



The Commonwealth of Massachusetts

Board of Bank Incorporation

DECISION
RELATIVE TO THE APPLICATION OF
1831 BANCORP, MHC, AND 1831 BANCORP, INC., DEDHAM, MASSACHUSETTS
TO ACQUIRE
SOUTH SHORE BANCORP, MHC, AND SOUTH SHORE BANCORP, INC.,
WEYMOUTH, MASSACHUSETTS

1831 Bancorp, MHC (1831 MHC) and its wholly-owned subsidiary, 1831 Bancorp, Inc. (1831 Inc.) (collectively, the Petitioners), Dedham, Massachusetts, have petitioned the Board of Bank Incorporation (the Board) to acquire South Shore Bancorp, MHC (SSB MHC) and its wholly-owned subsidiary South Shore Bancorp, Inc. (SSB Inc.) and their subsidiary bank, South Shore Bank, each of which are located in Weymouth, Massachusetts, under the provisions of Massachusetts General Laws chapter 167A, sections 2 and 4. The Petitioners are the mutual holding company and mid-tier holding company, respectively, for Dedham Institution for Savings (Dedham IFS), Dedham, Massachusetts. As a result of the transaction, Petitioners will acquire South Shore Bank and thereby control two subsidiary banks, including 1831 MHC's existing subsidiary bank, Dedham IFS.

The merger of the two mutual holding companies is authorized under Massachusetts General Laws chapter 167H, section 7, clause (3). The transaction is structured so that SSB MHC will merge with and into 1831 MHC (the MHC Merger) and SSB Inc. will merge with and into 1831 Inc. (the IHC Merger). Together, the MHC Merger and the IHC Merger will constitute the proposed transaction (Proposed Transaction). The current bank subsidiaries of 1831 MHC and SSB MHC, Dedham IFS, a Massachusetts-chartered stock savings bank, and South Shore Bank, also a Massachusetts-chartered stock savings bank, respectively, will continue their separate legal existence following the Proposed Transaction with each bank maintaining its own name, brand, headquarters, Board of Directors, lending team and retail organization under the oversight of the Board of Trustees of the combined mutual holding company.

Petitioners published notice of the petition as directed by the Board, thereby affording opportunity for interested parties to submit comments. The Board held a public hearing relative to this application on August 1, 2023. The comment period on the Proposed Transaction ended on August 7, 2023, and one comment was received. The Board reviewed the application, all related documents including the comment received, and considered testimony received at the public hearing. That review focused on the statutory and administrative criteria applicable to such transactions which include, among other things, whether competition among banking institutions will be unreasonably affected; whether public convenience and advantage would be promoted; and the record of performance under the Community Reinvestment Act (CRA) by the respective subsidiary banks.

The financial and management components of the Proposed Transaction were also considered. The statutory requirements set out in sections 2 and 4 of said chapter 167A were also notable factors in the Board's deliberations on the matter before it.

One such statutory provision requires the Board to have received notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made by the Petitioners consistent with statute and the MHPF's various affordable housing loan programs. The Board received notice from the MHPF that satisfactory arrangements had been made for this transaction in a letter dated November 16, 2023.

The Parties

1831 Bancorp, MHC / 1831 Bancorp, Inc. /

Dedham Institution for Savings

1831 MHC is a Massachusetts mutual holding company registered as a bank holding company under the Bank Holding Company Act of 1956 (BHC Act) and subject to regulation by the Federal Reserve Bank (FRB). 1831 MHC has its corporate offices in Dedham, Massachusetts. 1831 MHC's principal asset is 100% of the outstanding capital stock of 1831 Inc., its sole direct subsidiary.

1831 Inc. is a Maryland corporation and a wholly-owned subsidiary of 1831 MHC. 1831 Inc. is registered as a bank holding company under the BHC Act and is subject to regulation by the FRB. 1831 Inc. has its corporate offices in Dedham, Massachusetts. 1831 Inc.'s principal asset is 100% of the outstanding capital stock of Dedham IFS, its sole direct subsidiary.

Dedham IFS is a Massachusetts-chartered stock savings bank with its main office in Dedham, Massachusetts, and is a wholly-owned subsidiary of 1831 Inc. Dedham IFS was chartered as a mutual savings bank and reorganized into a mutual holding company form of organization in 2018. The deposits of Dedham IFS are insured by the Federal Deposit Insurance Corporation (FDIC) to the maximum extent permitted by law and by the Massachusetts Depositors Insurance Fund (DIF) for any amounts in excess of FDIC deposit insurance limits. Dedham IFS has ten banking offices in Eastern Massachusetts serving its customers with consumer and business banking products. As of June 30, 2023, Dedham IFS had consolidated assets of approximately \$2.2 billion and total deposits of approximately \$1.6 billion. Dedham IFS has two direct nonbank subsidiaries: DIFS Securities Corporation and Polo Enterprises.

