

## East Cambridge Savings Bank (Mutual; Cambridge, MA) and Chelsea Bank (Mutual; Chelsea, MA) have agreed to combine their institutions

Sandler O'Neill served as financial advisor to East Cambridge Savings Bank in this transaction. This transaction is Sandler O'Neill's 148<sup>th</sup> bank or thrift transaction nationwide since January 1, 2011, more than any other investment bank during that time period.<sup>1</sup> Since January 1, 2011, Sandler O'Neill has advised on 9 mutual combinations, more than any other investment bank during that time period.<sup>1</sup>

CAMBRIDGE, MA and CHELSEA, MA – East Cambridge Savings Bank, wholly-owned subsidiary of 1854 Bancorp, a mutual holding company, and Chelsea Bank are pleased to announce that they have reached a definitive merger agreement. Under the terms of the agreement, and subject to regulatory approval, Chelsea Bank will operate as a division of East Cambridge Savings Bank. The merger brings together two organizations that combined have served their communities for over 290 years.

Upon completion of the merger, East Cambridge Savings Bank assets are expected to exceed \$940 million, and the Bank will operate from 10 banking centers serving Cambridge, Arlington, Belmont, Medford, Somerville, Waltham and Chelsea, as well as a full-service educational training facility located at Cambridge Rindge and Latin School. All Chelsea Bank employees will be offered the opportunity to join East Cambridge Savings Bank. Additionally, all Chelsea Bank directors will join the Board of Corporators of 1854 Bancorp, and Sergio M. Jaramillo, Chelsea Bank Chairman of the Board, will join the Board of Trustees of 1854 Bancorp and the Board of Directors of East Cambridge Savings Bank. Chelsea Bank, as a division of East Cambridge Savings Bank, will continue to serve the community of Chelsea - as it has for the last 130 years.

East Cambridge Savings Bank President and CEO Gilda M. Nogueira said "Our goal is to remain a mutual, independent community bank. This merger underscores our commitment to our customers, employees and community. Through the merger, we expect to bring expanded banking services, convenience and greater opportunities for consumers and small businesses in communities that have long-looked to Chelsea Bank for their banking needs. Our organizations, with similar corporate cultures, credit our long-term success to the confidence and trust of the generations of families that we have served."

"I am very pleased with the partnership and merger with East Cambridge Savings Bank. East Cambridge Savings Bank will provide Chelsea Bank customers with a broader product line and with greater convenience through its banking centers. Chelsea Bank and East Cambridge Savings Bank share a strong commitment to personal service and to our communities, which will continue following the merger," said Joseph M. Vinard, President and CEO of Chelsea Bank.

The merger is subject to approval by the Corporators of 1854 Bancorp, Chelsea Bank depositors, Board of Governors of the Federal Reserve System, and the Massachusetts Division of Banks. The transaction is expected to close in early 2015.

### Financial Highlights

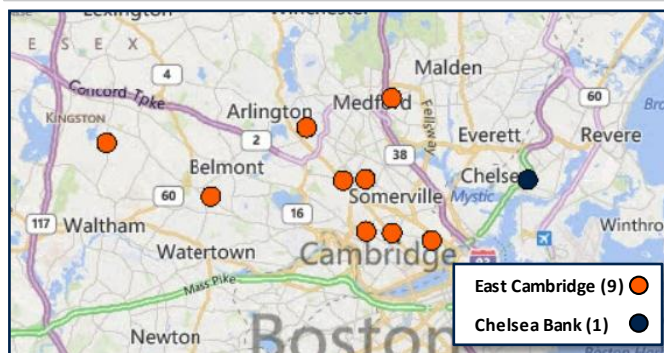
<i>(Dollars in millions)</i>	<u>East Cambridge</u>	<u>Chelsea</u>
Total Assets	\$882	\$58
Gross Loans	\$565	\$38
Total Deposits	\$755	\$52
Total Equity	\$86	\$6
Tang. Equity / Tang. Assets	9.78%	9.62%

(1) Excludes terminated transactions or self-advisory roles

Note: Financial data as of 6/30/14

Source: SNL Financial

### Pro Forma Branch Map



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