Comptroller of the Currency
Administrator of National Banks

Western District Office
1225 17th Street, Suite 300
Denver, CO 80202-5534

Corporate Decision #2005-09
July 2005

June 29, 2005

Scott H. Richter
LeClair Ryan
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23218-2499

Re: Agreement By and Between T. Coleman Andrews, III, Geoffrey Scott Rehnert, and Marc Brian Wolpow and the Office of the Comptroller of the Currency and
Agreement By and Between American National Bank of Rock Springs, Rock Springs, Wyoming, and the Office of the Comptroller of the Currency

Dear Mr. Richter:

We understand that the Federal Reserve Bank of Kansas City (FRB of Kansas City) approved a Notification of Change in Control filed by T. Coleman Andrews, III, Geoffrey Scott Rehnert, Marc Brian Wolpow, and other individuals to acquire 99.8 percent of the outstanding shares of Rock Springs American Bancorporation, Inc., Rock Springs, Wyoming, parent of American National Bank of Rock Springs, Rock Springs, Wyoming. We understand that this transaction was consummated on June 23, 2005.

As part of the process of reviewing and acting on notifications involving national banks, the FRB of Kansas City requested and received comments from the Office of the Comptroller of the Currency. The enclosed Agreements have been executed. As you are aware, the Agreements are construed to be "written agreements" within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under law. We enclose originals of the Agreements for the Bank's records.

If you have any questions, please contact Special Counsel June Hinson Allen at (720) 475-7630 or me at (720) 475-7650.

Sincerely,

/s/

Louis T. Gittleman
Acting Director for District Licensing

Enclosures

ACN 2005 WE 12 0111

AGREEMENT BY AND BETWEEN

T. Coleman Andrews, III, Geoffrey Scott Rehnert, and Marc Brian Wolpow,
and
The Office of the Comptroller of the Currency

WHEREAS, pursuant to 12 U.S.C. § 1817(j), any person acting directly or indirectly, or through or in concert with one or more person, shall give the Board of Governors of the Federal Reserve System (Board of Governors) sixty (60) days' written notice before acquiring control of a bank holding company;

WHEREAS, on or about April 19, 2005, T. Coleman Andrews, III, Geoffrey Scott Rehnert, Marc Brian Wolpow, and other individuals filed a Notice of Change in Bank Control ("Notice") with the Federal Reserve Bank of Kansas City proposing to acquire 99.8 percent of the outstanding shares of Rock Springs American Bancorporation, Inc., Rock Springs, Wyoming ("Holding Company") and to thereby indirectly acquire control of American National Bank of Rock Springs, Rock Springs, Wyoming ("Bank");

WHEREAS, if the Board of Governors does not issue a notice disapproving the aforementioned acquisition of control of the Holding Company and if the aforementioned acquisition of control of the Holding Company is consummated, T. Coleman Andrews, III, Geoffrey Scott Rehnert, and Marc Brian Wolpow ("Controlling Shareholders") will collectively own more than 51% of the voting shares of the Holding Company and will thereby indirectly control the Bank;

WHEREAS, if the Board of Governors does not issue a notice disapproving the Controlling Shareholders' acquisition of control of the Holding Company, and the Controlling Shareholders were to subsequently acquire control of the Holding Company, and thereby indirectly acquire control of the Bank, the Controlling Shareholders and the Acting Comptroller ("Comptroller") seek to protect the interests of the Bank's depositors and other customers and seek to ensure that the Bank will operate safely and soundly and in accordance with all applicable laws, rules, and regulations;

NOW, THEREFORE, in consideration of the above premises, the Controlling Shareholders agree as follows:

ARTICLE I

JURISDICTION

(1) Each Controlling Shareholder is individually deemed to be an "institutional-affiliated party" ("IAP") within the meaning of 12 U.S.C. § 1813(u)(3).

(2) 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).

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

(4) This Agreement shall not be construed to be a "written agreement, order, or capital directive" within the meaning of 12 C.F.R. § 6.4.

(5) This Agreement shall not be construed to be a "formal written agreement" within the meaning of 12 C.F.R. § 5.3(g)(4).

