



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

July 5, 2012

BY CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Directors
1st Security Bank of Washington
6920 220th Street SW
Mountlake Terrace, Washington 98043

Re: Letter of Non-Objection

Dear Members of the Board:

The notice of intent to convert from mutual-to-stock form filed on behalf of 1st Security Bank of Washington, Mountlake Terrace, Washington, 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 provided and representations made, the FDIC poses no objection to the proposed conversion transaction.

In rendering this non-objection, the FDIC has relied significantly on the business plan underlying the subject application, including the accompanying projections. It is imperative that material deviations from the business plan be approved by the FDIC prior to implementation. Material changes in the business plan include, but are not limited to, any new or significantly altered products or services, or significant deviations from the adjusted financial projections submitted in connection with the application.

Please notify the FDIC's San Francisco Regional Director in writing when the proposed transaction has been consummated.

Sincerely,

/S/

James C. Watkins
Deputy Director

cc: Michael S. Sadow, P.C.
Beth Freedman, P.C.
Silver, Freedman, & Taff, L.L.P
3299 K Street N.W.
Washington, D.C. 20007