

News Release

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NEW RESEARCH REPORT FINDS HIGHEST US BANK PROFITABILITY AMONG SMALL AND MEDIUM-SIZED BANKS

*BRADWAY RESEARCH'S 100 MOST PROFITABLE BANKS OF 2006:
WINNING STRATEGIES AND EXECUTION EXCELLENCE*

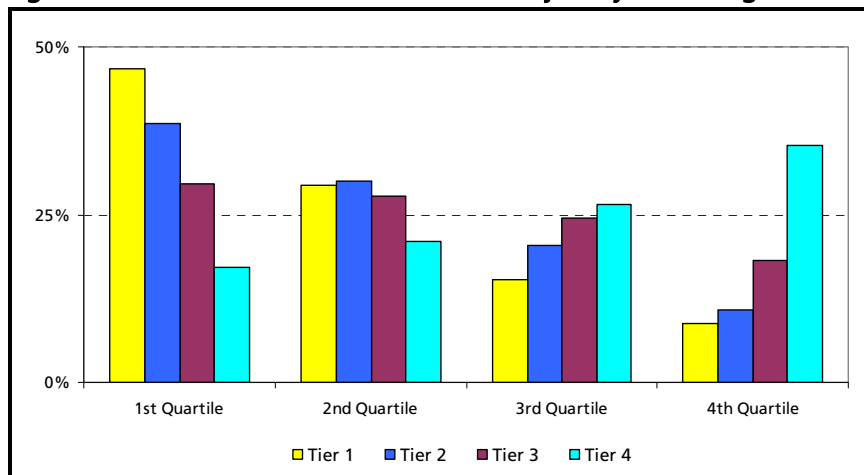
Framingham, MA – July 30, 2007 – Bradway Research LLC has released its first research report which details the business strategies behind the 100 most profitable US banks for 2006. Using a profitability methodology that establishes a level playing field for evaluating and ranking the profitability of 7,430 banks and thrifts of all sizes, this analysis also analyzes the banking industry’s profitability by asset segment.

Among the report’s findings are that size does not lend itself to truly high performance. Of the four asset segments, Tier 1 (assets > \$10 billion) had no institutions on the 100 most profitable list while Tier 2 (assets between \$1 - \$10 billion) had only nine entries. Tier 3 (assets between \$100 million - \$1 billion) had the most institutions with 59 and Tier 4 (assets < \$100 million) provided 32 entries. However Tier 1 institutions were more profitable as a group than institutions in Tiers 2, 3 and 4. Tier 1 was over represented in the top profitability quartile and none of the 92 Tier 1 institutions reported a loss for 2006 (see Figure 1). On the other hand, Tier 4 was over represented in the fourth, or lowest, profitability quartile and accounted for 81% of the 567 institutions that reported a loss, due partly to de novo activity.

Key operating characteristics of the 100 most profitable institutions included, but were not limited to, superior net interest margins and operating efficiencies. Net interest margins are much higher due to loan portfolio yields, often the result of niche lending strategies. A lack of branches was not a constraint as 88 of the 100 institutions had fewer than 10 branches.

Private equity is alive and well within the 100 most profitable banks and thrifts. Of the 100 most profitable institutions, 95 are privately held, five are publicly owned, and none are mutually owned. Location is not an issue. The list of 100 institutions covered 28 states, led by Texas (15), Minnesota (8), Illinois (7), Utah (6), Colorado (5), California (4), and Florida (4).

Figure 1. Profit Score Concentration Analysis by Asset Segment Tiers



Source: Bradway Research LLC