

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: Hillcrest Bank, National Association (In Organization)
Overland Park, Kansas

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("FDIC") pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act regarding the application for Federal deposit insurance with membership in the Deposit Insurance Fund for Hillcrest Bank, N.A. ("Bank"), a proposed new national bank to be located at 11111 West 95th Street, Overland Park, Kansas, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be approved, and the same is hereby approved, subject to the following conditions:

1. Initial paid-in-capital funds of not less than **[\$136,000,000]** shall be provided.
2. Federal deposit insurance shall not become effective unless the applicant is the successful bidder for, and subsequently acquires certain assets and assumes deposits and certain other liabilities from the FDIC as receiver for Hillcrest Bank, Overland Park, Kansas.
3. The Bank's Tier 1 common equity to total assets ratio, as defined in the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions ("Policy Statement"), shall be maintained at not less than 10 percent upon acquiring Hillcrest Bank and throughout the first three years of operation.
 - a. After such 3-year period and for so long as the Investors, directly or indirectly, own the Bank, it shall maintain no lower level of capital adequacy than "well capitalized" as defined in the appropriate capital regulations and guidance of the OCC.
 - b. The Bank shall at all times maintain an adequately funded allowance for loan and lease losses.
 - c. For purpose of this Order, Investors shall include: Lawrence K. Fish; Frank V. Cahouet; Ralph W. Clermont; Robert E. Dean; Micho F. Spring; Burney S. Warren; James B. Fitzgerald; Donald G. Gaiter; Thomas M. Metzger; FBR Capital Markets PT, Inc.; Ithan Creek Master Investors (Cayman) L.P.; Paulson Recovery Master Fund Ltd.; Fidelity Management and Research for and on behalf of its investing entities; and Elliot Associates LP.

4. The Bank, NBH Holdings Corp., and each Investor shall be bound by, and comply with, all applicable provisions of the Policy Statement including, but not limited to, Condition 3 of this Order which provides that the Bank shall maintain Tier 1 common equity to total assets ratio of at least 10 percent upon acquiring Hillcrest Bank throughout the first three years of operation.
5. Any changes in the proposed management of the Bank shall be approved by the FDIC prior to opening.
6. Within 60 days of the date of this Order and at all times thereafter, at least fifty (50) percent of the Bank's Board of Directors shall be independent directors with banking or related financial management expertise. For purposes of this condition, an "independent director" is one that (a) is not a principal, director, member, officer, or employee of the Bank, NBH Holdings Corp., or any other Investors provided that a person who is an outside director of NBH Holdings Corp. or an affiliated insured depository institution, and is independent of management of NBH Holdings Corp. may serve as an independent director of the Bank, (b) is otherwise "independent of management" within the meaning of 12 C.F.R. Part 363, and (c) has not been otherwise determined by the OCC or FDIC to lack sufficient independence. In each case, service by these individuals on the Bank's Board of Directors will be subject to prior review and non-objection by the OCC and the appropriate FDIC Regional Director.
7. The Bank shall provide to the appropriate FDIC Regional Director, and the OCC, the final employment agreements and compensation arrangements (including bonus plans) for the Bank's senior executive officers, and obtain the prior written non-objection of the appropriate Regional Director for those agreements and compensation arrangements not previously reviewed by the FDIC as part of the application for deposit insurance. The submission shall include a study or similar documentation to support the reasonableness of the proposed compensation.
8. During the Bank's first three years of operation, the Bank shall obtain the prior written non-objection of the appropriate FDIC Regional Director prior to implementing any stock benefit plan developed either by the Bank or NBH Holdings Corp., offered to Bank employees, and not previously reviewed by the FDIC as part of the application for deposit insurance.
9. The Audit Committee of the Bank's Board of Directors shall be comprised of at least three of the Bank's directors, none of whom are officers or employees of the Bank, and all of whom are independent.
10. The Bank shall obtain adequate fidelity coverage prior to the date deposit insurance becomes effective.
11. The Bank shall adopt an accrual accounting system for maintaining the books of the Bank.

