

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 17 day of September, 1992, by and between Century Bank, Federal Savings Bank, Santa Fe, New Mexico (OTS No. 1441) ("Institution") for itself and any wholly-owned or partly-owned subsidiary, and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Sections 902 and 907 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), §§ 902 and 907, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. §§ 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, specifically 12 C.F.R. §§ 215.4, 563.43, and 563.161(a), thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with 12 C.F.R. §§ 215.4, 563.43, and 563.161(a), as of March 9, 1992, so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

BUSINESS PLAN

1. (a) By September 30, 1992, the Board of Directors ("Board") shall prepare and submit to the Regional Deputy Director for review and comment, a detailed written three-year business plan ("Business Plan") which will include, but not be limited to: (i) types and levels of activities to be engaged in by the Institution; (ii) goals and objectives against which the performance of the Institution can be evaluated, and (iii) quarterly pro forma financial statements by which to monitor the progress and overall performance of the business of the Institution.
- (b) At the request of the Regional Deputy Director, the Institution shall provide the Regional Deputy Director with progress reports comparing actual performance to the projections and goals set forth in the Business Plan, indicating any variances from the Business Plan and providing for appropriate adjustments to the Business Plan. Such progress reports shall provide explanations for material variances from the Business Plan.

CONFLICTS OF INTEREST

2. (a) The Board shall review and familiarize themselves with Section 11 of the Home Owners' Loan Act, as amended by Section 306 of Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), Pub. L. No. 102-242 (December 19, 1991), 105 Stat. 2253), 12 U.S.C. § 1468 and regulations adopted thereunder, and 12 C.F.R. §§ 563.40-43, 571.7, and 571.9; subsections (g) and (h) of Section 22 of the Federal Reserve Act ("FRA"), 12 U.S.C. §§ 375a and 375b; and its implementing regulations, applicable sections of 12 C.F.R. Part 215, including amendments set forth in 57 Fed. Reg. 21199-21207 (May 19, 1992); and Sections 23A and 23B of the FRA, 12 U.S.C. §§ 371c and 371c-1. The Institution and the Board shall continue to maintain guidelines for directors' responsibilities, business ethics, and conflicts of interest which are in accordance with the statutes and regulations cited in this Paragraph. The Institution shall not deviate from these guidelines without the prior written approval of the Regional Deputy Director.
- (b) The Board shall comply with the Institution's current policy on avoidance of conflicts of interest. Said policy shall not be amended or deviated from without the prior written authorization of the Board or as requested by the Regional Deputy Director or his designee. The Board shall continue to review its guidelines and policy on avoidance of conflicts of interest to ensure it is in conformance with applicable regulations.

BONUS POLICY

3. (a) By September 30, 1992, the Board shall submit to the OTS for review and no supervisory objection, a written policy addressing the payment of bonuses to officers and employees of the Institution. The policy shall establish specific methods of determining bonus payments based upon reasonable performance measures and which are consistent with Regulatory Bulletin No. 27 dated November 8, 1991. Non-recurring income that is not part of the Institution's routine business operations, including gains from the sale of securities and other assets appropriately segregated by the Institution as held for investment, shall not be used as a factor in determining performance measures for bonus payments.
- (b) The Board shall comply with the policy set forth in Paragraph 3(a). Said policy shall not be amended or deviated from without the prior written authorization of the Regional Deputy Director.

DISPOSITION AND UTILIZATION OF REAL PROPERTY

4. By September 30, 1992, the Board shall develop, adopt, and submit to the Regional Deputy Director for review and no supervisory objection, a written plan ("Plan") providing for the timely disposition or utilization of the Rodeo Road Property located in Santa Fe, New Mexico. Upon the request of the Regional Deputy Director, the Plan shall be amended as directed.

APPROVAL OF EXECUTIVE OFFICERS AND DIRECTORS

5. Pursuant to § 32(a) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1831i (1988 & Supp. I 1989), as added by Section 914 of FIRREA, and any regulations promulgated thereunder, the Board shall notify the Regional Deputy Director of the proposed addition or employment of any director or senior executive officer or transfer of any senior executive officer before such addition, employment, or transfer becomes effective. The Board may not add or employ any director or senior executive officer or transfer laterally any senior executive officer if the Regional Deputy Director issues a notice of disapproval before the end of 30 days from the date on which the notice was deemed complete by the Regional Deputy Director, beginning on the date the Regional Deputy Director receives notice of the proposed addition or employment.

GENERAL PROVISIONS

5. The Board shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution and its subsidiaries complied with each condition of this Agreement except as otherwise stated. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Regional Deputy Director. Within 30 days of each regular Board meeting, the Institution shall submit to the Regional Deputy Director a copy of the minutes of each Board meeting (the minutes of any subsidiary board of directors' meeting), and the minutes of Board committee(s) meetings, the aforementioned resolution, and the management report(s) of the Institution.

Each director shall at such time either provide the Regional Deputy Director with certification that, to the best of his or her knowledge and belief, and based upon a prudent review, the above-referenced resolution is accurate or provide the Regional Deputy Director with a written statement providing in detail the reason(s) for disagreement with the resolution.

6. (a) As used in this Agreement, the Regional Deputy Director or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).
- (b) As used in this Agreement, the term "subsidiary" or "subsidiaries" shall be as defined in 12 C.F.R. § 567.1(dd).
- (c) As used in this Agreement, the term "savings association" shall have the meaning as set forth in Section 2(4) of the HOLA, 12 U.S.C. § 1462(4) (Supp. I 1989).
- (d) Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Agreement pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, and FDIA, as amended. Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

This Agreement shall remain in effect until terminated, modified or suspended by the OTS, acting through the Regional Deputy Director.

