

POLICY ON ACCEPTANCE OF OUT-OF-AREA DEPOSITS
FIRST FEDERAL SAVINGS BANK
LINCOLNTON, NC

First Federal Savings Bank of Lincolnton, NC is a community-based financial institution. It is First Federal's policy to accept funds for deposit from individuals residing in the community, or from entities domiciled in the community we serve. We define our community as Lincoln County and its contiguous counties. It is our purpose and intent to provide loans and deposit services to these residents of our defined market area. Accounts held by present customers moving out of our community may be grandfathered and allowed to remain with the association. However, it is not our intent to hold out-of market area deposits opened by individuals or entities viewing the institution as a likely candidate for conversion. First Federal Savings Bank reserves the right to end any deposit account contract by exercising its power to redeem accounts. The purpose of this policy is to demonstrate the Board of Director's approval of management's policy to reject unsolicited out-of-market deposits. With adoption of this policy, the Board is showing its intent to preserve the value created by the bank for the community it serves.