



**INDEPENDENCE
FEDERAL SAVINGS BANK**

June 23, 2009

Dear Shareholder:

We cordially invite you to attend the Annual Meeting of Shareholders of Independence Federal Savings Bank. The meeting will be held at the Washington Plaza, 10 Thomas Circle, N.W., Washington, D.C., on Friday, July 24, 2009 at 9:00 a.m., local time. This proxy statement, along with the accompanying proxy card, is being first sent or delivered to shareholders of Independence Federal Savings Bank on or about June 23, 2009.

At the Annual Meeting, you will be asked to vote on the election of five directors and the ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2009.

Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy card and return it promptly in the postage-paid envelope provided. If your shares are held through a bank or broker, check your proxy card to see if you can also vote by telephone or via the internet.

On behalf of the Board of Directors, we thank you for your prompt attention to this important matter.

Sincerely,

Robert B. Isard
Acting President and Chief Executive Officer

INDEPENDENCE FEDERAL SAVINGS BANK
1229 Connecticut Avenue, N.W.
Washington, D.C. 20036

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JULY 24, 2009

The Annual Meeting of Shareholders of Independence Federal Savings Bank (“Independence Federal”) will be held at the Washington Plaza, 10 Thomas Circle, N.W., Washington, D.C., on Friday, July 24, 2009 at 9:00 a.m., local time, for a vote on the following matters:

- (1) The election of five directors;
- (2) The ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2009; and
- (3) Such other business as may properly come before the Annual Meeting, or any adjournment or postponement thereof.

As of the time of the mailing of this notice, the Board of Directors is not aware of any such other business.

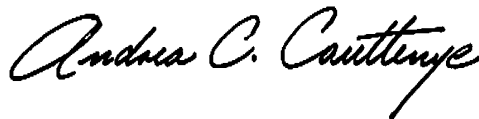
Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on any date(s) to which the Annual Meeting may be adjourned or postponed. In the event there are insufficient shares present for a quorum at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies. Only shareholders of record at the close of business on June 12, 2009 are entitled to vote at the Annual Meeting or any adjournments or postponements thereof.

You are requested to complete and sign the enclosed proxy card, which is solicited on behalf of the Board of Directors of Independence Federal, and to mail it promptly in the enclosed postage-paid envelope. You can revoke a proxy at any time prior to its exercise at the Annual Meeting by following the instructions in the proxy statement. The proxy will not be used if you attend the Annual Meeting and vote in person. You should sign, date and mail your proxy card as soon as possible. If your shares are held through a bank or broker, check your proxy card to see if you can also vote by telephone or via the internet.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on July 24, 2009.

The Proxy Statement and the Annual Report on Form 10-K are available at www.ifsb.com.

BY ORDER OF THE BOARD OF DIRECTORS



Andrea C. Couttenye
Corporate Secretary

Washington, D.C.
June 23, 2009

The Board of Directors of Independence Federal recommends that you vote “FOR” each of the proposals.

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INDEPENDENCE FEDERAL SAVINGS BANK

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Independence Federal Savings Bank (“we,” “us,” “our,” “Independence Federal” or the “Bank”) to be used at the Annual Meeting of Shareholders of the Bank. The Annual Meeting will be held on Friday, July 24, 2009, at 9:00 a.m. local time, at the Washington Plaza, 10 Thomas Circle, N.W., Washington, D.C. This proxy statement and the enclosed proxy card are being first mailed to shareholders on or about June 23, 2009.

General Information about Voting

Who Can Vote at the Meeting. You will be entitled to vote your Independence Federal common stock at the Annual Meeting if you held your shares as of the close of business on June 12, 2009. Each share of common stock is entitled to one vote. As of the close of business on June 12, 2009, there were 1,552,448 shares of common stock of the Bank outstanding and entitled to vote.

Attending the Meeting. If you are a beneficial owner of Independence Federal common stock held by a broker, bank or other nominee (i.e., in “street name”), you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you want to vote your shares of Independence Federal common stock held in street name in person or at the meeting, you will need to obtain a written proxy in your name from the broker, bank or other nominee who holds your shares.

Quorum and Vote Required. The Annual Meeting will be held only if there is a quorum. A quorum exists if a majority of the outstanding shares of stock entitled to vote are represented at the meeting in person or by proxy. If you vote by proxy or attend the meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

At this year’s Annual Meeting, shareholders will elect five directors for the terms indicated elsewhere in this proxy statement. Directors will be elected by a plurality of all the votes cast at the meeting, meaning that the nominees with the most votes will be elected. We permit cumulative voting in the election of directors, which means that every shareholder entitled to vote has the right (i) to vote the number of shares owned by him or her for as many persons as there are directors to be elected, or (ii) to cumulate his or her votes. If a shareholder wishes to cumulate his or her votes, the shareholder may cast that number of votes equal to the number of directors to be elected (five) multiplied by the number of shares owned by the shareholder for one nominee, or may distribute his or her votes among any number of nominees. By marking the proxy card “FOR” all nominees, the shareholder gives the persons named as proxies in the proxy card the right to vote his or her shares for such nominees or, except to the extent all cumulative votes which the shareholder is entitled to cast are specifically allocated, to distribute his or her votes among such nominees as the persons named as proxies in the proxy card may determine in their discretion. However, if a shareholder marks on the proxy card to “WITHHOLD AUTHORITY FOR ALL NOMINEES,” the persons named as proxies in the proxy card cannot vote the shares represented by

such proxy for the election of any nominee. A shareholder may withhold authority for less than all of the nominees by marking the proxy card "FOR ALL EXCEPT" and indicating the nominee(s) for whom authority to vote is withheld. By inserting the number of votes to be cast for individual nominees, a shareholder may specify how his or her cumulative votes shall be cast. If all of a shareholder's cumulative votes covered by the proxy are not accounted for, the persons named as proxies in the proxy card may vote the unaccounted shares and distribute votes among the nominees (other than nominees for whom the shareholder specifically withholds votes) in their discretion. If you are a beneficial owner and your shares are held by your broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee.

