

Federal Reserve Bank of Boston  
**BANK NOTES**

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## Mergers and Acquisition

Bangor Savings Bank of Bangor, ME, completed its acquisition of Pepperell Bank and Trust of Biddeford, ME, on July 31, 2007. With the merger, originally announced in June 2007, Bangor Savings Bank has an estimated \$2.2 billion in assets and \$1.6 billion in deposits. With 51 branches throughout Maine, Bangor Savings is currently the state's largest independent banking organization. In a related move, Pepperell Bancshares Financial Group, Inc. merged into Bangor Bancorp, MHC on July 31, 2007. (Internal sources, 8/03/07; Bangor Savings Bank Press Release, 8/01/07)

On July 31, 2007, Bowdoinham Federal Credit Union of Bowdoinham, ME, merged into Down East Credit Union of Baileyville, ME. (Internal sources, 8/03/07)

Bristol County Savings Bank of Taunton, MA, acquired Anawon Trust, N.A. of Attleboro, MA, on August 1, 2007. Beacon Bancorp of Taunton, MA, is the bank holding company for Bristol County Savings Bank. (Internal sources, 8/03/07)

Camden National Corporation, parent of Camden National Bank of Camden, ME, and Union Bankshares Company, parent of Union Trust Company, Ellsworth, ME, have signed a definitive merger agreement. Under the agreement, announced on August 14, 2007, Camden will acquire Union Bankshares for approximately \$72.5 million. Subject to regulatory and shareholder approval, the acquisition is expected to close by the end of 2007 or in early 2008.

The combined organization will have over \$2.3 billion in assets, \$1.5 billion in deposits and 40 branch locations. Union Trust Company will maintain its brand identity in Hancock and Washington counties as a division of Camden National Bank. (SNL Bank and Thrift Weekly – Northeast Edition, 8/20/07; Camden National Bank Press Release, 8/14/07)

Community Bancorp of Derby, VT, has agreed to acquire LyndonBank of Lyndonville, VT, in a \$26.7 million cash deal. Announced on August 2, 2007, the merger will extend Community Bancorp's presence in Vermont to 16

banking offices and \$9.9 billion in total market deposits. Subject to regulatory and shareholder approvals, the acquisition is expected to close by the end of 2007. (SNL Bank & Thrift Daily, 8/03/07; Community Bancorp Press Release, 8/02/07)

Evergreen Credit Union of Portland, ME, acquired GPM Credit Union of South Portland, ME, on August 1, 2007. (Internal sources, 8/03/07)

Haverhill Bank (\$164 million) and Northeast Community Credit Union, both of Haverhill, MA, are planning a merger of equals. No financial terms of the deal were disclosed in the companies' July 27, 2007, announcement. Pending approval by members, depositors, and regulators, the merger is slated to occur by the end of 2007. (SNL Bank and Thrift Weekly, Northeastern Edition, 7/30/07; Haverhill Bank Press Release, 7/27/07)

On July 31, 2007, Metro Credit Union of Chelsea, MA, acquired Lawrence Teachers Credit Union of Lawrence, MA. (Internal sources, 8/03/07)

MountainOne Financial Partners, MHC, of North Adams, MA, acquired South Coastal Bank of Rockland, MA, on July 1, 2007. On the same day, South Coastal Holdings MHC, Inc. merged into MountainOne Financial Partners, MHC. South Coastal Bank will continue operating under its original name, joining Hoosac Bank of North Adams, MA, and Williamstown Savings Bank of Williamstown, MA, as wholly owned subsidiaries of MountainOne Financial Partners. (Internal sources, 7/27/07)

Rockland Trust, a unit of Independent Bank Corp., of Rockland, MA, has entered into an agreement to acquire assets from O'Connell Investment Services of Lincoln, RI. Details of the all-cash transaction were not disclosed. The transaction, subject to regulatory approvals, is expected to occur in fourth quarter 2007. Today, Rockland Trust has approximately \$900 million in assets under management. O'Connell Investment Services currently manages \$200 million in assets. (SNL Bank and Thrift Daily, 8/1/07; Independent Bank Corp. Press Release, 7/30/07)

## Conversions/Name Changes

Hartford Healthcare Credit, Inc. of Hartford, CT, converted from a state to a federal charter on May 17, 2007. On that same day, the institution changed its name to Hartford Healthcare Federal Credit Union. (Internal sources, 7/27/07)

## De Novos

Organizers of Foundation Private Bank & Trust received approval of their application to form a federal savings bank in Greenwich, CT. Foundation Private Bank & Trust plans to raise between \$40 million and \$43 million, of which at least \$37 million will be used to capitalize the bank and to keep a leverage capital ratio of at least 8% for the first three years of operation.

