

AGREEMENT BY AND BETWEEN  
Colorado National Bank  
Palisade, Colorado  
and  
The Comptroller of the Currency

Colorado National Bank, Palisade, 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 found certain unsafe and unsound banking practices relating to the Bank's capital, Comprehensive Business Plan, corporate governance, credit administration, trust administration, and Bank Secrecy Act/Anti-Money Laundering compliance program (BSA/AML).

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)(7)(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) The Bank is designated in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible depository institution” for purposes of 12 C.F.R. § 5.3(h), unless otherwise informed in writing by the Comptroller.
- (6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller (ADC) pursuant to this Agreement shall be forwarded to the:

Office of the Comptroller of the Currency  
Gary D. TeKolste  
Assistant Deputy Comptroller  
Denver Field Office  
1225 17th St., Suite 450  
Denver, CO 80202-5534

ARTICLE II  
COMPLIANCE COMMITTEE

- (1) Within fifteen (15) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder 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. The Board shall remain responsible for the Bank’s adherence to the provisions of this Agreement and the appointment of the Compliance Committee shall not relieve the Board’s compliance responsibilities. 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 ADC.
- (2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement and shall meet at least monthly.
- (3) By no later than the end of every calendar quarter plus one month (e.g., April 30th, July 31st, October 31st, and January 31st) the Compliance Committee shall 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) Within fifteen (15) days of submitting the report to the Board as required in paragraph 3 of this Article, the Board shall provide a copy of the report to the ADC with any noted comments or action items from the Board.
- (5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures, and programs required by this Agreement.

ARTICLE III  
COMPREHENSIVE BUSINESS PLAN

- (1) Within seventy-five (75) calendar days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written three-year Comprehensive Business Plan. The Comprehensive Business Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:
  - (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
  - (b) specific plans for the maintenance of adequate capital, consistent with the Bank's overall condition and risk profile, consistent with Article V;
  - (c) an assessment of the Bank's present and future operating environment;
  - (d) the development of strategic goals and objectives to be accomplished over the short and long term;

- (e) an identification of the Bank's present and future product lines (assets and liabilities) and market segments;
- (f) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under (2)(d) of this Article;
- (g) a management employment and succession program to promote the retention and continuity of capable management;
- (h) a risk management program that is consistent with the size, complexity and geographic diversification of the Bank's business and corporate structure and includes:
  - (i) identification of existing credit, interest rate, liquidity, operational, compliance, price, strategic, and reputation risks, and a written analysis of those risks;
  - (ii) action plans and time frames to control risks where exposure is high, particularly with regard to credit risk, which impacts directly on liquidity, compliance, strategic, and reputation risks, and BSA/AML risk with respect to the Bank's high-risk, cash-intensive business;
  - (iii) policies, procedures, or standards which limit the degree of risk the Board is willing to incur, consistent with the Bank's Comprehensive Business Plan and financial condition. This requirement includes analyzing and limiting the risks associated

with any new lines of business or growth that the Board undertakes. The procedures shall ensure that strategic direction and risk tolerance are effectively communicated and followed throughout the Bank and shall describe the actions to be taken where noncompliance with risk policies is identified;

- (iv) systems to identify, measure and control risks within the Bank. Measurement systems shall provide timely and accurate risk reports by customer, by department or division, and bank wide as appropriate; and
  - (v) procedures to ensure that Bank employees have the necessary skills to supervise effectively the current and the new business risks within the Bank, and procedures to describe the actions to be taken to address deficiencies in staff levels and skills.
- (i) control systems to mitigate risks associated with planned new products, growth, expansion of existing lines of business, or any proposed changes in the Bank's operating environment;
  - (j) a compensation plan that outlines the method of compensation for key officers and employees, including salary, benefits, deferred compensation, stock options or incentives, retention bonuses, and severance payments and that is consistent with regulatory requirements and supervisory guidance in effect at the time of submission;
  - (k) an action plan to improve bank earnings and general financial performance, ensure capital adequacy, and otherwise accomplish

identified strategic goals and objectives, including individual responsibilities, specific actions to be taken, accountability and specific time frames;