In voting on the ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year 2009, you may vote in favor of the proposal, vote against the proposal, or abstain from voting on the proposal. The appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year 2009 will be ratified if the votes cast in favor of the appointment exceed the aggregate of the votes cast in opposition plus abstentions. Abstentions will have the same effect as votes against, and broker non-votes will have no effect, on the ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year 2009.

Voting by Proxy. The Board of Directors of Independence Federal is sending you this proxy statement for the purpose of requesting that you allow your shares of Independence Federal's stock to be represented at the Annual Meeting by the persons named as proxies in the proxy card. All shares of Independence Federal's common stock represented at the meeting by such properly executed proxy cards will be voted according to the instructions indicated on the cards. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by Independence Federal's Board of Directors. **The Board of Directors recommends a vote "FOR" each of the nominees for director and "FOR" ratification of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2009.**

If any matters not described in this proxy statement are properly presented at the meeting, the persons named as proxies on the proxy card are entitled to use their own best judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the meeting. If the meeting is postponed or adjourned, your shares may be voted by the persons named as proxies in the proxy card on the adjourned or postponed meeting date as well, unless you have revoked your proxy. Independence Federal is not aware of any other matters to be presented at the meeting.

It is important that proxies be returned promptly. You may revoke your proxy at any time before the vote is taken at the meeting. If you are a shareholder of record (that is, if your shares are registered in your name directly, rather than being held by a bank, broker or other nominee on your behalf), to revoke your proxy, you must either advise the Corporate Secretary of Independence Federal in writing before your shares have been voted at the meeting, deliver a later dated proxy card, or attend the meeting and vote your shares in person. Attendance at the meeting will not in itself constitute revocation of your proxy. If your shares of Independence Federal common stock are held by a broker, bank or other nominee, you must follow the directions of your broker, bank or other nominee to change your vote.

If your Independence Federal common stock is held by a broker, bank or other nominee, your broker is required to vote your shares in accordance with your instructions. If you do not give instructions to your broker, your broker will be entitled to vote your shares with respect to "discretionary" items, but your broker will not be permitted to vote your shares with respect to "non-discretionary" items. In the case of non-discretionary items, your shares will be treated as "broker non-votes." Whether an item is discretionary is determined by the exchange rules governing your broker. Each of the proposals described in this proxy statement is expected to be considered a discretionary item.

In accordance with the Bank's mission to serve the minority community, a majority of the directors of the Bank continue to come from the minority communities in the area. It is intended that this Board of Directors will keep Independence Federal focused on its roots to serve the needs of the minority communities of the Washington, D.C. area.

CORPORATE GOVERNANCE

General

Independence Federal periodically reviews its corporate governance policies and procedures to ensure that the Bank meets the highest standards of ethical conduct, reports results with accuracy and transparency, and fully complies with the laws, rules and regulations that govern the Bank's operations. As part of this periodic corporate governance review, the Board of Directors seeks to adopt best corporate governance policies and practices for the Bank.

Code of Ethics and Business Conduct

The Bank has adopted a Code of Ethics and Business Conduct (the "Code") that is designed to ensure that the Bank's directors, executive officers and employees meet the highest standards of ethical conduct. The Code requires that the Bank's directors, executive officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner, and otherwise act with integrity and in the Bank's best interest. Under the terms of the Code, directors, executive officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code.

As a mechanism to encourage compliance with the Code, the Bank has established procedures to receive, retain and treat complaints received regarding accounting, internal controls and/or auditing matters. These procedures ensure that individuals may submit concerns regarding questionable accounting or auditing matters in a confidential and anonymous manner. The Code also prohibits the Bank from retaliating against any director, executive officer or employee who reports actual or apparent violations of the Code.

Meetings of the Board of Directors

The business of Independence Federal is conducted through meetings and activities of its Board of Directors and committees. The Board of Directors of the Bank met 11 times during the year ended December 31, 2008. In carrying out its duties, the Board of Directors has the authority to establish committees and to appoint Board members to serve on those committees. No director attended fewer than 75% of the total meetings of the Board of Directors and committees on which he or she served during the period in which he or she served.

Although we do not have a formal policy requiring director attendance at annual shareholder meetings, the Board of Directors encourages each director to attend these meetings. All of the then current directors attended the 2008 Annual Meeting of Shareholders.

Committees of the Board of Directors

The Board of Directors of Independence Federal has standing Audit, Compensation, Nominating, and Nominating/Corporate Governance Committees. The current membership and functions of these committees are described below.

<u>Directors</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating Committee</u>	<u>Nominating/Corporate Governance Committee</u>
Morton A. Bender			X	
Arturo Brillembourg	Chairman		X	
Nelson Deckelbaum		Chairman	X	X
Lisa E. Gordon-Hagerty		X	X	
Elliott S. Hall	X		Chairman	X
Robert B. Isard			X	
John K. Jenkins, Sr.			X	
Ronald P. Walker	X		X	
Armstrong Williams			X	
John Silvanus Wilson, Jr.		X	X	Chairman

Audit Committee. The Board of Directors has a separately-designated standing Audit Committee established in accordance with Section 10A(m) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 4350(d) of the NASDAQ listing requirements. The Audit Committee meets periodically with our independent registered public accounting firm and management to review accounting, auditing, internal control structure, and financial reporting matters. The members of the Audit Committee met seven times during the year ended December 31, 2008. The members of the Audit Committee as of December 31, 2008 consisted of Messrs. Brillembourg, Hall and Wilson. The Board of Directors determined that each such member was independent in accordance with the NASDAQ listing requirements. The Board of Directors further determined that Mr. Brillembourg qualified as an audit committee financial expert under the rules of the Securities and Exchange Commission and, as such, also qualified as an audit committee member with financial sophistication under the NASDAQ listing standards. The Audit Committee acts under a written charter adopted by the Board of Directors, a copy of which was attached as Appendix A to Independence Federal’s definitive proxy statement dated April 23, 2007.

