

AGREEMENT BY AND BETWEEN
First FS&LA of Greensburg
Greensburg, Indiana
and
The Comptroller of the Currency

First FS&LA of Greensburg, Greensburg, Indiana (“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 loan underwriting, credit administration, the allowance for loan and lease losses, information technology, vendor management, and interest rate risk management at 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. § 163.555. 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 to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 163.555, unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank to be ineligible for expedited treatment for applications and notices filed with the OCC. See 12 C.F.R. § 116.5.

(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:

Jill Hoyle
Assistant Deputy Comptroller
Indianapolis Field Office
8777 Purdue Road, Suite 105
Indianapolis, Indiana 46268-3104

ARTICLE II

MANAGEMENT

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

(2) Within one hundred and twenty (120) days, the Board shall complete a review of the Bank’s management structure and the supervision presently being provided to the Bank. The Board’s findings and recommendations shall be set forth in a written report. At a minimum, the

report shall contain:

- (a) detailed written job descriptions for all officers;
- (b) an evaluation of each officer's duties and capacity to effectively carry out such duties;
- (c) an evaluation of current lines of authority, reporting responsibilities and delegation of duties for all officers, including identification of any overlapping duties or responsibilities; and
- (d) comparison of the current staff's skills and expertise to the skills and expertise necessary for the Bank operations.

(3) Upon completion, the Board shall promptly forward a copy of its written report to the Assistant Deputy Comptroller. The Assistant Deputy Comptroller shall retain the right to determine the adequacy of the report and its compliance with the terms of this Agreement. In the event the written report, or any portion thereof, is not implemented or adhered to, the Board shall immediately advise the Assistant Deputy Comptroller, in writing, of the specific reasons for deviating from the report.

(4) If the Board determines that an officer's performance, skills, or abilities needs improvement, the Board will, within thirty (30) days following its determination, require the Bank to develop, implement, and adhere to a written program, with specific time frames, to improve the officer's performance, skills and abilities. Upon completion, the Board shall promptly submit a copy of the written program to the Assistant Deputy Comptroller.

ARTICLE III

CAPITAL PLAN

(1) Within ninety (90) days, the Board shall submit to the Assistant Deputy Comptroller for her review and prior written determination of no supervisory objection, a written Capital Plan for the Bank covering at least a three -year period. The Capital Plan shall be consistent with OCC Bulletin 2012-16 *Guidance for Evaluating Capital Planning and Adequacy* and, at a minimum, shall include:

- (a) Internally developed capital targets; and
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities.

(2) Within fifteen (15) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Bank's Capital Plan, the Board shall adopt, implement, and thereafter ensure Bank adherence to the Capital Plan. The Board shall review and update, as needed, the Bank's Capital Plan at least annually, and more frequently if necessary, or if required by the Assistant Deputy Comptroller in writing. Prior to adopting any subsequent amendments or revisions to the Capital Plan, the Board shall submit the proposed amendment or revision to the Assistant Deputy Comptroller and receive a prior written determination of no supervisory objection.

ARTICLE IV

LOAN RISK RATING SYSTEM

(1) Within one hundred and twenty (120) days, and on an ongoing basis thereafter, the Board must ensure that the Bank's internal risk rating of commercial credit relationships as assigned by 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 of the Comptroller's Handbook. At a minimum, the Board must ensure, on an ongoing basis, that with respect to the assessment of credit risk of any commercial credit 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 as increased;
- (c) credit risk ratings are reviewed and updated whenever relevant new information is received, but no less frequently than annually;
- (d) that loans and other assets are timely placed on nonaccrual where appropriate in accordance with the Instructions for Consolidated Reports of Income and Condition ("Call Reports"); and
- (e) the credit risk rating analysis is documented, maintained in the credit file, and available for review by the Board and the OCC upon request.

ARTICLE V

LOAN UNDERWRITING

(1) Within sixty (60) days, the Board shall develop written Commercial Real Estate Loan Underwriting Standards designed to ensure that the Bank is granting, extending, renewing, and restructuring commercial real estate loans in a safe and sound manner. At a minimum, the underwriting standards shall include:

- (a) guidelines for evaluating and monitoring a borrower's capacity to meet a realistic repayment program from liquidity and cash flow;
- (b) standards for minimally acceptable financial information on borrowers and guarantors prior to making credit decisions and on an ongoing basis as necessary to monitor the Bank's credit risk, properly account for loans, and assign accurate risk-ratings in a timely manner;
- (c) minimum standards for net worth, cash flow, and debt service coverage of the borrower or underlying property;
- (d) loan to value limits for each type of real property collateral; and
- (e) guidelines and parameters for loan structure that, at a minimum:
 - (i) require that each loan have a clearly defined and reasonable repayment program;
 - (ii) require that a loan's maturity and amortization period be consistent with the purpose of the loan, the available cash flow from the source of repayment, and the collateral pledged;

- (iii) require principal curtailment from secondary sources of repayment if the original source of repayment is not sufficient to retire the debt in accordance with its original terms; and
- (iv) prohibit the extension of amortization periods to improve a borrower's debt service coverage ratio or to match competition, unless supported by prudent underwriting as defined in the Appendix to 12 C.F.R. § 160.101 and other applicable supervisory guidance.

