



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

May 12, 2022

BY ELECTRONIC DELIVERY

Board of Directors
Everett Co-operative Bank
419 Broadway
Everett, Massachusetts 02149
Email: rjoneil@everettbank.com

RE: Notice of Intent to Convert, Depositor Vote Waiver Request, and Stock Center Request

Dear Members of the Board:

The Federal Deposit Insurance Corporation (FDIC) reviewed the Notice of Intent to Convert (Notice), filed on behalf of Everett Co-operative Bank, Everett, Massachusetts (Bank), pursuant to the FDIC's regulations at 12 C.F.R. sections 303.160 – 303.163 and 333.4, and other pertinent regulations. The Notice was filed in connection with Bank's Plan of Conversion (Plan), whereby the Bank proposes to convert from a Massachusetts-chartered mutual cooperative bank to a Massachusetts-chartered stock cooperative bank (Conversion). In connection with the Conversion, Bank has formed ECB Bancorp, Inc. (Bancorp), a Maryland corporation, which upon completion of the Conversion will own 100 percent of the Bank's common stock.

Concurrently with the Conversion, Bancorp intends to issue and offer for sale common stock on a priority basis to (i) eligible account holders (depositors who had accounts at the Bank with aggregate balances of at least \$50 on December 31, 2020); (ii) supplemental eligible account holders (depositors who had accounts at the Bank with aggregate balances of at least \$50 on March 10, 2022); (iii) the Bank's tax-qualified employee benefit plans (including the employee stock ownership plan); (iv) the community through a direct community offering; and (v) the general public through a syndicated community offering.

The FDIC has relied on information provided in the Bank's Notice, the accompanying materials, and subsequent responses to information requests in reaching its decision. Based on the information provided and representations made, the FDIC poses no objection to the Notice, subject to the following conditions (certain of which must be met on an ongoing basis):

1. Any change in the Bank's proposed senior executive officers or board of directors prior to the consummation of the proposed transaction will render this approval null and void, unless the Bank submits prior written notice to, and receives written non-objection from, the FDIC New York Regional Director prior to consummation of the proposed transaction.

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2. The Bank shall submit to the New York Regional Director copies of any employment, change in control, or similar compensation arrangements entered into pursuant to the proposed transaction within 60 days of execution.
3. During the three-year period after the close of the proposed transaction, the Bank shall operate within the parameters set forth in the Business Plan submitted with the Notice (Business Plan) and must provide at least 60 days' prior written notice to, and receive written non-objection from, the FDIC New York Regional Director prior to implementing any proposed material deviation or material change from the Business Plan (including, but not limited to, any merger, acquisition, or business combination) involving the Bank.
4. The Bank shall provide 30 days' prior written notice to, and obtain written non-objection from, the FDIC New York Regional Director prior to implementing any policy or executing any agreement relating to the allocation and sharing of costs.
5. The Bank shall submit copies of all final disclosure materials to the FDIC's New York Regional Office mailroom at NYMailroom@fdic.gov.
6. The Bank shall advise the FDIC New York Regional Director of the results of the conversion offering (and the community offering and syndicated offering, as applicable), and deliver an updated appraisal that takes the results of the conversion offering into account, discusses any material events or changes during the subscription period, and explains any securities purchase orders that have been rejected (including the reason(s) for rejection).
7. During the one-year period after the close of the conversion offering, the Bank shall provide at least 60 days' prior written notice to the FDIC New York Regional Director of any repurchase of shares and include copies of all documents filed with other regulators.
8. During the three-year period after the close of the conversion offering, the Bank shall not make any distributions of capital to ECB Bancorp, Inc., including cash dividends or any other retirement or return of capital, except in accordance with applicable FDIC laws and regulations, and as provided for in the Business Plan, without the prior approval of the FDIC New York Regional Director, unless 30 days' prior written notice is provided to, and non-objection is received from, the FDIC New York Regional Director.
9. During the one-year period after the close of the conversion offering, shares issued to directors and executive officers (insiders) in the conversion offering are restricted from resale without the prior written approval of the FDIC New York Regional Director, except for the following, which shall not require such prior approval: (1) in the event of the death of an insider, the successor in interest may sell the shares; (2) if the insider is no longer employed by or is no longer a trustee or director of the Bank and ECB Bancorp, Inc., he or she may sell the shares; and (3) the insider may transfer the shares to his or her lineal descendant(s) or spouse, or into a trust or retirement vehicle for the benefit of the insider or such descendants or spouse.

