



Federal Deposit Insurance Corporation

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

Division of Supervision and Consumer Protection

March 5, 2010

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Directors
Norwood Co-operative Bank
11 Central Street
Norwood, Massachusetts 02062

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization through the organization of an interim institution and a merger, filed on behalf of Norwood Co-operative Bank (the 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 approvals are 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 Bank requested a waiver of 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 majority of the Bank's depositors presented during the Special Meeting voted in favor of the proposed conversion. Therefore, the Bank's request for waiver is granted.

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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/

Christopher J. Spoth
Senior Deputy Director

Enclosure

cc: Matthew D. Hanaghan, Esq.
Nutter McClennen & Fish LLP
155 Seaport Boulevard
Boston, Massachusetts 02210

FEDERAL DEPOSIT INSURANCE CORPORATION

Norwood Co-operative Bank
Norwood, Norfolk County, Massachusetts

Application for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Sections 5 and 18(c) and other provisions of the Federal Deposit Insurance (FDI) Act, applications have been filed on behalf of Norwood Co-operative Bank, Norwood, Massachusetts (Mutual Institution), currently a state-chartered, mutually-owned Deposit Insurance Fund (DIF) member with total resources of \$396,915,000 and total deposits of \$315,687,000 as of June 30, 2009. The applications seek FDIC consent to merge with 1889 Bank, Norwood, Massachusetts, a proposed new interim, state-chartered stock bank subsidiary. Applications have also been filed for Federal deposit insurance for 1889 Co-operative Bank (to be subsequently organized into a Massachusetts chartered mutual holding company) and 1889 Bank.

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

- Mutual Institution to organize a new co-operative bank under Massachusetts law to be known as 1889 Co-operative Bank.
- 1889 Co-operative Bank to reorganize into a Massachusetts chartered mutual holding company to be known as 1889 Bancorp MHC.
- 1889 Bancorp MHC to establish a Massachusetts-chartered subsidiary co-operative bank in the stock form to be known as 1889 Bank (Stock Bank).
- 1889 Bancorp MHC to establish a new wholly-owned Massachusetts-chartered subsidiary holding company in the stock form of organization to be known as 1889 Financial Services Corporation.
- Mutual Institution to immediately merge with and into Stock Bank, with the Stock Bank as the surviving entity under the name Norwood Co-operative Bank (Resultant Bank).
- 1889 Bancorp MHC to immediately thereafter contribute 100% of the shares of the Resultant Bank to 1889 Financial Services Corporation (Stock Holding Company).

Upon consummation of the reorganization, the deposits of Norwood Co-operative Bank will continue to be insured under the DIF. On the effective date of the reorganization, Norwood Co-operative Bank will be a stock bank that is wholly owned by 1889 Financial Services Corporation, which will be wholly owned by 1889 Bancorp MHC. Applications for the establishment of 1889 Bancorp MHC, a Mutual Holding Company; and 1889 Financial Services

Corporation, a Stock Holding Company, have been approved by the Massachusetts Division of Banks and the Federal Reserve Bank of Boston on August 10, 2009 and October 1, 2009, respectively. The Massachusetts Division of Banks has also granted the authority to conduct a banking business and approved the establishment and operation of a stock bank. Following consummation of the merger, Norwood Co-operative 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. Norwood Co-operative Bank's main office will continue to be located at 11 Central Street, Norwood, Massachusetts.

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 Mutual Institution, disclosed no inconsistencies with the purposes of the CRA. Norwood Co-operative 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 merger application, the FDIC has taken into consideration the financial and managerial resources and prospects of the Mutual Institution and Resultant Bank, the convenience and needs of the community to be served, and the competitive effects of the proposed transactions. 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.

Having found favorably on all statutory factors regarding the deposit insurance and merger applications, it is the FDIC's judgment that the application should be and 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 1889 Bancorp MHC and the contribution of that stock by 1889 Bancorp MHC to 1889 Financial Services Corporation, no shares of the stock of Norwood Co-operative 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 1889 Financial Services Corporation by 1889 Bancorp MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of 1889 Bancorp MHC, to stock form, Norwood Co-operative 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 Norwood Co-operative Bank or 1889 Financial Services Corporation be issued to persons other than 1889 Bancorp MHC, any dividends waived by 1889 Bancorp MHC must be retained by 1889 Financial Services Corporation or Norwood Co-operative 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 1889 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, 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 later than six months after the date of this Order unless such period is extended for good cause by the Corporation; and
6. 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 Board of Directors.

Dated at Washington, D.C. this 5th day of March, 2010.

/s/

Christopher J. Spoth
Senior Deputy Director
Division of Supervision and Consumer Protection