

WAL-MART BANK

APPLICATION

Industrial Bank Application Package

**Utah Department of Financial Institutions
Federal Deposit Insurance Corporation**

Volume I of III

PUBLIC FILE

INTERAGENCY CHARTER AND
FEDERAL DEPOSIT INSURANCE APPLICATION

1. Overview

- (a) *Provide a brief overview of the application. The overview should describe the institution's business and any special market niche, including the products, market, services, and any nontraditional activities.*

Wal-Mart Stores, Inc., a Delaware corporation ("Wal-Mart"), through its wholly-owned, non-operating subsidiary Broadstreet Financial Services, Inc., a Delaware corporation ("Broadstreet"), proposes to form Wal-Mart Bank (the "Bank") as a Utah industrial bank.

The Bank will be located at 515 East 100 South, Salt Lake City, Utah. It will not be open to the general public and will not operate branch offices.

The principal business of the Bank is to serve as the required depository institution sponsor into the electronic payment systems in connection with retail sales by Wal-Mart and its subsidiaries. Additionally, the Bank will also offer certificates of deposit. The functions of the Bank will include the following:

1. The Bank will serve as sponsor to provide access for Wal-Mart into the Automated Clearing House ("ACH") network for the purpose of presenting, processing and settling electronically converted checks.
2. The Bank will act as sponsor for Wal-Mart with certain regional and national processing networks to present, process and settle on-line point of sale PIN (Personal Identification Number) authorized debit card transactions.
3. The Bank will become a depository institution member of Visa and Mastercard network associations, and serve as a sponsor for Wal-Mart in order to present, process and settle point-of-sale credit card and signature debit card transactions.
4. The Bank will offer short-term certificates of deposit to two classes of depositors: (a) non-profit, charitable and educational organizations designated as 501(c)(3) entities by the Internal Revenue Service; and (b) individual investors generated through deposit brokers.

The Bank will be the exclusive provider for the payment transactions initiated by Wal-Mart. The Bank and will not offer similar services to other retailers.

The Bank will be managed by a five (5) person board of directors. A majority of the directors will be residents of the State of Utah, with no direct or indirect employment or other relationship with Wal-Mart. All executive officers will be exclusively employed by

the Bank, and will reside in Salt Lake City-Ogden Metropolitan Statistical Area ("SLC MSA").

- (b) *Describe any issues about the permissibility of the proposal with regard to applicable state or federal laws or regulations. Identify any regulatory waiver requests and provide adequate justification.*

It is not believed that there are issues of permissibility of this Application with regard to applicable state or federal laws or regulations. Accordingly, there are no plans to submit regulatory waiver requests in connection with this Application.

- (c) *List and provide a copy of all applications filed in conjunction with this proposal, such as applications for holding company, trust powers, branch offices, service corporations, and other subsidiaries.*

No other applications are requested to be filed in connection with this proposal. Broadstreet and Wal-Mart shall each register with the Department of Financial Institutions as an industrial bank holding company as required by Utah Code Ann. Section 7-8-16.

- (d) *When available, provide a copy of all public or private offering materials and the proposed form of stock certificate, including any required restrictive legends.*

Broadstreet will be the sole shareholder of the Bank. No private or public offering is contemplated. A copy of the proposed form of stock certificate is provided in Volume I of this Application as Attachment A.

- (e) *Provide a copy of the proposed articles of association, articles of incorporation, or charter, and proposed bylaws.*

The proposed articles of incorporation for the Bank are provided in Volume I of this Application as Attachment B. The proposed form of bylaws for the Bank are included in Confidential Volume III to this Application.

- (f) *Provide a copy of the business plan. The business plan should address, at a minimum, the topics contained in the appropriate regulatory agency's Business Plan Guidelines.*

A complete copy of the Business Plan (the "Business Plan") for the Bank is contained in Confidential Volume II to this Application.

2. Management

- (a) *Provide a list of the organizers, proposed directors, senior executive officers, and any individual, or group of proposed shareholders acting in concert, that will own or control 10 percent or more of the institution's stock. For each person listed, attach an Interagency Biographical and Financial Report, a fingerprint card, and indicate all positions and offices currently held or to be held with the institution's*

holding company and its affiliates, if applicable. Include the signed "Oath of Director" for each proposed director. For an OTS filing, provide a RB 20a Certification for each person listed.