Foundation Private will focus on the high net-worth market in Greenwich, offering traditional deposit, loan, and investment management services to affluent clients. The bank's charter application cited the strong economy of the Greenwich area and pointed out the prevalence of "higher than average" housing expenses and the need for small business loans in that area. (SNL Bank and Thrift Daily, 8/30/07)

## Branch Openings/Closings

Cape Cod Cooperative of Hyannis, MA, opened a branch in East Harwich, MA, on August 6, 2007. Cape Cod Cooperative Bank is an independent, mutual, community bank with \$507 million in total assets. (Cape Cod Cooperative Bank Press Release, 08/14/07)

Citizens Bank of Massachusetts, headquartered in Providence, RI, will close three metrowest Boston branches. On July 13, 2007, Citizens announced that a branch in Marlborough, MA, will close on September 29, 2007, and branches in Framingham, MA, and Hudson, MA, will close on October 9, 2007. Citizens Bank is a unit of the Royal Bank of Scotland Group PLC. (SNL Bank and Thrift Daily, 07/31/07)

East Boston Savings Bank (MHC), a unit of Meridian Financial Services Inc. of East Boston, MA, opened a branch in Lynn, MA, on July 23, 2007. (SNL Bank and Thrift Daily, Northeastern Edition, 7/30/07)

Eastern Bank of Boston, MA, opened a branch in South Yarmouth, MA, on April 16, 2007. (Internal sources, 7/2/07)

Mt. Vernon Co-operative Bank of South Boston, MA, opened a branch on Talbot Avenue in Dorchester, MA, on August 7, 2007. (Internal sources, 8/24/07)

On June 25, 2007, Newbury Five Cents Savings Bank of Newburyport, MA, opened a full-service branch on Friend Street in Amesbury, MA. (Internal sources, 8/03/07)

Patriot National Bancorp Inc., parent company of Patriot National Bank, plans to open branches in

Westport, CT, and Scarsdale, NY, in fourth quarter 2007. The company also expects to open branches in Bridgeport and Stratford, CT, in 2008. (SNL Bank and Thrift Weekly, Northeastern Edition, 7/30/07)

Salisbury Bank and Trust Company of Lakeville, CT, completed its acquisition of a Mount Vernon, NY, branch of New York Community Bank of Flushing, NY, on July 31, 2007. Immediately after the deal was completed, Salisbury Bank and Trust Company relocated the branch to Dover Plains, NY, where it opened for business on August 1, 2007. (Internal sources, 8/03/07, Salisbury Bancorp Inc. Press Release, 8/01/07)

## Bank Relocation

OneUnited Bank of Boston, MA, relocated to 100 Federal Street, Suite 600, in Boston, MA, on August 20, 2007. Previously, OneUnited Bank was located at 133 Federal Street in Boston, MA. (Internal Sources, 8/24/07)

## Federal Financial Regulators Propose Illustrations of Consumer Information to Support Their Statement on Subprime Mortgage Lending

On August 14, 2007, the federal financial regulatory agencies issued proposed illustrations of consumer information for certain adjustable-rate mortgage (ARM) products described in the agencies' "Statement on Subprime Mortgage Lending" (Subprime Statement) that became effective on July 10, 2007. The Subprime Statement recommends communications that ensure consumers have clear, balanced, and timely information about the relative benefits and risks of certain ARM products. The illustrations are intended to help institutions in providing this information.

The illustrations consist of (1) an explanation of some key features and risks identified in the Subprime Statement, including payment shock, and (2) a chart showing the potential consequences of payment shock in a concrete, readily understandable manner.

The agencies seek public comment on all aspects of the proposed illustrations. Comments must be submitted on or before October 15, 2007, and may be sent by email ([regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)); by fax (202-874-4448); or by mail (Office of the Comptroller of the Currency, 250 E Street, SW, Mail Stop 1-5, Washington, DC 20219).

The illustrations and the regulators' press release are available online at [www.federalreserve.gov/boarddocs/press/bcreg/2007/20070814/default.htm](http://www.federalreserve.gov/boarddocs/press/bcreg/2007/20070814/default.htm). (Joint Press Release, 8/14/07; Federal Register, 8/14/07)

## FFIEC Releases Revised BSA/AML Examination Manual

On August 24, 2007, the Federal Financial Institutions Examination Council (FFIEC) released the revised Bank Secrecy Act/Anti-Money Laundering Act (BSA/AML) Examination Manual. The revised manual

does not set new standards, but it has been updated to further clarify supervisory expectations and to incorporate regulatory changes since the manual's 2006 revision.

Financial institutions are advised to review the Federal Reserve's Supervision and Regulation Letter of August 14, 2007 (SR 07-15), which is available online at [www.federalreserve.gov/boarddocs/srletters/2007/SR0715.htm](http://www.federalreserve.gov/boarddocs/srletters/2007/SR0715.htm). (Joint Press Release, August 14, 2007)



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