

# Somerset Savings Bank to Conduct Conversion and Related Stock Offering and to Merge With Regal Bancorp, Inc.

7/25/2022

BOUND BROOK, N.J. and LIVINGSTON, N.J., July 25, 2022 /PRNewswire/ -- Somerset Savings Bank, SLA ("Somerset Savings") announced today that its Board of Directors has adopted a plan of conversion to convert from the mutual to stock form of organization. SR Bancorp, Inc., a newly formed Maryland corporation ("SR Bancorp" or the "Company"), has been organized to facilitate the conversion and offer shares of common stock to certain depositors of Somerset Savings and others in a subscription and community offering. The number and price of the shares to be issued in the conversion offering will be based on an independent appraisal that has yet to be performed. In addition, and to further support the communities in which Somerset Savings operates, it is intended that a charitable foundation will be established and funded with conversion stock and cash as part of the transaction.

Somerset Savings Logo

Regal Bancorp Logo

In connection with the conversion, the Boards of Directors of Somerset Savings and SR Bancorp entered into a definitive agreement to merge with Regal Bancorp, Inc. ("Regal Bancorp") and its subsidiary Regal Bank. In the merger, Regal Bancorp will merge with and into SR Bancorp, with SR Bancorp as the surviving entity, and Regal Bank will merge with and into Somerset Savings, with Somerset Savings as the surviving institution under the name Somerset Regal Bank. In connection with the conversion and merger, Somerset Savings also intends to convert to

a New Jersey chartered commercial bank.

The plan of conversion establishes June 30, 2021 as the eligibility record date for determining the eligible account holders of Somerset Savings entitled to receive nontransferable subscription rights to purchase common stock. The transactions contemplated by the plan are subject to approval by (1) the voting members of Somerset Savings at a Special Meeting of Members; (ii) the Federal Deposit Insurance Corporation and (iii) the New Jersey Department of Banking and Insurance (the "Department"). The formation of the holding company as the parent company of Somerset Savings is subject to the approval of the Board of Governors of the Federal Reserve System and the Department, if required.

Pursuant to the terms of the merger agreement, Regal Bancorp shareholders may elect to receive 1.93 shares of SR Bancorp, Inc. common stock (based on a \$10.00 per share offering price) or \$19.30 in cash for each share of Regal Bancorp common stock, subject to the allocation and proration procedures set forth in the merger agreement, which require that 80% of the merger consideration be Company common stock and 20% of the merger consideration be cash. If SR Bancorp issues a number of shares of its common stock in its conversion stock offering that is above the midpoint of the offering range established in the independent appraisal, then the aggregate stock portion of the merger consideration will be increased to 90%. The aggregate transaction value of the merger is approximately \$58.4 million.

The merger agreement has been approved by the Boards of Directors of the Company, Somerset Savings, Regal Bancorp and Regal Bank. The merger is subject to the approval of the shareholders of Regal Bancorp and the completion of the Company's conversion and stock offering. In addition, the conversion is subject to the approval of the members of Somerset Savings. The transactions are also subject to the approval of bank regulatory authorities, as well as other customary conditions. The conversion, offering and merger are expected to be completed in the second quarter of 2023 and will be consummated simultaneously.

In announcing the transaction, William P. Taylor, Chairman and Chief Executive Officer of Somerset Savings said: "The simultaneous conversion and merger with Regal Bancorp, and our conversion to a commercial bank charter, marks a pivotal point in the history of Somerset Savings. This transaction not only combines two well-respected community banking organizations creating a combined franchise with complimentary business lines and over \$1 billion in total assets, but also provides our depositors the ability to benefit as shareholders in the combined organization and allows our customers to benefit from the commercial lending expertise the Regal team brings to the combined company. Finally, the additional capital we raise in the offering will help support future growth as we continue our development as a full-service community bank."

Christopher Pribula, the President, Chief Operating Officer and a director of Somerset Savings, stated: "We look forward to partnering with the Regal team and providing a wide range of products and services to our combined customer base at the same level of quality customer service that has been a hallmark of both Somerset Savings Bank and Regal Bank."

