

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

NEW MEXICO FINANCIAL INSTITUTIONS DIVISION
SANTA FE, NEW MEXICO

_____	)	
In the Matter of	)	
	)	CONSENT ORDER
	)	
INTERNATIONAL BANK	)	
RATON, NEW MEXICO	)	FDIC-11-439b
	)	
	)	FID 2011-002
(Insured State Nonmember Bank)	)	
_____	)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for International Bank, Raton, New Mexico (“Bank”), under 12 U.S.C. § 1813(q).

The New Mexico Financial Institutions Division (“State”) is the appropriate state banking agency for the Bank, under Article 1, Section 34 of Chapter 58 of the New Mexico Statutes, N.M. Stat. Ann. § 58-1-34 (Matthew Bender, 1978).

The Bank, by and through its duly elected and acting board of directors (“Board”), has executed a “STIPULATION TO THE ISSUANCE OF A CONSENT ORDER” (“STIPULATION”), dated November 2, 2011, that is accepted by the FDIC and the State. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to operating with an excessive volume of classified assets, inadequate lending policies and procedures, inadequate internal loan review system, a concentration of credit to an individual borrower, inadequate

Board supervision and oversight, inadequate capital protection, deficient interest rate risk management policies and procedures, weaknesses in liquidity, and weaknesses in earnings and budgeting, to the issuance of this CONSENT ORDER (“ORDER”) by the FDIC and the State.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Article 1, Section 34 of Chapter 58 of the New Mexico Statutes, N.M. Stat. Ann. § 58-1-34 (Matthew Bender, 1978) have been satisfied, the FDIC and the State hereby order that:

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

1. (a) Within 30 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss by the FDIC or the State as a result of its examination of the Bank as of June 6, 2011. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered “collection” for the purpose of this paragraph.

(b) Within 90 days after the effective date of this ORDER, the Bank shall submit a written plan to reduce the remaining assets classified Doubtful and Substandard as of June 6, 2011, (“Classified Asset Plan”) to the Regional Director of the FDIC’s Dallas Regional Office (“Regional Director”) and the Director of the New Mexico Financial Institutions Division (“Director”) for review. The Classified Asset Plan shall address each asset so classified with a balance of \$1,000,000 or greater. The Classified Asset Plan shall include any classified assets identified subsequent to the June 6, 2011, examination by the Bank internally, or by the FDIC or the Financial Institutions Division in a subsequent visitation or examination. For each identified asset, the Classified Asset Plan should provide the following information:

- (1) The name under which the asset is carried on the books of the Bank;
- (2) Type of asset;
- (3) Actions to be taken in order to reduce the classified asset; and
- (4) Time frames for accomplishing the proposed actions.

The plan shall also include, at a minimum:

- (1) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and
- (2) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

In addition, the Bank's plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the plan shall contain a provision requiring the submission of monthly progress reports to the Bank's Board and a provision requiring a review by the Bank's Board.

(c) The Bank shall present the plan to the Regional Director and the Director for review. Within 30 days after the Regional Director's and the Director's response, the plan, including any requested modifications or amendments shall be adopted by the Bank's Board, which approval shall be recorded in the minutes of the meeting of the Bank's Board. The Bank shall then immediately initiate measures detailed in the plan to the extent such measures have not been initiated.

(d) For purposes of the plan, the reduction of adversely classified assets as of June 6, 2011, shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's Allowance for Loan and Lease Losses ("ALLL") and may be accomplished by:

- (1) Charge-off;
- (2) Collection;
- (3) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; or
- (4) Increase in the Bank's Tier 1 Capital.

(e) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as determined at any future visitation or examination conducted by the FDIC or the State. The Bank shall also update the Classified Asset Plan as needed to reflect any assets subsequently classified as Doubtful or Substandard by the Bank internally or by the FDIC or the State.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

2. (a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose existing credit has been classified Loss by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, or to any borrower who is already obligated in any manner to the Bank on any extension of credit, including any portion thereof, that has been charged off the books of the Bank and remains uncollected. The requirements of this paragraph

shall not prohibit the Bank from renewing credit already extended to a borrower after full collection, in cash, of interest due from the borrower.

(b) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose extension of credit is classified Doubtful and/or Substandard by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's Board has signed a detailed written statement giving reasons why failure to extend such credit would be detrimental to the best interests of the Bank. The statement shall be placed in the appropriate loan file and included in the minutes of the applicable Bank's Board meeting.

REDUCTION OF DELINQUENCIES

3. (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Director for review and comment a written plan for the reduction and collection of delinquent loans. Such plan shall include, but not be limited to, provisions which:

- (1) Prohibit the extension of credit for the payment of interest;
- (2) Delineate areas of responsibility for implementing and monitoring the Bank's collection policies;
- (3) Establish specific collection procedures to be instituted at various stages of a borrower's delinquency;
- (4) Establish dollar levels to which the Bank shall reduce delinquencies within 90 days; and

(5) Provide for the submission of monthly written progress reports to the Bank's Board for review and notation in minutes of the meetings of the Bank's Board.

