

**DECISION
ON THE APPLICATIONS RELATIVE TO THE
REORGANIZATION INTO A MUTUAL HOLDING COMPANY BY
HAVERHILL BANK
HAVERHILL, MASSACHUSETTS**

Haverhill Bank (Petitioner), Haverhill, Massachusetts, has submitted applications to the Division of Banks (Division) to reorganize into a mutual holding company structure pursuant to the provisions of Massachusetts General Laws chapter 167H and Subpart C of the Division's regulation 209 CMR 33.21 et seq. The applications set forth a multi-step transaction (collectively, the Reorganization) that includes the formation of Haverhill De Novo Bank as an interim mutual co-operative bank which will immediately reorganize to become a mutual holding company, HB Holdings, MHC (MHC). The MHC will establish Haverhill Interim Stock Bank (Continuing Bank) as a subsidiary co-operative bank in stock form and the Petitioner will be merged with and into the Continuing Bank. This Reorganization has been structured as a multi-step transaction requiring multiple applications before the Division.

The applications to the Division are made pursuant to the following: (i) Massachusetts General Laws chapter 167I, section 18 to establish the interim mutual co-operative bank solely to facilitate the reorganization of the institution into the mutual holding company form; (ii) Massachusetts General Laws chapter 167H, section 2(b)(2) to form the MHC and establish the Continuing Bank; and (iii) Massachusetts General Laws chapter 167H, sections 2(b)(2) and 7(2) and chapter 167I, section 4 for the merger of the Petitioner with and into the Continuing Bank under the charter and bylaws of the Continuing Bank. Upon the completion of the Reorganization, the Continuing Bank will operate under the name Haverhill Bank. The MHC and the Continuing Bank will each be headquartered at 180 Merrimack Street, Haverhill, Massachusetts.

The Petitioner is a Massachusetts-chartered mutual co-operative bank. It operates from its main office in Haverhill, Massachusetts and has seven branch offices. As of June 30, 2020, the Petitioner reported total consolidated assets of approximately \$462.9 million and is considered well-capitalized under applicable prompt corrective action regulations.

In accordance with the provisions of said chapters 167H and 167I and Subpart C of the Division's implementing regulation 209 CMR 33.21, the Petitioner and its related entities have submitted the requisite documents and information relative to these transactions, and appropriate notice has been given to its depositors and to the public. The period for filing comments ended on July 2, 2020, and no comments were received.

The applications and supporting documents have established an extensive record on these petitions which have been reviewed in light of the relevant statutory provisions and Division regulations. Those requirements necessitate that among other things, the Division consider whether the Reorganization will be fair to the depositors of the Petitioner and whether the public interest will be served by this transaction. Similarly, the merger must be found to promote public convenience and advantage including a showing of net new benefits and not to unreasonably affect competition among banking institutions. Having considered the record established in these applications, the Division has determined that the statutory and administrative considerations support approval of the Reorganization including the related merger of the Petitioner with and into the Continuing Bank. In making these findings, the Division has noted that the Petitioner received a "Satisfactory" rating in its most recent Community Reinvestment Act performance evaluation conducted by the Division and the Federal Deposit Insurance Corporation as of March 5, 2018.

In accordance with these findings and pursuant to statute, I hereby approve the Reorganization including the merger of the Petitioner with and into the Continuing Bank subject to the following considerations:

- (1) The Reorganization shall not be consummated until all necessary additional regulatory approvals have been obtained.
- (2) Commencing with the transaction's effective date, the Division's minimum capital requirements for the Continuing Bank and the MHC are as follows:

- (a) The Continuing Bank's Tier 1 leverage capital ratio must equal or exceed 4% or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation, or the Federal Reserve based upon the Continuing Bank's most recent Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income and any amendments thereto. The amount of capital shall be calculated in accordance with 12 CFR Part 324;
 - (b) The MHC's consolidated Tier 1 leverage capital ratio must equal or exceed 4% or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation, or the Federal Reserve based upon its most recent call report or any amendment thereto as reported to the federal or state authority; and
 - (c) The Commissioner may impose further conditions or restrictions on the payment of dividends if the minimum capital ratios fall or would fall below those stated in clauses (2)(a) or (2)(b). There will be no dividend restrictions other than those found in Massachusetts General Laws chapter 167J, section 17 so long as the minimum capital ratios set out herein are maintained.
- (3) After the completion of the Reorganization:
- (a) The MHC may engage in only such activities as are now or may hereinafter be activities authorized for a mutual holding company under Massachusetts General Laws chapter 167H, section 7 and other applicable provisions of chapter 167H;
 - (b) The Continuing Bank may engage in any investment or activity which it may from time to time engage in as a state-chartered co-operative bank in stock form; and
 - (c) The MHC or any entity within its control shall provide thirty days notice to the Division of any intention to issue any securities known generally as Trust Preferred Securities, either individually or on a pooled basis, prior to entering into any agreement relative to such issuance. The Division reserves the discretion to modify or rescind this condition at any time.
- (4) The proposed merger shall not become effective until a Certificate of Consolidation 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, sections 2(b)(2) and 7(2), and chapter 167I, section 4, has been returned for my endorsement thereon.
- (5) The Articles of Organization and/or Charter documents and Articles of Merger shall be filed with the Division or the Office of the Secretary of the Commonwealth of Massachusetts, as applicable.

(6) The proposed merger shall be consummated within one year of the date of this Decision.

Mary L. Gallagher
Commissioner of Banks

September 23, 2020
Date