



# COMMONWEALTH OF MASSACHUSETTS

## DIVISION OF BANKS

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**DECISION  
RELATIVE TO THE MERGER OF  
ABINGTON BANK, ABINGTON, MASSACHUSETTS  
WITH AND INTO  
NORTH SHORE BANK, A CO-OPERATIVE BANK, PEABODY, MASSACHUSETTS**

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North Shore Bank, a Co-operative Bank (North Shore Bank), Peabody, Massachusetts has applied to the Division of Banks (Division) for authority to merge with Abington Bank, Abington, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 167I, section 3. Under the terms of an Agreement and Plan of Merger dated February 15, 2024, Abington Bank will merge with and into North Shore Bank (Proposed Transaction) under the charter, by-laws, and name of North Shore Bank (Continuing Institution). The main office of North Shore Bank will become the main office of the Continuing Institution after consummation of the proposed merger and the banking offices of Abington Bank will be retained as branch offices of the Continuing Institution. The merger application was filed in connection with a multi-step transaction whereby North Shore Bancorp, the mutual holding company for North Shore Bank, will also merge with and into Hometown Financial Group, MHC (Hometown MHC), Abington Bank's mutual holding company.

**Legal and Procedural Requirements**

Notice of North Shore Bank's application was posted and published as directed by the Division thereby affording opportunity for the public to submit comments. The period for filing comments has expired and no comments were received. The Division reviewed the application and supplementary materials submitted by North Shore Bank in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage, as well as "net new benefits," will be promoted by approval of the Proposed

Transaction. The Division also considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

The merger of Hometown MHC and North Shore Bancorp will be completed according to the authority set forth in Massachusetts General Laws chapter 167H, section 7. Pursuant to Massachusetts General Laws chapter 167A, section 3, because North Shore Bancorp will merge with and into Hometown MHC simultaneously with the merger of the respective subsidiary banks and such subsidiary bank merger requires the approval of the Commissioner of Banks, an application to the Commonwealth's Board of Bank Incorporation was not required to complete this related holding company transaction. However, in reviewing the Proposed Transaction, the Division must receive notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made consistent with Massachusetts General Laws chapter 167A, section 4 and the MHPF's affordable housing loan programs. The Division received notice from the MHPF that satisfactory arrangements have been made for this transaction in a letter dated September 3, 2024. In addition, the Depositors Insurance Fund (DIF) confirmed by letter dated May 7, 2024, that satisfactory arrangements have been made relative to providing excess deposit insurance for the deposits of the Continuing Institution.

### **The Parties**

North Shore Bank was originally chartered as a mutual co-operative bank in 1888. It reorganized into the mutual holding company form of organization in 1998 after receiving required approvals from the Division and the Massachusetts Board of Bank Incorporation. Accordingly, North Shore Bank is a stock co-operative bank and the wholly-owned subsidiary banking institution of North Shore Bancorp, a mutual holding company. In addition to its main office in Peabody, Massachusetts, North Shore Bank operates 15 full-service branch offices located in communities north of Boston, Massachusetts: Beverly (3), Danvers, Merrimac, Middleton, Peabody (3), Salem (2), and Saugus (2), in Essex County, Massachusetts; Reading in Middlesex County, Massachusetts; and Newton in Rockingham County, New Hampshire. North Shore Bank has four wholly-owned subsidiaries: North Shore Security Corp., Compass Rose Security Corporation, First Saugus Corporation, and Essex County Properties LLC. As of March 31, 2024, North Shore Bank reported total assets of approximately \$1.66 billion and total deposits of approximately \$1.39

billion. North Shore Bank's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation (FDIC) and by the DIF for amounts in excess of the FDIC's insurance limits.

Abington Bank is a Massachusetts state-chartered co-operative bank and is an indirect banking subsidiary of Hometown MHC and direct banking subsidiary of Hometown Financial Group, Inc. (Hometown Financial). In addition to Abington Bank, Hometown MHC and Hometown Financial also hold bankHOMETOWN, Oxford, Massachusetts and bankESB, Easthampton, Massachusetts as affiliate banking subsidiaries within the mutual holding company organization. Immediately following the merger of North Shore Bancorp with and into Hometown MHC, Hometown MHC will transfer all of the outstanding shares of common stock of North Shore Bank to Hometown Financial. Thereafter, bankHOMETOWN, bankESB, and the Continuing Institution will each be held as indirect banking subsidiaries of Hometown MHC and direct banking subsidiaries of Hometown Financial.

