

April 3, 2020

**VIA E-MAIL** ([sebastian.astrada@sf.frb.org](mailto:sebastian.astrada@sf.frb.org))

Sebastian Astrada  
Director of Applications  
Federal Reserve Bank of San Francisco  
101 Market Street  
San Francisco, CA 94105

**Re: Farmington Bancorp.**

Dear Mr. Astrada:

Enclosed please find an application by GUVJEC Investment Corporation to become a bank holding company and to acquire all of the outstanding stock of Farmington Bancorp, Inc.

Portions of this application contain confidential information. I have placed all such information in a separate section of the application marked "Confidential Section" and request confidential treatment for this information. The information contained in the attached responses contain: (1) personal biographical and financial information that is confidential and has not been previously made public; (2) contractual information regarding the transaction that is confidential and has not been made public; (3) financial information, projections and business plans that were prepared exclusively for GUVJEC or developed by GUVJEC and such information is confidential and has not been made public; and (4) ownership information that is confidential and has not been made public. I request that this information be afforded confidential treatment. The FOIA exemption is 12 USC§552 (b)(4).

I will be the contact person for this application. If you have any questions or comments, please do not hesitate to contact me.

Very truly yours,



Frank C. Bonaventure, Jr.

FCB:pl  
Enclosures

Cc: (w/enclosure)  
Corrie Mann, Washington State Dept of Financial Institution (e-mail [Corrie.Mann@dfi.wa.gov](mailto:Corrie.Mann@dfi.wa.gov))  
Roberta Hollinshead, Director ([banks@dfi.wa.gov](mailto:banks@dfi.wa.gov))  
Peter Choi, Federal Reserve Bank of San Francisco ([peter.choi@sf.frb.org](mailto:peter.choi@sf.frb.org))

Board of Governors of the Federal Reserve System



# Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company—FR Y-3

GUVJEC Investment Corporation c/o Frank Bonaventure, Baker Donelson

Corporate Title of Applicant

100 Light Street, 19<sup>th</sup> Floor

Street Address

Baltimore

MD

21202

City

State

Zip Code

Corporation

Type of organization, such as corporation, partnership, business trust, association, or trust)

Hereby applies to the Board pursuant to:

- ☒ (1) Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, ("BHC Act"—12 U.S.C. §1842), under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y;
- ☐ (2) Section 3(a)(3) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y; or
- ☐ (3) Section 3(a)(5) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y.

for prior approval of the acquisition of direct or indirect ownership, control, or power to vote at least all ( 100 %) of a class of voting shares or otherwise to control:  
Number Percent

Farmington Bancorp, Inc.

Corporate Title of Bank or Bank Holding Company

15315 92<sup>nd</sup> Place, NE

Street Address

Bothell

Washington

98011

City

State

Zip Code

Does applicant request confidential treatment for any portion of this submission?

☒ Yes

☒ As required by the General Instructions, a letter justifying the request for confidential treatment is included.

☒ The information for which confidential treatment is being sought is separately bound and labeled "Confidential."

☐ No

Public reporting burden for this collection of information for applications filed pursuant to section 3(a)(1) of the BHC Act are estimated to average 53 hours per response while applications filed pursuant to section 3(a)(3) or section 3(a)(5) of the BHC Act are estimated to average 63.5 hours per response, including the time to gather and maintain data in the required form, to review instructions and to complete the information collection. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0121), Washington, DC 20503.

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

**Frank C. Bonaventure, Jr.**

Name  
**Baker Donelson**

Title  
**100 Light Street, 19<sup>th</sup> Floor**

Street Address  
**Baltimore MD 21202**

City State Zip Code

Area Code / Phone Number

Area Code / FAX Number

Name

Title

Street Address

City State Zip Code

Area Code / Phone Number

Area Code / FAX Number

## Certification

I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding

Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this application is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

Signed this \_\_\_\_\_ day of April, 2020  
Day Month Year

  
Signature of Chief Executive Officer or Designee

Jean Chalopin President  
Print or Type Name Title

**1. Describe the transaction's purpose. Identify any changes to the business plan of the Bank/Bank Holding Company to be acquired or the Resultant Institution. Identify any new business lines.**

This application ("Application") is filed by GUVJEC Investment Corporation ("Applicant"), a Maryland corporation. Applicant seeks approval of the Board of Governors of the Federal Reserve System ("FRB") to acquire all of the outstanding stock of Farmington Bancorp ("FB"), a bank holding company and parent of Farmington Bank ("Bank"), a Washington State chartered commercial bank.

