

When Donald Hom, the President and Chief Executive Officer of Lincoln Park Savings Bank in New Jersey, saw Hurricane Katrina rip apart community banks in the Gulf Coast, he got to thinking: What if a similar disaster struck his bank?

"I don't want to be standing in front of my building, scratching my head, wondering what to do next," he said.

To ensure that the \$88 million-asset bank could get back on its feet quickly after a similar catastrophe, Mr. Hom turned to Agility Recovery Solutions.

Should Lincoln Park's one branch be damaged in a disaster, a team from the Charlotte disaster-recovery company would be on the ground within 48 hours to set up a mobile branch complete with satellite communications, computers, software - "whatever is necessary to put us back into operation and to serve our customers," Mr. Hom said.

Community banks have relied on outside companies for years to provide a host of essential services, such as data security, Internet banking, and even mortgage lending. Now a growing number of them have begun to outsource disaster recovery.

"It's a sign of the times," said Doug Johnson, a Senior Policy Analyst at the American Bankers Association. "These types of services are becoming more attractive to community banks."

A host of other companies, including SunGard Data Systems Inc., International Business Machines Corp., and Hewlett-Packard Co., provide disaster-recovery services to large businesses. Agility's are tailored for community banks.

SunGard, of Wayne, Pa., also bid for the Lincoln Park contract, but Agility "met our needs in a more cost-effective manner," Mr. Hom said.

Agility says it has about 115 community-bank customers, five of which signed on after Katrina made landfall on Aug. 29.

Mr. Johnson said he knows of no other company providing similar services to community banks. Nevertheless, he said, potential customers should make sure that the service is cost-effective for them and that Agility has the bandwidth to serve all of its customers in the event of a large-scale disaster.

Scarborough, a Chicago division of Aon Corp. that provides insurance for financial institutions, launched a partnership with Agility in January. "Larger institutions generally have the resources to pull together a disaster-recovery plan that can be implemented quickly," said Kim Waller, Scarborough's Managing Director. It's the smaller institutions that have to find more creative ways to deal with disaster recovery needs."

Mike Hoeltke, Vice President of Sales at Agility, said its mobile branches enable community banks to get up and running quickly after a natural disaster without having to

move. The units are powered by generators, equipped with satellite communications technology, and have all the trappings of a standard branch, including a teller counter, a manager's office, a check-signing station, and a reception area, he said. "We provide everything, right down to the tables and chairs," Mr. Hoeltke said.

Mr. Johnson said that the recent hurricanes in the Gulf Coast have increased demand for such services. "Financial institutions are mindful that natural disasters of various types can occur throughout the country," he said.

None of the community banks under contract with Agility has been through a disaster, but they say the contracts give them peace of mind.

"I did not have the time nor the inclination to do everything that's needed to be done as far as disaster recover goes," said Ellen Eigel, the Vice President of Operations at Midtown Bank and Trust Co. in Atlanta. "They offered me the solution I needed."

The \$83 million-asset bank pays Agility a monthly fee of \$345. If disaster struck it would also have to cover all the costs of bringing the Agility team on-site, but Mr. Hoeltke said banks' insurance policies generally cover those costs.

Ms. Eigel said that she considers the cost small for the security Agility provides. "It's something that helps me sleep a little better," she said.

The \$121 million-asset Community Capital Bank of Jonesboro, Ga., signed with Agility in 2004. Until then it had no solid disaster recovery plan, said Chief Financial Officer Adam Stovall, a Vice President.

"There were not any other companies that would come out and provide the services that they provide," Mr. Stovall said. "I think they've really hit a niche," he said. A disaster recovery plan "is something we all have to have."

The \$346 million-asset Buckhead Community Bank in Atlanta became an Agility customer last August. "We're all busy bankers, and we can't be experts on everything," said Chuck Shaw, a Senior Vice President. "It's good to know that we can go out and get someone who is an expert on disaster recovery."

Agility, which was GE Capital IT Solutions Disaster Recovery Services until 2002, has been providing a range of disaster-recovery services to businesses for 16 years. It began marketing to community banks a year ago - after realizing, Mr. Hoeltke said, that they had "no economically viable alternative." It has 25 sales representatives across the country and plans to have 33 by year-end.

"I think they've really hit a niche, a disaster recovery plan is something we all have to have."

- Adam Stovall, CFO

*Community Capital Bank
of Jonesboro*