



Conditional Approval #1151
May 2016

April 12, 2016

Larry C. Tomlin, Esq.
SmithAmundsen LLC
201 North Illinois Street
Suite 1400
Indianapolis, IN 46204-4212

Re: Plan of Voluntary Liquidation and related Capital Distribution Application
submitted on behalf of American Bank of Huntsville, Huntsville, Alabama
Charter No. 708569
Control Nos. 2015-HQ-Termination-144849 and 2015-HQ-Capital&Div-147228

Dear Mr. Tomlin:

The Office of the Comptroller of the Currency (OCC) hereby provides its non-objection to the Plan of Voluntary Liquidation (Liquidation Plan), and approval of the related liquidating capital distribution filed on behalf of American Bank of Huntsville (Bank). The Liquidation Plan would entail a sale of substantially all of the Bank's assets to, and the assumption of substantially all of the Bank's liabilities by, Avadian Credit Union, Hoover, Alabama (Credit Union) (P&A Transaction). The non-objection and the approval are granted after a thorough evaluation of the Liquidation Plan, other materials supplied by the Bank's representatives, and other information available to the OCC, including commitments and representations made in the filing and during the processing of the submission, and are subject to the conditions set out herein.

In addition, the Bank requested OCC approval for the P&A Transaction. However due to an amendment to 12 CFR 5.53, approval of this type of transaction is no longer required in the context of a voluntary liquidation conducted pursuant to 12 CFR 5.48.¹

The Bank is subject to a Consent Order dated December 5, 2012 (Consent Order).² The OCC deems the Liquidation Plan as meeting the requirements under the Consent Order that the Bank (i) submit a strategic plan pursuant to Article II of the Consent Order; (ii) submit a capital plan pursuant to Article III of the Consent Order; and (iii) seek permission for any dividends pursuant to Article III of the Consent Order.

¹ On May 18, 2015 the OCC amended 12 CFR 5.53 to exempt from the definition of "substantial asset change" any voluntary liquidation conducted pursuant to 12 CFR 5.48.

² At the time the Consent Order was signed, the Bank was named Worthington Federal Bank, Huntsville, Alabama.

The Transactions

The P&A Transaction is part of a series of transactions in which the Bank, pursuant to 12 CFR 5.48, proposes to sell all of its assets to³, and to transfer all of its insured deposits and substantially all of its other liabilities to, the Credit Union and then subsequently dissolve. Following consummation of the P&A Transaction, the Bank intends to continue implementing the Liquidation Plan and to immediately prior to dissolution dividend the remaining assets to its holding company, ABH Bancorp, Inc., Huntsville, Alabama (Holding Company). This dividend will be subject to a condition of approval requiring the assets to remain with the Bank until immediately prior to the Bank providing the OCC with the Bank's final report of liquidation as required by 12 CFR 5.48(e)(6). The P&A Transaction is subject to approval by the Federal Deposit Insurance Corporation pursuant to the Bank Merger Act, 12 USC 1828(c), the National Credit Union Administration (regarding insurance of accounts that are assumed by the Credit Union), and the Alabama State Credit Union Administration.

Discussion

A. Voluntary Liquidation

The Bank submitted a notice to the OCC for non-objection of a plan of voluntary liquidation under 12 CFR 5.48. Under section 5.48(b), a Federal savings association must provide preliminary notice to the OCC followed by a notice to the OCC once a liquidation plan is definite. A Federal savings association may not begin liquidation unless the OCC has notified the savings association that the OCC does not object to the liquidation plan. Section 5.48(d) contains the standards that the OCC will consider when reviewing a proposed liquidation plan. The liquidation will be conducted in accordance with the liquidation procedures of 12 CFR 5.48. The OCC has reviewed the Liquidation Plan in accordance with applicable laws, regulations and OCC policy, and concludes that the Liquidation Plan satisfies the applicable standards, subject to the conditions set forth herein.

B. Liquidating Capital Distribution

As specified in its Liquidation Plan, the Bank plans to dividend to the Holding Company the assets remaining after the P&A Transaction, the payment of all expenses, and the satisfaction of all claims (the Residual Assets). The liquidating dividend will occur immediately prior to completion of the dissolution. The Bank has sought approval for all necessary steps in conducting its liquidation, which includes approval pursuant to 12 CFR 5.55 of a capital distribution of the Bank's remaining assets to the Holding Company. The OCC's regulations provide that a capital distribution application may be denied if, generally, the proposed capital

³ Although the Credit Union will acquire substantially all Bank liabilities, certain liabilities described in the Liquidation Plan are excluded from that acquisition, including certain taxes, assessments, employment agreements, and vendor contracts.

distribution would: (i) cause the institution to become undercapitalized; (ii) raise safety or soundness concerns; or (iii) violate any statute, regulation, agreement with the OCC or condition of approval. The proposed distribution does not raise safety or soundness concerns, and it will not violate any prohibition contained in law, agreement with the OCC, or condition of approval. Accordingly, the OCC concludes that the Bank's capital distribution is consistent with approval, subject to the conditions set forth herein.

Conditions

The non-objection to the Liquidation Plan and the approval of the liquidating capital distribution, are subject to the following conditions:

1. The Bank must publish notice of its dissolution in the form specified in the filing and furnish the OCC with proof of such publication. The notice must include a description of how to make a claim, and the notice must be published within a timeframe that ensures the process to file and pay claims is complete before the date of the final liquidation and return of the charter;
2. Following the consummation of the P&A Transaction, the Bank shall retain the Residual Assets within the Bank until immediately prior to filing the Bank's final report of liquidation as required by 12 CFR 5.48(e)(6). If the Bank seeks to make a distribution to its Holding Company prior to filing the final report of liquidation, it must obtain the prior written non-objection of the Deputy Comptroller for Licensing, or his designee (Licensing); and
3. If the Bank is not liquidated in the manner contemplated in the Liquidation Plan, the Bank shall amend the Liquidation Plan to continue the liquidation of the Bank, obtain Licensing's written non-objection to the amended Liquidation Plan, and thereafter adhere to that Liquidation Plan.

Each condition 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 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

Procedural Requirements

When implementing the Liquidation Plan, the Bank shall comply with the procedures set forth in 12 CFR 5.48, in particular the filing of the (a) notice upon commencing liquidation to the OCC, and providing notice to depositors, other known creditors, and known claimants; (b) report of condition, (c) report of progress, and (d) final report.

The non-objection and approval set forth herein are granted based on our understanding that other regulatory approvals, non-objections or waivers with respect to the proposed transactions will have been received prior to consummation of the transactions.

The approval, non-objections, 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 and non-objections are 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 or these non-objections if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this approval or these non-objections pertain. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Senior Licensing Analyst Carla Holiman at (202) 649-6339 or Carla.Holiman@occ.treas.gov, or Brian Messett, Problem Bank Specialist, at (202) 649-6932 or Brian.Messett@occ.treas.gov. Please include the OCC control numbers on any correspondence.

Sincerely,

signed

Stephen A. Lybarger
Deputy Comptroller for Licensing