

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

**In Re: Urban Partnership Bank (Proposed)  
Chicago, Illinois**

**Application for Federal Deposit Insurance and Application for Consent to Purchase Assets and  
Acquire Liabilities Pursuant to the Bank Merger Act**

### **ORDER**

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("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 ("FDI Act") regarding the application for Federal deposit insurance with membership in the Deposit Insurance Fund for Urban Partnership Bank ("Bank"), a proposed new institution to be located at 7054 South Jeffery Boulevard, Chicago, Illinois, and has concluded that the application should be approved. Additionally, the FDIC has considered all relevant material, including the statutory factors in sections 18(c)(5), (11) and (d) of the FDI Act regarding the Bank's application for consent to purchase the assets and acquire the liabilities of the Bank and for consent to establish the offices of ShoreBank, Chicago, Illinois ("ShoreBank") as branches of the Bank in Illinois, Michigan and Ohio. In addition, the Board finds that the probable closing of ShoreBank requires it to act immediately and thus waives publication of notice for the proposed purchase and assumption transaction and dispenses with the solicitation of a report on the competitive factors involved in the proposed transaction from the Attorney General of the United States.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the applications submitted by the Bank for Federal deposit insurance, consent to purchase assets and acquire liabilities, and for consent to establish branches of the Bank in Illinois, Michigan and Ohio be, and the same are hereby approved, subject to the following conditions:

1. Initial paid-in-capital funds of not less than \$137,750,000 shall be provided.
2. Federal deposit insurance shall not become effective unless the Bank is the successful bidder for, and subsequently acquires certain assets and assumes certain deposits and other liabilities from the FDIC as receiver for ShoreBank.
3. The Bank shall maintain a ratio of Tier 1 capital to total assets (as defined in Part 325 of the FDIC's Rules and Regulations) of not less than eight percent throughout the first seven years of operation. The Bank shall at all times maintain an adequately funded allowance for loan and lease losses.
4. Any changes in the proposed management of the Bank or the proposed ownership must be approved by the FDIC Regional Director prior to opening.
5. Within 60 days of the date of this Order and at all times thereafter, at least fifty percent of the Bank's Board of Directors shall be independent directors who are local to the markets

served, and who have expertise relevant to the Bank's activities and Business Plan. For purposes of this Order, an "independent director" is one that: (a) is not a principal shareholder, member, officer, or employee of the Bank, (b) is otherwise "independent of management" within the meaning of 12 C.F.R. Part 363, and (c) has not been otherwise determined by the FDIC to lack sufficient independence.

6. Within 60 days after opening the Bank, the Bank shall have appointed and shall thereafter retain a Board of Directors and senior executive officers who possess the knowledge, experience, and capability to carry out the responsibilities of the position in a safe and sound manner. For purposes of this Order, such senior executive officers shall include the Chief Executive Officer and President, Chief Credit Officer, Chief Financial Officer, and Chief Operations Officer (or those employees that have duties and responsibilities typical for persons with the foregoing titles).
7. The Bank shall give the FDIC Regional Director written notice at least 30 days prior to employing any individual as a director or senior executive officer during the first two years of operation. The FDIC Regional Director may issue a notice of disapproval within 30 days of receipt of such a notification if the subject's competence, experience, character or integrity indicates that it would not be in the best interest of depositors or the public to permit the individual to be employed by, or associated with, the depository institution.
8. The Bank shall take any action required by the FDIC Regional Director should he or she object to any proposed director or senior executive officer for whom background checks have not been completed.
9. The Bank shall provide to the FDIC Regional Director the employment and compensation arrangements (including salary, benefits, deferred compensation, stock options or incentives, retention bonuses, and severance payments) for the Bank's senior executive officers, and obtain the prior written non-objection of the FDIC Regional Director for those agreements and compensation arrangements prior to execution. The compensation for directors and officers shall be comparable to other insured depository institutions of similar size, nature, and complexity.
10. During the Bank's first three years of operation, the Bank shall obtain the prior written non-objection of the FDIC Regional Director prior to implementing any stock benefit plan.
11. The Bank shall obtain adequate fidelity coverage prior to the date deposit insurance becomes effective.
12. The Bank shall adopt and maintain an accrual accounting system.
13. Federal deposit insurance shall not become effective until the Bank has been granted a charter, has authority to conduct banking business, and its establishment and operation as a depository institution has been fully approved by the Illinois Department of Financial and Professional Regulation.

