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

Service

How a community bank won a \$30 million loan

Most assuredly, the "sweet spot" for community banks is small business lending. It's here that personal relationships make a difference. No segment of the banking industry is more adept at meeting the needs of the small business sector than the community bank.



Mark Clough, Senior Vice President & Senior Loan Officer

Yet, there are times when a community bank has the opportunity to serve the borrowing needs of larger businesses, but is thwarted because of legal lending limits.

Ledyard National Bank, with its main office in Norwich, VT, was faced with just such an opportunity. Not wanting to see good business go elsewhere, the bank's Senior Vice President Mark Clough discussed the possibility of a loan participation strategy with Bankers' Bank Northeast (BBN).

Clough then held a meeting that included representatives from Laconia Savings Bank, Factory Point National Bank, Berkshire Bank, the National Bank of Middlebury, Brattleboro Savings & Loan and Woodsville Guaranty. Also at the meeting were BBN's Peter T. Garland, Chief Credit

Officer and August A. Oliveira, Vice President/Relationship Manager for Northern New England.

The purpose of the meeting was to discuss a \$30 million Term Loan secured by first mortgages on five flagship hotels located in Lincoln, NH, Middlebury and Rutland, VT and two in White River Junction, VT.

The prospective borrower made a thorough presentation and Clough outlined the particulars of the proposed loan, including the terms and pricing.

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BANKING THE WAY IT SHOULD BE.

Since the borrower was a director of a community bank, he believes in the value of community banks to local economies and understands the benefits of working with them, which is why he wanted to give the area's community banks an opportunity to do his deal through a loan participation process.

Since Ledyard National Bank is a BBN client, Mark Clough was familiar with its loan services. Although he had worked with a number of community banks on loan participations in the past, he knew that it would be a challenging process to put together a large enough group

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President's Message

It's about bringing more value to your customers



Peter J. Sposito
President & CEO

I urge you to read "Bringing Value Through Quality Customer Service" on page 3. It highlights the way a branch manager at one of our client banks describes how Bankers' Bank Northeast (BBN) is helping her do a better job serving her customers.

As you will see, Lisa Allain, Assistant Vice President/ Branch Manager of Institution for Savings in Newburyport (MA), took it upon herself to share her experience with us. Her comments made us pause and ask, "How can we reach out to other customer service professionals at all of our client banks? Are our client banks aware that we offer **StarS**[™] training to help the front line deliver services easily and quickly? Have we effectively communicated the fact that we offer 35 services to our client banks?" Client bank training remains an extremely important aspect of our service.

Lisa makes the point that she is confident in handling international wires, for example, because of her experience with BBN's superb support staff.

As anyone who has ever bought a wood router or other such tool at Home Depot knows, having tools and being skilled in using them can be quite different.

There are a number of our 35 services (should we call them tools?) that are delivered by a community bank's frontline staff through our **StarS** system. International Wires, Foreign Check Collections, Foreign Currency, ACH Originations and Domestic Wires are examples.

Some of these services can be intimidating, particularly at first, and if there is an issue, fast, competent support is critical. If help isn't there when it's needed, frontline staff may be reluctant to offer a service to their customers.

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Conrad R. Bernier Elected to Board of Directors

Conrad R. Bernier, President and CEO of Pittsfield Cooperative Bank, Pittsfield, MA, has been elected to the Bankers' Bank Northeast Board of Directors.



Conrad R. Bernier,
President & CEO,
Pittsfield Cooperative
Bank

"Conrad's extensive knowledge of the banking industry, banking associations and regulators, make him an ideal candidate to help shape the future of Bankers' Bank Northeast," says Peter J. Sposito,

President & CEO of Bankers' Bank Northeast. "As former Chairman of the Cooperative Central Bank in Boston, he brings a close affiliation with a significant segment of the community banking industry."

"I am excited to become a Director for Bankers' Bank Northeast, which I feel is a great organization," says Bernier. "Bankers' Bank has been extremely helpful over the years in assisting community banks to thrive and to play an important role in their communities. I look forward to being a part of that growth."

