

FEDERAL RESERVE SYSTEM

The Royal Bank of Scotland Group plc
Edinburgh, Scotland

The Royal Bank of Scotland plc
Edinburgh, Scotland

RBSG International Holdings Ltd.
Edinburgh, Scotland

Citizens Financial Group, Inc.
Providence, Rhode Island

Order Approving the Acquisition of Bank Holding Companies

The Royal Bank of Scotland Group plc (“RBS Group”), The Royal Bank of Scotland plc (“RBS”), RBSG International Holdings Ltd., and Citizens Financial Group, Inc. (“Citizens”) (collectively, “Applicants”) have requested the Board’s approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to acquire all the voting shares of Port Financial Corp., Brighton, Massachusetts (“Port”), and thereby indirectly acquire Cambridgeport Bank; and up to 9.9 percent of Cambridge Bancorp (“Cambridge”), which controls Cambridge Trust Company, all in Cambridge, Massachusetts.¹

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 Federal Register 26,297 (2003)). The time for filing comments has expired, and the Board has considered the proposal

¹ Port controls Brighton Investment Corporation, Brighton, Massachusetts (“Brighton”), which owns 7.16 percent of the voting securities of Cambridge. As part of the proposed transaction, the shares of Cambridge currently held by Brighton would be transferred to Citizens, and Brighton would cease to exist.

and all comments received in light of the factors set forth in section 3 of the BHC Act.

RBS Group, with total consolidated assets equivalent to approximately \$663 billion, is the fifth largest banking organization in the world.² Citizens, with total consolidated assets of \$67 billion, is the 20th largest commercial banking organization in the United States.³ Citizens operates subsidiary depository institutions in Rhode Island, Massachusetts, Connecticut, New Hampshire, Delaware, and Pennsylvania that control approximately \$45.7 billion in deposits, representing approximately 1 percent of total deposits in insured depository institutions in the United States (“total U.S. insured deposits”).⁴

Port operates one subsidiary depository institution in Massachusetts that controls \$1.1 billion in deposits, representing less than 1 percent of total U.S. insured deposits. On consummation of this proposal, Citizens, with total consolidated assets of \$68.5 billion, would remain the 20th largest commercial banking organization in the United States, controlling deposits of \$46.8 billion.⁵

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank holding company or bank located in a state other than the home state of the applicant if

² Foreign asset and ranking data are as of December 31, 2002.

³ Asset and domestic ranking data are as of March 31, 2003.

⁴ Deposit data are as of June 30, 2002, unless otherwise noted. Insured depository institutions include all insured banks, savings banks, and savings associations.

⁵ If the total assets of Cambridge were included in the proposal, Citizens would become the 19th largest commercial banking organization in the United States, with total consolidated assets of \$69.2 billion, controlling deposits of \$47.3 billion, representing approximately 1 percent of total U.S. insured deposits.

certain conditions are met. The Board may not approve a proposal subject to section 3(d) if, after consummation, the applicant would control more than 10 percent of total U.S. insured deposits.⁶ In addition, the Board may not approve a proposal if, after consummation, the applicant would control 30 percent or more of the total deposits in insured depository institutions in any state in which both the applicant and the organization to be acquired operate insured depository institutions, or such higher or lower percentage as established by state law.⁷

For purposes of the BHC Act, the home state of Citizens is Rhode Island and the home state of Port and Cambridge is Massachusetts. Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) are met in this case.⁸ In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

⁶ 12 U.S.C. 1842(d)(2)(A).

⁷ 12 U.S.C. 1842(d)(2)(B)-(D).

⁸ Massachusetts imposes a deposit cap of 30 percent and a minimum age requirement of three years. See Mass. Gen. Laws ch. 167, § 39B (2003). Citizens would control less than 30 percent of total deposits held by insured depository institutions in Massachusetts, the only state in which Citizens, Port, and Cambridge all operate banks. Citizens is adequately capitalized and adequately managed, as defined by applicable law. In addition, the subsidiary banks of Port and Cambridge have been in existence for the minimum age requirements established by applicable state law. See 12 U.S.C. §§ 1842(d)(1)(A) and (B), 1842(d)(2)(A) and (B). Applicants meet the capital and managerial requirements established under applicable law. Finally, Applicants would control less than 10 percent of total U.S. insured deposits.

