

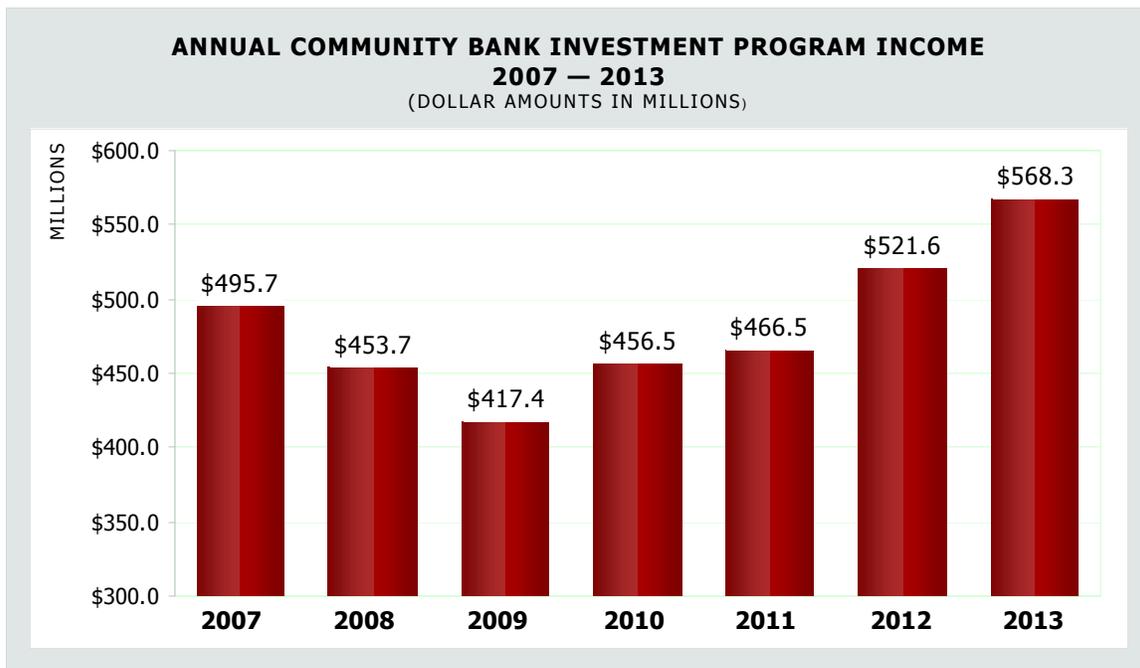


**NEWS RELEASE**

***Michael White-Securities America Report:*  
Community Bank Investment Programs Have Best Year in 2013**

**FOR IMMEDIATE RELEASE - Radnor, PA, and La Vista, NE - March 17, 2014** - Community bank investment programs grew by 8.9% in 2013, and had their best first, second, third and fourth quarters in the recorded history of community bank programs, 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 or thrifts with less than \$4 billion in assets. The current quarterly report is based on data reported by all 6,812 financial institutions (collectively, “banks”) operating on December 31, 2013. The annual report specially examines the 6,608 community banks among the 6,812, and further segments them into five asset classes for performance analyses.



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 since 2007, when we were first able to measure them. Better still, hundreds of bank programs have been growing rapidly. Of 704 community banks with investment program income in 2012 and at least \$150,000 in investment program revenues in 2013, 581 banks or more than four in five (82.5%) had positive growth of some amount in their investment program income, and 478 banks or two in three (67.9%) grew it at a rate of 10% or better so far and 345 or one in two (49.0%) grew in excess of 20%.”

### **Program Production**

In 2013, 1,452 or 22.0% of community banks participated in investment program activities, producing \$568.3 million in program income, up 8.9% from \$521.6 million in 2012. Fourth quarter 2013 program income of \$140.4 million decreased 2.8% from \$144.54 million in third quarter 2013 but rose 10.2% from \$127.5 million in fourth quarter 2012. Each of the four quarters of 2013 achieved revenues greater than any prior year's linked quarter since banks began reporting investment program income in 2007.

These community banks achieved average investment program fee income of \$391,363 in 2013, up 12.6% from \$347,528 in 2012. Average investment program fee income in 2013 marks the high-water mark since 2007. The number of banks participating in investment program activities was down by 3.3% from 1,501 banks in 2012 to 1,452 banks and thrifts in 2013. Still, the total number of community banks declined 4.0% from 6,881 in 2012 to 6,608 in 2013.

### **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 2013, community banks attained a mean Penetration Ratio of \$858 of investment program income 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 \$1,081 per million dollars of retail deposits. The higher amount indicates that community banks can further grow their programs by increasing penetration of their customer bases."

<b>2013 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS</b>		
<b>PERFORMANCE MEASURES</b>	<b>2013 MEAN RATIOS</b>	<b>2012 MEAN RATIOS</b>
Production - Dollar Volume	\$391,363	\$347,528
Concentration - % of Noninterest Income	7.48%	7.94%
Penetration – \$ per Million Dollars of Retail Deposits	\$858	\$760
Productivity - \$ per Bank Employee	\$2,736	\$2,400
Density - \$ per Domestic Office	\$53,042	\$49,716

*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 2013. As a group, community banks attained a Concentration ratio of nearly 7.5%. Large banks, those with assets greater than \$4 billion, had a lower mean Concentration ratio of 4.9%, 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 2013, mean community bank Program Productivity was \$2,736 per bank employee, up 4.4% from \$2,400 in 2012, reaching the highest level of productivity since MWA began analyzing these data in 2007. Community banks with assets between \$300 million and \$500 million generated the highest level of Program Productivity at \$2,822 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. Mean density per domestic community bank office was an adjusted \$40,048 at December 31, 2013, up 17.5% from an adjusted \$34,082 in 2012.