Pursuant to the terms of a Stock Purchase Agreement ("Agreement"), dated as of November 13, 2019 and attached hereto as Exhibit A, by and between Applicant and Farmington Finance Corporation ("Stockholder"), Applicant will acquire FB from Stockholder in an all cash transaction. FB is currently a wholly owned subsidiary of Stockholder.

Applicant is owned 100% by Jean Chalopin. *See Confidential Section* Mr. Chalopin's Interagency and Biographical Report ("IBFR") is attached as Exhibit B. *See Confidential Section*

Applicant will acquire all of the outstanding stock of FB for \$3,100,000 which amount will be paid to Stockholder. *See Confidential Section.*

FB currently has 14,464.29 shares of common stock outstanding ("FB Common Stock"). *See Confidential Section.*

*See Confidential Section.*

Applicant intends to retain all employees of the Bank. Applicant has spoken with current Bank president Tanya Thygeson concerning her continued employment. Applicant desires that Ms. Thygeson remain as President and has informed Ms. Thygeson of its desire. Ms. Thygeson has indicated she will remain as bank president. Applicant has indicated to Ms. Thygeson that it desires all current employees of the Bank to remain as employees after closing of the transaction. It is Applicant's understanding that the existing employees will remain as employees. Applicant will assess the need for any additional employees in coordination with Ms. Thygeson. Applicant has also spoken with the existing board members of the Bank and anticipates that existing Bank directors James Thompson, Mary Jo Turk, Larry Gunn and Tanya Thygeson will remain on the board. Mr. Chalopin will also join the post closing board of the Bank. Mr. Chalopin will remain as the sole post closing directors of Applicant and FB.

Applicant is not aware of any change in control or severance agreements in place at the Bank or FB.

*See Confidential Section.*

*See Confidential Section.*

**2. Provide the following with respect to the Bank/Bank Holding Company to be acquired:**

**a. Total number of shares of each class of stock outstanding;**

The authorized capital stock of FB consists of 100,000 shares of common stock with no par value, of which 14,464.29 shares are outstanding. *See Confidential Section.* Applicant will acquire all outstanding shares of FB Common Stock *See Confidential Section.*

**b. Number of shares of each class now owned or under option by the applicant, by subsidiaries of the applicant, by principals of the applicant,<sup>1</sup> by trustees for the benefit of the applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by the applicant;**

None.

**c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;**

Applicant will purchase from Stockholder for cash all of the FB Common Stock *See Confidential Section.* See Introduction.

**d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of the applicant's shares to be exchanged; and**

Not applicable as this is a cash transaction.

**e. A copy of the purchase, operating, shareholder, trust or other agreements associated with the proposed transaction. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application and a brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Note any other circumstances that might affect timing of the proposal.**

Agreement attached as Exhibit A. There are no unusual contractual terms in the proposed transaction. *See Confidential Section.*

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<sup>1</sup> The term principal as used herein means any individual, corporation, or other entity that: (1) owns, or controls, directly or indirectly, individually or as a member of a group acting in concert, 10 percent or more of any class of voting securities or other voting equity interest of the entity; (2) is a director, trustee, partner, or executive officer; or; (3) with or without ownership interest, participates, or has the authority to participate in major policy-making functions, whether or not the individual has an official title or is serving without compensation. If the applicant believes that any such individual should not be regarded as a principal, the applicant should so indicate and give reasons for such opinion.

