

Federal Reserve Bank of Boston BANK NOTES

• Edited by Marcella Vencil •

October 1, 2004

Vol. XXXIII, No. 10

*please note corrected Branch Closings

TD Bank Financial Group Acquires Banknorth Stake

On August 26, 2004, Toronto-Dominion (TD) Bank Financial Group, Toronto, Canada, signed a definitive agreement to acquire 51% of the outstanding shares of Banknorth Group, Portland, ME, in a cash-and-stock deal valued at approximately \$3.8 billion. The new company will be named TD Banknorth.

William J. Ryan, Banknorth's chairman, president, and CEO, said, "Having TD Bank Financial Group as our majority shareholder offers us the depth to continue with our strategy of acquiring high-potential banks in strategic locations and positions us to move to the next level in terms of size and product capability." Mr. Ryan said the company wants to expand into upstate New York or New York City.

TD Bank Financial Group President and CEO Ed Clark said, "This strategic acquisition provides us with an expanding beachhead in the northeastern United States and an outstanding personal and commercial banking complement to our strong U.S. wealth management franchise."

TD Bank Financial is Canada's third-largest bank and operates the TD Waterhouse brokerages in the United States.

The deal, still subject to regulatory and shareholder approval, is expected to close in February 2005. Banknorth will keep its headquarters in Portland, ME.

As of June 30, 2003, Banknorth ranked third with a 6.1 percent share of deposits among all commercial bank and thrift institutions in New England.

(American Banker 8/27/04, 8/31/04; Banknorth PR 8/26/04; Boston Globe 8/27/04; New York Times 8/27/04; SNL Bank & Thrift Daily 8/27/04; SNL Bank & Thrift Weekly 8/30/04)

First National Lincoln to Acquire FNB Bankshares

First National Lincoln Corp., Damariscotta, ME, announced an agreement to acquire FNB Bankshares, Bar Harbor, ME, in an all-stock deal valued at approximately \$44.4 million on August 26.

Upon completion of the merger, First National Lincoln will become the fourth-largest bank headquartered in Maine. It will have more than \$840 million in assets, 14

branches, and four investment management offices in coastal Maine.

Daniel R. Daigneault, president and CEO of the First National Bank of Damariscotta (a subsidiary of First National Lincoln) and First National Lincoln Corporation, said, "I am very excited by the opportunities that will be created as a result of combining our companies. Both companies have very similar histories and traditions, and as one entity, we will be able to build on the strengths and heritage of two 'First National Banks' which have each been serving the financial needs of their communities for well over 100 years."

Pending shareholder and regulatory approval, the transaction is expected to close in the first quarter of 2005.

As of June 30, 2003, First National Lincoln ranked 11th with 2.2 percent of deposits among all commercial bank and thrift institutions in Maine. FNB Bankshares ranked 25th with a 1.1 percent market share.

(American Banker 8/27/04; FNL PR 8/26/04; SNL Bank & Thrift Daily 8/27/04)

Benjamin Franklin Savings Bank and Chart Bank to Merge

On September 1, 2004, Benjamin Franklin Bancorp MHC, parent company to Benjamin Franklin Savings Bank, Franklin, MA, said it reached a definitive agreement to acquire Chart Bank A Co-op Bank, Waltham, MA, in a cash-and-stock deal valued at approximately \$48 million.

Benjamin Franklin also plans to convert from a mutual holding company to full public ownership in conjunction with the acquisition.

"This transaction is a logical move for the continued growth of our bank. The addition of Chart Bank's locations, employees, and customers will represent a tremendous addition to our franchise. We welcome the opportunity to continue the high level of service Chart customers have come to expect," said Thomas R. Venables, president and CEO of Benjamin Franklin Savings Bank.

The deal, still subject to regulatory approval, is expected to close in the first half of 2005.

As of June 30, 2003, Benjamin Franklin Bancorp ranked 50th with a 0.24 percent share of deposits among

commercial bank and thrift institutions in Massachusetts. Chart Bank ranked 120th with a 0.10 percent market share. (BFB PR 9/1/04; SNL Bank & Thrift Daily 9/2/04)

Merger Completions

Citizens Financial Group, Providence, RI, a subsidiary of Royal Bank of Scotland Group, completed its acquisition of Charter One Financial, Cleveland, OH, on August 31.

Lawrence K. Fish, chairman, president, and CEO of Citizens Financial, said, "This is a significant transaction for Citizens. It brings us to the Midwest, and expands our presence in New England and the Mid-Atlantic."

The deal was originally announced on May 4, 2004. According to Citizens, the combined company will be the 12th largest commercial bank holding company in the United States, with over \$131 billion in assets and \$88 billion in deposits.

(Citizens PR 8/31/04; SNL Bank & Thrift Daily 9/1/04)

On September 10, 2004, Salisbury Bancorp, Lakeville, CT, and Canaan National Bancorp, Canaan, CT, completed their merger. The deal was originally announced November 18, 2003, and originally valued at approximately \$15.5 million.

(SNL Bank & Thrift Daily 9/13/04)

Holding Company Conversion

On September 9, 2004, Georgetown Savings Bank, a subsidiary of Georgetown Bancorp, Georgetown, MA, announced it will undergo a mutual holding company conversion. In addition, the bank will convert from a Massachusetts-chartered savings bank to a federal savings bank.

(Georgetown PR 9/8/04; SNL Bank & Thrift Daily 9/17/04)

Charter Change

On August 30, 2004, Northeast Bank, FSB, Auburn, ME, changed its charter from a federally chartered savings and loan association to a Maine-chartered commercial member bank and changed its name to Northeast Bank.

