



(2) The Compliance Committee shall meet at least quarterly.

(3) Beginning on June 30, 2013, and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the actions needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; 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) All reports or plans which the Bank or Board is required to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded to:

Doug Pittman  
Assistant Deputy Comptroller  
Kansas City Field Office  
7101 College Boulevard, Suite 1600  
Overland Park, Kansas 66210

(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 Order.

## **Article II**

### **Management and Board Supervision**

(1) Within ninety (90) days of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program of revised internal controls that, at a minimum, provides for the following enhancements:

- (a) designates a qualified individual to be responsible for and to oversee the internal controls program;
- (b) identifies and evaluates the sufficiency of internal controls for all areas of the Bank;
- (c) formalizes in writing the policies and procedures describing the Bank's internal controls;
- (d) revises and strengthens internal controls in areas where the current internal controls are deficient;
- (e) requires proper training on the revised policies, procedures, and controls for officers and employees responsible for internal controls; and,
- (f) holds officers and employees accountable for the requirements of this Article.

(2) Within sixty (60) days of this Order, the Board shall develop policies and procedures to ensure that management appropriately responds to any audit or compliance criticisms, any regulatory violations of law, unsafe or unsound banking practices, breaches of fiduciary duty and Matters Requiring Attention (collectively, "material criticisms") to include at a minimum:

- (a) requirements for the development of written action plans to address material criticisms that include:
  - (i) corrective actions to be taken;
  - (ii) deadlines for taking the corrective action;
  - (iii) the individual responsible for making the corrective action; and,
  - (iv) dates for follow-up testing;

- (b) review and approval by the Board of management's proposed actions;
- (c) a tracking system that will ensure that material criticisms are reported to the Board and corrected in a timely manner;
- (d) a summary of results from follow-up testing, including any additional actions required; and,
- (e) review by the Audit Committee of the follow-up testing, including a conclusion on the effectiveness and sustainability of corrective actions.

(3) Within sixty (60) days of this Order, the Board shall take the necessary steps to eliminate the deficiencies in management leadership and Board oversight of the Information Technology ("IT") systems and processes as described in the November 26, 2012 Report of Examination ("ROE") by adopting a revised IT program that includes, at a minimum:

- (a) developing a written charter outlining the duties and responsibilities of the IT Committee, incorporating fundamental monitoring and report expectations, that shall contain at a minimum:
  - (i) the status of IT audit findings and management responses for corrective action;
  - (ii) a detailed IT strategic plan with clearly defined responsibilities and prioritization of IT projects;
  - (iii) key network and system monitoring reports that the IT committee will review regularly;
  - (iv) operational and security issues; and,
  - (v) review of the results of risk assessments;

- (b) developing core processing documentation for key users and operations staff;
- (c) identifying IT controls and incorporating them into the overall audit risk assessment and audit plan; and,
- (d) defining accountability for monitoring the security program and assuring timely completion and report of the risk assessment results required by 12 C.F.R. Part 30, Appendix B.

(4) Within thirty (30) days of this Order, the Board shall take the necessary steps to ensure that the Bank timely files complete and accurate Consolidated Reports of Condition and Income (“Call Reports”) in accordance with the Federal Financial Institutions Examination Counsel’s “Instructions for Preparation of Consolidated Reports of Condition and Income,” to include at a minimum:

- (a) the designation of an officer with the knowledge, skills and abilities necessary to ensure the Bank timely and accurately files its Call Reports;
- (b) training of appropriate Bank personnel in Call Report preparation;
- (c) procedures to ensure the Bank retains documentation providing an appropriate audit trail for all Call Report schedules; and,
- (d) the performance of an independent review and verification of the accuracy of all Call Report schedules in advance of each Call Report filing.

(5) Within sixty (60) days of this Order, the Board shall adopt, implement and thereafter ensure Bank adherence to an independent and comprehensive internal audit program that:

- (a) identifies guidelines and expectations for the internal audit risk assessment, audit plan procedures and reports to include all auditable areas of the Bank;
- (b) identifies the internal controls associated with each auditable area of the Bank;
- (c) revises the risk assessment for each auditable area;
- (d) revises the audit plan and schedule;
- (e) identifies appropriate audit procedures to test internal controls for each auditable area;
- (f) includes a contingency plan considering alternatives should the internal audit fall behind schedule; and,
- (g) ensures the designated Internal Auditor receives sufficient support or training if an audit requires specific knowledge or skill the Internal Auditor does not possess.

