

Federal Reserve Bank of Boston BANK NOTES

• Edited by Anne M. McElroy •

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Mergers and Acquisitions

The acquisition of Benjamin Franklin Bancorp, Inc. of Franklin, MA, by Independent Bancorp, holding company of Rockland Trust, both of Rockland, MA, moved closer to completion in February. Benjamin Franklin Bancorp's shareholders approved the deal on February 11, 2009, and Independent Bancorp shareholders approved the merger on February 13, 2009.

The deal still needs regulatory approval, but is expected to be completed in March of 2009. (*SNL Bank & Thrift Daily*, 2/16/09; *Rockland Trust and Benjamin Franklin Bank websites*, 3/02/09)

Metro Credit Union of Chelsea, MA, completed its acquisition of the Boston Globe Employees Credit Union of Boston, MA, on February 28, 2009. Metro Credit Union is the fifth-largest credit union in Massachusetts with \$732 million in assets. The Globe credit union's office at 135 Morrissey Blvd. will be retained as a Metro branch. (*SNL Bank & Thrift Daily*, 3/03/09; *Boston Business Journal*, 2/27/09)

Formation of Bank Holding Companies

SIS Bancorp, MHC of Sanford, ME, opened as a bank holding company on January 30, 2009, and then opened SIS Bancorp Inc. The holding companies were created in conjunction with SIS Bancorp's acquisition of Sanford Institution for Savings of Sanford, ME, which also occurred on January 30, 2009. (*Internal sources*, 2/06/09)

Branch Openings

Chicopee Bancorp announced on February 17, 2009, that its unit Chicopee Savings Bank had opened a new branch at Gibbs Crossing, 350 Palmer Road, in Ware, MA. The Ware branch is the seventh branch location of Chicopee Savings Bank. (*SNL Bank & Thrift Weekly*, 2/23/09; *Chicopee Savings Bank press release*, 2/17/09)

Enterprise Bank, a unit of Enterprise Bancorp of Lowell, MA, opened a branch at 340 Great Road in Acton, MA, on January 12, 2009. (*SNL Bank M&A Weekly*, 2/17/09, *Enterprise Bank website*, 3/09)

On February 6, 2009, Newport Federal Savings Bank of Newport, RI, opened a branch at 1430 East Main Road, Portsmouth, RI. The opening marks the bank's sixth branch. (*SNL Bank M&A Weekly*, 2/17/09; *Newport FSB website*, 2/09)

Provident Bancorp unit Provident Bank MHC, of Amesbury, MA, opened a branch at 120 Water Street in Exeter, NH, on January 28, 2009. (*SNL Bank & Thrift Daily*, 2/09/09; *Provident Bank press release*, 2/28/09)

Southbridge Savings Bank of Southbridge, MA, opened a branch at 86 Worcester Road in Webster, MA, on January 12, 2009. The opening marks Southbridge's eleventh branch in Massachusetts. (*SNL Bank & Thrift Daily*, 2/9/07; *Southbridge Savings Bank website*, 2/04/00)

Corporate Title Changes

The Federal Reserve Bank of Boston Employees Federal Credit Union of Boston, MA, changed its corporate title to 600 Atlantic Federal Credit Union on January 30, 2009. (*Internal sources*, 2/06/09)

Connecticut Department of Banking Amends Regulations on Mortgage Foreclosure

On February 13, 2009, the Connecticut Department of Banking announced amended regulations related to protection from mortgage foreclosures. The amendments, which became effective on February 9, 2009, are available online at www.ct.gov/dob. (*CT DOB press release*, 2/18/09)

FDIC Issues Rules Relative to a Failure of an Insured Institution

On February 4, 2009, the FDIC issued a rule finalizing the interim rule issued in July 2008, which established the FDIC's practices for determining deposit and other liability account balances at a failed insured depository institution. The final rule also requires that institutions prominently disclose to sweep account customers whether the swept funds are deposits and the status of the swept funds if the institution were to fail.

The final rule will take effect on March 4, 2009; however, the effective date of the sweep account disclosure requirements is July 1, 2009.

More information is available at www.fdic.gov/news/news/financial/2009/fil09009.html. (FIL-9-2009, 2/04/09)

Federal Reserve Extends Liquidity Programs through October 30, 2009

On February 3, 2009, the Federal Reserve announced the extension through October 30, 2009, of existing liquidity programs originally scheduled to expire on April 30, 2009.

The Board of Governors approved the extension through October 30, 2009, of the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF), the Commercial Paper Funding Facility (CPFF), the Money Market Investor Funding Facility (MMIFF), the Primary Dealer Credit Facility (PDCF), and the Term Securities Lending Facility (TSLF). The FOMC also extended the TSLF, which is under the joint authority of the Board and the FOMC.

In addition, temporary reciprocal currency arrangements (swap lines) between the Federal Reserve and other central banks have been extended to October 30, 2009, including those with the Reserve Bank of Australia, the Banco Central do Brasil, the Bank of Canada, Danmarks Nationalbank, the Bank of England, the European Central Bank, the Bank of Korea, the Banco de Mexico, the Reserve Bank of New Zealand, the Norges Bank, the Monetary Authority of Singapore, the Sveriges Riksbank, and the Swiss National Bank. The Bank of Japan will consider the extension at its next Monetary Policy Meeting.

