



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

Division of Risk Management Supervision

February 12, 2016

CERTIFIED – RETURN RECEIPT REQUESTED

Board of Directors
Citizens Building and Loan, SSB
229 Trade Street
Post Office Box 388
Greer, South Carolina 29651

Subject: Notice of Intent to Convert to Stock Form and Merger Application
Citizens Building and Loan, SSB, Greer, South Carolina

Dear Members of the Board:

The Federal Deposit Insurance Corporation (“FDIC”) has reviewed the notice submitted by Citizens Building and Loan, SSB, Greer, South Carolina (“Mutual Institution”) to convert from mutual to stock form pursuant to the FDIC’s regulations at 12 C.F.R. §§ 303.160-303.163 and 333.4, and other pertinent regulations. The Mutual Institution will effect the reorganization by: (1) establishing a South Carolina mutual holding company to be known as Citizens Building and Loan MHC (“Citizens MHC”); (2) organizing a State-chartered stock savings bank to be known as Citizens Building and Loan, SSB (“Stock Bank”) and transferring all of the assets and liabilities of the Mutual Institution to the Stock Bank; and (3) causing Citizens MHC to acquire 100% of the outstanding stock of the Stock Bank.

Based on the information provided and representations made, the FDIC poses no objection to the proposed Plan of Reorganization (“Plan”), subject to conditions (certain of which must be met on an ongoing basis) detailed in the enclosed Order and Basis for Corporation Approval (“Order”) approving the Bank Merger Act application submitted in connection with the reorganization.

Please provide the Atlanta Regional Office (ARO) written evidence that the Bank’s Plan was approved by the affirmative vote of at least a majority of the votes eligible to be cast by the Bank’s depositors and other stakeholders at a special meeting and notify the ARO in writing when the proposed transaction has been consummated. Should you have any questions, please contact Case Manager Patrice Echols at (404) 267-5428.

If an extension of the time limit in the Order is required, a letter requesting a specific extension of the limitation, and the reasons for the extension, should be submitted to Regional Director Michael J. Dean at 10 Tenth Street, Suite 800, Atlanta, Georgia 30039.

Sincerely,

/s/

James C. Watkins
Senior Deputy Director

Enclosure: Order and Basis for Corporation Approval

cc : Greyson E. Tuck
Gerrish McCreary Smith, PC
700 Colonial Road, Suite 200
Memphis, Tennessee 38117

Louie A Jacobs
Commissioner of Banking
South Carolina State Board of Financial Institutions
1205 Pendleton Street, Suite 305
Columbia, South Carolina 29201

Adam M. Drimer
Assistant Vice President
Federal Reserve Bank of Richmond
FRBR Warehouse
2050 Magnolia Street
Richmond, Virginia 23223

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Citizens Building and Loan, SSB
Greer, South Carolina

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance (FDI) Act, Citizens Building and Loan, SSB, Greer, South Carolina, ("Mutual Institution" or "Bank") currently a State-chartered, mutually-owned Deposit Insurance Fund ("DIF") member with total assets of \$122 million and total deposits of \$81 million as of December 31, 2015, filed an application ("Application") for the FDIC's consent to merge with Citizens Building and Loan, SSB, Greer, South Carolina, a to be formed State-chartered stock savings bank. The Application was filed in conjunction with a Notice of Intent to Convert to Stock Form ("Notice") pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160-303.163 and other pertinent regulations.

The transaction is to effect the Mutual Institution's plan of reorganization ("Plan"), which, solely to facilitate such an undertaking, provides for:

- The Mutual Institution to establish a South Carolina mutual holding company to be known as Citizens Building and Loan MHC ("Citizens MHC").
- The Mutual Institution to reorganize into a State-chartered stock savings bank to be known as Citizens Building and Loan, SSB ("Stock Bank") by organizing the Stock Bank and transferring all of the assets and liabilities of the Mutual Institution to the Stock Bank.
- For the MHC to acquire 100% of the outstanding stock of the Stock Bank.

Upon consummation of the proposal, the deposits of the Stock Bank will be insured by the DIF. On the effective date of the reorganization, the Stock Bank will be wholly-owned by the MHC.

Following the consummation of the merger, the Stock Bank will operate the same banking business with the same management at the same location now being served by the Mutual Institution, which is its main office at 229 Trade Street, Greer, South Carolina. The proposed transaction will not alter the competitive structure of banking in the market served by the Mutual Institution.

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 Community Reinvestment Act ("CRA") performance of the relevant institutions, disclosed no inconsistencies with the purposes of the CRA. The Stock Bank is expected to continue to meet the credit needs of its entire community, consistent with its safe and sound operation.

In connection with the Application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent institutions and the resultant bank, the convenience and needs of the community to be served, and the effect of the proposed transaction on competition. The FDIC has also taken into consideration the effectiveness of the insured depository institutions involved in the proposed merger transaction in combating money laundering activities, and the risk of the transaction to the stability of the U.S. banking or financial system.

Having found favorably on all statutory factors, it is the FDIC's judgment that the Application for consent to merge is hereby approved, subject to the following conditions having been agreed to by the Bank, Stock Bank, or Citizens MHC, as appropriate. Some of these conditions are continuing in nature:

1. Providing written evidence that the Plan was approved by the affirmative vote of at least a majority of the votes eligible to be cast by the Bank's depositors and other stakeholders at a special meeting.
2. Providing written evidence that all necessary and final approvals regarding the proposed transactions have been obtained from the appropriate Federal and State authorities.
3. Notifying and obtaining prior, written non-objection from the FDIC Atlanta Regional Director for the payment of any dividends from the Stock Bank to Citizens MHC, for a one year period following the date of consummation of the conversion.
4. Except for the issuance of stock to Citizens MHC, no shares of stock of the Stock 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 Atlanta Regional Director.
5. Prior to a sale, transfer or other disposition of any shares of the Stock Bank by Citizens MHC to any person (including any Employee Stock Ownership Plan) or a conversion of Citizens MHC, to stock form, the Stock Bank shall provide written notification to the FDIC Atlanta Regional Director 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.
6. Should any shares of stock of the Stock Bank be issued to persons other than Citizens MHC, any dividends waived by Citizens MHC must be retained by the Stock Bank 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 Citizens MHC to stock form, and 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.
7. Any change in proposed senior executive officers or the board of directors, prior to the consummation of the proposed transactions, will render this approval null and void unless such proposal is approved by the FDIC Atlanta Regional Director prior to the consummation of the proposed transactions.
8. For a period of three (3) years after the date of the consummation of the proposed transactions, any material deviation from the Stock Bank's business plan submitted to the FDIC, will require prior written approval of the FDIC Atlanta Regional Director prior to implementation of such material deviation from the business plan.
9. The Bank acknowledges that any letter of non-objection to the Notice from the FDIC is conditioned on the facts and circumstances as currently known to the FDIC, and the Bank or the Stock Bank shall notify the FDIC Atlanta Regional Director as soon as the Bank or Stock Bank becomes aware of, or should have reason to become aware of, any material events prior to the consummation of the Plan.
10. The proposed transactions may not be consummated later than six (6) months after the date of this Order unless such period is extended for good cause by the FDIC.
11. Until the Plan is consummated, the FDIC has the right to alter, suspend, or withdraw its non-objection should any interim development be deemed to warrant such action.

Pursuant to the delegated authority of the FDIC Board of Directors.

Dated at Washington, D.C., this 12 th day of February, 2015.

/s/

James C. Watkins
Senior Deputy Director
Division of Risk Management Supervision