

LETTER FROM THE PRESIDENT

January, 2006

On behalf of the Directors and Officers of the Risk Management Association, New England Chapter, I'd like to welcome you to another exciting year of educational programming and seminars. We are delighted with the enthusiastic response our Member Renewal Drive has received and we look forward to seeing you at our upcoming events. Please note that, if you have a colleague who you believe would benefit from membership in our organization, it is not too late to join and begin taking advantage of the many benefits of membership. Our Chapter Administrator, Julie Conroy, would be happy to inform you about the member benefits and to guide you through the enrollment process. She can be reached by phone at 978-263-9003 or by email at Julie@rmanewengland.org.



In an effort to better serve our outlying regions, RMA is offering an expanded slate of programming throughout the New England region. We have a number of exciting seminars coming up in the next couple of months. A full listing of our calendar can be found within these pages, and on our website:

(www.rmahq.org/RMA/RMAUniverse/Chapters/ChapterLocator/New+England) including:

1/12/06	Analyzing Business Tax Returns	South Windsor CT
2/9/06	Asset-Based Lending for Non Asset-Based Lenders	Boston Federal Reserve
2/21/06	Analyzing Personal Financial Statements & Tax Returns	Springfield MA

In April we are offering our flagship annual educational event, the RMA Loan Officers Resident Seminar (LORS). This program is filling fast but there is still time to sign up. You will find a course description in this newsletter.

Going forward, the RMA Newsletter will begin publishing a segment called Members On The Move. If you have changed firms, received a promotion, or achieved a career milestone and would like others in the RMA universe to know about it, please send an email to Julie Conroy with Members On the Move in the subject line. We'll be delighted to put your notice into the next newsletter (space permitting).

Thank you for being a part of the RMA universe. If you have ideas on how the Chapter could better serve you, we want to hear from you! Please share your thoughts and comments with our Chapter Administrator, or contact me directly. We look forward to seeing you at an event soon.

Sincerely,

Bruce Lemieux
RMA New England
Chapter President

RMA Mission Statement

RMA is a member-driven professional association whose sole purpose is to advance the use of sound risk principles in the financial services industry.

Helping our members understand sound risk principles will contribute to enhanced profitability and more efficient allocation of capital to support growth. Furthermore, individuals will be better prepared to meet the needs of customers and to grow professionally.

Our objective is to further the ability of our members to identify, assess, and manage the impacts of credit risk, operational risk, and market risk on their businesses and their customers.

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Robert A. Skurka	Webster Bank	508-235-1302	rskurka@websterbank.com

RMA Welcomes Its New Members

Associate Members

Nancy S. Fernandes
Elizabeth M. Maroney
Jesse T. Moore III
Jennifer A. Grasso
Jason A. Denmark
Ken Jin
Carl W. Taber

John L. Hackett
Thomas H. Stickney
Katerina Papp
Tyler T. Foster
Dale W. Dunne
Terrence McNicholas
Anthony M. Mattioli
Edward F. French
David Sabourin

Joanne Granata
Thuy Le
Patrick J. Gaughan
Robert H. Veno
Mageline Anderson
Renato Zeko
Matthew W. Brown

Institutional Members

Valley Bank
World Capital Bancorp
Citizens-Union Savings Bank

RMA Young Professionals Committee

The Young Professionals Committee will offer its New England members (junior to mid-level bankers and other financial services professionals) training opportunities, networking venues, and exposure to senior level individuals in their respective industries to help members design, shape, and accelerate their career growth and equip them with the right knowledge and skills to be successful in their professional endeavors.

If you are interested in developing future events or have information to share with other Young Professionals, please contact any Committee Member.

Dima Berdiev, Chair	Citizens Bank	617-994-7483	dima.n.berdiev@citizensbank.com
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RMA New England Chapter Contact Information

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Membership Chairperson

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To submit an article for Newsletter consideration, please email a Word file to julie@rmanewengland.org with "Newsletter Article" in the subject line of the email.

Please include your detailed contact information.

On the Web: <http://www.rmahq.org/RMA/RMAUniverse/Chapters/ChapterLocator/New+England>

RMA New England Chapter Announces

The 2006 LORS*

April 23 – April 28, 2006

***LORS (lors) - acronym for LOAN OFFICER RESIDENT SEMINAR, for over twenty-five years, synonymous with quality bank training at reasonable cost.**

Objective of the Seminar

For over 25 years, LORS has served as a resource for RMA Banks throughout New England by providing Commercial Lending training to bank Credit Analysts and Junior Lending Officers.

