

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Laconia Savings Bank Laconia, New Hampshire

Applications for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Sections 5 and 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), applications have been filed on behalf of LSB Bank, Laconia, New Hampshire (Stock Bank), a newly formed, Bank Insurance Fund member, state-chartered stock savings bank for federal deposit insurance and for the Corporation's consent to merge Stock Bank with Laconia Savings Bank, Laconia, New Hampshire (Mutual Bank), a Bank Insurance Fund member, state-chartered mutual savings bank with total resources of \$395,060,000 and total deposits of \$278,304,000 as of December 31, 1997.

This transaction is the result of Mutual Bank's plan of reorganization which, solely to facilitate this undertaking, includes:

- 1) The formation of a new stock savings bank to be named LSB Savings Bank;
- 2) The organization of a New Hampshire chartered mutual holding company to be known as the Independent Mutual Holding Company (Independent);
- 3) The merger of Mutual Bank and Stock Bank, with the resultant institution retaining the charter and by laws of Stock Bank and the name Laconia Savings Bank.

Laconia Savings Bank will be a wholly owned subsidiary of Independent. The principal office will be at 62 Pleasant Street, Laconia, New Hampshire, the present location of Mutual Bank.

A review of available information, including the Community Reinvestment Act (CRA) Statements of the proponent, discloses no inconsistencies with the purposes of the CRA. The new institution is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

Favorable findings have been accorded to all factors considered pertinent to each application. Accordingly, it is the Corporation's judgment that the applications should be and hereby are approved subject to the following conditions:

- 1 . That federal deposit insurance shall not become effective unless and until the applicant has been established as a stock savings bank by the State authority and the mutual holding company has received approval to become a mutual holding company from the New Hampshire Bank Commissioner.
2. That Stock Bank shall not issue minority shares without prior written notification to and non-objection from the FDIC.
3. That Independent shall provide written notification to the Corporation prior to its conversion to stock form and shall provide the Corporation with copies of all documents filed with state and federal banking and/or securities regulators in connection with any proposed conversion of the mutual holding company to stock form.
4. That, should any shares of stock be issued to persons other than Independent, any dividends waived by Independent must be retained by the savings bank and segregated, earmarked, or otherwise identified on its books and records; such amounts must be taken into account in any valuation of the bank and

Independent and factored into the calculation used in establishing a fair and reasonable basis for exchanging bank shares for holding company shares in any subsequent conversion of Independent to stock form; and such amounts shall not be available for payment to or the value thereof transfer-red to minority shareholders of the bank by any means including through dividend payments or at liquidation.

5. That the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor later than six months after the date of this Order unless such period is extended for good cause by the Corporation.

6. That until the conditional commitment herein granted becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action.

Dated at Washington, D.C., this 14th day of April 1998.

Mark S. Schmidt
Associate Director