

To friends of the Mutual Private Bank project:

This is the fifth monthly project update to friends of the [Mutual Private Bank project](#). If you were not on the mailing list for previous monthly reports, you can view past reports, as well as see project background and additional material on the [project website](#).

In this report:

- Progress obtaining capital commitments
- Business planning
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Progress obtaining capital commitments

As I reported last month, before we submit the application, we will need tentative commitments of capital from at least two parties. In total, before the bank opens, we seek at least \$15 million in capital and \$5 million in loans for start-up funding, and expect this to come from five or more individuals or families. Each party is expected to make a minimum commitment of \$3 million in capital and \$1 million in a start-up loan.

We now have three families who have expressed interest in putting capital into the bank, although we do not yet have signed commitments. One of these families just contacted us, having heard about our project through word-of-mouth. Advisors to two additional families have spoken with me at length over the past week and are reading the executive summary of the business plan in preparation for presenting the opportunity to their clients. I also sent a proposal to a family patriarch that I met recently in connection with his family office.

In addition to these families, two weeks ago I was contacted by a representative of a well-known multi-family office in New York. I will be in New York on September 9 to meet with the CEO and management team to discuss their interest further.

Since we need tentative commitments from at least two parties, the timing of the bank application will depend on the outcome of the upcoming meetings and the families internal deliberations.

Business planning

Following our OTS meeting last month, we continued to work on the business plan and learned more about the requirements for filing an application. I concluded that we will need to hire an attorney and a bank consultant with financial planning skills to assist with the business plan and application details.

To that end, I requested a proposal from Sonnenschein, Nath & Rosenthal, who has deep experience in mutual banking. I also met with representatives of a Dallas-based bank consulting group - Erwin, Graves & Associates - to discuss their potential involvement.

Clearly we will need funding from charter members to hire these advisers prior to submitting our application and capitalizing the bank. In light of the uncertainty of pending capital commitments, and the funding that we will require to complete our business plan and application, as well as the effort to do so, I now expect that our application will be submitted by mid-October at the earliest. Depending on the timing of the regulatory review, obtaining approvals, completing capital raising, and the steps to establish operations, I believe we may have the bank opened by late first quarter 2010, at the earliest.

If you would like to see the business plan, please [contact me](#).

Deposit insurance

During our business planning process, a question has been raised by a number of parties: will we be able to obtain FDIC approval? As you know, what this really means is: will we be able to obtain federal deposit insurance? A number of banking professionals with whom we have spoken, as well as representatives of the OTS, commented that they have heard that the FDIC is not approving new bank applications for the foreseeable future. I have heard several stories about de novo bank projects being shelved or canceled, despite having capital and strong management teams with solid business plans, due to rejection by the FDIC.

While this situation seems dire, we have been advised to consider the possibility of obtaining private deposit insurance. We will proceed with our planning on the basis that we will seek FDIC coverage, but we will also pursue alternative coverage in the event that the FDIC pool is closed to new banks.

Travel plans

I will be in New York the following dates:

- September 8 (late afternoon) through September 10 (early afternoon);
- September 24;
- September 27 through October 1.

[Please contact me](#) if you would like to meet or discuss our project by phone. I would be happy to meet you when and where it is convenient for you.

Best regards,

Stephen J. Tall
Project Leader

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SJT

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See Mutual Private Bank project website:

www.mutualprivatebank.com

Read about Mutual Private Bank project in CNBC European Business magazine:

<http://cnbceb.com/banking-managed-funds-and-investments/bank-balancers/968/>

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