The seminar teaches fundamental credit skills and practical lending techniques using daily seminars in conjunction with related case studies. The week concludes with the popular "Mock Loan Committee," where students apply what they have learned to a presentation in front of seasoned credit and lending professionals. Each instructor during the week is either an experienced lender from an RMA member bank or a recognized expert in their field. Based on feedback from previous classes and in recognition of changing trends in the industry, the program is constantly updated to fit the needs of the next generation of commercial lenders.

Early enrollment is encouraged, as class sizes are limited to provide a better opportunity for one-on-one instruction and to share thoughts and opinions in a team building environment. For more information, contact either Margherita Stargard or Bret Bokelkamp at the numbers listed at the end of the application.

Who Should Attend?

The Loan Officer Resident Seminar is designed for junior commercial lending officers, or credit professionals who have the expectation of being in that position in the near future. Participants should have at least one year of experience in commercial lending or commercial credit administration, and should have a basic understanding of commercial lending and financial statement analysis. The LORS program is an excellent continuation of RMA New England's Commercial Credit Analysis program offered in the Fall.

The Curriculum

The LORS curriculum has been organized around daily focus topics: "The Current Banking Environment," "Fundamental Credit Analysis," "Loan Documentation," "Credit Structuring," "Cash Flow and Breakeven Analysis," "Due

Diligence and Early Warnings", and "Loan Committee Presentations" among others.

Location

The seminar will be held at The New England Center for Continuing Education, located at the University of New Hampshire. The Center is well known throughout the region for the quality of its facilities and its excellent food. In 1999, the Center was ranked nationally within the top 100 suburban conference centers for its accommodations, service and dining. Students will reside in first class accommodations in the New England Center Hotel, adjacent to the Learning Center that houses seminar rooms and dining facilities. Accommodations are available in both double and single occupancy.

Tuition and Application

For RMA member banks, the tuition is \$1,450 per person (double occupancy, if available), and \$1,700 (single occupancy), including meals, lodging, instruction, and materials. For non-member banks, the tuition is \$1,850 and \$2,100 per person, respectively. The commuter rate is \$1,200 (RMA member banks) and \$1,600 (non-member banks) including meals, instruction, and materials.

All applicants who are not accepted for admission, or who withdraw before March 1st, will have their tuition refunded. Students who withdraw after March 1st may be partially or fully refunded at the discretion of the seminar committee, depending on their ability to find replacement students and costs incurred by the Chapter.

Registration and Dress

Registration will be between 1:00 and 3:00 p.m. on Sunday, April 23rd at the main desk of the New England Center Hotel. A seminar orientation will be held that afternoon at 3:15 p.m. to brief students on the seminar agenda and to pickup seminar/course materials. The seminar will conclude at noon on Friday, April 28th. Dress during classes and meals is casual.

continued on Page 5

For Questions Regarding LORS:

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Bret Bokelkamp
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For information and registration visit the RMA website:

www.rmahq.org/RMA/RMAUniverse/Chapters/ChapterLocator/New+England/LORS/default.htm

For further registration questions call the RMA Chapter Administrator, Julie Conroy at 978-263-9003.

TMA/RMA Breakfast Presentation November 2005

On November 22, 2005 members from local Chapters of both RMA and TMA were provided an analysis of 2005 US economic performance and also some economic forecasts by two prominent area economists: Giovanni Olivei, Senior Economist at the Federal Reserve Bank of Boston and John Bitner, SVP and Chief Economist for Eastern Investment Advisors, a unit of Eastern Bank.

Mr. Olivei's presentation focused on the growth performance of the national economy in 2005 and also trends in inflation and labor market conditions. Detailed charts developed by the Fed outlined the following prevailing economic trends: (1) estimated 3.5% actual real GDP growth in 2005 which the Fed projects will moderate slightly to the 3.25-3.50% range in 2006; (2) a continued subdued inflation rate, pegged in the range of 1.75% to 2.00% for 2005 with a likely tendency for a slight increase to 2.00% or slightly higher in 2006; (3) a likelihood that there will be some inventory replenishing nationally during Q4 2005 and extending into 2006 (4) growth prospects will be supported by a high level of US Households' Net Worth by historical standards (5) a tempered rate of employment growth in the economy. Olivei stated that "the (relatively healthy) pace of growth projected in 2006 should (relieve) some pent-up demand for jobs in the US economy". Olivei offered the Fed's view that "(they) expect that further improvements in job creation will not exert large (wage) pressures in the labor market". As one additional insight on the inflation front, Olivei provided historical statistics which consider the long run impact of a 10% rise in oil prices on long-term inflation which find the long term (two years forward) impact to be minimal.

