

Federal Reserve Bank of Boston BANK NOTES

• Edited by Marcella Vencil •

September 1, 2004
Vol. XXXIII, No. 9

Boston Private to Increase Ownership in Bingham Osborn & Scarborough

On August 11, 2004, Boston Private Financial Holdings, Boston, MA, announced an increase in its stake of Bingham Osborn & Scarborough, San Francisco and Menlo Park, CA, from 20 to 30 percent. Over the next four years, Boston Private could acquire up to a 70 percent interest in the firm.

Bingham Osborn & Scarborough (BOS) is an independent, fee-only, comprehensive wealth management firm with approximately \$1 billion in client assets under management. The firm offers investment management, including retirement planning, estate planning, charitable giving, insurance programs, and tax management.

“With our increased ownership in BOS and the expansion of Borel Private Bank & Trust to San Francisco, we are extending our ability to meet the sophisticated financial needs of the Bay Area’s high net worth residents,” Boston Private Chairman and CEO Timothy Vail said.

Boston Private is also the parent company of Boston Private Bank & Trust, Boston, MA. As of June 30, 2003, Boston Private ranked 17th in Massachusetts with a 0.66 percent share of deposits among all commercial and thrift organizations. In California, Boston Private ranked 83rd with 0.08 percent share of deposits.

(Boston Private PR 8/11/04; SNL Bank & Thrift Daily 8/12/04)

Citizens and Charter One Receive Approval

On August 23, Massachusetts banking authorities and shareholders of Charter One Financial, Inc., Cleveland, OH, approved its proposed merger with and into Citizens Financial Group, Providence, RI, a subsidiary of the Royal Bank of Scotland Group (RBSG).

Citizens and Charter One received approval from the Federal Reserve on August 16.

RBSG originally announced its intention to acquire Charter One on May 5, 2004, for \$10.55 billion. The acquisition is expected to close in the fourth quarter. When complete, Citizens will be the 12th-largest commercial bank holding company in the nation, ranked by assets.

(Boston Globe 8/19/04; Charter One PR 8/23/04; SNL Bank & Thrift Daily 8/17/04, 8/24/04)

Bank Charter Conversions

On August 6, Putnam Savings Bank, Putnam, CT, received approval from the State of Connecticut to convert from a stock state bank to a federal savings bank.

Following the conversion, PSB Holdings, Inc., and Putnam Bancorp, MHC, will acquire 100 percent of the voting securities of Putnam Savings Bank.
(CT DOB 8/6/04)

Northeast Bancorp, Auburn, ME, received regulatory approval on August 10 to convert its banking charter to the Federal Reserve System from the Office of Thrift Supervision.

In addition, Northeast Bank FSB, a subsidiary of Northeast Bancorp, received approval to convert to a Maine-chartered universal bank under the new name of Northeast Bank.

(SNL Bank & Thrift Daily 8/16/04)

Branch Purchases

On August 3, Monadnock Community Bancorp, Peterborough, NH, entered into a definitive agreement to purchase one branch from Fitchburg Savings Bank FSB, Fitchburg, MA. The branch is located in Winchendon, MA.

William Pierce, Monadnock Community president and CEO, said, “Being able to purchase an existing branch operation will help anchor our growing presence along the Route 202 corridor between Winchendon and Peterborough. A number of regional and national retailers have established a presence on Route 202 in Rindge in recent years and we believe that the area is poised for growth in the years ahead.”

Monadnock will acquire the branch and all of its deposits, which total approximately \$6.0 million. Pending regulatory approval, Monadnock expects to complete the transaction in approximately two months. Terms of the transaction were not disclosed.

As of June 30, 2003, Monadnock Bancorp ranked 337th with a 0.01 percent share of all commercial bank and thrift institutions in New England. Fitchburg Savings Bank ranked 156th with a 0.08 percent share of deposits.

(SNL Bank & Thrift Daily 8/9/04)

Independent Bank Corp., Rockland, MA, entered into a definitive agreement to sell a branch of Rockland Trust Company, Rockland, MA, to Cape Cod Five Cents Savings Bank, Harwich Port, MA, on August 11, 2004. The branch is located in North Eastham, MA.

Independent Bank expects the deal to close during the fourth quarter, subject to regulatory approval. Terms of the transaction were not released.

As of June 30, 2003, Cape Cod Five Cents Savings Bank ranked 18th with 0.65 percent of deposits among all commercial banks and thrift institutions in Massachusetts. Independent Bank Corp ranked tenth with a 1.05 percent share of deposits.

(SNL Bank & Thrift Daily 8/12/04)

Branch Openings

On February 5, 2004, Eastern Federal Bank, Norwich, CT, opened a branch located at 14 Lathrop Road, Plainfield, CT.

The Dime Bank, Norwich, CT, opened two branches, one located at 688 Bank Street, New London, CT, on February 21, and one located at 131 Franklin Street, Westerly, RI, on May 15.

Effective April 1, 2004, Pepperell Bank & Trust, Biddeford, ME, opened a branch located at 2 Moulton Lane, York, ME.

The Provident Bank, Amesbury, MA, opened a branch located at One Merrimac Street, Units 1 & 2, Newburyport, MA, on April 23.

On May 21, Commerce Bank & Trust Company, Worcester, MA, opened a branch located at 91 Main Street, Milford, MA.

