

AGREEMENT BY AND BETWEEN
The First National Bank of Wamego

Wamego, Kansas

and

The Comptroller of the Currency

The First National Bank of Wamego, Wamego, Kansas (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors and other customers 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 found unsafe or unsound banking practices relating to staffing, weak credit administration practices, risk management practices, and ineffective management and Board oversight of the Bank.

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. § 1831(i).

(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 cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(6) 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.

(7) 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 Doug Pittman
Kansas City Field Office
1027 South Main Street, Suite 405
Joplin, Missouri 64801-4527

Article II

Compliance Committee

(1) Within fifteen (15) days, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. 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. The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement.

- (2) The Compliance Committee shall meet at least monthly.
- (3) Within thirty (30) days and quarterly 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 forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.
- (5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the requirements of this Agreement.

Article III

Senior Loan Officer

- (1) Effective immediately, the Board shall take the necessary steps to appoint a Senior Loan Officer with the knowledge, skills, and abilities necessary to correct the Bank's deficiencies in credit underwriting, administration, and monitoring, and reach and maintain compliance with the credit related articles of this Agreement. The Senior Loan Officer, at a minimum, shall have extensive experience in commercial real estate lending and agricultural lending, as well as strong credit administration skills and leadership abilities.
- (2) The individual appointed to the Senior Loan Officer position shall be vested with sufficient executive authority to develop and implement appropriate credit risk management policies, procedures, and systems necessary to correct the Bank's deficiencies in credit

underwriting, administration, and monitoring, and reach and maintain compliance with the credit related articles of this Agreement.

(3) Prior to the appointment or employment of the Senior Loan Officer, or entering into any contract with any person for this position, the Board shall submit the name and qualifications of the individual and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, and shall include the following information:

- (a) the information sought in the “Changes in Directors and Senior Executive Officers” booklet of the Comptroller’s Corporate Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board’s reasons for selecting the proposed individual; and
- (c) a written description of the individual’s proposed duties and responsibilities.

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

(5) If the Senior Loan Officer position described in this Article becomes vacant in the future, the Board shall take immediate action to employ, appoint, or designate a capable person to the vacant position who shall be vested with the authority and responsibilities outlined in Paragraph (2) of this Article.

(6) If the Board is unable to appoint a qualified candidate in a timely manner, the Board shall provide documentation of its efforts to locate such a candidate to the Assistant

Deputy Comptroller. Thereafter, the Board shall provide quarterly reports to the Assistant Deputy Comptroller summarizing its continuing efforts to locate such candidates.

(7) The Board shall ensure that the Bank has competent management in place on a full-time basis in its senior management positions to carry out the Board's policies, ensure compliance with applicable laws, rules and regulations, and this Agreement, and manage the day-to-day operations of the Bank in a safe and sound manner.

Article IV

Capital and Strategic Plan

- (1) Effective immediately, the Bank shall only declare dividends when:
- (a) the Bank is in compliance with the Bank's Three-Year Plan as described below;
 - (b) the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (c) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) Within ninety (90) days, the Board shall develop a written strategic plan for the Bank covering at least the next three (3) years (hereafter the "Bank's Three-Year Plan"), complete with specific time frames that incorporate the strategic and other requirements of this Article. A copy of the Bank's Three-Year Plan, and any subsequent modifications thereto, shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The Bank's Three-Year 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 and liquidity 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) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) an assessment of the Bank's present and future operating environment;
- (c) the development of strategic goals and quantifiable measures with specific implementation dates, individual responsibilities, and accountability to ensure the Bank attains sustained earnings to support capital and liquidity;
- (d) the identification of present and future product line development (assets and liabilities) and market segments that the Bank intends to develop or promote;
- (e) 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 pursuant to this Article;
- (f) specific plans to maintain capital levels commensurate with the Bank's risk profile, including benchmarks that will trigger the injection of additional capital, the identification of primary sources from which additional capital may be obtained, and the identification of secondary sources of capital, which may be accessed in the event that the primary sources are unavailable;

- (g) control systems to identify and reduce risk to earnings, capital, reputation, and liquidity, and risks associated with any proposed changes in the Bank's operating environment;
- (h) concentration limits that reflect the Board's objectives and limitations for the Bank's risk profile;
- (i) recognition that the Bank cannot offer or introduce new products, enter new market segments, or significantly expand any existing product unless it first develops appropriate systems, controls, and expertise to manage and control the associated risks;
- (j) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (1) of this Article;
- (k) specific management, staffing and other changes necessary to implement the Bank's Three-Year Plan and attain compliance with this Agreement;
- (l) specific plans to establish responsibilities and accountability for the strategic planning process, new products, proposed changes in the Bank's operating environment, reduction of problem assets, Bank-wide consistent application of policies and procedures, and the maintenance of adequate liquidity;
- (m) a Board reporting process that holds management accountable to the Board for explaining significant deviations and adjusting strategies as necessary to achieve targeted results; and
- (n) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(4) The Bank's Three-Year Plan shall take into account the Bank's current condition, including issues related to Asset Quality, Credit Risk Management and any other concern addressed in the Report of Examination for the examination conducted as of September 30, 2011 (the "ROE"). The Bank's Three-Year Plan shall include plans to address these issues going forward, and shall contain realistic future projections and expectations in light of these issues. 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 Three-Year Plan.

