



Federal Deposit Insurance Corporation

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

Division of Supervision and Consumer Protection

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

December 31, 2008

Board of Trustees
Conneaut Savings Bank
305 Main Street
Conneaut, Ohio 44030

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization through the interim merger filed on behalf of Conneaut Savings Bank (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 applications filed on behalf of the Bank in conjunction with the conversion transaction. Our approvals are subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

Please notify the Chicago Regional Office in writing when the proposed transaction has been consummated. If an extension of time limit included in the Order is required, a letter requesting a specific extension of the limitation, including reasons therefore, should be submitted to the Chicago Regional Office.

Sincerely,

/s/

Christopher J. Spoth
Senior Deputy Director

Enclosure

cc: Lori M. Beresford
Kilpatrick Stockton LLP
Suite 900 607 14th St., NW
Washington DC 20005

FEDERAL DEPOSIT INSURANCE CORPORATION

Conneaut Savings Bank
Conneaut, Ashtabula County, Ohio
Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of Conneaut Savings Bank, Conneaut, Ohio (Mutual Institution), currently an insured Ohio-chartered mutual savings bank with total resources of \$75,980,000 and total deposits of \$61,035,000 as of September 30, 2008, for the FDIC's consent to merge with Conneaut Interim Two Savings Bank (In Organization) (Interim Two), Conneaut, Ohio, a proposed new interim federally-chartered stock savings bank. Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act.

The transaction is to effect the Mutual Institution's reorganization into the mutual holding company structure, which, solely to facilitate such undertaking, provides for:

- Mutual Institution to organize a stock bank holding company under the name of Conneaut Bancorp, Inc. (Stock HC), and a mutual holding company under the name Conneaut Savings, MHC (Mutual HC);
- Mutual Institution to convert to a Ohio-chartered stock savings bank (Stock Bank); and
- Mutual Institution to form an interim federal savings bank to merge with and into Stock Bank, with Stock Bank as the surviving entity (the Resultant Bank) and all of the initially issued stock of Stock Bank to be transferred to Mutual HC in exchange for membership interests in Mutual HC; and
- Mutual HC to contribute the capital stock of Stock Bank to Conneaut Bancorp, Inc. whereby Resultant Bank will become a wholly-owned subsidiary of Stock HC, which will in turn be a wholly-owned subsidiary of Conneaut Savings, MHC.

On the effective date of the reorganization, Conneaut Savings Bank will be a stock bank that is wholly owned by Conneaut Savings, MHC.

Applications for the establishment of Conneaut Bancorp, Inc., and Conneaut Savings, MHC have been approved by the Office of Thrift Supervision. Also, the Ohio Division of Financial Institutions granted Conneaut Savings Bank the authority to conduct a banking business and approved the establishment and operation of a stock savings bank as well as approved the holding company applications.

Following consummation of the merger, Conneaut Savings Bank will operate the same banking business, with the same management, at the same locations now being served by Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. Conneaut Savings

Bank's main office will continue to be located at 305 Main Street, Conneaut, Ohio 44030.

A review of available information, including the Community Reinvestment Act (CRA) Statement of Mutual Institution discloses no inconsistencies with the purposes of the CRA. Resultant Institution is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the resultant bank, and the convenience and needs of the community to be served. Having found favorably on all statutory factors and having considered other relevant information, it is the FDIC's judgment that the application should be and is hereby approved, subject to the following conditions:

1. That the transaction may not be consummated unless the Plan of Reorganization from Mutual Savings Bank to Mutual Holding Company receives prior approval by an affirmative vote of at least a majority of the total votes eligible to be cast by Mutual Institution's depositors;
2. That, except for the proposed transfer of stock to Conneaut Bancorp, Inc., no shares of the stock of Conneaut Savings Bank shall be sold, transferred or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless prior notice is provided to, and non-objection is received from the FDIC;
3. That, prior to the sale, transfer, or other disposition of any shares of Conneaut Bancorp, Inc. by Conneaut Savings, MHC to any person (including any Employee Stock Ownership Plan), or a conversion of the mutual holding company to stock form, Conneaut Savings Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with such sale, transfer, disposition, or conversion;
4. That should any shares of the stock of Conneaut Savings Bank or Conneaut Bancorp, Inc. be issued to persons other than Conneaut Savings, MHC, any dividends waived by Conneaut Savings, MHC must be retained by Conneaut Bancorp, Inc. or Conneaut Savings Bank and segregated, earmarked, or otherwise identified on the books and records of Conneaut Bancorp, Inc. or Conneaut Savings Bank; such amounts must be taken into account in any valuation of the institution, and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of Conneaut Savings, MHC to stock form; such amounts shall not be available for payment to, or the value thereof transferred to, minority shareholders, by any means, including through dividend payments or at liquidation;
5. That any change in proposed management, including the board of directors, will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction.

6. That the proposed transaction may not be consummated unless and until the Conneaut Savings Bank has the authority to conduct banking business, and that its establishment and operation as a stock savings bank and holding companies have been fully approved by appropriate Ohio Division of Financial Institutions officials, and its holding companies, Conneaut Savings, MHC and Conneaut Bancorp, Inc., are granted approval by the OTS to become holding companies for Conneaut Savings Bank;

7. That the transaction shall not be consummated later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and

8. That until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

Pursuant to delegated authority.

Dated at Washington, D.C., this 31st day of *December* 2008

/S/

By: _____
Christopher J. Spoth
Senior Deputy Director
Division of Supervision and Consumer Protection