

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

STATE OF COLORADO
DIVISION OF BANKING
DENVER, COLORADO

Written Agreement by and among

BANKERS' BANK OF THE WEST BANCORP
Denver, Colorado

BANKERS' BANK OF THE WEST
Denver, Colorado

FEDERAL RESERVE BANK
OF KANSAS CITY
Kansas City, Missouri

and

COLORADO DIVISION OF BANKING
Denver, Colorado

Docket No. 10-20-WA/RB-HC
10-20-WA-SM

WHEREAS, Bankers' Bank of the West Bancorp ("Bancorp"), a registered bank holding company, owns and controls, Bankers' Bank of the West, both of Denver, Colorado (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, and a nonbank subsidiary;

WHEREAS, in recognition of their common goal to maintain the financial soundness of Bancorp and the Bank, Bancorp, the Bank, the Federal Reserve Bank of Kansas City (the "Reserve Bank"), and the Colorado Division of Banking (the "Division") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, the Bank provides correspondent and certain other banking services to other banks, many of which own shares of the Bank's parent holding company; originates loans secured by bank or bank holding company stock, loans to bank directors, officers, shareholders, employees and related interests, and other loans to affiliates of banks; and purchases loan participations from banks who own shares of its parent holding company or otherwise are customers of the Bank; and

WHEREAS, on February 19, 2010 the boards of directors of Bancorp and the Bank, at duly constituted meetings, adopted resolutions authorizing and directing William A. Mitchell, Jr., to enter into this Agreement on behalf of Bancorp and the Bank, and consenting to compliance with each and every applicable provision of this Agreement by Bancorp and the Bank and their institution-affiliated parties, as defined in section 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. §§ 1813(u) and 1813(b)(3)).

NOW, THEREFORE, Bancorp, the Bank, the Reserve Bank, and the Division agree as follows:

Source of Strength

1. The board of directors of Bancorp shall take appropriate steps to fully utilize Bancorp's financial and managerial resources pursuant to Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") to ensure that the Bank complies with this Agreement.

Portfolio Management

2. (a) As of the date of this Agreement, the Bank shall not, without the prior written approval of the Reserve Bank and the Division, take any action that would result in an increase in the aggregate dollar value of the Bank's loan portfolio above the aggregate dollar

value balance as of December 31, 2009, plus any legally binding commitments as of December 31, 2009.

(b) The restrictions of paragraph 2(a) of this Agreement shall continue in force and effect until the Bank:

(i) submits to the Reserve Bank and the Division a plan to reduce concentrations, the credit risk management plan, and revised allowance for loan and lease losses (“ALLL”) program, described in paragraphs 3, 4, and 7(c) of this Agreement;

(ii) is notified in writing by the Reserve Bank and the Division that the aforesaid plans and program are acceptable;

(iii) adopts and takes acceptable steps to implement the aforesaid plans and program; and

(iv) is notified in writing by the Reserve Bank and the Division that the above described conditions have been met.

3. Within 30 days of this Agreement, the Bank shall submit an acceptable written plan to the Reserve Bank and the Division for reducing the Bank’s concentrations of credit. The plan shall include, but not be limited to, a schedule for reducing the levels of concentrations, including concentrations in commercial real estate (“CRE”) loans and loans secured by bank or bank holding company stock (“Bank Stock Loans”), and timeframes for achieving the reduced levels.

Credit Risk Management

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan to strengthen credit risk management practices at the Bank. The plan shall, at a minimum, address, consider, and include:

- (a) Procedures to periodically review and revise risk exposure limits to address changes in market conditions and strategies to minimize credit losses;
- (b) adoption of policies and procedures, including the establishment of risk limits, regarding the purchase of participations from any one respondent bank;
- (c) procedures for the timely and accurate identification of credit risk in the loan portfolio including implementation of portfolio-level stress testing for CRE loans;
- (d) procedures to identify, limit, and manage concentrations of credit that are consistent with the Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, December 12, 2006 (SR 07-1);
- (e) procedures for the periodic assessment of CRE and other concentration risk to the Bank's capital, lending activities, and long term strategic planning; and
- (f) enhanced documentation in board minutes of discussions regarding CRE and other concentration risk.

Asset Improvement

5. The Bank shall not, directly or indirectly, extend, renew, or restructure any credit to or for the benefit of any borrower, including any related interest of the borrower, whose loans or other extensions of credit are criticized in the report of examination of the Bank conducted by the Reserve Bank that commenced on July 20, 2009 (the "Report of Examination") or in any subsequent report of examination, without the prior approval of a majority of the full board of directors or a designated committee thereof. The board of directors or its committee shall document in writing the reasons for the extension of credit, renewal, or restructuring, specifically certifying that: (i) the Bank's risk management policies and practices for loan workout activity are acceptable; (ii) the extension of credit is necessary to improve and protect

the Bank's interest in the ultimate collection of the credit already granted and maximize its potential for collection; (iii) the extension of credit reflects prudent underwriting based on reasonable repayment terms and is adequately secured; and all necessary loan documentation has been properly and accurately prepared and filed; (iv) the Bank has performed a comprehensive credit analysis indicating that the borrower has the willingness and ability to repay the debt as supported by an adequate workout plan, as necessary; and (v) the board of directors or its designated committee reasonably believes that the extension of credit will not impair the Bank's interest in obtaining repayment of the already outstanding credit and that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the meetings of the board of directors or its committee, as appropriate, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower's credit file for subsequent supervisory review. For purposes of this Agreement, the term "related interest" is defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)).

6. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of \$500,000, including other real estate owned ("OREO"), that: (i) is past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$500,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of

examination of the Bank, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and the Division to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current problem loan list, extension report, and past due/non-accrual report.

Allowance for Loan and Lease Losses

7. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report of Examination that have not been previously collected in full or charged off. Thereafter, the Bank shall, within 30 days from the receipt of any relevant federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank and the Division.

(b) Within 60 days of this Agreement, the Bank shall review and revise its ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17), and the findings and recommendations regarding the ALLL set forth in the Report of Examination, and submit a description of the revised methodology to the Reserve Bank and the Division. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include, at a minimum, the reliability of the Bank's loan grading system, the volume of criticized loans, concentrations of credit, the current level of past due and nonperforming loans, past loan loss

experience, evaluation of probable losses in the Bank's loan portfolio, including adversely classified loans, and the impact of market conditions on loan and collateral valuations and collectibility.

(c) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure adherence to the revised ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and the Division, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Capital Plan

8. Within 60 days of this Agreement, Bancorp and the Bank shall jointly submit to the Reserve Bank and the Division an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The Bank's current and future capital needs, including compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1

Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the adequacy of the Bank's capital, taking into account the volume of classified credits, concentrations of credit, ALLL, current and projected asset growth, and projected retained earnings; and

(c) the source and timing of additional funds to fulfill the Bank's future capital requirements.

9. The Bank shall notify the Reserve Bank and the Division, in writing, no more than 30 days after the end of any quarter in which any of the Bank's capital ratios (total risk-based, Tier 1, or leverage) fall below the plan's minimum ratios. Together with the notification, the Bank shall submit an acceptable capital plan that details the steps the Bank will take to increase the Bank's capital ratios to or above the plan's minimums.

Liquidity and Funds Management

10. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written funding plan that includes, at a minimum:

- (a) Measures to reduce asset/liability funding mismatches;
- (b) appropriate policy limits to minimize funding mismatches by funding type and maturity;
- (c) plans, including a timetable, to reduce the reliance on brokered deposits;
- (d) measures to diversify funding sources;
- (e) the identification of contingent liquidity sources; and
- (f) measures to ensure timely reporting to the board of directors on the Bank's liquidity position.

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable revised written contingency funding plan that, at a minimum, identifies available sources of liquidity and includes adverse scenario planning.

Earnings Plan and Budget

12. (a) Within 30 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division a written business plan for 2010 to improve the Bank's earnings and overall condition. The plan, at a minimum, shall provide for or describe:

- (i) a realistic and comprehensive budget for calendar year 2010, including income statement and balance sheet projections; and
- (ii) a description of the operating assumptions that form the basis for, and adequately support, major projected income, expense, and balance sheet components.

(b) Upon adoption, the Bank shall implement the business plan. Bank management shall report monthly to the Bank's board of directors on progress made in implementing the business plan. The written monthly reports shall compare actual financial results to those projected in the business plan. In the event that revisions to the plan are necessary, such revisions shall be forwarded to the Reserve Bank and the Division within 15 days of adoption.

(c) A business plan and budget for each calendar year subsequent to 2010 shall be submitted to the Reserve Bank and the Division at least 30 days prior to the beginning of that calendar year.

Dividends and Distributions

13 (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the “Director”), and the Division.

(b) Bancorp shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director.

(c) Bancorp and its nonbank subsidiary shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(d) Any request to declare or pay dividends must be consistent with the Board of Governors’ Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323). All requests for prior approval shall be received by the Reserve Bank and the Division at least 30 days prior to the proposed dividend declaration date and shall contain, at a minimum, current and projected information on earnings, capital, asset quality, and loan loss reserve needs of the Bank.

Debt and Stock Redemption

14. (a) Bancorp and its nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Bancorp shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

Cash Flow Projections

15. Within 60 days of this Agreement, Bancorp shall submit to the Reserve Bank a written statement of Bancorp's planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for 2010. Bancorp shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2010 at least one month prior to the beginning of that calendar year.