(5) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, Management shall communicate the Board's goals and objectives for the Bank to the staff in such a way that the importance of the objectives contained in the Bank's Three-Year Plan is clearly understood.

(6) The Bank may not initiate any action that deviates significantly from the Board-approved Three-Year Plan without a written determination of no supervisory objection from the Assistant Deputy Comptroller. The Board must give the Assistant Deputy Comptroller a thirty (30) day advance, written notice of its intent to deviate significantly from the Bank's Three-Year Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Bank's Three-Year Plan.

Article V

Credit Underwriting and Administration

(1) Effective immediately, 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.

(2) Effective immediately, the Bank may not grant, extend, renew, modify or restructure any loan or other extension of commercial and agricultural credit, or purchase any loan participation, equal to or exceeding two-hundred thousand dollars (\$200,000), without:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining current and satisfactory 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 justification to support waiving the policy exception;
- (f) 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 and proper accrual status for each credit;

- (h) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable;
- (i) ensuring that any participations purchased are consistent with sound banking practices, guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34; and
- (j) obtaining the written approval of the Bank's Loan Committee or Board.

(3) Within forty-five (45) days, the Board shall revise its policies and procedures to ensure that the Bank's credit relationships are monitored and administered in a safe and sound manner, including the development of policies and procedures to ensure that lending officers:

- (a) formally review all commercial and agricultural credit relationships totaling two-hundred and fifty thousand dollars (\$250,000) or more, at least every twelve (12) months, and more frequently should the circumstances of the relationship so require, and that such reviews are written and contain, at a minimum, an analysis of:
 - (i) current and satisfactory credit information, including a detailed cash flow analysis of all expected repayment sources and the financial position of the borrower and/or guarantor;
 - (ii) the value of any pledged collateral, with adequate supporting material;
 - (iii) compliance with any loan covenants;
 - (iv) repayment prospects considering appropriate stressed-scenarios;
 - (v) the borrower's operating environment, including any potential changes; and

- (vi) the proposed risk assessment grade.
- (b) on borrowing base credits, perform appropriate reviews, and take timely corrective actions for all loans totaling one-hundred thousand dollars (\$100,000) or more, secured by inventory and/or accounts receivable; and
- (c) maintain proper collateral margins in loans made for the purpose of constructing upon or developing real estate, including but not limited to, procedures for ensuring that:
 - (i) periodic, meaningful, well-documented, inspections are performed on all construction projects;
 - (ii) draws are advanced in accordance with construction progress and budget;
 - (iii) documentation of project completion versus amount advanced is maintained;
 - (iv) lien waivers are obtained from contractors and sub-contractors; and
 - (v) borrower's hard equity is tracked by project.

(4) Within thirty (30) days, the Board shall take the necessary steps to obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, 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.

(5) Within thirty (30) days, the Board shall ensure proper collateral documentation is maintained on all loans, and shall correct each collateral exception listed in the ROE, in any subsequent Report of Examination, 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.

(6) Lending officers and senior management are assigned responsibility and held accountable (to include, at a minimum, consideration in periodic performance reviews and compensation) for ensuring the Bank's adherence to the policies and procedures adopted pursuant to this Article.

(7) The Board shall submit all policies and procedures adopted pursuant to this Article to the Assistant Deputy Comptroller for a prior determination of no supervisory objection.

(8) 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 policies and procedures adopted pursuant to this Article.

Article VI

Lending Policy

(1) Within ninety (90) days, the Board shall modify the Bank's Lending Policy to address the weaknesses discussed in the ROE, the requirements set forth in this Agreement, and any other deficiencies that may exist therein.

