

Federal Reserve Bank of Boston BANK NOTES

• Edited by Marcella Vencil •

August 1, 2004
Vol. XXXIII, No. 8

Eastern Bank to Acquire Plymouth Savings Bank

On July 8, 2004, Eastern Bank MHC, Boston, MA, reached an agreement to merge with Plymouth Savings Bank MHC of Marlborough, MA. Financial terms of the deal were not released.

Upon completion of the merger, the combined company will have approximately \$6.6 billion in assets, \$4.9 billion in deposits, and 70 branches in eastern Massachusetts. The combined company will operate in Barnstable, Bristol, Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties, creating the largest banking company based in Massachusetts.

“This partnership extends Eastern’s geographic reach into south eastern Massachusetts, while providing Plymouth Savings’ customers with greater resources in many specialized areas,” Eastern Chairman and CEO Stanley Lukowski said in a statement. “By merging, we create the premier independent bank.”

Thomas S. Olsen, chairman, CEO and president of Plymouth Savings Bank, said, “This is good news for our customers, because Eastern shares our commitment to providing quality service. Combining our resources with Eastern allows us to offer an array of products and services to compete more effectively with the larger banks.”

The deal, still subject to regulatory approval, is expected to close in early 2005. The banks would be operated separately under the holding company Eastern Bank Corp., with Plymouth branches adopting the Eastern name by early 2006. Both Eastern and Plymouth said the merger would result in no branch closures or employee layoffs.

As of June 30, 2003, Eastern Bank ranked seventh among all commercial bank and thrift institutions in Massachusetts, controlling 2.1 percent of deposits. Plymouth Savings Bank ranked 17th with a 0.65 percent market share.

(American Banker 7/9/04; Boston Globe 7/9/04; Eastern Bank PR 7/8/04; SNL Bank & Thrift Daily 7/9/04)

Brookline Bancorp to Acquire Mystic Financial

On July 7, 2004, Brookline Bancorp Inc., parent of Brookline Bank, Brookline, MA, agreed to acquire

Mystic Financial Inc., Medford, MA, in a cash-and-stock deal valued at approximately \$66.7 million.

Richard Chapman, Brookline chairman, president, and CEO, said, “Mystic Financial is a near-perfect fit for us. It has an excellent branch network in some of the most attractive markets in Greater Boston. We share common cultures as community banks and believe the combination of Mystic and Brookline provides a stronger platform for growth and profitability.”

Still subject to regulatory approval, the transaction is expected to be completed in the first quarter of 2005.

As of June 30, 2003, Brookline Bancorp ranked 27th in Massachusetts with a 0.39 percent market share. Mystic Financial ranked 63rd with a 0.2 percent market share.

(American Banker 7/8/04; Boston Globe 7/8/04; New York Times 7/8/04; SNL Bank & Thrift Weekly 7/12/04)

Webster Financial to Acquire First City Bank

On July 19, 2004, Webster Financial Corp., Waterbury, CT, entered into a definitive agreement to acquire First City Bank, New Britain, CT, in a cash-and-stock deal valued at approximately \$33 million.

James C. Smith, Webster chairman and CEO, said, “Webster is pleased to announce its partnership with First City Bank, which strengthens our presence in the Hartford area as the leading Connecticut-based bank.”

First City’s President and CEO John Manning said, “Webster is a very attractive merger partner for First City. Both banks share a strong commitment to our customers and to Connecticut.”

As of June 30, 2003, Webster Bank ranked third among all commercial bank and thrift institutions in Connecticut with an 11.7 percent share of deposits. First City ranked 44th with a 0.26 percent share of deposits.

(SNL Bank & Thrift Daily 7/20/04; Webster PR 7/19/04)

Sovereign, Seacoast Complete Merger

Seacoast Financial Services Corp., New Bedford, MA, received regulatory approval for its pending sale to Sovereign Bancorp, Wyomissing, PA, on July 22, 2004.

The deal was originally announced on January 26 and received shareholder approval on June 28. Seacoast Financial is the parent company to Compass Bank, New

Bedford, MA, and Nantucket Bank, Nantucket, MA. The merger was completed with the close of business on July 23, 2004.

(Internal Notice 7/26/04; SNL Bank & Thrift Daily 6/29/04, 7/23/04)

Merger Completions

NetBank Inc., Atlanta, GA, completed its acquisition of Beacon Credit Services, Old Lyme, CT, on July 2, 2004.

The deal, originally announced on June 10, 2004, was valued at approximately \$7.1 million, consisting of \$5.0 million in cash and \$2.1 million in stock.

(NetBank PR 7/2/04; SNL Bank & Thrift Daily 7/6/04)

On July 16, 2004, Independent Bank Corp., parent company of Rockland Trust Company, Rockland, MA, completed its acquisition of Falmouth Bancorp Inc., Falmouth, MA.

Christopher Oddleifson, president and CEO of Independent Bank Corp. and Rockland Trust Company, said, "We are absolutely delighted to welcome Falmouth Co-operative Bank customers and employees to Rockland Trust Company. The Falmouth Co-operative Bank team has built a tremendous franchise, and this acquisition strengthens our position on Cape Cod."

