



COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

DIVISION OF BANKS

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**DECISION
RELATIVE TO THE MERGER OF
EAST BOSTON SAVINGS BANK, EAST BOSTON, MASSACHUSETTS
WITH AND INTO
ROCKLAND TRUST COMPANY, ROCKLAND, MASSACHUSETTS**

Rockland Trust Company, Rockland, Massachusetts (Rockland Trust) has applied to the Division of Banks (Division) to merge with East Boston Savings Bank, East Boston, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 167I, section 3. Under the terms of the Agreement and Plan of Merger, dated as of April 22, 2021, East Boston Savings Bank will merge with and into Rockland Trust (Bank Merger) under the charter, bylaws, and name of Rockland Trust Company (Continuing Institution). The main office of Rockland Trust will remain the main office of the Continuing Institution after consummation of the proposed merger. In conjunction with this multi-step transaction, East Boston Savings Bank has also filed applications with the Division to close sixteen East Boston Savings Bank branch office locations in Massachusetts, and Rockland Trust has filed applications requesting approval to close two branch office locations in Massachusetts. Rockland Trust has also petitioned the Division to maintain and operate twenty-six banking offices of East Boston Savings Bank existing as of the consummation of the proposed Bank Merger as branch offices of the Continuing Institution.

The Bank Merger application was filed in connection with a multi-step transaction in which Independent Bank Corp. (Independent), a Massachusetts holding company, will indirectly acquire the stock of East Boston Savings Bank through a merger of Meridian Bancorp, Inc. (Meridian), the holding company for East Boston Savings Bank, with Bradford Merger Sub Inc. (Merger Sub), a wholly-owned subsidiary of Independent formed for the purpose of facilitating this multi-step transaction. According to a Parent

Agreement and Plan of Merger dated as of April 22, 2021, by and among Independent, Merger Sub, Rockland Trust, Meridian, and East Boston Savings Bank, at the effective time of the proposed multi-step transaction, Merger Sub will merge with and into Meridian resulting in Meridian becoming a subsidiary of Independent, and then Meridian will immediately merge into Independent (collectively, the Parent Merger). Contingent upon and immediately following the Parent Merger, East Boston Savings Bank will merge with and into Rockland Trust.

Legal and Procedural Requirements

Notice of Rockland Trust's application was posted and published as directed by the Division thereby affording opportunity for interested parties to submit comments. The period for filing comments has expired, and no comments were received. The Division reviewed the application and supplementary materials submitted by Rockland Trust in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage as well as "net new benefits" will be promoted by approval of the proposed transaction. The Division considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

Pursuant to Massachusetts General Laws chapter 167A, section 3 (Section 3), because Meridian would merge with and into Independent simultaneously with the merger of the subsidiary banks and the Bank Merger requires the Division's approval, an application to the Commonwealth's Board of Bank Incorporation was not required for the merger of the Merger Subsidiary with and into Meridian and the related merger of Meridian with and into Independent. Section 3 also requires that the bank to be acquired in the multi-step transaction must have been in existence for not less than three years and imposes a thirty percent (30%) limit on the total deposits, exclusive of foreign deposits, of all depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) that a company that would become a bank holding company may control. The age and deposit limit requirements of Section 3 are both satisfied in this multi-step transaction.

In reviewing the proposed transaction, the Division must receive notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made consistent with Massachusetts General Laws chapter 167A, section 4 and the MHPF's affordable housing loan programs. The Division received notice from the MHPF that satisfactory arrangements have been made for this transaction in a letter dated October 27, 2021. Based upon the foregoing, the Division has determined that the multi-step transaction satisfies the requirements of Section 3.

The Parties

Rockland Trust is a Massachusetts trust company and is the sole banking subsidiary of Independent. In addition to its main office in Rockland, Massachusetts, Rockland Trust operates 97 branch offices in the Massachusetts counties of Barnstable, Bristol, Dukes, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester. As of June 30, 2021, Rockland Trust had total assets of approximately \$14.19 billion and total deposits of approximately \$12.05 billion. Rockland Trust offers a full range of personal and business checking, deposit, and loan products and services, as well as investment management services. Rockland Trust's deposits are insured up to allowable limits by the FDIC.

East Boston Savings Bank was chartered as a Massachusetts savings bank in 1848 and is the sole banking subsidiary of Meridian. In addition to its main office, East Boston Savings Bank operates 42 branch offices located in the Massachusetts counties of Suffolk, Norfolk, Middlesex, and Essex. As of June 30, 2021, East Boston Savings Bank had total assets of approximately \$6.29 billion and total deposits of approximately \$4.91 billion. East Boston Savings Bank offers a full range of personal and business checking, deposit, and loan products and services. East Boston Savings Bank deposits are insured up to allowable limits by the FDIC. Deposits in excess of the FDIC limits are insured by the Depositors Insurance Fund.

