DATE:       September 8, 2005

SUBJECT:   Proposal to expand the definition of a small bank holding company.

HIGHLIGHTS: The Federal Reserve Board on Wednesday proposed expanding the
definition of a small bank holding company (BHC) under the Board's Small
Bank Holding Company Policy and the Board's risk-based and leverage
capital guidelines for bank holding companies. The policy statement
facilitates the transfer of ownership of small community banks by permitting
debt levels at small BHCs that are higher than what would be permitted for
larger BHCs. Because small BHCs may, consistent with the policy
statement, operate at a level of leverage that generally is inconsistent with
the capital guidelines, the capital guidelines provide an exemption for small
BHCs.


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