

Federal Reserve Bank of Boston BANK NOTES

• Edited by Anne McElroy •

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Citizens Bank, NA Consolidates Several Entities and Changes Corporate Title

Citizens Bank reorganized several of its banks on September 1, 2007. Charter One Bank, NA of Cleveland, OH; Citizens Bank of New Hampshire of Manchester, NH; RBS National Bank of Bridgeport, CT; Citizens Bank of Connecticut of New London, CT; Citizens Bank of Massachusetts of Boston, MA; Citizens Bank of Wilmington, DE; and Citizens Bank of Rhode Island of Providence, RI, all merged into Citizens Bank, NA. With this consolidation, Citizens Bank of Pennsylvania remains a separate unit bank of Citizens Financial Group.

Following the consolidation, Citizens Bank, NA was renamed RBS Citizens, NA. September 1 also marked the relocation of RBS Citizens Bank, NA from Albany, NY, to Providence, RI. RBS Citizens Bank, NA operates under the holding company of Citizens Financial Group, also of Providence, RI. (Internal sources, 9/07/07)

Bank of America Receives Regulatory Approval to Acquire LaSalle Bank Corporation

Bank of America Corporation of Charlotte, NC, received approval from the Federal Reserve to acquire ABN AMRO North America Holding Company of Chicago, IL. With the September 14, 2007, approval, Bank of America will indirectly acquire LaSalle Bank Corporation of Chicago, IL, and its subsidiary banks: LaSalle Bank National Association, of Chicago, IL, and LaSalle Bank Midwest National Association of Troy, MI.

The Federal Reserve's decision was the final regulatory approval needed for the transaction, which is expected to be completed in early October 2007. (Internal sources, 09/14/07; Bank of America Press Release, 09/14/07)

Mergers and Acquisitions

Berkshire Hills Bancorp, Inc. of Pittsfield, MA, completed its acquisition of Factory Point Bancorp of Manchester Center, VT. Berkshire Hills is the holding company for Berkshire Bank, and Factory Point Bancorp was the holding company for Factory Point Bank. The merger adds seven southern Vermont branches to Berkshire Hills' 41 existing branches and insurance offices in Massachusetts and New York. Berkshire Hills now has

approximately \$2.5 billion in total assets and a common stock market capitalization exceeding \$340 million. (Internal sources, 9/24/07; Berkshire Hill Bancorp Press Release, 9/21/07)

Mechanics Cooperative Bank of Taunton, MA, has agreed to merge with Bridgewater Cooperative Bank of Bridgewater, MA. The deal, subject to regulatory approval, is expected to occur in November 2007 as a statutory merger of two mutual institutions. The combined entity will operate as Mechanics Cooperative Bank with total assets of \$180 million. (New England Business Journal, 08/06/07; SNL Bank M&A Weekly, 9/17/07)

Northeast Bancorp announced on August 30, 2007, that its insurance subsidiary, Northeast Bank Insurance Group, Inc. of Auburn, ME, has acquired Hartford Insurance Agency of Lewiston, ME. The move marks Northeast Bancorp's seventh purchase of an insurance company in the last five years.

In a related announcement on September 13, Northeast Bancorp reiterated its plan to expand its insurance and banking operations through acquisition, including possible expansion into New Hampshire. (SNL Bank & Thrift Weekly, Northeastern Edition, 9/04/07; SNL Bank & Thrift Daily, 9/14/07)

Peoples Federal Savings Bank of Brighton, MA, acquired Brookline Co-operative Bank of Brookline, MA, on September 8, 2007. With the merger, originally announced in March 2007, Peoples Federal has an estimated \$370 million in assets and six full-service locations. (Internal sources, 9/14/07)

On August 25, 2007, Westborough Bank of Westborough, MA, merged into Hudson Savings Bank of Hudson, MA, a unit of Assabet Valley Bancorp of Hudson, MA. While Hudson Savings Bank officially changed its corporate title to "Avidia Bank" on August 27, 2007, the merged entities will operate under their individual names as two separate divisions of Assabet Valley Bancorp until the bank's system conversion is completed in October 2007.

In a related deal, Westborough Bancorp, MHC and Westborough Financial Services, Inc. merged into Assabet Valley Bancorp of Hudson, MA. (Internal sources, 8/31/07; Hudson Savings Bank Merger Announcement 8/25/07)

Conversions

Profile Bank MHC, parent company of Profile Bank FSB, based in Rochester, NH, filed a registration statement for 1.785 million shares of common stock. The registration is part of Profile Bank's plan to convert from a mutual savings bank to a mutual holding company. (SNL Bank & Thrift Daily, 9/20/07)

De Novos

Bank of New Canaan of New Canaan, CT, expects to open Bank of Fairfield in Fairfield, CT, during the first quarter of 2008. Both banks will be units of BNC Financial Group, Inc., also of New Canaan. In addition to \$12.5 million in start-up capital raised from existing shareholders, the organizers hope to raise another three to seven million dollars from other sources. (SNL Bank & Thrift Daily, 9/10/07)

