

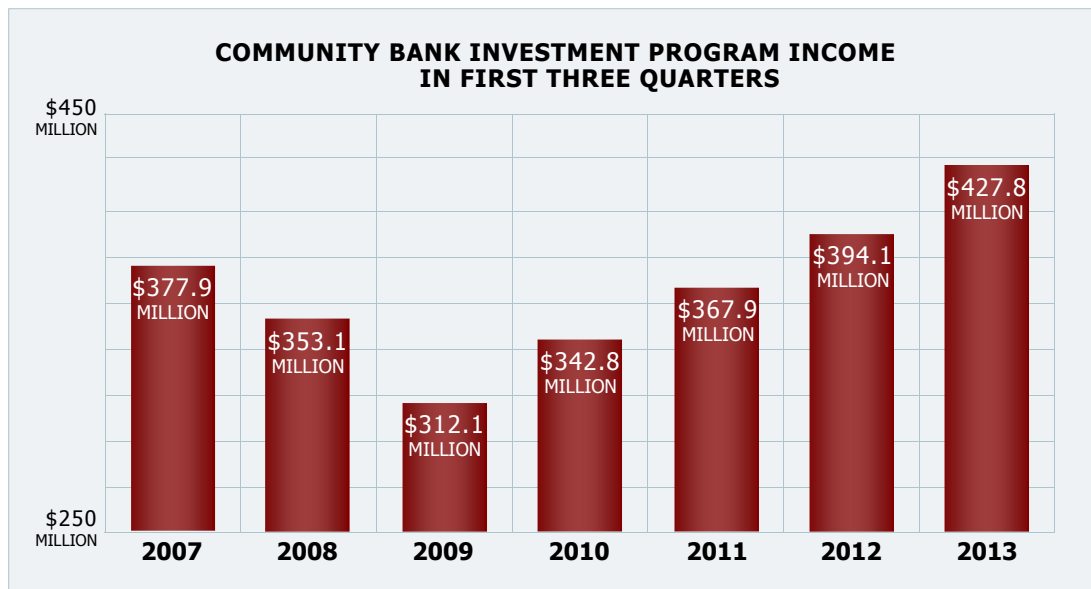


NEWS RELEASE

### Michael White-Securities America Report: Community Bank Investment Programs Have Best Start in 7 Years

**FOR IMMEDIATE RELEASE** – Radnor, PA, and La Vista, NE, December 17, 2013 – Community bank investment programs grew by 8.5% in the first three quarters of 2013 with a double-digit increase of 10.2% in securities brokerage fee income and more modest growth of 3.8% in annuity commissions and fees, 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 6,891 commercial and savings banks and savings associations operating on September 30, 2013. The annual report specially examines the 6,689 community banks among the 6,891, and further segments them into five asset classes whose performance is also analyzed.



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

Michael Anderson, First Vice President of Financial Institutions/Mergers & Acquisitions at Securities America said, “Total revenues of community bank investment programs rose to their highest point over three quarters since 2007, when we were first able to measure them. Financial institutions increased their 2013 year-to-date mean program income by 13.2%, as the banking industry consolidated and bank investment programs strengthened. Of community banks on track to earn revenues of at least \$150,000 in 2013, nearly 4 in 5 (80.1%) have grown their investment program income through third quarter, and more than 2 in 3 (65.5%) have been growing it at a rate of 10% or better so far.”

## **Program Production**

In the first nine months of 2013, 1,430 or 21.4% of community banks participated in investment program activities, producing \$427.8 million in program income, up 8.5% from \$394.1 million in nine months of 2012. Third quarter 2013 program income of \$144.5 million decreased 1.7% from a record \$147.0 million in second quarter 2013 but rose 12.8% from \$128.2 million in third quarter 2012. Each of this year's three quarters rank among the top 4 quarters in community bank investment program revenues since 2007.

These community banks achieved average investment program fee income of \$299,173 over nine months of 2013, up 13.2% from \$264,351 for the same period in 2012. Average three-quarters' investment program fee income in 2013 constituted the high-water mark since MWA has been able to measure these data starting in 2007. The number of banks participating in investment program activities was down by 4.1% from 1,491 banks over three quarters of last year to 1,430 banks and thrifts through three quarters in 2013. Still, the total number of community banks and thrifts fell 4.0% from 6,969 to 6,686 over the same period.

