

Federal Reserve Bank of Boston BANK NOTES

• Edited by Jason Wild •

November 1, 2003
Vol. XXXII, No. 11

Bank of America to Acquire FleetBoston

On October 27, 2003, Bank of America Corporation, Charlotte, NC, announced a definitive agreement to acquire FleetBoston Corporation, Boston, MA, in an all stock transaction initially valued at \$47 billion. It is the third largest bank deal ever, with only the Traveler's Group acquisition of Citicorp (\$82.5 billion) and NationsBank deal with BankAmerica (\$66.6 billion) being larger. The combined institution will retain the Bank of America name and its headquarters in Charlotte, the original home of NationsBank.

Upon completion of the deal, the new Bank of America will have a 9.8 percent share of all banking deposits in the United States. The bank also said it will hold the first, second, or third largest deposit share in 21 of the 29 states in its footprint, and it will rank in the top three for deposit share in 23 of the nation's 30 fastest growing metropolitan areas. The new company will assume Fleet's current deposit share rankings in Connecticut (1), Maine (3), Massachusetts (1), New Hampshire (4), and Rhode Island (2). Federal law prohibits merging banks from controlling more than a 10 percent deposit share, but the new institution does not plan to pursue deals that would further approach the deposit cap. BofA CEO Ken Lewis said, "The cap precludes you from acquiring through it, [but] we will organically grow through it and there's no prohibition on that."

Lewis, who will remain CEO of the new BofA, further commented on the deal, saying, "The opportunity to merge with Fleet is unique. From the Bank of America perspective, we will have the leading market position in Massachusetts, Rhode Island, Connecticut, and New Jersey as well as a powerful retail platform in New York City, upstate New York, New Hampshire, and Maine." Chad Gifford, currently chairman and CEO of Fleet, said of the deal, "Together, these two companies will clearly be the number one financial services provider for consumers and businesses of all sizes with market leading product and geographic capabilities." After the merger, Gifford will become the chairman of the board of directors of Bank of America.

The companies anticipate that the deal will be completed in the first half of 2004, pending regulatory and

shareholder approval. Details of how the merger will affect staffing levels in the Northeast have not been released; however, the company did say that certain businesses, such as wealth management, Latin American lending, small-business lending, and leasing, would remain in Boston.

Fleet does not expect this announcement to impact its purchase of Progress Financial Corporation, Blue Bell, PA, which was announced in August. Fleet's president and COO Eugene McQuade said, "We intend to close that in the normal course...later this year or early next year. So we think as we merge with Bank of America, Progress will be part of the Fleet franchise."

(Boston Globe, 10/27/03, 10/28/03;

New York Times, 10/28/03;

SNL Bank & Thrift Daily, 10/28/03; BofA PR, 10/27/03)

Webster to Acquire FirstFed America

Webster Financial Corporation, Waterbury, CT, announced on October 7, 2003, that it has reached a definitive agreement to acquire FirstFed America Bancorp Inc., Swansea, MA, in a cash and stock deal worth approximately \$465 million. Upon completion of the transaction, Webster Bank will acquire 26 new branches from FirstFed's subsidiary, First Federal Savings Bank of America: 26 in Massachusetts and 9 in Rhode Island. Webster's chairman and CEO James Smith commented, "Our partnership with FirstFed is a union with people we know well and trust, and whose strategic goals are highly compatible with our own. Together, Webster and FirstFed create a powerful franchise stretching across southern New England ... The merger opens new opportunities and establishes a platform for future growth in the region."

As part of the announcement, Webster revealed plans to deleverage its balance sheet by up to \$1.5 billion in connection with the merger. The move is designed to "improve the combined company's funding mix and accelerate Webster's transition to a commercial bank." In September, Webster submitted an application to convert from a savings bank to a national bank. Webster expects the merger, which is subject to regulatory and shareholder approval, to be completed in the first quarter of 2004.

As of June 30, 2002, Webster Financial had total deposits of \$7.2 billion and ranked 8th among all commercial bank and thrift institutions in New England.

As of the same date, FirstFed had total deposits of \$1.3 billion and ranked 26th.

(Webster PR, 10/7/03;
SNL Bank & Thrift Weekly, 10/13/03)

Seacoast Agrees to Acquire Abington Bancorp

Seacoast Financial Services, New Bedford, MA, and Abington Bancorp Inc., Abington, MA, announced on October 21, 2003, that they have executed a definitive agreement whereby Seacoast will acquire Abington and its subsidiary Abington Savings Bank in a cash and stock deal worth approximately \$140 million. Abington Savings Bank's 12 full-service and 5 supermarket branches will be merged into CompassBank, Seacoast's largest subsidiary bank, which operates in southeastern Massachusetts.

Kevin Champagne, Seacoast's president and CEO, said, "This transaction marks a milestone in the history of Seacoast Financial as a public company. Five months following the consummation of our acquisition of Bay State Bancorp and our entrance into the greater Boston marketplace, this culminating transaction will connect the geography of our Boston area branch locations with our South Shore and Cape Cod branches." Seacoast completed its acquisition of Brookline, MA-based Bay State in May. The companies expect this deal to close in the late first or early second quarter of 2004, pending regulatory and shareholder approval.

