



Federal Deposit Insurance Corporation
Division of Risk Management Supervision
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VIA SECURE EMAIL

November 1, 2022

Board of Directors
Fox Valley Savings Bank
51 East 1st St
Fond Du Lac, Wisconsin 54935

Subject: Fox Valley Savings Bank, Fond du Lac, Wisconsin
Notice of Mutual Holding Company Reorganization and
Interagency Bank Merger Application

Board of Directors:

The Federal Deposit Insurance Corporation (FDIC) reviewed the Notice of Intent to Convert (Notice), filed on behalf of Fox Valley Savings Bank, Fond du Lac, Wisconsin (Bank), pursuant to the FDIC's regulations at 12 C.F.R. section 303.160 – 303.163 and 333.4, and other pertinent regulations. The Notice was filed in connection with the Bank's Plan of Mutual Holding Company Reorganization, whereby the Bank proposes to: (i) convert to a Wisconsin-chartered stock bank; (ii) establish a mid-tier stock holding company, FVSB Bancorp, Inc. (Stock Holding Company), which will own 100 percent of the Bank's common stock; and (iii) establish a top-tier mutual holding company, FVSB Mutual Bancorp, MHC, which will own 100 percent of the Stock Holding Company's common stock. There is no public stock offering. The FDIC has also reviewed the Interim Merger Application (Merger Application) filed in connection with the reorganization.

The FDIC has relied on information provided in the Bank's Notice and Merger Application, 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 conditions (certain of which must be met on an ongoing basis) detailed in the enclosed Order and Basis approving the Merger Application filed in connection with the Notice.

Please provide documentation to the FDIC's Chicago Regional Office to support satisfaction of the conditions in the Order and Basis. Also, please notify the Chicago Regional Office in writing when the proposed transactions have been consummated. If you have any questions regarding these matters, please contact Case Manager Cory Sloan of my staff at csloan@fdic.gov or (608) 472-9659.

If an extension of the time limit in the Order and basis is required, a letter requesting a specific extension, and the reasons for the extension should be submitted to Regional Director Gregory P. Bottone via secure email at CHIMailroom@fdic.gov.

Sincerely,

Michelle Ogren
Acting Deputy Regional Director

Enclosure

cc: Melissa Y. Lanska, Reinhart Boerner Van Deuren s.c.
Sara McNamara, Reinhart Boerner Van Deuren s.c.
Wisconsin Department of Financial Institutions
Federal Reserve Bank of Chicago

FEDERAL DEPOSIT INSURANCE CORPORATION

Fox Valley Savings Bank
Fond du Lac, Fond du Lac County, Wisconsin

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to section 18(c) of the Federal Deposit Insurance (FDI) Act, Fox Valley Savings Bank, Fond du Lac, Fond du Lac County, Wisconsin (Bank), a state-chartered, mutually owned Deposit Insurance Fund (DIF) member with total assets of \$395,800,000 and total deposits of \$323,165,000 as of September 30, 2022, filed an interim merger application (Merger Application) for the FDIC's consent to merge with Fox Valley Interim Two Savings Bank, Fond du Lac, Fond du Lac County, Wisconsin, a proposed new interim state-chartered stock savings bank. The Merger Application was filed in conjunction with a Notice of Intent to Convert (Notice) pursuant to sections 303.160 – 303.163 and 333.4 of the FDIC's regulations and other pertinent regulations.

The proposed transaction is to effect the Bank's reorganization pursuant to the Bank's Plan of Reorganization of Fox Valley Savings Bank from a Mutual Savings Bank to a Mutual Holding Company (Plan of Reorganization), which, solely to facilitate such an undertaking, provides for the following:

