

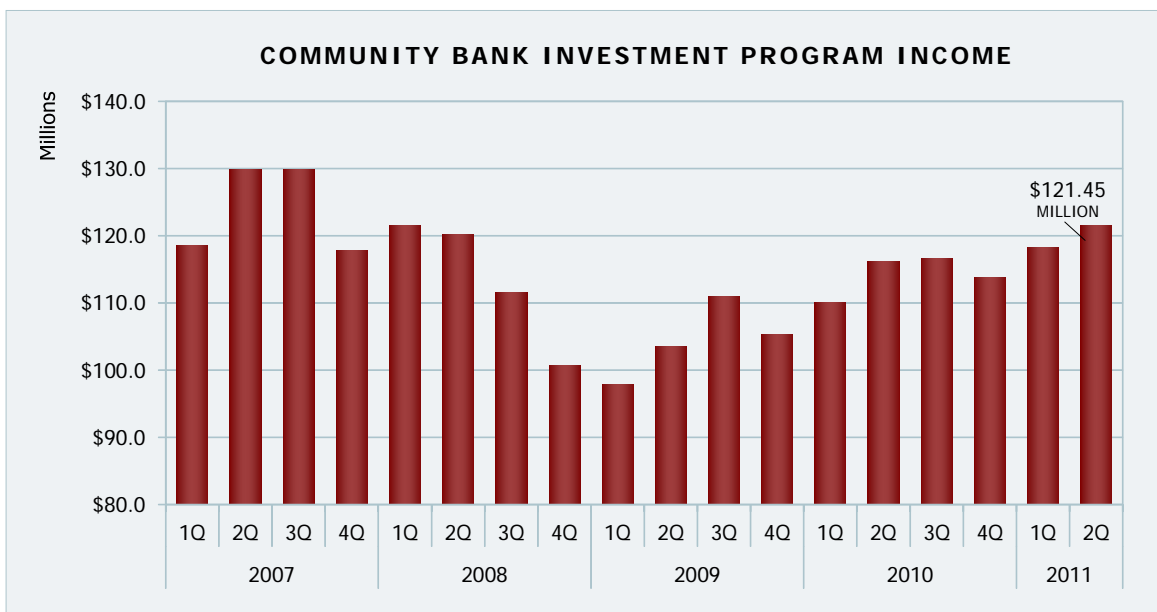


N E W S R E L E A S E

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

FOR IMMEDIATE RELEASE – Radnor, PA, and La Vista, NE, October 19, 2011 – Community bank investment programs continued to perform well in first half 2011 with modest increases in securities brokerage fee income and 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 with less than \$4 billion in assets. The current quarterly report is based on data reported by all 6,805 commercial banks and FDIC-regulated savings banks operating on June 30, 2011. The annual report specially examines the 6,639 community banks among the 6,805, further segmenting them into five asset classes whose performance is also analyzed.



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

“This first-half 2011 report finds that community banks’ investment program revenue have exceeded revenues generated in first half 2010,” said Gregg H. Johnson, Senior Vice President at Securities America. “In fact, revenues of community bank investment programs continue to be the best since 2008. In addition, second quarter 2011 mean program income is 6.5% higher than second quarter 2010 and ranks as the second highest quarter on record in mean program income, behind only first quarter 2011.”

Program Production

In first half 2011, 1,422 or 21.4% of community banks participated in investment program activities, producing \$239.6 million in program income, up 5.9% from \$226.3 million in first half 2010. Second quarter 2011 program income of \$121.5 million increased 2.9% from \$118.1 million in first quarter 2011 and 4.6% from \$116.2 million in second quarter 2010, hitting its highest level since third quarter 2007.

These community banks achieved average investment program fee income of \$168,525 in first half 2011, up 8.6% from \$155,191 in first half 2010. Average first-half investment program fee income in 2011 constituted the high-water mark since these data became available in first quarter 2007 for measurement by MWA. The number of banks participating in investment program activities was down by 2.5% from 1,458 banks in first half 2010 to 1,422 banks in first half 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 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 2011, community banks earned mean investment program income of \$414 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 more than 10% from the previous year, due to the large influx of retail deposits. In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$557 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs.”

First Half 2011 Investment Program Income Performance Benchmarks for Community Banks	
Performance Measures	Mean Ratios
Production - Dollar Volume	\$168,525
Concentration - % of Noninterest Income (adjusted)	7.04%
Penetration – \$ per Million Dollars of Retail Deposits	\$414
Productivity - \$ per Bank Employee	\$1,236
Density - \$ per Domestic Office	\$26,841

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 2011. As a group, community banks attained an adjusted Concentration ratio of 7.0%, 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, had a lower mean Concentration ratio of 5.3% 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.

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 2011, mean community bank Program Productivity was \$1,236 per bank employee, up 6.6% from \$1,160 in first half 2010, 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 \$1,343 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 \$26,841 in first half 2011, up only slightly (1.5%) from \$26,448 in first half 2010.

Revenue Mix – Securities Brokerage

In first half 2011, community banks earned securities brokerage fee income of \$175.3 million, up 3.7% from \$169.0 million in first half 2010. Second quarter 2011 brokerage revenues of \$87.77 million were 0.3% or \$271,000 more than the similar \$87.50 million in first quarter 2011 and 1.5% more than \$86.5 million in second quarter 2010.