The expiration date for the Term Asset-Backed Securities Loan Facility (TALF) remains December 31, 2009. Other Federal Reserve liquidity facilities, such as the Term Auction Facility (TAF), do not have a fixed expiration date. More information is available at

www.federalreserve.gov/newsevents/press/monetary/20090203a.htm. (Reserve Board press release, 2/03/09)

Treasury and Federal Reserve Launch Term Asset-Backed Securities Loan Facility (TALF)

As part of the Financial Stability Plan, the Department of the Treasury and the Federal Reserve Board announced on March 3, 2009, the launch of the Term Asset-Backed Securities Loan Facility (TALF), a component of the Consumer and Business Lending Initiative (CBLI). The TALF has the potential to generate up to \$1 trillion in lending for businesses and households.

By reopening these markets, which have been largely shuttered since October 2008, the TALF will help lenders meet the borrowing needs of consumers and small businesses, helping to stimulate the broader economy.

Under the plan, the Federal Reserve Bank of New York will lend up to \$200 billion to eligible owners of certain AAA-rated ABS (asset backed securities) backed by newly and recently originated auto loans, credit card loans, student loans, and SBA-guaranteed small business loans.

Issuers and investors in the private sector are expected to begin arranging and marketing new securitizations of recently generated loans, and subscriptions for funding in March will be accepted on March 17, 2009. On March 25, 2009, new securitizations will be funded by the program, creating new lending capacity for additional future loans.

The program will hold monthly fundings through December 2009 or longer if the Reserve Board chooses to extend the facility. (Reserve Board press release, 3/03/09)

Reserve Board Launches New Web Page on Credit and Liquidity Programs

The Federal Reserve Board on February 23, 2009, launched a new web page that expands the information provided about the policy tools the Federal Reserve has employed to address the financial crisis and simplifying access to that information.

The website section, "[Credit and Liquidity Programs and the Balance Sheet](#)," presents a wide range of material, including a detailed explanation of the Federal Reserve's balance sheet; descriptions of all of the Federal Reserve's liquidity and credit facilities; discussion of the Federal Reserve's risk-management practices; information on the types and amounts of collateral being pledged at the various lending facilities; and an extensive set of links to congressional reports and other resources.

The new section of the Board's website can be accessed at:
www.federalreserve.gov/monetarypolicy/bst.htm. (*Reserve Board press release, 2/23/09*)

Agencies to Begin Forward-Looking Economic Assessments

The federal bank regulatory agencies announced on February 25, 2009, that they will start conducting forward-looking economic assessments of large U.S. banking organizations as the Capital Assistance Program (CAP) gets underway.

These assessments will be done on an interagency basis as a coordinated supervisory exercise to ensure they are carried out in a timely and consistent manner. Supervisors will work with institutions to estimate the range of possible future losses and the resources to absorb such losses over a two-year period.

The assessments will be conducted at eligible U.S. bank holding companies with assets exceeding \$100 billion under two economic scenarios: a baseline scenario reflecting a consensus expectation among private forecasters; and a more adverse scenario reflecting a deeper and longer recession than in the baseline. The agencies expect to complete the process no later than the end of April 2009.

The agencies have issued a set of Frequently Asked Questions (FAQs) with additional details about the assessment process. The agencies' press release and the FAQs are available at www.federalreserve.gov/newsevents/press/bcreg/20090225a.htm. (*Interagency press release, 2/25/09*)

NACHA Reports Strong ACH Growth in 4Q08 despite Economic Downturn

The number of ACH payments in the fourth quarter 2008 grew by 4.5 percent over the same period in 2007,

topping 3.8 billion, according to statistics released by NACHA – The Electronic Payments Association.

Internet-initiated ACH payments (known as “WEB” entries) experienced strong growth, increasing 16.5 percent over fourth quarter 2007 volumes. Strong growth also occurred with certain business-to-business payments (known as “CTX” entries) in which remittance information is exchanged electronically. The number of these payments grew by 15 percent over fourth quarter 2007 levels, at a total value of \$691 billion.

“The continued growth of ACH transactions during a period of intense economic pressures speaks to the fundamental value that financial institutions, businesses, governments, and consumers recognize in the ACH Network,” said Janet O. Estep, NACHA president and chief executive officer.

Popular with billers and consumers for paying bills online, the number of WEB transactions in the fourth quarter 2008 reached 552 million with a transfer value of \$220 billion.

Other areas of “native” electronic payments – those that are not tied to consumer check-writing, such as Direct Deposit and pre-authorized consumer payments — experienced modest growth, which NEACH considers positive, given the current economic conditions.

The newest check conversion transaction – back-office conversion (known as “BOC”), grew to over 39 million payments in fourth quarter 2008, from 3 million payments a year ago. BOC volume increased 49 percent from third to fourth quarter 2008. Other ACH payment types tied directly to consumer check writing have leveled off as the use of checks continues to decline.

“Eighty percent of ACH Network volume is not related to check conversion activity,” added Estep. NACHA will release complete 2008 ACH Network volume statistics in March 2009. For more information, visit www.nacha.org. (*NACHA press release, 2/11/09*)



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