

December 15, 2021

VIA E-APPS

Mr. Ivan J. Hurwitz
Vice President, Supervision, Bank Applications
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

Re: Application by Nave Holdings LLC Under Section 3(a)(1) of the Bank Holding Company Act

Dear Mr. Hurwitz:

On behalf of Nave Holdings LLC, a Puerto Rico limited liability company (the “**Company**”), I hereby submit the enclosed application (the “**Application**”) to the Federal Reserve Bank of New York (the “**Reserve Bank**”) seeking approval of the Board of the Governors of the Federal Reserve System (the “**Board**”) under Section 3(a)(1) of the Bank Holding Company Act of 1956 to become a bank holding company of Nave Bank (the “**Bank**”), a proposed *de novo* bank being organized under the laws of Puerto Rico, and to acquire all of the authorized and issued capital stock of the Bank. The Application consists of the following submissions:

1. The Application to Become a Bank Holding Company on form FR Y-3 and the accompanying responses to the requested information;
2. A separately bound volume of public exhibits; and
3. A separately bound volume of confidential exhibits, including the Bank’s Confidential Business Plan (the “**Confidential Exhibits**”).

The Company requests that the information contained in the Confidential Exhibits (“**Confidential Information**”) be accorded confidential treatment pursuant to Section 552(b)(4) and Section 552(b)(6) of the Freedom of Information Act (“**FOIA**”) and the regulations of the Board at 12 C.F.R. § 261.15(a)(4) and (6). The Confidential Information consists of confidential commercial and financial information concerning the proposed business plan and financial condition of the Bank and the Company, disclosure of which would cause substantial competitive harm by revealing prospective business plans to competitors. The Confidential Information also includes information concerning proposed compensation to be offered to individuals who will serve as directors or senior executive officers and other information concerning individuals that constitutes medical, personnel or other similar records disclosure of which would result in a clearly unwarranted invasion of personal privacy. 12 C.F.R. § 261.15(a)(4) provides that commercial and financial information is exempt from disclosure under FOIA, and the Board does not have a general practice of disclosing confidential commercial and financial information of this type to the public. Accordingly, the Company respectfully submits that the Confidential Information is being submitted to the Reserve Bank under an implied assurance of



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confidentiality and is therefore exempt from disclosure pursuant to *Food Marketing Institute vs. Argus Leader Media*, 139 S. Ct. 2356 (2019).

The Company requests that the Confidential Information be indefinitely treated as confidential because the basis for confidential treatment will continue to exist even after the Reserve Bank and the Board complete the review of the Application. The Company requests that if, notwithstanding the foregoing, the Reserve Bank or the Board should determine preliminarily to make any of the Confidential Information available to the public or other third parties, it will inform the Company prior to such release and permit a response to such determination.

* * *

Please let us know as soon as possible if the Board requires any additional information to determine that the Application is complete. If you have any questions concerning the Application, please contact Samantha Kirby at 617-570-8794 or skirby@goodwinlaw.com, or me at 212-813-8890 or wstern@goodwinlaw.com. As always, we appreciate your assistance and look forward to hearing from you at your earliest convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Stern'.

William E. Stern

Enclosures

cc: Francisco Antonio Navarro
Nave Holdings LLC

Tracie Kosakowski
Nave Holdings LLC (w/out encl.)

Samantha M. Kirby
Goodwin Procter LLP

Board of Governors of the Federal Reserve System



**Application to Become a Bank Holding Company
and/or Acquire an Additional Bank
or Bank Holding Company-FR Y-3**

Nave Holdings LLC
Corporate Title of Applicant

1608 Ponce de Leon
Street Address

San Juan PR 00912
City State Zip Code

Limited Liability Company
(Type of organization, such as corporation, partnership, business trust, association, or trust)

Hereby applies to the Board pursuant to:

- (1) Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, ("BHC Act"—12 U.S.C. §1842), under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y;
- (2) Section 3(a)(3) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y; or
- (3) Section 3(a)(5) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y

for prior approval of the acquisition of direct or indirect ownership, control, or power to vote at least 1000 (100 %) of a class of voting shares or otherwise to control:
Number Percent

Nave Bank
Corporate Title of Bank or Bank Holding Company
1608 Ponce de Leon
Street Address
San Juan PR 00912
City State Zip Code

Does applicant request confidential treatment for any portion of this submission?

