

The Commonwealth of Massachusetts
Executive Office of Consumer Affairs and Business Regulation
Office of the Commissioner of Banks
Leverett Saltonstall Building, Government Center
100 Cambridge Street, Boston 02202

MICHAEL S. DUKAKIS
GOVERNOR
ANDREW J. CALAMARE
COMMISSIONER

DECISION
RELATIVE TO THE MERGER OF
CONSUMERS SAVINGS BANK, WORCESTER
WITH AND INTO
BANK OF NEW ENGLAND-WORCESTER, WORCESTER

Pursuant to the provisions of Massachusetts General Laws chapter 172, section 36, subsection A, paragraph 4, Consumers Savings Bank ("Consumers"), Worcester, Massachusetts and Bank of New England-Worcester ("BNE-Worcester"), Worcester, Massachusetts seek to merge under the terms of an Agreement to Merge. In November of 1987, the name of Guaranty Bank & Trust Company was changed to BNE-Worcester. This Agreement provides for a merger of Consumers into and under the charter and name of BNE-Worcester. As part of the transaction, all banking offices of Consumers will become branch offices of BNE-Worcester.

Notice of the application has been posted and published as required by the Division of Banks. The time period for interested persons to submit comments on the proposed transaction has closed. Accordingly, all documents and materials related to this transaction have been reviewed. That record has been considered in light of the financial and managerial resources of each bank, the competitive effects of the proposed transaction and the convenience and needs of the communities to be served by the continuing institution.

Both Consumer and BNE-Worcester are state-chartered banks which are subsidiaries of the Bank of New England Corporation ("Corporation"), a bank holding company. The two institutions were acquired in 1986 and 1987,

respectively, by the Corporation, which exercises effective control over both subsidiaries. Accordingly, the Corporation views this transaction as a reorganization of two of its affiliated banks within the same market and consistent with its strategy to organize banks in the holding company by region. The merger, Petitioner argues, would provide for a more efficient method of operation within this market. Moreover, as a result of this transaction, the Corporation might better serve as a source of financial and managerial strength to this combined institution should it need to meet those responsibilities as a holding company. Therefore, consideration of financial and managerial factors are consistent with approval of this application.

BNE-Worcester with assets of \$1,024,988 billion as of June 30, 1988 and Consumers with assets of \$320,535 million on the same date, both identify their local community as Worcester County and serve that area with a total of thirty-five branch offices. In reviewing this petition the Division has considered several factors relative to its effect on competition as well as public convenience and advantage within this market. However, such considerations must give weight to the fact, evidenced by this application, that the banks are within the same holding company which, through its overall policies, could negate competition in any form between its subsidiaries. Analysis by the Division indicates that there are a substantial number of competing financial institutions within this market offering various products and services. In Worcester, where both institutions have their main offices, there are eleven other banks with over forty branches serving that city. Additionally, there are a number of community and industrial credit unions competing within the city. Similar competition exists from banks and credit unions throughout the county as well as within the four other communities in which both banks have established branch offices. There are from four to seven

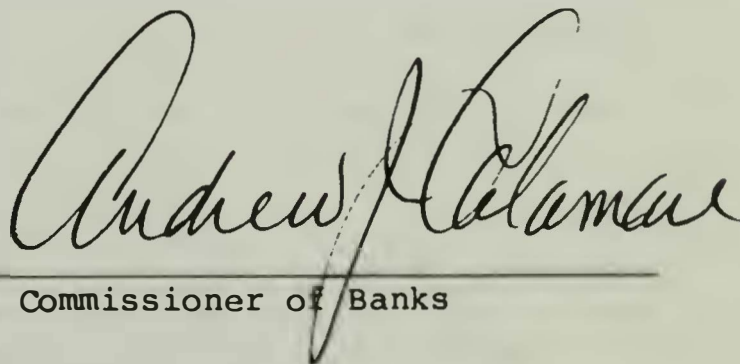
banks located in each of those towns. Based on these considerations, the Division finds that the effects of the merger on competition and public convenience and advantage do not preclude approval of this application.

Another factor considered by the Division in the review of any merger transaction is the compliance of each institution with the Community Reinvestment Act. Such review of state-chartered banks includes examination by personnel of the Division as well as analysis of concerns received from the community relative to a bank's record of performance and a bank's response to any of those concerns fairly raised. Consumers and BNE-Worcester were both found to maintain a satisfactory record of addressing the credit needs of their communities.

On the basis of the foregoing considerations, the application, and the statutory and regulatory requirements, approval is granted to merge Consumers and BNE-Worcester as referenced in the Agreement of Merger and for BNE-Worcester to maintain as branch offices all of the banking offices of Consumers. The merger will become effective after the endorsement of the Division upon a certificate signed by the authorized officers of each bank indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 172, section 36, subsection A, paragraph 4.

September 16, 1988

Date



Commissioner of Banks

