

AGREEMENT BY AND BETWEEN  
The First National Bank of Wellston  
Wellston, Ohio  
and  
The Comptroller of the Currency

The First National Bank of Wellston, Wellston, Ohio (“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 examined the Bank and found unsafe or unsound banking practices. The unsafe or unsound practices related to credit administration practices, problem loan identification, the loan review process, the allowance for loan and lease losses methodology, the consumer compliance program, and violations of law.

In consideration of the above practices, 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 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) 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  
Central Ohio Field Office  
325 Cramer Creek Court, Suite 101  
Dublin, Ohio 43017

## ARTICLE II

### CREDIT UNDERWRITING AND ADMINISTRATION

(1) Within sixty (60) days, the Board shall adopt a written program to improve the Bank's credit underwriting and administration process. The program shall include, at a minimum:

- (a) guidelines for evaluating and the ongoing monitoring of a borrower's capacity to meet a realistic repayment program from liquidity and cash flow;
- (b) annual credit reviews for commercial or agricultural borrowers, which shall include a review and an analysis of updated financial and collateral information to determine an appropriate risk rating for the credit;
- (c) standards for minimally acceptable financial information on borrowers and guarantors;

- (d) guidelines for the identification of and accounting treatment for nonaccrual loans that are consistent with the accounting requirements contained in the Consolidated Reports of Condition and Income (“Call Reports”) Instructions;
- (e) prohibition of the extension of amortization periods to improve a borrower’s debt service coverage ratios or to match competition, unless supported by prudent underwriting; and
- (f) limitations on the use of interest reserves and capitalized interest that, at a minimum:
  - (i) prohibit advances to fund interest reserves at renewal when the original repayment plan did not materialize, unless such advance is clearly supported by the project’s viability in the current market and the borrower’s repayment capacity;
  - (ii) prohibit advances to fund interest reserves for non-construction or non-development related loans, e.g., holding of raw land; and
  - (iii) prohibit capitalization of interest unless such capitalization is deemed appropriate pursuant to the guidance in Examining Circular 229, Guidelines for Capitalization of Interests on Loans.

(2) Upon adoption, the Board shall submit a copy of the program required by this Article, and any subsequent amendments or changes to that program, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no

supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure the Bank's adherence to the program.

### ARTICLE III

#### CREDIT AND COLLATERAL INFORMATION

(1) Within ninety (90) days, the Bank shall obtain and analyze current and satisfactory credit information on all loans listed in the Report of Examination for the examination which commenced on December 5, 2011 ("ROE"), in any subsequent ROE, in any internal or external loan review, in any internal bank monitoring report, or in any listings of loans lacking such information provided to management by the Bank Examiners at the conclusion of an examination.

(2) Within ninety (90) days, the Bank shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent ROE, in any internal or external loan review, in any internal bank monitoring report, or in any listings of loans lacking such information provided to management by the Bank Examiners at the conclusion of an examination.

(3) If the Bank is unable to obtain the credit information or collateral documentation required by Paragraphs (1) or (2) of this Article within ninety (90) days, the Bank shall document its efforts to obtain such information or documentation, and maintain the documentation of its efforts in the loan file.

(4) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit only after:

- (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 and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from business operations; and
- (e) certifying in writing that the granting, renewal, altering or restructuring of any loan or other extension of credit is in the best interests of the Bank.

(5) Failure to obtain the information required by Paragraph (4)(d) of this Article shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information required by Paragraph (4)(d) would be detrimental to the best interests of the Bank. A copy of the Board's certification shall be maintained in the credit file of the affected borrower(s) and a centralized file for review by the Board, senior management and Bank Examiners.

(6) The certification exception granted by Paragraph (5) of this Article shall not apply to any loan or other extension of credit to an insider as defined by 12 C.F.R. § 215.2(h).

#### ARTICLE IV

##### INDEPENDENT LOAN REVIEW

(1) Within ninety (90) days, the Board shall adopt an effective, independent and on-going loan review system to review, at least semi-annually, the Bank's loan and lease portfolios to assure the timely and accurate risk rating of credits and the identification of credit information, collateral documentation, and policy exceptions. The system shall provide for a written report to

be filed with the Board after each review. Such reports shall include, at a minimum, written conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) reasons for the risk rating of individual credits;
- (c) the accrual status and amount of impairment reserves, if necessary;
- (d) credit information and collateral documentation exceptions;
- (e) the identification and status of credit related violations of law, rule or regulation;
- (f) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (g) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(2) Upon adoption, the Board shall submit a written description of the system required by this Article, and any subsequent amendments or changes to that system, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure adherence to the system.

(3) The Board shall evaluate the internal loan and lease review reports and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report.

(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 preserved by the Bank.

