



FOR IMMEDIATE RELEASE

Stoneham Savings Bank is Now a Division of Salem Five Bancorp

**Mutual Banks with 150-Year Histories Combine Strengths, Resources
to Broaden Regional Offering**

SALEM, Mass., February 1, 2012 – Salem Five Bank and Stoneham Savings Bank today announced that their affiliation has been finalized by the Massachusetts Division of Banks, the FDIC and the Federal Reserve. Under the agreement, Stoneham Savings Bank will operate as an independent subsidiary for the next several years and be known as Stoneham Savings, a division of Salem Five Bancorp. In 2015 they will fully integrate operations and consolidate into a single bank. The agreement also includes Stoneham Savings Bank’s robust insurance practice, New England Heritage Insurance Agency Group, which will merge fully and immediately with Salem Five’s insurance division and become Salem Five New England Heritage Insurance, operated by Salem Five.

The Massachusetts banks, coincidentally chartered within days of one another in March of 1855, are dedicated to the continuation of their rich histories of independent banking woven into the fabric of their communities, and to their expansion into a regional financial services organization. Together, the combined entity serves the region with 30 locations and \$3.1 billion in assets, \$2.8 billion from Salem Five and \$335 million from Stoneham Savings Bank. The offerings include commercial, retail, mortgage, insurance and investment services. Both banks currently operate insurance subsidiaries; the merger of the banks’ insurance divisions creates one of the largest bank-owned insurance companies in Massachusetts. Last year, Salem Five acquired Argeros Insurance of Reading, Mass.

“Salem Five and Stoneham Savings both have longstanding histories as community banks with high standards of integrity, as well as a sense of responsibility for the economic vitality of our towns and cities,” said Joseph Gibbons, Salem Five President and Chief Executive Officer. “This merger reinforces our commitment to mutuality, which keeps the bank accountable to our customers, employees and communities, as together we continue to build the modern mutual banking model that is increasingly relevant to today’s consumers and businesses.”

Under the terms of the transaction agreed upon in July 2011, Stoneham Savings Bank will operate as a division of Salem Five Bancorp for three years before merging fully in 2015. All Stoneham Savings Bank employees will retain their jobs, a critical and meaningful commitment made by Salem Five. Stoneham Savings Bank President and Chief Executive Officer Don Fournier will lead Stoneham Savings, a division of Salem Five Bancorp. Senior management will retain their current roles and no branches will be closed. In addition, the Stoneham Savings Bank board of trustees will become the board of directors of Stoneham Savings, a division of Salem Five Bancorp; Salem Five will add two representatives to the Stoneham Savings board. Finally, six Stoneham Savings Bank incorporators will join the Salem Five Bancorp board of incorporators, three of whom shall also serve on the Salem Five Bancorp board of trustees.

“We share the visions of mutual and community banking set forth by our founders more than 150 years ago,” said Don Fournier, Stoneham Savings President and Chief Executive Officer. “I have always been impressed with Salem Five’s innovative approach. I believe our partnership will enable us to better serve our clients through the breadth of Salem Five’s offerings.”

Stoneham Savings Bank’s six Massachusetts locations are in Stoneham, Burlington, Malden, North Andover and Tewksbury. Salem Five, which opened a Stoneham office in the fall of 2010, has 23 locations in Boston, the North Shore and Metrowest.

Salem Five (salemfive.com) believes better banking starts with listening. A mutual institution founded in 1855, Salem Five designs and delivers sophisticated retail and commercial banking products and services coupled with smart technology. Among the first banks in the country to offer online banking, Salem Five continues to innovate, providing banking access wherever its customers need it: online, mobile, ATMs, offices, phone, email and more. Salem Five is one of the largest Massachusetts-headquartered banks with \$2.8 billion in assets, and has 22 retail branches. Salem Five Mortgage Company finances more homes statewide than any other Massachusetts bank, and has offices throughout Massachusetts, Maine and Rhode Island. Salem Five Investment Services offers financial and retirement planning, portfolio review and money management with a focus on retirement income. Salem Five Insurance Agency provides personal and commercial insurance. Stoneham Savings, a division of Salem Five Bancorp (stonesav.com, has assets over \$335 million and provides a full range of financial services to individual consumers and small- and middle-market businesses through six branches in Middlesex County. Deposits are insured through the FDIC and DIF.

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