(6) All correspondence related to this Agreement, and any information, documentation, reports, plans and/or other written submissions that Controlling Shareholders have agreed to submit pursuant to this Agreement shall be forwarded, by overnight mail, to:

H. Gene Robinson
Office of the Comptroller of the Currency
Assistant Deputy Comptroller
Salt Lake City Field Office
2795 E. Cottonwood Parkway, Suite 390
Salt Lake City, Utah 84121

ARTICLE II

AGREEMENT TO BE ENTERED INTO BETWEEN THE BANK AND THE COMPTROLLER

(1) If the Board of Governors does not issue a notice disapproving the Controlling Shareholders' acquisition of control of the Holding Company, no later than three (3) business days after the Controlling Shareholders acquire control of the Holding Company, and therefore acquire indirect control of the Bank, the Controlling Shareholders shall cause the Bank to enter into a written agreement with the Office of the Comptroller of the Currency ("OCC") on terms and provisions acceptable to the OCC. This written agreement between the Bank and the OCC shall require, among other things, that the Bank shall not significantly deviate from or change the business, structure, operations, policies, procedures, and products of the Bank that existed at the time the Controlling Shareholders agreed to acquire the Holding Company, and thereby agreed to indirectly acquire control of the Bank, without first obtaining the OCC's written determination of no supervisory objection to such significant deviation or change, that the Bank shall submit a Business Plan acceptable to the OCC, that the Bank shall implement and adhere to the Business Plan once accepted by the OCC, and that subsequent to implementation of the Business Plan the Bank shall not significantly deviate from the Business Plan without receiving a prior written determination of no supervisory objection from the OCC.

(2) For the purposes of the Article, the phrase "significantly deviate" shall be construed in light of the guidance provided in Appendix G (Significant Deviations After Opening) of the "Charters" booklet of the *Comptroller's Licensing Manual* (April 2004).

ARTICLE III

TERM OF AGREEMENT

(1) This Agreement shall become effective immediately upon its execution by all parties hereto (Effective Date), and shall remain in full force and effect until such time as the written agreement between the Bank and the OCC required by Article II (1) of this Agreement becomes effective and enforceable. This Agreement shall terminate and be of no further force or effect when the written agreement between the Bank and the OCC required by Article II (1) of this Agreement becomes effective and enforceable.

ARTICLE IV

CONCLUDING PROVISIONS

(1) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon 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.

(2) 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 Comptroller or her duly authorized representative for good cause upon written application by the Controlling Shareholders.

(3) 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:

(1) amended in writing by mutual consent of the parties to the Agreement; (2) excepted, waived, or terminated in writing by the Comptroller; or (3) the written agreement between the Bank and the OCC required by Article II (1) of this Agreement becomes effective and enforceable.

(4) This Agreement is intended, 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 OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Controlling Shareholders under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Controlling Shareholders expressly acknowledge that neither they, nor the OCC has any intention to enter into a contract. The Controlling Shareholders also expressly acknowledge that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations 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/ ______________________________ *6/15/05* ______________

Kay E. Kowitt
Office of the Comptroller of the Currency
Deputy Comptroller
Western District Office

Date

IN TESTIMONY WHEREOF, the undersigned, has hereunto set their hands.

/s/	6-14-05
T. Coleman Andrews, III	Date
/s/	6-14-05
Geoffrey Scott Rehnert	Date
/s/	6-14-05
Marc Brian Wolpow	Date

AGREEMENT BY AND BETWEEN

American National Bank of Rock Springs
Rock Springs, Wyoming
and
The Office of the Comptroller of the Currency

WHEREAS, pursuant to 12 U.S.C. § 1817(j), any person acting directly or indirectly, or through or in concert with one or more person, shall give the Board of Governors of the Federal Reserve System (Board of Governors) sixty (60) days' written notice before acquiring control of a bank holding company;

WHEREAS, on or about April 19, 2005, T. Coleman Andrews, III, Geoffrey Scott Rehnert, Marc Brian Wolpow, and other individuals filed a Notice of Change in Bank Control ("Notice") with the Federal Reserve Bank of Kansas City proposing to acquire 99.8 percent of the outstanding shares of Rock Springs American Bancorporation, Inc., Rock Springs, Wyoming ("Holding Company") and to thereby indirectly acquire control of American National Bank of Rock Springs, Rock Springs, Wyoming ("Bank");