Compensation Committee. The Compensation Committee is responsible for considering and determining the personnel policies, salaries and benefits, incentive compensation and management succession planning for the Bank and recommending such determinations to the Board of Directors. In making its recommendations, the Compensation Committee reviews compensation for directors and executive officers of its peers and also takes into account other circumstances unique to Independence Federal. Executive officers of the Bank generally are not involved in determining or recommending the amount or form of director and executive compensation. The Compensation Committee is permitted under its charter (referred to below) to form and delegate authority to subcommittees when deemed appropriate. The Compensation Committee also is permitted under its charter to retain and terminate any compensation consultant to assist the Compensation Committee in evaluating executive compensation. The Compensation Committee did not utilize the services of a compensation consultant during 2008. Each member of the Compensation Committee is independent in accordance with the NASDAQ listing requirements. The members of the Compensation Committee did not meet during the year ended December 31, 2008 because no changes to director or executive officer compensation arrangements were proposed during 2008. The Compensation Committee acts under a written charter adopted by the Board of Directors, a copy of which was attached as Appendix B to Independence Federal’s definitive proxy statement dated April 23, 2007.

Nominating Committee. Pursuant to the Bank’s bylaws, the full Board of Directors acts as a Nominating Committee for the selection of management nominees for election as directors of the Bank. The Board of Directors has, however, also established a Nominating/Corporate Governance Committee comprised of independent directors, discussed below, to advise the Board regarding nominations of directors and other corporate governance matters. The Board of Directors met twice in 2008 in its capacity as a Nominating Committee.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee assists the Board of Directors in identifying qualified individuals to serve as Board members, determining the composition of the Board of Directors and its committees, monitoring a process to assess Board effectiveness and developing and implementing the Bank’s corporate governance guidelines. The Nominating/Corporate Governance Committee also considers and recommends for the Board’s selection, the nominees for director to stand for election at the Bank’s annual shareholder meetings. Although the Nominating/Corporate Governance Committee did not meet separately from the full Board of Directors during the year ended December 31, 2008, the members of the Nominating/Corporate Governance Committee were present at the two meetings of the full Board held during 2008 at which directors were selected by the Board (the nominations of directors for election at the 2008 annual meeting of shareholders of the Bank and the appointment of Armstrong Williams to the Board). Each member of the Nominating/Corporate Governance Committee is independent in accordance with the NASDAQ listing requirements. The procedures of the Nominating/Corporate Governance Committee are described below in “Nominating/Corporate Governance Committee Procedures.” The Nominating/Corporate Governance Committee acts under a written charter adopted by the Board of Directors, a copy of which was attached as Appendix C to Independence Federal’s definitive proxy statement dated April 23, 2007.

Directors’ Compensation

During 2008, a fee of \$825 per meeting attended was paid to each member of the Board of Directors as compensation for services rendered as a director. Directors do not receive fees for service on Board committees. During the year ended December 31, 2008, we paid directors aggregate fees of \$85,800.

The following table sets forth the fees paid during the year ended December 31, 2008 to each person who served as a director of Independence Federal during the year ended December 31, 2008.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Total</u>
Morton A. Bender	\$ 9,075	\$ 9,075
Arturo Brillembourg ⁽¹⁾	17,325	17,325
Nelson Deckelbaum	9,075	9,075
Lisa E. Gordon-Hagerty	9,075	9,075
Douglas D. Grayson ⁽²⁾	4,950	4,950
Elliott S. Hall	9,075	9,075
Robert B. Isard	9,075	9,075
John K. Jenkins, Sr.	6,600	6,600
Armstrong Williams. ⁽³⁾	2,475	2,475
John Silvanus Wilson, Jr.	9,075	9,075

(1) The fees paid to Mr. Brillembourg during 2008 include \$8,250 in fees for service during 2007.
(2) Mr. Grayson resigned as a director in July 2008.
(3) Mr. Williams became a director in October 2008.

**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents information regarding the beneficial ownership of our common stock as of June 12, 2009, by:

- each of our directors;
- each individual named in the compensation table below under “Executive Compensation”;
- all of our executive officers and directors as a group; and
- all persons or groups owning more than 5% of our common stock.

A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, each of the named individuals has sole voting power and sole investment power with respect to the number of shares shown.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Directors: ⁽¹⁾		
Morton A. Bender	791,677 ⁽²⁾	51.00%
Arturo Brillembourg	100	*
Nelson Deckelbaum, Esq.	110	*
Lisa E. Gordon-Hagerty	100	*
Elliott S. Hall, Esq.	110	*
Robert B. Isard	23,549 ⁽³⁾	1.52%
John K. Jenkins, Sr.	---	---
Ronald P. Walker	---	---
Armstrong Williams	---	---
John Silvanus Wilson, Jr.	100	*
Named Executive Officers Who Are Not Directors: ⁽¹⁾		
John A. Hall, Former President and Chief Executive Officer ⁽⁴⁾	---	---
Brenda W. Noel, Former Chief Financial Officer ⁽⁵⁾	200	---
All directors and executive officers as a group (16 persons)	815,946	52.56%
Other Greater Than 5% Shareholders:		
Faustine Fitzgerald 7349 Mission Hills Drive Las Vegas, Nevada 89113	205,639	13.25%
Tontine Financial Partners, L.P. ⁽⁶⁾ Tontine Management L.L.C. Tontine Overseas Associates, L.L.C. Jeffrey L. Gendell 55 Railroad Avenue, 3 rd Floor Greenwich, Connecticut 06830	135,689	8.74%

* Represents less than 1% of total shares outstanding.

(1) The address of each director and executive officer is: c/o Independence Federal Savings Bank, 1229 Connecticut Avenue, N.W., Washington, D.C. 20036.

(2) All of such shares are owned jointly by Mr. Bender with his spouse, Grace M. Bender.

(3) Includes 986 shares held by Mr. Isard's spouse.

(4) Mr. Hall's employment with Independence Federal terminated effective January 30, 2009.

(5) Ms. Noel's employment with Independence Federal terminated effective September 5, 2008.

(6) Based on the information contained in a Schedule 13G/A filed with the Office of Thrift Supervision dated February 10, 2005, Tontine Financial Partners, L.P. and Tontine Management, L.L.C. share voting and dispositive power over 97,042 shares. Tontine Overseas Associates, L.L.C. shares voting and dispositive power over 13,842 shares and Jeffrey Gendell shares voting and dispositive power over 110,884 shares and has sole voting and dispositive power over 24,805 shares.

