

AGREEMENT BY AND BETWEEN
The First National Bank of Wahoo, Wahoo, Nebraska
and
The Comptroller of the Currency

The First National Bank of Wahoo, Wahoo, Nebraska (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has determined that the Bank has engaged in unsafe and unsound banking practices relating to its Board and management oversight, credit administration, capital planning, and interest rate risk management.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

Jurisdiction

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). *See* 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4.

Article II

Compliance Committee

(1) Within five (5) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement and shall meet at least monthly.

(3) By no later than September 30, 2011, and by the end of every calendar month thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and

(c) the results and status of those actions.

(4) The Board shall provide a summary report of the progress reached in attaining compliance with each Article of this Agreement to the Assistant Deputy Comptroller within thirty (30) days of the end of each calendar quarter.

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154-5298

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures, and programs required by this Agreement.

Article III

Capital Plan

- (1) Effective immediately, the Bank shall only declare dividends when:
- (a) the Bank maintains adequate capital as required by the Comptroller and sufficient to be well capitalized under 12 C.F.R. Part 6;
 - (b) the Bank is in compliance with the Bank's Capital Plan as described below;
 - (c) the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (d) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) Within ninety (90) days of this Agreement, the Board shall update, implement, and thereafter ensure Bank adherence to the Capital Plan for the Bank

covering at least the next three years (hereafter the “Bank’s Capital Plan”), complete with specific time frames that incorporate the requirements of this Article. A copy of the Bank’s Capital Plan shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The Bank’s Capital Plan shall establish objectives and projections for the Bank’s overall risk profile, earnings performance, growth expectations, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, product line development and market segments that the Bank intends to promote or develop, together with specific strategies to achieve those objectives, that are specific, measurable, verifiable, and, at a minimum, address or include:

- (a) minimum capital requirements based upon a detailed analysis of the Bank’s assets, liabilities, earnings, fixed assets, criticized asset levels, concentrations of credit, growth objectives, internal control weaknesses, level of operational risk, and dividend expectations;
- (b) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (1) of this Article;
- (c) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the next three (3) years that shall address or include consideration of the requirements of this Article;
- (d) identification and assessment of the primary source(s) of capital including an evaluation of availability, from which the Bank will strengthen its capital structure and maintain capital in excess of

that required by the Comptroller and set forth in the Bank's Capital Plan;

- (e) financial analysis of the holding company's ability and willingness to inject needed capital and a financial analysis of the holding company's principal shareholders' ability and willingness to inject needed capital.
- (f) systems to monitor the Bank's progress in meeting the plan's goals and objectives; and
- (g) an annual review with appropriate revisions and adjustments to the plan.

(4) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the Bank's Capital Plan.

Article IV

Senior Loan Officer

(1) Within forty-five (45) days of this Agreement, the Board shall take the necessary steps to appoint Senior Loan Officer with the knowledge, skills, and abilities, including but not limited to, the technical expertise and the leadership skills necessary to return the Bank to a safe and sound condition and manage its affairs thereafter in a safe and sound manner.

(2) Prior to the appointment or employment of the Senior Loan Officer or entering into any contract with any person for these positions, the Board shall submit the name and qualifications of this individual and the proposed terms of their employment to

the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new executive officer. However, the lack of disapproval of such individuals shall not constitute an approval or endorsement of them.

(4) Within ninety (90) days of this Agreement, the Board shall ensure that it maintains qualified, competent management and staff to ensure the Bank operates in a safe and sound manner. In the event that the Senior Lending Officer position of the Bank becomes vacant, the Board shall take the necessary steps to fill the vacancy within sixty (60) days of receiving notice of such vacancy.

Article V

Credit Underwriting and Administration

(1) Effective as of the date of this Agreement, the Board shall ensure that all lending officers comply with all laws, rules, regulations, Bank policies and procedures, safe and sound banking practices, and fiduciary duties. The Board shall ensure that there is a program in place that includes:

- (a) requirements that lending officers appropriately analyze, document, and communicate appropriate credit and collateral information;
- (b) requirement to provide training for loan officers to ensure they understand policy requirements;

- (c) establishment of a tracking system to ensure that the appropriate documentation is obtained for financial and collateral requirements for each loan;
- (d) policies and procedures designed to aggregate, track and eliminate exceptions to the Loan Policy, underwriting guidelines, and supervisory loan to value limits, for all loans to include, at a minimum:
 - (i) monthly Board monitoring of policy exception reports that track aggregate number and dollar amount of loans with material exceptions by type of loan and loan officer; and
 - (ii) procedures to hold employees and officers accountable for non-compliance with the Bank's loan policy and other underwriting requirements.
- (e) procedures to ensure that loans are properly monitored to include periodic receipt, analysis and documentation of sufficient financial and operating information to measure and monitor the borrower's and guarantor's financial condition and repayment ability, to include periodic (at least annually) cash flow analysis of income-producing collateral.

