

# Decision of June 29, 2016

By the [Division of Banks](#)

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DECISION  
RELATIVE TO THE MERGER OF  
FIRST FEDERAL SAVINGS BANK OF BOSTON, ANDOVER, MASSACHUSETTS  
WITH AND INTO  
RANDOLPH SAVINGS BANK, RANDOLPH, MASSACHUSETTS

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Randolph Savings Bank, Randolph, Massachusetts (Randolph Bank) has applied to the Division of Banks (Division) for approval to merge with First Federal Savings Bank of Boston, Andover, Massachusetts (First Federal) pursuant to Massachusetts General Laws chapter 167H, section 7 and 167I, section 3 under the terms of an Agreement and Plan of Merger dated as of September 1, 2015 (as amended) and a Plan of Bank Merger (together, the Agreements). The Agreements provide for the merger of First Federal with and into Randolph Bank under the charter, bylaws, and name of Randolph Savings Bank. Randolph Bank will retain First Federal's sole banking office as a branch office following the merger. The merger application was filed in connection with a multi-step transaction in which Randolph Bank's mutual holding company, Randolph Bancorp, will convert from a mutual holding company form to a stock holding company form under Massachusetts General Laws chapter 167H, section 9 and regulations of the Division. Randolph Bancorp's successor, Randolph Bancorp, Inc., will thereafter acquire First Eastern Bankshares Corporation, Andover, Massachusetts (First Eastern) and subsequently merge First Eastern with and into Randolph Bancorp, Inc. The approval for Randolph Bancorp, Inc. to issue stock and thereby complete the conversion into the stock holding company form was approved by the Division in a separate letter dated today.

### The Parties

Randolph Bank is a Massachusetts-chartered savings bank and is the sole banking subsidiary of Randolph Bancorp. In addition to its main office located in Randolph, Massachusetts, Randolph Bank operates branch offices in Holbrook, Randolph, and Stoughton (2). Randolph Bank's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation (FDIC) and by the Depositors Insurance Fund for amounts that exceed FDIC limits. Randolph Bank has five wholly-owned subsidiaries. Cabot Security Corporation is a Massachusetts corporation that acquires, holds, and manages investment securities on behalf of itself and Randolph Bank. Randolph Investment Company, Inc., Randolph Investment Company II, Inc., and Randolph Investment Company III, Inc. are Massachusetts corporations that acquire, hold, manage, and dispose of real property in satisfaction of debts. Randolph Holdings RI II, LLC is a Rhode Island limited liability company that subleases a former branch office location to another financial institution. As of March 31, 2016, Randolph Bank had total assets of approximately \$390.3 million and total deposits of approximately \$323.6 million.

First Federal is a federally-chartered savings bank that operates exclusively from its main office in Boston, Massachusetts and is the sole banking subsidiary of First Eastern. The deposits of First Federal are insured up to allowable limits by the FDIC. First Federal has three wholly owned subsidiaries, First Eastern Mortgage Corporation, Prime Title Services, Inc., and First Realty Acquisition Corporation. First Eastern Mortgage Corporation is an inactive Massachusetts corporation. Prime Title Services, Inc. is a Massachusetts corporation that provides mortgage loan closing services. First Realty Acquisition Corporation is a Massachusetts corporation that acquires, holds, manages, and disposes of real property in satisfaction of debts. As of March 31, 2016, First Federal had total assets of approximately \$55.4 million and total deposits of approximately \$38.7 million.

### Legal Authority and Procedural Requirements

The authority for a holding company to acquire control of a federally chartered savings and loan holding company and its

subsidiary banking institution without the prior written approval of the Massachusetts Board of Bank Incorporation (BBI) was established by Chapter 482 of the Acts of 2014 and is codified at Massachusetts General Laws chapter 167A, section 3. The exemption from the requirement to obtain approval from the BBI will apply if: (i) the acquired institution is merged simultaneously with the acquiring entity's acquisition of the capital stock of such acquired institution; (ii) the acquired institution is not operated by the acquiring entity as a separate banking institution; and (iii) the transaction requires the approval of the Commissioner of Banks (Commissioner) pursuant to Massachusetts General Laws. Information reported in the application establishes that: (i) the merger of First Federal with and into Randolph Bank will occur at the time of the merger of First Eastern with and into Randolph Bancorp, Inc.; (ii) First Federal will not be operated as a separate banking institution following the merger; and (iii) the merger requires the approval of the Commissioner of Banks under Massachusetts General Laws chapter 167I, section 3. This transaction is therefore exempted from the BBI approval requirement.

