



June 27, 2023

Dear Fellow Depositor:

On behalf of the boards of directors and management of NB Financial, MHC (the “MHC”) and Needham Bank (the “Bank”), we cordially invite you to a Special Meeting of Members of the MHC (hereafter referred to as a “Special Meeting of Depositors” or “Special Meeting”) on Wednesday, July 26, 2023 for the purpose of voting on NB Financial, MHC’s Plan of Conversion (the “Plan”) and the establishment and funding of a charitable foundation to be known as “Needham Bank Charitable Foundation, Inc.” (the “Foundation”). The Special Meeting will be held at Boston Marriott Newton, located at 2345 Commonwealth Avenue, Newton, Massachusetts at 7:00 a.m., Eastern time. Polls will remain open for voting at the Special Meeting from 7:00 a.m., Eastern time until 5:30 p.m., Eastern time on July 26, 2023. Although members of the Bank’s Board of Directors and senior management will be available throughout the Special Meeting to answer questions, a more formal “question and answer” period will occur at the beginning of the Special Meeting. All questions and answers will be limited to the information provided in the enclosed Information Statement. Depositors as of June 9, 2023, who have also attained the age of 18 years, will be entitled to vote at the Special Meeting.

First, we are asking for your vote in favor of the Plan. Pursuant to the Plan, the MHC, the Bank’s mutual holding company, would convert from a Massachusetts-chartered mutual holding company to a Maryland-chartered stock holding company by (i) forming NB Bancorp, Inc., a new Maryland stock holding company (the “Stock Holding Company”); (ii) merging the MHC with and into NB Financial, Inc., the MHC’s current mid-tier holding company (the “Mid-Tier”); (iii) merging the Mid-Tier with and into the Stock Holding Company; and (iv) selling shares of common stock of the Stock Holding Company to eligible depositors and if shares remain available, to the Bank’s tax-qualified employee stock ownership plan, and employees, officers, directors and corporators of the MHC and the Bank, and then, if necessary, to the Bank’s local community and then to the general public (collectively, the “Proposed Conversion”). The enclosed Notice and Information Statement, including the Plan, contains more detailed information about the Proposed Conversion. We urge you to consider this material carefully.

Second, in furtherance of the Bank’s commitment to our community, we are asking for your vote in favor of the establishment and funding of the Foundation as part of the Proposed Conversion. The Foundation is intended to support charitable organizations operating in our local community now and in the future in a manner that would allow those communities to share in the growth and profitability of the Bank and the Stock Holding Company over the long term. The Foundation would be dedicated to charitable purposes. As part of the Proposed Conversion, we intend to contribute cash and stock to the Foundation which would consist of \$2.0 million in cash and a number of shares of stock of the Stock Holding Company equal to 4% of the shares that would be outstanding immediately after the contribution.

The Proposed Conversion would not affect any deposit accounts or borrower relationships that persons may have with the Bank. All deposit accounts in the Bank would continue to be insured by the Federal Deposit Insurance Corporation and the Massachusetts Depositors Insurance Fund on the same terms as they are now insured. All loans of the Bank would retain the same status after the Proposed Conversion as they had prior to the Proposed Conversion.

At present, depositors of the Bank (otherwise known as “Members” of the MHC) have voting rights only in the context of a stock offering, such as the Proposed Conversion. All other voting rights are currently vested in the MHC’s Board of Corporators. The Proposed Conversion would end the limited voting rights of depositors, and the Board of Corporators would cease to exist. Depositors and former corporators would only obtain indirect ownership and voting rights in the Bank if they purchased shares of common stock of the Stock Holding Company.

We believe that converting the MHC to the stock form of organization would provide us with access to additional resources to expand the products and services we offer our customers and would enable us to take advantage of business opportunities that may not otherwise be available to us, while being committed to remaining an independent community bank.

The boards of directors of the MHC and the Bank believe that the Plan is in the best interests of the Bank, and urge you to vote **FOR** each of the proposals. If the Plan is not approved by the depositors, the Bank would remain in its current mutual holding company form of organization. For a discussion of the reasons why the boards of directors recommend that you vote **FOR** the proposals, please refer to the enclosed Information Statement.

Special voting requirements apply to the matters being considered at the Special Meeting. In order to proceed with the Proposed Conversion, Massachusetts regulations require that the Plan be approved by a majority of the depositors present and voting in person at the Special Meeting. Voting by proxy is not permitted under Massachusetts regulations. The inability to use proxy voting presents a challenge in obtaining the required number of votes to approve the Plan and to approve the Foundation because applicable federal regulations also require that a majority of all of the depositors of the Bank vote in favor of the Plan and in favor of the Foundation. We are seeking approval of the Proposed Conversion from the Federal Reserve Board of Governors (the "Federal Reserve Board") notwithstanding the vote requirement in the federal regulations, but we cannot guarantee that the Federal Reserve Board will approve the Proposed Conversion. **Therefore, it is extremely important that you attend the Special Meeting and vote "FOR" the Plan and "FOR" the establishment and funding of the Foundation. Your vote is very important.**

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph P. Campanelli". The signature is fluid and cursive, with the first name "Joseph" and last name "Campanelli" clearly distinguishable.

Joseph P. Campanelli  
President and Chief Executive Officer  
NB Financial, MHC  
Needham Bank

**NB Financial, MHC  
Needham Bank  
1063 Great Plain Avenue  
Needham, Massachusetts 02492  
(781) 444-2100**

**NOTICE OF SPECIAL MEETING OF MEMBERS (DEPOSITORS)  
To Be Held On July 26, 2023**

A special meeting of members (also referred to as a special meeting of depositors) (the “Special Meeting”) of NB Financial, MHC (the “MHC”), the mutual holding company for Needham Bank (the “Bank”), will be held at Boston Marriott Newton, located at 2345 Commonwealth Avenue, Newton, Massachusetts, on Wednesday, July 26, 2023. The Special Meeting will be held at 7:00 a.m., Eastern time. Polls will remain open for voting at the Special Meeting from 7:00 a.m., Eastern time until 5:30 p.m., Eastern time on July 26, 2023. Information materials for the Special Meeting are provided herewith.

The Special Meeting is being held for the purpose of considering and acting upon:

1. The approval of the Plan of Conversion of NB Financial, MHC (the “Plan”), providing for the Proposed Conversion of the MHC from the mutual form of organization to the stock form of organization and the establishment of NB Bancorp, Inc. (the “Stock Holding Company”), the proposed bank holding company of Needham Bank, and the sale by the Stock Holding Company of shares of its common stock.
2. The approval of the establishment and funding of a charitable foundation to be named “Needham Bank Charitable Foundation, Inc.” (the “Foundation”) to be dedicated to support charitable organizations operating in communities served by the Bank now and in the future.

Any action may be taken on the foregoing proposals at the Special Meeting on the date specified above or on any date or dates to which, by original or later adjournment, the Special Meeting may be adjourned. The depositors who are entitled to vote at the Special Meeting are those depositors of the Bank as of June 9, 2023 (the “Voting Record Date”) who have also attained the age of 18 years.

Under Massachusetts law, no voting by proxy will be permitted at the Special Meeting. Therefore, depositors must attend the Special Meeting in order to cast their votes.

The attached Information Statement is a summary of information about the MHC, the Bank and the Stock Holding Company and the proposals to be voted upon at the Special Meeting. The Information Statement does not constitute an offer to sell or a solicitation of an offer to buy shares of common stock of the Stock Holding Company or the Bank. The offer to sell common stock would only be made by a prospectus to be delivered at a later date if the Plan is approved by the depositors.

Your boards of directors urge you to attend the Special Meeting and unanimously recommend that you vote **FOR** approval of the Plan and **FOR** the establishment and funding of the Foundation. Your vote is very important. If the Plan is not approved by the depositors, the Bank would remain in its current mutual holding company form of organization.

**BY ORDER OF THE BOARDS OF DIRECTORS**



Denise Dunn  
Clerk of NB Financial, MHC and Needham Bank

Needham, Massachusetts  
June 27, 2023

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**Information Statement of  
NB Financial, MHC and Needham Bank  
1063 Great Plain Avenue  
Needham, Massachusetts 02492  
(781) 444-2100**

**SPECIAL MEETING OF MEMBERS (DEPOSITORS)  
To Be Held On July 26, 2023  
Beginning at 7:00 a.m. with polls remaining open until 5:30 p.m.  
at Boston Marriott Newton  
2345 Commonwealth Avenue, Newton, Massachusetts**

**INTRODUCTION**

Needham Bank is a Massachusetts-chartered stock cooperative bank (the “Bank”) that reorganized into the mutual holding company structure in 2020 by forming NB Financial, MHC, a Massachusetts chartered mutual holding company (the “MHC”), and NB Financial, Inc., our Massachusetts chartered mid-tier holding company (the “Mid-Tier”), and converting Needham Bank to a Massachusetts chartered stock co-operative bank. NB Financial, MHC owns 100% of the outstanding shares of common stock of NB Financial, Inc., which in turn owns 100% of the outstanding shares of common stock of Needham Bank.

On June 7, 2023, the boards of directors of the MHC, Mid-Tier and Bank unanimously adopted a Plan of Conversion (the “Plan”) pursuant to which the MHC would convert from the mutual form of organization to stock form of organization and establish NB Bancorp, Inc., a Maryland-chartered corporation (the “Stock Holding Company” or “NB Bancorp”) that, upon consummation of the Proposed Conversion, would own 100% of the common stock of the Bank. The Stock Holding Company’s outstanding common stock would be owned by the public, including depositors who choose to purchase stock and the Bank’s employee stock ownership plan. The conversion of the MHC and formation of the Stock Holding Company are referred to herein as the “Proposed Conversion.” In addition, the Plan provides for the establishment and funding of Needham Bank Charitable Foundation, Inc. (the “Foundation”), which would be dedicated to support charitable organizations operating in our communities now and in the future.

At present, depositors of the Bank (otherwise known as “Members” of the MHC and referred to as depositors or Members herein) have voting rights only in the context of a minority offering or full conversion of the MHC. All other voting rights are currently vested in the MHC’s Board of Corporators. Upon completion of the Proposed Conversion, the limited voting rights of the Members of the MHC and the depositors of the Bank would no longer exist and the Board of Corporators would cease to exist. Following the Proposed Conversion, the Stock Holding Company, as sole stockholder of the Bank, would possess all voting rights in the Bank. The stockholders of the Stock Holding Company, including but not limited to depositors of the Bank and corporators of the MHC who choose to purchase common stock in the Stock Holding Company and the Bank’s employee stock ownership plan and, if approved by the depositors, the Foundation would possess voting rights in the Stock Holding Company. Potential stockholders would also include residents of the Bank’s local community and the general public.

Our normal business operations would continue without interruption during the Proposed Conversion. The same boards of directors which currently serve the MHC, Mid-Tier, and the Bank would serve as the boards of directors of the Stock Holding Company and the Bank. The initial officers of the Stock Holding Company and the Bank following the Proposed Conversion would be the individuals who currently serve as officers of the MHC, Mid-Tier and the Bank.

In connection with the Proposed Conversion, the Bank intends to enter into a change in control agreement with its Senior Vice President and General Counsel. Additionally, the Bank intends to adopt an employee stock ownership plan for eligible employees and officers and also intends to amend its existing 401(k) Plan to allow participants in the 401(k) Plan to use a portion of their plan’s account balances to purchase stock in the Proposed Conversion. For more information, see “*Potential Benefits of the Proposed Conversion to Management*,” beginning on page 8.

As part of the Plan, if approved by the depositors, the Stock Holding Company would conduct an offering of its common stock according to the terms of the Plan. Upon the completion of the Proposed Conversion, the MHC and Mid-Tier would cease to exist and the Stock Holding Company would become the stock holding company of the Bank, and would be regulated by the Federal Reserve Board of Governors (the “Federal Reserve Board”) as a bank holding company.

**A depositor’s right to purchase common stock of the Stock Holding Company would not be affected by the vote the depositor casts at the Special Meeting. Voting “FOR” the Plan would not obligate a depositor to purchase common stock. Assuming the Plan receives the required vote for approval at the Special Meeting, voting “AGAINST” the Plan would not preclude a depositor from purchasing common stock.**

### **VOTING RIGHTS AND VOTE REQUIRED FOR APPROVAL OF THE PLAN**

This Information Statement is being furnished to all depositors of the Bank including those eligible to vote in connection with a Special Meeting of Members (the “Special Meeting”) to be held on July 26, 2023. At the Special Meeting, depositors of the Bank are being asked to consider and vote on the Plan and vote on the establishment and funding of the Foundation. At the Special Meeting, each depositor as of the Voting Record Date, will be entitled to cast one vote with respect to approval of the Plan and one vote with respect to the establishment and funding of the Foundation. No more than one vote may be cast on each proposal with respect to any one account. In addition, no depositor may cast more than one vote on each proposal, regardless of the number or type of different deposit accounts such person has with the Bank. Although members of the Bank’s Board of Directors and senior management will be available throughout the Special Meeting to answer questions, a more formal “question and answer” period will occur at the beginning of the Special Meeting. All questions and answers will be limited to the information provided in this Information Statement.

Under regulations of the Massachusetts Commissioner of Banks (the “Commissioner of Banks”), the Plan must be approved by a majority of the depositors present and voting in person at the Special Meeting, and all the depositors must be provided this Information Statement prior to voting on the Plan. Similarly, the proposal to approve the establishment and funding of the Foundation must be separately approved by a majority of the depositors present and voting in person at the Special Meeting. A copy of the Plan is attached as an Appendix to this Information Statement. The inability to use proxy voting presents a challenge in approving the Plan and the Foundation because applicable federal regulations require that a majority of all of the depositors of the Bank vote in favor of the Plan and the Foundation. We are seeking approval of the Proposed Conversion from the Federal Reserve Board, notwithstanding the requirement in the federal regulations, but we cannot guarantee that the Federal Reserve Board will approve the Proposed Conversion. **Therefore, it is extremely important that you attend the Special Meeting and cast your vote “FOR” the Plan and “FOR” the establishment and funding of the Foundation. Depositors must attend the Special Meeting in order to vote.**

The approval of the Plan by the depositors would not result in the establishment and funding of the Foundation unless the establishment and funding of the Foundation is separately approved by the depositors. If the Plan is not approved by the depositors and completed, the Foundation would not be established and funded, even if the depositors vote to approve the establishment and funding of the Foundation.

The boards of directors of the MHC and the Bank are soliciting votes for approval of the Plan and the Foundation at the Special Meeting by means of this Notice and Information Statement. All depositors are encouraged to attend and vote at the Special Meeting regardless of whether or not such depositor is in favor of the Proposed Conversion. Because depositors must be present at the Special Meeting to vote, the Bank may also choose to send additional letters and/or telephone calls to depositors requesting their presence at the Special Meeting as part of this solicitation. All costs of this solicitation will be borne by the Bank or the Stock Holding Company. **The boards of directors of the MHC and the Bank unanimously recommend that depositors vote “FOR” the Plan and “FOR” the Foundation.**

**This Notice and Information Statement has been filed with and examined by the Massachusetts Commissioner of Banks and the Federal Reserve Board and cleared for use by the MHC and the Bank. This does not constitute a finding by either the Massachusetts Commissioner of Banks or the Federal Reserve Board that this Notice and Information Statement is accurate, complete, and not false or misleading. This**

**Notice and Information Statement is not an offer to sell or a solicitation of an offer to buy shares of common stock. The offer to sell common stock would only be made by a prospectus to be delivered at a later date if the Plan is approved by the depositors.** If the Plan is not approved by the depositors, the Bank would remain in its current mutual holding company form of organization.

### **REASONS FOR THE PROPOSED CONVERSION**

The primary reasons for the Proposed Conversion are to:

- better position the Bank to remain an independent community bank by increasing our capital to enhance our financial strength;
- support future lending in an orderly and diligent manner, including, in particular, construction and land development lending, commercial and industrial lending, including small business lending, middle market commercial lending, and structured finance lending;
- enable us to compete for, originate and retain larger loans and maintain larger lending relationships, particularly loans and relationships in our local community, thereby allowing us to maintain a reputation as a locally managed community lender;
- continue to invest in new technologies and personnel that will enable us to expand and enhance our products and services;
- support our banking franchise as opportunities arise through targeted *de novo* branching and/or branch acquisitions;
- attract and retain qualified personnel by enabling us to establish stock-based benefit plans for management and employees that will give them an opportunity to share in our long-term success;
- enhance our community ties by providing customers and members of our community with the opportunity to acquire an ownership interest in the Stock Holding Company and Needham Bank; and
- establish a foundation to support charitable organizations operating in our local communities now and in the future and fund the foundation with shares of our common stock and cash.

As of March 31, 2023, the Bank was considered “well-capitalized” for regulatory purposes and was not subject to a directive or recommendation from the Commissioner of Banks, the Federal Reserve Board or the Federal Deposit Insurance Corporation (“FDIC”) to raise capital. While the proceeds from the Proposed Conversion would further improve our capital position, the Proposed Conversion is not a direct response to current market conditions or recent bank failures.

## **PROPOSAL I – PLAN OF PROPOSED CONVERSION**

### **PLAN OF PROPOSED CONVERSION AND ITS EFFECTS**

#### **Overview**

Consummation of the Proposed Conversion contemplated by the Plan is subject to:

- the approval of depositors of the Bank at the Special Meeting;

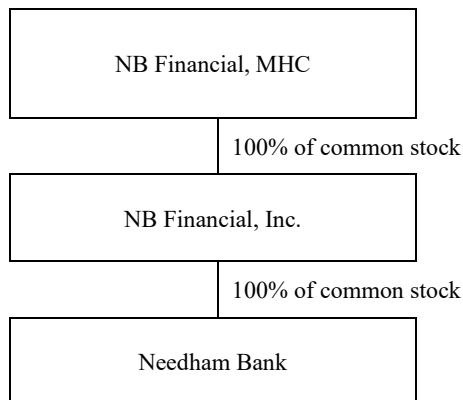
- the approval of and/or non-objection of the Massachusetts Commissioner of Banks and the Federal Reserve Board, as well as other applicable regulatory approvals;
- receipt by the MHC of a tax opinion with respect to federal and state income taxation that the Proposed Conversion would not be a taxable transaction to the MHC, Mid-Tier, Bank, or Stock Holding Company, and other applicable regulatory approvals.