IN WITNESS WHEREOF, the OTS, acting through the Regional Deputy Director, and the Institution, by its duly elected directors, have executed this Agreement on the date first above written.

**CENTURY BANK FEDERAL SAVINGS BANK
SANTA FE, NEW MEXICO**

By:

151
Director

OFFICE OF THRIFT SUPERVISION

By: _____
151
Regional Director

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 5th day of March, 1992, by and between Conservative Bank, a Federal Savings Bank, St. Louis, Missouri, Docket No. 2285 (hereinafter referred to as "Conservative" or the "Institution") and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution and the OTS. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C. §§ 1818(b) and (i), as amended.

WHEREAS, the OTS is of the opinion that the Institution has engaged in certain acts and practices in conducting the business of the Institution, which would provide grounds for the initiation of cease and desist proceedings against the Institution by the OTS, and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of cease and desist proceedings, and

WHEREAS, the OTS is willing to forbear from the initiation of cease and desist proceedings on the subjects covered by this Agreement for so long as the Institution is in compliance with the provisions of the Agreement that pertain to such subjects,

NOW, THEREFORE, in consideration of the OTS's above-stated forbearance from initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

1. Compensation

The base salary for President Marie Kennedy shall not exceed eighty thousand dollars (\$80,000) per annum effective January 1, 1992. In addition, Conservative shall not make or approve the payment of any bonus to or an increase in the compensation of the two most highly paid officers of the Institution unless and until the bonus or increase in compensation is based on, and in conformance with, a board approved officer compensation program that has been accepted in writing by the Des Moines OTS Regional Deputy Director. To be acceptable, such program must assess management's performance based on asset quality, capital levels, risk management, profitability (giving due consideration to whether long-term safety has or is being sacrificed for near-term profits), safety and soundness, and regulatory compliance. Such compensation and bonuses must also be comparable with levels paid by institutions of similar size and locality. For purposes of this paragraph, the term "compensation" includes remuneration in any form, including salary, board or committee fees, and any other benefit, but excludes standard benefits available to all employees on a nondiscriminatory basis, such as health or life insurance.

2. Business Plan

- a. Within thirty (30) days of the effective date of this Agreement, the board of directors of the Institution shall approve the business plan submitted to the Des Moines OTS Regional Deputy Director on December 18, 1992, containing

specific strategies for (1) generating an after-tax net operating income for calendar year 1992 and each succeeding year in an amount not less than .3 percent of average assets, and (2) attaining by no later than December 31, 1993, a level of tangible and core capital not less than five (5) percent. After such approval, the Institution shall comply with the plan, including all strategies and target levels of income and capital.

- b. Notwithstanding the above requirement, if after the date of this Agreement the Institution should fail to meet any required minimum level of capital, the Institution shall promptly develop a capital plan to comply with such higher requirement and shall be subject to any other restrictions or requirements that may be imposed by applicable law or OTS as a result of such failure.
- c. Any modifications to the business plan must be approved in writing by the OTS prior to implementation.

3. Reports Regarding Business Plan

By the 30th day following the quarter ending March 31, 1992, and by the 30th day following the end of every calendar quarter thereafter, the Institution shall submit to the Regional Deputy Director I a quarterly variance report in a format acceptable to the Regional Deputy Director I that compares actual progress toward meeting the income and capital targets established in its Business Plan and implementing Business Plan strategies.

4. Undefined Words or Terms

All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have meanings as defined in 12 C.F.R. Parts 500 to End (revised January 1, 1990) as updated by any amendments published in the Federal Register through the effective date of this Agreement, and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations or Federal Register shall have meanings that accord with the best custom and usage in the savings and loan industry.

5. This Agreement shall remain in effect until terminated by the OTS, acting through the Des Moines OTS Regional Deputy Director.

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officer or designated agent. A certified copy of the Resolution of the Board of Directors of the Institution authorizing the execution of this Agreement is attached hereto and made part hereof.

CONSERVATIVE BANK, A FEDERAL
SAVINGS BANK, St. Louis, Missouri

By: _____
15/

OFFICE OF THRIFT SUPERVISION

By: _____
15/

Regional Deputy Director I

CERTIFIED COPY OF
RESOLUTION OF
BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Conservative Bank, a Federal Savings Bank ("Institution"), hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting duly called and held on March 5, 1992, 1992, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

RESOLUTION

WHEREAS, the officers and directors of the Institution have been advised that OTS representatives believe the Institution to have engaged in certain acts and practices in conducting the business of the institution, which would provide grounds for the initiation of cease and desist proceedings against Institution by the OTS, and

WHEREAS, said officers and directors have been informed that the OTS will forbear from the initiation of cease and desist proceedings on the subjects covered by the attached Supervisory Agreement if it is executed by the Institution and its terms are thereafter carried out by the Institution, and

WHEREAS, the directors of the Institution have read and considered the proposed Supervisory Agreement ("Agreement") attached to the minutes of the meeting of the board of directors held on March 5, 1992, 1992, and after due consideration,^{*} and in the interest of regulatory compliance and cooperation, have determined to enter into the proposed Agreement:

* without, however, admitting that grounds exist for the issuance of a Cease and Desist Order against the Institution,

NOW, THEREFORE, BE IT RESOLVED, That the proposed Agreement, a copy of which is attached hereto, be and is hereby approved by the board of directors of the Institution. The President of the Institution is authorized to sign and execute this Agreement on behalf of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Institution this 5th day of March, 1992.

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Secretary