Bernier began his banking career at

Bank of New England in Boston, MA, before moving on to Key Bank of Central Maine in Augusta, ME. Prior to joining Pittsfield Cooperative Bank, he held the positions of Executive Vice President and Treasurer at Mid Maine Savings Bank in Auburn, ME.

A resident of Pittsfield, MA, Bernier attended Northeastern University in Boston, MA, and received his MBA from Nasson College in Springvale, ME. He is a current director of the Massachusetts Banker Association's Center for Financial Studies/Atlantic States, and a past Director and Chairman of the Cooperative Central Bank in Boston.

Lisa Allain's experience—as well as that of many others—indicates that BBN provides the training and support that's needed to deliver quality service that satisfies customers in a timely and professional way.

The real test of BBN's value to our client banks comes when our services are used to their fullest possible extent, when they are woven into the fabric of a bank. This is good for everyone. Most importantly, it helps a bank build stronger relationships with its customers.

Sue Salecky, Vice President/Director of Client Services, is writing her senior year thesis at the Stonier School of Banking on the subject of client bank training and how it can enhance the BBN experience. She will be researching various methods of reaching our client banks to find the people who directly interact with customers using BBN services.

All this raises important questions, particularly when the possibility exists that a bank—your bank—may be sending business to a competitor simply because your frontline people may not be aware of

the services they can offer their customers.

We're ready to help, so you may want to ask yourself these questions:

- Who in our bank should have **Stars** training or additional training?
- Should we ask BBN to train one or more trainers in our bank?
- How can we help BBN Client Services staff interface more effectively with us?

Please contact us at anytime should you have comments. We look forward to hearing from you and please send Sue your ideas on reaching customer service professionals like Lisa that might assist her research efforts. Contact her at sws@bankersbanknortheast.com.

All of which is to say that we thank Lisa Allain for highlighting the value of quality customer service and for helping us improve our focus on the opportunity that Bankers' Bank Northeast has in bringing more value to its client banks.

Peter J. Sposito



President & CEO

New Business Profile

Between February 2007 and August 2007 Bankers' Bank Northeast added 11 new client banks, cross-sold a total of 70 services and approved 10 Loan Participations.

New Client Banks

Connecticut	2
Massachusetts	7
New York	1
Vermont	1

Services Sold

Cash Letter	11
Coin & Currency	5
Compliance Consulting	1
Credit Cards	2
Deposit Reclassification	1
Escrow Accounting	2
Fed Funds as Agent	6
Fed Funds Liquidity Line	14
International	5
Letters of Credit	1
Loan Participations	10
Lockbox	6
Merchant Processing	1
Payroll	1
Safekeeping	2
Shredding	1
STARS™ Cash Management	2
STARS™ Comprehensive	9

New product profile

Community bank risk management consulting services now available

Bankers' Bank Northeast has entered into a strategic alliance partnership with New England-based M&M Consulting, LLC to offer client banks customized compliance, audit and loan review consulting services.

M&M Consulting has been serving New England & New York for more than a decade and limits its engagements to community banks. Jay Friedland, President & CEO was formerly Chief Compliance Officer and an Audit Director for the Bank of Boston.

During Friedland's 20 years with Bank of Boston, he worked closely with executive management and held a number of key positions including Director and Task Force Leader for Asset Based Lending, Corporate Marketing, Chief International Counsel and Secured Lending Counsel. Jay was also a staff attorney for the Federal Reserve Bank of New York.

This service offers community banks a very cost effective way to outsource such consulting needs as compliance, loan review, asset/liability management audits, IT audits, trust audits, vulnerability assessment and penetration testing, policy and procedure development and board training.

"Over the years, a number of our client banks have asked if we offered consulting services," said Richard B. Lockwood III, Senior Vice President of Bankers' Bank Northeast.

"Because it's such a highly respected firm, we are pleased to have secured M&M's services as an alliance partner to meet a community bank's consulting needs," said Lockwood.

Consulting engagements are customized to fit each community bank and the consultants are all seasoned professionals with extensive financial institution experience.

For more information about risk management consulting services, please contact your Relationship Manager.

