



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 27, 2016

Board of Directors
HarborOne Bank
770 Oak Street
Brockton, Massachusetts 02301

RE: Plan of Conversion

Dear Members of the Board:

The Federal Deposit Insurance Corporation (FDIC) reviewed the Notice of Intent to Convert from a mutual-to-stock form (Notice) filed on behalf of HarborOne Bank, Brockton, Massachusetts (Bank), pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160 – 303.163 and 333.4, and other pertinent regulations. The Notice was filed in connection with the Bank's Plan of Conversion whereby the Bank proposes to: (i) convert to a Massachusetts-chartered stock co-operative bank; (ii) establish a top-tier mutual holding, HarborOne Mutual Bancshares; and (iii) establish a mid-tier holding company, HarborOne Bancorp, Inc., which will own 100 percent of the common stock of the stock bank. Concurrently with the conversion, HarborOne Bancorp, Inc. intends to offer for sale common stock on a priority basis to qualifying eligible depositors; supplemental eligible depositors; a tax-qualified employee stock benefit plan; Bank employees, officers and directors; and the general public. The FDIC has also reviewed Bank Merger Act and Federal deposit insurance applications filed in connection with the reorganization.

Based on the information provided and representations made, the FDIC poses no objection to the Notice, subject to the conditions (certain of which must be met on an ongoing basis) detailed in the enclosed Order and Basis approving the Bank Merger Act and Federal deposit insurance applications filed in connection with the reorganization.

In addition, the Bank has requested, in accordance with 12 C.F.R. Section 333.4(a), a limited waiver of certain provisions of the FDIC's regulations pertaining to mutual-to-stock conversions, specifically, the depositor voting requirement imposed by 12 C.F.R. Section 333.4(c)(2). We have reviewed the Bank's request and have found that the Bank made good faith efforts to secure participation of its depositors in the conversion vote. In addition, those depositors that participated in the vote, by a significant majority, supported the conversion. Therefore, the Bank's request for a waiver is granted.

Please notify the New York Regional Office in writing when the proposed transaction has been consummated. Should you have any questions, please contact Case Manager Janice L. Marble at (781) 794-5539.

Sincerely,

/s/

James C. Watkins
Senior Deputy Director

cc: Samantha M. Kirby, Esq.
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David J. Cotney, Commissioner
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FEDERAL DEPOSIT INSURANCE CORPORATION

HarborOne Bank
Brockton, Plymouth County, Massachusetts

Applications for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant Section 18(c) of the Federal Deposit Insurance (FDI) Act, HarborOne Bank (“Bank”), Brockton, Plymouth County, Massachusetts, currently a state-chartered, mutually-owned Deposit Insurance Fund (DIF) member with total resources of \$2,246,632,000 and total deposits of \$1,756,178,000 as of March 31, 2016, has filed an application for the FDIC’s consent to merge with HarborOne Interim Stock Co-operative Bank, Brockton, Massachusetts, a proposed new interim, state-chartered stock co-operative bank. In addition, an application has been filed for Federal deposit insurance for HarborOne Interim Stock Co-operative Bank to facilitate the merger with HarborOne Bank.

The transaction is to effect the Bank’s plan of reorganization, which, solely to facilitate such undertaking, provides for:

- The Bank to organize a new *de novo* interim Massachusetts-chartered mutual cooperative bank to be known as HarborOne Interim Mutual Co-operative Bank (“New Mutual”);
- The New Mutual would immediately convert into a Massachusetts-chartered mutual holding company to be known as HarborOne Mutual Bancshares (“MHC”).
- MHC to establish a new, wholly owned Massachusetts-chartered stock co-operative bank to be known as HarborOne Interim Stock Co-operative Bank (“Interim Stock Bank”).
- MHC to establish a Massachusetts-chartered stock corporation to be known as HarborOne Bancorp, Inc. (“Mid-tier Holding Company”) as a separate wholly owned subsidiary of MHC.
- The Bank to merge with and into Interim Stock Bank, with Interim Stock Bank surviving the merger (“Resultant Bank”) and assuming the name HarborOne Bank.
- MHC to contribute 100 percent of the outstanding shares of common stock of the Resultant Bank to the Mid-tier Holding Company.
- Mid-tier Holding Company would offer up to 45 percent of its outstanding shares for sale with the remaining 55 percent to be held by MHC.

Upon consummation of the reorganization, the Resultant Bank would be wholly owned by the Mid-tier Holding Company that would be majority owned by the MHC. The deposits of the Resultant Bank would continue to be insured under the DIF. Resultant Bank will operate the same banking business, with the same management, at the same locations now being served by the Bank. The proposed transaction, per se, will not alter the competitive structure of banking in

the market served by the Bank. The Resultant Bank's main office will continue to be located at 68 Legion Parkway, Brockton, Massachusetts.

On May 6, 2016, the Federal Reserve Bank of Boston approved applications to allow HarborOne Mutual Bancshares to become a mutual bank holding company and HarborOne Bancorp, Inc. to become a mid-tier stock bank holding company. Further, the Massachusetts Division of Banks granted HarborOne Bank the authority to conduct business as a stock bank on May 10, 2016.

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 meet the credit needs of its community, consistent with the safe and sound operation of the institution.

In connection with the deposit insurance application for HarborOne Interim Stock Co-operative Bank, the FDIC has taken into consideration the financial history and condition, the adequacy of the capital structure, the future earnings prospects, the general character and fitness of the management, the convenience and needs of the communities to be served, the risk to the Deposit Insurance Fund and whether the banks' corporate powers are consistent with the purposes of the FDI Act.

