

OFFICE OF THRIFT SUPERVISION

APPROVAL OF HOLDING COMPANY APPLICATION

ORDER NO.: 97-57

DATE: June 11, 1997

Harbor Florida Bancorp, Inc., Fort Pierce, Florida (the "Stock Holding Company") seeks approval of the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. §§ 1467a(e) and 1828(c) and 12 C.F.R. §§ 552.2-2, 552.13, 563.22, and 574.3, to acquire Harbor Federal Savings Bank, Fort Pierce, Florida (the "Savings Bank"), a subsidiary of Harbor Financial, M.H.C. (the "Mutual Holding Company") in a multi-step transaction in which: (1) the Savings Bank will organize the Stock Holding Company as a wholly owned subsidiary; (ii) the Stock Holding Company will organize an interim Federal stock savings bank (the "Interim") as a wholly owned subsidiary; (iii) the Interim will merge into the Savings Bank, with the Savings Bank as the surviving institution; and (iv) in connection with the merger of the Interim into the Savings Bank, (A) all issued and outstanding shares of the Stock Holding Company held by the Savings Bank will be canceled, (B) all issued and outstanding shares of the Savings Bank's stock will be converted by operation of law into shares of the Stock Holding Company's common stock, and (C) all of the issued and outstanding shares of the Interim (which will be held by the Stock Holding Company) will be converted by operation of law into shares of the Savings Bank (the "Application").

The OTS has considered the Application under the factors set forth in 12 U.S.C. §§ 1467a(e), 1467a(o), and 1828(c), and 12 C.F.R. §§ 552.2-2, 552.13, 563.22, 563.134, and 574.7, under the Community Reinvestment Act, 12 U.S.C. §§ 2901, et seq., and under the OTS regulations thereunder at 12 C.F.R. Part 563e. In addition, the OTS has considered a digest by the OTS Southeast Regional Office, an analysis by Corporate Activities, and a legal opinion issued by the Business Transactions Division. Based on the foregoing statutes, regulations, and materials, the OTS has determined that the proposed transaction would be in compliance with all of the applicable standards and criteria, provided the conditions set forth below are satisfied. Accordingly, the Application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee ("Regional Director"):

1. The Stock Holding Company shall receive all required regulatory approvals prior to consummation of the reorganization and acquisition with copies of all such approvals supplied to the Regional Director;
2. The proposed acquisition shall be consummated within 120 calendar days after the date of the approval order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Mutual Holding Company, the Stock Holding Company, and the Savings Bank shall certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Mutual Holding Company, the Stock Holding Company, and the Savings Bank, respectively, since the date of the financial statements submitted with the Application;
4. Upon completion of the organization of the interim federal savings bank, the board of directors of the interim federal savings bank, the Stock Holding Company, and the Savings Bank shall ratify the Agreement of Merger and Amended Plan of Reorganization;
5. No later than 5 calendar days from the date of consummation of the acquisition, the Stock Holding Company shall file with the Regional Director, a certification by legal counsel stating the effective date of the 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, the interim federal savings bank did not open for business, and that the acquisition has been consummated in accordance with all applicable laws and regulations, the Application, the Agreement of Merger and Amended Plan of Reorganization, and the approval order;
6. No later than one year from the date of consummation of the acquisition, the Stock Holding Company shall obtain a Federal charter from the OTS and submit bylaws acceptable to the Director, Corporate Activities;

7. The Stock Holding Company shall be subject to the provisions of the Mutual Holding Company ("MHC") Regulations pertaining to minority stock issuances as if it were a former mutual savings association that reorganized into a mutual holding company structure. For the purposes of 12 C.F.R. § 575.11(e), the Stock Holding Company shall be deemed to be a subsidiary savings association;

8. The Stock Holding Company shall be subject to the same restrictions (including, but not limited to, the activities limitations) that the Mutual Holding Company, is subject to under section 10(o)(5) of the HOLA and 12 C.F.R. §§ 575.10, 575.11 and 575.12, as well as any other pertinent statutory and regulatory provisions;

9. The Stock Holding Company must hold all of the issued and outstanding common stock of the Savings Bank, and the Savings Bank may not issue any other class of equity security;

10. The Stock Holding Company and the Savings Association must obtain approval from the OTS prior to issuing any securities;

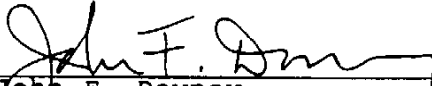
11. The Stock Holding Company shall be subject to the provisions of 12 C.F.R. Part 552 pertaining to amendments of charters and bylaws as if the Stock Holding Company were a federal stock savings association;

12. The Stock Holding Company shall cease any activity, reverse any action, or amend any provision of its charter or bylaws, to which the OTS objects as being contrary to the MHC Regulations in effect at this time or as subsequently amended; and

13. If the Mutual Holding Company undertakes a mutual-to-stock conversion, OTS policies regarding purchases of stock in the conversion will apply to shareholders of the Stock Holding Company.

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

By Order of the Director of the Office of Thrift Supervision, or his designee, effective June 11, 1997.



John F. Downey
Executive Director, Supervision