
Instructions for Preparation of FR Y-3 Application to the Board of Governors of the Federal Reserve System

Who May Use This Form

This form should be used for applications filed under section 3 of the BHC Act, including applications filed under: (1) section 3(a)(1) of the BHC Act by any United States corporation, partnership, business trust, association, or any other trust that does not terminate within twenty-five years (or within twenty-one years and ten months after the death of individuals living on the effective date of the trust) that seeks to form a bank holding company with respect to one or more banks; (2) section 3(a)(3) of the BHC Act by an existing bank holding company to acquire shares of a bank or bank holding company, if after such acquisition the applicant bank holding company would own 5 percent or more of the voting shares of the bank or bank holding company; and (3) section 3(a)(5) of the BHC Act for a merger or consolidation of bank holding companies. This form also should be used to acquire 25 percent or more of the total equity of a bank or bank holding company, or otherwise to control a bank or bank holding company. This form should be used only for those filings subject to the procedures in section 225.15 of Regulation Y.

Form FR Y-3N should be used for notifications filed under: (1) under section 3(a)(5)(C) of the BHC Act that qualify for the procedures in section 225.17 of Regulation Y, and (2) under sections 3(a)(3) and 3(a)(5) of the BHC Act that qualify for the procedures in section 225.14 of Regulation Y.

In some cases, a bank holding company acquisition may result in a person or group of persons acquiring control of the bank holding company for purposes of the Change in Bank Control Act ("CIBC Act"). In such case, the requirements of the CIBC Act may be fulfilled by providing, as part of the application under section 225.15 of Regulation Y, information required under paragraph (6)(A) of the CIBC Act (12 U.S.C. § 1817(j)(6)(A)) as well as any financial or other information required by the

Reserve Bank under section 225.43 of Regulation Y. A person or group of persons that chooses not to provide this information as part of the application under section 225.15 of Regulation Y must separately comply with the prior notice requirements of the CIBC Act.

Preparation of Application

For relevant filing information, Applicants should consult the Board's Regulation Y (12 CFR Part 223), a copy of which is available on the Board's public website at www.federalreserve.gov/regulations/ or through any Reserve Bank. Additional filing information is available on the Board's public website at www.federalreserve.gov/generalinfo/applications/afi/. As indicated on the FR Y-3 cover page, an application may first be submitted in draft form whenever Applicant so chooses.

Inquiries regarding the preparation and filing of applications should be directed to the Reserve Bank of the Federal Reserve district in which the main office of Applicant's sole or principal subsidiary either will be or is currently located ("appropriate Reserve Bank"). Applicants are encouraged to contact Federal Reserve staff as soon as possible for assistance in identifying the specific type of information that should be provided in the application (particularly information related to convenience and needs or competitive considerations, including management official interlocks subject to Regulation L (12 CFR Part 212)) and to determine whether an examination of the bank(s) to be acquired will be required in connection with the proposed transaction.

The required application is to be filed by submitting the information requested in this form to the appropriate Reserve Bank. Alternative formats, if used, must provide all requested information. The application must be substantially complete and responsive to each item of information requested (including an indication that the answer

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is “not applicable” or “none” where such is the case) in order to be considered properly filed in accordance with the requirements of the BHC Act.

The appropriate Reserve Bank, within the established time limitations, will review the submitted application to determine if it is substantially complete. If so, an acknowledgement letter will be sent indicating the date that the application has been formally accepted for processing. If not, the application will be returned to the Applicant. As necessary to complete the record of the application, a request for additional information will be sent to the contact person named in the application. Under certain circumstances, name check and financial information may be required; such information for individuals should be submitted on the Interagency Biographical and Financial Report (FR 2081c; OMB No. 7100-0134), and may be submitted in advance of the application. Contact the appropriate Reserve Bank for further information.

The Federal Reserve System reserves the right to require the filing of additional statements and information. If any information initially furnished in the application changes significantly during processing of the application, these changes should be communicated promptly to the appropriate Reserve Bank.

