

BANK NOTES

• Edited by Anne McElroy •

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Mergers and Acquisitions

Affiliated Managers Group, Inc. (AMG) of Prides Crossing, MA, announced on July 23, 2008, that it had entered into an agreement with Harding Loevner LLC of Somerville, NJ, under which AMG would acquire an approximate 60 percent equity interest in Harding Loevner, an investment manager specializing in global growth equities.

A separate July 23 announcement stated that AMG had reached an agreement to acquire Gannet Welsh & Kotler LLC (GW&K) of Boston, MA. GW&K is an investment management unit of Bank of New York Mellon Corp. (*SNL Bank & Thrift Daily*, 7/24/08)

Bank of New York Mellon Corp. of New York, NY, announced on July 1, 2008, that it had completed the consolidation of its U.S. bank and trust company subsidiaries into two principal banks. The new units are The Bank of New York Mellon, chartered in New York state, and BNA Mellon NA, operating with a national charter.

As part of the deal, Mellon Trust of New England National Association of Boston, MA, merged into Mellon Bank, of Pittsburgh, PA, on July 1, 2008. This was followed by the merger of Mellon Bank into the Bank of New York Mellon of New York, NY. The banks' holding companies (Bank of New York Co. Inc. and Mellon Financial Corp.) merged in July 2007. (*SNL Bank M&A Weekly*, 7/07/08; *internal sources*, 7/03/08)

CorePlus Federal Credit Union of Norwich, CT, on July 1, 2008, completed its acquisition of Fedcon Employees Federal Credit Union of Versailles, CT. (*Internal sources*, 7/03/08)

GE Money of Fairfield, CT, agreed to sell its Japanese consumer finance business to Shinsei Bank Ltd. of Tokyo, Japan, on July 11, 2008. The \$5.4 billion transaction, subject to regulatory approval, is expected to close during the third quarter of 2008. (*SNL Bank Mergers & Acquisitions Weekly*, 7/14/08)

On July 1, 2008, ING Groep NV of Amsterdam, The Netherlands, announced it had completed the acquisition of CitiStreet LLC of North Quincy, MA, from an investor group consisting of Citigroup Inc. of New York, NY, and

State Street Corp. of Boston, MA. (*SNL Bank & Thrift Weekly, Northeastern Edition*, 7/07/08)

Lancaster National Bank of Lancaster, NH, merged into Passumpsic Savings Bank of Saint Johnsbury, VT, on July 12, 2008. (*Internal sources*, 7/18/08)

Mechanics Cooperative Bank of Taunton, MA, agreed to acquire Lafayette Federal Savings Bank of Fall River, MA, in a merger of mutuals. The deal, announced on May 23, 2008, will result in an entity with 8 branches in Massachusetts' Bristol and Plymouth counties. (*SNL Bank M&A Weekly*, 7/14/08)

PMA Capital Corp of Blue Bell, PA, announced on June 30, 2008, that it had completed its acquisition of Webster Risk Services from Webster Financial Corp of Waterbury, CT, for \$5.9 million in cash. Webster Risk Service, a provider of third-party administration, will be renamed PMA Management Corp. of New England, Inc. (*SNL Bank & Thrift Weekly, Northeastern Edition*, 7/07/08)

Credit Unions Declared Insolvent

On July 28, 2008 the National Credit Union Administration said that it had declared New London Security Federal Credit Union of New London, CT, insolvent and had placed it into liquidation. NCUA's Asset Management and Assistance Center also stated its intention to issue checks to individuals holding verified share accounts in New London Security. (*SNL Bank and Thrift Daily* 07/30/2008)

On July 16, 2008, the NCUA closed Meriden FA Federal Credit Union of Meriden, CT, after identifying it as insolvent. NCUA also said that it would issue checks to individuals holding accounts in the credit union. (*SNL Bank and Thrift Daily* 07/17/2008)

New Branches

Bank Newport of Newport, RI, opened a branch at 90 Point Judith Road in Narragansett, RI, on June 15, 2008. (*Internal sources*, 7/18/08)

Clinton Savings Bank of Clinton, MA, opened a branch at 81 Shrewsbury Street in Boylston, MA, on June 28, 2008. (*Internal sources, 7/18/08*)

Enterprise Bancorp Inc. of Lowell, MA, announced on July 17, 2008, that its subsidiary, Enterprise Bank, had opened a new branch in Methuen, MA, during May 2008. The bank also announced plans to open new branch locations in Derry, NH, and Acton, MA, later this year. (*SNL Bank & Thrift Daily, 7/18/08*)

Kennebunk Savings Bank opened branches in Sanford, and Springvale, ME, it was announced on July 17, 2008. Kennebunk Savings now has 15 branches in Maine's York County. (*SNL Bank & Thrift Weekly, 7/21/08*)

Branch Closings

Eastern Bank of Boston, MA, closed a branch at 90 State Highway in Raynham, MA, on May 17, 2008. (*Internal sources, 7/25/08*)

TD Bank, NA of Wilmington, DE, closed a branch located at Masaconomet Regional High School in Topsfield, MA, on June 25, 2008. (*Internal sources, 7/18/08*)