(6) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a written determination of no supervisory objection, a management succession plan, which shall include at a minimum:

- (a) identified successors to its senior management team, including the Chairperson of the Board, President, Chief Financial Officer, and Senior Loan Officer; and,
- (b) a process for training and integrating the successors into the Bank.

(7) Upon receiving a prior written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the plan required by Paragraph (6) of this Article.

(8) The Board shall periodically review and revise the plan required by Paragraph (6) of this Article and submit any revisions to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(9) The Board shall ensure that appropriate policies and procedures are in place to hold management and lending officers accountable for the requirements in this Order, to include, at a minimum, consideration in periodic evaluations and compensation.

(10) Upon adoption of the programs, policies and procedures required by Paragraphs (1), (2), (3) and (5) of this Article, the Board shall submit copies to the Assistant Deputy Comptroller.

### **Article III**

#### **Core Processing Controls and Administration**

(1) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a plan to correct the Bank's deficiencies in its core processing system internal controls and system administration. This plan shall include either:

- (a) an engagement letter to convert the Bank's core processing system and system administration within a specified timeframe and an individual designated to be responsible for the Bank's oversight and implementation of the core processing system conversion and the maintenance of proper controls surrounding the new system; or,

- (b) a program to address, within ninety (90) days of this Order, the Bank's deficiencies in its current core processing system and system administration, including, at a minimum:
  - (i) reviewing system access levels and ensuring user access is restricted to the level necessary to effectively accomplish position requirements and activities;
  - (ii) establishing clear control expectations for separating duties;
  - (iii) limiting the number of users authorized to perform update functions;
  - (iv) removing the special authorities assigned to the programming staff;
  - (v) implementing the security auditing feature of the AS400 for administrators, programmers, and other high privilege users;
  - (vi) developing and implementing a process to monitor changes to the production environment;
  - (vii) including the AS400 users' profile accounts in the user access review processes;
  - (viii) Board approval of the change control policy; and,
  - (ix) implementing appropriate procedures and processes to request, approve, and record changes to the production environment.

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

## Article IV

### Capital and Strategic Planning

- (1) Effective immediately, the Bank shall at all times maintain the following minimum capital ratios:
  - (a) tier 1 capital at least equal to ten percent (10.00%) of adjusted total assets;  
and
  - (b) total risk-based capital at least equal to thirteen percent (13.0%) of risk-weighted assets.
- (2) For purposes of this Article, “tier 1 capital” and “adjusted total assets,” are as defined in 12 C.F.R. Part 3 and “total risk-based capital” and “risk-weighted assets” are as defined in 12 C.F.R. Part 6.
- (3) The requirement in this Order to meet and maintain a specific capital level means that the Bank is not to be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, pursuant to 12 C.F.R. § 6.4(b)(1)(iv).
- (4) Effective immediately, the Bank shall only declare dividends when the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.
- (5) Within thirty (30) days of this Order, the Board shall revise and submit the previously submitted capital and strategic plan (hereafter the Bank’s “Three-Year Plan”) to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection to contain specific strategies to achieve specific, measureable, and verifiable objectives to include, at a minimum:

- (a) specific risk triggers that prompt Board and management action, including, but not limited to, injection of additional capital;
- (b) actions to monitor and control concentrations of credit as described in Paragraph (5) of Article V, including actions the Board and management will take when balances approach the approved limits;
- (c) 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;
- (d) a comprehensive risk management program which, at a minimum shall include:
  - (i) mechanisms by which management and the Board can identify, monitor and assess the severity of all major risk areas facing the Bank;
  - (ii) well defined, quantifiable goals and objectives intended to address all major risks facing the Bank, including but not limited to risks related to asset quality, earnings, and the maintenance of sufficient capital for the risk profile of the Bank;
  - (iii) identification of potential primary and secondary sources of contingent capital; and,
  - (iv) specific benchmarks that would prompt management and the Board to take action should risk exposure change; and,

(e) an assessment of whether the Bank has sufficient staff, both in terms of numbers and expertise, to fulfill the requirements of the Bank's Three-Year Plan.

