

**TARP Capital Purchase Program  
(Mutual Depository Institutions)**

**Senior Securities**

**Summary of Senior Securities Terms**

- Issuer:** Qualifying Financial Institution (“QFI”) means any FDIC-insured depository institution organized in mutual form (a “Mutual DI”) under the laws of the United States or any State of the United States, the District of Columbia, any territory or possession of the United States, Puerto Rico, Northern Mariana Islands, Guam, American Samoa, or the Virgin Islands. The term QFI for purposes of this Term Sheet shall not mean any institution that is controlled by a foreign bank or company. The United States Department of the Treasury will determine the eligibility and allocation for QFIs after consultation with the appropriate Federal banking agency.
- Initial Holder:** United States Department of the Treasury (the “UST”).
- Size:** QFIs may sell Senior Securities (defined below) to the UST subject to the limits and terms described below.
- Each QFI may issue Senior Securities with an aggregate principal amount equal to not less than 1% of its risk-weighted assets and not more than the lesser of (i) \$25 billion and (ii) 3% of its risk-weighted assets.
- Security:** Subordinated Debentures (“Senior Securities”); it being understood that the Senior Securities do not constitute a class of stock. Each note representing a Senior Security shall be in the principal amount of \$1,000.
- Ranking:** Senior to mutual capital certificates and any other capital instruments authorized under state law. Senior Securities must be expressly subordinated to claims of depositors and to the QFI’s other debt obligations to its general and secured creditors, unless such debt obligations are explicitly made pari passu or subordinated to the Senior Securities.
- Regulatory Capital Status:** Tier 2.
- Maturity:** 30 years.
- Interest Rate:** The Senior Securities will pay cumulative interest at a rate of 7.7% per annum until the fifth anniversary of the date of this investment and

thereafter at a rate of 13.8% per annum.<sup>1</sup> Interest will be payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year (each, an “Interest Payment Date”).

**Redemption:** All redemptions of the Senior Securities shall be at 100% of the issue price, plus any accrued and unpaid Interest. All redemptions shall be subject to the approval of the QFI’s appropriate Federal banking agency.

**Restrictions on Dividends:** Subject to certain exceptions, for as long as any Senior Securities are outstanding, no dividends may be declared or paid on any shares of equity, mutual capital certificates, or other capital instruments authorized under state law, nor may the QFI repurchase or redeem any shares of equity, mutual capital certificates, or other capital instruments authorized under state law, unless all accrued and unpaid Interest for all past interest periods on the Senior Securities is fully paid.

**Further Restrictions on Dividend Increases:** UST’s consent shall be required for any increase in regularly paid dividends per share, capital certificate, or other capital instruments authorized under state law, until the third anniversary of the date of this investment. After the third anniversary and prior to the tenth anniversary, the UST’s consent shall be required for any extraordinary dividends on deposit accounts (dividends in excess of the stated rate or that are in excess of the amount resulting from the stated method of calculating the rate on such an account), or to increase aggregate dividends per share, capital certificate or other capital instrument authorized under state law where the resulting aggregate dividend per share, capital certificate, or other capital instruments authorized under state law is greater than 103% of the prior year’s dividend rate per annum; provided that no increase in dividends may be made as a result of any dividend paid in common shares capital certificates, or other capital instruments authorized under state law, any stock split or similar transaction. The restrictions in this paragraph no longer apply if the Senior Securities and Warrant Securities (as defined below) have been redeemed in whole or the UST has transferred all of the Senior Securities and Warrant Securities to unaffiliated third parties, which for this purpose does not include a securitization vehicle or investment pool in which the UST is an initial sponsor or participant so long as UST has an economic interest in such vehicle or pool (“Third Parties”).

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<sup>1</sup> Senior Securities have 7.7% and 13.8% interest rates which equate to after-tax effective rates (assuming a 35% tax rate) of 5% and 9%, respectively, the same rates applied to securities issued by other classes of institutions participating in the CPP.

