

Sample Agreement — Consolidation

(This sample agreement may include information not applicable to transactions involving interim national banks.)

Agreement To Consolidate

between

-

and

-

under the charter of

-

under the title of

-

This agreement made between _____ (hereinafter referred to as "_____"), a banking association organized under the laws of the United States, being located at _____, county of _____, in the state of _____, with a capital of \$_____, divided into _____ shares of common stock, each of \$_____, surplus of \$_____, and undivided profits, including capital reserves, of \$_____, as of _____, 20____, and _____ (hereinafter referred to as "_____"), a banking association organized under the laws of the _____, being located at _____, county of _____, in the state of _____, with a capital of \$_____, divided into _____ shares of common stock, each of \$_____, surplus of \$_____, and undivided profits, including capital reserves, of \$_____, as of _____, 20____, each acting pursuant to a resolution of its board of directors, adopted by the vote of a majority of its directors, pursuant to the authority given by and in accordance with the provisions of the Act of November 7, 1918, as amended (12 USC 215), witnessed as follows:

Section 1.

_____ and _____ (hereinafter referred to as the "consolidating banks") shall be consolidated under the charter of _____.

Section 2.

The name of the consolidated association (hereinafter referred to as the "association") shall be _____.

Section 3.

The business of the association shall be that of a national banking association. This business shall be conducted by the association at its main office which shall be located at _____, and at its legally established branches.

Section 4.

The amount of capital stock of the association shall be \$ _____, divided into _____ shares of common stock, each of \$ _____ par value, and at the time the consolidation shall become effective, the association shall have a surplus of \$ _____, and undivided profits, including capital reserves, which when combined with the capital and surplus will be equal to the combined capital structures of the consolidating banks as stated in the preamble of this agreement, adjusted however, for normal earnings and expenses (and if applicable, purchase accounting adjustments) between __, 20__, and the effective time of the consolidation.

(If a partial or full cash payout or cash dividend payment will be made to shareholders as a consideration to the proposed consolidation, then add at the close of the foregoing "and, for cash payment of \$ _____ as set forth under Section 7 and/or Section 8 of this agreement.")

Section 5.

All assets of each of the consolidating banks, as they exist at the effective time of the consolidation shall pass to and vest in the association without any conveyance or other transfer. The association shall be responsible for all of the liabilities of every kind and description, including liabilities arising from the operation of a trust department, of each of the consolidating banks existing as of the effective time of the consolidation.

The assets contributed by the consolidating banks shall, at the effective time of the consolidation, have been passed upon and acceptable to a committee of _____, three to be appointed by the board of directors of each bank.

As its contribution to the capital structure of the _____ association, _____ shall contribute to the association acceptable assets having a book value, over and above its liability to its creditors, of at least \$ _____, and having an estimated fair value over and above its liability to its creditors, of at least \$ _____, or ___ % of the aggregate estimated fair value of excess acceptable assets being contributed by the consolidating banks to the association, adjusted, however, for normal earnings and expenses between _____, 20 __, and the effective time of the consolidation, and, for allowance of cash payments, if any, permitted under this agreement. The difference between the book value and the estimated fair value of the assets to be contributed is made up as follows:

(List the main items and dollar amounts that make up the difference.)

As its contribution to the capital of the association, _____ shall contribute acceptable assets having a book value, over and above its liability to its creditors, of at least \$ _____, and having an estimated fair value, over and above its liability to its creditors, of at least \$ _____, or _____% of the estimated fair value of excess acceptable assets, being contributed by the consolidating banks to the association, adjusted, however, for normal earnings and expenses between _____, 20__, and the effective time of the consolidation, and for allowances of cash payments, if any, permitted under

this agreement. The difference between the book value and the estimated fair value of the assets to be contributed is made up as follows:

(List the main items and dollar amounts that make up the difference.)

Section 6.

Of the capital stock of the association, the shareholders of _____ shall be entitled to receive _____ shares, being _____ shares, each of \$ _____ par value, for each share of \$ _____ par value now held by them, being _____% of the total number of shares of capital stock of the association; and the shareholders of _____ shall be entitled to receive _____ shares, being _____ shares, each of \$ _____ par value, for each share of \$ _____ par value now held by them, being _____% of the total number of shares of capital stock of the association.

(If a cash payment will be made to the shareholders of one of the consolidating banks, this section should be amended accordingly.)

(If the association desires to avoid the issuance of fractional shares that result from the allocation of stock, the following provision may be part of the agreement.)

No fractional shares shall be issued. Each shareholder entitled to a fractional share shall receive a scrip certificate, expiring as of a fixed date, in such form as the directors may determine, evidencing the right to such fractional share or the right to receive cash in lieu of such fractional share, and full shares shall be issued as provided in this agreement in exchange for the surrender of such scrip certificates aggregating a full share or shares.

The association shall enter into an agreement with a named trustee and will issue to such trustee a stock certificate covering the aggregate of the fractional shares represented by the transferable scrip certificates issued and outstanding. Such agreement shall provide that during the life of the scrip certificates any individual acquiring a sufficient amount of fractions to equal one or more whole shares may exchange same through the trustee, for stock certificates representing whole shares; that after (insert date) the expiration date of such scrip certificates, that portion of stock remaining in the hands of the trustee will be disposed of by him or her under sealed bid, following appropriate public notice, or at public auction, to the highest bidder, or in such manner as may be determined by the board of directors of the association, but as not less than the market value on the date of sale; that the proceeds of such sale shall then be distributed pro rata to the holders of scrip certificates outstanding and not presented for exchange, upon surrender.

Section 7.

Neither of the consolidating banks shall declare nor pay any dividend to its shareholders between the date of the agreement and the time at which the consolidation shall become effective, nor dispose of any of its assets in any other manner, except in the normal course of business and for adequate value.

(Note any exception in detail.)

Section 8.

The following named persons shall constitute the original board of directors of the association, until the next annual meeting of its shareholders or until such time as their successors have been elected and qualify:

(Insert names of directors.)

Section 9.

Effective as of the time this consolidation shall become effective as specified in the approval to be issued by the Comptroller of the Currency, the Articles of Association of the consolidated bank shall read in their entirety as follows:

(Insert Articles of Association.)

Section 10.

This agreement may be terminated by the unilateral action of the board of directors of any participant prior to the approval of the stockholders of the participant or by the mutual consent of the board of all participants after any shareholder group has taken affirmative action. Since time is of the essence to this agreement, if for any reason the transaction shall not have been consummated by _____, this agreement shall terminate automatically as of that date unless extended, in writing, prior to that date by mutual action of the boards of directors of the participants.

Section 11.

This agreement shall be ratified and confirmed by the affirmative vote of shareholders of each of the consolidating banks owning at least two-thirds of its capital stock outstanding, at a meeting to be held on the call of the directors; and the consolidation shall become effective at the time specified in an approval of consolidation issued by the Comptroller of the Currency of the United States. (If one of the consolidating banks is a state bank and the laws of the state require a larger affirmative vote for ratification, such larger vote shall be obtained.)

WITNESS, the signatures of the consolidating banks this _____ day of _____, 20 ____, each set by its president or a vice president and attested to by its cashier or _____, pursuant to a resolution of its board of directors, acting by a majority.

Attest: _____
(name of national bank)

By _____
President

Cashier

Attest: _____
(name of bank)

By _____
President

Cashier