

December 23, 1998

VIA FACSIMILE AND BY CERTIFIED RETURN RECEIPT REQUESTED

Board of Directors
The Oneida Savings Bank
182 Main Street
Oneida, New York 13421-1676

Board of Directors:

The notice of intent to convert from mutual to stock form filed on behalf of The Oneida Savings Bank, Oneida, New York has been reviewed by the Federal Deposit Insurance Corporation ("FDIC") pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.163 and 333.4. Based on the information and representations presented, the FDIC poses no objection to the proposed conversion transaction.

Please notify our New York Regional Office in writing when the proposed transaction has been consummated.

Sincerely,

/s/

Nicholas J. Ketcha Jr.
Director

cc: Alan Schick, Esq.
Luse Lehman Gorman Pomerenk & Schick
5335 Wisconsin Avenue, N.W. Suite 400
Washington, D.C. 20015

FEDERAL DEPOSIT INSURANCE CORPORATION

The Oneida Savings Bank
Oneida, Madison County, New York

Application for Consent to Merge
To facilitate a conversion from a
Mutual Savings Bank to a Stock Savings Bank

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of The Oneida Savings Bank, Oneida, New York ("Oneida"), a New York-chartered mutual savings bank for the FDIC's consent to merge with an interim New York-chartered stock savings bank ("Stock Bank"). Oneida is a Bank Insurance Fund ("BIF") member, with total assets of \$218,015,000 and total deposits of \$189,631,000 as of June 30, 1998.

These filings were made in connection with the "Oneida Savings Bank Plan of Reorganization from a Mutual Savings Bank to a Mutual Holding Company and Stock Issuance Plan" (the "Plan"). Pursuant to the Plan, Oneida will: (i) merge with an interim stock savings bank that will succeed to all the rights and obligations of Oneida; (ii) establish a mid-tier Delaware stock holding company, Oneida Financial Corp. ("Oneida Financial") which will own 100 percent of the common stock of the stock savings bank; and (iii) establish a New York mutual holding company, Oneida Financial, MHC ("MHC") which will own 53.5 percent of the common stock of Oneida Financial. Concurrently, with the reorganization, Oneida Financial intends to offer for sale 44.54 percent of its common stock on a priority basis to qualifying depositors and to an employee stock ownership plan. The remaining 1.96 percent will be used to fund a charitable foundation ("Foundation"). The proposed transaction per se will not alter the competitive structure of banking in the market currently served by Oneida. Oneida's principal office will remain at 182 Main Street, Oneida, New York. 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 Oneida discloses no inconsistencies with the purposes of the CRA. The bank is expected to continue to meet the credit needs of its entire community, consistent with safe and sound operation of the institution.

In connection with the application the FDIC has taken into consideration the financial and managerial resources and future prospects of the resultant Bank, and the convenience and needs of the community to be served. Having found favorably on these statutory factors and having considered other relevant information, including any reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, or the

Attorney General of the United States, it is the FDIC's judgement that the application should be and hereby is approved, subject to the following conditions:

- (1) The Foundation's organizers shall commit to the following oversight provisions:
 - (a) Common stock of Oneida Financial held by the Foundation shall be voted by the Foundation at the same ratio as the shares voted on each and every proposal considered by the stockholders of Oneida Financial, excluding the shares voted by the MHC;
 - (b) The Foundation shall be subject to examination by the FDIC;
 - (c) The Foundation shall comply with all supervisory directives imposed by the FDIC;
 - (d) The Foundation shall operate in accordance with written policies adopted by the Foundation's board of directors, including adopting a conflict of interest policy acceptable to the FDIC; and
 - (e) The Foundation shall provide operating plans and annual reports to the FDIC describing the grants made and grant recipients.
- (2) The proposed transaction may not be consummated unless the Plan receives prior approval by an affirmative vote of a majority of the votes eligible to be cast at a special meeting of Oneida's voting participants;
- (3) That the proposed transaction may not be consummated unless and until the FDIC issues a nonobjection letter to the Notice filed on behalf of the applicant pursuant to section 303.15 of the FDIC's Rules and Regulations concerning the mutual-to-stock conversion portion of this transaction;
- (4) The proposed transaction may not be consummated unless and until the resultant Bank has authority to conduct a banking business, and that its establishment and operation as a stock savings bank have been fully approved by the New York State Banking Department, and that the applications by the mutual holding company and the mid-tier stock holding company to become bank holding companies is approved by the Board of Governors of the Federal Reserve System;
- (5) That any changes in proposed management, including the board of directors or proposed ownership (10 percent or more of the stock and new acquisitions of or subscriptions to 10 percent or more of the stock), will render this approval null and void unless such proposal is approved by the Regional Director (Supervision) of the FDIC's New York Regional Office prior to the consummation of the proposed transaction;

- (6) The transaction being consummated not less than fifteen calendar days after the date of this Order or later than six months after the date of the Order, unless such period is extended for good cause by the FDIC;
- (7) That prior to a sale, transfer, or disposition of any shares of Oneida Financial by the MHC to any person (including any Employee Stock Ownership Plan), or a conversion of the mutual holding company to stock form, MHC will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition, or conversion;
- (8) That, should any shares of the stock of Oneida Financial or the Stock Bank be issued to persons other than MHC, any dividends waived by MHC must be retained by Oneida Financial or the Stock Bank and segregated, earmarked, or otherwise identified on the books and records of Oneida Financial or the Stock 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 MHC to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by means including through dividend payments or at liquidation;
- (9) Until the proposed transaction is consummated, the FDIC has the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

By Order of the Director of the Division of Supervision pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this ¹⁶16 day of November, 1998.

/S/

Nicholas J. Ketcha Jr.
Director