Competition

Materials have been submitted to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. In analyzing the impact of a proposed transaction on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by

federal authorities to review bank mergers. Essentially, these guidelines define relevant markets and measure concentration, which is considered an important indicator of competitiveness. The starting point in the federal analysis is the Herfindahl-Hirschman Index (HHI), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in the affected market into a single value.

In the case of the proposed Rockland Trust and East Boston Savings Bank merger, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. Rockland Trust and East Boston Savings Bank compete in the Boston, Massachusetts Banking Market (Boston Banking Market), as that market is defined by the Board of Governors of the Federal Reserve System for purposes of the HHI analysis. The Boston Banking Market is an unconcentrated banking market on a weighted basis under the HHI model according to applicable guidelines and would remain an unconcentrated market following this proposed multi-step transaction. Also, the 5 point and 9 point increase in the HHI, on an unweighted and weighted basis respectively, for the Boston Banking Market resulting from the consolidation of East Boston Savings Bank with and into Rockland Trust would not reflect a significant impact on banking competition under applicable HHI guidelines. Similar results are obtained by applying the FDIC's county based analysis to the Massachusetts counties of Middlesex, Norfolk, and Suffolk in which Rockland Trust and East Boston Savings Bank both operate.

In addition to the HHI analysis, the Division considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. Rockland Trust has provided information indicating that the merger will not have a significant adverse effect on banking competition in the communities in which both banks operate because of the large amount of competition from other financial institutions in the areas where both banks conduct business. Accordingly, the review of the transaction's impact on competition supports its approval.

Public Convenience and Advantage

The Division next considered the record of the application to determine whether public convenience and advantage will be promoted. Rockland Trust indicates that the banking public will benefit as a result of the proposed merger. As discussed further below, the customers of both banks will have increased access to certain products and services that East Boston Savings Bank does not currently offer.

In determining whether to approve a petition under the statutory criteria, the Division is required to consider a showing of “net new benefits” related to the transaction. That term as set out in section 3 of said chapter 167I includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Division may deem necessary. Rockland Trust addressed this requirement of the statute. The Continuing Institution plans to make capital investments in new automated teller machines, computer equipment, and updated signage at current East Boston Savings Bank branch locations. With regard to employment, supplemental materials indicate that there will be some initial staff reductions, but Rockland Trust anticipates that the Continuing Institution’s future growth and expansion will create new jobs. In addition, the materials submitted as part of the application indicate that consumers of East Boston Savings Bank will benefit from a higher lending limit and expanded and enhanced products and services, including specialized cash management and foreign exchange services, investment management services, and “Like-Kind Exchange” services. Rockland Trust has informed the Division that it will be notifying East Boston Savings Bank customers that the excess deposit insurance from the Depositors Insurance Fund will end following consummation of the Bank Merger.

Due to the overlapping geographic markets served and the proximity of existing branches of the two banks in some Massachusetts communities, Rockland Trust has identified sixteen East Boston Savings Bank branch office locations and two Rockland Trust branch office locations to be closed in conjunction with this transaction. East Boston Savings Bank has submitted applications to the Division requesting approval to close each of the following Massachusetts branch office locations: (1) 181 Brighton Avenue, Allston; (2) 95 Kneeland Street, Boston; (3) 1614 Tremont Street, Boston; (4) 1952-1956 Beacon Street,

Brighton; (5) 1608 Commonwealth Avenue, Brighton; (6) 1050 Beacon Street, Brookline; (7) 473 Harvard Street, Brookline; (8) 50 Summit Drive, Burlington; (9) 1739 Massachusetts Avenue, Cambridge; (10) 2172 Massachusetts Avenue, Cambridge; (11) 960 Morrissey Blvd., Dorchester; (12) 24 Broadway, Route 1 South, Lynnfield; (13) 108 Main Street, Melrose; (14) 4238 Washington Street, Roslindale; (15) 1981-1985 Centre Street, West Roxbury; and (16) 331 Montvale Avenue, Woburn in accordance with Massachusetts General Laws chapter 167C, section 3. Rockland Trust has also submitted applications to the Division requesting approval to close each of the following Massachusetts branch office locations: (1) 264 Washington Street, Brookline; and (2) 725 Centre Street, Jamaica Plain.

Notice of the applications by Rockland Trust and East Boston Savings Bank to close all 18 of the above locations were posted in the impacted branch offices and on each bank's website as directed by the Division thereby affording opportunity for interested parties to submit comments to the Division. The period for filing comments has expired, and one comment was received. The Division considered the issue raised and determined that the joint response letter from Rockland Trust and East Boston Savings Bank satisfactorily addressed the submitted comment.

