



Department of Commerce

Division of Financial Institutions

DENOVO TRUST APPLICATION

Stock State Banks – Formation
Ohio Revised Code Chapter 1113

**Ohio Department of Commerce
Division of Financial Institutions**

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STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

“An Equal Opportunity Employer and Service Provider”

**APPLICATION FOR AUTHORIZATION TO ORGANIZE
A DE-NOVO STATE-CHARTERED BANK IN OHIO THAT
WILL ENGAGE PRINCIPALLY IN A TRUST BUSINESS**

GENERAL INFORMATION

Who May File This Application

This application may be prepared and filed by anyone desiring to establish a state-chartered bank in the State of Ohio that will engage primarily in a trust business. The establishment of such a bank requires the approval of the Superintendent of Financial Institutions (“Superintendent”) pursuant to Chapter 1113 of the Ohio Revised Code. In order to obtain such approval, the organizers of the bank (“Applicants”) must complete this application and submit an original and two copies to the Division of Financial Institutions (“the Division”).

The application is designed for banks that are being organized for the primary purpose of offering trust services. However, this does not preclude the proposed bank from offering additional products and services (other than the solicitation or acceptance of deposits) authorized under Chapters 1101 through 1127 of the Ohio Revised Code. If the Applicants propose to offer services other than trust services, they should contact the Division before preparing the application to determine if this application is appropriate or if a standard de-novo charter application should be filed instead.

Organizers, Directors, and Management

Ohio law provides that five or more natural persons, at least one of whom is a resident of Ohio, must serve as incorporators of the proposed bank with the approval of the Superintendent. However, pursuant to Section 1113.01(C)(2)(a) of the Ohio Revised Code, since the proposed bank will function primarily in a trust or fiduciary capacity, a corporation may act as the bank’s sole incorporator if the bank meets all of the requirements set forth in section 2(c)(2)(D) of the Bank Holding Company Act of 1956 [70 Stat. 133, 12 U.S.C. 1841(c)(2)(D)], as amended.

Each natural person who intends to be an incorporator, director, executive officer¹, or principal shareholder (i.e., the owner of 10 per cent or more of the outstanding shares) of the bank must complete and submit an original biographical and financial report on forms provided by the Division and undergo a civilian background check prior to their being elected or hired. (Note: the Division will accept the federal Interagency Biographical and Financial Report form, but if this form is used, it must show the assets and liabilities of the reporting person only, including their interest in jointly held property and obligations.) The Applicants may request in writing that the Division treat certain information provided in these forms as confidential and unavailable for public inspection (see Confidentiality below) pursuant to Section 1121.25 of the Ohio Revised Code. In processing the application, the Division will conduct a thorough investigation of each organizer’s background, including a fingerprint check.

If a proposed incorporator, director, executive officer or principal shareholder of the bank resided or was employed in a state other than Ohio or a country other than the United States at any time during their adult life, they must obtain a record check from the central criminal records

¹ “Executive officers” are considered to be those who meet the criterion set forth in Section 1109.23(I)(4) of the Ohio Revised Code.

repository of that state or country and submit the original report to the Division with the application.

The directors and senior management must be thoroughly familiar with the bank's business plan and their role in its implementation. Also, the chief executive officer and/or chief operations officer must be thoroughly acquainted with bank financial and regulatory reporting requirements and trust operations.

The incorporators, proposed directors, and proposed executive officers must:

- Have conducted their individual financial and business affairs in a successful manner above reproach; and
- Not have been convicted of or pled guilty to any felony involving dishonesty or breach of trust (see Section 1105.02 of the Ohio Revised Code).

All independent organizing groups must select the executive officers for the bank before the application is filed. The proposed officers must:

- Possess experience, competence, and skills that complement those of the directors and fit the needs of a bank that will offer only trust services;
- Be thoroughly familiar with, and willing to manage the bank in accordance with, the proposed business plan;
- Have successfully managed a trust company or similar financial institution within the last three years or have meaningful recent executive-level experience in an area relevant to the proposed bank's business Plan and marketing strategy. Trust and other specialized services require officers experienced in the development and administration of such services.

Upon receipt of the names and qualifications of all prospective directors and executive officers, the Division will promptly conduct an investigation into their backgrounds, qualifications and experience. Those positions must not be filled until such investigations have been completed and the Superintendent has notified the Applicants in writing that the Superintendent has no objections to the proposed director and officer candidates. **Please note: Until the bank has been in operation for three years, all employment contracts for bank officers must be approved by the Superintendent of Financial Institutions prior to execution.**

Preparation of Application

The Applicants should familiarize themselves with the Ohio Banking Code (Chapters 1101 through 1127 of the Ohio Revised Code). Since the bank is being organized to offer trust services, the Applicants must become thoroughly familiar with Chapter 1111 of the Ohio Revised Code, which sets forth the powers and duties of trust companies.

