



Corporate Decision #2014-02
June 2014

May 30, 2014

Kevin B. Cashen
President & CEO
Bay Bank, FSB
2328 West Joppa Road, Suite 325
Lutherville, Maryland 21093

Re: Application by Bay Bank, FSB, Lutherville, Maryland to purchase certain assets and assume certain liabilities of Slavia Federal Savings Bank, Bel Air, Maryland

Application Control Number: R2-2014-0040

Dear Mr. Cashen:

The Office of the Comptroller of the Currency (“OCC”) hereby approves the application of Bay Bank FSB, Lutherville, Maryland (“Acquirer” or “Bank”) to purchase certain assets of and assume certain liabilities of Slavia Federal Savings Bank, Bel Air, Maryland (“Failed Entity”), for the reasons set forth below. As discussed below, the transaction may be consummated immediately upon approval. 12 U.S.C. § 1828(c)(6).

Failed Entity, a federal savings bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was closed by the OCC on May 30, 2014, and the FDIC was appointed as receiver. At the close of business on March 31, 2014, the Failed Entity had total assets of approximately \$140 million. The Comptroller has now been asked to grant his written approval of the proposed agreement negotiated between the FDIC and Acquirer by which the latter would purchase certain assets and assume certain liabilities of Failed Entity.

This approval is granted based upon the information contained in the Acquirer’s application and other information and representations made to the OCC during its processing of the application.

The Purchase and Assumption

Acquirer applied to the OCC for approval to purchase certain assets of and assume certain liabilities of Failed Entity under 12 U.S.C. § 1828(c) (the “Transaction”). The Acquirer and Failed Entity are both headquartered in the state of Maryland, and all of the Acquirer and Failed Entity’s branch offices are located exclusively in the state of Maryland. A federal savings association may acquire all or part of a depository institution through a purchase and

assumption transaction pursuant to 12 U.S.C. § 1828(c). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

Acquirer also requested OCC approval to retain the main office and branch offices of Failed Entity as branch offices of Acquirer upon consummation of the Transaction.

Bank Merger Act

The OCC reviewed the proposed purchase and assumption Transaction under the criteria of the Bank Merger Act, 12 U.S.C. § 1828(c), the OCC's implementing regulation at 12 C.F.R. § 163.22, and applicable OCC policies. The OCC considered the capital level of the acquirer, financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, the risk to the stability of the United States banking or financial system¹, the conformity of the transaction to applicable law, regulation, and supervisory policies, and various factors relating to fairness and disclosure. In addition, the Bank Merger Act and its implementing regulations requires the OCC to consider "the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting money laundering activities, including overseas branches." 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

In addition, the OCC also finds, under the standards set forth in the Bank Merger Act, that it must act on the application immediately. 12 U.S.C. § 1828(c)(3), (c)(4)(C)(i), and (c)(6). Consequently, there is no requirement for publication of notice of the Transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the Transaction.

Community Reinvestment Act

The Community Reinvestment Act ("CRA") requires the OCC to take into account the applicants' record of helping to meet the credit needs of the community, including low- and moderate-income ("LMI") neighborhoods, when evaluating certain applications, including transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. Part 195. The OCC considers the CRA performance evaluation of each institution involved in the Transaction. A review of the record of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants' record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

¹ The OCC is required to consider the risk to the stability of the United States banking or financial system pursuant to the Bank Merger Act as amended by section 604(f) of the Bank and Savings Association Holding Company and Depository Institution Regulatory Improvements Act of 2010, which is title VI of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 111 Pub. L. No. 203, 124 Stat. 1376, 1602 (July 21, 2010).

Consummation Guidance

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections or waivers with respect to the proposed Transaction will have been received prior to the consummation of the Transaction.

Within five days of consummation of the Transaction, please provide the Northeast District Office with a copy of the executed purchase and assumption agreement.

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. 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.

If you have questions regarding this letter, please contact the undersigned or Senior Licensing Analyst Wai-Fan Chang at (212) 790-4055. Please reference the application control number in any correspondence.

Sincerely,

Steven Maggio

Steven Maggio
Director for District Licensing