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Annual Meeting and Legislative Conference Highlights

January 8-9, 2007



Hon. Joseph L. Bruno
Senate Majority Leader



Hon. Ronald Canestrari
Assembly Majority Leader



Hon. Hugh T. Farley
Senate Banks Committee Chairman



Hon. Darryl C. Towns
Assembly Banks Committee Chairman

EXECUTIVE OVERVIEW



MICHAEL P. SMITH, PRESIDENT & CEO

With a new Governor in Albany determined to bring sweeping changes to the government of New York State, the Association wants to be a part of a constructive partnership to forge positive change. However, Governor Spitzer's first budget proposal presented the banking industry with a significant challenge right out of the starting gate...

TAX BATTLE CONCLUDES

We embraced the Governor's message from his State of the State address in January, when he said that we are all one New York and that economic revitalization, especially in upstate, would be the linchpin of his Budget. We, like many New Yorkers, were heartened to hear his pro-growth message that there would be no tax increases in his proposal.

On January 31, we learned that the Executive Budget would have a different application to banking corporations, which pay their taxes under Article 32 of the Tax Code. In fact, the proposals in the Budget would have doubled the tax on banks, increasing it by close to \$ 1 billion. While the Budget characterized these proposals as "loophole closers," the outcome of these proposals, if enacted, would have hurt -- not only the banks, but the communities and customers they serve. Very simply, these proposals would have ensured that funds available to bank customers and their communities today would be funneled to Albany tomorrow.

As Mayor Bloomberg stated in his testimony on the Budget " ... the Legislature voted these 'loopholes' for economic incentive reasons that haven't gone away. Also, since the State gets its share of 'loophole closings', double the amount of money is taken out of the hands of our businesses that are already highly taxed -- the very ones we're trying to keep from leaving..."

The proposal would have been devastating to our community banking sector, which is experiencing severe financial pressure as a result of 1) the difficult economic climate in many communities in which banks and thrifts operate; 2) the compression of interest rates and 3) com-

petition from non bank providers, including credit unions, which pay no taxes, while our larger institutions are being enticed to move to other states or even to other countries to remain competitive. The additional tax burden proposed in the Executive Budget would have exacerbated these financial and competitive pressures.

In testimony and in dozens of meetings with policymakers and legislators, we strongly disputed the argument that these proposals were loophole closers, were unintended, and served no business purpose. In fact, these provisions were purposefully created by the legislation twenty years ago to achieve specific objectives which remain important today. Also, as Governor Mario Cuomo stated in his approval memorandum on Chapter Law 817 of 1987, when both the REIT and bad debt reserve deductions were decoupled from the Federal Tax Reform Act of 1986, these provisions are necessary to "return the Federal tax reform 'windfall' to business taxpayers..."

Like the complexity of our State's economy, our tax laws have been crafted to reflect an industry with several distinct sectors. The industry is comprised of local community banks and thrift institutions, regional multi-state holding companies and the larger national and global banks. The Bank Tax, like many tax provisions, includes incentives and revenue-adjusting formulas to stimulate housing, stabilize local government finance, assist small business, and spur corporate headquarters' building in New York.

As part of NYBA's strategy in rolling back these hurtful proposals, we met with Paul Francis, the State Budget Director, and legislative leaders to make our case that these "loophole closers" are indeed tax increases and

would have extremely detrimental effects on financial institutions in New York. NYBA coordinated a statewide grassroots and media campaign, including a second "Bankers Day in Albany II," focused exclusively on this priority issue. The Senate's proposal, which followed, was the most strongly opposed to the tax increases, while the Assembly bill included some fixes for New York City banks and banks with out-of-state operations.

We are pleased to report that the final legislation substantially scaled back the proposed increase. In fact, the final package did not touch the cost of carry, bad debt deduction or wage factor. It also protected the ability of banks to own 9A general corporations (except in a narrowed set of circumstances). The final Budget also reduced the bank tax rate from 7.5% to 7.1% immediately. The New York City bank tax law was not adversely affected.

In the area of the REIT, we were instructed by our Board to achieve the best result possible. For the largest banks, there will be a four-year phase out of the captive REIT deduction in lieu of the Executive Budget's immediate elimination. For community banks, we sought a meaningful increase in the Executive Budget's original carve out provision for \$2 billion banks. The final legislation provided that banks with assets of \$8 billion or less could maintain their REIT deduction.

In summary, the Budget presented a tsunami in terms of the future of the industry. Banks of all sizes and services would have been affected. Left to the vagaries of politics and brinksmanship, the whole onerous package could very well have passed. Over a sixty-day peri-

2007 NYBA OFFICERS ELECTED



At this year's Annual Meeting & Legislative Conference, the membership elected its officers for 2007. Thomas M. O'Brien, President & COO of State Bank of Long Island was elected chairman. John M. Scarchilli, President & CEO of Pioneer Savings Bank was elected vice chairman. John F. Stewart, Managing Director, National Distribution of Citibank, N.A. was elected treasurer and chairman of the New Century Fund.

od, we were able to strip away the "loophole" argument and produce facts that were unassailable. Regrettably, the REIT was phased out for the larger institutions. However, the industry united behind a consistent message and preserved most of its established law.

The lesson is that Budget fights do not make the best place to pass laws intended to strengthen the economy and the industry. Our CEO Forum on May 11 will focus on the importance of the banking industry and the need to encourage and reward growth. It is this approach that will produce the most revenues to the State -- not new taxes.

We therefore look forward to working with the Governor and the Legislature on new approaches to tax law that ensure New York's status as a financial capital.

ANNUAL MEETING & LEGISLATIVE CONFERENCE

As is NYBA's tradition, the first day of the legislative session marked the Annual Meeting & Legislative Conference. About 150 bankers from across the state converged upon Albany for our election of officers for 2007, and to kick off what is shaping up to be an active year from a grassroots perspective. It was prophetic that we marshaled our forces early, organizing face-to-face visits for NYBA members and their legislators at the Capitol this year. In fact, with all of the new lobbying rules in effect in Albany, NYBA declined to hold its traditional reception in "The Well" in favor of personal visits. Many members reported back that they held productive meetings, allowing them to renew or establish relationships with lawmakers and staff and to emphasize the vital role of the banking industry in the economic health of our state, both upstate and downstate.

