



COMMONWEALTH OF MASSACHUSETTS

DIVISION OF BANKS

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DECISION RELATIVE TO THE MERGER OF CAMBRIDGE TRUST COMPANY, CAMBRIDGE, MASSACHUSETTS WITH AND INTO EASTERN BANK, BOSTON, MASSACHUSETTS

Eastern Bank, Boston, Massachusetts has applied to the Division of Banks (Division) to merge with Cambridge Trust Company, Cambridge, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 167I, section 3. Under the terms of an Agreement and Plan of Bank Merger dated as of October 5, 2023, Cambridge Trust Company will merge with and into Eastern Bank (Proposed Transaction) under the charter, bylaws, and name of Eastern Bank (Continuing Institution). The main office of Eastern Bank will remain the main office of the Continuing Institution after consummation of the Proposed Transaction. Eastern Bank has also petitioned the Division to maintain and operate the banking offices of Cambridge Trust Company existing as of the consummation of the Proposed Transaction as branch offices of the Continuing Institution. In conjunction with the Proposed Transaction, Eastern Bank has filed applications with the Division to close eight Eastern Bank branch office locations and Cambridge Trust Company has filed applications requesting approval to close three branch office locations.

The Proposed Transaction is part of a multi-step transaction which included an application before the Board of Bank Incorporation (Board) in which Eastern Bankshares, Inc. (Eastern Bankshares), a Massachusetts stock holding company, will indirectly acquire the stock of Cambridge Trust Company through a merger of Cambridge Bancorp, the holding company for Cambridge Trust Company, with Citadel MS 2023, Inc. (Merger Subsidiary), a wholly-owned subsidiary of Eastern Bankshares formed for the purpose of facilitating this proposed multi-step transaction. According to an Agreement and Plan of Merger

dated as of September 19, 2023 by and among Eastern Bankshares, Eastern Bank, Merger Subsidiary, Cambridge Bancorp, and Cambridge Trust Company, at the effective time of the proposed multi-step transaction, Merger Subsidiary will merge with and into Cambridge Bancorp resulting in Cambridge Bancorp becoming a subsidiary of Eastern Bankshares and then Cambridge Bancorp will immediately merge into Eastern Bankshares (collectively, the Parent Merger). The Board approved the Parent Merger in its Decision of this same date.

Following the Parent Merger, Cambridge Trust Company and Eastern Bank would continue to operate separately as wholly-owned depository institution subsidiaries of Eastern Bankshares during a brief transition period. The effective time of the proposed merger of the subsidiary banks would occur shortly after the completion of the conversion of the applicable core data processing systems and customer data migration into Eastern Bank's core data processing system.

Legal and Procedural Requirements

Notice of Eastern Bank's application was posted and published as directed by the Division, thereby affording opportunity for interested parties to submit comments to the Division. The period for filing comments has expired, and one comment was received. The Division reviewed the application, all related documents including the public comment and supplementary materials submitted by Eastern 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 considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

The Parties

Eastern Bank is a Massachusetts state-chartered trust company and is the sole banking subsidiary of Eastern Bankshares. In addition to its main office in Boston, Massachusetts, Eastern Bank operates a network of 97 branch offices including 90 branch offices in Massachusetts and seven branch offices in New Hampshire. As of December 31, 2023, Eastern Bank reported total assets of approximately \$21.12 billion and total deposits of approximately \$17.74 billion. Eastern Bank's capital ratios exceeded the regulatory

criteria for classification as a “well-capitalized” depository institution as of December 31, 2023. Eastern Bank offers a full range of financial products and banking services for consumers, businesses, government agencies, and nonprofit organizations. Eastern Bank controls four subsidiaries including a security corporation, a subsidiary organized to hold real estate used for bank premises, a second, dormant real estate subsidiary dedicated to holding and disposing of real estate, and a subsidiary through which investments are made in a solar community development entity to fund investments qualifying for renewable energy investment tax credits. While this application was pending, Eastern Bank completed the sale of a fifth subsidiary, Eastern Insurance Group LLC, to Arthur J. Gallagher & Company on October 31, 2023.

