



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 20, 2012

Re: Capital Purchase Program – Additional Information Regarding Opt-Out Auctions

As you know, the United States Department of the Treasury (Treasury) has been winding down the Capital Purchase Program (CPP) investments, in part through a series of auctions of its investments which began in March 2012 and will continue into next year. In June, we sent you a letter informing you that Treasury was considering including its investment in your institution as part of a series of pooled auctions of CPP investments. At that time, we also stated that an institution would have the opportunity – assuming it has regulatory approval – to opt-out of the pooled auction if it made a qualifying bid to repurchase all its remaining outstanding CPP securities. Additionally, the institution could also designate a single outside investor (or single group of investors) to make a bid to purchase all their outstanding CPP securities. Any such bid would have to be above a minimum price set by Treasury.

Additionally, Treasury informed you that the decision to initially remove an investment from a pooled auction does not mean that the institution, or its designated bidder, is entitled to purchase the investment at the submitted bid price and that Treasury would determine whether to conduct an individual auction or other process to ensure good value for taxpayers. Furthermore, Treasury reserved the right to place an institution back into a pooled auction process if, at the time of any individual auction or other purchase, the final and best submitted bid does not meet Treasury's minimum.

We also noted as part of that letter that we would provide additional information from time to time regarding the entire sale process, including the sale process for those institutions that successfully opt-out of the pooled auctions.

This letter is to inform you that Treasury anticipates that the first of these "opt-out" auctions, covering a set of qualifying institutions, will occur as early as October 2012. We expect to conduct several of these "opt-out" auctions, each time covering a few institutions, over the next several months.

Similar to our other recent CPP preferred auctions, we expect that these "opt-out" auctions will be structured as a sealed bid, modified Dutch auction. Several investments would be auctioned on a given day, but each investment is bid on and sold separately. The rules will be similar to our prior auctions except for two differences: (i) auctions will be conducted over the course of two days; and (ii) if the clearing price in the auction is equal to the minimum price, the institution and/or its designated bidder will be allocated the entire position. Institutions selected to be auctioned will be contacted by our strategic advisor, Houlihan Lokey, with specific details regarding next steps, timing and the preparation process for these auctions.

Please note, Treasury may update and, in its sole discretion, modify these procedures from time to time. Furthermore, Treasury retains the right, at all times, to decide whether, when and at what price it will sell the CPP investments. In addition, Treasury reminds potential participants in any sale of CPP investments, that the purchasers are responsible for compliance with all applicable laws, including the Bank Holding Company Act of 1956, as amended, and the Investment Company Act of 1940, as amended.

As we have noted before, we believe that the procedures we have outlined to wind down the Capital Purchase Program will help support our nation's community banks and protect taxpayer interests.

We'll continue to communicate with you regularly about the pooled 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.

Best regards,

A handwritten signature in blue ink, appearing to read "M. Harris".

Michael Harris
Director of the Capital Purchase Program