As of June 30, 2002, Seacoast had total deposits of \$2.7 billion and ranked 8th among all commercial bank and thrift institutions in Massachusetts. As of the same date, Abington had total deposits of \$654.4 million and ranked 29th.

(Seacoast PR, 10/21/03;
SNL Bank & Thrift Weekly, 10/27/03)

Bank Name Change

Effective with the opening of business on October 1, Peoples Savings Bank, Holyoke, MA, changed its title to PeoplesBank.

(Internal Notice, 10/14/03)

Branch Openings

On September 22, WestBank, West Springfield, MA, opened its branch located at 115 East Main Street, Webster, MA.

Brookline Bank, Brookline, MA, opened its branch located at 1320 Centre Street, Roslindale, MA, on September 22.

Also on September 22, Union Savings Bank, Danbury, CT, opened its branch located at 29 Main Street, Bridgewater, CT.

On September 25, Chelsea Groton Savings Bank, Groton, CT, opened its branch located at One Montauk Avenue, New London, CT.

Mt. Washington Co-operative Bank, South Boston, MA, opened its branch located at 489 Gallivan Boulevard, Dorchester, MA, on October 1.

On October 6, Hampden Savings Bank, Springfield, MA, opened its branch located at 2005 Boston Road, Wilbraham, MA.

Plymouth Savings Bank, Wareham, MA, opened its branch located at 742 County Street, Taunton, MA, on October 6.

Cape Cod Bank & Trust Company, Hyannis, MA, opened two branches in the past two months. On September 29, the bank opened its branch located at 38 Nathan Ellis Highway, Mashpee, MA, and on October 27, it opened a branch located at 2 Market Crossing, Plymouth, MA.

In recent months Citizens Bank of Massachusetts, Boston, MA, opened 13 Stop & Shop branches. The bank opened branches at 539-571 Boston Turnpike, Shrewsbury, on August 23; 65 Independence Drive, Hyannis, on September 19; 64 Route 6A, Sandwich, 3900 Falmouth Road, Marston Mills, and 50 Teaticket Highway, East Falmouth, on September 23; 95 Highland Avenue, Route 6, Seekonk, on October 2; 9 West Road Route 6A, Orleans, and Harwich Commons, Routes 39 and 137, Harwich, on October 3; 55 Long Pond Drive, South Yarmouth, 500 Route 134, South Dennis, and 39 Nathan Ellis Highway, Mashpee, on October 7; 932 North Montello Street, Brockton, on October 16; and 50 Independence Way, Liberty Tree Mall, Danvers, on October 22.

(Internal Notice, 10/02/03, 10/03/03, 10/14/03, 10/22/03, 10/23/03, 10/28/03, 10/29/03; CT DOB, 10/3/03)

Branch Closings

Cape Cod Bank & Trust Company, Hyannis, MA, closed nine Massachusetts Stop & Shop branches in September. The bank closed branches at 3848 Falmouth Road, Marston Mills, Route 28 at Jones Road, Falmouth, 64 Route 6A, Sandwich, and 65 Independence Park, Hyannis, on September 12; 9 West Road Route 6A, Orleans, State Route 28, South Yarmouth, 516 Route 134, South Dennis, and Routes 139 and 39, East Harwich, and 39 Nathan Ellis Highway, Mashpee, on September 26.

(Internal Notice, 10/02/03, 10/20/03)

Branch Relocation

On September 29, Woronoco Savings Bank, Westfield, MA, opened its branch located at 1339 Memorial Drive, Chicopee, MA. The opening marks the relocation of its branch previously located at 44 Williamsett Street, South Hadley, MA.

(Internal Notice, 10/02/03)

Branch Sale Completions

At the close of business on October 10, Connecticut River Bank, Springfield, VT, purchased one branch from The Factory Point National Bank of Manchester Center,

Manchester Center, VT. The branch is located at 270 River Street, Springfield, VT.

On October 25, Boston Federal Savings Bank, Burlington, MA, completed its purchase of seven Massachusetts branches from Encore Bank, Houston, Texas. The branches are located at 21 Leonard Street, Belmont; 45 Waltham Street, Lexington; 1197 Center Street, Newton Center; 420 Boston Post Road, Sudbury; 186 Cambridge Road, Woburn; 1013 Great Plain Avenue, Needham; and 999 Worcester Street, Wellesley. The sale was previously announced in July.

(Internal Notice, 10/14/03, 10/28/03)

Branch Sale Announcement

On October 27, Bar Harbor Bankshares, Bar Harbor, ME, announced that subsidiary Bar Harbor Bank and Trust Company (BHBTC) has agreed to purchase the Rockland, ME, branch of Androscoggin Savings Bank, Lewiston, ME. The office, which is located at 245 Camden Street on Route 1, is estimated to have \$21 million in deposits and \$13 million in loans. Terms of the deal were not disclosed. Dean Read, president of BHBTC, said, "This is a great addition to our coastal banking franchise. We believe this acquisition will pave the way to new market opportunities in one of the fastest growing counties in the State of Maine and permit us to effectively leverage our experience serving the unique needs of Maine's coastal businesses." The sale is expected to close in the first quarter of 2004, pending regulatory approval.

As of June 30, 2002, Bar Harbor Bankshares had total deposits of \$292.3 million and ranked 17th among all commercial bank and thrift institutions in Maine.

(BHBTC PR, 10/27/03)

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 Jason Wild at (617) 973-3652. 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.