Factors Under the Bank Holding Company Act

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of bank holding companies or the acquisition of banks. These factors are the competitive effects of the proposal in the relevant geographic markets; the convenience and needs of the community to be served, including the records of performance of the insured depository institutions involved in the transaction under the Community Reinvestment Act (“CRA”);⁹ the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the availability of information to determine and enforce compliance with the BHC Act and other applicable federal banking laws; and, in the case of applications involving a foreign bank such as RBS, whether the foreign bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.¹⁰

The Board has considered these factors in light of a record that includes information provided by Applicants, confidential supervisory and examination information, publicly reported financial and other information, and public comments submitted on the proposal. The Board also has consulted with and considered information provided by the primary home country supervisor of RBS Group and various federal and state supervisory agencies, including the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly. The BHC Act also prohibits the Board from approving a proposal that would

⁹ 12 U.S.C. § 2901 *et seq.*

¹⁰ See 12 U.S.C. § 1842(c).

substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effects of the proposal in meeting the convenience and needs of the community to be served.¹¹

The subsidiary depository institutions of Citizens and Port currently compete in the Boston, Massachusetts, banking market (“Boston banking market”).¹² Consummation of the proposal would be consistent with the Department of Justice Merger Guidelines (“DOJ Guidelines”).¹³ Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.¹⁴

¹¹ See 12 U.S.C. § 1842(c)(1).

¹² The Boston banking market is defined as the Boston Ranally Metropolitan Area and the town of Lyndeboro in Hillsborough County, New Hampshire.

¹³ Under the DOJ Guidelines, 49 Federal Register 26,823 (1984), a market in which the post-merger Herfindahl-Hirschman Index (“HHI”) is between 1000 and 1800 is considered to be moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitve effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

¹⁴ On consummation of the proposal, Citizens would remain the third largest depository institution in the Boston banking market, controlling deposits of \$15.2 billion, representing approximately 15 percent of total deposits in insured depository institutions in this market. The HHI would increase 15 points to 1470. These data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider its effects on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals. The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of Citizens, Port, and Cambridge in light of all the facts of record, including public comments on the effect the proposal would have on the communities to be served by the institutions resulting from this proposal.

A commenter opposing the proposal has alleged, based on data submitted under the Home Mortgage Disclosure Act ("HMDA"),¹⁵ that Citizens has engaged in disparate treatment of minority individuals in its assessment areas with respect to home mortgage lending. This commenter also objected to Applicants' past branch closings and the lack of specificity in these applications on possible branch closings. Finally, the commenter expressed concern about Citizens' record of lending to small businesses.

commercial banks. See Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984).

¹⁵ 12 U.S.C. § 2801 et seq.

A. Record of Performance under CRA

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.¹⁶

Citizens Bank of Massachusetts, Boston, Massachusetts ("CBMA"), and most of Citizens' other subsidiary depository institutions received "outstanding" ratings at their most recent CRA performance examinations by the FDIC, as of October 12, 1999.¹⁷ Cambridgeport Bank received a "satisfactory" rating at its most recent CRA performance examination by the FDIC, as of October 16, 2002. Cambridge Trust Company received a "satisfactory" rating at its most recent performance examination by the FDIC, as of October 29, 2001. In addition, the Board has evaluated substantial information submitted by Citizens concerning the CRA performance of its subsidiary banks ("the Citizens Banks")

¹⁶ See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

¹⁷ Citizens Bank of Rhode Island, Providence, Rhode Island ("CBRI"); Citizens Bank of Connecticut, New London, Connecticut; and Citizens Bank of New Hampshire, Manchester, New Hampshire, all received "outstanding" ratings at their most recent CRA performance examinations. Citizens Bank of Pennsylvania, Philadelphia, Pennsylvania ("CBPA"), and Citizens Bank, Wilmington, Delaware ("CBDE"), are de novo banks that have not yet been rated for performance under the CRA. United States Trust Company, Boston, Massachusetts, a subsidiary of Citizens, is a limited-purpose trust company and, therefore, not subject to the CRA.

