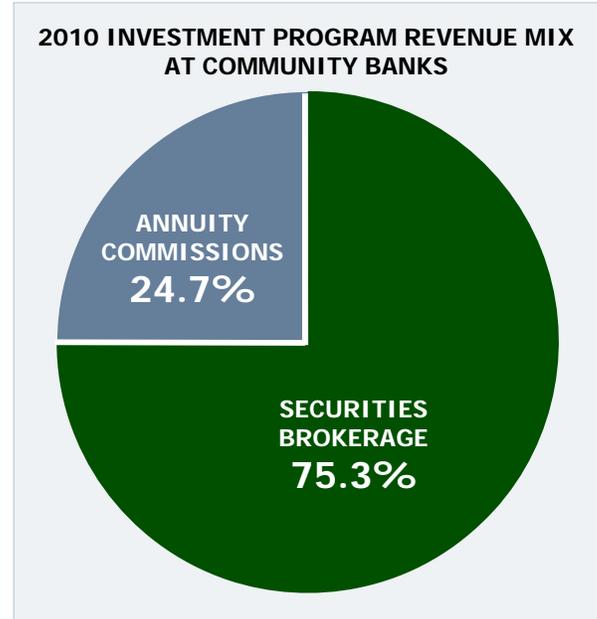
In 2010, community banks earned securities brokerage fee income of \$343.7 million, up 15.4% from \$297.9 million in 2009. Fourth quarter brokerage revenues of \$87.5 million were up 0.3% from \$87.2 million in third quarter 2010. Security brokerage revenues constituted 75.3% of total investment program income of \$456.5 million in 2010, up from a cumulative mix of 71.4% in 2009. Fourth quarter 2010 securities revenue mix rose two points from the third quarter to 76.9%, its highest point for the year.

Of the 1,517 banks with assets under \$4 billion that reported earning investment program income, 1,342 banks or 88.5% reported earning commissions and fees from securities brokerage, and 660 banks or 43.5% reported earning securities brokerage fee income only.

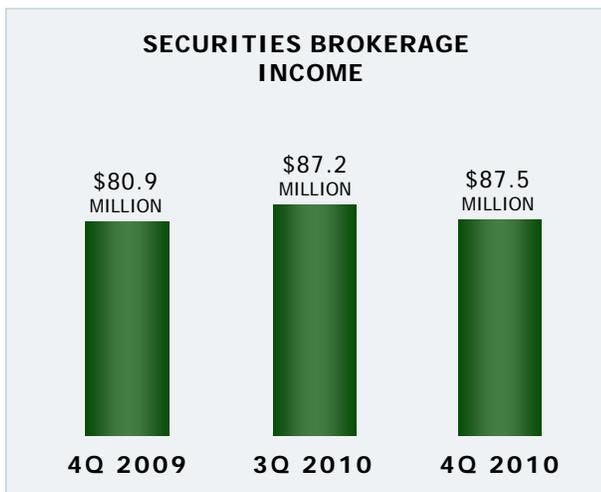
**Revenue Mix – Annuities**

Community banks earned annuity fee income of \$112.8 million, down 5.6% from \$119.5 million in 2009.

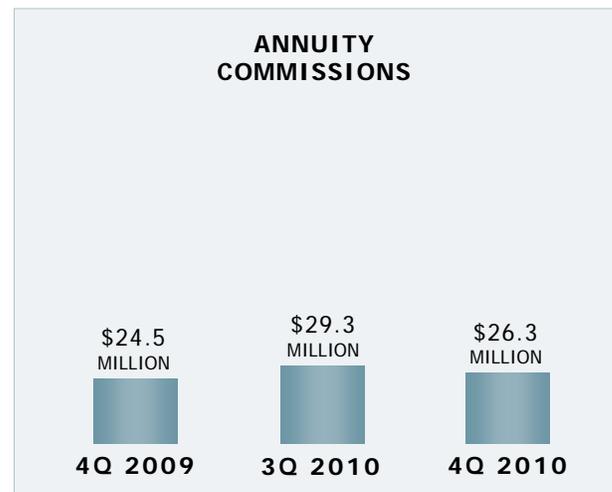
Fourth quarter 2010 annuity revenues of \$26.3 million were down 10.4% from \$29.3 million in third quarter 2010. Annuity commissions constituted 24.7% of community bank investment program income of \$456.5 million in 2010. Fourth quarter 2010 annuity revenue mix was down to 23.1%, the lowest quarterly point of the year. With 13.7% of fourth quarter program income and 14.8% of 2010 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.



