

February 21, 2007

Board of Directors
Marlborough Savings Bank
166 Main Street
Marlborough, Massachusetts 01752

Dear Members of the Board:

The notice of intent to effect a reorganization with the organization of a mutual holding company, a stock holding company, and an interim institution with a merger to facilitate a conversion from a mutual to stock form filed on behalf of Weymouth Bank (Bank) was reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160 – 303.163 and other pertinent FDIC regulations. Based on the information presented and the representations made, the FDIC poses no objection to the proposed conversion transaction.

Enclosed is our Order and Basis for Corporation Approval (Order) for the applications filed on behalf of the Bank in conjunction with the conversion transaction, including the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

As part of the notice, the Bank requested, in accordance with 12 C.F.R. Section 303.161(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. Section 333.4(c)(2). We have reviewed the Bank's request and have found a sufficient number of independent Corporators voted in favor of the proposed conversion. Therefore, the Bank's request for a waiver of the depositor vote requirement is granted.

Please notify the Boston Area Office when the proposed transaction has been consummated. If an extension of the time limit included in the Order is required, a letter requesting a specific extension of the limitation, including reasons therefore, should be submitted to the Boston Area Office.

Sincerely,

/s/

Christopher J. Spoth
Senior Deputy Director

Enclosure

cc: Kent M. Krudys
Luse Gorman Pomerenk & Schick
5335 Wisconsin Avenue, N.W.
Suite 400
Washington, D. C. 20015

FEDERAL DEPOSIT INSURANCE CORPORATION

Marlborough Savings Bank
Marlborough, Middlesex County, Massachusetts

Application for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 5 and Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of Marlborough Savings Bank, Marlborough, Massachusetts, (Mutual Institution), currently a state-chartered, mutually-owned Deposit Insurance Fund member with total resources of \$283,634,000 and total deposits of \$247,050,000 as of December 31, 2006, for the FDIC's consent to merge with Marlborough Interim Savings Bank, Marlborough, Massachusetts, a proposed new state-chartered stock bank. In addition, an application has been filed for Federal deposit insurance for Marlborough De Novo Savings Bank and Marlborough Interim Savings Bank.

The transaction is to effect the Mutual Institution's plan of reorganization which, solely to facilitate such undertaking, provides for:

- the Mutual Institution to establish a de novo Massachusetts-chartered mutual savings bank, to be known as "Marlborough De Novo Savings Bank" (De Novo);
- the De Novo to reorganize into a Massachusetts-chartered mutual holding company to be known as "Marlborough Bancshares, MHC" (MHC);
- the MHC to establish a new stock bank as a wholly-owned subsidiary of the MHC to be known as "Marlborough Interim Savings Bank" (Stock Bank);
- the MHC to establish a Delaware stock holding company as a separate wholly-owned subsidiary to be known as "Marlborough Bancshares, Inc." (Stock Holding Company);
- the Mutual Institution to immediately merge with and into the Stock Bank, with the Stock Bank as the surviving entity under the name of "Marlborough Savings Bank" which will be a Massachusetts stock bank (Resultant Bank); and
- the MHC to contribute one hundred percent of the issued and outstanding common stock of subsidiary Stock Bank to Stock Holding Company.

Applications for the establishment of MHC and the Stock Holding Company have been approved by the Federal Reserve Bank of Boston. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. The Resultant Bank's principal office will continue to be located at 164-166 Main Street, Marlborough, Massachusetts.

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 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 merger application, the FDIC has taken into consideration the financial and managerial resources and prospects of the proponent banks and the Resultant Bank, and the convenience and needs of the community to be served. 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. Having found favorably on all statutory factors and having considered other relevant information, including all reports on competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Director of the Office of Thrift Supervision, and the Attorney General of the United States, it is the FDIC's judgment that the applications should be and hereby are approved, subject to the following conditions:

1. That except for the proposed transfer of stock to Marlborough Bancshares, Inc., no shares of the stock of Marlborough Savings 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;
2. That, prior to a sale, transfer, or other disposition of any shares of Marlborough Bancshares, Inc., by Marlborough Bancshares, MHC, to any person (including any Employee Stock Ownership Plan), or a conversion of Marlborough Bancshares, MHC, to stock form, Marlborough Savings Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with the state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition, or conversion;
3. That should any shares of the stock of Marlborough Savings Bank or Marlborough Bancshares, Inc., be issued to persons other than Marlborough Bancshares, MHC, any dividends waived by Marlborough Bancshares, MHC, must be retained by Marlborough Bancshares, Inc., or Marlborough Savings Bank and segregated, earmarked, or otherwise identified on the books and records of Marlborough Bancshares, Inc., or Marlborough Savings 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 Marlborough Bancshares, 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;

4. That, any change in proposed management, including the board of directors or proposed ownership (ten percent or more of the stock and new acquisitions of, or subscriptions to, ten percent or more of the stock), will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction;
5. That the proposed transaction may not be consummated unless and until Marlborough Savings Bank has the authority to conduct banking business, and that its establishment and operation as a stock bank has been fully approved by the appropriate Commonwealth of Massachusetts officials;
6. That the transaction shall be consummated no later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
7. That until the proposed transaction is consummated, the FDIC shall have 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 and Consumer Protection pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this 21st day of February, 2007.

/s/

Christopher J. Spoth
Senior Deputy Director