



**Federal Deposit Insurance Corporation**

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

Division of Risk Management Supervision

March 8, 2013

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Board of Directors  
Franklin Savings Bank  
387 Central Street  
Franklin, New Hampshire 03235

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 Franklin 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 (Order) approving the notice and applications filed on behalf of the Bank in conjunction with the mutual-to-stock conversion, including considerations of the proposed merger and the request for a waiver of depositor voting requirements. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

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  
Deputy Director

Enclosure: Order

Board of Directors  
Franklin Savings Bank  
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cc: Robert Lipsher, Esq.  
Luse Gorman Pomerenk & Schick, P.C.  
5335 Wisconsin Avenue, N.W., Suite 400  
Washington, D.C. 20015-2035

Glenn A. Perlow  
Deputy Bank Commissioner  
State of New Hampshire  
Banking Department  
53 Regional Drive, Suite 200  
Concord, New Hampshire 03301

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

Franklin Savings Bank  
Franklin, New Hampshire

Application for Consent to Merge

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

Pursuant to Section 18(c) of the Federal Deposit Insurance (FDI) Act, Franklin Savings Bank, Franklin, New Hampshire (Mutual Institution), currently a state-chartered, mutually-owned, Deposit Insurance Fund (DIF) member with total resources of \$365,660,000 and total deposits of \$276,953,000 as of December 31, 2012, has filed an application for consent to merge with Franklin Interim Stock Savings Bank, Franklin, New Hampshire, a proposed New Hampshire-chartered, interim savings bank. In addition, an application has been filed with the Federal Reserve Bank of Boston for the establishment of Franklin Bancorp, MHC, (a *de novo*, New Hampshire-chartered mutual holding company).

The purpose of the application is to obtain the FDIC's approval necessary to effect the Mutual Institution's plan of reorganization as follows:

- Mutual Institution will charter a New Hampshire-chartered, mutual holding company to be known as Franklin Bancorp, MHC;
- Franklin Bancorp, MHC will establish a New Hampshire-chartered, stock guaranty savings bank as a subsidiary, to be known as Franklin Interim Stock Savings Bank (Stock Bank);
- Mutual Institution will merge with Stock Bank, and the Stock Bank will be the surviving entity and will assume the name of Franklin Savings Bank.

Upon consummation of the reorganization, the deposits Franklin Savings Bank will be insured under the DIF. On the effective date of the reorganization, Franklin Savings Bank will be a stock bank that is wholly-owned by Franklin Bancorp, MHC, Franklin, New Hampshire.

On January 28, 2013, the Federal Reserve Bank of Boston approved the holding company application to establish Franklin Bancorp, MHC (MHC), and for MHC to acquire 100 percent of the shares of the Franklin Savings Bank. Further, the New Hampshire Banking Department has granted Franklin Savings Bank the authority to conduct banking business as a stock bank on February 21, 2013.

Following consummation of the merger, Franklin 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. Franklin Savings Bank's main office will be located at 387 Central Street, Franklin, New Hampshire, the same main office as that of the Mutual Institution.

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. Franklin Savings 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 merger application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent bank and Franklin Savings 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.

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

1. That, except for the proposed transfer of stock to Franklin Savings Bancorp, MHC, no shares of the stock of Franklin 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 by Franklin Bancorp, MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of Franklin Bancorp, MHC, to stock form, Franklin Savings 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 Franklin Savings Bank be issued to persons other than Franklin Bancorp, MHC, any dividends waived by Franklin Bancorp, MHC must be retained by Franklin Bancorp, Inc., or Franklin 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 institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of Franklin 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, 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 FDIC Board of Directors.

Dated at Washington, D.C. this 8<sup>th</sup> day of March, 2013.

/s/

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James C. Watkins  
Deputy Director  
Division of Risk Management Supervision

Board of Directors  
Franklin Savings Bank  
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cc: Robert Lipsher, Esq.  
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