



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

Division of Supervision

VIA FACSIMILE AND BY CERTIFIED RETURN RECEIPT REQUESTED

Board of Directors
Terre Haute Savings Bank
533 Ohio Street
Terre Haute, Indiana 47808

September 15, 2000

Dear Board of Directors:

The notice of intent to convert from mutual to stock form filed on behalf of Terre Haute Savings Bank, Terre Haute, Indiana, has been reviewed by the Federal Deposit Insurance Corporation ("FDIC") pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.163 and 333.4. Based on the information and representations presented, the FDIC **poses no objection** to the proposed conversion transaction.

Please notify our Chicago Regional Office in writing when the proposed transaction has been consummated.

Sincerely,

/s/

Michael J. Zamorski
Deputy Director

cc: John W. Tansell
Krieg, Devault, Alexander & Capehart, LLP
One Indiana Square, Suite 2800
Indianapolis, Indiana 46204-2017

FEDERAL DEPOSIT INSURANCE CORPORATION

IN RE: Terre Haute Savings Bank
Terre Haute, Vigo County, Indiana
Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of Terre Haute Savings Bank, Terre Haute, Indiana ("Savings Bank"), an Indiana chartered mutual savings bank for the FDIC's consent to merge with an interim Indiana-chartered stock savings bank ("Stock Bank"). Savings Bank is a Bank Insurance Fund ("BIF") member, with total assets of \$105,982,000 and total deposits of \$89,209,000 as of September 30, 1999.

These filings were made in connection with the "Terre Haute Savings Bank Plan of Reorganization to a Mutual Holding Company and Stock Issuance Plan" (the "Plan"). Pursuant to the Plan, Savings Bank will: (i) merge with an interim stock savings bank, THSB Merger Bank, which will own 100 percent of the stock of the stock savings bank, that will succeed to all the rights and obligations of Savings Bank; and (ii) establish an Indiana mutual holding company, Terre Haute Savings, MHC, Inc. ("MHC") which will own 100 percent of the stock of Stock Bank. Presently there are no plans to offer for sale any portion of its stock. The proposed transaction per se will not alter the competitive structure of banking in the market currently served by Savings Bank. Savings Bank's principal office will remain at 533 Ohio Street, Terre Haute, Vigo County, Indiana. 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 Savings Bank discloses no inconsistencies with the purposes of the CRA. The bank is expected to continue to meet the credit needs of its entire community, consistent with 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 resultant Bank, and the convenience and needs of the community to be served. Having found favorably on these statutory factors and having considered other relevant information, including any reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, or the Attorney General of the United States, it is the FDIC's judgement that the application should be and hereby is approved, subject to the following conditions:

- (1) That the proposed transaction may not be consummated unless and until the FDIC issues a non-objection letter to the Notice filed on behalf of the applicant pursuant to section 303.161 of the FDIC's Rules and Regulations concerning the mutual-to-stock conversion portion of this transaction;
- (2) That prior to a sale, transfer, or disposition of any shares of Savings Bank by the MHC to any person (including any Employee Stock Ownership Plan), or a conversion of the mutual holding company to stock form, MHC will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and Federal banking and/or securities regulators in connection with any such sale, transfer, disposition, or conversion;
- (3) That, should any shares of the stock of Savings Bank or the Stock Bank be issued to persons other than MHC, any dividends waived by MHC must be retained by Savings Bank or the Stock Bank and segregated, earmarked, or otherwise identified on the books and records of Savings Bank or the Stock Bank; 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 MHC to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by means including through dividend payments or at liquidation;

(4) That any changes in proposed management, including the board of directors or proposed ownership (10 percent or more of the stock and new acquisitions of or subscriptions to 10 percent or more of the stock), will render this approval null and void unless such proposal is approved by the Regional Director (Supervision) of the FDIC's Chicago Regional Office prior to the consummation of the proposed transaction;

(5) The transaction being consummated not less than fifteen calendar days after the date of this Order or later than six months after the date of the Order, unless such period is extended for good cause by the FDIC;

(6) That the application by the mutual holding company to become a bank holding company is approved by appropriate state and Federal regulatory authorities;

(7) Until the proposed transaction is consummated, the FDIC has 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 pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this day of March, 2000.

/s/

Michael J. Zamorski
Deputy Director