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

In 2013, community banks earned securities brokerage fee income of \$425.1 million, up 8.9% from \$385.0 million in 2012. Fourth quarter 2013 brokerage revenues of \$104.8 million were 3.0% or \$3.3 million less than the \$108.1 million in third quarter 2013, but 11.0% more than \$94.5 million in fourth quarter 2012.

Security brokerage revenues constituted 74.8% of total investment program income of \$568.3 million in 2013, up from a cumulative mix of 73.8% in 2012.

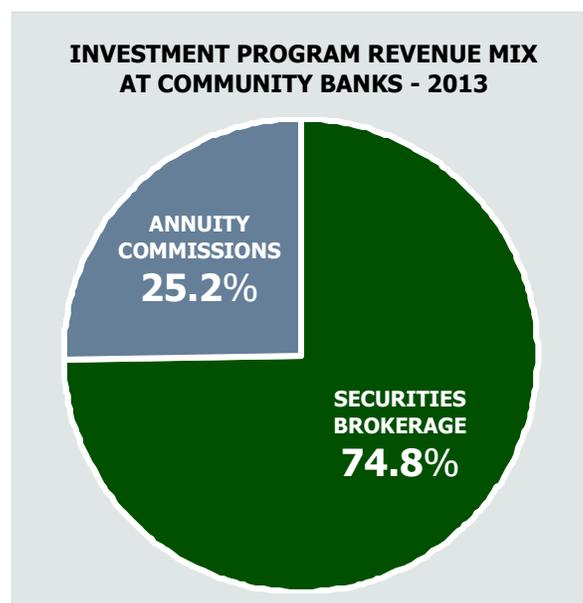
Of the 1,501 banks with assets under \$4 billion that reported earning investment program income in 2013, 1,261 banks or 86.8% reported earning commissions and fees from securities brokerage, and 615 banks or 42.4% reported earning securities brokerage fee income only.

### **Revenue Mix – Annuities**

Community banks earned annuity fee income of \$143.1 million through December 31, up 4.7% from \$136.7 million in 2012. Fourth quarter 2013 annuity revenues of \$35.6 million were down 2.3% from \$36.4 million in third quarter 2013, but up 7.8% from \$33.0 million in fourth quarter 2012.

Annuity commissions constituted 25.2% of community bank investment program income of \$568.3 million in 2013, slightly lower than 2012's annuity revenue mix of 26.2%. With 14.8% of program income from annuities, bigger banks with assets in excess of \$4 billion had a considerably lower mix of annuity commissions in their investment programs in 2013; their 2013 mix was 2.1 points lower than the 16.9% mix in 2011.

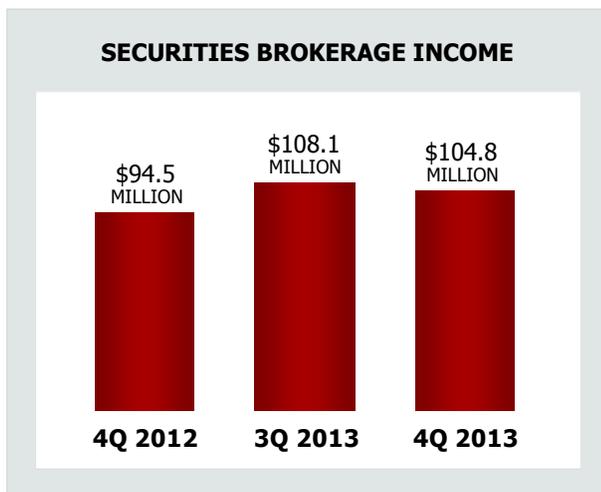
Of the 1,452 community banks that reported earning investment program income in 2013, 837 banks or 57.6% reported earning annuity commissions, and 191 banks or 13.2% reported earning annuity income only. This latter finding of 191 banks reporting only annuity income may be indicative of banks that have 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™

### **Leaders – Investment Program**

In 2013, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$22.52 million, down 39.1% from \$36.96 million in 2012; North Shore Community Bank & Trust Company (IL) with \$22.21 million in 2013, up 26.9% from \$17.50 million in 2012; TIB The Independent Bankersbank (TX) with \$7.57 million, down 41.6% from \$12.97 million; Johnson Bank (WI) with \$6.66 million, up 20.1% from \$5.54 million; and United Bankers' Bank (MN) with \$5.33 million, down 23.4% from \$6.96 million in 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 2013, leaders in annuity fee income among banks under \$4 billion in assets were CenterState Bank (FL) with \$2.57 million, up 21.1% from \$2.12 million; AnchorBank, fsb (WI) with \$2.18 million, up 6.9% from \$2.04 million; Bank Mutual (WI) with \$2.18 million, up 3.3% from \$2.11 million in 2012; Lake City Bank (IN) with \$2.02 million in 2013, up 18.3% from \$1.71 million in 2012; and Sun National Bank (TX) with \$1.68 million, up 31.6% from \$1.28 million in 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 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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