The Plan was unanimously adopted by the boards of directors of the MHC, Mid-Tier and Bank on June 7, 2023. In addition, the Corporators will approve the merger of the MHC with and into the Mid-Tier. As part of its ongoing review of the Bank’s business planning process, in addition to the option to undergo a full stock conversion, the Boards considered various strategic alternatives available to the Bank, including remaining in the current mutual holding company form of organization, merging with another institution or conducting a “minority” stock issuance while remaining in the mutual holding company structure. Some mutual holding companies choose to complete a minority stock issuance in which the mutual holding company retains a majority of the shares of the subsidiary bank or a subsidiary holding company, and a minority interest, up to 49% of outstanding stock, is sold in a public offering to eligible depositors and others. In a minority stock issuance, the Bank would still have public stockholders, but would raise significantly less capital than it otherwise would with a full stock conversion. After a thorough review of the available alternatives, the Boards believed, consistent with the Bank’s strategic goals to grow the Bank primarily through organic growth, that adopting a Plan of Conversion and raising the additional capital of a full stock conversion was in the best interest of the Bank, its customers and the communities served by the Bank. The statements made in this Information Statement with respect to the Plan are only a brief summary of the Plan and are qualified in their entirety by the Plan, which is part of this Information Statement and is included as an Appendix.

### General Effects of the Proposed Conversion

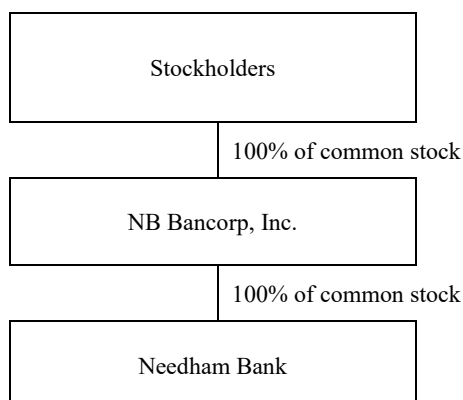
**General.** As a result of the Proposed Conversion, the MHC and the Mid-Tier would cease to exist, and the Bank would be a wholly owned subsidiary of the Stock Holding Company.

The following diagram depicts our current corporate structure:





The following diagram depicts our corporate structure after the Proposed Conversion would be completed:



***Effect on Corporators.*** The board of corporators of the MHC would cease to exist upon the consummation of the Proposed Conversion.

***Continuity.*** During the Proposed Conversion process, our normal business of accepting deposits and making loans would continue without interruption. We would continue to be a Massachusetts cooperative bank and would continue to be regulated by the Massachusetts Division of Banks and the Federal Reserve Board after the Proposed Conversion. After the Proposed Conversion, we would continue to offer existing services to depositors, borrowers and other customers. The directors serving the MHC, Mid-Tier, and the Bank at the time of the Proposed Conversion would be the directors of the Bank and the Stock Holding Company after the Proposed Conversion. As directors of the Bank, they would have a continuing duty to act in the best interests of the Bank and as directors of the Stock Holding Company, they would act in the best interests of the Stock Holding Company and its stockholders.

***Effect on Deposit Accounts.*** Each depositor of the Bank at the time of the Proposed Conversion would automatically continue as a depositor after the Proposed Conversion, and the deposit balance, interest rate and other terms of deposit accounts would not change as a result of the Proposed Conversion. Each deposit account would continue to be insured by the FDIC and the Depositors Insurance Fund, the private industry-sponsored insurance fund in Massachusetts that insures all deposits at the Bank, to the same extent as before the Proposed Conversion. Depositors would continue to hold their existing certificates, savings account and other evidences of their accounts.

***Effect on Loans.*** No loan outstanding with the Bank would be affected by the Proposed Conversion, and the amount, interest rate, maturity and security for each loan would remain as it was contractually fixed prior to the Proposed Conversion.

***Effect on Voting Rights of Depositors.*** At present, depositors of the Bank have voting rights only in the context of a minority stock offering or full conversion of the MHC, such as the Proposed Conversion. Upon completion of the Proposed Conversion, depositors' limited voting rights would no longer exist. Upon completion of the Proposed Conversion, all voting rights in the Bank would be vested in the Stock Holding Company, as the sole stockholder of the Bank. The stockholders of the Stock Holding Company would possess exclusive voting rights with respect to the Stock Holding Company's common stock.

***Tax Effects.*** Prior to consummation of the Proposed Conversion, we would receive an opinion of counsel or tax advisor with regard to federal and Massachusetts income tax consequences of the Proposed Conversion to the effect that the Proposed Conversion would not be taxable for federal or Massachusetts income tax purposes to the MHC, Mid-Tier, Bank, Stock Holding Company or the Bank's depositors.

***Effect on Liquidation Rights.*** Each depositor in the Bank has both a deposit account in the Bank and a pro rata ownership interest in the net worth of the MHC based upon the deposit balance in his or her account. This

ownership interest is tied to the depositor's account and has no tangible market value separate from the deposit account. This interest may only be realized in the event of a complete liquidation of the MHC and the Bank. Any depositor who opens a deposit account obtains a pro rata ownership interest in the MHC without any additional payment beyond the amount of the deposit. A depositor who reduces or closes his or her account receives a portion or all, respectively, of the balance in the deposit account but nothing for his or her ownership interest in the net worth of the MHC, which is lost to the extent that the balance in the account is reduced or closed.

Consequently, depositors in a co-operative bank that is a subsidiary of a mutual holding company normally have no way of realizing the value of their ownership interest in the mutual holding company, which has realizable value only in the unlikely event that the co-operative bank is completely liquidated. If this occurs, the depositors of record at that time, as owners, would share pro rata in any residual surplus and reserves of the mutual holding company after other claims, including claims of depositors to the amounts of their deposits, are paid.

After the Proposed Conversion, holders of deposit accounts in the Bank, including certificates of deposit, would not be entitled to share in any residual assets upon liquidation of the Bank. However, under applicable regulations and pursuant to the Plan, the Bank would, at the time of the Proposed Conversion, establish a liquidation account for the benefit of certain depositors of the Bank.

Under the Plan, depositors as of March 31, 2022 and June 9, 2023 would receive an interest in liquidation accounts maintained by the Stock Holding Company and the Bank in an aggregate amount equal to the MHC's total equity as reflected in the latest statement of financial condition used in the Stock Holding Company's prospectus. The Stock Holding Company and the Bank would hold the liquidation accounts for the benefit of depositors as of March 31, 2022 and June 9, 2023 who continue to maintain deposits in the Bank after the Proposed Conversion. The liquidation accounts would be distributed to depositors as of March 31, 2022 and June 9, 2023 who maintain their deposit accounts in the Bank only in the event of a liquidation of (a) the Stock Holding Company and the Bank or (b) the Bank. If the deposit balance in any deposit account of a depositor as of March 31, 2022 and June 9, 2023 at the close of business on any annual closing day of the Bank (which is December 31) after March 31, 2022 and June 9, 2023 is less than the lesser of the deposit balance in a deposit account at the close of business on any other annual closing date after March 31, 2022 and June 9, 2023, or the amount of the "qualifying deposit" in a deposit account on March 31, 2022 and June 9, 2023, then the subaccount balance for a deposit account in the liquidation account would be adjusted by reducing the subaccount balance in the liquidation account in an amount equal to such reduction in the deposit account. Once reduced, the subaccount balance in the liquidation account would not be subsequently increased, notwithstanding any increase in the balance of the related deposit account. If any deposit account was closed, the related subaccount balance would be reduced to zero in the liquidation account.

Upon a complete liquidation of the Bank, each eligible account holder and supplemental eligible account holder would be entitled to receive a liquidation distribution from the liquidation account in the amount of the then current adjusted subaccount balance(s) for deposit account(s) held by the holder before any liquidation distribution may be made to stockholders. No merger, consolidation, purchase and assumption, or similar transactions with another institution which is federally insured by the FDIC in which the Bank is not the surviving institution would be considered to be a complete liquidation. In any of these transactions, the liquidation account would be assumed by the surviving institution.

In the unlikely event the Bank was liquidated after the Proposed Conversion, depositors would be entitled to full payment of their deposit accounts before any payment is made to the Stock Holding Company as the sole stockholder of the Bank. There are no plans to liquidate the Bank or the Stock Holding Company in the future.

#### **SALE OF COMMON STOCK BY STOCK HOLDING COMPANY AND STOCK HOLDING COMPANY OPERATIONS**

As part of the Proposed Conversion, the Stock Holding Company would conduct an offering of its common stock, in accordance with the terms of the Plan, to depositors, certain employee plans of the Bank and, in certain circumstances, employees, officers, directors and corporators of the Bank and the MHC, and then to residents of the community served by the Bank and others. The Bank and the Stock Holding Company cannot at this time determine the amount of funds that would be received in connection with the offering. The Stock Holding Company has not quantified its plans for the funds it would receive in the offering, but the Stock Holding Company

intends to loan funds to the Bank's employee stock ownership plan to purchase shares, would contribute a portion of the funds to the Bank for use in the conduct of the Bank's operations, if the Foundation is approved, contribute \$2.0 million of cash to the Foundation and would retain a portion of the funds for the conduct of the Stock Holding Company's operations.

NB Bancorp, Inc. was organized in June 2023 to become the stock holding company of the Bank upon completion of the Proposed Conversion. To date, the Stock Holding Company has not engaged in any activities. Upon completion of the Proposed Conversion, the Stock Holding Company would be registered with the Federal Reserve Board and be subject to regulations, examinations, supervision and reporting requirements applicable to bank holding companies.

A bank holding company is generally prohibited from engaging in non-banking activities, or acquiring direct or indirect control of more than 5% of the voting securities of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the principal activities that the Federal Reserve Board has determined by regulation to be so closely related to banking are: (i) making or servicing loans; (ii) performing certain data processing services; (iii) providing discount brokerage services; (iv) acting as fiduciary, investment or financial advisor; (v) leasing personal or real property; (vi) making investments in corporations or projects designed primarily to promote community welfare; and (vii) acquiring a savings association whose direct and indirect activities are limited to those permitted for bank holding companies.

It is currently expected that the Stock Holding Company would not engage in any material operations other than to hold the common stock of the Bank and therefore act as the stock holding company of the Bank.

#### **APPRAISAL OF THE STOCK HOLDING COMPANY AND THE BANK**

Massachusetts regulations require that the aggregate purchase price of the securities sold in connection with the Proposed Conversion be based upon an estimated pro forma value of the Stock Holding Company and the Bank on a fully converted basis, as determined by an independent appraisal. We have retained RP Financial, LC., which is experienced in the evaluation and appraisal of business entities, to prepare the independent appraisal. Prior to the completion of the Proposed Conversion, RP Financial will advise us, on the basis of the analysis in its appraisal report, as to the estimated pro forma market value of the Stock Holding Company and the Bank, assuming the establishment and funding of the Foundation.

Our boards of directors would review RP Financial's appraisal report, including the methodology and assumptions used by RP Financial and, if they determine that the valuation range is reasonable and adequate, would establish the range of shares to be sold by the Stock Holding Company based on the valuation range in RP Financial's appraisal report.

The valuation range may be amended, with the approval of the Massachusetts Commissioner of Banks and, if required, the Federal Reserve Board, if necessitated by developments following the date of the appraisal in, among other things, market conditions, our financial condition or operating results, regulatory guidelines or national or local economic conditions.

RP Financial would update its appraisal before we complete the Proposed Conversion. If, as a result of demand for the shares, changes in market conditions or changes to our financial condition, operating results or other aspects of our business, RP Financial determined that our pro forma market value had increased, the Stock Holding Company could sell a limited number of additional shares.

Before we complete the Proposed Conversion, RP Financial would also confirm that, to the best of its knowledge, nothing of a material nature had occurred that would cause it to conclude that the actual total purchase price of the shares on an aggregate basis was materially incompatible with its appraisal. If RP Financial establishes a new valuation range, it must be approved by the Massachusetts Commissioner of Banks and, if required, the Federal Reserve Board.

## **POTENTIAL BENEFITS OF THE PROPOSED CONVERSION TO MANAGEMENT**

In addition to the existing employment agreements and various benefit plans sponsored by the Bank, including a long-term incentive plan and nonqualified deferred compensation plan, the Bank and Stock Holding Company intend to implement certain arrangements in connection with the Proposed Conversion.

### **Proposed Change in Control Agreement**

The Bank does not currently maintain change in control agreements with any of its employees. In connection with the Proposed Conversion, the Bank intends to enter into a change in control agreement with Margaret Watson, the Bank's Senior Vice President and General Counsel.

The change in control agreement would have an initial term of 18 months. Each year, the term of the change in control agreement would extend for an additional 12 months, so that the term is again 18 months, unless either party gives at least 60 days written notice of non-renewal to the other. If a change in control occurs during the term of the change in control agreement, the term of the agreement would automatically renew for 18 months from the effective date of the change in control.

In the event the executive's employment involuntary terminates for reasons other than cause, or in the event of the executive's resignation for "good reason," in either case following a change in control and during the term of the agreement, the executive would receive a severance payment, paid in a single lump sum, equal to one and one-half times the sum of the executive's base salary and the highest annual short-term cash incentive compensation paid to or earned by the executive with respect to the three most recent fiscal year's ending with or before the date the executive's date of termination. In addition, if the executive elects COBRA coverage, the executive would be reimbursed for the monthly COBRA premium payments for up to 18 months. For purposes of the change in control agreement, the term "good reason" would include (i) the assignment to the executive of any duties which are materially inconsistent with the executive's positions, duties, responsibilities immediately prior to a change in control, or a material change in the executive's reporting responsibilities, titles or offices as an officer and employee and as in effect immediately prior to the change in control, or any removal of the executive from or any failure to re-elect the executive to any of her responsibilities, titles or offices, (ii) a reduction in the executive's base salary or bonus/incentive award opportunity under the Bank's (or its successor's) incentive compensation plans or arrangements as in effect immediately prior to the date of the change in control or as the same may be increased from time to time thereafter or a reduction in the package of fringe benefits provided to the executive as in effect immediately prior to the date of the change in control, (iii) a change in the executive's principal place of employment by a distance in excess of twenty-five (25) miles from its location immediately prior to the change in control; or (iv) the failure of the successor to assume and honor the change in control agreement. With respect to payments and benefits made or provided in connection with a change in control, if the payments and benefits would constitute an excess parachute payment, then the payments and benefits would be reduced to an amount that is one dollar less than three times her "base amount" (as that term is defined for Section 280G of the Internal Revenue Code) if doing so would result in a higher after-tax benefit to the executive than the executive receiving all of the payments and benefits and paying any income and excise taxes on those amounts.

### **Benefit Plans**

*Employee Stock Ownership Plan.* The Bank intends to adopt an employee stock ownership plan, effective January 1, 2023, for eligible employees. It is anticipated that eligible employees would include employees who have attained age 21 and have completed one year of service. Employees employed as of the close of the Proposed Conversion would begin participation in the employee stock ownership plan on the later of the effective date of the employee stock ownership plan or on the first entry date commencing on or after the eligible employee's completion of one year of service and attainment of age 21. Entry dates in the employee stock ownership plan are anticipated to be each January 1 and July 1.

The employee stock ownership plan trustee is expected to purchase, on behalf of the employee stock ownership plan, up to 8% of the total number of shares of the Stock Holding Company common stock issued in connection with the Proposed Conversion, including shares contributed to the Foundation. We anticipate that the employee stock ownership plan would fund its stock purchase with a loan from the Stock Holding Company equal

to the aggregate purchase price of the common stock. The loan would be repaid principally through the Bank's contribution to the employee stock ownership plan and dividends payable on common stock held by the employee stock ownership plan over the anticipated term of the loan (which may be as long as 25 years). The interest rate for the employee stock ownership plan loan is expected to be a fixed-rate equal to the prime rate, as published in *The Wall Street Journal*, on the closing date of the Proposed Conversion. If market conditions warrant, in the judgment of the Bank and the plan trustee, the employee stock ownership plan's subscription order may not be entirely filled and the employee stock ownership plan may elect to purchase shares in the open market following the completion of the Proposed Conversion, subject to applicable regulatory approvals or non-objections.

The trustee would hold the shares purchased by the employee stock ownership plan in an unallocated suspense account. Shares would be released from the suspense account on a pro-rata basis as the trustee repays the loan. The trustee would allocate the shares released among the participants' accounts on the basis of each participant's proportional share of compensation relative to the compensation of all participants. It is expected that participants would vest in their benefits under the employee stock ownership plan after three years of service. It is also expected that participants who were employed by the Bank immediately prior to the Proposed Conversion would receive credit for vesting purposes for years of service prior to adoption of the employee stock ownership plan. Participants also would become fully vested upon their normal retirement age, death or disability, a change in control, or termination of the employee stock ownership plan. Generally, participants would be entitled to receive distributions from the employee stock ownership plan upon their termination of employment. The employee stock ownership plan would reallocate any unvested shares forfeited upon termination of employment among the remaining participants.

The employee stock ownership plan would permit participants to direct the trustee as to how to vote the shares of common stock allocated to their accounts. The trustee would vote unallocated shares and allocated shares for which participants do not provide instructions on any matter in the same ratio as those shares for which participants provide instructions, subject to fulfillment of the trustee's fiduciary responsibilities.

