



**Federal Deposit Insurance Corporation**

550 17<sup>th</sup> Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

March 21, 2012

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Board of Directors  
The Cape Cod Five Cents Savings Bank  
532 Main Street  
Harwich Port, Massachusetts 02646

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization with the organization of interim institutions and a merger to facilitate a conversion from a mutual to stock form filed on behalf of The Cape Cod Five Cents 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 transactions.

Enclosed is our Order and Basis for Corporation Approval (Order) for the applications filed on behalf of the Bank in conjunction with the mutual to stock conversion, including considerations of deposit insurance and 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.

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

Sincerely,

***/S/***

James C. Watkins  
Deputy Director

Enclosures

cc: Eric R. Fischer  
Goodwin Proctor LLP  
Exchange Place  
Boston, Massachusetts 02109

David J. Cotney - Commissioner  
Massachusetts Division of Banks  
1000 Washington Street  
10<sup>th</sup> Floor  
Boston, Massachusetts 02118

Maureen B. Savage – Vice President  
Federal Reserve Bank of Boston  
600 Atlantic Avenue H-3  
Boston, Massachusetts 02210

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

The Cape Cod Five Cents Savings Bank  
Harwich Port, Massachusetts

Application for Federal Deposit Insurance and Consent to Merge

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

Pursuant to Section 5 and Section 18(c) and other provisions of the Federal Deposit Insurance (FDI) Act, an application has been filed on behalf of The Cape Cod Five Cents Savings Bank, Harwich Port, Massachusetts (Mutual Institution), currently a state-chartered, mutually-owned Deposit Insurance Fund (DIF) member with total resources of \$2,106,498,000 and total deposits of \$1,831,257,000 as of December 31, 2011. The application is for the FDIC's consent to merge with Cape Cod Five Interim Stock Savings Bank, Harwich Port, Massachusetts, a proposed new interim, state-chartered stock bank. In addition, applications have been filed for federal deposit insurance for an interim Massachusetts-chartered mutual savings bank (a *de novo* mutual savings bank to be subsequently organized into a mutual holding company) and an interim Massachusetts-chartered stock savings bank (Cape Cod Five Interim Stock Savings Bank).

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

- Mutual Institution will organize a new *de novo* interim Massachusetts-chartered mutual savings bank, Cape Cod Five Interim Mutual Savings Bank, and subsequently reorganize it into a mutual holding company, under Massachusetts law, to be known as Cape Cod Five Mutual Company (Mutual Holding Company);
- Cape Cod Five Mutual Company, will establish a new, wholly-owned Massachusetts-chartered stock savings bank to be known as Cape Cod Five Interim Stock Savings Bank (Subsidiary Bank); and
- Mutual Institution will merge into Cape Cod Five Interim Stock Savings Bank, with Cape Cod Five Interim Stock Savings Bank as the legally surviving entity under the name of The Cape Cod Five Cents Savings Bank (Resultant Bank).

Upon consummation of the reorganization, the deposits of the Resultant Bank (or The Cape Cod Five Cents Savings Bank) will continue to be insured under the DIF. On the effective date of the reorganization, The Cape Cod Five Cents Savings Bank will be a stock bank that is wholly-owned by Cape Cod Five Mutual Company, Harwich Port, Massachusetts.

An application to allow Cape Cod Five Mutual Company to become a mutual bank holding company was approved by the Federal Reserve Bank of Boston on March 5, 2011. Also, the Commonwealth of Massachusetts has granted The Cape Cod Five Cents Savings Bank the authority to conduct banking business and *is expected* to approve the mutual savings bank and stock savings bank charters in the near-term.

Following consummation of the merger, The Cape Cod Five Cents 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 will not alter the competitive structure of banking in the market served by the Mutual Institution. The Cape Cod Five Cents Savings Bank's main office will continue to be located at 52 Main Street, Harwich Port, 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. The Cape Cod Five Cents Savings Bank is expected to continue 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 financial and managerial resources and future prospects of the proponent banks 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 institutions 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.

In addition, the FDIC has fully considered all available facts and information relevant to the factors of Section 6 of the FDI Act relating to the applications for federal deposit insurance for Cape Cod Five Interim Stock Savings Bank and Cape Cod Five Interim Mutual Savings Bank.

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

1. That, except for the proposed issuance and delivery of The Cape Cod Five Cents Saving Bank stock to Cape Cod Five Mutual Company, no shares of the stock of The Cape Cod Five Cents 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 Cape Cod Five Mutual Company (which currently is in mutual form and has no authorized or outstanding shares) by Cape Cod Five Mutual Company, to any person (including any Employee Stock Ownership Plan) or a conversion of Cape Cod Five Mutual Company, to stock form, The Cape Cod Five Cents Savings Bank will provide prior 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 The Cape Cod Five Cents Savings Bank or Cape Cod Five Mutual Company, be issued to persons other than Cape Cod Five Mutual Company, any dividends waived by Cape Cod Five Mutual Company must be retained by Cape Cod Five Mutual Company or The Cape Cod Five Cents 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 Cape Cod Five Cents Savings Bank and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of Cape Cod Five Mutual Company 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 senior executive officers, including the board of trustees, prior to the consummation of the proposed transaction, 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, for a period of three (3) years after the close of the proposed transaction, any material deviation from the business plan, will require prior approval of the FDIC Boston Area Director prior to implementation of such material deviation from the business plan;
6. That all necessary and final approvals from the appropriate federal and/or state authorities have been received;
7. 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 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 the delegated authority of the Board of Directors.

Dated at Washington, D.C. this 21<sup>st</sup> day of March, 2012.

**/s/**

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James C. Watkins  
Deputy Director  
Division of Supervision and Consumer Protection