WHEREAS, if the Board of Governors does not issue a notice disapproving the aforementioned acquisition of control of the Holding Company and if the aforementioned acquisition of control of the Holding Company is consummated, T. Coleman Andrews, III, Geoffrey Scott Rehnert, and Marc Brian Wolpow ("Controlling Shareholders") will collectively own more than 51% of the voting shares of the Holding Company and will thereby indirectly control the Bank;

WHEREAS, in order to address the Office of the Comptroller of the Currency's ("OCC's") concerns, the Controlling Shareholders and the Acting Comptroller ("Comptroller") entered into an Agreement on June 15, 2005, which specified, inter alia, that, no later than three

(3) business days after Controlling Shareholders acquired control of the Holding Company, and therefore acquired indirect control of the Bank, the Controlling Shareholders would cause the Bank to enter into a written Agreement with the OCC requiring, among other things, that the Bank shall submit a Business Plan acceptable to the OCC, that the Bank shall implement and adhere to the Business Plan once accepted by the OCC, and that subsequent to implementation of the Business Plan the Bank shall not significantly deviate from the Business Plan without receiving a prior written determination of no supervisory objection from the OCC;

WHEREAS, the Bank and the Comptroller seek to ensure that the Bank will operate in a safe and sound manner and in accordance with all applicable laws, rules, and regulations;

NOW, THEREFORE, the OCC and the Bank, by and through its duly elected Board of Directors (Board), agree as follows:

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 1818(i)(2).

(3) This Agreement shall not be construed to be a "formal written agreement" within the meaning of 12 C.F.R. § 5.3(g)(4).

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

(5) This Agreement shall not be construed to be a "written agreement, order, or capital directive" within the meaning of 12 C.F.R. § 6.4.

(6) All correspondence related to this Agreement, and any information, documentation, reports, plans and/or other written submissions which the Bank or Board has agreed to submit pursuant to this Agreement shall be forwarded, by overnight mail, to:

H. Gene Robinson
Office of the Comptroller of the Currency
Assistant Deputy Comptroller
Salt Lake City Field Office
2795 E. Cottonwood Parkway, Suite 390
Salt Lake City, Utah 84121

ARTICLE II

SIGNIFICANT DEVIATION FROM, OR CHANGE TO, THE BUSINESS PLAN

(1) The Bank shall not significantly deviate from or change the business, structure, operations, policies, procedures, and products of the Bank that existed at the time the Controlling Shareholders agreed to acquire the Holding Company, and thereby agreed to indirectly acquire control of the Bank, without first obtaining the OCC's written determination of no supervisory objection to such significant deviation or change.

(2) Within thirty (30) days of the Controlling Shareholders' acquisition of control of the Holding Company, and thereby acquisition of indirect control of the Bank, the Bank shall submit a written Business Plan to the OCC for a written determination of no supervisory objection. This written Business Plan shall include, at a minimum, the components outlined in the attached "Business Plan Guidelines" of the "Interagency Charter and Federal Deposit Insurance Application."

(3) Once the Bank receives a written determination of no supervisory objection from the OCC required by paragraph 2 of this Article, the Bank shall implement and thereafter adhere to the plan. Once implemented, the Bank shall not significantly deviate from, or change, the Business Plan, without giving the OCC at least sixty (60) days prior written notice of its intent to do so, and obtaining the OCC's prior written determination of no supervisory objection to such action.

(4) For the purposes of the Article, the phrases "significantly deviate" and "significant deviation" shall be construed in light of the guidance provided in Appendix G (Significant Deviations After Opening) of the "Charters" booklet of the *Comptroller's Licensing Manual* (April 2004).

ARTICLE III

CHANGE IN DIRECTORS OR SENIOR EXEUCTIVE OFFICERS

(1) For two years after the effective date of this Agreement, prior to the appointment of any individual to a position of "senior executive officer," as defined in 12 C.F.R. § 5.51(c)(3) or the appointment of any individual to the Bank's board of directors, the Board shall submit the following information to the Assistant Deputy Comptroller for a written determination of no supervisory objection:

(a) the information sought in the "Changes in Directors and Senior Executive Officers" booklet of the *Comptroller's Licensing Manual* (January 2003), together with a legible fingerprint card for the proposed individual;

(b) a written statement of the Board's reasons for selecting the proposed individual; and

(c) a written description of the proposed individual's duties and responsibilities.