(6) Upon receiving a prior 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.

(7) The Board shall review the Bank's Three-Year Plan annually and submit any material revisions to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

## **Article V**

### **Credit Administration**

(1) Effective as of the date of this Order, the Board and management shall continue the Bank's adherence to the requirements of its previously approved Loan Portfolio Management Policy, the maintenance of the loan committee function and the maintenance of the responsibilities and authority of the Senior Loan Officer. The Board shall also develop procedures to ensure loan officers are held accountable for obtaining current financial information and collateral values and are adhering to loan policy guidelines.

(2) Within sixty (60) days of this Order, the Board shall develop procedures to ensure that loans are properly underwritten and monitored, including, at a minimum:

(a) ensuring that loan officers consider all of the relevant factors, such as real estate taxes and contingent debt, in their analysis of a borrower's capacity to repay debt;

- (b) documenting the source of repayment for all credits, including when a borrower does not reflect sufficient cash flow to meet their debt service;
- (c) ensuring that management tracks and approves credit, collateral, and policy exceptions on the entire loan portfolio; and,
- (d) ensuring that Board and management reports accurately document specific and aggregate exceptions as a percentage of the portfolio and segregating the exceptions by type, loan type, and loan officer.

(3) Within sixty (60) days of this Order, the Board shall develop procedures to ensure that the Bank appropriately risk rates its loans and determines the appropriate accrual status of its loans, to include, at a minimum:

- (a) continuing to hold loan officers accountable for accurately assigning risk ratings to credits;
- (b) reducing the level of financial exceptions;
- (c) establishing a process to segregate and actively monitor the risk in the Bank's "Watch" rated credits;
- (d) ensuring loan officers follow Bank policy and do not inappropriately capitalize interest;
- (e) adhering to the guidance in OCC Bulletin 2005-9, requiring the charge off of accounts overdrawn in excess of 60 days; and,
- (f) improving the accuracy of management information reports for the loan portfolio to include detailed information about any balance charged off of each loan, historical risk rating, and nonaccrual dates.

(4) Within thirty (30) days of this Order, the Board shall take steps to ensure the Bank obtains appraisals in compliance with USPAP, 12 C.F.R. Part 34, Advisory Letter No. 2003-9, OCC Bulletin 2005-6, and OCC Bulletin 2010-42, to include, at a minimum:

- (a) monitoring of Problem Asset Reports (“PARs”) for the need to obtain current collateral valuations;
- (b) ensuring that appraisal reviews identify when the appraisal or evaluation is inadequate and requiring management obtain a new appraisal or evaluation;
- (c) requiring the Senior Loan Officer to revise the Bank’s loan policy to ensure compliance with OCC Bulletin 2010-42; and,
- (d) requiring that the Senior Loan Officer provides periodic training such that the lending staff is familiar with all the requirements of the appraisal regulation, interagency guidance, and Bank policies and procedures.

(5) Within thirty (30) days of this Order, the Board shall prepare a comprehensive set of concentrations of credit limits for the Bank’s principal lending lines of business that comports with safe and sound practices and the Board’s risk tolerances based on an understanding of the risk associated with specific loans. The concentration limits shall be based upon a percentage of capital, stratified by type, locality and other meaningful measures, including but not limited to, each type of lending that corresponds to the categories contained in the Call Report.

(6) After the Board has developed the programs required by Paragraphs (3)-(5) of this Article, the Board shall immediately implement and thereafter ensure adherence to their terms.

## Article VI

### External Loan Review

(1) The Board shall continue to employ a qualified consultant to perform semiannual asset quality reviews of the Bank's loan portfolio. The external loan review system shall provide for a written report to be filed with the Board after each review, shall address relevant issues discussed in OCC Bulletin 2006-47, and shall use a loan and lease grading system consistent with the guidelines set forth in the "Rating Credit Risk" booklet 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) overall credit administration practices; and,
- (i) completeness and effectiveness of problem loan workout plans.

(2) Effective as of the date of this Order, the Board shall review the effectiveness of the current loan review consultant. If the Board determines that the current loan review consultant is to be retained, the Board shall take the necessary steps to ensure the loan review accurately risk rates the Bank's loans and that the consultant provides conclusions required by Paragraph (1) of this Article.

