

North Shore Bancorp (Mutual; Peabody, MA) and Saugusbank, a Co-operative Bank (Mutual; Saugus, MA) have agreed to combine their two institutions

Sandler O'Neill served as financial advisor to North Shore Bancorp in this transaction. This transaction is Sandler O'Neill's 116th bank or thrift transaction nationwide since January 1, 2011, more than any other investment bank during that time period.¹ Since January 1, 2011, Sandler O'Neill has advised on 7 mutual combinations, more than any other investment bank during that time period.¹

PEABODY & SAUGUS, MA — North Shore Bank and Saugusbank are pleased to announce that they have entered into a definitive merger agreement beginning a new era of service and opportunity for their customers and staff. The two co-operative Banks will merge into one community-focused financial institution.

The merger of these strong independent banks will be completed over the next several months. Customer accounts will continue to be insured in full through the Federal Deposit Insurance Corporation (FDIC) and the Share Insurance Fund of Massachusetts (SIF). As North Shore Bank, the combined institutions will continue to maintain co-operative bank status.

As part of the agreement, North Shore President and CEO David J. LaFlamme will serve as Chief Executive Officer of North Shore Bank and its parent North Shore Bancorp. Saugusbank President and CEO, Kevin M. Tierney, Sr. will assume the role of President and Chief Operating Officer of both the Bank and the Bancorp.

In a joint statement Messrs. LaFlamme and Tierney explained: "This merger will be extremely beneficial for our customers and employees. As a larger institution the Bank will also be able to offer enhanced products and services, greater employment opportunities and expanded branch access." They further stated, "Because both banks have similar business approaches, compatible product lines and complementary corporate cultures, we anticipate that merging the two organizations will be a seamless transition."

Upon completion of the merger, North Shore Bank will grow to almost \$700 million in assets and will operate out of eleven full-service locations throughout the North Shore of Massachusetts. All Saugusbank employees and directors will join the North Shore Bank team and customers of both banks will continue to see the same friendly faces at their local banking offices.

According to Mr. LaFlamme: "The merger agreement has been approved by both Boards of Directors — two groups who share the same commitment to exemplary customer service." He further said, "Kevin Tierney and I will work with the existing management teams to bring together our two Banks — in the process creating long-term benefits for our customers, employees and the communities that we serve."

The merger is subject to approval by North Shore Bancorp corporators, Saugusbank depositors, the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks. The merger is expected to be consummated in the third quarter of 2014.

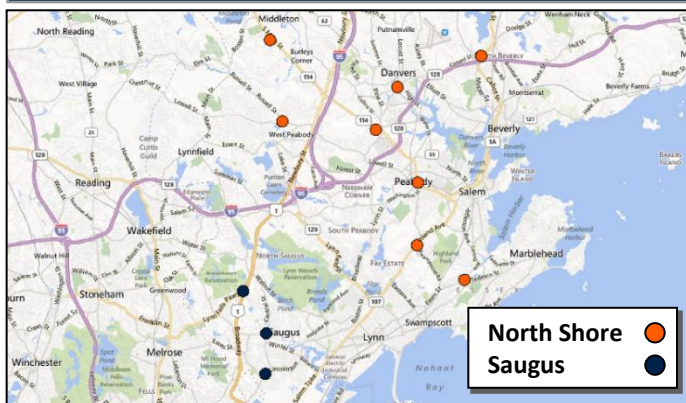
Financial Highlights

(Dollars in millions)

	<u>North Shore</u>	<u>Saugus</u>
Total Assets	\$470	\$206
Gross Loans	\$370	\$129
Total Deposits	\$367	\$170
Total Equity	\$51	\$18
Tang. Equity / Tang. Assets	10.95%	8.91%

1) Excludes terminated transactions, self-advisory roles
 Note: Financial data as of 12/31/13
 Source: SNL Financial

Pro Forma Branch Map



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