Abington Bank maintains its main office in Abington, Massachusetts and operates a network of ten branch offices located in the south shore region of Boston, Massachusetts in Norfolk County and Plymouth County, Massachusetts. Abington Bank has four wholly-owned subsidiaries: NASB Securities Corporation, 16 Harrison Avenue Corporation, 48 South Street Corporation, and First Eastern Mortgage Corp. As of March 31, 2024, Abington Bank reported total assets of approximately \$1.39 billion and total deposits of approximately \$1.00 billion. Abington Bank offers a full range of personal and business checking, deposit, and loan products and services. Abington Bank's deposits are insured by the FDIC to the fullest extent permitted by law, and deposit amounts in excess of the FDIC limits are insured by the DIF.

### **Competition**

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 upon, the guidelines used by the federal authorities to review bank mergers. These guidelines define relevant geographic markets and measure market concentrations as indicators of competitiveness in the local banking markets. 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 the affected

market into a single value. For this transaction, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources.

North Shore Bank and Abington Bank both compete in the Boston-Cambridge-Newton, Massachusetts-New Hampshire Banking Market (Relevant Market) as that market is defined by the Board of Governors of the Federal Reserve System for purposes of the HHI analysis. The Relevant Market is a moderately concentrated banking market on an unweighted deposits basis under the HHI model according to applicable guidelines and would remain a moderately concentrated market following this proposed multi-step transaction. With a projected change of less than 1 point in the HHI Index Value for the Relevant Market following the consummation of the Proposed Transaction, market concentration would remain essentially unchanged following the combination of Abington Bank with and into North Shore Bank and would therefore support a finding that consummation of the Proposed Transaction will not result in an undue concentration of banking resources. Additionally, the inclusion of Hometown MHC's other subsidiary banks, bankHOMETOWN and bankESB, in the HHI analysis does not alter the assessment of the competitive impact of the Proposed Transaction because neither bankHOMETOWN nor bankESB operate branch offices in the Relevant Market.

In addition to the HHI 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 Proposed Transaction will not have a significant adverse effect on competition among banking institutions in any relevant market. Specifically, there is no overlap in the cities and towns in which the banks maintain branch offices. All of North Shore Bank's branches are located in Essex County and Middlesex County, as well as Rockingham County, New Hampshire. All of Abington Bank's branches are located in Norfolk County and Plymouth County. Rather than combining overlapping branch networks, the Proposed Transaction will permit North Shore Bank to expand the branch network of the Continuing Institution into the south shore region of Boston, Massachusetts. Also, the presence of other banks, credit unions, and non-depository lenders in the relevant markets is a further indication that the Proposed Transaction will not have a significant adverse effect on competition nor result in an undue concentration of banking resources in the communities to be served by the Continuing Institution. Accordingly, the analysis of the competitive impact of this transaction supports its approval.

### **Public Convenience and Advantage**

The Division also considered information provided in the application addressing whether public convenience and advantage will be promoted by the Proposed Transaction. North Shore Bank anticipates that the Proposed Transaction will provide the Continuing Institution with the ability to offer its products and services in a more efficient manner, spreading fixed costs over a larger asset base. With no branch office closings anticipated as a result of this transaction, customers of both banks will benefit from access to the larger branch and ATM network of the Continuing Institution.

In determining whether to approve a petition under the statutory criteria, the Division is required to consider a showing of “net new benefits” related to the transaction. That term as set out in Massachusetts General Laws chapter 167I, section 3 includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Division may deem necessary. The materials submitted as part of the application indicate that the Boards of Directors of North Shore Bank and Abington Bank believe that consolidation in the banking sector and the growing dominance of large multi-state banking and regional organizations has made measured growth particularly important. Combining the resources, expertise, and market knowledge of North Shore Bank and Abington Bank is expected to benefit consumers in the market served in a number of ways, including increased convenience through additional branch and ATM locations. The greater size of the Continuing Institution and shared resources of the subsidiary banks under a common mutual holding company should allow economies of scale in such areas as operations and technology, which should result in greater efficiencies and superior banking services for customers. Additionally, the North Shore Bank and Abington Bank branches will be combined into the consolidated Hometown Financial data processing system allowing for increased efficiency.