(2) Upon completion, the Board shall promptly submit a copy of the Commercial Real Estate Underwriting Standards to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall promptly adopt, implement, and thereafter ensure Bank adherence to the Commercial Real Estate Underwriting Standards.

(3) Effective immediately, the Bank may grant, extend, renew, alter, or restructure any loan, lease, 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 for the extension of credit;
- (d) obtaining and accurately analyzing current and satisfactory credit information to appropriately assess the borrower's cash flow and financial position, and where repayment is dependent in whole or in part on one or

more guarantors, performing an appropriate analysis of the guarantors' current financial position; and

- (e) documenting the current value of collateral with adequate supporting material, in compliance with 12 C.F.R. Part 34, subpart C, where applicable, and documenting that the Bank's security interest has been properly attached and recorded.

(4) Failure to obtain and analyze the information in Paragraph (3)(d) of this Article shall not constitute a violation of this Article if, prior to granting the extension of credit, a majority of the full Board (or a delegated committee thereof) reasonably determines that not obtaining and analyzing the information required in Paragraph (3)(d) would not be detrimental to the best interests of the Bank. Any such determination must be documented in a written certification that included specific and adequate reasons for the Board's determination. A copy of the Board certification shall be maintained in the Bank's credit file for the respective borrower(s) for subsequent review by the OCC.

ARTICLE VI

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized¹ in the Report of Examination dated February 24, 2014 ("ROE"), in any subsequent Report of Examination, by the Bank, by internal or external loan review, or in any list provided to management by the OCC during any examination.

¹ The term "criticized" as used in this Article refers to assets rated the equivalent of "doubtful," "substandard," or "special mention" as defined in the "Rating Credit Risk" booklet of the Comptroller's Handbook.

(2) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to individual workout plans designed to protect the Bank's interest in or eliminate the basis of criticism of commercial loans² (including loan relationships) equal to or exceeding two hundred and fifty thousand dollars (\$250,000) criticized in the ROE or internally identified by the Bank as criticized as of the effective date of this Agreement. On an ongoing basis, when any commercial loan (including loan relationships) equal to or exceeding two hundred and fifty thousand dollars (\$250,000) is criticized in a subsequent Report of Examination, by the Bank, by any internal or external loan review, or in any list provided to management by the OCC during any examination, the Board shall adopt, implement, and thereafter ensure Bank adherence to individual workout plans for the criticized commercial loans within sixty (60) days. Each workout plan shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) an accurate analysis of the borrower's ability to repay the loan based on current and satisfactory credit information, including an appropriate analysis of the guarantors' current financial position where repayment is dependent in whole or in part on the support of the guarantor;
- (c) detailed collateral information, including, as applicable, the current value of supporting collateral, the condition of the collateral, and the position of the Bank's lien on such collateral;
- (d) information on tenants and occupancy rates, if the collateral is income producing real estate; and

² The term "commercial loan" as used in this Article refers to any loan or extension of credit that is not subject to OCC Bulletin 2000-20 *Interagency Uniform Retail Credit Classification and Account Management Policy*.

- (e) actions the Bank plans to take to protect its interest in, or eliminate the basis of criticism of, the commercial loan, including timeframes for implementing and evaluating the effectiveness of those actions.

(3) Upon adoption, a copy of the workout plans for all criticized commercial loans (including loan relationships) equal to or exceeding two hundred and fifty thousand dollars (\$ 250,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall review each commercial loan workout plan on at least a quarterly basis to determine:

- (a) the status of each criticized commercial loan (including loan relationships), or criticized portion thereof, that equals or exceeds two hundred and fifty thousand dollars (\$ 250,000);
- (b) the Bank's adherence to the workout plans adopted pursuant to this Article;
- (c) the status and effectiveness of the workout plans; and
- (d) the need to revise the workout plans or take alternative action.

(5) A copy of each review conducted pursuant to Paragraph (4) of this Article shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(6) Effective immediately, the Bank may extend credit, directly or indirectly, including renewals or extensions, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, by the Bank, by any internal or external loan review, or in any list provided to management by the OCC during any examination and whose aggregate loans or other extensions of credit from the Bank exceed two hundred and fifty thousand dollars (\$250,000), only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing or extending any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the workout plans adopted pursuant to this Article shows that the Board's plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the approval of the Board or of the designated committee, obtained pursuant to Paragraph (6) of this Article, shall be maintained in the file of the affected borrower.

ARTICLE VII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days, the Board shall develop 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 an independent review to validate the ALLL methodology; and
- (d) a process for summarizing and documenting, for the Board's prior review and approval, the amount to be reported in the Call Reports for the ALLL.

