



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

February 21, 2017

Mr. Mark A. Wiebe
Treasurer
River Valley Bancorporation, Inc.
327 North 17th Avenue
Wausau, Wisconsin 54401

Dear Mr. Wiebe:

This is in response to your letter, dated February 10, 2017, and received on February 13, to the Federal Reserve Bank of Chicago requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for River Valley Bancorporation, Inc. (“River Valley”), Wausau, Wisconsin, a bank holding company, to acquire Integrity First Bank (“Integrity Bank”), a wholly-owned state nonmember bank subsidiary of Integrity First Bancorporation, Inc. (“IFB”), a bank holding company, both of Wausau, Wisconsin.

The purpose of the proposed transaction is to facilitate the merger of Integrity Bank with and into River Valley’s wholly owned subsidiary state nonmember bank, River Valley Bank, Wausau, Wisconsin. The transaction would occur as follows: (1) River Valley would acquire 100 percent of the issued and outstanding common stock of Integrity Bank from IFB; and (2) Integrity Bank would then merge with and into River Valley Bank, with River Valley Bank as the surviving entity (“Bank Merger”). You have indicated that Integrity Bank would exist as a wholly owned subsidiary of River Valley for only a moment in time and that River Valley would not operate Integrity Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before a bank holding company may acquire more than 5 percent of the voting shares of a bank.² Through the transaction described above, River Valley would acquire 100 percent of the common stock of Integrity Bank. Accordingly, River

¹ 12 U.S.C. § 1841 et seq.

² 12 U.S.C. § 1842(a)(3); 12 CFR 225.11.

Valley would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y before acquiring Integrity Bank.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a bank holding company seeking to acquire shares or control of a bank need not obtain the Board's prior approval. Specifically, section 225.12(d)(2) of the Board's Regulation Y provides that a bank holding company need not receive the Board's approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act ("the Bank Merger Act"),³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and River Valley has provided all necessary information.

The Bank Merger requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.⁵ In acting on the merger proposal, the FDIC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by Integrity Bank and River Valley Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.⁶ These criteria are substantially similar to the criteria the Board would consider under section 3 of the BHC Act.⁷

Additionally, River Valley would acquire control of Integrity Bank only for the short time necessary to complete the merger of Integrity Bank with and into River Valley Bank. At no time would Integrity Bank operate as a separate subsidiary bank of River Valley. Following the transaction, the separate corporate existence of Integrity Bank would cease, and River Valley Bank would continue to operate as a state nonmember bank. Under these circumstances, review of the transaction under section 3

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). River Valley Bank filed a Bank Merger Act application with the FDIC dated January 30, 2017, requesting prior approval of the Bank Merger. River Valley has provided the Board with a copy of the application.

⁶ 12 U.S.C. §§ 1828(c)(5) and (11), 2902(3)(E), 2903(a)(2).

⁷ See 12 U.S.C. § 1842(c); 12 CFR 225.13.

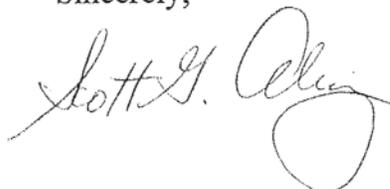
of the BHC Act would be duplicative of the review under the Bank Merger Act.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring River Valley to file a formal application under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require a filing of a formal application by River Valley in connection with the transaction described above. This opinion is subject to the receipt by River Valley, River Valley Bank, IFB, and Integrity Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed upon approval of the proposal.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Michelle Kidd at (202) 736-5554 or Evans Muzere at (202) 452-2621, of my staff.

Sincerely,

A handwritten signature in cursive script, reading "Scott G. Olin". The signature is written in black ink and is positioned below the word "Sincerely,".

cc: Federal Deposit Insurance Corporation