Conversions

Campello Bancorp of Brockton, MA, announced on July 17, 2008, that it plans to undergo a mutual to stock conversion. In the offering, the newly formed Campello Bancorp Inc. will serve as the public holding company for Community Bank. (*SNL Bank & Thrift Weekly, Northeastern Edition, 7/21/08*)

Coastway Credit Union of Cranston, RI, has begun the process of converting to a state-chartered mutual savings bank. In a notice dated July 17, 2008, Coastway invited its members to comment on the conversion. Coastway has over 25,000 members and \$311 million in assets, according to the National Credit Union Administration. (*SNL Bank M&A Weekly, 7/28/08*)

Connecticut Department of Banking Issues New Regulations

On July 29, 2008, the Connecticut Department of Banking issued a series of regulations concerning consumer collection agencies. The regulations were published electronically and are available on the Department's web site, www.ct.gov/dob. (*Connecticut DOB, 7/29/08*)

Notice of Proposed Rulemaking on Risk-Based Capital Standards: Standardized Framework

On July 29, 2008, the federal bank and thrift regulatory agencies jointly issued and requested comments on a Notice of Proposed Rulemaking (NPR) on the domestic application of the Basel II standardized framework for all domestic banks, bank holding companies, and savings associations that are not subject to the Basel II advanced approaches rule.

In the NPR, the agencies propose to implement a new optional framework to calculate risk-based capital based on the Basel II Standardized Approach to credit risk and the Basel II Basic Indicator Approach to operational risk. The proposal addresses a number of areas including:

- expanding the use of credit ratings for determining risk weights;
- using base risk weights for residential mortgages on loan-to-value ratios;
- providing a capital charge for operational risk using the Basic Indicator Approach under the international Basel II capital accord;
- emphasizing the importance of a bank's assessment of its overall risk profile and capital adequacy;
- providing for comprehensive disclosure requirements to complement the minimum capital requirements and supervisory process through market discipline;
- increasing the risk weight for certain short-term commitments;
- improving the risk sensitivity of the risk-based capital requirements for securitizations and equity investments; and
- instituting a risk-based capital requirement for operational risk.

The NPR includes a series of requests for comment on the proposed implementation of the standardized framework. The agencies also are withdrawing the Basel 1A proposal issued on December 26, 2006.

Comments must be submitted by October 27, 2008. The full joint agency notices, including the Federal Register notice ("Notice of Proposed Rulemaking, Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Standardized Framework" that outlines how to submit comments), are available online at www.fdic.gov/news/news/financial/2008/fil08069.html. (*FDIC Financial Institution Letter FIL-69-2008, 7/28/08; Federal Reserve press release, 7/26/08*)

Federal Reserve Announces Steps To Enhance the Effectiveness of Its Existing Liquidity Facilities

The Federal Reserve on July 30, 2008, announced several steps to enhance the effectiveness of its existing liquidity facilities, including the introduction of longer terms to maturity in its Term Auction Facility. In association with this change, the European Central Bank and the Swiss National Bank are lengthening the maturities they offer. Actions taken by the Federal Reserve include:

- extending the Primary Dealer Credit Facility (PDCF) and the Term Securities Lending Facility (TSLF) through January 30, 2009;
- introducing auctions of options on \$50 billion of draws on the TSLF (a schedule of TAF auctions is available at www.federalreserve.gov);
- introducing 84-day Term Auction Facility (TAF) loans as a complement to 28-day TAF loans; and

- increasing the Federal Reserve's swap line with the European Central Bank to \$55 billion from \$50 billion.

More information on the above actions and those that will be taken by other central banks is available online at www.federalreserve.gov/newsevents/press/monetary/20080730a.htm. (*Federal Reserve press release, 7/30/08*)

Federal Reserve Issues Final Rule Amending Home Mortgage Provisions of Regulation Z

On July 14, 2008, the Federal Reserve Board approved a final rule for home mortgage loans to better protect consumers and facilitate responsible lending. The rule prohibits unfair, abusive, or deceptive home mortgage lending practices and restricts certain other mortgage practices. The final rule also establishes advertising standards and requires certain mortgage disclosures to be given to consumers earlier in the transaction.

The final rule, which amends Regulation Z (Truth in Lending) and was adopted under the Home Ownership

and Equity Protection Act (HOEPA) largely follows a proposal released by the Board in December 2007, with enhancements that address ensuing public comments, consumer testing, and further analysis.

"The proposed final rules are intended to protect consumers from unfair or deceptive acts and practices in mortgage lending, while keeping credit available to qualified borrowers and supporting sustainable homeownership," said Federal Reserve Chairman Ben S. Bernanke. "Importantly, the new rules will apply to all mortgage lenders, not just those supervised and examined by the Federal Reserve," the Chairman said.

The new rules take effect on October 1, 2009. The single exception is the escrow requirement, which will be phased in during 2010 to allow lenders time to establish new systems as needed. The Board's press release outlines several specific protections provided by the new rules, as well as how to submit comments. It is available online at www.federalreserve.gov/newsevents/press/bcreg/20080714a.htm. (*Federal Reserve press release, 7/14/08.*)



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