ELECTION OF DIRECTORS

Independence Federal's Board of Directors currently consists of ten members. Each of the members of the Board of Directors is currently independent under the listing standards of the NASDAQ Stock Market, except for Messrs. Bender and Isard. The Board is divided into three classes with the members of each class generally elected to serve three-year staggered terms. The Board of Directors' nominees for election this year are Messrs. Deckelbaum, Bender, Hall, Walker and Williams, each of whom currently serves on the Board of Directors of Independence Federal.

Unless you indicate on the proxy card that your shares should not be voted for certain nominees, the Board of Directors intends that the proxies solicited by it will be voted for the election of each of the Board's nominees. If any nominee is unable to serve, the persons named in the proxy card would vote your shares to approve the election of any substitute proposed by the Board of Directors. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

The Board of Directors recommends a vote "FOR" the election of each of the nominees.

Information regarding the Board of Directors' nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated for each individual is as of December 31, 2008.

Board Nominee for Election for Term Ending in 2010

Nelson Deckelbaum, Esq. had been the President of Deckelbaum Ogens & Raftery, Chtd., a law firm in Bethesda, Maryland, from 1975 until his departure from that firm in June 2009 to join the law firm of Cooter, Mangold, Tompert & Karas, LLP. Mr. Deckelbaum has been a director of Independence Federal since 2003 and his term will expire in 2010 or when his successor has been duly elected and qualified. Age 80.

Board Nominees for Election for Term Ending in 2012

Morton A. Bender is Chairman of the Board and principal owner of Colombo Bancshares, Inc. ("Colombo Bancshares"), parent of Colombo Bank, Rockville, Maryland. For additional information regarding Independence Federal's relationship with Colombo Bancshares and Colombo Bank, see "Transactions with Management—Other Transactions." Mr. Bender also is a real estate developer, investor and philanthropist. Mr. Bender has been a director of Independence Federal since July 2007. Mr. Bender's term will expire in 2012 or when his successor has been duly elected and qualified. Age 75.

Elliott S. Hall, Esq. has been Of Counsel with Dykema Gossett PLLC, a law firm located in Washington, D.C. since May 2006. Prior to May 2006, Mr. Hall had been a Partner with Dykema since 2002 and a vice president of Ford Motor Co. from 1987 through 2002. Mr. Hall has been a director of Independence Federal since 2003 and is a minority for purposes of the Office of Thrift Supervision's Policy Statement on Minority Owned Thrift Institutions. Mr. Hall's term will expire in 2012 or when his successor has been duly elected and qualified. Age 70.

Ronald P. Walker was appointed to the Board of Directors of the Bank effective June 11, 2009. Mr. Walker, a certified public accountant, is the founder and managing partner of Walker & Company, LLP, a Washington, D.C.-based accounting and management consulting firm serving a nationwide clientele. Prior to founding Walker & Company in 1985, Mr. Walker was the partner in-charge of the Washington, D.C. office of Mitchell/Titus & Company, the largest African American CPA firm in the country. Mr. Walker began his accounting career with Arthur Andersen & Company. From 1988 to 1992, Mr. Walker also served as Chairman of Family Savings Bank, a savings and loan located in Los Angeles, California, guiding the acquisition and turnaround of that institution. In addition, Mr. Walker

previously served as a financial advisor on the staff of the Ford Foundation, responsible for financial and operations monitoring of its 17 international field offices in Asia, Latin America, the Middle East and Africa. Mr. Walker is a minority for purposes of the Office of Thrift Supervision's Policy Statement on Minority Owned Thrift Institutions. Mr. Walker's term will expire in 2012 or when his successor has been duly elected and qualified. Age 61.

Armstrong Williams is the host of the Armstrong Williams Show, a syndicated radio talk show, and The RightSide with Armstrong Williams, a syndicated weekly television program. Mr. Williams' radio career began in 1991. Mr. Williams also writes a syndicated newspaper column, and is the author of several books. Mr. Williams has been a director of Independence Federal since October 2008 and is a minority for purposes of the Office of Thrift Supervision's Policy Statement on Minority Owned Thrift Institutions. Mr. Williams' term will expire in 2012 or when his successor has been duly elected and qualified. Age 49.

Directors Continuing in Office

Arturo Brillembourg has served as President of Farmington Asset Management since 1990. Mr. Brillembourg has been a director of Independence Federal since February 2007 and is a minority for purposes of the Office of Thrift Supervision's Policy Statement on Minority Owned Thrift Institutions. Mr. Brillembourg's term will expire in 2011 or when his successor has been duly elected and qualified. Age 61.

John K. Jenkins, Sr. has been the Senior Pastor of First Baptist Church of Glenarden, which is located in Landover and Upper Marlboro, Maryland, since 1989. He served as a director of Colombo Bank for several years, but resigned that directorship upon becoming a director of Independence Federal. Pastor Jenkins has been a director of Independence Federal since July 2007 and is a minority for purposes of the Office of Thrift Supervision's Policy Statement on Minority Owned Thrift Institutions. Pastor Jenkins' term will expire in 2011 or when his successor has been duly elected and qualified. Age 50.

John Silvanus Wilson, Jr. has been an Executive Dean at George Washington University since September 2001. From 1985 to 2001, Mr. Wilson served as a director at Massachusetts Institute of Technology. Mr. Wilson has been a director of Independence Federal since 2005 and is a minority for purposes of the Office of Thrift Supervision's Policy Statement on Minority Owned Thrift Institutions. Mr. Wilson's term will expire in 2011 or when his successor has been duly elected and qualified. Age 51.

Lisa E. Gordon-Hagerty has been President and Chief Executive Officer of LEG, Inc., a consulting firm located in McLean, Virginia since 2005. Prior to her service with LEG, Inc., Ms. Gordon-Hagerty was Executive Vice President and Chief Operating Officer of USEC Inc., a supplier of enriched uranium for commercial power plants located in Bethesda, Maryland from 2003 until 2005, and Director of Overseas Crisis Management, Office of Combating Terrorism and Director of Weapons of Mass Destruction Preparedness, Office of Transnational Threats, National Security Council, The White House from 1998 until 2003. Ms. Gordon-Hagerty has been a director of Independence Federal since April 2007 and her term will expire in 2010 or when her successor has been duly elected and qualified. Age 48.