The Executive Chairman of the Board of Directors of Regal Bancorp, David M. Orbach, and two other Regal Bancorp board members will join the board of directors of SR Bancorp and Somerset Regal Bank upon completion of the merger transaction. Mr. Orbach will serve as Executive Chairman of the Board of Directors of SR Bancorp and as Executive Vice Chairman of the Board of Directors of Somerset Regal Bank. Mr. Taylor will continue as Chief Executive Officer and Chairman of the Board of Directors of Somerset Regal Bank and will serve as Chief Executive Officer and a director of SR Bancorp. Christopher Pribula will continue as President, Chief Operating Officer and a director of Somerset Regal Bank and SR Bancorp.

Commenting on the transaction, David Orbach stated, " Regal shares a like-minded philosophy with the executives of Somerset in their management style and adherence to sound principles. We are very excited to be partnering with an outstanding community bank that has a long history of providing quality financial products and services to the communities and markets it serves. I look forward to working together on the future growth and success of the combined institution."

Thomas Lupo, President and CEO of Regal, stated: "The merger represents a great opportunity for our shareholders, customers and employees. It will benefit the customers of both institutions, allowing us to offer our commercial lending products and knowledge to Somerset customers, while Regal customers will benefit from Somerset's residential lending products and experience."

Somerset Savings was advised by Keefe, Bruyette & Woods, a Stifel Company and Luse Gorman, PC. Regal Bancorp was advised by The Kafafian Group, Inc. and Windels Marx Lane & Mittendorf, LLP.

#### About Somerset Savings

Somerset Savings Bank, SLA formed in 1887, is a New Jersey savings and loan association. Somerset Savings is a full-service community bank headquartered in Bound Brook, New Jersey that operates seven branches in Hunterdon, Middlesex and Somerset Counties, New Jersey. At March 31, 2022, Somerset Savings had \$649.0 million in total assets, \$317.0 million in net loans, \$525.0 million in deposits and total equity of \$120.2 million. Additional information about Somerset Savings is available on its website, [www.somersetsavings.com](http://www.somersetsavings.com).

#### About Regal Bancorp

Regal Bancorp, Inc., which became the bank holding company for Regal Bank in 2017, is a New Jersey corporation and is registered with the Federal Reserve Board as a bank holding company. Regal Bank, formed in 2007, is a full-service community bank headquartered in Livingston, New Jersey that operates ten branches in Essex, Morris, Somerset and Union Counties, New Jersey. At March 31, 2022, Regal Bancorp had \$544.7 million in total assets, \$345.7 million in net loans, \$480.5 million in deposits and total equity of \$46.7 million. Additional information about Regal Bank is available on its website, [www.regalbanknj.com](http://www.regalbanknj.com).

#### Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements are not historical or current facts and they often include words like "believe," "expect," "anticipate," "estimate," "intend" or similar terminology. Factors that could cause actual results to differ materially from those expected include delays in completing the liquidation and the dissolution. Except as required by law, none of the Company, Somerset Savings, Regal Bancorp or Regal Bank undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statement is made.

#### Additional Information

The offering by the Company will be made only by means of a prospectus in accordance with the Securities Act of 1933, as amended, and all applicable state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities.

The proposed transaction will be submitted to shareholders of Regal Bancorp for their consideration. The Company will file a registration statement, a proxy statement/prospectus and other relevant documents concerning the proposed transaction with the Securities and Exchange Commission (the "SEC"). Regal Bancorp shareholders are urged to read the registration statement and proxy statement/prospectus when they become available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about the Company, at the SEC's Internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the SEC filings that will be incorporated by reference in the proxy statement/prospectus can be obtained, without charge, by directing a request to Lisa King, Investor Relations, Regal Bancorp, 570 West Mount Pleasant Avenue, Livingston, New Jersey 07039, 973-716-0600.

The directors and executive officers of Regal Bancorp may be deemed to be participants in the solicitation of proxies from the shareholders of Regal Bancorp in connection with the merger. Information about the directors and executive officers of Regal Bancorp and their ownership of Regal Bancorp common stock may be found in its definitive proxy statement relating to its 2022 Annual Meeting of Shareholders, which can be obtained free of

charge from Regal Bancorp by directing a request to Lisa King, Investor Relations, Regal Bancorp, 570 West Mount Pleasant Avenue, Livingston, New Jersey 07039, 973-716-0600. Additional information regarding the interests of these participants and other persons who may be deemed participants in the transaction may be obtained by reading the proxy statement/prospectus regarding the proposed transaction when it becomes available.

SOURCE Somerset Savings Bank