Yes

- As required by the General Instructions, a letter justifying the request for confidential treatment is included.
- The information for which confidential treatment is being sought is separately bound and labeled "Confidential."

No

Public reporting burden for this collection of information for applications filed pursuant to section 3(a)(1) of the BHC Act are estimated to average 53 hours per response while applications filed pursuant to section 3(a)(3) or section 3(a)(5) of the BHC Act are estimated to average 63.5 hours per response, including the time to gather and maintain data in the required form, to review instructions and to complete the information collection. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0121), Washington, DC 20503.

PROPOSED TRANSACTION

1. Describe the transaction’s purpose. Identify any changes to the business plan of the Bank/Bank Holding Company to be acquired or the Resultant Institution. Identify any new business lines.

This application (the “Application”) is being submitted to the Board of Governors of the Federal Reserve System (the “Board”) by Nave Holdings LLC, a Puerto Rico limited liability company (“Nave Holdings” or “Holding Company”). Nave Holdings seeks the Board’s permission pursuant to Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended (the “BHC Act”) to acquire 100% of the capital stock of Nave Bank (the “Bank”), a proposed *de novo* bank being organized under the laws of Puerto Rico, and thereby become a bank holding company. Subject to the approval of the Federal Deposit Insurance Corporation (“FDIC”) of a related application for deposit insurance for the Bank, the Bank’s deposits will be insured by the FDIC the extent provided by law. Nave Holdings was formed in September 2021, by Francisco Antonio Navarro, Tracie Kosakowski, and Damon Greenberg (the “Organizers”) for the purpose of organizing and owning the Bank and will not itself engage in any business activities other than managing the business or providing services to its direct and indirect subsidiaries. The Organizers have concurrently herewith submitted an application seeking the Board’s permission for the Bank to become a member bank of the Federal Reserve System.

As described in more detail in the Confidential Business Plan submitted with this Application, the Bank will be formed to become Puerto Rico’s first FDIC-insured digital bank. As a digital bank, the Bank seeks to provide a unique, affordable offering, and value to customers that are presently unsatisfied, underserved, or unbanked by offering a highly scalable and state of the art technology. As a digital bank, the Bank will take advantage of cost efficiencies, increased speed to market of its products and services, wider distribution of its products and services, and greater ease in establishing ongoing relationships with customers. Please see Section II.D, Section II.E, and Exhibit E of the Confidential Business Plan for a description of the Bank’s business lines.

In addition, the Bank anticipates that it will qualify as a “minority depository institution,” as such term is defined in the Financial Institutions Reform, Recovery, and Enforcement Act, and intends to apply for certification as a “community development financial institution.” The Bank’s Community Reinvestment Act (“CRA”) Assessment Area will be MSA 41980 (San Juan-Carolina-Caguas, PR).

Nave Holdings will serve as a source of financial and managerial strength for the Bank. As is described in more detail in Section II.B of the attached Confidential Business Plan, Nave Holdings will raise funds upon receipt of preliminary approval for the formation of the Bank from the Puerto Rico Office of the Commissioner of Financial Institutions (“OCIF”), the FDIC and the Board. In this regard, prior to the time the Bank is authorized to commence operations, it is expected that Nave Holdings will be “well capitalized” under the Board’s Capital Adequacy Guidelines for Bank Holding Companies at 12 C.F.R. Part 225, Appendix A. Nave Holdings is also positioned to raise additional equity capital or debt capital, if necessary in the future, and anticipates that it would approach new existing and investors or hire an investment banker and identify investors, like other similarly situated holding companies would do when issuing debt or equity. Nave Holdings has no plans to seek such additional capital funding at this time. As

described in Section V of the Confidential Business Plan, responsibility for management and direction of the business and affairs of the Bank will be vested by Nave Holdings in a Board of Directors of the Bank.

2. Provide the following with respect to the Bank/Bank Holding Company to be acquired.

a. Total number of shares of each class of stock outstanding;

In connection with its formation, the Bank will issue 1,000 shares of voting common stock, \$0.01 par value per share. Nave Holdings will subscribe for and purchase the Bank's 1,000 shares of voting common stock..

b. Number of shares of each class now owned or under option by the applicant, by subsidiaries of the applicant, by principals of the applicant, by trustees for the benefit of the applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by the applicant;

There are no shares of Bank stock currently owned by Nave Holdings or its subsidiaries. For information on options, please refer to Exhibit L of the Confidential Business Plan.

c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;

Please refer to Sections II.B, V.I and VII of the Confidential Business Plan for information on the number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total.