The opening of the meeting featured the "passing of the baton" of NYBA's leadership, as the term of Chairman John A. Zawadzki (Partners Trust, Utica) ended and Thomas M. O'Brien (State Bank of Long Island, Jericho) was elected by the membership to chair the Association this year. In his acceptance remarks, Chairman O'Brien noted with gratitude the excellent stewardship of the Association during John Zawadzki's term, which of course, was marked by the unqualified success of NYBA's combination with the Community Bankers Association of New York State. After a full year of the marriage of our two groups, NYBA is thriving and in the midst of another fast-paced year. In addition to Tom O'Brien's election as Chairman, we are pleased to report that John M. Scarchilli (Pioneer Savings Bank, Troy) was named Vice Chairman and John F. Stewart (Citigroup, New York) was elected Treasurer of NYBA and of our New Century Investment Fund.

The Conference gave us the opportunity to hear from key policy makers who amplified the theme of "change" throughout the day. Throughout discussions, economic development emerged as the top priority of the Spitzer Administration.

Ron Canestrari, Majority Leader of the New York State Assembly, said that expectations and hopes are high for this new era in our state's history and that everyone was feeling the "winds of change." Senate Majority Leader Joseph Bruno said that he was pleased with the Governor's pledge of no new taxes. (Just a few weeks later however, the Governor proposed several new taxes on banks that were termed "loophole closers.")

In furtherance of our important discussion about economic development, Assemblyman Robin Schimminger, Chair of the Assembly Economic Development Committee and Brian E. Hickey, Regional Chief Executive of M & T

Bank (Upstate Regions) both presented important proposals. Assemblyman Schimminger, who said he is most passionate about improving the job creation climate upstate, presented a new report, a thoroughly researched legal opinion, in support of the notion that certain state laws can be applied differently in different areas of the State, as long as there is a rational basis for the difference in application.

Brian Hickey, just as passionate on the topic and a force in the "Unshackle Upstate" movement, said that the state must rein in its spending and must seriously address the exodus of young people from New York.

Senate Banks Chair Hugh Farley correctly predicted that the Governor's budget would, once again, seek to eliminate the deduction on REITs and urged bankers to keep up their grassroots activity in this regard. He also urged bankers to provide feedback on the effectiveness of the new information subpoena law that went into effect on January 1, 2007. Darryl Towns, Chairman of the Assembly Banks Committee, stated that the Committee members understand the importance of the banking industry to the Empire State.

The remainder of the afternoon was spent at the Capitol, where bankers participated in more than 40 face-to-face meetings with lawmakers and staff. A dinner was held that evening, where we were joined by New York Mets General Manager Omar Minaya, who spoke about building a successful franchise.

To conclude the conference, newly appointed Deputy Secretary for Public Safety, Michael Balboni, spoke about the importance of continuously practicing emergency response plans. He reminded bankers that their employees would look to them for guidance in the event of an emergency, whether it is a natural disaster, an act of terrorism, or a flu pandemic. He also said that New Yorkers would naturally look to banks to provide stability in an affected community.

We left Albany that day committed to working in partnership with government to preserve hope for the future, and with the resolve to preserve the vitality of our industry as a foundation of much-needed economic growth, upstate and downstate.

BANK ROBBERIES ON LONG ISLAND

Because of a recent spike in bank robberies on Long Island and parts of New York City, representatives of various law enforcement entities reached out to

NYBA to begin a cooperative strategy for combating these crimes. We have been meeting with members of our Bank Security Committee and with representatives of the FBI, Suffolk County Police, Nassau County Police, and with the NYPD to discuss a multi-faceted plan that we all believe will bring the number of robberies down significantly. Such a partnership was highly successful in 2003 and 2004 in New York City, and we have committed to working with law enforcement again in this collaborative manner.

Our talks are ongoing, and we have briefed the members of our Retail Executive Committee and asked for their ideas on ways to help the police reduce robberies. We are currently conducting a survey of our Long Island members in the field that will yield more information that will aid in our efforts. We have every reason to hope that these efforts will result in similarly successful outcomes as we have had in the past.

POLITICAL ACTION AND GRASSROOTS

NYBA's Political Action Committee campaign to raise much-needed funds for our State Fund is in full swing. Last year's aggressive fundraising by state candidates left our coffers severely depleted. I hope that you will consider making a generous contribution to the State Fund this year. It has never been more important for our industry to come together to support candidates who are committed to improving the economic health of our state. And, as we all know, political fundraising is not just limited to election years!

CEO SPRING FORUM

mark your calendar

MAY 11, 2007
THE WALDORF-ASTORIA

Plan to join us for this new half-day program focused on preserving New York State's status as a global, financial capital.

CEO SPRING FORUM

NEW FOCUS ON ECONOMIC DEVELOPMENT FOR "ONE NEW YORK"

In 1975, when a fiscal crisis threatened to throw New York City into bankruptcy, newly elected Governor Hugh Carey recruited investment banker Felix Rohatyn and others from Wall Street to help save the city and state from fiscal disaster. Thirty-two years later, another new Governor faces a different challenge: reversing the lengthy economic stagnation that has severely crippled much of upstate New York's regions.



Governor Eliot Spitzer calls restoring the upstate economy the "single most important test or failure" of his new administration. His State of the State address in early January returned repeatedly to the theme.

To serve as his point man, he has named Daniel Gundersen as co-chairman of the state's Empire State Development Corporation (ESDC) – his "upstate economic development czar."

Working out of Buffalo, he will be the first state official ever to be charged solely with helping to create jobs upstate, and will oversee eight offices. Spitzer promised Gundersen's office would have decision-making authority, which should ease concerns over the difficulty in getting answers from state development officials in the past.

Gundersen – previously a top economic development official for the states of Pennsylvania and Maryland and the city of Philadelphia – understands that he faces a daunting challenge. The Governor also plans to add 20 more professionals to the office, and has named his longtime aide Kenneth Schoetz as Gundersen's deputy.

The task awaiting the new team is indeed challenging. Much of upstate has suffered from declining populations – particularly among people between ages 20 and 34 – as well as excessive property taxes, high costs of doing business and aging infrastructures badly in need of attention. The region has grown much more slowly than the rest of the country – including its downstate neighbors in the New York metropolitan area.

