

THE RESPONDENT BANKERS' BANK N O R T H E A S T

A New Direction In Correspondent Banking.

Overnight Funds Explained at Bankers' Bank Seminar

How well does your bank manage and invest its excess funds? Do you know how to maximize the benefits of overnight investments (Federal Funds)? These were questions posed to about 20 Boston-area bankers at a recent seminar sponsored by Bankers' Bank Northeast.

Robert E. Lee, vice president of Prebon Yamane, an international funds broker, told those in attendance that there are about 50 different variables that are involved in buying Fed Funds and achieving the maximum rate of return. "There's not any specific good time or bad time to sell," Lee explained. "It depends on the given moment and the circumstances."

Lee said that the Bankers' Bank Northeast's Federal Funds program, which is managed by Prebon Yaman, is attractive to community banks because experts constantly monitor when and where larger block of funds can be sold through the extensive network of banks available to Prebon Yamane. It takes a firm like Prebon Yamane with specialized expertise to achieve the best possible return and diversification, Lee told the bankers.

For community banks, placing its Fed Funds with the Bankers' Bank has numerous benefits, Lee said. Because the funds are consolidated through Bankers' Bank, the rates are higher. Client bank funds are pooled to reduce the concentra-

tion of funds and associated credit risk. Funds are sold to a minimum of five approved banks on a daily basis to diversify risk with no more than 25 percent to any one bank. Also, there is less time spent seeking the "best rate" from a limited number of correspondent banks. Making multiple wire transfers and bookkeeping entries are eliminated.

Sharon Haas, executive vice president of Thomson BankWatch explained how her firm provides credit ratings to assist the Bankers' Bank Northeast in closely monitoring "buyer banks." Haas also told the bankers that the U.S. banking industry is healthy. She expects merger activity to pick up again shortly. She said earnings remained strong, but many banks are falling short of expectations and rising interest rates are pressuring certain segments.

Allen L. Nielsen, the Chief Financial Officer of the Bankers' Bank Northeast, told bankers that its Fed Funds program often beats the competition by 15 basis points or more. He cited its extensive network of buyer banks, the larger block of funds that are available for sale, and Prebon Yamane's expertise as reasons for garnering the higher rates.

In April, Bankers' Bank Northeast sold more than \$200 million in Fed Funds. Nationwide, the 18 Bankers' Banks manage more than \$7.5 billion in Fed Funds daily.

President's Message

A community banking way of doing business

Every community banker knows that the community bank is not a junior version of a big bank. It's different: It is a community banking way of doing business. Bankers' Bank Northeast opened its doors because community banks are different. We saw a void and set out to fill it. Now entering our third year, the message is clear: there is a need for a new direction in correspondent banking.

Our goal is to provide products and services that are tailored to meet your specific needs so you can use our resources to serve your customers and increase profitability. Our coin and currency program, for example, utilizes two different armored delivery companies to serve community banks and its branches.

The adage, "If it ain't broke, don't fix it," often makes change difficult. At the same time, more than 50 community banks have discovered that Bankers' Bank Northeast can make a difference for them. We have raised the bar when it comes to helping them do more at less cost and providing them with products that make them more competitive.

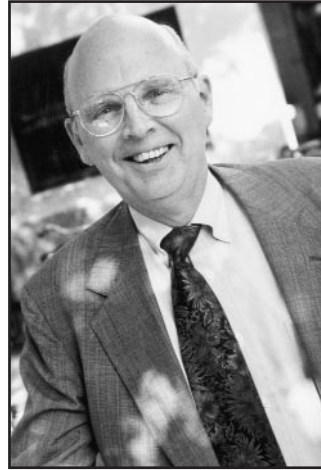
Everything we do is built on the same principle that drives community banking in New England: solid personal relationships. We're always ready to respond by creating solutions that work best for you. This is the commitment and flexibility that the Bankers' Bank Northeast brings to community banking.



Peter J. Spósito
President & CEO

Profile: Foster S. White

Meet Foster S. White, our new vice president of sales. In his position, Foster will concentrate on the sale of correspondent banking products and services in Connecticut and New York. He will be working closely with Richard B. Lockwood III, our vice president and director of sales and marketing.



Foster knows the banking industry. He comes to Bankers' Bank Northeast with 40 years of experience, most recently serving as Vice President of MIS & Operations for Cornerstone

Bank in Stamford, CT. He has also served in officer positions at Manufacturers Hanover Trust Co., Saybrook Bank & Trust Co., Burritt Interfinancial Bancorp, and New Britain Bank and Trust Co.

"Foster White understands community banking and the important role that these banks play in the life of a community," says Peter J. Sposito, the President and CEO of Bankers' Bank Northeast. "With his knowledge and experience in the banking industry, he will be an invaluable resource for community banks."

He also has many ties to the industry. He is the past chairman of the Connecticut Bankers' Association's Operations Committee and has been an instructor at the New England College of Finance. He is a graduate of the University of Hartford and the American Banking Association's Bank Marketing program at Cornell University.

Underscoring his involvement in community banking is Foster's charitable activities. He served as the board chairman of the Farrell Treatment Center in New Britain, Conn. from 1986 to 1999 and continues to sit on its Board of Directors. He is a board member of the Wheeler Regional YMCA, a former board member of the Sheldon Child Guidance Clinic, and past president of the Association of Connecticut Choruses.

Bankers' Bank Northeast is pleased to have Foster S. White on board as a resource for community banks.

Product Spotlight: Securities' Safekeeping

Bankers' Bank Northeast is partnered with Investors Bank & Trust Company to provide custody services, at competitive rates for community banks.

Investors Bank & Trust Company is a widely-respected name in the securities processing business. In fact, it was recently rated the number one global custodian by North American investment managers. With more than \$300 billion under custody and global custody capabilities in 81 countries, Investors Bank relies upon the most sophisticated technology available. With its partnership with Bankers' Bank Northeast, this technology is now available to your community bank.

This service is convenient, safe, and fast. Buys and sells are all processed through your DDA account with Bankers' Bank Northeast. The first wire per day is \$5, with each additional wire that day costing only \$3.

There are many advantages to the Bankers' Bank program:

- Simplified pricing.
- Multiple safekeeping accounts.
- Management of pledged securities.
- Easy on-line access to portfolio data.

Setting up your safekeeping service is easy. Investors Bank will make the arrangements with you and your staff to provide in-house training and they will address your questions and concerns. As part of this service, Investors Bank can install, at no charge, its on-line system that allows you to continuously monitor your account for up-to-the-minute accuracy. This on-line system will also enable you to generate customized reports and download files.

Call Bankers' Bank Northeast. We'll prepare an analysis and send you a detailed proposal for your review and consideration.

To Contact Us:

Bankers' Bank Northeast
CT Main Office: 1-800-449-9121
Boston Direct Dial: (508) 272-9901

Officers:

Peter J. Sposito, *President & CEO*
Allen L. Nielsen, *CFO*
Richard B. Lockwood III,
Vice President and Director of Sales and Marketing
Foster S. White, *Vice President/Sales*
Susan W. Salecky, *Customer Service Officer*

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BANKERS' BANK
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655 Winding Brook Drive
Glastonbury, CT 06033-4337

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