



The Commonwealth of Massachusetts

Board of Bank Incorporation

Decision Relative to the Application of
River Run Bancorp, MHC., Newburyport, Massachusetts
to Acquire
Rollstone Bancorp, MHC., Fitchburg, Massachusetts

River Run Bancorp, MHC (River Run MHC) and its wholly-owned subsidiary, River Run Bancorp, Inc. (River Run Inc.) (collectively, the Petitioners), Newburyport, Massachusetts, have petitioned the Board of Bank Incorporation (the Board) to acquire Rollstone Bancorp, MHC (Rollstone MHC) and its wholly-owned subsidiary Rollstone Bank & Trust (Rollstone Bank), Fitchburg, Massachusetts, under the provisions of Massachusetts General Laws chapter 167A, sections 2 and 4. The Petitioners are the mutual holding company and mid-tier holding company, respectively, of Newburyport Five Cents Savings Bank (Newburyport Bank), Newburyport, Massachusetts, and Pentucket Bank, Haverhill, Massachusetts. As a result of the transaction, the Petitioners will acquire Rollstone Bank and thereby control three subsidiary banks.

The merger of the two mutual holding companies is authorized under Massachusetts General Laws chapter 167H, section 7, clause (3). The transaction is structured so that Rollstone MHC will merge with and into River Run MHC, followed by the contribution of Rollstone Bank to River Run Inc. (the Proposed Transaction). The current bank subsidiaries of River Run MHC and Rollstone MHC, Newburyport Bank, a Massachusetts-chartered stock savings bank, Pentucket Bank, also a Massachusetts-chartered state savings bank, and Rollstone Bank, a federal savings bank, respectively, will continue their separate legal existence following the Proposed Transaction with each bank maintaining its own name, brand, headquarters, Board of Directors, and retail organization under the oversight of the Board of Trustees of the combined mutual holding company.

The Petitioner published notice of the application, as directed by the Board, thereby affording opportunity for interested parties to submit comments. The Board held a public hearing relative to this application on February 25, 2025. The comment period on the Proposed Transaction ended on March 4, 2025, and no comments were received. The Board reviewed the application, all related documents, and considered testimony received at the public hearing. The review focused on the statutory and administrative criteria applicable to such transactions which include, among other things, whether competition among banking institutions will be unreasonably affected; whether public convenience and advantage would be promoted; and the record of performance under the Community Reinvestment Act (CRA) by the respective subsidiary banks.

The financial and management components of the Proposed Transaction were also considered. The statutory requirements set out in sections 2 and 4 of said chapter 167A were also notable factors in the Board's deliberations on the matter before it.

One such statutory provision requires the Board to have received notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made by the Petitioner consistent with statute and the MHPF's various affordable housing loan programs. The Board received notice from the MHPF that satisfactory arrangements had been made for this transaction in a letter dated March 5, 2025.

The Parties

River Run Bancorp, MHC / River Run Bancorp, Inc. / Newburyport Five Cents Savings Bank / Pentucket Bank

River Run MHC is a Massachusetts-chartered mutual holding company subject to regulation by the Board and the Massachusetts Division of Banks (Division). River Run MHC, formerly operating as Newburyport Five Cents Bancorp, MHC, was formed in 2011 and was renamed in 2023 pursuant to the merger of Newburyport Five Cents Bancorp, MHC and Pentucket Bank Holdings, MHC (the Newburyport-Pentucket Merger). River Run MHC's principal asset is 100% of the outstanding capital stock of River Run Inc., its sole direct subsidiary. As of December 31, 2024, River Run MHC had consolidated assets of approximately \$2.98 billion.

River Run Inc., a Maryland corporation, is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (BHC Act). River Run Inc. was also formed in 2011 and renamed in 2023 pursuant to the Newburyport-Pentucket Merger. River Run Inc.'s principal assets are 100% of the outstanding capital stock of each of Newburyport Bank and Pentucket Bank. River Run Inc. has one direct nonbank subsidiary: River Run Services, LLC, which provides administrative, operational, and back-office support to the subsidiary banks of River Run MHC.

