

Federal Reserve Bank of Boston  
**BANK NOTES**

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• Edited by Jason Wild •

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### **New Haven Savings Announces Acquisitions**

On July 16, 2003, New Haven Savings Bank (NHSB), New Haven, CT, announced that it has agreed to acquire Connecticut Bancshares, Manchester, CT, and Alliance Bancorp of New England, Vernon, CT, simultaneously with its conversion from mutual to public ownership. NHSB plans to form a new bank holding company, issue and sell shares in the company, and then use the proceeds from the sale as well as some of the newly issued stock to make the two acquisitions. The company will pay approximately \$616.9 million in cash for Connecticut Bancshares and \$71.8 million in cash and stock for Alliance Bancorp. The plan calls for NHSB to conduct a subscription offering of common stock to eligible depositors and then to offer any unsold shares to the thrift's local community and the general public.

The deal will greatly expand NHSB's reach into Hartford, Tolland, and Windham counties in Connecticut. Currently, the bank operates 36 branches in the greater New Haven area. The acquisition of Connecticut Bancshares will add the 28 branch network of its subsidiary, Savings Bank of Manchester. Alliance Bancorp's subsidiary, Tolland Bank, will add another 9 branches. The two acquired banks will be merged into New Haven Savings Bank. As a result of these additions, New Haven Savings Bank will become the 5th largest bank or thrift in Hartford county, the largest in Tolland county, and the 10th largest in Windham county.

In a statement, NHSB's CEO Peyton Patterson said, "The acquisition of Connecticut Bancshares and Alliance and the ability to finance the transactions through converting to a public company represent a once in a corporate lifetime opportunity. Connecticut Bancshares and Alliance are a great complement to our existing franchise, and are an ideal fit with our culture and core beliefs as a community and service-driven bank. We believe that these transactions are in the best interest of our employees, customers, and the communities we serve." When announcing the acquisitions, NHSB also indicated it would add \$30 million of conversion stock to its foundation, bringing the foundation's total assets to \$39 million.

The mayor of New Haven, John DeStefano Jr., expressed concern that the bank's new plans will cause it to lose its focus on the New Haven community. He called it "bad news for our local economy," and said the deal

would shift the bank's focus "towards earning the highest returns possible for shareholders all over the globe. Bigger isn't always better. But hometown is always best." The mayor believes depositors should have been consulted about the decision and urged the town's residents to contact the state banking commissioner with comments.

The deal must gain approval from federal and state regulators as well as from the shareholders of Connecticut Bancshares and Alliance Bancorp. NHSB expects all three aspects of the deal to be completed by the first quarter of 2004.

As of June 30, 2002, New Haven Savings Bank had total deposits of \$1.8 billion and ranked 8th among all commercial bank and thrift institutions in Connecticut. As of the same date, Connecticut Bancshares had total deposits of \$1.7 billion and ranked 10th, while Alliance Bancorp had total deposits of \$330.6 million and ranked 29th.

(SNL Bank & Thrift Weekly, 7/21/03; NHSB PR, 7/16/03; New Haven Register, 7/17/03)

### **Merger Announcement**

South Shore Savings Bank, South Weymouth, MA, announced July 21, 2003, that it has agreed to acquire Horizon Bank & Trust Co., Braintree, MA, in an all cash deal valued at approximately \$19.6 million. South Shore Chairman and CEO Arthur Connelly said, "The transaction accelerates the growth of our commercial lending division and adds seasoned commercial lending professionals to our existing staff." State banking laws require that South Shore reorganize into the mutual holding company structure to facilitate the merger. No shares of common stock will initially be sold to the public in the reorganization.

The deal, which is expected to close in the first quarter of 2004, will bolster South Shore's ranking as the 6th largest banking or thrift institution in Norfolk county. As of June 30, 2002, South Shore had total deposits of \$573.2 million and ranked 34th among all commercial bank and thrift institutions in Massachusetts. As of the same date, Horizon Bank & Trust had total deposits \$86.4 million and ranked 163rd.

(SNL Bank & Thrift Weekly, 7/28/03)

## RBSG Merger News

On July 30, 2003, Royal Bank of Scotland Group (RBSG), Edinburgh, Scotland, unit Citizens Financial Group, Providence, RI, announced that it has reached an agreement to acquire Community Bancorp Inc., Hudson, MA, in a cash deal valued at approximately \$116 million.

RBSG CEO Fred Goodwin called the deal “a small tactical acquisition that...will deepen Citizens’ presence in Middlesex County.” Community Bancorp currently operates 10 branches, with more than 20,000 customers. The deal, which is subject to regulatory and shareholder approval, is expected to close in the fourth quarter of 2003.

As of June 30, 2002, Royal Bank of Scotland Group had total deposits of \$14.8 billion and ranked 3rd among all commercial bank and thrift institutions in Massachusetts. As of the same date, Community Bancorp had total deposits of \$332.9 million and ranked 62nd.

Port Financial Corp., Brighton, MA, announced on July 1 2003, that shareholders have approved the thrift’s merger agreement with Citizens Financial Group. The announcement came one day after RBSG announced the merger had gained approval from the Federal Reserve. The transaction still requires the approval of the Federal Deposit Insurance Corporation and the Commonwealth of Massachusetts.