(2) The requirement to submit information and the provision for a prior written determination of no supervisory objection by the OCC are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

ARTIVLE IV

CONCLUDING PROVISIONS

(1) 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.

(2) 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 Comptroller or his duly authorized representative for good cause upon written application by the Board.

(3) 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. This Agreement shall terminate and be of no further force or effect on the date that the Bank’s proposed charter conversion to a Wyoming state chartered banking institution becomes effective.

(4) To the extent that any of the provisions of this Agreement conflict with the terms found in any existing agreement between the Comptroller and the Bank, the provisions of this Agreement shall control.

(5) This Agreement is intended, 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 OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its 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 OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations 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/ *6/28/05*

H. Gene Robinson
Office of the Comptroller of the Currency
Assistant Deputy Comptroller
Salt Lake City 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/	June 27, 2005
T. Coleman Andrews, III	Date
/s/	June 27, 2005
Matthew T. Ware	Date
/s/	June 27, 2005
Joe Oliver	Date
/s/	June 27, 2005
Tim Anonick	Date
/s/	June 27, 2005
Laurence Carroll Fentriss	Date

Business Plan Guidelines

Preparation and Use

The business plan should be an integral part of the management and oversight of a financial institution (institution). It should establish the institution's goals and objectives. It is a written summary of how the business will organize its resources to meet its goals and how the institution will measure progress.

The business plan should be a comprehensive plan, which is the result of in-depth planning by the institution's organizers and management. It should realistically forecast market demand, customer base, competition, and economic conditions. The plan must reflect sound banking principles and demonstrate realistic assessment of risk in light of economic and competitive conditions in the market to be served. An institution with a special purpose or focus (for example, credit card, trust only, cash management, or bankers' bank) should address this special or unique feature in detail in the appropriate sections of the plan.

The business plan should cover three years and provide detailed explanations of actions that are proposed to accomplish the primary functions of the institution. The description should provide enough detail to demonstrate that the institution has a reasonable chance for success, will operate in a safe and sound manner, and will have adequate capital to support the risk profile.

For any institution with an Internet or alternative electronic delivery channel, the plan should contain a clear and detailed definition of the market the institution plans to serve and the products and services it will provide through electronic channels. Because the Internet has a potential global market and can reach anyone with Internet access, the selected information on market area and products and services is essential. The marketing plan should explain how the institution would achieve brand recognition.

Confidentiality

Any Applicant desiring confidential treatment of specific portions of the plan and projections must submit the request in writing. The request must discuss the justification for the requested treatment. The Applicant's reasons for requesting confidentiality should specifically demonstrate the harm (for example, loss of its competitive position, invasion of privacy) that would result from public release of information (5 U.S.C. 552 or relevant state law). Information for which confidential treatment is requested should be: (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled "Confidential." The Applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information to the plan.

The Applicant should contact the appropriate regulatory agency for specific instructions regarding requests for confidential treatment. The appropriate regulatory agency will determine whether the information will be treated as confidential and will advise the Applicant of any decision to publicly release information labeled as "Confidential."

BUSINESS PLAN

I. Table of Contents

II. Executive Summary

Describe the highlights of the plan.

III. Description of Business

A. Describe the institution's business and any special market niche, including the products, market, services, and nontraditional activities.

B. If in a holding company structure, discuss the operations of the organization, including a brief detail of the organizational structure and interaction between the institution and its affiliates.

C. Describe the extent, if any, that there are or will be transactions with affiliated entities or persons. Include terms.

D. Discuss the legal form and stock ownership of the institution and any investment in subsidiaries or service corporations.

E. For an operating company, describe the present financial condition and current resources, such as office network, staff, and customer base. Specifically discuss the strengths and weaknesses.

F. Describe the proposed location, office quarters, and any branch structure.

G. Discuss any growth or expansion plans, including additional branches, other offices, mergers, or acquisitions.

IV. Marketing Plan

A marketing plan should provide in detail factual support that the institution has reasonable prospects to achieve the revenue projections, customer volume, and key marketing and income targets. The analysis should be based on the most current data available, and the sources of information should be referenced. This section should contain an in-depth discussion of the major planning assumptions for the market analysis, economic, and competitive components used to develop the plans, objectives, and the basis for the assumptions.

