



**Conditional Approval #1084
December 2013**

November 21, 2013

Nancy M. Stiles, P.C.
Silver, Freedman & Taff, L.L.P.
3299 K Street, N.W., Suite 100
Washington, DC 20007

Re: Bank Merger Act (“BMA”) Application by Independence Federal Savings Bank, Washington, DC (“FSB”) (Charter No. 707173) to Acquire Colombo Bank, Rockville, MD (“Bank”) (Charter No. 708575), and Related Applications (collectively, “Applications”)
OCC Control Nos. R2-2013-0082, 0083, 0084, and 0089

Dear Ms. Stiles:

The Office of the Comptroller of the Currency (“OCC”) conditionally approves: (i) the merger application filed under the BMA, 12 U.S.C. § 1828(c), and under 12 C.F.R. § 163.22(a), on behalf of the FSB, to acquire the Bank; (ii) the notice to amend the FSB’s charter and bylaws, filed pursuant to 12 C.F.R. §§ 152.4 and 152.5; (iii) the application to change the location of the FSB’s home office, and operate the FSB’s former home office as a branch office, pursuant to 12 U.S.C. § 1464(m) and 12 C.F.R. §§ 145.93 and 145.95; and (iv) the FSB’s application under 12 U.S.C. § 1464(m) to establish new branches in connection with the proposed merger. The approval of the Applications is granted based on a thorough review of the Applications, the Agreement and Plan of Merger, and other information available to the OCC, including commitments and representations made in the Applications by representatives of the FSB and the Bank during the application process, and is subject to the condition set forth herein.

Bank Merger Act Application

The principal statutes and regulations to which the BMA application is subject are: 12 U.S.C. § 1828(c); 12 C.F.R. § 163.22; 12 U.S.C. § 2901 et seq. (Community Reinvestment Act (“CRA”)); and 12 C.F.R. § 195.29. The OCC has reviewed the BMA application under the criteria of the BMA and the CRA, and applicable OCC regulations and policies. Under the BMA, the OCC generally may not approve a merger that would substantially lessen competition. The BMA also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served. 12 U.S.C. § 1828(c)(5). The OCC must also consider the effectiveness

Nancy M. Stiles, P.C.
Re: Independence Federal Savings Bank
Control Nos. R2-2013-0082, 0083, 0084, and 0089

of any insured depository institution involved in the proposed merger transaction in combating money laundering activities. 12 U.S.C. § 1828(c)(11). The OCC may not approve an interstate merger transaction under the BMA if the resulting insured depository institution (including all insured depository institutions which are affiliates of the resulting depository institution), upon consummation of the transaction, would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1828(c)(13). The OCC must consider the risk of the transaction to the stability of the United States banking or financial system. 12 U.S.C § 1828(c)(5) (as amended by section 604 of the Dodd-Frank Wall Street Reform and Consumer Protection Act). The OCC also must consider factors relating to the capital levels of the FSB, and the fairness of and disclosure regarding the transaction. 12 C.F.R. § 163.22(d)(1)(i) and (vi). Furthermore, the OCC takes into account the records of the institutions' performance in helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods when evaluating such applications. 12 U.S.C. §§ 2903(a)(2) and 2902(3); 12 C.F.R. § 195.29(a). The OCC considered these factors and concludes that approval, subject to the below condition, is consistent with the above standards.

Charter and Bylaws

The FSB intends to amend and revise its charter and bylaws to change its name to that of the Bank, relocate its home office, increase the authorized number of shares of common stock, change the number of directors, restrict certain stock transfers and make other conforming changes to reflect the model charter and bylaws for a federal stock institution. The OCC considered these amendments and revisions and found them to be consistent with 12 C.F.R. §§ 152.4 and 152.5.

Application to Relocate Home Office

Pursuant to 12 U.S.C. § 1464(m) and 12 C.F.R. §§ 145.93 and 145.95, the FSB, in connection with the merger, has requested approval for the FSB to relocate its main office in Washington, D.C. to the Bank's main office in Rockville, Maryland, and operate the former main office as a branch office of the FSB. OCC regulations, at 12 C.F.R. § 145.95, provide that the OCC shall approve such an application only if the overall policies, condition and operations of the federal savings association afford no basis for supervisory objection and the proposed branch will open within twelve months of approval. The OCC has considered the application and concludes that approval is consistent with the foregoing standard.

Application to Establish Branch Offices

Pursuant to 12 U.S.C. § 1464(m), the FSB must receive the OCC's written approval prior to establishing any branch office. OCC regulations, at 12 C.F.R. § 145.95, provide that the OCC shall approve such an application only if the overall policies, condition and operations of the federal savings association afford no basis for supervisory objection and the proposed branch will open within twelve months of approval. The OCC has considered the application and concludes that approval is consistent with the foregoing standard. In addition, the establishment

Nancy M. Stiles, P.C.
Re: Independence Federal Savings Bank
Control Nos. R2-2013-0082, 0083, 0084, and 0089

and retention of any out-of-state branch office must be consistent with 12 U.S.C. § 1464(r). Based on our review of the application, we conclude that the proposed branching is consistent with 12 U.S.C. § 1464(r).

Condition

The OCC approves the BMA application subject to the following condition:

1. Any proposed director or senior executive officer of the resulting institution who is the subject of a Notice of Change in Director or Senior Executive Officer (“914 Notice”) filed with the OCC in connection with the proposed merger, and whose background check is in process, shall promptly resign from the FSB’s board of directors or management, as applicable, if the Director of Special Supervision objects to his or her service, or disapproves such person’s 914 Notice, based on material adverse information developed in the background check.

This condition of approval is a condition “imposed in writing by a Federal banking agency in connection with any action on any application, notice or other request” within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

Consummation Requirements

If the transaction has not been consummated within 120 calendar days from the approval date, this approval will automatically terminate unless the OCC grants an extension of the time period for good cause.

The OCC must be advised in writing in advance of the desired date of the transaction, so it may issue the necessary certification letter. On the business day prior to the date of the consummation of the transaction, the chief financial officer of the FSB and the Bank must certify in writing to the Licensing Analyst that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the institutions as disclosed in the BMA application. If additional information having a material adverse bearing on any feature of the BMA application is brought to the attention of the FSB, the Bank or the OCC since the date of the financial statements submitted with the Applications, the FSB and the Bank must not consummate the transaction unless the information is presented to the Deputy Comptroller for Licensing and the Deputy Comptroller for Licensing provides written nonobjection to consummation of the transaction.

This conditional approval and the activities and communications by OCC employees in conjunction 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 FSB’s and the Bank’s representations, submission, and information

Nancy M. Stiles, P.C.
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Control Nos. R2-2013-0082, 0083, 0084, and 0089

available to the OCC as of this date. The OCC may modify, suspend, or rescind this conditional 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.

All correspondence regarding the Applications should reference the control number. If you have any questions, you may contact either Licensing Analyst Lane Langford at (202) 649-6333 or at lane.langford@occ.treas.gov or Thrift Licensing Lead Expert Donald W. Dwyer at (202) 649-6347 or by email at donald.dwyer@occ.treas.gov.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Deputy Comptroller for Licensing