The Bank will be a wholly-owned subsidiary of Broadstreet, and Broadstreet is a wholly-owned subsidiary of Wal-Mart. The only shareholder of Wal-Mart that owns or controls 10 percent or more of the stock in Wal-Mart is the Walton Enterprises Family Limited Partnership. Five individuals, all of whom are proposed to be directors of the Bank, serve as the organizers of the Bank. The proposed directors of the Bank are identified in Sections 6.1 and 6.2 of the Business Plan. The proposed senior officers of the Bank are identified in Section 6.5 of the Business Plan. The Interagency Biographical and Financial Reports, fingerprint cards, and Oath of Director forms for the directors and senior officers of the Bank are included as Attachments 16 through 22 of the Business Plan. The biographical and financial information on the Walton Enterprises Family Limited Partnership will be provided under separate cover.

- (b) *Describe each proposed director's qualifications and experience to serve and oversee management's implementation of the business plan. Describe the extent, if any, to which directors or major stockholders are or will be involved in the day-to-day management of the institution. Also list the forms of compensation, if any.*

The qualifications of the directors of the Bank are described in Section 6.2 of the Business Plan. Résumés of the proposed directors of the Bank are included in Attachments 16 through 20 to the Business Plan. The Bank will have a minimum of five directors, a majority of whom will be outside directors. The President and Chief Executive Officer of the Bank will be a director of the Bank. The Chairman of the Board of Directors of the Bank will be a senior executive officer of Wal-Mart. The proposed form of compensation for the directors of the Bank is described in Section 6.4 of the Business Plan.

- (c) *Provide a list of board committees and members.*

The Board of Directors will have at least three committees: Audit Committee; Asset/Liability Management Committee; and Information Technology Committee. Each committee will be chaired by a member of the Board and will consist of at least three members with appropriate members of Bank management also serving as advisory members. The duties and composition of the various committees is described in Section 6.3 of the Business Plan.

- (d) *Describe any plans to provide ongoing director education or training.*

The Bank will provide annual training opportunities for directors, including FDIC sponsored training, CSBS seminars for directors, and other similar conferences and seminars designed to educate and train Bank directors.

- (e) *Describe each proposed senior executive officer's duties and responsibilities and qualifications and experience to serve in his/her position. If a person has not yet been selected for a key position, list the criteria that will be required in the*

selection process. Discuss the proposed terms of employment, including compensation and benefits, and attach a copy of all pertinent documents, including employment contract or compensation arrangement. Provide the aggregate compensation of all officers.

The duties, responsibilities and qualifications and experience required of senior executive officers of the Bank is described in Section 6.5 of, and in Attachments 17, 21 and 22 to, the Business Plan. The selection criteria for open officer positions is also described in Section 6.6 of the Business Plan. The proposed compensation for the Bank's senior executive officers is identified in Section 6.5 of the Business Plan.

- (f) *Describe any potential management interlocking relationships (12 U.S.C. 1467a(h)(2), 3201-3208, or applicable state law) that could occur with the establishment or ownership of the institution. Include a discussion of the permissibility of the interlock with regard to the relevant law and regulations or include a request for an exemption.*

None.

- (g) *Describe any potential conflicts of interest.*

None.

- (h) *Describe any transaction, contract, professional fees, or any other type of business relationship involving the institution, the holding company, and its affiliates (if applicable), and any organizer, director, senior executive officer, shareholder owning or controlling 10 percent or more, and other insiders. Include professional services or goods with respect to organizational expenses and bank premises and fixed asset transactions. (Transactions between affiliates of the holding company that do not involve the institution need not be described.)*

- 1) *State whether the business relationship is made in the ordinary course of business, is made on substantially the same terms as those prevailing at the time for comparable transactions with non-insiders, and does not present more than the normal risk of such transaction or present other unfavorable features.*
- 2) *Specify those organizers that approved each transaction and whether the transaction was disclosed to proposed directors and prospective shareholders.*
- 3) *Provide all relevant documentation, including contracts, independent appraisals, market valuations, and comparisons.*

The organizational costs and expenses for the Bank are being paid by Wal-Mart, the Bank's ultimate parent company. No business relationships with outside directors or senior executive officers of the Bank have been entered into with the Bank and none are contemplated at this time.

