



May 14, 2020

Mr. Michael J. Brown, Esq.
Luse Gorman, PC
5335 Wisconsin Avenue, N.W., Suite 780
Washington, D.C. 20015-2035

Dear Mr. Brown:

The Federal Deposit Insurance Corporation (FDIC) has reviewed the notice submitted on behalf of Haverhill Bank (Mutual Bank), Haverhill, Massachusetts to convert from a mutual to stock form and reorganize into a mutual holding company structure (Notice), pursuant to the FDIC regulations as 12 C.F.R. 303.160 - 303.163 and 333.4 (Conversion Regulations) and other pertinent regulations. The FDIC has also reviewed the Bank Merger Act and the Federal Deposit Insurance (FDI) applications filed in connection with the reorganization. As part of the Notice, Mutual 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).

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 for Corporation Approval (Order) approving the Bank Merger Act and FDI applications filed in connection with the reorganization. Further, Mutual Bank filed a request for a partial waiver of the FDIC's depositor voting requirement pursuant to 12 C.F.R. § 303.162(a)(2) of the Conversion Regulations. Based on information and representations made by Mutual Bank, the FDIC finds good cause to grant Mutual Bank's request for a partial waiver of the FDIC's depositor voting requirement.

Please notify the FDIC's Boston Area Office in writing when the proposed transactions have been consummated. If an extension of the time limit in the Order is required, a letter requesting a specific extension and the reason for the extension should be submitted to the Boston Area Office.

If you have any questions, please contact Case Manager Felicia Francis at (781) 794-5517.

Sincerely,
Marianne Hatheway
Deputy Regional Director

Enclosure
cc: Commonwealth of Massachusetts Division of Banks
Federal Reserve Bank of Boston

FEDERAL DEPOSIT INSURANCE CORPORATION

Haverhill Bank
Haverhill, Massachusetts

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) of the Federal Deposit Insurance (FDI) Act, Haverhill Bank, Haverhill, Massachusetts (Bank), currently a state-chartered, mutually owned Deposit Insurance Fund (DIF) member with total resources of \$415,913,000 and total deposits of \$345,484,000 as of December 31, 2019, filed an application for the FDIC's consent to merge with Haverhill Interim Stock Bank, Haverhill, Massachusetts, a proposed de novo Massachusetts-chartered interim stock cooperative bank. In addition, pursuant to Section 5 of the FDI Act, an application has been filed for Federal deposit insurance for Haverhill Interim Stock Bank to facilitate the merger with Bank.

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

- Bank will organize a de novo interim Massachusetts-chartered mutual co-operative bank, Haverhill De Novo Bank;
- Haverhill De Novo Bank will amend and restate its charter to become HB Holdings, MHC;
- MHC will simultaneously establish a new wholly owned, Massachusetts-chartered interim stock cooperative bank, Haverhill Interim Stock Bank, as a subsidiary;
- Bank will immediately merge with and into Haverhill Interim Stock Bank; Haverhill Interim Stock Bank will be the surviving institution (Resultant Bank) and will assume the name Haverhill Bank.

Upon consummation of the proposed transaction, the deposits of Resultant Bank will be insured by the DIF. Resultant Bank will be a stock bank that is wholly owned by HB Holdings, 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 Bank, including its main office at 180 Merrimack Street, Haverhill, 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 acceptable to 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 Haverhill Interim Stock 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 management, the convenience and needs of the communities to be served, the risk to the DIF, and the consistency of corporate powers with the purposes of the FDI Act.

In connection with the merger application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent and resultant banks, 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 combatting money laundering activities, and the risk posed by the transaction to the stability of the United States 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 Haverhill Interim Stock Bank (Stock Bank) to HB Holdings, MHC (MHC), no shares of stock of Stock Bank shall be sold, transferred, or otherwise disposed of, to any person (including any employee stock ownership plan) unless 30 days prior written notice is provided to, and written non-objection is received from, the FDIC.
2. Prior to a sale, transfer, or other disposition of any shares of Stock Bank, other than the transfer of shares to MHC, to any person (including any employee stock ownership plan) or a conversion of MHC to stock form, Stock Bank shall provide prior written notice to the FDIC and include copies of all documents filed with Federal and State banking and/or securities regulators in connection with any sale, transfer, disposition, or conversion.
3. 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 Bank submits prior written notice to, and receives written non-objection from, the FDIC prior to the consummation of the proposed transactions.
4. During the three years after the close of the proposed transactions, Stock Bank shall operate within the parameters of the business plan submitted to the FDIC. During this period, Stock Bank shall seek the FDIC's approval for any proposed major deviation or material change from the submitted business plan.
5. The Bank shall provide written evidence that the Plan of Reorganization (Plan) was approved by a majority of the depositors who voted in person at the Special Meeting called to vote on the Plan.
6. 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.

7. The proposed transactions shall not be consummated later than six months after the date of this Order unless such period is extended in writing by the FDIC.
8. Bank shall notify the FDIC as soon as it becomes aware of any material change in the facts and circumstances prior to the consummation of the proposed transactions.
9. 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 Braintree, Massachusetts this 14th day of May, 2020.

Marianne Hatheway
Deputy Regional Director
Division of Risk Management Supervision