

Federal Reserve Bank of Boston BANK NOTES

• Edited by Marcella Vencil •

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NewAlliance Bancshares, Inc. Completes Complex Merger

On April 1, 2004, NewAlliance Bancshares completed its mutual-to-stock conversion of New Haven Savings Bank, New Haven, CT, and the acquisitions of Connecticut Bancshares, Inc., the holding company of Savings Bank of Manchester, Manchester, CT, and Alliance Bancorp of New England, Inc., the holding company of Tolland Bank, Vernon, CT.

NewAlliance Bancshares received final regulatory approvals from the Connecticut Department of Banking and the FDIC on March 30, 2004, marking the largest conversion in history, in terms of gross proceeds. The Federal Reserve granted its approval for the thrift to become a bank holding company by acquiring two companies on February 25.

Peyton R. Patterson, Chairman, President, and Chief Executive Officer of NewAlliance Bancshares, said, "Our new name [Newalliance Bancshares] reflects our broader geography and the stronger alliances we plan to forge with our customers and all the communities we serve."

Before the merger, New Haven Savings Bank ranked eighth with a 2.7 percent share of deposits in the state of Connecticut. In addition, Connecticut Bancshares ranked 11th with a 2.4 percent share and Alliance Bancorp ranked 30th with a 0.5 percent share. All deposit data are as of June 30, 2003.

(Internal Notice 4/1/04; SNL Bank & Thrift Daily 3/31/04; NewAlliance PR 4/1/04)

Bank of America Completes FleetBoston Merger

Bank of America Corp., Charlotte, NC, completed its merger with FleetBoston, Boston, MA, on April 1, 2004.

The transaction, a tax-free, stock-for-stock exchange, was estimated at approximately \$47 billion. Bank of America will now be the nation's second largest banking company by assets and the nation's largest consumer bank by deposits.

Chairman of Bank of America Charles K. Gifford said, "This transaction closes an era but begins a new one. It allows the strength and heritage of the Fleet franchise to become part of a dynamic national financial services

company while continuing its historic commitment to the northeast region. It will be increasingly clear that this is a win-win for employees, customers, communities, and shareholders."

As of June 30, 2003, Fleet ranked first in the New England area with a 21.8 percent share of deposits.

(SNL Bank & Thrift Daily 4/2/04; American Banker 4/2/04; BoA PR 4/1/04)

Merger Completion

CIGNA Bank and Trust Company, FSB, Hartford, CT, merged with the Prudential Savings Bank, FSB, Atlanta GA, effective April 1, 2004.

The transaction, which encompassed the sale of CIGNA's retirement benefits business to Prudential, was estimated at a \$2.1 billion cash deal.

H. Edward Hanway, CIGNA chairman and chief executive officer, said of the merger, "With the completion of this transaction, we can devote all of CIGNA's resources and attention to our health care and related benefits businesses."

The bank's new name will be Prudential Bank and Trust, FSB.

(Internal Notice 4/1/04; PR Newswire 4/1/04)

Bank Charter Conversion

Webster Bank, Waterbury, CT, converted from a federal savings bank to a national charter member bank, regulated by the Office of the Comptroller of the Currency (OCC) effective April 21, 2004. In addition, Webster Financial Corporation, the parent company of Webster Bank, is now a bank holding company subject to regulation by the Federal Reserve Board.

Webster Chairman and CEO James Smith said of the conversion, "Today marks the completion of Webster's transformation to a full-service commercial bank and is a significant step toward our goal of becoming the leading provider of financial services to individuals, families, and businesses in the market we serve."

The bank's new name will be Webster Bank, National Association.

As of June 30, 2003, Webster Financial had total deposits of \$8.2 billion and ranked third among all commercial bank and thrift institutions in Connecticut.

Bank Title Change

The Canton Institution for Savings, Canton, MA, changed its title to The Bank of Canton effective March 19, 2004.

(Internal Notice 4/20/04)

Holding Company Formation

On March 23, 2004, Hampden Savings Bank, Springfield, MA, was authorized by the Commonwealth of Massachusetts to establish a mutual savings bank in conjunction with its multi-step reorganization into a mutual holding company, Hampden Bancorp, MHC. The continuing bank will operate under the name Hampden Bank.

