

CONVERSION APPLICATION

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GENERAL INFORMATION AND INSTRUCTIONS

Preparation and Use

This application is used to effect a transaction under The National Bank Act, as amended (beginning at 12 U.S.C. 21), and 12 CFR 5.24 for a conversion to a national bank charter.

All questions must be answered with complete and accurate information that is subject to verification. If the answer is "none," "not applicable," or "unknown," so state. Answers of "unknown" should be explained.

The questions in the application are not intended to limit the Applicant's presentation nor are the questions intended to duplicate information supplied on another form or in an exhibit. For such information, a cross reference to the information is acceptable. Any cross-reference must be made to a specific cite or location in the documents, so the information can be found easily. Supporting information for all relevant factors, setting forth the basis for Applicant's conclusions, should accompany the application. The regulatory agency may request additional information.

This application form collects information that the OCC will need to evaluate a conversion application. The OCC must consider the applicable statutory requirements set forth above, as well as applicable regulatory requirements, when acting on this application. For additional information regarding these statutory and regulatory requirements, as well as processing procedures and guidelines and any supplemental information that may be required, refer to the OCC's procedural guidelines [that is, *The Comptroller's Licensing Manual*]. The Applicant may contact the OCC directly for specific instruction or visit their Web site at www.occ.treas.gov.

Notice of Publication

Generally, public notice under 12 CFR 5.8 does not apply to a conversion, unless the OCC determines that the application presents a significant or novel policy, supervisory, or legal issue where a public notice is considered necessary. A public notice also may be required

where a conversion application is accompanied by a second application that requires a publication notice under 12 CFR 5.8. In this instance, a public notice describing the entire transaction may be necessary to ensure the public has a full understanding of the entire transaction.

If a notice is required, the Applicant must publish notice of the proposed conversion in a newspaper of general circulation in the affected community or communities. The OCC will provide specific requirements for the notice of publication.

Electronic Submission

In addition to an original application and the appropriate number of signed copies, the OCC would like to have an electronic copy of the information in the application, especially of the business plan's financial projections, if applicable. Submission of an electronic copy is voluntary. It will be used only for internal review and processing, and those portions granted confidential treatment will not be released to the public. The electronic copy may be provided on a computer diskette, using common word processing and spreadsheet software. For E-mail submissions, contact the OCC for instructions and information about secure transmission of confidential material.

Confidentiality

Any Applicant desiring confidential treatment of specific portions of the application must submit a request in writing with the application. The request must discuss the justification for the requested treatment. The Applicant's reasons for requesting confidentiality should specifically demonstrate the harm (for example, loss of competitive position, invasion of privacy) that would result from public release of information (5 U.S.C. 552 or relevant state law). 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." The Applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information to the application.

The Applicant should contact the OCC for specific instructions regarding requests for confidential treatment. The OCC will determine whether the information will be treated as confidential and will advise the Applicant of any decision to publicly release information labeled as "Confidential."

CONVERSION APPLICATION

(Check all appropriate boxes.)

Charter Type of Converting Bank

- State Bank
- Federal Savings Bank or Association
- State Savings Association
- Other _____

Chartering Agency

- Office of Thrift Supervision
- State _____

Current Deposit Insurance Fund

- Bank Insurance Fund (BIF)
- Savings Association Insurance Fund (SAIF)
- Hybrid: BIF with some SAIF
- Hybrid: SAIF with some BIF
- Uninsured
- Other _____

Federal Reserve Status

- Member Bank
- Nonmember Bank

- Processing:* Standard Expedited
-

Converting Institution

Proposed Name

Current Name

Current Street Address

City

State

ZIP Code

Parent Company Identifying Information (if applicable)

Name

Street

City

State

ZIP Code

Contact Person

Name

Title

Employer

Street

City

State

ZIP Code

Telephone Number

Fax Number

E-Mail Address

CONVERSION APPLICATION

1. Overview

- (a) Provide a brief statement detailing why the institution is interested in converting to a national bank.
- (b) Provide a statement of qualification as an “eligible depository institution,” if applicable.
- (c) Provide an opinion of counsel that the conversion is not in contravention of applicable state or federal law. Describe any issues about the permissibility of the proposal and identify any regulatory waiver requests, providing adequate justification. The applicant should consult with the OCC to determine if the proposal presents any unusual legal concerns that would require an expanded legal opinion.
- (d) If exercising fiduciary powers after the conversion, submit: 1) an opinion of counsel that the activities are not in contravention of applicable laws, including capital and surplus requirements applicable to state banks, trust companies, and other corporations exercising comparable powers; 2) a list of applicable laws; 3) the location(s) where fiduciary activities will be conducted; 4) biographical information on trust management, including educational and professional credentials and 5-year employment history; and, 5) if limited powers are requested, list the powers requested. See the “Fiduciary Powers” section of the Conversion booklet and the Fiduciary Powers booklet.
- (e) Submit the Organization Certificate with original signatures. The Organization Certificate must be notarized. At least a majority of the board must sign, with a minimum of five signatures required. The Organization Certificate is not effective until the conversion is consummated.
- (f) Submit the Articles of Association with original signatures. At least a majority of the board must sign, with a minimum of five signatures required. The Articles are not effective until the conversion is consummated.
- (g) Submit the bylaws. The board must adopt the bylaws, but it should not execute them. The Secretary or Cashier must certify that the board adopted the bylaws. The bylaws are not effective until the conversion is consummated.

