EMERGENCY ECONOMIC STABILIZATION ACT

U.S. DEPARTMENT OF THE TREASURY

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S CORPORATION FAQS

What is the deadline for a Subchapter S Corporation to apply to the TARP Capital Purchase Program?
The deadline for Subchapter S Corporations 5:00 p.m., eastern time, February 13, 2009.

How will you define a "Subchapter S" corporation for purposes of institutions applying for the program line?
A Qualifying Financial Institution ("QFI") under these terms of our Capital Purchase Program means a bank, savings association, bank holding company, or savings and loan holding company that has made a valid election to be taxed under Subchapter S of Chapter 1 of the U.S. Internal Revenue Code (a "S-Corp") and is also one of the following:

1. a top-tier Bank Holding Company ("BHC"), or top-tier Savings and Loan Holding Company ("SLHC") that engages solely or predominately in activities permissible for financial holding companies under relevant law,
2. a U.S. bank or U.S. savings association that is not controlled by a BHC or SLHC, or
3. a U.S. bank or U.S. savings association that is a qualifying S-Corp subsidiary which is controlled by a BHC or SLHC which itself is an S-Corp and which does not engage solely or predominately in activities that are permitted for financial holding companies under relevant law.

Why are subchapter S corporations being funded with subordinated debt instead of preferred stock?
Among other restrictions applicable to Subchapter S corporations, an S-Corp can only have one class of equity and their equity can only be held by natural persons. Treasury cannot own preferred stock in these companies without upsetting the S-Corps's status. The Treasury Department has worked diligently with federal banking regulators to structure an economically equivalent security that meets certain regulatory capital requirements and is sensitive to the restrictions applicable to S-Corps.

Why is the interest rate on the subordinated debt that will be owed by Subchapter S corporations higher than the dividend rate on preferred stock obligations of other QFIs?
The interest rate has been adjusted to recognize that the interest payment can be deducted for tax purposes while dividend payments cannot. Because of this distinction, the net amount of taxes effectively paid to Treasury would be less if it received a debt instrument versus an equivalently yielding share of preferred stock. The rate difference equalizes the effect on all taxpayers.

Since this program requires that we issue debt, will we be able to count that debt toward our capital requirements?
The terms of the subordinated debt to be issued under this program are designed to count as capital under the guidelines issues by the federal banking agencies. The subordinated debt will count as Tier 1 capital for holding companies and as Tier 2 capital for stand-alone banks. For a stand-alone bank, the amount of the subordinated debt that may be included in Tier 2 capital in combination with any other subordinated debt issued by the bank is limited to 50% of Tier 1.

Must an institution re-apply if it is an S-Corp and already submitted an application?
No. It is not necessary to reapply if your applicable federal banking agency has your application. Note, however, the amount of Treasury's investment must be between 1% and 3% of an institution's risk weighted assets based on information contained in the latest quarterly supervisory report filed by the applicant with its appropriate federal banking agency, updated to reflect events materially affecting the financial condition of the applicant occurring since the filing of such report.

When will definitive agreements be available?
We expect definitive agreements to be drafted within a few weeks of

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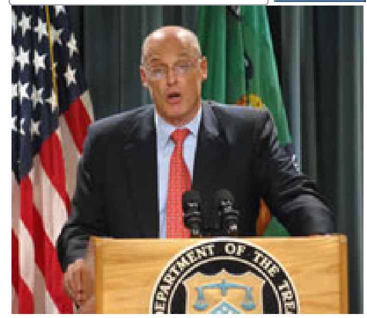

Secretary Paulson announces proposal for a comprehensive approach to address market instability in a press conference on September 19, 2008.

Secretary Paulson, joined by Federal Reserve Chairman Bernanke, SEC Chairman Cox and FHFA Director Lockhart, testifies before the Senate Banking Committee on September 23, 2008 on the proposal to stabilize the financial system and protect the economy.

KEY INITIATIVES

- Economic Stabilization Act
- U.S. - China Strategic Economic Dialogue
- Keeping The U.S. Economy Growing: Open Markets, Investment & Trade
- Secretary's Corner

RELATED PROGRAMS

- Money Market Funds Guarantee Program

the publication of the S-Corp term sheet. Reference should be made to the terms of existing agreements for publicly traded and non-exchange traded C corporations for guidance on terms that will form the basis for S-Corp definitive agreements.

Does this term sheet apply to mutual associations?
No. This term sheet is for S-Corps only. However Treasury continues to work with the federal banking agencies on a solution for mutual companies. Mutual companies themselves are not able to issue stock so an alternative security must be structured. When terms are published for mutual companies, a reasonable time period will be established for applications to be filed.

Why does the Term Sheet refer to subordinated debentures as "Senior Securities"?
The Term Sheet refers to them as Senior Securities to make clear that they are not a new class of equity. Although the debentures are subordinated to other debt, they are senior to all equity.

Last Updated: January 14, 2009