



# *The Commonwealth of Massachusetts*

## *Board of Bank Incorporation*

**DECISION  
RELATIVE TO THE PETITION OF  
EASTERN BANKSHARES, INC., BOSTON, MASSACHUSETTS  
TO ACQUIRE  
CAMBRIDGE BANCORP, CAMBRIDGE, MASSACHUSETTS**

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Eastern Bankshares, Inc., Boston, Massachusetts (Eastern Bankshares) has petitioned the Board of Bank Incorporation (Board) pursuant to Massachusetts General Laws chapter 167A, sections 2 and 4 to acquire and merge with Cambridge Bancorp, Cambridge, Massachusetts and to acquire its wholly-owned subsidiary bank Cambridge Trust Company, Cambridge, Massachusetts. Eastern Bankshares is the holding company for Eastern Bank, Boston, Massachusetts. Eastern Bankshares's application before the Board is part of a multi-step transaction in which Cambridge Trust Company will merge with and into Eastern Bank. A separate application has also been filed with the Division of Banks (Division) for the subsequent merger of Cambridge Trust Company with and into Eastern Bank. The subsidiary bank merger portion of the proposed multi-step transaction is by statute subject to the approval of the Division.

The application for Eastern Bankshares to acquire Cambridge Bancorp (Application) and thereby become a bank holding company pursuant to Massachusetts General Laws chapter 167A, section 2 was filed in connection with a multi-step transaction in which 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). The Merger Subsidiary is a wholly-owned subsidiary of Eastern Bankshares formed for the purpose of facilitating this multi-step transaction. According to an Agreement and Plan of Merger by and among Eastern Bankshares, Eastern Bank, Merger Subsidiary, Cambridge Bancorp, and Cambridge Trust Company dated as of September 19, 2023, 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 Cambridge Bancorp will then immediately merge into Eastern Bankshares (collectively, the Proposed Transaction). Conditioned upon the completion of the Proposed Transaction and subject to the approval of the Division, Cambridge Trust Company will merge with and into Eastern Bank (Continuing Institution) following a brief transition period following the holding company merger during which the subsidiary banks will continue to operate separately.

### **Legal and Procedural Requirements**

Notice of the Application was published and posted as directed by the Board, thereby affording opportunity for interested parties to submit comments. Other standard notice procedures informing the public of this matter before the Board were implemented. The Board held a public hearing relative to this application on January 9, 2024. On January 12, 2024, Eastern Bankshares submitted supplemental information in response to questions asked at the hearing. The comment period on the Proposed Transaction ended on January 17, 2024, and one comment was received. The Board reviewed the Application, all related documents including the public comment and the supplemental information filing, and considered testimony received at the public hearing. The Board's 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 subsidiary banks of the respective holding companies. The financial and management components of the proposed acquisition were also considered. The statutory requirements set out in sections 2 and 4 of said chapter 167A were also significant 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 Eastern Bankshares 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 December 21, 2023.

### **The Parties**

Eastern Bankshares is a Massachusetts corporation and is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. Eastern Bankshares was formed in 2020 in connection with the conversion of Eastern Bank Corporation, the former mutual holding company of Eastern Bank, from a mutual holding company to the stock holding company form of organization. As of December 31, 2023, Eastern Bankshares reported consolidated assets of approximately \$21.13 billion. Eastern Bankshares's capital ratios exceeded the regulatory criteria for classification as a "well-capitalized" institution as of December 31, 2023. Eastern Bankshares's principal asset is 100% ownership of Eastern Bank, a Massachusetts state-chartered trust company established in 1818 with its main office in Boston, Massachusetts.

Eastern Bank operates a network of 97 branch offices located in Massachusetts and New Hampshire. Eastern Bank's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation (FDIC). 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 controlled five subsidiaries, including Eastern Insurance Group LLC (EIG), at the time the Application was filed with the Board on October 6, 2023. The sale of EIG to Arthur J. Gallagher & Company subsequently closed on October 31, 2023.

Cambridge Bancorp is a Massachusetts corporation formed in 1983 and is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. Cambridge Bancorp reported consolidated assets of approximately \$5.42 billion as of December 31, 2023. Cambridge Bancorp conducts business principally through its wholly-owned bank subsidiary, Cambridge Trust Company, a Massachusetts state-chartered trust company.

Cambridge Trust Company, originally chartered in 1890, operates from its main office in Cambridge, Massachusetts and a network of 21 branch offices located in cities and towns in Essex, Middlesex, Norfolk, and Suffolk Counties in Massachusetts and in Hillsborough, Rockingham, and Strafford Counties in New Hampshire. Cambridge Trust Company's deposits are insured up to allowable limits by the FDIC. Cambridge Trust Company reported total assets of approximately \$5.42 billion and total deposits of approximately \$4.34 billion as of December 31, 2023. 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 provides wealth management and private banking services primarily serving customers in Massachusetts and New Hampshire. Cambridge Trust Company also offers a range of deposit and loan products for consumers, homeowners, and commercial and small business customers. Cambridge Trust Company has three wholly-owned subsidiaries including two securities corporations and a New Hampshire non-depository trust company established in 2010 to provide specialized wealth management services in New Hampshire.

### **Competition**

Eastern Bankshares has submitted materials to address 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 in the specified banking markets in Massachusetts or New Hampshire. The Board's review, however, is not limited to such federal standards in its consideration of whether competition will be unreasonably affected. Rather it is the position of this Board to consider a transaction in light of its impact on the citizens, communities, and banking structure on a community-by-community basis instead of by variously grouped markets.