**3. If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and the source of funds that the applicant intends to use for the proposed purchase, and discuss the effect of the transaction on the operations of the applicant.**

The proposed transaction is not an acquisition of assets and an assumption of liabilities but rather a purchase of stock.

**4. If the proposed transaction involves the acquisition of an unaffiliated banking operation or otherwise represents a change in ownership of established banking operations, describe briefly the due diligence review conducted on the target operations by the applicant. Indicate the scope of and resources committed to the review, explain any significant adverse findings, and describe the corrective action(s) to be taken to address those weaknesses.**

Applicant conducted due diligence on FB and the Bank during the fall of 2019. Applicant utilized its own in-house expertise along with input from Applicant's legal counsel. Applicant submitted a due diligence request list to the Bank with usually and customary information and items requested. The Bank provided the requested information to the extent that it existed. Applicant also interviewed the Bank's management and board with follow up questions to the information provided during due diligence. Applicant did not discover any significant adverse findings. Mr. Chalopin has visited Farmington, Washington and viewed the physical location of the Bank. The findings of Applicant's due diligence resulted in the consideration that Applicant has agreed to pay for the FB Common Stock, *See Confidential Section*.

**5. Provide a list of all regulatory approvals and filings required for the proposed transaction and the status of each filing.**

Approval of the FRB and the State of Washington Department of Financial Institutions are required. Application was made simultaneously with both such regulatory entities.

**6. Provide a copy of any findings, orders, approvals, denials or other documentation regarding the proposed transaction issued by any regulatory authority.**

No findings, orders, approvals, denials or other documentation has been received at the time of this filing. Applicant will provide any such information to the FRB and State of Washington Department of Financial Institutions upon receipt.

**7. For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction would result in an organization other than a shell one-bank holding company, submit a pro forma organization chart showing the applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.**

Applicant will be a shell one bank holding company.



## FINANCIAL AND MANAGERIAL INFORMATION

**8. a. For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction,<sup>2</sup> provide a parent company balance sheet as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet. The pro forma balance sheet should reflect the adjustments required under business combination and fair value accounting standards;**

Pro forma financial statements are attached as Exhibit D.

**b. For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction,<sup>3</sup> provide parent company and consolidated balance sheets as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheets; and**

**the financial information provided should be prepared in accordance with GAAP, and be in sufficient detail to reflect any:**

- Common equity and preferred stock;**
- Other qualifying capital;<sup>4</sup>**
- Long and short-term debt;**
- Goodwill and all other types of intangible assets;**
- Material changes between the date of the balance sheet and the date of the application (explained by footnotes).**

**c. Provide a broad discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets. Also discuss the application of fair value and any election to apply push-down accounting adjustments, as appropriate.**

There is no trading of the stock of FB so that there is no third party indication of value.

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<sup>2</sup> This type of applicant includes a company or similar organization that on a pro forma basis would be subject to the Board's Small Bank Holding Company Policy Statement.

<sup>3</sup> This type of applicant includes a company or similar organization that on a pro forma basis would not be subject to Board's Small Bank Holding Company Policy Statement.

<sup>4</sup> Other qualifying capital includes, but is not limited to, trust preferred securities.

The Applicant believes the acquisition price of FB generally reflects the marketplace value of a small community bank in a rural community. See Exhibit A.

**9. For an applicant that is or would be subject to consolidated capital requirements under Regulation Q (12 CFR part 217) following consummation of the proposed transaction, provide a breakdown of the organization's existing and pro forma risk-weighted assets as of the end of the most recent quarter, showing each principal group of on and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of common equity tier 1, additional tier 1 and tier 2 capital pursuant to the capital adequacy regulations as of the end of the most recent quarter, and provide calculations of applicant's existing and pro forma common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital adequacy regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the capital adequacy regulations.**

Not applicable.