(b) For purposes of the plan, "reduce" means to:

(1) Charge-off; or

(2) Collect.

(c) After the Regional Director and the Director have responded to the plan, the Bank's Board shall adopt the plan as amended or modified by the Regional Director and the Director. The plan will be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

CONCENTRATION – PLAN FOR REDUCTION

4. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Director for review and comment a written plan to reduce the loan concentration of credit identified in the Report of Examination as of June 6, 2011, to not more than 25 percent of the Bank's total Tier 1 Capital. Such plan shall prohibit any additional advances that would increase the concentrations or create new concentrations and shall include, but not be limited to:

(1) Dollar levels to which the Bank shall reduce the concentration; and

(2) Provisions for the submission of monthly written progress reports to the Bank's Board for review and notation in minutes of the meetings of the Bank's Board.

(b) For purposes of the plan, “reduce” means to:

- (1) Charge-off;
- (2) Collect; or
- (3) Increase Tier 1 Capital.

(c) After the Regional Director and the Director have responded to the plan, the Bank’s Board shall adopt the plan as amended or modified by the Regional Director and the Director. The plan shall be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

LOAN COMMITTEE AND LOAN REVIEW REQUIREMENTS

5. (a) Within 60 days after the effective date of this ORDER, the Bank’s Board shall establish a loan review committee to periodically review the Bank’s loan portfolio and identify and categorize problem credits. The Board shall establish the parameters of the loan portfolio and credit review. The committee shall file a report with the Bank’s Board at each Board meeting. This report shall include the following information:

- (1) The overall quality of the loan portfolio;
- (2) The identification, by type and amount, of each problem or delinquent loan;
- (3) The identification of all loans not in conformance with the Bank’s lending policy; and
- (4) The identification of all loans to officers, directors, principal shareholders or their related interests.

(b) At least 50 percent of the members of the loan review committee shall be directors not employed in any capacity by the Bank other than as a director.

LOAN POLICY

6. (a) Within 60 days after the effective date of this ORDER, and annually thereafter, the Bank's Board shall review the Bank's loan policy and procedures for effectiveness and, based upon this review, shall make all necessary revisions to the policy in order to strengthen the Bank's lending procedures and abate additional loan deterioration. The initial revisions to the Bank's loan policy required by this paragraph, at a minimum, shall address the deficiencies noted on pages 2, 3, and 10 of the June 6, 2011 Report of Examination.

(b) The Bank shall submit the foregoing policies to the Regional Director and the Director for comment. After the Regional Director and the Director have responded to the policies, the Bank's Board shall adopt the policies as amended or modified by the Regional Director and the Director. The policies will be implemented immediately to the extent that they are not already in effect at the Bank.

OVERDRAFTS

7. (a) Upon the effective date of this ORDER, the Bank shall not permit final payment of any demand item on any customer account that, when aggregated with all other overdrafts to that customer exceed or would exceed, directly or indirectly, \$5,000, unless payment of the demand item or demand items of that customer have been reviewed and approved in advance by the Bank's Board, or unless the item is fully covered by the end of the same business day. The Bank's Board review should include whether final payment of the demand

item complies with the Bank's loan policy regarding overdrafts. The Bank's Board shall include in the minutes of the meeting where the review is undertaken, its conclusions, approvals, denials, recommendations, and reasons for the approval of any final payment that creates an overdraft that does not fully comply with the Bank's loan policy.

(b) Upon the effective date of this ORDER, the Bank shall not extend credit, directly or indirectly, the proceeds of which will be used to eliminate an overdraft.

TECHNICAL EXCEPTIONS

8. (a) Within 60 days after the effective date of this ORDER, the Bank shall correct all technical exceptions listed in the Report of Examination as of June 6, 2011. Where efforts are unsuccessful, the Bank shall document the loan file to memorialize the corrective efforts attempted.

(b) Within 60 days after the effective date of this ORDER, the Bank shall implement a system of monitoring and correcting loan documentation exceptions identified either by the Bank internally or by the FDIC or the State in subsequent visitations or examinations to reduce the occurrence of such exceptions in the future.

ALLOWANCE FOR LOAN AND LEASE LOSSES AND AMENDED CALL REPORTS

9. (a) Within 60 days after the effective date of this ORDER, the Bank shall make provisions to its ALLL in the amount of at least \$2,000,000 if not already accomplished. The allowance should be funded by charges to current operating income, and should be calculated in accordance with generally accepted accounting standards and ALLL supervisory

guidance. After the initial provision is made, the Bank shall thereafter maintain a reasonable ALLL. Prior to the end of each calendar quarter, the Bank's Board shall review the adequacy of the Bank's ALLL. Such reviews shall include, at a minimum, the Bank's loan loss experience, an estimate of potential loss exposure in the portfolio, trends of delinquent and non-accrual loans and prevailing and prospective economic conditions. The minutes of the Bank's Board meetings at which such reviews are undertaken shall include complete details of the reviews and the resulting recommended increases in the ALLL.