Mr Bitner's presentation took a forward focus, citing major trends and also economic risk factors to look for in 2006.

Bitner first posed a chart which defined our economy as situated in the "Late Expansion" portion of the current business cycle. Bitner listed the highly reported but very real sources of risk in 2006: slowing growth as we approach the latter expansion stages; high energy prices; rising interest rates; lower house prices. On the pro-growth side for 2006, the post-Katrina rebuilding expenditures should add as much as \$200 billion to aggregate demand in 2006. However, John cautioned that this impact will primarily benefit the level of activity in the Southeast and that other regions will have limited benefit and may lag the national average. Zeroing in on this aspect, Bitner noted that the level of growth in real product has been consistently lower within Massachusetts as compared with the rest of the nation since 2001. Looking at sources of demand in the national economy, Bitner emphasized the all-important role of consumer demand at 71% of total GDP. Demand growth from the consumer sector is moderating according to recent statistics with recently measured 6.6% growth of spending on consumer durables down from the 10%+ levels of two years ago and with real growth of consumer spending moderating to the current 2.9% level. A major reason for this last aspect is the "household debt service ratio" which Bitner demonstrated has grown to a 13.55% share of household disposable income, an all-time high. Bitner also suggested that a moderating impact from the homeowner segment of the population will mute the 2006 growth pattern. Residential mortgage lending institutions will likely be forced to tighten lending standards thus restricting construction spending and the "reverse wealth effect" of falling home prices may also become a factor in 2006 or 2007. Bitner noted that consumer spending falls \$15 for every \$100 decrease in the consumer's house value and that a \$90 Billion decrease in the level of "cash-out" home equity transactions is forecasted for next year.

RMA Membership

NOT YET A MEMBER OF RMA?

DO YOU HAVE A COLLEAGUE WHO WOULD BENEFIT FROM MEMBERSHIP? THEN JOIN TODAY!

As an Associate Member of RMA, The RMA Journal arrives at your desk ten times per year, you have the opportunity to attend RMA conferences and round tables, and you have access to educational opportunities in the form of full-day seminars, audio-conferences, and multimedia tools. You also benefit from numerous research projects RMA undertakes with the support of its member banks.

In addition to the above, your chapter provides the following local and regional benefits and programming:

- A Chapter Administrator to assist members.
- Co-sponsorship of 20 RMA educational programs during 2005-2006.
- The Commercial Credit for Lenders/Analysts program scheduled for the fall.
- Regional Regulatory and Community Bank Round Table meetings.
- Young Professionals events.
- Guest speakers, affinity meetings, and topical panel discussions, including: a presentation on the status of the Commercial Real Estate market, which will be scheduled during the Spring of 2006, and the annual Senior Risk Officer Panel on May 10, 2006.
- And, finally, the much-acclaimed Loan Officer Resident Seminar (LORS), offered annually at UNH for more than 25 years. Save the dates of April 23-28, 2006.

By joining RMA today through your local chapter, you will realize local, regional, national, and international opportunities to gain knowledge of the financial services industry and the people who work in the industry. RMA's local chapters expand the opportunity for you to become involved in RMA!

Here's what your RMA Associate membership offers:

- Invitations to local chapter events and educational programs (Nominal local dues may be charged).
- Subscription to the renowned RMA Journal.
- Access to the Members-only Section of RMA's Web site – www.rmahq.org.
- Special reports/hot topics of interest.
- Updates on educational opportunities, workshops, and round tables.
- RMA's Information Services.

To become a member, please fill out the enclosed form and send it to RMA Member Services.

Please visit our chapter Web site to see a list of all our upcoming events.

<http://www.rmahq.org/RMA/RMAUniverse/Chapters/ChapterLocator/New+England/>

Feel free to contact the RMA New England Chapter Membership Chairperson:

Carol Brennan

413-592-2732

email: cbrennan@bdcnewengland.com

Or contact our Chapter Administrator with any questions or comments.