The Division recommends that the Applicants utilize the services of experienced accountants, attorneys, and consultants in preparing the application and organizing the bank. This is particularly important for Applicants with limited exposure to Ohio's banking and trust laws and regulations. Full and complete responses to all applicable questions in the application will expedite processing.

The articles of incorporation of the proposed bank will specifically state that it is not authorized to accept deposits other than trust funds. Therefore, pursuant to Section 1109.03 of the Ohio Revised Code, the bank may not qualify for, and will not be required to obtain deposit insurance under the Federal Deposit Insurance Act. For this purpose, "trust funds" are defined as funds held in a fiduciary capacity, including, but not limited to, funds held as trustee, executor, administrator, guardian, receiver, conservator, or agent.

PLEASE NOTE: THE APPLICANTS WILL BE BOUND BY, AND THE PROPOSED BANK SHALL CONFORM IN ALL MATERIAL RESPECTS WITH, ALL ORAL AND WRITTEN REPRESENTATIONS MADE IN OR IN CONNECTION WITH THIS APPLICATION. FURTHER, ALL REPRESENTATIONS AND COMMITMENTS MADE BY THE APPLICANTS AND RELIED ON BY THE SUPERINTENDENT

OF FINANCIAL INSTITUTIONS IN REACHING A DECISION ON THE APPLICATION ARE CONDITIONS IMPOSED IN WRITING BY THE SUPERINTENDENT IN CONJUNCTION WITH THE FINDINGS AND DECISION AND MAY BE ENFORCED UNDER SECTIONS 1121.32, 1121.33 OR 1121.35 OF THE OHIO REVISED CODE. ANY VERBAL REPRESENTATIONS MADE REGARDING THE APPLICATION WILL NOT BE CONSIDERED PART OF THE APPLICATION UNLESS SUBSEQUENTLY CONFIRMED IN WRITING WITHIN THE TIME PERIODS ALLOWED IN THE APPLICATION.

In addition to the information requested below, the Applicants are encouraged to submit any supplemental information which may assist the Superintendent in rendering a decision on the application in accordance with the factors set forth in Section 1113.03(C) of the Ohio Revised Code. Furthermore, the Superintendent reserves the right to request additional information at any time to ensure a complete evaluation of the proposal. All facts, hypotheses and forecasts in the application must be supported by appropriate sources, references and methodologies. In addition to the information contained in the application, the Division will obtain and consider information relating to Applicants and the proposed bank from other sources including, but not limited to, other governmental agencies. If the Division obtains information from a source other than Applicants and such information adversely affects the pending application, the Superintendent will notify Applicants of the substance of such information and Applicants will have an opportunity to comment in writing on such information.

Name Reservation

It is suggested that Applicants secure the exclusive use of the proposed name of the bank by submitting a name reservation application and filing fee to the Division of Financial Institutions pursuant to Sections 1103.07 and 1701.05 of the Ohio Revised Code. Upon receipt of the reservation request, the Division will determine if the name is misleading or already in use or reserved by any financial institution in Ohio. If the name is available for use by the proposed bank, the Superintendent will approve the name reservation and forward it to the Ohio Secretary of State for filing. The name reservation is effective for a period of 180 days after it is filed by the Secretary of State and may be renewed. Once the denovo charter application has been accepted by the Division of Financial Institutions, a reserved name is considered to be reserved throughout the application process.

Public Notice

Within 10 days after receipt of notice that the application has been accepted for filing by the Division, the incorporators must publish notice of the filing in a newspaper of general circulation published in the county where the bank's initial office is to be located. Pursuant to Section 1113.03 of the Ohio Revised Code, the notice must be published once a week for two weeks and must specify the name of the proposed bank, its proposed location, the amount of its proposed capital, the names of the incorporators, the Superintendent's address, and the date (30 days after the date of the initial publication) by which comments on the application must be filed with the Superintendent (see attached sample Notice of Intention to Incorporate a New Bank). The Applicants shall submit to the Division a publisher's affidavit of publication or the entire newspaper pages (tear sheets) upon which the notices appear showing the newspaper's name and dates of publication.

Confidentiality

Under the provisions of Section 149.43 of the Ohio Revised Code, once the application is filed, it becomes a public document and must be made available for review by the public upon request. However, Applicants may submit a written request that certain information in the application be given confidential treatment pursuant to Section 1121.25 of the Ohio Revised Code. A request for confidential treatment must be submitted in writing along with the application and must provide a detailed justification for such treatment. The permissible reasons for which confidential treatment may be granted are set forth in Section 1121.25(A) of the Revised Code. Justification must be provided for each item for which confidentiality is requested. Applicants' reasons for requesting confidential treatment should specifically state the harm that would result from release of the information to the public.

