FEDERAL DEPOSIT INSURANCE CORPORATION

RE: New Valley Bank & Trust
(In Organization)
Springfield, Hampden County, Massachusetts

Application for Federal Deposit Insurance
and to Establish a Domestic Branch

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("FDIC"), pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance with membership in the Deposit Insurance Fund and to establish a domestic branch at 1930 Wilbraham Road, Springfield, Hampden County, Massachusetts, for New Valley Bank & Trust ("Bank"), a proposed new state non-member bank with a main office located at One Monarch Place, Suite 910, Springfield, Hampden County, Massachusetts, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be, and the same hereby is, approved, subject to the following conditions:

1. That beginning paid-in capital funds of not less than $25,000,000 shall be provided (initial capital).

2. That the Bank’s initial capital is sufficient to maintain a Tier 1 leverage ratio (as defined in the appropriate capital regulations of the FDIC) of not less than eight percent (8.00%) throughout the first three years of operation.

3. That an adequate allowance for loan and lease losses be provided from the date insurance is effective.

4. That prior to the Bank's opening and during the first three years of operations, the Bank shall obtain the non-objection of the appropriate FDIC Regional Director for any proposed change in the composition of the Board of Directors and senior executive officers (as defined in 12 CFR § 303.101) of the Bank.

5. That during the Bank’s first three years of operation, the Bank must obtain the written non-objection of the appropriate FDIC Regional Director prior to the implementation of any employment agreements and compensation arrangements (including salary, benefits, deferred compensation, stock options and/or incentives, and bonus and
severance payments) for the Bank's senior executive officers that were not previously reviewed by the FDIC as part of the application for Federal deposit insurance.

6. That the Bank shall operate within the parameters of the Business Plan submitted to the FDIC. During the first three years of operations, the Bank shall seek the prior written non-objection from the appropriate FDIC Regional Director for any proposed major deviation or material change from the submitted plan, before implementation of such major deviation or material change.

7. That during the first three years of operations, the Bank shall notify the appropriate FDIC Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.

8. That prior to the effective date of obtaining Federal deposit insurance, the Bank must obtain adequate fidelity coverage.

9. That the Bank will submit any proposed contract, lease, or agreement relating to the construction or rental of permanent quarters during the first three years of operations to the appropriate FDIC Regional Director for review.

10. The Bank will adopt an accrual accounting system for maintaining the financial records of the Bank in accordance with U.S. Generally Accepted Accounting Principles.

11. That the Bank will obtain an audit of its financial statements by an independent public accountant annually for the first three fiscal years after Federal Deposit Insurance is effective, and submit to the appropriate FDIC office (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the institution's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within fifteen (15) days after their receipt by the Bank, and (iii) written notification within 15 days after a change in the Bank's independent auditor occurs.

12. That the Bank will identify and hire a qualified Bank Secrecy Act Officer prior to commencing operations.

13. That the Bank will develop and implement a Community Reinvestment Act plan appropriate for the Bank's business strategy.

14. That any proposed ownership of ten percent (10.00%) or more of the Bank's stock, including new acquisitions of or subscriptions to ten percent or more of stock, must be approved by the FDIC prior to the Bank's opening. The Bank must provide a complete shareholder list to the Regional Director, which shall include the following for each beneficial owner or control party: name, number of shares owned or controlled directly or indirectly, dollar amount of shares owned or controlled directly or indirectly, and percentage of shares owned or controlled directly or indirectly. The shareholder list shall also identify any related direct or indirect interests in shares,
whether such interests are held as owner, control parity, beneficiary, trustee, or investment advisor, or whether due to another similar relationship that, following the offering and when aggregated, will equal or exceed 10 percent of the Bank's holding company shares. The complete shareholder list shall be provided to the FDIC prior to the Bank's opening.

15. That prior to opening, the Bank has made or will make full disclosure to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and terms and costs involved. An "insider" is a person who: (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) is a shareholder who directly or indirectly controls ten percent (10.00%) or more of any class of the Bank's outstanding voting stock; or (iii) is an associate or related interest of any such person.

16. That Federal deposit insurance will not become effective until the Bank has been granted a charter as a depository institution; has authority to conduct a banking business; and its establishment and operation have been fully approved by the appropriate State supervisory authority.

17. That until Federal deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed by the FDIC to warrant such action.

18. That if Federal deposit insurance has not become effective within one year from the date of this ORDER, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.

Dated at New York, New York, this 2nd day of November 2018.

FEDERAL DEPOSIT INSURANCE CORPORATION

/S/
John F. Vogel
Regional Director
Division of Risk Management Supervision
FEDERAL DEPOSIT INSURANCE CORPORATION

Re: New Valley Bank & Trust (Proposed)
Springfield, Hampden County, Massachusetts

Application for Federal Deposit Insurance
and to Establish a Domestic Branch

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1815), the Federal Deposit Insurance Corporation ("FDIC") received an Interagency Charter and Federal Deposit Insurance Application on behalf of New Valley Bank & Trust (the "Bank"), a proposed new state-charted nonmember bank with a main office located at 1 Monarch Place, Suite 910, Springfield, Hampden County, Massachusetts. Pursuant to the provisions of Section 18(d) of the FDI Act, the FDIC also received an embedded application on behalf of the Bank to establish a domestic branch at 1930 Wilbraham Road, Hampden County, Massachusetts. The organizers concurrently applied to the Massachusetts Board of Bank Incorporation for a state commercial bank and trust charter.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on August 6, 2018.

The Bank will not have a holding company. The opening capital of the Bank will be realized from a private placement offering of a minimum of 25,000 shares of common stock and a maximum of 30,000 shares of common stock, at a price of $1,000.00 per share. A minimum of $25,000,000 of the proceeds from the common stock offering will capitalize the Bank in exchange for 100% of the voting stock of the Bank. Net of organizational expenses, the Bank's opening capital will approximate a minimum of $23,800,000.

The Bank's business plan is for a community bank that serves the needs of individuals and small- and medium-sized businesses in Hampden County, Massachusetts, with outreach to nearby counties in Western and Central Massachusetts, Northern Connecticut, and Southern Vermont. The Bank will offer traditional products and services and will be overseen by an experienced management team, including a diversified and knowledgeable Board of Directors who is committed to serving the local community.

The Bank will operate with sufficient capital and managerial resources to accomplish the strategies and goals in the business plan. The Bank will be capitalized with an amount sufficient to achieve and maintain a Tier 1 capital to assets leverage ratio, as defined in the capital regulations of the FDIC, of not less than eight percent (8.00%) throughout the Bank's first three years of operation. Projected growth and earnings appear attainable, and the investment in fixed assets is reasonable. The Bank's plans appear to satisfy the convenience and needs of the community. Corporate powers to be exercised are consistent with the purposes of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent.
Accordingly, based upon careful evaluation of all available facts and information, and in consideration of the factors of Section 6 of the FDI Act, as well as in consideration of the Community Reinvestment Act, the National Historic Preservation Act, and the National Environmental Protection Act, the New York Regional Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

REGIONAL DIRECTOR
DIVISION OF RISK MANAGEMENT SUPERVISION
FEDERAL DEPOSIT INSURANCE CORPORATION