



Comptroller of the Currency
Administrator of National Banks

Western District Office
1225 17th Street, Suite 300
Denver, Colorado 80202
Telephone: (720) 475-7650
FAX: (301) 333-7010

Conditional Approval #967
September 2010

August 9, 2010

Gene Dikeman
President
Farmers Bank & Trust, N.A.
1017 Harrison Street
Great Bend, Kansas 67530

Subject: Application to merge First National Bank & Trust Company in Larned, Larned, Kansas, with and into Farmers Bank & Trust, National Association, Great Bend, Kansas, under the charter and title of the latter
OCC Control Number 2010-WE-02-0016

Dear Mr. Dikeman:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves your proposal for First National Bank & Trust Company in Larned, Larned, Kansas, to merge with and into Farmers Bank & Trust, National Association, Great Bend, Kansas (“Bank”).

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, merger agreement, and those of your representatives. Specifically, our conditional approval is based upon the representation that immediately prior to the merger, First National Bank & Trust Company in Larned will sell all of its problem assets to an unaffiliated third party. Our approval is also based on your commitment that at closing, Farmers Enterprises, Inc., the parent holding company of Farmers Bank & Trust, N.A., will inject no less than \$1,000,000 in cash into the capital of the acquiring bank.

The OCC reviewed the proposed merger transaction under the criteria of the Bank Merger Act, 12 USC §1828(c), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, and their effectiveness in combating money laundering activities. We considered these factors and found them consistent with conditional approval.

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This conditional approval is subject to the following “conditions imposed in writing by the agency in connection with the granting of any application, notice or other request” within the meaning of 12 U.S.C. § 1818. As such, these conditions are enforceable under 12 U.S.C. § 1818. The conditions are:

- 1) The Bank shall maintain Tier 1 capital to adjusted total assets of no less than nine percent (9.0%) and a minimum Total risk-based capital to risk-weighted assets of twelve percent (12.0%), as defined in 12 C.F.R. Part 3.
- 2) The Bank shall: (i) give the appropriate OCC Supervisory Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations,¹ and (ii) obtain the OCC’s written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to the Bank’s notice.

Our approval is also subject to receipt of any other required regulatory approvals.

The Western District Office must be advised at least 10 days in advance of the desired effective date for the merger so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice’s 15 day injunction period.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- An original Secretary’s Certificate for Farmers Bank & Trust, N.A., certifying that a majority of the board of directors approved the merger.
- An original Secretary’s Certificate from each institution, certifying that the shareholder approvals have been obtained.
- Documentation that all other conditions that the OCC imposed have been met.

If the merger is not consummated within one year from this date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This conditional approval and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. This approval is based on the bank’s representations, submissions, and information available to the OCC as of

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

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this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

All correspondence and documents concerning this transaction should reference the OCC Control Number. If you have any questions, contact Senior Licensing Analyst Jim Bundy at (720) 475-7650 or via e-mail at WE.Licensing@occ.treas.gov.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

Sincerely,

Louis T. Gittleman

Louis T. Gittleman
Acting Director for District Licensing

Enclosure: Survey