**10. Provide for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:**

- a. A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, other qualifying capital, and/or debt. Specify the amount, purpose, name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter from the lender, or other underlying agreement which provides the interest rate, maturity, collateral, and proposed amortization schedule; and discuss what resources would be used to service any debt or capital instruments arising from the proposed transaction; and**

*See Confidential Section.*

- b. Cash flow projections under the following limited circumstances:**

- (i) For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If an applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or other obligations, provide projections of subsidiary bank(s) assets, earnings, and dividends, as well as common equity tier 1, additional tier 1, total capital, and leverage ratios (including the supplementary leverage ratio, if applicable) pursuant to the capital adequacy regulations. If the**



**combined assets of the subsidiary banks exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement, subsidiary bank data may be shown on an aggregate basis.**

Not applicable.

- (ii) For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or other obligations in the proposal such that parent company debt<sup>5</sup> would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disburse-demonstrate the ability of the parent company to reduce the debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, earnings, dividends, and other payments to affiliates, as well as common equity tier 1 capital, tier 1 capital, total capital and leverage ratios. Explain the methods and assumptions utilized in the projections and support all assumptions that deviate from historical performance.**

*See Confidential Section.*

- c. If the proposed transaction results in a change in ownership of the company (e.g., due to an exchange of stock), provide a current and pro forma shareholders list.**

Not applicable as this is a cash transaction.

- d. If the subject transaction will be funded in whole, or in part, through the issuance of additional stock instruments, describe the current status of the stock raising efforts. Provide copies of the prospectus, private placement memorandum, and other documents associated with the capital raise. In addition, provide copies of any stock commitments, subscription agreements, or escrow account statements evidencing capital raised. Before submitting a final application, please contact the appropriate Reserve Bank to discuss the timing considerations of the capital raising efforts with regard to submission of the application.**

Not applicable as this transaction is a cash transaction *See Confidential Section.*

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<sup>5</sup> Including any debt issued/incurred by nonbanking subsidiaries, such as trust preferred securities.

**11. For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for the applicant and the Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:**

- a. Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;**

Applicant has one principal:

Jean Jacques Pierre Chalopin

Detailed information on this individual is found in his IBFR attached as Exhibit B.

- b. Title or positions with the applicant and the Bank;**

Mr. Chalopin is President of Applicant and the sole director of Applicant.

- c. Number and percentage of each class of shares of the applicant and the Bank owned, controlled, or held with power to vote by this individual;<sup>6</sup>**

Applicant has one class of stock which is common. Mr. Chalopin owns all of the outstanding stock of Applicant (100 shares).

Neither Applicant nor its principal own any Bank or FB stock.

- d. Principal occupation if other than with the applicant or the Bank;**

Mr. Chalopin is an investor in a number of businesses - see his IBFR attached as Exhibit B.

Applicant is aware that its principal is also a principal and director of Deltec International Group ("DIG"), the parent of Deltec Bank & Trust Limited, Deltec Fund Services Limited, Deltec Investment Advisers Limited, Deltec Securities Ltd. and Long Cay Captive Management, all headquartered in Nassau. Mr. Chalopin is Chairman of DIG and owns approximately 47% of such entity. *See Confidential Section*

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<sup>6</sup> Include shares owned, controlled or held with power to vote by principal's spouse, dependents and other immediate family members. Give record ownership and, to the extent information is available, beneficial ownership of shares held by trustees, nominees, or in street names.

- e. **Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company.<sup>7</sup> Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless the applicant has reason to believe that such information is incorrect.);**

See response to Item 7(d).

- f. **Interagency Biographical and Financial Reports (IBFRs) are required for certain individuals. Consult with the appropriate Reserve Bank for guidance on who should provide an IBFR. See SR 15-8 Name Check Process for Domestic and International Applications for more details; and**

The IBFR for Mr. Chalopin is attached as Exhibit B.

- g. **If the principal is a corporation or partnership, provide financial statements (balance sheets and income statements) for the two most recent fiscal years and the most recent quarter end. Discuss any negative trends in the financial statements.**

Applicant is a newly formed corporation that will be funded prior to the closing of the transaction with sufficient equity to fund the stock acquisition, provide new capital for the Bank and have sufficient operating funds.