The Board has considered that there is significant overlap in both the branch office network and CRA assessment areas of the subsidiary banks. The application materials and testimony at the public hearing acknowledge that the subsidiary banks serve a substantially similar geographic area that includes both overlapping and contiguous municipalities. Both subsidiary banks have branch offices in Essex, Middlesex, Suffolk, and Norfolk Counties in Massachusetts and in Hillsborough and Rockingham Counties in New Hampshire. Eastern Bank maintains a current branch location in eleven of the seventeen cities and towns in which Cambridge Trust Company's branch offices are located. Eastern Bankshares has indicated that the Proposed Transaction will permit the Continuing Institution 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. Upon review, the Board does not believe the Proposed 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 services and loan products throughout the affected areas and banking markets served by the Continuing Institution.

#### **Public Convenience and Advantage**

The Board has also considered whether public convenience and advantage will be promoted by the Proposed Transaction. Eastern Bankshares states that the Proposed Transaction is consistent with a plan to pursue strategic acquisitions to create significant economies of scale and support increasing technological investments. The Proposed Transaction will result in the combination of the financial resources and complementary business models of the two subsidiary banks to increase the asset base, reduce operating expenses, and increase the competitiveness of the Continuing Institution while continuing to meet the financial needs of the shared communities served by both banks. Customers of Cambridge Trust Company will gain access to the more robust online and mobile banking platforms of the Continuing Institution and will have greater access to an expanded network of branch offices and ATMs and an expanded range of retail banking products and services including SBA lending and personal loans and lines of credit. Customers of Eastern Bank will have access to the more developed wealth management and private banking services offered by Cambridge Trust Company. Customers of both banks will gain access to a broader combined network of branch offices and the larger lending limit of the Continuing Institution.

Due to the overlapping geographic markets served and the proximity of existing branches of the two banks in some Massachusetts and New Hampshire communities, Eastern Bank has identified eight Eastern Bank branch offices and three Cambridge Trust Company branch offices to be closed in conjunction with this multi-step transaction. Although eleven branch offices would be closed, the Continuing Institution would not be exiting any cities or towns within which Eastern Bank or Cambridge Trust Company currently maintains a branch office, and the total number of branch offices for the Continuing Institution would be greater than the number of branch offices in the current Eastern Bank branch network. The Board acknowledges that of the eleven branch offices identified for closing, 9 offices are within one-half mile of the nearest branch office intended to be operated by the Continuing Institution and none of the eleven branch offices identified for closing are located within a low- or moderate-income area. The Proposed Transaction would result in a net increase of eleven branches in Eastern Bank's branch network and in Eastern Bank entering 6 new communities in which Eastern Bank does not currently maintain a branch office.

Related to the issue of public convenience and advantage is the record of performance under the CRA by the subsidiary banks which are the parties to this Proposed 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 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. The Board further notes that 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. Accordingly, the Board's review of factors related to public convenience and advantage are supportive of approval.

The Board has considered Eastern Bankshares's analysis of "net new benefits" related to the Proposed 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. The application materials indicated that initial capital investments associated with the Proposed Transaction will likely be limited and allocated primarily to updating signage at former Cambridge Trust Company office locations and such branch improvements and related expenses as may be needed. Eastern Bankshares has indicated that the Proposed Transaction will result in an initial reduction of staff levels as some redundant positions are consolidated, but the Continuing Institution intends to retain all customer-facing retail branch, private banking, and wealth management personnel. By combining the subsidiary banks, Eastern Bankshares anticipates that the increased efficiency and competitiveness of the Continuing Institution will support future growth that will produce additional opportunities for new employment and career advancement for current employees. The materials submitted with the Application

indicate that consumers and commercial customers will continue to have access to a full range of banking products, services, and delivery channels following the Proposed Transaction. Eastern Bankshares stated that it does not expect any elimination or reduction of the banking products, services, and delivery channels currently offered by either subsidiary bank. The Continuing Institution intends to combine Eastern Bank's more developed online and mobile banking platforms and broader branch network with Cambridge Trust Company's wealth management and private banking services to expand the delivery of these services to the broader area served by the Continuing Institution.

The Board has considered the application and testimony provided at the Board's public hearing and finds that consideration of public convenience and advantage including net new benefits weighs in favor of approving the Proposed Transaction.

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 and to actively compete with other financial institutions as well as to maintain its capital ratio standards for a safe and sound institution. At the effective time of the merger, each share of issued and outstanding Cambridge Bancorp common stock will be converted into the right to receive a number of shares of Eastern Bankshares common stock plus cash in lieu of fractional shares, in accordance with the agreed upon exchange ratio. Eastern Bankshares reported that no financing arrangements or issuance of new equity securities were necessary to fund this transaction. Upon consummation of the Proposed Transaction, Eastern Bankshares will remain a well-capitalized holding company under applicable bank regulatory guidelines. Eastern Bankshares further indicated that the Proposed Transaction and the subsequent merger of the subsidiary banks are expected to constitute tax-free reorganizations under applicable state and federal tax law.

Upon closing of the Proposed Transaction, 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. The Board's consideration of the financial and managerial aspects of the Proposed 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 comprehensive record on this petition, which has been reviewed consistent with statutory provisions and the 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 Proposed 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. Accordingly, the Board has concluded that the Application should be approved.

In accordance with the findings expressed herein and pursuant to statute, the Board hereby approves the Application and authorizes Eastern Bankshares, Inc. to acquire Cambridge Bancorp and its subsidiary bank, Cambridge Trust Company, provided that the Proposed Transaction is completed within one year of the date of this Decision.

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

Board of  
Bank  
  
Incorporation

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May 13, 2024  
Date