

# Federal Reserve Bank of Boston BANK NOTES

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• Edited by Jason Wild •

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## Banknorth Announces Two Acquisitions in Massachusetts

On November 25, 2003, Banknorth Group Inc., Portland, ME, announced it has reached a definitive agreement to purchase Foxborough Savings Bank, Foxborough, MA, in an all-cash deal valued at \$89.6 million. In a statement, Banknorth Chairman and CEO William J. Ryan said the deal was “significant because it represents our first presence in the Massachusetts market south of Boston.” He added, “At a time of significant change in the Massachusetts banking market, we are pleased to enter this region with the purchase of a first rate community bank.”

Banknorth will acquire Foxborough Savings Bank’s four offices in Foxborough, North Attleboro, Walpole, and Wrentham. The deal, which is subject to regulatory and shareholder approval, is expected to close in the second quarter of 2004.

On December 9, 2003, Banknorth Group announced it has reached a definitive agreement to acquire CCBT Financial Companies Inc., South Yarmouth, MA, the parent company of Cape Cod Bank & Trust Company, in an all-stock deal valued at approximately \$300 million. Cape Cod Bank & Trust operates 26 branches in Barnstable and Plymouth counties. The bank ranks second in market share in Barnstable County, which encompasses Cape Cod.

In a statement, Ryan said, “In one transaction, we have become a significant banking and financial services presence in this important Massachusetts market. With the pending purchase of FleetBoston Financial by Bank of America, we want to extend our market presence intelligently in Massachusetts to compete for customers.” In a conference call to discuss the deal, Ryan expanded on this point, saying, “We’re really not taking any risks as we look at moving our company forward in the geographies of Massachusetts, so we’re really ecstatic about being able to complete this.” He later added, “We can acquire some companies, and we can also take some customers from Fleet. We can’t take Fleet customers away from Fleet if we don’t have branches in that area, and to think of us now having 23 branches on the Cape is just a great opportunity over the next few years.”

Banknorth expects the deal, which is subject to regulatory and shareholder approval, to be completed by

the middle of 2004, with operational integration to follow soon after.

In September, Banknorth announced plans to acquire First & Ocean Bancorp, Newburyport, MA. Upon completion of all three deals Banknorth will operate 149 branches in Massachusetts.

As of June 30, 2003, Banknorth Group had total deposits of \$5.7 billion and ranked 6th among all commercial bank and thrift institutions in Massachusetts. As of the same date, CCBT Financial had total deposits of \$976.5 million and ranked 20th, Foxborough Savings Bank had total deposits of \$198.5 million and ranked 113th, and First & Ocean Bancorp had total deposits of \$184.2 and ranked 119th.

(SNL Bank & Thrift Weekly, 12/1/03, 12/15/03;  
Banknorth PR, 11/25/03, 12/9/03)

## Merger Completion

On December 12, 2003, New England Bancshares, Enfield, CT, announced that its subsidiary, Enfield Federal Savings and Loan Association, had completed its acquisition of Windsor Locks Community Bank FSL, Windsor Locks, CT.

With the acquisition, Enfield Federal now operates seven branch offices and holds approximately \$168 million in deposits.

(SNL Bank & Thrift Weekly, 12/15/03;  
New England Bancshares PR, 12/12/03)

## Branch Openings

On November 3, Cambridge Savings Bank, Cambridge, MA, opened its branch located at 739 Beacon Street, Newton, MA.

First Brandon National Bank, Brandon, VT, opened its branch located at 2992 Franklin Street, Brandon, VT, on November 10.

On November 17, Bow Mills Bank & Trust, Bow, NH, opened its branch located at 35 Kearsarge Avenue, Contoocook, NH.

Merrimack County Savings Bank, Concord, NH, opened its branch located at 101 Broad Street, Nashua, NH, on November 24.

(Internal Notice, 12/22/03)

## Branch Acquisition

On December 15, 2003, Atlantic Bank of New York, New York, NY, a unit of National Bank of Greece SA, Athens, Greece, announced it has agreed to sell its branch located at 2067 Massachusetts Avenue, Cambridge, MA, to First National Bank of Ipswich (FNBI), Ipswich, MA. Terms of the deal were not disclosed. The acquisition is subject to regulatory approval and is expected to be completed in the first quarter of 2004. Atlantic Bank will continue to operate its office in downtown Boston.

Commenting on the deal, FNBI's president and CEO Donald Gill said, "We are very pleased to have the opportunity to acquire the Cambridge branch and its highly regarded staff. This branch is complementary to our existing six branches in Massachusetts and is in a location we have been interested in for some time. This is a win-win situation for all involved, including the customers, the employees, and the community."

As of June 30, 2003, FNBI had total deposits of \$186.5 million and ranked 116th among all commercial bank and thrift institutions in Massachusetts. As of the same date, National Bank of Greece SA had total deposits of \$35.2 million and ranked 203rd.