since their 1999 performance evaluations and has considered the lending policies, practices, and data of Citizens' affiliate, Citizens Mortgage Company ("CMC").¹⁸

B. HMDA Data and Fair Lending Record

The Board also has carefully considered Citizens' lending record in light of the comments on HMDA data reported by its subsidiaries. Based on 2001 HMDA data, the commenter alleged that the Citizens Banks disproportionately excluded or denied African-American and Hispanic applicants for home mortgage loans in various Metropolitan Statistical Areas ("MSAs") in Rhode Island, Massachusetts, and Connecticut.

Applicants note that the commenter has failed to appropriately reflect the effect of the mortgage lending activities of CMC. HMDA data for 2001 indicate that CMC originated almost 90 percent of the conventional home purchase mortgages attributed to the Citizens Banks by examiners in their CRA evaluation of these banks. If CMC's mortgage lending is included, the percentage of originations to African Americans, Hispanics, and individuals residing in minority census tracts generally exceed or approximate the percentage for the aggregate of lenders in the MSAs cited by the commenter.¹⁹ The Board notes that the Citizens Banks' denial disparity ratios reported for African-American and Hispanic applicants in 2002 were generally lower than, or comparable with, the ratios reported by the aggregate of lenders in each of the markets reviewed.²⁰

¹⁸ CMC is a subsidiary of CBRI. CMC's HMDA data were considered in the 1999 evaluation of the lending records of the Citizens Banks by the FDIC.

¹⁹ For purposes of this HMDA analysis, "minority census tracts" means census tracts with a minority population of 80 percent or more. The lending data of the aggregate of lenders represent the cumulative lending for all financial institutions that have reported HMDA data in a given market.

²⁰ The denial disparity ratio equals the denial rate of a particular racial category (e.g., African Americans) divided by the denial rate for whites.

Importantly, the HMDA data do not indicate that the Citizens Banks have excluded any segment of the population or geographic areas on a prohibited basis. The Board, nevertheless, is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about covered loans.²¹ HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of compliance by the Citizens Banks with fair lending laws. Examiners found no evidence of prohibited discrimination or other illegal credit practices at any subsidiary depository institution controlled by Citizens. The record also indicates that Citizens has taken a number of affirmative steps to ensure compliance with fair lending laws. The Citizens Banks have a second-look policy and procedure that employs a two-pronged approach to the review of credit

²¹ The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

decisions for compliance with its fair lending policy. Under this policy, a committee conducts a weekly review of marginal approvals and denials to measure consistency in the application of investor underwriting guidelines, and the quality control department conducts a quarterly statistically based regression analysis of all applications to identify possible instances or indications of disparate treatment. In addition, Citizens has established a formal fair lending committee and a mandatory, ongoing program in which all employees receive training on compliance with fair lending and other consumer protection laws.

The Board also has considered the HMDA data in light of the Citizens Banks' overall performance under the CRA, which demonstrates that these institutions are active in helping to meet the credit needs of their entire communities.²² The Board believes that, when viewed in light of the entire record, the HMDA data indicate that the banks' records of performance in helping to serve the credit needs of their communities are consistent with approval of the proposal.

C. Branch Closings

Commenter expressed concern about the possible effect of branch closings that might result from this proposal. The Board has carefully considered the comments on potential branch closings in light of all the facts of record.

²² Commenter also repeated an allegation considered in Applicants' application to acquire CBPA and CBDE (the "Mellon proposal") that Applicants indirectly support predatory lending by a number of unaffiliated consumer lenders through the securitization activities and warehouse lending services of Applicants' subsidiary, Greenwich Capital Markets, Greenwich, Connecticut ("GCM"). Applicants have stated that GCM continues to conduct due diligence reviews in connection with its securitization activities. The Board carefully considered this comment and Applicants' response to the comments in light of all the facts of record in approving the Mellon proposal.

