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Decision of December 27, 2006

By the [Division of Banks](#)

DECISION RELATIVE TO THE APPLICATION OF NEW ALLIANCE BANK, NEW HAVEN, CONNECTICUT TO MERGE WITH WESTBANK, WEST SPRINGFIELD, MASSACHUSETTS

New Alliance Bank, New Haven, Connecticut ("New Alliance" or the "Petitioner") has applied to the Division of Banks (the "Division") for permission to merge with Westbank, West Springfield, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 167, section 39B under the terms of an Agreement and Plan of Merger (the "Agreement") dated July 18, 2006. The Agreement provides for the merger of Westbank with and into New Alliance under the charter and by-laws of New Alliance and under the name of New Alliance Bank. The main office of New Alliance would remain the main office of the continuing institution and the sixteen banking offices of Westbank will become branch offices of the continuing bank. This transaction is also part of a multi-step transaction which included an application before the Board of Bank Incorporation in which New Alliance Bancshares, Inc., New Haven, Connecticut will acquire Westbank Corporation. New Alliance Bancshares, Inc. is the holding company of the Petitioner and Westbank Corporation is the holding company of Westbank. The Board of Bank Incorporation approved the transaction in its decision dated December 27, 2006.

Notice of the application has been posted and published. The time period for interested persons to submit documents has passed. Accordingly, all documents and materials related to this multi-step transaction have been reviewed. The record has been considered with regard to the financial and managerial resources of each bank, the competitive effects of the proposed transaction, the convenience and needs of the communities to be serviced by the continuing institution, the record of performance under the Community Reinvestment Act ("CRA") of the banks involved in the transaction and other applicable criteria.

New Alliance Bank is, according to testimony submitted, the third largest bank headquartered in Connecticut and the sixth largest headquartered in New England. As of September 30, 2006, it had \$7.2 billion in assets and \$3.8 billion in deposits. It operates 71 branches in 6 counties in Connecticut. New Alliance Bank is a full service community bank which offers numerous and varied consumer and commercial deposit and loan products. The bank also offers trust services and has its own broker dealer subsidiary. In addition, New Alliance recently announced an agreement to purchase an investment advisory firm that will further increase New Alliance's assets under management and investment capacities.

Westbank is a Massachusetts-chartered trust company headquartered in West Springfield, Massachusetts. At September 30, 2006, Westbank held approximately \$820 million in total assets, \$606 million in total deposits, and \$455 million in loans. In addition to a main office in West Springfield, Westbank operates fifteen branch offices, four of which are located in northeastern Connecticut.

As an interstate transaction, the reciprocity of the law of the Petitioner's home state must be reviewed. Under Massachusetts law, the determination of reciprocity of the laws of another state rests solely with the Commissioner of Banks. I have determined that Connecticut law is reciprocal and does expressly authorize a similar transaction by a Massachusetts bank under conditions no more restrictive than those imposed by chapter 167, section 39B of the General Laws. Additionally,

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a Massachusetts banking institution has previously been approved to merge with a Connecticut bank. Accordingly, the proposed transaction is permissible under the Commonwealth Interstate Banking Act.

Materials have been submitted to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. The transaction will have minimal impact on competition in the geographical areas in which the institutions are located because the current market area of New Alliance Bank does not overlap with that of Westbank. Based upon the small market share of Westbank, the lack of current market overlap between New Alliance and Westbank, and the number of remaining competitors in the affected market, I conclude that the proposed transaction will not unreasonably impact competition among banking institutions.

The financial analysis of the transaction has been considered. Accordingly, upon review, financial and managerial considerations support the application.

As a result of the merger, New Alliance indicates that the banking public will benefit in several ways. Petitioner explains that the Westbank acquisition is a logical geographical extension up the I-91 corridor as many people in the Hartford and Springfield markets work, live, or have other connections to the other city. This natural geographic fit will be beneficial for Westbank customers who work, live or travel in Connecticut. Customers will have access to New Alliance's broader ATM network and branches. Commercial customers will benefit from the larger lending limits and additional resources of New Alliance. Some of these additional services include merchant processing services, certified lender status under the Small Business Association's "7(a)" loan program, a commercial repurchase product, cash management services, online banking and bill payment services. Trust customers will benefit from New Alliance's larger Trust Division and investment management expertise. New Alliance will offer all of the consumer products and services it offers in Connecticut to its customers in Massachusetts. These consumer products and services include expanded cash management and trust and investment offerings, affordable housing loan programs, mobile home loans, boat loans, and investor home equity loans. New Alliance will retain most of Westbank's consumer offerings, including "18-65" free checking.

In determining whether or not to approve a petition under the statutory criteria, the Commissioner is also required to consider a showing of "net new benefits" related to the transaction. That term includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors, which the Commissioner may deem necessary. The Petitioner has addressed this requirement.

New Alliance is not closing any of the Westbank branches. Although no specific de novo branches have been planned, Petitioner states that it is looking for additional opportunities for branches or acquisitions in Massachusetts. The Petitioner has budgeted \$1.5 million for initial facilities improvements to Westbank's branches and approximately \$650,000 in technology upgrades. All existing branch personnel have been offered continuing positions with the Petitioner. Other personnel of Westbank will be retained in a variety of positions. Additionally, new hires include a loan originator for low to moderate income loans and two financial advisors.

Related to the net new benefits analysis, Petitioner asserts that the Westbank communities will benefit from its Foundation's mission to serve the needs of the communities in which New Alliance does business. Petitioner also states that it will continue Westbank's historic relationships with community events including the Eastern States Exposition (the "Big E") and sponsorship of the "Credit for Life Program", a financial counseling program for urban and suburban high school students.

Related to the issue of public convenience and advantage is the record of performance under CRA by the banks which are parties to this transaction. Such review for a Massachusetts state-chartered bank includes examination of personnel by the Division as well as analysis of concerns received from the bank's community and its response to those concerns fairly raised. A publicly available descriptive rating and evaluation by a federal bank regulatory agency will also be considered. Upon review, the Division has noted that New Alliance received a rating of "Satisfactory" and Westbank a rating of "Satisfactory" in their most recent CRA performance examinations. Accordingly, the Division's review of factors related to public convenience and advantage are consistent with approval of the Petitioner's application.

Upon review of this application with reference to the relevant statutory and regulatory criteria, the Division has concluded that all such requirements have been met and that consummation of the proposed merger would be in the public interest. On the basis of these considerations, approval is granted for Westbank to merge with and into New Alliance under the charter and by-laws of New Alliance and under the name New Alliance Bank pursuant to Massachusetts General Laws chapter 167, section 39B and the applicable provisions of chapter 172 of the Massachusetts General Laws.

Approval is also granted for New Alliance to maintain the sixteen banking offices of Westbank as branch offices.

The approvals granted herein are subject to the following conditions:

1. that the merger of Westbank and New Alliance shall not become effective until a certificate signed by the Presidents and Clerks or other duly authorized officers of the banks involved in the merger indicating that each such institution has complied with the provisions of Massachusetts General Laws chapter 167, section 39B, or other applicable statute, has been returned;
2. that the proposed merger shall be consummated within one year of the date of this decision.
3. that, in accordance with said section 39B, the banking offices of Westbank to be maintained as branch offices of the continuing bank shall be subject to the supervision of the Division and these offices must comply with all provisions of Massachusetts law which govern the activities of Massachusetts banks including but not limited to the Community Reinvestment Act and all consumer protection statutes in the Commonwealth;
4. that the proposed merger shall be consummated within one year of the date of this decision.

December 27, 2006

Steven L. Antonakes

Date

Commissioner of Banks