Financial Holding Companies

If Applicant seeks to become a financial holding company in connection with the proposed transaction, it must submit the necessary written declaration as part of the FR Y-3 filing. The declaration must conform to Regulation Y (sections 225.81 and 225.82, or sections 225.90, 225.91, and 225.92, as appropriate). Applicant should contact the appropriate Reserve Bank for further information.

If the proposal involves a financial holding company that is seeking to acquire a depository institution that is not well capitalized or well managed, Applicant must contact the appropriate Reserve Bank regarding the development and execution of an agreement under section 4(m) of the BHC Act acceptable to the Board. The agreement will outline the actions to be taken by Applicant to address the financial and/or managerial deficiencies of the depository institution, and any limitations on the activities of Applicant until those deficiencies are satisfactorily addressed.

Foreign Organizations

If Applicant is organized under the laws of a foreign country and is seeking the initial acquisition of a domestic bank, Applicant must complete ~~FR Y-1E~~ instead of this form.

Nonbanking Investments and Activities

Certain additional information is required if Applicant intends to acquire nonbanking operations, including a savings association or other nonbank insured depository institution, in connection with the proposed transaction. Any nonbanking investments or activities that are to be acquired under the authority of sections 4(c)(8) and 4(j) of the BHC Act require the prior approval of the Board and a companion FR Y-4 notification. (See section 225.28 of Regulation Y for a listing of permissible nonbanking activities approved by regulation and section 225.24 of Regulation Y for the procedures to engage in those nonbanking activities.) Any nonbanking operations that are to be acquired under other provisions within section 4 of the BHC Act and that do not require the prior approval of the Board should be identified separately with relevant authorities cited. (See sections 225.22, 225.86 and 225.170 of Regulation Y for activities and investments that generally do not require the prior approval of the Board.)

Publication Requirement

For applications filed pursuant to section 3 of the BHC Act, Applicant should publish a notice in a newspaper of general circulation in the community(ies) in which the head offices of the applicant bank holding company, its largest subsidiary bank, and each bank to be directly or indirectly acquired is located. The newspaper notice should provide opportunity for the public to submit written comments on the proposal for at least 30 calendar days after the date of publication, and must be published no more than 15 calendar days before and no later than 7 calendar days after the date that the application is filed with the appropriate Reserve Bank. ~~On written request by the Applicant, the Reserve Bank may publish of proposals in the Federal Register no more than~~ 15 calendar days before the application is filed.

Applicant should consult with the appropriate Reserve Bank or the Board’s public website for the specific

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publication format used at that Reserve Bank. A copy of the newspaper notice publication must be provided to the appropriate Reserve Bank, as required by Section 262.3(b) of the Board's Rules of Procedure.

The following is a sample notice:

Notice of Application for
(Formation of Bank Holding Company) or
(Acquisition of a Bank or
Bank Holding Company by a Bank Holding Company) or
(Merger of Bank Holding Companies)

(Name and location of head office) intends to apply to the Federal Reserve Board for permission to (form a bank holding company with respect to) (acquire a bank,) (acquire/merge with another bank holding company,) (name and location of head office). We intend to acquire control of (name of bank and location of head office; include name and location of savings association or other nonbank insured depository institution, if any). The Federal Reserve considers a number of factors in deciding whether to approve the application, including the record of performance of banks we own in helping to meet local credit needs.

You are invited to submit comments in writing on this application to the Federal Reserve Bank of _____, (address of appropriate Reserve Bank). The comment period will not end before (date must be no less than 30 days from the date of publication of the application) and may be somewhat longer. The Board's procedures for processing applications may be found at 12 C.F.R. Part 262. Procedures for processing protested applications may be found at 12 C.F.R. 262.25. To obtain a copy of the Federal Reserve Board's procedures, or if you need more information about how to submit your comments on the application, contact (name of Reserve Bank contact and telephone number). The Federal Reserve will consider your comments and any request for a public meeting or formal hearing on the application if they are received in writing by the Reserve Bank on or before the last day of the comment period.

Confidentiality

Under the provisions of the Freedom of Information Act (5 U.S.C. 552), the application is a public document and available to the public upon request.