Under applicable accounting requirements, the Bank would record a compensation expense for the employee stock ownership plan at the fair market value of the shares as they are committed to be released from the unallocated suspense account to participants' accounts. The compensation expense resulting from the release of Stock Holding Company common stock from the suspense account and allocation to plan participants would result in a corresponding reduction in the Stock Holding Company's earnings.

*401(k) Plan.* The Bank sponsors a 401(k) Plan for eligible employees who attain age 21 and complete one month of service. Under the 401(k) Plan, participants may make elective deferrals on both a pre-tax and after-tax basis. The Bank may also make certain contributions to the 401(k), including matching 100% of the first 8% of elective deferrals made by employees under the plan. Participants fully vest in employer contributions under the 401(k) Plan after completing three years of service. In connection with the Proposed Conversion, the Bank intends to allow participants in the 401(k) Plan to use a portion of their 401(k) account balances to purchase stock in the Proposed Conversion.

#### *Potential Stock Benefit Plans Post-Conversion*

The Bank also intends to implement one or more stock-based benefit plans no earlier than six months after completion of the Proposed Conversion. Stockholder approval of these plans would be required. If the plans are adopted within 12 months following the completion of the Proposed Conversion, the stock-based benefit plans would reserve a number of shares of common stock equal to not more than 4% of the shares sold and issued in the stock offering, including shares contributed to the Foundation, for restricted stock awards to employees and directors, at no cost to the recipients, and would also reserve a number of stock options equal to not more than 10% of the shares of common stock sold and issued in the stock offering, including shares contributed to the Foundation, for employees and directors. If the stock-based benefit plans are adopted after one year from the date of the completion of the Proposed Conversion, the 4% and 10% limitations described above would no longer apply, and we may adopt stock-based benefit plans encompassing more than 14% of the shares of common stock that were issued in the stock offering.

## **RESTRICTIONS ON ACQUISITION OF THE STOCK HOLDING COMPANY**

Provisions in the Stock Holding Company's articles of incorporation and bylaws, the corporation law of the State of Maryland, Massachusetts banking law and federal law and regulations may make it difficult and expensive to pursue a takeover attempt that management opposes. These provisions would also make the removal of the current boards of directors or management of the Stock Holding Company, or the appointment of new directors to the Stock Holding Company, more difficult. These provisions include: limitations on voting rights of beneficial owners of more than 10% of the Stock Holding Company's common stock; the election of directors to staggered terms of three years; and the absence of cumulative voting by stockholders in the election of directors; requirements as to the timing and content of stockholder proposals and nominations; and qualifications required for service on the board of directors.

## **AMENDMENT AND TERMINATION OF THE PLAN OF CONVERSION**

The Plan may be substantively amended by the boards of directors of the MHC and the Bank as a result of comments from regulatory authorities or otherwise at any time prior to approval of the Plan by the Massachusetts Commissioner of Banks and the Federal Reserve Board and at any time thereafter with the concurrence of the Massachusetts Commissioner of Banks and the Federal Reserve Board. If the Plan is amended after the Special Meeting, no further approval of depositors would be needed unless otherwise required by the Massachusetts Commissioner of Banks and the Federal Reserve Board.

The Plan may be terminated by action of the boards of directors at any time prior to the Special Meeting and at any time thereafter with the concurrence of the Massachusetts Commissioner of Banks and the Federal Reserve Board. Unless the Proposed Conversion is completed within 24 months from the date the Plan was approved by the boards of directors, the Plan would automatically terminate.

**THE BOARDS OF DIRECTORS OF THE MHC AND THE BANK UNANIMOUSLY RECOMMEND THAT YOU VOTE "FOR" THE PLAN OF CONVERSION OF NB FINANCIAL, MHC.**

## **PROPOSAL II – ESTABLISHMENT AND FUNDING OF THE FOUNDATION**

### **Description of the Charitable Foundation**

In furtherance of the Bank's commitment to its community, the Bank intends to form the Foundation as part of the Proposed Conversion. The Foundation would be dedicated to support charitable organizations operating in our local community now and in the future. The Foundation is intended to allow the Bank's local community to share in the growth and profitability of the Stock Holding Company and the Bank over the long term. In connection with the Proposed Conversion, the Bank intends to contribute cash and stock to the Foundation which would consist of \$2.0 million in cash and a number of shares of the Stock Holding Company equal to 4% of the shares that would be outstanding immediately after the contribution.

The establishment and funding of the Foundation is contingent on the completion of the Proposed Conversion. If the Proposed Conversion is not approved by the depositors and completed, the Foundation would not be established and funded, even if the depositors vote to approve the establishment and funding of the Foundation.

The Foundation would be governed by a board of directors, which would initially consist of Joseph P. Campanelli, who is a director and also serves as our President and Chief Executive Officer, Salvatore J. Rinaldi, who serves as our Executive Vice President and Chief Operating Officer and one individual who is not affiliated with the Bank, the Mid-Tier, the MHC or the Stock Holding Company. Applicable regulations require that, for at least five years following the establishment of the Foundation, at least one person serve on the board of directors who is not one of the officers or directors of the Bank, the Mid-Tier, the MHC or the Stock Holding Company and who should have experience with local charitable organizations and grant making. An individual who satisfies these requirements will be selected prior to consummation of the Proposed Conversion. Also, for five years after the Proposed Conversion, one seat on the Foundation's board of directors would be reserved for a person who is one of the Bank's directors. On an annual basis, directors of the Foundation would elect the board members to serve for one-year terms.

The board of directors of the Foundation would be responsible for establishing its grant and donation policies, consistent with the purposes for which it was established, and for directing its activities. As directors of a nonprofit corporation, directors of the Foundation would at all times be bound by their fiduciary duty to advance the Foundation's charitable goals, to protect its assets and to act in a manner consistent with the charitable purposes for which the Foundation is established. The directors of the Foundation would also be responsible for directing the activities of the Foundation, including the management and voting of shares of common stock of the Stock Holding Company held by the Foundation.

#### **Vote Required for Approval to Establish and Fund the Foundation**

Under regulations of the Massachusetts Commissioner of Banks, the Plan, including the establishment and funding of the Foundation, must be approved by a majority of the depositors present and voting in person at the Special Meeting.

**THE BOARDS OF DIRECTORS OF THE MHC AND THE BANK UNANIMOUSLY RECOMMEND THAT YOU VOTE "FOR" THE ESTABLISHMENT AND FUNDING OF THE FOUNDATION.**

#### **TAX ASPECTS OF THE PROPOSED CONVERSION**

Completion of the Proposed Conversion is conditioned upon prior receipt of either a ruling or an opinion of counsel with respect to federal tax laws that no gain or loss would be recognized by the Bank or the Stock Holding Company as a result of the Proposed Conversion.

Unlike a private letter ruling issued by the Internal Revenue Service, an opinion of counsel is not binding on the Internal Revenue Service and the Internal Revenue Service could disagree with the conclusions reached in the opinion. If there is a disagreement, no assurance can be given that the conclusions reached in an opinion of counsel would be sustained by a court if contested by the Internal Revenue Service.

#### **ADDITIONAL INFORMATION**

If you have any questions about the Proposed Conversion, please contact Joseph P. Campanelli, President and Chief Executive Officer of Needham Bank at 1063 Great Plain Avenue, Needham, Massachusetts 02492 or via telephone at (781) 444-2100. A copy of the Plan is attached hereto as *Appendix A*. Additional copies of the Plan, as well as the articles of incorporation and bylaws of the Stock Holding Company, are available by request, without charge, made to Joseph P. Campanelli, President and Chief Executive Officer of Needham Bank, 1063 Great Plain Avenue, Needham, Massachusetts 02492.

**OTHER MATTERS**

The boards of directors are not aware of any business to come before the Special Meeting other than those matters described in the attached Notice and in this Information Statement.

**BY ORDER OF THE BOARDS OF DIRECTORS**



Joseph P. Campanelli  
President and Chief Executive Officer  
NB Financial, MHC  
Needham Bank



Denise Dunn  
Clerk of NB Financial, MHC  
Needham Bank

Needham, Massachusetts  
June 27, 2023



**APPENDIX A**

**NB FINANCIAL, MHC  
PLAN OF CONVERSION**

**Adopted by the Board of Directors  
on June 7, 2023**

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## **EXHIBITS**

Exhibit 1.1	Form of Agreement of Merger between NB Financial, MHC and NB Financial, Inc.
Exhibit 1.2	Form of Agreement of Merger between NB Financial, Inc. and NB Bancorp, Inc.

## **NB FINANCIAL, MHC**

### **PLAN OF CONVERSION**

#### **ARTICLE 1.**

##### **Introduction—Business Purpose**

This Plan of Conversion (the “Plan”) provides for the conversion and reorganization of NB Financial, MHC, a Massachusetts-chartered mutual holding company (the “MHC”), into the capital stock form of organization and all steps incident or necessary thereto (the “Conversion”). The MHC currently owns 100% of the common stock of NB Financial, Inc., a Massachusetts corporation (the “Mid-Tier Holding Company”), which owns 100% of the common stock of Needham Bank (the “Bank”). The Bank is a Massachusetts-chartered co-operative bank headquartered in Needham, Massachusetts. Capitalized terms used but not defined in this Article 1 shall have the respective meanings set forth in Article 2 hereof.

The Plan, which has been adopted by the Board of Directors of the MHC, the Board of Directors of the Mid-Tier Holding Company and the Board of Directors of the Bank (collectively, the “Boards of Directors”), is to be carried out under the laws of the Commonwealth of Massachusetts, applicable Regulations of the Massachusetts Division of Banks (the “Division”) and the Board of Governors of the Federal Reserve System (the “FRB”), and other applicable laws and regulations. The Board of Directors of the MHC currently contemplates that, following the Conversion, all of the capital stock of the Bank will be held by a Maryland corporation (the “Stock Holding Company”) and that the Stock Holding Company will issue and sell shares of its common stock (the “Holding Company Common Stock”) in a Subscription Offering upon the terms and conditions set forth herein to Eligible Account Holders, Supplemental Eligible Account Holders (if any), Tax-Qualified Employee Plans established by the Bank, the Stock Holding Company or the Mid-Tier Holding Company, according to the respective priorities set forth in the Plan. Any shares not subscribed for in the Subscription Offering may be offered for sale to certain members of the public directly by the Stock Holding Company through a Direct Community Offering and/or a Syndicated Community Offering. Alternatively, any shares not subscribed for in the Subscription Offering and any Direct Community Offering may be offered for sale in a Firm Commitment Underwritten Offering, or in any other manner permitted by the Bank Regulators. All sales of Holding Company Common Stock in a Direct Community Offering, in a Syndicated Community Offering, in a Firm Commitment Underwritten Offering, or in any other manner permitted by the Bank Regulators, will be at the sole discretion of the Board of Directors of the MHC and the Board of Directors of the Stock Holding Company.

The Plan is subject to the approval of various regulatory agencies, and, must be approved, pursuant to the applicable Massachusetts Regulations, by a majority of the total votes of the Members that are entitled to vote that are present and voting, unless otherwise approved by the FRB, with such Member vote occurring at the annual meeting or at a special meeting of Members called for such purpose. In addition, the MHC Merger will be approved by a majority of the total votes of the Corporators cast at the annual meeting or at a special meeting of Corporators called for such purpose. By voting to approve the Plan, the Members will also be

approving all steps necessary or incidental to effect the Conversion and will additionally be voting to adopt and approve the articles of incorporation and bylaws for the Stock Holding Company, and the stock charter and bylaws of the Bank, to the extent they are amended in connection with the Conversion.

The Conversion is to be effectuated as follows, or in any other manner that is consistent with the purposes of the Plan and applicable laws and regulations. The Mid-Tier Holding Company will establish the Stock Holding Company as a first-tier stock holding company subsidiary. The MHC will merge with and into the Mid-Tier Holding Company with the Mid-Tier Holding Company as the resulting entity pursuant to Section 7(3) of Chapter 167H of the Massachusetts General Laws and the Agreement and Plan of Merger attached hereto as Exhibit 1.1 (the “MHC Merger”). As part of the MHC Merger, shares of Mid-Tier Holding Company common stock held by the MHC will be canceled and all persons holding liquidation rights in the MHC will constructively receive liquidation rights in the Mid-Tier Holding Company in exchange for their liquidation rights in the MHC. Immediately after the MHC Merger, the Mid-Tier Holding Company will merge with the Stock Holding Company, with the Stock Holding Company as the resulting entity (the “Mid-Tier Merger”), pursuant to the Agreement and Plan of Merger attached hereto as Exhibit 1.2, whereby the Bank will become the wholly owned subsidiary of the Stock Holding Company. As part of the Mid-Tier Merger, the liquidation rights held by persons in the Mid-Tier Holding Company pursuant to the MHC Merger will automatically, without further action on the part of such persons, be exchanged for an interest in the Stock Holding Company Liquidation Account. Immediately after the Mid-Tier Merger, the Stock Holding Company will offer for sale shares of Holding Company Common Stock in the Offering (the “Offering Shares”). The Stock Holding Company will contribute at least 50% of the net proceeds of the Offering to the Bank in constructive exchange for additional shares of common stock of the Bank and in exchange for the Bank Liquidation Account.

The foregoing is subject to modification as necessary to address tax or regulatory considerations. Upon the Conversion, Eligible Account Holders and the Supplemental Eligible Account Holders (if a Supplemental Eligibility Record Date is established) will be granted interests in the liquidation account to be established by the Bank and the Stock Holding Company pursuant to Section 9.7 hereof.

The business purpose of the Conversion is to better position the Bank to: remain an independent community bank by providing the Bank and the Stock Holding Company with enhanced capital resources and financial strength to respond to changing regulatory and market conditions; support future lending in an orderly and diligent manner, including, in particular, construction and land development lending, commercial and industrial lending, including small business lending, middle market commercial lending, and structured finance lending; better enable the Bank to compete for, originate and retain larger loans and maintain larger lending relationships, particularly loans and relationships in the Bank’s local community, thereby allowing the Bank to maintain a reputation as a locally managed community lender; continue to invest in new technologies and personnel that will enable the Bank to expand and enhance its products and services; support the Bank’s banking franchise as opportunities arise through targeted *de novo* branching and/or branch acquisitions; attract and retain qualified personnel by enabling the Bank and Stock Holding Company to establish stock-based benefit plans for

management and employees that will give them an opportunity to share in the Bank's long-term success; enhance the Bank's community ties by providing customers and members of the Bank's community with the opportunity to acquire an ownership interest in the Bank through the Stock Holding Company; and establish a foundation to support charitable organizations operating in the Bank's local communities now and in the future and fund the foundation with shares of Holding Company Common Stock and cash. In addition, after the Conversion, the Stock Holding Company will have the ability to issue additional shares of Conversion Stock to raise additional capital or to issue in connection with mergers or acquisitions, although no additional capital issuance and no specific mergers or acquisitions are planned or contemplated at the present time. In addition, stock ownership by officers and other employees of banks which have converted into a stock holding company structure has proven to be an effective performance incentive and a means of attracting and retaining qualified personnel. The Boards of Directors believe that this will also be an important incentive which will allow the Bank to compete after the Conversion to attract and retain critical talent for the Bank. The Boards of Directors and senior management also believe that the Conversion will be beneficial to the communities within the Bank's primary market area. The Conversion will provide local customers and other residents with an opportunity to become equity owners of the Stock Holding Company, and thereby participate in the possible stock price appreciation and cash dividends, which is consistent with the objective of being a locally owned financial institution servicing local financial needs. The Boards of Directors and management believe that, through expanded local stock ownership, current customers and non-customers who purchase Conversion Stock will seek to enhance the financial success of the Bank through consolidation of their banking business and increased referrals to the Bank. Finally, the establishment and funding of a charitable foundation will complement the Bank's existing community reinvestment activities now and in the future and allow the Bank's local community to share in the Bank's financial success as a community-based financial institution.

The Bank became a stock-form subsidiary of the Mid-Tier Holding Company when the Bank reorganized into the mutual holding company structure in 2020. Accordingly, the Conversion will not affect the corporate existence of the Bank. The Bank's business and operations will not be affected or interrupted by the Conversion, and the Bank will continue as the same legal entity after the Conversion. The deposit accounts and loan accounts of the Bank's customers will not be affected by the Conversion. Upon the Conversion, each deposit account holder of the Bank will continue to hold exactly the same deposit account as the holder held immediately before the Conversion, and such deposit account holder shall have all of the same rights and privileges after the Conversion. All deposit accounts in the Bank following the Conversion will continue to be insured up to the legal maximum by the Deposit Insurance Fund of the FDIC and the Depositors Insurance Fund, the private industry-sponsored insurance fund in Massachusetts that insures all deposits at the Bank for amounts in excess of FDIC coverage limits, in the same manner as such deposit accounts were insured immediately before the Conversion. There will be no change in the Bank's loans. The Conversion will not result in any reduction of the Bank's reserves or net worth.

## **ARTICLE 2.**

### **Definitions**

As used in the Plan, the terms set forth below have the following meanings:

**Account Holder.** Any Person holding a Deposit Account in the Bank.

**Acting in Concert.** The term “Acting in Concert” means Persons seeking to combine or pool their voting or other interests in the securities of an issuer for a common purpose, pursuant to any contract, understanding, relationship, agreement or other arrangement, whether written or otherwise. When Persons act together for such purpose, their group is deemed to have acquired their stock. The determination of whether a group is Acting in Concert shall be made solely by the Board of Directors of the MHC or Officers delegated by such Board and may be based on any evidence upon which the Board or such delegate(s) chooses to rely, including, without limitation, joint account relationships or the fact that such Persons have filed joint Schedules 13D with the SEC with respect to other companies; provided, however, that the determination of whether a group is Acting in Concert remains subject to review by the Division. Persons living at the same address, whether or not related, will be deemed to be Acting in Concert unless otherwise determined by the Board or such delegate(s). Directors of the MHC, the Mid-Tier Holding Company, the Stock Holding Company and the Bank shall not be deemed to be Acting in Concert solely as a result of their membership on any such board or boards.