(MA DOB 3/31/04)

Branch Openings

The Enterprise Bank & Trust Company opened a branch located at 63 Park Street, Andover, MA, effective March 15, 2004.

On March 19, 2004, the Edgartown National Bank, Edgartown, MA, opened a branch located at 126 Main Street, Tisbury, MA.

Also on March 19, The Chittenden Trust Company opened its branch located at 109 North Main Street, St. Albans, VT.

The Hyde Park Savings Bank, Boston, MA, opened a branch located at 1920 Centre Street, West Roxbury, MA, effective March 22, 2004.

The Connecticut Bank & Trust Company, Hartford, CT, opened a branch at 68 South Main Street, West Hartford, CT, effective March 29, 2004.

Effective April 5, 2004, the UniBank for Savings, Whitinsville, MA, opened a branch located at 1189 Providence Road, Whitinsville, MA.

Also on April 5, the Lowell Co-operative Bank opened its branch located at 691 Rogers Street, Lowell, MA.

(Internal Notice 3/29/04, 4/19/04, 4/21/04)

Branch Closings

Citizens Bank of Massachusetts, Boston, MA, closed its Lynn Star Market Branch located at 43 State Street, Lynn, MA, effective close of business March 19, 2004.

Effective close of business March 15, 2004, the Pentucket Bank, Haverhill, MA, closed its branch located at 245 Amesbury Road, Haverhill, MA.

Berkshire Bank, Pittsfield, MA, closed its branch located at Devonshire Estates, 329 Pittsfield Rd., Lenox, MA, effective March 31, 2004.

Branch Sale

Effective with the close of business on April 2, 2004, First National Bank of Ipswich, Ipswich, MA, purchased one branch from Atlantic Bank of New York, New York City, NY. The branch is located at 2067 Massachusetts Avenue, Cambridge, MA.

The Randolph National Bank, Randolph, VT, purchased one branch from Chittenden Trust Company, Burlington, VT, effective April 12, 2004. The branch is located at 20 Methodist Main Lane, Williamstown, VT.

(Internal Notice 4/5/04, 4/20/04)

OCC Proposes Rule to Assist Consumers

On March 25, 2004, the OCC proposed a rule to assist consumers in identifying national bank operating subsidiaries that are subject to OCC supervisory authority.

The proposal was created in response to consumer questions on how to identify such operating subsidiaries, especially as it pertains to where consumers would direct complaints about their experiences with such entities.

Many national banks operating subsidiaries that deal with consumers use a trade name or brand closely identified with their parent bank. However, some subsidiaries do not and consumers may be unsure of the character of the entity and the agency responsible for regulating it.

The proposed rule would require national banks to file an annual report with the OCC containing information about national bank operating subsidiaries that are not functionally regulated by other regulators and that do business directly with consumers.

The comment period for this proposal ends April 26, 2004.

(OCC PR 3/25/04)

House Passes Regulatory Relief Bill

On March 18, 2004, the House of Representatives, by a vote of 392-25, approved the Financial Services Regulatory Relief Act in an effort to streamline the regulatory compliance process.

The Act was originally introduced in 2002 and was designed to counterbalance the additional regulatory requirements of the USA Patriot Act.

The new legislation makes it easier for banks to open branches in other states and to complete mergers with less paperwork. The measure also makes it harder for commercial or retail companies to push their bank-like industrial loan companies across state lines. Under the new legislation, only companies with more than 85 percent of their business in financial services can open branches of their industrial loan company in other states. In addition, credit unions would be allowed to cash checks and wire

money from nonmembers.

The legislation was sponsored by Rep. Shelley Moore Capito, R-WV, who said, "These reforms bring balance to a complicated regulatory system. This bipartisan legislation will roll back several outdated and burdensome mandates while also providing some new common sense provisions that together will benefit both the financial services industry and their consumers. In addition, these reforms will help curb costs that are being paid right now by anyone who writes a check, saves for their retirement, or simply purchases groceries with a credit card."

The Act also includes the following provisions: allowing regulators to adjust exam cycles for healthy institutions; modernizing record-keeping requirements; adding steps to prevent criminals from participating in bank affairs; allowing banks more flexibility in paying dividends; increasing the ability of savings associations to invest in small business investment companies; and removing the limits for thrifts on small business and auto loans.

(SNL Bank & Thrift Weekly 3/22/04; Boston Globe 3/19/04)

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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