



N E W S R E L E A S E

**Michael White-Securities America Report:
Community Bank Investment Programs
Have Best Quarter and Best Half in Seven Years**

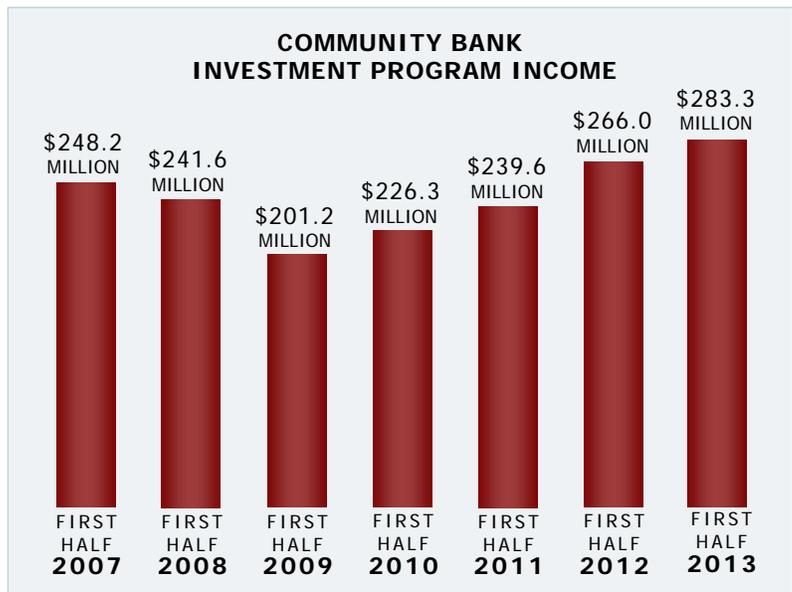
FOR IMMEDIATE RELEASE – Radnor, PA, and La Vista, NE, September 10, 2013 – Community bank investment programs continued to perform well in first half 2013 thanks to double digit growth in securities brokerage fee income, according to the *Michael White-Securities America Report: Community Bank Investment 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 and savings associations with less than \$4 billion in assets. The current quarterly report is based on data reported by all 6,940 commercial and savings banks and savings associations operating on June 30, 2013. The annual report specially examines the 6,740 community banks among them, further segmenting them into five asset classes whose performance is also analyzed.

“Our latest report finds that first-half community bank investment program revenues are the best they’ve been in seven years,” said Michael Anderson, First Vice President of Financial Institutions/Mergers & Acquisitions at Securities America. “And, in the second quarter, income from securities brokerage grew 9.1% over second quarter 2012. Thus, second quarter 2013 had the most program income of any quarter since banks began filing these data in 2007.”

Program Production

In first half 2013, 1,414 or 21.0% of community banks participated in investment program activities, producing \$283.3 million in program income, up 6.5% from \$266.0 million in first half 2012. Second quarter 2013 program income of \$147.0 million increased 7.9% from \$136.3 million in first quarter 2013 and 6.7% from \$137.7 million in second quarter 2012, hitting its highest level in the six-and-a-half years these data have been available.



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

These community banks achieved average investment program fee income of \$200,331 in first half 2013, up 10.6% from \$181,170 in first half 2012. Average first-half investment program fee income in 2013 constituted its high-water mark. The number of banks participating in investment program activities was down 3.7% from 1,468 banks in first half 2012 to 1,414 banks in first half 2013.

Program Growth

“Most programs are growing. Of 689 community banks on track to earn a minimum \$150,000 in yearly program revenues, three-fourths (74.6%) experienced growth over first half 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 7 points higher (67.8%) than in first quarter 2013.”

“Of the 689 banks on track to generate at least \$150,000 in annual program revenue, 408 banks or nearly three-fifths (59.2%) registered double-digit growth in first half 2013 program revenues compared to first half 2012,” continued White. “We can assume that a program growth rate of 25% or greater indicates initiatives to expand programs through recruitment of additional financial advisors or acquisition of investment brokerage services, rather than simply growing an existing program organically through increased marketing and sales initiatives. In that regard, nearly two in five of these programs (257 or 37.3%) exhibited growth rates of 25% or more.” White added, “None of these findings include the 17 new programs reporting first half 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 half 2013, community banks earned mean investment program income of \$436 per million dollars of retail bank deposits,” said White. “That Penetration Ratio was up 6.9% from the previous year, due to the large amounts of retail deposits. In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$522 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs.”

PERFORMANCE BENCHMARKS FOR COMMUNITY BANK INVESTMENT PROGRAM INCOME		
PERFORMANCE MEASURES	1H 2013 MEAN RATIOS	1H 2012 MEAN RATIOS
Production - Dollar Volume	\$200,331	\$181,170
Concentration - % of Noninterest Income	7.38%	6.09%
Penetration – \$ per Million Dollars of Retail Deposits	\$436	\$408
Productivity - \$ per Bank Employee	\$1,378	\$1,256
Density - \$ per Domestic Office	\$27,501	\$26,202

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 2013. They attained a Concentration Ratio of 7.4%. Large

banks, those with assets greater than \$4 billion, attained a slightly higher mean Concentration Ratio of 5.6% for the same period, reflecting a switch in the relative position of small and large banks.

