



N E W S R E L E A S E

Michael White-Securities America Report: **Community Bank Investment Programs Have Best 1Q in Three Years**

FOR IMMEDIATE RELEASE – Radnor, PA, and La Vista, NE, July 12, 2011 – Community bank investment programs are off to a promising start in 2011 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 all 6,850 commercial banks and FDIC-regulated savings banks operating on March 31, 2011. The report specially examines the 6,685 community banks among the 6,850, plus it further segments them into five asset classes whose performance is also analyzed.

“This first-quarter report finds that community banks’ investment program revenue surpassed where they started and ended in 2010,” said Gregg H. Johnson, Senior Vice President at Securities America. “In fact, revenues of community bank investment programs are off to their best start since 2008. In addition, first quarter 2011 mean program income is 13.9% higher than it’s been since these filed data became available to us for measurement in first quarter 2007.”

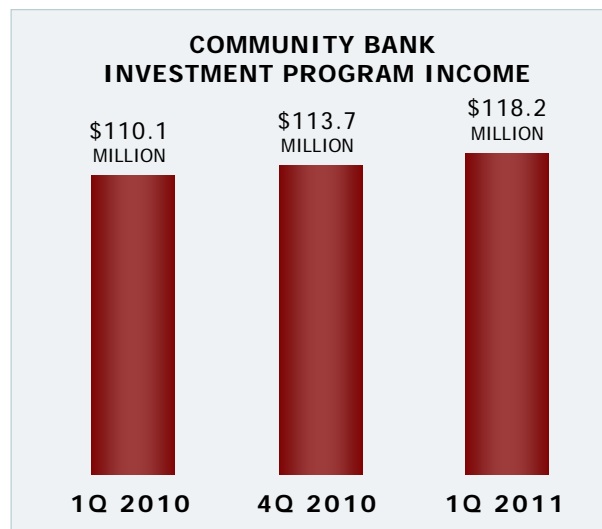
Program Production

In first quarter 2011, 1,370 or 20.5% of community banks participated in investment program activities, producing \$118.2 million in program income, up 7.4% from \$110.1 million in first quarter 2010. First quarter 2011 program income of \$118.2 million increased 4.0% from \$113.7 million in fourth quarter 2010.

These community banks achieved average investment program fee income of \$86,269 in first quarter 2011, up 10.6% from \$77,969 in first quarter 2010. The number of banks participating in investment program activities was down by 3.0% from 1,412 banks in first quarter 2010 to 1,370 banks in first quarter 2011.

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



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

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 quarter 2011, community banks earned mean investment program income of \$210 per million dollars of retail bank deposits,” said Michael White, president of Michael White Associates and author of the report. “In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$282 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs.” Community banks with assets between \$100 million and \$300 million and those with assets under \$100 million had the largest mean Penetration ratio at, respectively, \$220 and \$221 per million dollars of retail deposits.

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 quarter 2011. As a group, community banks attained a Concentration ratio of 7.9%, with banks under \$100 million in assets reaching the highest mean ratio of program income to noninterest income of 9.8%. Large banks, those with assets greater than \$4 billion, had a lower mean Concentration ratio of 4.3% 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.

First 2011 Investment Program Income Performance Benchmarks for Community Banks	
Performance Measures	Mean Ratios
Production - Dollar Volume	\$86,269
Concentration - % of Noninterest Income	7.90%
Penetration – \$ per Million Dollars of Retail Deposits	\$210
Productivity - \$ per Bank Employee	\$634
Density - \$ per Domestic Office	\$14,584

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 first quarter 2011, mean community bank employee Productivity was \$634 per bank employee, up 8.0% from \$587 in first quarter 2010. Community banks with assets between \$1 billion and \$4 billion generated the highest level of program productivity at \$713 in program revenue per bank employee.

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 \$14,584 in first quarter 2011, up only slightly (0.9%) from \$14,460 in first quarter 2010.

