

Federal Reserve Bank of Boston  
**BANK NOTES**

October 2011  
No. 10

The October issue of Bank Notes is available online at [www.bostonfed.org/economic/banknote/index.htm](http://www.bostonfed.org/economic/banknote/index.htm).

## Mergers and Acquisitions

### **New Hampshire Thrift Bancshares/McCrillis & Eldredge**

Oct 11. Newport, N.H.-based New Hampshire Thrift Bancshares Inc. (\$1.03 billion), the holding company of Lake Sunapee Bank FSB, agreed to acquire McCrillis & Eldredge Insurance Inc., an independent insurance agency in Newport. Under the agreement, the insurance agency will operate as a division of Lake Sunapee Bank under the name McCrillis & Eldredge Insurance. (SNL B&T Weekly 10/17/11)

### **NBT Bank/Berkshire Hills Bancorp**

Oct 21. Pittsfield, Mass.-based Berkshire Hills Bancorp Inc. and Berkshire Bank completed the divestiture of four Massachusetts branches to Norwich, N.Y.-based NBT Bank NA. The four branches in Berkshire County, Mass., were sold to NBT Bank in connection with the acquisition of Pittsfield-based Legacy Bancorp Inc. by Berkshire Hills Bancorp. Former Legacy Bancorp shareholders will receive additional merger consideration following the branch sale, in line with the merger agreement. NBT Bancorp Inc. is the holding company of NBT Bank. (SNL B&T Weekly 10/24/11)

Oct 26. Berkshire Hills Bancorp Inc. unit Berkshire Bank (\$3.19 billion) entered into an agreement to sell approximately \$57 million of deposits for a 2.5% deposit premium and certain branch facilities of four New York state branches to NBT Bank N.A. (\$5.29 billion). The agreement also includes the sale of \$1.6 million of loans to NBT Bank. The four branches are in Greene and Schoharie counties, N.Y. Berkshire Hills acquired the branches through its acquisition of Legacy Bancorp Inc. and Legacy Banks. The transaction is expected to close in the first quarter of 2012 and remains subject to regulatory approval and other customary closing conditions. (SNL B&T Weekly 10/31/11)

### **Brookline Bancorp/Bancorp Rhode Island**

Oct 21. Brookline Village, Mass.-based Brookline Bancorp Inc. said that the deadline for Providence, R.I.-based Bancorp Rhode Island Inc. shareholders to choose the form of consideration in the companies' pending merger

has been further extended. Bancorp Rhode Island shareholders now have until 5 p.m. ET on Nov. 4 to decide on their preferred form of consideration in the deal. In line with prior extensions, this extension is intended to reduce the potential time between the election deadline and the effective date of the merger, which is expected to be completed in the fourth quarter, subject to receipt of the remaining regulatory approvals and the satisfaction of other customary closing conditions. (SNL B&T Weekly 10/24/11)

### **Berkshire Hills Bancorp/Connecticut Bank and Trust**

Oct 25. Berkshire Hills Bancorp Inc. is expanding into Connecticut. Berkshire Hills (\$3.23 billion) said that it will acquire Hartford, Conn.-based Connecticut Bank and Trust Co. (\$283.3 million) for approximately \$30 million in cash and stock. The transaction is valued at \$7.90 per Connecticut Bank share, based on Berkshire's average closing stock price of \$20.35 for the 10 trading days ended Oct. 21. Connecticut Bank operates eight offices in greater Hartford. In a statement, Berkshire President and CEO Michael Daly said the combined company will have 20 branches serving Hartford and Springfield, Mass. "The stock we are issuing is less than 5% of our total outstanding shares, and we will absorb the impact on tangible book value per share with just a few months of earnings from our total operations," the statement said. Pending shareholder and regulatory approval, the deal should close early in the second quarter of 2012. (SNL B&T Weekly 10/31/11)

Oct 26. Berkshire Hills Bancorp Inc.'s recently announced acquisition of Hartford, Conn.-based Connecticut Bank and Trust Co. will give the company a "beachhead" in a new market, Berkshire Hills Executive Vice President and CFO Kevin Riley said. Riley, speaking during an Oct. 26 conference call, said the company expects to realize 35% cost savings from the transaction, in line with other deals that it has done. Riley said most of the cost savings should be realized in the first quarter of 2012, with some "hangover" into the second quarter of 2012. He said the company is taking a gross credit mark of 5.5% of Connecticut Bank's total loans. While this is higher than in past deals, he noted that Connecticut Bank has higher nonperforming assets. President and CEO Michael Daly,

also speaking during the call, said Berkshire Hills had sought a way into Connecticut for several years and that the acquisition has significant upside for the company. Daly said the deal should provide 3 cents per share earnings accretion in 2012, without taking into account any revenue synergies. (SNL B&T Weekly 10/31/11)