Robert B. Isard was appointed as Acting President and Chief Executive Officer of Independence Federal effective January 30, 2009. He previously held the position of Acting President and Chief Executive Officer of Independence Federal from March 2007 to June 2007. He also was the Acting Chief Lending Officer of Independence Federal from August 2008 to February 2009 and from November 2007 to December 2007. In addition, he was the Acting Chief Financial Officer of Independence Federal from March 2007 to July 2007. Prior to that, Mr. Isard had been a self-employed consultant since September 2005. Prior to September 2005, Mr. Isard was the Chief Operating Officer of McKissack & McKissack, a professional design and construction management firm located in Philadelphia, Pennsylvania from 2004

to 2005. Between 2000 and 2004, Mr. Isard held various other executive positions, including Chief Financial Officer with McKissack & McKissack. Mr. Isard has been a director of Independence Federal since 2004 and his term will expire in 2010 or when his successor has been duly elected and qualified. Age 62.

EXECUTIVE COMPENSATION

The following table sets forth the cash compensation we paid, as well as certain other compensation paid or accrued, to the executive officers named below. No other executive officer earned compensation totaling in excess of \$100,000 during the fiscal year ended December 31, 2008.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>All Other Compensation</u>	<u>Total</u>
Robert B. Isard	2008	\$ --	\$ --	\$165,139 ⁽⁴⁾	\$165,139
Acting President and Chief Executive Officer ⁽¹⁾	2007	--	--	122,125 ⁽⁴⁾	122,125
John A. Hall	2008	\$177,603	\$ --	\$ --	\$177,603
Former President and Chief Executive Officer ⁽²⁾	2007	98,943	--	--	98,943
Brenda W. Noel	2008	\$120,301	\$ --	\$12,308 ⁽⁵⁾	\$132,609
Former Chief Financial Officer ⁽³⁾	2007	73,846	\$ --	--	73,846

- (1) Mr. Isard was appointed Acting President and Chief Executive Officer effective January 30, 2009. Mr. Isard previously served as Acting Chief Lending Officer from August 2008 to February 2009 and from November 2007 to December 2007, Acting President and Chief Executive Officer from March 2007 to May 2007 and Acting Chief Financial Officer from March 2007 to July 2007.
- (2) Mr. Hall joined Independence Federal in June 2007 and his employment was terminated effective January 30, 2009.
- (3) Ms. Noel joined Independence Federal in July 2007 and her employment was terminated effective September 5, 2008.
- (4) For 2008, includes \$9,075 paid to Mr. Isard as director fees, \$103,232 paid to Mr. Isard as consulting fees, \$9,920 paid to Mr. Isard as reimbursement for his health insurance premiums, and \$42,912 paid to Mr. Isard as reimbursement for his living expenses while in Washington, D.C. For 2007, includes \$9,900 paid to Mr. Isard as director fees, \$80,400 paid to Mr. Isard as consulting fees, \$7,201 paid to Mr. Isard as reimbursement for his health insurance premiums, and \$24,624 paid to Mr. Isard as reimbursement for his living expenses while in Washington, D.C.
- (5) Represents severance payments to Ms. Noel totaling \$12,308.

Executive Officers Who Are Not Also Directors

Set forth below is a description of the business experience of each executive officer who is not also a director.

Alicia M. Dickerson currently serves as Senior Vice President of Operations of Independence Federal, a position she has held since April 2008. She currently performs a similar function for Colombo Bank, serving as Senior Vice President – Operations Officer since 2005, and prior to assuming that position served as Manager of Loan Administration for Colombo Bank since 2004. Before joining Colombo Bank, she served as Loan Administration Manager for Sandy Spring Bank, Olney, Maryland, from 2003 to 2004, and as Loan Operations Manager for Eagle Bank, Bethesda, Maryland, from April 2002 to December 2002. She held a variety of positions with F&M Bank-Maryland, Bethesda, Maryland, from 1992 to 2002, including Director of Loan Administration from 1998 to 2002. Age 44.

Stanley W. Parsons has been Independence Federal's Vice President and Chief Information Officer since November 2005. Prior to becoming Independence Federal's Vice President and Chief Information Officer, Mr. Parsons was Independence Federal's Vice President of Product Administration from 2003 to 2005, and Vice President of Operations from 2001 to 2003. Age 63.

Gary C. Paul has served as Senior Vice President and Chief Lending Officer of Independence Federal since February 2009, having joined Independence Federal as a commercial loan officer in December 2008. Prior to joining Independence Federal, Mr. Paul served as Chief Executive Officer and Managing Member of CBP Enterprises, Latana, Florida, a commercial credit consulting firm, since 2006. Prior to that, Mr. Paul served as Vice President-Commercial Lending for Greater Atlantic Bank, Crofton, Maryland, from 2003 to 2006, as Vice President and Chief Credit Officer (2001 to 2003) and Vice President-Commercial Lending (1999 to 2001) for Carrolton Bank, Baltimore, Maryland, and as Vice President-Commercial Lending, for GrandBank, Rockville, Maryland, from 1998 to 1999. Mr. Paul has approximately 35 years of experience in credit underwriting. Age 59.

Janet A. Valentine, CPA has served as Chief Financial Officer of Independence Federal since September 2008, and has also served as Senior Vice President and Chief Financial Officer of Colombo Bank since May 2008. From April 2005 to May 2008, Ms. Valentine served as Chief Financial Officer of Congressional Bank, Potomac, Maryland, and from April 2002 to April 2005, Ms. Valentine served as Chief Financial Officer of Millennium National Bank, Reston, Virginia. Ms. Valentine has more than 30 years of experience in banking. Age 57.

Employment Agreements

The Bank does not have an employment agreement with any of its executive officers.

