



New England Chapter Newsletter

From the Chapter President

Welcome to the RMA New England Chapter Spring Newsletter,



Founded in 1914, RMA was originally called the Robert Morris Associates, named after American patriot Robert Morris, a signer of the Declaration of Independence. Morris, the principal financier of the Revolutionary War, helped establish our country's banking system. We will explore Robert Morris' long and colorful history beginning with this edition of our newsletter.

Our New England Chapter is celebrating its own Centennial in 2021, along with our sister chapters in Buffalo, Pittsburgh and Portland. In this edition, you will read an interview I conducted with one of our most senior board members, Bruce Lemieux, who will share his thoughts on the evolution of the organization throughout his tenure. Future editions will offer interviews with other board members, including newly elected directors.

Throughout its entire history, the mission of RMA and the chapter system has remained unchanged:

RMA is a member-driven professional association whose sole purpose is to advance sound risk management principles in the financial services industry. RMA helps our members use sound risk management principles to improve institutional performance and financial stability, and it enhances the risk management competency of individuals through information, education, peer sharing, and networking.

During these unprecedented months of the global pandemic, RMA, and the Chapter system, has provided firm, transparent and thoughtful leadership, with timely virtual programming replete with useful content to help bankers navigate our "new normal". We are not merely surviving in a harsh environment; we are thriving, growing, evolving as an organization. Thank you for joining us on our journey, as we navigate toward our successful future. I look forward to seeing you all at our upcoming programs, outlined in this edition.

Sincerely,

John Pratt
2021 RMA New England Chapter President
jpratt@lowellfive.com

Upcoming Chapter Events

Lunch & Learn Zoom Webinars

The COVID Workplace – How to Engage Employees Through Uncertainty

Thursday, April 15, 2021

1:00 PM - 2:00 PM ET

Free for RMA members

Do you want to learn more about strategies for engaging remote and in-person workers? How about gaining a stronger understanding of how stress related to uncertainty may impact productivity? Please join us for this informative virtual event moderated by Trisha Zulic – Senior Director, Business Operations & Strategy, WSA Distributing, Inc. (Via Efficient Edge)

[Learn more and register here.](#)

Risk Ratings: COVID-19 Implications for Evaluating Credit Quality

Thursday, May 20, 2021

1:00 PM - 2:00 PM ET

Free for RMA members

Join this session to hear from three senior bankers, representing large, mid-tier, and community banks, discuss how their institutions take the unique circumstances of the COVID-19 pandemic into account when rating commercial loans.

After the 30-minute panel session, our chapter leaders will lead a 30-minute discussion.

[Learn more and register here.](#)

RMA New England Chapter Women's Affinity Group Loan Workouts: Expecting the Unexpected

Thursday, June 3, 2021

12:00-1:30 PM

Free for RMA members

COVID-19 has had a significant impact on small businesses and the real estate industry. While problem loans have been controlled during the crisis with loan modifications and PPP loan proceeds, financial institutions remain cautious about the future. Early identification of red flags is crucial - waiting for a payment default often reduces available options for the institution and the borrower. Hear from a panel of industry experts about what to look for, lessons learned, and mistakes to avoid.

Register in advance for this webinar:

https://rmahq.zoom.us/webinar/register/WN_-APJKXUvTxepkEu6g94KFg

Recent Event Summaries

March 16th

Fireside Chat with Liberty Bank CEO David Glidden moderated by BDC Capital CEO Paul Flynn.

Dave Glidden reflected on his career path. He advised younger bankers to seek out mentors and to build relationships with senior team members. He focused on the importance of having a professional development plan and to “own it”. Dave discussed the differences in operations in a large bank vs. a local community bank, noting that smaller community banks can be more “nimble”. Dave discussed the culture of the bank, describing it as the “soul” of the bank, noting that at the end of the day, banking is a “people” business. Other topics of discussion:

The age gap in the industry

The impact of COVID resulting in remote work, and how/if teams will come back to the physical office, in a hybrid accommodation.

Mix of industries in the bank’s portfolios – travel, leisure, restaurants are being looked at with a sharper lens.

Future trends in office space vacancies – downsizing in office space which began pre-pandemic, and repurposing the vacated space into mixed use or residential properties.

The increases in bank M&A deals and the challenges of merging teams and technologies.

Impact of fintech on banking – risks and opportunities.

Dave’s final comments focused on his work with the Liberty Bank Foundation, and its efforts to shrink the wealth gap, especially for women and minorities in general.

What the Attendees Said: Overall satisfaction 5.0 on a scale of 1 – 5 with 5 being perfect.

Comments:

Mr. Glidden was very open in sharing his opinions and ideas on addressing many issues we are all facing today.

The questions were related to issues of today and addressed with real and honest insight and responses.

Good perspective on benefits of banks at various sizes due to experience with a variety of institutions.

February 25th

Stresses on Commercial Loan Portfolios with CEIS Review

Rob Reuter’s territory includes New England, NY and NJ, and RMA members from the entire region were invited to participate in the program.

Rob provided a fascinating glimpse into a number of stress areas, including portfolio metrics, quality ratios and

underwriting trends. He reviewed real estate market conditions, while sharing an information-packed slide deck. He broke down his results by state, and by quarter. He focused on:

Impact of PPP loans and timing of their loan forgiveness

Delinquency levels

Loan modifications – generally seeing 20 – 25%.

Borrowers are showing the ability to make scheduled payments going forward, though some need additional deferments.

Nonaccrual loans

Loan Loss reserve coverage

Nonperforming loans

Debt service coverage ratios are 1.5 times higher than at the end of 2019

Regulators will closely monitor banks' adherence to credit policy

CEIS expects to see delinquencies rise in 2021. Rob notes that commercial real estate multifamily units are reporting 25%+ rental delinquencies in December 2020, though this number peaked in September 2020 at 35%. He cautioned the attendees that it is critical for their banks to understand the key risks of each individual borrower, considering financial performance pre-COVID, and the impact of COVID both short term and long term.

What the Attendees Said: Overall satisfaction 4.63 on a scale of 1 – 5 with 5 being perfect.

Comments:

Useful, timely information....very informative and I learned a lot.

Relevant state data.....included data from other states in our region.

Good portfolio data from a number of institutions. Nice to know how the industry as a whole is dealing with this.

January 13th

CEO Fireside Chat with Chris Oddleifson, CEO of Rockland Trust moderated by Donna Abelli, Rockland Trust's Board Chair

Donna launched the conversation by asking about the impact of COVID on an institution that prides itself on the importance of developing and maintaining (face to face) relationships. Chris identified Rockland Trust as “nimble” and he was pleased and surprised at how quickly the bank transitioned to a largely remote workforce.

Other impacts of COVID:

PPP loan activity

Rapid implementation of the digital adoption curve, such as the use of DocuSign and Zoom

Increased communication with Rockland team

Increased outreach to current customers to ensure that they are safe and well, not to cross-sell products

Increased productivity – no transit time

Chris focused on the mission of the bank – the higher-level purpose, noting that when a team is fully aligned with the mission and vision, it can adapt to anything. All activities during the pandemic are focused on what is best for the clients. He noted that the Boston Globe launched a Best Places to Work survey in the midst of the pandemic, and the Rockland Trust engagement scores increased. Chris stated that effective leadership begins with an optimistic and appreciative stance. Every colleague is doing the best they can, even if they make a mistake. When mistakes happen, leadership must step in to 1) understand the thought process that led to the error, 2) to value the employee's perspective, then 3) to coach them on how to approach the issue differently in the future. This creates trust, and a supportive environment.

Donna raised the topic of Diversity, Equity and Inclusion (DEI). Chris highlighted the many steps that the bank has taken since it began to focus on this in 2004. The bank has increased the number of professionals of color as a proportion of the total employee count, is offering customer-facing colleagues training and cultural agility on how to navigate different cultures, and focuses on eliminating unconscious bias micro-inequities. The impact of COVID on the bank, and the murder of George Floyd, has served to accelerate these efforts. The bank's goal is to have an organization that fully reflects the demographics of the markets it serves. Chris signed the CEO Pledge for Action for Diversity Inclusion.

Prior to opening to audience questions, Chris led the discussion about the history of M&A during his tenure. He concluded his remarks by stressing the importance of commercial credit training programs.

What the Attendees Said: Overall satisfaction 4.7 on a scale of 1 – 5 with 5 being perfect.

Comments:

How genuine and thoughtful Chris was with the delivery of his message. I enjoyed learning about his viewpoint on COVID and the impact it has on responding to customers' needs.

