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N E W S R E L E A S E

Michael White-IPI Report Wealth Management Income Slows in First Half 2012

FOR IMMEDIATE RELEASE – Radnor, PA, and San Antonio, TX, November 13, 2012 – Bank and thrift holding companies (BHCs/THCs) tallied \$59.40 billion in wealth management income in first half 2012, down 6.6% from \$63.59 billion in first half 2011, according to the new *Michael White-IPI Bank Wealth Management Report*[™]. Of 1,070 large top-tier BHCs/THCs, 576 or 53.8% engaged in wealth management activities so far in 2012.

Second-quarter BHC wealth management income slid 11.0% to \$28.95 billion from \$32.54 billion in second quarter 2011; and it slid from the prior first quarter 2012 by 5.0% from \$30.46 billion.

Compiled by Michael White Associates (MWA) and sponsored by Investment Professionals, Inc (IPI), this report measures and benchmarks the banking industry's performance in generating fee income from multi-faceted wealth management services for individuals, families, businesses, and nonprofits. Results are based on data from all 7,246 commercial banks, savings banks and savings associations (thrifts) and 1,070 large top-tier bank and thrift holding companies operating on June 30, 2012.

TOP 12 BANK HOLDING COMPANIES WITH THE FASTEST GROWING WEALTH MANAGEMENT INCOME IN FIRST HALF 2012

R A N K	WEALTH MANAGEMENT FEE INCOME		PERCENT CHANGE 2010 - 2011	BANK HOLDING COMPANY	ASSETS	% OF NONINTEREST INCOME
	1H 2012	1H 2011				
<i>(ALL DOLLAR AMOUNTS IN THOUSANDS)</i>						
1	\$259	\$82	215.85%	Northfield MHC	VT	\$711,552 12.70%
2	\$472	\$151	212.58%	Valley Financial Corporation	VA	\$796,282 25.11%
3	\$743	\$288	157.99%	Home Bancshares, Inc.	AR	\$4,056,405 3.65%
4	\$497	\$196	153.57%	Access National Corporation	VA	\$841,709 1.92%
5	\$276,214	\$137,919	100.27%	M&T Bank Corporation	NY	\$80,560,493 36.46%
6	\$131	\$69	89.86%	Summit Bancorp, Inc.	AR	\$1,163,153 3.37%
7	\$20,151	\$10,990	83.36%	Centerstate Banks, Inc.	FL	\$2,440,478 74.22%
8	\$809	\$455	77.80%	United Community Bancorp, Inc.	IL	\$1,259,163 11.20%
9	\$5,358	\$3,015	77.71%	First Security Bancorp	AR	\$4,363,552 13.16%
10	\$310	\$180	72.22%	Independent Holdings, Inc	TN	\$844,421 8.96%
11	\$220	\$130	69.23%	Tri-County Financial Corp.	MD	\$975,875 15.55%
12	\$134	\$81	65.43%	Bridge Bancorp, Inc.	NY	\$1,399,387 3.61%

BHCs with a minimum annualized wealth management income of \$250,000 in 2012 ranked by program income growth.

Excludes traditional insurance companies and mutual fund companies such as, respectively, The Principal and T. Rowe Price.

SOURCE: Michael White - IPI Bank Wealth Management Report[™]

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These BHCs achieved unadjusted mean wealth management program fee income of \$103.13 million in first half 2012. Their median investment program income was \$794,000, down 3.6% from \$824,000 in median program income in first half 2011. Top quartile performance in first half 2012 began at \$2,695,000, down 1.4% from the \$2,734,000 starting point for top-quartile BHC investment program revenue in first half 2011.

Wealth Management Program Growth

Many programs registered increases in first half 2012 over the same period in 2011. Of all 576 BHC wealth management programs, 423 (73.4%) were on track to earn a minimum quarter-million dollars in 2012. Of those 423, 269 (63.6%) showed some level of positive growth in wealth management income over 2010, with 129 programs (30.5%) exhibiting double-digit growth and 78 programs (18.4%) achieving 20%+ growth. These findings are significantly lower than at the end of 2011.