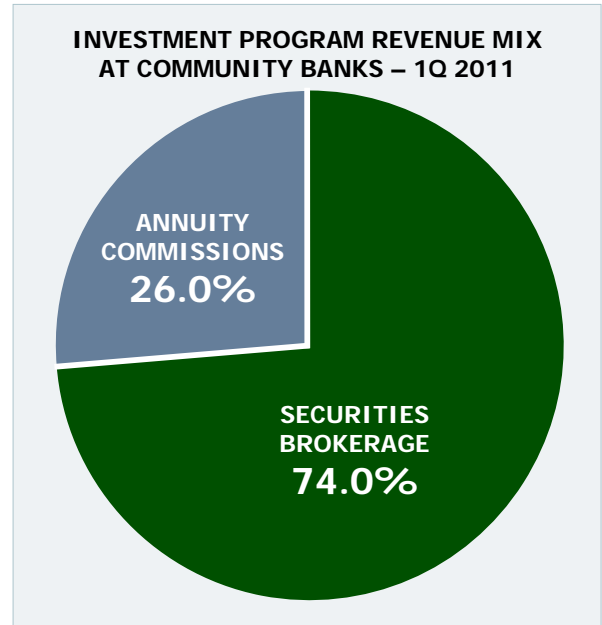
Revenue Mix – Securities Brokerage

In first quarter 2011, community banks earned securities brokerage fee income of \$87.5 million, up 6.0% from \$82.6 million in first quarter 2010. First quarter 2011 brokerage revenues of \$87.50 million were \$25,000 more than the near identical \$87.48 million in fourth quarter 2010. Security brokerage revenues constituted 74.0% of total investment program income of \$118.2 million in first quarter 2011, up from a cumulative mix of 75.3% in 2010. First quarter 2011 securities revenue mix fell nearly three points from fourth quarter 2010’s 76.9% to 74.0%, its highest point for the year.

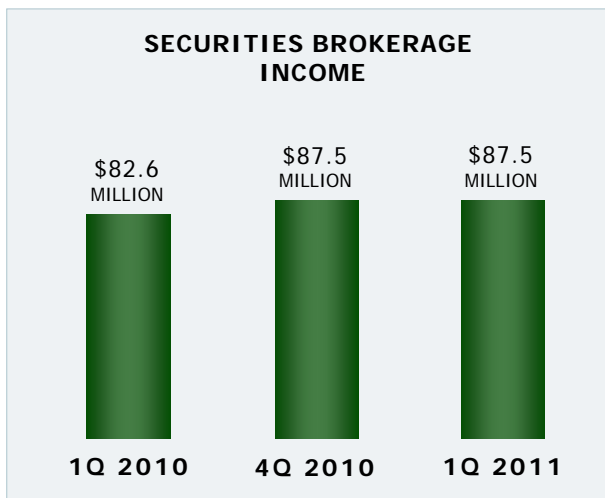
Of the 1,370 banks with assets under \$4 billion that reported earning investment program income in first quarter 2011, 1,216 banks or 88.8% reported earning commissions and fees from securities brokerage, and 626 banks or 45.7% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of \$30.7 million in first quarter 2011, up 11.4% from \$27.5 million in first quarter 2010. First quarter 2011 annuity revenues of \$30.7 million were up 16.8% from \$26.3 million in fourth quarter 2010. Annuity commissions constituted 26.0% of community bank investment program income of \$118.2 million in first quarter 2011, up from fourth quarter 2010’s annuity revenue mix of 23.1%, the lowest quarterly point of last year. With 16.9% of first quarter 2010 program income and 13.7% of fourth quarter 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™



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Of the 1,370 community banks that reported earning investment program income in first quarter 2011, 744 banks or 54.3% reported earning annuity commissions, and 154 banks or 11.2% reported earning annuity income only. This latter finding of 154 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 quarter 2011, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$4.80 million, down 24.9% from \$6.39 million in first quarter 2010; North Shore Community Bank & Trust Company (IL) with \$4.16 million in 2011, up 17.0% from \$3.56 million; TIB The Independent Bankersbank (TX) with \$2.81 million, up 36.7% from \$2.06 million; Espirito Santo Bank (FL) with \$2.02 million, up 7.6% from \$1.88 million; and Safra National Bank of New York (NY) with \$1.91 million, up 22.3% from \$1.56 million in first quarter 2010. (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 first quarter 2011, leaders in annuity fee income among banks under \$4 billion in assets were Lake City Bank (IN) with \$586,000, up 32.6% from \$442,000; Centier Bank (IN) with \$450,000, up 26.4% from \$356,000; Sun National Bank (NJ) with \$423,000, up from zero in first quarter 2010; United Bank (WV) with \$416,000 in 2011, down 2.8% from \$428,000; and First Victoria National Bank (TX) with \$393,000, down 23.7% from \$515,000 in first quarter 2010.

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About Securities America

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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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