June 14, 2000

Board of Directors
Savings Institute
803 Main Street
Willimantic, Connecticut 06226

Members of the Board:

The Notice to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from mutual form to stock form filed on behalf of the Savings Institute, Willimantic, Connecticut has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to 12 C.F.R. Sections 303.160 - 303.164 and other pertinent FDIC regulations. Based on the information presented and representations made, we do not object to the proposal.

As part of the Notice, the Bank has requested, in accordance with 12 C.F.R. § 333.4(a), 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(d)(2). We have reviewed the Bank's request, and have found that a sufficient number of corporators are considered independent, and that a majority of the independent corporators voted in favor of the proposed conversion. Therefore, the Bank's request for a waiver is granted.

Pursuant to Section 4(d) of the Federal Deposit Insurance Act, the resultant stock bank will be an insured depository institution.

Enclosed is our Order and Basis for Corporation Approval (Order) for the merger application filed on behalf of the Savings Institute in conjunction with the conversion transaction. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.
Please advise the Boston Regional Office in writing when the proposed transaction has been consummated. If an extension of the time limitation included in the Order is required, a letter requesting a specific extension of the limitation including reasons therefore should be submitted to the Boston Regional Office.

Sincerely,

/s/

James L. Sexton
Director

Enclosure

cc: William W. Bouton III
    Tyler, Cooper & Alcorn, LLP
    185 Asylum Street
    City Place/35th Floor
    Hartford, CT 06103
June 22, 2000

Board of Directors
Savings Institute
803 Main Street
Willimantic, Connecticut 06226

Members of the Board:

Enclosed is a corrected copy of the Order and Basis for Corporation Approval (Order) for the merger application filed on behalf of the Savings Institute in conjunction with a conversion transaction.

Sincerely,

/s/
James L. Sexton
Director

Enclosure

cc: Carol Loomis
Tyler, Cooper & Alcorn, LLP
185 Asylum Street
City Place/35th Floor
Hartford, CT 06103
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 Savings Institute, Willimantic, Connecticut (Mutual Bank), currently a mutually-owned, Bank Insurance Fund member, state-chartered institution with total resources of $341,509,000 and total deposits of $291,910,000 as of December 31, 1999, for the FDIC's consent to merge with SI - Stock Savings Bank, Willimantic, Connecticut (Stock Bank), a proposed new, interim, stock bank.

This transaction is the result of Mutual Bank's plan of reorganization which, solely to facilitate this undertaking, includes:

1. Mutual Bank will form a mutual holding company to be known as SI Bancorp, Inc. (Bancorp).
2. Bancorp will form a stock bank subsidiary to be known as SI - Stock Savings Bank.
3. Mutual Bank will merge with and into Stock Bank under the name of The Savings Institute and under the charter of the Stock Bank.

On the effective date of the Reorganization, the Stock Bank will be the wholly-owned subsidiary of Bancorp. The Bancorp will be capitalized with an initial investment of $100,000. The application for the establishment of the Bancorp as a mutual holding company has been approved by the Federal Reserve Bank of Boston. The resultant bank will operate with the title of the Savings Institute, Willimantic, Connecticut. Following the consummation of the merger, the resultant bank will operate the same banking business, with the same management, at the same locations now being served by the Mutual Bank. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Bank. The resultant bank's principal office will be at 803 Main Street, Willimantic, Connecticut. 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) Statements of the proponent, discloses no inconsistencies with the purposes of the CRA. The new institution 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 and future prospects of the proponent banks and the resultant bank, and the
convenience and needs of the community to be served. Having found favorably on all statutory factors and having considered other relevant information, including the 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, and the Attorney General of the United States, it is the FDIC’s judgement that the applications should be and hereby are approved, subject to the following conditions:

1. Unless prior notice is provided to and non-objection is received from the FDIC, no shares of the stock of the Savings Institute shall be sold, transferred or otherwise disposed of, to any persons (including any Employee Stock Ownership Plan) other than SI Bancorp, Inc.

2. That, prior to a sale, transfer or other disposition of any shares of the Savings Institute, by SI Bancorp, Inc. to any person (including any Employee Stock Ownership Plan), or a conversion of SI Bancorp, Inc. to stock form, the Savings Institute 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.

3. That, should any shares of stock the Savings Institute be issued to persons other than the SI Bancorp, Inc., any dividends waived by SI Bancorp, Inc. must be retained by the Savings Institute 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 the SI Bancorp, Inc. 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. Any changes in proposed management, including the board of directors or proposed ownership (ten per cent or more of the stock and new acquisitions of or subscriptions to ten per cent 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 Boston Regional Office prior to the consummation of the proposed transaction.

5. That the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor later than six months after the date of this Order unless such period is extended for good cause by the Corporation.

6. That until the conditional commitment herein granted becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment 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 14th day of June, 2000.

/s/

James L. Sexton
Director