**Affiliate.** An “Affiliate” of, or a Person “Affiliated” with, a specified Person, is a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Person specified.

**Application.** The application, including a copy of the Plan, submitted by the MHC to the Commissioner for approval of the Conversion.

**Associate.** The term “Associate,” when used to indicate a relationship with any Person, means: (a) any corporation or organization (other than the Bank, the Stock Holding Company, the Mid-Tier Holding Company, the MHC or a majority-owned subsidiary of any thereof) of which such Person is an Officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities; (b) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; (c) any relative or spouse of such Person or any relative of such spouse, who has the same home as such Person or who is a Director or Officer of the MHC, the Stock Holding Company, the Mid-Tier Holding Company or the Bank; and (d) any Person Acting in Concert with any of the Persons or entities specified in clauses (a) through (c) above; provided, however, that (i) any Tax-Qualified Employee Plan shall not be deemed to be an Associate of any Director or Officer of the Bank for the purposes of Section 8.4 hereof, and (ii) any Tax-Qualified or Non-Tax-Qualified Employee Plan shall not be deemed to be an Associate of any Director or Officer of the MHC, the Stock Holding Company, the Mid-Tier Holding Company or the Bank for any other purpose to the extent provided in the Plan. When used to refer to a Person other than a Director or Officer of the MHC, the Stock Holding Company, the Mid-Tier Holding Company or the Bank, the MHC, the Stock Holding Company, the Mid-Tier Holding



Company or the Bank, as applicable, may determine in its sole discretion the Persons that are Associates of other Persons provided, however, that the determination of whether Persons are Associates remains subject to review by the Commissioner. Directors and Corporators of the MHC and Directors of the Stock Holding Company, the Mid-Tier Holding Company or the Bank shall not be deemed to be Associates solely as a result of their membership on such board or boards..

**Bank.** Needham Bank.

**Bank Liquidation Account.** The account established in the Bank representing the liquidation interests received by Eligible Account Holders and Supplemental Eligible Account Holders (if any) in connection with the Conversion.

**Bank Regulators.** The Commissioner, the FRB and other bank regulatory agencies, if any, responsible for reviewing and approving the Conversion, including the ownership of the Bank by the Stock Holding Company and the mergers required to effect the Conversion.

**BHCA.** The Bank Holding Company Act of 1956, as amended.

**Code.** The Internal Revenue Code of 1986, as amended.

**Commissioner.** The Commissioner of Banks of the Commonwealth of Massachusetts.

**Community Offering.** A Direct Community Offering and/or a Syndicated Community Offering.

**Control (including the terms “controlling”, “controlled by”, and “under common control with”).** The possession, direct or indirect, of the Power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

**Conversion.** The Conversion of the MHC to stock form pursuant to the Plan, and all steps incident or necessary thereto.

**Conversion Shares.** The Offering Shares and the Foundation Shares.

**Corporator.** A corporator, as defined in Title 209, Section 33.02 of the Code of Massachusetts Regulations, of the MHC.

**Deposit Account.** Any withdrawable deposit account offered by the Bank, including, without limitation, savings accounts, NOW account deposits, certificates of deposit, demand deposits, Keogh Plan, SEPs and Individual Retirement Accounts for which the Bank acts as custodian or trustee, and such other types of deposit accounts as may then have been authorized by Massachusetts or federal law and regulations, but not including repurchase agreements, savings bank life insurance policies, certain escrow accounts, or trust department accounts held

separately from deposit accounts in accordance with Section 4 of Chapter 167G of the Massachusetts General Laws.

**Direct Community Offering.** The offering for sale directly by the Stock Holding Company of Holding Company Common Stock (a) to the Local Community, as provided in Exhibit 7.6 of the Plan, with preference given to natural persons residing in the Local Community, and then (b) to the public at large. The Direct Community Offering may be conducted simultaneously with the Subscription Offering.

**Director.** A director of the MHC, the Mid-Tier Holding Company, the Bank or the Stock Holding Company, as the context may dictate.

**Division.** The Division of Banks of the Commonwealth of Massachusetts.

**Eligible Account Holder.** Any Person holding a Qualifying Deposit on the Eligibility Record Date.

**Eligibility Record Date.** March 31, 2022, the date for determining who qualifies as an Eligible Account Holder.

**Employee.** All Persons who are employed by the Bank, the Mid-Tier Holding Company or the MHC. The term “Employee” does not include a Trustee, Director or Officer.

**Employee Plan.** Any Tax-Qualified Employee Plan or Non-Tax-Qualified Employee Benefit Plan.

**ESOP.** The employee stock ownership plan established by the Bank.

**Estimated Valuation Range.** The range of the estimated consolidated *pro forma* market value of the Stock Holding Company, which shall also be equal to the range of the estimated *pro forma* market value of the aggregate Conversion Shares to be issued in the Conversion. The Estimated Valuation Range shall be based on the Independent Valuation determined by the Independent Appraiser prior to the Subscription Offering, as it may be amended from time to time thereafter. The Independent Valuation of the *pro forma* market value of the Stock Holding Company established by the Independent Appraiser shall form the midpoint of the Estimated Valuation Range. The maximum of the Estimated Valuation Range may vary as much as 15% above the midpoint of the Estimated Valuation Range (the “Maximum of the Estimated Valuation Range”) and 15% below the midpoint of the Estimated Valuation Range. The Maximum of the Estimated Valuation Range may be increased by up to 15% subsequent to the commencement of the Offering to reflect changes in demand for the Holding Company Common Stock or changes in market conditions.

**Exchange Act.** The Securities Exchange Act of 1934, as amended.

**FDIC.** The Federal Deposit Insurance Corporation.

**Firm Commitment Underwritten Offering.** The offering, at the sole discretion of the Stock Holding Company, of Offering Shares not subscribed for in the Subscription Offering and any Direct Community Offering, to members of the general public through one or more underwriters. A Firm Commitment Underwritten Offering may occur following the Subscription Offering and the Direct Community Offering, if any.

**Foundation.** A charitable foundation established and funded by the Bank and the Stock Holding Company in connection with the Conversion as contemplated by Article 4 hereof. The Foundation will qualify as an exempt organization under Section 501(c)(3) of the Code.

**Foundation Shares.** Shares of Common Stock issued to the Foundation in connection with the Conversion.

**FRB.** The Board of Governors of the Federal Reserve System.

**FRB Applications.** The FRB Conversion Application to be submitted to the FRB by the MHC and the Holding Company Application to be submitted to the FRB by the Stock Holding Company.

**FRB Conversion Application.** The FRB Conversion Application seeking the FRB's prior approval of, or non-objection to, the MHC's conversion from mutual to stock form.

**Group Maximum Purchase Limit.** The limitation on the purchase of shares of Holding Company Common Stock established by Section 8.3 hereof, as such limit may be increased pursuant to said Section 8.3.

**Holding Company Application.** The Holding Company Application on Form FR Y-3 for the FRB's prior approval of the Stock Holding Company's acquisition of the Bank.

**Holding Company Common Stock.** The Holding Company Common Stock to be issued by the Stock Holding Company in the Conversion.

**Independent Appraiser.** The appraiser retained by the MHC to prepare an independent appraisal of the *pro forma* market value of the Stock Holding Company.

**Independent Valuation.** The independent valuation of the *pro forma* market value of the Stock Holding Company, as determined by the Independent Appraiser.

**Individual Maximum Purchase Limit.** The limitation on the purchase of shares of Holding Company Common Stock established by Section 8.2 hereof, as such limit may be increased pursuant to said Section 8.2.

**Information Statement.** The information statement required to be sent to the Corporators in connection with the Special Meeting of Corporators and to Members in connection with the Special Meeting of Members, as the context may dictate.

**Local Community.** The following Massachusetts cities and towns: Massachusetts towns and cities: in Norfolk County, the following towns and cities: Brookline, Dedham, Dover, Franklin, Medfield, Millis, Needham, Norfolk, Norwood, Walpole, Wellesley and Westwood; in Middlesex County, the following towns and cities: Arlington, Ashland, Belmont, Cambridge, Everett, Framingham, Holliston, Hopkinton, Malden, Medford, Medway, Natick, Newton, Sherborn, Somerville, Waltham, Watertown, Wayland and Weston; in Worcester County, the following towns and cities: Milford; and in Suffolk County, the following towns and cities: Boston and Chelsea.

**Marketing Agent.** The broker-dealer or party responsible for organizing and managing the sale of the Holding Company Common Stock.

**Market Maker.** A broker-dealer who, with respect to a particular security: (a)(i) regularly publishes bona fide, competitive bid and offer quotations in a recognized inter-dealer quotation system, or (ii) furnishes bona fide competitive bid and offers quotations on request; and (b) is ready, willing and able to effect transactions in reasonable quantities at his or her quoted prices with other brokers or dealers.

**Member.** An individual that has membership rights in the MHC under 209 C.M.R 33.25 as a result of the reorganization of the mutual bank predecessor of the Bank into the mutual holding company format, as such membership rights are prescribed by the governing documents of the MHC. Any depositor of the Bank shall be a Member.

**MHC.** NB Financial, MHC, the Massachusetts-chartered mutual holding company for the Bank.

**Mid-Tier Holding Company.** NB Financial, Inc., the Massachusetts corporation which owns 100% of the common stock of the Bank.

**Non-Tax-Qualified Employee Benefit Plan.** Any defined benefit plan or defined contribution plan which is not qualified under Section 401 of the Code.

**Offering.** The Subscription Offering, the Direct Community Offering, if any, the Syndicated Community Offering, if any, and the Firm Commitment Underwritten Offering, if any.

**Offering Range.** The range of the number of shares of Holding Company Common Stock offered for sale in the Offering. The Offering Range will be equal to the Estimated Valuation Range divided by the Subscription Price, adjusted for the Foundation Shares.

**Offering Shares.** Shares of Holding Company Common Stock offered and sold in the Offering.

**Officer.** The Chairman of the Board, the President, any officer of the level of vice president or above (but not an assistant vice president, second vice president, or other vice president having authority similar to an assistant or second vice president), the Clerk and the

Treasurer of the Bank, the MHC, the Mid-Tier Holding Company or the Stock Holding Company, as the case may be.

**Order Form.** Any form (together with any cover letter and acknowledgments) sent to any Participant or Person containing among other things a description of the alternatives available to such Person under this Plan and by which any such Person may make elections regarding subscriptions for Offering Shares.

**Participant.** Any Eligible Account Holder, Supplemental Eligible Account Holder or Tax-Qualified Employee Plan.

**Person.** An individual, corporation, partnership, association, joint-stock company, trust (including Individual Retirement Accounts, SEPs and Keogh Accounts), unincorporated organization, government entity or political subdivision thereof or any other entity.

**Plan.** This Plan of Conversion as it may hereafter be amended in accordance with its terms.

**Qualifying Deposit.** The aggregate balances of all Deposit Accounts of an Eligible Account Holder as of the close of business on the Eligibility Record Date or of a Supplemental Eligible Account Holder (if any) as of the close of business on the Supplemental Eligibility Record Date (if required), as the case may be, *provided* that, in either case, such aggregate balance is not less than \$50.

**Range Maximum.** The number of Offering Shares that is 15% above the midpoint of the Offering Range.

**Range Minimum.** The number of Offering Shares that is 15% below the midpoint of the Offering Range.

**Regulations.** The regulations of the Division regarding mutual-to-stock conversions of mutual holding companies and the regulations of the FRB (to the extent deemed applicable by the FRB).

**Resident.** Any Person who occupies a dwelling within the Local Community, has a present intent to remain within the Local Community for a period of time, and manifests the genuineness of that intent by establishing an ongoing physical presence within the Local Community together with an indication that such presence within the Local Community is something other than merely transitory in nature. To the extent the Person is a corporation or other business entity, the principal place of business or headquarters of such Person must be in the Local Community. To the extent a Person is a personal benefit plan, the circumstances of the beneficiary shall apply with respect to this definition. In the case of all other benefit plans, circumstances of the trustee shall be examined for purposes of this definition. The MHC may utilize deposit or loan records or such other evidence provided to it to make a determination as to whether a Person is a resident. In all cases, however, such a determination shall be in the sole discretion of the MHC. A Participant must be a “resident” of the Local Community for purposes

of determining whether such Person “resides”, or is “residing”, in the Local Community as such term is used in this Plan.

**SEC.** The Securities and Exchange Commission.

**Special Meeting of Corporators.** The Special Meeting of Corporators called for the purpose of voting on the MHC Merger, which may be the Annual Meeting of Corporators.

**Special Meeting of Members.** The Special Meeting of the Members entitled to vote on the Plan called for the purpose of voting on the Plan, which may be the Annual Meeting of Members.

**Stock Holding Company.** The stock-form holding company that will (a) be a Maryland corporation known as NB Bancorp, Inc., (b) issue Holding Company Common Stock in the Conversion and (c) own 100% of the common stock of the Bank upon consummation of the Conversion.

**Stock Holding Company Liquidation Account.** The account established by the Stock Holding Company representing the liquidation interests received by Eligible Account Holders and Supplemental Eligible Account Holders (if any) in connection with the Conversion in exchange for their interests in the MHC immediately prior to the Conversion.

**Subscription Offering.** The offering of Holding Company Common Stock for subscription by Persons holding subscription rights pursuant to the Plan.

**Subscription Price.** The price per Offering Share to be paid by Participants and others in the Offering. The Subscription Price will be determined by the Board of Trustees of the MHC and the Board of Directors of the Stock Holding Company and fixed prior to the commencement of the Subscription Offering.

**Subsidiary.** A company that is controlled by another company, either directly or indirectly through one or more subsidiaries.

**Supplemental Eligible Account Holder.** Any Person holding a Qualifying Deposit on the Supplemental Eligibility Record Date (if established).

**Supplemental Eligibility Record Date.** If the Eligibility Record Date is more than 15 months prior to the date of the latest amendment to the Application filed prior to approval of the Application by the Commissioner, a Supplemental Eligibility Record Date shall be established for determining who qualifies as a Supplemental Eligible Account Holder. The Supplemental Eligibility Record Date is June 9, 2023.

**Syndicated Community Offering.** The offering, at the sole discretion of the Holding Company, of Offering Shares not subscribed for in the Subscription Offering and the Direct Community Offering, to members of the general public through a syndicate of broker-dealers. At the discretion of the Stock Holding Company, the offering of Holding Company Common Stock

following or contemporaneously with the Direct Community Offering through a syndicate of broker-dealers.

**Tax-Qualified Employee Plan.** Any defined benefit plan or defined contribution plan (including the ESOP, any stock bonus plan, profit-sharing plan, 401(k) plan or other plan) of the Bank, the Stock Holding Company, the MHC or any of their Affiliates, which, with its related trusts, meets the requirements to be qualified under Section 401 of the Code.

**Voting Record Date.** The date fixed by the Board of Directors of the MHC for determining eligibility to vote at the Special Meeting of Member.

### **ARTICLE 3.**

#### **General Procedure for Conversion**

3.1. **Preconditions to Conversion.** The Conversion is expressly conditioned upon prior occurrence of the following:

3.1.1 Approval of the Plan by the affirmative vote of a majority of the Members, present and voting at the annual meeting or at a special meeting called for such purpose.

3.1.2 Prior receipt of the private letter rulings or opinions of counsel set forth in Section 3.2 of this Plan.

3.1.3 Approval by the Commissioner of the Application, including the Plan.

3.1.4 Approval by the FRB of the FRB Applications.

In addition, the MHC Merger will be approved by the affirmative vote of a majority of the Corporators, present and voting at the annual meeting or at a special meeting called for such purpose.

3.2. **Submission of Plan to Commissioner and FRB.** Upon approval by at least two-thirds of all Directors of the MHC, the Plan will be submitted to the Commissioner as part of the Application, and to the FRB as part of the FRB Applications, together with a copy of the proposed Information Statement and all other material required by the Regulations, for approval by the Commissioner and the approval or non-objection of the FRB. The MHC must also receive either private letter rulings from the Internal Revenue Service and the Massachusetts Department of Revenue or opinions of its counsel as to the federal income tax consequences of the Conversion and of its tax accountants as to the Massachusetts income tax consequences of the Conversion, in either case substantially to the effect that the Conversion will not result in a taxable reorganization of the MHC, the Mid-Tier Holding Company, the Bank, or the Stock Holding Company under the Code. Upon a determination by the Commissioner that the Application is complete, the MHC will publish and post public announcements and notices of the Application as required by the Commissioner and the Regulations. The MHC, the Mid-Tier Holding Company and the Stock Holding Company will also publish any notice required in

connection with the Holding Company Application and any other applications required to complete the Conversion.

**3.3. Special Meeting of Corporators to Approve the MHC Merger; Special Meeting of Members to Approve the Plan.**

3.3.1 Following approval of the Plan by the Commissioner, the Special Meeting of Corporators shall be scheduled in accordance with the MHC's Bylaws, and the MHC Merger Agreement (as it may be revised in response to comments received from the Commissioner and the FRB), and any information required pursuant to the Regulations, will be submitted to the Corporators for their consideration and approval at the Special Meeting of Corporators. The MHC will mail to each Corporator a copy of the Information Statement not less than seven (7) days before the Special Meeting of Corporators. Following approval of the MHC Merger by the Corporators, and the approval of the Plan by the Members, the MHC intends to take such steps as may be appropriate pursuant to applicable laws and regulations to effect the MHC Merger.