Newburyport Bank, chartered in 1854, is a Massachusetts-chartered stock savings bank with its main office in Newburyport, Massachusetts. The deposits of Newburyport Bank are insured by the Federal Deposit Insurance Corporation (FDIC) to the maximum extent permitted by law and by the Depositors Insurance Fund (DIF) for any amounts in excess of FDIC deposit insurance limits. Newburyport Bank has twelve banking offices in Northeast Massachusetts and Southeast New Hampshire. As of December 31, 2024, Newburyport Bank had consolidated assets of approximately \$1.66 billion and total deposits of approximately \$1.32 billion. Newburyport Bank has two direct nonbank subsidiaries: Newburyport Five Securities Corporation I and Newburyport Five Securities Corporation II.

Pentucket Bank, chartered in 1891, is a Massachusetts-chartered stock savings bank with its main office in Haverhill, Massachusetts. The deposits of Pentucket Bank are insured by the FDIC to the maximum extent permitted by law and by the DIF for any amounts in excess of FDIC deposit insurance limits. Pentucket Bank has six banking offices in Northeast Massachusetts and Southeast New Hampshire serving its customers with a full array of consumer and business banking products. As of December 31, 2024, Pentucket Bank had consolidated assets of approximately \$1.08 billion and total deposits of approximately \$838.98 million.

Rollstone Bancorp, MHC / Rollstone Bank & Trust

Rollstone MHC is a mutual holding company registered as a federal savings and loan holding company under the Home Owners Loan Act of 1933. Rollstone MHC was formed in 2011. Rollstone MHC has its corporate offices in Fitchburg, Massachusetts. Rollstone MHC's principal asset is 100% of the outstanding capital stock of Rollstone Bank, its sole subsidiary. As of December 31, 2024, Rollstone MHC had consolidated assets of approximately \$936.74 million.

Rollstone Bank is a federal savings bank with its main office in Fitchburg, Massachusetts. Rollstone Bank was originally chartered as a Massachusetts state-chartered mutual savings bank in 1841. The bank converted into a federal savings bank in 1983. In 2011, Rollstone Bank reorganized into a mutual holding company structure, pursuant to which Rollstone Bank became a federal stock savings bank and a wholly-owned subsidiary of Rollstone MHC. As a federal savings bank, Rollstone Bank's primary federal regulator is the Office of the Comptroller of the Currency (OCC). The deposits of Rollstone Bank are insured by the FDIC to the maximum extent permitted by law and by the DIF for any amounts in excess of FDIC deposit insurance limits. Although operating under a federal savings bank charter, Rollstone Bank was able to petition the DIF for membership in the excess insurance fund due to the bank's prior status as a member state-chartered bank before converting to the federal savings bank charter. Rollstone Bank has seven banking offices in North Central Massachusetts serving its customers with a full array of consumer and business banking products and trust services. Additionally, Rollstone Bank has one office offering mortgage and loan services. As of December 31, 2024, Rollstone Bank had consolidated assets of approximately \$932.74 million and total deposits of \$694.31 million.

Rollstone Bank has four direct nonbank subsidiaries: Main Street Realty Holdings, Inc., a Massachusetts corporation established as an Other Real Estate Owned subsidiary (OREO), Main Street Securities Corporation, Rollstone Securities Corporation, and Wealth Management Realty Corporation, a Massachusetts corporation through which Rollstone Bank holds certain Rollstone Bank real estate.