## **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.

"Year-to-date third quarter 2013, community banks earned mean investment program income of \$659 per million dollars of retail bank deposits," said Michael White, president of Michael White Associates and author of the report. "That Penetration Ratio was virtually the same as the previous year. In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$742 per million dollars of retail deposits. Although the higher amount indicates that community banks can further grow their programs by increasing penetration of their customer bases, it should be noted that big bank Penetration declined 52.0% from a high of \$1,546 at the end of three quarters in 2007."

<b>THIRD QUARTER YTD 2013 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS</b>		
<b>PERFORMANCE MEASURES</b>	<b>3Q 2013 MEAN RATIOS</b>	<b>3Q 2012 MEAN RATIOS</b>
Production - Dollar Volume	\$299,173	\$264,351
Concentration - % of Noninterest Income	7.51%	6.37%
Penetration – \$ per Million Dollars of Retail Deposits	\$659	\$595
Productivity - \$ per Bank Employee	\$2,072	\$1,842
Density - \$ per Domestic Office	\$42,683	\$38,105

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 for three quarters in 2013. As a group, community banks attained a Concentration ratio of 7.5%. Large banks, those with assets greater than \$4 billion, had a lower mean Concentration ratio of 5.7% 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. Year-to-date 2013, mean community bank Program Productivity was \$2,072 per bank employee, up 12.5% from \$1,842 over three quarters of 2012, and the highest level of three-quarters' worth of 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 \$2,215 in program revenue per bank employee, up 5.9% from \$2,091 a year ago.

### **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 \$42,683 at September 30, 2013, up 12.0% from \$38,105 for nine months in 2012.

### **Revenue Mix – Securities Brokerage**

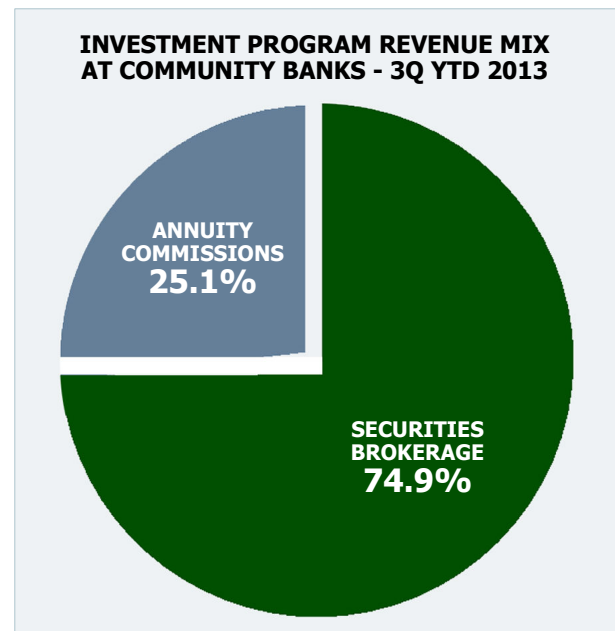
In the first nine months of 2013, community banks earned securities brokerage fee income of \$320.3 million, up 10.2% from \$290.5 million in three quarters in 2012. Third quarter 2013 brokerage revenues of \$108.1 million were 1.7% or \$1.2 million less than the \$110.0 million in second quarter 2013, but 13.8% more than \$95.0 million in third quarter 2012.

Security brokerage revenues constituted 74.9% of total investment program income of \$427.8 million in nine months of 2013, up slightly from a cumulative mix of 73.7% in 2012.

Of the 1,430 banks with assets under \$4 billion that reported earning investment program income in third quarter 2013, 1,245 banks or 87.1% reported earning commissions and fees from securities brokerage, and 601 banks or 42.0% reported earning securities brokerage fee income only.

### **Revenue Mix – Annuities**

Community banks earned annuity fee income of \$107.5 million through September 30, up 3.8% from \$103.6 million in nine months of 2012. Third quarter 2013 annuity revenues of \$36.4 million were down 1.6% from \$37.0 million in second quarter 2013 and up 9.8% from \$33.2 million in third quarter 2012.



