



COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

DIVISION OF BANKS

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March 12, 2020

Mr. David Elliott, President and Chief Executive Officer
Depositors Insurance Fund
One Linscott Road
Woburn, MA 01801-2000

Dear Mr. Elliott:

This letter is written in connection with the application (Application) filed on February 18, 2020 by the Depositors Insurance Fund (the DIF), Woburn, Massachusetts for approval of the merger of The Co-operative Central Bank (Co-op Central) with and into the Depositors Insurance Fund (proposed merger). The proposed merger is pursuant to the authority set forth in Chapter 21 of the Acts of 2020 (Chapter 21 or the Act), which was signed into law on February 14, 2020 and became effective immediately. The Division has reviewed all supporting materials submitted with the Application and supplemental information provided to the Division.

As set forth in the Application, both the DIF and Co-op Central were established by the Massachusetts Legislature in 1932. The DIF's enabling statute is Chapter 44 of the Acts of 1932, and Co-op Central's enabling statute is Chapter 45 of the Acts of 1932. In 1934, the Massachusetts Legislature created the deposit insurance funds of both entities. Originally, the insurance funds served as the primary deposit insurers for Massachusetts-chartered savings and co-operative banks, respectively. All members of both the DIF and Co-op Central have since joined the Federal Deposit Insurance Corporation (FDIC), and as a result, both the DIF and Co-op Central operate as excess deposit insurance funds, meaning that they provide insurance for deposits in excess of FDIC limits.

Each entity has two separate funds, one to provide excess deposit insurance and one to provide liquidity assistance to banks. Within the DIF, the excess deposit insurance fund is the Deposit Insurance Fund and the liquidity assistance fund is the Liquidity Fund. Within Co-op Central, the excess deposit insurance fund is the Share Insurance Fund and the liquidity assistance fund is the Reserve Fund. As part of the proposed merger, the Share Insurance Fund will merge with and into the Deposit Insurance Fund, and the Reserve Fund will merge with and into the Liquidity Fund.

As set forth in the Application, the principal reason for the proposed merger is that with the ongoing consolidation within the banking industry, the management and the Boards of the DIF and Co-op Central believe that combining the resources of the two entities will strengthen the already strong system of excess deposit insurance in Massachusetts.

The Division has reviewed the Application to determine if the conditions set forth in Chapter 21 have been met. SECTION 24 of the Act requires that the Board of Directors of each entity approve the agreement and plan of merger by a 2/3 vote of each Board. The Application included a Clerk's Certification of Vote that the DIF's Board unanimously approved the Combination Agreement on September 6, 2018.

In addition, the Application included a Clerk's Certificate of Vote that Co-op Central's Board, by unanimous vote, approved the Combination Agreement on October 16, 2018.

As required by the Act, the Application included the proposed Amended and Restated By-Laws of Depositors Insurance Fund (By-Laws) for the combined entity. Among other provisions, the By-Laws establish the membership qualifications for the DIF after the merger. Pursuant to SECTION 24, the By-Laws, as hereinafter approved, will become effective as of the consummation of the proposed merger.

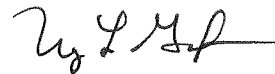
In reviewing the Application, the Division has also considered the DIF's and Co-op Central's financial and management resources, and the competence, character, and banking experience of management of both entities. The current President and CEO of Co-op Central will become the President of the DIF, and the current President and CEO of the DIF will become the CEO after the proposed merger. Subsequently, the DIF President will become President and CEO. In addition, the DIF and Co-op Central Boards of Directors will be combined into one Board of Directors.

Upon consummation of the proposed merger, the corporate existence of The Co-operative Central Bank shall cease to exist, as set forth in SECTION 24 of the Act. According to the Application, the DIF is prepared to provide notices for posting on the websites of Co-op Central, member banks, and its own website, as well as a notice to be provided to customers providing information on the merger.

Upon review of this Application, with reference to all other relevant statutory and regulatory criteria, I hereby approve the merger of The Co-operative Central Bank with and into the Depositors Insurance Fund and also hereby approve the Amended and Restated By-Laws of Depositors Insurance Fund submitted as part of the Application pursuant to Chapter 21 of the Acts of 2020 subject to the following condition:

- That the proposed merger shall not become effective until the Articles of Merger are endorsed by the Commissioner of Banks and filed with the Division of Banks.

Sincerely,



Mary L. Gallagher
Commissioner of Banks

cc: Andrew J. Calamare, The Co-operative Central Bank