

INSTRUCTIONS FOR CONVERSION OF A NATIONAL BANK TO A WEST VIRGINIA STATE CHARTERED BANK

A national bank may apply to the West Virginia Board of Banking and Financial Institutions for permission to convert to a state chartered bank. No conversion will be permitted if the bank's financial condition is of supervisory concern or if it appears that the conversion is a means to avoid supervisory action by the bank's current banking regulator.

The West Virginia Board of Banking and Financial Institutions meets quarterly on the second Monday of March, June, September and December. The application for conversion should be submitted ninety days prior to the Board's meeting. The staff of the Division of Banking strongly encourages institutions to arrange pre-filing conferences to discuss details of the conversion process prior to filing an application.

Applicant bank shall submit to the West Virginia Board of Banking and Financial Institutions a letter of intent to convert to a state bank, signed by the president or cashier. The letter should be delivered by certified mail, return receipt requested at least 90 days prior to the next scheduled meeting of the Board of Banking and Financial Institutions. The letter should include:

1. A certified copy of the Board of Directors resolution from the bank and the bank holding company, if applicable, setting forth the intent to convert the bank's charter to that of a state bank and authorizing the president or cashier to take steps to accomplish such conversion. The resolution(s) should set forth the specific reasons that such conversion is deemed desirable by the Directors.
2. The proposed title of the new state bank and an indication that such name has been properly reserved with the Secretary of State's office. You may reserve a name by writing to the Secretary of State, Corporations Division requesting a name and enclosing a \$5.00 filing fee. This will guarantee the exclusive use of that name for 120 days. All names must have a corporate designator such as INC., CORP., etc. However, a "true name" certificate may be filed with the Secretary of State to allow the bank to operate without using the corporate designation.
3. The most recent reports of condition and income as filed with the Office of the Comptroller of the Currency.
4. The most recent examination reports prepared by the Office of the Comptroller of the Currency, including safety and soundness examination, consumer affairs examination, EDP examination and, if applicable, trust activities examination.

5. The most recent external audit reports for the bank and for the bank's holding company, if applicable. Please include a copy of the management letter prepared by the external auditors addressing internal controls, if applicable.
6. A history of the bank from the time of its original incorporation, including name changes, mergers, etc.
7. An opinion of counsel that the conversion is in compliance with federal and state law and that proper steps have been taken to notify the Office of the Comptroller of the Currency of the intent to convert.
8. A statement regarding compliance with the statutory minimum capital requirements for state banks as prescribed by FDIC regulations (if intent to convert to a nonmember state bank) or as prescribed by the Federal Reserve System (if intent to convert to a member bank).
9. A list of operating branches and ATMs, their addresses, popular names and an indication of those that will continue to operate after conversion and a list of branches approved, but unopened, and plans for their operation.
10. A breakdown and analysis of total investment in banking house and furniture and fixtures. Investments should meet the guidelines of W.Va. Code § 31A-4-13.
11. If the bank exercises fiduciary powers, a statement as to whether it wishes to continue to do so upon conversion. An opinion of bank counsel must be obtained that the current fiduciary activities are not in contravention of state law.
12. A list of all existing Directors and banking officers and an indication as to whether these individuals shall continue in such capacities after the conversion is complete. The qualifying shares owned by Directors should be clearly set forth and must meet the requirements of W.Va. Code § 31A-4-8. Please include brief biographies and resumes for each individual.
13. The Division of Banking maintains a contact database to facilitate quick and easy sharing of non-sensitive information with our state-chartered banks. In this regard, please provide a list of e-mail addresses for the bank's president/chief executive officer, the chief financial officer or the chief operating officer, and the information technology manager.
14. Submit proof of publication of notice of application as required by Section 5 of the General Rules Implementing the West Virginia Community Reinvestment Act, effective July 1, 1993.
15. A copy of the bank's Community Reinvestment Act statement and other information as set forth in the General Rules Implementing the West Virginia Community Reinvestment Act,

effective July 1, 1993. In addition, all public comments received by the bank during the last two years included in the bank's public CRA files should be submitted.

16. A \$2,500 filing fee for a new bank charter. This shall be the only fee required and the costs of the Division of Banking's examination of the proposed new state chartered bank will not require additional fees. The Commissioner of Banking will arrange for examination of proposed state bank and notify the Directors of the bank of its conclusions and recommendations. If substantial adverse findings result, a meeting will be scheduled with the bank's management and the staff of the Division of Banking to discuss remedies for resolution of problems and any policy changes which might be required prior to proceeding with the conversion.
17. Submit a letter to the Commissioner of Banking detailing steps taken to remedy any criticisms found in the examination report prepared by the Division of Banking and detailing any changes made in the bank's operating policies, specifically those in loan administration, investments, asset/liability management and auditing.
18. Copies of all applications related to this conversion which are required by federal regulatory authorities. Please contact the Atlanta Regional Office of the Federal Deposit Insurance Corporation at (404) 817-1300 for information on filing requirements with that agency. If you are contemplating being a member of the Federal Reserve System, contact the applicable district bank of the Federal Reserve System to obtain information on the filing requirements for a new bank charter membership in the system.
19. Copies of any written materials furnished to the shareholders regarding this proposed conversion.
20. Articles of Incorporation, in duplicate originals for filing with the Secretary of State's office.
21. Copies of the proposed new by-laws to be adopted upon approval of the conversion. The Commissioner will notify applicant of any necessary changes in these by-laws.

After receiving preliminary approval from the West Virginia Board of Banking and Financial Institutions for a state banking charter, the applicant may begin its organization, as follows:

- A. Conduct a shareholders' meeting to obtain required shareholders' approval to convert the bank to a state charter and forward a certified copy of the shareholders' action to the Commissioner of Banking;
- B. Submit filing fees for the Articles of Incorporation. Checks should be made payable to the Secretary of State. For-profit corporations must pay a certificate charter fee of \$10.00 plus a license tax fee which is prorated according to fiscal year;

- C. Submit completed list of directors of bank and oaths of directors on forms prepared by the Division of Banking;
- D. Submit a copy of the bank's new by-laws as properly approved by the shareholders/directors;
- E. Submit copies of all fidelity bonds for Directors, Officers and Employees;
- F. Submit evidence that the Federal Deposit Insurance Corporation has been notified of the change in the bank's chartering authority;
- G. If the bank is converting to a state member bank, submit evidence that the applicable Federal Reserve Bank has approved the conversion;
- H. If the bank is converting to a nonmember state bank, submit to the Commissioner of Banking copies of notice to the applicable district Federal Reserve Bank of intent to become a nonmember state bank and detail plans for withdrawal as a member of the Federal Reserve System;

The Commissioner will notify the applicant of the specific date upon which it may commence business as a state chartered bank and will mail the Order and Certificate of Authority to the bank prior to that date.