According to 2005 data from the Tax Foundation, homeowners in nine upstate counties dominate the "top ten" counties in the nation in terms of paying the highest percentage of their homes' value toward property taxes. The Public Policy Institute of the Business Council of New York State ranks New York 39th in private sector job growth nationwide between 1995 and 2005.

"It's a significant challenge," Gundersen acknowledged, "but I'm convinced that we can do more than simply improve the situation; we can spark a true upstate resurgence." He will focus on a number of fronts, including "shoring up existing businesses to help them grow and succeed," and will lay out a plan to launch his efforts. At the top of his list is supporting existing businesses so that they can expand.

His office will seek to identify the needs of key industries and high-growth businesses, and focus on issues important to them. "It is important to identify growth-oriented industry clusters, region by region, and specific sub sectors within those clusters where we can develop a competitive advantage," he added. Gundersen plans to use the power and potential of upstate universities and research institutions, and partner with the private sector to "fill capital gaps, spur early-stage ventures toward maturity and increase availability of venture capital." He believes that it is critical that the costs of doing business are addressed to "allow companies in New York to be competitive with those of other states."

Other priorities on Gundersen's agenda include making certain that workers have the necessary skills that businesses need, with a particular focus on "growing occupations." He said, "The state must have the connectivity, and make available infrastructure improvement funding, so that we can acquire and prepare sites for development. Brownfield revitalization is a critical component of this." Lastly, core communities must be identified, where federal, state and local resources can be targeted "to improve main streets and nearby neighborhoods."

Gundersen plans to ask for advice and input from "hundreds of stakeholders" and wants to concentrate on achievable objectives rather than on a vast array of projects. One potential source of information should be the group called "Unshackle Upstate" – a coalition of more than 40 business groups and others that began as a joint initiative of the Buffalo Niagara Partnership and the Rochester Business Alliance. The group is pushing for changes to "reignite" the upstate economy, and seeks legislative changes from Albany and relief from laws that make it "unnecessarily expensive to do business." Brian Hickey, executive vice president of M&T Bank in Rochester, said that Unshackle Upstate is getting its message heard by those who have not listened in the past.

Among Unshackle's 2007 priorities: reforming workers compensation, which Unshackle Upstate's Sandra Parker (President & CEO of the Rochester Business Alliance) says pays injured workers some of the lowest benefits in the nation at a cost to business that is among the nation's highest. The group is also calling for reform of Medicaid and the Wicks and Taylor laws to reduce business costs and make New York a more attractive place for businesses to locate. In addition, Unshackle is seeking startup funding from the state to establish a program to foster public/private partnerships to create large, shovel-ready sites for strategic target industry clusters.

Unshackle Upstate has also called for expanding and implementing a "regional partnership" concept to include all types of new and existing businesses that can help expand the economy – with money allocated to the regions based upon population as well as on relative economic performance.

Hickey said Albany is "insulated" from the worst of the economic slump that has impacted Buffalo, Rochester and other upstate metropolitan areas. The Albany region's state and federal government jobs, health care sector, and higher educational institutions provide it with stability that is unheard of in

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AMALGAMATED'S DERRICK D. CEPHAS GARNERS COMMUNITY BANKING AWARD

The New York Housing Conference (NYHC) and the National Housing Conference (NHC) recently presented Derrick D. Cephas, president and CEO of Amalgamated Bank,



Lloyd W. Brown II of The Bank of New York presents Derrick Cephas with the award as Commissioner Shaun Donovan of the New York City Department of Housing Preservation and Development looks on.

with their Community Banking Award. NHC, which is celebrating its 75th anniversary, is the nation's premier public policy and housing advocacy organization, while NYHC, founded in 1973, represents the major non-profit and private affordable housing community.

Mr. Cephas and Amalgamated Bank were recognized for the Bank's long-term commitment to providing low-cost financing needed to plan, develop and construct as well as maintain affordable housing developments throughout New York City.

"Our Bank believes that everyone in America deserves a decent, affordable and safe place to live," said Mr. Cephas. "And, we intend to continue and expand our support for affordable housing as we open more branches during 2007 and 2008 in the City's densely populated neighborhoods where the working poor and recent immigrants reside."

Historically, some key public housing developments that were financed by the Bank include Amalgamated Housing Cooperative in the Bronx and the River Bend Houses in Harlem. Since the 1990s, the Bank's Housing Loan Program has provided low-cost construction loans to government-sponsored multi-family housing developments for a variety of capital improvements. It's an innovative program that eliminates fees and streamlines the application process and offers low-interest loans that are unsecured.

The Community Banking Award was presented to Mr. Cephas at the luncheon by Lloyd W. Brown, II of The Bank of New York. The award recognizes the legacy, ideals and affordable housing policies Amalgamated Bank has pursued since it was started by the Amalgamated Clothing Workers Union in 1923.

mark your calendar

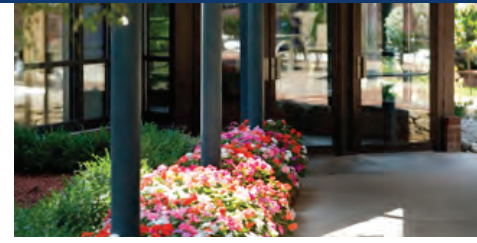
WHEN BANKERS MEET, INNOVATION THRIVES

CEO SPRING FORUM



May 11, 2007
The Waldorf-Astoria
New York City

4TH ANNUAL TECHNOLOGY & RISK MANAGEMENT FORUM



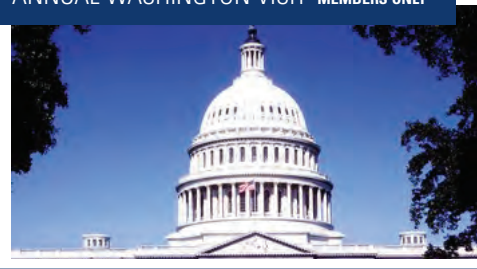
May 14-15, 2007
The Saratoga Hotel & Conference Center
Saratoga Springs,
New York

