



**Conditional Approval #1153
June 2016**

April 25, 2016

James W. Morrissey
Vedder Price
222 North LaSalle Street
Chicago, Illinois 60601

Re: Application for Voluntary Supervisory Conversion under 12 CFR 192 submitted on behalf of Illinois-Service Federal Savings & Loan Association, Chicago, Illinois Charter No. 703395, OCC Control No. 2015-HQ-StockMutual-145778

Dear Mr. Morrissey:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the application (the Conversion Application) by Illinois-Service Federal Savings and Loan Association (Association) to convert from a federally chartered mutual savings association to a federally chartered stock savings association, pursuant to section 5(i) of the Home Owners' Loan Act (HOLA),¹ and 12 CFR 192 (Conversion Regulations)² in a voluntary supervisory conversion. This approval is granted after a thorough evaluation of the Conversion Application, other materials you have supplied, and other information available to the OCC, including commitments and representations made in the Conversion Application and by the Association's representatives during the application process. The OCC's approval is subject to the condition and the consummation requirements set out herein.

Background

The Association is a Deposit Insurance Fund (DIF)-insured, federal mutual savings association. The Association had total assets of approximately \$101 million as of December 31, 2015. The Association is "significantly undercapitalized" as that term is defined in the OCC's Prompt Corrective Action (PCA) regulations.³

The Association proposes to undertake a voluntary supervisory conversion pursuant to section 5(i) of the HOLA, and the OCC's Conversion Regulations. In connection with the voluntary

¹ 12 USC 1464(i).

² 12 CFR 192, Subpart B.

³ 12 CFR 6.4(c)(4).

supervisory conversion, the Association will sell 100 percent of its newly issued common stock to an investor group (Investor Group).⁴

Upon consummation of the voluntary supervisory conversion and merger, the Association will be “adequately capitalized” for purposes of the OCC’s PCA regulations.

Voluntary Supervisory Conversion

Section 5(i)(2)(A) of the HOLA provides that no savings association may convert from the mutual to the stock form except in accordance with OCC regulations. The Conversion Regulations provide that a savings association may conduct a voluntary supervisory conversion by selling shares directly to an acquiror.⁵ Accordingly, the proposed form of the transaction, that is, the proposed conversion and stock sale to the Investor Group, is consistent with the Conversion Regulations.

Pursuant to 12 CFR 192.625(a)(1), a savings association is eligible to engage in a voluntary supervisory conversion if it is significantly undercapitalized and it will be a “viable entity” following the conversion, as defined in 12 CFR 192.625(b). The Association is currently significantly undercapitalized as that term is defined in the OCC’s PCA regulations. Based on the information available to the OCC, the resulting entity will be a viable entity, as that term is defined in 12 CFR 192.625(b). The OCC is imposing the condition set forth below in order to ensure that the Association and the Investor Group comply with applicable supervisory policies on parallel banking. The condition helps to ensure that the Association meets the viability standard.

The OCC has reviewed the transaction and concludes that there is no basis for objection to the transaction under the criteria set forth in 12 CFR 192.670. Accordingly, the voluntary supervisory conversion is consistent with the Conversion Regulations, and meets the applicable regulatory standards for approval.

Section 1818 Condition

The approval is subject to the following condition:

Effective upon consummation, the Association shall not engage, directly or indirectly, in any business transaction with any foreign affiliate.

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

⁴ The members of the Investor Group are Dr. Papa Kwesi Nduom, Mrs. Yvonne Nduom, Mr. Nana Kweku Nduom, Dr. Edjah Kweku-Ebura Nduom, Dr. Nana Aba Nduom, and Mr. Papa-Wassa Chiefy Nduom, Esq. The Investor Group has filed the requisite change in bank control filing with the OCC, which will be addressed in separate correspondence.

⁵ 12 CFR 192.605(d).

Consummation Requirements

The approval set forth herein is granted based on the OCC's understanding that any other regulatory approvals, non-objections, or waivers with respect to all aspects of the transaction will have been received prior to consummation. Please submit the following information to the attention of the Senior Licensing Analyst in Washington D.C.:

- On the business day prior to the consummation of the proposed transaction, the chief financial officer of the Association must certify in writing to the OCC that no material adverse changes have occurred with respect to the financial condition or operation of the Association as disclosed in the application. If additional information having a material adverse bearing on any feature of the application is brought to the attention of the Association or the OCC since the date of the financial statements submitted with the applications, the transaction must not be consummated unless the information is presented to the Deputy Comptroller for Licensing (Deputy Comptroller), and the Deputy Comptroller provides written non-objection to the consummation of the transaction.
- The Association must, within five (5) calendar days after the effective date of the proposed transaction: (a) advise the Senior Licensing Analyst in writing of the effective date of the proposed transaction, (b) certify that the transaction was consummated in accordance with all applicable laws and regulations, the application, and this approval letter; and (c) submit executed copies of the Association's federal stock charter, and the appropriate form of bylaws, as prescribed by 12 CFR 5.22.

If the transaction is not consummated within 90 calendar days of the date of this letter, the approval shall automatically terminate, unless the OCC grants an extension of the time period for good cause.

This 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. The OCC's approval is based on the representations made in the application, other submissions, and other 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 or if the OCC deems any other interim development warrants such action. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Illinois-Service FSLA – Voluntary Supervisory Conversion.
Charter No. 703395
OCC Control No. 2015-HQ-StockMutual-145778

If you have any questions, please contact Senior Licensing Analyst Mark Ro at 202-649-6341 or Mark.Ro@occ.treas.gov.

Sincerely,

signed

Stephen A. Lybarger
Deputy Comptroller for Licensing