Chris is talented, open, genuine and is always thinking about how to make his bank, his customers and his employees more successful.

A look from the top of the organization. Different perspective than the day-to-day duties involved in current role.

New England Chapter Centennial

Interview with Bruce Lemieux, Senior Vice President, Senior Commercial Credit Officer, Rockland Trust.

The interview was conducted by John Pratt, Jr., Senior Vice President, Commercial Lending, The Lowell Five Cent Savings Bank

John Pratt: Thank you Bruce, for sharing your thoughts with our chapter members. As you know, the Chapter is celebrating its Centennial anniversary and we appreciate you sharing your thoughts, as a long-term member of RMA and our chapter board. Bruce, when did you join RMA?

Bruce Lemieux: Thanks, John, for inviting me to participate in this conversation. I joined RMA in the early 1970s and taught the Principles of Banking course at the chapter level in the early 1980s. I was inactive for about nine years while employed by the FDIC and rejoined RMA in August 2000 when I returned to the industry.

JP: That's quite a long tenure! Over your almost-50 years with RMA and in the banking industry, what significant changes have you seen?

BL: Without question, there have been a lot of changes. What comes to mind are:

The advancement of automation/technology. Into the mid 1980's desk top computers had not arrived at the banks I worked for. At that time the most recent technology was the fax machine. Since then, the implementation and development of "smart" ATMs, online banking, mobile apps, video tellers and the ever-present smart phone, iPad and laptop are some of the significant changes.

Also, formal inhouse bank training programs were a victim of the banking crisis of the late 1980s and early 1990s when all available resources were directed to loan workout and recovery. RMA at both the chapter and HQ levels have thus become much relied upon sources for training.

There have been significant efforts and results relative to diversity within the industry but there is more to be done. I know within my organization there has been a diversity and inclusion program since 2004, and I believe most if not all organizations have a similar program. Diversification and inclusion will remain a very high industry priority.

JP: Bruce, RMA and the New England Chapter provide significant benefits to the RMA members. What in your opinion have been most helpful?

BL: Clearly the educational programs whether co-sponsored with RMAHQ or at the chapter level have been significant, particularly with the discontinuation of the inhouse programs. Most recently, with the pandemic, RMAHQ in coordination with the local chapters responded by increasing online training offerings. While I am hopeful that we can return to in person training in the near future, I suspect that online training will continue to play a significant role.

At the chapter level we are very proud of both Commercial Credit for Lenders (CCL) which is held annually during October and November and the Loan Officers Resident Seminar (LORS) which is held the final week of April each year.

JP: I'm glad you brought up LORS. You have been leading the LORS committee for many years. How long has this training been offered? Can you describe the purpose of the program, the target audience for the training, and the impact it has had on participants' banking careers?

BL: I believe the first LORS class was held in 1972 but in no event later than 1974, so we are approaching the 50th anniversary. As the name indicates, the program was created to enhance the development of loan officers in the commercial banking community. I say commercial banking community because savings banks did not receive commercial banking authority until the early 1980s. Over the years the program has evolved to include Credit Professionals (Credit Analysts & Portfolio Managers) as well as Loan Officers/Relationship Managers. At this point the class composition is very close to 50/50 each year. The target audience includes LOs/RMs and CAs/PMs with two or three years' experience, and in some cases less commercial experience but years of experience in the retail/branch environment. I believe the impact has been significant as this is an opportunity to spend five days off site dedicated to classroom training supplemented by team case assignments that conclude with the Mock Credit Committee on Friday morning. The program creates industry contacts that last a career. Finally, I would be remiss if I did not mention that the success of both CCL and LORS is largely dependent on the volunteer instructors who have generously invested their time, energy, and resources to these programs. Thank you to all who have participated over the years!!!

JP: The banking industry has seen many trends develop over the past 20 years, and more recently, during the pandemic. Can you share your thoughts on how these trends have impacted the industry?

BL: I mentioned a number of significant industry changes earlier. However, the most recent cause of change was not driven by the industry or government regulation but the pandemic. The COVID experience required immediate and drastic change to our business models, delivery systems, and staffing models. I've experienced many changes over the years but I have never experienced a change of this significance that was implemented as quickly and effectively. The industry did a great job responding to this challenge. I recall banks in New England being closed for five or six consecutive days due to the blizzard of 1978. Absent the technological developments mentioned earlier I question how long the pandemic would have caused banks to close?