- (l) financial forecasts and projections for major balance sheet and income statement accounts, targeted financial ratios, and growth projections over the period covered by the Comprehensive Business Plan;
- (m) a funding plan that establishes policies and limits for the Bank's expected sources of funding and a contingency funding plan that identifies alternative funding sources and strategies for their implementation;
- (n) a plan addressing the Bank's written and implemented BSA compliance program, consistent with the requirements of Article VI-IX, including, at a minimum, a system of internal controls to assure ongoing compliance with the BSA; independent testing for BSA compliance; a designated individual or individuals responsible for coordinating and monitoring BSA compliance; and training for appropriate personnel. In addition, the BSA compliance program should include a Customer Identification Program with risk-based procedures that enable the Bank to form a reasonable belief that it knows the true identity of its customers;
- (o) a written concentration risk management program, consistent with the requirements of Article X, addressing the Bank's concentration limits, including for its SBA and USDA loan portfolio that are consistent with previously stipulated supervisory limits and written communications where applicable;

- (p) assignment of individual responsibilities and accountability for the Comprehensive Business Planning process, the achievement of each goal and objective set forth in the plan, the offering of new products (if any), the achievement and monitoring of growth goals, and proposing changes in the Bank's operating environment; and
  - (q) systems to monitor the Bank's progress in meeting the Comprehensive Business Plan's goals and objectives.
- (2) Upon the Board's adoption of the Comprehensive Business Plan, the Board shall forward it to the ADC for review and a prior written determination of no supervisory objection. Upon receiving a prior written determination of no supervisory objection from the ADC, the Bank shall immediately implement and adhere to the Comprehensive Business Plan. If the ADC provides a written notice of supervisory objection to the draft Comprehensive Business Plan, the Board shall amend it promptly as necessary in order to address the basis of such supervisory objection, and thereafter forward it to the ADC for review and a prior written determination of no supervisory objection. Upon receiving a prior written determination of no supervisory objection from the ADC, the Bank shall implement the Comprehensive Business Plan and ensure Bank adherence to it.
- (3) Once the Bank adopts the Comprehensive Business Plan, the Bank shall not make a material change to or significantly deviate from the Comprehensive Business Plan unless the Bank has first given the ADC at least sixty (60) days prior written notice of its intent to do so, and obtained the ADC's prior written determination of no supervisory objection to such action. The Bank's request for prior written



determination of no supervisory objection to a material change or significant deviation shall include, at a minimum: (a) an assessment of the adequacy of the Bank's management, staffing levels, organizational structure, financial condition, capital adequacy, funding sources, management information systems, internal controls, and written policies and procedures with respect to the proposed significant deviation; and (b) the Bank's evaluation of its capability to identify, measure, monitor, and control the risks associated with the proposed significant deviation. Significant deviations or changes that may have a material impact on the Comprehensive Business Plan include any significant deviations from the description provided in Appendix G (Significant Deviations After Opening) of the "Charters" booklet of the *Comptroller's Licensing Manual* (February 2009).

- (4) Until the Bank submits a Comprehensive Business Plan, as required under paragraph (1) of this Article to the ADC for review, that receives a prior written determination of no supervisory objection from the ADC and the Bank implements the Comprehensive Business Plan, the Bank shall not significantly deviate from its operations that exist at the time of this Agreement. Specifically, existing operations include the products, services, asset composition and size, deposit services, funding sources, structure, operations, and markets of the Bank.
- (5) Should the Bank not submit a Comprehensive Business Plan within the stipulated time frame that receives a written supervisory non-objection, the Bank shall be deemed in violation of this Agreement and may be subject to further limitations on its operations consistent with ensuring the safety and soundness of the institution. Furthermore, if the Bank fails to correct deficiencies in its BSA

Program and achieve compliance with Articles VI, VII, VIII, and IX of this Agreement within the specified time frames of the respective articles, the OCC may require additional actions to manage the risks of certain high-risk, cash-intensive accounts consistent with the supervisory concerns expressed in the Bank's most recent Report of Examination ("ROE").