(i) *Describe all stock benefit plans of the institution and holding company, including stock options, stock warrants, and other similar stock-based compensation plans, for senior executive officers, organizers, directors, and other insiders. Include in the description:*

- 1) *The duration limits.*
- 2) *The vesting requirements.*
- 3) *Transferability restrictions.*
- 4) *Exercise price requirements.*
- 5) *Rights upon termination.*
- 6) *Any "exercise or forfeiture" clause.*
- 7) *Number of shares to be issued by the plans.*

Provide a list of participants, allocation of benefits to each participant, and a copy of each proposed plan. (Plans must conform to applicable regulatory guidelines.)

The proposed compensation plan for senior officers of the Bank is described in Section 6.5 of the Business Plan. The discussion of compensation in the Business Plan also discloses and describes a stock option plan to be made available to certain Bank employees for shares of the common stock of Wal-Mart.

3. Capital

(a) *For each class of stock, provide the number of authorized shares, the number of shares to be issued, par value, voting rights, convertibility features, liquidation rights, and the projected sales price per share. Indicate the amount of net proceeds to be allocated to common stock, paid-in surplus, and other capital segregations.*

The Bank's Board of Directors authorized the issuance of 1,000 shares of common stock with a \$1.00 par value. There will be only one class of stock. All of the authorized stock will be issued to Broadstreet, the Bank's immediate parent company. A public offering of stock to outside investors will not be made. See the *pro forma* financial projections for the Bank included as Attachment 8 to the Business Plan.

(b) *Describe any noncash contributions to capital, and provide supporting documents for assigned values, including an independent evaluation or appraisal.*

None. All capital contributions will be made in cash.

(c) *Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including*

technology, branching, and projected organization and operating expenses. Present a thorough justification to support the proposed capital, including any off-balance sheet activities contemplated. Describe any plans for the payment of dividends.

Wal-Mart has committed that the Bank will always be "well capitalized" under the FDIC regulations. The *pro forma* financial projections for the Bank included as Attachment 8 to the Business Plan detail the capital structure and results from projected operations for the Bank for a period of three years. Assumptions used to generate the numbers shown on the *pro forma* projections are described in the footnotes to the projections. The initial capitalization of the Bank is analyzed in relation to risk-based regulatory capital principles and the potential risks associated with the Bank's three principal business lines in Article VIII of the Business Plan.

The Bank will not pay any dividends for at least its first three years of operation.

(d) *List all known subscribers to stock. For organizers, directors, 10 percent shareholders, senior executive officers, and other insiders, include the number of shares and anticipated investment and the amount of direct and indirect borrowings to finance the investment. Discuss how any debt will be serviced.*

Broadstreet will own all issued and outstanding shares of the Bank. Broadstreet will pay for its ownership of the Bank with internal funds obtained from its parent company, Wal-Mart. There will be no borrowings to finance the investment.

(e) *List recipients and amounts of any fees, commissions, or other considerations in connection with the sale of the stock.*

None.

(f) *Indicate whether the institution plans to file for S Corporation tax status.*

No.

4. Convenience and Needs of the Community

Note: This information must be consistent with the proposed business plan.

(a) *Market Characteristics*

1) *Define the intended geographical market area(s). Include a map of the market area, pinpointing the location of proposed bank's offices and offices of competing depository institutions.*

The primary function of the Bank is to serve as sponsor for Wal-Mart to facilitate the electronic processing of checks (including the electronic re-presentment of checks), and the receipt of credit card and debit card payments from customers in Wal-Mart stores. The Bank will not engage in lending operations and, therefore,

will not compete with depository institutions in the SLC MSA for customers or services. The Bank will be headquartered and maintain its sole office in the SLC MSA. For purposes of this Application, the SLC MSA is the market area for the Bank. A map of the SLC MSA showing the proposed office location of the Bank is included in Volume I of this Application as Attachment C.

- 2) *Describe the competitive factors the institution faces in the proposed market and how the institution will address the convenience and needs of that market to maintain its long-term viability.*

Due to the narrow scope of the Bank's Business Plan, the Bank does not foresee competing with existing institutions in the SLC MSA for customers or product lines. Consequently, the operations of the Bank should not impact the local banking community. The Bank's primary competitors for sponsorship arrangements with Wal-Mart include money center banks that perform payment processing functions. As currently planned, the Bank's only customer will be Wal-Mart. Therefore, the Bank will not displace any sponsorship relationships in the local marketplace. Likewise, there will be no impact in the national marketplace, except with respect to the existing sponsorship arrangements currently in place between Wal-Mart and its third-party sponsors.

