



N E W S R E L E A S E

Michael White-Securities America Report: **Community Bank Investment Programs Have Best First Quarter**

FOR IMMEDIATE RELEASE – Radnor, PA, and La Vista, NE, July 10, 2013 – Community bank investment programs grew 6.3% in first quarter 2013, but most of the growth was due to the influx of thrift (i.e., savings association) data, 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 7,019 commercial banks, FDIC-regulated savings banks and, reporting for the first time, savings associations operating on March 31, 2013. This quarterly report specially examines the 6,817 community banks among the 7,019; the annual report further segments them into five asset classes whose performance is also analyzed.

“It’s good news that community bank investment program income continues to grow,” said Michael Anderson, First Vice President of Financial Institutions/Mergers & Acquisitions at Securities America. “It’s even better news to know that results in the first three months of this year constituted the best first quarter since 2007, the first year in which we were able to measure them.”

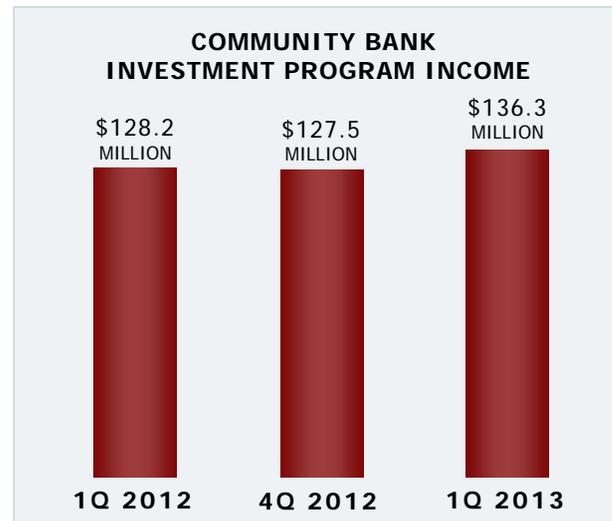
Program Production

In first quarter 2013, 1,374 or 20.2% of community banks participated in investment program activities, producing \$136.3 million in program income, up 6.3% from \$128.2 million in first quarter 2012. First quarter 2013 program income of \$136.3 million increased 6.9% from \$127.5 million in fourth quarter 2012.

These community banks achieved average investment program fee income of \$99,175 in first quarter 2013, up 8.8% from \$91,151 in first quarter 2012. The number of banks participating in investment program activities was down by 2.3% from 1,407 banks in first quarter 2012 to 1,374 banks in first quarter 2013.

Program Growth

“Perhaps the best news among first-quarter findings is that, of 673 community banks on track to earn a minimum \$150,000 in yearly program revenues, two-thirds (67.8%) experienced growth over first quarter 2012,” said Michael White, president of Michael White Associates and author of the report. “This rate of growth in bank investment program income was nearly 10.5 points higher (57.1%) than in first quarter 2012.”



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

“Of the 673 banks on track to generate at least \$150,000 in annual program revenue, 378 banks (56.2%) registered double-digit growth in first quarter 2013 program revenues compared to first quarter 2012,” continued White. “We assumed that a growth rate of 25% or greater indicated initiatives to expand programs through recruitment of additional financial advisors or acquisition of investment brokerage services, rather than simply grow the existing program organically through increased marketing and sales initiatives. Two in five of these programs (271 or 40.3%) exhibited growth rates of 25% or more.” White added, “None of these findings include the 21 new programs reporting first quarter income for the first time and on track to earn at least \$150,000.”

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 quarter 2013, community banks earned mean investment program income of \$213 per million dollars of retail bank deposits. In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$263 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs.” This Penetration benchmark was somewhat depressed due to the fact that banks are flush with 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 2013. As a group, community banks attained a Concentration ratio of 8.46%. Large banks, those with assets greater than \$4 billion, had a lower mean Concentration ratio of 5.79% 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.

PERFORMANCE BENCHMARKS FOR COMMUNITY BANK INVESTMENT PROGRAM INCOME		
PERFORMANCE MEASURES	1Q 2013 MEAN RATIOS	1Q 2012 MEAN RATIOS
Production - Dollar Volume	\$99,175	\$91,151
Concentration - % of Noninterest Income	8.46%	7.56%
Penetration – \$ per Million Dollars of Retail Deposits	\$213	\$204
Productivity - \$ per Bank Employee	\$685	\$634
Density - \$ per Domestic Office	\$13,664	\$13,496

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 2013, mean community bank employee Productivity was \$685 per bank employee, up 8.0% from \$634 in first quarter 2012.

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 \$13,664 in first quarter 2013, up 1.2% from \$13,496 in first quarter 2012.

Revenue Mix – Securities Brokerage

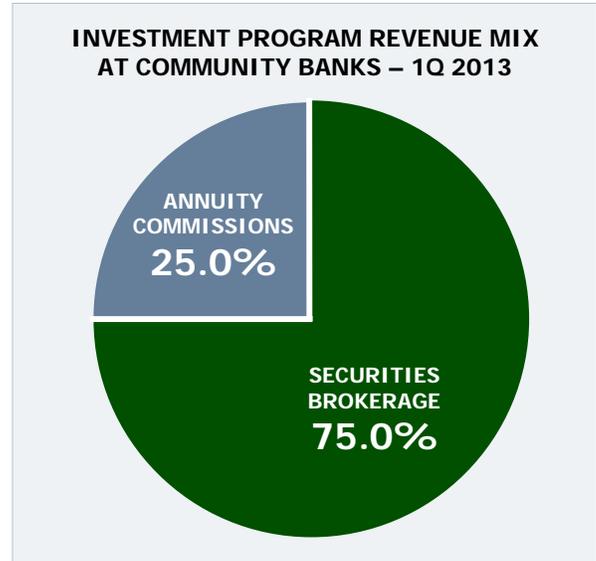
In first quarter 2013, community banks earned securities brokerage fee income of \$102.2 million, up 7.9% from \$94.7 million in first quarter 2012. First quarter 2013 brokerage revenues of \$102.2 million were \$7.7 million or 8.1% more than the \$94.5 million earned in fourth quarter 2012. Security brokerage revenues constituted 75.0% of total investment program income of \$136.3 million in first quarter 2013, and up from 73.8% in fourth quarter 2012.