The communities served by Abington Bank currently have access to the benefits of the Abington Bank Community Foundation, Inc., which will continue in existence after the closing of the Proposed Transaction. In addition, prior to the closing of the Proposed Transaction, North Shore Bank will establish a charitable foundation named the North Shore Bank Community Foundation Inc. (Foundation). The Foundation will be dedicated to charitable purposes within the communities currently served by North Shore Bank. Immediately before the closing of the Proposed Transaction, North Shore Bank will contribute

\$2 million to the Foundation. North Shore Bank intends to contribute an additional \$4 million to the Foundation over the four-year period following the Proposed Transaction. Accordingly, the factors related to public convenience and advantage, including net new benefits, are consistent with approval of the transaction.

Related to the issue of public convenience and advantage is the record of CRA performance by the banks that are parties to this transaction. Such review for Massachusetts-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. North Shore Bank received a “Satisfactory” rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of July 25, 2022. Abington Bank received a “Satisfactory” rating in its most recent CRA performance evaluation conducted concurrently by the Division and the Federal Reserve Bank of Boston each as of July 18, 2022. The Division’s consideration of the CRA performance of North Shore Bank and Abington Bank also supports the approval of the Proposed Transaction.

#### **Financial and Managerial Considerations**

The Division also reviews and considers the financial and managerial aspects of the Proposed Transaction. Materials provided indicate that the Continuing Institution will meet all regulatory capital requirements upon consummation of the Proposed Transaction.

The initial board of directors of the Continuing Institution will be comprised of 18 directors, ten designated from the current North Shore Bank directors and eight designated from the current Abington Bank directors. Materials provided indicate that the Continuing Institution’s senior executive officers will be comprised of senior management from each bank.

Following the merger of North Shore Bancorp with and into Hometown MHC, the incorporators of Hometown MHC will consist of all persons who were incorporators of each of North Shore Bancorp and Hometown MHC immediately prior to the closing. Such incorporators will continue to serve in their existing terms of office. Hometown MHC will increase the size of its Board of Trustees and appoint the current Chief Executive Officer of North Shore Bank and North Shore Bancorp, and two other current North Shore Bancorp board members, to be selected by Hometown MHC in consultation with North Shore Bancorp, to fill the additional seats created on the Boards of Trustees. Each of the North Shore trustees will be appointed

into separate classes of trustees. For five years following the merger, if a North Shore trustee dies or becomes unable to serve for any reason, such vacancy will be filled by a person recommended by the then members of North Shore Bank. The size of the Hometown MHC Board of Trustees cannot exceed 16 members for five years following the merger without the approval of a majority of the former North Shore Bancorp trustees. Accordingly, upon review, the financial and managerial considerations support approval of the application.

### **Conclusion**

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met, and that consummation of the Proposed Transaction is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for Abington Bank to merge with and into North Shore Bank, a Co-operative Bank under the charter, by-laws, and name of North Shore Bank, a Co-operative Bank pursuant to Massachusetts General Laws chapter 167I, section 3. Upon consummation of the Proposed Transaction, the charter of the former Abington Bank will cease to exist and all rights, privileges, powers, franchises, properties, assets, liabilities, and obligations of Abington Bank shall be vested in and assumed by the Continuing Institution. Approval is also granted for the Continuing Institution to maintain each of the branch offices of Abington Bank as branch offices of the Continuing Institution.

The approvals granted herein are subject to the following conditions:

1. That the Proposed Transaction shall not become effective until a Certificate 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 167I, section 3 has been returned with my endorsement thereon;
2. That the Proposed Transaction shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Secretary of State;
3. That the proposed holding company merger of North Shore Bancorp with and into Hometown MHC shall not become effective unless the Articles of Merger are filed with the Division; and
4. That the Proposed Transaction shall be consummated within one year of the date of this Decision.

Mary L. Gallagher  
Commissioner of Banks

September 3, 2024  
Date