**12. For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal. For any existing or proposed principal of the applicant or the Bank/Bank Holding Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:**

Not applicable.

- a. **Name, address, and title or position with Applicant, Bank/Bank Holding Company, and any other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);**

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<sup>7</sup> For purposes of this application, a “depository institution” is defined as a commercial bank (including a private bank), a savings bank, a trust company, a savings and loan association, a homestead association, a cooperative bank, an industrial bank, or a credit union.

- b. Number and percentage of each class of shares of the applicant and the Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;<sup>8</sup>
- c. Principal occupation if other than with the applicant or the Bank/Bank Holding Company;
- d. Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership represents 10 percent or more of any class of shares. (Information that has been collected or updated within the past 12 months may be submitted, unless the applicant has reason to believe that such information is incorrect; and
- e. For any new (to applicant) principal shareholders, directors, or senior executive officer, provide an IBFR including completion of all required financial information.

13. If the consolidated assets of the resulting organization are less than the asset threshold of the Board's Small Bank Holding Company Policy Statement for each principal of the applicant who either would retain personal indebtedness or act as guarantor for any debt that was incurred in the acquisition of shares of the applicant or the Bank/Bank Holding Company, provide the following:

*See Confidential Section.*

- a. Name of borrower and title, position, or other designation that makes the borrower a principal of the applicant;
- b. Amount of personal indebtedness to be retained;
- c. A description of the terms of the borrowing, the name and location of the lender, and a copy of any related loan agreement or loan commitment letter from the lender;
- d. Statement of net worth as of a date within three months of the applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and

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<sup>8</sup> As defined in footnote number 3.

- e. **Statement of most current year's income.** In addition to indicating each principal source of annual income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)

**14. Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.**

Applicant is not aware of any litigation or investigation involving it (Applicant has no subsidiaries), the Bank or FB that is currently pending or was resolved within the last two years.

## **COMPETITION**

**If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a de novo bank, a response to items 15 and 16 is not required. Otherwise, the applicant should contact the appropriate Reserve Bank to determine whether a response to items 15 and 16 will be necessary. If a response is required, the applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If the applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, The applicant will be so informed.**

**15. Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of Authority (section 265.11c(11)(v)). The applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.**

Response not required.

**16. If the proposal involves the acquisition of non-bank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:**

Response not required.

- a. A description of the proposed activity(ies);
- b. The name and location of the applicant's and the Bank's direct or indirect subsidiaries that engage in the proposed activity(ies);
- c. Identification of the geographic and product markets in which competition would be affected by the proposal;
- d. A description of the effect of the proposal on competition in the relevant markets; and
- e. A list of major competitors in each affected market.

In addition, the applicant should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.

17. In an application in which any principal of the applicant or the Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of the Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.

See response to Item 7(d). *See Confidential Section.*

## CONVENIENCE AND NEEDS

18. Describe how the proposal would assist in meeting the convenience and needs of the community(ies) to be served, including but not limited to the following:

- a. Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.

The proposed transaction will meet the convenience and needs of the Bank's community. Very small community banks, such as the Bank, have a difficult time providing products and services that meet the needs of their communities. While Applicant does not intend to change the business plan of the Bank, it will inject new capital into the Bank that will allow the Bank to increase its legal lending limit, offer basic new products and services such as a debit ATM card and retain a needed additional employee. The Bank is so thinly staffed that an absence of any employee constitutes a real problem. In addition, Applicant has no plans to close the Farmington office and to move the Bank out of its community. The Bank has a history of excellent service to its communities and this level of service will continue in the after consummation of the proposed transaction.



Applicant has discussed the needs of the Farmington Community with current Bank president Tanya Thygeson and the Bank's board of directors which includes local residents. Applicant's president, *See Confidential Section* has visited Farmington and met with the mayor to discuss the community.

- b. For the combining institutions, list any significant anticipated changes in services or products offered by the depository subsidiary (ies) of the applicant or target that would result from the consummation of the transaction.**

Not applicable.