3.3.2 Following approval of the Plan by the Commissioner, the Special Meeting of Members shall be scheduled in accordance with the MHC's Bylaws, and the Plan (as it may be revised in response to comments received from the Commissioner and the FRB), and any information required pursuant to the Regulations, will be submitted to the Members entitled to vote for their consideration and approval at the Special Meeting. The MHC will mail to each Member a copy of the Information Statement not less than seven (7) days before the Special Meeting of Members. Following approval of the Plan by the Members, and the approval of the MHC Merger by the Corporators, the MHC intends to take such steps as may be appropriate pursuant to applicable laws and regulations to effect the Conversion.

**3.4. Completion of Conversion and Offering; Stock Holding Company Charter and Bylaws.** The Boards of Directors of the MHC, the Mid-Tier Holding Company, the Stock Holding Company and the Bank will take all necessary steps to complete the Conversion and the Offering, including the timely filing of all necessary applications to appropriate regulatory authorities, and the filing with the SEC for review of a registration statement to register the sale and/or issuance of Conversion Shares and preliminary information materials, applications and other information in connection with the solicitation of Shareholder approval of this Plan and Corporator approval of the MHC Merger.

**3.5. Bank Charter and Bylaws.** The current Charter and Bylaws of the Bank are to be amended, including to add the Bank Liquidation Account.

**3.6. Conversion Procedures.**

3.6.1 The Conversion will be effected in any manner selected by the Board of Directors of the MHC that is consistent with the purposes of this Plan and applicable laws and regulations. The choice of which method to use to effect the Conversion will be made



by the Board of Directors of the MHC immediately prior to the consummation of the Conversion, subject to any approval required by the Bank Regulators.

3.6.2 Approval of the Plan by the Board of Directors of the MHC shall also constitute (a) approval of the formation of the Stock Holding Company as set forth herein, (b) subject to the approval of the Corporators, approval by the MHC (on its own behalf and as the sole shareholder of the Mid-Tier Holding Company) of a combination, by merger or otherwise, as provided herein, of the MHC with and into the Mid-Tier Holding Company with the Mid-Tier Holding Company being the surviving entity and whereby the existing outstanding shares of capital stock of the Mid-Tier Holding Company held by the MHC will be canceled and all persons holding liquidation rights in the MHC will constructively receive liquidation rights in the Mid-Tier Holding Company in exchange for their liquidation rights in the MHC, (c) approval by the Mid-Tier Holding Company of the combination, by merger or otherwise, of the Mid-Tier Holding Company with and into the Stock Holding Company with the Stock Holding Company being the surviving entity and whereby (i) the existing outstanding shares of capital stock of the Stock Holding Company held by the Mid-Tier Holding Company will be canceled and (ii) the former holders of liquidation rights in the MHC who constructively received liquidation rights in the Mid-Tier Holding Company will receive an interest in the Liquidation Account in the Stock Holding Company in exchange for their constructive liquidation rights in the Mid-Tier Holding Company, (d) approval by the Bank to constructively issue additional shares of common stock to the Stock Holding Company and to establish the Bank Liquidation Account in exchange for a portion of the net proceeds of the Offering, and (e) approval of any other of the transactions that are necessary to implement the Plan.

3.7. **Conversion to Stock Holding Company.** Upon the consummation of the Conversion, the Stock Holding Company will be authorized to exercise any and all powers, rights and privileges, and will be subject to all limitations applicable to bank holding companies under applicable laws and regulations. The Officers of the Mid-Tier Holding Company immediately prior to the Conversion shall be the Officers of the Stock Holding Company immediately following the Conversion, in each case to serve until their terms of office expire and until their successors are elected and qualified. The Stock Holding Company will own 100% of the common stock of the Bank upon consummation of the Conversion in exchange for a portion of the net proceeds received from the sale of the Offering Shares and in exchange for the establishment of the Bank Liquidation Account.

3.8. **Offer and Sale of Holding Company Common Stock.**

3.8.1 Subject to approval of the Plan by the Members, and the receipt of all required regulatory approvals, the Holding Company Common Stock will be offered for sale in a Subscription Offering simultaneously to Eligible Account Holders, Supplemental Eligible Account Holders (if any), and any Tax-Qualified Employee Benefit Plans in the manner set forth in Article 7 hereof. The Subscription Offering period will run for no less than twenty (20) but no more than forty-five (45) days from the date of distribution of the Subscription Offering materials, unless extended by the

MHC with the approval of the Commissioner and the FRB, if required. If feasible, any Offering Shares remaining may then be sold to the general public through a Direct Community Offering as provided in Article 7 hereof, which may be held either subsequent to or concurrently with the Subscription Offering.

3.8.2 If feasible, any Offering Shares remaining unsold after completion of the Subscription Offering and any Direct Community Offering may, in the sole discretion of the Stock Holding Company, be sold in a Syndicated Community Offering or a Firm Commitment Underwritten Offering, or in any manner receiving the required approval of the Bank Regulators and other applicable regulatory agencies that will achieve a widespread distribution of the Holding Company Common Stock. The issuance of Holding Company Common Stock in the Subscription Offering and any Direct Community Offering will be consummated simultaneously on the date the sale of Holding Company Common Stock is consummated in any Syndicated Community Offering or Firm Commitment Underwritten Offering, and only if the required minimum number of shares of Holding Company Common Stock has been issued. The sale of all shares of Holding Company Common Stock to be sold pursuant to the Plan must be completed within forty-five (45) days after expiration of the Subscription Offering; subject to the extension of such forty-five (45) day period by the Stock Holding Company with the approval of the Commissioner and the FRB, if required. The Stock Holding Company may seek one or more extensions of such forty-five (45) day period if necessary to complete the sale of all shares of Holding Company Common Stock. If all available shares of Holding Company Common Stock are sold in the Subscription Offering and any Direct Community Offering, there will be no Syndicated Community Offering or Firm Commitment Underwritten Offering and the Conversion will be consummated upon completion of the Subscription Offering or the Direct Community Offering, as the case may be.

#### **ARTICLE 4.**

##### **Establishment and Funding of Charitable Foundation.**

4.1. **Establishment of the Foundation.** As part of the Conversion, the Stock Holding Company intends to establish the Foundation which will qualify as an exempt organization under Section 501(c)(3) of the Code and to donate to the Foundation \$2,000,000 in cash and a number of shares of Holding Company Common Stock equal to 4% of the shares that will be outstanding upon completion of the Offering and immediately after this contribution to the Foundation.

4.2. **Purposes of the Foundation; Charitable Contributions.** The Foundation is being formed in connection with the Conversion in order to complement the Bank's existing community reinvestment activities now and in the future and to share with the Bank's local community a part of the Bank's financial success as a community-based financial institution. The funding of the Foundation with Conversion Stock accomplishes this goal as it enables the community to share in the growth and profitability of the Stock Holding Company and the Bank over the long-term.

The Foundation will be dedicated to the promotion of charitable purposes including community development, grants or donations to support housing assistance, not-for-profit

community groups and other types of organizations or civic-minded projects. The Foundation will annually distribute total grants to assist charitable organizations or to fund projects within its local community of not less than 5% of the average fair market value of Foundation assets each year, less certain expenses. In order to serve the purposes for which it was formed and maintain its Section 501(c)(3) qualification, the Foundation may sell, on an annual basis, a limited portion of the Conversion Stock contributed to it by the Stock Holding Company.

The establishment of the Foundation and contribution of Conversion Stock and cash to the Foundation in connection with the Conversion will require the prior approval of the Division and the Members.

**4.3. Board of Directors of the Foundation.** The board of directors of the Foundation will include persons who are Officers or Directors of the Stock Holding Company or the Bank. For at least five years after the Conversion, except for temporary periods resulting from death, resignation, removal or disqualification, at least (i) one director of the Foundation will be an independent director who is unaffiliated with the Bank or the Stock Holding Company, who is from the Bank's local community and who has experience with local community charitable organizations and grant making, and (ii) at least one director will be a person who is also a member of the Board of Directors of the Bank.

The board of directors of the Foundation will be responsible for establishing the policies of the Foundation with respect to grants or donations, consistent with the stated purposes of the Foundation.

## **ARTICLE 5.**

### **Shares to be Offered**

**5.1. Holding Company Common Stock.** The Conversion Shares, when issued in accordance with this Plan, shall be fully paid and nonassessable. The total number of shares of Holding Company Common Stock authorized under the Stock Holding Company's Articles of Incorporation will exceed the number of Conversion Shares issued. **HOLDING COMPANY COMMON STOCK WILL NOT BE COVERED BY DEPOSIT INSURANCE.**

### **5.2. Independent Valuation, Purchase Price and Number of Shares.**

**5.2.1 Independent Valuation.** An Independent Appraiser shall be employed by the MHC to provide it with an Independent Valuation of the *pro forma* market value of the Stock Holding Company as required by the Regulations, which value shall be included in the prospectus (as described in Section 6.1 hereof) filed with the Commissioner, the FRB and the SEC. The Directors of the MHC shall review the methodology and reasonableness of the Independent Valuation. The Independent Valuation will be made by a written report to the MHC, contain the factors upon which the Independent Valuation was made and conform to procedures adopted by the Commissioner and the FRB. The Independent Valuation may be updated by the Independent Appraiser as of the closing of the transaction and as required by the Commissioner or the FRB. The Independent Valuation of the *pro forma* market value of the Stock Holding Company established by the Independent Appraiser shall form the

midpoint of the Estimated Valuation Range. The maximum of the Estimated Valuation Range may vary as much as 15% above the midpoint of the Estimated Valuation Range (“Range Maximum”) and 15% below the midpoint of the Estimated Valuation Range (“Range Minimum”).

5.2.2 *Subscription Price.* All shares sold in the Offering will be sold at a uniform price per share (the “Subscription Price”), preliminarily set at \$10.00 per share, which price will be definitively determined before the commencement of the Offering. If there is a Syndicated Community Offering or Firm Commitment Underwritten Offering, the price per share at which the Holding Company Common Stock is sold in such Syndicated Community Offering or Firm Commitment Underwritten Offering shall be equal to the per share purchase price of the shares sold in the Subscription Offering and the Direct Community Offering. The aggregate purchase price for all Offering Shares will be equal to the estimated consolidated *pro forma* market value of the Stock Holding Company, as determined for such purpose by the Independent Appraiser, less (ii) the value of the Foundation Shares based on the Subscription Price.

5.2.3 *Number of Shares.* The Offering Range of Offering Shares to be offered for sale in the Offering will be determined by the Boards of Directors of the MHC and the Stock Holding Company immediately before the commencement of the Subscription Offering based on the Independent Valuation, the Estimated Valuation Range, the Subscription Price and the Foundation Shares. The Offering Range will be equal to the Estimated Valuation Range, as may be amended, divided by the Subscription Price, adjusted for the Foundation Shares. The Independent Valuation, and such number of shares, shall be subject to adjustment thereafter if necessitated by market or financial conditions, with the approval of the Commissioner and the FRB, if necessary. In particular, the total number of shares may be increased by up to 15% above the Range Maximum if the Independent Valuation is increased subsequent to the commencement of the Subscription Offering to reflect changes in market and financial conditions or demand for the Holding Company Common Stock, provided that the resulting aggregate purchase price is not more than 15% above the Range Maximum.

5.2.4 *Increase or Decrease in Number of Shares.* The Offering Range may be increased or decreased by the Stock Holding Company, subject to the following provisions. In the event that the number of Offering Shares ordered is below the Range Minimum, or materially above the Range Maximum, resolicitation of purchasers may be required, *provided, however*, that a resolicitation will not be required if the number of shares increases by up to 15% above the Range Maximum. Any such resolicitation shall be effected in such manner and within such time as the Stock Holding Company shall establish, with the approval of the Commissioner and the FRB, if required.

5.2.5 *Confirmation of Valuation.* Notwithstanding the foregoing, no shares of Holding Company Common Stock will be issued unless, prior to the consummation of the Offering, the Independent Appraiser confirms to the MHC, the Stock Holding Company, the Commissioner and the FRB (if required), that, to the best knowledge of the Independent Appraiser, nothing of a material nature has occurred which, taking into

account all relevant factors, would cause the Independent Appraiser to conclude that the aggregate number of Conversion Shares sold in the Offering and contributed to the Foundation multiplied by the Subscription Price is incompatible with its estimate of the aggregate consolidated *pro forma* market value of the Stock Holding Company. If such confirmation is not received, the Stock Holding Company may cancel the Offering, extend the Offering and establish a new Subscription Price and/or Estimated Valuation Range, extend, reopen or hold a new Offering, or take such other action as the Commissioner and the FRB may permit.

## **ARTICLE 6.**

### **Subscription Rights and Orders for Common Stock**

6.1. **Distribution of Prospectus.** The Offering shall be conducted in compliance with the Regulations and applicable SEC regulations. As soon as practicable after the Stock Holding Company's registration statement and the prospectus therein have been declared effective and/or approved for use by the SEC and the Commissioner (and the FRB if required), copies of the prospectus and order forms will be distributed to all eligible Participants in the Subscription Offering at their last known addresses appearing on the records of the Bank and the MHC for the purpose of subscribing for shares of Holding Company Common Stock in the Subscription Offering. Prospectuses and order forms will also be made available (if and when a Direct Community Offering is held) for use by Persons to whom shares of Holding Company Common Stock are offered in the Direct Community Offering.

6.2. **Order Forms.** Each order form will be preceded or accompanied by the prospectus describing the Stock Holding Company, the Bank, the Holding Company Common Stock and the Subscription and Community Offerings. Each order form will contain, among other things, the following:

6.2.1 A specified date by which all order forms must be received by the Stock Holding Company, which date shall be not less than 20 nor more than 45 days following the date on which the order forms are mailed by the Stock Holding Company, and which date will constitute the expiration of the Subscription Offering, unless extended;

6.2.2 The Subscription Price per share for shares of Holding Company Common Stock to be sold in the Offering;

6.2.3 A description of the minimum and maximum number of shares of Holding Company Common Stock that may be subscribed for pursuant to the exercise of subscription rights or otherwise purchased in the Offering;

6.2.4 Instructions as to how the recipient of the order form is to indicate thereon the number of shares of Holding Company Common Stock for which such Person elects to subscribe and the available alternative methods of payment therefor;

6.2.5 An acknowledgment that the recipient of the order form has received a copy of the prospectus before execution of the order form;

6.2.6 A statement indicating the consequences of failing to properly complete and return the order form, including a statement to the effect that all subscription rights are nontransferable, will be void at the end of the Subscription Offering, and can only be exercised by delivering to the Stock Holding Company within the Subscription Offering period such properly completed and executed order form, together with a personal check, money order or bank draft in the full amount of the purchase price as specified in the order form for the shares of Holding Company Common Stock for which the recipient elects to subscribe in the Subscription Offering (or by authorizing on the order form that the Bank withdraw said amount from the Deposit Account at the Bank maintained by such Person, but only if the MHC elects to permit such withdrawals from the type of such Deposit Account); and

6.2.7 A statement to the effect that the executed order form, once received by the Stock Holding Company, may not be modified or amended by the subscriber without the consent of the Stock Holding Company.

Notwithstanding the above, the Stock Holding Company reserves the right in its sole discretion to accept or reject orders received on photocopied or faxed order forms.

**6.3. Undelivered, Defective, Early or Late Order Form; Insufficient Payment.** In the event order forms (a) are not delivered for any reason or are returned undelivered to the MHC by the United States Postal Service, (b) are not received by the Stock Holding Company or are received by the Stock Holding Company after the expiration date specified thereon, (c) are defectively filled out or executed, (d) are not accompanied by the full required payment for the shares of Holding Company Common Stock subscribed for (including cases in which Deposit Accounts from which withdrawals are authorized are insufficient to cover the amount of the required payment), or (e) are not mailed pursuant to a “no mail” order placed in effect by the account holder, the subscription rights of the Person to whom such rights have been granted will lapse as though such Person failed to return the completed order form within the time period specified thereon; *provided, however*, that the Stock Holding Company may, but will not be required to, waive any immaterial irregularity on any order form or require the submission of corrected order forms or the remittance of full payment for subscribed shares by such date as the Stock Holding Company may specify, and all interpretations by the MHC and the Stock Holding Company of terms and conditions of this Plan and of the order forms will be final.

#### **6.4. Payment for Stock.**

6.4.1 All payments for Holding Company Common Stock subscribed for or ordered in the Subscription Offering and the Community Offering must be delivered in full to the Stock Holding Company, together with a properly completed and executed order form (except in the case of the Syndicated Community Offering in which case an order form may or may not be required in connection with subscriptions), on or before the expiration date specified on the order form, unless such date is extended by the MHC and the Stock Holding Company; *provided, further*, that if any Employee Plan subscribes for shares during the Subscription Offering, such plans will not be required to pay for the shares at the time they subscribe but rather may pay for such shares of Holding Company

Common Stock subscribed for by such plans at the Subscription Price upon consummation of the Conversion, *provided, further*, that, in the case of the ESOP there is in force from the time of its subscription until the consummation of the Conversion, a loan commitment to lend to the ESOP, at such time, the aggregated Subscription Price of the shares for which it subscribed.. Payment for Holding Company Common Stock may also be made by a participant in an Employee Plan causing funds held for such participant's benefit by an Employee Plan to be paid over for such purchase to the extent that such plan allows participants or any related trust established for the benefit of such participants to direct that some or all of their individual accounts or sub-accounts be invested in Holding Company Common Stock.