~~If Applicant is of the opinion that disclosure of commercial or financial information would likely result in substantial harm to its competitive position or that of its subsidiaries, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested. The request for confidential treatment must be submitted in writing concurrently with the filing of the application, and must discuss in detail the justification for confidential treatment. Such justification must be provided for each response for which confidential treatment in the public portion of the application is requested. Applicant's reasons for requesting confidentiality should demonstrate specifically the harm that would result from public release of the information. A statement simply indicating that the information would result in competitive harm or that it is personal in nature is not sufficient. (A claim that disclosure would violate the law or policy of a foreign country is not, in and of itself, sufficient to exempt information from disclosure. Applicant must demonstrate that disclosure would meet either the "substantial competitive harm" or "unwarranted invasion of personal privacy" tests.)~~

~~Information for which confidential treatment is requested should be: (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled "CONFIDENTIAL." Applicant should follow this same procedure with regard to filing any supplemental information to the application.~~

~~The Federal Reserve System will determine whether information submitted as confidential will be so regarded, and will advise Applicant of any decision to make available to the public information labeled "CONFIDENTIAL." However, it shall be understood that, without prior notice to Applicant, the Board may disclose or comment on any of the contents of the application in the Order or Statement issued by the Board in connection with its decision on the application. The Board's staff normally will apprise Applicant in the course of the applications process that such information may need to be disclosed in connection with the Board's action on the application.~~

Preliminary Charter Approval

If a proposed new operating bank is involved, Applicant

Insert C

Confidentiality

Under the provisions of the Freedom of Information Act (the “FOIA” -- 5 U.S.C. 552), the application is a public document and available to the public upon request. Once submitted, an application becomes a record of the Board and may be requested by any member of the public. Board records generally must be disclosed unless they are determined to fall, in whole or in part, within the scope of one or more of the FOIA exemptions from disclosure. See 5 U.S.C. § 552(b)(1)-(9).

The exempt categories include (but are not limited to) “trade secrets and commercial or financial information obtained from a person and privileged or confidential” (exemption 4), and information that, if disclosed, “would constitute a clearly unwarranted invasion of personal privacy” (exemption 6). An Applicant may request confidential treatment for any information submitted in (or in connection with) its application that Applicant believes is exempt from disclosure under the FOIA. For example, if Applicant is of the opinion that disclosure of commercial or financial information would likely result in substantial harm to its competitive position or that of its subsidiaries, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested.

The request for confidential treatment must be submitted in writing concurrently with the filing of the application (or subsequent related submissions), and must discuss in detail the justification for confidential treatment. Such justification must be provided for each portion of the application (or related submissions) for which confidential treatment is requested. Applicant’s reasons for requesting confidentiality must specifically describe the harm that would result from public release of the information. A statement simply indicating that the information would result in competitive harm or that it is personal in nature is not sufficient. (A claim that disclosure would violate the law or policy of a foreign country is not, in and of itself, sufficient to exempt information from disclosure. Applicant must demonstrate that disclosure would fall within the scope of one or more of the FOIA exemptions from disclosure.) Applicant must follow the steps outlined immediately below, and certify in the application (or related submissions) that these steps have been followed.

Information for which confidential treatment is requested should be: (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled “CONFIDENTIAL.”

With respect to applications that include information regarding an individual or individuals associated with the proposed transaction, the Board expects Applicant to certify that it has obtained the consent of the individual(s) to public release of such information prior to its submission to the Board or, in the absence of such consent, to submit (or ensure that the individual(s) submit(s)) a timely request for confidential treatment of the information in accordance with these instructions. Information submitted directly by an individual or individuals will become part of the relevant application record, and, accordingly, will be a Board record subject to being requested by any member of the public under FOIA.

The Federal Reserve will determine whether information submitted as confidential will be so regarded, and will advise Applicant of any decision to make available to the public information labeled “CONFIDENTIAL.” However, it shall be understood that, without prior notice to Applicant, the Board may disclose or comment on any of the contents of the application in the Order or Statement issued by the Board in connection with its decision on the application. The Board’s staff normally will apprise Applicant in the course of the review process that such information may need to be disclosed in connection with the Board’s action on the application.