The deal, a cash-and-stock transaction, was first announced on January 8, 2004.

(Independent Bank PR 7/16/04; Internal Notice 7/19/04; SNL Bank & Thrift Daily 7/19/04)

Bank Holding Company Formation

On June 30, 2004, Community Guaranty Corporation, Plymouth, NH, received approval from the state of New Hampshire to become a bank holding company through the acquisition of Community Guaranty Savings Bank, Plymouth, NH.

(Internal Notice 7/2/04)

Bank Charter Changes

On July 23, 2004, Westfield Bank, Westfield, MA, converted from a state chartered bank to a federally chartered bank.

(Internal Notice 7/26/04)

Branch Sale Announcement

On July 21, 2004, Berkshire Hills Bancorp Inc., Pittsfield, MA, announced that subsidiary Berkshire Bank has agreed to acquire a branch office from National Bank of Vernon, Vernon, NY. The office, located at 210-216 Main Street, Oriskany Falls, NY, is estimated to have approximately \$7.8 million in deposits.

(SNL Bank & Thrift Daily 7/22/04)

Branch Openings

Camden National Bank, Camden, ME, opened a branch located at 108 Lafayette Center, Kennebunk, ME, effective December 30, 2002.

On March 23, 2003, First National Bank of Litchfield, Litchfield, CT, opened a branch at 397 Main Street, Torrington, CT.

Rockville Bank, South Windsor, CT, opened a branch at 1703 Boston Turnpike, Coventry, CT, on January 19, 2004, and a branch at 159 Merrow Road, Tolland, CT, effective March 3, 2004.

Dukes County Savings Bank, Edgartown, MA, opened a branch located at 9 State Road, Chilmark, MA, on May 3, 2004.

Effective May 10, 2004, First National Bank of Ipswich, Ipswich, MA, opened a branch located at 588 Cabot Street, Beverly, MA.

Ocean National Bank, Kennebunk, ME, opened a branch at 126 Daniel Street, Portsmouth, NH, on May 27, 2004.

Country Bank for Savings, Ware, MA, opened a branch located at 687 Pleasant Street, Paxton, MA, on June 10, 2004.

Effective June 28, 2004, Salem Five Cents Savings Bank, Salem, MA, opened a branch located at 530 Turnpike Street, North Andover, MA.

Century Bank & Trust Company, Somerville, MA, opened a branch at 710 Albany Street, Boston, MA, on July 13, 2004.

Eastern Bank, Boston, MA, opened a branch at 2060 Commonwealth Avenue, Newton, MA, on July 19, 2004.

(Internal Notice 7/13/04, 7/16/04, 7/21/04, 7/23/2004, 7/26/2004)

Branch Purchase

Greenfield Savings Bank, Greenfield, MA, purchased one branch from The Bank of Western Massachusetts, effective with the close of business on July 9, 2004. The branch is located at Route 16 and Parsons Road, Greenfield, MA.

(Internal Notice 7/12/04)

Bank of America to Acquire National Processing, Inc.

Bank of America Corp., Charlotte, NC, signed a definitive agreement to acquire National Processing Co., a subsidiary of National City Corp., Louisville, KY, on July 13. The cash deal, estimated at \$1.4 billion, would create the nation's second-largest bankcard processor, with nearly \$250 billion in annual processing volume.

National Processing is a processor of credit and debit card payments for merchants. It also provides financial settlement and reporting services to large and midsize companies in the travel and healthcare industries.

G. Patrick Phillips, Bank of America president for card services & e-commerce, said, "This acquisition will better position the combined units to deliver a broader suite of payment solutions as transactions migrate from cash and checks to electronic payments."

The purchase is expected to close in the fourth quarter pending shareholder and regulatory approval.

(Boston Globe 7/14/04; New York Times 7/14/04; SNL Bank & Thrift Daily 7/14/04)

Banking Agencies Delay Rollout of Web-Based Data Repository

The federal banking agencies – the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency – announced that they will postpone the rollout of the Central Data Repository (CDR).

The CDR is an Internet-based system created to modernize and streamline how the agencies collect, validate, and distribute financial data, or "Call Reports," submitted by banks.

The system's start date will be delayed to address industry feedback and allow more time for testing and enrollment. A new timeline for implementation will be announced in August. The agencies had originally scheduled an October 1, 2004, implementation.

Initial testing of the system has demonstrated that the technology chosen is sound and will perform as required. However, Call Report data represent a critical source of information for the bank supervision process, and the banking agencies determined that a postponement is warranted.

(Federal Reserve, FDIC, OCC PR 7/22/04)

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.

Bank Notes is available without charge. To be added to the electronic mailing list or to the paper distribution list, send an e-mail message to Boston.BankNotes@bos.frb.org. If unable to do so, call Marcella Vencil at (617) 973-2860. To access *Bank Notes* on the Web, check the Boston Fed's web site at www.bos.frb.org/economic/banknote/index.htm. For updated banking structure information, check the Boston Fed's web site at www.bos.frb.org/bankinfo/struct/index.htm.