



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

Division of Risk Management Supervision

December 11, 2017

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Directors
Dedham Institution for Savings
55 Elm Street
Dedham, Massachusetts 02026

Dear Members of the Board:

The Federal Deposit Insurance Corporation (FDIC) has reviewed the notice submitted by Dedham Institution for Savings, Dedham, Massachusetts (Mutual Institution), to convert from mutual to stock form and reorganize into a mutual holding company structure (Notice) pursuant to the FDIC's regulations at 12 C.F.R. §§ 303.160-303.163 and 333.4 (Conversion Regulations), and other pertinent regulations. The FDIC has also reviewed Bank Merger Act and Federal deposit insurance applications filed in connection with the reorganization. The Mutual Institution will effect the reorganization through a multi-step process that will result in a de novo interim stock bank merging with the Mutual Institution, with the stock bank as the surviving entity operating under the name of Dedham Institutions for Savings and the creation of a two-tier holding company structure with the top-tier parent company operating as a mutual holding company under the name of 1831 Bancorp, MHC.

Based on the information provided and representations made, the FDIC poses no objection to the Notice, subject to conditions (certain of which must be met on an ongoing basis) detailed in the enclosed Order and Basis (Order) approving the Bank Merger Act and Federal deposit insurance applications filed in connection with the reorganization.

Further, the Mutual Institution filed a request for a waiver of the FDIC's depositor voting requirement pursuant to Section 303.162(a)(2) of the Conversion Regulations. Based on the Mutual Institution's efforts and compliance with Massachusetts state law in ensuring that a majority of its independent incorporators approved the reorganization, the FDIC finds good cause to grant the Mutual Institution's request for a waiver of the FDIC's depositor voting requirement.

If an extension of the time limit in the Order is required, a letter requesting a specific extension of the limitation, and the reasons for the extension, should be submitted to Acting Regional Director Marianne Hatheway at 350 Fifth Avenue, Suite 1200, New York, New York, 10118.

Board of Directors
Dedham Institution for Savings

Please notify the New York Regional Office in writing when the proposed transaction has been consummated. Should you have any questions, please contact Case Manager Kimberly M. Schulte at (785) 628-1732 ext. 4716.

Sincerely,

/s/

James C. Watkins
Deputy Director

cc: Michael J. Brown
Luse Gorman, PC
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Commissioner of Banks
Massachusetts Division of Banks
1000 Washington Street
Boston, Massachusetts 02118-6400

Maureen B. Savage
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FEDERAL DEPOSIT INSURANCE CORPORATION

Dedham Institution for Savings
Dedham, Massachusetts

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) of the Federal Deposit Insurance (FDI) Act, Dedham Institution for Savings, Dedham, Massachusetts (Bank), currently a state-chartered, mutually owned Deposit Insurance Fund (DIF) member with total assets of \$1,417,917,000 and total deposits of \$1,143,605,000 as of September 30, 2017, filed an application for the FDIC's consent to merge with Dedham Interim Subsidiary Bank, Dedham, Massachusetts, a proposed *de novo* interim State-chartered stock savings bank. In addition, an application has been filed for Federal deposit insurance for Dedham Interim Subsidiary Bank to facilitate the merger with Bank.

The proposed transaction is to effect the Bank's plan of reorganization into a mutual holding company structure which, solely to facilitate such an undertaking, provides for the following:

- The Bank will organize a *de novo* interim Massachusetts-chartered mutual savings bank, Dedham DeNovo Bank;
- Dedham DeNovo Bank will immediately amend and restate its charter to become a mutual holding company, 1831 Bancorp, MHC (MHC);
- MHC will simultaneously establish a new wholly-owned, Massachusetts-chartered interim stock bank, Dedham Interim Subsidiary Bank (Interim Stock Bank);
- The Bank will immediately thereafter merge with and into the Interim Stock Bank, with the stock bank as the surviving entity, under the name of Dedham Institution for Savings (Resultant Bank);
- MHC will thereafter establish a new, wholly owned subsidiary holding company, organized as a Massachusetts stock corporation, 1831 Bancorp, Inc. (Stock Holding Company); and
- MHC will contribute 100 percent ownership of the shares of the Resultant Bank to Stock Holding Company, creating a two-tier holding company structure and completing the reorganization.