For further information on the procedures for requesting confidential treatment and the Board’s procedures for addressing such requests, consult the Board’s Rules Regarding Availability of Information, 12 CFR part 261, including 12 CFR 261.15, which governs requests for confidential treatment.

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~~should have received at least preliminary approval of the charter before filing this application in final form. Applicant should contact the appropriate Reserve Bank during the preliminary charter process regarding the application to be filed.~~

Supporting Information

The Federal Reserve System specifically reserves the right to require the filing of additional statements and information. The questions in the application are not intended to limit Applicant's presentation. Applicant bears the full burden for presenting and documenting a case to meet the statutory criteria for approval. Supporting information for any or all factors, setting forth the basis for Applicant's judgment, may accompany the application.

Compliance

Applicant is expected to comply with all representations and commitments made in this application. Applicant should immediately contact the appropriate Reserve Bank if there is any change in ~~the structure of~~ the proposal prior to consummation.


Requested Information

Proposed Transaction

1. Provide the following with respect to the Bank/Bank Holding Company to be acquired:
 - a. Total number of shares of each class of stock outstanding;
 - b. Number of shares of each class now owned or under option by Applicant, by subsidiaries of Applicant, by principals of Applicant,¹ by trustees for the benefit of Applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by Applicant;

1. The term principal as used herein means any individual ~~or~~ corporation that (1) owns ~~directly or indirectly~~, 10 percent or more of the outstanding shares of any class; (2) is a director, trustee, partner, or executive officer; or (3) with or without ownership interest, participates, or has the authority to participate in major policy-making functions, whether or not the individual has an official title or is serving without compensation. If Applicant believes that any such individual should not be regarded as a principal, Applicant should so indicate and give reasons for such opinion.

- c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;
- d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of Applicant's shares to be exchanged;

 ~~Copy of any existing or proposed contract or agreement that in any manner limits the ability of individuals associated with Applicant or the Bank/Bank Holding Company to compete with Applicant, its subsidiaries, or the Bank/Bank Holding Company. Discuss the purpose of and the reasonableness of such an arrangement with respect to duration, geographic area, and the institutions involved; and~~

- ~~f.~~ A brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application.
2. If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and ~~the amount such price represents per share to the stockholders of Bank. Also, indicate~~ the source of funds ~~which Applicant intends to use in acquiring the assets of Bank~~ and discuss the effect of the transaction on Applicant.
3. For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction ~~will~~ result in an organization other than a shell one-bank holding company, submit a pro forma organization chart showing Applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.

Financial and Managerial Information


4. a. ~~Provide parent company and consolidated balance sheets for Applicant.² The balance sheets should be as of the end of the most recent fiscal~~

2. ~~If Applicant's pro forma consolidated assets are less than \$150 million and if Applicant does not intend to either engage in a leveraged nonbank activity or issue publicly held debt, Applicant need not submit~~

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~~quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by footnotes) reflecting the proposed acquisition; and the resulting pro forma balance sheets. Goodwill and all other intangible assets should be set out separately on the balance sheet according to type of intangible. Also, indicate the amortization period for any amortizable intangible asset;~~

- ~~b. If the total consolidated assets of Applicant exceed \$150 million, provide the amount, maturity, and a brief description of any outstanding debt instruments. Indicate which instruments qualify under the risk-based capital guidelines as tier 2 capital for the consolidated organization. This information can be provided in a footnote to the consolidated balance sheet;~~
- ~~c. Material changes between the date of the balance sheets and the date of the application should be disclosed (with an appropriate explanation). If there are no material changes, a statement to that effect should be made; and~~
- ~~d. Provide for Applicant, on a consolidated basis (if pro forma total consolidated assets of the organization exceed \$150 million or Applicant is otherwise subject to consolidated capital standards); a breakdown of the organization's existing and pro forma risk-adjusted assets as of the end of the most recent fiscal quarter, showing each principal group of on- and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of tier 1, tier 2, and tier 3 (if any) capital pursuant to the risk-based capital guidelines as of the end of the most recent fiscal quarter, and provide calculations of Applicant's existing and pro forma tier 1 and total capital ratios pursuant to the risk-based guidelines and the related leverage ratios.~~

