

#2008-017

AGREEMENT BY AND BETWEEN
First National Bank of The Rockies, Grand Junction, Colorado
and
The Comptroller of the Currency

First National Bank of The Rockies, Grand Junction, Colorado (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has determined that the Bank has engaged in violations of law and unsafe and unsound banking practices relating to its Board oversight, investment trading activities, credit administration, Other Real Estate Owned administration, and management of liquidity.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Denver Field Office
1225 17th Street, Suite 450
Denver, Colorado 80202

Article II

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least four (4) members and, of which no more than two (2) shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller.

The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Beginning March 31, 2008 and after every calendar quarter thereafter, the Compliance Committee shall, within ten (10) days of the end of each quarter, submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within thirty (30) days of each quarter end.

Article III

CAPITAL

(1) Beginning no later than January 31, 2008, the Bank shall at all times maintain the following minimum capital ratios:

- (a) tier 1 capital at least equal to eight (8%) of adjusted total assets; and
- (b) total risk-based capital at least equal to eleven percent (11.0%) of risk-weighted assets.

(2) For purposes of this Article, “tier 1 capital,” “total risk-based capital,” “adjusted total assets,” and “risk-weighted assets” are as defined in 12 C.F.R. Part 3.

(3) The requirement in this Agreement to meet and maintain a specific capital level means that the Bank is not to be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(4) Effective immediately, the Bank shall only declare dividends:

(a) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(b) with the prior written approval from the Assistant Deputy Comptroller, which shall be granted or denied within thirty (30) days of the receipt of a dividend request from the Bank.

Article IV

ILLEGAL INVESTMENT

(1) Within thirty (30) days of the date of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller, for a prior written determination of no supervisory objection, a plan to dispose of the A T Fund of Funds within eighteen months of the date of this Agreement.

(2) The A T Fund of Funds Disposition plan shall include provisions to:

(a) provide a projection of any estimated losses that may result from the disposition of the fund;

(b) take the necessary steps to obtain periodic independent market valuations for the assets held in the fund; and

(c) require Board monitoring of actions taken to dispose of the A T Fund of Funds, to include the review of monthly progress reports relaying the status of the disposition of the A T Fund of Funds.

(3) Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the plan to dispose of the A T Fund of Funds.

(4) The Board shall forward a copy of the monthly progress reports for the disposition of the A T Fund of Funds, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of each month end.

Article V

INVESTMENT POLICIES AND PRACTICES

(1) Within sixty (60) days of the date of this Agreement, the Board shall revise and adopt a written program of policies and procedures designed to ensure the Bank's investment activities comply with the law and safe and sound banking practices. The program shall, at a minimum, require:

- (a) the role of the investment officer be revised and/or replaced by an investment committee that meets periodically with active monitoring of investment risk by management;
- (b) effective supervision and oversight by the Board of Directors;
- (c) written revised policy guidelines that outline the Bank's investment objectives, permissible securities, investment management guidelines, and

adherence to banking regulations and that establish the appropriate structure for ensuring compliance with such guidelines;

- (d) reports to senior management and the Board of Directors that accurately present the nature and level(s) of risk taken and compliance with approved policies and limits; auditing procedures to ensure the integrity of measurement, control, and reporting systems, and compliance with approved policies and procedures; and
- (e) periodic independent market valuations for all investments other than the A T Fund of Funds referred to in Article IV of this Agreement.

(2) A copy of the Bank's written investment program shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) After the OCC has advised the Bank that it does not take supervisory objection to the Bank's written investment program, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the written investment program. The Bank shall not engage in any new trading account portfolio additions.

Article VI

BUSINESS STRATEGY

(1) Prior to the Bank's involvement in any new product or service or significant expansion of any existing product or service, whether directly or through a vendor or other third party, the Board shall prepare a written analysis of said product or service. The analysis shall, at a minimum, include the following:

- (a) an assessment of the risks and benefits of the product or service to the Bank;
- (b) an explanation of how the product or service is consistent with the Bank's strategic plan;
- (c) an evaluation of the adequacy of the Bank's organizational structure, staffing, Management Information Systems ("MIS"), internal controls and written policies and procedures to identify, measure, monitor, and control the risks associated with the product or service, including risks associated with any vendor providing services in connection with the Bank's product or service; and
- (d) a profitability analysis, including growth projections and interest rate risk.

(2) The Bank must provide a copy of the analysis required by this Article to the Assistant Deputy Comptroller in advance of the Bank's launch or involvement in any new product or service, or the significant expansion of any existing product or service, for a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(3) For purposes of this Article, "significant expansion" shall be defined as growth in an existing product or service greater than fifteen percent (15%) on an annualized basis where that product or service accounts for greater than either five percent (5%) of the Bank's total assets or ten percent (10%) of the Bank's annual income. The term "new product or service" shall not include any depository product offered directly by the Bank.