Consulting firm has history with Bankers' Bank Northeast client banks

Maine-based M&M Consulting has worked with a number of Bankers' Bank Northeast's client banks. We are sharing with you comments from two bank presidents:

• **Jeffery B. Savage, Franklin Savings Bank, Franklin, NH**

"In their work with us—independent audit, loan review and compliance—M&M gives us points of view that are worth our consideration that we may not have had otherwise.

"Our experience indicates that they do not attempt to justify their relationship by 'finding problems.'

"We have found M&M Consulting to be well regarded by regulators and our CPA firm, which appear to have confidence in their review and audit processes."

• **Julieann M. Thurlow, Reading Co-Operative Bank, Reading, MA**

"It only takes two words to describe how I feel about our relationship with M&M Consulting: Extremely satisfied. Their review consultants are seasoned professionals with at least 15 years of experience each; they work with us as partners helping us improve our operational controls and oversight.

"When M&M first came in, they immediately reviewed our policies and procedures providing recommended improvements. They are also proactive; they regularly provide Confidential Memorandums advising on recent regulatory FIL's or to raise our awareness of examination of 'hot issues' they see at other banks.

"They seem to know what the examiners expect, especially their risk-based approach to compliance and audit hours and their Audit Tracking System which links audit findings with action steps and dates. We have a good plan of action for what we need to do when the exit has occurred. We have seen a marked improvement in our examination comments since we have partnered with M&M Consulting."

How a community bank won a \$30 million loan

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to handle a loan of this size and complexity. He saw this as an ideal role for Bankers' Bank Northeast.



Peter T. Garland, Chief Credit Officer, Bankers' Bank Northeast

BBN's Peter Garland was tasked to find participating banks for approximately \$10 million. Ledyard would handle the balance and participate with several other community banks.

Following the meeting, complete loan packages were sent to all of the attending banks. After independent reviews, a number of banks opted out and this is where the Bankers' Bank Northeast entered the picture.

With more than 165 client banks, BBN had a good pool to work from. A variety of factors were taken into account as to which banks should be offered "a piece of the loan pie," with banks that had sent loan participations to BBN at the top of the list.

After conferring with Mark Clough at the lead bank, BBN sub-participated a portion of its interest in the loan to Newtown Savings Bank, Katahdin Trust Company, Community Guaranty Savings Bank, Eastern Federal Bank and Newport Federal Savings Bank.

Mark Clough was delighted with BBN's role. "I was really impressed with the fact that BBN minimized the complexities involved with dealing with a number of banks," he says. "Bankers' Bank Northeast is a valuable resource and I intend to send additional deals to BBN in the future." In Mark's view, this was a major win for community banks and all the banks involved.

Commenting on the \$30 million loan, BBN's Garland said, "Normally, a loan of this size is the exclusive domain of large regional or money-center banks, which process loans like this regularly." He points out that the average community bank seldom gets involved with the larger, more complex loans.

"Most community banks operate with legal lending limits and house limits that prevent them from considering this type of loan," says Garland. "Also, they may not have the in-house experience to consider such loans. Loan participations can help overcome these challenges."

Community banks also recognize the risks associated with large or complex transactions and frequently decline the opportunity to win the business. In the case of this particular loan, Mark Clough was comfortable in underwriting the credit. He simply needed a partner to provide a quick turnaround and facilitate the participation process with other like-minded banks and that is why he turned to Bankers' Bank Northeast.

"The Ledyard National Bank loan is a good example of the opportunity that exists for community banks in New England," says Richard B. Lockwood, III, BBN's Senior Vice President. "Not only was this an excellent opportunity for the participating community banks, but it was good for BBN. It gave us a chance to sub-participate, to reciprocate with some of the banks that we participated with in the past, and to work with several community banks for the first time."

BBN President & CEO Peter J. Sposito summed it up best. "In a sense, BBN functioned as a facilitator," he said. "Our role is to help community banks seize more opportunities and meet new challenges that

make them even more attractive to their customers."



Bankers' Bank Northeast launches new website

bankersbanknortheast.com

The Bankers' Bank Northeast is preparing to launch its new website and expects it to go live on or before November 1st. The new website has been completely re-designed and enhanced to be more helpful and efficient for users.