#### **Adams Co-operative Bank/South Adams Saving Bank**

Oct 24. The shareholders of Adams, Mass.-based Adams Co-operative Bank and Adams-based South Adams Savings Bank have approved the merger of the two companies, iBerkshires.com reported Oct. 21. Following the consummation of the merger, the combined entity will operate under the name Adams Community Bank. Approvals by the FDIC and the Massachusetts Commissioner of Banks are pending, the report said. (SNL B&T Weekly 10/31/11)

#### **Haverhill Bank/Economy Co-operative Bank**

Oct 28. Shareholders of Haverhill, Mass.-based Haverhill Bank (\$253.9 million) and Merrimac, Mass.-based Economy Co-operative Bank (\$24.1 million) approved the merger of the banks. (SNL B&T Weekly 10/31/11)

### **Federal Reserve Announcements**

#### **Dodd-Frank “living will” requirements**

Oct 17. The Federal Reserve Board announced the approval of a final rule to implement the resolution plan requirement in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The final rule requires bank holding companies with assets of \$50 billion or more and nonbank financial firms designated by the Financial Stability Oversight Council for supervision by the Board to annually submit resolution plans to the Board and the Federal Deposit Insurance Corporation.

Each plan will describe the company's strategy for rapid and orderly resolution in bankruptcy during times of financial distress. A resolution plan must include a strategic analysis of the plan's components, a description of the range of specific actions the company proposes to take in resolution, and a description of the company's organizational structure, material entities, interconnections and interdependencies, and management information systems.

Under the final rule, companies will submit their initial resolution plans on a staggered basis. The first group of

companies, generally those with \$250 billion or more in non-bank assets, must submit their initial plans on or before July 1, 2012; the second group, generally those with \$100 billion or more, but less than \$250 billion, in total non-bank assets, must submit their initial plans on or before July 1, 2013; and the remaining companies, generally those subject to the rule with less than \$100 billion in total non-bank assets, must submit their initial plans on or before December 31, 2013.

#### **2012 reserve requirement calculations**

Oct 26. The Federal Reserve Board announced the annual indexing of the reserve requirement exemption amount and of the low reserve tranche for 2012. These amounts are used in the calculation of reserve requirements of 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 deposit reporting panels effective 2012.

All depository institutions must hold a percentage of certain types of deposits as reserves in the form of vault cash, as a deposit in a Federal Reserve Bank, or as a deposit in a pass-through account at a correspondent institution. Reserve requirements currently are assessed on the depository institution's net transaction accounts (mostly checking accounts). Depository institutions must also regularly submit deposit reports of their deposits and other reservable liabilities.

For net transaction accounts in 2012, the first \$11.5 million, up from \$10.7 million in 2011, will be exempt from reserve requirements. A 3 percent reserve ratio will be assessed on net transaction accounts over \$11.5 million up to and including \$71.0 million, up from \$58.8 million in 2011. A 10 percent reserve ratio will be assessed on net transaction accounts in excess of \$71.0 million.

These annual adjustments, known as the low reserve tranche adjustment and the reserve requirement exemption amount adjustment, are based on growth in net transaction accounts and total reservable liabilities, respectively, at all depository institutions between June 30, 2010 and June 30, 2011.

The Board also announced changes in two other amounts, the nonexempt deposit cutoff level and the reduced reporting limit, that are used to determine the frequency with which depository institutions must submit deposit reports.

**About Bank Notes** *Bank Notes* is published monthly by the Federal Reserve Bank of Boston, Financial Institution Relations and Outreach (FIRO). Items in *Bank Notes* are excerpted from SNL B&T Weekly and press releases. Reproduction does not imply endorsement of the accuracy, opinions or policies. *Bank Notes* is free. Subscribe online, [www.bostonfed.org/economic/banknote/bnsubscribe.htm](http://www.bostonfed.org/economic/banknote/bnsubscribe.htm)