The Division has undertaken a careful consideration of the proposed branch office closings associated with this transaction relative to the standards required for a "net new benefits" analysis. Information provided as part of the branch office closing applications illustrates that all of the branch locations to be closed are within three miles of the next closest branch office location of the Continuing Institution. Many of the branch locations to be closed are within one to two miles of the next closest location.

Three of the branch closings discussed above involve East Boston Savings Bank locations in moderate-income census tracts. Two of the three locations are within approximately one mile driving distance of the next closest branch office location of the Continuing Institution, and the third location is approximately two miles driving distance of the next closest location. Following the Bank Merger and the proposed branch office closures, 30 of Rockland Trust's 122 branch office locations (24%) will be located in low- or moderate-income census tracts. The Division has determined that a consideration of all of the

factors above related to public convenience and advantage, including net new benefits, are consistent with approval of Rockland Trust's application.

Related to the issue of public convenience and advantage is the record of CRA performance by the banks that are parties to this transaction. Such review for Massachusetts-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. Rockland Trust received an "Outstanding" rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of March 16, 2020. East Boston Savings Bank received a "Satisfactory" rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of December 7, 2020. Rockland Trust noted that East Boston Savings Bank's CRA assessment area falls entirely within Rockland Trust's current CRA assessment area. The Division's consideration of the CRA performance of Rockland Trust and East Boston Savings Bank supports the approval of the proposed merger.

Financial and Managerial Considerations

The Division also reviews and considers the financial and managerial aspects of the proposed transaction. No financing arrangements were reported as necessary to complete this transaction. Independent and Rockland Trust do not intend to raise additional equity or incur debt in connection with the proposed transaction. Materials provided indicate that upon consummation of the transaction, the Continuing Institution will continue to meet all regulatory capital requirements.

According to the application, the Board of Directors of the Continuing Institution will consist of those individuals currently serving as directors of Rockland Trust, and the principal executive officers of the Continuing Institution will consist of those individuals currently serving as principal executive officers of Rockland Trust. The Division supervises both Rockland Trust and East Boston Savings Bank, and both banks have operated as well-managed depository institutions. Accordingly, the financial and managerial considerations support approval of the application.

Conclusion

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met and that consummation of the proposed transaction is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for East Boston Savings Bank to merge with and into Rockland Trust under the charter, by-laws, and name of Rockland Trust Company pursuant to section 3 of chapter 167I of the General Laws. Upon consummation of the Bank Merger, the charter of East Boston Savings Bank shall cease to exist; the separate existence of East Boston Savings Bank shall cease; and all rights, privileges, powers, franchises, properties, assets, liabilities, and obligations of East Boston Savings Bank shall be vested in and assumed by Rockland Trust.

Approval is granted for East Boston Savings Bank to close each of the following Massachusetts branch office locations: (1) 181 Brighton Avenue, Allston; (2) 95 Kneeland Street, Boston; (3) 1614 Tremont Street, Boston; (4) 1952-1956 Beacon Street, Brighton; (5) 1608 Commonwealth Avenue, Brighton; (6) 1050 Beacon Street, Brookline; (7) 473 Harvard Street, Brookline; (8) 50 Summit Drive, Burlington; (9) 1739 Massachusetts Avenue, Cambridge; (10) 2172 Massachusetts Avenue, Cambridge; (11) 960 Morrissey Blvd., Dorchester; (12) 24 Broadway, Route 1 South, Lynnfield; (13) 108 Main Street, Melrose; (14) 4238 Washington Street, Roslindale; (15) 1981-1985 Centre Street, West Roxbury; and (16) 331 Montvale Avenue, Woburn in accordance with Massachusetts General Laws chapter 167C, section 3. Approval is also granted for Rockland Trust to close each of the following Massachusetts branch office locations: (1) 264 Washington Street, Brookline; and (2) 725 Centre Street, Jamaica Plain in accordance with Massachusetts General Laws chapter 167C, section 3.

Finally, approval is granted pursuant to Massachusetts General Laws chapter 167I, section 3 for Rockland Trust to maintain the remaining banking offices of East Boston Savings Bank as branch offices of the Continuing Institution.

The approval granted herein is subject to the following conditions:

1. That the proposed merger shall not become effective until a Certificate signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167I, section 3 has been returned with my endorsement thereon;
2. That the proposed merger shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Secretary of State; and
3. That the proposed merger shall be consummated within one year of the date of this Decision.

Mary L. Gallagher
Commissioner of Banks

November 5, 2021
Date