Along with more convenient navigation, additional color and several animation elements have been added.

Please take a look and let us know what you think about the new website.

Bringing value through quality customer service

If you're an experienced builder, you recognize quality construction when you see it. If you happen to be in a business that takes pride in delivering quality customer service, you're particularly appreciative when you experience it personally.

Lisa J. Allain, Assistant Vice President/Branch Manager of Newburyport (MA) Institution for Savings, feels the same way.

Among her other duties, she is responsible for incoming and outgoing international wires, foreign check collections and foreign currency, all services accessed through Bankers' Bank Northeast.

On a number of occasions, she has had questions and looked to BBN for assistance. She reports that over a period of 18 months, she has been consistently pleased with the quality of the service she received from the staff of Bankers' Bank Northeast.

More than once, she wanted to tell someone about her experience, but was so busy she didn't get around to it. Finally, she decided not to put it off any longer and emailed Peter J. Sposito, President & CEO.

"Today, I decided that I wanted to make time no matter what," she wrote. "I just want you to know that every single time I call Bankers' Bank, I receive what I consider excellent above and beyond customer service."

Not stopping there, Lisa went on in more detail. "Every single one of your representatives is always polite, helpful and truly seems happy to assist me. I have never called and felt that I was bothering them. In fact, on one Friday at almost 5:00 p.m. when they were trying to finish up and leave for the day, I was treated as if it were the first thing in the morning. I had a big problem with a wire and they walked me through the process."

Lisa even took the time to name the people she dealt with most—Kerry, Maria, Carol, Lora, Yvonne and Erica—and then added, "Please commend all of your employees for the wonderful treatment they give us on a daily basis."

"The right people in the right positions delivering the right service is Bankers' Bank Northeast's goal," says Pete Sposito.

Bankers' Bank Annual Golf Tournament donates \$15,000 to charity

Bankers' Bank Northeast's annual Bank CEO & Senior Officers Charitable Golf Tournament took place at the Worcester (MA) Country Club on August 13th.

Designed by Donald J. Ross, the Worcester Country Club hosted the first Ryder Cup and was the site for both the men's and women's US Open Championships.

There were 106 golfers from five New England states. Thanks to the sponsorships of 26 Bankers' Bank Northeast alliance partners, charitable donations totaling \$15,000 were distributed. The recipients included the Massachusetts Bankers Charitable Foundation, Eastern Federal Bank, CT, Community Guaranty Savings Bank, NH, First Community Bank, VT and Border Trust Company, ME.

Next year's event is scheduled for August 11th at the Longmeadow Country Club in Longmeadow, MA.



Peter J. Sposito (left) presents one of the charity checks to Brian Hennessey (right), SVP/CFO/Treasurer of Eastern Federal Bank. Behind the check are (l. to r.) BBN staffers Susan Papapietro, Relationship Coordinator, Debbie Snider, Business Development Coordinator and Sue Salecky, Vice President.



One of the foursomes included (l. to r.) Paula McKeone of Ceto & Associates, Newtown Savings Bank President & CEO John Martocci, BBN VP Rich Nurge, and Rockville Bank President and CEO Bill McGurk.



Talking over the game were (l. to r.) Greenfield Co-Operative Bank's President & CEO Mike Tucker, BBN Vice President Sue Salecky and Joe Reilly, President & CEO of Centrix Bank.



BBN President & CEO Peter J. Sposito (left) presents the Closest to the Pin Award to Southbridge Savings Bank VP/CFO Todd Tallman (right).

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REGIONAL OFFICES

Boston, MA
Portland, ME
White Plains, NY

Officers

Peter J. Sposito	President & CEO
Allen L. Nielsen	Executive Vice President & CFO
Richard B. Lockwood III	Senior Vice President
Richard J. Nurge	Vice President/Relationship Manager
August A. Oliveira	Vice President/Relationship Manager

Elissa G. Reynolds	Vice President/Operations Manager
Susan W. Salecky	Vice President/Director of Client Services
Peter T. Garland	Chief Credit Officer

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