14. The Bank shall submit to the FDIC Regional Director a detailed Business Plan within 60 days after the acquisition of ShoreBank from the FDIC as receiver, and shall obtain the prior written non-objection of the FDIC Regional Director prior to implementing the plan. For seven years following the commencement of operations, the Bank shall provide to the FDIC Regional Director within 45 calendar days after the end of each calendar quarter, a business plan variance report detailing compliance with the revised Business Plan and an explanation of any material deviations.
15. Within 60 days before the end of the third year of operation, the Bank will submit to the appropriate FDIC Regional Director pro forma financial statements and a business plan for operating years four through seven.
16. For seven years following the commencement of banking operations, the Bank shall provide to the FDIC Regional Director at least 60 days prior written notice of any proposed material changes to the Business Plan.
17. The Bank shall provide to the FDIC Regional Director copies of the monthly reports provided to the FDIC pursuant to any Loss-Share Agreement by and between the FDIC, as receiver for ShoreBank, and the Bank.
18. The Bank will obtain an audit of its financial statements by an independent public accountant annually for the first seven years after deposit insurance is effective and submit to the FDIC Regional Director: (i) a copy of the audited annual financial statements and the independent auditor's report within 90 days following the end of the depository institution's fiscal year; (ii) a copy of any other reports by the independent auditor (including management letters) within 15 days after their receipt by the depository institution; and (iii) written notification within 15 days when a change in the depository's institution's independent auditor occurs.
19. The Audit Committee of the Bank's Board of Directors shall be comprised of at least three Bank directors, none of whom are officers or employees of the Bank, and all of whom are independent directors.
20. Full disclosure shall be made to all directors and stockholders of the Bank of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who: (i) is or is proposed to be a director, officer, or organizer of the Bank; (ii) a shareholder who directly or indirectly controls ten percent or more of any class of the Bank's outstanding voting stock; or (iii) an associate or affiliate of any such person.
21. The Bank will develop and implement a Community Reinvestment Act plan appropriate for its business strategy.
22. The Bank shall notify the FDIC Regional Director of any plans to establish a loan production office at least 60 days before opening the facility.

23. The Bank shall not pay dividends during the first three years of operations without the prior written approval of the FDIC Regional Director and the Illinois Department of Financial and Professional Regulation.
24. Until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its approval should an interim development be deemed to warrant such action.
25. If deposit insurance has not become effective within six 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, this approval shall expire at the end of said six-month period.

Dated at Washington, D.C. this 19th day of August, 2010.

**FEDERAL DEPOSIT INSURANCE CORPORATION**

By: \_\_\_\_\_  
**Lisa D. Arquette**  
**Associate Director**  
**Division of Supervision and Consumer Protection**

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**In Re: Urban Partnership Bank (Proposed)  
Chicago, Illinois**

**Application for Federal Deposit Insurance and Application for Consent to Purchase  
Assets and Liabilities Pursuant to the Bank Merger Act**

**STATEMENT**

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1815), the Federal Deposit Insurance Corporation ("FDIC") received an Interagency Charter and Federal Deposit Insurance Application on behalf of Urban Partnership Bank ("Bank"), a proposed new institution that will be located at 7054 Jeffery Avenue, Chicago, Illinois. The application is intended to establish a newly chartered state nonmember bank for the purpose of acquiring certain assets and liabilities of ShoreBank, Chicago, Illinois ("ShoreBank"), from the FDIC in its capacity as receiver in a purchase and assumption transaction. The organizers have applied for a charter with the Illinois Department of Financial and Professional Regulation ("State"). The organizers have also filed a Bank Merger Act application with the FDIC pursuant to Section 18(c) of the FDI Act (12 U.S.C. §1828(c)).

The FDIC has analyzed the deposit insurance application based upon the Bank being the successful bidder for the ShoreBank. The focus of the business plan is on providing banking products and services to individuals and businesses in financially underserved neighborhoods. The target market includes low- and moderate-income communities in the Chicago region and the cities of Cleveland, Ohio, and Detroit, Michigan. The FDIC has considered the capital to be contributed, the management to be retained, and the proposed business plan. Collectively, these are intended to stabilize the Bank's financial and operating performance, manage the acquired assets, and restore credit to the markets served. The Bank also proposes to implement loan modification programs intended to enable borrowers to keep their homes while maintaining the value of the underlying loans.

The financial projections indicate that the Bank will remain "well capitalized." Capital of \$137,750,000 will be provided by investors that include bank and thrift holding companies and their affiliates, banks, charitable foundations, corporations, and individuals. As represented, the investors view the proposal as important to maintaining banking access for low- and moderate-income individuals in a historically underserved community. Sources of funding will include a combination of capital, retail deposits, and various external sources. Earnings prospects appear attainable and based on reasonable projections, and management is considered satisfactory. Corporate powers to be exercised are consistent with the purposes of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent. In accordance with FDIC regulations, the deposit

insurance application will not be subject to public notice, as the application is in furtherance of the resolution of ShoreBank (12 C.F.R. section 303.23(b)).

The FDIC also has considered all relevant material with respect to the Bank Merger Act, including the statutory factors in sections 18(c)(5), (11) of the FDI Act. In addition, the FDIC finds that the probable closing of ShoreBank requires the FDIC to act immediately and thus waives publication of notice for the proposed purchase and assumption transaction and dispenses with the solicitation of a report on the competitive factors involved in the proposed transaction from the Attorney General of the United States.

Accordingly, based upon a careful evaluation of all available facts and information and in consideration of the factors of Sections 6 and 18(c)(5), (11) of the FDI Act, the Associate Director, pursuant to delegated authority, has concluded that approval of the applications is warranted, subject to certain prudential conditions.

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