A. Product Strategy

1) List and describe the general terms of the planned products and services, including activities of any subsidiaries. Discuss any plans to engage in any subprime or speculative lending, including plans to originate loans with high loan-to-value ratios.

2) Discuss how the institution will offer products and services over the three years, indicating any variation in the different market areas or distribution channels, and include the time frame for the introduction and the anticipated cost associated with each.

3) Describe the institution's plans to engage in any secondary market/mortgage banking activity, including loan participations. Discuss plans to use forward take-out commitments or engage in loan securitization. Describe any plans to engage in hedging activity to mitigate the risks of this activity. Also, discuss plans to retain recourse and servicing.

4) Describe the primary sources of loans and deposits and the major methods to solicit them. If using brokers or agents, provide full details of the nature and extent of all such activities, including sources, amounts, fees, and any intended tie-in of compensatory arrangements with the broker or agent.

5) Describe any arrangements with e-commerce businesses (for example, links to another's Web site to shop, order, or purchase goods and/or services online).

B. Market Analysis

1) Describe the intended target market and the geographical market area(s).

2) Describe the demographics of the target market population (for example, age, education, and occupation).

3) *For an OTS filing*, discuss in detail any current and/or proposed actions to accomplish the institution's commitment to promote home financing.

C. Economic Component[1]

1) Describe the economic forecast for the three years of the plan. The plan should cover the most likely scenario and discuss possible economic downturns.

2) Indicate any national, regional, or local economic factors that may affect the operations of the institution. Include an analysis of any anticipated changes in the market, the factors influencing those changes, and the effect they will have on the institution.

3) Describe the current economic characteristics of the proposed market(s), for example, size, income, and industry and housing patterns.

4) Based on the economic characteristics described previously, discuss the economic factors that influence the products and services to be offered. A more

[1] If obtained, discuss any independent economic survey or market feasibility study.

in-depth discussion is warranted when different types of services are identified for different market areas in the Description of Business section.

D. Competitive Analysis

1) Compare and contrast the institution’s product strategy with its principal competitors in the target market(s). Include expected results in terms of relative strength, market share, and pricing.

2) Discuss the overall marketing/advertising strategy, including approaches to reach target market through the marketing of brand, products, and services. Outline the specific medium that will be used, including timing and level of advertising efforts.

3) Discuss potential competition in the target market(s).

V. Management Plan — Directors and Officers

A. Provide the number of organizers and/or directors. Provide a list of board committees and a brief explanation of the responsibilities of each committee.

B. Describe the organizational structure and provide an organizational chart, indicating the number of officers and employees. Describe the duties and responsibilities of the senior executive officers. Describe any management committees that are or will be established.

C. Discuss the institution’s plans to address management succession, including any management training program or other available resources.

VI. Records, Systems, and Controls

A. Describe the institution’s current and/or proposed accounting and internal control systems, indicating any use of electronic processing systems.

B. Describe management’s proposed internal audit function. The description should set forth the independence of the department and the scope and frequency of audits. Discuss the experience and education of the audit staff. If external auditors will be used for internal audits, provide similar information for the external auditors.

C. Describe the compliance management programs, addressing independence, scope, frequency, and staff qualifications. Discuss how the institution will respond to consumer complaints.

D. State plans for an annual audit by independent public accountants.

E. Discuss the functions that will be outsourced and what the institution will do in-house.

VII. Financial Management Plan

A. Capital and Earnings

1) Discuss the capital goals and the means to achieve them.

2) Discuss the earnings goals in terms of return on assets, net interest margin, or other profitability measurements, and summarize the strategies to achieve those goals.

3) Discuss the plan for raising capital and for financing growth, with particular emphasis on conformance with regulatory capital requirements.

4) Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including technology, branching, and projected organization and operating expenses. Present a thorough justification to support the proposed capital, including any off-balance-sheet activities contemplated.

5) Describe the debt service requirements for any debt that will be issued at the holding company level to capitalize the institution.

