

Assabet Valley Bancorp (Private; Hudson, MA) Closes Private Placement of \$25.0 Million of Subordinated Notes due 2027

Sandler O'Neill + Partners, L.P. served as the sole placement agent for this offering.

The 5.50% coupon is the lowest Egan Jones-only rated subordinated debt offering since January 1, 2014, breaking the previous low of 6.50% by 100 basis points.¹

This transaction is the 119th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner or initial purchaser.¹ Since May 20, 2016, Sandler O'Neill has raised approximately \$3.9 billion for its clients, capturing a 72.1% market share of announced transactions.¹

About the Offering:

Hudson, MA (July 31, 2017) – Assabet Valley Bancorp (the “Company”), the no-stock mutual holding company for Avidia Bank (the “Bank”), announced today the completion of its private placement of \$25.0 million in fixed-to-floating rate subordinated notes due 2027 (the “Notes”). The Notes bear a fixed rate of 5.50% for the first five years and will reset quarterly thereafter to the then current three-month LIBOR rate plus 360 basis points.

The Company intends to use the net proceeds from the offering to support capital levels and further growth and for general corporate purposes. The notes are intended to qualify as Tier 2 capital for the Company for regulatory purposes and the portion that the Company contributes to the Bank will qualify as Tier 1 capital for the Bank.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Assabet Valley Bancorp is the no-stock mutual holding company for Avidia Bank. Avidia Bank is a mutual savings bank that was formed in 2007 by a merger between Hudson Savings Bank and Westborough Bank. Avidia Bank is headquartered in Hudson, Massachusetts and has ten full-service branches located in Worcester and Middlesex counties in Massachusetts. Further information can be obtained by visiting its website at www.avidiabank.com.

(1) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes nationwide subordinated debt and senior note offerings for Community Banks; Community Banks defined as banks or bank holding companies with less than \$25 billion in assets.

(2) Financial data is not pro forma for the offering.

July 31, 2017

5.500% Fixed-to-Floating Rate
Subordinated Notes due 2027**\$25.0 Million****Assabet Valley Bancorp**

Sole Placement Agent

SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2017²*(Dollars in millions)*

Total Assets	\$1,447
Net Loans	1,121
Total Deposits	995
Total Equity	126
Tang. Common Equity / Tang. Assets	7.92%
LTM ROAA	0.78%
LTM ROAE	8.69%

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