Information for which confidential treatment is requested should be specifically noted in the public portion of the application (by reference to the confidential section), separately bound, and labeled "Confidential." Applicants should follow this same procedure on confidentiality with regard to filing any supplemental information to the application. Upon receipt of the application, the Superintendent will initially review any information submitted as confidential solely to determine whether the requested confidential treatment is justified and in compliance with Section 1121.25, and will advise Applicants in writing of the decision on confidentiality. Should it be determined that any such information will not be granted confidential treatment, Applicants may withdraw the information by written request within 10 days of their receipt of the decision. If Applicants fail to withdraw the information within the 10-day period, they will be deemed to have waived their right to withdraw, and the information will become part of the public portion of the application.

The above notwithstanding, it should be understood that, without prior notice to Applicants, the Superintendent may disclose or comment on any of the contents of the application, including information previously determined to be confidential, in any order, statement, or opinion issued by the Superintendent in connection with his or her decision on the application.

APPLICATION PROCESS

The Division's application process consists of an Application Phase and an Organizational Phase.

Application Phase

The application Phase begins with the Applicant's initial contact with the Division of Financial Institutions and continues through the approval/denial of the application. This Phase consists of the following steps:

- A. An information and application packet is sent to the Applicants and/or their consultants.
- B. It is highly recommended, though not mandatory, that a pre-filing meeting be conducted at the offices of the Division of Financial Institutions with the members of the organizing group, their accountants, attorneys and consultants, and representatives of the Division's Corporate Section so that the Applicants can gain a complete understanding of the various requirements and procedures for chartering a bank that will engage in a trust business only.
- C. The Applicants may submit a draft of their application for review and comment by the Division's corporate staff. In most cases, the Division will be able to provide written comments to the Applicants on the draft application within 45 days of its receipt. During the review of the draft application, the Division will render no opinion concerning the viability and merits of the proposed bank, and the Division's comments on the draft should not be construed as an indicator that the final application will be approved. However, many initial problems and concerns can be resolved at this stage. Only one draft application will be accepted by the Division.
- D. The final application may be submitted to the Division any time after the pre-filing meeting or after Applicants have received the Division's written comments on the draft, if one was filed.
- E. The corporate staff will review the final application to determine if all of the required documents have been submitted and if the application is technically complete and acceptable for filing. If the application is not complete, the Division will either return it as incomplete or, if only a limited amount of documentation is missing, request the items needed to complete the application. When the application is complete and accepted for filing, the Applicants will be so advised. Pursuant to Section 1113.03(D) of the Revised Code, the Superintendent will approve or disapprove the application within 180 calendar days from the date it is accepted for filing.

Please note: A determination by the Superintendent that the application is complete and accepted for processing means only that the application, on its face, appears to include all of the required items and to address all of the required matters. Such a determination is not an assessment of the substance of the application or of the sufficiency of the information provided.

- F. Pursuant to Section 1113.03(A) of the Ohio Revised Code, within 10 days of receipt of notice that the final application has been accepted for filing by the Division, the Applicants must publish notice of their intent to organize a new bank (suggested language attached). The first publication starts a 30-day statutory comment period, during which, written comments on the application may be submitted to the Division. If any written comments are received by the Division within that period, the Superintendent will determine whether such comments are relevant and, if so, will initiate an appropriate investigation into the issues raised.
- G. Within 60 days of acceptance, the corporate staff will examine the final application and determine whether the proposed bank meets the requirements set forth in Section 1113.03(C) of the Ohio Revised Code. If corrections or additional information are needed, they will be requested by the Division in a comment letter to the Applicants. The Applicants' will generally have 60 days to respond to the Division's request for corrections or additional information, and their response should be submitted as a single package addressing only the problems and concerns noted in the Division's comment letter. If the Applicants do not re-

spond within 60 days, a decision on the proposed bank will be made based solely on the application as originally filed. Substantive alterations of the original application may, at the discretion of the Superintendent, be refused and may necessitate the filing of a new application.

- H. Upon receipt of the requested corrections and additional information, the corporate staff will complete its review of the final application and make a recommendation to the Superintendent that the application be approved or disapproved.
- I. The Superintendent will either approve or disapprove the application and the appropriate order will be issued. If the application is approved, the approval order will impose several conditions which must be met before the bank will be permitted to commence business. After the application is approved, the proposed location, capitalization, directorate, management, ownership, services, and other material characteristics of the bank may not be materially altered without the prior approval of the Superintendent. Furthermore, the Superintendent shall have the right to amend the approval order at any time prior to the issuance of authority for the bank to commence business should any interim development be deemed sufficient to warrant such action.
- J. If the final application is approved, the bank's Articles of Incorporation will be filed in the office of the Secretary of State and its corporate existence will begin in accordance with Section 1113.03(E) of the Ohio Revised Code.

Please note: Any document that is to be filed with the Secretary of State must first be submitted to the Division for review and approval by the Superintendent. The Division will handle the filing of all such documents with the Secretary of State. Any necessary filing fees should be forwarded to the Division along with the documents to be filed.

