

# THE RESPONDENT

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

*A New Direction In Correspondent Banking.*

Service

## Granite Savings Bank

*Correspondent services keep community bank customers happy*

Customers of Granite Savings Bank in Rockport, MA find it a breeze to exchange dollars for Euros. The bank's customer service representatives can quickly take care of these types of requests because of Granite Savings Bank's relationship with the Bankers' Bank Northeast.



service—the ability to talk to a person on the telephone—sets it apart from other correspondents, he says. "It's nice to be able to pick up the phone and have someone respond immediately to something as simple as ordering Euro dollars."

### Fast turnaround on international services

Granite Savings Bank initially utilized the Bank for its daily Fed Funds investments and is now its primary source for such investments. Since then, the Bankers' Bank Northeast has provided additional correspondent services including safekeeping and international payments for the bank.

There is a growing demand at his bank for international services such as foreign wires and currency exchange, Norm says. He has been able to meet the needs of his customers because of the Bankers' Bank Northeast.

"With other correspondent banks, foreign wires were always kind of cumbersome," Norm says. "With the Bankers' Bank Northeast, it's no different from any other transaction. This gives us the ability to provide our customers with whatever they're looking for."

When Norm gives customers what they want, it reflects well on his bank and, in turn, the Bankers' Bank Northeast.

### A high service level

The high level of service is what has most impressed Norm in the two years that he has worked with the Bankers' Bank Northeast. The bank's previous correspondent relationship left much to be desired. "We didn't feel as though they were meeting our needs or that they were aware that we were even here," he adds.

Because the Bankers' Bank Northeast works exclusively with community banks, it maintains an extremely high level of service. Granite Savings Bank staffers have been able to resolve issues with one phone call.

Norm appreciates the Bank's commitment to customer service. The personal

## President's Message

*Expanding into credit services*



Our Annual Report indicated that we had achieved stability and growth during our first four years of operation working with an extremely conservative balance sheet. In fact, fee income is our largest revenue source to date.

Our operational systems are in place and working well. We have a significant client base, consistently receive high ratings on our level of service, and have developed reliable funding sources. With all of this in place, we find ourselves well positioned to offer credit services.

We, accordingly, have hired a credit services professional to coordinate this effort. Louis W. Gingerella has been appointed Director of Credit Services at the Bankers' Bank Northeast. Lou brings a wealth of credit service experience from prior assignments within the banking industry. He earned degrees from both Roger Williams University (B.S. in Business Administration) and Rensselaer Polytechnic Institute (M.B.A.). He won the Distinguished Alumnus Award from Roger Williams and continues to teach at RPI's Lally School of Management and Technology as an Associate Professor of Finance. His career in banking includes assignments at Industrial National Bank and The Washington Trust Company.

As a bankers' bank our banking services are limited to offerings made to or through community banks. We cannot offer lending services directly to the banking public. Accordingly, we will participate in loans originated by our client banks. We do not and cannot by law compete with banks. Our offerings, however, will include loans to directors, officers and employees of banks. (The exception to the rule is that we may offer banking services to bankers).

As a business line, loan participations may be the most difficult credits to solicit, book and administer. When performing our credit review we may decide that the offered loan may not meet our portfolio needs and/or our credit standards. In either case we must adhere to a strict credit policy that will undoubtedly test our bank-to-bank relationships. Our intention is to approach the opportunity with a straightforward "partnership" mentality. Additionally, our major competition will include networks that many community banks have established over the years. These relationships have weathered the test of time and many are functioning very well.

Virtually all of the other 19 bankers' banks offer loans as a part of their overall menu of services. We are convinced that we can meet the credit needs of our marketplace and at the same time improve our growing profitability base. Our client base and its willingness to grow with us will once again determine our success. Please watch for the launch of this new capability.

Peter J. Sposito  
President & CEO

# Seminars highlight revenue opportunities with new correspondent products

Credit card services and letters of credit are two ways that community banks can build on their existing customer base and enhance their revenue,



Donald B. Heimark of National Penn Bank explains the value of offering letters of credit to community bank customers.

according to Richard B. Lockwood III, the Bankers' Bank Northeast's Senior Vice President/Director of Sales and Marketing.

In March, the Bank sponsored a series of seminars at which its alliance partners explained how each product is tailored to community banks and provides cost savings and revenue opportunities. Both products are now available through the Bankers' Bank Northeast.

### Credit card services

Offered through 5Star Bank, this agent bank program

provides six key benefits to community banks, explained Deborah R. French, Executive Vice President of 5Star Bank. "Community banks are a niche that we focus on," Debbie says.

Through its partnership with the Bankers' Bank Northeast, the 5Star Bank program offers both consumer and business credit cards branded with the community bank's name and logo, marketing support through multiple channels, and product features such as travel rewards.

Also, the community banks assume no risk and there's no upfront investment required. The participating bank gets \$20 for every new account activated as well as ongoing revenue of 17 basis points of net sales.

Debbie said that the credit card market is saturated, but the 5Star Bank program stands out. "We incorporate a low interest rate plus a rewards program that provides free travel with no annual fee," she said. "These are features that are

most important to customers."