- c. To the extent that any products or services of the depository subsidiary (ies) of the applicant or target would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.**

See Response to 18a.

- d. Discuss any enhancements in products or services expected to result from the transaction.**

See Response to 18a.

**19. Describe how the applicant and resultant institution, including its depository subsidiary (ies) would assist in meeting the existing and anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low and moderate income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:**

- a. The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the depository subsidiary (ies) of the applicant and the resultant institution.**

Applicant is committed to meeting the needs of its communities including the needs of low- and moderate-income residents. After closing of the transaction, the Bank will continue its present policies of serving its communities. No products or services will be discontinued. To the contrary, with increased capital, the Bank will have an increased lending limit to fund the needs of its community and establish a debit ATM card product that its customers need to access accounts remotely. Most importantly, Farmington is a one bank community and the addition of new capital increases its viability to continue to meet the needs and convenience of its community.

The Bank has an "outstanding" CRA rating and it is Applicant's intention to maintain that rating.

- b. **The anticipated CRA assessment areas of the depository subsidiary(ies) of the combined institution. If assessment areas of the depository subsidiary(ies) of the resultant institution would not include any portion of the current assessment area of that subsidiary, describe the excluded areas.**

The CRA assessment area of the Bank will not be changed from its current assessment area.

- c. **The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction.**

The Applicant recognizes that the Bank currently has an “outstanding” CRA rating and intends to continue the administration of the Bank’s CRA program as it is administered today.

- d. **The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction. For a subsidiary of the applicant or target that has received a CRA composite rating of “needs to improve” or “substantial noncompliance” institution-wide or, where applicable, in a state or multi-state Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution’s CRA performance record since the rating.**

See 19(c).

**20. List all offices of the depository subsidiary (ies) of the applicant or target that (a) will be established or retained as branches, including the main office, of the target’s depository subsidiary (ies), (b) are approved but unopened branch(es) of the target’s depository subsidiary (ies), including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low and moderate income geographies**

The Bank has one location, 101 1<sup>st</sup> Street, Farmington, Washington 99128. Applicant intends to keep this location as the Bank’s sole office. *See Confidential Section.*

## **INTERSTATE BANKING**

**21. If the transaction involves the acquisition of a bank located in a State other than the home State of the applicant, please provide the following information, as applicable:**

- a. Identify any host state(s) involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with this age requirement.**

Applicant is a corporation chartered by the State of Maryland. Applicant is not aware of any Maryland requirements that require the Bank or FB to be in operation for a minimum number of years.

- b. Discuss compliance with nationwide and statewide deposit concentration limits to the transaction.**

Given the small size of the Bank, any deposit concentration limits are not applicable.

- c. Discuss compliance with state-imposed deposit caps.**

Applicant is not aware of any deposit concentration limits that would be applicable to the transaction.

- d. Discuss compliance with community reinvestment laws.**

See discussion in Section 18.

- e. Discuss any other restrictions that the host state(s) seek to apply (including state anti-trust restrictions).**

Applicant is unaware of any other restrictions that the host state may seek to apply.

## **FINANCIAL STABILITY**

**If either the acquirer or the target's total assets exceeds \$10 billion as of the most recent quarter for which data is available, address the following questions:**

**22. If either the acquirer or the target conducts any cross-border activities, please describe the nature of these activities and the amounts of cross-border assets and liabilities as of the most recent quarter for which data is available.**

Not applicable.

**23. For each financial service below, if the dollar volume related to the service provided either by the acquirer or the target exceeds \$1 billion, please report the annual volume over the past 12 months (otherwise, do not report).**

Not applicable.

## **LIST OF EXHIBITS**

Exhibit A	Stock Acquisition Agreement
Exhibit B	Interagency Biographical and Financial Report
Exhibit C	Intentionally Deleted
Exhibit D	Financial Projections

## **Exhibit A**

**See Confidential Section**

**Exhibit B**

**See Confidential Section**



## **Exhibit D**

**See Confidential Section**