- (6) The Board shall adopt a revised three-year Comprehensive Business Plan annually or more frequently if conditions warrant. Upon adoption, a copy of the revised Comprehensive Business Plan shall be forwarded to the ADC for review and a prior written determination of no supervisory objection. Upon receiving a prior written determination of no supervisory objection from the ADC, the Bank shall implement and adhere to the Comprehensive Business Plan. If the ADC provides a written notice of supervisory objection to the revised Comprehensive Business Plan, the Board shall promptly amend it as necessary in order appropriately to address the basis of such supervisory objection, thereafter forward it to the ADC for review and a prior written determination of no supervisory objection. Upon receiving a prior written determination of no supervisory objection from the ADC, the Bank shall implement the Comprehensive Business Plan and ensure Bank adherence to it.

ARTICLE IV  
CORPORATE GOVERNANCE

- (1) The Board shall ensure that the Bank has competent management and staff in place to carry out the Board's policies; ensure compliance with this Agreement, applicable laws, rules and regulations; and manage the day-to-day operations of the Bank in a safe and sound manner.
- (2) Effective immediately, the Board shall ensure accurate regulatory and Board reporting; complete and accurate recording of board meetings; retention of the Bank's books and records of all written responses to audit, compliance, and regulatory criticisms as well as documentation of Board review and approval of the written responses; and compliance with internal and external risk tolerance limits.

ARTICLE V  
CAPITAL PLANNING AND MINIMUM CAPITAL RATIOS

- (1) By July 31, 2016, the Bank at all times shall achieve and continue to maintain:
  - (a) total capital at least equal to twelve percent (12%) of risk-weighted assets;
  - (b) tier 1 capital at least equal to eleven percent (11%) of risk-weighted assets;and
  - (c) tier 1 capital at least equal to ten percent (10%) of adjusted total assets (as defined in 12 C.F.R. Part 3).
- (2) The Bank shall not declare or pay a dividend, or reduce its capital unless:
  - (a) the Bank is in compliance with the capital levels required under paragraph (1) of this Article and would remain in compliance with those levels

- immediately following the declaration or payment of any dividend or any reduction in capital;
- (b) the Bank is in compliance with the Comprehensive Business Plan required under Article III and would remain in compliance following the dividend or capital reduction;
  - (c) the declaration or payment of the dividend or the reduction in capital is in compliance with 12 U.S.C. §§ 56, 59, and 60 with 12 C.F.R. Part 5; and
  - (d) the Bank obtains prior written determination of no supervisory objection from the ADC for the declaration or payment of the dividend or capital reduction.
- (3) Within seventy-five (75) days of this Agreement, the Bank shall submit a written Capital Plan to the ADC for prior written determination of no supervisory objection. The Capital Plan shall include:
- (a) an assessment of the adequacy of the Bank's capital structure in relation to its business lines, planned new business lines, internal and external risk, and underlying operation and financial assumptions (including projected growth);
  - (b) projections for growth and capital requirements, based on a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
  - (c) projections for dividends and capital reductions over the next three (3) year period, if any;

- (d) identification and projections of the primary sources and timing of additional capital to meet the Bank's future needs, including its ability to raise additional capital from new or existing stockholders; and
  - (e) contingency plans that identify alternative sources to strengthen capital if the primary sources under paragraph (d) of this section are not available, including in particular, sources that would be used if the existing stockholders do not provide all the needed additional capital.
- (4) Once the Bank receives prior written determination of no supervisory objection from the ADC required by paragraph (3) of this Article, the Bank shall adopt, implement, and thereafter adhere to the Capital Plan. The Capital Plan shall be part of the Comprehensive Business Plan of Article III and subject to the provisions of Article III.
- (5) If the Bank fails to maintain the levels of capital required by paragraph (1) of this Article or violates paragraph (2), then the Bank may be deemed "undercapitalized" for purposes of this Agreement, and the Bank shall take such corrective measures as the OCC may direct from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's tier 1 capital to the minimum levels required by this Agreement, and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

