

# Federal Reserve Bank of Boston BANK NOTES

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• Edited by Marcella Vencil •

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## The Savings Bank to Acquire First Financial Trust

On November 5, 2004, The Savings Bank, Wakefield, MA, agreed to acquire First Financial Trust NA, Newton, MA. Terms of the deal were not reported.

First Financial Trust is a federally chartered bank focused exclusively on investment management, trust administration, estate settlement, and personal financial planning. Upon completion of the deal, First Financial's assets, operations, and employees will be merged into the bank's asset-management division and will operate as a wholly owned unit.

Joseph A. Giovino, president and CEO of First Financial, and Brian D. McCoubrey, president and CEO of The Savings Bank, said, "This is a grand slam for shareholders, clients, and employees and all the communities served by these two financial institutions. This strategic initiative will synergistically strengthen management and enhance product delivery capabilities while insuring local professional service."

As of June 30, 2004, The Savings Bank ranks 62nd in deposits among all commercial bank and thrift institutions in Massachusetts.

Subject to shareholder and regulatory approval, the deal is expected to close in March 2005.

(First Financial PR 11/5/04; SNL Bank & Thrift Daily 11/11/04)

## Banknorth Receives OCC Approval

On November 15, 2004, Banknorth Group, Portland, ME, announced that the Office of the Comptroller of the Currency (OCC) had approved its proposed acquisition of BostonFed Bancorp Inc., Burlington, MA.

The deal, still subject to state regulatory approval, is tentatively scheduled to close in January 2005.

(SNL Bank & Thrift Daily 11/16/04)

## Brookline Bancorp Receives Shareholder Approval

Brookline Bancorp Inc., Brookline, MA, received approval from Mystic Financial's shareholders on

November 18, 2004, for its proposed acquisition of Mystic Financial, Medford, MA.

The deal, originally announced in July, is expected to close in the first quarter of 2005.

(SNL Bank & Thrift Daily 11/19/04)

## Merger Completion

Wachovia Corp., Charlotte, NC, announced the completion of its acquisition of Tanager Financial Services Inc., Waltham, MA, on November 8.

Tanager, the nation's tenth largest independent wealth advisory firm, will be part of Wachovia Wealth Management and its Calibre family office business. The Boston area office of Tanager will become Calibre's third location, joining offices in Philadelphia and Winston-Salem, NC.

The acquisition was first announced in late September. Terms of the deal were not disclosed.

(SNL Bank & Thrift Daily 11/9/04; Wachovia PR 11/8/04)

## Branch Purchase Completions

On October 25, 2004, Berkshire Bank, Pittsfield, MA, completed its purchase of certain assets and certain liabilities of the Oriskany Falls, NY, branch of The National Bank of Vernon, Vernon, NY. The acquisition was originally announced in July.

(Internal Notice 11/9/04)

On November 19, 2004, The Cape Cod Five Cents Savings Bank, Orleans, MA, completed its purchase of a North Eastham, MA, bank branch from Independent Bank Corp., Rockland, MA.

The transaction, originally announced in August, included the sale of approximately \$10.9 million in deposits.

(SNL Bank & Thrift Daily 11/22/04)

## Branch Openings

On November 1, Woronoco Savings Bank, Westfield, MA, announced the opening of its new branch

located in Feeding Hills, MA. The new branch will replace a smaller adjacent branch that initially opened in 1995.

(SNL Bank & Thrift Daily 11/3/04)

## Branch Purchases

On November 5, 2004, Citizens Bank of Massachusetts, Boston, MA, purchased 13 branches from Charter One Bank, Cleveland, OH: 276 Cottage Street, Springfield, MA; 20 Island Pond Road, Springfield; 950 Main Street, Springfield; 645 Center Street, Ludlow; 33 Center Street, Ludlow; 455 Main Street, Wilbraham; 1283 Memorial Drive, Chicopee; 33 Main Street, Belchertown; 187 Main Street, Indian Orchard; 398 Longmeadow Road, Longmeadow; 555 Hubbard Avenue, Pittsfield, MA; 240 East Main Street, Marlborough; and 50 Cambridge Street, Worcester.