Competition

The Petitioner has addressed the issue of whether competition among banks will be unreasonably affected by the Proposed Transaction. The application contained an analysis under the Herfindahl-Hirschmann Index (HHI), a key test utilized by federal agencies in assessing the competitive effects of a proposed acquisition. In this case, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. As demonstrated, the Proposed Transaction would result in the HHI remaining unchanged as the three banks do not operate branch offices in any of the same communities. The Board's review, however, is not limited to such federal standards. It is the practice of the Board to consider a transaction in light of its impact on the citizens, communities, and banking structure in the Commonwealth on a community-by-community basis. In that regard, the Petitioner has presented information that the Proposed Transaction will not have a significant adverse effect on competition among banking institutions in any relevant market. There is no overlap in the branch networks of the three banks. Specifically, Newburyport Bank, Pentucket Bank, and Rollstone Bank do not maintain banking offices in any of the same municipalities. Analyzing the branch networks on a more general level, Newburyport Bank's primary service area consists of Essex County in Massachusetts and Rockingham and Strafford Counties in New Hampshire. Pentucket Bank's primary service area consists of parts of Essex County in Massachusetts and parts of Rockingham County in New Hampshire. Rollstone Bank's primary service area consists of parts of Worcester County and Middlesex County. Consequently, Newburyport Bank, Pentucket Bank, and Rollstone Bank do not directly compete with one another and do not derive any significant number of loans or deposits from each other's primary service areas. Upon review, the Board does not believe the transaction will unreasonably affect competition and notes that a number of diverse financial institutions will continue to provide competitive deposit and credit services throughout the affected areas and banking markets served by each bank.

Public Convenience and Advantage

The Board also considered whether public convenience and advantage will be promoted by this transaction. The Petitioners represent that the Proposed Transaction will promote public convenience and advantage in several aspects. River Run MHC has developed efficiencies by consolidating administrative, operational, and back-office functions and systems in River Run Services. Such efficiencies are expected to improve the financial condition of Rollstone Bank over time by more than what it could expect to realize by continuing to operate by itself. Over the long term, such savings can be invested in technology, new products and services, enhanced operational capabilities and the communities served by Rollstone Bank. By joining River Run MHC, Rollstone Bank will have opportunities to invest in developing its products and services for its customers across North Central Massachusetts under a sustainable, independent, and full-service mutual

community banking partnership. Following the Proposed Transaction, River Run MHC expects to add certain lending products currently offered by Newburyport Bank and Pentucket Bank to the products offered by Rollstone Bank, including heat loans, closed-end home equity loans, and residential bridge loans. New products and services may include certain additional lending products and the addition of interactive teller machines, or “ITMs”, to select Rollstone Bank locations, small business online deposit account opening, and the expansion of the Service Center for customers of Rollstone Bank. Further, as a part of a larger organization, Rollstone Bank may also be able to better attract top talented employees. Thus, the Proposed Transaction will permit Rollstone Bank to better serve its communities while maintaining its independence with the resources and efficiencies offered by joining River Run MHC’s organization.

The Board has also considered the Petitioner’s analysis of “net new benefits” related to the transaction with respect to the statutory criteria. The term includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors. As noted in their application, following the Proposed Transaction each bank will continue to offer all of their respective current products and services from their current office locations. Over time, as a result of the Proposed Transaction, certain commercial, business, and consumer products and services currently offered by Newburyport Bank and Pentucket Bank may be added to the products offered by Rollstone Bank. Such products and services may include heat loans, closed-end home equity loans, residential bridge loans, checking account overdraft lines of credit, municipal loans, and commercial real estate swap loans. Newburyport Bank and Pentucket Bank also each currently offer online small business loan application services to their respective business customers. By utilizing the same lending platforms as Newburyport Bank and Pentucket Bank, Rollstone Bank expects to create efficiencies while minimizing costs, which will allow Rollstone Bank to offer such enhanced products and new financial service offerings over time to benefit both retail and small business customers of Rollstone Bank. River Run MHC is committed to retaining existing customer facing employees of Rollstone Bank, such as tellers, customer service representatives, lenders, branch managers, trust officers and commercial bankers. Over time, future job growth may result from the anticipated growth of Rollstone Bank’s operations as part of a larger organization. As a result of the Proposed Transaction, each of Rollstone Bank, Newburyport Bank, and Pentucket Bank will be better positioned and more able to invest in additional products and services.