Upon consummation of the proposed transaction, the deposits of Resultant Bank will be insured by the DIF. Resultant Bank will be wholly owned by 1831 Bancorp, Inc., which in turn will be wholly owned by 1831 Bancorp, MHC.

Following the consummation of the proposed transaction, Resultant Bank will operate the same banking business with the same management at the same locations now being served

by the Bank, including its main office at 55 Elm Street, Dedham, Massachusetts. The proposed transaction will not alter the competitive structure of banking in the market served by the Bank.

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. Resultant Bank is expected to meet the credit needs of its community, consistent with the safe and sound operation of the institution.

In connection with the deposit insurance application for Dedham Interim Subsidiary Bank, the FDIC has taken into consideration the financial history and condition, the adequacy of the capital structure, the future earnings prospects, the general character and fitness of the management, the convenience and needs of the communities to be served, the risk to the DIF and whether the banks' corporate powers are consistent with the purposes of the FDI Act.

In connection with the merger application, the FDIC has taken into consideration the effect on competition, financial and managerial resources and future prospects of the proponent bank 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 institution 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.

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

1. Except for the issuance of all of the shares of Dedham Interim Stock Bank (Stock Bank) to 1831 Bancorp, MHC (Mutual Holding Company) and the contribution of that stock to 1831 Bancorp (Stock Holding Company), no shares of stock of the Stock Bank shall be sold, transferred, or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless prior written notice is provided to, and written non-objection is received from, the FDIC's New York Regional Director.
2. Prior to a sale, transfer or other disposition of any shares of the Stock Holding Company by the Mutual Holding Company to any person (including any Employee Stock Ownership Plan) or a conversion of the Mutual Holding Company to stock form, the Stock Bank shall provide prior written notice to the FDIC's New York Regional Director and include 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. Should any shares of stock of either the Stock Bank or the Stock Holding Company be issued to persons other than the Stock Holding Company and the Mutual Holding Company, any dividends waived by the Mutual Holding Company shall be retained by the Stock Holding Company or the Stock Bank and must be 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 the Mutual Holding 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 upon liquidation.
4. Any change in proposed senior executive officers or the board of directors, prior to the consummation of the proposed transactions, will render this approval null and void unless the Bank submits prior written notice to, and receives written non-objection from, the FDIC's New York Regional Director prior to the consummation of the proposed transactions.
5. During the three-year period after the close of the proposed transactions, the Stock Bank shall operate within the parameters set forth in the business plan submitted with the Notice and must provide prior written notice to and receive written non-objection from, the FDIC's New York Regional Director prior to implementing any material deviation or change from the business plan (including, but not limited to, any merger, acquisition, or business combination).
6. The Stock Bank shall provide 30 days' written notice to the FDIC's New York Regional Director prior to implementing any policy or executing any agreement with the Mutual Holding Company or any of the Stock Bank's affiliates related to the allocation and sharing of costs with the Stock Bank. A copy of the proposed policy or agreement shall be provided with the written notice. The Stock Bank shall not implement any such policy or execute such agreement if the FDIC's New York Regional Director objects in writing to such policy or agreement within the 30-day notice period.
7. The Bank shall provide written evidence that all necessary and final approvals regarding the proposed transactions have been received from the appropriate Federal and state authorities.
8. The proposed transactions may not be consummated later than six months after the date of the FDIC's non-objection unless such period is extended for good cause by the FDIC.
9. The Bank acknowledges that any letter of non-objection from the FDIC is conditioned on the facts and circumstances as currently known to the FDIC, and the Bank shall notify the FDIC's New York Regional Director as soon as the Bank becomes aware of any material changes in the facts and circumstances prior to the consummation of the proposed transactions.

10. Until the proposed transactions are consummated, the FDIC has 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 FDIC Board of Directors.

Dated at Washington, D.C. this 11th day of December, 2017.

/s/

James C. Watkins
Senior Deputy Director
Division of Risk Management Supervision