JP: That's very true – the pandemic has caused the entire industry to pivot quickly to a virtual model. What future trends do you anticipate over the next several years and what challenges does the industry face?

BL: Predicting future events is not what I do. With that said:

With a large number of senior leaders set to retire in the next five to ten years the age gap is a very significant industry issue. This drives the need to continue to recruit/train/develop/mentor the future leaders of our institutions and the industry.

I'm confident that Regulatory directives will continue to provide guidance as new issues evolve. Likewise, I believe that strategic Bank mergers/acquisitions will continue.

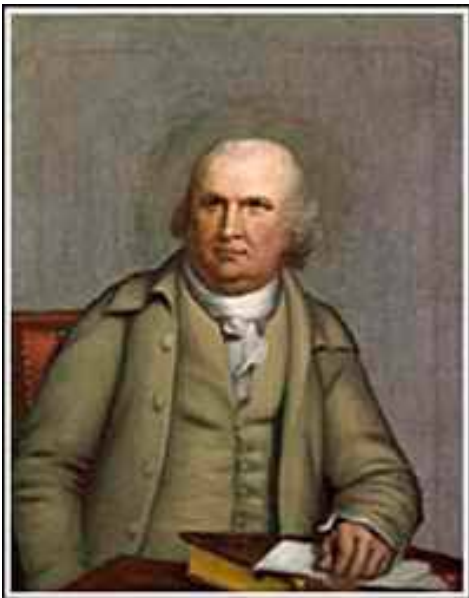
As Loan Officers/Relationship Managers and Credit Professionals, we must remember past errors as to not repeat them. We must stay true to our institutions' culture and not chase trends that lead to unsound loan structure or unprofitable pricing.

JP: Thank you Bruce, this has been a very enlightening conversation. We appreciate your continued leadership on our chapter's board of directors and your support of our chapter's operations.

Biography of Robert Morris – Part I

The Risk Management Association was originally named after Robert Morris, nicknamed the Financier of the America Revolution. In this edition, we explore his early years.

The Early Years:



Most Americans know the names of George Washington, Benjamin Franklin, and Alexander Hamilton, but among the leaders of the American Revolutionary Period that we refer to as the Founders, there remain a select few who fall under the radar. One such individual, Robert Morris, is one of these examples. He was not a military leader, but a skilled politician. He was not a future president, but a mind of finance and enterprise. He is one of only two delegates of the era to have signed the Declaration of Independence, the Articles of Confederation, and the United States Constitution.

Morris was born in Liverpool, England in January 1734 to Robert Morris, Sr, and a woman named Elizabeth. It appears young Robert was the product of an affair. His father's business, that of a shipping broker, kept him away, and the boy was raised by his maternal grandmother. Morris Sr. established a successful merchant business exporting tobacco from Maryland in 1747, and soon his son joined him in the New World as his apprentice. Young Robert transferred to Philadelphia where he studied under the tutelage of Charles Greenway, a member of the Library Company of Philadelphia, founded by Benjamin Franklin. In 1750, a freak accident took the life of Morris, Sr., and Robert found himself at sixteen the inheritor of about twenty-five hundred pounds sterling. He spent the next several years learning the trading industry in the care of Charles Willing, a former business partner of his fathers. It is here where Robert's schooling in mathematics became quite useful; his knowledge of business ledgers and finance were impressive, and he soon became fast friends with Charles's son, Thomas. Politically and socially connected with the upper echelons of Philadelphia society, the Willing's provided the young men a platform that would – upon the death of Charles Willing and Robert completing his apprenticeship with the firm - culminate into a partnership, the Willing Morris & Company.

The Willing Morris & Company became quite successful because of several methods that saw them monopolize the industry. Willing and Morris sought to insure other cargo vessels and aggressively pursued trade with the Mediterranean and India. The combined effects opened new markets to Philadelphia and North America while simultaneously making both men very wealthy. They primarily dealt with merchant goods but also traded African slaves on occasion. In 1763, Morris fathered a daughter out-of-wedlock in Philadelphia. Known as Polly, he would provide for her the rest of his life – much like his half-brother Thomas, whom his father sired in Maryland before Robert arrived from England. In 1769, Morris married Mary White, the daughter of a wealthy lawyer. They would have seven children together.

Stay tuned for Part II in the next edition: Robert Morris – The War Years.

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