

# FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: Town North Bank Nevada, N.A.  
Las Vegas, Nevada

Application for Federal Deposit Insurance  
(Bank 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 relating to the application for Federal deposit insurance for Town North Bank Nevada, N.A. (Bank), a proposed new institution to be located in Las Vegas, Nevada.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application for Federal deposit insurance be approved, subject to the following conditions:

1. Beginning paid-in capital funds of not less than \$24,500,000 be provided, of which not less than \$6,000,000 shall be allocated to common capital and not less than \$18,500,000 to surplus.
2. The Bank's Tier 1 leverage capital to assets ratio shall be maintained at not less than eight percent (8 percent) throughout the first three years of operation and an adequate allowance for loan and lease losses will be provided.
3. Any changes in proposed management or proposed ownership of ten percent (10 percent) or more of stock, including new acquisitions of or subscriptions to ten percent (10 percent) or more of the stock, will render this commitment null and void unless such proposal is approved by the Corporation prior to opening.
4. The Bank shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance coverage is effective and shall submit to the FDIC Dallas Regional Director (i) a copy of the audited annual financial statements and the independent 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.
5. That Federal deposit insurance shall not become effective unless and until the applicant has been established as a National 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 Office of the Comptroller of the Currency.

6. 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 Corporation, the consent granted shall expire at the end of the said twelve-month period.
7. Until the Bank is established, the FDIC shall have the right to alter, suspend, or withdraw the said commitment should any interim development warrant such action.

Dated at Washington, D.C. this 7<sup>th</sup> day of July, 2005.

FEDERAL DEPOSIT INSURANCE CORPORATION

**BY:**                    /s/

Lisa K. Roy  
Associate Director  
Division of Supervision and Consumer Protection

**FEDERAL DEPOSIT INSURANCE CORPORATION**

In Re: Town North Bank Nevada, N.A.  
Las Vegas, Clark County, Nevada  
Application for Federal Deposit Insurance  
(Bank Insurance Fund)

**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 Town North Bank Nevada, N.A. (Bank), a proposed National bank, to be located at 4760 South Pecos Road, Las Vegas, Clark County, Nevada.

The Bank will be a limited-purpose national bank organized under the Competitive Equality Banking Act (CEBA), and established as a wholly-owned subsidiary of Town North Bank, N.A., Dallas, Texas (TNB). TNB, established in 1972, provides financial services to individuals, professionals, and businesses, and also provides card services to credit unions. TNB is a wholly-owned subsidiary of CU Delaware Financial Corporation, Dover, Delaware, which is, in turn, wholly owned by CU Bank Shares, Inc., Dallas, Texas. CU Bank Shares, Inc., is controlled by 42 Texas-chartered credit unions, none of which control more than 5 percent of the company.

The Bank will acquire and administer the parent bank's existing credit and debit card activities, which will continue to be limited to supporting the activities of client credit unions. The Bank will rely on its parent organization for financial and other support. Deposits will be limited to a single parent company account of \$500,000.

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 Associate Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR  
DIVISION OF SUPERVISION AND CONSUMER PROTECTION  
FEDERAL DEPOSIT INSURANCE CORPORATION**