Nave Holdings will raise up to necessary funds by issuing voting and non-voting units of membership interests in a private placement offering. Please see Confidential Exhibit A for post-approval membership information of Nave Holdings. The private placement memorandum is attached as Exhibit M to the Confidential Business Plan.

d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of the applicant's shares to be exchanged; and

Not applicable.

e. A copy of the purchase, operating, shareholder, trust or other agreements associated with the proposed transaction. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application and a brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Note any other circumstances that might affect timing of the proposal.

Nave Holdings will be the sole shareholder in the Bank. Copies of the Company's formation documents are attached as Exhibit B, and Nave Holdings's draft Limited Liability Company Operating Agreement, which is subject to ongoing negotiations, is provided as Confidential Exhibit C. The status of the Company's fund raising efforts and proposed agreements with prospective investors is described in response to Item 10(d) below.

- 3. If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and the source of funds that the applicant intends to use for the proposed purchase, and discuss the effect of the transaction on the operations of the applicant.**

Not applicable.

- 4. If the proposed transaction involves the acquisition of an unaffiliated banking operation or otherwise represents a change in ownership of established banking operations, describe briefly the due diligence review conducted on the target operations by the applicant. Indicate the scope of and resources committed to the review, explain any significant adverse findings, and describe the corrective action(s) to be taken to address those weaknesses.**

Not applicable.

- 5. Provide a list of all regulatory approvals and filings required for the proposed transaction and the status of each filing.**

In connection with the formation of the Bank, the Organizers and/or Nave Holdings are required to submit the following applications to federal and state bank regulatory authorities:

- i. An application to OCIF for a permit to organize a bank in Puerto Rico pursuant to the Puerto Rico Banking Act;
- ii. An application to the FDIC, pursuant to Section 5(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(a)), and the regulations of the FDIC at 12 C.F.R. Part 303, Subpart B, seeking approval to obtain federal deposit insurance for the Bank, including relevant Interagency Biographical and Financial Reports (IBFRs) and finger printing as appropriate;
- iii. An application to the Board pursuant to Sections 9 and 19(h) of the Federal Reserve Act (12 U.S.C. § § 321 and 466) for the Bank to become a member bank; and
- iv. This Application to the Board pursuant to Section 3(a)(1) of the BHC Act, seeking approval for Nave Holdings to acquire all of the capital stock to be issued by the Bank and, thereby, become a bank holding company within the meaning of the BHC Act.

Copies of the above applications have been provided with this Application. All applications have been submitted, or will shortly be submitted, to the relevant regulatory authorities for review.

6. **Provide a copy of any findings, orders, approvals, denials or other documentation regarding the proposed transaction issued by any regulatory authority.**

There are no findings, orders, approvals, denials or other documentation issued by any regulatory authority related to any of the applications described in the response to Item 5.

7. **For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction would result in an organization other than a shell one-bank holding company, submit a pro forma organization chart showing the applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.**

Not applicable.

FINANCIAL AND MANAGERIAL INFORMATION

Note: Where the subsidiary or target banks have elected to utilize the Community Bank Leverage Framework, applicants are not required to identify risk-weighted assets or provide risk-weighted capital ratios where requested.

8.
 - a. **For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction, provide a parent company balance sheet as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet. The pro forma balance sheet should reflect the adjustments required under business combination and fair value accounting standards;**

Please see Confidential Exhibit D for the financial information requested.

- b. **For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction, provide parent company and consolidated balance sheets as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheets; and the financial information provided should be prepared in accordance with GAAP, and**

be in sufficient detail to reflect any:

- **Common equity and preferred stock;**
- **Other qualifying capital;**

- Long and short-term debt;
- Goodwill and all other types of intangible assets;
- Material changes between the date of the balance sheet and the date of the application (explained by footnotes).

Not applicable. Nave Holdings expects that, following acquisition of the capital stock of the Bank, it would qualify for relief under the Federal Reserve Board's Small Bank Holding Company and Savings and Loan Holding Company Policy Statement.

