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

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| Written Agreement by and among<br><br>FIRST AMERICAN BANCORP<br>Greenwood Village, Colorado<br><br>FIRST AMERICAN STATE BANK<br>Greenwood Village, Colorado<br><br>FEDERAL RESERVE BANK OF<br>KANSAS CITY<br>Kansas City, Missouri<br><br>and<br><br>STATE OF COLORADO<br>DIVISION OF BANKING<br>Denver, Colorado | Docket No. 10-168-WA/RB-HC<br>10-168-WA/RB-SM |

WHEREAS, in recognition of their common goal to maintain the financial soundness of First American Bancorp, Greenwood Village, Colorado ("Bancorp"), a registered bank holding company, and its subsidiary bank, First American State Bank, Greenwood Village, Colorado (the "Bank"), a state-chartered bank that is a member of the Federal Reserve System, Bancorp, the Bank, the Federal Reserve Bank of Kansas City (the "Reserve Bank"), and the State of Colorado Division of Banking (the "Division") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on August 17, 2010, the boards of directors of Bancorp and the Bank, at duly constituted meetings, adopted resolutions authorizing and directing John R. Davidson 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, the Bank, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. §§ 1813(u) and 1818(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 section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank including, but not limited to, taking steps to ensure that the Bank complies with this Agreement, and any other supervisory action taken by the Reserve Bank or the Division.

**Board Oversight**

2. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and the Division a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to improve the Bank's condition and maintain effective control over, and supervision of, the Bank's major operations and activities, including but not limited to, asset quality, processes to mitigate risks associated with credit concentrations, capital, earnings, and funds management; and

(b) a description of the information and reports that will be regularly reviewed by the board of directors in its oversight of the operations and management of the Bank, including information on the Bank's adversely classified assets, allowance for loan and lease losses ("ALLL"), capital, earnings, and liquidity.

**Credit Risk Management**

3. 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. The plan shall, at a minimum, address, consider, and include:

(a) Strategies to minimize credit losses and reduce the level of problem assets;

(b) procedures to limit and manage commercial real estate concentrations that are consistent with the Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, dated December 12, 2006 (SR 07-1); and

(c) a schedule for reducing and the means by which the Bank will reduce the level of commercial real estate concentrations and timeframes for achieving the reduced levels.

**Lending and Credit Administration**

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable enhanced lending and credit administration program that shall, at a minimum, address, consider, and include:

(a) Underwriting standards that require documented analyses of: (i) the borrower's repayment sources, global cash flow, and overall debt service ability; and (ii) the value of any collateral;

(b) procedures for the periodic analyses, during the term of the loan, of: (i) the borrower's repayment sources, global cash flow, and overall debt service ability; and (ii) the value of any collateral; and

(c) procedures for when reappraisals and reevaluations must be conducted, including, but not limited to, when new funds are advanced or when changes in market conditions or the condition of the collateral occur.

**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 and the Division that commenced on February 16, 2010 (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 $200,000, 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 $200,000, 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, a list of all loan renewals and extensions without full collection of interest in the last quarter, and past due/non-accrual report. Each asset improvement plan shall specifically include the following information: (i) origination date; (ii) specific original use of funds; (iii) renewal date(s); and (iv) specific reason for renewal and use of funds at each renewal date. "Origination date" shall be defined as the first date that the Bank advanced any funds to the borrower or related interest for the same purpose.

(d) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division a report which lists every loan currently on the books of the Bank where the Bank has advanced any interest, including loans which provided for the advancement of interest at origination. This report shall include loan number, loan name, date of origination, and renewal date(s), if any, original principal amount, current principal amount, and the total amount of interest advanced since the origination date.

(e) Within 30 days after the end of each calendar quarter, the Bank shall submit to the Reserve Bank and the Division a report, which lists all loans currently on the books of the Bank where any interest was advanced to the borrower or related interest of the borrower for the same purpose. This quarterly report shall include the loan number, loan name, date of origination and renewal date(s), if any, original principal amount, current principal amount and the total amount of interest advanced since the origination date.

