

Request for Approval of a Plan to Merge Banks

General Information

Farm Credit Banks requesting to merge must jointly submit the required information, in accordance with 12 CFR 611.1020. Information in Tabs 1 through 4 should be specific to each constituent bank, and all other required disclosure information should be identical for each constituent bank. However, any differences between the merging banks should be disclosed to stockholders in accordance with the applicable regulation.

1. Use of the Form

In the space provided on the documentation checklist, use an "X" to indicate that the material is included under the tab shown. In the space provided on the information checklist, indicate the page number or other index number in which the information is presented within the tab. Use "N/A" for any nonapplicable items and give a short statement at the end of the information checklist explaining why the item is not applicable.

See information checklist for detailed instructions for each item in the documentation checklist.

2. Terminology

- a. Acquirer – as defined by generally accepted accounting principles (GAAP), in a business combination, merger, etc., refers to the bank that obtains control of the acquiree or is the primary beneficiary of a variable interest entity.
- b. Acquiree – in a business combination, merger, etc., the bank that the acquirer obtains control of.
- c. Acquisition method of accounting – GAAP requires that each business combination be accounted for by applying the acquisition method of accounting. The acquisition method requires:
 - Identification of the acquirer.
 - Determination of the acquisition date.
 - Recognition and measurement of identifiable assets acquired and liabilities assumed.
 - Recognition and measurement of goodwill or a gain from a bargain purchase.
- d. Act – refers to the Farm Credit Act of 1971, as amended.
- e. Agreement and Plan of Merger – written agreement between the merging banks governing the terms and conditions of the merger transaction.
- f. Bargain purchase – a business combination in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred and requires the acquirer to recognize that excess in earnings as a gain attributable to the acquirer.
- g. Business combination – a merger of banks or other event in which an acquirer obtains control of one or more businesses.
- h. Conditions of Approval – the conditions imposed by FCA on the continuing bank as part of the merger.
- i. Constituent banks – refers to each bank that is a party to a merger request.
- j. Continuing bank – refers to the bank whose charter continues upon consummation of the merger.

- k. Control – in a business combination or merger, control has the meaning of *controlling financial interest* as defined by GAAP and applicable guidance.
 - l. Fair value – as defined by GAAP, in a business combination the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
 - m. Farm Credit Bank (FCB) or Agricultural Credit Bank (ACB) – refers to a Farm Credit System Bank in a Farm Credit District.
 - n. Goodwill – an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.
 - o. Merger – refers to a merger of banks unless otherwise specified.
 - p. Related association(s) – refer to the association(s) within the constituent bank's or resulting bank's chartered territory that generates loans for the bank or whose operations the bank funds.
 - q. Resulting bank – refers to the bank resulting from a merger of like or unlike banks.
 - r. 12 CFR (e.g., 12 CFR 611.1020) – is a citation of FCA regulations for mergers of banks contained in Title 12, Chapter VI, of the Code of Federal Regulations (CFR).
3. Rules for Presentation
- a. The documents submitted to the FCA must be organized in the same order as listed on the documentation checklist. The merging banks have flexibility to present the documents to stockholders in the order they choose unless otherwise required by regulation.
 - b. Information furnished must be presented with an appropriate heading to identify the subject matter(s) it relates to.
4. Submission of Checklists – Each request to the FCA for preliminary approval of a plan of merger must be accompanied by a transmittal sheet, documentation checklist, and information checklist.
5. Update to Financial Statements – If the constituent banks wish to include their most recent quarterly financial statements in the disclosure to stockholders after receiving the FCA's preliminary approval of the merger proposal and related disclosure materials, the updated statements and all related disclosure material must be submitted to the FCA for clearance before the disclosure document can be issued.
6. Director and Employee Representations – Pursuant to 12 CFR 611.1020(c) no bank director, officer, or employee shall make any untrue or misleading statement of a material fact, or fail to disclose any material fact necessary under the circumstances to make statements made not misleading to any stockholder of the bank in connection with a bank merger.