Nashua Bank's application to form a state-chartered bank and trust company was approved by the New Hampshire Board of Trust Company, Inc., and the bank was given permission to operate business on October 1, 2007. Nashua Bank will be headquartered in downtown Nashua, NH. (Internal sources, 9/29/07)

Branch Openings

Chittenden Trust Company of Burlington, VT, opened a branch at 590 Main Street in Burlington, VT, on August 13, 2007. (Internal sources, 9/21/07)

Marlborough Bancshares' unit Marlborough Savings Bank of Marlborough, MA, will open a branch in Westborough, MA, in early 2008. The new branch will be Marlborough Savings' sixth location and its first new branch in seven years. (SNL Bank and Thrift Weekly – Northeast Edition, 9/10/07)

Connecticut Department of Banking Adopts New Regulations Concerning Bank Conversions

The Connecticut Department of Banking has adopted new regulations concerning the conversion of mutual Connecticut banks to capital stock Connecticut banks. The changes became effective on September 7, 2007, and impact Sections 35-a-136-1 to 36a-136-48 of the Regulations of Connecticut State Agencies. The new regulations can be viewed and downloaded from the Department's website at www.ct.gov/dob/cwp/view.asp?a=2240&q=395422.

Agencies Issue Final Rules on Expanded Examination Cycle for Certain Institutions

The federal bank and thrift agencies issued final rules on September 21, 2007, expanding the range of small institutions that are eligible for an extended 18-month on-site examination study. The final rules implement section 605 of the Financial Services Regulatory Relief Act of 2006 (FSRRA) and related provisions from the International Banking Act. They are identical to the proposed interim rules issued for public comment on April 10, 2007, which are already effective. For more information, please view the Agencies' joint press release online at www.federalreserve.gov/newsevents/press/bcreg/20070921a.htm. (Joint Agency Press Release, 9/21/07)

Final Rules Adopted to Implement Bank "Broker" Provisions of Gramm-Leach-Bliley Act

The Securities and Exchange Commission (SEC) and Board of Governors of the Federal Reserve System announced on September 24, 2007, the adoption of final joint rules to implement the "broker" exceptions for banks under the Exchange Act of 1934. These exceptions were adopted as part of the Gramm-Leach-Bliley Act of 1999 (GLB Act).

The rules are designed to accommodate the business practices of banks and to protect investors. Banks do not have to begin complying with the rules until the first day of their fiscal year commencing after September 30, 2008. More information is available in the September 24, 2007, joint press release, online at www.federalreserve.gov/newsevents/press/bcreg/20070924a.htm. (Joint Press Release, 9/24/07)

Request for Comment: Proposed Revision to the Call Report

The Federal Financial Institutions Examination Council is requesting comment on several proposed revisions to the Call Report, which would take effect on March 31, 2008. The changes include a number of reporting changes related to 1-4 family residential mortgage loans; modifications of the Call Report's trading account definition; and adjustments to the threshold for reporting significant items of other non-interest income and expense in the explanations schedule. In addition, the agencies seek comment on a plan to discontinue the mailing of the paper Call Report and instructions to banks.

Comments must be submitted by November 13, 2007. More details on the proposed changes and instructions for submitting comments are available in the FDIC's financial institution letter, which is online at www.fdic.gov/news/news/financial/2007/fil07082.html. (FDIC announcement, 9/18/07)

Regulation D Amended to Reflect 2008 Annual Indexing of Reserve Requirement Exemption Amount and Low Reserve Tranche

The Federal Reserve Board has announced the annual indexing of the requirement exemption amount and the low reserve tranche for 2008, which are used to calculate the reserve requirements for depository institutions. The Board also announced the annual indexing of the nonexempt deposit cutoff level and the reduced reporting limit that will be used to determine depositing reporting panels in 2008.

To implement the changes, *Regulation D, Reserve Requirements of Depository Institutions* has been amended. Details on the changes that become effective in 2008 are available in the Board's September 26, 2007, press release, which is online at www.federalreserve.gov/newsevents/press/bcreg/20070926a.htm. (Internal sources, 9/27/07)

Interagency Statement on Loss-Mitigation Strategies for Servicers of Residential Mortgages

The Federal Reserve Board, other federal financial agencies, and the Conference of State Bank Supervisors have issued a statement to encourage regulated institutions and state supervised entities servicing residential mortgages to pursue strategies to mitigate losses while preserving homeownership to the extent "possible and appropriate." The statement outlines steps a servicer may pursue when there is an increased risk of default and explains possible loss mitigation techniques a servicer may pursue to avoid unnecessary foreclosures. More information is available in the September 5, 2007, SR-Letter 07-16/CA 07-14, online at www.federalreserve.gov/boarddocs/srletters/2007/SR0716.htm. (SR-Letter 07-16/CA 07-14/Joint Press Release, 9/04/07)



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