## ARTICLE V

### LOAN RISK RATING SYSTEM

(1) Within thirty (30) days, and on an ongoing basis thereafter, the Board must ensure that the Bank's internal risk ratings of any credit relationship, as assigned by responsible loan officers and by any independent loan reviewer, are timely, accurate, and consistent with the regulatory credit classification criteria set forth in the Rating Credit Risk Booklet, A-RCR, of the Comptroller's Handbook and the Federal Financial Institutions Examination Council's "Uniform Retail Credit Classification and Account Management Policy" dated June 12, 2000, (OCC Bulletin 2000-20). At a minimum, the Board must ensure, on an ongoing basis, that with respect to the assessment of credit risk of any loan relationship:

- (a) the primary consideration is the strength of the borrower's primary source of repayment (i.e., the probability of default rather than the risk of loss);
- (b) collateral, non-government guarantees, and other similar credit risk mitigants that affect potential loss in the event of default (rather than the probability of default) are taken into consideration only if the primary source of repayment has weakened and the probability of default has increased;
- (c) credit risk ratings are reviewed and updated whenever relevant new information is received, but no less frequently than annually; and
- (d) the credit risk rating analysis is documented and available for review by the Board and the OCC upon request.

(2) Within thirty (30) days, and on an ongoing basis thereafter, the Board must ensure that any loan relationship with a high probability of payment default or other well-defined weakness is rated no better than Substandard, unless the debt is secured by liquid assets or cash.

(3) Within ninety (90) days, the Board must establish a management information system that provides, at a minimum, the following information to the Board on a monthly basis:

- (a) the identification, type, amount, and assigned rating of each loan or credit relationship rated Special Mention or worse, and a discussion of the specific reasons for the assigned risk rating;
- (b) credit and collateral documentation exceptions;
- (c) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies; and
- (d) the identity of the loan officer who originated each loan reported in accordance with Subparagraphs (a) through (c) of this Paragraph.

## ARTICLE VI

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within forty-five (45) days, the Board shall adopt written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses ("ALLL") in accordance with U.S. generally accepted accounting principles ("GAAP"). The ALLL policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006, (OCC Bulletin 2006-47) ("Interagency Statement") and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with GAAP (including FASB ASC 310-10, *Receivables - Overall - Subsequent Measurement – Impairment*);
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with GAAP (including FASB ASC 450-20, *Loss Contingencies*). These procedures shall require the Bank to document its estimation of credit losses and its analysis of the nine qualitative factors set forth in the Interagency Statement;
- (c) procedures for validating the ALLL methodology; and
- (d) a process for summarizing and documenting, for the Board’s review and approval, the amount to be reported in the Call Reports for the ALLL.

(2) The Board shall adopt written policies and procedures to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted. Any deficiency between the ALLL balance as determined by the analysis required by this Article and the Bank’s actual ALLL balance, regardless of the amount of such deficiency, shall be remedied through additional provision expense in the quarter it is discovered, prior to the filing of the Call Reports.

(3) Upon adoption, the Board shall submit a copy of the policies and procedures required by this Article, and any subsequent amendments or changes to those policies and procedures, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure adherence to the policies and procedures.

## ARTICLE VII

### CONSUMER COMPLIANCE PROGRAM

(1) Within ninety (90) days, the Board shall adopt a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules and regulations. This program shall include, but not be limited to:

- (a) a written description of the duties and responsibilities of the compliance officer;
- (b) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;
- (c) the preparation of a policies and procedures manual covering all consumer protection laws, rules and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities;
- (d) periodic updates of the written policies and procedures manual to ensure it remains current;
- (e) an independent audit program to test for compliance with consumer protection laws, rules and regulations, including procedures and sampling adequate to cover laws, rules, and regulations;
- (f) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;

- (g) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules and regulations; and
- (h) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(2) Upon adoption, the Board shall submit a copy of the program required by this Article, and any subsequent amendments or changes to that program, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure the Bank's adherence to the program.

## ARTICLE VIII

### VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE or in any subsequent ROE.

(2) Within thirty (30) days, the Board shall adopt specific procedures to prevent future violations as cited in the ROE, and shall adopt 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.

(3) Within thirty (30) days of receipt of any subsequent ROE which cites violations of law, rule, or regulation, the Board shall adopt specific procedures to prevent future violations as cited in the ROE and shall adopt 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, the Board shall submit a copy of any procedure required by this Article, and any subsequent amendments or changes, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure the Bank's adherence to that procedure.

## ARTICLE IX

### 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, including ensuring that the Bank has necessary policies, procedures, processes, personnel, and control systems;
- (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/

6/5/2012

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W. Paul Groot  
Acting Assistant Deputy Comptroller  
Central Ohio Field Office

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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/

6/5/12

\_\_\_\_\_  
Randall Adams

\_\_\_\_\_  
Date

/s/

6.5.12

\_\_\_\_\_  
Richard Billman, II

\_\_\_\_\_  
Date

/s/

6-5-12

\_\_\_\_\_  
Matthew Fields

\_\_\_\_\_  
Date

/s/

6/5/12

\_\_\_\_\_  
Lawrence Heiser

\_\_\_\_\_  
Date

/s/

06-05-2012

\_\_\_\_\_  
Anthony Thorne

\_\_\_\_\_  
Date