(2) Effective as of the date of this Agreement, the Bank may not grant, extend, renew, modify or restructure any loan or other extension of credit, or purchase any loan participation, equal to or exceeding two hundred fifty thousand (\$250,000) without:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the primary source of repayment in writing and lien status;
- (c) structuring the repayment terms to coincide with expected source of repayment;
- (d) obtaining current and satisfactory verified credit information, including performing and documenting analysis of credit information and a detailed cash flow analysis of all expected repayment sources;
- (e) determining and documenting whether the loan complies with the Bank's Loan Policy and if it does not comply, providing identification of the exception and ample justification to support waiving the policy exception;
- (f) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
- (g) providing an accurate risk assessment grade for all loan types;
- (h) documenting with adequate supporting material, the value of collateral and collateral type for each loan, properly perfecting the Bank's lien on it where applicable; and

- (i) performing adequate documented credit analysis for participation loans in accordance with OCC Banking Circular 181 (Revised), dated August 2, 1984, and 12 C.F.R. Part 34.

(3) The Board shall take the necessary steps to ensure that current and satisfactory credit and proper collateral information is maintained on all loans. Within thirty (30) days of notification, the Board shall ensure that the Bank takes reasonable steps to obtain missing credit or collateral information described in the ROE, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

Article VI

Appraisal and Evaluation Process

(1) Within sixty (60) days of this Agreement, the Board shall revise its written policy to ensure the Bank obtains real estate appraisals and evaluations in compliance with USPAP, 12 C.F.R. Part 34, the Interagency Appraisal and Evaluation Guidelines (December 10, 2010), Advisory Letter 2003-9, and OCC Bulletin 2005-6, to include at a minimum:

- (a) the establishment of criteria for obtaining updated appraisals, new appraisals, and evaluations;
- (b) the development of procedures to ensure that appraisals, updates and evaluations are the appropriate type and ordered in a timely manner;

- (c) the establishment of a tickler system for tracking when appraisals, updates and evaluations are received, reviewed and adjustments are made, as appropriate, to reflect ASC 310-10-35-2 through 30 (formerly known as FAS 114) impairment and changes in risk ratings;
- (d) the establishment and implementation of a policy requiring a meaningful review, independent of the lending officer of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised; and
- (e) provision of both immediate and ongoing training to any individuals designated with ensuring compliance with appraisal regulations and guidelines.

(2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.

Article VII

External Loan Review

(1) Within sixty (60) days of this Agreement, the Board shall employ a qualified consultant to perform annual asset quality reviews of the Bank's loan portfolio. The scope of the external loan review shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook. Such reports shall, at a minimum, include comments and conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent and nonaccrual loans;
- (c) the identification/status of credit related violations of law or regulation;
- (d) loans not in conformance with the Bank's lending policies;
- (e) credit underwriting and documentation exceptions;
- (f) credit analysis and documentation of such;
- (g) accuracy of internal risk ratings;
- (h) quality of loan officer supervision;
- (i) overall credit administration practices; and
- (j) completeness and effectiveness of problem loan workout plans.

(2) Prior to the appointment or employment of any individual as loan review consultant or entering into any contract with any consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(3) The Board or a designated committee shall review the independent loan review reports and ensure that, if appropriate, immediate, adequate, and continuing remedial action, is taken upon the findings noted in the reports.

(4) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be maintained in the books and records of the Bank.

(5) The Bank shall not terminate the consultant's asset quality review services without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

Article VIII

Loan Portfolio Risk Management

(1) Within sixty (60) days of this Agreement, the Board shall prepare and submit, to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, revisions to the Bank's loan policy, as well as any necessary procedures, to address weaknesses in the Bank's loan portfolio risk management, that, at a minimum, include:

- (a) the establishment of loan concentration management practices that comply with the *Comptroller's Handbook* on "Loan Portfolio Management," pp. 28-30, and OCC Bulletin 2006-46, Concentration in Commercial Real Estate Lending, Sound Risk Management Practices (dated December 6, 2006), to include at a minimum:
 - (i) concentration limits stratified by type and other meaningful measures;