Organizational Phase

The Organizational Phase for the proposed bank commences with the approval of the application and the filing of the bank's Articles of Incorporation with the Secretary of State, at which time the Division's Organizational Fee becomes due and payable. During this phase, the incorporators of the bank-in-organization will complete the process of preparing the bank for the commencement of trust operations. This includes drafting an offering circular/prospectus, the public or private offering of the bank's stock, selection and training of bank personnel, preparation of the banking premises, and development of the bank's policies and procedures. Until the bank receives authorization from the Superintendent pursuant to Sections 1111.06 and 1113.09 of the Ohio Revised Code, it cannot incur indebtedness or transact any business except that which is incidental to its organization or the sale of its capital stock.

The involvement of the Division of Financial Institutions in the Organizational Phase will generally consist of the following:

- A. A meeting may be conducted at the offices of the Division of Financial Institutions with the incorporators, proposed directors and executive officers, accountants, attorneys, and consultants of the proposed bank and representatives of the Division so that the Applicants will gain a complete understanding of the conditions in the approval order and the other requirements that must be met before the bank will be authorized to commence operations. A bank that will engage in a trust business only must receive both a certificate of authority to commence business under Section 1113.09 of the Ohio Revised Code and a trust license under Section 1111.06 of the Ohio Revised Code before the bank can begin to offer trust services.
- B. The Applicants will be required to submit monthly status reports to the Division describing their progress toward establishing the bank. These reports will cover such matters as the sale of stock, hiring and training of staff, organizational expenses, preparation of bank premises, and compliance with the conditions of the approval order, and will include copies of the minutes of the latest meetings of the incorporators, directors, or shareholders.

- C. Drafts of the offering circular and all other subscription materials must be forwarded to the Division for review and comment prior to their use in any solicitation efforts. In preparing the offering circular, the Applicants must take great care to disclose all pertinent information that a potential investor will need to make an informed investment decision regarding the capital stock of the bank.
- D. Drafts of the code of regulations (mandatory) and bylaws (optional) of the proposed bank must be submitted to the Division for review and comment prior to their adoption by the shareholders and directors of the bank.
- E. The bank's operating policies and procedures must be submitted in draft form for review by the Division at least 90 days prior to the date the bank is expected to open for business. These policies and procedures should address, but not be limited to, the following areas: operations, trust, internal controls & auditing, compliance, investment, asset/liability management, and security. The policies must be formally adopted by the bank's board of directors before it will be granted authority to commence operations.
- F. Approximately 30 days before the anticipated opening date of the bank, a written request should be submitted to the Superintendent for approval to withdraw \$100,000 of capital from escrow to purchase securities to be pledged to the Treasurer of State pursuant to Section 1111.04 of the Ohio Revised Code. Along with the written request, an executed Trust Form #4 specifying the securities to be deposited with the qualified trustee for safekeeping (see Section 135.18 of the Ohio Revised Code) and a certified copy of the directors' resolution authorizing the withdrawal from escrow and the purchase and deposit of the securities (or authorizing at least two officers of the bank to deposit and withdraw securities from time to time) to secure the faithful discharge of trust powers must be submitted to the Division.
- G. When the Applicants believe the bank has complied with all of the requirements of law and the approval order, is fully capitalized, and is ready to commence operations, they must so notify the Superintendent, whereupon a pre-opening examination will be scheduled by the Division pursuant to Section 1113.08 of the Ohio Revised Code to verify that the bank is prepared to open for trust business. Such examination will be conducted within 30 days of the Applicant's notification and the results thereof will be presented to the Superintendent pursuant to Section 1113.09 of the Revised Code.
- H. Based upon the results of the pre-opening examination, the Superintendent will determine if the bank is prepared and entitled to commence operations and will either issue a certificate of authority to commence business pursuant to Section 1113.09 of the Ohio Revised Code, thereby authorizing the bank to open for business, or notify the bank of the additional requirements that must be met before the certificate will be issued. If additional matters must be completed, a supplemental pre-opening examination may be necessary.
- I. The certificate of authority to commence business does not authorize the bank to begin trust operations. Simultaneous with the issuance of the certificate of authority to commence business, the Superintendent will issue a separate license authorizing the bank to engage in trust business. This license will not be issued until the Superintendent has received confirmation from the qualified trustee that the appropriate securities, as approved by the Superintendent, are being held in safekeeping and pledged to the Treasurer of State to secure the faithful discharge of the bank's trust powers pursuant to Section 1111.04 of the Ohio Revised Code.
- J. When the certificate of authority to commence business is issued, the bank must cause it to be published once a week for two successive weeks in a newspaper published in the county where the bank's principal place of business is located, and proof of such publication must be submitted to the Division.