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 various affordable housing loan programs. The Division received notice from the MHPF that satisfactory arrangements have been made for this transaction in a letter dated December 1, 2015.

Notice of Randolph Bank'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. Therefore, the application and all documents and materials related to this transaction have been reviewed in accordance with 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 merger. The Division also reviewed and considered both banks' records of performance under the Community Reinvestment Act (CRA).

#### Competition

Materials have been submitted to address the issue of whether competition among banks will be unreasonably affected by the proposed transaction. In analyzing the impact of the proposed merger on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by federal authorities. 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 this case, there will be no material change in HHI for the geographical areas analyzed. In addition to that 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. There is no city or town in which both banks maintain a banking office, and, as previously stated, Randolph Bank intends to maintain First Federal's sole banking office as a branch office after consummation of the merger. Therefore, the Division's analysis of the competitive impact of this transaction supports its approval.

#### Public Convenience and Advantage

The Division also considered whether public convenience and advantage will be promoted by the proposed merger. The application indicates that Randolph Bank will be able to offer several products and services that have not previously been directly available to First Federal customers, including various online banking services. Randolph Bank will also be able to offer customers of First Federal expanded commercial banking services, which include greater commercial lending capabilities. Additionally, customers of First Federal will benefit from the larger lending limit available through the combined institution and through the expanded network of banking offices and ATMs. Finally, deposits held by First Federal that exceed FDIC deposit insurance limits will receive excess deposit insurance coverage through the Depositors Insurance Fund. Customers of Randolph Bank will primarily benefit from the addition of First Federal's banking office and ATM in Boston, as well as from First Federal's mortgage business and experienced team of mortgage professionals.

In determining whether to approve a petition under the statutory criteria, the Commissioner must also consider a showing of net new benefits related to the transaction, including initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Commissioner may deem necessary. Capital investments of approximately \$50,000 are expected to be made for new bank signage, a network and system conversion and upgrade, and other improvements. The employees of First Federal are expected to be offered employment with Randolph Bank. Furthermore, the continuing bank plans to hire additional employees in the future, based on its growth. Accordingly, the Division has reviewed factors related to public convenience and advantage, including net new benefits, and has determined that they are consistent with approval of Randolph Bank'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 state-chartered banks includes an evaluation by personnel of the Division. For other institutions, the Division looks to a publicly available descriptive rating and evaluation by the supervising federal or state regulatory agency. The Division notes that Randolph Bank received a "Satisfactory" rating in its most recent CRA performance evaluation by the Division and the FDIC dated as of April 21, 2014. The Division further notes that First Federal received an "Outstanding" rating in its most recent CRA performance evaluation conducted by the Office of Thrift Supervision dated as of February 8, 2010. The Division's consideration of the CRA performance of Randolph Bank and First Federal also support the approval of the proposed merger.

The financial and managerial aspects of the proposed transaction are also considered by the Division. As previously mentioned, Randolph Bancorp is converting into a stock holding company under chapter 167H, section 9 and pursuant to 209 CMR 33.00. Proceeds from the sale of stock of the resulting stock holding company, Randolph Bancorp, Inc., to depositors of Randolph Bank and the public will be used in part to fund the acquisition of First Eastern and First Federal. Materials provided indicate that Randolph Bank will continue to meet all regulatory capital requirements after the consummation of the proposed merger. The application also indicates that the Board of Directors and senior executives of Randolph Bank will remain substantially the same after consummation of the proposed transaction. The Division's consideration of the financial and managerial aspects of the transaction also supports its approval.

#### Conclusion

Upon review of the application with reference to the relevant statutory and regulatory requirements, the Division finds that competition among banking institutions will not be unreasonably affected; that public convenience and advantage will be promoted by consummation of the proposed transaction; and that records of CRA performance by the banks involved in this transaction are consistent with its approval. On the basis of these considerations, approval is granted to merge First Federal with and into Randolph Bank under the charter, by-laws, and name of Randolph Savings Bank pursuant to Massachusetts General Laws chapter 167I, section 3.

The approvals granted herein are 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 Massachusetts General Laws chapter 167I, section 3 has been returned with my endorsement;
2. That the proposed merger shall not become effective until 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.

June 29, 2016

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Date

David J. Cotney

