



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

May 29, 2018

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Directors
Savings Bank of Walpole
68 Ames Plaza Lane
Walpole, New Hampshire 03608

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization through an interim merger, solely to facilitate a conversion from a mutual to stock form, filed on behalf of Savings Bank of Walpole, Walpole, New Hampshire (Bank) was reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160 – 303.163 and other pertinent FDIC regulations. Based on the information presented and the representations made, the FDIC poses no objection to the proposed conversion transaction.

Enclosed is our Order and Basis for Corporation Approval (Order) for the application filed on behalf of the Bank in conjunction with the conversion transaction, including considerations of the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

As part of the notice, the Bank requested, in accordance with 12 C.F.R. Section 303.162(a)(2), a waiver of certain provisions of the FDIC's regulations pertaining to mutual-to-stock conversions, specifically, the depositor vote requirement of 12 C.F.R. Section 333.4(c)(2). We have reviewed the Bank's request and have found that a sufficient number of independent corporators voted in favor of the proposed conversion. Therefore, the Bank's request for a waiver is granted.

FEDERAL DEPOSIT INSURANCE CORPORATION

Savings Bank of Walpole
Walpole, New Hampshire

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) of the Federal Deposit Insurance (FDI) Act, Savings Bank of Walpole, Walpole, New Hampshire (Bank), currently a state-chartered, mutually owned Deposit Insurance Fund (DIF) member with total assets of \$415,429,000 and total deposits of \$384,294,000 as of March 31, 2018, filed an application for the FDIC's consent to merge with Savings Bank of Walpole (in stock form), Walpole, New Hampshire, a proposed new interim, state-chartered stock savings bank.

The proposed transaction is to effect the Bank's plan of reorganization into a mutual holding company structure which, solely to facilitate such an undertaking, provides for the following:

- The Bank will organize a New Hampshire-chartered stock savings bank to be known as Savings Bank of Walpole (in stock form) (Stock Bank).
- The Bank will transfer a substantial part of its assets and liabilities, including all insured liabilities, in exchange for all of the issued and outstanding shares of common stock of the Stock Bank.
- The Stock Bank will be the surviving entity and will retain the name Savings Bank of Walpole (Resultant Bank).
- Concurrent with the merger of the Bank and Stock Bank, the Bank will amend and restate its charter and bylaws to become the charter and by-laws of a New Hampshire-chartered mutual holding company, to be known as Walpole Mutual Bancorp, MHC (MHC), which will own Resultant Bank.

Upon consummation of the proposed transaction, the deposits of Resultant Bank will be insured by the DIF. Resultant Bank will be wholly owned by MHC.

Following the consummation of the proposed transaction, Resultant Bank will operate the same banking business with the same management at the same locations now being served by the Bank, including its main office at 68 Ames Plaza Lane, Walpole, New Hampshire. The proposed transaction will not alter the competitive structure of banking in the market served by the Bank. The FDIC has taken into consideration the financial history and condition, the adequacy of the capital structure, the future earnings prospects, the general

character and fitness of the management, the convenience and needs of the communities to be served, the risk to the DIF and whether the banks' corporate powers are consistent with the purposes of the FDI Act.

Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act. A review of available information, including the Community Reinvestment Act (CRA) Statement of the proponent, disclosed no inconsistencies with the purposes of the CRA. Resultant Bank is expected to meet the credit needs of its community, consistent with the safe and sound operation of the institution.

In connection with the merger application, the FDIC has taken into consideration the effect on competition, financial and managerial resources and future prospects of the proponent bank and the resultant bank, the convenience and needs of the community to be served, and the effect of the proposed transaction on competition. The FDIC has also taken into consideration the effectiveness of the insured depository institution involved in the proposed merger transaction in combating money-laundering activities, and the risk posed by the transaction to the stability of the U.S. banking or financial system.

Having found favorably on all statutory factors, it is the FDIC's judgment that the applications for Federal deposit insurance and for consent to merge should be and are hereby approved subject to the following conditions, some of which are continuing in nature:

1. Except for the issuance of all of the shares of Savings Bank of Walpole (Stock Bank) to Walpole Mutual Bancorp, MHC (Mutual Holding Company), no shares of stock of the Stock Bank shall be sold, transferred, or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless 30 days prior written notice is provided to, and written non-objection is received from, the FDIC's New York Regional Director
2. Prior to a sale, transfer or other disposition of any shares of Stock Bank, other than the transfer of shares to the Mutual Holding Company, to any person (including any Employee Stock Ownership Plan) or a conversion of the Mutual Holding Company to stock form, the Stock Bank shall provide prior written notice to the FDIC's New York Regional Director and include copies of all documents filed with the state and Federal banking and/or securities regulators in connection with any sale, transfer, disposition, or conversion
3. Any change in proposed senior executive officers or the board of directors, prior to the consummation of the proposed transactions, will render this approval null and void unless the Bank submits prior written notice to, and receives written non-objection from, the FDIC's New York Regional Director prior to the consummation of the proposed transactions.
4. The Bank shall provide written notice to, including copies of any employment agreements, and receive written non-objection from, the FDIC's New York

Regional Director prior to the Bank or Stock Bank entering into an employment agreement with the proposed president and chief executive officer.

5. During the three-year period after the close of the proposed transactions, the Stock Bank shall operate within the parameters set forth in the business plan submitted with the Notice (Business Plan) and must provide at least 30 days prior written notice to and receive written non-objection from, the FDIC's New York Regional Director prior to implementing any proposed material deviation or change from the Business Plan (including, but not limited to, any merger, acquisition, or business combination).
6. The Stock Bank shall provide 30 days' prior written notice to and obtain written non-objection from the FDIC's New York Regional Director prior to implementing any policy or executing any agreement relating to the allocation and sharing of costs with the Stock Bank. A copy of the proposed policy or agreement shall be provided with the written notice.
7. The Bank shall provide written evidence that all necessary and final approvals regarding the proposed transactions have been received from the appropriate Federal and state authorities.
8. The proposed transactions may not be consummated later than six months after the date of the FDIC's non-objection unless such period is extended for good cause by the FDIC.
9. The Bank acknowledges that any letter of non-objection from the FDIC is conditioned on the facts and circumstances as currently known to the FDIC, and the Bank shall notify the FDIC's New York Regional Director as soon as the Bank becomes aware of any material changes in the facts and circumstances prior to the consummation of the proposed transactions.
10. Until the proposed transactions are consummated, the FDIC has the right to alter, suspend, or withdraw its non-objection should any interim development be deemed to warrant such action.

Pursuant to the delegated authority of the FDIC Board of Directors.

Dated at Washington, D.C. this 29th day of May, 2018.

/s/

James C. Watkins
Senior Deputy Director
Division of Risk Management Supervision