6.4.2 Payment for Holding Company Common Stock shall be made either by personal check, bank draft, money order or cash, or if a purchaser has a Deposit Account in the Bank (and if the MHC has elected to permit such withdrawals from the type of Deposit Account maintained by such Person), such purchaser may pay for the shares subscribed for by authorizing the Bank to make a withdrawal from the purchaser's Deposit Account at the Bank in an amount equal to the aggregate purchase price of such shares. Wire transfers may be accepted at the sole discretion of the Stock Holding Company. Any authorized withdrawal, whether from a savings, passbook or certificate account, shall be without penalty as to premature withdrawal. If the authorized withdrawal is from a certificate account, and the remaining balance does not meet the applicable minimum balance requirements, the certificate shall be canceled at the time of withdrawal, without penalty, and the remaining balance will earn interest at the passbook rate. Funds for which a withdrawal is authorized will remain in the purchaser's Deposit Account but may not be used by the purchaser pending consummation of the Conversion or expiration of the 45-day period (or such longer period as may be approved by the Commissioner) following termination of the Subscription Offering, whichever occurs first. After consummation of the Conversion, the withdrawal will be given effect only to the extent necessary to satisfy the subscription (to the extent it can be filled) at the Subscription Price. Interest will continue to be earned on any amounts authorized for withdrawal until such withdrawal is given effect. Interest on checks, money orders and bank drafts will be paid by the Bank at the Bank's passbook rate. Such interest will be paid from the date payment is received by the Bank until consummation or termination of the Conversion. If for any reason the Conversion is not consummated, all payments made by subscribers in the Conversion will be refunded to them with interest. In case of amounts authorized for withdrawal from Deposit Accounts, refunds will be made by canceling the authorization for withdrawal.

**ARTICLE 7.**  
**Stock Purchase Priorities and Offering Alternatives**

7.1. **Priorities for Offering.** All purchase priorities established by this Article 7 shall be subject to the purchase limitations set forth in, and shall be subject to adjustment as provided in, Article 8 of the Plan. In addition to the priorities set forth in this Article 7, the MHC may establish other priorities for the purchase of Holding Company Common Stock, subject to the approval of the Commissioner and of the FRB, if required. The priorities for the purchase of shares in the Conversion are set forth in the following Sections.

7.2. **Certain Determinations.** All interpretations or determinations of whether prospective purchasers are “residents,” “Associates,” or “Acting in Concert,” or whether any purchase conflicts with the purchase limitations in the Plan or otherwise violates any provision of the Plan, and any other interpretations of any and all other provisions of the Plan shall be made by and at the sole discretion of the Stock Holding Company, and may be based on whatever evidence the Stock Holding Company may choose to use in making any such determination; provided, however, that the determination of whether a group is Acting in Concert remains subject to review by the Division. Such determination shall be conclusive, final and binding on all Persons and the Stock Holding Company may take any remedial action, including without limitation rejecting the purchase or referring the matter to the Commissioner for action, as in its sole discretion the Stock Holding Company may deem appropriate.

7.3. **Minimum Purchase; No Fractional Shares.** The minimum purchase by any Person shall be 25 shares (to the extent that shares of Holding Company Common Stock are available for purchase); *provided, however*, that the aggregate purchase price for any minimum share purchase shall not exceed \$500. No fractional shares will be allocated or issued.

7.4. **Overview of Priorities.** In descending order of priority, the opportunity to purchase Holding Company Common Stock shall be given in the Subscription Offering to: (a) Eligible Account Holders; (b) Supplemental Eligible Account Holders; and (c) Tax-Qualified Employee Plans. Any shares of Holding Company Common Stock that are not subscribed for in the Subscription Offering at the discretion of the Stock Holding Company may be offered for sale in a Direct Community Offering and/or a Syndicated Community Offering on terms and conditions and procedures satisfactory to the Stock Holding Company. Alternatively, if feasible, any shares of Holding Company Common Stock not sold in the Subscription Offering or in the Direct Community Offering, if any, may be offered for sale in a Firm Commitment Underwritten Offering subject to such terms, conditions and procedures as may be determined by the MHC and the Stock Holding Company.

7.5. **Priorities For Subscription Offering.**

7.5.1 *First Priority: Eligible Account Holders.* Subject to approval of the MHC Merger by the Corporators, approval of the Plan by the Members and the receipt of approval from the Commissioner, and the FRB if necessary, to offer the Holding Company Common Stock for sale, each Eligible Account Holder shall receive, without payment therefor, nontransferable subscription rights on a first priority basis to subscribe



for a number of shares of Holding Company Common Stock equal to the *greater* of (a) the quotient obtained by dividing the Individual Maximum Purchase Limit (as such term is defined in Section 8.2 hereof) by the per share Subscription Price, (b) one-tenth of one percent (0.10%) of the shares offered in the Conversion, or (c) 15 times the product (rounded down to the nearest whole number) obtained by multiplying (1) the total number of shares of Holding Company Common Stock to be sold in the Offering by (2) a fraction, of which the numerator is the Qualifying Deposit of the Eligible Account Holder and the denominator is the total amount of Qualifying Deposits of all Eligible Account Holders. If there are insufficient shares available to satisfy all subscriptions of Eligible Account Holders, shares will be allocated to Eligible Account Holders so as to permit each such subscribing Eligible Account Holder to purchase a number of shares of Holding Company Common Stock sufficient to make his or her total allocation equal to the lesser of 100 shares or the number of shares subscribed for. Thereafter, unallocated shares of Holding Company Common Stock will be allocated to remaining subscribing Eligible Account Holders whose subscriptions remain unfilled in the same proportion that each such subscriber's Qualifying Deposit bears to the total amount of Qualifying Deposits of all subscribing Eligible Account Holders whose subscriptions remain unfilled. Unless the Bank Regulators permit otherwise, subscription rights to purchase Holding Company Common Stock received by Officers, Directors and Corporators of the MHC and the Bank and the Associates of such persons that are based on their increased deposits in the Bank in the one year preceding the Eligibility Record Date shall be subordinated to the subscription rights of other Eligible Account Holders. To ensure proper allocation of stock, each Eligible Account Holder must list on his or her subscription order form all Deposit Accounts in which he had an ownership interest as of the Eligibility Record Date.

*7.5.2 Second Priority: Supplemental Eligible Account Holders.* To the extent there are shares remaining after satisfaction of subscriptions by Eligible Account Holders, and if a Supplemental Eligibility Record Date is established, each Supplemental Eligible Account Holder shall receive non-transferable subscription rights to subscribe for a number of shares of Holding Company Common Stock equal to the *greater* of (a) the quotient obtained by dividing the Individual Maximum Purchase Limit by the per share Subscription Price, (b) one-tenth of one percent (0.10%) of the shares offered in the Conversion, or (c) 15 times the product (rounded down to the nearest whole number) obtained by multiplying (1) the total number of shares of Holding Company Common Stock to be sold in the Offering by (2) a fraction, of which the numerator is the Qualifying Deposit of the Supplemental Eligible Account Holder and the denominator is the total amount of Qualifying Deposits of all Supplemental Eligible Account Holders. In the event Supplemental Eligible Account Holders subscribe for a number of shares of Holding Company Common Stock which, when added to the shares subscribed for by Eligible Account Holders, exceed available shares, the available shares of Holding Company Common Stock will be allocated among subscribing Supplemental Eligible Account Holders so as to permit each subscribing Supplemental Eligible Account Holder to purchase a number of shares of Holding Company Common Stock sufficient to make his or her total allocation equal to the lesser of 100 shares or the number of shares subscribed for. Thereafter, unallocated shares will be allocated to each subscribing

Supplemental Eligible Account Holder whose subscription remains unfilled in the same proportion that such subscriber's Qualifying Deposit on the Supplemental Eligibility Record Date bears to the total amount of Qualifying Deposits of all subscribing Supplemental Eligible Account Holders whose subscriptions remain unfilled.

**7.5.3 Third Priority: Tax-Qualified Employee Plans.** To the extent there are shares remaining after satisfaction of subscriptions by Eligible Account Holders and Supplemental Eligible Account Holders, if any, the Tax-Qualified Employee Plans shall be given the opportunity to purchase in the aggregate up to 10% of the Holding Company Common Stock issued in the Conversion. In the event that the total number of shares of Holding Company Common Stock offered in the Conversion is increased to an amount greater than the Range Maximum, the Tax-Qualified Employee Plans shall have a priority right to purchase any such shares exceeding the Range Maximum (up to the aggregate of 10% of Holding Company Common Stock to be issued in the Conversion). The Employee Plans shall not be deemed to be Associates or Affiliates of or Persons Acting in Concert with any Director, Officer or Corporator of the MHC, the Stock Holding Company or the Bank. Alternatively, if permitted by the Bank Regulators, the Tax-Qualified Employee Plans may purchase all or a portion of such shares in the open market after the completion of the Conversion.

**7.5.4 Fourth Priority: Employees, Officers, Directors and Corporators.** To the extent that there are shares remaining after satisfaction of subscriptions by Eligible Account Holders, Supplemental Eligible Account Holders and Tax-Qualified Employee Plans, each employee, Officer, Director and Corporator of Needham Bank, NB Financial, MHC or NB Financial, Inc. at the time of the offering who is not eligible in the first or second priority categories will receive, without payment therefor, subject to the overall purchase limitations, non-transferable subscription rights to purchase up to 80,000 shares (\$800,000) of Holding Company Common Stock; provided, however, that the aggregate number of shares that may be purchased by employees, Officers, Directors and Corporators and their Associates in the conversion shall be limited to 25% of the total number of shares of Holding Company Common Stock sold in the offering (including shares purchased by employees, Officers, Directors and Corporators under this priority and under the preceding priority categories, but not including shares purchased by the Tax-Qualified Employee Plans). In the event that persons in this category subscribe for more shares than are available for purchase by them, shares will be allocated among such subscribing persons on an equitable basis as determined by the MHC, such as by giving weight to the period of service, compensation, position of the individual subscriber and the amount of the order.

## **7.6. Priorities for Direct Community Offering.**

**7.6.1** Any shares of Holding Company Common Stock not subscribed for in the Subscription Offering may be offered for sale in a Direct Community Offering. This will involve an offering of all unsubscribed shares of Holding Company Common Stock directly to the general public. The Direct Community Offering, if any, shall commence concurrently with, during or promptly after the Subscription Offering. The Stock Holding

Company may use broker, dealer or an investment banking firm or firms on a best efforts basis to sell the unsubscribed shares in the Subscription and Direct Community Offering. The Stock Holding Company may pay a commission or other fee to such investment banking firm or firms as to the shares sold by such firm or firms in the Subscription and Direct Community Offering and may also reimburse such firm or firms for reasonable expenses incurred in connection with the sale. The Holding Company Common Stock will be offered and sold in the Direct Community Offering in accordance with the Regulations, so as to achieve the widest distribution of the Holding Company Common Stock. In making the Direct Community Offering, the Bank will give preference to natural persons (including trusts of natural persons) residing in the Local Community. No Person may subscribe for or purchase more than the Individual Maximum Purchase Limit of Holding Company Common Stock in the Direct Community Offering. The Stock Holding Company, in its sole discretion, may reject subscriptions, in whole or in part, received from any Person under this Section 7.6.

7.6.2 In the event of an oversubscription for shares in the Direct Community Offering, available shares will be allocated (to the extent shares remain available) first to cover orders of natural Persons residing in the Local Community, and second to the general public, so that each such Person may receive 100 shares, and thereafter, on a *pro rata* basis to such Persons based on the amount of their respective subscriptions or on such other reasonable basis as may be determined by the Stock Holding Company. If oversubscription does not occur among natural Persons residing in the Local Community, orders accepted in the Direct Community Offering shall be filled up to a maximum not to exceed 2% of the Holding Company Common Stock, and thereafter remaining shares shall be allocated on an equal number of shares basis per order until all orders have been filled. The Bank may use deposit or loan records or such other evidence provided to it to determine whether a Person is a Resident of the Local Community. In all cases, however, such a determination shall be in the sole discretion of the Stock Holding Company.

7.6.3 If:

(i) aggregate subscriptions for shares totaling at least the Range Minimum are not received in the Subscription Offering and Direct Community Offering, and the Stock Holding Company, in its sole discretion, determines that neither a Syndicated Community Offering nor a Firm Commitment Underwritten Offering is in the best interests of the Stock Holding Company; *or*

(ii) aggregate subscriptions and orders totaling at least the Range Minimum are not received in the Subscription Offering, Direct Community Offering and the Syndicated Community Offering or Firm Commitment Underwritten Offering;

then the Stock Holding Company may, in its sole discretion, apply unsubscribed / unordered Holding Company Common Stock in any manner that facilitates the completion of the Conversion, subject to any approval required by the Bank Regulators.

**7.7. Syndicated Community Offering or Firm Commitment Underwritten Offering.**

7.7.1 Any shares of Holding Company Common Stock not sold in the Subscription Offering or in the Direct Community Offering, if any, may be offered for sale to the general public by a selling group of broker-dealers in a Syndicated Community Offering, subject to terms, conditions and procedures as may be determined by the Stock Holding Company in a manner that is intended to achieve the widest distribution of the Holding Company Common Stock subject to the rights of the Stock Holding Company to accept or reject in whole or in part all orders in the Syndicated Community Offering. No Person may purchase in the Syndicated Community Offering more than the Individual Maximum Purchase Limit of Holding Company Common Stock. It is expected that the Syndicated Community Offering will commence as soon as practicable after termination of the Direct Community Offering, if any. The Syndicated Community Offering shall be completed within 45 days after the termination of the Subscription Offering, unless such period is extended as provided herein. The commission in the Syndicated Community Offering shall be determined by a marketing agreement between the Stock Holding Company and the Marketing Agent. Such agreement shall be filed with the FRB (if required), the Division and the SEC.

7.7.2 Alternatively, if feasible, any shares of Holding Company Common Stock not sold in the Subscription Offering or in the Direct Community Offering, if any, may be offered for sale in a Firm Commitment Underwritten Offering subject to such terms, conditions and procedures as may be determined by the MHC and the Stock Holding Company, subject to the right of the Stock Holding Company to accept or reject in whole or in part any orders in the Firm Commitment Underwritten Offering. Provided the Subscription Offering has begun, the Holding Company may begin the Firm Commitment Underwritten Offering at any time.

**ARTICLE 8.**  
**Additional Limitations on Purchases**

8.1. **General.** Purchases of Holding Company Common Stock in the Conversion will be subject to the purchase limitations set forth in this Article 8.

8.2. **Individual Maximum Purchase Limit.** This Section 8.2 sets forth the “Individual Maximum Purchase Limit.” No Person, through one or more qualifying deposit accounts, or Persons exercising subscription rights through a single qualifying deposit account held jointly, may purchase in the Offering (including the Subscription Offering, the Direct Community Offering and the Syndicated Community Offering or Firm Commitment Underwritten Offering) more than \$800,000 of Holding Company Common Stock, except that: (a) the Stock Holding Company may, in its sole discretion and without further notice to or solicitation of subscribers or other prospective purchasers, (i) increase such Individual Maximum Purchase Limit to up to 5% of the number of shares of Holding Company Common Stock offered in the Offering or (ii) decrease such Individual Maximum Purchase Limit to no less than one-tenth of one percent (0.10%) of the number of shares of Holding Company Common Stock

offered in the Conversion; and (b) Tax-Qualified Employee Plans may purchase up to 10% of the Conversion shares issued in the Conversion (including shares issued in the event of an increase in the Range Maximum of 15%). If the Stock Holding Company increases the Individual Maximum Purchase Limit (as permitted by this Section 8.2), subscribers in the Subscription Offering who ordered the previously effective maximum amount will be given the opportunity to increase their subscriptions up to the then applicable limit. Requests to purchase additional shares of Holding Company Common Stock under this provision will be determined by the Stock Holding Company, in its sole discretion. In the event that the Individual Maximum Purchase Limit is increased to 5% of the number of Offering Shares, such limitation may be further increased to 9.99% of the Conversion Shares; *provided*, that orders for Holding Company Common Stock exceeding 5% of the Offering Shares shall not exceed in the aggregate 10% of the Offering Shares. Requests to purchase additional shares of the Holding Company Common Stock in the event that the purchase limitation is so increased will be determined by the Board of Directors of the Stock Holding Company in its sole discretion.

**8.3. Group Maximum Purchase Limit.** This Section 8.3 sets forth the “Group Maximum Purchase Limit.” No Person and his or her Associates or group of Persons Acting in Concert, may purchase in the Offering (including the Subscription Offering, the Direct Community Offering and the Syndicated Community Offering or Firm Commitment Underwritten Offering) more than \$800,000 of Holding Company Common Stock, except that: (a) the Stock Holding Company may, in its sole discretion and without further notice to or solicitation of subscribers or other prospective purchasers, (i) increase such Group Maximum Purchase Limit to up to 5% of the number of shares of Holding Company Common Stock offered in the Offering or (ii) decrease such Group Maximum Purchase Limit to no less than one-tenth of one percent (0.10%) of the number of shares of Holding Company Common Stock offered in the Conversion; and (b) Tax-Qualified Employee Plans may purchase up to 10% of the Conversion Shares issued in the Conversion. Notwithstanding the foregoing, in the event that the Stock Holding Company increases the Individual Maximum Purchase Limit (as permitted by Section 8.2) to a number that is in excess of the Group Maximum Purchase Limit established by this Section 8.3, the Group Maximum Purchase Limit shall automatically be increased so as to be equal to the Individual Maximum Purchase Limit, as adjusted. The maximum number of shares of Holding Company Common Stock that may be subscribed for or purchased in all categories of the Offering by any Person or Participant together with any Associate or group or Persons Acting in Concert shall not exceed 9.9% of the shares of Conversion Shares; *provided*, that this limitation shall not apply to the Employee Plans.

**8.4. Purchases by Officers, Directors and Corporators.** The aggregate number of shares of Holding Company Common Stock to be purchased in the Offering by Officers, Directors and Corporators of the MHC, the Mid-Tier Holding Company and the Bank (and their Associates) shall not exceed 25% of the total number of the Conversion Shares.

