

Governor Michael L. Parson
State of Missouri



Department of Insurance
Financial Institutions
and Professional Registration
Chlora Lindley-Myers, Director

DIVISION OF FINANCE

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Lec R. Keith
Commissioner

October 30, 2018

RECEIVED & FILED

OCT 30 2018

SECRETARY OF STATE
COMMISSIONS DIVISION

Dear [REDACTED]:

The Division is in receipt of your letter dated October 2, 2018, in which your client requests authority pursuant to §362.106(4) RSMo to purchase real estate and invest in a bank premises in excess of 50% of its unimpaired capital. Your letter further states the bank's aggregate investment in fixed assets will not exceed 75% of the bank's unimpaired capital.

In support of your request you cite 12 CFR § 5.37(d)(3), which permits a national bank to invest in bank premises up to 150% of the bank's capital and surplus if it meets the conditions set forth therein.

After reviewing the applicable federal and Missouri banking statutes and regulations, a state-chartered bank is now authorized to purchase real estate and invest in bank premises, without the prior approval of the Commissioner, as long as the bank's aggregate investment in bank premises does not exceed 75% of its unimpaired capital, which includes common and preferred stock, capital notes, the surplus fund and undivided profits, subject to the following:

1. The bank must have a CAMELS rating of 1 or 2;
2. The bank would continue to be well-capitalized after the investment;
3. The bank represents that the real estate to be acquired will be used as a bank premises within 5 years;
4. After holding such real estate for one year, the bank shall annually state thereafter, by resolution of its board of directors, definite plans for its use;

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5. This activity shall not be exercised by any Missouri state-chartered bank within the first three years of obtaining a charter;

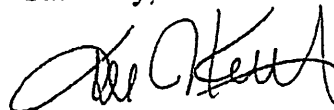
6. Non-applicability of §362.105.2(1) RSMo pertaining to insider transactions; and

7. A state bank exercising this power shall notify the Commissioner in writing of its investment within 30 days after the investment is made and the notice must include a description of the bank's investment.

The powers of the Missouri Division of Finance to ensure the safety and soundness of Missouri financial institutions are not affected by this letter. The Division may continue to use all its authority under Chapters 361 and 362 RSMo to limit any investments by banks that may be unsafe or unsound considering the condition of the bank, including entering into written agreements with the banks or issuing cease and desist orders against banks.

This letter will be filed today with the Office of the Missouri Secretary of State and posted on the public internet website of the Division. It will become effective ten (10) days after filing with the Secretary of State. If you have any questions regarding this matter, please contact James Gallaher.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee R. Keith", written in a cursive style.

Lee R. Keith
Commissioner

LRK:cs