

FOR IMMEDIATE RELEASE

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Contact: David Shoemaker, Equias Alliance, 901.754.4924

Equias Alliance Publishes "The Impact of Basel III on Community Banks" as a Resource for the Banking Industry.

To help its clients and other interested parties understand the key provisions of the Basel III proposals, including the potential impact on Bank-Owned Life Insurance ("BOLI"), Equias Alliance has prepared an overview of the new proposals. To view this special edition of Equias InSIGHTS, please visit the Equias Alliance website at www.equiasalliance.com and look under the News and Events section.

By way of background, on June 12, 2012 the Federal agencies (OCC, Federal Reserve Board and FDIC) proposed significant changes to the regulatory capital requirements for community and national banks. These proposals are collectively known as Basel III. Bank trade organizations such as the American Bankers Association ("ABA") and the Independent Community Bankers Association ("ICBA") have recently expressed serious concern to Federal agencies overseeing banking about the possible financial impact of the Basel III proposals on community banks. Among the more serious of those expressed by the ABA and ICBA are concerns over the new minimum capital levels, new residential mortgage requirements and new risk weights assigned to delinquent loans – all of which will squeeze community bank capital and increase the cost of lending.

Since over half of the banks in the U.S. have purchased bank-owned life insurance ("BOLI") the question naturally arises as to whether the Basel III proposals will adversely impact a bank's BOLI holdings. According to Becky Pressgrove, Senior Vice President and Chief Operating Officer of Equias Alliance, the proposals do not negatively impact a bank's BOLI holdings. Ms. Pressgrove stated "Of the many changes brought about by the Basel III proposals that banks very much need to be concerned with, changes to the capital treatment and risk-weighting of BOLI assets are not among them."

Ms. Pressgrove then provided some clarity regarding the risk-weighting of General Account BOLI policies under the Basel III proposals. Some analysts have predicted that General Account



BOLI, which is presently risk-weighted at 100% under OCC 2004-56, may receive more favorable treatment under Basel III. However, Ms. Pressgrove, in discussions with an attorney for the OCC, has confirmed that General Account BOLI will continue to be risk-weighted at 100%. It is important to note that the responses received from the OCC attorney represent staff-level opinion and do not represent an official position of the OCC. Although staff-level opinion is very important, only the Agencies have final decision-making authority and only the Agencies can provide an official position on the issue.

Equias Alliance will keep its clients updated on new developments relating to this important development as they occur.

About Equias Alliance

Equias Alliance delivers nonqualified benefit and BOLI administration and portfolio services to banks across the United States via its team of 16 consultants and 30 support personnel located in 13 regional offices. Equias Alliance offers a near-seamless approach from design to implementation. The Equias Alliance team has helped over 800 banking organizations recruit, retain, and reward executives, directors and employees critical to each bank's success.

The American Bankers Association (through its subsidiary, the Corporation for American Banking) has endorsed Equias Alliance for the following services:

1. Placement of BOLI
2. Administration of BOLI and Executive and Director Benefit Plans
3. Risk Assessment Reviews of BOLI and Executive and Director Benefit Plans
4. Executive and Director Benefits Consulting.

Equias Alliance can be found on the Internet at www.equiasalliance.com.