

MAINE BUREAU OF FINANCIAL INSTITUTIONS  
ORDER APPROVING APPLICATION OF GORHAM SAVINGS BANK,  
GORHAM, MAINE TO REORGANIZE INTO A MUTUAL HOLDING COMPANY  
STRUCTURE

Gorham Savings Bank, Gorham, Maine applied to the Superintendent of the Maine Bureau of Financial Institutions (the "Superintendent"), pursuant to 9-B M.R.S.A. Chapter 105, to reorganize into a mutual holding company structure whereby Gorham Savings Bank will become an investor-owned universal bank ("Stock Bank"), which will be wholly-owned by Gorham Bancorp, Inc., an intermediary holding company which will be wholly-owned by Gorham Bancorp, MHC, a Maine-chartered mutual holding company. Substantially all of the assets and liabilities, including all of the deposit accounts, of Gorham Savings Bank will become assets and liabilities of Stock Bank.

The application was accepted for processing on May 18, 2006. Public notice, as required by Title 9-B M.R.S.A. 252.2(B), was provided by publication, posting on the Bureau's website and e-mail to interested parties affording them an opportunity to either submit written comments or request a hearing. No comments were received by the Bureau during the public comment period ending June 23, 2006.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions conducted an investigation of this transaction. All evidence and pertinent material that were considered by the Examiner were also considered by the Superintendent in reaching his decision.

This is merely an internal reorganization that will have no effect on the management, capital, financial condition or operations of Gorham Savings Bank. The reorganization is intended to better position the bank to compete and to respond to regulatory developments. Additionally, the reorganization will provide greater flexibility in making acquisitions, expanding operations and in accessing funds (capital and borrowings). Last, the reorganization also preserves the benefits of the mutual form of organization. The stock holding company (Gorham Bancorp, Inc.) must own 100% of the Stock Bank, and the mutual holding company must own at least 51% of the stock holding company. There are no plans to issue stock to depositors or to the public at this time and any future issuance of stock requires the Superintendent's prior written approval.

The terms and conditions of the transaction appear equitable to all parties. The proposed merger should contribute to the strength of Gorham Savings Bank and hence to the banking needs of the Gorham market. Therefore, the application of Gorham Savings Bank to reorganize into a mutual holding company structure as detailed in its application is approved, subject to the appropriate approvals of

the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System. The transaction shall be completed within one year of the effective date of this Order, unless a written extension is granted by the Superintendent.

Pursuant to Section 241(9) of the Maine Banking Code, permission is also granted to Gorham Bancorp, Inc. and Gorham Bancorp, MHC to use the term "banc" in their respective names.

Any person aggrieved by this Order shall be entitled to a judicial review of the Order in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter VII.

By Order of the Superintendent, effective immediately.

/s/ Lloyd P. LaFountain III  
Superintendent  
Gardiner, Maine  
July 6, 2006