

## FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Brookline Savings Bank Brookline, Massachusetts

Applications for Federal Deposit Insurance and for Consent to Merge

### **ORDER AND BASIS FOR CORPORATION APPROVAL**

Pursuant to Sections 5 and 18(c) of the Federal Deposit Insurance Act (the Act), applications have been filed on behalf of Brookline Savings Bank, Brookline, Massachusetts ("Stock Bank"), a newly-formed state-chartered stock savings bank and Bank Insurance Fund member, for federal deposit insurance and for the Corporation's consent to merge with Brookline Savings Bank, Brookline, Massachusetts ("Mutual Bank"), a state-chartered mutual savings bank and Bank Insurance Fund member, with total resources of \$682,069,000 and total deposits of \$483,114,000, as of September 30, 1997, under the charter of Stock Bank and the title of Mutual Bank. To facilitate the conversion from mutual to stock form, application has also been made for federal deposit insurance for Brookline De Novo Savings Bank which will immediately reorganize as Brookline Bancorp, MHC ("MHC"), a state-chartered mutual holding company.

Mutual Bank proposes to convert from a mutual savings bank to a stock savings bank which will be a wholly-owned subsidiary of Brookline Bancorp, Inc. ("Stock Holding Company"), a newly organized stock holding company. MHC will retain a majority ownership interest in Stock Holding Company with a minority interest to be sold to the public. The principal office will be at 160 Washington Street, Brookline, Massachusetts, the present location of Brookline.

A review of available information, including the Community Reinvestment Act (the "CRA") Statement of the proponent, discloses no inconsistencies with the purposes of the CRA. The 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.

Favorable findings have been accorded to all factors required to be considered pertinent to each application. Accordingly, it is the Corporation's judgment that the applications should be and hereby are approved subject to the following conditions:

1. That the proposed transaction may not be consummated unless and until the applicant has received, from the Corporation, a letter of nonobjection to the proposed conversion transaction;
2. That federal deposit insurance shall not become effective unless and until the applicant has received all appropriate Federal and State regulatory approvals for establishment of the Stock Bank and the proposed holding company structure and the acquisition of Stock Bank by the holding companies;
3. That neither Stock Holding Company nor Stock Bank shall issue minority shares without prior written notification to and nonobjection from the FDIC;
4. That MHC shall provide written notification to the Corporation prior to its conversion to stock form and provide the Corporation with copies of all documents filed with state and federal banking and/or securities regulators in connection with any proposed conversion of the mutual holding company to stock form;
5. That any dividends waived by MHC must be retained by Stock Bank and segregated, earmarked, or otherwise identified on its books and records; such amounts must be taken into account in any valuation of Stock Bank and MHC and factored into the calculation used in establishing a fair and reasonable basis for exchanging bank shares for holding company shares in any subsequent conversion of MHC to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders of the bank by any means, including through dividend payments or at liquidation;

6. That the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor later than six months after the date of this Order unless such period is extended for good cause by the Corporation; and

7. That until the conditional commitment herein granted becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action;

By Order of the Associate Director of the Division of Supervision, acting pursuant to delegated authority of the Board of Directors of the Corporation.

Dated at Washington, D.C., this 28th day of January, 1998.

Mark S. Schmidt  
Associate Director