Beverly Co-operative Bank, Beverly, MA, opened a branch located at 73 Lafayette Street, Salem, MA, on May 27.

On June 3, Stoneham Savings Bank, Stoneham, MA, opened a branch located at 443 Charles Street, Malden, MA.

Rockland Trust Company, Rockland, MA, opened a branch located at 16 East Washington Street, North Attleboro, MA, on June 12.

On August 2, First Colebrook Bank, Amherst, NH, opened a branch located at 69 State Route 101A, Amherst, NH.

(Internal Notice 8/3/04, 8/4/04, 8/5/04, 8/9/04, 8/12/04, 8/20/04)

Branch Relocations

Community National Bank, Derby, VT, relocated its branch from 308 North Main Street, Barre, VT, to 316 North Main Street, Barre, VT, on December 8, 2003.

On January 12, 2004, Eastern Bank, Lynn, MA, relocated its branch from 235 Derby Street, Salem, MA, to 19 Congress Street, Salem, MA.

On May 10, The Chelsea Groton Savings Bank, Norwich, CT, relocated its branch from 372 West Main

Street, Norwich, CT, to 444 West Main Street, Norwich, CT.

Also on May 10, Fidelity Co-operative Bank, Fitchburg, MA, relocated its branch from 25 Main Street, Shirley, MA, to 21 Main Street, Shirley, MA.

On June 7, Cambridge Savings Bank, Cambridge, MA, relocated its branch from 35 Leonard Street, Belmont, MA, to 40 Leonard Street, Belmont, MA.

On August 10, 2004, Liberty Bank, Middletown, CT, relocated its branch from Route 12 and 184, Groton, CT, to 597 Long Hill Road, Groton, CT.

(Internal Notice 8/3/04, 8/9/04, 8/12/04)

Branch Closings

On April 18, 2004, Westborough Savings Bank, Westborough, MA, closed its Shaw's Supermarket branch located at 50 Boston Turnpike Road, Shrewsbury, MA.

On May 4, Berkshire Bank, Pittsfield, MA, closed its branch located at Devonshire Estates, 329 Pittsfield Road, Lenox, MA.

Citizens Bank of Massachusetts, Boston, MA, closed ten branches in recent months. On March 19, Citizens closed its Star Market branch located at 45 Morrissey Boulevard, Dorchester, MA. On May 21, Citizens closed its branches located at 11 Berdon Way, Fairhaven, MA; 137 Teaticket Road, East Falmouth; and 10 Pilgrim Hill Road, Plymouth. On June 4, the bank closed its branch located at 130 Granite Street, Quincy. On June 11, the bank closed two branches located at 125 Toner Boulevard, North Attleboro, and 690 Depot Street, North Easton. Citizens also closed its branches located at 61 Locust Street, Medford; 465 William Canning Boulevard, Fall River; and 20 Sydney Street, Cambridge, on June 25, 2004.

(Internal Notice 7/29/04, 8/6/04, 8/18/04)

RBSG to Acquire Lynk Systems

On August 3, Royal Bank of Scotland Group (RBSG) reached an agreement to acquire Lynk Systems Inc., Atlanta, GA, in a \$525 million cash deal.

Lynk Systems is a full-service merchant acquirer processor for small and medium sized retail businesses. It provides merchant transaction processing services, ATM services, and stored-value debit card services.

Sir Fred Goodwin, RBSG's chief executive, said, "RBS is the world's third largest merchant acquirer and this is a logical, low risk step for us into the world's largest credit card payments market...the synergies which we will deliver will give additional value for our shareholders."

The deal is expected to close in the third quarter, pending regulatory and shareholder approval.

(American Banker 8/4/04; RBSG PR 8/3/04)

OTS Finalizes CRA Rule

The Office of Thrift Supervision (OTS) finalized a rule on August 12 that will increase the asset-size threshold for defining thrifts for “small institution” testing under the Community Reinvestment Act (CRA) from its current \$250 million level to \$1 billion. In addition, the rule allows small thrifts in a holding company with consolidated banking and thrift assets of \$1 billion or more to receive “small institution” treatment under the CRA.

The final rule will permit thrift institutions qualifying as small savings associations to benefit from streamlined CRA examinations as well as reduced data collection and reporting burdens.

The rule will be effective October 1, 2004.

(American Banker 8/14/04; OTS PR 8/12/04; SNL Bank & Thrift Daily 8/16/04)

OTS Reports Thrift Earnings

On August 18, 2004, the OTS announced that the thrift industry reported earnings of \$3.38 billion in the second quarter of 2004, up from \$3.34 billion in the first quarter. This marked the seventh quarter that income topped the \$3 billion mark.

Profitability, as measured by return on average assets (ROA), reached 1.16 percent in the second quarter, down slightly from 1.19 percent in the first quarter.

The industry’s capital position rose to a record level of \$109.3 billion in the second quarter, with a record equity capital ratio of 9.20 percent of assets. Only one thrift was less than adequately capitalized at the end of the second quarter, unchanged from the first quarter.

Assets rose 11.6 percent from last year, to \$1.19 trillion, while asset quality remained strong. Credit quality also remained strong as troubled assets stood at a record low of 0.50 percent, down from 0.69 percent one year ago. The agency attributed the record low levels of troubled assets to the high volume of new and refinanced loans added to thrift portfolios over the past few years.

(OTS PR 8/18/04; SNL Bank & Thrift Daily 8/19/04)

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.

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.