6) Discuss the use of options, warrants, and/or other benefits associated with the institution's capital.

7) Summarize the dividend policy.

B. Liquidity and Funds Management

1) Discuss how the institution will identify and measure liquidity risk.

2) Discuss the institution's plan to monitor and control its liquidity risk, including funding sources (deposits, borrowings, securitizations). Include holding company support, if any.

3) Describe any plans to borrow funds from any financial institutions or other sources, including the amount, composition, interest rate, maturity, purpose, and collateral.

4) Discuss the type of investment securities the institution plans to purchase.

C. Sensitivity to Market Risk

1) Discuss the institution's objectives, strategies, and risk tolerance for interest rate risk.

2) Discuss how the institution will identify and measure interest rate risk.

3) Discuss the institution's asset and liability portfolio in terms of sensitivity to interest rate changes and the impact of earnings and capital and net portfolio value.[2] Discuss the risk limits to control interest rate risk.

4) Describe any plans to use hedging activities (for example, futures, options, interest rate swaps, or other derivative instruments).

D. Credit Risk

1) Discuss how the institution will identify and measure credit risk.

2) Describe the loan review program, addressing independence, scope, frequency, and staff qualifications.

3) Describe the methodology used to determine the allowance for loan and lease losses.

VIII. Monitoring and Revising the Plan

A. Describe how the board of directors will monitor adherence to the business plan.

B. Describe how the board of directors will adjust and amend the plan to accommodate significant or material economic changes.

IX. Alternative Business Strategy (Optional unless your regulator requires)

An alternative business strategy details how an institution will operate under scenarios in which market conditions differ significantly from those projected in this business plan. This alternative business strategy should be realistic about the business risks and incorporate sound management of such risks. This alternative strategy should consider potential adverse scenarios relating to the asset or liability mixes, interest rates, operating expenses, marketing costs, and growth rates. This discussion should include realistic plans for how the bank would access additional capital, if needed, in the future and, if applicable, contingency funding plans that address strategies for managing potential liquidity fluctuations. This plan also should discuss any financial safeguards to offset unexpected costs and remain well capitalized.

Periodically, the institution should update this section, especially as the institution becomes more complex and as industry conditions change.

X. Financial Projections

A. Provide financial information for opening day *pro forma* and quarterly projections for the three years of operations. Also provide annual totals for the Income Statement. The line items in the financial statements should be consistent with the Consolidated Reports

[2] For OTS filing, see Thrift Bulletin 13a.

of Condition and Income or the Thrift Financial Report (Report)[3] so that projected items may be compared conveniently with actual performance. The following reports should be used:

Projected Balance Sheet (Schedule RC or SC)

Projected Income Statement (Schedule RI or SO)

Regulatory Capital Schedule (Schedule RI-A or CCR)

The financial statements should be presented in two ways: (1) showing the dollar amounts, and (2) as a percentage of total assets.

1) Describe in detail all of the assumptions used to prepare the projected statements, including the assumed interest rate scenario for each interest earning asset and interest costing liability over the term of the business plan. Also present a thorough justification to support proposed capital, including any branch expansion and off-balance-sheet activities contemplated.

2) Provide the basis for the assumptions used for noninterest income and noninterest expense. Indicate the amount of lease expense, capital improvements, and furniture, fixtures, and equipment, including systems and equipment upgrades.

3) Describe the assumptions for the start-up costs, volumes, expected returns, and expected time frame to introduce each new product and service.

B. Discuss how the institution used marketing studies or surveys to support the institution's projected growth.

C. Discuss the level of marketing expenses necessary to achieve the projected market share for both loan and deposit products. Assumptions should be consistent with those experienced by other institutions in the target market. Explain any significant variances between the assumptions in the target market.

D. Provide a sensitivity analysis of the financial projections. A sensitivity analysis provides a realistic stress test of the major underlying assumptions used in the business plan and the resultant financial projections. For example, adjust the financials to reflect the effects of adverse changes in the interest rate environment, changes in the asset/liability mix, higher than expected operating expenses, marketing costs, and/or growth rates.

[3] See FDIC's Web site, http://www.fdic.gov/regulations/resources/call/crinst/callinst.html or http://www.ots.treas.gov (link to TFR form and instructions).