



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 25, 2015

Re: Capital Purchase Program – Notification of Potential TARP CPP Auction

As you know, the United States Department of the Treasury (Treasury) has been winding down the Capital Purchase Program (CPP), in part through a series of auctions of its investments that began in March 2012. In June 2012, Treasury sent a letter to a number of banks informing them that Treasury was considering including its investments in their institutions as part of a series of pooled auctions of its CPP investments. At that time, institutions were informed of the opportunity – assuming receipt of applicable regulatory approval – to opt out of upcoming pooled auctions if Treasury received a qualifying bid to repurchase all the institution’s remaining outstanding CPP securities. Institutions could also designate outside investors (designated bidders) to make a bid to purchase all their outstanding securities. The first of these single-name private placement “opt-out” auctions occurred in October 2012.

Subsequently, Treasury offered two additional opportunities for institutions to opt out of pooled auctions by submitting qualifying bids by April 30, 2013 and December 20, 2013, respectively. Treasury also offered the opportunity for institutions to be auctioned individually and without a qualifying bid, provided that the institution expressed willingness to cooperate with Treasury’s preparation for such single-name auctions.

Treasury has successfully auctioned approximately 185 institutions ranging in size and geographic location since March 2012. These auctions have consistently been competitive and were met with robust investor demand. Treasury’s CPP auctions have also facilitated the raising of additional private capital by some of these institutions.

As part of Treasury’s continued effort to wind down the remaining TARP investments, we now plan to begin the next phase of CPP auctions. To date, all of Treasury’s private placement CPP auctions have required issuers to complete a Placement Agency Agreement (PAA) and associated disclosure information. This next phase of auctions will differ from previous auctions in that Treasury will sell its CPP investments without the issuer having to become party to such agreements, or provide disclosures in addition to those otherwise required by applicable federal and state securities or banking laws. Since the issuer will not be a party to the PAA, the issuer will not be making representations and warranties or providing indemnification. In addition, designated bidders will not be permitted to participate in the same fashion in these auctions as they were in the PAA auctions.

Similar to all prior CPP auctions, Treasury will continue to require each institution’s cooperation with respect to the transfer of CPP securities to a third-party in compliance with Section 4.4 of the CPP Securities Purchase Agreement. As we approach such auctions, a representative from Treasury and its counsel will contact institutions to discuss the operational details of a transfer of the securities to a third-party.

We look forward to working with your institution to facilitate an orderly wind down of this historic program. If you have any questions, please feel free to contact us at cpp@treasury.gov.

Best regards,

A handwritten signature in black ink, appearing to read 'T. Montano', with a long horizontal flourish extending to the right.

Trevor Montano
Chief Investment Officer