

Federal Reserve Bank of Boston BANK NOTES

• Edited by Sandra MacDonald •

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Bank Mergers and Acquisitions

Camden National Corp. reported on October 2 that it completed the combination of units Camden National Bank and UnitedKingfield Bank under the Camden National Bank name.

(SNL Bank & Thrift Daily 10/04/06)

Toronto-based Royal Bank of Canada stated on October 3 that it completed its acquisition of Wilmington, Delaware-based American Guaranty & Trust Co. from Montpelier, Vermont-based National Life Group.

The deal was announced September 6th. Terms of the transaction were not disclosed.

(SNL Bank & Thrift Daily 10/04/06)

Portland, Maine-based TD Banknorth Inc. said on October 16 that shareholders of Saddle Brook, New Jersey-based Interchange Financial Services Corp. voted to approve the proposed merger of the two companies.

TD Banknorth also noted that it has received all regulatory approvals related to the transaction, which is expected to close in the first quarter of 2007.

(SNL Bank & Thrift Daily 10/17/06)

On October 6, Salisbury Bancorp Inc. reported that Lakeville, Connecticut-based Salisbury Bank & Trust Co. agreed to acquire certain assets and liabilities of a small branch of Flushing, New York-based New York Community Bank, a unit of Westbury, New York-based New York Community Bancorp Inc.

“Pursuant to New York Banking Laws, this acquisition of our first branch in New York will open the door for us to operate additional branches in New York State.” stated John Perotti, chairman and CEO of Salisbury Bancorp and Salisbury Bank.

(SNL Bank & Thrift Daily 10/09/06)

On October 6, Waterbury, Connecticut-based Webster Financial Corp. reported that it completed its acquisition of New Milford, Connecticut-based NewMil Bancorp Inc.

(SNL Bank & Thrift Daily 10/09/06, Internal Notice 10/13/06)

Effective on the opening of business on October 18, Siwooganock Holding Company, Inc. merged into Passumpsic Bancorp, and Siwooganock Bank merged into Passumpsic Savings Bank. Siwooganock offices will continue on as a branch of the Passumpsic Savings Bank.

(Internal Notice 10/20/06)

Name Change

Federal Family Credit Union, Rutland, Vermont, will change its corporate title to Credit Union of Vermont, effective October 20, 2006.

(Internal Notice 10/20/06)

New Branch Openings

On August 16, Middlesex Savings Bank, Natick, Massachusetts, opened a branch known as the Great Road Branch, in Bedford, Massachusetts.

(Internal Notice 10/20/06)

Watertown Savings Bank opened its Arlington branch in Arlington, Massachusetts, on October 12, 2006. This is Watertown Savings Bank's ninth location.

(SNL Bank & Thrift Daily 10/23/06, Internal Notice 10/20/06)

Hingham Institution for Savings opened a new branch in Boston, Massachusetts, as previously reported on October 23, 2006.

(SNL Bank & Thrift Daily 10/25/06)

Peoplesbank of Holyoke, Massachusetts has opened two new branches. One is on Wilbraham Road in Springfield, Massachusetts, and the other is located on the Village Commons in South Hadley, Massachusetts. These branches were opened on August 22, 2006, and August 28, 2006, respectively.

(Internal notice 10/27/06)

Effective at the opening of business on October 2, 2006, Pentucket Bank of Haverhill, Massachusetts, opened its Hampstead Commons branch located in Hampstead, New Hampshire.

(Internal notice 10/27/06)

The Institution for Savings in Newburyport, Massachusetts, opened its Bridge Road branch in Salisbury, Massachusetts, on October 23, 2006.

(Internal notice 10/27/06)

Legacy Bancorp said on October 24 that it opened a loan production office in the Albany-Troy-Schenectady market in New York.

The company also began construction on two new branch offices in Berkshire County, Massachusetts.

SNL Bank & Thrift Daily 10/26/06)

Deposits Grow Faster, Branches Taper: FDIC

In a sign that Internet banking continues to gain ground, deposits grew at a higher rate this year, despite slower growth in the number of bank branches and offices, according to the Federal Deposit Insurance Corp.

In a study released on October 26, analyzing the most recent summary of deposit data, the FDIC said deposits jumped nearly 9 percent in the year that ended June 30, while the number of bank branches grew 2.9 percent. That was an even larger disparity than a year earlier, when deposits grew 8 percent and the number of branches rose 3 percent.

The study also noted that deposit growth, which averaged 8.3 percent a year from 2001 to 2005, has continued to be strong, despite a drop in population per branches.

The FDIC found that the total population per branch fell to below 3,200, from 3,350 in 2001.

"These trends may imply a more aggressive retailing strategy as banks seek to provide a greater level of service to customers," wrote Ronald Spieker, the study's author and the regional programs chief in the FDIC's division of insurance and research.

Observers attributed the disparity between population and growth in deposits partly to the rise of Internet savings banks. "The Internet is becoming a more important channel for gathering deposits than it ever has been," said James Chessen, chief economist for the American Bankers Association. Securities firms such as Charles Schwab Corp. and Merrill Lynch & Co. Inc. have also added deposits to their banks without adding branches, by moving investors' cash out of stocks and into bank accounts.

"The question is, where is the deposit growth occurring?" said Robert Davis, an executive vice president with America's Community Bankers. "Is it distributed throughout the industry, or is it only a phenomenon at a few institutions that are driving up deposits overall because of their extraordinary accounts?"

Mr. Spieker wrote that "brick-and-mortar banking offices" remain "the most common type of office location." A "key trend" in branch expansion has been more use of retail space, such as supermarkets and department stores, though banks are steadily using limited-service drive-up facilities less often, he wrote.

The study found that branch growth and deposit growth were strongest in metropolitan areas. Deposits in those areas in June jumped 9.4 percent from a year earlier - compared with 2.7 percent in what the agency called "micropolitan" areas. The number of branches grew 3.5 percent in metropolitan areas, compared with 1.4 percent in less populated areas.

Deposit growth has been strongest in coastal areas, the study said. Much of the deposit growth also occurred at larger banks. Banking companies with more than \$10 billion of deposits reported 10.8 percent of deposit growth during the 12 months ending June 30. In contrast, institutions with less than \$1 billion reported 2.5 percent growth. The same pattern was true for office growth.

The report noted that 11 banking companies currently have branches accepting deposits in at least 15 states. At the top of the list is Bank of America Corp., with branches in 31 states. U.S. Bancorp and J.P. Morgan Chase & Co. each have branches in 26 states, while Wells Fargo & Co. has branches in 23 and Wachovia Corp. has branches in 22.

(American Banker online 10/26/06)

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.

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