- (h) Submit the document entitled, Authority for Conversion to National Bank.
- (i) If the institution is not currently FDIC insured, indicate if it will apply for insurance.
- (j) Provide a copy of the business plan if the institution has been chartered less than three years; if there will be a significant change in the institution's operations, strategy, market area, funding, loan composition, portfolio, lines of business, scope of activities, products, or services; if the institution is not granted expedited review; or if it is otherwise required that a business plan be submitted. Those not required to submit a business plan should submit a representation that no significant changes will be made to the institution's existing business plan.

The interagency model business plan is available for your use. At a minimum, the business plan should address or include:

- Any anticipated changes in operations, strategy, market area, funding, loan composition, portfolio, products, or services.
- Future business objectives of the resulting national bank.
- Any plans to raise additional capital.
- Projected financial statements for a period of three years that reflect the effects of conversion, along with any adjusting entries that result from the conversion.

2. Management

- (a) Provide a list of any individual, or group of shareholders acting in concert that owns, or will own, or control 10 percent or more of the institution's stock. Indicate any positions and offices currently held, or to be held, by these individuals with the institution, the institution's holding company, or its affiliates. Contact the OCC to determine whether Interagency Biographical and Financial Reports and fingerprint cards will be needed for these individuals. If so, review the Background Investigations booklet.
- (b) Provide a list of directors and senior executive officers. Indicate any positions and offices currently held, or to be held, by these individuals with the institution, the institution's holding company, or its affiliates. Contact the OCC to determine whether Interagency Biographical and Financial Reports and fingerprint cards will be

needed for these individuals. If so, review the “Directors and Officers” section of the Conversion booklet and the Background Investigations booklet.

- (c) Submit a Corporate Biographical and Financial Report if the institution is owned by a company that is not a regulated bank or thrift holding company. See the Background Investigations booklet.
- (d) Describe the plans of management and the directors to familiarize themselves with national banking laws, rules, and regulations.
- (e) Indicate any anticipated changes in the management or directorship.
- (f) Submit the signed “Oath of Director” for each director (individual or joint).
- (g) Describe all outstanding or proposed stock awards, options, warrants, or other similar stock-based compensation plans offered as compensation to bank directors, executive officers, principle shareholders, and other bank insiders by the bank or holding company. Include in the description:
 - The duration limits.
 - The vesting requirements.
 - Transferability restrictions.
 - Exercise price requirements.
 - Rights upon termination.
 - Any “exercise or forfeiture” clause.
 - Number of shares to be issued or covered by the plans.

Provide a list of participants, allocation of benefits to each participant, and a copy of each plan, proposed or current. If the compensation is part of an employment agreement, submit the portion of the agreement relative to the plan. All plans must conform to applicable regulatory guidelines.

3. Financial Information

- (a) Submit the most recent quarterly Balance Sheet, Income Statement, and Risk-based Capital Schedule. The Capital Schedule should detail the elements of Tier 1 and Tier 2 capital and show the calculation of the risk-based capital and leverage ratios on a present and projected basis. The Bank Call Report (see the Call Report Forms and Instructions) or Thrift Financial Report may be used. In addition, for capital information FFIEC

“Schedules RC-R” or the “Optional Regulatory Capital Worksheet,” Parts 1-3, may be used. These schedules are available from the Licensing staff.

- (b) Submit the most recent audited financial statements. If an external audit is not available, the directors’ audit may be submitted.
- (c) Submit the most recent annual report for the institution and 10K for the parent company, if applicable.
- (d) [If the institution is currently exercising trust powers] Submit the most recent data on trust assets in the format of Call Report Schedule RC-T – Fiduciary and Related Services. See Schedule RC-T and the Call Report Instructions.
- (e) Discuss any differences between accounting used by the institution and GAAP.