(3) Prior to appointing or employing any new individual as loan review consultant or entering into any contract with any loan review consultant, the Board shall assess the qualifications of said consultant and, after making a positive determination, 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. Upon receiving a prior written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(4) 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.

## **Article VII**

### **Problem Loan Management**

(1) Effective as of the date of this Order, the Board shall adhere to its written procedures for the quarterly submission and review of PARs for all criticized and classified credit relationships totaling two hundred fifty thousand dollars (\$250,000) or more. The Board shall ensure that PARs contain, at a minimum:

- (a) debt service coverage and loan-to-value ratios;
- (b) the proposed action and time frame to eliminate the basis of criticism;
- (c) primary and secondary sources of repayment;
- (d) documentation supporting the appropriateness of current accrual status;

- (e) a summary of relevant communications with the borrower, including an assessment of these communications as they relate to collectability or the borrower's willingness to cooperate with the Bank;
- (f) trigger dates for positive borrower actions or for loan officers to reassess the strategy, enact collection plans, and make appropriate downgrades or place the loan on nonaccrual;
- (g) a determination of whether the loan is impaired and the amount of the impairment, consistent with Accounting Standards Codification 310-10; and,
- (h) an evaluation of the progress made in the last quarter.

(2) Within thirty (30) days of this Order, the Board shall designate a loan workout specialist who shall have the available time, authority, and expertise to ensure compliance with Paragraph (1) of this Article.

(3) A copy of each PAR prepared, along with any Board comments regarding the effectiveness of the effort to eliminate the weaknesses in each credit, shall be available for the inspection by the OCC's National Bank Examiners within thirty (30) days after the end of each calendar quarter.

(4) Effective as of the date of this Order, the Bank may not extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent ROE, in any subsequent internal or external loan review, or in any subsequent list provided to management by the National Bank Examiners during any examination and whose aggregate

loans or other extensions of credit equal or exceed two hundred fifty thousand dollars (\$250,000), unless each of the following conditions is met:

- (a) the Board or a designated committee thereof finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending, or capitalizing any additional credit, a majority of the Board or a designated committee thereof approves the credit extension and documents in writing, the reasons that such extension is necessary to promote the best interests of the Bank; and,
- (b) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of credit.

## **Article VIII**

### **Allowance for Loan and Lease Losses**

(1) Within thirty (30) days of this Order, the Board shall revise, implement, and thereafter ensure adherence to written policies and procedures for maintaining an appropriate Allowance for Loan and Lease Losses ("Allowance") in accordance with GAAP. The Allowance 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), and July 20, 2001 (OCC Bulletin 2001-37), and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and procedures for measuring the amount of impairment that are consistent with Accounting Standards Codification 310-10 (formerly known as FASB Statement of

Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan);

- (b) procedures for identifying a dollar amount for loans the Bank deems “material” for purposes of performing an impairment analysis pursuant to this Subparagraph (a);
- (c) procedures for determining the amount of impairment pursuant to ASC 310-10-35-10 by using the present value of the expected future cash flows when the loans are not collateral dependent and for which there is no observable market price for the loan;
- (d) procedures for segmenting the loan portfolio and estimating loss on groups of loans, consistent with Accounting Standards Codification 450-20 (formerly known as FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies);
- (e) procedures for validating the Allowance methodology;
- (f) procedures to ensure that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:
  - (i) trends in the Bank’s internal risk ratings, delinquent, and nonaccrual loans;
  - (ii) results of the Bank’s external loan review;
  - (iii) concentrations of credit in the Bank;
  - (iv) present and prospective economic conditions; and,
  - (v) applicable experience of the Bank’s lending staff; and,

- (g) procedures to ensure that the weight or percentages assigned to the relevant qualitative and environmental factors are validated for reasonableness.

