

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: Overland Bank
(In Organization)
Wellington, Colorado
Application for Federal Deposit Insurance
Deposit Insurance Fund

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation 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 and relating to the application for Federal deposit insurance through the Bank Insurance Fund for Overland Bank, a proposed new bank to be located in the Boxelder Plaza Shopping Center at 70th and 5th Streets, Wellington, Larimer County, Colorado, and has concluded that the application should be approved. Initially, Overland Bank will temporarily open in the Main Street Market grocery store located at 7670 5th Street, Wellington, Larimer County, Colorado, and then open at the permanent site in the same shopping center with the initial location being re-designated as a branch upon opening the facility.

Accordingly, it is hereby ORDERED that the application submitted by Overland Bank, Wellington, Larimer County, Colorado for Federal deposit insurance is hereby approved subject to the following conditions:

- (1) That beginning paid-in capital funds of not less than \$5,000,000 be provided;
- (2) That the Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance of the institution's primary Federal regulator) will be maintained at not less than eight percent throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided;
- (3) That any changes in proposed management (the proposed directors and proposed president) or proposed ownership of 10 percent or more of stock, including new acquisitions of or subscriptions to 10 percent or more of the stock be approved by the FDIC prior to opening;
- (4) That an accrual accounting system be adopted for maintaining the bank's books;
- (5) That a registered or proposed bank holding company has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the proposed institution prior to its opening;
- (6) That, if applicable, any proposed contracts, leases, or agreements relating to construction or rental of permanent quarters be submitted to the Regional Director for review and comments;

- (7) That, where applicable, full disclosure has been made to all proposed directors and stockholders 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 cost involved. An insider is one who is or is proposed to be a director, officer, or incorporator of an applicant; a shareholder who directly or indirectly controls 10 or more percent of any class of the applicant's outstanding voting stock; or the associates or interests of any such person;
- (8) That, prior to opening, the persons selected to serve as the principal operating officers (Chief Lending Officer, Chief Operations Officer, and Bank Secrecy Officer) shall be acceptable to the Regional Director;
- (9) That the applicant will have adequate fidelity coverage;
- (10) That the institution will:
 - (a) Obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective;
 - (b) Furnish a copy of the audited annual financial statements and the independent public auditor's report within 90 days after the end of the depository institution's fiscal year;
 - (c) Supply a copy of any reports by the independent auditor (including any management letters) to the appropriate FDIC Regional Office within 15 days after their receipt by the depository institution;
 - (d) Notify the appropriate FDIC Regional Office within 15 days when a change in its independent auditor occurs;
- (11) That the bank shall operate within the parameters of the business plan submitted to the FDIC. Furthermore, during the first three years of operations, the bank shall notify the Regional Director of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
- (12) That all directors will attend at least one director education program within 180 days of the bank opening for operation;
- (13) That, prior to opening, at least one outside director who has recent banking experience and is acceptable to the Regional Director be added to the bank's board;
- (14) That prior to opening, the written loan, investment, funds management, Information Technology, and Bank Secrecy Act policies be acceptable to the Regional Director and adopted by the institution's board of directors;
- (15) That prior to opening, the parent company's final shareholders list will be provided to the Regional Director;

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STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815), an application for Federal deposit insurance has been filed for Overland Bank, a proposed new nonmember state bank, to be located at located in the Boxelder Plaza Shopping Center at 70th and 5th Streets, Wellington, Larimer County, Colorado.

Overland Bank will offer traditional retail and commercial banking services in its designated trade area as well as other parts of metropolitan Larimer and Weld counties, Colorado. Overland Bank will be a subsidiary of Overland Bankshares, Ltd., Fort Collins, Colorado, in organization, a one-bank holding company. Insider transactions are reasonable and do not appear to present any undue risk to Overland Bank.

For the purposes of this proposal, capital is adequate, projections for future earnings prospects are favorable, management is considered satisfactory, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No formal objections to this proposal have been filed, and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Acting Regional Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

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