



July 25, 2022

Attorney Matthew D. Hanaghan
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**Subject: Notice of Conversion from Mutual to Stock Form and Related Applications
Institution for Savings in Newburyport and Its Vicinity
Newburyport, Massachusetts
Application Tracking Numbers 20220414, 20220415, 20220420, and 20220421**

Dear Mr. Hanaghan:

We have reviewed the Notice of Intent to Convert (Notice), filed on behalf of Institution for Savings in Newburyport and Its Vicinity, Newburyport, 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 Bank's Plan of Reorganization (Plan), whereby the Bank proposes to engage in a multi-step transaction in order to reorganize into a mutual holding company structure. In connection with the Reorganization, the Bank plans to form a new Massachusetts-chartered mutual savings organization that will be reorganized to form a mutual holding company to be known as IFS 1820 Bancorp, MHC (MHC). The MHC will immediately establish Subsidiary Stock Bank as a new Massachusetts-chartered stock savings bank. Immediately thereafter, the Subsidiary Stock Bank will merge into the Bank, with the Subsidiary Stock Bank becoming the resulting institution operating under the name of Institution for Savings in Newburyport and Its Vicinity. The MHC will own 100 percent of the Bank's common stock.

The FDIC has relied on information provided in the Bank's Notice, the accompanying materials, and subsequent responses to information requests in reaching its decision. Based on the information provided and representations made, the FDIC poses no objection to the Notice and approves the merger/reorganization of the Subsidiary Stock Bank and the Bank, subject to the following conditions (certain of which must be met on an ongoing basis).

- 1) The Bank shall provide written evidence that all necessary and final approvals regarding the proposed transactions have been obtained from the appropriate Federal and state authorities.
- 2) The proposed transactions may not be consummated later than six months after the date of this non-objection unless such period is extended in writing by the FDIC New York Regional Director.

- 3) The Bank shall notify the FDIC New York Regional Director as soon as it becomes aware of any material changes in the facts and circumstances prior to the consummation of the proposed transactions.
- 4) Any change in proposed senior executive officers or the board of trustees prior to the consummation of the proposed transactions shall render this approval null and void, unless the Bank submits prior written notice to, and receives written non-objection from, the FDIC New York Regional Director prior to consummation of the proposed transactions.
- 5) During the three-year period after the close of the proposed transactions, the Bank shall operate within the parameters set forth in the Business Plan submitted with the Notice (Business Plan) and must provide at least 30 days' prior written notice to, and receive written non-objection from, the FDIC New York Regional Director prior to implementing any proposed material deviation or material change from the Business Plan (including, but not limited to, any merger, acquisition or business combination) involving the Bank.
- 6) The Bank shall provide at least 30 days' prior written notice to, and obtain written non-objection from, the FDIC New York Regional Director prior to implementing any policy or executing any agreement relating to the allocation and sharing of costs with the Bank.
- 7) Prior to consummation of the proposed transactions, the Bank shall provide to the FDIC New York Regional Director a final tax opinion concerning the federal income tax consequences of the proposed conversion.
- 8) The Bank's conversion into a stock bank and merger with the Interim Subsidiary Stock Bank shall only be consummated on the same date as the consummation of all of the other steps of the Plan of Reorganization, as proposed in the Notice and Merger Application submitted to the FDIC.
- 9) Except for the issuance of all of the Bank's stock to the IFS1820 Bancorp, MHC (MHC) and the contribution of that stock to the MHC, no shares of the Bank's stock shall be sold, transferred, or otherwise disposed of, to any person (including any yet to be established employee stock ownership plan or the Bank's charitable foundation), unless 30 days' prior written notice is provided to, and written non-objection is received from, the FDIC New York Regional Director.
- 10) Until the proposed transactions are consummated, the FDIC has the right to alter, suspend, or withdraw its non-objection should any interim developments be deemed to warrant such action.

Request to Waive the Depositor Vote Requirement

As part of the Notice, the Bank requested, in accordance with 12 C.F.R. § 303.162(a)(2), 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(c)(2). Massachusetts state law

provides for the approval of mutual-to-stock conversions by a majority of independent corporators in lieu of a depositor vote. We have reviewed the Bank's request and have found that the Bank has established good cause for relying upon the vote of the Bank's Corporators in lieu of a depositor vote by demonstrating apparent compliance with Massachusetts regulatory requirements for corporator votes for mutual-to-stock conversions. Therefore, the Bank's request for a waiver is granted.

Deposit Insurance

The Bank has filed an application for deposit insurance for the interim Subsidiary Stock Bank. The FDIC would not require an application for deposit insurance because of the continuation of deposit insurance under Section 4(d) of the Federal Deposit Insurance Act, but Massachusetts law requires the Subsidiary Stock Bank to have deposit insurance from the moment of its creation. We have found favorably on all of the statutory factors for deposit insurance for the Subsidiary Stock Bank and hereby approve the Bank's request for deposit insurance for Subsidiary Stock Bank.

If you have any questions, please contact Case Manager Rebecca McAweeney at (781) 794-5520 or at rmcaveeney@fdic.gov.

Sincerely,

Marianne Hatheway
Deputy Regional Director

cc: Commonwealth of Massachusetts Division of Banks
Federal Reserve Bank of Boston