(b) Within 60 days after the effective date of this ORDER, the Bank shall review Consolidated Reports of Condition and Income filed with the FDIC on or after June 30, 2011, and amend said reports if necessary to accurately reflect the financial condition of the Bank as of the date of each such report. In particular, such reports shall contain a reasonable ALLL. Reports filed after the effective date of this ORDER shall also accurately reflect the financial condition of the Bank as of the reporting date.

(c) Within 60 days after the effective date of this ORDER, the Bank must use Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Numbers 450 and 310 for determining the Bank's ALLL reserve adequacy. Provisions for loan losses must be based on the inherent risk in the Bank's loan portfolio. The directorate must document with written reasons any decision not to require provisions for loan losses in the Bank's Board minutes.

CAPITAL MAINTENANCE

10. (a) Within 30 days after the effective date of this ORDER and while this ORDER is in effect, the Bank, after establishing an ALLL, shall maintain its Tier 1 Leverage

Capital ratio equal to or greater than 9 percent of the Bank's Average Total Assets and shall maintain its Total Risk-Based Capital ratio equal to or greater than 13 percent of the Bank's Total Risk Weighted Assets.

(b) If any such capital ratios are less than required by the ORDER, as determined as of the date of any Report of Condition and Income or at an examination by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director or the Director, present to the Regional Director and the Director a plan to increase the Bank's Tier 1 Capital or to take such other measures to bring all the capital ratios to the percentages required by this ORDER. After the Regional Director and the Director respond to the plan, the Bank's Board shall adopt the plan, including any modifications or amendments requested by the Regional Director and the Director.

(c) Thereafter, to the extent such measures have not previously been initiated, the Bank shall immediately initiate measures detailed in the plan, to increase its Tier 1 Capital by an amount sufficient to bring all the Bank's capital ratios to the percentages required by this ORDER within 60 days after the Regional Director and the Director respond to the plan. Such increase in Tier 1 Capital and any increase in Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

- (1) The sale of securities in the form of common stock; or
- (2) The direct contribution of cash subsequent to June 6, 2011, by the directors and/or shareholders of the Bank or by the Bank's holding company; or

- (3) Receipt of an income tax refund or the capitalization subsequent to June 6, 2011, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or
- (4) Any other method approved by the Regional Director and the Director.

(d) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's Board shall adopt and implement a plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan, and in any event, not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Director for prior approval.

(e) In complying with the provisions of this ORDER and until such time as any such public offering is terminated, the Bank shall provide to any subscriber and/or purchaser

of the Bank's securities written notice of any planned or existing development or other change which is materially different from the information reflected in any offering materials used in connection with the sale of the Bank's securities. The written notice required by this paragraph shall be furnished within 10 days after the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber who received or was tendered the information contained in the Bank's original offering materials.

(f) The Capital Plan must include a contingency plan ("Contingency Plan") that shall include a plan to sell or merge the Bank in the event that the Bank:

- (1) Fails to maintain the minimum capital ratios required by the
ORDER;
- (2) Fails to submit an acceptable Capital Plan; or
- (3) Fails to implement or adhere to a Capital Plan to which no written
objection was provided by the Regional Director and the Director.

The Bank shall be required to implement the Contingency Plan only upon written notice from the Regional Director and the Director.

(g) In addition, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(h) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

DIVIDEND RESTRICTION

11. While this ORDER is in effect, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Director.

MANAGEMENT – BOARD SUPERVISION

12. Within 30 days after the effective date of this ORDER, the Bank's Board shall increase its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank's policies and objectives and for the supervision of the Bank's management, including all the Bank's activities. The Board's participation in the Bank's affairs shall include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the Board: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, nonaccrued, and recovered loans; investment activities; operating policies; and individual committee actions. The Bank's Board minutes shall document the Board's reviews and approvals, including the names of any dissenting directors.

MANAGEMENT CLAUSE – STAFFING STUDY

13. (a) Within 90 days after the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Regional Director and the Director. The consultant shall develop a written analysis and assessment of the Bank's management and senior staffing needs ("Management Plan") for the purpose of providing qualified management for the Bank.

(b) The Bank shall provide the Regional Director and the Director with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. The contract or engagement letter, at a minimum, should include:

- (1) A description of the work to be performed under the contract or engagement letter;
- (2) The responsibilities of the consultant;
- (3) An identification of the professional standards covering the work to be performed;
- (4) Identification of the specific procedures to be used when carrying out the work to be performed;
- (5) The qualifications of the employee(s) who are to perform the work;
- (6) The time frame for completion of the work;
- (7) Any restrictions on the use of the reported findings; and
- (8) A provision for unrestricted examiner access to work papers.