ARTICLE VI  
BSA OFFICER

- (1) Within sixty (60) days of this Agreement, the Board shall ensure that the Bank has a dedicated, full-time BSA Officer, following an application for review and a written no supervisory objection by the ADC. The Board shall ensure that the BSAO has sufficient leadership, knowledge, training and skills, to develop and implement an effective BSA program commensurate with the BSA risk level and complexity of operations including, but not limited to:
  - (a) Sophisticated understanding of the Bank's products, services, customers, entities, and geographic locations, and the potential money laundering and terrorist financing risks associated with those activities;
  - (b) Strong working knowledge of high-risk account monitoring including applicable law, regulations, and guidance as well as money laundering typologies;
  - (c) Experience and understanding of the automated surveillance system including system model validation and calibration requirements;
  - (d) Strong understanding and capabilities with suspicious activity alert clearing and investigation techniques and documentation standards.
- (2) The Board shall also ensure that the BSA Officer has adequate time and resources to manage effectively the BSA program.
- (3) Within sixty (60) days of this Agreement, the Board shall determine whether any changes are needed regarding the BSA Officer's supporting staff, including the responsibilities, authority, structure, independence, competencies, or capabilities of the BSA Officer's supporting staff.

- (4) The Board shall periodically review (no less than annually) and revise as necessary, the adequacy of the Bank's BSA Officer and staff and shall document its determination(s) in writing as part of the Bank's ongoing efforts to comply with the BSA. The review shall evaluate and consider, as appropriate, the effectiveness of the Bank's BSA program, as well as the leadership, knowledge, training, and skills of the BSA Officer and staff.

ARTICLE VII  
BSA INTERNAL CONTROLS: RISK ASSESSMENT

- (1) Within forty-five (45) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written BSA/AML Risk Assessment Process as part of its BSA compliance program pursuant to Article III (1)(n) of this Agreement to assist in identifying the Bank's BSA/AML risk profile. The BSA/AML Risk Assessment process shall:
- (a) identify the specific risk categories unique to the Bank (e.g. products, services, customers, entities, transactions, and geographic locations);
  - (b) include a complete list of the Bank's high-risk BSA/AML customers and a plan to conduct comprehensive high-risk customer reviews;
  - (c) establish concentration limits on high-risk, cash-intensive businesses based reasonably on the Bank's BSA risk management capabilities;
  - (d) conduct a detailed analysis of the data obtained during the risk identification process and consider, as appropriate, the following factors relating to customer accounts:
    - (i) purpose of the account;
    - (ii) actual and anticipated activity in the account;

- (iii) nature of the customer's business;
  - (iv) customer's location; and
  - (v) types of products and services used by the customer.
- (2) The Board shall ensure that the BSA/AML Risk Assessment is shared and communicated across the Bank, Board of Directors, management, and appropriate staff.
- (3) The Board shall also ensure a procedure is implemented to reassess the Bank's BSA Risk Assessment periodically, but no less than once every twelve (12) months.
- (4) The Board shall ensure that all operations are consistent with its risk profile and document a plan (including time frames and specific actions) for its high-risk, cash-intensive accounts should the Bank fail to meet and maintain a satisfactory BSA/AML program consistent with the law and the requirements in Articles VIII-IX.
- (5) Upon the Board's adoption of a written BSA/AML Risk Assessment Process, the Board shall forward it to the ADC for review and a prior written determination of no supervisory objection consistent with the requirements of Article III.

**ARTICLE VIII**  
**BSA INTERNAL CONTROLS: ENHANCED DUE DILIGENCE**

- (1) Within sixty (60) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to written customer due diligence and enhanced due diligence policies, procedures, processes, and training, all developed in accordance with the FFIEC BSA/AML Examination Manual and other applicable regulatory guidance and pursuant to Article III (1)(n) of this Agreement.