Wal-Mart is the largest retailer in the world, in terms of total revenues. As explained in the Business Plan at Section 8.8, the Bank's sponsorship fees will start at a level sufficient to generate an operating profit from the first year of operation. Growth in the Bank's revenues will grow as Wal-Mart's revenues increase. The steady and increasing revenue stream from operations supports the long-term viability of the Bank.

The Bank will satisfy community convenience and needs by offering certificates of deposit to Section 501(c)(3) organizations. The Bank will market such certificates of deposit to Section 501(c)(3) organizations that have previously qualified for Wal-Mart's Community Cards program. Statement inserts or statement messages advertising the certificate of deposit program will be included in card statements currently being sent to these organizations. It is anticipated that the certificates of deposit will have an interest rate above market rates subject to the policies and procedures of the Bank's Asset/Liability Management Committee. The deposit program is more fully discussed in Section 4.5(b) of the Business Plan.

In addition, the Bank's presence in the SLC MSA will have a beneficial impact on the area. The opening of the Bank will create a minimum of five new jobs in the SLC MSA. The Bank will locate in approximately 1,900 square feet of Class A office space, thereby contributing to the absorption of vacant office space in the SLC MSA. Further, the Bank's employees can generally be expected to live in the SLC MSA, pay property and sales taxes in such area, and purchase goods and services from existing businesses in the SLC MSA. Finally, the Bank and its

employees will participate in public education and charitable activities, as more fully described below in response to part (b) of this topic.

- 3) *Discuss the economic environment and the need for the institution in terms of population trends, income, and industry and housing patterns.*

See Attachment 13 to the Business Plan.

(b) *Community Reinvestment Act (CRA) Plan*

Note: The CRA Plan must be bound separately.

- 1) *Identify the assessment areas(s) according to the CRA regulations.*
- 2) *Summarize the performance context for the institution based on the factors discussed in the CRA regulations.*
- 3) *Summarize the credit needs of the institution's proposed assessment area(s).*
- 4) *Identify the CRA evaluation test under which the institution proposes to be assessed.*
- 5) *Discuss the institution's programs, products, and activities that will help meet the existing or anticipated needs of its community(ies) under the applicable criteria of the CRA regulation, including the needs of low- and moderate-income geographies and individuals.*

Subject to regulatory approval, the Bank will be a special purpose bank, as defined at 12 CFR 345.11(c)(3). Consequently, the Bank is exempt from CRA regulations, and a CRA Plan is not included with this Application. A copy of a letter to the FDIC requesting designation for the Bank as a special purpose bank under CRA regulations is included with the Business Plan as Attachment 14. Notwithstanding such exemption, the Bank proposes to treat the SLC MSA as the equivalent of its assessment area, and to engage in activities that will benefit that assessment area and that reach beyond the assessment area to the broader communities served by Wal-Mart. For example, the Bank will serve the needs of the unbanked and underbanked residents of the SLC MSA, by participating in financial education programs developed and employed by Wal-Mart. In addition, the Bank will partner with other institutions to deliver the FDIC Money Smart Program to local residents. It is anticipated that the Bank will work with Wal-Mart to deliver materials and provide support for the FDIC Money Smart Program in other areas served by Wal-Mart outside of the SLC MSA. The community involvement activities of the Bank are described in greater detail in Section 5.6 of the Business Plan.

5. Premises and Fixed Assets

- (a) *Provide a physical description for permanent premises and discuss whether they will be publicly and handicapped accessible. Indicate the level and type of property insurance to be carried.*

Broadstreet Financial Corporation (a Wal-Mart subsidiary), has entered into a lease agreement to secure office space for the Bank. The lease covers approximately 1,900 square feet of publicly and handicapped accessible Class A office space in the SLC MSA. The leased premises are not on the ground level of the building and will not include a store front or outside signage. A summary of the terms of the office lease and a copy of the lease agreement are included as Attachment 11 to the Business Plan. The Bank will maintain commercial general liability insurance as required by the terms of the lease, and property damage insurance in amounts sufficient to replace Banks on-site fixtures, furniture and equipment in the event of loss.

- (b) *If the permanent premises are to be purchased, provide name of seller, purchase price, cost and description of necessary repairs and alterations, and annual depreciation. If the premises are to be constructed, provide the name of the seller, the cost of the land, and the construction costs. Indicate the percentage of the building that will be occupied by the bank. Provide a copy of the appraisal.*

Not applicable.

- (c) *If the permanent premises are to be leased, provide name of owner, terms of the lease, and cost and description of leasehold improvements. Provide a copy of the proposed lease when available.*

See Attachment 11 to the Business Plan.

