



NEWS RELEASE

Contact: Carmen Effron at 203.226.2645, Carmen@EffronBurke.com
Brian Burke at 203.255.1342, Brian@EffronBurke.com
840 Mill Hill Road, Suite 200, Southport, Ct 06890

NEW STUDY SHOWS BOLI YIELDS FALL DRAMATICALLY IN 2008

Southport, CT (May 13, 2009) Carmen Effron and Brian Burke are pleased to announce the formation of Effron Burke Associates LLC as an extension of C F Effron Company services. EBA is also pleased to announce the publication of the first definitive **index that measures Bank Owned Life Insurance (BOLI) yields**, based on a comprehensive statistical analysis of regulatory filing of all FDIC-insured banks going back to 2004. The EBA Composite BOLI Index™ shows that BOLI yields in 2008 fell **22%** from 2007, dropping from 4.35 to 3.38%. Banks have over \$122 Billion invested in BOLI assets.

Ms. Effron says, "Everyone is acutely aware that yields on all asset classes have fallen dramatically, so when reviewing the very opaque BOLI assets, all options need to be explored by an independent party. The prudent banker is extremely aware of the lack of transparency of these assets and therefore the potential for embedded risks." She notes that EBA provides one-stop outsourced financial analysis, risk management and regulatory compliance services.

Brian Burke, a lawyer and BOLI/COLI subject matter expert with 30 years in the business, comments, "I have negotiated these contracts line by line and know that few bank personnel can be knowledgeable of every element of such a specialized contract, and the cost/benefit of having in-house expertise is just not feasible for most institutions. This is why we began EBA."

In addition to the Composite Index, Effron Burke Associates publishes four sub-indices: the EBA Top 20 BOLI Index™ (tracking the top 20 banks ranked by assets), the EBA Regional BOLI Index™ (tracking the next 130 banks by size), the EBA Community Bank BOLI Index™ (banks ranked from 151 to 2,000), and the EBA Small Bank BOLI Index™ (for banks below the top 2,000). **For the top 20 banks, accounting for 58% of all reported BOLI assets, BOLI yields fell even more dramatically than the Composite, by 28% versus 22%.** EBA believes that the sharper decline in large-bank BOLI yields portends a coming decline in small-bank BOLI yield, due to structural differences in the kind of BOLI at these institutions. EBA also notes that total BOLI assets actually declined in Q4 2008 for the first time since tracking began, and this decline is attributable to the top 20 banks.

Adam Kugler, another expert on the EBA team says, "As the recent Treasurer of a \$64 billion bank, I was responsible for \$1.3 billion portfolio of BOLI assets, and given today's declining credit rates, I would want a fully independent source (not-broker related) to review my options. Bank Regulatory Guidance for BOLI also recommends an independent risk management review."

EBA plans to update its definitive BOLI Yield Composite Index and the four sub-indices on a quarterly basis, as new call report and TFR data are released by the FDIC. For a complete copy of the analysis as well the opportunity for a peer bank analysis visit www.effronburke.com.