(2) The program shall provide for a process for summarizing and documenting, for the Board's review and approval, the amount of the Allowance to be reported in the Call Reports. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

## **Article IX**

### **Consumer Compliance Program**

(1) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written, risk-based 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, at a minimum:

- (a) an assessment of compliance staffing and resources;
- (b) a written description of the duties and responsibilities of the Compliance Officer;
- (c) the provision of sufficient support and training for the Compliance Officer;

- (d) reviewing and ensuring policies and procedures are tailored to the Bank's operation and adequately documented and shall include sufficient detail to provide guidance for employees to:
  - (i) complete and document routine transactions in compliance with applicable laws and regulations; and,
  - (ii) route, review, retain, and determine specific retention periods for transaction documents;
- (e) ensuring that the compliance audit program is risk based and includes sufficient testing to identify violations and areas of weakness;
- (f) audit reports that provide conclusions on:
  - (i) the overall compliance program;
  - (ii) compliance controls, policies, and procedures; and,
  - (iii) compliance with each applicable law and regulation review; and,
- (g) procedures for holding the Compliance Officer and Bank staff accountable for adhering to the policies and procedures relating to consumer compliance.

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

## **Article X**

### **Bank Secrecy Act Program**

(1) Within sixty (60) days of this Order, the Bank shall ensure adherence to a written program of policies and procedures to provide for compliance with the Bank Secrecy Act, as

amended (31 U.S.C. §§ 5311 *et seq.*), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C and the rules and regulations of the Office of Foreign Assets Control (“OFAC”) (collectively referred to as the “Bank Secrecy Act” or “BSA”).

(2) Within thirty (30) days of this Order, the Board and management shall revise the Bank’s BSA processes to ensure:

- (a) the documentation of internal control processes for monitoring suspicious activity and cash transactions; and,
- (b) the inclusion of employee accounts in the process for monitoring suspicious activity and cash transactions.

## **Article XI**

### **Closing**

(1) Although the Bank is required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank’s books and records.

(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 to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose signature appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order in which the Board or a Board committee is required to ensure adherence to and undertake to perform certain obligations of the Bank, including the obligation to prepare, update, develop or implement plans, policies, or other actions, it means that the Board or Board committee shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary or appropriate for the Bank to perform its obligations under this Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (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 for any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States.

(7) The terms of this Order, 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 has hereunto set his hand on behalf of the Comptroller.

/s/

April 26, 2013

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Doug Pittman  
Assistant Deputy Comptroller  
Kansas City Field Office

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Date

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY**

<b>In the Matter of:</b>	)	
First National Bank	)	AA-WE-2013-24
Camdenton, Missouri	)	

**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against First National Bank, Camdenton, Missouri (“Bank”), pursuant to 12 U.S.C. § 1818(b), for unsafe or unsound banking practices relating to Board and management oversight, capital planning, and credit risk management and administration.

The Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated April 26, 2013 (“Order”);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

**ARTICLE I**

**JURISDICTION**

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2) and within the meaning of 12 U.S.C. § 1818(b)(1).

## **ARTICLE II**

### **ACKNOWLEDGEMENTS**

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank acknowledges that said Order shall be deemed an “order issued with the consent of the depository institution,” as defined in 12 U.S.C. § 1818(h)(2), and consents and acknowledges that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). 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(i), 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.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller 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.

## **ARTICLE III**

### **WAIVERS**

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
- (b) any and all procedural rights available in connection with the issuance of the Order;
- (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i) or 12 C.F.R. Part 19;
- (d) all rights to seek any type of administrative or judicial review of the Order; and,
- (e) any and all rights to challenge or contest the validity of the Order.

**ARTICLE IV**

**OTHER PROVISIONS**

(1) The provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

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

/s/

April 26, 2013

---

Doug Pittman  
Assistant Deputy Comptroller  
Kansas City Field Office

---

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/	April 26, 2013
_____ John F. Blair	_____ Date
/s/	April 26, 2013
_____ John R. Block	_____ Date
/s/	April 26, 2013
_____ Ronald K. Carpenter	_____ Date
/s/	April 26, 2013
_____ Jerry M. Eidson	_____ Date
/s/	April 26, 2013
_____ Paula Beth Esther	_____ Date
/s/	April 26, 2013
_____ William J. Ezard	_____ Date
/s/	April 26, 2013
_____ Richard Goins	_____ Date
/s/	April 26, 2013
_____ Chris Leslie	_____ Date
/s/	April 26, 2013
_____ John T. McCrory	_____ Date
/s/	April 26, 2013
_____ Philip Morgan	_____ Date
/s/	April 26, 2013
_____ Garrett Moulder	_____ Date
/s/	April 26, 2013
_____ K. Clayton Rogers	_____ Date