Also on November 5, Citizens Bank of Connecticut, New London, CT, purchased six branches from Charter One Bank, Cleveland, OH: 1780 Silas Deane Highway, Rocky Hill, CT; 36 Fenn Road, Newington; 354 Broad Street, Manchester; 943 Wolcott Street, Waterbury; 121 Farmington Avenue, Bristol; and 410 Queen Street, Southington.

(Internal Notice 11/8/04)

## Branch Relocations

Citizens Bank of Massachusetts, Boston, MA, relocated its Citizens Stop & Shop branch at 887 Grand Army Highway, Somerset, MA, to 815 Grand Army Highway, Somerset, MA, on April 29, 2004.

(Internal Notice 11/5/04)

## OTS Reports Third Quarter Thrift Earnings

The Office of Thrift Supervision (OTS) announced on November 17 that the thrift industry posted net income of \$3.5 billion for the third quarter of 2004, a four percent increase from the second quarter. This was the second highest net income for the industry and marked the eighth quarter that income topped the \$3 billion mark.

The industry's continued healthy performance was highlighted by sustained strong earnings and profitability, solid loan growth, and healthy asset quality for the quarter. Total assets in the industry reached \$1.23 trillion at the end of the quarter, a 12.2 percent increase from last year.

Profitability, as measured by return on average assets (ROA), was 1.15 percent in the third quarter, down from 1.16 percent in the second quarter and from 1.28 percent in the third quarter of 2003.

Credit quality also remained sound as troubled assets, consisting of noncurrent loans and repossessed assets, stood at a record low of 0.49 percent, down from 0.68 percent one year ago.

Since September 2003, the industry's average equity capital ratio has increased to a record 9.27 percent from 8.89 percent, rising to a record level of \$113.8 billion

in the third quarter. Assets of problem thrifts were reduced to \$294 million at the end of the third quarter from \$493 million in the second quarter, and the total number of problem thrifts declined by two over the year. Only five now remain.

(OTS PR 11/17/04; SNL Bank & Thrift Daily 11/18/04)

## OTS Proposes Adjustments to CRA, EGRPRA Regulations

On November 19, the Office of Thrift Supervision (OTS) issued two new regulatory initiatives designed to lighten thrifts' regulatory burden.

The OTS issued an interim final rule, pursuant to the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA), which will reduce the regulatory burden on savings associations by updating and revising various application and reporting requirements.

In addition, the OTS is seeking comments on the Community Reinvestment Act (CRA) definition of "community development" in order to determine whether it should be expanded to include services targeted to individuals and activities in rural areas. The OTS is concerned that competition for scarce CRA loans and investments in certain metropolitan areas not only disadvantages small institutions that cannot compete for quality CRA loans and investments, but also overly skews the focus of CRA towards urban areas.

The proposal also solicits comment on providing flexibility to large retail savings associations to focus CRA efforts on the needs of the communities they serve. Currently, the CRA requires a 50 percent weight to lending, 25 percent weight to services, and 25 percent weight to investments. Under the OTS proposal, large institutions would still adhere to the minimum 50 percent lending weight requirement, but would also be able to redistribute the remaining 50 percent weight among lending, services, and investments.

The OTS said, "In effect, large institutions would be able to assess their ability to provide the greatest impact in the areas of greatest CRA need in their community, and adjust their CRA activities accordingly. In addition to promoting a more effective and efficient CRA mechanism for large savings institutions, OTS believes that this will improve the delivery of CRA loans, investments, and services based on historic and evolving community needs and program impact."

The Interim Final EGRPRA Rule and the Notice of Proposed Rulemaking on CRA are expected to appear in the November 23, 2004, edition of the Federal Register. Comments are due on both rules 60 days after the date of publication in the Federal Register.

(OTS PR 11/19/04; SNL Bank & Thrift Daily 11/22/04)

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.

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