Customer due diligence shall be commensurate with the customer's risk profile, and sufficient for the Bank to develop an understanding of normal and expected activity for the customer's occupation or business operations. The customer due diligence process shall include the following items:

- (a) Information regarding the customer's relationships with the Bank, all lines of business within the Bank, and all Bank subsidiaries or affiliates (that are subject to management control by the Bank's holding company). This information includes accounts within other lines of business, regions, and countries (as permitted by jurisdiction). The relationship includes its owners, principals, signers, subsidiaries, affiliates, and parties with the ability to manage or control the account (all in accordance with the FFIEC BSA/AML Examination Manual the Interagency Guidance on Beneficial Ownership Information (OCC 2010-11) and other applicable regulatory guidance);
- (b) periodic updates to customer due diligence information to reflect changes in the customer's behavior, activity profile, derogatory information, periodic reviews of the customer relationship, or other factors that impact the AML risk for the customer. The periodic updates shall be documented, and subject to quality assurance processes;
- (c) detailed customer relationship AML risk in the customer due diligence record, along with the supporting factors, including transaction activity, geographies involved, and suspicious activity monitoring alert and filing history, among others;

- (d) Management processes to periodically review, based on the relationship risk, the type, volume, and value of customer activities in relation to normal and expected levels. The purpose of these reviews shall be to determine if the customer's activity is reasonable, that customer due diligence is current and complete, and the customer risk rating is accurate. These reviews shall be documented and quality assurance processes must ensure the reviews are comprehensive and accurate. Standards and processes shall be established for elevating reviews for additional management consideration regarding increased monitoring, additional due diligence, or account closure;
- (e) Specialized or enhanced due diligence for higher risk customers and products and services. These due diligence standards shall comply with the FFIEC BSA/AML Examination Manual, the Interagency Guidance on Beneficial Ownership Information (OCC 2010-11), as well as industry standards; and
- (f) periodic reviews, not less than annually, of all high-risk accounts, including the following information:
  - (i) the name of the customer;
  - (ii) the officers, directors and major shareholder(s) of any corporate customer and the partners of any partnership customer;
  - (iii) any other accounts maintained at the Bank by the customer and, as applicable, its officers, directors, major shareholders or partners;

- (iv) a detailed analysis of the due diligence performed on the customer and, as applicable, its officers, directors, major shareholders or partners, any related accounts of the customer at the Bank, any action the Bank has taken on the account, the purpose and balance of the account, and any unusual activity for each account;
  - (v) periodic reports of any type of subpoena received by the Bank and any law enforcement inquiry directed to the Bank and any action taken by the Bank on the affected account;
  - (vi) management information systems to review checks, deposits, and other information, as needed, to effectively monitor and escalate for investigation unusual or potentially suspicious activity;
  - (vii) known or suspected violations of federal law, violations of the BSA, or suspicious transactions related to money laundering activity, including suspicious activity relating to the opening of new accounts, identified through the monitoring of current accounts, and the transfer of funds through the Bank; and
  - (viii) all material variances and deficiencies noted during account reviews and processes to ensure that all potentially suspicious activities are formally escalated to the BSAO for further review and investigation.
- (2) Upon the Board's adoption of written BSA/AML Customer Due Diligence and Enhanced Due Diligence policies and procedures, the Board shall forward them to

the ADC for review and a prior written determination of no supervisory objection consistent with the requirements of Article III.

ARTICLE IX  
BSA INTERNAL CONTROLS: SUSPICIOUS ACTIVITY MONITORING

- (1) Within ninety (90) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to written BSA policies and procedures that ensure, pursuant to 12 C.F.R. § 21.11, the timely and appropriate review of transaction activity and disposition of suspicious activity alerts, and the timely filing of Suspicious Activity Reports (“SARs”), pursuant to Article III (1)(n) of this Agreement. These policies and procedures shall include:
  - (a) the maintenance of accurate systems for all Bank areas posing a greater than normal risk for compliance with the BSA, such as those in the accounts of high-risk, cash-intensive business customers, to produce and aggregate periodic reports (covering one day, a number of days, and monthly reports) designed to identify unusual or suspicious activity, including patterns of activity; to monitor and evaluate unusual or suspicious activity on a consolidated basis; and to maintain accurate information needed to produce these reports;
  - (b) a method for the Bank’s implementation of the surveillance and transaction monitoring system and should ensure:
    - (i) the integrity of data feeding into the transaction monitoring systems;
    - (ii) sufficient customization to the Bank’s risk profile and operations;