Examination And Assessment

Pursuant to Section 1121.10 of the Ohio Revised Code, a state-chartered bank is subject to routine inspection and examination by the Superintendent once every 24-month cycle.

Exchange of Securities

Securities must be pledged to secure the bank's trust powers pursuant to Section 1111.04 of the Ohio Revised Code. As the pledged securities mature, the bank must submit to the Division Trust Form #5 to release the maturing securities and Trust Form #4 to deposit new securities to maintain its pledge. Along with the trust forms, the bank must submit a certified copy of the resolution adopted by its board of directors authorizing the deposit of securities or authorizing at least two officers to deposit and withdraw, from time to time, securities pledged to secure trust powers. All exchanges must be approved by the Superintendent prior to the release of any such pledged securities.

Contents of Application

The application consists of the following:

- A. The attached cover page providing the name and exact location of the proposed bank, the identity of any consultants utilized in the preparation of the application, and the contact person to whom questions or requests for additional information are to be directed. The cover page should also indicate whether the application is in draft or final form.
- B. A certificate, signed by all of the incorporators of the proposed bank, certifying that all representations, data, and other information contained in the application, as well as all other documents supplementary to the application, contain no misstatements, misrepresentations, or omissions of material facts.
- C. The fully executed Articles of Incorporation for the proposed bank, which must limit the bank's powers to trust activities only.
- D. A history of the evolution of the organizer group and its plans for the establishment of the proposed state-chartered bank.
- E. Capitalization/Organizational Expenses
 - 1. Describe the proposed capital structure of the bank and support the adequacy of this amount. The capitalization of the proposed bank must be commensurate with its business plan, projected type and volume of trust business, and earnings prospects. Show the planned allocation to capital and surplus, and indicate the number, par value, and projected selling price of the shares. If the proposed bank is to be owned by a holding company, provide full details concerning the parent's capitalization and funding of the bank. (See the attached Administrative Rule 1301:1-6-01, which sets forth the Division's policy with regard to the minimum capitalization of a trust bank.)
 - 2. Discuss contingency plans for raising additional capital if needed to cover losses or support future growth.
 - 3. If a holding company will be formed to organize and capitalize the proposed bank, provide a copy the holding company's articles of incorporation and code of regulations. If the holding company will be registered as a bank holding company, also provide a copy of the Y-1 application to be filed with the Federal Reserve Bank of Cleveland.
 - 4. If known, provide the names and addresses of any proposed shareholders who intend to purchase 10 per cent or more of the outstanding shares of the bank or holding company, indicating the percentage of shares each individual plans to purchase.

5. If funds to organize the bank will be obtained through an initial public or private offering of holding company stock, provide a copy of the offering circular and other subscription materials.
6. Describe plans for offering and selling bank or holding company stock to the public.

Please note: The Division of Financial Institutions will not permit any shareholder or subscriber to the initial private or public offerings of bank or holding company stock to receive any incentives or benefits (e.g., warrants, conversion rights, founders' options, stock option plans, stock splits or dividends, redemptions, etc.) not granted to all shareholders or subscribers equally. Proposals that allow the Applicants or another group of subscribers to purchase or acquire a separate class of stock with greater voting rights or to purchase stock at an original issue price lower than that paid by other investors are unacceptable. No disparate treatment of any group of subscribers will be allowed. All subscribers to the initial offering(s) must pay the same price per share. However, stock option or stock purchase plans for directors and employees may be adopted by the shareholders with the approval of the Superintendent of Financial Institutions.

7. Provide a listing of the types and amounts of start-up costs which Applicants anticipate will be incurred in connection with the organization of the proposed bank. Indicate who will pay such expenses, the source of funds for such payment, and whether reimbursement will be made by the bank after it opens for business. Start-up costs are also sometimes broken down into organizational expenses (i.e., the direct costs incurred to charter the institution) and pre-opening expenses (i.e., operating expenses from the institution's incorporation until it opens for business). These expenses are charged to current operating expenses following the commencement of operations. Stock issuance or offering expenses, representing the direct costs of preparing and distributing the stock offering materials (e.g., legal, printing, postage, etc.) are charged directly to the bank's capital following commencement of operations. The accounting and reporting of all startup expenses shall be consistent with AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities".

No expenses may be paid directly by the proposed bank until it receives authorization to commence business. Furthermore, the bank may not pay any organizational expenses or reimburse its organizers or parent company for such expenses without the prior written approval of the Superintendent of Financial Institutions.

