



July 24, 2015

CERTIFIED – RETURN RECEIPT REQUESTED

Board of Directors
Washington Savings Bank
200 South Banker Street
Effingham, Illinois 62401

Subject: Notice of Intent to Convert to Stock Form
Washington Savings Bank, Effingham, Illinois

Dear Board of Directors:

The notice of intent from Washington Savings Bank, Effingham, Illinois (Bank), to convert from mutual to stock form (Notice) to facilitate its reorganization into a mutual holding company form of ownership was reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. §§ 303.160-303.163 and 333.4, and other pertinent regulations.

The Bank's plan of reorganization (Plan) provides for the conversion of the Bank to an Illinois-chartered, stock savings bank that will be a wholly owned subsidiary of the newly formed Washington Savings MHC, Effingham, Illinois (Washington MHC), an Illinois-chartered mutual holding company. No stock offering is contemplated in conjunction with the conversion.

The FDIC has relied on information provided in the Notice and the accompanying materials in reaching its decision. Based on the information provided and representations made by the Bank, the FDIC has no objection to the proposed Notice provided that the Bank satisfies the following conditions, some of which are ongoing in nature.

1. The Bank shall provide written evidence that the Plan was approved by the affirmative vote of at least a majority of the votes eligible to be cast by the Bank's depositors at a special meeting.
2. The Bank shall provide written evidence that it has obtained all necessary and final approvals regarding the Plan and the Bank's merger with First Federal Savings and Loan Association of Mattoon, Mattoon, Illinois (First Federal), from the appropriate Federal or State authorities, including without limitation, written evidence of the approval or non-objection of the Federal Reserve Bank of St. Louis to the vote by the members of First Federal on the merger of the Bank with First Federal.
3. The Bank shall obtain prior, written approval from the FDIC Chicago Regional Director for the payment of any dividends from the Bank to Washington MHC, for a one year period following the conversion.

4. Except for the issuance of stock to Washington MHC and the contribution of that stock by Washington MHC to the Bank, no shares of stock of the 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 Chicago Regional Director.
5. Prior to a sale, transfer or other disposition of any shares of the Bank by Washington MHC to any person (including any Employee Stock Ownership Plan) or a conversion of Washington MHC, to stock form, the Bank shall provide written notification to the FDIC Chicago Regional Director 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.
6. Should any shares of stock of the Bank be issued to persons other than Washington MHC, any dividends waived by Washington MHC must be retained by the 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 Washington 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.
7. Except for the planned addition of Mr. Jon Spitz as senior vice president and Mr. Terry Reel as vice president to the Bank, both as senior executive officers, and the addition of Jon Spitz, Gary Patrem, Paul McKillip, and Tom Neimeyer to the Bank's board of directors, any change in proposed senior executive officers or the board of directors, prior to the consummation of the proposed transaction, will render this approval null and void unless such proposal is approved by the FDIC Chicago Regional Director prior to the consummation of the proposed transaction.
8. For a period of three (3) years after the consummation of the proposed transaction, any material deviation from the Bank's business plan submitted to the FDIC, will require prior written approval of the FDIC Chicago Regional Director prior to implementation of such material deviation from the business plan.
9. The Bank acknowledges that this letter of non-objection from the FDIC is conditioned on the facts and circumstances as currently known to the FDIC, and the Bank shall notify the FDIC Chicago Regional Director as soon as the Bank becomes aware of, or should have reason to become aware of, any material events prior to the consummation of the Plan.
10. Until the Plan is consummated, the FDIC has the right to alter, suspend, or withdraw its non-objection should any interim development be deemed to warrant such action.

Please provide the Chicago Regional Office (CRO) written evidence that conditions 1 and 2 have been satisfied, and please notify the CRO in writing when the conversion transaction is consummated. The CRO will act separately upon the Bank Merger Act application with First Federal and an application to exercise trust powers. Should you have any questions, please contact Case Manager Traci Hefner at (312) 382-6950.

Sincerely,

/s/

James C. Watkins
Senior Deputy Director

cc : Greyson E. Tuck
Gerrish McCreary Smith, PC
700 Colonial Road, Suite 200
Memphis, Tennessee 38117

Illinois Department of Financial and Professional Regulation - Springfield

Federal Reserve Bank of St. Louis