

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Ann Arbor State Bank
(In Organization)
Ann Arbor, Michigan

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act relating to the application for Federal Deposit Insurance for Ann Arbor State Bank, a proposed new bank to be located at 125 West William Street, Ann Arbor, Washtenaw County, Michigan 48104 and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Ann Arbor State Bank for Federal Deposit Insurance be and the same hereby is approved subject to the following conditions:

1. That beginning paid-in capital funds of not less than \$12,000,000 be provided;
2. That the Tier 1 capital to assets leverage ratio (as defined in the Federal Deposit Insurance Corporation's capital regulations) of not less than 8% be maintained throughout the first three years of operation and that an adequate allowance for loan and lease losses be provided from the date insurance is effective;
3. That the bank must operate within the parameters of its business plan submitted to the FDIC. Furthermore, during the first three years of operations, the bank must submit any proposed major deviations or material changes from the submitted plan to the Regional Director, a minimum of 60 days before the proposed change is implemented;
4. That within 90 days of the effective date of deposit insurance, the bank will develop a formal succession plan, approved by the Board of Directors;
5. That the bank shall engage a qualified third party to conduct an internal control review during the first year of operations;
6. That the bank shall comply with the FDIC's policy regarding stock option plans, as set forth in the FDIC Statement of Policy on Applications for Deposit Insurance;

7. That any changes in the proposed management or proposed ownership of ten percent or more of stock, including new acquisitions of or subscriptions to ten percent or more of the stock be approved by the FDIC prior to opening;
8. That prior to the effective date of deposit insurance, adequate fidelity coverage be obtained;
9. That the bank have an audit of its financial statements conducted by an independent public accountant annually for at least the first three years after deposit insurance is effective, furnish a copy of any reports by the independent auditor (including any management letters) to the Chicago Regional Office within 15 days after their receipt by the bank, and notify the Regional Director within 15 days when a change in its independent auditor occurs;
10. That full disclosure has been made to all proposed directors and stockholders of the facts concerning the interest of any insider (one who is, or stands to be, a director, an officer, or an incorporator of an applicant or shareholder who directly or indirectly controls 10% or more of any class of the applicant's outstanding voting stock, or the associates and interests of any such person) in any transaction being effected or then contemplated, including the identity of the parties to the transaction, and the terms and costs involved;
11. That Federal Deposit Insurance will not become effective unless and until the applicant has been granted a charter, has authority to conduct a banking business, and its establishment and operation as a depository institution has been fully approved by the Office of Financial and Insurance Regulation;
12. That until the conditional commitment herein ORDERED becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed to warrant such action; and
13. That if Federal Deposit Insurance has not become effective within twelve months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, the consent granted shall expire at the end of the twelve-month period.

Dated at Chicago, Illinois, this 1st day of December, 2008.

FEDERAL DEPOSIT INSURANCE CORPORATION

BY: _____ /s/
M. Anthony Lowe
Regional Director

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: **Ann Arbor State Bank** (Proposed)
Ann Arbor, Washtenaw County, Michigan
Application for Federal Deposit Insurance

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815), an application for Federal deposit insurance has been filed for Ann Arbor State Bank (the Bank), a proposed new state commercial bank, to be located at 125 West William Street, Ann Arbor, Washtenaw County, Michigan.

The Bank will provide conventional banking services to Washtenaw County with an emphasis on commercial and commercial real estate lending. Loan products will be tailored to the needs of small- to medium-sized businesses. Deposit products will consist of a traditional mix of savings, checking, money market, certificates of deposit and retirement accounts.

For the purposes of this proposal, capital is adequate, projections for future earnings prospects are favorable, management is considered satisfactory, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No formal objections to this proposal have been filed and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Regional Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to the conditions enumerated in the Order.

REGIONAL DIRECTOR, CHICAGO
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION