

CONDITIONAL STATE BANK CHARTER APPLICATION

GENERAL INFORMATION AND INSTRUCTIONS

Preparation and Use

This application is used to apply for a Conditional State Bank Charter pursuant to LB 891 (2010) from the Nebraska Department of Banking and Finance (Department). LB 891 may be viewed at <http://www.nebraskalegislature.gov>.

All questions should be answered with complete and accurate information to the extent that is possible. If certain portion(s) of the questions are not applicable, so state.

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 such cross-reference must be made to specific section or location in the documents, so the information may be located easily. Supporting information for all relevant factors, setting forth the basis for Applicant's conclusions, should accompany the application. The Department may request additional information.

This application form collects information that the Department will need to evaluate a conditional bank charter application. While most of the information will be available when the organizers submit the application, some information will not be available at that time. Questions should be answered to the extent possible.

The Department must consider the applicable statutory requirements set forth in the preceding citation, as well as applicable regulatory requirements, when acting on this application.

Notice of Publication

Should a hearing be deemed necessary by the Director, the Department will give notice of the application and a hearing by publishing in a minimum of two newspapers with general circulation in Nebraska. If the Director preliminarily determines that a hearing is not necessary, the Department shall publish a notice of the proposed application in a minimum of two newspapers with general circulation in Nebraska. Notice will also be sent to all financial institutions doing business in the state. Should a substantive objection or comment be received, the Director may then hold a hearing. The Applicant must pay the costs of the publication and the newspapers will be instructed to bill the Applicant accordingly. The Applicant must also pay the mailing costs incurred by the Department.

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 (See Neb. Rev. Stat. § 84-712.05 (Supp. 2009) and/or 5 U.S.C. 552). 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.

CONDITIONAL STATE BANK CHARTER APPLICATION

Proposed Bank

Name

Holding Company Identifying Information (if applicable)

Name

Street

City

State

Zip Code

Contact Person

Name

Street

City

State

Zip Code

Email Address

Fax Number

Telephone Number

CONDITIONAL STATE BANK CHARTER APPLICATION

1. Overview

- (a) Provide a brief overview of the application. The overview should describe the institution's anticipated business and any special market niche, including the products, market, services, and any nontraditional activities of the proposed bank.
- (b) List and provide a copy of all applications filed in conjunction with this proposal such as applications for holding company, trust powers, branch offices, service corporations, and other subsidiaries.
- (c) When available, provide a copy of all public or private offering materials and the proposed form of stock certificate, including any required restrictive legends.
- (d) Provide a copy of the proposed articles of incorporation.
- (e) Provide a copy of the business plan. The business plan should address, at a minimum, the topics contained in the Business Plan Guidelines.

2. Management

- (a) Provide a list of the organizers, proposed directors (minimum of five), senior executive officers, and any individual, or group of proposed shareholders acting in concert, that will own or control 10 percent or more of the institution's stock. For each person listed, attach a Biographical and Personal Financial Statement, indicate all positions and offices currently held or to be held with the institution's holding company and its affiliates, if applicable. Include the signed "Oath of Director" for each proposed director.
- (b) Describe each proposed director's qualifications and experience to serve and oversee management's implementation of the business plan. Describe the extent, if any, to which directors or major stockholders are or will be involved in the day-to-day management of the institution. Also list the forms of compensation, if any.
- (c) Provide a list of board committees and members.
- (d) Describe any plans to provide ongoing director education or training.
- (e) Describe each proposed senior executive officer's duties and responsibilities and qualifications and experience to serve in his/her position. If a person has not yet been selected for a key position, list the criteria that will be required in the selection process. Discuss the proposed terms of employment, including compensation and benefits, and attach a copy of all pertinent documents, including an employment contract or compensation arrangement. Provide the aggregate compensation of all officers.

- (f) Describe any potential management interlocking relationships (see 12 U.S.C. 1467a(h)(2), or applicable state law) that could occur with the establishment or ownership of the institution. Include a discussion of the permissibility of the interlock with regard to relevant law and regulations or include a request for an exemption.
- (g) Describe any potential conflicts of interest for bank management.
- (h) Describe any transaction, contract, professional fees, or any other type of business relationship involving the institution, the holding company, and its affiliates (if applicable), and any organizer, director, senior executive officer, shareholder owning or controlling 10 percent or more, and other insiders. Include professional services or goods with respect to organizational expenses and bank premises and fixed asset transactions. (Transactions between affiliates of the holding company that do not involve the need to be described.)
 - 1) State whether the business relationship is made in the ordinary course of business, is made on substantially the same terms as those prevailing at the time for comparable transactions with non-insiders, and does not present more than the normal risk of such transaction or present other unfavorable features.
 - 2) Specify those organizers that approved each transaction and whether the transaction was disclosed to proposed directors and prospective shareholders.
 - 3) Provide all relevant documentation, including contracts, independent appraisals, market valuations, and comparisons.
- (i) Describe all stock benefit plans of the institution and holding company, including stock options, stock warrants, and other similar stock-based compensation plans, for senior executive officers, organizers, directors, and other insiders. Include in the description:
 - 1) The duration limits.
 - 2) The vesting requirements.
 - 3) Transferability restrictions.
 - 4) Exercise price requirements.
 - 5) Rights upon termination.
 - 6) Any “exercise or forfeiture” clause.
 - 7) 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 proposed plan. (Plans must conform to applicable regulatory guidelines.)