- (d) *If temporary quarters are planned, provide a description of interim facility, length of use, lease terms, and other associated commitments and costs.*

Not applicable.

- (e) *State whether proposed premises and fixed asset expenditures conform to applicable statutory limitations.*

The proposed premises and fixed asset expenditures conform to the requirements and limitations of Utah Code Ann. Section 7-8-14.

- (f) *Outline the security program that will be developed and implemented, including the security devices.*

See the Bank's Security Policy which is included in Confidential Volume III to this Application.

- (g) *Discuss any significant effect the proposal will have on the quality of the human environment. Include in the discussion changes in air and/or water quality, noise levels, energy consumption, congestion of population, solid waste disposal, or environmental integrity of private land within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, et seq.*

The Bank will occupy space in an existing building in the SLC MSA. Due to the small number of projected Bank employees, there will be minimal impact on water quality, noise levels, energy consumption, traffic or population congestion, the creation or disposal of solid waste, and the Bank's impact on other environmental factors will be negligible. Because the Bank will be located in an existing office building in Salt Lake City, and given the nature of the Bank's activities, there is no foreseeable impact on the human environment within the meaning of the National Environmental Policy Act.

- (h) *Describe any plan to establish branches or relocate the main office within the first three years. Any acquisition or operating expenses should be reflected in the financial projections.*

The Bank will not establish branches, and does not have any plans to relocate the main office within the first three years of its operations. The financial projections included as Attachment 8 to the Business Plan set forth the Bank's projected operating expenses. There are no acquisition expenses applicable to the Bank.

- (i) *Indicate if the establishment of the proposed main office and/or any branch site may affect any district, site, building, structure, or object listed in, or eligible for listing in, the National Register of Historic Places pursuant to the National Historic Preservation Act, 16 U.S.C. 470f. (See Advisory Council on Historic Preservation at www.achp.gov for the Act and implementing regulations.) Specify how such determination was made:*

- 1) *Consultation with the State Historic Preservation Officer (SHPO) and/or Tribal Historic Preservation Officer (THPO) (when tribal lands or historic properties of significance to a tribe are involved).*
- 2) *Reviewed National Register of Historic Places (see www.cr.nps.gov/nr).*
- 3) *Applied National Register criteria to unlisted properties.*
- 4) *Reviewed historical records.*
- 5) *Contact with preservation organizations.*
- 6) *Other (describe).*

As appropriate, provide a copy of any documentation of consultation with the SHPO or the THPO.

The Bank's proposed office building is not included in or eligible for inclusion in the National Register of Historic Places. A confirmation letter from the Utah SHPO is included in Volume I of this Application as Attachment D.

6. Information Systems

- (a) *State whether the institution plans to market its products and services (the ability to do transactions or account maintenance) via electronic means. If yes, specifically state the products and services that will be offered via electronic banking or the Internet.*

None. The Bank does not intend to engage in any e-commerce activities.

- (b) *Outline the proposed or existing information systems architecture and any proposed changes or upgrades. The information should describe how: (1) the information system will work within existing technology; (2) the information system is suitable to the type of business in which the institution will engage; (3) the security hardware, software, and procedures will be sufficient to protect the institution from unauthorized tampering or access; and (4) the organizers and directors will allocate sufficient resources to the entire technology plan.*

Section 7.4 to the Business Plan describes the Bank's information technology systems. See also the Bank's Information Security Program, Information Technology Policy Manual, and IT Audit Policy included in Confidential Volume III to this Application.

- (c) *Provide lists or descriptions of the primary systems and flowcharts of the general processes related to the products and services. The level of detail in these system descriptions should be sufficient to enable verification of the cost projections in the pro formas.*

See Section 7.4 of the Business Plan. A flowchart of Wal-Mart Bank Network Connectivity: Conceptual is included in Confidential Volume III to this Application.

- (d) *Estimate the start-up budget for the information systems related to the products and services and the expected annual operating and maintenance costs (including telecommunications, hardware, software, and personnel).*

The start-up costs associated with the various information systems to be implemented by the Bank, to the extent not out-sourced (as described in Section 7.9 of the Business Plan) will be borne by Wal-Mart. The *pro forma* financial projections included as Attachment 8 to the Business Plan include all costs associated with the on-going use of the Bank's information systems.