SENIOR MANAGEMENT CONFERENCE



June 20-22, 2007
The Otesaga
Cooperstown, New York

ANNUAL WASHINGTON VISIT MEMBERS ONLY



July 11-12, 2007
The Willard InterContinental
Washington, DC

SMALLER BANK CEO CONFERENCE MEMBERS ONLY



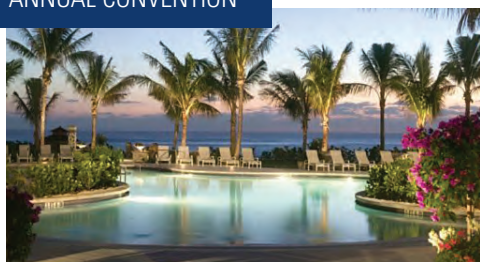
July 30-August 2, 2007
Hyatt Regency,
Goat Island
Newport, Rhode Island

61ST ANNUAL TRUST & INVESTMENT CONFERENCE



October 2-4, 2007
The Saratoga Hotel & Conference Center
Saratoga Springs,
New York

ANNUAL CONVENTION



October 24-27, 2007
The Breakers
Palm Beach, Florida

ANNUAL RETAIL & SMALL BUSINESS BANKING CONFERENCE



November 28-30, 2007
The Saratoga Hotel & Conference Center
Saratoga Springs,
New York

PEOPLE IN THE NEWS

Governor Spitzer named **Richard Neiman** to replace Diana Taylor as Superintendent of Banks. Mr. Neiman was most recently Chairman, President & CEO of TD Bank USA.

Brendan McDonagh has been named Chief Executive Officer of HSBC Finance Corporation/ HSBC North America. Prior to this he was Chief Operating Officer.

Margaret McGovern has been named by HSBC North America to head up New York State government relations. She had been the chief of staff to former Assembly Majority Leader Paul Tokasz.

First Niagara Financial Group Inc. named **John Koelmel** President and Chief Executive Officer. He also becomes a director of the company, parent to First Niagara Bank.

Thomas L. Amell will replace Carl Florio as Eastern New York Regional President at First Niagara Financial Group Inc., parent of First Niagara Bank. Mr. Amell has served as New York Business Banking Director and Senior Vice President at Citizens, and previously was with Charter One Bank and HSBC. Mr. Florio will assist in the transition and then will provide support in business development in eastern New York and participate in other management initiatives.

Citigroup made **Gary Crittenden** Chief Financial Officer. Mr. Crittenden previously was chief financial officer of American Express, Inc.

Ridgewood Savings Bank announced that **Peter M. Boger** has been promoted to Executive Vice President and Chief Lending Officer from Senior Vice President and Senior Mortgage Officer.

NYBA regrets the passing of **Anthony J. Monteverdi**, retired Chairman, President & CEO of Flatbush Federal Savings. Mr. Monteverdi was well known for his 50 years of service to the community and his 14-year commitment to "Strive to Survive," a program which works to combat crime and help those living in poverty. The bank recently was honored by America's Community Bankers as a 2006 winner of its Community Bank Awards for the creation of the program and the formation of the Business Improvement District that resulted.

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NEW FOCUS ON ECONOMIC DEVELOPMENT FOR "ONE NEW YORK"

much of the rest of upstate New York. Hickey is hopeful that severe budget problems in Buffalo, Erie County and Rochester would finally convince the State Legislature and the new administration that fundamental changes are needed to get upstate back on its feet.

The bottom line for upstate is simple. Reforms must bring about lower property taxes, an improved job climate and the ability to retain its workforce – especially those "prime age" employees between 20 and 34 years old.

For his part, the Governor has promised there will soon be "tangible progress. Governor Spitzer's Downstate Economic Development czar Patrick Foye is assembling a star-studded task force that can help generate investment in New York. Turning a battleship takes more than 24 hours, but we will see tangible results in months. There will be a difference very, very quickly."

In the downstate areas, new attention has been focused on helping New York retain its status as a global financial center. Senator Chuck Schumer and New York City Mayor Michael Bloomberg commissioned a study that held dire warnings about the loss of financial business to other cities, such as London, if nothing is done to improve the business climate here within the next ten years. The report's recommendations said that:

- 1) regulators should provide clearer guidance for implementing the Sarbanes-Oxley Act;
- 2) lawmakers at the federal level should undertake a reform of the securities litigation process aimed at short-term impact;
- 3) federal regulators should work together toward a common vision for the financial sector with particular attention to enhancing global competitiveness;
- 4) U.S. global competitiveness should be protected when implementing the Basel II capital accord;
- and 5) there should be modernized financial services charters.

With much of the downstate economy dependent upon the financial services industry and all of the necessary, affiliated industries which support financial services, the Governor's Budget Proposal was at odds with efforts to strengthen the industry. Without a doubt, the proposed bank tax increases would have had a detrimental impact on all of these earnest initiatives to jumpstart the State's competitiveness.

NYBA looks forward to exploring this critical topic in further detail at its CEO Spring Forum on May 11 at The Waldorf=Astoria. The State's top economic development officials will participate in a panel discussion with McKinsey & Company, City officials, and academics.

Click on www.nyba.com for details.

ANNUAL MEETING & LEGISLATIVE CONFERENCE, ALBANY, NY, JANUARY 8-9, 2007



Senator Hugh T. Farley and Assemblyman Darryl C. Towns discuss the Senate and Assembly Banks Committees' 2007 priorities.



Senator Joseph L. Bruno, Senate Majority Leader, stresses the importance of banker involvement in the legislative process.



Assemblyman Ronald Canestrari, Assembly Majority Leader, gives his views on new leadership in Albany.



Michael J. Quinn, President & CEO of Rhinebeck Savings Bank, and David T. Cocks, President & CEO of Walden Savings Bank, take a moment to discuss the morning's program.



Thomas L. Hoy, Chairman, President & CEO of Arrow Financial Corp., Jack H. Webb, President & CEO of Alliance Bank, N.A., Paul P. Mello, President & CEO of Solvay Bank, Stephen F. Gobel, President & CEO of The First National Bank of Groton, and Bradley E. Rock, Chairman, President and CEO of Bank of Smithtown, prepare for the afternoon program.



Then Superintendent of Banks Diana Taylor lauds NYBA for its efforts to enhance the state charter.