South Shore Bancorp, MHC / South Shore Bancorp, Inc. /

South Shore Bank

SSB MHC is a Massachusetts mutual holding company registered as a bank holding company under the BHC Act, and subject to regulation by the FRB. SSB MHC has its corporate offices in Weymouth, Massachusetts. SSB MHC's principal asset is 100% of the outstanding capital stock of SSB Inc., its sole direct subsidiary.

SSB Inc. is a Delaware corporation and a wholly-owned subsidiary of SSB MHC. SSB Inc. is registered as a bank holding company under the BHC Act and is subject to regulation by the FRB. SSB Inc. has its corporate offices in Weymouth, Massachusetts. SSB Inc.'s principal asset is 100% of the outstanding capital stock of South Shore Bank, its sole direct subsidiary.

South Shore Bank is a Massachusetts-chartered stock savings bank with its main office in Weymouth, Massachusetts, and is a wholly-owned subsidiary of SSB Inc. South Shore Bank was chartered as a mutual savings bank and reorganized into a mutual holding company form of organization in 2004. The deposits of South Shore Bank are insured by the FDIC to the maximum extent permitted by law and by the DIF for any amounts in excess of FDIC deposit insurance limits. South Shore Bank has fifteen banking offices in Eastern Massachusetts serving its customers with consumer and business banking products. As of June 30, 2023, South Shore Bank had consolidated assets of approximately \$2.1 billion and total deposits of approximately \$1.8 billion. South Shore Bank has eight direct nonbank subsidiaries: 1833 Security Corporation, Bay Colony Enterprises, Inc., First Weymouth Corporation, Fourth Weymouth Corporation., 1868 Corporation, Braintree Co-operative Realty, Inc., 1530 Holdings, LLC, and Cambridge Mortgage Group, LLC.

Competition

The Petitioners have addressed the issue of whether competition among banks will be unreasonably affected by the Proposed Transaction. The application contained an analysis under the Herfindahl-Hirschmann Index (HHI), a key test utilized by federal agencies in assessing the competitive effects of a proposed acquisition. In this case, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. The Board's review, however, is not limited to such federal standards. It is the practice of the Board to consider a transaction in light of its impact on the citizens, communities, and banking structure in the Commonwealth on a community-by-community basis. In that regard, Petitioners have presented information that the Proposed Transaction will not have a significant adverse effect on competition among banking institutions in any relevant market. There is no overlap in the branch networks of each bank. Specifically, Dedham IFS and South Shore Bank do not maintain banking offices in

any of the same municipalities. Analyzing the branch networks on a more general level, Dedham IFS and South Shore Bank each have offices in Norfolk County, Massachusetts. Dedham IFS also has an office in Suffolk County, Massachusetts, however, South Shore Bank does not. South Shore Bank has offices in Plymouth County, Massachusetts, however, Dedham IFS does not. Thus, Norfolk County, Massachusetts, is the only relevant county-based banking markets in connection with the Proposed Transaction. Upon review, the Board does not believe the transaction will unreasonably affect competition for the reasons cited, as well as the fact that a number of diverse financial institutions will continue to provide competitive deposit and credit services throughout the affected areas and banking markets served by each bank.

Public Convenience and Advantage

The Board also considered whether public convenience and advantage will be promoted by this transaction. For the Petitioners, the Proposed Transaction represents a strategic growth opportunity. By sharing operational costs and resources, Dedham IFS and South Shore Bank will be able to remain competitive in the marketplace while maintaining each bank's independent presence and the organization's mutual ownership structure. The greater size of the combined organization will allow efficiencies through the combination of administrative and back-office systems. The Petitioners believe that these anticipated efficiencies are expected to improve the profitability of each bank by more than what each could expect to realize by continuing to operate under separate holding companies. Following the Proposed Transaction, Dedham IFS and South Shore Bank will continue to offer all of their respective current products and services from their current office locations. There will be no changes to products or services as a result of the Proposed Transaction. There are certain products and services offered by Dedham IFS which are not offered by South Shore Bank, and vice versa. Over time, each bank may expand its offerings to include some or all of the additional products offered by the other. Additionally, the scale and efficiencies achieved by the combined mutual holding company as a result of the Proposed Transaction are expected to allow Dedham IFS and South Shore Bank to invest in advanced products and services.