(SNL Bank & Thrift Weekly, 12/22/03; Atlantic Bank PR, 12/15/03)

## Eastern Bank to Expand

Eastern Bank, Boston, MA, announced on November 24, 2003, that it has agreed to acquire the Newton Highlands, MA, office of Middlesex Bank & Trust Co., Newton, MA, which operates as a division of Westport National Bank, Westport, CT. Terms of the deal were not disclosed. Eastern expects to complete the acquisition, which is subject to regulatory approval, in the first quarter of 2004.

In addition, Eastern Bank announced plans to open a new branch in the Auburndale section of Newton. Located at 2060 Commonwealth Avenue, the branch would occupy space currently used by Eastern Insurance.

"The Newton market is particularly attractive, given its high concentration of residents, businesses, and not-for-profit organizations," said Richard Holbrook, Eastern's president. "By opening two locations at virtually the same time, we can focus promotions in Newton, hopefully building upon the success of the Middlesex Bank & Trust office and aggressively attracting customers to our new Auburndale location." Both actions are consistent with the bank's previously announced plan to add 20 new locations over the next five years.

As of June 30, 2003, Eastern Bank had total deposits of \$3.6 billion and ranked 8th among all commercial bank and thrift institutions in Massachusetts.

(SNL Bank & Thrift Weekly, 12/1/03; Eastern Bank PR, 11/24/03)

## Fed Will Hold Meetings on Fleet – Bank of America Deal

On December 22, the Federal Reserve Board announced that public meetings will be held in Boston,

MA, and San Francisco, CA, regarding the proposed acquisition of FleetBoston Financial Corporation, Boston, MA, by Bank of America Corporation, Charlotte, NC.

The purpose of the meetings is to collect information relating to factors the Board is required to consider under the Bank Holding Company Act, such as the effects of the proposal on the financial and managerial resources and future prospects of the companies and banks involved, the effects on competition in the relevant markets, and the convenience and needs of the communities to be served, including Community Reinvestment Act performance.

The meetings will be held at the Federal Reserve Bank of Boston on January 14 and the Federal Reserve Bank of San Francisco on January 16. Persons interested in testifying at the meetings must submit a written request by January 7.

(FRB PR, 12/22/03; SNL Bank & Thrift Weekly, 12/29/03)

## Webster to Acquire Trust Company

Webster Financial Corporation, Waterbury, CT, announced December 18, that it has reached a definitive agreement to acquire Phoenix National Trust Company, a unit of the Phoenix Companies, Hartford, CT. Financial terms of the deal were not disclosed.

James Smith, Webster's chairman and CEO, said, "The addition of Phoenix National Trust Company further advances Webster's strategic plan by broadening and strengthening our wealth management capabilities. Today's announcement demonstrates Webster's commitment to growing our investment business and serving the high-net worth market with a competitive array of services."

Upon completion of the deal, Phoenix National Trust will become part of Webster Financial Advisors, the investment and trust division of Webster Bank. The transaction is subject to regulatory approval and is expected to close in the first quarter of 2004.

(SNL Bank & Thrift Weekly, 12/22/03;

Webster PR, 12/18/03)

## FDIC Reports Earnings

On December 3, the Federal Deposit Insurance Corporation (FDIC) reported that insured commercial banks and savings institutions earned \$30.4 billion in the third quarter of 2003; an increase of \$147 million from the second quarter and \$3.1 billion more than the third quarter of 2002. It was the third consecutive quarter that earnings set a new record. The agency attributed the gains to lower expenses for bad loans and a rise in noninterest income, slightly offset by higher long-term interest rates that slowed mortgage activity and overall asset growth.

FDIC Chairman Don Powell said, "The results of the last year demonstrate that banks are positioned to perform well in both a slow-growth economy, as we've had in the recent past, and in the faster-growth economy that we are now seeing."

The agency said that asset quality continued to improve. Provision for loan losses were \$1.7 billion lower than the second quarter and \$5.3 billion lower than a year ago. Most of the improvement came from lower losses on commercial loans to corporate borrowers. Noninterest income rose \$3.2 billion in the quarter, boosted by a rise in servicing fees. However, net interest income fell \$390 million, as the industry's net interest margin fell to a 12-year low of 3.65 percent. Higher long-term interest rates also contributed to a \$2.2 billion decline in gains on sales of securities.

Richard Brown, the FDIC's chief economist, commented, "While these headwinds are slowing the growth of earnings, they are not yet strong enough to offset the factors that are boosting bank profits." In all, 51 percent of FDIC-insured institutions reported higher third quarter earnings, when compared to the third quarter of last year.

(FDIC PR, 12/3/03; SNL Bank & Thrift Weekly, 12/8/03)

Items in this publication focus on developments affecting banking structure in New England. The items are condensations of articles from a selected group of daily newspapers and press releases of federal and state financial regulatory agencies. Their reproduction does not imply our endorsement of the accuracy, opinions or policies reflected in the subject matter.

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