Cambridge Trust Company is a Massachusetts state-chartered trust company and is the sole banking subsidiary of Cambridge Bancorp. In addition to its main office in Cambridge, Massachusetts, Cambridge Trust Company maintains 21 branch offices including 16 branch offices in Massachusetts and five branch offices located in New Hampshire. As of December 31, 2023, Cambridge Trust Company reported total assets of approximately \$5.42 billion and total deposits of approximately \$4.34 billion. Cambridge Trust Company’s capital ratios exceeded the regulatory criteria for classification as a “well-capitalized” depository institution as of December 31, 2023. Cambridge Trust Company has three wholly-owned subsidiaries that would be acquired by Eastern Bank including two Massachusetts securities subsidiaries engaged in buying, selling, and holding securities on their own behalf and Cambridge Trust Company of New Hampshire, Inc., a New Hampshire non-depository trust company providing specialized wealth management services in New Hampshire to customers of Cambridge Trust Company.

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 the affected market into a single value.

The HHI analysis applicable to the largest relevant geographic market within the primary service area of both banks demonstrates that consummation of the Proposed Transaction will not result in an undue concentration of banking resources. Eastern Bank and Cambridge Trust Company compete in the Boston, Massachusetts-New Hampshire Banking Market (Boston Banking Market) as that market is defined by the Board of Governors of the Federal Reserve System for purposes of the HHI analysis. The Boston Banking Market is a moderately concentrated banking market on an unweighted basis under the HHI model according to applicable guidelines and would remain a moderately concentrated market following this Proposed Transaction. Also, the five point and 13-point increases in the HHI, on an unweighted and weighted basis respectively, for the Boston Banking Market resulting from the consolidation of Cambridge Trust with and into Eastern Bank would not reflect a significant impact on banking competition under applicable HHI guidelines. The other relevant geographic markets in which both banks compete include the Manchester, New Hampshire Banking Market, Portsmouth, New Hampshire-Maine Banking Market, and the Dover-Durham, New Hampshire-Maine Banking Market. On an unweighted basis, the HHI increases as a result of the Proposed Transaction in these additional markets are equal to two points, 18 points, and three points, respectively, and none of these increases in the HHI values would reflect a significant impact on banking competition under applicable HHI guidelines. Similar results are obtained by applying the FDIC's county-based analysis to the Massachusetts counties of Essex, Middlesex, Norfolk, and Suffolk and the New Hampshire counties of Hillsborough and Rockingham in which Eastern Bank and Cambridge Trust Company both maintain branch offices.

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. A significant overlap is present in the primary service areas and CRA assessment areas served by Eastern Bank and Cambridge Trust Company. Eastern Bank addressed this banking market overlap and presented information to illustrate that the Proposed Transaction would not have a significant adverse effect on competition nor result in an undue concentration of banking resources in the communities

served by the Continuing Institution. Eastern Bank states that the Continuing Institution will continue to meet the financial needs of the shared and contiguous communities currently served by the two banks independently and will be able to create economies of scale to offer a range of products and services more efficiently to consumers, small business, commercial, non-profit, and municipal customers. As noted in the submitted application, in addition to competing with other banks to provide banking and financial services in the applicable communities, additional competition derives from credit unions, licensed mortgage lenders and mortgage brokers, other non-bank financial institutions, and mutual fund providers and broker-dealers. Eastern Bank stated that as a mid-sized bank, the Proposed Transaction will enhance the Continuing Institution's competitive positioning to continue to address the lending and investment needs of small to medium sized businesses and non-profit organizations. Based upon the foregoing, the Division finds that the Proposed Transaction will not unreasonably impact competition.

Public Convenience and Advantage

The Division considered the record of the application to determine whether public convenience and advantage will be promoted by the Proposed Transaction. Eastern Bank asserts that current customers of both banks and prospective customers of the Continuing Institution will benefit from the Continuing Institution's increased asset size, lending capacity, improved efficiency, and commitment to innovation and technology. Eastern Bank states that the Continuing Institution, relative to the levels currently achieved by Cambridge Trust Company, will be able to increase the level of participation in residential and commercial lending in the communities served by Cambridge Trust Company.

