



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

June 19, 2013

**Re: Capital Purchase Program – Single Name Auctions**

In June 2012, the United States Department of the Treasury (Treasury) sent your institution a letter and posted documents to its website setting forth information about our plans to auction certain of Treasury's Capital Purchase Program (CPP) investments either on an individual basis or by combining investments together into auction pools. We noted that, because the relatively smaller size of some investments could make individual auctions difficult to conduct, pooled auctions might represent the best approach to attract new private capital for community banks and recover taxpayer dollars. In that process, we also advised institutions that they could opt out of having Treasury include the investment in a pooled auction (and instead have the investment auctioned individually) if they made (with regulatory approval) a qualifying bid to repurchase all of their outstanding CPP securities. In the alternative, institutions could designate an outside investor (or group of investors) to make a bid to purchase all of their outstanding CPP securities. If we received such a qualifying bid, we would then conduct an auction open to all bidders.

Since that time, Treasury has offered additional opportunities for institutions to opt-out of the pooled auction approach, including most recently, the ability to do so by April 30, 2013 to the extent they submitted a qualifying bid (that they would submit during the individual auction) to repurchase all of their outstanding CPP securities. Institutions that were initially removed from the pooled auction were auctioned on a single-name basis as part of a series of "opt-out" auctions, the first of which occurred in October 2012.

Over the course of the last year, Treasury has conducted a series of auctions of our CPP investments in over 130 institutions ranging in size and geographic scope. Each of these was done as an auction of an individual security, not as part of a pool. Consistently, these auctions were competitive, robust and met with strong investor demand. Investor interest has generally increased as we did these auctions, including with respect to the sale of relatively small positions.

Therefore, Treasury anticipates conducting more individual auctions over the coming months prior to conducting pooled auctions, and is willing to try to auction our investment in your institution on an individual basis in accordance with the following procedures. First, while we believe there are significant advantages to auctioning an institution with a minimum qualifying bid provided by the institution or its designated bidder, we are willing to auction our investment in your institution without requiring your institution to bid or requiring you to search for a designated bidder to bid on your behalf. If your institution or your directors and officers wish to bid for your institutions' shares in the auction (without submitting a qualifying bid in advance), you may do so, provided you or they obtain any necessary regulatory approvals. Second, we will need your institution to complete a placement agency agreement, which provides for the sale and

delivery of the CPP securities. We anticipate that the first of these auctions could occur as early as August 2013.

While we expect to be able to conduct an individual auction of our investment in your institution, we reserve the right to decide to cancel the auction (in the event that our minimum price is not met or for any other reason in accordance with the auction procedures). In addition, because market conditions and other circumstances can change, we also reserve the right to decide that a pooled auction is a better approach to maximizing taxpayer value. If we should make such a decision, we will notify you.

Please indicate by July 5, 2013, whether your institution would like to work with Treasury to prepare for a single name auction in the near future by sending an affirmative email to [cpp@treasury.gov](mailto:cpp@treasury.gov). Treasury's strategic advisor, Houlihan Lokey, will then contact your institution with specific details regarding next steps, timing and the preparation process for these auctions.

As we have previously stated, we'll continue to communicate with you and your institution regularly about the auction process and provide additional information on the procedures moving forward. If you have any questions, please feel free to contact us at [cpp@treasury.gov](mailto:cpp@treasury.gov).

Best regards,

A handwritten signature in blue ink, appearing to read "M. Harris", is positioned above the typed name and title.

Michael Harris  
Director of the Capital Purchase Program