The Board has also considered the Petitioners' analysis of "net new benefits" related to the transaction with respect to the statutory criteria. The term includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors. As noted in their application, the existing main office and branches of South Shore Bank will be maintained after the Proposed Transaction. The Petitioners also noted in their application that they expect to retain all of South Shore Bank's employees, thereby providing continuity for its customers and communities. As noted above, the application provides that the Proposed Transaction will afford back-office efficiencies for the banks and should allow the combined organization to compete more effectively and improve profitability for each institution,

thereby providing funds for future plans for capital investment, job creation, and expansion of consumer and business services.

Related to the issue of public convenience and advantage is the record of CRA performance by the subsidiary banks of the parties to this transaction. Such a review for a state-chartered bank includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal or other state bank regulatory agency may also be considered. The Board notes that Dedham IFS received a “Satisfactory” rating in its most recent CRA evaluation conducted jointly by the Division and the FDIC as of October 20, 2021. The Board further notes that South Shore Bank received a “Satisfactory” rating in its most recent CRA evaluation conducted jointly by the Division and the FDIC as of October 7, 2019. Accordingly, the Board’s review of factors related to public convenience and advantage are supportive of approval.

The financial and managerial aspects of any transaction are also a significant consideration of the Board, as they may affect the continuing holding company’s ability to serve the banking public, to actively compete with other financial institutions, and to maintain its capital ratio standards for a safe and sound institution. As a mutual holding company merger, there will be no monetary consideration for the Proposed Transaction and the subsidiary banks will continue to be well-capitalized after consummation. The Petitioners have provided an opinion of tax counsel and assert that the transaction will be exempt from taxation at the entity level and at the shareholder level for both federal and state tax purposes. Following the effective time that the Proposed Transaction is consummated (Effective Time), the incorporators of the resulting MHC will consist of the incorporators of 1831 MHC and the incorporators of SSB MHC, each of whom will serve their respective remaining terms of office. The Board of Trustees of the resulting MHC will consist of 18 members: 8 members of the 1831 MHC Board of Trustees and the current President and Chief Executive Officer of 1831 MHC; and 8 members of the SSB MHC Board of Trustees and the current President and Chief Executive Officer of SSB MHC. For 3 years following the Effective Time, if a vacancy arises on the resulting MHC’s Board of Trustees, the Dedham IFS Board of Directors will have the exclusive right to nominate a successor trustee to replace a trustee who was a member of the 1831 MHC Board of Trustees immediately before the Effective Time and the SSB Board of Directors will have the exclusive right to nominate a successor trustee to replace a trustee who was a member of the SSB MHC Board of Trustees immediately before the Effective Time. The current President and Chief Executive Officer of 1831 MHC will be appointed Chief Executive Officer of the resulting MHC for a period of 3 years. The current President and Chief Executive Officer of SSB MHC will be appointed President of the resulting MHC for a period of 3 years, after which he is expected to then become Chief Executive Officer of the resulting MHC. Additionally, at the Effective Time, the current Chief Financial Officer and Chief Operating Officer of Dedham IFS, is expected to become Treasurer of the resulting MHC and the current Executive Vice President and Chief Operating Officer of South Shore Bank is

expected to become the Clerk of the resulting MHC. The Board’s consideration of the financial and managerial aspects of the transaction also supports its approval.

Conclusion

The application, supporting documents, the testimony received at the public hearing, as well as additional information submitted, have established a complete record on this petition, which has been reviewed in accordance with statutory provisions and policies of the Board. Based on the record of this matter considered in light of all relevant statutory and administrative requirements, the Board finds that public convenience and advantage will be promoted, that competition among banking institutions will not be unreasonably affected, and that the record of performance under CRA by the subsidiary banks involved in this transaction are consistent with its approval. Having considered the record established on this application, the Board has found that the applicable statutory and administrative criteria have been met. In accordance with the findings expressed herein and pursuant to the statutory authority cited herein, the Board hereby approves the petition and authorizes 1831 Bancorp, MHC and 1831 Bancorp, Inc. to acquire South Shore Bancorp, MHC and South Shore Bancorp, Inc., and to directly and indirectly own and control its wholly-owned depository institution subsidiary, South Shore Bank, provided that: (1) the transaction shall not be consummated until all necessary additional regulatory approvals have been obtained; and (2) the transaction is completed within one year of the date of this Decision. 1831 MHC will also continue to be subject to the provisions of Massachusetts General Laws chapter 167H and other applicable statutes.

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Mary L. Gallagher)	
Commissioner of Banks)	
)	Board of
)	
_____)	Bank
Deborah B. Goldberg)	
Treasurer and Receiver-General)	Incorporation
)	
)	
_____)	
Donald Twomey)	
Designee of the Commissioner of Revenue)	

November 20, 2023

Date