**8.5. Special Rule for Tax-Qualified Employee Plans.** Shares of Holding Company Common Stock purchased by any individual participant (“Plan Participant”) in a Tax-Qualified Employee Plan using funds therein pursuant to the exercise of subscription rights granted to such Participant in his individual capacity as an Eligible Account Holder or Supplemental Eligible Account Holder (if any) shall not be deemed to be purchases by a Tax-Qualified Employee Plan

for purposes of calculating the maximum amount of Holding Company Common Stock that Tax-Qualified Employee Plans may purchase pursuant to this Plan, if the individual Plan Participant controls or directs the investment authority with respect to such account or subaccount.

**8.6. Illegal Purchases.** Notwithstanding any other provision of the Plan, no Person shall be entitled to purchase any Holding Company Common Stock to the extent such purchase would be illegal under any federal law or state law or regulation or would violate regulations or policies of the Financial Industry Regulatory Authority. The Stock Holding Company and/or its agents may ask for an acceptable legal opinion from any purchaser as to the legality of such purchase and may refuse to honor any purchase order if such opinion is not timely furnished.

**8.7. Rejection of Orders.** The Stock Holding Company has the right in its sole discretion to reject any order submitted by a Person whose representations the Stock Holding Company believes to be false or who it otherwise believes, either alone or Acting in Concert with others, is violating, circumventing, or intends to violate, evade or circumvent the terms and conditions of the Plan.

**8.8. Subscribers in Non-Qualified States or in Foreign Countries.** The Stock Holding Company, in its sole discretion, may make reasonable efforts to comply with the securities laws of any state in the United States in which its depositors reside, and will only offer and sell the Holding Company Common Stock in states in which the offers and sales comply with such states' securities laws. However, no Person will be offered or allowed to purchase any Holding Company Common Stock under the Plan if he or she resides (a) in a foreign country or (b) in a state of the United States with respect to which any of the following apply: (i) a small number of Persons otherwise eligible to purchase shares under the Plan reside in such state; (ii) the offer or sale of shares of Holding Company Common Stock to such Persons would require the Stock Holding Company or its Employees to register, under the securities laws of such state, as a broker or dealer or to register or otherwise qualify its securities for sale in such state; or (iii) such registration or qualification would be impracticable for reasons of cost or otherwise.

**8.9. No Offer to Transfer Shares.** Before the consummation of the Conversion, no Person shall offer to transfer, or enter into any agreement or understanding to transfer the legal or beneficial ownership of any subscription rights or shares of Holding Company Common Stock, except pursuant to the Plan. The following shall not constitute impermissible transfers under this Plan. Any Person having subscription rights in his individual capacity as an Eligible Account Holder or Supplemental Eligible Account Holder (if any) may exercise such subscription rights by causing a tax-qualified plan to make such purchase using funds allocated to such Person in such tax-qualified plan if such individual plan participant controls or directs the investment authority with respect to such account or subaccount. A tax-qualified plan that maintains an Eligible Deposit Account in the Bank as trustee for or for the benefit of a Person who controls or directs the investment authority with respect to such account or subaccount ("Beneficiary") may, in exercising its subscription rights, direct that the Holding Company Common Stock be issued in the name of such individual Beneficiary in his individual capacity.

8.10. **Confirmation by Purchasers.** Each Person ordering Holding Company Common Stock in the Conversion will be deemed to confirm that such purchase does not conflict with the purchase limitations in the Plan.

## **ARTICLE 9.**

### **Post Offering Matters**

9.1. **Stock Purchases After the Conversion.** For a period of three years after the proposed Conversion, no Officer or Director of the Stock Holding Company or the Bank, or his or her Associates, may purchase, without the prior written approval of the Commissioner, any Holding Company Common Stock except from a broker-dealer registered with the SEC, provided that the foregoing shall not apply to (a) negotiated transactions involving more than 1% of the outstanding Holding Company Common Stock, or (b) purchases of stock made by and held by or otherwise made pursuant to any Employee Plan of the Bank or the Stock Holding Company even if such stock is attributable to Officers, Directors or their Associates.

9.2. **Resales of Stock by Management Persons.** Holding Company Common Stock purchased in the Conversion by Officers, Directors and Corporators of the Bank, the Mid-Tier Holding Company, the Stock Holding Company or the MHC may not be resold for a period of at least one year following the date of purchase, except in the case of death or substantial disability, as determined by the Commissioner, of such person, or upon the written approval of the Commissioner.

9.3. **Stock Certificates.** Shares of Conversion Stock will be issued in book entry form. Stock certificates will not be issued. Appropriate instructions shall be issued to the Stock Holding Company's transfer agent with respect to applicable restrictions on transfers of such stock set forth in Section 9.2 hereof. Any shares of stock issued as a stock dividend, stock split or otherwise with respect to such restricted stock shall be subject to the same restrictions as apply to the restricted stock.

9.4. **Restriction on Financing Stock Purchases.** The Stock Holding Company and the Bank are prohibited from knowingly making any loans or granting any lines of credit for the purpose of purchasing Holding Company Common Stock in the Conversion; *provided, however*, that the Stock Holding Company, or a subsidiary thereof, may loan funds to the ESOP for the purchase of up to 10% of the Conversion Shares issued in the Conversion.

9.5. **Stock Benefit Plans.** The Board of Directors of the Bank and/or the Board of Directors of the Stock Holding Company are permitted under the Regulations, and may decide, to adopt one or more stock benefit plans for the benefit of the Employees, Officers and Directors of the Bank and Stock Holding Company, including an ESOP, an employer stock fund option in a 401(k) plan, stock award plans and stock option plans, which will be authorized to purchase Conversion Stock and grant options for Common Stock. However, only the Tax-Qualified Employee Plans will be permitted to purchase Conversion Stock in the Conversion subject to the purchase priorities set forth in the Plan. Pursuant to the Regulations, the Stock Holding Company may authorize the ESOP and any other Tax-Qualified Employee Plans to purchase in the aggregate up to 10% of the Conversion Stock to be issued. The Bank or the Stock Holding

Company may make scheduled discretionary contributions to one or more Tax-Qualified Employee Plans to purchase Conversion Stock or to purchase issued and outstanding shares of Common Stock or authorized but unissued shares of Common Stock subsequent to the completion of the Conversion, provided, however, that such contributions do not cause the Bank to fail to meet any of its regulatory capital requirements.

**9.6. Market for Holding Company Common Stock.** If at the close of the Conversion the Stock Holding Company has more than 300 stockholders of any class of stock, the Stock Holding Company shall use its best efforts to:

9.6.1 Encourage and assist a Market Maker to establish and maintain a market for that class of stock;

9.6.2 List that class of stock on a national or regional securities exchange, including the Nasdaq Stock Market; and

9.6.3 Register the Holding Company Common Stock with the SEC pursuant to the Exchange Act, and undertake not to deregister such Holding Company Common Stock for a period of three years thereafter.

**9.7. Establishment of Liquidation Accounts.**

9.7.1 The Stock Holding Company shall establish a Liquidation Account at the time of the Conversion in an amount equal to the Mutual Holding Company's total equity as reflected in the latest statement of financial condition contained in the final Prospectus used in the Conversion. Following the Conversion, the Liquidation Account will be maintained for the benefit of the Eligible Account Holders and Supplemental Eligible Account Holders who continue to maintain their Deposit Accounts at the Bank. Each Eligible Account Holder and Supplemental Eligible Account Holder shall, with respect to his or her Deposit Account, hold a related inchoate interest in a portion of the Liquidation Account balance in relation to his or her Deposit Account balance at the Eligibility Record Date or the Supplemental Eligibility Record Date, respectively, or to such balance as it may be subsequently reduced, as hereinafter provided. The Stock Holding Company also shall cause the Bank to establish and maintain the Bank Liquidation Account (collectively with the Liquidation Account, the "Liquidation Accounts") for the benefit of Eligible Account Holders and Supplemental Eligible Account Holders who continue to maintain their Deposit Accounts at the Bank. The function of the Liquidation Accounts is to establish a priority on liquidation and, except as otherwise provided in this Section 9.7, the existence of the Liquidation Accounts shall not operate to restrict the use or application of any of the net worth accounts of the Bank or the Stock Holding Company. The initial Liquidation Account balance shall not be increased, and shall be subject to downward adjustment to the extent of any downward adjustment of any subaccount balance of any Eligible Account Holder or Supplemental Eligible Account Holder in accordance with the Regulations.



9.7.2 In the unlikely event of a complete liquidation of (i) the Bank or (ii) the Bank and the Stock Holding Company (and only in such event), following all liquidation payments to creditors (including those to depositors to the extent of their Deposit Accounts) each Eligible Account Holder and Supplemental Eligible Account Holder (if any) shall be entitled to receive a liquidating distribution from the Stock Holding Company Liquidation Account, in the amount of the then-adjusted subaccount balances for his or her deposit accounts then held, before any liquidating distribution may be made to any holders of the Stock Holding Company's capital stock. No merger, consolidation, reorganization, or purchase of bulk assets with assumption of deposit accounts and other liabilities, or similar transactions with an FDIC-insured institution, in which the Stock Holding Company and/or the Bank is not the surviving institution, shall be deemed to be a complete liquidation for this purpose. In such transactions, the Stock Holding Company Liquidation Account shall be assumed by the surviving holding company or institution.

9.7.3 In the unlikely event of a complete liquidation of (i) the Bank or (ii) the Bank and the Stock Holding Company (and only in such event), following all liquidation payments to creditors of the Bank (including those to Account Holders to the extent of their Deposit Accounts), at a time when the Bank has a positive net worth and the Stock Holding Company does not have sufficient assets (other than the stock of the Bank) at the time of liquidation to fund the obligations under the Stock Holding Company Liquidation Account, the Bank with respect to the Bank Liquidation Account shall immediately pay directly to each Eligible Account Holder and Supplemental Eligible Account Holder (if any) an amount necessary to fund the Stock Holding Company's remaining obligation under the Stock Holding Company Liquidation Account, before any liquidation distribution may be made to any holders of the Bank's capital stock and without making such amount subject to the Stock Holding Company's creditors. Each Eligible Account Holder and Supplemental Eligible Account Holder (if any) shall be entitled to receive a distribution from the Stock Holding Company Liquidation Account, in the amount of the then adjusted subaccount balance for his Deposit Account then held, before any distribution may be made to any holders of the Stock Holding Company's capital stock.

9.7.4 In the event of a complete liquidation of the Stock Holding Company where the Bank is not also completely liquidating, or in the event of a sale or other disposition of the Stock Holding Company apart from the Bank, each Eligible Account Holder and Supplemental Eligible Account Holder (if any) shall be treated as surrendering such Person's rights to the Stock Holding Company Liquidation Account and receiving from the Stock Holding Company an equivalent interest in the Bank Liquidation Account. Each such holder's interest in the Bank Liquidation Account shall be subject to the same rights and terms as if the Bank Liquidation Account were the Stock Holding Company Liquidation Account (except that the Stock Holding Company shall cease to exist).

9.7.5 The initial subaccount balance for a Deposit Account held by an Eligible Account Holder and/or Supplemental Eligible Account Holder (if any) shall be determined by multiplying the opening balance in the Bank Liquidation Account by a fraction, the numerator of which is the amount of such Eligible Account Holder's or Supplemental Eligible Account Holder's Qualifying Deposit and the denominator of

which is the total amount of all Qualifying Deposits of all Eligible Account Holders and Supplemental Eligible Account Holders. For Deposit Accounts in existence on both dates, separate subaccounts shall be determined on the basis of the Qualifying Deposits in such Deposit Accounts on such record dates. Such initial subaccount balance shall not be increased by additional Deposits, but shall be subject to downward adjustment as described below. The initial subaccount balance in the Stock Holding Company Liquidation Account for a Deposit Account held by an Eligible Account Holder and/or Supplemental Eligible Account Holder (if any) shall be determined in the same manner as their interest in the Bank Liquidation Account is determined.

9.7.6 If, at the close of business on the last day of any period for which the Stock Holding Company has prepared audited financial statements subsequent to the effective date of the Conversion, the deposit balance in the Deposit Account of an Eligible Account Holder or Supplemental Eligible Account Holder (if any) is less than the lesser of: (a) the balance in the Deposit Account at the close of business on the last day of any period for which the Stock Holding Company has prepared audited financial statements subsequent to the Eligibility Record Date or Supplemental Eligibility Record Date (if established), or (b) the amount in such Deposit Account as of the Eligibility Record Date or Supplemental Eligibility Record Date (if established), then the subaccount balance for such Deposit Account shall be adjusted by reducing such subaccount balance, in an amount proportionate to the reduction in the balance of such Deposit Account. In the event of such downward adjustment, the subaccount balance shall not be subsequently increased, notwithstanding any subsequent increase in the deposit balance of the related Deposit Account. If any such Deposit Account is closed, the related subaccount shall be reduced to zero. For purposes of this Section 9.7, a time account shall be deemed to be closed upon its maturity date regardless of any renewal thereof. A distribution of each subaccount balance in the Stock Holding Company Liquidation Account may be made only in the event of a complete liquidation of the Stock Holding Company subsequent to the Conversion and only out of funds available for such purpose after payment of all creditors.

9.7.7 The creation and maintenance of the Stock Holding Company Liquidation Account shall not operate to restrict the use or application of any of the equity accounts of the Stock Holding Company or the Bank, except that neither the Stock Holding Company nor the Bank shall (i) declare or pay a cash dividend on, or repurchase any of, its capital stock if the effect thereof would cause its net worth to be reduced below the amount required for the Stock Holding Company Liquidation Account and the Bank Liquidation Account, as applicable, or (ii) the regulatory capital requirements of the Stock Holding Company (to the extent applicable) or the Bank. Neither the Stock Holding Company nor the Bank shall be required to set aside funds in connection with its obligations hereunder relating to the Liquidation Account and the Bank Liquidation Account, respectively. Eligible Account Holders and Supplemental Eligible Account Holders (if any) do not retain any voting rights in either the Stock Holding Company or the Bank based on their liquidation subaccounts.

9.7.8 The amount of the Stock Holding Company Liquidation Account shall equal at all times the amount of the Bank Liquidation Account, and in no event will any Eligible Account Holder or Supplemental Eligible Account Holder (if any) be entitled to a distribution exceeding such holder's subaccount balance in the Stock Holding Company Liquidation Account or Bank Liquidation Account. A distribution to an Eligible Account Holder or Supplemental Eligible Account Holder (if any) from the Stock Holding Company Liquidation Account will extinguish the right of the Eligible Account Holder or Supplemental Eligible Account Holder (if any) to receive a distribution from the Bank Liquidation Account.

9.7.9 For the three-year period following the completion of the Conversion, the Stock Holding Company will not without prior approval of the Commissioner and the FRB: (i) sell or liquidate the Stock Holding Company, or (ii) cause the Bank to be sold or liquidated. At any time after two years from the completion of the Conversion, the Stock Holding Company shall eliminate or transfer the Stock Holding Company Liquidation Account to the Bank and the Stock Holding Company Liquidation Account shall be assumed by the Bank, at which time the interests of Eligible Account Holders and Supplemental Eligible Account Holders (if any) will be solely and exclusively established in the Bank Liquidation Account, provided that, if required, such transfer shall be approved by the FRB. In the event such transfer occurs, the Stock Holding Company Liquidation Account shall become the liquidation account of the Bank and shall not be subject in any manner or amount to the claims of the Stock Holding Company's creditors. Approval of the Plan by the Members shall constitute approval of the transactions described therein.

9.8. **Payment of Dividends.** Neither the Stock Holding Company nor the Bank may declare or pay a cash dividend on its common stock if such dividend would cause its regulatory capital to be reduced below applicable capital requirements or the amount required to maintain its respective liquidation account. Otherwise, the Bank and the Stock Holding Company may declare dividends in accordance with applicable laws and regulations.

9.9. **Repurchase of Stock.** Based upon facts and circumstances following the Conversion and subject to applicable regulatory and accounting requirements, the Board of Directors of the Stock Holding Company may determine to repurchase stock in the future. Such facts and circumstances may include but not be limited to: (a) market and economic factors such as the price at which the Holding Company Common Stock is trading in the market, the volume of trading, the attractiveness of other investment alternatives in terms of the rate of return and risk involved in the investment, the ability to increase the book value and/or earnings per share of the remaining outstanding shares, and the opportunity to improve the Stock Holding Company's return on equity; (b) the avoidance of dilution to stockholders by not having to issue additional shares to cover the exercise of stock options or the purchase of shares by the ESOP in the event the ESOP is unable to acquire shares in the Subscription Offering, or to fund any stock plans adopted after the consummation of the Conversion; and (c) any other circumstances in which repurchases would be in the best interests of the Stock Holding Company and its shareholders.

9.10. **Conversion Expenses.** The Regulations require that the expenses of the Conversion must be reasonable. The MHC will use its best efforts to assure that the expenses incurred by the MHC and the Stock Holding Company in effecting the Conversion will be reasonable.

9.11. **Public Inspection of Conversion Application.** The MHC and the Bank will maintain a copy of the non-confidential portion of the Application in the main banking office of the Bank and such copy will be available for public inspection.

9.12. **Enforcement of Terms and Conditions.** Each of the MHC and the Stock Holding Company shall have the right to take all such action as they, in its sole discretion, may deem necessary, appropriate or advisable in order to monitor and enforce the terms, conditions, limitations and restrictions contained in the Plan, and the terms, conditions, limitations and restrictions contained in the order forms, including, but not limited to, the right to require any subscriber or purchaser to provide evidence, in a form satisfactory to the MHC and the Stock Holding Company, of such Person's eligibility to subscribe for or purchase shares of the Holding Company Common Stock under the terms of the Plan and the absolute right (subject only to any necessary regulatory approvals or concurrence) to reject, limit or revoke acceptance of any subscription or order and to delay, terminate or refuse to consummate any sale of Holding Company Common Stock that it believes might violate, or is designed to, or is any part of a plan to, evade or circumvent such terms, conditions, limitations, restrictions and representations. Any such action shall be final, conclusive and binding on all Persons, and the MHC, the Stock Holding Company, the Bank and their Boards of Directors, Officers, Employees, Corporators and agents shall be free from any liability to any Person on account of any such action.

