



COMMONWEALTH OF MASSACHUSETTS

Division of Banks

1 Federal Street, Suite 710, Boston MA 02110-2012

mass.gov/dob

MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

ERIC PALEY
SECRETARY OF ECONOMIC
DEVELOPMENT

LAYLA R. D'EMILIA
UNDERSECRETARY

MARY L. GALLAGHER
COMMISSIONER

DECISION RELATIVE TO THE MERGER OF ATHOL SAVINGS BANK, ATHOL, MASSACHUSETTS WITH AND INTO CORNERSTONE BANK, SPENCER, MASSACHUSETTS

Cornerstone Bank, Spencer, Massachusetts has applied to the Division of Banks (Division) for authority to merge with Athol Savings Bank, Athol, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 167I, section 2. Under the terms of an Agreement and Plan of Merger dated July 23, 2025 (Merger Agreement), Athol Savings Bank will merge with and into Cornerstone Bank (Proposed Transaction) under the charter, by-laws, and name of Cornerstone Bank (Continuing Institution). The main office of Cornerstone Bank will become the main office of the Continuing Institution after consummation of the Proposed Transaction and the banking offices of Athol Savings Bank will be retained as branch offices of the Continuing Institution. For at least two years following the closing of the Proposed Transaction, Cornerstone Bank will maintain all Athol Savings Bank banking offices existing at the closing of the Proposed Transaction and will operate the acquired banking offices under the name “Athol Savings Bank, A Solutions Bank, a division of Cornerstone Bank.” Cornerstone Bank is an indirect subsidiary of PeoplesBancorp, MHC, Holyoke, Massachusetts, and is a subsidiary of PeoplesBancorp, MHC’s wholly-owned subsidiary, PeoplesBancorp, Inc. Although Athol Savings Bank is in mutual form and Cornerstone Bank is in stock form, the Proposed Transaction is authorized under Massachusetts General Laws chapter 167H, section 7, clause (2) since PeoplesBancorp, MHC is a mutual holding company and Cornerstone Bank is its subsidiary banking institution.

Legal and Procedural Requirements

Notice of Cornerstone 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 five comments were received. The Division considered the issues raised by the public comments and determined that the response letter from Cornerstone Bank satisfactorily addressed the submitted comments. The Division reviewed the application and supplementary materials submitted by Cornerstone 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 Depositors Insurance Fund (DIF) confirmed by letter dated September 9, 2025, that satisfactory arrangements have been made relative to providing excess deposit insurance for the deposits of the Continuing Institution.

The Parties

Cornerstone Bank is a Massachusetts-chartered savings bank in stock form as an indirect subsidiary of PeoplesBancorp, MHC, a mutual holding company. In addition to its main office in Spencer, Massachusetts, Cornerstone Bank has 11 branch offices, all of which are in Worcester County, Massachusetts. Cornerstone Bank is subject to supervision and examination by the Division and is a member of the Federal Reserve System. As of September 30, 2025, Cornerstone Bank had total assets of approximately \$1.7 billion and total deposits of approximately \$1.3 billion. Cornerstone Bank's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation (FDIC) and amounts in excess of FDIC insurance limits are insured by the DIF. Cornerstone Bank has two wholly-owned subsidiaries: S.S.B Securities Corporation and Spensabank, Inc. PeoplesBancorp, MHC is also the mutual holding company parent for PeoplesBank, Holyoke, Massachusetts, a Massachusetts-chartered savings bank.

Athol Savings Bank is a Massachusetts-chartered mutual savings bank with its main office in Athol, Massachusetts. In addition to its main office, Athol Savings Bank has four branch offices, all of which are in Worcester County, Massachusetts. Athol Savings Bank is subject to supervision and examination by the

Division. As of September 30, 2025, Athol Savings Bank had total assets of approximately \$681.2 million and total deposits of approximately \$554.1 million. Athol Savings Bank's deposits are insured up to allowable limits by the FDIC and amounts in excess of FDIC insurance limits are insured by the DIF. Athol Savings Bank has one wholly-owned subsidiary: 388 Main Street Securities Corporation.

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 federal authorities to review bank mergers. Essentially, these guidelines define relevant markets and measure concentration, which is considered an important indicator of competitiveness. 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 an affected market into a single value. Using the Board of Governors of the Federal Reserve System's (FRB) definition of relevant geographic markets, the Worcester, MA-CT Banking Market is the only FRB banking market where both Cornerstone Bank and Athol Savings Bank have banking operations and thus the relevant FRB banking market for purposes of the analysis. In this case, the HHI analysis demonstrates that consummation of the Proposed Transaction will not result in an undue concentration of banking resources. The Worcester, MA-CT Banking Market is an unconcentrated market under the HHI analysis and would remain an unconcentrated market following the consummation of the Proposed Transaction.

In addition to that analysis, the Division considers the competitive impact of a proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. Although Cornerstone Bank and Athol Savings Bank both have banking offices in Worcester County, it is noted in the materials submitted that there are many other offices of financial institutions for banking options in Worcester County. The Division also notes that none of the Athol Savings Bank branches are located within the same town as the Cornerstone Bank branches. PeoplesBancorp, MHC's other depository institution subsidiary, PeoplesBank, does not have any branches in Worcester County. Accordingly, the review of the Proposed Transaction's impact on competition does not raise concerns which would preclude its approval.