In connection with the merger application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the Resultant Bank, the convenience and needs of the community to be served, and the effect of the proposed transaction on competition. 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, and the risk posed by the transaction to the stability of the U.S. banking or financial system.

Having found favorably on all statutory factors, it is the FDIC's judgment that the applications for Federal Deposit Insurance and for Consent to Merge should be and are hereby approved subject to the following conditions, some of which are continuing in nature:

1. The Bank must operate within the parameters set forth in the Business Plan approved by the FDIC on September 2, 2015, including the financial projections provided, and must notify and receive prior approval from the FDIC Regional Director of any proposed material deviation or material change from the Business Plan 60 days before consummating such change during the three years of operations following the close of the conversion offering.
2. The Bank shall submit quarterly variance reports to the FDIC Regional Director, which shall compare actual results of operations to the projections in the business plan most recently approved by the FDIC and shall include explanations for any material deviations.
3. The Bank acknowledges that any letter of non-objection from the FDIC is conditioned on the facts and circumstances as currently known to the FDIC, and it must notify the FDIC Boston Area Office as soon as the Bank becomes aware of, or should have become aware of, any material events prior to the close of the conversion offering, including for example, any material changes in the conversion offering.

4. The HarborOne Foundation's Board of Directors commits to the following oversight provisions:
 - a. Common stock of HarborOne Bancorp, Inc. held by HarborOne Foundation must be voted at the same ratio as the shares voted on each proposal considered by the shareholders;
 - b. HarborOne Foundation will be subject to examination by the FDIC and must comply with all supervisory directives imposed by the FDIC;
 - c. HarborOne Foundation must operate in accordance with written policies adopted by the HarborOne Foundation's Board of Directors, including the adoption of a conflict of interest policy acceptable to the FDIC;
 - d. HarborOne Foundation must not engage in self-dealing, and must comply with all laws necessary to maintain its tax-exempt status under the Internal Revenue Code; and
 - e. HarborOne Foundation must provide a proposed operating plan prior to completion of the conversion.
5. Within six months immediately following the date of the closing of the offering, the Bank must provide a three-year operating plan for HarborOne Foundation that contains pro-forma financial statements, including a balance sheet and income statement.
6. Prior to a repurchase of shares by HarborOne Bancorp, Inc. within the first year after reorganization, the Bank will provide written notification to the FDIC Boston Area Office and provide copies of all documents filed with other regulators.
7. During the three-year period immediately following the date of the closing of the offering, the Bank must not make any distributions of capital to HarborOne Bancorp, Inc., including cash dividends or any other retirement or return of capital, except in accordance with applicable FDIC laws and regulations, and as provided for in the business plan, without the prior approval of the FDIC Regional Director if such action would cause the Bank's leverage and total capital ratios to fall below 8.0 percent and 12.0 percent, respectively.
8. During the twelve-month period immediately following the date of the closing of the offering, HarborOne Bancorp, Inc. must not declare any distributions of capital to shareholders, including cash dividends or return of capital, except with the written approval of the Federal Reserve Bank of Boston and as provided for in the business plan.
9. During the three-year period immediately following the date of closing of the offering, shares issued to directors and executive officers ("insiders") in the offering are restricted from resale without the prior approval of the FDIC Regional Director except that (1) in the event of the death of an insider, the successor in interest may sell the shares without such prior approval, (2) if the insider is no longer employed by or a director of the Bank or HarborOne Bancorp, Inc., he or she may sell the shares without such prior approval, and (3) the insider may transfer the shares to his or her lineal descendant(s) or spouse, or into a trust or retirement vehicle for the benefit of the insider or such descendants and spouse without such prior approval.

10. The Bank and HarborOne Bancorp, Inc. must ensure that any stock option or recognition and retention plan (collectively, "Stock Benefit Plans") established or maintained during the three-year period of time immediately following the date of the closing of the offering will include provisions that comport with the following:
- a. The duration of rights granted under the Stock Benefit Plans must be limited, and in no event shall the exercise period exceed ten years;
 - b. In accordance with applicable regulations, if the Stock Benefit Plans are adopted by shareholders within the first year following the conversion offering, the rights must vest on an equal basis over a period of not less than five years. If the Stock Benefit Plans are adopted more than one year but less than three years following the conversion offering, the rights must vest on an equal basis over a period of not less than three years following establishment of the Stock Benefit Plans in order to encourage the recipient to remain involved in the Bank;
 - c. Rights granted must not be transferable by the participant;
 - d. The exercise price of stock rights must not be less than the fair market value of the stock at the time that the rights are granted;
 - e. Rights under the plan must be exercised or expire within a reasonable time after termination or separation as an active officer, employee, or director; and
 - f. Stock Benefit Plans must contain a provision allowing the primary federal regulator to direct the institution to require plan participants to exercise or forfeit their stock rights.
11. Until the proposed transaction is consummated, the FDIC has the right to alter, suspend, or withdraw its non-objection should any interim development warrant such action.
12. The proposed transaction shall not be consummated later than six months after the date of the FDIC's approval unless such period is extended for good cause by the FDIC.

Pursuant to the delegated authority of the FDIC Board of Directors.

Dated at Washington, D.C. this 27th day of June, 2016.

/s/

James C. Watkins
Senior Deputy Director
Division of Risk Management and Supervision