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10. During the one-year period after the close of the conversion offering, the Bank shall provide at least 60 days' prior written notice to, and receive written non-objection from, the FDIC New York Regional Director prior to implementation of a stock-based benefit plan.
11. The Foundation's Board of Directors shall commit to the following:
 - a. ECB Bancorp, Inc. common stock held by the Foundation shall be voted in the same ratio as the shares voted on each proposal considered by the shareholders;
 - b. The Foundation shall be subject to examination by the FDIC and shall comply with all supervisory directives imposed by the FDIC;
 - c. The Foundation shall operate in accordance with written policies adopted by its Board of Directors, including the adoption of a conflict of interest policy acceptable to the FDIC;
 - d. The Foundation shall not engage in self-dealing, and must comply with all laws necessary to maintain its tax-exempt status under the Internal Revenue Code;
 - e. The Foundation shall provide to the FDIC New York Regional Director a proposed operating plan prior to completion of the conversion offering, and within six months immediately following the date of the conversion offering, a three-year operating plan for the Foundation that contains pro forma financial statements, including a balance sheet and income statement; and
 - f. Following completion of the conversion offering, the Foundation shall provide to the FDIC New York Regional Office annual reports describing grants made and grant recipients.
12. The Bank shall notify the FDIC New York Regional Director as soon as it becomes aware of any material change in the facts and circumstances prior to the consummation of the proposed transaction.
13. The Bank shall provide written evidence to the FDIC New York Regional Director that all necessary final approvals regarding the proposed transactions have been obtained from the appropriate Federal and State authorities.
14. The proposed transactions may not be consummated later than six months after the date of non-objection unless such period is extended for good cause in writing by the FDIC New York Regional Director.
15. Until the proposed transactions are consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

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Request to Waive Depositor Vote

As part of the Notice, the Bank requested, in accordance with 12 C.F.R. § 303.162(a)(2), 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. § 333.4(c)(2). We have reviewed the Bank's request and have found that the Bank made a good faith effort to secure participation of its depositors in the conversion vote. The State has advised the FDIC that the results of the vote satisfy Massachusetts law. In addition, those depositors that participated in the vote supported the conversion by a majority vote. Therefore, the Bank's request for a waiver is granted.

Request to Establish a Stock Center

The Bank submitted a request for the FDIC's non-objection to the establishment of a "stock center" in connection with the public offering for the conversion. The letter describes a "stock center" as an area for orders to be accepted and interested customers to ask questions in a non-teller area of the Bank's main office. Please be advised that the FDIC has reviewed and does not object to the Bank establishing a stock center, provided the following requirements are satisfied:

- No commissions, bonuses, or comparable payments are made to any employee of the Bank other than to registered broker dealers;
- No sales or offers are made by tellers or at the teller counter, or by comparable employees at comparable locations;
- Sales activity must be conducted in a segregated or separately identifiable area of the Bank apart from the area accessible to the general public for the purpose of making or withdrawing deposits;
- Investment advice and assistance in completing stock order forms will only be provided by full-time employees of KBW, a registered broker-dealer;
- Customers sign a "one page, unambiguous" certification, in the prescribed form, that the customer recognizes that the security is not a deposit, not FDIC insured or guaranteed, and that the customer has received an offering circular;
- The prescribed legend appears on the security and offering materials that it is not insured or guaranteed and is not a deposit or account with the Bank;
- The Bank will be in current compliance with its capital requirements after the conclusion of the offering; and
- Sales literature must comply with the FDIC's Rules and Regulations regarding unsafe and unsound practices.

In addition, the Bank will be subject to the anti-fraud and other requirements of state and Federal securities laws, unless an applicable exemption is available.

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Please provide documentation to support satisfaction of the conditions to the FDIC's New York Regional Office, as well as notify us in writing when the proposed transaction has been consummated. Should you have any questions, contact Case Manager Felicia Francis at (781) 794-5517.

Sincerely,

/s/

Patricia A. Colohan
Associate Director

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