Of the 1,374 banks with assets under \$4 billion that reported earning investment program income in first quarter 2013, 1,196 banks or 87.0% reported earning commissions and fees from securities brokerage, and 593 banks or 43.2% reported earning securities brokerage fee income only.

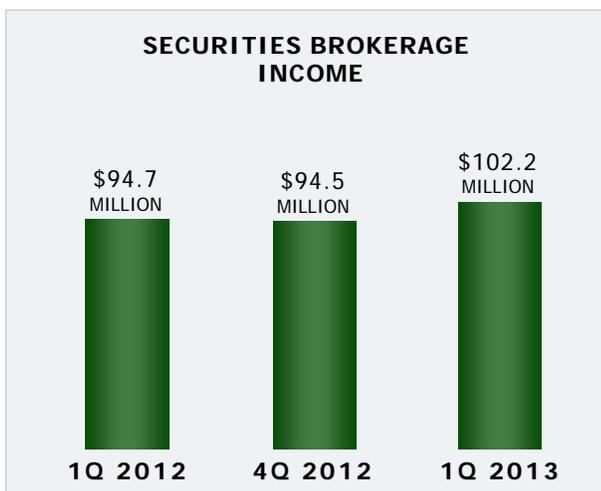
Revenue Mix – Annuities

Community banks earned annuity fee income of \$34.1 million in first quarter 2013, up 1.5% from \$33.6 million in first quarter 2012. First quarter 2013 annuity revenues of \$34.1 million were up 3.3% from \$33.0 million in fourth quarter 2012. Annuity commissions constituted 25.0% of community bank investment program income of \$128.2 million in first quarter 2013, down from fourth quarter 2012’s annuity revenue mix of 26.2%. With 13.2% of first quarter 2013 program income and 13.6% of fourth quarter 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.

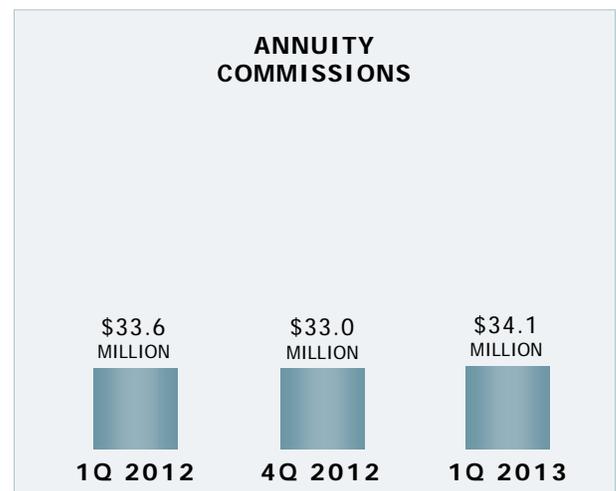
Of the 1,374 community banks that reported earning investment program income in first quarter 2013, 781 banks or 56.8% reported earning annuity commissions, and 178 banks or 13.0% reported earning annuity income only. This latter finding of 178 banks reporting only annuity income may be indicative of banks that have only platform annuity or licensed bank employee (LBE) programs and not full-product or hybrid investment programs.



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



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In first quarter 2013, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$7.42 million, down 13.7% from \$8.59 million in first quarter 2012; North Shore Community Bank & Trust Company (IL) with \$5.60 million in 2013, up 35.9% from \$4.13 million; TIB The Independent Bankersbank (TX) with \$2.27 million, down 36.1% from \$3.55 million; Johnson Bank (WI) with \$1.78 million, up 37.1% from \$1.30 million; and United Bankers' Bank (MN) with \$1.77 million, down 7.3% from \$1.91 million in first quarter 2012. (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 2013, leaders in annuity fee income among banks under \$4 billion in assets were CenterState Bank of Florida (FL) with \$616,000, up 12.0% from \$550,000 in same quarter of 2012; AnchorBank, fsb (WI) with \$543,000, down 20.6% from \$684,000; First Victoria National Bank (TX) with \$536,000, up 14.3% from \$469,000; Lake City Bank (IN) with \$505,000, down 2.9% from \$520,000 in first quarter 2012; and Sun National Bank (NJ) with \$472,000 in first quarter 2013, up 130.2% from \$205,000 in first quarter 2012.

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About Securities America

Headquartered in La Vista, Neb., Securities America Inc. is a national top 10 independent broker-dealer (as ranked by Financial Planning magazine). For more than 25 years, Securities America's mission has been to foster the success of financial professionals so they can provide quality, objective 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 and the inaugural [Bank Insurance & Securities Association \(BISA\)](#) Technology Innovation Award in March 2013. Additional information is available at 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 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*[™] and *Michael White Bank Insurance Fee Income Report*[™] sponsored by Dowling Hales provide, respectively, comprehensive analyses of bank-owned life insurance assets and bank insurance brokerage fee income. 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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