



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Division of Supervision and Consumer Protection

August 20, 2009

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Trustees
Belmont Savings Bank
2 Leonard Street
Belmont, Massachusetts 02478

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization through the organization of an interim institution and a merger filed on behalf of Belmont 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. Also, per Section 4(d) of the Federal Deposit Insurance Act, the converted Bank will be an insured depository institution.

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, including considerations of deposit insurance and the proposed merger. Our approvals are 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), waiver of certain provisions of the FDIC's regulations pertaining to mutual-to-stock conversions. Specifically, the Bank requested a waiver of 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 waiver is granted.

Board of Trustees
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Please notify the Boston Area 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 Boston Area Office.

Sincerely,

/s/

Christopher J. Spoth
Senior Deputy Director

Enclosure

cc: Darah E. Manning
Attorney
Nutter, McClennen & Fish, LLP
155 Seaport Boulevard
Boston, MA 02210-2604

FEDERAL DEPOSIT INSURANCE CORPORATION

Belmont Savings Bank
Belmont, Middlesex County, Massachusetts

Application for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Sections 5 and 18(c) and other provisions of the Federal Deposit Insurance (FDI) Act, an application has been filed on behalf of Belmont Savings Bank, Belmont, Massachusetts (Mutual Institution), currently a state-chartered, mutually-owned Deposit Insurance Fund (DIF) member with total resources of \$497,987,000 and total deposits of \$283,870,000 as of December 31, 2008, for the FDIC's consent to merge with Belmont Interim Subsidiary Bank, Belmont, Massachusetts, a proposed new interim, state-chartered stock savings bank. In addition, applications have been filed for Federal deposit insurance for Belmont Interim Mutual Bank (a *de novo* mutual savings bank to be subsequently organized into a mutual holding company) and Belmont Interim Subsidiary Bank.

The transaction is to effect the Mutual Institution's plan of reorganization which, solely to facilitate such undertaking, provides for:

- Mutual Institution to organize a new *de novo* mutual savings bank under Massachusetts law to be known as Belmont Interim Mutual Bank.
- Belmont Interim Mutual Bank to reorganize into a mutual holding company to be known as BSB Bancorp, MHC.
- BSB Bancorp, MHC to establish a Massachusetts stock corporation to be known as BSB Bancorp, Inc.
- BSB Bancorp, MHC to establish a wholly-owned subsidiary known as Belmont Interim Subsidiary Bank.
- Mutual Institution to immediately merge with and into Belmont Interim Subsidiary Bank under the name of Belmont Savings Bank, but with the charter of the Belmont Interim Subsidiary Bank surviving (Resultant Bank or Belmont Savings Bank).
- BSB Bancorp, MHC to immediately thereafter contribute 100% of the shares of the Resultant Bank to BSB Bancorp, Inc.

Upon consummation of the reorganization, the deposits of the Belmont Savings Bank will continue to be insured under the DIF. On the effective date of the reorganization, Belmont Savings Bank will be a stock bank that is wholly-owned by BSB Bancorp, Inc., which will be wholly-owned by BSB Bancorp, MHC. Applications for the establishment of BSB Bancorp, MHC and BSB Bancorp, Inc. are expected to be approved by the Board of Governors of the

Federal Reserve System. Also, the Commonwealth of Massachusetts is expected to grant Belmont Savings Bank the authority to conduct a banking business and approve the establishment and operation of a stock savings bank. Following consummation of the merger, Belmont Savings Bank will operate the same banking business, with the same management, at the same locations now being served by the Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. Belmont Savings Bank's main office will continue to be located at 2 Leonard Street, Belmont, Massachusetts.

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. Belmont Savings Bank 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 merger application, the FDIC has taken into consideration the financial and managerial resources and prospects of the proponent banks and the Resultant Bank, the convenience and needs of the community to be served, and the competitive nature of the proposed transaction. The FDIC has also taken into consideration the effectiveness of the insured depository institutions involved in the proposed merger transaction in combating money-laundering activities.

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

1. That, except for the proposed transfer of stock to BSB Bancorp, MHC and the contribution of that stock by BSB Bancorp, MHC to BSB Bancorp, Inc., no shares of the stock of Belmont 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;
2. That, prior to a sale, transfer or other disposition of any shares of BSB Bancorp, Inc. by BSB Bancorp, MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of BSB Bancorp, MHC, to stock form, Belmont Savings Bank will provide written notification to the FDIC and provide the FDIC with 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. That, should any shares of stock of Belmont Savings Bank or BSB Bancorp, Inc. be issued to persons other than BSB Bancorp, MHC, any dividends waived by BSB Bancorp, MHC must be retained by BSB Bancorp, Inc. or Belmont Savings Bank and segregated, earmarked or otherwise identified on its books and records; 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 BSB Bancorp, 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;

4. 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;
5. That the proposed transaction may not be consummated later than six months after the date of this Order unless such period is extended for good cause by the Corporation; and
6. 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 the delegated authority of the Board of Directors.

Dated at Washington, D.C. this 20 day of August, 2009.

/s/

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