

# Federal Reserve Bank of Boston BANK NOTES

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• Edited by Anne M. McElroy •  
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## Mergers and Acquisitions

**Domestic Bank**, a unit of Sargeant Investors Inc., both of Cranston, RI, announced on December 1, 2009, that it will be acquired by a private investment group led by Nicholas Lazares, former chairman and chief executive officer of Capital Crossing Bank in Boston. Terms of the deal, which is subject to state and federal regulatory approval, were not disclosed. Domestic Bank operates 7 branches in Rhode Island and 2 branches in Massachusetts. (SNL Bank M&A Weekly, 12/07/09; Providence Journal Bulletin, 12/01/09)

Meridian Interstate Bancorp Inc. (MHC), parent company of East Boston Savings Bank of Boston, MA, on December 8, 2009, entered into an amendment agreement with Mt. Washington Co-operative Bank of South Boston, MA. Under the amendment, the deadline to complete the merger between East Boston Savings Bank and Mt. Washington was extended until January 8, 2010. The initial merger agreement was announced on July 20, 2009. Each Mt. Washington branch office will become a branch office of East Boston Savings Bank, and these offices are expected to operate under the name of "Mt. Washington Bank, A Division of East Boston Savings Bank." The parties do not expect to close or consolidate any branch offices in connection with the deal. (SNL Bank & Thrift Weekly, Northeastern Edition, 12/14/09)

**Salisbury Bancorp Inc.** of Lakeville, CT, announced on December 9, 2009, that its unit, **Salisbury Bank & Trust Co.**, completed its purchase of a branch of **Webster Bank NA**, a unit of **Webster Financial Group**, both of Waterbury, CT. The former Webster branch is located in Canaan, CT, and was consolidated with Salisbury Bank & Trust Co.'s Canaan, CT branch.

Under the agreement, Salisbury Bank & Trust acquired approximately \$11 million in deposits and \$2.5 million in loans. Under the terms of the agreement, Salisbury Bank & Trust assumed certain deposits, fixed assets and certain loans from Webster and agreed to retain all branch-related employees.

According to Salisbury Bancorp's press release, the purchase is part of its strategic initiative to enhance its market share in the tri-state area. (Salisbury Bancorp press release, 12/09/09; internal sources, 12/18/09; SNL Bank & Thrift Weekly, 12/14/09)

**PNBK Holdings LLC**, an investment vehicle controlled by financier Michael Carrazza of New York, NY, announced on December 19, 2009, that it agreed to acquire a controlling interest in **Patriot National Bancorp Inc.** of Stamford, CT. Patriot National Bancorp Inc. is the parent company of **Patriot National Bank**, also of Stamford, CT. Under the agreement, PNBK Holdings LLC will pay \$1.50 per share for up to 33,333,000 newly issued shares of Patriot National Bancorp for an aggregate purchase price of approximately \$50 million. The deal will provide PNBK Holdings with ownership of approximately 88 percent of Patriot National Bancorp, with its maximum share being 94.9%.

PNBK Holdings made the deal with the intention of becoming a bank holding company and is currently raising funds from its minority investors. It expects to complete the fund raising during the first quarter of 2010. The transaction is expected to close by May 31, 2010, subject to funding and shareholder and regulatory approvals. (SNL Bank & Thrift Daily, 12/18/09)

**State Street Corporation** of Boston, MA, announced on December 1, 2009, that it had entered into an agreement to acquire **Mourant Internal Finance Administration** of Jersey, the Channel Islands, in a cash transaction. Terms of the deal were not disclosed. State Street expects that the transaction will expand its global fund administration and alternative servicing capabilities. The transaction, subject to regulatory approvals and other closing conditions, is expected to close in the first quarter of 2010. (State Street Corporation press release, 12/01/09; SNL Securities and Investments M&A, December 2009)

**United Financial Bancorp, Inc.** of West Springfield, MA, completed its acquisition of **CNB Financial Corp.** of Worcester, MA. Immediately afterward, CNB unit **Commonwealth National Bank** was merged into United Financial's **United Bank** of West Springfield, MA. (SNL Bank M&A Weekly, 12/07/09)

On December 14, 2009, **Boston Private Financial Holdings, Inc.** of Boston, MA, announced the completion of its purchase of **Westfield Capital Management Co. LP** of Boston, MA. Boston Private reported that it received approximately \$59 million as part of the deal. (Boston Private press release, 12/14/09; SNL Bank M&A Weekly, 12/21/09)

## Branch/Financial Center Openings

**Essex Savings Bank** of Essex, CT, opened a new financial center in Madison, CT, on December 14, 2009. The full-service branch is located at 99 Durham Road in Madison. (SNL Bank & Thrift Weekly, 12/21/09)

On December 9, 2009, **Webster Financial Corporation**, the holding company for **Webster Bank NA**, both of Waterbury, CT, opened a flagship office at 100 Franklin Street in Boston, MA. The opening of the full-service branch, Webster announced, was a "major step toward achieving its vision to be New England's Bank." Webster plans to open or acquire several other branches in Greater Boston over the next several years. (Webster Bank press release, 12/09/09; SNL Bank & Thrift Weekly, Northeastern Edition, 12/14/09)

