

## FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Turtle Mountain State Bank  
Belcourt, North Dakota 58316

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 Turtle Mountain State Bank, Rolette County, North Dakota, a proposed new bank to be located at 10 West Main Street, Belcourt, North Dakota 58316.

It is hereby ORDERED that the application submitted by Turtle Mountain State Bank 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 \$3,000,000, of which not less than \$100,000 shall be allocated to common capital and not less than \$2,900,000 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 State of 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 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;
- (10) 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;
- (11) 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;
- (12) That before the bank commences operations, it will employ a Retail Banking Manager possessing experience in consumer lending of the nature anticipated by

the bank's business plan. Appropriate biographical and financial information will be submitted to the FDIC for review and approval of the individual prior to the individual's employment; 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 18<sup>th</sup> day of May, 2007.

FEDERAL DEPOSIT INSURANCE CORPORATION  
KANSAS CITY REGION

Signed by John R. Jilovec

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Thomas J. Dujenski  
Deputy Regional Director

**FEDERAL DEPOSIT INSURANCE CORPORATION**

Re: Turtle Mountain State Bank (Proposed)  
Belcourt, Rolette County, North Dakota

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 Turtle Mountain State Bank, a proposed state nonmember bank to be located at 10 West Main Street, Belcourt, Rolette County, North Dakota 58316.

The bank will be wholly-owned by four individuals. There will be no holding company. Initial capitalization of the bank will be \$3 million. The bank will be located within the Turtle Mountain Indian Reservation and engage in traditional banking activities.

We have determined that the proposed investment in fixed assets is reasonable, capital is adequate, earnings prospects are sufficient to provide a profitable operation within a reasonable period of time, and management is capable.

Based on a careful evaluation of all facts and information, the undersigned, acting on authority delegated by the Board of Directors of the FDIC, has approved Turtle Mountain State Bank's application.

Dated at Kansas City, Missouri, this 18<sup>th</sup> day of May, 2007.

FEDERAL DEPOSIT INSURANCE CORPORATION  
KANSAS CITY REGION

/s/

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Thomas J. Dujenski  
Deputy Regional Director