**Internal Audit**

7. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable enhanced written internal audit program that shall, at a minimum, address, consider and include:

(a) measures to ensure that the audit committee: (i) is composed of independent, outside directors of the Bank; (ii) conducts audit committee meetings with only audit committee members present; and (iii) is responsible for evaluating the internal auditor's performance and compensation; and maintains adequate and complete minutes of all audit committee meetings, that reflect the actions taken by the committee, the specific reports reviewed, the results reported, and any required follow-up, approval of such minutes, and their retention for supervisory review;

(b) establishment of an appropriate audit schedule, the frequency of which is based on the Bank's risk assessment of the area to be reviewed; and

(c) a direct reporting line between the internal auditor and the audit committee regarding findings of each audit and the progress of all necessary follow-up activities.

**Allowance for Loan and Lease Losses**

8. (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 subsequent 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 collectability.

(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 Bank's 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 the ALLL for that quarter.

**Capital Plan**

9. Within 60 days of this Agreement, Bancorp and the Bank shall 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 and loan loss reserve needs; and

(d) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that Bancorp serve as a source of strength to the Bank.

10. 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 risk-based, or leverage) fall below the approved capital plan's minimum ratios. Together with the notification, the Bank shall submit an acceptable written plan that details the steps the Bank will take to increase the Bank's capital ratios to or above the approved capital plan's minimums.

**Earnings Plan and Budget**

11. (a) Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division a written business plan for the remainder of 2010 and for 2011 to improve the Bank's earnings and overall condition. The plan, at a minimum, shall provide for or describe:

(i) a realistic and comprehensive revised budget for the remainder of 2010 and for 2011, 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) 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.

**Liquidity/Funds Management**

12. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan designed to improve management of the Bank's liquidity position and funds management practices. The plan shall, at a minimum, address, consider, and include:

(a) Measures to enhance the monitoring and measurement of the Bank's liquidity, and reporting of the Bank's liquidity to the board of directors;

(b) measures to reduce reliance on noncore funding; and

(c) specific liquidity targets and parameters and the maintenance of sufficient liquidity to meet contractual obligations and unanticipated demands.

13. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written contingency funding plan that, at a minimum, includes appropriate adverse scenario planning.

**Dividends and Distributions**

14. (a) Bancorp and the Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the "Director") and, as to the Bank, the Division.

(b) Bancorp shall not take any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(c) Bancorp and its nonbank subsidiary shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(d) All requests for prior approval shall be received at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information, as appropriate, on Bancorp's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings and ALLL needs; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Bancorp and the Bank, as appropriate, must also demonstrate that the requested declaration or payment of dividends is 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).

**Debt and Stock Redemption**

15. (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**

16. Within 60 days of this Agreement, the Bancorp shall submit to the Reserve Bank a written statement of its 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.

**Compliance with Laws and Regulations**

17. (a) The Bank shall immediately take all necessary steps to correct all violations of law and regulation cited in the Report of Examination. In addition, the Bank shall take necessary steps to ensure future compliance with all applicable laws and regulations.

(b) 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.*).

(c) 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**

18. (a) Within 10 days of this Agreement, Bancorp's and the Bank's boards of directors 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. 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 boards of directors of Bancorp and the Bank.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and 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 and Program**

19. (a) The Bank, and, as applicable, Bancorp, shall submit written plans, and a program that are acceptable to the Reserve Bank and the Division within the applicable time periods set forth in paragraphs 3, 4, 6(a), 6(b), 7, 8(c), 9, 10, 12 and 13 of this Agreement.

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

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

**Communications**

20. 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. Steven A. Strunk
Commissioner
Colorado Division of Banking
1560 Broadway, Suite 975
Denver, Colorado 80202

(c) Mr. Nicholas P. Lepetsos
President
First American Bancorp
First American State Bank
8390 East Crescent Parkway
Greenwood Village, Colorado 80111

**Miscellaneous**

21. 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 to comply with any provision of this Agreement.

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

23. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Division.

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

25. 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 20th day of August, 2010.

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| FIRST AMERICAN BANCORP | FEDERAL RESERVE BANK OF KANSAS CITY |
| By: /s/ John R. Davidson<br>John R. Davidson<br>Chair and CEO | By: /s/ Susan E. Zubradt<br>Susan E. Zubradt<br>Vice President |
| FIRST AMERICAN STATE BANK | STATE OF COLORADO DIVISION OF BANKING |
| By: /s/ John R. Davidson<br>John R. Davidson<br>Chair and CEO | By: /s/ Steven A. Strunk<br>Steven A. Strunk<br>Commissioner |