Consulting Arrangement

Pursuant to an oral arrangement between Mr. Isard and the Board of Directors of Independence Federal, in consideration for services provided to Independence Federal in addition to his service as a director, Mr. Isard has agreed to receive \$2,000 per week and to be reimbursed for his health insurance premiums and living expenses while in Washington, D.C.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Independence Federal's independent registered public accounting firm is responsible for performing an independent audit of Independence Federal's consolidated financial statements and issuing an opinion on the conformity of those financial statements with generally accepted accounting principles.

On March 20, 2008, BDO Seidman, LLP informed Independence Federal that it had decided not to stand for re-appointment as Independence Federal's independent registered public accounting firm for the fiscal year ended December 31, 2008, and that its resignation would be effective upon Independence Federal's filing of its Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007. On April 15, 2008, Independence Federal filed its Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, and BDO Seidman, LLP thereby completed its services as Independence Federal's independent registered public accounting firm.

The audit reports of BDO Seidman, LLP on Independence Federal's consolidated financial statements as of and for the fiscal years ended December 31, 2007 and 2006 did not contain an adverse opinion or a disclaimer of opinion, nor were they modified as to uncertainty, audit scope or accounting principles. During the fiscal years ended December 31, 2007 and 2006, and from January 1, 2008 through April 15, 2008: (i) there were no disagreements with BDO Seidman, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO Seidman, LLP, would have caused them to make reference to the subject matter of the disagreements in connection with their report; and (ii) there were no "reportable events," as that term is defined in Item 304(a)(1)(v) of Regulation S-K of the Securities and Exchange Commission.

On April 10, 2008, the Audit Committee of the Independence Federal Board of Directors appointed Stegman & Company to be Independence Federal's independent registered public accounting firm for the 2008 fiscal year, and that appointment was ratified by shareholders at the 2008 annual meeting of Independence Federal shareholders. The Audit Committee of the Independence Federal Board of Directors has appointed Stegman & Company to be Independence Federal's independent registered public accounting firm for the 2009 fiscal year, subject to ratification by shareholders at the 2009 annual meeting. A representative of Stegman & Company is expected to be present at the Independence Federal annual meeting to respond to appropriate questions from shareholders and will have the opportunity to make a statement should he or she desire to do so.

The Board of Directors recommends that you vote "FOR" the ratification of Stegman & Company as the independent registered public accounting firm of Independence Federal for the 2009 fiscal year.

Audit Fees

The following table sets forth the fees billed to Independence Federal by Stegman & Company for the fiscal year ended December 31, 2008 and by BDO Seidman, LLP for the fiscal year ended December 31, 2007.

<u>Fee Category</u>	<u>2008</u>	<u>2007</u>
Audit Fees ⁽¹⁾	\$56,337	\$293,354
Audit-related fees	---	---
Tax fees ⁽²⁾	11,500	18,338
All other fees	---	---

(1) For the audits of Independence Federal's annual financial statements and the reviews of financial statements included in Independence Federal's Quarterly Reports on Form 10-Q.

(2) For tax filing and tax-related compliance and other advisory services.

Policy on Audit Committee Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee is responsible for appointing and overseeing the work of the independent registered public accounting firm and setting the independent registered public accounting firm's compensation. The Audit Committee's charter provides that it will approve in advance any non-audit services permitted by the Exchange Act, including tax services that the independent registered public accounting firm provides to Independence Federal, unless such prior approval is waived because of permitted exceptions under the Exchange Act, including, but not limited to, the 5% de minimis exception. During the fiscal year ended December 31, 2008, the Audit Committee approved all of the "tax fees" billed to Independence Federal by Stegman & Company in compliance with these procedures.

Audit Committee Report

The Audit Committee of Independence Federal's Board of Directors operates under a written charter adopted by the Board of Directors. As of December 31, 2008, the Audit Committee was comprised of the following directors: Messrs. Brillembourg, Hall and Wilson. The Board of Directors of Independence Federal has determined that each such member is independent in accordance with the NASDAQ listing standards.

The Audit Committee members met and held discussions with management and Stegman & Company. Management represented to the Audit Committee that Independence Federal's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and Stegman & Company. The Audit Committee discussed with Stegman & Company matters required to be discussed by the Statement on Auditing Standards No. 114 (Communication With Audit Committees), including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

In addition, the Audit Committee has received the written disclosures and the letter from Stegman & Company required by applicable requirements of the Public Company Accounting Oversight Board regarding Stegman & Company's communications with the Audit Committee concerning independence and has discussed with Stegman & Company their independence from Independence Federal and its

management. In concluding that Stegman & Company is independent, the Audit Committee considered, among other factors, the non-audit services provided by Stegman & Company.

The Audit Committee discussed with Stegman & Company the overall scope and plans for their audit of the fiscal year ended December 31, 2008. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of Independence Federal's internal controls and the overall quality of Independence Federal's financial reporting.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of Independence Federal's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accounting firm who, in their report on their audit of Independence Federal's financial statements, express an opinion on the conformity of the financial statements to generally accepted accounting principles.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Independence Federal Board of Directors, and the board has approved, that the audited consolidated financial statements be included in Independence Federal's Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the Office of Thrift Supervision. The Audit Committee and the Board of Directors also have approved, subject to shareholder ratification, the selection of Stegman & Company as Independence Federal's independent registered public accounting firm for the 2009 fiscal year.

**Members of the Audit Committee of the Board of Directors
of Independence Federal Savings Bank as of December 31, 2008**

**Arturo Brillembourg, Chairman
Elliott S. Hall
John Silvanus Wilson**

OTHER INFORMATION RELATING TO DIRECTORS AND OFFICERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers (as defined in regulations promulgated thereunder) and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the Office of Thrift Supervision. Officers, directors and greater than 10% shareholders are required by such regulations to furnish us with copies of all Section 16(a) forms they file.

Based upon our review of Forms 3, 4 and 5 received by us in accordance with Rule 16a-3(e) under the Exchange Act, we believe that each of our current executive officers and directors has timely complied with applicable reporting requirements for transactions in our common stock during the fiscal year ended December 31, 2008, except for the inadvertent failure of Alicia M. Dickerson to timely file a Form 3, Initial Statement of Beneficial Ownership of Securities, upon becoming an officer of the Bank.

