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## **COMMONWEALTH OF MASSACHUSETTS**

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### **DECISION ON THE APPLICATIONS RELATIVE TO THE REORGANIZATION INTO A MUTUAL HOLDING COMPANY BY INSTITUTION FOR SAVINGS IN NEWBURYPORT AND ITS VICINITY NEWBURYPORT, MASSACHUSETTS**

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Institution for Savings in Newburyport and its Vicinity (Petitioner), Newburyport, Massachusetts, has submitted applications to the Division of Banks (Division) to reorganize into a mutual holding company structure pursuant to the provisions of Massachusetts General Laws chapter 167H. The applications set forth a multi-step transaction (collectively, the Reorganization) that includes the formation of an interim mutual savings bank, IFS Interim Mutual Bank, which will reorganize to become a mutual holding company, IFS 1820 Bancorp, MHC (MHC). The MHC then will establish a subsidiary stock bank (Continuing Bank), and the Petitioner will be merged with and into the Continuing Bank. This Reorganization has been structured as a multi-step transaction, requiring multiple applications before the Division.

The applications to the Division are made pursuant to the following: (i) Massachusetts General Laws chapter 167I, section 18 to establish the interim savings bank solely to facilitate the reorganization into the mutual holding company form; (ii) Massachusetts General Laws chapter 167H, section 2(a)(2), to form the MHC and establish the Continuing Bank; and (iii) Massachusetts General Laws chapter 167H, sections 2(a)(2) and 7(2), and chapter 167I, section 2, for the merger of the Petitioner with and into the Continuing Bank under the charter and bylaws of the Continuing Bank. The Continuing Bank will operate under the name Institution for Savings in Newburyport and its Vicinity, and it, as well as the MHC, will be headquartered at 93 State Street, Newburyport, Massachusetts.

The Petitioner is a Massachusetts-chartered savings bank. It operates from its main office in Newburyport, Massachusetts and has fifteen branch offices. The Petitioner also maintains a residential lending center in Newburyport, Massachusetts. As of September 30, 2022, the Petitioner had total consolidated assets of approximately \$4.8 billion and is considered “well-capitalized” under applicable prompt corrective action regulations.

In accordance with the provisions of said chapters 167H and 167I, the Petitioner and its related entities have submitted the requisite documents and information relative to these transactions, and appropriate notice has been given to its corporators, depositors, and to the public. The period for filing comments ended on June 23, 2022. No comments were received.

The applications and supporting documents have established an extensive record on these petitions, which have been reviewed in light of the relevant statutory provisions and Division regulations. Those requirements necessitate that, among other things, the Division consider whether the Reorganization will be fair to the depositors of the Petitioner and whether the public interest will be served by this transaction. Furthermore, the merger must be found to promote public convenience and advantage, including a showing of net new benefits, and not to unreasonably affect competition among banking institutions. Having considered the record established in these applications, the Division has determined that the statutory and administrative considerations support approval of the Reorganization, including the related merger of the Petitioner with and into the Continuing Bank. In making these findings, the Division has noted that the Petitioner received a “Satisfactory” rating on its most recent evaluation under the Commonwealth’s Community Reinvestment Act, Massachusetts General Laws chapter 167, section 14 and its implementing regulations 209 CMR 46.00 *et seq.*

In accordance with these findings and pursuant to statute, I hereby approve the Reorganization, including the merger of the Petitioner with and into the Continuing Bank, subject to the following considerations:

(1) Commencing with the transaction's effective date, the Division's minimum capital requirements for the Continuing Bank and the MHC are as follows:

- (a) The Continuing Bank's Tier 1 leverage capital ratio must equal or exceed 4%, or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation or the Federal Reserve, based upon the Continuing Bank's most recent Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income and any amendments thereto. The amount of capital shall be calculated in accordance with 12 CFR Part 324 or 12 CFR Part 217 as applicable;
- (b) The MHC's Tier 1 leverage capital ratio must equal or exceed 4%, or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation or the Federal Reserve, based upon its most recent call report or any amendment thereto as reported to the federal or state authority; and
- (c) If the minimum capital ratios fall or would fall below those stated in clauses (a) and (b), the Commissioner may impose further conditions or restrictions on the payment of dividends. There will be no dividend restrictions other than those found in Massachusetts General Laws chapter 167J, section 17, so long as the minimum capital ratios set out herein are maintained.

(2) After the completion of the Reorganization:

- (a) The MHC may engage in only such activities as are now or may hereinafter be activities authorized for a mutual holding company under section 7 and other applicable provisions of Massachusetts General Laws chapter 167H;
- (b) The Continuing Bank may engage in any investment or activity which it may from time to time engage in as a state-chartered savings bank in stock form; and
- (c) The MHC, or any entity within its control, shall provide 30 days notice to the Division of any intention to issue any securities known generally as Trust Preferred Securities, either individually or on a pooled basis, prior to entering into any agreement relative to such issuance. This condition may be modified or rescinded at any time by the Division.

(3) That the proposed merger shall not become effective until a Certificate of Consolidation signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167H, sections 2(a)(2) and 7(2), and chapter 167I, section 2, has been returned for my endorsement thereon.

- (4) That Articles of Organization and/or Charter documents and Articles of Merger be filed with the Division or the Office of the Secretary of the Commonwealth of Massachusetts, as applicable.
- (5) That the proposed merger be consummated within one year of the date of this Decision.

Mary L. Gallagher  
Commissioner of Banks

December 15, 2022  
Date