

GRAMMER AND Co.

SUMMER/FALL 2009 NEWSLETTER

Grammer and Co. is in its 27th year of providing management consulting services to financial institutions and family groups.

To keep our friends and clients up-to-date, we periodically review our recent management consulting, training, marketing, and coaching assignments.

DATA BASE ON NEW YORK BANKS

To understand today's bank environment better, we created a data base of financial information about New York Area commercial banks and savings banks. It includes balance sheet, income statement, cash flow and ratio calculations. Several of our clients find the information valuable to their ability to assess the competition. The data is taken from annual reports and FDIC Call Reports. We encourage our clients and friends to contact us if the information could be useful.

TURNAROUND WORK

- **Based on previous assignments and the current economic climate, we are interested in assisting clients and turnarounds, portfolio reviews, restructurings, and remedial situations.**
- We have been following closely developments in the CDO and credit derivatives markets especially since "Big Bang" in April, and stand ready to assist clients in exposure, strategy and ongoing processes to handle these risks, and develop effective organizations to do so.
- Helping a Connecticut bank with the sale of a foreclosed commercial property
- Working with a Connecticut-based construction company to add a property management capability to its business line.

STRATEGY

- Developing a feasibility study on factoring for a non-bank financial services company in Kenya, and continuing to review the market for factoring and invoice discounting in that country. Completed a stress test of the company's existing factoring portfolio.
- Continue working with a Connecticut community bank to expand its network for commercial loan participations and obtaining CDARS deposits.
- Presently working with an entrepreneurial management group to set the credit parameters for a broader product presentation to a banking project.
- Assisted in the installation of a new automated clearinghouse product (ACH) for the U.S. operation of a French bank.
- Continuing to help the largest bank in Azerbaijan with its New York office and with businesses in Europe.
- Introducing several clients and contacts to a program for increasing bank deposits.
- Continuing to consult with a major family group in Jeddah on family and corporate governance, management structure, and organization.
- Assisting a commercial finance company with a strategic review of its business.

- Continuing to advise a Saudi entrepreneur on several investments in Al-Khobar, Jeddah, and New York City.
- Advising a New York City business owner on structuring a buy-out of partners, strategic positioning of his firm, management organization, and allocation of resources.
- Pro bono work includes the ongoing advisement for a not for profit client that has funding issues on its financial alternatives.
- Following the model successfully implemented by us at one of the largest global funds of hedge funds, we continue marketing our proprietary “*V-Formation*” leadership development and business building program in high performance financial organizations. This program is equally suitable for companies *outside the financial sector*, as well as *governmental or regulatory agencies* seeking to improve their effectiveness in program delivery.

MARKETING

- Conducted a market research project on the taxi medallion financing industry in New York City, a niche lending market.
- Responding to an inquiry from an investment management firm, we presented an analysis of the community banking market in the New York Metropolitan area, focused specifically on the state of the commercial real estate business in the region.
- Prepared a report on Community Development Financial Institutions (CDFIs) in the New York City area for a client that is planning to do business in that industry.

RISK MANAGEMENT

- Analyzing the retail credit policy (including small business) and recommending best practices for a Malaysian Bank
- Proposing to assist a major Jeddah financial institution with issues of credit risk migrating to market risk.
- Assisted a New York City based savings bank to prepare for its next examination by the Office of Thrift Supervision
- Researched the financial condition of a group of banks from whom a New York Bank is purchasing commercial loan participations.
- Developed information on the commercial real estate portfolio of a New York Bank that permitted stress testing of the portfolio.
- Conducted a Risk Management Workshop in Chisinau, Moldova for the Association of Moldovan Banks, attended by representatives from a number of Moldovan banks. Workshop covered international best practices in credit, market and operational risk applied in the local market.
- Conducted fixed income and credit analysis training programs for one of the largest US insurance companies.
- Delivered a repeat 3 day training program to 120 Associates of a large New York money center bank on derivatives and bond math-covering fixed income, foreign currency, credit and equity derivatives.
- Delivered a week long training program in derivatives applications to Sales and Trading personnel of a large New York money center bank.
- Proposal outstanding for a risk management program in the Sudan.
- Discussions with large fund of hedge funds to value CDO exposure on an ongoing basis.
- Developed materials for analysis of credit risk within the insurance industry and trading context for one of the largest Swiss global insurance companies.

- Engaged by the New York Society of Security Analysts to conduct a program on foreign exchange and currency swaps.
- Recently developed training proposals for banks in Sana'a, Yemen; Beirut, Lebanon; and Erbil, Iraq.

EXECUTIVE DEVELOPMENT

- Advising a new Islamic investment bank in Riyadh on executive management.
- Continued delivering sessions of Citibank Global Trade Services Credit Training Program, with 16 sessions worldwide.
- Continued providing executive coaching for a number of New York clients concerning career change and performance enhancement. One East Asian resident client landed a Chief Operating Officer position which will advance to Chief Executive Officer in several years.
- Continue career coaching in investment, hedge fund and consulting sectors for MBA and Executive MBA candidates in career management program at Columbia Business School.
- Continue development of a program on investor-focused structured derivatives for a US regulatory agency.
- Completed revision of e-learning derivatives modules for a large financial e-learning firm.

INTERNS

- Michael Cortina from Sacred Heart University and East Northport, NY was an intern with us from May to August. Raluca Eftimoiu from Lafayette College and Romania, and Katherine Nacci from Lafayette and Maryland, interned here in June. Aung Lin from Lafayette College and Myanmar, who interned with us in January, joined us again in July and August. Interns have been an important part of the Grammer and Co. team since 2000. Through their initiative and our coaching they have found jobs at companies such as UBS, Northern Trust, Deloitte, Thompson Financial, Greenwich Capital, Cap Gemini, Citibank, and Lehman.
- We have had interns from all over the world including China, India, Egypt, Australia, Nepal, Myanmar, Romania, Kenya, and Pakistan. Other institutions of higher learning attended by interns include Columbia, Mount Holyoke College, Sacred Heart University, and Vanderbilt University.

AN OPEN INVITATION TO OUR FRIENDS

- Our team often meets to review the market and opportunities. We also discuss possible upcoming deals. Grammer and Co. welcomes any friends to visit to discuss their activities, explore topics of mutual interest and become better acquainted with the members of the firm. Should you decide to attend any of our meetings, please call or e-mail any of us to arrange a mutually convenient date.

GRAMMER AND CO. PROFESSIONALS:

John Grammer, Ed McNally, Charles Gates, John Podkowsky, William Tranter, and Howard Coonley.

See our website www.grammerandco.com for further information.