(SNL Bank & Thrift Weekly, 7/7/03; SNL Bank & Thrift Daily, 7/31/03)

## Boston Private to Enter Southern California

On July 10, 2003, Boston Private Financial, Boston, MA, announced it has signed a definitive agreement to acquire First State Bancorp, Granada Hills, CA, in a cash and stock deal valued at approximately \$26.6 million.

Boston Private’s subsidiary, Borel Private Bank & Trust Co., San Mateo, CA, currently operates in northern California; however, the First State acquisition marks the company’s first venture into the southern part of the state. Timothy Vaill, Boston Private’s CEO, said, “The fundamental demographics and consistent wealth creation in [the greater Los Angeles] region make it a natural expansion territory for us.” He also explained plans to build on the acquisition of First State, adding, “We plan to expand the breadth of our wealth management core capabilities in Southern California by adding financial planning and investment management expertise, as we have done in New England and Northern California. We believe this region cluster approach gives Boston Private a unique competitive advantage to successfully capitalize on the growing wealth management sector.”

The transaction, which is subject to regulatory and shareholder approval, is expected to close in the fourth quarter of 2003. The current management will remain and the bank will continue to operate under the First State Bank of California name.

(SNL Bank & Thrift Weekly, 7/14/03; Boston Private PR, 7/10/03)

## Merger Completions

On June 1, Trust Company of the Berkshires, Pittsfield, MA, merged with and into Legacy Bank, Pittsfield, MA, under the charter and title of Legacy Bank. The deal represents the merger of two of the subsidiaries of Mutual Bancorp of the Berkshires, Pittsfield, MA.

First Financial Trust, Newton, MA, completed its acquisition of Freedom Trust Company, Concord, NH, on July 1.

(Internal Notice, 7/1/03, 7/23/03)

## BostonFed to Buy Branches From Encore

BostonFed Bancorp, Burlington, MA, announced July 10 that it has agreed to purchase seven Massachusetts branches from Encore Bancshares, Houston, TX. The price of the facilities was not disclosed; however, BostonFed will pay \$4.3 million for the \$330 million on deposit at the branches. Encore offers mainly deposit products in Massachusetts, and the bank’s CEO James D’agostino indicated it would abandon the market rather than try to upgrade the branches to the standards of its offices in other states. BostonFed CEO David Holland called the purchase “an ideal addition to the company’s franchise.” It will bring the company’s total number of branches to 21. Pending regulatory approval, the deal is expected to be completed in the fourth quarter of 2003. BostonFed is currently waiting for approval to merge its subsidiary banks, Boston Federal Savings Bank and Broadway National Bank of Chelsea.

As of June 30, 2002, BostonFed had total deposits of \$930.6 million and ranked 20th among all commercial bank and thrift institutions in Massachusetts. As of the same date, Encore Bank had total deposits \$268.1 million and ranked 78th.

(SNL Bank & Thrift Weekly, 7/14/03; American Banker, 7/14/03)

## Webster Adds Insurance Company

Webster Financial Corp., Waterbury, CT, announced July 23, that it has acquired LJF Insurance Services Inc., Southport, CT. LJF is a full service insurance agency with offices in Southport and Norwalk, CT. Webster plans to merge both offices into its insurance subsidiary’s Riverside Avenue location in Westport, CT. Recently, Webster has been an active acquirer of insurance agencies. LJF is the fifth addition since January 2001.

James Smith, Webster’s CEO, said the acquisition of LJF “further advances Webster’s strategic objectives by expanding the availability of Webster’s services to customers in lower Fairfield County in concert with our branch expansion initiative.”

(SNL Bank & Thrift Weekly, 7/28/03; Webster PR, 7/23/03)

## Bank Relocations

On May 5, Eastern Bank, Lynn, MA, relocated its main office from 112 Market Street, Lynn, to 265 Franklin Street, Boston, MA.

Connecticut Community River Bank, Wethersfield, CT, relocated its main office from 1142 Silas Deane Highway, to 1190 Silas Deane Highway, Wethersfield, CT.  
(Internal Notice, 7/25/03; CT DOB, 7/18/03)

## Branch Openings

On July 7, Eastern Bank, Lynn, MA, opened its branch located at 1690 Main Street, Weymouth, MA.

Farmington Savings Bank, Farmington, CT, will open its branch located at One Center Street, Southington, CT, on August 16.

(Internal Notice, 7/8/03; CT DOB, 7/18/03)

## Branch Closing

Citizens Bank of Massachusetts, Boston, MA, closed its branch located at 4 Hill Road, Belmont, MA, on July 11.

(Internal Notice, 7/11/03)

## Branch Relocations

On June 13, Fleet National Bank, Providence, RI, relocated its branch from 340 Essex Street, Lodi, NJ, to 260 Essex Street, Hackensack, NJ. In addition, Fleet relocated its branch from 261 Old York Road to 616 Old York Road, Jenkintown, PA, on June 27.

(Internal Notice 6/30/03)

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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