Conflicts of Interest Policy

16. Within 30 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written code of ethics and conflicts of interest policy applicable to the Bank's directors, officers, and employees ("Covered Persons") to set out the fiduciary duties of all Covered Persons and the avoidance of conflicts of interest. The code of ethics and conflicts of interest policy shall be suitable for the activities and structure of bankers' banks. The policy, at a minimum, shall address, consider, and include:

- (a) The duty of care and loyalty owed by Covered Persons to the Bank;
- (b) the avoidance of conflicts of interest and the appearance of a conflict of interest;
- (c) a requirement that a Covered Person not participate in the approval or renewal of any loan to: (i) such Covered Person or related interest thereof; (ii) any respondent bank with which the Covered Person is affiliated; or (iii) any director, officer, or employee of any respondent bank with which the Covered Person is affiliated;

(d) a requirement that a Covered Person not participate in the approval of the Bank's purchase of any loan participation from a respondent bank with which the Covered Person is affiliated;

(e) internal controls that monitor compliance with the code of ethics and conflicts of interest policy and report any noncompliance or exceptions to the policy to the board of directors; and

(f) training for all Covered Persons within 60 days of approval of the policy.

Board of Directors

17. (a) Within 60 days of this Agreement, the boards of directors shall submit to the Reserve Bank and the Division an acceptable written plan to increase the number of outside directors and shall report quarterly to the Reserve Bank on efforts to secure new outside directors.

(b) For purposes of paragraph 17(a) of this Agreement, the term "outside director" is defined as an individual who: (i) is not an executive officer, as defined in section 215.2(e)(1) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(e)(1)), or other employee of the Bank or its affiliates; (ii) is not an executive officer, other employee, or director of a shareholder of Bancorp, or a bank that has deposit accounts or otherwise uses the Bank's services; (iii) is not a related interest, as defined in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)), of any of the above executive officers, employees, directors, or shareholders; or (iv) is not an immediate family member, as defined in section 225.41(b)(3) of Regulation Y of the Board of Governors (12 C.F.R. § 225.41(b)(3)), of any of the above executive officers, employees, directors, or shareholders.

Compliance with Laws and Regulations

18. In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Bancorp and the Bank shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

19. Bancorp and the Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Compliance with the Agreement

20. (a) Within 10 days of this Agreement, the boards of directors of Bancorp and the Bank shall appoint a joint compliance committee (the "Compliance Committee") to monitor and coordinate Bancorp's and the Bank's compliance with the provisions of this Agreement, as applicable. The Compliance Committee shall include a majority of outside directors who are not executive officers or principal shareholders of Bancorp and the Bank, as defined in sections 215.2(e)(1) and 215.2(m)(1) of Regulation O of the Board of Governors (12 C.F.R. §§ 215.2(e)(1) and 215.2(m)(1)). At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the board of directors of Bancorp and the Bank.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, Bancorp and the Bank shall submit to the Reserve Bank, and the Bank shall submit to the Division, written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plans, Policies, Procedures, a Program, and Ethics Code

21. (a) Bancorp and the Bank, as applicable, shall submit written plans, policies, procedures, a program, and ethics code that are acceptable to the Reserve Bank and the Division within the time periods set forth in paragraphs 3, 4, 6(a), 7(c), 8, 10, 11, 16 and 17(a) of this Agreement.

(b) Within 10 days of approval by the Reserve Bank and the Division, as applicable, the Bank shall adopt the approved plans, policies, procedures, program, and ethics code. Upon adoption, the Bank shall promptly implement the approved plans, policies, procedures, program, and ethics code and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans, policies, procedures, program, and ethics code shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Division.

Communications

22. All communications regarding this Agreement shall be sent to:

- (a) Ms. Susan E. Zubradt
Vice President
Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198
- (b) Mr. Fred J. Joseph
Acting Bank Commissioner
Colorado Division of Banking
1560 Broadway, Suite 975
Denver, Colorado 80202
- (c) Mr. William A. Mitchell, Jr.
Chief Executive Officer
Bankers' Bank of the West Bancorp
Bankers' Bank of the West
1099 Eighteenth Street, Suite 2700
Denver, Colorado 80202

Miscellaneous

23. Notwithstanding any provision of this Agreement, the Reserve Bank and the Division may, in their sole discretion, grant written extensions of time to Bancorp and the Bank, as applicable, to comply with any applicable provision of this Agreement.

24. The provisions of this Agreement shall be binding upon Bancorp and the Bank and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

25. Each provision of this Agreement shall remain effective and enforceable as to Bancorp and the Bank, as applicable, until jointly stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Division.

26. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank and the Division, or any other federal or state agency from taking any other action affecting the Bank, or any of its current or former institution-affiliated parties and their successors and assigns.

27. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 19th day of February, 2010.

BANKERS' BANK OF
THE WEST BANCORP

By: /s/ William A. Mitchell, Jr.
William A. Mitchell, Jr.
President

FEDERAL RESERVE BANK
OF KANSAS CITY

By: /s/ Susan E. Zubradt
Susan E. Zubradt
Vice President

BANKERS' BANK OF THE WEST

By: /s/ William A. Mitchell, Jr.
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COLORADO DIVISION OF BANKING

By: /s/ Fred J. Joseph
Fred J. Joseph
Acting Bank Commissioner