

## FEDERAL DEPOSIT INSURANCE CORPORATION

Re: BlackRidgeBANK (In Organization)  
Fargo, North Dakota

Application for Federal Deposit Insurance

### ORDER

The undersigned, acting on behalf of the Board of Directors of the FDIC, 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, and relating to the application for Federal deposit insurance for BlackRidgeBANK (In Organization), Fargo, Cass County, North Dakota, a proposed new bank to be located at 4040 42<sup>nd</sup> Street South, Fargo, North Dakota.

It is hereby ORDERED that the application submitted by BlackRidgeBANK (In Organization) for Federal deposit insurance be and is approved subject to the following conditions:

- (1) That beginning paid-in capital funds will not be less than \$5,000,000, of which not less than \$1,000,000 shall be allocated to common capital and not less than \$4,000,000 to surplus;
- (2) That a Tier 1 Leverage Capital Ratio, as defined in Part 325 of the FDIC's Rules and Regulations, of no less than 8 percent be maintained during the bank's first three years of operation, and that an adequate allowance for loan and lease losses be provided;
- (3) That any changes in proposed management or proposed ownership (10% or more of stock), including new acquisitions of or subscriptions to 10% or more of the stock, shall be approved by the FDIC prior to opening the bank;

- (4) That the bank maintain its books on an accrual accounting system;
- (5) That the bank obtain sufficient fidelity bond coverage on its active officers and employees to conform with generally accepted banking practices, prior to opening;
- (6) That the bank obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and submit to the Kansas City Regional Office (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the bank's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the bank, and (iii) written notification within 15 days when a change in the bank's independent auditor occurs;
- (7) That Federal deposit insurance shall not become effective unless and until the applicant has been granted a charter as a depository institution, that it has authority to conduct a banking business, and that its establishment and operation as a bank have been fully approved by the North Dakota Department of Financial Institutions;
- (8) That until the bank is established, the FDIC shall have the right to alter, suspend, or withdraw its commitment should any interim development warrant such action;
- (9) That BlackRidge Financial, Inc., Fargo, North Dakota, has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the bank, prior to opening;
- (10) That the bank has submitted any proposed contracts, leases or agreements relating to construction or rental of permanent quarters to the Regional Director for review and comment;
- (11) That the bank has fully disclosed to all proposed directors and stockholders any insider transactions, including the identity of the insider(s) and the terms and costs involved. An insider is any proposed director, officer, or incorporator; a shareholder who directly or indirectly controls 10% or more of the bank's outstanding voting stock; or the related interests of any such person;
- (12) That the bank shall operate within the parameters of the business plan submitted to the FDIC. Furthermore, during the first three years of operations, the bank shall notify the Regional Director of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change; and,

- (13) That if 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 Kansas City, Missouri, this 23<sup>rd</sup> day of March, 2007.

FEDERAL DEPOSIT INSURANCE CORPORATION  
KANSAS CITY REGION

**Signed by Stephen P. Gaddie**

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Stephen P. Gaddie  
Assistant Regional Director