Julie Conroy

978-263-9003

email: julie@rmanewengland.org

RMA Happenings

RMA Credit Risk Certification Exam

Congratulations to Jeffrey W. Leeds, Past President, Daniel J. Sullivan, Director, and Brian D. McCormick, Associate Member for successfully passing the CRC Exam. The CRC Exam was initially offered via the Pilot program during the fall of 2004 with subsequent sessions in the spring and fall of 2005. I look forward to recognizing more chapter members when the most recent test results are announced.

To qualify for the CRC Exam, you must have at least three years' experience as a credit risk professional. Whether you are a lender, credit officer, credit analyst, credit risk manager, or loan review officer the CRC Exam will validate your credit skills, advance your career, and allow you to capitalize on the many opportunities for continuing professional education from RMA.

The application process is open through February 3, 2006 for testing scheduled for March 1 through April 28, 2006. For more information visit www.r.ahq.org/RMA/RMAUniverse/KnowledgeandTrainingCenter/AssessmentCenter/Certification/

Commercial Credit for Lenders Course

The New England Chapter hosted its annual Commercial Credit for Lenders/Analysts (CCL) course this fall in the Boston Federal Reserve Building. The session consisted of four-day

long classes spread over a six week period and provided a solid foundation in the basics of commercial lending and credit. The program was once again led by Don Bedard, an experienced credit professional and Senior Credit Officer at Lowell Five. "Don guided me through complex subject matter and made it interesting as well", commented one of the 25 participants. The size of this year's class reflects the excellent reputation this session has developed as well as the need to deliver this subject matter to our member banks.

Young Professionals CEO Series

The RMA's New England Chapter Young Professionals group has closed 2005 with the first event of the new "CEO Series". The event was born from an idea to bring face-to-face the most experienced and distinguished bankers in Massachusetts and new generations of banking professionals. Joe Roller, the President and CEO of Cambridge Trust Company headquartered in Cambridge, MA, enthusiastically agreed to test drive the new event concept, which turned out to be a successful blend of experience and achievement on one side (Joe Roller) and aspiration and learning on the other (junior to mid-career bankers).

Aside from being an eloquent speaker, Joe's presentation was an effective mix of reminiscing about his various roles in banking

and highlighting what makes a successful banker. The concept of "Me, Incorporated" career management approach took a prominent place in the presentation as one of the prerequisites to being successful in any career. The modern-day-banker has to be his or her own CEO with a good grasp of operations, marketing, and finance to make the company called Me, Incorporated a blockbuster. Joe's advice to all of us in the audience was loud and clear: active career management with the focus on developing a plan based on what interests us the most is what will ultimately propel our growth. He also reminded us about developing and preserving our professional and personal reputation, finding time for continuing education training, viewing every opportunity that knocks on our doors as a learning experience, and being hardworking and persistent in any responsibility we decide to undertake.

The event ended with a question and answer session where our attendees had a chance to question Joe about some of his career lessons and what the industry has in store for all of us. In the week following the CEO Series event, the Young Professionals group received several emails and phone calls expressing great satisfaction with the idea of the CEO Series and inquiring about the future events. The Young Professionals group will meet in early 2006 to develop our program list for the year.

Upcoming RMA Chapter Events

Analyzing Business Tax Returns
January 12, 2006
South Windsor, CT

Asset Based Lending for Non
Asset Based Lenders
February 9, 2006
Boston, MA

Analyzing Personal Financial
Statements
February 21, 2006
Springfield, MA

Detecting Problem Loans
March 7, 2006
Boston, MA

Understanding & Interpreting Real
Estate Appraisals
March 16, 2006
West Hartford, CT

Real Estate Developer Financial
Statement Analysis: Analyzing
Developers Utilizing GAAP
Statements
March 29, 2006
Boston, MA

Lending to Non Profit
Organizations
April 4, 2006
Boston, MA

Fundamentals of Financial
Statement Analysis
April 5-6, 2006
New Britain, CT

UCA I: Cash Flow Analysis
May 17-18, 2006
Boston, MA

Structuring Commercial Loans II
June 5, 2006
Boston, MA

Problem Loan Workouts
June 15, 2006
Boston, MA

UCA II: Credit Risk Analysis for
Commercial Bankers
June 20-22, 2006
New Britain, CT

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Serving the Financial Services Industry