- (i) The Bank will organize an interim stock savings bank as a wholly owned subsidiary ("Interim One");
- (ii) Interim One will organize an interim stock savings bank as a wholly owned subsidiary ("Interim Two");
- (iii) Interim One will organize a stock corporation to be known as FVSB Bancorp., Inc. (Stock Holding Company) as a wholly owned subsidiary;
- (iv) The Bank will amend and restate its mutual articles of incorporation to Wisconsin stock savings bank articles of incorporation to become a stock savings bank (Stock Bank) and Interim One will exchange its articles of incorporation for a Wisconsin mutual holding company articles of incorporation to become a mutual holding company to be known as FVSB Mutual Bancorp, MHC (Mutual Holding Company). The shares of common stock of Interim One held by the Bank will be cancelled;
- (v) Simultaneously with step (iv), Interim Two will merge with and into the Stock Bank, with the Stock Bank as the Resulting Institution;

- (vi) All of the initially issued stock of the Stock Bank will be transferred to the Mutual Holding Company in exchange for membership interests in the Mutual Holding Company; and
- (vii) The Mutual Holding Company will contribute the capital stock of the Stock Bank to the Stock Holding Company, and the Stock Bank will become a wholly owned subsidiary of the Stock Holding Company.

Upon consummation of the proposed transaction, the deposits of the Stock Bank will continue to be insured by the DIF by operation of section 4(d) of the FDI Act. The Bank will retain the name Fox Valley Savings Bank and will be a stock savings bank that will be wholly owned by FVSB Bancorp, Inc., which in turn will be wholly owned by FVSB Mutual Bancorp, MHC.

Following the consummation of the proposed transaction, the 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 51 East First Street, Fond du Lac, Fond du Lac County, Wisconsin. 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. The 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 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 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, the FDIC hereby approves the Merger Application, subject to the following conditions, some of which are continuing in nature:

1. The Bank shall provide written evidence that the Plan of Reorganization was approved by the affirmative vote of a majority of the votes eligible to be cast by the Bank's depositors at the special meeting.
2. Any change in proposed senior executive officers or the Bank's 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 Chicago Regional Director prior to consummation of the proposed transaction.

3. The Bank will provide 30 days' prior written notice to and obtain written non-objection from the FDIC Chicago Regional Director prior to implementing any policy or executing any agreement with FVSB Bancorp, Inc., FVSB Mutual Bancorp, MHC or any of the Bank's affiliates relating to the allocation and sharing of costs with the Bank. A copy of the proposed policy or agreement shall be provided with the written notice.
4. Except for the issuance of the Bank's stock to FVSB Mutual Bancorp, MHC, and the contribution of that stock to FVSB Bancorp, Inc., no shares of the Bank's stock 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 Chicago Regional Director.
5. Prior to the sale, transfer, or other disposition of any shares of FVSB Bancorp, Inc. by FVSB Mutual Bancorp, MHC, to any person, including any Employee Stock Ownership Plan, or prior to a conversion of FVSB Mutual Bancorp MHC, to stock form, the Bank shall provide written notification to the FDIC Chicago Regional Director and provide the FDIC with copies of all documents filed with the state and Federal banking and/or securities regulators in connection with any such sale, transfer, disposition, or conversion.
6. 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 and Merger Application, and must provide at least 60 days prior written notice to and receive written non-objection from the FDIC Chicago 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.
7. Should any shares of stock of either the Stock Bank or FVSB Bancorp, Inc., be issued to persons other than FVSB Bancorp, Inc. and FVSB Mutual Bancorp, MHC, any dividends waived by FVSB Mutual Bancorp, MHC shall be retained by FVSB Bancorp, Inc. 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 FVSB Mutual 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 upon liquidation.
8. The Bank's conversion into a stock bank shall only be consummated in the order proposed in the Notice and Merger Application submitted to 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 Chicago 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. The Bank shall provide written evidence that all necessary final approvals regarding the proposed transactions have been obtained from the appropriate Federal and state authorities prior to consummating the proposed transaction.
11. The proposed transactions may not be consummated later than six months after the date of this Order unless such period is extended in writing by the FDIC Chicago Regional Director.
12. 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.

Pursuant to the delegated authority of the FDIC Board of Directors.

Dated at the Chicago Regional Office this 1st day of November, 2022.

Michelle Ogren
Acting Deputy Regional Director
Division of Risk Management Supervision