

From the Baltimore Business Journal:

<https://www.bizjournals.com/baltimore/news/2022/01/28/behind-rosedale-federals-latest-deal.html>

Behind Rosedale Federal's latest acquisition and why there could be more to come

Jan 28, 2022, 3:07pm EST

When Kevin Benson became CEO of Rosedale Federal Savings and Loan Association in 2016, the bank had never done an acquisition.

Now, the 113-year-old mutual savings bank is doing its second deal in five years. Rosedale Federal announced Friday it plans to acquire the parent of Chesapeake Bank of Maryland for [\\$64.4 million](#).

The latest deal is a little bit different from Rosedale Federal's last one in 2017 when it bought Midstate Community. That deal was a combination of two mutual savings banks, which do not have stock and are owned by their depositors. In Chesapeake Bank, Rosedale Federal is acquiring a federal savings association that has capital stock.



ROSEDALE FEDERAL SAVINGS AND LOAN ASSOCIATION

Rosedale Federal Savings and Loan Association will have almost \$1 billion in deposits after it acquires Chesapeake Bank of Maryland.

"This one is a little bit larger of a transaction and has more branches, more footprint," Benson said in a phone interview. "We are really excited for this second transaction since I came into this role."

Benson said after the Midstate Community Bank purchase that Rosedale would potentially be interested in future deals with small and midsize banks, including those that aren't mutual savings banks.

The acquisition of Midstate pushed Rosedale into Towson, expanding its presence in Baltimore County. Chesapeake Bank furthers that effort with a branch in Arbutus, as well as enabling Rosedale to enter Anne Arundel County for the first time with a branch in Pasadena.

The driving force behind both deals: The continued consolidation of banks in Maryland and a need to get bigger in order to survive.

"It's size and scale, right? That's one of the main drivers with increased cost of compliance and technology," Benson said. "To try and remain relevant, size matters in terms of trying to spread those costs over a bigger asset base. And the dearth of opportunities was a driver as well. We're probably at about 30 Maryland-headquartered institutions now, so with that consolidation in our industry there's not a whole lot of opportunity remaining if you want to stay within your footprint."

Rosedale will be close to \$1 billion in deposits, with more than \$994 million, after the deal closes. The bank will also have about \$1.3 billion in assets. Benson doesn't like to "get too caught up in round numbers" but acknowledged that reaching \$1 billion in deposits is "very exciting."

"It's kind of fun to say we'll have \$1 billion in deposits, but I think our focus is to do the right thing for our customers and our community," Benson said. "That's really what it's all about for us."

The deal means bankers at Chesapeake now get an opportunity to do bigger loans by joining a larger financial institution. Benson said Chesapeake drew Rosedale's interest because the two banks have a lot in common.

"They operated as [a mutual savings bank] for many years and have a balance sheet that is similar to ours," Benson said.

The opportunity to expand to Anne Arundel County also made the deal attractive. Benson said Rosedale plans to invest in the Anne Arundel market and called it "an important part of this transaction."

"How do we leverage this new location in trying to provide our services to a bigger group of customers?" Benson said. "It's an opportunity to introduce ourselves to new customers, so yes, it's definitely a driver."

Both banks share some similar clients, but Benson said the deal will help Rosedale continue to expand its business relationships by doing more commercial and industrial loans.

The acquisition of Rosedale is expected to close during the first half of the year. Even though he's focused on completing that process, Benson said he would be open to doing more deals so it can remain independent.

"I think we have to continue to look," Benson said. "I think that in this kind of environment there will be some more opportunities and we want to grow. We're in that mode. As a [mutual savings bank] I don't have the shareholder pressures that other folks have, and we are committed to being independent and trying to grow the institution. That's the only way you can continue to earn that longevity is to continue to look at opportunities."

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