

Approval Letter—Innovative Capital

[OCC LOGO]

Date

Name of Contact Person

Name of Bank

Address

City, State, ZIP Code

Re: Application Description, CAIS Control Number

Dear Mr./Ms. (Name):

This letter responds to your application and the additional information filed on behalf of (insert name of bank, location) on (insert date). The bank requests permission to reduce capital surplus by \$ (amount) and establish (insert name of subsidiary) as a wholly owned operating subsidiary to engage in certain permissible activities. (Name of subsidiary) will have \$ (amount) in common equity and \$(amount) in preferred equity.

(Summarize the transaction) The proposed distribution from surplus will enable the bank to restructure its capital through a series of transactions entirely within its parent holding company, (insert name), structure. (Name of holding company) will use \$ (amount) of the capital surplus distribution proceeds to fund a holding company subsidiary whose function will be to invest in the preferred equity to be issued by (name of bank's subsidiary). (Bank's subsidiary) will, in turn, use the preferred and common equity proceeds to invest in \$ (amount) of the bank's subordinated debt.

The bank also requests confirmation that the minority interest representing the interest of the holding company subsidiary in (insert name) may be treated as Tier 1 capital of the bank, subject to a limit of 15 percent of Tier 1 capital. [The bank also requests the Comptroller of the Currency (OCC) provide a nonobjection to the terms of a proposed change to the bank's articles of association authorizing a class of bank preferred stock.]

Based on a thorough review of all information available, including the representation and commitments made in the application, in subsequent telephone conversations and by the bank's representative, the OCC approves the bank's plan to reduce capital surplus by \$ (amount) and establish (name of bank's subsidiary) to invest in the subordinated debt of the bank, and upon maturity of the subordinated debt and satisfaction of certain conditions, securities and other assets which satisfy prescribed credit quality and maturity criteria and are permissible for a national bank operating subsidiary.

The OCC believes that the terms of the preferred securities described within your application satisfy both the noncumulative and perpetual requirements for Tier 1 capital as defined in Section 2(a)(2) of Appendix A of 12 CFR 3. Therefore, the preferred securities are eligible to be included in Tier 1 capital; however, they should not exceed 15 percent of Tier 1 capital. Any aggregate amount of the preferred securities exceeding 15 percent of Tier 1 capital is eligible to be included in the bank's Tier 2 capital. However, any amount of the preferred securities in

conjunction with any term subordinated debt or any intermediate term preferred stock and related surplus included in Tier 2 may not exceed 50 percent of Tier 1 capital.

This eligibility applies only to preferred securities that meet the description within your application. You should notify this office in writing upon consummation of the proposed transaction so that we can update our records accordingly.

The change in capital should be completed within one year of the date of this letter.

In accordance with 12 USC 21a, a certified copy of the amendment to the bank's articles of association adopted by the sole shareholder to establish bank-level preferred securities should be forwarded to this Office. [Or We acknowledge receipt of the certified copy of the Amended and Restated Articles of Association of the bank authorizing the issuance of bank level preferred securities adopted by the bank on (date).]

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the United States, or any officer or employee of the U. S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U. S.

If you have questions, contact (name) at (telephone number).

Sincerely,

□Signature□

Name and Title

cc: Official File