

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 17th day of September, 1991, by and between Sidney Federal Savings and Loan Association, Sidney, Nebraska, Docket No. 03360 ("Institution" or "Association"), for itself and for any wholly-owned or partly-owned subsidiary and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C.S. Sections 1818(b)(1) and (i)(2) (Law. Co-op. Supp. 1991),

WHEREAS, the Board of Directors of the Institution has reviewed the operations and financial condition of the Institution and finds that the present condition of the Institution justifies and requires reasonable and necessary action by the Directors of the Institution for the benefit of the Institution and its depositors and borrowers; and

WHEREAS, the Institution's Board of Directors acknowledges the supervisory rights, responsibilities, powers, and authority of the OTS, with respect to the Institution under the statutes and regulations that govern the operations of the Institution; and

WHEREAS, the OTS is of the opinion that unless operating weaknesses are corrected the Institution will be unable to maintain compliance with capital requirements set forth at 12 C.F.R. Section 567.2 (1991), and has violated 12 C.F.R. Section 563.172 (1991), to which the Institution is subject, thereby providing grounds for the initiation of cease-and-desist proceedings against the Institution by the OTS, pursuant to 12 U.S.C.S. Section 1818(b) (Law. Co-op. Supp. 1991); and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement with the OTS to avoid the initiation of such cease-and-desist proceedings; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease-and-desist proceedings as the result of the Institution's past non-compliance with 12 C.F.R. Section 563.172 and potential failure to comply with 12 C.F.R. Section 567.2, as long as the Institution is in compliance with this Agreement;

NOW, THEREFORE, in consideration of the OTS's above-stated forbearance, it is agreed between the parties hereto as follows:

1. Within sixty (60) days of the date of this Agreement, the Board of Directors shall cause to be formulated a business plan designed to maintain the adequacy of the Institution's capital at all times from the date of this Agreement through December 31, 1994, as measured against applicable regulatory capital requirements. This business plan shall consider the level and trends of the Institution's classified assets, delinquencies, REO

and nonperforming assets, as well as the Institution's overall interest rate risk profile. Further, this business plan shall describe the Institution's capital augmentation efforts and shall contain specific classified asset/core capital ratio targets. The business plan shall be submitted for review and non-objection by the OTS, and shall be immediately implemented after the OTS issues its non-objection to the business plan. The OTS's failure to issue a non-objection to any business plan so submitted, or the first or second amendment to said business plan, shall not be deemed a breach of this Agreement. Any amendment to the business plan submission shall be made within thirty (30) days of an objection by the OTS.

2. Beginning January 31, 1992 and continuing on the last day of the month following each calendar quarter, the Institution will submit to the Regional Deputy Director a variance report, detailing all significant variances from the formal business plan. The variance report shall be in a form acceptable to the Regional Deputy Director.

3. Within sixty (60) days of the execution of this Agreement, the Board will pass a resolution certifying that all internal policy deficiencies, identified in the April 1, 1991 Report of Examination (ROE), have been corrected through policy amendments approved by the directorate.

4. Within thirty (30) days after the effective date of this Agreement, management will submit to the OTS appropriate documentation, evidencing the establishment of the additional

general valuation allowances identified in the ROE. The general valuation allowances may be adjusted from time to time due to a change in circumstance.

5. Within thirty (30) days after the effective date of this Agreement, management will submit to the OTS, Board approved procedures which have been implemented to insure REO is appraised in accordance with 12 C.F.R. Section 563.172 (1991).

6. Within sixty (60) days after the effective date of this Agreement, the Board of Directors will use its best efforts to cause the Institution's external auditors to prepare and submit a written report which addresses the deferred tax issue, with recommendations for proper accounting treatment. A copy of this report will be submitted to the Regional Deputy Director.

7. Beginning October 31, 1991 and continuing on the last day of the month following each calendar quarter, the Institution will submit to the OTS, a classified asset report detailing all classified assets by property type. Except for assets secured by one-to-four-family residences and consumer goods, each asset shall be listed separately by net book value, amount of reserve established, and asset classification.

8. Within ninety (90) days of the date of this Agreement, the Board shall cause to be formulated an individual business plan for each classified asset with a book value exceeding Three Hundred Thousand Dollars (\$300,000) and shall certify to the Regional Deputy Director completion of the individual business plans. The individual business plans shall be updated on a quarterly basis.

9. All technical words or terms used in this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act ("HOLA"), or the Federal Deposit Insurance Act ("FDIA"), and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, or FDIA shall have meanings that accord with the best custom and usage in the savings and loan industry.

10. All statutory and regulatory citations herein shall be in the form as codified or promulgated as of the date of this Agreement, or as amended or renumbered thereafter.

11. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

12. This Agreement shall remain in effect until terminated, modified or suspended by the OTS, acting through its Regional Deputy Director for the Topeka District. The Regional Deputy Director may suspend, in his/her sole discretion, any or all provisions of this Agreement during the term of this Agreement. The Regional Deputy Director will consider in good faith a written request for the termination of this Agreement if, upon the completion of a comprehensive examination the Institution has achieved a MACRO rating of 2 or better, the Institution has complied with all the terms of this Agreement, and the Institution has maintained regulatory capital compliance for four (4) consecutive quarters.

13. Nothing in this Agreement shall be construed as allowing the Institution to violate any law or regulation to which it is subject.

IN WITNESS WHEREOF, the parties have executed this Agreement individually or by their duly designated agent. A certified copy of the resolution of the Board of Directors of Sidney Federal Savings and Loan Association authorizing the execution of this Agreement is attached hereto and made a part hereof.

OFFICE OF THRIFT SUPERVISION

By: JS
Regional Deputy Director

SIDNEY FEDERAL SAVINGS
AND LOAN ASSOCIATION
SIDNEY, NEBRASKA

By: JS
Its: President

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS
OF
SIDNEY FEDERAL SAVINGS & LOAN ASSOCIATION

I, the undersigned, being the duly qualified Secretary of Sidney Federal Savings and Loan Association, Sidney, Nebraska, ("the Institution"), hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting duly called and held on September 17, 1991, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

RESOLUTION

WHEREAS, the officers and directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that unless operating weaknesses are corrected the Institution may be unable to maintain compliance with the capital requirements set forth at 12 C.F.R. Section 567.2 (1991), and

WHEREAS, said officers and directors have been informed that the OTS will forbear from the initiation of cease-and-desist proceedings if the attached Supervisory Agreement ("Agreement") is executed by the Institution and if its terms are thereafter carried out by the Institution, and

WHEREAS, the Directors of the Institution have read and considered the Agreement attached to the minutes of the meeting of the Board of

Directors held on September 17, 1991, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Supervisory Agreement, a copy of which is attached hereto, be and is hereby approved by the Board of Directors of the Institution. The president of the Institution is authorized and directed to sign and execute the Agreement on behalf of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Sidney Federal Savings & Loan Association this 17th day of September, 1991.

/s/

Gerald E. Matzke, Secretary