

OFFICE OF THRIFT SUPERVISION

**APPROVAL OF CONVERSION OF A STATE SAVINGS BANK TO
A FEDERAL SAVINGS BANK, MUTUAL HOLDING COMPANY
REORGANIZATION AND HOLDING COMPANY ACQUISITION**

Order No.: 2001-64
Date: October 19, 2001
Docket No.: 17893, H-3769, H-3770

West Bend Savings Bank, West Bend, Wisconsin (the Savings Bank), has applied to the Office of Thrift Supervision (OTS), pursuant to Section 5 of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464, and 12 C.F.R. § 543.8, to convert from a mutual state chartered savings bank to a mutual federally chartered savings bank. The Savings Bank has also filed notice (the Notice) of its intent to reorganize into a mutual holding company to be known as WBSB Bancorp, M.H.C. (the Mutual Holding Company), pursuant to Section 10(o) of the HOLA, 12 U.S.C. § 1467a(o), and 12 C.F.R. § 575.3. The Notice seeks OTS approval of the Savings Bank's reorganization into a mutual holding company structure, along with all of the constituent elements of such a conversion and reorganization. In addition, WBSB Bancorp, Inc. (the Stock Holding Company) seeks approval from OTS, pursuant to 12 U.S.C. §§ 1467a(e) and 1467a(o), and 12 C.F.R. §§ 574.3 and 575.14, to acquire the Savings Bank. (Collectively, the foregoing are referred to herein as the Applications.)

OTS has considered the Applications, and the transactions described therein, under the factors set forth in 12 U.S.C. §§ 1464, 1467a(e) and 1467a(o), and 12 C.F.R. §§ 543.8, 574.7, 575.4 and 575.14, under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and the OTS regulations thereunder at 12 C.F.R. Part 563e, and other applicable statutes and regulations. In addition, OTS has considered a digest by the OTS Central Regional Office, an analysis by Examination Policy, and a legal opinion issued by the Business Transactions Division (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS has determined that the Conversion, mutual holding company reorganization and holding company acquisition would be in compliance with all of the applicable standards and criteria, with the exception of 12 C.F.R. §§ 575.6(a) and 575.6(b), provided the conditions set forth below are satisfied. Pursuant to 12 C.F.R. § 575.1(b), OTS hereby waives the applicability of 12 C.F.R. §§ 575.6(a) and 575.6(b).

Accordingly, the Applications, and the transactions described therein, are hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director):

1. The Savings Bank, the Mutual Holding Company and the Stock Holding Company must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals supplied to the Regional Director;
2. The proposed transaction must be consummated within 120 calendar days of the date of this approval order;
3. On the business day prior to consummation of the transaction, the Savings Bank must submit to the Regional Director a certification stating that the conversion and reorganization have been approved by the majority of the total votes eligible to be cast at the special meeting of members of the Savings Bank called to vote on the transaction;
4. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Savings Bank, the Mutual Holding Company and the Stock Holding Company must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Savings Bank, the Mutual Holding Company and the Stock Holding Company as disclosed in the Applications, including but not limited to directors, shareholders, or the business plan. If additional information having a material adverse bearing on any feature of the Applications is brought to the attention of the Savings Bank or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
5. Upon completion of the organization of the interim federal savings banks, the board of directors of the interim federal savings banks, the Mutual Holding Company, and the Savings Bank must ratify the Plan of Mutual Holding Company Reorganization;
6. No later than 5 calendar days after the date of consummation of the conversion, reorganization and acquisition, the Stock Holding Company and the Savings Bank must file with the Regional Director, a certification by legal counsel stating the effective date of the conversion, reorganization and acquisition, the exact number of shares of stock of the Savings Bank acquired by the Stock Holding Company, the exact number of shares of stock of the Stock Holding Company acquired by the Mutual Holding Company, that the interim Federal Savings Banks did not open for business, and that the conversion, reorganization and acquisition have been consummated in accordance with all applicable laws and regulations, the Applications, the Plan of Conversion, the Plan of Reorganization, and the approval order;
7. The Savings Bank must operate within the parameters of its business plan. The Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Stock Holding Company or the Mutual Holding Company), for the prior written non-objection of the Regional Director. The Savings Bank must submit the request for a change at least 60 calendar days before the proposed change is to be implemented, with a copy to the FDIC Regional Office; and

8. The Savings Bank must submit quarterly variance reports depicting the Savings Bank's operations versus the submitted business plan to the Regional Director within 45 days of the end of each quarter for the first three years following the consummation of the transaction.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective October 19, 2001.



Scott M. Albinson
Managing Director
Office of Supervision