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 2013, mean community bank Program Productivity was \$1,378 per bank employee, up 9.7% from \$1,256 in first half 2012, and the highest level of first-half productivity since MWA began analyzing these data in 2007.

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 \$27,501 in first half 2013, up 5.0% from \$26,202 in first half 2012.

Revenue Mix – Securities Brokerage

In first half 2013, community banks earned securities brokerage fee income of \$212.2 million, up 8.5% from \$195.5 million in first half 2012. Second quarter 2013 brokerage revenues of \$110.0 million were 7.7% more than the \$102.2 million in first quarter 2013 and 9.1% more than \$100.8 million in second quarter 2012.

Security brokerage revenues constituted 74.9% of total investment program income of \$283.3 million in first half 2013, up from a cumulative mix of 73.5% in 2012. Second quarter 2013 securities revenue mix rose 1.6 points from 73.2% in second quarter 2012 to 74.8%.

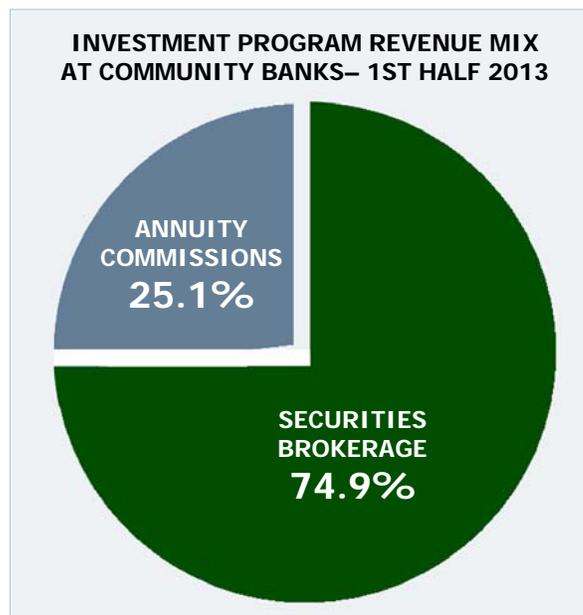
Of the 1,414 banks with assets under \$4 billion that reported earning investment program income in first half 2013, 1,235 banks or 87.3% reported earning commissions and fees from securities brokerage, and 594 banks or 42.0% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of \$71.1 million in first half 2013, up 0.9% from \$70.5 million in first half 2012. Second quarter 2013 annuity revenues of \$36.9 million were up 9.8% from \$33.6 million in first quarter 2013 and up 9.2% from \$33.8 million in second quarter 2012.

Annuity commissions constituted 25.1% of community bank investment program income of \$266.0 million in first half 2013, down from first half 2012's annuity revenue mix of 26.5%. In second quarter 2013, annuity revenue mix was 25.2%, down from 26.8% in second quarter 2012. With 14.4% of first half 2012 program income and 13.0% of first half 2013 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, and that mix has been declining.

Of the 1,414 community banks that reported earning investment program income in first half 2013, 820 banks or 58.0% reported earning annuity commissions, and 179 banks or 12.7% reported earning annuity income only.

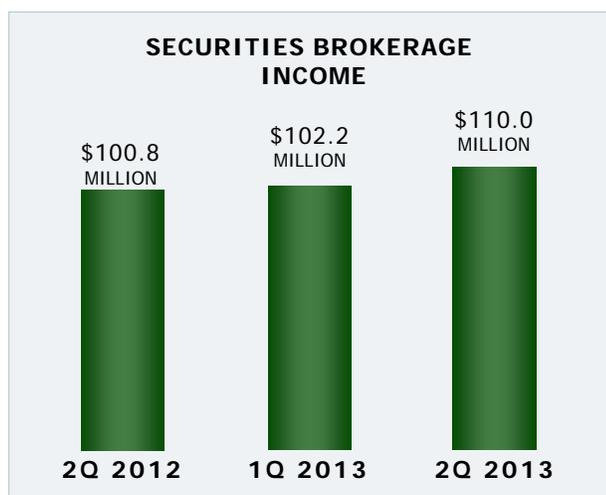


SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™

This latter finding of 179 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 2013, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$13.63 million, down 29.7% from \$19.39 million in first half 2012; North Shore Community Bank & Trust Company (IL) with \$11.42 million in 2013, up 36.8% from \$8.35 million; TIB The Independent Bankersbank (TX) with \$4.95 million, down 25.8% from \$6.67 million; Espirito Santo Bank (FL) with \$3.43 million, up 23.3% from \$2.78 million; and United Bankers’ Bank (MN) with \$3.07 million, down 15.2% from \$3.62 million in first half 2012. (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 2013, leaders in annuity fee income among banks under \$4 billion in assets were First Victoria National Bank (TX) with \$1.36 million in 2013, up 47.5% from \$925,000; CenterState Bank of Florida (FL) with \$1.26 million, up 18.9% from \$1.06 million in first half 2012; Bank Mutual (WI) with \$1.11 million, up 4.6% from \$1.06 million in 2012; Provident Bank (NY) with \$1.01 million, up 178.0% from \$363,000; and Sun National Bank (NJ) with \$918,000, up 56.1% from \$588,000 in first half 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

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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 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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