12. Federal deposit insurance shall not become effective until the applicant has been granted a charter, has authority to conduct banking business, and its establishment and operation as a depository institution has been fully approved by the OCC.
13. Federal deposit insurance shall not become effective until each registered or proposed holding company has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the proposed depository institution prior to its opening for business.
14. The Bank shall submit a detailed, revised Business Plan, including a Community Reinvestment Act plan (required by the OCC within 60 days after the acquisition of a failed insured depository institution from the FDIC as receiver) to the appropriate FDIC Regional Director, and shall obtain the prior written non-objection of the Regional Director prior to implementing the revised plan. For three years following the commencement of operations, the Bank shall provide to the appropriate FDIC Regional Director within 45 calendar days after the end of the calendar quarter, a business plan variance report detailing compliance with and any material deviations from the revised Business Plan.
15. For three years following the commencement of banking operations, the Bank shall provide to the appropriate FDIC Regional Director at least 60 days prior notice of any proposed material changes to the revised Business Plan.
16. The Bank shall provide to the appropriate FDIC Regional Director copies of the monthly reports provided to the FDIC pursuant to any Loss-Share Agreement by and between the FDIC, as receiver for Hillcrest, and the Bank.
17. The Bank shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance coverage becomes effective and shall submit to the appropriate FDIC Regional Director (i) a copy of the audited annual financial statements and the independent auditor's report thereon within 90 days after the end of the Bank's fiscal year; (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the Bank; and (iii) written notification within 15 days after a change in the Bank's independent auditor occurs.
18. With respect to any proposed director or senior executive officer of the Bank for whom background checks have not been completed, the Bank shall take such action as required by the appropriate FDIC Regional Director and the OCC, if either objects to any such person based on information obtained as part of the background check.
19. Full disclosure shall be made to all proposed directors and stockholders of the Bank of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who (i) is or is proposed to be a

director, officer, or incorporator of the Bank; (ii) a shareholder who directly or indirectly controls ten percent or more of any class of the Bank's outstanding voting stock; or (iii) an associate or interest of any such person.

20. Until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its approval should an interim development be deemed to warrant such action.
21. If deposit insurance has not become effective within six months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, this approval shall expire at the end of said six-month period.

Dated at Washington, D.C. this 21st day of October, 2010.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: _____
Lisa D. Arquette
Associate Director
Division of Supervision and Consumer Protection

FEDERAL DEPOSIT INSURANCE CORPORATION

**In Re: Hillcrest Bank, N.A. (Proposed)
Overland Park, KS**

Application for Federal Deposit Insurance

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1815), the Federal Deposit Insurance Corporation (FDIC) received an Interagency Charter and Federal Deposit Insurance Application on behalf of Hillcrest Bank, N.A., a proposed new institution that will be located at 11111 West 95th Street, Overland Park, Johnson County, Kansas. The application is intended to establish a newly chartered national bank for the purpose of acquiring certain assets and assuming certain liabilities of Hillcrest Bank, Overland Park, Kansas, from the FDIC in its capacity as receiver in a purchase and assumption transaction. The organizers have concurrently applied for a national bank charter and filed a Bank Merger Act application with the Office of the Comptroller of the Currency ("OCC") to facilitate the proposed acquisition.

In accordance with FDIC regulations, the deposit insurance application will not be subject to public notice, as the application is in furtherance of the resolution of a failing institution, Hillcrest Bank (12 C.F.R. §303.23 (b)). The OCC intends to waive its public notice requirements pursuant to its regulations (12 U.S.C. §1828(c)(3), §(4)(C)(i), and §(6)).

The Bank will be a wholly-owned subsidiary of NBH Holdings Corp. (the "Company"), a Delaware corporation organized to become a regulated bank holding company. The Company will be owned by 74 investors. Capital of up to \$136,000,000 will be provided by the Company.

The Company will become a bank holding company given its level of ownership interest of the Bank. In addition, certain of the principal shareholders of Company, including FBR Capital Markets PT. Inc, Fidelity Management and Research, Wellington Management (on behalf of Ithan Creek Master Investors (Cayman) L.P.), and Paulson & Company have executed passivity, anti-association and information agreements with the Board of Governors of the Federal Reserve System with respect to their investments in the Company and the Bank.

FDIC Staff analyzed the deposit insurance application based upon the Company, as well as the Bank, being the successful bidder. The Company intends to provide the Bank with sufficient capital, funding, and managerial resources to accomplish several strategic priorities. The high-level strategy proposed by the organizers is to build a leading community banking franchise that will focus on servicing the needs of retail and business customers through a core-deposit high-service relationship model. The organizers'

strategic long-term goal is to create a well-managed, conservative, efficient, and profitable banking institution.

The financial projections show that the Bank will be capitalized with an amount sufficient to achieve a Tier 1 common equity to total assets ratio, as defined in the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions, of not less than 10 percent upon acquiring Hillcrest Bank, Overland Park, Kansas, and throughout the first three years of operation. Future earnings prospects appear attainable, and management is considered satisfactory. Corporate powers to be exercised are consistent with the purpose of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent.

Accordingly, based upon a careful evaluation of all available facts and information and in consideration of the factors of Section 6 of the FDI Act, the Associate Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**