See The Royal Bank of Scotland Group plc, 88 Federal Reserve Bulletin 51 (2002) ("RBS Order"). Commenter has not provided any new information that would warrant a different conclusion in this proposal.

Citizens has represented that it will follow its existing branch closure policy before closing or consolidating any branches acquired as a result of this proposal. Under this policy, Citizens will review a number of factors before closing or consolidating a branch, including the impact on the community, the business viability of the branch, the impact on access to credit, and ensuring that the branch closing has no discriminatory effect. The most recent CRA examinations of Citizens' subsidiary depository institutions indicated satisfactory records of opening and closing branches.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings.²³ Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch. In addition, the Board notes that the FDIC, as the appropriate federal supervisor of the Citizens Banks, will continue to review the branch closing records of the banks in the course of conducting CRA performance examinations.

D. Small Business Lending

Commenter expressed concerns about CBMA's small business lending in one county in the Boston banking market, alleging that CBMA made few small business loans in LMI census tracts. Applicants responded that one county does not provide a complete picture of Citizens' small business lending efforts and noted that the subject county has only two low-income census tracts, which are both predominantly residential.

²³ Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34,844 (1999)), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

The Board notes that CBMA has consistently been the Small Business Administration's top lender in Massachusetts when ranked by number of loans originated. FDIC examiners stated that the percentage of Citizens' small business loans in LMI census tracts in its assessment areas generally exceeded the percentage of small businesses in those census tracts and the small business lending of the aggregate of lenders in these markets. FDIC examiners also reported that CBMA's lending to businesses with less than \$1 million in gross annual revenues exceeded the amount of lending to those businesses by the aggregate of lenders in 2000 and 2001.

E. Conclusion on Convenience and Needs Considerations

In reviewing the proposal's effect on the convenience and needs of the communities to be served by the combined organization, the Board has carefully considered the entire record, including the public comments received, reports of examinations of the CRA performance of the institutions involved, and confidential supervisory information from the FDIC. The record and examinations show that the Citizens Banks have a variety of programs in place that are designed to meet the credit and banking needs of their communities, including LMI areas.²⁴ Based on all the facts of record and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA

²⁴ These programs include the Soft Second Program offered in participation with the Massachusetts Housing Partnership in Boston, which allows income-eligible borrowers the opportunity to reduce the principal amount and monthly payment on their first mortgage, thereby eliminating the need for private mortgage insurance. CBMA offers an affordable mortgage program for LMI borrowers through the Massachusetts Association of Community Organizations for Reform Now with below-market rates, liberal qualifying ratios, and low-downpayment requirements. CBMA's Appleseed Program also offers mortgage refinancing at fixed rates to senior-citizen homeowners victimized by mortgage scams.

performance records of the relevant depository institutions, are consistent with approval.

Financial, Managerial, and Other Supervisory Factors

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in an acquisition.²⁵ In assessing the financial and managerial strength of Applicants and the banks to be acquired, the Board has reviewed information provided by Applicants, confidential supervisory and examination information, publicly reported and other financial information, and public comments.²⁶ In addition, the Board consulted relevant supervisory authorities in the United Kingdom.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. In addition, the capital ratios of RBS Group on a consolidated basis and RBS would continue to exceed the minimum levels that would be required under the Basel Capital Accord. These ratios are considered equivalent to the capital ratios that would be required of a U.S. banking organization.

²⁵ See 12 U.S.C. § 1842(c)(2).

²⁶ Commenter also repeated allegations made in connection with the Mellon proposal that Applicants had inadequate records on human rights and the environment. These assertions were based on actions taken outside the United States, and commenter asserted that the activities of RBS Group and its affiliates in Indonesia allegedly ignored human rights concerns, damaged the environment, or caused other societal harm. The Board noted in the RBS Order that these contentions contained no allegations of illegality or of actions that would affect the safety and soundness of the institutions involved in the proposal, and that they were outside the limited statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973).