Raymond L. Walter, President & CEO of The First National Bank of Jeffersonville, Dean Ryder, CEO of Putnam County National Bank, Kenneth C. Klein, Bank Counsel to The First National Bank of Jeffersonville, and Wayne V. Zanetti, Executive Vice President/COO, The First National Bank of Jeffersonville, on their way to Capitol Hill.



Outgoing NYBA Chairman John A. Zawadzki, President & CEO of Partners Trust Bank, congratulates Thomas M. O'Brien, President & Chief Operating Officer of State Bank of Long Island, on his election.



John F. Stewart, Managing Director of National Distribution at Citibank, N.A. and Omar Minaya, General Manager of the New York Mets baseball team, at NYBA's reception.



Assemblyman Jonathan L. Bing and Mike Smith, NYBA President & CEO, discuss a number of issues of importance to NYBA members, including the fiduciary income tax.



Eileen C. Bagnoli, Executive Vice President & COO of Pioneer Savings Bank, Charles V. Wait, Chairman, President & CEO of The Adirondack Trust Company, Stephan R. Von Schenk, Executive Vice President of The Adirondack Trust Company, and John M. Scarchilli, President & CEO of Pioneer Savings Bank chat after one of the sessions.



Brian E. Hickey, Executive Vice President of M&T Bank Corporation, Assemblyman Robin Schimminger, and Mike Smith discuss positive steps to economic development for upstate New York.



Charles T. Fiandach, President & CEO of The Upstate National Bank, Robert E. Kernan, Jr., President & CEO of Seneca Falls Savings Bank, and Richard A. DiVirgilio, Executive Vice President of The Upstate National Bank, share thoughts on the program.



Ronald M. Bentley, President & COO of Chemung Canal Trust Company, Jeffrey M. Levy, Executive Vice President, and Martin A. Dietrich, President & CEO, both of NBT Bank, taking a break.



David C. Kotheimer, Senior Executive Vice President of HSBC Bank USA, N.A., looks on while Kathleen Rizzo Young, First Vice President, Media & Government Relations, also of HSBC Bank, asks a question of the speaker.

ANNUAL MEETING & LEGISLATIVE CONFERENCE, ALBANY, NY, JANUARY 8-9, 2007



Omar Minaya and Joseph R. Ficalora, Chairman, President & CEO of New York Community Bancorp, Inc., discuss team building techniques.



Thomas M. O'Brien, President & Chief Operating Officer of State Bank of Long Island, greets Michael A. L. Balboni, Deputy Secretary for Public Safety before a session on disaster preparedness.



David J. Nasca, President of Evans National Bank, addresses a comment to the speakers.



Randy L. Crapser, President & CEO of Bank of Richmondville, John H. Buhrmaster, President, and Louis H. Buhrmaster, Chairman & CEO, both of First National Bank of Scotia, at the afternoon break.



Thomas F. Goldrick, Jr., Chairman & CEO of State Bank of Long Island, Lou Ann Richardson, Senior Vice President-Division Manager of Wells Fargo, Inc., and Jeana Piscatelli Vice President & Relationship Manager, also of Wells Fargo, Inc. gather during the meeting.



Ronald M. Krawczyk, President & CEO of Hamptons State Bank, Gerald Klein, Jr., President & CEO, Mahopac National Bank, and James W. Fulmer, Chairman, President & CEO of The Bank of Castile share a discussion during one of the breaks.



Robert M. Curley, Chairman of Citizens Bank, N.A., Michael Keegan, Regional President of M & T Bank, Kenneth B. Colloton, Senior Vice President/Director of Government Banking NYS of Citizens Bank-New York, and Julie Sowers, Vice President Government Banking at Citizens Bank, N.A. exchange ideas at the Albany Visit.

GLOBAL COMPETITIVENESS: NEW YORK STATE'S FUTURE AS A FINANCIAL CENTER

2007 CEO SPRING FORUM

THE WALDORF-ASTORIA • NEW YORK CITY • MAY 11, 2007

9:30 a.m.	Registration
10:00	<p>Welcome: Thomas M. O'Brien, NYBA Chairman President & CEO, State Bank of Long Island</p> <p>Association Initiatives: Michael P. Smith, NYBA President & CEO</p>
10:30	Richard Neiman, Acting NYS Superintendent of Banks
10:45	<p>Panel: Sustaining New York State as a Global Financial Center</p> <ul style="list-style-type: none"> • Sandra Boss, Managing Director, McKinsey & Company • Hon. Dan Doctoroff, Deputy Mayor, New York City • Patrick Foye, Downstate Chairman, Empire State Development Corporation • Daniel Gundersen, Upstate Chairman, Empire State Development Corporation • Mitchell Moss, New York University, moderator
12:45 p.m.	<p>Luncheon U.S. Senator Charles E. Schumer</p>
1:45	Adjourn

FOR MORE INFORMATION
CONTACT MROBB@NYBA.COM

DOWNLOAD REGISTRATION FORMS AT
WWW.NYBA.COM

NYBA PRESENTS REGIONAL TRUSTEE/DIRECTOR WORKSHOPS:

Spring Round Set For April 23-24 in Poughkeepsie & Syracuse

Trustee/Director education is an important priority for many New York institutions. In response to a survey of a number of NYBA member banks, NYBA will offer 2007 Regional Workshops for Trustees and Directors of New York banks and thrifts. These programs will be offered in the spring and fall, and are specifically designed for the board members and CEOs and senior executives of NYBA member institutions.

The spring round will address the important issue of financial management, with a special focus on the challenges posed by interest rate risk and the current yield curve – and will be held in Poughkeepsie (The Grand Hotel) on April 23 in and Syracuse (DoubleTree Syracuse Hotel, formerly The Wyndham) on April 24. The programs will begin at 9:30 a.m. and will continue through a working lunch. Speakers will include:

- **Art Loomis** (Northeast Capital & Advisory) will examine macroeconomic issues, provide an overview of bank profitability and highlight key characteristics that define exceptional bank performers. He will outline a number of options to help banks survive and prosper in the current challenging yield curve environment – including various methods and strategies for growing deposits and increasing efficiency.
- **Larry Reynolds** (FDIC Syracuse Office) will provide the regulatory perspective, including an overview of common measurement methodologies and insights into various risk management models. His presentation is drawn from the curriculum of the FDIC's Directors & Trustees College, and provides board members with a common sense approach to understanding and overseeing this increasingly complex subject matter.
- Our luncheon speaker, NYBA President & CEO **Michael P. Smith**, will report on a number of important legislative and regulatory issues – including a review of the state budget and its impact on the banking industry.