## De Novo

On October 20, 2009, **NBH Holdings Corp.** of Boston, MA, announced that it raised gross proceeds of \$1.15 billion through the sale of common stock in a broadly distributed private placement. NBH, which intends to apply to become a bank holding company, expects to use the proceeds to build a leading community banking franchise focusing on the needs of retail and business growth. The company's press release did not specify an anticipated date for the formation of the holding company or the opening of any "NBH National Bank" branches. (NBH Holdings press release, 10/20/09)

## Other Deal Announcements

On December 14, 2009, State Street Corporation of Boston, MA, announced that it had further expanded its relationship with Calamos Investments of Naperville, IL. State Street will now provide custody, fund administration and securities lending services to Calamos Asset Management Inc.'s collective fund structures including open- and closed-end mutual funds, Dublin UCITS, and private funds exceeding \$21 billion in assets. (State Street Corporation press release, 12/14/09; SNL Bank & Thrift Weekly, 12/21/09)

## Agencies Release Annual CRA Asset-Size Threshold Adjustments for Small and Intermediate Small Institutions

The federal bank regulatory agencies on December 22, 2009 announced the annual adjustment to the asset-size thresholds used to define "small bank," "small savings association," "intermediate small bank" and "intermediate small savings association" under the Community Reinvestment Act (CRA) regulations. The definitions of small and intermediate small institutions for CRA examinations will change as follows:

- "Small bank" or "small savings association" means an institution that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.098 billion.

- "Intermediate small bank" or "intermediate small savings association" means a small institution with assets of at least \$274 million as of December 31 of both of the prior two calendar years, and less than \$1.098 billion as of December 31 of either of the prior two calendar years.

The adjustments are effective January 1, 2010. A list of the current and historical asset-size thresholds will be posted on the website of the Federal Financial Institutions Examination Council (<http://www.ffiec.gov/cra>) shortly. For more details, please view the press release at [www.federalreserve.gov/newsevents/press/bcreg/20091222c.htm](http://www.federalreserve.gov/newsevents/press/bcreg/20091222c.htm). (Interagency press release, 12/22/09)

## Agencies Issue Final Rules on Risk-Based Pricing Notices

The Federal Reserve Board and the Federal Trade Commission on December 22, 2009, announced final rules that generally require a creditor to provide a consumer with a notice when, based on the consumer's credit report, the creditor provides credit to the consumer on less favorable terms than it provides to other consumers. Consumers who receive this "risk-based pricing" notice will be able to obtain a free credit report to check the accuracy of the report.

The final rules provide creditors with several methods for determining which consumers must receive risk-based pricing notices.

As an alternative, the final rules permit creditors to provide consumers who apply for credit with a free credit score and information about their score. The final rules implement section 311 of the Fair and Accurate Credit Transactions Act of 2003, which amends the Fair Credit Reporting Act. The final rules, effective January 1, 2011, are detailed at [www.federalreserve.gov/newsevents/press/bcreg/20091222b.htm](http://www.federalreserve.gov/newsevents/press/bcreg/20091222b.htm). (Interagency press release, 12/22/09)

## Annual Notice of Asset-Size Exemption Threshold for Depository Institutions under Regulation C

The Federal Reserve Board on December 22, 2009, published its annual notice of the asset-size exemption threshold for depository institutions under Regulation C, "Home Mortgage Disclosure." The asset-size exemption for depository institutions will remain \$39 million based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the twelve-month period ending in November 2009.

Depository institutions with assets of \$39 million or less as of December 31, 2009, are exempt from collecting data in 2010. An institution's exemption from collecting data in 2010 does not affect its responsibility to report the data it was required to collect in 2009. The adjustment is effective January 1, 2010.

More information is available at [www.federalreserve.gov/newsevents/press/bcreg/20091222a.htm](http://www.federalreserve.gov/newsevents/press/bcreg/20091222a.htm). (Federal Reserve Board press release, 12/22/09)

## U.S. Regulators Encourage Comments on Basel Committee Proposals

The Basel Committee on Banking Supervision (the Committee) on December 17, 2009, released for comment new proposals that aim to strengthen the resiliency of the banking sector through new capital and liquidity standards. Following the Basel II enhancements released in July 2009, the proposals represent part of the Committee's ongoing effort to apply lessons learned from recent market events to enhance regulation, supervision, and risk management of global banks. Proposed changes include introduction of new standards for liquidity risk management, the addition of a leverage ratio to the Basel II framework, improvements to the quality and consistency of capital, and strengthening of capital requirements for counterparty credit risk. The proposals and instructions for submitting comments are available online at [www.federalreserve.gov/newsevents/press/bcreg/20091217a.htm](http://www.federalreserve.gov/newsevents/press/bcreg/20091217a.htm), as are instructions for submitting comments by April 16, 2010. The Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision, all members of the Basel Committee, encourage review and comment on the proposals. (Interagency press release, 12/17/09)

## 140 Bank Failures So Far in 2009

Regulators closed seven more banks on December 18, 2009, bringing the total number of banks and thrifts closed to date in 2009 to 140, none of which were New England institutions. The total number of bank and thrift failures since January 1, 2008, is 165, eclipsing the numbers for yearly closures for any period before 1992. The last 20 bank failure transactions cost the FDIC a median of 23.8% of the banks' assets, compared with a median cost of 19.2% for bank failures between 1986 and 1992. Loss-sharing agreements on the last 20 transactions have covered a total of \$20.73 billion in assets. (SNL Bank & Thrift Interactive, 12/21/2009)



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