



**Comptroller of the Currency
Administrator of National Banks**

Southern District Licensing
500 North Akard, Suite 1600
Dallas, Texas 75201-3323

**Conditional Approval #919
September 2009**

August 5, 2009

Jeffrey L. Hare
Attorney
Alston & Bird, LLC
The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404

Re: Conversion of Harbourside Community Bank, FSB, Hilton Head Island, South Carolina (CAIS #2009-SO-01-0004) into Harbourside Community Bank, N.A., Hilton Head Island, South Carolina

Dear Mr. Hare:

I have reviewed your request, dated April 17, 2009, to convert Harbourside Community Bank, FSB, Hilton Head Island, South Carolina (“HCB”) to a national bank and retain all its branches. After a thorough review of all information available, including the representations and commitments made in the application and by HCB’s representatives, we find that your request meets the requirements for conditional approval to convert to a national banking association pursuant to 12 CFR 5.24 as follows:

Title: Harbourside Community Bank, National Association
Location: 852 William Hilton Parkway, Hilton Head Island, South Carolina 29928

This conversion approval is subject to the following condition:

The Savannah Bank, National Association, Savannah, Georgia will merge with and into Harbourside Community Bank, National Association, Hilton Head Island, South Carolina immediately after the conversion of HCB.

The condition of this approval is a condition “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 U.S.C. §1818 and, as such, is enforceable under 12 U.S.C. §1818.

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This letter constitutes official OCC authorization to operate the bank's branch located at 4366 Bluffton Parkway, Bluffton, South Carolina. You should retain this letter as the official branch authorization. The OCC branch number assigned to this branch is 146776A. If, at some time in the future, the bank desires to close this branch, the requirements of 12 U.S.C. §1831r-1 must be met, including the submission of a 90-day advance notice of the proposed branch closing to the OCC. Following the branch closing, a final closing notice should be submitted to the OCC and the branch authorization must be surrendered. In the event the branch is sold, the branch authorization should also be surrendered to the OCC.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 C.F.R. § 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
2. The Bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, the Bank ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that the Bank is not a member of the FHLB system.
3. The Bank must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a "no objection" from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the "Conversion Completion Certification" (enclosed) certifying that you have done so.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. At that time you will receive the charter certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller's Licensing Manual*, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

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This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so that we may improve our service. All correspondence regarding this application should reference the CAIS control number.

All correspondence regarding this application should reference the application control number. If you have any questions, contact Senior Licensing Analyst Brenda E. McNeese or me at (214) 720-7052.

Yours truly,

Karen H. Bryant

Karen H. Bryant

Director for District Licensing

Enclosures: Sample Conversion Completion Certification
Survey Letter