

March 1, 2012

FAQs addressing Capital Purchase Program (CPP) changes under the American Recovery and Reinvestment Act of 2009

**Can my bank redeem its CPP investment under terms other than those specified in the original transaction documents?**

Yes. This answer applies to all CPP participants, irrespective of funding dates but this does not apply to participants in the Capital Assistance Program, announced on February 25, 2009.

**If my bank determines that it would like to redeem its CPP investment, what is the process?**

Please notify your primary regulator of your desire to redeem. Also, please notify Treasury at [CPPRedemption@treasury.gov](mailto:CPPRedemption@treasury.gov). After receiving your notice, Treasury and your primary regulator will consult about the request. When all consultations have been completed, we will contact you to discuss the redemption request and provide the contact information for UST outside counsel that will be handling the redemption. Details of the redemption and completion of all necessary documentation will be handled by outside UST counsel.

**What does the consultation with my primary regulator involve?**

Treasury will request that your primary federal regulator directly contact Treasury to consent to your redemption request. Treasury cannot accept correspondence between your institution and its appropriate federal banking agency in lieu of the formal notification described above.

**Can my bank redeem part of its CPP investment at this time?**

CPP participants wishing to repay part of its CPP investment must pay a minimum of the greater of (i) 5% of the aggregate liquidation preference or principal amount of the preferred or subordinated debentures issued on the original issue date or (ii) \$100,000.

**Where should my bank send the money?**

It is important that you go through the process noted above to get detailed transfer instructions to make sure that all payments are attributed correctly.

**Can my bank purchase the warrants at the time we redeem Treasury's investment?**

Yes. This right is given under Section 4.9 of the Securities Purchase Agreement, which permits the issuer to repurchase the warrants at "fair market value" as defined in the agreement, which details the procedure for determining this value. Treasury will work with you to facilitate the repurchase process. Your warrants cannot be sold to an investor until you have had an opportunity to repurchase them. Warrants cannot be repurchased until all outstanding preferred stock has been repurchased.

**If my bank does not purchase the warrants at this time, what happens to them?**

If your bank does not choose to exercise its option to repurchase the warrants, Treasury will attempt to liquidate the warrants as soon as possible.

**My bank participated in CPP under the private company transaction documents, and the warrants we issued to Treasury were exercised immediately upon closing. Can we redeem the warrant preferred shares or warrant subordinated debentures at the same time we redeem the original preferred or subdebt investment?**

Yes. CPP participants are required to repurchase any preferred stock or subordinated debentures issued due to the exercise of the warrant when making a full repurchase or repurchasing the remaining amount of the original issue.

**When my bank repays Treasury's investment, are we responsible for unpaid dividends?**

Yes. In the case of the cumulative senior preferred and subordinated debentures, you must pay any accrued and unpaid dividends. In the case of the non-cumulative senior preferred, you must pay accrued and unpaid dividends for the current dividend period, regardless of whether any dividends are actually declared for that period.