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 Proposed 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. Eastern Bank satisfactorily addressed this requirement of the statute. The Continuing Institution anticipates that capital investments related to the Proposed Transaction will likely be limited to replacing signage at former Cambridge Trust Company office locations, executing a core processing system conversion and data migration, and completing any needed improvements to

branch offices in the combined branch network. With regard to employment, Eastern Bank reported that although there will be some initial staffing reductions associated with the Proposed Transaction, the Continuing Institution intends to retain all customer-facing retail branch, private banking, and wealth management personnel. The Continuing Institution also expects that future growth will create opportunities for additional employment as well as career advancement for current employees of both banks.

Eastern Bank and Cambridge Trust Company both offer a broad range of loan products for consumer, commercial, and small business customers as well as a portfolio of commercial and small business cash management and related services. Eastern Bank anticipates that the Continuing Institution will not eliminate or reduce the products, services, or delivery platforms currently offered or operated by either bank. Eastern Bank customers will have opportunities to gain access to the more robust wealth management and private banking services now available to Cambridge Trust Company customers. Consistent with Eastern Bank's description of the complementary nature of the Proposed Transaction, Cambridge Trust Company customers will gain access to the more developed mobile and online banking platforms and expanded SBA lending operations currently available to Eastern Bank customers. Customers of both banks will benefit from the Continuing Institution's greater combined resources which will provide the Continuing Institution the capacity to increase investments, develop and deliver new technologies, enhance digital delivery channels for banking services, and improve the offerings of banking and financial products and services. Current customers of both banks will also gain access to a larger network of branch offices and ATMs.

Due to the overlapping geographic markets served and the proximity of existing branches of the two banks in some Massachusetts communities, Eastern Bank has identified eight Eastern Bank branch office locations and three Cambridge Trust Company branch office locations to be closed in conjunction with this Proposed Transaction. Eastern Bank has submitted applications to the Division requesting approval to close each of the following branch office locations: (1) 63 Franklin Street, Boston; (2) 265 Franklin Street, Boston; (3) 1 Brattle Street, Cambridge; (4) 287 3rd Street, Cambridge; (5) 1833 Massachusetts Avenue, Lexington; (6) 258 Washington Street, Wellesley; (7) 538 Central Avenue, Dover, New Hampshire; and (8) 163 Deer Street, Portsmouth, New Hampshire. Cambridge Trust Company has

also submitted applications to the Division requesting approval to close each of the following branch office locations: (1) 69 Park Street, Andover; (2) 776 Beacon Street, #1, Newton Center; and (3) 99 South River Road, Bedford, New Hampshire.

Notice of the applications by Eastern Bank and Cambridge Trust Company to close the above locations were posted in the impacted branch offices and on the websites of both banks as directed by the Division thereby affording opportunity for interested parties to submit comments to the Division. The period for filing comments has expired, and one comment was received.

The Division considered the proposed branch office closings associated with this Proposed Transaction relative to the standards required for a “net new benefits” analysis. Information provided as part of the branch office closing applications illustrates that for nine of the eleven proposed branch office closings, the existing Eastern Bank or Cambridge Trust Company branch location in closest proximity to the branch office designated for closing is within .5 miles. For ten of the eleven proposed office closings, an existing Eastern Bank or Cambridge Trust Company branch office would continue to operate as a branch office of the Continuing Institution within 1.0 mile of the branch office selected for closing. There are no instances in which the Continuing Institution would be exiting a city or town in which an existing Eastern Bank or Cambridge Trust Company branch office is currently maintained. In addition to geographic proximity, the Division also considered the communities served by the branch offices that Eastern Bank selected for closing. The combined eleven branch office closings would not result in the Continuing Institution exiting any low- or moderate-income communities. The Continuing Institution will operate branch offices in 6 municipalities in which Eastern Bank does not currently maintain a branch office. Accordingly, the Division has determined that a consideration of all of the factors related to public convenience and advantage, including “net new benefits,” supports an approval of the Proposed Transaction.