An important note: the New York Bankers Association is an approved sponsor of Continuing Professional Education for the New York State Board of Public Accountancy. This program qualifies for 2.5 hours of CPE credit.

Watch the NYBA website for information on locations and subjects of our fall 2007 Trustee/Director programs. And, NYBA will also continue to support other Trustee/Director information/education activities, including a Board Compensation Survey in conjunction with Clark Consulting and our traditional three-hour Trustee/Director Workshop at NYBA's Annual Convention (October 24 – 27 at The Breakers in Palm Beach, Florida.) Throughout the year, NYBA also offers "telebriefings" and "webinars" designed to bring nationally-recognized speakers to your Board Room via state-of-the-art audio and video technology. Contact Fred Corden at 212-297-1674 (fcorden@nyba.com) or Steve Rice at 518-434-3557 (srice@nyba.com).

PROFESSIONAL DEVELOPMENT

COUNT ON NYBA FOR CREDIT TRAINING

NYBA offers resources to enhance credit skills and knowledge at all levels of experience. Best of all, courses are offered in both classroom and online delivery formats to meet a variety of needs.

CONSUMER CREDIT FUNDAMENTALS

Essentials of Consumer Credit • April 30 – May 2 (Albany)

This course is designed to provide new lenders, credit staff, and branch employees with a broader perspective on the consumer credit function, from product knowledge to compliance and credit analysis. Small group interaction provides students with the opportunity to reinforce course concepts and practices. \$675 MEMBERS; \$825 NON-MEMBERS

Fundamentals of Consumer Lending • AIB online (instructor-led) course (Start dates: 4/30/07; 7/9/07)

This five-week course offers an introduction to the basics of consumer lending. All readings are provided online. \$230 MEMBERS; \$285 NON-MEMBERS

Consumer Lending • AIB online (instructor-led) course (Start dates: 5/21/07; 7/23/07)

This 16-week course provides a comprehensive look at all facets of the consumer lending business and is designed for entry-level credit personnel. The AIB textbook, Consumer Lending, is included in the course fee. \$385 MEMBERS; \$485 NON-MEMBERS

ABA EARNING COURSES (SELF-PACED ONLINE)

All courses \$95 MEMBERS; \$130 NON-MEMBERS

- Consumer Credit Products
- Fundamentals of Consumer Lending
- Personal Tax Return Analysis

SMALL BUSINESS LENDING/COMMERCIAL LENDING FUNDAMENTALS

Essentials of Commercial Lending • May 2 – 4 (Albany)

This course is designed to provide new lenders, credit staff, and branch employees with a broader perspective on commercial lending, from product knowledge to credit analysis. Small group interaction provides students with the opportunity to reinforce course concepts and practices. \$675 MEMBERS; \$825 NON-MEMBERS

Commercial Lending • AIB online (instructor-led) course (Start dates: 4/23/07; 5/21/07; 6/25/07)

This 16-week course provides the knowledge and skills needed to identify the credit needs of various types of small business customers. The AIB textbook, Commercial Lending, is included in the course fee. \$385 MEMBERS; \$485 NON-MEMBERS

Analyzing Financial Statements • AIB online (instructor-led) course (Start dates: 5/14/07; 6/25/07)

This 16-week course provides a practical introduction to financial analysis and covers the skills needed to assess a borrower's ability to repay loans. The AIB textbook, Analyzing Financial Statements, is included in the course fee. \$485 MEMBERS; \$585 NON-MEMBERS

Problem Loan Workouts • AIB online (instructor-led) course (Start dates: 5/14/07; 8/6/07)

This 6-week course explores the major components of problem loan management with a focus on early detection and problem loan resolution. All readings are provided online. \$285 MEMBERS; \$345 NON-MEMBERS

Understanding Your Construction Borrower • AIB online (instructor-led) course (Start dates: 5/14/07; 8/6/07)

This 10-week course provides an overview of the construction process to help bankers better evaluate and serve their construction loan borrowers. All readings are provided online. \$385 MEMBERS; \$485 NON-MEMBERS

ABA EARNING COURSES (SELF-PACED ONLINE)

All courses \$95 members; \$130 non-members

- Credit Products for Small Businesses
- Fundamentals of Small Business Banking
- Introduction to Analyzing Financial Statements
- Overview of Financial Statements
- Calling on Small Business Customers
- Servicing and Growing Small Business Relationships

Use AIB Diplomas in **Consumer Lending** and **Commercial Lending** as goals for your employees. Many of the above courses will help your staff gain the knowledge, skills and competencies required for bank lending positions. For many, completing an AIB Diploma will represent the first step in a successful career path.

PLEASE CONTACT NYBA PROFESSIONAL DEVELOPMENT FOR QUESTIONS ABOUT ANY OF THESE COURSES.

mark your calendar

May 14-15, 2007



FOR FURTHER DETAILS, CALL ELISA LEGG AT
212-297-1679 OR EMAIL ELEGG@NYBA.COM

BUILD ADVANCED CREDIT KNOWLEDGE

Advanced credit training through the **Graduate School of Banking (GSB) Online Seminars** offers a convenient and cost-effective way to refresh skills and dig deeper into critical issues of portfolio management. GSB Online Seminars use state-of-the-art audio and video technology to deliver LIVE programming to your conference room or office. Spring 2007 topics include:

Advanced Cash Flow & Loan Structure Analysis

(November 16, 30 and December 7, 14 – 90 minute sessions)
Presented by John Barrickman, widely recognized as a leading consultant in commercial lending, risk management and pricing, this session will delve into advanced cash flow concerns with an emphasis on determining the adequacy and volatility of cash flow. A comprehensive case study will demonstrate application of the concepts discussed. \$595

Predicting Portfolio Credit Quality & Identifying Potential Problem Loans

(November 16, 30 and December 7, 14 – 90 minute sessions)
Presented by John Barrickman, this course will present a proactive approach to portfolio management, show ways to identify potential problem industries and identify strategies for pruning potential or actual problem loans. \$595

Asset Quality Ratings:

Key Tools for Managing Portfolio Credit Risk

(May 22 and 23 – 90 minute sessions)
Presented by John Barrickman, this seminar will discuss using an asset quality rating framework (AQR) to define the bank's risk tolerance, monitor portfolio performance, price loans and determine the adequacy of loan and lease loss allowances. \$395

Pricing Loans for Improved Profits

(October 4, 11, 18, and 25 – 90 minute sessions)
Presented by Tom Farin and Dave Koch of Farin & Associates, this seminar will focus on the most important issues in pricing loans. The seminar will be illustrated with examples of pricing a variety of loan types including mortgage, consumer, commercial and commercial real estate. Those attending will leave with a solid understanding of best practice techniques in loan pricing. \$795

CONTACT NYBA PROFESSIONAL DEVELOPMENT FOR FURTHER INFORMATION OR GO TO WWW.GSB.ORG.