- c. **Provide a broad discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets. Also discuss the application of fair value and any election to apply push-down accounting adjustments, as appropriate.**

Not applicable.

9. **For an applicant that is or would be subject to consolidated capital requirements under Regulation Q (12 CFR part 217) following consummation of the proposed transaction, provide a breakdown of the organization's existing and pro forma risk-weighted assets as of the end of the most recent quarter, showing each principal group of on and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of common equity tier 1, additional tier 1 and tier 2 capital pursuant to the capital adequacy regulations as of the end of the most recent quarter, and provide calculations of applicant's existing and pro forma common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital adequacy regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the capital adequacy regulations.**

Not applicable.

10. **Provide for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:**
 - a. **A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, other qualifying capital, and/or debt. Specify the amount, purpose, name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter from the lender, or other underlying agreement which provides the interest rate, maturity, collateral and proposed amortization schedule; and discuss what resources would be used to service any debt or capital instruments arising from the proposed transaction; and**

In connection with the acquisition of the capital stock of the Bank, Nave Holdings will raise equity capital in a private placement. Please see Exhibit M attached to the Confidential

Business Plan for a copy of the private placement memorandum. Nave Holdings will not incur any debt in connection with the proposed transaction.

Distributions to the unit holders of Nave Holdings will derive primarily from dividends, if any, paid to Nave Holdings by its subsidiaries, including the Bank. Any distributions to the unit holders of Nave Holdings will be made in the sole discretion of the board of managers of Nave Holdings (the “Board”). Nave Holdings’s draft Limited Liability Company Operating Agreement, which is subject to ongoing negotiations, is provided as Confidential Exhibit C.

Nave Holdings is prepared to approach new and existing investors for additional capital funding should the need arise in order to sustain unexpected losses, less than projected results, or to fund additional growth. Nave Holdings is positioned to raise additional equity capital or debt capital, if necessary, and anticipates that it would approach new existing and investors or hire an investment banker and identify investors, like other similarly situated holding companies would do when issuing debt or equity. Nave Holdings has no plans to seek such additional capital funding at this time.

b. Cash flow projections under the following limited circumstances:

- i. For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt in the proposal such that parent company long term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If an applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or other obligations, provide projections of subsidiary bank(s) assets, earnings, and dividends, as well as common equity tier 1, additional tier 1, total capital, and leverage ratios (including the supplementary leverage ratio, if applicable) or Community Bank Leverage Ratio, pursuant to the capital adequacy regulations. If the combined assets of the subsidiary banks exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement, subsidiary bank data may be shown on an aggregate basis.**

Not applicable.

- ii. For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or other obligations in the proposal such that parent company debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement. These projections must clearly demonstrate the ability of the parent**

company to reduce the debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, earnings, dividends, and other payments to affiliates, as well as common equity tier 1 capital, tier 1 capital, total capital and leverage ratios or Community Bank Leverage Ratio, as appropriate. Explain the methods and assumptions utilized in the projections, and support all assumptions that deviate from historical performance.

Not applicable. The proposed transaction will not involve the assumption of debt or other obligations.

- c. If the proposed transaction results in a change in ownership of the company (e.g., due to an exchange of stock), provide a current and pro forma shareholders list.**

Not applicable.

- d. If the subject transaction will be funded in whole, or in part, through the issuance of additional stock instruments, describe the current status of the stock raising efforts. Provide copies of the prospectus, private placement memorandum, and other documents associated with the capital raise. In addition, provide copies of any stock commitments, subscription agreements, or escrow account statements evidencing capital raised. Before submitting a final application, please contact the appropriate Reserve Bank to discuss the timing considerations of the capital raising efforts with regard to submission of the application.**

The response under Item 10(a) is herein incorporated by reference. Nave Holdings is currently engaged in ongoing conversations with various investors. Copies of the investments documents are attached as Exhibit M to the Confidential Business Plan. Additional documents will be provided supplementally as they are finalized with investors.

A description of the fund raising efforts are included in Section II.B of the Confidential Business Plan.

- 11. For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for the applicant and the Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:**

- a. Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;**

The Bank's proposed directors are: Francisco Antonio Navarro, Carlos M. Garcia, Emilio Martino, Mari Evelyn Rodriguez and Fabio Garcia Passalacqua.

The Nave Holdings's Board of Managers will be comprised of the five Bank directors and three additional Holding Company managers.

