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Decision of November 9, 2010

By the [Division of Banks](#)

DECISION RELATIVE TO THE MERGER OF RIVER BANK, NORTH ANDOVER, MASSACHUSETTS WITH AND INTO PEOPLE'S UNITED BANK, BRIDGEPORT, CONNECTICUT

People's United Bank, Bridgeport, Connecticut (the "Petitioner" or the "Bank") has applied to the Division of Banks (the "Division") for permission to merge with River Bank, North Andover, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 168, section 34D under the terms of an Agreement and Plan of Merger (the "Agreement") dated as of August 10, 2010. The Agreement provides for the merger of River Bank with and into People's United Bank under the charter, by-laws and name of People's United Bank. The main office of People's United Bank would remain the main office of the continuing institution. All of the banking offices of River Bank will become branch offices of People's United Bank. This transaction is part of a multi-step transaction which included an application before the Board of Bank Incorporation in which People's United Financial, Inc., Bridgeport, Connecticut, will acquire LSB Corporation, North Andover, Massachusetts. People's United Financial, Inc. is the holding company of the Petitioner and LSB Corporation is the holding company of River Bank. The Board of Bank Incorporation (the "Board") approved the transaction in its Decision of this same date.

Notice of the application has been posted and published. The time period for interested persons to submit documents ended on November 4, 2010. The Division reviewed the application and all related documents and materials related to this multi-step transaction including a supplemental filing filed with the Board on October 7, 2010 in accordance with the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether net new benefits as well as public convenience and advantage would be promoted by approval of the proposed transaction. The record of performance under the Commonwealth's Community Reinvestment Act ("CRA"), Massachusetts General Laws chapter 167, section 14 and the Division's regulation, 209 CMR 46.00 et seq. also were factors considered by the Division.

People's United Bank was established as a state-chartered bank in 1842. The Bank reorganized under a mutual holding company structure in 1988. The Bank converted to a federally-chartered mutual holding company and a federal savings bank charter. The Bank officially changed its name from People's Bank to People's United Bank in June 2007. People's United Bank has its main office in Bridgeport, Connecticut and operates approximately 300 branch offices in Connecticut, Vermont, New Hampshire, Maine, Massachusetts and New York. The 23 Massachusetts branch offices of People's United Bank are located in six Massachusetts counties, primarily in central and western Massachusetts. People's United Bank's deposits are insured to allowable limits by the FDIC.

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River Bank is the sole banking subsidiary of LSB Corporation. River Bank was chartered as a mutual savings bank in 1868 under the name Lawrence Savings Bank. It converted to stock form in 1986 and changed its name from Lawrence Savings Bank to "River Bank" in 2006. As of June 30, 2010, River Bank had total assets of approximately \$796.9 million. In addition to its main office in North Andover, Massachusetts, River Bank operates five branch offices in Massachusetts, as well as two branch offices in New Hampshire. The Massachusetts banking office locations are in Andover, North Andover and Lawrence, as well as Methuen which has two branch offices. The New Hampshire branch offices of River Bank are located in Derry and Salem. River Bank's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation ("FDIC") and by the Depositors Insurance Fund ("DIF") for amounts in excess of the FDIC's insurance limits.

Materials have been submitted to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. In analyzing the impact of a proposed transaction on banking competition, the Division considers, but does not rely exclusively on, the guidelines used by federal authorities to review bank mergers. Essentially, these guidelines define relevant markets and measure concentration, which is considered an important indicator of competitiveness. The starting point in the federal analysis is the Herfindahl-Hirschman Index ("HHI"), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in an affected market into a single value. In addition to that analysis, the Division considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. The Division considered that River Bank and People's United Bank compete in one geographic market, the Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area, where they rank 21st and 35th, respectively, in terms of deposit market share. People's United Bank and River Bank have market shares of 0.58% and 0.29% respectively. Upon consummation of the transaction, the HHI would not increase at all and numerous banks with banking offices would remain in the market. Consequently, such a combination would not have a significantly adverse effect on competition or on the concentration of banking resources in the Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area. Andover is the only Massachusetts city or town in which both People's United Bank and River Bank have banking offices. Both banks also have a branch office in Derry, New Hampshire. The Division has noted that there are numerous banks with banking offices located in Andover and the overall market area analyzed. Therefore, customers of River Bank will continue to be able to choose from a variety of banking options. Accordingly, the Division's analysis of the competitive impact of the merger weighs in favor of the proposed transaction.

The Division has also considered the record of this application to determine whether public convenience and advantage will be promoted by this transaction. Under the proposed merger, the Petitioner states, it will be able to offer several products and services that have not currently been available to River Bank customers. Such products and services include insurance and brokerage, retirement planning, and wealth management services. Additionally, the continuing bank will be able to provide expanded commercial loan capacity and offer its expertise in residential mortgage lending. Customers of both banks will also benefit from the larger lending limit available through the combined institution. Such customers, particularly customers of River Bank, will benefit through a network of approximately 300 branches and 400 ATMs which will increase with the addition of the eight banking offices of River Bank including six banking offices in Massachusetts, as well as 10 ATMs of River Bank.

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 as set out in section 34D of said chapter 168 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 of statute. As stated in the application, the continuing bank intends to make initial capital investments in River Bank's existing banking offices in the form of improvements, as well as new equipment and computer systems upgrades, as appropriate. According to the supplemental filing submitted October 7, 2010, Peoples United Bank proposes to open two new branch offices in Boston, Massachusetts later this year which will result in the creation of 18 to 20 new jobs. The Petitioner intends to maintain the Massachusetts banking offices of River Bank. Moreover, customers of both banks will benefit from a broad array of products and services including the aforementioned products and services of Peoples United Bank. These and other factors are also cited as support for meeting such criteria.

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 by personnel of 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. Both banks have received "Outstanding" ratings at their last examinations of performance under CRA.

Upon consummation of the merger of River Bank with and into People's United Bank, a federal savings bank, the excess deposit insurance coverage for River Bank's deposits by the DIF will end. FDIC insurance coverage will continue for depositors of River Bank upon the merger. The Petitioner has informed the Division of the procedures it will undertake to make depositors aware of such changes, if the proposed merger is approved. Additionally, the Division is aware that FDIC insurance coverage in 2010 permanently increased from \$100,000 to \$250,000 per depositor.

The application states that, in connection with the merger, the continuing institution's Board of Directors and executive officers will consist of all of the persons currently serving as directors and executive officers of People's United Bank. Economies and service capabilities which would result from the transaction are set out in the submitted documents. Upon consolidation, the continuing bank will meet all required capital standards. Accordingly, upon review, financial and managerial considerations support the 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 River Bank to merge with and into People's United Bank under the charter, by-laws and name People's United Bank pursuant to Massachusetts General Laws chapter 168, section 34D.

The approvals granted herein are subject to the following conditions:

1. that the merger of River Bank and People's United Bank 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 168, section 34D, or other applicable statute, has been returned;
2. that the proposed transaction shall not become effective until Articles of Merger are filed with the Secretary of State;
3. that the proposed merger shall be consummated within one year of the date of this decision; and
4. that the merger may not be consummated until the Division has received notice of satisfactory arrangements for this transaction from the DIF.

November 9, 2010

Date

Steven L. Antonakes

Commissioner of Banks