4. Capital

- (a) Discuss the adequacy of the capital structure relative to internal and external risks; operational and financial assumptions, including technology, branching, and operating expenses; and any off-balance-sheet activities.
- (b) Provide a representation that the institution’s current capital meets national bank capital standards (12 CFR 3 and 6). Provide the following information:

Capital Stock	\$(amount)
Surplus	\$(amount)
Total capitalization	\$(amount)
Number of shares authorized	(amount)
Number of shares issued	(amount)
Par value per share	\$(amount)

- (c) Identify the institution’s capital category for purposes of Prompt Corrective Action.

5. Premises and Fixed Assets

- (a) Identify the converted institution’s full main office address, including county. Consult with the OCC if the location is different than the institution’s current main office location.
- (b) Provide a list of: 1) existing branches that will continue to operate after the conversion, including the popular name and complete address; 2) branches approved, but unopened, including their complete address, plans for operation, and a copy of the state and federal approvals; and, 3) the

addresses of any operating facilities that are not currently considered branches, but would be considered branches if operated by a national bank. All list(s) should be followed by a certification that each location is a permissible location for a national bank to operate a branch. Applicable federal and state branch law should be discussed, as well as any geographic limitations, quantitative factors, and qualitative factors.

- (c) Provide a representation of compliance with 12 USC 371d, 12 CFR 5.37, and 12 CFR 7.1000 regarding investment limits in bank premises (see the Investment in Bank Premises booklet). If not in compliance, submit a request for excess investment pursuant to 12 CFR 5.37.

6. Subsidiaries and Investments

- (a) Provide a list of permissible subsidiaries, including operating, financial and statutory subsidiaries, to be retained and the nature of their business. Information that would be required for a national bank to establish or acquire the subsidiary under 12 CFR 5.34, 5.36(d), or 5.39 should be submitted also.
- (b) [For State-chartered depository institutions, if applicable] Provide a list of any nonconforming assets currently held where permanent retention is desired. Full details regarding the asset should be provided, including a description, when it was acquired, and its value. A legal opinion describing the preconverted state-chartered institution's authority to hold the asset should be submitted.
- (c) Provide a list of any nonconforming assets or activities currently held, including nonconforming subsidiaries, where temporary retention is desired while conforming or divesting of the assets or activities. The nature of the asset or activity, the plan to divest or conform the asset or activity, and the timeframe needed to divest or conform the asset or activity should be included.
- (d) Provide a list of any noncontrolling interests currently held in other entities and other equity investments where retention is desired and it is consistent with applicable law. The applicant should identify whether it desires permanent or temporary retention; whether conformance or divestiture will be necessary; and any timeframe necessary for conformance or divestiture. In addition, information must be provided that would normally be provided if applying to establish or acquire a noncontrolling interest pursuant to 12 CFR 5.36(e).

7. Other Information

- (a) Discuss the institution's planned and existing electronic banking services.

- (b) Provide a representation that the institution has sufficient fidelity coverage (see the “Fidelity Bond” section of the Conversion booklet and 12 CFR 7.2013).
- (c) Provide a statement indicating whether the institution is a member of the Federal Reserve or Federal Home Loan Bank (FHLB) System. Also state whether the institution holds any FHLB stock or advances if they do not plan to continue their FHLB membership.
- (d) Provide a statement indicating whether the institution has a liquidation account (see the “Liquidation Account” section of the Conversion booklet).
- (e) Submit the most recent Community Reinvestment Act (CRA) public evaluation and discuss any material changes in the institution’s plans to meet CRA obligations. If the institution is not now subject to CRA, describe how CRA obligations will be met, if applicable.
- (f) [For parent companies other than Bank Holding Companies] Provide a copy of the parent company’s application to become a bank holding company. If it is not the intent of the parent company to become a bank holding company, discuss the resolution plans for the parent company or provide the legal authority for the parent company to continue to own the national bank following the conversion.
- (g) Provide a copy of the Notice of Publication and affidavit, if publication is required.
- (h) Submit the filing fee (see the Licensing Fee Schedule).

OCC CERTIFICATION

I certify that the information contained in this application has been examined carefully and is true, correct, complete, and current as of the date of this submission. Additionally, I agree to notify the OCC if the facts described in the filing materially change prior to receiving a decision or at any time prior to consummation of the conversion. I acknowledge that any misrepresentations or omissions of material facts with respect to this application, any attachments to it, and any other documents or information provided in connection with this application may be grounds for denial or revocation of the approval, or grounds for an objection to the undersigned as a proposed director or officer of the proposed financial institution, and may subject the undersigned to other legal sanctions, including the criminal sanctions provided for in 18 U.S.C. 1001, 1007, and 1014.

I acknowledge that approval of this application is in the discretion of the OCC. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing and in connection with any additions, modifications, or amendments to this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

President or other authorized officer

Typed Name

Title

Employer