SENIOR MANAGEMENT CONFERENCE

JUNE 20-22, 2007 • THE OTESAGA, COOPERSTOWN

THE CHANGING LANDSCAPE OF THE PAYMENTS SYSTEM: THE STRATEGIC IMPLICATIONS FOR YOUR ORGANIZATION

Richard Oliver, Executive Vice President,
Federal Reserve Bank of Atlanta

MANAGING RISK IN AN UNCERTAIN WORLD

Kenneth W. Proctor,
Director of Risk Management, Brintech

STRATEGIES FOR HIGH PERFORMANCE BANKING

William F. Hickey, Principal,
Sandler O'Neill & Partners

Managing Risk in the CRE Portfolio
Regulatory Perspective on
Risk Management
Managing Net Interest Margin
Deposit Funding Solutions
Peer Group Discussions....and much more

BSA & ANTI-MONEY LAUNDERING SEMINAR

MAY 8, 2007 • DOUBLETREE HOTEL SYRACUSE

Phillips Gay, long-time compliance manager and consultant, returns to New York to present a full-day, interactive seminar addressing the latest in BSA compliance. After a brief review of BSA basics and common violations, the discussion will address recent enforcement actions, changing regulatory expectations and examination initiatives, and various approaches to customer risk assessment.

REGISTRATION IS \$245 FOR NYBA MEMBERS; \$295 FOR NON-MEMBERS. CALL FRED CORDEN AT 212-297-1674 FOR MORE INFORMATION.

PROFIT SOLUTIONS

SERVICES TO BOOST OFFICE EFFICIENCY AND SAVE MONEY

A key suite of services in the "Profit Solutions" portfolio of the New York Bankers Service Corporation (NYBSCO) features products and services that promote office efficiency and save NYBA Members money. They include:

- Optimum System Products Supplies Outsourcing Service (SOS)
- Workers Compensation Safety Group
- Xerox Office Equipment Program
- JPMorgan Chase "i-VAULT!" electronic archive
- Encounter Collaborative Discount Audio Conferencing Program

Optimum's SOS Program provides office supplies, printed materials, bank specific products – such as passbooks, teller envelopes, deposit tickets, statement envelopes, marketing materials, forms, etc. – and other day-to-day supplies. Under the program, banks purchase commonly used products and supplies in bulk at greatly reduced rates and warehouse them at an Optimum facility. As needed, authorized branch and department staff can requisition the stored supplies. Weekly and monthly reports enable participating banks to track usage, determine inventory levels and the exact cost of each item.

Workers Compensation Safety Group

The NYBA Workers Compensation Safety Group offers Members non-binding quotes to compare your current coverage. In addition to attractive cost benefits, the Safety Group makes it much easier for your HR professionals to keep track of claims and the status of injured employees. Underwritten by the PMA Insurance Group, the NYBA Plan provides all participants with state-of-the-art on-line claims tracking and monthly reports. PMA also provides – free of charge – an integrated disability management program that delivers quality managed care for injured employees.

Xerox Office Equipment Program

NYBA's office equipment program provides NYBA Members with additional discounts on purchased Xerox equipment. If you buy Xerox equipment, tell the merchant you are a NYBA Member and you will receive a discount above and beyond what the dealer provides. Call 1-800-275-9376, ext. "BANK" (2265). Important: You must reference the contract number 0706438 when purchasing or leasing Xerox machines to receive the discounted rate. The discount applies to equipment, supplies, training and systems management.

JPMorgan Chase "i-VAULT!" Internet-based archive service provides the ability to electronically load, store and retrieve virtually any kind of document. "i-VAULT!" provides a centralized repository of data that can be accessed by bank employees through the Internet. It offers a secure digital archive with virtually unlimited storage capacity at very affordable rates. The system has been designed to run with standard browsers, so there is no need for special equipment or software.

Encounter Collaborative's Discount Audio Conferencing Program offers a secure, less costly option for banks and other businesses on services ranging from simple multi-participant meetings to telephone seminars and broadcast conference events. There are three packages to choose from, ranging from reservation-less conferencing to audio broadcasts with customized greetings and quality enhanced audio controls. All offer toll-free numbers for participants and fees well below those of traditional conferencing providers.

For further information on these NYBSCO products, please contact NYBA's Director of Field Marketing & Member Services Gus Kananis at (518) 434-3556; e-mail gkananis@nyba.com.

IRIS - IMAGE RETENTION INFORMATION SYSTEMS *Intelligent Surveillance Solutions for Financial Institutions*

Endorsed by the New York Bankers Service Corporation, IRIS Digital Video Systems enable financial institutions to capture high-quality transaction and surveillance images and store them in a digital format for easy retrieval. Since 1994, IRIS' patented technology has set new industry standards for performance, value and service excellence. IRIS Digital Video Systems capture and associate to specific images, unique transaction information from most on-line teller systems and ATM's.

IRIS' proven systems are easy to install, operate without personal involvement and include automatic system maintenance monitoring. Of importance to New York ATM installations is IRIS' ability to monitor lighting compliance levels at an installed ATM.

SOME OF THE POWERFUL FEATURES OF THE IRIS PRODUCT LINE INCLUDE:

- Three distinct product lines offering up to 32 channels of video recording
- IRIS TotalVision16TS is the industry's first true "stand alone" wall-mounted unit, needing no laptop or other devices to set-up and program
- ATM lighting compliance monitoring and reporting
- Multi-user remote image retrieval connected via dial-up or TCP/IP
- "Hot-Key" single-touch copy of surveillance images for evidentiary use
- High resolution (covert) Sign and Tower Cameras.