3. Capital

- (a) For each class of stock, provide the number of authorized shares, the number of shares to be issued, par value, voting rights, convertibility features, liquidation rights, and the projected sales price per share. Indicate the amount of net proceeds to be allocated to common stock, paid-in surplus, and other capital segregations.
- (b) Describe any noncash contributions to capital, and provide supporting documents for assigned values, including an independent evaluation or appraisal.
- (c) Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including technology, branching, and projected organization and operating expenses. Present a thorough justification of the proposed capital, including any off-balance-sheet activities contemplated. Describe any plans for the payment of dividends.
- (d) List all known subscribers to stock. For organizers, directors, 10 percent shareholders, senior executive officers, and other insiders, include the number of shares and anticipated investment and the amount of direct and indirect borrowings to finance the investment. Discuss how any debt will be serviced.
- (e) Indicate whether the institution plans to file for S Corporation tax status.

4. Information Systems

- (a) State whether the institution plans to market its products and services (the ability to do transactions or account maintenance) via electronic means. If yes, specifically state the products and services that will be offered via electronic banking or the Internet.
- (b) Describe how the Applicant intends to assure an adequate information systems architecture. The information should describe how: (1) the information system will work within existing technology; (2) the information system is suitable to the type of business in which the institution will engage; (3) the security hardware, software, and procedures will be sufficient to protect the institutions from unauthorized tampering or access; and (4) the organizers and directors will allocate sufficient resources to the entire technology plan.
- (c) Describe how the Applicant intends to assure an adequate security system. Discuss the technologies used and key elements for the security controls, internal controls, and audit procedures. Discuss the types of independent testing the institution will conduct to ensure the integrity of the system and its controls.
- (d) Describe the information security program that will be in place to comply with the *Interagency Guidelines Establishing Standards for Safeguarding Customer Information*.¹

5. Other Information

- (a) List activities and functions, including data processing, that will be outsourced to third parties, indentifying the parties and noting any affiliations. Describe the due diligence conducted and the planned oversight and management program of the vendors' or service providers' relationships (for general vendor management guidance, see the Appendix of the FFIEC's *Risk Management of Outsourced Technology Services*).
- (b) Provide evidence that the institution will obtain sufficient fidelity coverage on its officers and employees to conform with generally accepted banking practices.
- (c) Describe how Applicant intents to assure adequate policies for loans, investments, liquidity, funds management, interest rate risk, and the Bank Secrecy Act program.

¹See generally 15 U.S.C. 6801, 6805(b); 12 C.F.R. 30; 308 and 364; 568 and 570.

Oath of the Bank Director

Proposed Bank Name _____ Date _____

State of _____ County of _____

I, the undersigned, a (proposed) director of the above-named bank do solemnly swear (affirm) that:

As a director, I have a legal responsibility and a fiduciary duty to shareholders to administer the depository institution's affairs faithfully and to oversee its management. In carrying out my duties and responsibilities, I shall exercise reasonable care and place the interests of the depository institution before my own interests. I shall fulfill my duties of loyalty and care to the above-named depository institution.

I shall, commensurate with my duties, diligently and honestly administer the affairs of the depository institution, and I shall not knowingly violate, or willingly permit to be violated, any applicable statute or regulation. I shall ensure that I learn of changes in statutes, regulations, and policies of the Nebraska Department of Banking and Finance and the Federal Deposit Insurance Corporation, which affect my duties, responsibilities, or obligations as a director and affiliated person of the association.

I shall attend meetings of the board of directors and participate fully on all committees of the board to which I am appointed.

Signature _____ Typed Name _____

Mailing Address _____

City _____ State _____ Zip Code _____

Notary's Affirmation

State of _____

County of _____

Subscribed and sworn/affirmed to before me this ____ day of _____, 20____, by _____.

Notary Public

My Commission Expires: _____

APPLICATION FOR A CONDITIONAL NEBRASKA STATE BANK CHARTER

In support of this application, we hereby make the following statements and representations and submit the following information upon the several factors enumerated in State and/or Federal statutes for the purpose of inducing the Director of the Nebraska Department of Banking and Finance to approve the proposed conditional bank charter and/or inducing the Board of Directors of the Federal Deposit Insurance Corporation to approve the proposed bank for membership in the Corporation and we hereby request that examiners be assigned to make any investigations necessary.

PROPOSED BANK TITLE _____

THE UNDERSIGNED HEREBY CERTIFY, JOINTLY AND SEVERALLY, that the statements contained herein are true to our best knowledge and belief, and that they are made for the purpose of inducing the Director of the Nebraska Department of Banking and Finance to grant a charter and/or inducing the Federal Deposit Insurance Corporation to accept the proposed bank, when organized, as a member of the Federal Deposit Insurance Corporation.

SIGNATURE AND PLACE OF RESIDENCE (List Alphabetically)	SIGNATURE AND PLACE OF RESIDENCE (List Alphabetically)

ATTENTION IS INVITED TO TITLE 18 U.S.C. 1007, WHICH STATES: “Whoever, for the purpose of influencing in any way the action of the Federal Deposit Insurance Corporation, knowingly makes or invites reliance on a false, forged, or counterfeit statement, document, or thing shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both.”

ATTENTION IS ALSO INVITED TO NEB. REV. STAT. § 28-612, WHICH STATES IN PERTINENT PART: “(1) A person commits a Class IV felony if he or she: (b) Knowingly subscribes to or exhibits false papers with the intent to deceive any person or persons authorized to examine into the affairs of any such organization;” and “(2) As used in this section, organization means...(c) Any bank as defined in section 8-101.”

Bank representative responsible for responding to questions relating to the application.

Name Title Telephone Number (include area code)

Address Fax Number (include area code)