A list of proposed directors of the Bank, managers of the Holding Company, and senior executive officers of the Bank can be found in Section V of the Confidential Business Plan.

For more information on each of the proposed directors and managers, please refer to Exhibit C attached to the Confidential Business Plan. For more information on the proposed senior executive officers, please refer to Exhibit G attached to the Confidential Business Plan.

Please refer to the IBFRs for their addresses, which are provided supplementally to this application.

b. Title or positions with the applicant and the Bank;

The Bank's response to Question 11(a) is incorporated by reference.

c. Number and percentage of each class of shares of the applicant and the Bank owned, controlled, or held with power to vote by this individual;

The Bank will be wholly owned by the Nave Holdings. Please see Confidential Exhibit A for post-approval membership information of Nave Holdings, including expected ownership interest in the Nave Holdings.

d. Principal occupation if other than with the applicant or the Bank;

Please see Exhibits B, C, and G of the attached Confidential Business Plan for biographies of the Organizers, board of directors and managers, and senior management.

e. Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company. Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless the applicant has reason to believe that such information is incorrect.);

Each management official, manager, director, and principal shareholder has disclosed any ownership interest in a depository institution or depository institution holding company, other than the Bank or Nave Holdings, in their IBFRs. Please refer to the IBFRs for the information, which are provided supplementally to this application.

- f. Interagency Biographical and Financial Reports (IBFRs) are required for certain individuals. Consult with the appropriate Reserve Bank for guidance on who should provide an IBFR. See SR 15-8 Name Check Process for Domestic and International Applications for more details; and**

The IBFRs for required individuals are submitted supplementally with this Application in a separately bound confidential volume. Proposed directors, senior executive officers and principal shareholders will provide fingerprint impressions electronically.

- g. If the principal is a corporation or partnership, provide financial statements (balance sheets and income statements) for the two most recent fiscal years and the most recent quarter end. Discuss any negative trends in the financial statements.**

Nave Holdings expects two institutional investors will each separately qualify as a “principal” of Nave Holdings. Information on the two investors is provided in Exhibit J attached to the Confidential Business Plan. Please refer to section II.B of the Confidential Business Plan for information on the formation and structure of the Bank and Nave Holdings.

- 12. For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal. For any existing or proposed principal of the applicant or the Bank/Bank Holding Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:**

- a. Name, address, and title or position with Applicant, Bank/Bank Holding Company, and any other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);**
- b. Number and percentage of each class of shares of the applicant and the Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;**
- c. Principal occupation if other than with the applicant or the Bank/Bank Holding Company;**
- d. Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership represents 10 percent or more of any class of shares. (Information that has been collected or updated within the past 12 months may be submitted, unless the applicant has reason to believe that such information is incorrect; and**
- e. For any new (to applicant) principal shareholders, directors, or senior executive officer, provide an IBFR including completion of all required financial information.**

Not applicable.

- 13. If the consolidated assets of the resulting organization are less than the asset threshold of the Board's Small Bank Holding Company Policy Statement for each principal of the applicant who either would retain personal indebtedness or act as guarantor for any debt that was incurred in the acquisition of shares of the applicant or the Bank/Bank Holding Company, provide the following:**
- a. Name of borrower and title, position, or other designation that makes the borrower a principal of the applicant;**
 - b. Amount of personal indebtedness to be retained;**
 - c. A description of the terms of the borrowing, the name and location of the lender, and a copy of any related loan agreement or loan commitment letter from the lender;**
 - d. Statement of net worth as of a date within three months of the applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and**
 - e. Statement of most current year's income. In addition to indicating each principal source of annual income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)**

Not applicable. Nave Holdings does not expect any of the principals would retain personal indebtedness or act as guarantor for any debt that was incurred in connection with the proposed transaction.

- 14. Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.**

Nave Holdings is not aware of any such litigation or investigation.

COMPETITION

If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a de novo bank, a response to items 15 and 16 is not required. Otherwise, the applicant should contact

the appropriate Reserve Bank to determine whether a response to items 15 and 16 will be necessary. If a response is required, the applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If the applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, The applicant will be so informed.

15. Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of Authority (section 265.11c(11)(v)). The applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.

Not required.