F. Provide a business plan, consisting of the following:

1. Market Analysis

- a) Describe and provide a map outlining the primary service area ("PSA") of the proposed bank, from which it is expected to draw 75 per cent of its trust business. Explain the rationale behind the delineation of the PSA and describe any physical barriers or other factors which influenced the configuration of the area. If the bank will serve a significant number of customers outside the PSA, identify those types of customers. Care should be exercised in defining the PSA, as it forms the basis for much of the information upon which the feasibility of the proposed bank will be evaluated.
- b) Provide a socioeconomic profile of the PSA in terms of population, income, business and housing patterns, and employment. Describe recent trends and the prospects for future growth and development, and assess the expected impact of these trends on the proposed bank. To the extent possible, discuss the differences in product markets to be served. Note any other socioeconomic factor which may

have a material effect of the success of the bank. This analysis should be based on the most current information available and sources should be noted.

- c) Analyze the competitive environment in the PSA, including an evaluation of the impact of existing depository and non-depository providers of trust services in the area. Include a list of the names and addresses of those competing institutions and, to the extent possible, prepare a schedule listing the total managed assets of each of these offices for each of the prior three years.
- d) Discuss the assumptions used to analyze the market and establish the plans and objectives for the proposed bank. These assumptions must be reasonable and consistent with current economic conditions, growth, and competition in the PSA, or any deviations from current market conditions must be explained.

2. Plans and Objectives

- a) Discuss the ways in which the bank will serve the present and future needs and convenience of the public in the PSA. List and describe the trust services to be offered and include the proposed schedule of fees for each type of service. Indicate how the need for these trust services in the service area was determined and evaluated. If different services will be offered in different localities, identify the areas and the services to be offered therein. If products and services other than trust services will be offered, discuss these in detail.
- b) Indicate the proposed bank's anticipated share of the available market for trust services in the PSA for each of the first five years of operation and explain the basis for these predictions. Describe the Applicants' intended strategies for generating the projected trust business, specifying what proportion of that business is expected to consist of incremental new trust accounts and what proportion is expected to be existing accounts transferred from competing institutions. Include in the analysis how pricing, service delivery, and other factors will facilitate the meeting of these objectives. Describe how the bank will promote and publicize its trust services in the community.
- c) If the business plan calls for the bank to provide fiduciary services at office locations other than its principal place of business, describe the proposed location(s), services to be offered, and personnel to be utilized in providing these services.
- d) Prepare pro-forma balance sheets and operating statements showing the bank's expected performance for each of the first five years of operation, including discretionary and non-discretionary trust assets and fiduciary income and expenses. The pro-formas must be based on the planning assumptions, market analysis, and strategies discussed above. These projections should be presented on a monthly basis for the first year and on a quarterly basis for the second through fifth years. Fully describe the methodologies, hypotheses and assumptions that were used in the development of these projections, which must be consistent with the bank's business plans, objectives, and strategies. If the bank is not expected to reach profitability within the first five years, extend the projections through the year in which profitability is expected.
- e) Provide a detailed summary of the anticipated investment in bank premises, furniture, fixtures, and equipment. Describe the proposed premises in terms of size, characteristics, location, physical layout, and cost, and discuss the reasons this location was selected for the proposed bank. Information submitted should indicate that suitable space is available for the bank's proposed operations. If the premises are to be owned, provide copies of the letter of intent or purchase option and a third-party estimate of the cost of construction or renovation. If the premises

are to be leased, submit a copy of the lease option or proposed lease agreement, along with a third-party estimate of the cost of leasehold improvements. Provide the same information for any other office locations that are proposed in the application.

If any fixed assets (land, building, furniture, fixtures, or equipment) of the bank are to be purchased or leased from an incorporator, director, officer, or major shareholder (one owning directly or beneficially 10 per cent or more of the bank's stock) or from a company in which any of the foregoing has an interest, an independent third-party appraisal of the value of the property and the propriety of the terms and conditions of the proposed transaction must be submitted, along with other evidence necessary to show that the transaction is fair, reasonable, and comparable to similar transactions that could be arranged with unrelated parties.

The premises of the proposed bank must comply with all applicable security laws and regulations, local zoning and public-access laws and other land-use plans and restrictions, including historical and architectural preservation laws and the "Americans with Disabilities Act" (42 U.S.C. 12101-12213). Describe plans for customer parking based upon the projected volume of business. Discuss the impact of any known environmental hazards upon the proposed bank and indicate the steps taken to determine the existence of such hazards.

Any contracts executed with regard to the purchase or lease of real or personal property should contain an escape clause, which will allow the contract to be voided if the bank does not open for business for any reason.