Transactions with Management

Loans to Officers and Directors. Independence Federal, like many financial institutions, has followed a policy of granting various types of loans to officers, directors and employees in accordance with applicable federal law. The loans have been made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with Independence Federal's customers, except for loans made pursuant to programs generally available to all employees, including officers and directors, and do not involve more than the normal risk of collectibility or present other unfavorable features.

Other Transactions. From 1975 to June 2009, Director Nelson Deckelbaum was a senior partner at the law firm of Deckelbaum Ogens & Raftery, Chtd., which has been retained by the Bank for collection services, including foreclosures, as well as the defense of minor lawsuits. The amount paid by the Bank to the firm for services rendered in 2008 did not exceed five percent of the law firm's gross revenues for its 2008 fiscal year.

Independence Federal director Morton A. Bender is, together with members of his family, the owner of more than 90% of the outstanding shares of Colombo Bancshares. On February 11, 2009, Independence Federal and Colombo Bancshares executed an agreement and plan of merger pursuant to which Colombo Bancshares and Colombo Bank will be acquired by Independence Federal, pending receipt of the approvals of the Office of Thrift Supervision and the shareholders of Independence Federal and Colombo Bancshares and the satisfaction or waiver of other customary conditions to closing. Independence Federal shareholders will be asked to vote on the transaction at a special meeting of shareholders to be held subsequent to the Annual Meeting.

Independence Federal and Colombo Bank previously entered into a memorandum of understanding outlining policies and procedures to be followed by both institutions in connection with the transaction of business between them. The memorandum of understanding provides that each institution will: (i) act independent of the other in making all decisions affecting it, and prohibits Mr. Bender or any member of his family from voting on any decisions that relate to the transaction of business between the institutions; (ii) be responsible for complying with all laws and regulations, including federal banking regulations and federal and state consumer protection statutes; (iii) be responsible for protecting the privacy and confidentiality of customer records and will not share those records with the other institution except as permitted by law for the purpose of carrying out the purposes of the memorandum of understanding; (iv) maintain documentation evidencing that in the pricing of products and services from

one institution to the other, the price to be charged and the price to be paid is no more than that which would be charged or paid to or by an independent third party; (v) for any violation by it of any law or regulation that results in liability of the other institution to a third party, indemnify the other institution for that liability; (vi) to the extent that it sells loans or interests in loans to the other institution, bear the risk of loss for violation of any warranties that have to be given to third parties in connection with sales in the secondary market; (vii) be ultimately responsible for the underwriting and approval of any loans ultimately held by it; and (viii) cooperate in any regulatory examination of its practices with regard to transactions between the institutions.

During 2008, consistent with the memorandum of understanding, Independence Federal purchased \$7.8 million in commercial loans from Colombo Bank. In addition, the Bank sold \$1.2 million of consumer loans to Colombo Bank and retained the servicing. As of December 31, 2008, Colombo Bank had loaned \$1.5 million in overnight funds to Independence Federal to assist with temporary liquidity issues. Also starting in 2008, Independence Federal and Colombo Bank have shared several employees to reduce operating expenses, with the institution receiving the employee support reimbursing the other institution for the employee's salary based on the amount of time spent at the institution receiving the support. Pursuant to this arrangement, during 2008, Independence Federal billed Colombo Bank \$15,000 for employee support it provided to Colombo Bank and Colombo Bank billed Independence Federal \$180,000 for employee support it provided to Independence Federal.

Legal Proceedings

Independence Federal was a defendant in a suit in the United States District Court for the District of Columbia, which was filed on January 18, 2006 by Mr. Bender (prior to his becoming a director of Independence Federal) and his wife against Independence Federal, Independence Federal's then acting President and Chief Executive Officer, Thomas L. Batties, and several (now former) directors of Independence Federal, including, among others, then Chairman of the Board, Carolyn D. Jordan, and then Vice Chairman of the Board, David Wilmot. The Benders' complaint alleged that Mr. Batties and the defendant directors violated Sections 13(d) and 14(a) of the Exchange Act and engaged in disseminating misleading information to Independence Federal's shareholders in an effort to dissuade shareholders from voting for the election of directors supported by Mr. Bender. The complaint also contained claims for breach of fiduciary duty and defamation of Mr. Bender. Independence Federal was included as a defendant only for the purpose of seeking a declaration from the court restraining Independence Federal from paying the legal fees of Mr. Batties and the defendant directors.

On July 21, 2006, the court granted Mr. Bender's request for a preliminary injunction, enjoining Mr. Batties, the defendant directors and Independence Federal from having a shareholders' meeting without court approval. Thereafter, the defendant directors resigned from the board (Mr. Batties had previously resigned). In February 2007, the court modified its injunction with regard to Independence Federal and a shareholders' meeting was held. In May 2007, finding that Ms. Jordan and Messrs. Batties and Wilmot were no longer in a position to control Independence Federal's affairs, and that Mr. Bender had obtained effective relief, the court dismissed the complaint. While Independence Federal is no longer a defendant in the case, it filed a cross-claim in May 2007 against Ms. Jordan and Messrs. Batties and Wilmot seeking recovery of the legal fees and costs advanced by Independence Federal on their behalf in the litigation. In November 2008, the court entered judgment against Ms. Jordan and Messrs. Batties and Wilmot in favor of Independence Federal in the amount of \$216,538 each, plus interest. In December 2008, Ms. Jordan and Messrs. Batties and Wilmot appealed to the United States Court of Appeals for the District of Columbia Circuit.

DIRECTOR NOMINATION PROCESS

General

The role of Independence Federal's Nominating/Corporate Governance Committee includes the consideration of director candidates to be recommended to the Bank's Board of Directors for service on the Board. It is the policy of the Nominating/Corporate Governance Committee to consider director candidates recommended by shareholders who appear to be qualified to serve on the Bank's Board of Directors, as determined by the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating/Corporate Governance Committee does not perceive a need to recommend to the Board of Directors an increase in the size of the Board. To avoid the unnecessary use of the Nominating/Corporate Governance Committee's resources, the committee will consider director candidates recommended by shareholders only in accordance with the procedures set forth below.

