



**Federal Deposit Insurance Corporation**

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

Division of Risk Management Supervision

November 8, 2013

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Board of Directors  
Equitable Cooperative Bank  
400 Broadway  
Lynn, Massachusetts 01904

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 Equitable Cooperative 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 (Order) approving the notice and application filed on behalf of the Bank in conjunction with the mutual-to-stock conversion, including considerations of the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

Further, the Bank filed an application for a request for a partial waiver of the voting requirements pursuant to Part 303.162 of the FDIC Rules and Regulations. Based on the efforts made by the Bank to encourage participation in the special meeting at which the conversion was considered, and the results of the depositor vote at this meeting, the FDIC finds good cause to grant the Bank's request for a partial waiver of the FDIC's voting requirement.

Please notify the New York Regional 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 Regional Director John F. Vogel at 350 Fifth Avenue, Suite 1200, New York, New York.

Sincerely,

/s/

James C. Watkins  
Senior Deputy Director

Enclosure: Order

cc: Megan McKinney, Esq.  
Luse Gorman Pomerenk & Schick, P.C.  
5335 Wisconsin Avenue, N.W., Suite 400  
Washington, D.C. 20015-2035

Sandra Clarke  
Chief Operating Officer  
Massachusetts Division of Banks  
100 Washington Street  
10<sup>th</sup> Floor  
Boston, Massachusetts 02118

Eileen R. Leighton  
Assistant Vice President  
Supervision, Regulation and Credit  
Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, Massachusetts 02210

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

Equitable Cooperative Bank  
Lynn, Massachusetts

Application for Consent to Merge and Federal Deposit Insurance

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

Pursuant to Section 18(c) of the Federal Deposit Insurance (FDI) Act, an application has been filed on behalf of Equitable Cooperative Bank, Lynn, Massachusetts (Mutual Bank), currently a state-chartered, mutually-owned Deposit Insurance Fund (DIF) member with total resources of \$104,483,000 and total deposits of \$85,126,000 as of September 30, 2013, for the FDIC's consent to merge with Equitable Interim Stock Bank, Lynn, Massachusetts, a proposed Massachusetts-chartered interim stock cooperative bank. In addition, pursuant to Section 5 of the FDI Act, applications have been filed for Federal deposit insurance for Equitable De Novo Cooperative Bank, an interim Massachusetts-chartered mutual cooperative bank and Equitable Interim Stock Bank, an interim Massachusetts-chartered stock cooperative bank.

The purpose of the applications is to obtain the FDIC's approval necessary to effect the Mutual Bank's plan of reorganization which, solely to facilitate such undertaking, provides for:

- Mutual Bank will organize a de novo Massachusetts-chartered mutual cooperative bank, Equitable De Novo Cooperative Bank (De Novo Bank).
- De Novo Bank will reorganize into a Massachusetts mutual holding company to be known as Equitable Bancorp, MHC.
- Equitable Bancorp, MHC will establish a wholly owned Maryland-chartered stock corporation to be known as Equitable Bancorp, Inc.
- Equitable Bancorp, MHC will also establish a wholly owned Massachusetts-chartered interim stock cooperative bank, to be known as Equitable Interim Stock Bank (Stock Bank).
- Mutual Bank will merge into Stock Bank, with Stock Bank as the legally surviving entity under the name of Equitable Cooperative Bank.
- Equitable Bancorp, MHC will immediately thereafter contribute 100 percent of the shares of Equitable Cooperative Bank to Equitable Bancorp, Inc.

Upon consummation of the reorganization, the deposits of Equitable Cooperative Bank will continue to be insured under the DIF. On the effective date of the reorganization, Equitable Cooperative Bank will be a stock bank that is wholly owned by Equitable Bancorp, Inc., which will be wholly owned by Equitable Bancorp, MHC, Lynn, Massachusetts, which will retain all the mutual interest of the former Mutual Bank.

On October 25, 2013, the Federal Reserve Bank of Boston approved applications to allow Equitable Bancorp, MHC to become a mutual bank holding company and Equitable Bancorp, Inc. to become a mid-tier stock bank holding company. Further, the Massachusetts Division of Banks granted Equitable Cooperative Bank the authority to conduct banking business as a stock bank on September 30, 2013.

Following consummation of the merger, Equitable Cooperative Bank will operate the same banking business, with the same management, at the same locations now being served by the Mutual Bank. The proposed transaction will not alter the competitive structure of banking in the market served by the Mutual Bank. Equitable Cooperative Bank's main office will continue to be located at 400 Broadway, Lynn, 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. Equitable Cooperative 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, future prospects of the proponent banks and Equitable Cooperative 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 connection with the applications for deposit insurance, the FDIC has taken into consideration the financial history and condition, adequacy of the capital structure, earnings prospects, general character and fitness of management, risk to the insurance fund, convenience and needs of the community, and consistency of the bank's corporate powers with the FDI Act.

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

1. That, except for the proposed transfer of stock to Equitable Bancorp, MHC and the contribution of that stock by Equitable Bancorp, MHC to Equitable Bancorp, Inc., no shares of the stock of Equitable Cooperative 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 Equitable Bancorp, Inc., by Equitable Bancorp, MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of Equitable Bancorp, MHC to stock form, Equitable Cooperative 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 Equitable Cooperative Bank or Equitable Bancorp, Inc., be issued to persons other than Equitable Bancorp, Inc., and Equitable Bancorp, MHC, any dividends waived by Equitable Bancorp, MHC must be retained by Equitable Bancorp, Inc., or Equitable Cooperative 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 Equitable 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 senior executive officers, including the board of directors, 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 New York Regional Director prior to implementation of such material deviation from the business plan.
6. 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.
7. 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 8<sup>th</sup> day of November, 2013.

/s/

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