



Federal Deposit Insurance Corporation

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

Division of Supervision and Consumer Protection

March 7, 2006

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Trustees
Merrimack County Savings Bank
89 North Main Street
Concord, New Hampshire 03301

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from a mutual to stock form filed on behalf of Merrimack County 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 conversion transaction. Also, per Section 4(d) of the Federal Deposit Insurance Act, the converted Bank will be an insured depository institution.

Enclosed is our Order and Basis for Corporation Approval (Order) for the applications filed on behalf of the Bank in conjunction with the conversion transaction, including considerations of deposit insurance and the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

As part of the notice, the Bank requested, in accordance with 12 C.F.R. Section 303.161(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. Section 333.4(c)(2). We have reviewed the Bank's request and have found that a sufficient number of independent corporators voted in favor of the proposed conversion. Therefore, the Bank's request for a waiver is granted.

Please notify the Boston Area Office in writing when the proposed transaction has been consummated. If an extension of time limit included in the Order is required, a letter requesting a specific extension of the limitation, including reasons therefore, should be submitted to the Boston Area Office.

Sincerely,

/S/

John M. Lane
Deputy Director

Enclosure

cc: Richard A. Schaberg
Thacher Proffitt & Wood LLP
1700 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20006

FEDERAL DEPOSIT INSURANCE CORPORATION

Merrimack County Savings Bank
Concord, Merrimack County, New Hampshire

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL.

Pursuant to Section 5 and Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of Merrimack County Savings Bank, Concord, Merrimack County, New Hampshire (Mutual Institution), currently a state-chartered mutually-owned Bank Insurance Fund member with total resources of \$389,812,000 and total deposits of \$281,671,000 as of December 31, 2005, for the FDIC's consent to merge with Merrimack County Interim Stock Savings Bank, Concord, Merrimack County, New Hampshire, a proposed new state-chartered stock savings bank.

The transaction is to effect the Mutual Institution's plan of reorganization which, solely to facilitate such undertaking, provides for:

- the Mutual Institution to form a mutual holding company (MHC) to be known as Merrimack Bancorp, MHC;
- the MHC to incorporate a stock bank subsidiary to be known as Merrimack County Interim Stock Savings Bank (Stock Bank); and
- the Mutual Institution to merge with and into the Stock Bank, with the Stock Bank as the surviving entity under the name of "Merrimack County Savings Bank" which will be a New Hampshire stock savings bank (Resultant Bank).

At the conclusion of the reorganization, the deposits of the Mutual Institution will continue to be insured under the Bank Insurance Fund. Application for the establishment of MHC is under review by the Board of Governors of the Federal Reserve System. Following the consummation of the merger, the Resultant Bank will operate the same business, with the same management, at the same locations now being served by the Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. The Resultant Bank's principal office will continue to be located at 89 North Main Street, Concord, New Hampshire.

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 Resultant Bank is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the applications, the FDIC has taken into consideration the financial and managerial resources, its Bank Secrecy Act/Anti-Money Laundering record, and prospects of the proponent banks and the Resultant Bank, and the convenience and needs of the community to be served. The FDIC has found favorably on all statutory factors and has considered other relevant information, including reports on competitive factors furnished by the Comptroller of the Currency, the Director of the Office of Thrift Supervision, and the Attorney General of the United States. The Board of Governors of the Federal Reserve System has not yet responded.

It is the FDIC's judgment that the applications should be and hereby are approved, subject to the following conditions:

1. That, except for the proposed transfer of stock to Merrimack Bancorp, MHC, no shares of the stock of Merrimack County 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 of Merrimack County Savings Bank by Merrimack Bancorp, MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of Merrimack Bancorp, MHC, to stock form. Merrimack County 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 the stock of Merrimack County Savings Bank be issued to persons other than Merrimack Bancorp, MHC, any dividends waived by Merrimack Bancorp, MHC, must be retained by Merrimack County Savings Bank and segregated, earmarked, or otherwise identified on the books and records of Merrimack County Savings Bank. 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 Merrimack 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 management, including the board of directors or proposed ownership (ten percent or more of the stock and new acquisitions of, or subscriptions to, ten percent or more of the stock), 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 the proposed transaction may not be consummated unless and until Merrimack County Savings Bank has the authority to conduct banking business, and that its establishment and operation as a stock savings bank has been fully approved by appropriate New Hampshire Banking Department officials, and its holding company, Merrimack Bancorp, MHC, is granted approval by the Board of Governors of the Federal Reserve System to become the holding company for Merrimack County Savings Bank;
6. That the transaction shall not be consummated within less than fifteen days after the date of this Order, or later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
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.

By Order of the Deputy Director of the Division of Supervision and Consumer Protection pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this 7th day of March, 2006.

/S/

John M. Lane
Deputy Director