(2) At a minimum, the Board's modifications to the Bank's Lending Policy shall include:

- (a) guidance as to the appropriate frequency and coverage level of external loan reviews;
- (b) appropriate concentration limits for commercial real estate lending;
- (c) maturity and amortization limits for commercial real estate loans;

- (d) guidance regarding when the use of covenants is appropriate;
- (e) guidance regarding appropriate minimum credit scores and debt to income ratios for consumer installment loans;
- (f) Board approved tolerances for credit, collateral and Lending Policy exceptions stated as a percentage of total number of loans and percentage of total loans in terms of dollar amount;
- (g) a tickler system that tracks and reports exceptions which shall include, at a minimum, monthly Board monitoring of policy exception reports that track aggregate number and dollar amount of loans with material underwriting exceptions by type of loan and loan officer; and
- (h) guidance for stress testing large or high risk loans, as well as the loan portfolio as a whole.

(3) Lending officers and senior management shall be assigned responsibility and be held accountable (to include, at a minimum, consideration in periodic performance reviews and compensation) for ensuring the Bank's adherence to the Lending Policy adopted pursuant to this Article.

(4) The Board shall submit all policies and procedures adopted pursuant to this Article to the Assistant Deputy Comptroller for a prior determination of no supervisory objection.

(5) 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 policies and procedures adopted pursuant to this Article.

Article VII

Credit Risk Rating and Nonaccrual Recognition

(1) Within sixty (60) days, the Board shall develop, and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a program to ensure that: 1) the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records, and that; 2) the Bank does not improperly recognize income, to include, at a minimum, provisions requiring that:

- (a) the Board adopts a loan grading system that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook and is based upon definitive objective and subjective criterion;
- (b) the Bank's loans and other assets are graded based upon current facts and existing/reasonable (considering the loan purpose) repayment terms with a focus upon whether the primary repayment source is threatened by a well-defined weakness and whether the credit relies heavily upon secondary repayment sources, especially illiquid collateral or an unsubstantiated guarantor;
- (c) the Bank's loans and other assets are timely placed on nonaccrual by the lending officers in accordance with the guidelines set forth in the instructions to the Consolidated Report of Condition and Income ("Call Report");
- (d) lending officers conduct periodic, formal reviews for determining the appropriate risk rating and accrual determination;

- (e) appropriate analysis and documentation are maintained in the credit files to support the current and previous risk rating or accrual determination for all credit relationships totaling one hundred thousand dollars (\$100,000) or more;
- (f) the President, Senior Loan Officer, and all lending officers receive immediate training with respect to the application of Subparagraphs (a) through (e) of this Paragraph;
- (g) the lending officers and senior management are assigned responsibility and held accountable (to include, at a minimum, consideration in periodic performance reviews and compensation) for ensuring that the Bank's loans and other assets are appropriately and timely risk rated, charged off and/or placed on nonaccrual;
- (h) independent validation of the risk rating process, including the Board and management's timely review of loan review reports; and
- (i) management information systems that periodically provide feedback about the effectiveness of the program from senior management and individual lending officers about the effectiveness of the program.

(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 adopted pursuant to this Article.

Article VIII

Appraisal and Evaluation Process

(1) Within sixty (60) days, the Board shall revise, adopt, implement and thereafter ensure Bank adherence to a written program of policies and procedures designed to ensure the Bank obtains appraisals 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) criteria for obtaining updated appraisals, new appraisals, and evaluations;
- (b) procedures to ensure that appraisals, updates, and evaluations are the appropriate type and ordered in a timely manner;
- (c) the use of Board approved appraisers only;
- (d) a policy requiring a meaningful review, independent of the lender, of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised;
- (e) a tickler system for tracking appraisals ordered, received, returned, and reviewed;
- (f) immediate training for the President, Senior Loan Officer, and all lending officers with respect to the application of Subparagraphs (a) through (e) of this Paragraph; and
- (g) that lending officers and senior management are assigned responsibility and held accountable (to include, at a minimum, consideration in periodic performance reviews and compensation) for ensuring adherence to the program adopted pursuant to this Article.

(2) The Board shall submit all policies and procedures adopted pursuant to this Article to the Assistant Deputy Comptroller for a prior determination of no supervisory objection.

(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 adopted pursuant to this Article.

Article IX

Violations of Law

(1) The Board shall immediately take the necessary steps to ensure that Bank management corrects each violation of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty, cited in the ROE and in any subsequent Report of Examination or OCC correspondence.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations, practices, and breaches as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules, regulations and duties applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall develop, adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

Article X

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 accepted, 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.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

Doug Pittman
Assistant Deputy Comptroller
Kansas City Field Office

04/19/2012

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

Junior L. Clark

04/19/2012

Date

/s/

John L. Eichman

04/19/2012

Date

/s/

John E. Lang

04/19/2012

Date

/s/

James B. Meinhardt

04/19/2012

Date

/s/

Charles R. White

04/19/2012

Date

/s/

Lance White

04/19/2012

Date