



Federal Deposit Insurance Corporation  
550 17th St. NW Washington DC, 20429

Division of Supervision and Consumer Protection

June 9, 2004

**VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Board of Directors  
Collinsville Savings Society  
136 Main Street  
Canton, Connecticut 06019

Dear Members of the Board:

The Notice to effect a mutual holding company reorganization with a merger to facilitate a conversion from mutual form to stock form filed on behalf of Collinsville Savings Society, Canton, Connecticut (Bank), has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160-303.163 and other pertinent regulations. Based on the information presented and representations made, we do not object to the proposal.

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

As part of the Notice, the Bank has requested, in accordance with 12 C.F.R. Section 333.4(a), a waiver of certain provisions of the FDIC's regulations pertaining to mutual-to-stock conversions, specifically, the depositor vote requirement of 12 C.F.R. Section 333.4(c)(2). We reviewed the Bank's request and have found that a sufficient number of incorporators voted in favor of the proposed transaction. Therefore, the Bank's request for a waiver is granted.

Pursuant to Section 4(d) of the Federal Deposit Insurance Act, the resultant bank will be an insured depository institution.

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

Sincerely,

***/S/***

John M. Lane  
Deputy Director

Enclosure

cc: Robert M. Taylor, III  
Day, Berry & Howard LLP  
City Place I  
Hartford, Connecticut 06103-3499

# FEDERAL DEPOSIT INSURANCE CORPORATION

Collinsville Savings Society  
Canton, Hartford County, Connecticut

Application for Consent to Merge

## ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 4 and Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of the Collinsville Savings Society, Canton, Connecticut (Mutual Institution), currently a state-chartered mutually-owned Bank Insurance Fund member with total resources of \$95,740,000 and total deposits of \$76,584,000 as of March 31, 2004, for the FDIC's consent to merge with Collinsville Savings Society (Stock Savings Bank), Canton, Connecticut, a proposed new state-chartered stock savings bank, the resultant bank. In addition, the applicant has requested confirmation of federal deposit insurance for Stock Savings Bank.

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

- Mutual Institution to form Collinsville Savings Mutual Holding Company, a Connecticut-chartered mutual holding company.
- Collinsville Savings Mutual Holding Company (Collinsville Savings, MHC) will organize Stock Savings Bank as a Connecticut-chartered stock savings bank and receive 100% of its issued and outstanding stock.
- Mutual Institution will then merge with and into Stock Savings Bank, with Stock Savings Bank as the surviving entity (Resultant Bank).
- Upon consummation, Collinsville Savings, MHC will own 100 percent of the issued and outstanding stock of Stock Savings Bank.

At the conclusion of the reorganization, the deposits of the Resultant Bank will continue to be insured under the Bank Insurance Fund. On the effective date of the reorganization, the Resultant Bank will be a stock bank and the wholly owned subsidiary of Collinsville Savings, MHC. Applications for the establishment of Collinsville Savings, MHC have been filed with the Federal Reserve System. Following the consummation of the merger, the Resultant Bank will operate the same business, under the same name, with the same management, at the same locations now being served by the Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the

market served by the Mutual Institution. The Resultant Bank's principal office will continue to be located at 136 Main Street, Canton, Connecticut.

Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act. A review of available information, including the Community Reinvestment Act (CRA) Statement of the proponent, disclosed no inconsistencies with the purposes of the CRA. The Resultant Bank is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the Resultant Bank, the convenience and needs of the community to be served, and the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities. Having found favorably on all statutory factors and having considered other relevant information, including all reports on competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Director of the Office of Thrift Supervision and the Attorney General of the United States, it is the FDIC's judgment that the application should be and hereby is approved, subject to the following conditions:

1. That except for the proposed transfer of stock to Collinsville Savings, MHC, no shares of the stock of Stock Savings Bank shall be sold, transferred or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless prior notice is provided to, and non-objection is received from the FDIC;
2. That, prior to a sale, transfer or other disposition of any shares of Stock Savings Bank by Collinsville Savings, MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of Collinsville Savings, MHC, to stock form, Collinsville Savings Society will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with the state and federal banking and/or securities regulators in connection with any sale, transfer, disposition or conversion;
3. That, should any shares of stock be issued to persons other than Collinsville Savings, MHC, any dividends waived by Collinsville Savings, MHC, must be retained by Collinsville Savings, MHC, or Collinsville Savings Society and segregated, earmarked or otherwise identified on its books and records; such amounts must be taken into account in any valuation of the institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of Collinsville Savings, MHC, to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by any means including through dividend payments or at liquidation;

4. That, any change in proposed management, including the board of directors, will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction;
5. That the proposed transaction may not be consummated unless and until the Resultant Bank has the authority to conduct banking business, and that its establishment and operation as a stock savings bank has been fully approved by appropriate State of Connecticut officials, and its holding company, Collinsville Savings, MHC, is granted approval by the Federal Reserve to become the holding company for Collinsville Savings Society;
6. 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 the Order, unless such period is extended for good cause by the FDIC; and
7. That, until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

By Order of the Deputy Director of the Division of Supervision and Consumer Protection pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C. this *9<sup>th</sup>* day of *JUNE*, 2004.

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John M. Lane  
Deputy Director