The IRIS Digital Video System's state-of-the-art electronics continues to be the leading choice for pro-active financial institutions in confronting robberies and fraud.

From an investigator's perspective, the IRIS system can be an invaluable tool when facing the ever increasing and costly challenges presented by fraud and robbery. By handling cases more efficiently, even from remote locations, your investigators will deliver conclusive evidence to prosecutors resulting in higher conviction rates. Successful prosecutions will strengthen relationships with law enforcement and judicial agencies, in addition to recovering losses and assisting in declining claims against your bank.

An experienced and dedicated IRIS staff welcomes the opportunity to discuss your financial institution's specific needs. A special endorsement and purchase agreement by the New York Bankers Service Corporation offers you the benefit of a negotiated discount on IRIS Systems. To learn more about IRIS Digital Video Systems and the savings your organization will enjoy as the result of the special arrangement with NYBA, contact Bruce Herman, IRIS Regional Sales Manager at 516.644.3882, IRIS Digital Video Systems 888.451.4646, or Gus Kananis of the NYBA at 518.434.3556.

THE POWER OF CHOICE

NEW 401(K) PLAN OFFERS “BEST IN CLASS” INVESTMENT OPTIONS AND CUSTOMIZED PLANS, UNDER ONE ADMINISTRATOR — MILLIMAN, INC.

Over the past several months, Milliman, Inc. has worked with NYBA to develop an excellent 401(k) plan that includes access to a state-of-the-art, Web-enabled system with significant administrative advantages to Member Banks and their employees. With almost 10 years servicing our Pension Plan under a similar arrangement, Milliman is not new to NYBA's culture and needs. Based upon our past positive experience with Milliman and their ability to offer an attractive, affordable and reliable 401(k) program to our Member Banks, we are excited to endorse Milliman and their 401(k) Plan Services. Milliman, Inc. provides services for more than 4,000 retirement plans – representing more than 2 million participants. As the recordkeeper working with NYBA Member Banks, Milliman will maintain a website, telephone hotline and Benefits Service Center for your employees. They will also issue quarterly statements and ensure that participant account transactions occur accurately and in a timely manner. Milliman has been ranked #1 in overall client satisfaction by the Boston Research Group's 2005 and 2006 survey of defined contribution providers.

More About The New 401(k) Plan • Streamlines internal 401(k) Plan administration procedures. Each bank can continue to customize its retirement plan to meet any unique objectives. • Allows instant “one-stop” access to 401(k) Plan benefit information, including brochures, forms, retirement education, and – best of all – retirement tools that give participants the opportunity to estimate future retirement benefits. • Offers account access and plan information to plan participants 24/7 through the Internet or Milliman's toll-free hotline. • Economies of scale by combining the market power of the NYBA membership.

THIS PROGRAM OFFERS MEMBER BANKS A CHOICE

- Each bank can choose its own plan provisions and investment options from a standardized format, simplifying administrative processes.
- Investment options that include mutual funds, institutional share class funds, Company stock and Model Portfolios.
- Best-in-class investment options at low expense levels, so your employees realize better investment returns.
- Automatic enrollment
- A variety of standardized and customizable employee communications, including on-site employee meetings.

You can see how the new 401(k) Plan can benefit your bank by contacting Gus Kananis or Dave Finn and requesting a no obligation proposal today.

Questions about the process? Gus Kananis, NYBA at 518.434.3556; gkananis@nyba.com or Dave Finn, Milliman at 646.473.3319; david.finn@milliman.com

GROUP CREDITORS INSURANCE TRUST

CREDIT LIFE & DISABILITY INSURANCE ON:

- Installment Loans • Real Estate Mortgage Loans

CREDIT LIFE INSURANCE ON:

- Revolving Home Equity Loans • Credit Card Accounts • Revolving Lines of Credit

GROUP EMPLOYEE INSURANCE TRUST

- Freedom of Choice Dental Plan • Group Life and AD&D • Executive Supplemental Life and AD&D • Dependent Life Insurance • Directors Life Insurance • Personal Accident Insurance • Long Term Disability • NYS Short Term Disability • Optional Life Insurance for Employees

BancAssurance

- Investor's Marketplace – Annuities, Mutual Funds and Term Life • Customer Appreciation Program - AD&D • Title Insurance Agencies

RETIREMENT SYSTEM

- Defined Benefit Pension Plan • Retirement Group Life Plan

NEW YORK BANKERS SERVICE CORPORATION (NYBSCO)

BANK SECURITY

- Zixcorp Email Encryption • IRIS Digital Video Surveillance Systems • PATRIOT Officer – BSA, OFAC, CIP • SQN Banking Systems – Fraud Solutions • Thumbprint Signature

HUMAN RESOURCES

- Clark Consulting - Executive Compensation Solutions • Group Long Term Care Program • Voluntary Short Term Disability • Workers Compensation Safety Group • Career Bank • 401(k) Plan

FEE INCOME

- Affinian Relationship Strategies • Strunk Overdraft Privilege Program • Travelex Visa Prepaid Products • Foreign Exchange Service • Credit Card Program

PROFIT ENHANCEMENT

- Senior Crimestoppers – CRA Credit • Elan – EFT Processing • Deluxe Financial Services • Digital Insight Internet Banking • Harte-Hanks MCIF • TransFirst Merchant Card Processing

LIABILITY PROTECTION

- Outsourced Internal & IT Audits • D & O and Blanket Bond • Flood Hazard Compliance Program

Expense Savings/Discounted

- Qualified Forms • Core Banking System • Xerox Office Equipment/Business Machines • i-VAULT! Electronic Archive Service • Optimum Supplies Procurement Program • Maintenance Contracts

CONTACT GUS KANANIS AT GKANANIS@NYBA.COM
OR CALL 800-522-5607

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2007 mark your calendar

Apr. 30-May 2	Essentials of Consumer Credit	Albany
May 11	Spring CEO Forum	New York City
May 14-15	4th Annual Technology & Risk Management Forum	Saratoga Springs

THE NEW YORK BANKER

Published by the New York Bankers Association
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New York, NY 10016-1502
212.297.1635 FAX 212.297.1683

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New York, NY 10016-1502

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