Related to the issue of public convenience and advantage is the record of Community Reinvestment Act (CRA) performance by the banks that are the parties to this Proposed Transaction. Such review for Massachusetts state-chartered banks 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. Eastern Bank received an “Outstanding” rating in its most recent CRA evaluation conducted jointly by the Division and the FDIC as of March 22, 2021. Cambridge Trust Company received a “Satisfactory” rating in its most recent CRA evaluation conducted jointly by the Division and the FDIC as of July 20, 2020. The Division’s consideration of the CRA performances of Eastern Bank and Cambridge Trust Company 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. According to materials submitted as part of the application, at the effective time of the Proposed Transaction, each share of Cambridge Bancorp common stock issued and outstanding will convert to the right to receive 4.956 shares of Eastern Bankshares, Inc. common stock. Eastern Bankshares will also make payments to the holders of Cambridge Bancorp common stock in lieu of fractional shares from available cash. Based upon the common stock share exchange and cash payments in lieu of fractional shares, no financing arrangements were necessary to complete this proposed transaction. Materials provided with the merger application indicate that upon consummation of the Proposed Transaction, the Continuing Institution will continue to meet all regulatory capital requirements as a well-capitalized institution.

According to the application, four directors of Cambridge Bancorp will be appointed to the board of directors of Eastern Bankshares and to the board of directors of Eastern Bank. The current President and Chief Executive Officer of Cambridge Bancorp, Denis K. Sheahan, will be one of the four Cambridge Bancorp directors appointed to the boards of directors of Eastern Bankshares and Eastern Bank. Mr. Sheahan will also become the Chief Executive Officer of Eastern Bankshares and Eastern Bank. Robert F. Rivers, the current Chief Executive Officer and Chair of the Board of Directors of Eastern Bankshares and Eastern Bank will become the Executive Chair of Eastern Bankshares and Eastern Bank. Mr. Rivers will remain the principal executive officer of Eastern Bankshares and Chair of the Board of Directors of Eastern Bankshares and Eastern Bank. Other changes among executive management personnel in connection with the completion of the Proposed Transaction include the promotion of Quincy Miller to Vice Chair, President, and Chief Operating Officer of Eastern Bankshares and Eastern Bank and Jeffrey Smith

becoming Executive Vice President and Head of Wealth Management of Eastern Bank. Accordingly, 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 Cambridge Trust Company to merge with and into Eastern Bank under the charter, bylaws, and name of Eastern Bank pursuant to Massachusetts General Laws chapter 167I, section 3. Upon consummation of the Bank Merger, the charter of Cambridge Trust Company shall cease to exist; the separate existence of Cambridge Trust Company shall cease; and all rights, privileges, powers, franchises, properties, assets, liabilities, and obligations of Cambridge Trust Company shall be vested in and assumed by Eastern Bank.

Approval is granted for Eastern Bank to close each of the following branch office locations: (1) 63 Franklin Street, Boston; (2) 265 Franklin Street, Boston; (3) 1 Brattle Street, Cambridge; (4) 287 3rd Street, Cambridge; (5) 1833 Massachusetts Avenue, Lexington; (6) 258 Washington Street, Wellesley; (7) 538 Central Avenue, Dover, New Hampshire; and (8) 163 Deer Street, Portsmouth, New Hampshire in accordance with Massachusetts General Laws chapter 167C, section 3. Approval is also granted for Cambridge Trust Company to close each of the following branch office locations: (1) 69 Park Street, Andover; (2) 776 Beacon Street, #1, Newton Center; and (3) 99 South River Road, Bedford, New Hampshire in accordance with Massachusetts General Laws chapter 167C, section 3. Finally, approval is also granted pursuant to Massachusetts General Laws chapter 167I, section 3 for Eastern Bank to maintain the remaining banking offices of Cambridge Trust Company as branch offices of the Continuing Institution.

The approvals granted herein are subject to the following conditions:

1. That the Proposed Transaction shall not be consummated until all necessary additional regulatory approvals have been obtained;
2. 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;

3. That the Proposed Transaction shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Massachusetts Secretary of State; and
4. That the proposed merger shall be consummated within one year of the date of this Decision.

Mary L. Gallagher
Commissioner of Banks

May 13, 2024
Date