Procedures to be Followed by Shareholders

Recommendations for Nominations by the Board of Directors. To submit a recommendation of a director candidate to the Nominating/Corporate Governance Committee for nomination by the Board of Directors, a shareholder should submit the following information in writing, addressed to the Chairman of the Nominating/Corporate Governance Committee, care of the Corporate Secretary, at the main office of the Bank:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
4. As to the shareholder making the recommendation, the name and address of such shareholder as they appear on the Bank's books; provided, however, that if the shareholder is not a registered holder of the Bank's common stock, the shareholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Bank's common stock; and
5. A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

Nominations by Shareholders. Director nominations by shareholders must be received by the Corporate Secretary of the Bank in writing at least five (5) calendar days prior to the date of the annual shareholders' meeting.

Minimum Qualifications

The Nominating/Corporate Governance Committee has adopted a set of criteria that it considers when selecting individuals to recommend for nomination for election to the Board of Directors. A candidate must meet the eligibility requirements set forth in the Bank's Bylaws, which include a

requirement to own shares of Independence Federal common stock. A candidate also must meet any qualification requirements set forth in any Board or committee governing documents.

If the candidate is deemed eligible for election to the Board of Directors, the Nominating/Corporate Governance Committee will then evaluate the prospective nominee to determine if he or she possesses the following qualifications, qualities or skills:

- financial, regulatory and business experience;
- familiarity with and participation in the local community;
- integrity, honesty and reputation;
- dedication to the Bank and its shareholders; and
- independence.

The Nominating/Corporate Governance Committee will also consider any other factors it deems relevant, including age, diversity, size of the Board of Directors and regulatory disclosure obligations.

With respect to nominating an existing director for re-election to the Board of Directors, the Nominating/Corporate Governance Committee will consider and review an existing Director's Board and committee attendance and performance; length of Board service; experience, skills and contributions that the existing Director brings to the Board and Independence Federal.

Director candidates nominated by shareholders, rather than the Board, are not subject to evaluation under the minimum qualifications and the Board cannot give any assurances that such nominees meet those qualifications.

Process for Identifying and Evaluating Nominees

The process that the Nominating/Corporate Governance Committee follows to identify and evaluate individuals to be nominated for election to the Board of Directors is as follows:

Identification. For purposes of identifying nominees for the Board of Directors, the Nominating/Corporate Governance Committee relies on personal contacts of the committee members and other members of the Board of Directors, as well as its knowledge of members of the communities served by the Bank. The Nominating/Corporate Governance Committee and the Nominating Committee will also consider director candidates recommended by shareholders in accordance with the policy and procedures set forth above. The Nominating/Corporate Governance Committee has not previously used an independent search firm to identify nominees.

Evaluation. In evaluating potential nominees, the Nominating/Corporate Governance Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under certain criteria, which are described above. If such individual fulfills these criteria, the Nominating/Corporate Governance Committee will conduct a check of the individual's background and interview the candidate to further assess the qualities of the prospective nominee and the contributions he or she would make to the Board. If the Nominating/Corporate Governance Committee determines a candidate is qualified and eligible for service in the Board of Directors, it will then recommend such candidates to the Nominating Committee for recommendation to the Board of Directors.

SHAREHOLDER PROPOSALS

In order to be eligible for inclusion in the Bank's proxy materials for next year's annual meeting of shareholders, any shareholder proposal to take action at such meeting must be directed to the attention of Andrea C. Couttenye, Corporate Secretary, and received at the Bank's main office currently located at 1229 Connecticut Avenue, N.W., Washington, D.C. 20036, no later than February 23, 2010. Any such proposals will be subject to the requirements of the proxy rules adopted under the Exchange Act, as administered by the Office of Thrift Supervision. The Bank's main office is currently located at 1229 Connecticut Avenue, N.W., Washington, D.C. 20036, but effective June 29, 2009 will change to 1301 9th Street, N.W., Washington, D.C. 20001.

To be considered for presentation at next year's annual meeting of shareholders, although not included in the Bank's proxy materials for that meeting, a shareholder proposal must be stated in writing and filed with the Bank's Corporate Secretary at least five (5) days before the date of such annual meeting.

SHAREHOLDER COMMUNICATIONS

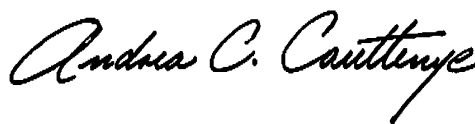
Independence Federal encourages shareholder communications to the Board of Directors and/or individual directors. All communications from shareholders to the Board of Directors or to individual directors should be addressed to Independence Federal Savings Bank, 1301 9th Street, N.W., Washington, D.C. 20001, Attn.: Corporate Secretary. Shareholders who wish to communicate with a Committee of the Board should direct their communications to the Chair of the particular committee in care of Andrea C. Couttenye, Corporate Secretary, with a copy to the Chair of the Nominating/Corporate Governance Committee. It will be in the discretion of the Nominating/Corporate Governance Committee whether to bring to the attention of the full Board any communication sent to the full Board.

OTHER INFORMATION

The cost of the solicitation of proxies on behalf of the Board of the Bank will be borne by Independence Federal. Proxies may be solicited personally or by telephone by directors, officers and other employees of Independence Federal without any additional compensation. Independence Federal will also request persons, firms and corporations holding shares in their names, or in the name of their nominees, which are beneficially owned by others, to send proxy material to, and obtain proxies from, the beneficial owners, and will reimburse those record holders for their reasonable expenses in doing so.

Independence Federal's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 is being furnished along with this proxy statement to shareholders as of June 12, 2009. Additional copies of the Form 10-K for the fiscal year ended December 31, 2008 will be furnished without charge to persons who were shareholders as of the close of business on June 12, 2009 upon written request to Andrea C. Couttenye, Corporate Secretary, Independence Federal Savings Bank, 1301 9th Street, N.W., Washington, D.C. 20001; (202) 628-5500. The Form 10-K is also available on the Bank's website.

By Order of the Board of Directors



Andrea C. Couttenye
Corporate Secretary

June 23, 2009
Washington, D.C.

