

Indiana Department of Financial Institutions
Policy Establishing Expedited Branch Procedures

The Members of the Department of Financial Institutions establish the following criteria for a corporation to be exempt from the branch establishment and relocation approval requirements established pursuant to Ind. Code §§ 28-2-13-19; 28-2-18-19; 28-6.1-12-3; 28-7-1-9; 28-7-1-28; 28-7-1-34.

For the purposes of this policy, "corporation" means the following: a bank; a credit union; a trust company; a savings bank; a savings association; or an industrial loan and investment company that maintains federal deposit insurance.

Acquisition of one or more branches that is part of a larger corporate merger transaction being undertaken by a given corporation is explicitly excluded from eligibility under this policy. An acquisition where a corporation is simply acquiring one or more branches through a sales transaction process may be eligible for exemption from the branching approval requirements as further outlined in this policy.

A proposed transaction that involves an officer, director, or ten (10) percent shareholder, or their interests, is excluded from eligibility under this policy; in such an instance, a formal application must be submitted to the Department for consideration.

All of the below criteria must be met in order for the corporation to be exempt from the approval requirements outlined in the above referenced statutes. Exemption from the statutes further relieves a corporation from submission to the Department of the Application to Establish or Relocate Branch Offices, Trust Offices, Main Office or a Mobile Branch (State Form 49349). If a corporation meets each of the below criteria, the corporation shall be required, in the alternative, to notify the Department in writing of the intent to establish or relocate a branch within thirty (30) days of the corporation's Board approval to relocate or establish a branch.

1. The corporation must have been assigned a **composite** Uniform Financial Institutions Ratings System rating of I or 2, a component Management rating of 1 or 2, and a **component** Asset Quality rating of 1 or 2 as a result of its most recent federal or state examination;

2. The establishment of the de novo branch location, the relocation of the branch, or the purchase and assumption of a branch will not cause the Tier 1 Leverage Capital ratio for a commercial bank; savings bank; savings association; and industrial loan and investment company; or, the Net Worth ratio of a credit union; to fall below 8.5%;

3. The corporation displayed positive net income on the Call Report in the quarter prior to the notification to the Department regarding the proposed transaction;

4. The corporation's ratio of loans in excess of 30 days delinquent, including loans on non-accrual status, in relation to gross loans displayed on the Call Report in the most recent quarter is less than 3%;

5. The corporation is not subject to or aware of any pending corrective action, supervisory order, supervisory agreement, or board approved operating agreement by the Department or any other regulatory body;

6. The corporation, excluding credit unions, meet the requirements established in Ind. Code § 28-1-1-5(b) regarding the sum invested in real estate and buildings used for the convenient transaction of business; and, for credit unions, the sum invested in fixed assets is below 5% of total assets as provided in Ind. Code §28-7-1-9; and,

7. In the case of a credit union, the branch being proposed must be located within the State of Indiana.

Upon Board approval of the intention to relocate or establish a branch, the corporation should send to the Department a notification letter including a copy of the Board resolution and/or minutes, as appropriate. The letter shall state the location of the branch and how the corporation complies with each of the above-listed criteria.

If an out-of-state branch is being established by a corporation other than a credit union, a confirmation statement indicating that the proposed branch will not violate the laws of the host state is also required to be included in the notification letter. The board minutes of the corporation should state that the requirements in the statutes referenced in the opening paragraph of this policy are applicable to the activity being conducted; however, because the corporation meets the criteria established in this policy, formal application to the Department for approval is not required.

After the notification letter is received, accompanied with a copy of the board resolution and/or board minutes, as appropriate, the Department reserves the right to request additional information to adequately analyze the effects of the proposed transaction and may require a more formal application process if deemed necessary by the Director.

The Department will notify the corporation within twenty (20) days of receipt if additional information is requested or if the Department has no objection to the proposed transaction.

The Department reserves the right to revoke and/or rescind this policy at any time for any reason, without notice.

On behalf of the Members of the
Indiana Department of Financial Institutions


Richard J. Rice, Chairman

Attest:


Lindsay H. Miller, Secretary