- (iii) The scenarios or rules selected for automated monitoring are appropriate and effective in identifying client activity that is unreasonable or abnormal given the nature of the client's occupation or business and expected activity;
- (iv) Sufficient management information and metrics are used to manage and adjust the system, as necessary;
- (v) Statistically valid processes are used to authenticate and optimize monitoring system settings and thresholds, and to measure the effectiveness of the automated system and individual scenarios, where appropriate;
- (vi) Alert scoring methodology is used to prioritize work flows and to facilitate management of the system and the ongoing validation and optimization of system settings;
- (vii) The adequacy of staffing to investigate and clear alerts;
- (viii) The quality and completeness of information available to analysts working transaction monitoring alerts and conducting investigations;
- (ix) The standards for disposition of different types of alerts are reasonable, communicated in writing to relevant staff and are adhered to by the alert investigators;
- (x) Adequate documentation is maintained to support the disposition of alerts;

- (xi) The availability and adequacy of information to investigate potentially suspicious activity, including, if applicable, information from multiple lines of business a customer transacts with or information from bank subsidiaries;
  - (xii) Standards that ensure accounts with high volumes of alerts are identified, elevated and properly categorized as high-risk, and subject to enhanced due diligence and monitoring;
  - (xiii) Sufficient quality control processes designed to ensure the surveillance and transaction monitoring system, alert management process, and SAR decision-making and filing are working effectively and according to internal standards; and
  - (xiv) employment of the system's functionality to address risk, including the ability to aggregate data across platforms, lines of business, and relationships.
- (2) Within forty-five (45) days of this Agreement, consistent with OCC Bulletin 2013-33: Use and Review of Independent Consultants in Enforcement Actions, the Bank shall engage a qualified and capable independent consultant to validate the automated surveillance system and assist with the calibration and tuning of alert thresholds and parameter scenarios. The evaluation shall address or include, but not be limited to, the following:
- (a) An assessment of the functionality of automated transaction monitoring systems used to determine if the systems are sufficiently robust to provide for the timely identification of potentially suspicious activity. A

comprehensive listing of weaknesses or deficiencies in the system and the risks presented by these deficiencies shall be highlighted for management consideration and correction;

- (b) A feasibility study for automating manual monitoring processes that the current automated transaction monitoring system cannot accommodate.
- (3) The Bank shall establish and implement a formal process to address deficiencies and exceptions identified in the ROE and to integrate the findings into the Bank's overall suspicious activity monitoring program.
- (4) Upon the Board's adoption of written BSA/AML Suspicious Activity Monitoring policies and procedures, the Board shall forward them to the ADC for review and a prior written determination of no supervisory objection consistent with the requirements of Article III.

ARTICLE X  
CONCENTRATION RISK MANAGEMENT

- (1) Within thirty (30) days of this Agreement, the Board shall adopt, implement, and thereafter ensure adherence to a written concentration risk management program consistent with Article III paragraph (1)(o) that shall include, but not necessarily be limited to, the following:
  - (a) a review and revision of current policies, processes, and procedures to control and monitor concentrations that are derived from all bank operations, and not simply credit concentrations, including a review of on- and off-balance sheet positions to identify all concentrations, including larger depositor(s), serviced Small Business Administration (SBA) and United States Department of Agriculture (USDA) loans, total

