



January 8, 2018

**Conditional Approval #1191
February 2018**

Lori Sharp Day
Managing Partner
Ashcroft Law Firm
1101 Main St., Suite 64105
Kansas City, MO 64105

Re: Citizenship Waiver Request
Pikes Peak National Bank, Colorado Springs, CO
OCC Control Number 2017 WE Waiver 301279

Dear Ms. Day:

This letter responds to your request for the Comptroller of the Currency (OCC) to waive the United States' citizenship requirement under 12 USC 72 for Antoun Sehnaoui to be elected to the board of directors of Pikes Peak National Bank, Colorado Springs, CO. We understand that after his election, eighty (80%) of the bank's board of directors will meet the citizenship requirements of 12 USC 72.

The OCC hereby grants a waiver of the citizenship requirement of 12 USC 72 for Antoun Sehnaoui. This waiver is based upon a thorough review of all the information available, including the representations and commitments made in the application by you and your representatives, subsequent correspondence, and telephone conversations.

This approval is granted subject to the following conditions:

- (1) Until the Comprehensive Business Plan required by condition (2) below has been submitted by the Bank for OCC review, and has received a written determination of no supervisory objection from the OCC, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures and markets that existed at the Bank prior to consummation of the Change in Bank Control by Antoun Sehnaoui and his placement on the Bank's Board. This shall include, but not be limited to, transactions with foreign affiliates and international transfers and remittance. Approval of the OCC must be obtained before the bank begins to engage directly in international transfer of funds.
- (2) Within ninety (90) days of consummation of the Change in Bank Control by Mr. Sehnaoui and his placement on the Bank's Board, the Bank shall submit a written updated Business

Plan to the OCC for a prior written determination of no supervisory objection. The Business Plan shall cover at least a three (3) year period, and shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, product line development, outsourcing, and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives. The Business Plan shall include the following as a minimum:

- (a) identification of strategic goals and objectives to be accomplished over the short- and long-run, including the Bank's growth or expansion plans and short- and long-term merger or acquisition strategy, if applicable, and identification of new and future market segments and new or expanded business or product lines that will be utilized to accomplish the strategic goals and objectives;
- (b) a detailed analysis of how the Bank intends to accomplish the goals identified in paragraph (2)(a) of this condition, including executive management responsibilities and target dates for achievement;
- (c) a management plan that identifies any proposed changes in or additions to management personnel and their responsibilities and qualifications;
- (d) an evaluation of the Bank's internal operations, staffing requirements, Board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under paragraph (2)(a) of this condition;
- (e) control systems and governance structure to mitigate risks associated with planned new products, new services, alterations or modifications to existing products or services, growth, outsourcing arrangements, or any proposed changes in the Bank's operating environment;
- (f) a written risk management program;
- (g) written policies and procedures concerning contracts, agreements, and transactions between the Bank and its affiliates and insiders, including measures to ensure that the Bank's interests are independently assessed and appropriately protected;
- (h) a forecast for the three-year period covered by the Business Plan, broken down on a quarterly basis, to include projections for major balance sheet and income statement accounts, capital and liquidity statements, earnings and profit, and desired financial ratios (collectively, an "Operating Budget"); and

- (i) the specific business assumptions forming the basis of the Operating Budget, and a process for Bank management to track and address changes to those assumptions throughout the period covered by the Operating Budget;
 - (j) a list of activities, functions, or responsibilities that will be outsourced to affiliates and third-parties, identifying the parties, noting any affiliations, and describing the terms and conditions of the vendor agreements;
 - (k) a vendor management program, consistent with OCC Bulletin 2013-29, Third-Party Relationships: Risk Management Guidance (October 30, 2013) and any subsequent guidance, including the due diligence process for selecting affiliate and third-party service providers and the oversight process for monitoring them;
 - (l) provisions for the maintenance, growth and Board review of the Bank's earnings, capital, and liquidity;
 - (m) systems to monitor the Bank's progress in meeting the Business Plan's goals and objectives.
- (3) Once the Bank receives the prior written determination of no supervisory objection from the OCC required by paragraph (2) of this condition, the Bank shall promptly adopt, implement, and thereafter adhere to the Business Plan.
- (4) Once the Business Plan is adopted, the Bank shall not make a material change to, or significantly deviate from, the Business Plan unless the Bank has first given the OCC at least thirty (30) days prior written notice of its intent to do so, and obtained the OCC's prior written determination of no supervisory objection to such action, *provided that*, if such change or deviation is the subject of an application to the OCC requiring OCC prior approval, additional notice under this paragraph (4) is not required. The Bank's request for prior written determination of no supervisory objection to a material change or significant deviation shall include, at a minimum, (a) an assessment of the adequacy of the Bank's management, staffing levels, organizational structure, financial condition, capital adequacy, funding sources, management information systems, internal controls, and written policies and procedures with respect to the proposed significant deviation and (b) the Bank's evaluation of its capability to identify, measure, monitor, and control the risks associated with the proposed significant deviation.
- (5) Once the Bank receives prior written determination of no supervisory objection from the OCC for a material change to or significant deviation from the Business Plan, the Bank shall revise the Business Plan to reflect the change and the Bank shall implement and thereafter adhere to the revised Business Plan. If, after receiving supervisory non-objection from the OCC for a significant deviation from or change to its Business Plan, the Bank decides not to make such change, the Bank shall, within ten (10) days of its decision, provide written notice to the OCC.

- (6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the Business Plan. The Bank shall not operate or conduct business in a manner inconsistent with the most recent Business Plan that has received supervisory non-objection from the OCC.
- (7) The Board shall ensure that the Bank has senior executive officers and other management with sufficient experience and expertise to implement the Business Plan, in a safe and sound manner. The Bank shall not commence offering a product or service included in the Business Plan until the Bank has appropriate management, staffing, systems, and risk controls fully in place for the product or service.
- (8) The Board shall ensure that performance under the Business Plan is reviewed at least quarterly. The Bank shall report any material deviation from the Business Plan or any material deviation from the financial projections required under paragraph (2)(l) above to the OCC within five (5) days of the discovery of the deviation. The report shall describe and provide an explanation of any material deviations.

These conditions of this approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

The OCC reserves the right to withdraw this waiver at any time and, at our discretion, to request additional biographical and/or financial information on Antoun Sehnaoui.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank’s representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains.

The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Sincerely,

signed

Louis T. Gittleman
Director for District Licensing