: In applications filed pursuant to section 3(a)(1) of the BHC Act, if the application involves the transfer of ownership of Bank from one control group to another at the time of formation, then Applicant's carrying value for the shares of Bank would be the purchase price. If

the application involves the transfer of ownership of Bank from individual to corporate form (a reorganization of existing ownership interests), then Applicant's carrying value for the shares of Bank should be the historical cost to the exchanging shareholders plus the proportionate interest in any undistributed earnings of Bank from the date those shares were acquired by the exchanging shareholders. (Bank's valuation reserves are not included in these computations.) If historical cost plus undistributed earnings cannot reasonably be determined, then present book value should be assigned to the shares of Bank as carrying value. The computation of carrying value should be detailed by footnotes ~~to the balance sheet.~~

~~5. Provide for Applicant and Bank/Bank Holding Company:~~

- ~~a. Plans to issue additional equity or long-term debt, including any debt that Applicant will incur or assume in this proposal. Specify the amount, purpose, the name and location of the lender, and provide a copy of any loan agreement or loan commitment letter from the lender which provides the interest rate, maturity, collateral, and proposed amortization schedule; discuss generally what resources will be used to service any debt arising from the proposed transaction; and~~
- ~~b. If Applicant's pro forma consolidated assets are equal to or greater than \$150 million, or if Applicant's consolidated assets are less than \$150 million and it engages in a leveraged nonbank activity or issues publicly held debt, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement, if Applicant will incur or assume any debt in this proposal and parent company long-term debt will exceed 30 percent of parent company equity capital accounts on a pro forma basis. For example, if Applicant projects that dividends from subsidiary banks will be utilized to service parent company debt, provide projections of assets, tier 1 and total capital ratios pursuant to the risk-based capital guidelines as well as the leverage ratio, earnings, and dividends for Applicant's subsidiary banks. (If the combined assets of the subsidiary banks~~

~~consolidated balance sheets. All other applicants will be evaluated on a consolidated basis.~~

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~~exceed \$500 million, subsidiary bank data can be shown on an aggregate basis.) Explain the methods and assumptions utilized in the projections, and support all assumptions which deviate from historical performance; or~~

~~e. If Applicant's pro forma consolidated assets are less than \$150 million, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement, if Applicant will incur or assume any debt in this proposal and parent company long term debt will exceed 30 percent of parent company equity capital accounts on a pro forma basis.³ Such projections for the parent company must clearly demonstrate the ability to reduce the long term debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, tier 1 and total capital ratios pursuant to the risk based capital guidelines, the leverage ratio, earnings, and dividends. Explain the methods and assumptions utilized in the projections, and support all assumptions which deviate from historical performance.⁴~~

6. For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for Applicant and Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:

- a. Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;
- b. Title or positions with Applicant and Bank;
- c. Number and percentage of each class of shares of Applicant and Bank owned, controlled, or held

~~3. If Applicant's pro forma consolidated assets are less than \$150 million and if Applicant is either engaged in a leveraged nonbank activity or has issued publicly held debt, Applicant should respond to question 5(b) (if appropriate) and not to question 5(c).~~

with power to vote by this individual;⁴

- d. Principal occupation if other than with Applicant or Bank; and
- e. Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company.⁵ Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect.)

7. For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for Applicant and ~~the Bank/Bank Holding Company which will~~ result from the proposal. For any existing or proposed principal of Applicant or Bank/Bank Holding Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:

- a. Name, address, and title or position with Applicant, Bank/Bank Holding Company, and the other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);
- b. Number and percentage of each class of shares of Applicant and Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;⁶
- c. Principal occupation if other than with Applicant or Bank/Bank Holding Company; and
- d. Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership represents 10 percent or more of any class of

⁴ Include shares owned, controlled or held with power to vote by principal's spouse, dependents and other immediate family members. Give record ownership and, to the extent information is available, beneficial ownership of shares held by trustees, nominees, or in street names.

⁵ For purposes of this application, a "depository institution" is defined as a commercial bank (including a private bank), a savings bank, a trust company, a savings and loan association, a homestead association, a cooperative bank, an industrial bank, or a credit union.

