

FEDERAL DEPOSIT INSURANCE CORPORATION

IN RE: CapStar Bank
Nashville, Davidson County, Tennessee
Application for Federal Deposit Insurance
(Deposit Insurance Fund)

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 and relating to the application for deposit insurance for CapStar Bank, Nashville, Davidson County, Tennessee, a proposed new State member bank and Deposit Insurance Fund member, to be located at 201 4th Avenue North, Suite 950, Nashville, Davidson County, Tennessee, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, that the application submitted by CapStar 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 \$87,520,540 be provided;
2. That the Tier 1 capital to assets leverage ratio as defined in Federal Reserve Bank capital regulation and guidance be maintained at not less than eight percent throughout the first three years of operation and maintain a minimum allowance for loan and lease losses of 1.25 percent of total loans during the first three years of operation;
3. That any changes in proposed management or proposed ownership to the extent of ten percent or more of stock, including new acquisitions of or subscriptions to ten percent or more of the stock, shall be approved by the FDIC prior to the depository institution opening for business;
4. That Federal deposit insurance shall not become effective until the applicant has been established as a State member bank, that it has authority to conduct a banking business, and that its establishment and operation as a bank have been fully approved by the State authority and the Federal Reserve Bank (Atlanta);

5. That the bank shall operate within the parameters of the business plan submitted to the FDIC. During the first three years of operations, the bank shall notify the FDIC Regional Director, the State authority, and the Federal Reserve Bank (Atlanta) of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
6. That adequate fidelity bond coverage be obtained prior to opening the bank;
7. That an accrual accounting system be adopted for maintaining the bank's books;
8. Material deviations from the concentration levels contained in the bank's pro forma financial statements for CRE and ADC loans for the first three years of operation require the prior approval of the FDIC Regional Director;
9. That any material deviations from the specified levels contained in the bank's pro forma financial statements for Brokered and CDARS Deposits for the first three years of operation require the approval of the FDIC Regional Director;
10. That no institutional investor or representative of an institutional investor will serve on any bank or bank board of directors operating committee;
11. That proposed directors Thomas Flynn, Richard Thornburgh and Stephen Smith will submit Interagency Biographical and Financial Forms to the FDIC and other appropriate agencies, and receive appropriate regulatory approval, prior to serving on the bank's board of directors;
12. That any substitution of North Dakota Investors, LLC as the "third party investor" pursuant to the final Term Sheet will require prior regulatory approval;
13. That written confirmation that copies of all mutually satisfactory definitive documentation, as envisioned in the final Term Sheet, has been submitted for prior regulatory review;

14. That until the conditional commitment herein ORDERED becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action; and,
15. That if deposit insurance has not become effective on or before or unless in the meantime, a request for an extension of time has been approved by the Corporation, the consent granted shall expire on said date.

Dated this 8th day of July, 2008.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: /s/
Thomas J. Dujenski
Regional Director
Dallas Region