Article VII

CONSTRUCTION LOAN ADMINISTRATION

(1) Within thirty (30) days of the date of this Agreement, the Board shall take the necessary steps to ensure that construction loans are monitored in a safe and sound manner to include, at a minimum, procedures and/or requirements for ensuring that construction loan inspections are performed by a qualified individual that is independent of the lending officer responsible for the construction loan.

Article VIII

CREDIT CARD POLICIES AND PROCEDURES

(1) Within thirty (30) days of the date of this Agreement, the Board shall develop written policies and procedures for the safe and sound administration of the Bank's credit card loan portfolio, to include loan policy revisions requiring standards for charge-off, classification, and account management of retail credit in accordance with OCC Bulletin 2000-20.

Article IX

PROBLEM LOAN REPORTS

(1) Within thirty (30) days of the date of this Agreement, the Board shall develop written policies and procedures to ensure that Problem Loan Reports contain information that is complete, accurate, and timely, to include at a minimum, analysis and documentation of the following:

- (a) note purpose and terms;
- (b) an identification of the expected sources of repayment;

- (c) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable as well as other necessary documentation to support the collateral valuation;
- (d) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (e) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment; and
- (f) trigger dates for positive borrower actions or for loan officers to reassess the strategy and enact collection plans.

Article X

OTHER REAL ESTATE OWNED

(1) Within thirty (30) days of the date of this Agreement, the Board shall develop written policies and procedures to ensure that each parcel of Other Real Estate Owned ("OREO") is managed in accordance with 12 U.S.C. § 29 and 12 C.F.R. Part 34, Subpart E. At a minimum, the plans shall:

- (a) identify the Bank officer(s) responsible for managing and authorizing transactions relating to the OREO properties;
- (b) contain an analysis of each OREO property which compares the cost to carry against the financial benefits of near term sale;
- (c) detail the marketing strategies for each parcel;
- (d) identify targeted time frames for disposing each parcel of OREO;

- (e) establish targeted write-downs at periodic intervals if marketing strategies are unsuccessful;
- (f) establish procedures to require periodic market valuations of each property, and the methodology to be used; and
- (g) provide for reports to the Board on the status of OREO properties on at least a quarterly basis.

Article XI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of the date of this Agreement, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses ("Allowance") and shall revise the Bank's program for the maintenance of an appropriate Allowance. The revised program shall be designed to meet Generally Accepted Accounting Principles ("GAAP") and regulatory guidance set forth in Statement of Financial Accounting Standard ("FAS") 5, FAS 114, OCC Bulletin 2001-37, OCC Bulletin 2006-47, and the "Allowance for Loan and Lease Losses" booklet of the Comptroller's Handbook, and shall focus particular attention on the following factors:

- (a) appropriate segmentation of the loan portfolio by loans with similar risk characteristics,
- (b) adequate documentation and support for the historical range of loss percentages used to quantify credit risk within FAS 5 loan segments;
- (c) a loan impairment analysis consistent with FAS 114,

- (d) a process to appropriately identify impaired loans,
- (e) methods to determine the amount of impairment,
- (f) allocate to the ALLL for temporary impairment, and;
- (g) recognize loss for any permanent impairments.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

Article XII

CONTINGENCY FUNDING

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop and thereafter implement an appropriate contingency funding plan that forecasts funding needs and funding sources under a stressed scenario and should:

- (a) identify, measure, and monitor liquidity risk both for short-term expectations and growth, and for alternative liquidity needs on a contingency basis;
- (b) evaluate the Bank's expected sources and uses of funds for various scenarios and timeframes;

- (c) identify, quantify, establish, and rank all sources of funding by preference for the various scenarios including asset side funding, liability side funding, and off-balance sheet funding; and
- (d) ensure that administrative policies and procedures are consistent with the Board's guidance and risk tolerances.

(2) Upon completion, the Board shall submit a copy of the program to the Assistant Deputy Comptroller for review.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

Article XIII

VIOLATIONS OF LAW

(1) The Board shall immediately take the necessary steps to ensure that Bank management corrects each violation of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty, cited in the ROE and in any subsequent Report of Examination or OCC correspondence. The quarterly progress reports required by Article II of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations, practices, and breaches as cited in the ROE and shall adopt, implement, and ensure

Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules, regulations and duties applicable to their areas of responsibility.

(3) Within sixty (60) days of receipt of any subsequent Report of Examination or other OCC correspondence which cites violations of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future citations in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules, regulations, and duties applicable to their areas of responsibility.

Article XIV

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1),

and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set her hand on behalf of the Comptroller.

/S/

3-6-08

Karen M. Boehler
Assistant Deputy Comptroller
Denver Field Office

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of

Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

3-6-08

Ronald Danner

Date

/s/

3-6-08

Carol Gentry

Date

/s/

J. Gentry

Date

/s/

3-06-08

Joe M. Holeyfield

Date

/s/

3-07-08

Timothy S. Mather

Date

/s/

March 7, 2008

Robert Reece

Date

/s/

3-06-08

Peter Y. Waller

Date