(2) Upon completion, the Board shall promptly submit a copy of the ALLL policies and procedures to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall promptly adopt, implement, and thereafter ensure Bank adherence to the ALLL policies and procedures.

(3) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to 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 difference between the ALLL balance as determined by the analysis required by this Article and the Bank's actual ALLL balance shall be remedied through appropriate account adjustments in the quarter it is discovered, prior to the filing of the Call Reports.

ARTICLE VIII

INDEPENDENT LOAN REVIEW

(1) Within ninety (90) days, the Board shall establish, implement, and thereafter ensure Bank adherence to 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 ratings of credits and the identification of credit information, collateral documentation, and policy exceptions. The Bank's system shall provide for a written report to be filed with the Board after each review. Such reports shall include, at a minimum, conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the accrual status and amount of impairment reserves, if necessary;
- (c) credit information and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) the identity of the loan officer who originated each loan reported in accordance with Paragraphs (1) (a), (1) (c), and (1) (d) of this Article; and
- (f) loans, leases, and extensions of credit not in conformance with the Bank's lending and leasing policies regarding underwriting standards, credit administration, problem loan identification, and risk ratings. The report must include a description of each exception.

(2) Within thirty (30) days of receipt of each report described in Paragraph (1) of this Article, the Board shall evaluate the report and ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report.

ARTICLE IX

INFORMATION TECHNOLOGY

(1) Within ninety (90) days, the Board shall develop a comprehensive, written information security program to ensure the safety and soundness of its operations and to support the Bank's efforts to comply with the Interagency Guidelines Establishing Information Security Standards set forth in 12 C.F.R. Part 170, Appendix B. The information security program shall be consistent with the security process described in the "Information Security" Booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the information security program shall include:

- (a) a requirement that the Board appoint an Information Security Officer who is responsible for maintaining an effective Information Security Program;
- (b) formalized roles and responsibilities for information security oversight;
- (c) a requirement that employee training addresses all applicable aspects of information security; and
- (d) a requirement that the Information Security Officer make an annual report to the Board of Directors on the status of the information security program.

(2) Within one hundred and twenty (120) days, the Board shall develop a formal enterprise-wide business continuity process that complies with the requirements set forth in the "Business Continuity Planning" Booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the business continuity process shall include a business impact analysis that includes:

- (a) assessment and prioritization of all business functions and processes, including their interdependencies, as part of a work flow analysis;
- (b) identification of the potential impact of business disruptions resulting from uncontrolled, non-specific events on the Bank's business functions and processes;
- (c) identification of the legal and regulatory requirements for the Bank's business functions and processes;
- (d) estimation of the maximum allowable downtime, as well as the acceptable level of losses, associated with the Bank's business functions and processes; and
- (e) estimation of recovery time objectives, recovery point objectives, and designation of those business processes or systems that must receive the highest priority during recovery.

(3) Upon completion, the Board shall promptly submit a copy of the Information Security Program and a copy of the Business Continuity Plan to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall promptly adopt, implement, and thereafter ensure Bank adherence to the Information Security Program and the Business Continuity Plan.

ARTICLE X

VENDOR MANAGEMENT

(1) Within one hundred and twenty (120) days, the Board shall implement and ensure Bank adherence to vendor management policies and procedures that are consistent with OCC Bulletin 2013-29 *Third-Party Relationships: Risk Management Guidance*.

ARTICLE XI

INTEREST RATE RISK MANAGEMENT

(1) Within one hundred and eighty (180) days, the Board shall revise, implement, and thereafter ensure Bank adherence to an Interest Rate Risk Policy that is consistent with OCC Bulletin 2010-1 *Advisory on Interest Rate Risk Management* and OCC Bulletin 2011-12 *Supervisory Guidance on Model Risk Management*. At a minimum, the Interest Rate Risk Policy shall provide for a coordinated interest rate risk strategy and shall include:

- (a) procedures to ensure the development of appropriate assumptions given the Bank's balance sheet composition and strategies;
- (b) procedures to validate the model, including independent assessments of the reasonableness of model assumptions;
- (c) procedures to evaluate the appropriateness of internal controls regarding model processing;
- (d) procedures to test the Bank's interest rate risk model to compare and reconcile actual performance to simulated results; and

(e) procedures that require the Board to review and discuss, on at least a quarterly basis, the model test results developed pursuant to Paragraph (1)(d) of this Article.

(2) Upon completion, the Board shall promptly submit a copy of the Interest Rate Risk Policy to the Assistant Deputy Comptroller.

ARTICLE XII

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule, or regulation cited in the ROE or in any subsequent Report of Examination, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts.

(2) Within sixty (60) days after the violation is cited or brought to the Board's attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified time.

(3) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure adherence to:

- (a) specific procedures to prevent future violations as cited in the ROE; and
- (b) general procedures addressing compliance management that 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 forward a copy of these policies and procedures to the Assistant Deputy Comptroller.

ARTICLE XIII

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 or a Board Committee 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 adequate 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