The Board also has considered the managerial resources of Applicants, including the examination records of Citizens and its subsidiary depository institutions by the appropriate federal financial supervisory agencies.²⁷ In addition, the Board has considered the plans of Applicants to implement the proposal, including their available managerial resources and record of successfully integrating acquisitions into existing operations. After reviewing all the facts of record, the Board concludes that Applicants, including the subsidiary depository institutions of Citizens, have adequate managerial resources and appropriate risk-management systems in place. Based on these and all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicants and their subsidiary banks are consistent with approval.

Section 3 of the BHC Act also provides that the Board may not approve an application involving a foreign bank unless the bank is subject to comprehensive consolidated supervision or regulation on a consolidated basis by

²⁷ Commenter alleged, without providing any material information, that RBS does not have appropriate anti-money-laundering safeguards in place. The Board has considered this allegation in light of supervisory and examination reports on RBS's operations in the United States, consultations with the United Kingdom's Financial Services Authority ("FSA"), and confidential information received from the FSA concerning RBS's record of compliance with anti-money-laundering laws. Commenter also reiterated contentions made in connection with the Mellon proposal, based on press reports, that a CBMA branch might have wired money abroad on behalf of an organization suspected of funding al-Qaida. The Board previously considered this allegation in light of consultations with other federal agencies, confidential information concerning the allegations, Citizens' record of compliance with anti-money-laundering laws, regulations, and government directives related to official sanctions lists. The Board concluded that the Mellon proposal was consistent with approval, and the commenter has presented no new facts that would support a different conclusion in this proposal. See RBS Order.

the appropriate authorities in the bank's home country.²⁸ The home country supervisor of RBS Group is the FSA, which is responsible for the supervision and regulation of United Kingdom financial institutions.

In approving applications under the BHC Act and the International Banking Act (12 U.S.C. § 3101 *et seq.*) (“IBA”), the Board previously has determined that United Kingdom banks, including RBS, were subject to home country supervision on a consolidated basis.²⁹ In this case, the Board finds that the FSA continues to supervise RBS in substantially the same manner as it supervised United Kingdom banks at the time of those determinations. Based on this finding and all the facts of record, the Board concludes that RBS continues to be subject to comprehensive supervision on a consolidated basis by its home country supervisor.

In addition, section 3 of the BHC Act requires the Board to determine that a foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.³⁰ The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which RBS Group operates and has communicated with relevant

²⁸ 12 U.S.C. § 1842(c)(3)(B). Under Regulation Y, the Board uses the standards enumerated in Regulation K to determine whether a foreign bank that has applied under section 3 of the BHC Act is subject to consolidated home country supervision. See 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to any affiliates, to assess the bank's overall financial condition and its compliance with law and regulation. See 12 C.F.R. 211.24(c)(1).

²⁹ See The RBS Order; see also Abbey National Treasury Services plc, 87 Federal Reserve Bulletin 750 (2001).

³⁰ See 12 U.S.C. § 1842(c)(3)(A).

government authorities concerning access to information. In addition, RBS Group and RBS previously have committed to make available to the Board such information on the operations of RBS Group and its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal laws. RBS Group and RBS also previously have committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable RBS Group and its affiliates to make such information available to the Board. In light of these commitments, the Board concludes that RBS Group and RBS have provided adequate assurances of access to any appropriate information that the Board may request. Based on these and all the facts of record, the Board concludes that the supervisory factors it is required to consider are consistent with approval.

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the applications should be, and hereby are, approved.³¹ In reaching this conclusion, the Board has considered all the facts of record in light of

³¹ Commenter also requested that the Board hold a public hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for any of the banks to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authority. Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). The Board has considered carefully commenter's request in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal, and in fact, commenter has submitted written comments that the Board has considered carefully in acting on the proposal. The commenter's request fails to demonstrate why its written comments do not present its views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Applicants with all the representations and commitments made in connection with the applications, prior commitments referred to in this order, and the receipt of all other regulatory approvals. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The transaction shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors,³² effective June 30, 2003.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

³² Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.