One of the main reasons that a community bank's credit card program falls short of expectations is its failure to properly market the card, according to Debbie. 5Star Bank provides multiple marketing channels including inserts in deposit statements, applications at branches, and "hotlinks" from the community bank's web site to the credit card application site.

### Letters of credit

The letter of credit program, explained by Donald B. Heimark, Director of National Penn Bank's

International Group, allows community banks to support a customer's international and domestic business activities and become their full-service bank.

By implementing a letter of credit and documentary collection

program, community banks can compete effectively against the larger mega-regional banks,

further enhancing the bank's commercial activity business, expanding commercial services, and increasing profitability while effectively managing risk. "It protects your customer relationships from poachers as you support their import and export needs," Don said.

He explained the different types of letters of credit that are available and walked participants through a typical transaction from both an importer and exporter perspective. Working with National Penn Bank, the Bankers' Bank Northeast will provide the necessary training, agreements, and forms required to establish the program.

National Penn Bank works individually with the Bankers' Bank's client banks, providing the expertise and processing capabilities for the letter of credit services to meet their specific needs.

"What's unique about National Penn Bank," Don said, "is that we work closely with each community bank and keep all parties in the transaction loop from start to finish."



Deborah R. French of 5Star Bank discusses a credit card program for community banks.

# Fostering a sales culture at your bank

## New Bankers' Bank Northeast program introduced at Client Advisory Board

While a community bank may offer an array of products for its consumer and commercial accounts, how adept are their employees at selling them?

Most community banks find they are unprepared to effectively train employees to cross-sell new products. If your customers don't know all that you offer, chances are they'll find it somewhere else, most likely at a competing bank.

Implementation is the key to getting products into the minds of customers, says John Nedosko, the President of J. Stephen & Company, an alliance partner with the Bankers' Bank Northeast. John was the speaker at the Bank's recent spring Client Advisory Board meeting.

J. Stephen & Company will help the Bankers' Bank Northeast's clients develop and implement an effective sales culture. In explaining this program at the meeting, John discussed the three levels of sales training that his company offers:

- **Commercial Express:** Designed to maximize business-to-business sales, this is a one-year program that includes hands-on staff education, the development of a sales plan, marketing/sales materials, and ongoing staff sales management assistance.
- **Consumer Express:** Branch managers, CSRs, and lending staff meet for monthly classroom education and hands-on individual coaching. This is a low pressure/high results process that simplifies sales by matching the customer to products based on categories of need.
- **Data Express:** This is designed to add analysis of current products and services from your MCIF or CIS system. You'll learn how to access and extract the data into usable pricing scenarios, packaging, promotion or new products to increase business.

John has worked closely with Richard B. Lockwood III, Senior Vice President, and the Bankers' Bank Northeast staff to tailor this program for Bank clients. As always, associated fees are discounted to client banks. To learn more about this service, please call Richard at 508-881-4954.

## Sposito leads national bankers' bank council

Peter J. Sposito, President & CEO of the Bankers' Bank Northeast, has been selected to chair the Bankers' Bank Council. The Council is a national organization comprised of the 19 bankers' bank CEOs in the United States.

The Bankers' Bank Council meets several times a year to discuss national correspondent banking issues, exchange ideas on existing correspondent services, and to discuss new services. As the Council's vice chairman, Sposito last year coordinated a series of meetings in Washington, D.C. with the Federal Reserve System, the FDIC, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Home Loan Bank, and national banking associations. The meetings were designed to promote the significant

contributions of both bankers' banks and community banks to the nation's financial system.

In his role as chairman, Sposito will continue the Council's involvement with national banking and regulatory officials. Sposito says the Council is also evaluating programs to assist in the formation of de novo banks, reduce the costs of handling cash, and participate in the evolving electronic check collection system.

Nationally, the 19 bankers' banks serve more than 6,100 community banks. The Council provides a forum dedicated to the interests of community banks.



Peter J. Sposito, President & CEO of the Bankers' Bank Northeast

### Growth

## New Business at the Bank

Our strength comes from our community bank clients. Strength in numbers reflects our philosophy that community banks grow stronger as we work together. We are proud to welcome the following banks as new clients of the Bankers' Bank Northeast.

Bank Name	State	Assets (in millions)	Service
• Benjamin Franklin Savings Bank	MA	\$459.9	Fed Funds as Agent
• Beverly National Bank	MA	\$307.1	Fed Funds as Agent
• Legacy Banks	MA	\$590.7	Fed Funds as Agent
• Milford National Bank	MA	\$255.1	Fed Funds as Agent, Fed Funds as Principal, International
• Mt. Washington Co-Operative Bank	MA	\$281.6	Official Checks
• North Easton Savings Bank	MA	\$354.6	Fed Funds as Agent
• Pittsfield Co-Operative Bank	MA	\$198.9	Fed Funds as Agent & Safekeeping
• Williamstown Savings Bank	MA	\$176.8	Fed Funds as Agent
• Winter Hill Bank	MA	\$228.6	Fed Funds as Agent
• Mascoma Savings Bank	NH	\$653.4	Fed Funds as Agent
• The Bank of Greene County	NY	\$232.1	International
• Independence Bank	RI	\$14.5	Coin & Currency
• Newport Federal Savings Bank	RI	\$155.8	Fed Funds as Agent

Our clients understand that the Bankers' Bank Northeast helps them build their bottom line. These existing clients have recently added the following correspondent services from the Bankers' Bank Northeast.