- Restriction on Acceleration:** Principal and accrued interest may only become immediately due and payable (i.e., accelerate) upon the receivership of the QFI.
- Repurchases:** The UST’s consent shall be required for any repurchases of equity securities, mutual capital certificates, or other capital instruments authorized under state law (other than repurchases of common shares, mutual capital certificates, or other capital instruments authorized under state law in connection with any benefit plan in the ordinary course of business consistent with past practice or relevant income tax laws) until the tenth anniversary of the date of this investment unless prior to such tenth anniversary the Senior Securities and Warrant Securities are redeemed in whole or the UST has transferred all of the Senior Securities and Warrant Securities to third parties. In addition, there shall be no repurchases of equity, capital certificates, or other capital instruments authorized under state law if prohibited as described above under “Restrictions on Dividends”.
- Other Dividend and Repurchase Restrictions:** From and after the tenth anniversary of the date of this investment, the QFI shall be prohibited from paying dividends or repurchasing any equity securities, mutual capital certificates, or other capital instruments authorized under state law, until all Senior Securities and Warrant Securities are redeemed or repurchased in whole.
- Voting Rights:** Senior Securities shall be nonvoting, other than class voting rights on (i) any authorization or issuance of any equity securities, mutual capital certificates, or other capital instruments authorized under state law which purport to rank senior to the Senior Securities, (ii) any amendment to the rights of Senior Securities, or (iii) any merger, exchange or similar transaction which would adversely affect the rights of the Senior Securities, subject to State Restrictions (as defined below), if any.
- If interest on the Senior Securities is not paid in full for six interest periods, whether or not consecutive, the Senior Securities holders will have the right to elect 2 directors to the QFI, subject to State Restrictions, if any. The right to elect directors to the QFI will end when full interest has been paid for all prior interest periods.
- “State Restrictions” shall mean, in the case of state-chartered QFIs, any state law restrictions on voting rights of holders of Senior Securities that cannot be modified, waived or otherwise removed by the appropriate state authorities.
- Transferability:** Senior Securities will not be subject to any contractual restrictions on transfer or the restrictions of any stockholders’ agreement or similar

arrangement that may be in effect at the time of the Senior Security investment or thereafter; provided that the UST and its transferees shall use its commercially reasonable efforts not to effect any transfer of the Senior Securities which would require the QFI to become subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act.

If the QFI otherwise becomes subject to such reporting requirements, the QFI will file a shelf registration statement covering the Senior Securities as promptly as practicable and, if necessary, shall take all action required to cause such shelf registration statement to be declared effective as soon as possible. In addition, the UST and its transferees shall have piggyback registration rights for the Senior Securities. Subject to the above, the QFI shall take all steps as may be reasonably requested to facilitate the transfer of the Senior Securities.

**Executive  
Compensation,  
Transparency,  
Accountability,  
Monitoring:**

The QFI and its covered officers and employees shall agree to comply with the rules, regulations and guidance of the UST with respect to executive compensation, transparency, accountability and monitoring, as published and in effect at the time of the investment closing.

**Affiliate  
Transactions:**

For as long as the UST holds any debt or equity securities (including the Senior Securities) of the QFI, the QFI and its subsidiaries will not enter into a transaction with related persons (within the meaning of Item 404 under the SEC's Regulation S-K) unless such transaction is (i) on terms no less favorable to the QFI and its subsidiaries than could be obtained from an unaffiliated third party, and (ii) has been approved by the audit committee or a comparable body of independent directors of the QFI, or if there are no "independent directors," the board of directors of the QFI but only if the board of directors maintains written documentation supporting its determination that the transaction meets the requirements of (i) of this paragraph.

**Summary of Warrant Terms**

**Warrant:**

In consideration of the investment in Senior Securities and other consideration in connection with its investment, UST will receive warrants to purchase, upon net settlement, a number of additional Senior Securities (the "Warrant Securities") in an amount equal to 5% of the amount of Senior Securities purchased on the date of investment. The UST intends to immediately exercise the warrants. The exercise price for the warrants shall be \$0.01 per note representing a Warrant Security.

**Term:** 10 years (it being understood the Warrant Securities themselves will have a maturity of 30 years).

**Exercisability:** Immediately exercisable, in whole or in part.

**Warrant Securities:** The Warrant Securities shall have the same rights, preferences, privileges, voting rights and other terms as the Senior Securities, except that (1) the Warrant Securities will pay Interest at a rate of 13.8% per annum and (2) the Warrant Securities may not be redeemed until all the Senior Securities have been redeemed.

**Transferability:** The warrants will not be subject to any contractual restrictions on transfer or the restrictions of any stockholders' agreement or similar arrangement that may be in effect at the time of this investment or thereafter; provided that the UST shall not effect any transfer of the warrants or underlying Warrant Securities which would require the QFI to become subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act.

If the QFI otherwise becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act, the QFI will file a shelf registration statement covering the warrants and the Warrant Securities underlying the warrants as promptly as practicable and, if necessary, shall take all action required to cause such shelf registration statement to be declared effective as soon as possible. In addition, the UST and its transferees shall have piggyback registration rights for the warrants and the Warrant Securities underlying the warrants. Subject to the above, the QFI shall take all steps as may be reasonably requested to facilitate the transfer of the warrants or the Warrant Securities.