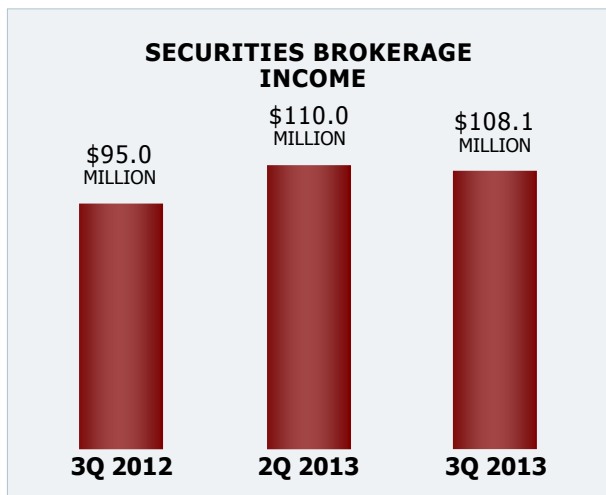
SOURCE: Michael White - Securities America Report:  
Community Bank Investment Programs™

Annuity commissions constituted 25.1% of community bank investment program income of \$427.8 million over three quarters in 2013, down slightly from 2012's annuity revenue mix of 26.3% at the end of three quarters. In third quarter 2013, annuity revenue mix was 25.2%, down from 25.9% in third quarter 2012.

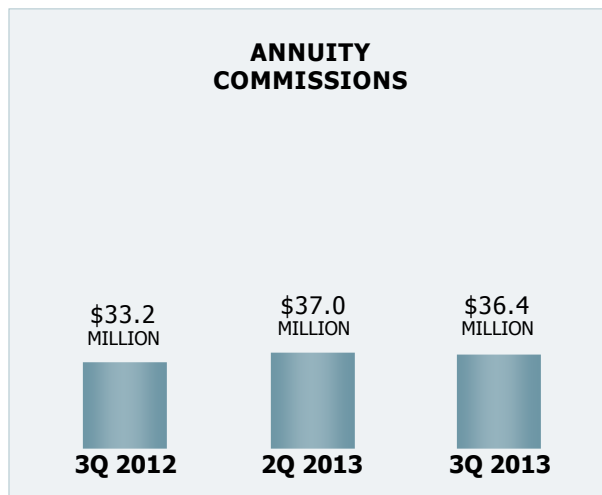
Of the 1,430 community banks that reported earning investment program income through three quarters in 2013, 829 banks or 58.0% reported earning annuity commissions, and 185 banks or 12.9% reported earning annuity income only. This latter finding of 185 banks reporting only annuity income may be indicative 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 three quarters of 2013, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$17.94 million, down 37.8% from \$28.84 million for the same period in 2012; North Shore Community Bank & Trust Company (IL) with \$16.96 million in 2013, up 31.4% from \$12.91 million; TIB The Independent Bankersbank (TX) with \$6.17 million, down 38.3% from \$9.99 million; Johnson Bank (WI) with \$5.05 million, up 21.9% from \$4.14 million; and United Bankers' Bank (MN) with \$4.15 million, down 19.2% from \$5.14 million in the first three quarters of 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™



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

**Leaders – Annuities**

Over three quarters of 2013, leaders in annuity fee income among banks under \$4 billion in assets were First Victoria National Bank (TX) with \$2.03 million, up 46.7% from \$1.38 million; CenterState Bank of Florida (FL) with \$1.92 million, up 17.8% from \$1.63 million; Bank Mutual (WI) with \$1.61 million, up 3.0% from \$1.56 million in 2012; AnchorBank, fsb (WI) with \$1.59 million, up 3.3% from \$1.54 million; and Lake City Bank (IN) with \$1.35 million in 2013, down 1.0% from \$1.37 million on September 30, 2012.

### **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 1994, 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, the inaugural Bank Insurance & Securities Association (BISA) Technology Innovation Award in March 2013 and was named to the 2013 InformationWeek 500, a list of the top technology innovators in the U.S. 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 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](http://www.BankInsurance.com).

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