



Federal Deposit Insurance Corporation
550 17th Street, N.W., Washington, D.C. 20429

Division of Risk Management Supervision

September 16, 2013

Board of Directors
Security Savings Bank
101 North Howe Street
Southport, North Carolina 28461

Dear Board Members:

The Federal Deposit Insurance Corporation (FDIC) accepted Security Savings Bank's, Southport, North Carolina (Bank) notice of proposed mutual-to-stock conversion (Notice) on August 9, 2013. The Notice was filed in accordance with 12 C.F.R. Part 303, Subpart I, as supplemented by Part 333.4. As described in the Notice, the Bank proposes to convert from a North Carolina-chartered mutual savings bank to a stock form of ownership in a voluntary supervisory conversion that will include a supervisory merger transaction recognized by North Carolina law and conducted in accordance with section 18(c) of the Federal Deposit Insurance Act. As a result, the acquiring institution has submitted an Interagency Bank Merger Act Application to the FDIC.

The Bank has requested, pursuant to 12 C.F.R. Part 303.162(a), that the FDIC waive the requirements of 12 C.F.R. Parts 333.4(c)(2) and section 303.161(c)(6) for a vote approving the proposed transaction by the Bank's eligible depositors and for the preparation of a valuation of the Bank by an independent appraiser, respectively. Moreover, the Bank is seeking a determination by the FDIC's Board of Directors that the restrictions on the repurchase of stock and the stock benefit plan limitations set forth in 12 C.F.R. § 333.4(d) and (e) are inapplicable.

The Bank has demonstrated good cause for the waiver requests concerning the depositor vote and independent appraisal of the value of the Bank as required by section 333.4(c)(2) and section 303.161(c)(6), in accordance with 12 C.F.R. § 303.162(a)(2). By resolution dated September 10, 2013, the Board of Directors of the FDIC granted the Bank's waiver requests. Further, the Board of Directors of the FDIC determined that the restrictions on the repurchase of stock and the stock benefit plan limitations do not apply to the proposed transaction.

Based on the information and representations presented in the Notice, and acting pursuant to the delegated authority of the Board of Directors of the FDIC, I do not object to the proposed conversion on the terms outlined in the Notice. As a condition of this nonobjection, the Bank has agreed to provide a notice to its depositors regarding the conversion and subsequent merger transaction in a form acceptable to the FDIC. The Atlanta Regional Office (ARO) has delegated authority to review the acquiring institution's Interagency Bank Merger Act Application. The ARO's final decision will be transmitted under separate cover.

If you have any questions, please contact Assistant Regional Director Edith A. Fulcher at (678) 916-2184.

Sincerely,

/s/

James C. Watkins
Senior Deputy Director

cc: Honorable Ray Grace
Commissioner of Banks
North Carolina

Bob Singer
Brooks Pierce
2000 Renaissance Plaza
230 North Elm Street
Greensboro, North Carolina 27401