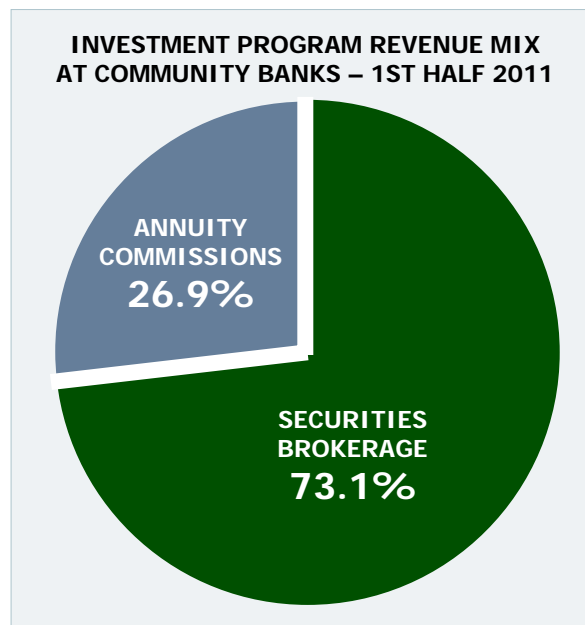
Security brokerage revenues constituted 73.1% of total investment program income of \$239.6 million in first half 2011, down from a cumulative mix of 74.7% in 2010. Second quarter 2011 securities revenue mix fell 2.1 points from second quarter 2010's 74.4% to 72.3%.

Of the 1,422 banks with assets under \$4 billion that reported earning investment program income in first quarter 2011, 1,248 banks or 87.8% reported earning commissions and fees from securities brokerage, and 611 banks or 43.0% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of \$64.4 million in first half 2011, up 12.5% from \$57.2 million in first half 2010. Second quarter 2011 annuity revenues of \$33.7 million were up 9.8% from \$30.7 million in first quarter 2010 and up 13.4% from \$29.7 million in second quarter 2010.

Annuity commissions constituted 26.9% of community bank investment program income of \$239.6 million in first half 2011, up from first half 2010's annuity revenue mix of 25.3%. In second quarter 2011, annuity revenue mix was 27.7%, up from 25.6% in second quarter 2010. With 13.1% of first half 2010 program income and 16.9% of first half 2011 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.

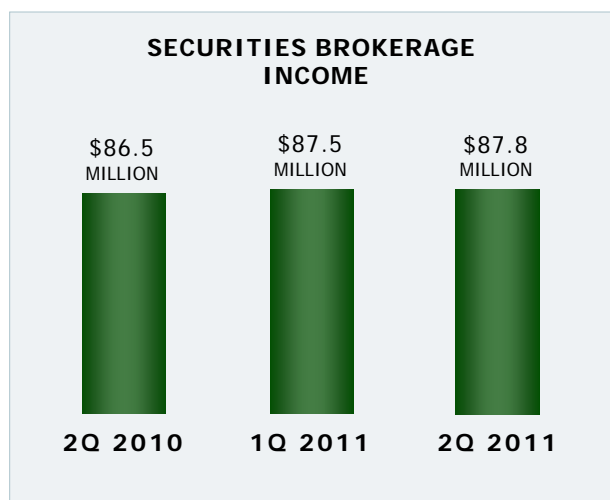


SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™

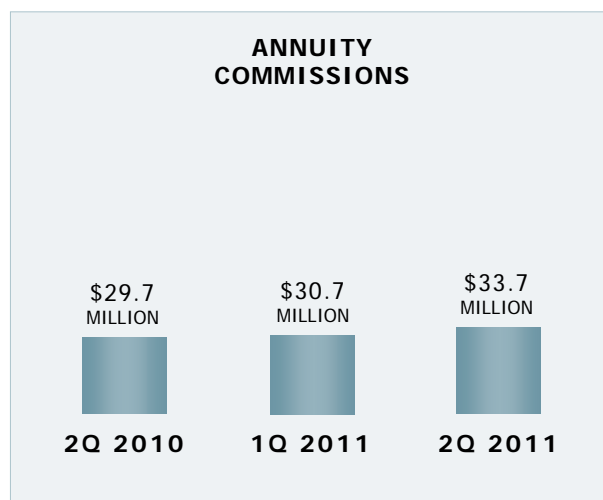
Of the 1,422 community banks that reported earning investment program income in first half 2011, 744 banks or 52.3% reported earning annuity commissions, and 174 banks or 12.2% reported earning annuity income only. This latter finding of 174 banks reporting only annuity income may be indicative of banks 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 2011, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$10.80 million, down 22.4% from \$13.92 million in first half 2010; North Shore Community Bank & Trust Company (IL) with \$8.16 million in 2011, up 10.8% from \$7.36 million; TIB The Independent Bankersbank (TX) with \$6.20 million, up 12.8% from \$5.50 million; Espirito Santo Bank (FL) with \$3.75 million, up 8.4% from \$3.46 million; and BAC Florida Bank (FL) with \$3.49 million, down 7.1% from \$3.75 million in first half 2010. (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 2011, leaders in annuity fee income among banks under \$4 billion in assets were Lake City Bank (IN) with \$1,065,000, up 47.9% from \$720,000; Sun National Bank (NJ) with \$989,000, up 32.0% from \$749,000 in first half 2010; Centier Bank (IN) with \$816,000, up 13.5% from \$719,000; Marquette Bank (IL) with \$809,000, up 4.4% from \$775,000; and United Bank (WV) with \$796,000 in 2011, up 57.0% from \$507,000 in first half 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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