9.13. **Voting Rights in Converted Stock Holding Company.** Following the Conversion, the holders of the capital stock of the Stock Holding Company shall have exclusive voting rights in the Stock Holding Company.

9.14. **Restrictions on Acquisition of Bank and Stock Holding Company.**

9.14.1 The charter of the Bank may contain a provision stipulating that no person, except the Stock Holding Company, for a period of three years following the closing date of the Conversion, may directly or indirectly acquire or offer to acquire the beneficial ownership of more than 10% of any class of equity security of the Bank, without the prior written notice to the Bank and prior approval of the Commissioner and the FRB and shares beneficially owned in violation of the above-described charter provision shall not be entitled to vote and shall not be voted by any person or counted as voting stock in connection with any matter submitted to stockholders for a vote. In addition, special meetings of the stockholders relating to changes in control or amendment of the charter may only be called by the Board of Directors, and stockholders shall not be permitted to cumulate their votes for the election of Directors.

9.14.2 For a period of three years from the date of consummation of the Conversion, no person shall directly or indirectly offer to acquire or acquire the beneficial ownership of more than 10% of any class of equity security of the Stock Holding Company

without prior written notice to the Stock Holding Company and prior written approval of the Commissioner and the FRB and shares beneficially owned in violation of the above-described ownership limitation shall not be entitled to vote and shall not be voted by any person or counted as voting stock in connection with any matter submitted to stockholders for a vote. Nothing in this Plan shall prohibit the Stock Holding Company from taking actions permitted under 12 C.F.R. 239.63(f) or 209 CMR 33.08(6).

9.14.3 The Articles of Incorporation of the Stock Holding Company may contain a provision stipulating that in no event shall any record owner of any outstanding shares of Holding Company Common Stock who beneficially owns in excess of 10% of such outstanding shares be entitled or permitted to any vote with respect to any shares held in excess of 10%. In addition, the Articles of Incorporation and Bylaws of the Stock Holding Company may contain provisions which provide for, or prohibit, as the case may be, staggered terms of the Directors, noncumulative voting for Directors, limitations on the calling of special meetings, a fair price provision for certain business combinations and certain notice requirements.

9.14.4 For the purposes of this Section 9.14:

- (1) the term “person” includes an individual, a firm, a corporation or other entity;
- (2) the term “offer” includes every offer to buy or acquire, solicitation of an offer to sell, tender offer for, or request or invitation for tenders of, a security or interest in a security for value;
- (3) the term “acquire” includes every type of acquisition, whether effected by purchase, exchange, operation of law or otherwise; and
- (4) the term “security” includes non-transferable subscription rights issued pursuant to a plan of conversion as well as a “security” as defined in 15 U.S.C. § 77b(a)(1).

## **ARTICLE 10.**

### **Miscellaneous**

10.1. **Interpretation of Plan.** All interpretations of the Plan and application of its provisions to particular circumstances by the MHC and Stock Holding Company shall be final, subject to the authority of the Commissioner and the FRB. When a reference is made in this Plan to Sections or Exhibits, such reference shall be to a Section of or Exhibit to the Plan unless otherwise indicated. The recitals hereto constitute an integral part of the Plan. References to Sections include subsections, which are part of the related Section (*e.g.*, a section numbered “Section 5.5.1” would be part of “Section 5.5” and references to “Section 5.5” would also refer to material contained in the subsection described as “Section 5.5.1”). The table of contents and headings contained in the Plan are for reference purposes only and shall not affect in any way the

meaning or interpretation of the Plan. Whenever the words “include”, “includes” or “including” are used in the Plan, they shall be deemed to be followed by the words “without limitation”.

**10.2. Amendment or Termination of the Plan.** If deemed necessary or desirable, the terms of the Plan may be substantively amended by a majority vote of the members of the Board of Directors as a result of comments from regulatory authorities at any time prior to approval of the Plan by the Commissioner and the FRB and at any time thereafter with the concurrence of the Commissioner and the FRB. If amendments to the Plan are made after the Special Meeting of Members, no further approval of the Members will be necessary unless otherwise required by the Commissioner or the FRB. If amendments to the plan of merger for the MHC Merger are made after the Special Meeting of Corporators or the Special Meeting of Members, no further approval of the Corporators or the Members will be necessary unless otherwise required by the Commissioner or the FRB. The Plan may be terminated by the Board of Directors in its sole discretion, at any time prior to the Special Meeting of Members and at any time thereafter with the concurrence of the Commissioner and the FRB. The Plan will terminate if the sale of all shares of Holding Company Common Stock is not completed within twenty-four months from the date of approval of the Plan by the Board of Directors.

Dated: June 7, 2023

**AGREEMENT OF MERGER BETWEEN  
NB FINANCIAL, MHC  
AND NB FINANCIAL, INC.**

**THIS AGREEMENT OF MERGER** (the “MHC Merger Agreement”) dated as of [●], 2023, is made by and between NB Financial, MHC, a Massachusetts mutual holding company (the “MHC”), and NB Financial, Inc., a Massachusetts corporation (the “Mid-Tier Holding Company”). Capitalized terms have the respective meanings given them in the Plan of Conversion (the “Plan”) of the MHC, unless otherwise defined herein.

**R E C I T A L S:**

1. The MHC is a Massachusetts mutual holding company that owns 100% of the common stock of the Mid-Tier Holding Company.
2. The Mid-Tier Holding Company is a Massachusetts corporation that owns 100% of the common stock of Needham Bank, a Massachusetts-chartered co-operative bank.
3. The Board of Directors of the Mid-Tier Holding Company, the Board of Directors of the MHC and the Corporators of the MHC have approved this MHC Merger Agreement whereby the MHC shall merge with and into the Mid-Tier Holding Company with the Mid-Tier Holding Company as the resulting corporation (the “MHC Merger”), and have authorized the execution and delivery of this MHC Merger Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual agreements contained herein, the parties hereto have agreed as follows:

1. **Merger.** At and on the Effective Date of the MHC Merger, the MHC will merge with and into the Mid-Tier Holding Company with the Mid-Tier Holding Company as the resulting entity (“Resulting Corporation”) whereby the shares of Mid-Tier Holding Company common stock held by the MHC will be canceled and persons having liquidation interests in the MHC will constructively receive liquidation interests in the Mid-Tier Holding Company in exchange for their liquidation interests in the MHC.
2. **Effectiveness and Effective Date.** The MHC Merger shall not be effective until and unless: (i) the Plan is approved by the Division of Banks of the Commonwealth of Massachusetts, (ii) the Conversion is approved by the Division of Banks of the Commonwealth of Massachusetts and the Board of Governors of the Federal Reserve System; (iii) the Plan is approved by a majority of the votes of the Members entitled to vote, present and voting at the annual meeting or at a special meeting called for such purpose; (iv) this MHC Merger Agreement is approved by a majority of the total votes of the MHC’s Corporators present and voting at the annual meeting or at a special meeting called for such purpose; (v) the Plan and this MHC Merger Agreement are approved by the MHC as the sole stockholder of the Mid-Tier Holding Company; and (vi) the Articles of Merger shall have been filed with the Secretary of the Commonwealth of Massachusetts with respect to the MHC Merger. The MHC Merger shall

become effective on such date and at such time as specified in the filing accepted by the Massachusetts Division of Banks.

3. **Name.** The name of the Resulting Corporation shall be NB Financial, Inc.

4. **Offices.** The main office of the Resulting Corporation shall be 1063 Great Plain Avenue, Needham, Massachusetts 02492.

5. **Articles of Organization and Bylaws.** The Articles of Organization and Bylaws of the Mid-Tier Holding Company, as in effect immediately prior to the Effective Date, shall be the Articles of Organization and Bylaws of the Resulting Corporation.

6. **Directors and Officers.** The directors and officers of the Mid-Tier Holding Company immediately prior to the Effective Date shall be the directors and officers of the Resulting Corporation after the Effective Date.

7. **Rights and Duties of the Resulting Corporation.** At the Effective Date, the MHC shall be merged with and into the Mid-Tier Holding Company with the Mid-Tier Holding Company as the Resulting Corporation. The business of the Resulting Corporation shall be that of a Massachusetts corporation as provided in its Articles of Incorporation. All assets, rights, interests, privileges, powers, franchises and property (real, personal and mixed) of the Mid-Tier Holding Company and the MHC shall be transferred automatically to and vested in the Resulting Corporation by virtue of the MHC Merger without any deed or other document of transfer. The Resulting Corporation, without any order or action on the part of any court or otherwise and without any documents of assumption or assignment, shall hold and enjoy all of the properties, franchises and interests, including appointments, powers, designations, nominations and all other rights and interests as the agent or other fiduciary in the same manner and to the same extent as such rights, franchises, and interests and powers were held or enjoyed by the Mid-Tier Holding Company and the MHC. The Resulting Corporation shall be responsible for all of the liabilities, restrictions and duties of every kind and description of the Mid-Tier Holding Company and the MHC immediately prior to the MHC Merger, including liabilities for all debts, obligations and contracts of the Mid-Tier Holding Company and the MHC, matured or unmatured, whether accrued, absolute, contingent or otherwise and whether or not reflected or reserved against on balance sheets, books of accounts or records of the Mid-Tier Holding Company or the MHC. All rights of creditors and other obligees and all liens on property of the Mid-Tier Holding Company and the MHC shall be preserved and shall not be released or impaired.

8. **Rights of Stockholders.** At the Effective Date, the shares of Mid-Tier Holding Company common stock held by the MHC will be canceled and persons having liquidation interests in the MHC will constructively receive liquidation interests in the Mid-Tier Holding Company in exchange for their liquidation interests in the MHC.

9. **Other Terms.** The Plan is incorporated herein by this reference and made a part hereof to the extent necessary or appropriate to effect and consummate the terms of this MHC Merger Agreement and the Conversion.

[Signature page follows]



**IN WITNESS WHEREOF**, the Mid-Tier Holding Company and the MHC have caused this MHC Merger Agreement to be executed as of the date first above written.

**NB Financial, MHC**  
**(a Massachusetts mutual holding company)**

ATTEST:

\_\_\_\_\_  
Denise Dunn  
Clerk

By: \_\_\_\_\_  
Joseph P. Campanelli  
President and Chief Executive Officer

**NB Financial, Inc.**  
**(a Massachusetts corporation)**

ATTEST:

\_\_\_\_\_  
Denise Dunn, Secretary

By: \_\_\_\_\_  
Joseph P. Campanelli  
President and Chief Executive Officer

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**AGREEMENT OF MERGER BETWEEN  
NB FINANCIAL, INC. (MASSACHUSETTS) AND  
NB BANCORP, INC. (MARYLAND)**

**THIS AGREEMENT OF MERGER** (the “Mid-Tier Merger Agreement”), dated as of [●], 2023, is made by and between NB Financial, Inc., a Massachusetts corporation (the “Mid-Tier Holding Company”), and NB Bancorp, Inc., a Maryland corporation (the “Holding Company”). Capitalized terms have the respective meanings given them in the Plan of Conversion of NB Financial, MHC (the “Plan”) unless otherwise defined herein.

**R E C I T A L S:**

1. The Mid-Tier Holding Company is a Massachusetts corporation that owns 100% of the common stock of Needham Bank, a Massachusetts-chartered co-operative bank (the “Bank”).

2. The Holding Company has been organized as a first-tier stock subsidiary of the Mid-Tier Holding Company.

3. The Boards of Directors of the Mid-Tier Holding Company and the Holding Company have approved this Mid-Tier Merger Agreement whereby the Mid-Tier Holding Company will be merged with and into the Holding Company with the Holding Company as the resulting corporation (the “Mid-Tier Merger”), and have authorized the execution and delivery of this Mid-Tier Merger Agreement.

4. Immediately prior to the Mid-Tier Merger, NB Financial, MHC, a Massachusetts mutual holding company (the “MHC”) and the owner of 100% of the capital stock of the Mid-Tier Holding Company, merged with and into the Mid-Tier Holding Company with the Mid-Tier Holding Company as the resulting entity (the “MHC Merger”), whereby the shares of Mid-Tier Holding Company held by the MHC were cancelled and persons having liquidation interests in the MHC constructively received liquidation interests in the Mid-Tier Holding Company in exchange for their liquidation interests in the MHC.

5. As a result of the Mid-Tier Merger, the Bank will become a wholly owned subsidiary of the Holding Company.

**NOW, THEREFORE**, in consideration of the premises and mutual agreements contained herein, the parties hereto have agreed as follows:

1. **Merger.** At and on the Effective Date of the Mid-Tier Merger, the Mid-Tier Holding Company will merge with and into the Holding Company with the Holding Company as the resulting corporation (the “Resulting Corporation”), whereby the Bank will become the wholly owned subsidiary of the Holding Company. As part of the Mid-Tier Merger, persons who had liquidation interests in the MHC who constructively received liquidation interests in the Mid-Tier Holding Company as part of the MHC Merger will exchange the liquidation interests in

the Mid-Tier Holding Company that they constructively received for interests in the Liquidation Account.

2. **Effectiveness and Effective Date.** The Mid-Tier Merger shall not be effective until and unless: (i) the Plan is approved by the Division of Banks of the Commonwealth of Massachusetts; (ii) the Conversion is approved by the Division of Banks of the Commonwealth of Massachusetts and the Board of Governors of the Federal Reserve System; (iii) the Plan and this Mid-Tier Merger Agreement are approved by the MHC as the sole stockholder of the Mid-Tier Holding Company; (iv) the Plan and this Mid-Tier Merger Agreement are approved by the Mid-Tier Holding Company as the sole stockholder of the Holding Company; and (v) Articles of Merger shall have been filed with the Secretary of the Commonwealth of Massachusetts and Maryland State Department of Assessments and Taxation with respect to the Mid-Tier Merger. The Mid-Tier Merger shall become effective on such date and at such time as specified in the filing accepted by the Massachusetts Division of Banks.

3. **Name.** The name of the Resulting Corporation shall be NB Bancorp, Inc.

4. **Offices.** The main office of the Resulting Corporation shall be 1063 Great Plain Avenue, Needham, Massachusetts 02492.

5. **Articles of Organization and Bylaws.** The Articles of Organization and Bylaws of the Mid-Tier Holding Company, as in effect immediately prior to the Effective Date, shall be the Articles of Organization and Bylaws of the Resulting Corporation.

6. **Directors and Officers.** The directors and officers of the Holding Company immediately prior to the Effective Date shall be the directors and officers of the Resulting Corporation after the Effective Date.

7. **Rights and Duties of the Resulting Corporation.** At the Effective Date, the Mid-Tier Holding Company shall merge with the Holding Company, with the Holding Company as the Resulting Corporation. The business of the Resulting Corporation shall be that of a Maryland corporation as provided in its Articles of Incorporation. All assets, rights, interests, privileges, powers, franchises and property (real, personal and mixed) of the Mid-Tier Holding Company and the Holding Company shall be transferred automatically to and vested in the Resulting Corporation by virtue of the Mid-Tier Merger without any deed or other document of transfer. The Resulting Corporation, without any order or action on the part of any court or otherwise and without any documents of assumption or assignment, shall hold and enjoy all of the properties, franchises and interests, including appointments, powers, designations, nominations and all other rights and interests as the agent or other fiduciary in the same manner and to the same extent as such rights, franchises, and interests and powers were held or enjoyed by the Mid-Tier Holding Company and the Holding Company. The Resulting Corporation shall be responsible for all of the liabilities, restrictions and duties of every kind and description of the Mid-Tier Holding Company and the Holding Company immediately prior to the Mid-Tier Merger, including liabilities for all debts, obligations and contracts of the Mid-Tier Holding Company and the Holding Company, matured or unmatured, whether accrued, absolute, contingent or otherwise and whether or not reflected or reserved against on balance sheets, books

of accounts or records of the Mid-Tier Holding Company or the Holding Company. The stockholders of the Holding Company shall possess all voting rights with respect to the shares of stock of the Resulting Corporation. All rights of creditors and other obligees and all liens on property of the Mid-Tier Holding Company and the Holding Company shall be preserved and shall not be released or impaired.

8. **Rights of Stockholders.** At the Effective Date, persons who had liquidation interests in the MHC who constructively received liquidation interests in the Mid-Tier Holding Company in exchange for their liquidation interests in the MHC as part of the MHC Merger, will exchange their liquidation interests in the Mid-Tier Holding Company for interests in the Stock Holding Company Liquidation Account.

9. **Other Terms.** The Plan is incorporated herein by this reference and made a part hereof to the extent necessary or appropriate to effect and consummate the terms of this Mid-Tier Merger Agreement and the Conversion.

**[Signature page follows]**

**IN WITNESS WHEREOF**, the Mid-Tier Holding Company and the Holding Company have caused this Mid-Tier Merger Agreement to be executed as of the date first above written.

ATTEST:

\_\_\_\_\_  
Denise Dunn, Secretary

**NB Financial, Inc.**  
**(a Massachusetts corporation)**

By: \_\_\_\_\_  
Joseph P. Campanelli  
President and Chief Executive Officer

ATTEST:

\_\_\_\_\_  
Denise Dunn, Secretary

**NB Bancorp, Inc.**  
**(a Maryland corporation)**

By: \_\_\_\_\_  
Joseph P. Campanelli  
President and Chief Executive Officer