Among those 152 BHCs (35.9%) whose annualized wealth management income equals at least \$250,000 and experienced a decline in first half 2012, 101 (23.9%) experienced single-digit declines and 51 BHCs (12.1%) had declines in excess of 10%, with 21 of those experiencing decreases of 20% or more. These findings are significantly higher than at the end of last year.

"Wealth management income has decreased in the first six months of 2012 compared to 2011, and the number and percentage of wealth management programs with positive growth have declined. Despite these disappointing findings, the importance of securities brokerage and annuity commissions has risen, as they constituted nearly 36% of wealth management program income," said Jay McAnelly, President of IPI. "With the economy still in the doldrums, program managers must continue their efforts to strengthen retail distribution of these essential securities and annuity products. I am confident that banks that make a meaningful effort to generate noninterest fee income will affirm its importance in offsetting declines in traditional bank revenues such as decreased service charges on deposit accounts and stalled total interest income."

Leaders in Wealth Management

The table entitled "Top 5 Leaders in Wealth Management Income in First Half 2012" lists leaders in the three traditional BHC assets classes: over \$10 billion in assets, between \$1 billion and \$10 billion in assets, and between \$500 million to \$1 billion in assets. A fourth asset class includes the smallest community banks, those with assets less than \$500 million, which are used as "proxies" for the smallest BHCs, which are not required to report wealth management income and its line items components.

TOP 5 LEADERS IN WEALTH MANAGEMENT INCOME IN FIRST HALF 2012				
RANK	BHCS OVER \$10 BILLION	BHCS BETWEEN \$1B - \$10B	BHCS BETWEEN \$500M - \$1B	SMALL BANK 'PROXIES' UNDER \$500M
1	Morgan Stanley (NY)	Stifel Financial Corp. (MO)	First Command Financial Services, Inc. (TX)	The Haverford Trust Company (PA)
2	JPMorgan Chase & Co. (NY)	SWS Group, Inc. (TX)	First National Bankers Bankshares (LA)	Essex Savings Bank (CT)
3	Bank of America Corporation (NC)	Plains Capital Corporation (TX)	United Bankers' Bancorporation (MN)	Soy Capital Bank and Trust Company (IL)
4	The Goldman Sachs Group, Inc. (NY)	Boston Private Financial Holdings, Inc. (MA)	First Bankers Trustshares, Inc. (IL)	Ledyard National Bank (VT)
5	Wells Fargo & Co. (NY)	Santander Bancorp (PR)	Northwestern Bancorp (MI)	Delta Trust & Bank (AR)

SOURCE: Michael White - IPI Bank Wealth Management Report™

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Contribution of Four Components to Total Wealth Management Income

Wealth management income consists of four main components in this report, those being securities brokerage (which, by definition, must be present to define a wealth management program), annuity sales, fiduciary activities and investment advisory/banking services. Of the 576 BHCs reporting wealth management income, 116 BHCs or 20.1% reported earnings in each of the four component revenues constituting wealth management.

COMPONENT SHARES AS A PERCENT OF BHC WEALTH MANAGEMENT INCOME IN FIRST HALF 2012				
ASSET CLASS	ANNUITIES	FIDUCIARY ACTIVITIES	INVESTMENT ADVISORY / BANKING	SECURITIES BROKERAGE
ALL BHCS	2.6%	28.5%	35.9%	33.1%
BHCS OVER \$10 BILLION	2.5%	28.4%	36.4%	32.7%
BHCS \$1 BILLION – \$10 BILLION	4.6%	32.0%	17.7%	45.7%
BHCS \$500 MILLION – \$1 BILLION	8.3%	36.0%	30.3%*	25.4%
SMALL BANK 'PROXIES' UNDER\$500 MILLION	10.3%	47.0%	6.7%	36.0%

* Of the 30.3%, 19.1% was due to the introduction of one new reporting entity, a thrift holding company

SOURCE: Michael White - IPI Bank Wealth Management Report™

Securities brokerage fees and commissions represented \$19.64 billion or 33.1% of total BHC wealth management income in first half 2012, up 6.5% from \$18.45 billion in first half 2011.