Related to the issue of public convenience and advantage is the record of CRA performance by the subsidiary banks of the parties to this transaction. Such a review for a state-chartered bank includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal or other state bank regulatory agency may also be considered. The Board notes that Newburyport Bank received a “Satisfactory” rating in its most recent CRA evaluation conducted jointly by the Division and the FDIC as of November 29, 2021; Pentucket Bank received a “Satisfactory” rating in its most recent CRA evaluation conducted jointly by the Division and the FDIC as of March 24, 2022; and Rollstone Bank received

a “Satisfactory” rating in its most recent evaluation conducted by the OCC on September 25, 2023. Accordingly, the Board’s review of factors related to public convenience and advantage are supportive of approval.

The financial and managerial aspects of any transaction are a significant consideration of the Board, as they may affect the continuing holding company’s ability to serve the banking public, to actively compete with other financial institutions, and to maintain the capital ratio standards of a safe and sound institution. As a mutual holding company merger, there will be no monetary consideration for the Proposed Transaction, and the three subsidiary banks will continue to be well-capitalized after consummation. The Petitioners have provided a draft opinion of tax counsel asserting that the transaction will be exempt from state and federal taxation at the entity level and that there will be no gain or loss recognized for federal income tax purposes. Existing corporators of River Run MHC immediately prior to consummation of the Proposed Transaction will continue serving as corporators of River Run MHC upon the consummation of the Proposed Transaction. Additionally, the sixteen individuals who currently serve as members of the Boards of Directors and as senior officers of Rollstone MHC and Rollstone Bank will be elected to serve as corporators of River Run MHC, subject to the consummation of the Proposed Transaction. Additionally, River Run MHC will create four additional seats on the Board of Trustees for current members of the Board of Directors of Rollstone MHC (the Rollstone Trustees). Following the Proposed Transaction, the Board of Directors of River Run Inc. will have the same membership as the Board of Trustees of River Run MHC. The membership of the Boards of Directors of Newburyport Bank, Pentucket Bank, and Rollstone Bank will remain the same following the Proposed Transaction, and each director will continue to serve out their remaining terms of office. The officers of River Run MHC will remain the same following the Proposed Transaction, and each officer will continue to serve in the same office with the same title as immediately prior to the Proposed Transaction. The officers of Newburyport Bank and Pentucket Bank will remain the same following the Proposed Transaction, and each officer will continue to serve in the same office with the same title as immediately prior to the Proposed Transaction. The Board’s consideration of the financial and managerial aspects of the Proposed Transaction support its approval.

Conclusion

The application, supporting documents, the testimony received at the public hearing, as well as additional information submitted, have established a complete record on this petition which has been reviewed in accordance with statutory provisions and policies of the Board. Based on the record of this matter considered in light of all relevant statutory and administrative requirements, the Board finds that public convenience and advantage will be promoted, that competition among banking institutions will not be unreasonably affected, and that the record of performance under CRA by the subsidiary banks involved in this transaction are

consistent with its approval. Having considered the record established on this application, the Board finds that the applicable statutory and administrative criteria have been met. In accordance with the findings expressed herein and pursuant to the statutory authority cited herein, the Board hereby approves the petition and authorizes River Run MHC to acquire Rollstone MHC and to directly own and control its wholly-owned depository institution subsidiary, Rollstone Bank & Trust, provided that: (1) the transaction shall not be consummated until all necessary additional regulatory approvals have been obtained; and (2) the transaction is completed within one year of the date of this Decision.

<u>Mary L. Gallagher</u>)	
Commissioner of Banks)	
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)	Board of
)	
<u>Deborah B. Goldberg</u>)	Bank
Treasurer and Receiver-General)	
)	Incorporation
)	
<u>Brett Goldberg</u>)	
Designee of the Commissioner of Revenue)	

April 7, 2025

Date