⁶ As defined in footnote number 4.

Insert E (old question 5/new question 6)

Provide for Applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:

- a. A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, trust preferred securities, other qualifying capital, and/or debt. As relevant, specify the amount, purpose, the name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter from the lender, or other underlying agreement which provides the interest rate, maturity, collateral, and proposed amortization schedule; and discuss what resources will be used to service any debt or capital instruments arising from the proposed transaction; and
- b. Cash flow projections under the following limited circumstances;
 - (i) For an Applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or trust preferred securities in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If Applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or trust preferred securities, provide projections of subsidiary bank(s) assets, tier 1 and total capital ratios pursuant to the risk-based capital guidelines, leverage ratio, earnings, and dividends. (If the combined assets of the subsidiary banks exceed \$500 million, subsidiary bank data may be shown on an aggregate basis.);
 - (ii) For an Applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or trust preferred securities in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement. These projections must clearly demonstrate the ability of the parent company to reduce the long-term debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s)

assets, tier 1 and total capital ratios pursuant to the risk-based capital guidelines, leverage ratio, earnings, dividends, and other payments to affiliates. Explain the methods and assumptions utilized in the projections, and support all assumptions which deviate from historical performance.

- (iii) For an Applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or trust preferred securities in the proposal such that parent company long-term debt would be equal to or less than 30 percent of parent company equity capital and combined parent company long-term debt and trust preferred securities would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. As indicated above, relevant bank subsidiary projections should be provided if the parent company projects relying on dividends and other payments from bank subsidiaries to service its debt and trust preferred securities.

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shares. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect.)

8. Discuss any material change in the financial condition of Bank/Bank Holding Company since the most recent examination/inspection. Indicate the amount of any dividend payment by Bank/Bank Holding Company since the date of the most recent report of condition and report of income and dividends. Also, indicate the amount of any Bank/Bank Holding Company dividends that are planned prior to consummation. For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for Bank a copy of all schedules from the most recent report of condition and report of income and dividends as filed with a Federal supervisory authority.
9. If the consolidated assets of the resulting organization are less than ~~\$150 million~~ for each principal of Applicant who ~~will either~~ retain personal indebtedness or act as guarantor for any debt that was incurred in the acquisition of shares of Applicant or Bank/Bank Holding Company, provide the following:
 - a. Name of borrower and title, position, or other designation that makes the borrower a principal of Applicant;
 - b. Amount of personal indebtedness to be retained;
 - c. A description of the terms of the borrowing, ~~and~~ the name and location of the lender;
 - d. Statement of net worth as of a date within three months of Applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and
 - e. Statement of most current year's income. In addition to indicating each principal source of annual

income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)

~~Competition and Convenience and Needs~~

If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a *de novo* bank, a response to items ~~10 and 11~~ is not required. Otherwise, Applicant should contact the appropriate Reserve Bank to determine whether a response to items ~~10 and 11~~ will be necessary. If a response is required, Applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If Applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, Applicant will be so informed.

- ~~10.~~ Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of Authority (section 265.11c(11)(v)). Applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.
- ~~11.~~ If the proposal involves the acquisition of nonbank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:
 - a. A description of the proposed activity(ies);

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- b. The name and location of Applicant's and Bank's direct or indirect subsidiaries that engage in the proposed activity(ies);
- c. Identification of the geographic and product markets in which competition would be affected by the proposal;
- d. A description of the effect of the proposal on competition in the relevant markets; and
- e. A list of major competitors in each affected market.

In addition, ~~the applicant~~ should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.

~~12.~~ In an application in which any principal of Applicant or Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.

~~13.~~ a. Describe how the proposal will meet the convenience and needs of the target Bank's community(ies). List any significant changes in services

or products that will result from the consummation of the transaction. If any services or products will be discontinued, describe and explain the reasons.

b. Discuss the programs, products, and activities of the depository subsidiaries of ~~the Applicant~~ or the target Bank that will meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) regulation, including the needs of low- and moderate-income geographies and individuals. For a subsidiary of ~~the Applicant~~ or target Bank that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or multi-state MSA, or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.