16. If the proposal involves the acquisition of nonbank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:
- a. A description of the proposed activity(ies);
 - b. The name and location of the applicant's and the Bank's direct or indirect subsidiaries that engage in the proposed activity(ies);
 - c. Identification of the geographic and product markets in which competition would be affected by the proposal;
 - d. A description of the effect of the proposal on competition in the relevant markets; and
 - e. A list of major competitors in each affected market.

In addition, the applicant should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.

Not required.

17. In an application in which any principal of the applicant or the Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of the Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.

Not applicable.

- 18. Describe how the proposal would assist in meeting the convenience and needs of the community(ies) to be served, including but not limited to the following:**
- a. Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.**
 - b. For the combining institutions, list any significant anticipated changes in services or products offered by the depository subsidiary(ies) of the applicant or target that would result from the consummation of the transaction.**
 - c. To the extent that any products or services of the depository subsidiary(ies) of the applicant or target would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.**
 - d. Discuss any enhancements in products or services expected to result from the transaction.**

Please refer to Sections II and IV in the Confidential Business Plan, and the draft Community Reinvestment Act Strategic Plan attached as Exhibit K to the Confidential Business Plan, for more details on how Nave Holdings and the Bank will offer enhanced products and services and meet the convenience and needs to the community through its products and services.

- 19. Describe how the applicant and resultant institution, including its depository subsidiary(ies) would assist in meeting the existing and anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low- and moderate income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:**
- a. The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the depository subsidiary (ies) of the applicant and the resultant institution.**
 - b. The anticipated CRA assessment areas of the depository subsidiary(ies) of the combined institution. If assessment areas of the depository subsidiary(ies) of the resultant institution would not include any portion of the current assessment area of that subsidiary, describe the excluded areas.**
 - c. The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction.**
 - d. The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction. For a subsidiary of the applicant or target that has received a CRA composite rating of “needs to**

improve” or “substantial noncompliance” institution-wide or, where applicable, in a state or multi-state Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the nonMSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution’s CRA performance record since the rating.

Please refer to Section IV of the Confidential Business Plan, as well as the Bank’s Community Reinvestment Act Plan attached as Exhibit K to the Confidential Business Plan, for additional information.

- 20. List all offices of the depository subsidiary(ies) of the applicant or target that (a) will be established or retained as branches, including the main office, of the target’s depository subsidiary (ies), (b) are approved but unopened branch(es) of the target’s depository subsidiary (ies), including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low- and moderate-income geographies.**

As a digital bank, the Bank seeks to offer its services without relying on physical branches. Nave Holdings and the Bank do not plan to open or close any branches as a result of the proposed transaction. Nave Holdings and the Bank will have their principal and only office located at 1608 Ponce de Leon, San Juan, Puerto Rico 00912.

INTERSTATE BANKING

- 21. If the transaction involves the acquisition of a bank located in a State other than the home State of the applicant, please provide the following information, as applicable:**
- a. Identify any host state(s) involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with this age requirement.**
 - b. Discuss compliance with nationwide and statewide deposit concentration limits to the transaction.**
 - c. Discuss compliance with state-imposed deposit caps.**
 - d. Discuss compliance with community reinvestment laws.**
 - e. Discuss any other restrictions that the host state(s) seek to apply (including state antitrust restrictions).**

Not applicable. Nave Holdings and the Bank are both organized under the laws of the Commonwealth of Puerto Rico and will have their respective principal places of business in Puerto Rico.

FINANCIAL STABILITY

If either the acquirer or the target's total assets exceeds \$10 billion as of the most recent quarter for which data is available, address the following questions:

- 22. If either the acquirer or the target conducts any cross-border activities, please describe the nature of these activities and the amounts of cross-border assets and liabilities as of the most recent quarter for which data is available. 23. For each financial service below, if the dollar volume related to the service provided either by the acquirer or the target exceeds \$1 billion, please report the annual volume over the past 12 months (otherwise, do not report).**

Not applicable.

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

William E. Stern
Name

Partner/Goodwin Procter LLP
Title

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(646) 558-4201
Area Code / FAX Number

Name

Title

Street Address

City State Zip Code

Area Code / Phone Number

Area Code / FAX Number

Certification


I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding

Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this application is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

Signed this 22 day of November, 2021.
Day Month Year


Signature of Chief Executive Officer or Designee

Francisco Antonio Navarro Chief Executive Officer
Print or Type Name Title