(Internal Notice 9/2/04)

Bank Title Change

The Dime Savings Bank of Norwich, Norwich, CT, changed its title to Dime Bank effective July 20, 2004.

(Internal Notice 9/2/04)

Branch Openings

On January 12, 2004, The Merchants Bank, Burlington, VT, opened a branch located at 180 Swanton Road, Saint Albans, VT.

On March 1, First Brandon National Bank, Brandon, VT, opened a branch located at 484 Main Street, West Rutland, VT.

Rockville Bank, South Windsor, CT, opened a branch located at 159 Merrow Road, Tolland, CT, on March 4.

On April 30, Banknorth opened branches located at 307 Commercial Street, Provincetown, MA; 237 North Main Street, South Yarmouth; 579 Buck Island Road, West Yarmouth; and 100 Heatherwood Drive, Yarmouth Port.

Centerville Savings Bank, West Warwick, RI, opened a branch at 234 Main Street, North Kingston, RI, on July 19, 2004.

On September 1, Naugatuck Savings Bank, Naugatuck, CT, opened a branch located at 910 Wolcott Street, Waterbury, CT.

(CT DOB 8/27/04, 9/3/04; Internal Notice 9/7/04, 9/9/04)

Branch Relocations

Franklin Savings Bank, Farmington, ME, relocated its branch from 81 Main Street, Farmington, ME, to 197 Main Street, Farmington, ME, on June 1, 2004.

On June 30, 2004, Bridgewater Savings Bank, Raynham, MA, relocated its branch from 1400 Pleasant Street, Bridgewater, MA, to 14 Main Street, Bridgewater, MA.

Also on June 30, Citizens Bank of Rhode Island, Providence, RI, relocated its branch from 160 Warwick Mall, Warwick, RI, to 2470 Warwick Avenue, Warwick, RI.

State Street Bank & Trust Company of New Hampshire, N.A., Manchester, NH, relocated its branch from 1000 Elm Street, Manchester, NH, to 20 Trafalgar Square, Suite 449, Nashua, NH, on July 19, 2004.

On September 20, 2004, Liberty Bank, Middletown, CT, relocated its branch from 170 Flanders Road, East Lyme, CT, to 314 Flanders Road, East Lyme, CT.

(Internal Notice 9/1/04, 9/7/04, 9/9/04, 9/21/04)

Branch Closings

On April 30, 2004, Banknorth, N.A., Portland, ME, closed its Long Pond Drive Branch, South Yarmouth, MA; Stop & Shop Tea Ticket Branch, Falmouth; Sandwich Stop & Shop Branch, Sandwich; and the South Dennis Stop & Shop Branch, South Dennis.

(Internal Notice 9/10/04, 9/13/04)

Branch Closings - Correction

In a previous release of this issue, we incorrectly reported on a number of branch closings for Webster Bank, N.A., Waterbury, CT. In reality, there have been no branch closings in June, 2004, for Webster Bank. The following branches are still *open for business*: Bridge Street Branch, New Milford, CT; Boston Post Branch, Old Saybrook; Freshwater Branch, Enfield; Halls Road Branch, Old Lyme; National Place Branch, Danbury; Poquonock Branch, Poquonock; Prospect Branch, Ridgefield; Westbrook Road Branch, Essex; and Wethersfield Branch, Wethersfield. In addition, no Massachusetts Webster Bank branches were closed on June 30, 2004. Branches that were closed in previous years include Mechanics Savings

Bank Branch, Hartford, CT, in June, 2000, and Meadow Street Drive-In Branch in Waterbury, on November 1, 2003. In June, 2000, Farmington Avenue Branch, Hartford, CT, and the Avon Branch, Avon, CT, were closed and consolidated. In August, 2000, Webster closed and consolidated the following: Burr Corners Branch, Manchester, CT into its Manchester branch; Hazard Avenue branch, Enfield, into its Freshwater branch; and the Shelter Rock Branch, Danbury, into its CityCenter branch.

(Webster PR 10/1/04)

Mellon Financial to Acquire Providence Group

On September 7, Mellon Financial Corp., Pittsburgh, PA, agreed to acquire Providence Group Investment Advisory Company, Providence, RI. Terms of the deal, expected to close in the fourth quarter, were not disclosed.

The Providence Group is a privately held investment management firm specializing in serving high net worth clients in Rhode Island.

Mellon Financial said the agreement will add approximately \$750 million in total client assets. David F. Lamere, Mellon vice chairman and president of its Private Wealth Management Group, said, "We view this acquisition as a tremendous opportunity to further strengthen our Northeast presence and our local commitment to clients. It's also another example of our corporate growth strategy in action as Mellon continues to invest in its fee-based businesses."

(American Banker 9/8/04, Boston Globe 9/8/04, Mellon Financial PR 9/7/04, SNL Bank & Thrift Daily 9/8/04)

FDIC Reports Earnings

On August 26, the Federal Deposit Insurance Corporation (FDIC) reported that insured commercial banks and savings institutions earned a net income of \$31.2 billion in the second quarter of 2004, the second highest total ever. Although this marks the first time in six quarters that earnings failed to set a new record, profits for the second quarter surpassed the total for the same period in 2003 by 3.3 percent. The agency attributed the second quarter gains to a record high net operating income, continuing improvement in loan performance, record loan growth, and growth for the first time in more than three years in commercial and industrial loans outstanding.

FDIC Chairman Don Powell said, "Second quarter results continue to reflect the core earnings

strength of the banking industry. High earnings and improved credit quality allowed the industry to make a record volume of new loans to households and businesses."

In all, more than half of all FDIC-insured institutions, almost 60 percent, reported higher quarterly earnings compared with the first quarter.

(FDIC PR 8/26/04)

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.