Bank Name	State	Assets (in millions)	Service
• Collinsville Savings Society	CT	\$81.8	International
• FirstCity Bank*	CT	\$183.6	Cash Letter, Fed Settlement
• Liberty Bank*	CT	\$2,000.1	International
• Naugatuck Savings Bank	CT	\$550.7	Official Checks
• North American Bank & Trust Company	CT	\$193.6	Fed Funds as Agent, Fed Funds as Principal
• The Bank of New Canaan	CT	\$43.5	Shredding
• The First National Bank of Suffield*	CT	\$149.1	International
• The Simsbury Bank*	CT	\$171.3	Shredding
• Bay State Savings Bank	MA	\$235.0	Fed Funds as Principal
• Beverly Co-Operative Bank	MA	\$143.0	International
• Chicopee Savings Bank*	MA	\$317.9	Cash Letter, Fed Settlement
• Mercantile Bank & Trust Company	MA	\$86.9	Fed Funds as Agent
• North Shore Bank	MA	\$317.1	Fed Funds as Agent
• South Coastal Bank	MA	\$212.8	Safekeeping
• Westfield Bank*	MA	\$761.2	Letter of Credit Services
• Wrentham Co-Operative Bank	MA	\$86.0	Merchant Processing
• Monadnock Community Bank	NH	\$41.3	Letter of Credit Services
• Westerly Savings Bank	RI	\$67.3	Fed Funds as Agent

\* Investor Bank

(Reflects activity from November 1, 2002 – April 30, 2003)

## Robert D. Calamari, Jr. named Vice President/Sales

The Bankers' Bank Northeast has elected Robert D. Calamari, Jr., Vice President/Sales for northern New England. The creation of this new position reflects the Bank's strong growth among community banks throughout the region as they discover a better way of meeting their correspondent banking needs.

Bob will be calling on the community banks in Maine, New Hampshire, and Vermont to present the Bankers' Banks' correspondent services. With an extensive background in corporate banking and financial services, Bob will analyze the correspondent needs of a community bank and explain the benefits of doing business with the Bankers' Bank Northeast.

"As a highly experienced banker with a proven track record of success, community banks will enjoy working with Bob," says Richard B. Lockwood III, Senior Vice President / Director of Sales & Marketing for the Bank. "He has a thorough understanding of the banking environment in this region and will be able to effectively assist community banks regarding their correspondent needs."

A New Hampshire native, Bob spent ten years with Fleet Bank's Corporate Banking Group in Manchester, NH. As Vice President / Relationship Manager, he managed a middle-market portfolio of commercial and industrial loans with private companies with revenues that ranged from \$5 million to \$100 million. He exceeded all goals and consistently received company awards for overall performance and business development.

He was most recently Senior Manager for Accenture, Ltd.'s Strategic Services, Financial Services Industry Practice based in Boston, MA. In his six years with Accenture, Bob developed a number of initiatives, including major web and e-commerce strategies.

Bob earned his MBA from the Amos Tuck School at Dartmouth College and has a B.A. in Economics from Middlebury College in Vermont. He has taught banking courses for a private consulting firm and has led workshops on small business financing for the New Hampshire Business Development Center.



Robert D. Calamari, Jr.

## Elissa G. Reynolds named Vice President/Operations Manager

Elissa G. Reynolds has recently joined the Bankers' Bank Northeast as Vice President/Operations Manager. With more than 15 years of experience in managing bank operations and systems, Lisa brings a high level of expertise in the implementation of systems solutions and supervision of operations to this new role.

Lisa is responsible for the overall management of the Bank's day-to-day operational activities, including the support staff and those services used by the client banks. She works closely with the client banks serving as their technical consultant in the operational implementation of services.

"Lisa has the operations expertise to expand our technical capabilities," said President & CEO Peter J. Sposito. "Staying ahead of the technology is essential to our organization so we may continue to provide and maintain cutting-edge products and services to community banks."

Lisa was most recently Assistant Vice President at American Savings Bank in New Britain, CT. In that role, she provided the technical direction and support in the development of the bank's business systems and led a series of complex projects and upgrades.

Lisa has also held officer positions at a number of Connecticut banks, including New England Bank, Glastonbury Bank & Trust, and SOLAR Services, Inc. She began her banking career as a teller at the Society for Savings in Hartford, and worked her way up to Assistant Manager. She is a graduate of Central Connecticut State University.



Elissa G. Reynolds

### To Contact Us:

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### Officers:

Peter J. Sposito	President & CEO
Allen L. Nielsen	Executive Vice President & CFO
Richard B. Lockwood III	Senior Vice President/Director of Sales & Marketing
Robert D. Calamari, Jr.	Vice President/Sales
Foster S. White	Vice President/Sales
Elissa G. Reynolds	Vice President/Operations Manager
Susan W. Salecky	Vice President/Director of Client Services

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