Three hundred sixty-seven (367) BHCs or 63.7% of the 576 wealth management programs reported annuity income of \$1.55 billion in first half 2012, up 1.8% from \$1.52 billion in first half 2011. Annuity income constituted 2.6% of total wealth management income in first half 2012 and was the smallest contributor to overall wealth management income.

Three hundred sixty-eight (368) BHCs or 63.6% of all wealth management programs reported income from fiduciary activities of \$16.91 billion in the first six months of 2012, up 0.4% from \$16.85 billion in the same period of 2011. Fiduciary income constituted 28.5% of total wealth management income so far in 2012.

One hundred eighty-four (184) BHCs or 31.8% of wealth management programs reported investment advisory and banking income of \$21.31 billion in first half 2012, down 20.4% from \$26.78 billion in the first six months of 2011. Investment advisory and banking income constituted the largest contributor to wealth management income with a share of 35.9% in six months of 2012.

“While fiduciary income represents an important component of wealth management, broker-dealer activities, which include most annuity revenues, dominate wealth management,” said Michael White, President of MWA.

Contribution of Wealth Management Components by BHC Asset Class

Whereas investment advisory/banking income was the number one contributor (36.4%) by the largest BHCs to their wealth management income, third-ranked fiduciary income (28.5%) ranked number one among large banks, further demonstrating that most investment advisory/banking operations are direct subsidiaries of bank holding companies whereas fiduciary services operate mostly through banks or their subsidiaries. Interestingly, the contribution of investment advisory/banking to wealth management income decreased by sixty percent among the smaller BHCs (those under \$10 billion in assets), ranking third.

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Mid-size BHCs (between \$1 billion and \$10 billion in assets) generated most of their wealth management income in first half 2012 from securities brokerage (45.7%) and fiduciary activities (32.0%). The smaller BHCs (assets between \$500 million and \$1 billion) tended to mirror most of the smaller banks in that fiduciary income resumed its number one ranking and securities brokerage resumed its second-place finish.

For purposes of comparing the smallest BHCs, i.e., those with assets less than \$500 million, which no longer report line item fee income, the report uses similarly sized small banks as a stand-in or “proxy” for the smallest BHCs. (In the past, when these smallest BHCs did report line item fee income data, they closely tracked the results of small banks, mainly because the small banks tended to hold the subsidiary activity as a subsidiary so the income reported up to the bank, and, if there was any holding company, up to the BHC.)

The bottom line findings of component contributions to BHC wealth management income are these: In first half 2012, investment advisory/banking was most important to the largest BHCs, those over \$10 billion in assets. Thereafter, involvement in those activities basically declined substantially among the other BHC and proxy bank asset classes. Taking its place were fiduciary-related income and securities brokerage commissions and fees.

Contributions of Wealth Management to Noninterest Income

Among the top 50 BHCs nationally in wealth management concentration (i.e., wealth management income as a percent of noninterest income) in 2011, the median Wealth Management Concentration Ratio was 57.5%. Among the top 50 small banks in wealth management concentration that are serving as proxies for small BHCs, the median Wealth Management Concentration Ratio was 56.7% of noninterest income.

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Investment Professionals, Inc. (IPI): Exclusively dedicated to the bank brokerage industry since its inception in 1992, IPI assists community banks throughout the country in establishing successful, profitable investment programs. Banks benefit from IPI’s expertise in all facets of bank brokerage, resulting in a program designed to meet customer needs while also generating meaningful non-interest income. Based in San Antonio, Texas, IPI provides extensive guidance in the key components of a successful program, including compliance and regulatory support, advisor recruiting, compensation design, co-branded marketing, ongoing sales management and realistic goal setting. Learn about IPI’s industry accolades by visiting www.invpro.com.

Michael White Associates (MWA): 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-IPI Bank Wealth Management Report*[™] measures and benchmarks the performance of bank wealth management programs. The annual *Michael White Prudential Bank Insurance Fee Income Report*[™] and *Michael White-ABIA Bank Annuity Fee Income Report*[™] provide, respectively, comprehensive analyses of bank insurance brokerage and bank annuity commission 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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