- (e) *Describe the physical and logical components of security. Describe the security system and discuss the technologies used and key elements for the security controls, internal controls, and audit procedures. Discuss the types of independent testing the institution will conduct to ensure the integrity of the system and its controls.*

See the Bank's Information Security Program contained in Confidential Volume III to this Application.

- (f) *Describe the information security program that will be in place to comply with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information."*

See the Bank's Information Security Policy and Privacy Policy contained in Confidential Volume III to this Application.

7. Other Information

- (a) *List activities and functions, including data processing, that will be outsourced to third parties, identifying the parties and noting any affiliations. Describe all terms and conditions of the vendor management activities and provide a copy of the proposed agreement when available. Describe the due diligence conducted and the planned oversight and management program of the vendors' or service providers' relationships (for general vendor management guidance, see the Appendix of the FFIEC's guidance, Risk Management of Outsourced Technology Services).*

The Bank intends to outsource its general ledger and accounting system management to third-party providers, as identified and described in Section 7.9 of the Business Plan. A copy of the proposed service agreement is included as Attachment 25 to the Business Plan.

- (b) *List all planned expenses related to the organization of the institution and include the name of recipient, type of professional service or goods, and amount. Describe how organization expenses will be paid.*

Wal-Mart will pay all pre-opening organization expenses of the Bank. The Bank will not reimburse Wal-Mart for those expenses. The Bank will pay all post-opening organization expenses. Organization expenses for the Bank are detailed in Attachment 35 to the Business Plan.

- (c) *Provide evidence that the institution will obtain sufficient fidelity coverage on its officers and employees to conform with generally accepted banking practices.*

The Bank's employees will be covered by fidelity insurance. A copy of the fidelity insurance policy is included in Confidential Volume III to this Application.

- (d) *If applicable, list names and addresses of all correspondent depository institutions that have been established or are planned.*

A correspondent bank will be used by the Bank in connection with the processing of electronically converted checks, as described in Section 4.2 of the Business Plan. Additionally, relationships with the clearing banks for the debit card networks and the

credit card associations will be established to facilitate the settlement of debit and credit card transactions, as described in Sections 4.3 and 4.4 of the Business Plan.

- (e) *Provide a copy of management's policies for loans, investments, liquidity, funds management, interest rate risk, and other relevant policies. Provide a copy of the Bank Secrecy Act program. Contact the appropriate regulatory agencies to discuss the specific timing for submission.*

The Bank will not engage in lending. Drafts of the Bank's proposed policy statements covering the other relevant topics are included in Confidential Volume III to this Application.

- (f) *For Federal Savings Banks or Associations, include information addressing the proposed institution's compliance with qualified thrift lender requirements.*

Not applicable.

- (g) *If the institution is, or will be, affiliated with a company engage in insurance activities that are subject to supervision by a state regulator, provide:*

- 1) *The name of the insurance company.*
- 2) *A description of the insurance activity that the company is engaged in and has plans to conduct.*
- 3) *A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.*

The Bank will not have an insurance company affiliate.

CERTIFICATION

I, the organizer, certify that the information contained in this Application has been examined carefully and is true, correct and complete, and is current as of the date of this submission. I also certify that any misrepresentations or omissions of material facts with respect to this Application, any attachments to it, and any other documents or information provided in connection with this Application for the organization of the proposed financial institution and federal deposit insurance may be grounds for denial or revocation of the charter and/or insurance, or grounds for an objection to the undersigned as proposed director or officer of the proposed financial institution, and may subject the undersigned to other legal sanctions, including the criminal sanctions provided for in 18 U.S.C. 1001, 1007, and 1014. I request that examiners be assigned to make any investigations necessary.

I acknowledge that approval of this Application is in the discretion of the appropriate federal banking agency or agencies. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of this Application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United State.

It is understood that the Board of Directors of the Federal Deposit Insurance Corporation (Corporation), in applying the factors set out in federal statutes, will consider this Application only with respect to the general character or type of business stated and that the depository institution will not engage in any other business without the prior written consent of the Corporation.

It is further understood that federal deposit insurance will not become effective (a) until the proposed depository institution has been incorporated and authorized to engage in the business of receiving deposits, (b) until the board of directors of the depository institution has adopted a resolution ratifying and confirming the action of the incorporators in making this Application with supporting information, (c) until the depository institution has fulfilled such requirements, if any, as the Corporation may impose as a condition of its approval of this Application, and (d) until the depository institution has been notified that its membership in the Corporation has been approved.

Signature	Date	Typed Name
	18 July 2005	W. Alan Whitchurch