- unguaranteed SBA and USDA loans, vendors, funding sources, and geographies;
- (b) the establishment of safe and sound, formal risk limits for all concentrations based on a percentage of capital, stratified by type, locality and other meaningful measures that include:
    - (i) the unguaranteed and retained SBA and USDA loans; and
    - (ii) sub-limits for franchise SBA lending including both transactional and aggregate limits, along with an appropriate risk assessment of each franchise and the planned lending activity thereto;
  - (c) strategies and procedures to be followed when concentrations approach or exceed Board limits that include a Board policy that requires a detailed analysis and written support to conclude that any concentration limit increase will not subject the Bank to undue concentrations risk before the Board may approve such increase;
  - (d) specific time frames, strategies, and procedures to manage and reduce concentrations to conform with the limits established pursuant to Paragraph (1)(b);
  - (e) ensure all SBA and USDA lending activities will be subject to the same oversight and approval process as the Bank's other lending activities including Credit Committee approval; and
  - (f) periodic monitoring and re-evaluation of concentration limits by the Board with prior written no supervisory objection from the ADC.



- (2) For purposes of this Article, a concentration of credit is defined in the “Loan Portfolio Management” booklet of the Comptroller’s Handbook.
- (3) Upon receiving a prior written determination of no supervisory objection by the ADC, the Bank shall implement and ensure adherence to its written concentration risk management program.
- (4) If the Bank fails to develop an adequate concentration risk management program in compliance with this Article within the time frame stipulated in this Article, the OCC may require reductions in SBA and USDA lending concentrations consistent with the supervisory concerns expressed in the Bank’s recent ROE.

ARTICLE XI  
LOAN PORTFOLIO STRESS TESTING

- (1) Within sixty (60) days of this Agreement, the Board shall develop loan portfolio stress testing policies and procedures that at a minimum:
  - (a) identify current and emerging risks and vulnerabilities within the loan portfolio that contains all major credit or loan portfolio segments;
  - (b) reasonably determine the impact the stress event or factor might have on earnings and capital;
  - (c) document support for applicable loss rates used in the analysis and develops a process to update loss rates and other key assumptions as deemed appropriate;
  - (d) formalize the stress testing results in quantitative reports to management and the Board; and
  - (e) include a model validation within the stress testing process to ensure that all data feeds are accurate and complete.

- (2) The Board shall document, review, and approve the policies and procedures required by this Article.
- (3) The Board must periodically review the results, and incorporate the findings in the development and maintenance of appropriate concentration risk limits, asset and liability strategies, and strategic and capital planning processes.

ARTICLE XII  
TRUST ASSET ADMINISTRATION

- (1) Within sixty days (60), the Bank shall:
  - (a) revise the Cash Management Agreements (“CMAs”) for its business sweep account arrangements to reflect a custodial agreement and adopt and implement them for all existing CMA customers and future CMA customers; or
  - (b) provide a legal opinion to the OCC that demonstrates that the current CMAs comply with applicable federal and state law.

ARTICLE XIII  
CLOSING

- (1) Although the Board has agreed to submit certain programs and reports to the ADC 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 or her 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) Each citation or referenced guidance included in this Agreement includes any subsequent guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.
- (4) The provisions of this Agreement are effective upon issuance of this Agreement by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Agreement shall have been amended, suspended, waived, or terminated in writing by the Comptroller, through his authorized representative.
- (5) Except as otherwise expressly provided herein, any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement.
- (6) If the Bank requires a waiver or suspension of any provision or an extension of any time frame within this Agreement, the Board shall submit a written request to the ADC asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail, with relevant supporting documentation, the special facts and circumstances that support the waiver or suspension of any provision or an extension of a time frame within this Agreement.
- (7) The ADC's decision concerning a request submitted pursuant to paragraph (6) of this Article is final and not subject to further review.

- (8) 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, the Board shall:
- (a) authorize, direct, 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.
- (9) 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 his hand on behalf of the Comptroller.

/s/	5/31/16
_____ Gary D. TeKolste 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/	5/31/16
_____ Scott Jackson	_____ Date

_____ Albert Hummel	_____ Date
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_____ Ajay Menon	_____ Date
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/s/	5/31/16
_____ John Sprengle	_____ Date

/s/	5/31/16
_____ James Feehan	_____ Date

/s/	5/31/16
_____ Nelson B. Cole	_____ Date