- (ii) quarterly monitoring of concentration reports that stratify the loan portfolio by product type and other meaningful measures; and
 - (iii) strategies and procedures to manage concentrations to conform to established limits set in Subparagraph (a) of this Article.
- (b) requirements for the periodic performance of loan stress testing and/or sensitivity analysis for agricultural loan relationships totaling two-hundred thousand dollars (\$200,000) or more, to quantify the impact of common stresses such as varying input costs, commodity prices, and interest rates;
- (c) maintenance of proper collateral margins in loans made for agricultural purposes, including but not limited to, procedures for ensuring that:
 - (i) independent inspections with written reports detailing the condition of farm assets and farm operations are conducted at least annually commensurate with the size, complexity, and financial condition of the borrower; and
 - (ii) qualified individuals are designated to perform said inspections.
- (d) the establishment of underwriting standards for consumer loans that include specific requirements relating to:
 - (i) minimum credit bureau scores;

- (ii) loan to value guidelines and collateral requirements;
 - (iii) minimum file documentation and analysis;
 - (iv) minimum standards for borrower net worth, cash flow/debt service, collateral coverage, and guarantor support; and
 - (v) reasonable loan terms.
- (e) standards for when loan policy exceptions are appropriate, what factors should exist to mitigate exceptions, and how the level and trend of exceptions should be tracked and reported to the Board; and
- (f) requirements to ensure participations purchased are consistent with sound banking practices and OCC guidelines.

(2) Effective immediately, the Board shall ensure that the risks associated with the Bank's loans are properly reflected and accounted for on the Bank's books and records using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*, to include the following corrective actions, at a minimum:

- (a) ensure procedures for appropriately and timely risk rating and charging off loans are followed;
- (b) hold loan officers and management accountable for failing to appropriately and timely risk rate and/or place loans on nonaccrual; and
- (c) consider the failure to properly risk rate and/or place loans on nonaccrual in periodic performance reviews and compensation.

(3) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.

Article IX

Interest Rate Risk

- (1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written interest rate risk program that must:
 - (a) ensure senior management understands, documents, periodically reviews, validates, and adjusts as needed the reasonableness of assumptions used in the bank's interest rate risk model;
 - (b) result in knowledgeable staffing in this area, which may include additional training;
 - (c) tailor applicable Board policies to be consistent with the interest rate risk model and reports generated;
 - (d) establish reasonable limits on interest rate risk;
 - (e) tie the established interest rate risk limits to a specific rate shock; and
 - (f) ensure an independent validation of the interest rate risk model on at least an annual basis.
- (2) Effective immediately, the Board shall ensure that:
 - (a) all purchases of structured notes in excess of Board-approved limits shall cease; and

- (b) all discussions regarding interest rate risk are thoroughly documented in Board minutes.

(3) The Board shall submit a copy of the revised program required by this Article to the Assistant Deputy Comptroller.

Article X

Liquidity Management

(1) Within thirty (30) days of this Order, the Board shall develop and submit for a prior written determination of no supervisory objection, a written liquidity program to ensure the Bank maintains liquidity at a level that is sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base, to include at a minimum:

- (a) measures to maintain sufficient on-balance sheet liquidity;
- (b) the establishment of additional back-up funding sources;
- (c) policies and procedures to ensure the implementation of adequate liquidity planning tools, to include:
 - (i) specific balance sheet liquidity targets that are consistent with the tools used to measure performance; and
 - (ii) reasonable risk limits to control the level of liquidity risk that incorporate forward-looking risk measurements and liability concentration limits such as limits on the amount of funds that may be sourced from any individual customer or groups of customers, or liability concentration limits by instrument.

- (d) a contingency funding plan, updated quarterly and presented to the Board for approval at least annually, which ensures the Bank can remain liquidity solvent through stressed environments and that includes, at a minimum:
 - (i) management's best estimate of balance sheet changes that may result from a liquidity or credit event;
 - (ii) specific terms or events that trigger enactment of the plan;
 - (iii) necessary management information systems and reporting criteria for use in crisis situations;
 - (iv) management responsibilities for enacting the plan and for taking specific actions once enacted; and
 - (v) prioritization of all sources of funding for the various scenarios including asset side funding, liability side funding, and off-balance sheet funding.

(2) After the OCC has advised the Bank that it does not take supervisory objection to the liquidity program required by this Article, the Board shall immediately implement, and shall thereafter ensure adherence to its terms.

Article XI

Closing

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no

supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;

- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

