COLORADO STATE BANKING BOARD

Record of Proceedings - Regular Session

January 20, 2011

The Colorado State Banking Board (Board) was called to order by Chairman Stephen A. Sherlock (Chairman Sherlock) at 10:03 a.m., January 20, 2011, at 1560 Broadway, Suite 975, Division of Banking (Division) Conference Room, Denver, Colorado. Attending in person were Chairman Sherlock, and Board members Joseph Cachey III, Adam Coyle, Tom Goding, and Mary Reisher. Board members Dan Ford and Dennis Reece participated via teleconference. Board member Scott Pearson was absent. A quorum was declared; 10:04 a.m.

Also in attendance were Acting State Bank Commissioner Fred J. Joseph (Commissioner Joseph), Director of Examinations Mary Stanfield (M. Stanfield), Assistant Attorney General Cathern Smith (AAG Smith), Manager of Applications Antoinette "Toni" Clair (T. Clair), Financial Credit Examiner Jennifer Kim (J. Kim), and Board Secretary Diana Gutierrez.

➢Record of Proceedings Approval

Chairman Sherlock called for a motion to approve the December 16, 2010 minutes. Discussion; there was one minor revision to the second executive session motion. Motion by Mary Reisher to approve the December 16, 2010, Record of Proceedings, Regular Session, as revised. Second by Joe Cachey. Motion carried unanimously; 10:05 a.m.

Chairman Sherlock called for a motion that the Board convene in Executive Session, without or when appropriate with an applicant, to discuss confidential biographical information, financial information of individuals and business entities, proprietary information, examination, and supervisory information of the following financial institutions and financial service providers and affiliated entities with applications on the agenda for today's meeting of the Colorado State Banking Board:

(1) Verus Acquisition Group, Inc. Fort Collins, CO and Larimer Bank of Commerce, Fort Collins, Colorado; Loveland Bank of Commerce, Loveland, Colorado; and Fort Collins Commerce Bank, Fort Collins, Colorado

stating that such matters must be kept confidential as required by the Colorado Banking Code, sections 11-102-103(8), 11-102-305, and 11-102-306.

Authorization for the Executive Session is in the Open Meetings Law, Section 24-6-402 (3) (a) (III), C.R.S.

Motion by Mary Reisher to convene in Executive Session. Second by Adam Coyle. Motion carried unanimously; 10:07 a.m.

Motion by Mary Reisher to adjourn the Executive Session and reconvene the Regular Session of the January 20, 2011, Banking Board meeting. Second by Adam Coyle. Motion carried unanimously; 10:10 a.m.

➢Application Hearing

- Affiliated Bank Merger / Establishment of Two Branches / Name Change – Merger of Larimer Bank of Commerce, Fort Collins, CO and Loveland Bank of Commerce, Loveland, CO into Fort Collins Commerce Bank, Fort Collins, CO

Present for the hearing were Messrs. Dennis Santistevan, C. Gerard Nalezny, and Mark A. Kross representing the applicant institutions. T. Clair stated that Fort Collins Commerce Bank (Ft. Collins) presented an affiliate bank merger application to merge Larimer Bank of Commerce (Larimer) and Loveland Bank of Commerce (Loveland) into Ft. Collins. Upon consummation of the merger, Larimer and Loveland will relinquish their respective state charters and become branches of Ft. Collins. Additionally, Ft. Collins will file Amended and Restated Articles of Incorporation and Bylaws to change the bank name to Verus Commerce Bank. The bank will continue to operate from its present location at 3700 South College Avenue, Unit 102, Fort Collins, Colorado.

Verus is a Colorado corporation that was formed by Messrs. Kross and Nalezny for the purpose of acquiring approximately 51 percent of the outstanding shares in Ft. Collins, Larimer, and Loveland from Capitol Bancorp; and became a registered bank holding company on October 29, 2010 when the acquisition was completed.

As of September 30, 2010, the three banks combined reported total assets of $243.6MM, total deposits of $206.8MM with $27.8MM in brokered deposits, FHLB borrowings of $11.4MM, and total equity capital of $24.9MM, including a year-to-date net income of $1,178MM. The combined bank is expected to remain more than well capitalized, with access to additional capital, if necessary. Mr. Santistevan responded to a question from the Board with regard to the timeline for the transaction.

All current directors, executive officers, and staff of Ft. Collins will be retained after consummation of the transaction. Background checks and biographical and financial information on the current directors have disclosed no material concerns. It was mentioned by the applicant that a CCO would be appointed after consummation of the transaction. Mr. Nalezny addressed the Board and responded to questions with regard to the merger. The Board discussed the application.

At the conclusion of the Board's discussion, the Division recommended that subject to shareholder and regulatory approval, approve:

- the Affiliate Merger application filed by Fort Collins Commerce Bank, a wholly owned subsidiary of Verus Acquisition Group, Inc. to merge with affiliate banks Larimer Bank of Commerce and Loveland Bank of Commerce, with Fort Collins Commerce Bank as the surviving institution;
- Larimer Bank of Commerce and Loveland Bank of Commerce relinquishing their respective charters and becoming branches of Fort Collins Commerce Bank; and,
- the amending of the Articles of Incorporation to change the surviving institution's name to Verus Bank of Commerce. The bank name is not deceptively similar to that of another bank or otherwise misleading.

Motion by Adam Coyle to approve the application as stated in the Division's recommendation. Second by Tom Goding. Discussion. Motion carried unanimously; 10:21 a.m.

➢Division of Banking Commissioner's Report

1) Production Report. Commissioner Joseph stated that he would respond to any questions with regard to the information contained in the report. The Board had no questions.

2) Delegated Authority Report. Commissioner Joseph reported the approval of the relocation of two branches and the conversion of a loan production office to a branch.

3) Activities Report. The Board posed questions to M. Stanfield with regard to the accounting training provided by the FDIC on December 6, 2010.

4) Unidos Update. J. Kim provided the Board with an update on the Unidos application status.

➢Other Items for Discussion

There were no other items for discussion at this time.

Chairman Sherlock called for a motion to convene in Executive Session to discuss:

(a) aggregate statistical data regarding examinations and enforcement actions; and

(b) institutions and financial service providers that are or may be the subject to formal or informal enforcement action or have recently been examined

stating that such matters must be kept confidential as required by the Colorado Banking Board, Sections 11-102-103(8), 11-102-305, and 11-102-306. Authorization for the Executive Session is in the Open Meetings Law, Section 24-6-402(3)(a)(III), C.R.S.

Motion by Mary Reisher to reconvene the Executive Session. Second by Tom Goding. Motion carried unanimously; 10:27 a.m.

The Board retired to Executive Session, which was tape recorded only.

Chair Sherlock called for a motion to adjourn from the Executive Session and reconvene the Regular Session. Motion by Mary Reisher to reconvene the Regular Session. Second by Adam Coyle. Motion carried unanimously; 11:18 a.m.

There were no other items for discussion.

Motion by Dan Ford to adjourn the January 20, 2011 Regular Session of the January 20, 2011 Banking Board meeting. Second by Dennis Reece. Motion carried unanimously; 11:20 a.m.

Meeting adjourned.

I certify that the foregoing information substantially reflects the substance of the discussions as transcribed from my handwritten notes.

Diana S. Gutierrez, Secretary
Colorado State Banking Board

2/4/2011
Date