

LEGAL UPDATES AND NEWS

Luse Gorman Advises First MHC Minority Offering Since 2011 and First MHC Minority Offering Since Regulation MM

On July 15, 2015, Provident Bancorp, Inc., the holding company for The Provident Bank (Amesbury, Massachusetts), completed its mutual holding company minority stock offering of 4,274,425 shares of common stock, raising \$42.7 million of gross proceeds. This is the first MHC minority offering completed since 2011 and the promulgation of the Federal Reserve Board's Regulation MM, which governs stock offerings and conversions by MHCs. The transaction was also the first MHC minority offering to be approved by the Massachusetts Commissioner of Banks since 2008.

This transaction is a significant event for all mutual banks and MHCs contemplating raising equity capital but not desiring to fully convert to stock form, and may signal the re-opening of the moribund MHC minority stock market. The transaction allows Provident to raise capital for growth and expansion but preserves the mutual structure and mutual control of the institution and, consequently, preserves its ability to acquire or partner with other mutual banks and MHCs.

In connection with the transaction, Provident also established an Employee Stock Ownership Plan for the benefit of its employees and established a charitable foundation funded with stock and cash. The demand for the offering was such that all shares were sold in the subscription offering to depositors, employees and corporators at a price to book ratio of approximately 68% on a fully converted basis.

Luse Gorman represented Provident and was led by Lawrence M.F. Spaccasi, Ned A. Quint, Kent M. Krudys (Corporate/M&A), Thomas P. Hutton (Executive Compensation/Benefits) and Megan A. McKinney (Corporate/M&A).

Provident Bancorp, Inc. has approximately \$663 million in total assets and operates 7 banking centers in Massachusetts and New Hampshire.

Luse Gorman is one of the leading law firms nationally in advising financial institutions on capital-raising, mergers and acquisitions, corporate and securities law, regulatory compliance and executive compensation/employee benefits matters. For more information, please contact any of the attorneys listed below.

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