Public Convenience and Advantage

The Division has also considered the record of this application to determine whether public convenience and advantage will be promoted. The leadership teams of both banks believe that as a result of the Proposed Transaction, the Continuing Institution will be better positioned to compete in the financial services industry in the central part of Massachusetts with locations throughout Worcester County. According to the application, the Proposed Transaction will also improve the operating efficiency of both banks by spreading its fixed costs over a larger base of earning assets. Further, the Continuing Institution is expected to realize increased efficiencies due to the establishment by PeoplesBancorp, Inc. of a shared services model in which certain back-office functions (including risk management, accounting, human resources, information technology, and marketing) and other administrative and support staff are shared among the two subsidiary banking institutions within the multi-bank mutual holding company form of organization. No eliminations of current products or services are contemplated as a result of the Proposed Transaction. The application notes that Athol Savings Bank customers will receive the convenience of an additional 12 banking locations, 15 ATMs, and five ATMs throughout the southern portion of Worcester County at which they may conduct their banking business. Similarly, customers of both institutions will receive the benefits of larger loan-to-one borrower limits at the combined Cornerstone Bank and Athol Savings Bank following the Proposed Transaction, given the larger capital base. Cornerstone Bank has a proven record of giving back to the communities it serves. As a part of the Merger Agreement, for five years after the Proposed Transaction, Cornerstone Bank has committed to distributing an annual amount of charitable giving in the Athol Savings Bank market equal to 125% of the average of Athol Saving Bank's annual distributions in the past five years. The Division considered these reasons and others cited in the submitted documents in determining that public convenience and advantage will be promoted by approval of this Proposed Transaction.

In determining whether to approve a petition under the statutory criteria, the Division is also required to consider a showing of "net new benefits" related to the transaction. That term includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors which the Division may deem necessary. The application has addressed this requirement of the statute. Capital investments associated with the Proposed Transaction will include

new bank signage, telecommunications equipment, branch equipment, and other improvements as may be necessary. With regard to employment, no customer-facing positions are expected to be eliminated as a result of the Proposed Transaction. The Continuing Institution anticipates future growth which may create additional jobs and provide opportunities for career advancement for current Cornerstone Bank employees as well as Athol Savings Bank employees who will be joining the organization. Athol Savings Bank customers will be offered a broader array of consumer and business services and banking products as compared to those currently offered. According to the application, some of these new services and products include: Real Time Processing, FedNow Payments, Zelle, Zelle for Small Business, Greenlight Savings Program for Families with children, including the Moola Savings Program, Student Banking, U Choose Rewards Programs, Savings Round Up, Commercial Services platform with fraud management capabilities such as Positive Pay, Z-Rent, commercial loans through the SBA, instant decision on Small Business Loans and access to investment advice through the Capstone Planning Group. Lastly, the Continuing Institution is committed to maintaining the existing branch network of both Cornerstone Bank and Athol Savings Bank and has no plans to consolidate any branch offices. The application notes that the Continuing Institution will continue to evaluate new opportunities as they arise, which may include the opening of new branch offices. Accordingly, the Division has reviewed factors related to public convenience and advantage, as well as net new benefits, and has determined that they are consistent with approval of the application.

Related to the issue of public convenience and advantage is the record of performance under the CRA by the banks which are parties to this transaction. Such review for state-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency will also be considered. Cornerstone Bank received a “High Satisfactory” rating in the most recent CRA performance evaluation conducted by the Division as of March 4, 2024. Concurrently, the Federal Reserve Bank of Boston issued a “Satisfactory” rating in its most recent CRA performance evaluation as of March 4, 2024. Athol Savings Bank received a “High Satisfactory” rating by the Division and a “Satisfactory” rating by the FDIC in the most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of April 24, 2023. The Division’s consideration of the CRA performance of Cornerstone Bank and Athol Savings 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 a proposed transaction. Materials provided indicate that the continuing institution will meet all regulatory capital requirements upon consummation of the Proposed Transaction.

In terms of the Board of Directors and management, materials submitted to the Division indicate that after the Proposed Transaction, the Board of Directors of the Continuing Institution will consist of the current members of the Board of Directors of Cornerstone Bank together with the current President of Athol Savings Bank and three members of Athol Savings Bank's Board of Directors. The current President of Athol Savings Bank will become President of Cornerstone Bank after the Proposed Transaction is consummated. The officers and trustees/directors of PeoplesBancorp, MHC and PeoplesBancorp, Inc. immediately before the closing of the Proposed Transaction will remain unchanged. No new officers or trustees will be added.

The Board of Corporators for PeoplesBancorp, MHC will be comprised of all persons who were corporators of PeoplesBancorp, MHC immediately prior to the Proposed Transaction. Under the terms of the Merger Agreement, PeoplesBancorp, MHC agreed to take action to nominate up to 20 corporators of Athol Savings Bank, as mutually selected by PeoplesBancorp, MHC and Athol Savings Bank, for election as corporators of PeoplesBancorp, MHC at the next annual or special meeting of corporators of PeoplesBancorp, MHC to be held following the closing of the Proposed Transaction. Accordingly, upon review, 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 has concluded that all such requirements have been met, and that the consummation of the Proposed Transaction would be in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted to merge Athol Savings Bank with and into Cornerstone Bank under the charter, by-laws, and name of Cornerstone Bank under the provisions of said clause (2) of section 7 of chapter 167H, and said section 2 of chapter 167I of the General Laws. Upon consummation of the Proposed Transaction, the charter of Athol Savings Bank will cease to

exist, and all rights, privileges, powers, franchises, properties, assets, liabilities and obligations of Athol Savings Bank shall be vested in and assumed by the Continuing Institution. Approval is also granted for the Continuing Institution to maintain each of the banking offices of Athol Savings 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 167H, section 7, clause (2) and chapter 167I, section 2 has been returned for my endorsement thereon;
- (2) That the Proposed Transaction shall not become effective until Articles of Merger with my endorsement thereon are filed with the Secretary of State; and
- (3) That the Proposed Transaction shall be consummated within one year of the date of this Decision.

Mary L. Gallagher
Commissioner of Banks

December 23, 2025
Date