3. Leadership and Management

- a) Identify the organizers; proposed directors; proposed chief executive officer (CEO), chief trust officer, chief investment officer, chief operations officer, and other proposed executive officers²; and legal counsel for the bank. Describe in detail the nature and extent of their experience in managing trust operations and their familiarity with the proposed market area. This information should include, but is not limited to, education (with emphasis on any specialized fiduciary or investment training) and employment history (position, salary, years employed, job description, and duties and responsibilities, giving emphasis to present occupation and prior trust-related employment). Describe the role of each proposed executive officer in the implementation of the business plan. Also explain how the board of directors will carry out its responsibility for overseeing the bank's activities.
- b) Discuss the qualifications sought in employees yet to be hired.
- c) Analyze the risks the bank will incur in offering fiduciary services and describe how such risks will be managed. This should include a discussion of, at a minimum, account acceptance, investment management, comprehensive review, and ongoing account administration. If the proposed management team is not experienced in managing any of these types of risk, discuss how these deficiencies will be addressed.
- d) Indicate the type, amount, and expected cost of the bonding and insurance to be obtained by the bank (see Sections 1105.04 and 111.05 of the Ohio Revised Code). Describe the proposed individual schedule or blanket fidelity bond and, if applicable, directors and officers liability insurance, fiduciary errors and omissions

² With the approval of the Superintendent, the executive-officer positions specified above may be combined, based on the experience and qualifications of any proposed officer.

insurance, and other insurance coverage to be obtained in connection with the bank's fiduciary operations.

- e) Identify the board and management committees which will oversee the activities of the bank, and indicate the experience and other credentials of each member. Each board committee must consist of at least three directors, and the audit committee, if any, must consist of only outside directors.

4. Internal Operations

- a) Discuss plans for internal audit and control and independent external audits for the proposed bank. For both internal and outside audit, as applicable, indicate the scope of the proposed trust audit programs. If internal staff is to be used for internal audits, provide the name, position, and number of years of experience in both regular and trust auditing. If the internal audit function is to be contracted to an outside party, provide the name and location of the firm.
- b) Describe the operational plan and the methods to be used for all record keeping and processing, including fiduciary accounts. Indicate the type of system(s) to be used and whether it will be operated in-house or by an independent service vendor. If by vendor, indicate where and by whom the system will be maintained and attach a copy of the proposed service contract. Describe any other proposed contractual servicing arrangements, including the names of the service providers and a list of the services to be obtained.



Bank Background Check Instructions

Ohio Revised Code Sections 109.572(B)(1) and 1121.23

Ohio law requires individuals participating in bank operations to obtain criminal record checks whenever the approval of the Superintendent of Financial Institutions is required for the individual to begin service with the bank. Background checks are required for bank organizers, incorporators, directors, executive officers, controlling shareholders, any person having substantial interest in a bank, and any person participating in the management of a bank.

An applicant must obtain a National/FBI Background Check, and/or a BCI Background Check, and/or State/Local Background Check from each state in which the applicant resided or worked during the 5 years preceding the application.

Fingerprint service providers charge a fee for their services. Some providers may be able to both accommodate your national/FBI check and well as your BCI check. Please note that the providers' fees are not part of the Division's application fees. In general, the turnaround period from the time when fingerprints are taken, to the time when the Division receives the results, is 30-45 days. Therefore, the Division encourages applicants to schedule their fingerprinting appointments as early as possible during the application process.

Please note the Division must review your background check results to make a decision regarding your application. When you submit your application and direct your background check results to the Division, you consent for Division staff to access the personal information that is contained in those materials.

Background check applicants must:

1. Request to have their fingerprints scanned electronically.
2. Request a National/FBI background check (All applicants).
3. Request a BCI background check (Ohio applicants).
4. Request a State/Local background check (Out-of-State applicants).
5. If a reason fingerprinted code is requested, use 1121.23.
6. Have results mailed directly to the Division of Financial Institutions at the address listed below, from the background check provider or the government agency conducting the check.

All background checks should be mailed to the attention of:

Anika Parker, Corporate Specialist
Ohio Division of Financial Institutions
77 South High Street, 21st Floor
Columbus, OH 43215-6120

Additional Detail***All Applicants – National/FBI Check***

For the national FBI background check, applicants may view a list of background check providers at <https://www.ohioattorneygeneral.gov/backgroundcheck> for providers that offer “National WebCheck” electronic fingerprinting.

Ohio Applicants – BCI Criminal Records Check

You must obtain a background check from BCI in addition to a national/FBI background check. A list of available BCI background check providers is available at <https://www.ohioattorneygeneral.gov/backgroundcheck>. If you have lived or worked outside of Ohio during the past 5 years, you will also need to obtain a state criminal record check from the law enforcement department in each state in which you have resided or worked.

Out-of-State Applicants – State/Local Criminal Records Check

If your place of residence or your workplace has been located outside of Ohio anytime during the last five years, you must furnish a state criminal record check from the law enforcement department in each state in which you have resided or worked, as well as a national/FBI background check. The state criminal record check must be verified on the law enforcement department’s stationery or computer printout. The reporting agency must send the report directly to the Division (see mailing address above).



