

## **IPO Arrangements**

Offering materials have been initially distributed to certain persons by mail, with additional copies made available through our Stock Information Center. All prospective purchasers are to send payment directly to us at our main office, where such funds will be held in a segregated savings account at The Bank and not released until the offering is completed or terminated.

We have engaged Braxton Capital, who works closely with a broker-dealer registered with the NASD, as a financial and marketing advisor in connection with our stock offering. Braxton Capital will assist us in the offering as follows: (1) consulting as to the financial and securities marketing implications of the plan of conversion or related corporate documents; (2) reviewing with our board of directors the financial impact of the offering, based upon the independent appraiser's appraisal of the common stock; (3) reviewing all offering documents, including the prospectus, stock order forms and related offering materials (we are responsible for the preparation and filing of such documents); (4) assisting in the design and implementation of a marketing strategy for the offering; (5) assisting us in scheduling and preparing for meetings with potential investors and broker-dealers; and (6) providing such other general advice and assistance as we may request in order to promote the successful completion of the offering.

For these services, Braxton Capital will receive a fee equal to 0.90% of the price at which the shares of common stock are sold in the conversion, excluding shares purchase by or on behalf of the employee stock incentive and option plan, the Charitable Foundation, and any trustee, director, officer or employee of our company or The Bank. If there is a syndicated offering, Braxton Capital will receive a management fee of 0.90% of the aggregate dollar amount of the common stock sold in the syndicated community offering and other broker dealers will receive compensation for shares sold by them in the syndicated community offering. The fee to be paid to other broker dealers in connection with shares sold by them in the syndicated community offering will be determined at the time of the syndicated community offering and will be in accordance with market and competitive practices at such time. The total fees payable to Braxton Capital and other NASD member firms in the syndicated offering shall not exceed 5.0% of the aggregate dollar amount of the common stock sold in the syndicated community offering. We have made no advance payment to Braxton Capital for these services.

We have agreed to indemnify Braxton Capital against liabilities and expenses (including legal fees) incurred in connection with certain claims or litigation arising out of or based upon untrue statements or omissions contained in the offering material for the common stock, including liabilities under the applicable legislation.

We have also engaged Braxton Capital to act as records management agent in connection with the offering. In its role as records management agent, Braxton Capital will assist us in the offering as follows: (1) consolidation of accounts and development of a central file; (2) preparation of stock order forms; (3) organization and supervision of the stock information center; (4) subscription services; and (5) orientation and training of The Bank employees, as necessary.

Braxton Capital has not prepared any report or opinion constituting a recommendation or advice to us or to persons who subscribe for stock, nor has it prepared an opinion as to the fairness to us of the purchase price or the terms of the stock to be sold. Braxton Capital expresses no opinion as to the prices at which common stock to be issued may trade.

Our directors and executive officers may participate in the solicitation of offers to purchase common stock. Other trained employees may participate in the offering in ministerial capacities, providing clerical work in effecting a sales transaction or answering questions of a ministerial nature. Other questions of prospective purchasers will be directed to executive officers or registered representatives. We will rely on current legislation so as to permit officers, directors, and employees to participate in the sale of the common

stock. No officer, director or employee will be compensated for his or her participation by the payment of commissions or other remuneration based either directly or indirectly on the transactions in the common stock.

### **How We Determined Stock Pricing and the Number of Shares to be Issued**

Conversion regulations require that the aggregate purchase price of the securities sold in connection with the conversion be based upon an estimated pro forma value of our company and The Bank as converted (*i.e.*, taking into account the expected receipt of proceeds from the sale of securities in the offering), as determined by an independent appraisal. We retained Financial Valuations to make the independent valuation. Financial Valuations will receive a fee of up to \$105,000 for appraisal services, plus reasonable out-of-pocket expenses. We have agreed to indemnify Financial Valuations and its employees and affiliates against certain losses, including any losses in connection with claims under the federal securities laws, arising out of its services as appraiser, except where Financial Valuations' liability results from its negligence or bad faith.