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



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



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

Of the 1,517 community banks that reported earning investment program income, 857 banks or 56.5% reported earning annuity commissions, and 175 banks or 11.5% reported earning annuity income only. This latter finding of 175 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. The number of community banks reporting only annuity income dropped 5.9% from 186 banks in 2009.

### **Leaders – Investment Program**

In 2010, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$33.91 million, up 86.9% from \$18.15 million in 2009; North Shore Community Bank & Trust Company (IL) with \$15.17 million in 2010, up 34.3% from \$11.30 million in 2009; TIB The Independent Bankersbank (TX) with \$11.52 million, down 2.8% from \$11.86 million; Espirito Santo Bank (FL) with \$7.63 million, up 25.9% from \$6.06 million; and BAC Florida Bank (FL) with \$7.35 million, up 26.9% from \$5.79 million in 2009. (Not all income in some investment programs is derived from activities conducted for retail customers. Institutions like 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.)

### **Leaders – Annuities**

In 2010, leaders in annuity fee income among banks under \$4 billion in assets were United Bank (WV) with \$2.17 million in 2010, up 31.9% from \$1.65 million in 2009; First Victoria National Bank (TX) with \$1.97 million, up 2.7% from \$1.92 million; Lake City Bank (IN) with \$1.73 million, up 46.8% from \$1.18 million; GreenBank (TN) with \$1.70 million, up 24.7% from \$1.37 million; and Marquette Bank (IL) with \$1.54 million, up 67.9% from \$917,000 in 2009.

###

### **About Securities America**

Financial institutions gain a distinct competitive advantage with Securities America's Financial Institutions Division. Our robust, turn-key programs maximize existing customer relationships and expand the financial institution's brand into untapped markets, driving dollars into both depository and investment products. Headquartered in La Vista, Neb., Securities America, Inc. has more than 1,800 financial professionals nationwide with approximately \$46 billion in client assets under their supervision. Securities America Advisors, Inc. is an SEC-Registered Investment Advisory firm with more than \$15 billion in assets under management and administration. For more than 25 years, Securities America's mission has been to foster the success of financial institutions and professionals so they can provide quality financial services to their clients. Additional information is available at [www.securitiesamerica.com](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](http://www.BankInsurance.com). Produced by Michael White and Michael White Associates, LLC (MWA), the *Michael White-Securities America Report: Community Bank Investment Programs*<sup>™</sup> measures and benchmarks the performance of community banks' investment programs. The annual *Michael White-ABIA Bank Annuity Fee Income Report*<sup>™</sup> and *Michael White-Prudential Bank Insurance Fee Income Report*<sup>™</sup> provide, respectively, comprehensive analyses of bank annuity commission income and bank insurance brokerage. Additionally, the *MWA Fee Income Ratings Reports*<sup>™</sup> 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).

### **For additional information contact:**

Securities America, Inc.  
Phone: (800) 747-6111  
Gregg H. Johnson, Senior Vice President, ext. 1002  
Email: [gjohnson@saionline.com](mailto:gjohnson@saionline.com)  
Tim Militti, Regional Vice President, ext. 7100  
Email: [tmilitti@saionline.com](mailto:tmilitti@saionline.com)

Michael White Associates, LLC  
Phone: (610) 254-0440  
Michael D. White, Ph.D., CLU, ChFC, President  
Email: [MWA@BankInsurance.com](mailto:MWA@BankInsurance.com)