**Department of
Commerce**

Division of Financial Institutions

Mike DeWine, Governor
Jon Husted, Lt. Governor

Sheryl Maxfield, Director

**DIVISION OF FINANCIAL INSTITUTIONS
ANCILLARY FEE SCHEDULE
Effective July 1, 2019**

FEE CATEGORY	ANCILLARY FEES
Examination at the Request of Board	Actual Costs
Special/Additional Examinations & Visitations	Actual Costs
Examination of Subsidiaries & Affiliates	None
Trust Examinations	\$80 per hour per examiner
De Novo Charter Application	\$10,000 Application Fee \$5,000 Organization Fee
Streamlined Charter Application	\$6,000 Application Fee \$3,000 Organization Fee
Trust Only Charter Application	\$10,000 Application Fee \$5,000 Organization Fee
Streamlined Trust Only Charter Application	\$6,000 Application Fee \$3,000 Organization Fee
Application for National/Federal Charter to Convert to a Bank Doing Business Under Authority Granted by the Superintendent of Financial Institutions	Actual Examination Costs Only
Application for a Foreign Bank Representative Office, Agency, or Branch	\$5,000 ¹ Branch & Agency: \$500 Representative Office: \$80 per hour Exam Fee
OTHER FEES CREDITED TO THE BANKS FUND	
Money Transmitter License – New	\$5,000
Money Transmitter Pre-Licensing Exam	Actual Costs
Money Transmitter Annual License	Based on volume of business in Ohio
Money Transmitter Examination	Actual Costs
Money Transmitter Change in Control Application Fee	\$2,500

¹ Plus \$500 per additional office.

NEWSPAPER NOTICE

Notice of the proposed bank is to be published once a week for two consecutive weeks in accordance with Section 1113.03(A) of the Ohio Revised Code, and copies of the notice, showing the dates and newspaper of publication, must be furnished to the Superintendent of Financial Institutions. In lieu thereof, an original publisher's affidavit attesting to such publication may be submitted. The suggested wording of the notice is provided below.

* * * * *

NOTICE OF INTENTION TO INCORPORATE A NEW BANK

In accordance with the provisions of Section 1113.03 of the Ohio Revised Code, notice is hereby given of the proposed formation of a (bank or bank and trust company) under and pursuant to the laws of the State of Ohio.

The name of the proposed bank is _____.

The bank is to be located at _____, Ohio.
(street address; city, village, or township; and county)

The proposed total equity capital of the bank is \$_____.

The names and addresses of the proposed incorporators of the bank are:

Name	Residence Address
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Pursuant to Section 1113.01 of the Ohio Revised Code, an application for authority to incorporate the proposed bank has been filed with the Ohio Department of Commerce, Division of Financial Institutions. Interested persons may submit comments regarding the application to the Superintendent of Financial Institutions; 77 South High Street, 21st Floor; Columbus, Ohio 43215-6120. In accordance with Section 1113.03(A) of the Ohio Revised Code, such comments must be in writing and must be submitted to the Superintendent by (insert date which is 30 days following the first date of publication of this notice).

Draft Final [check one]
See General Information for Details

**STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS**

APPLICATION FOR AUTHORIZATION TO
ORGANIZE A NEW STATE-CHARTERED BANK

Name of Proposed Bank

Street Address of Proposed Bank*

City, Village, or Township; County; Zip Code

*If an exact street address is not yet available, describe the location as precisely as possible in the space below by indicating its distance and direction from a significant landmark. If the bank will not be physically located in the municipality stated in its mailing address, give details below.

Consultant:

Name

Organization

Address

Telephone

Party to be contacted for additional information:

Name

Title

Address

Telephone

We, the undersigned incorporators of the aforesaid bank, hereby certify that all representations, data, and other information contained in this Application, as well as all other documents submitted in connection with this Application, contain no misstatements, misrepresentations, or omissions of material facts.

Print Names of Incorporators

Signatures of Incorporators

ARTICLES OF INCORPORATION

Use of the language shown below is suggested, although it may be modified as needed to suit the purposes of the proposed bank, subject to the approval of the Superintendent of Financial Institutions (see Section 1113.04 of the Ohio Revised Code).

* * * * *

ARTICLES OF INCORPORATION

OF

Name of Bank

The undersigned, at least one of whom is a resident of the State of Ohio, desiring to form a corporation under the banking laws of said State, do hereby certify:

FIRST: The name of said Corporation shall be _____.

SECOND: The place where the principal place of business of the Corporation is to be located is the (city, village, or township) of _____, County of _____, State of Ohio.

THIRD: The Corporation is formed for the purpose of conducting the business of a commercial bank and a trust company*; exercising any powers and engaging in any activities permitted under Chapters 1101. through 1127. of the Ohio Revised Code, as now in force or hereafter amended; and doing any and all things related or incidental thereto.

FOURTH: The maximum number of shares which the Corporation is authorized to have outstanding is _____ () shares of common stock with a par value of _____ (\$) per share.

IN WITNESS WHEREOF, we have hereunto subscribed our names this _____ day of _____, 20____.

Printed Names of Incorporators

Signatures of Incorporators

*Optional