(c) The Management Plan shall be developed within 150 days after the effective date of this ORDER. The Management Plan shall include, at a minimum:

- (1) Identification of both the type and number of officer positions needed to properly manage and supervise the affairs of the Bank;
- (2) Identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;
- (3) Evaluation of all Bank officers and senior staff members to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition; and

- (4) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those officer or staff member positions identified in the Management Plan.

(d) The Management Plan shall be submitted to the Regional Director and the Director for review and comment upon its completion. Within 30 days from the receipt of any comments from the Regional Director and the Director, and after the adoption of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the Bank's Board meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and/or any subsequent modification.

STRATEGIC PLAN

14. (a) Within 120 days after the effective date of this ORDER, the Bank shall prepare and adopt a comprehensive strategic plan. The strategic plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

- (1) Strategies for pricing policies and asset/liability management;
- (2) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;
- (3) Goals for reducing problem loans;

- (4) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;
- (5) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings;
- (6) Formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the strategic plan to the Regional Director and the Director for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of the Bank's Board meeting. Thereafter, the Bank shall implement and follow the strategic plan.

(d) Within 30 days after the end of each calendar quarter following the effective date of this ORDER, the Bank's Board shall evaluate the Bank's performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's Board meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Regional Director and the Director for review and comment 30 days after the end of each calendar year for which this ORDER is in effect. Within 30 days after receipt of all such comments from the Regional Director and the Director and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the Bank's Board meeting. Thereafter, the Bank shall implement the revised plan.

CORRECTION OF VIOLATIONS

15. (a) Within 60 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulation noted in the Report of Examination.

(b) Within 60 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

(c) Within 60 days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted in the Report of Examination.

BUSINESS PLAN

16. While this ORDER is in effect, the Bank shall not enter into any new line of business without the prior written consent of the Regional Director and the Director.

INTEREST RATE RISK

17. Within 60 days after the effective date of the ORDER, the Bank shall develop, adopt, and implement an interest rate risk policy and procedures that shall address the deficiencies noted in the June 6, 2011 Report of Examination.

INVESTMENT POLICY

18. Within 60 days after the effective date of this ORDER, the Bank's Board shall revise the Bank's investment policy to address the deficiencies noted on page 11 of the June 6, 2011 Report of Examination.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

19. Within 60 days after the effective date of this ORDER, the Bank's Board shall revise the Bank's funds management practices and liquidity policy to address the deficiencies noted in the June 6, 2011 Report of Examination.

BUDGET AND PROFIT PLAN

20. (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Director for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2011 and 2012. The plan required by this paragraph shall contain formal goals and strategies, be consistent with sound banking practices, reduce discretionary expenses, improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

- (1) An analysis of the Bank's pricing structure; and
- (2) A continuing effort to reduce the Bank's cost of funds.

(c) Within 30 days after the end of each calendar quarter following completion of the profit plan and budget required by this paragraph, the Bank's Board shall evaluate the Bank's actual performance in relation to the written profit plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Bank's Board meeting when such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and the Director for review and comment within 30 days after the end of each year. Within 30 days after receipt of all such comments from the Regional Director and the Director and after adoption of any recommended changes, the Bank shall approve the written profit plan and budget, which approval shall be recorded in the minutes of a Board meeting. Thereafter, the Bank shall implement and follow the plan.

COMPLIANCE COMMITTEE – NON-EMPLOYEE DIRECTORS REQUIRED

21. Within 30 days after the effective date of this ORDER, the Bank's Board shall establish a committee of the board of directors of the Bank charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. At least five of the members of such committee shall be directors not employed in any capacity by the Bank other than as a director. The committee shall report monthly to the full Bank's Board, and a copy of the report and any discussion relating to the report or the ORDER shall be noted in the minutes of the Bank's Board meetings. The establishment of this subcommittee shall not diminish the responsibility or liability of the entire Bank's Board to ensure compliance with the provisions of this ORDER.

SHAREHOLDER NOTIFICATION

22. After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction with the Bank's next shareholder communication, and also (2) in conjunction with its notice or

proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

PROGRESS REPORTS

23. Within 45 days after the end of the first calendar quarter following the effective date of this ORDER, and within 45 days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by the ORDER have been accomplished and the Regional Director has released the Bank in writing from making additional reports.

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC, the State, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC and the State.

Issued pursuant to delegated authority this 3rd day of November 2011.

/s/ _____
Kristie K. Elmquist
Acting Regional Director
Dallas Region
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

/s/ _____
Cynthia Richards
Director
Financial Institutions Division
State of New Mexico