

AGREEMENT BY AND BETWEEN  
Farmers Bank & Trust, National Association  
Great Bend, Kansas  
and  
The Comptroller of the Currency

The Farmers Bank & Trust, National Association, Great Bend, Kansas (“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 through his National Bank Examiner has examined the Bank, and his findings are contained in the Report of Examination for the examination that commenced on June 16, 2008 (“ROE”).

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

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).

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).

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.

This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

All reports or plans that 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  
Wichita Field Office  
3450 North Rock Road, Suite 505  
Wichita, Kansas 67226

## ARTICLE II

### COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement.

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

(3) Within thirty (30) days of the date of this Agreement and every calendar quarter thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; 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.

### ARTICLE III

#### MANAGEMENT AND BOARD SUPERVISION

(1) Within thirty (30) days of the date of this Agreement, the Board shall take the necessary steps to appoint a market president for the Overland Park, Kansas branch with the knowledge, skills, and abilities, including but not limited to, the technical expertise and the leadership skills, necessary to manage branch affairs in a safe and sound manner.

(2) Prior to the appointment or employment of the market president, or entering into any contract with any person for this position, the Board shall submit the name and qualification of this individual and the proposed term of his or her employment to the Assistant Deputy Comptroller for prior written determination of no supervisory objection.

(3) The Assistant Deputy Comptroller shall have the power to disapprove the

appointment of the proposed new market president. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of him or her.

(4) The Board shall ensure that the Overland Park market president operates with the full authority necessary to manage all aspects of the branch, including that needed to rectify staffing and commercial real estate (“CRE”) lending risk management weaknesses.

(5) Within one hundred twenty (120) days of the date of this Agreement, the Board shall ensure that it maintains qualified, competent management and staff to ensure the Bank operates in a safe and sound manner.

#### ARTICLE IV

##### COMMERCIAL REAL ESTATE CREDIT RISK MANAGEMENT

(1) Within sixty (60) days of the date of this Agreement, the Board shall ensure that the Bank’s CRE loan portfolio is managed in a safe and sound manner. The Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program (including appropriate revisions to policies and procedures) designed to correct the Bank’s deficiencies in CRE credit administration, to include at a minimum:

- (a) Procedures to strengthen CRE vendor oversight to ensure the Bank maintains control over:
  - (i) loan originations;
  - (ii) draw requests; and
  - (iii) the project inspection process;

- (b) Procedures to strengthen CRE construction and development lending controls that include at a minimum the following requirements:
  - (i) written CRE project inspection reports are completed and reviewed in a timely manner, whether provided by a vendor or generated internally;
  - (ii) construction inspection and disbursement processes are independent from the assigned lending officer; and
  - (iii) lien waivers are obtained from contractors and subcontractors for construction and development disbursements.
  
- (c) Procedures to strengthen credit underwriting and analysis in the CRE loan portfolio that require at a minimum documentation, analysis, and monitoring of:
  - (i) comprehensive budgets for construction and development projects;
  - (ii) construction and development project feasibility studies;
  - (iii) use of loan agreements and covenants for residential land developers and home builders that:
    - 1) require financial or other information sufficient to analyze guarantors' ability to support projects;
    - 2) establish curtailment expectations;
    - 3) identify minimum release prices; and
    - 4) set absorption goals.
  - (iv) global financial analysis for borrowers and guarantors;

- (v) verification of guarantors' liquid assets;
  - (vi) construction and development project status; and
  - (vii) completion of timely annual reviews.
- (d) Portfolio level multi-factor stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (e) Multi-factor stress testing and/or sensitivity analysis for significant individual loans to address factors including, but not limited to: interest rate; absorption; collateral value; and loan-to-value; and
- (f) Procedures to strengthen the Bank's real estate appraisal and evaluation process to ensure:
- (i) real estate appraisals and evaluations are obtained in compliance with 12 C.F.R. Part 34;
  - (ii) timely re-appraisal of troubled CRE projects; and
  - (iii) meaningful documented review of all appraisals and evaluations to include analysis commensurate with the type, size, and complexity of the property being appraised.

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

(3) At least quarterly, the Board shall submit a written assessment of the Bank's progress in reaching compliance with the policies and procedures required by this Article to the Assistant Deputy Comptroller.

## ARTICLE V

### CREDIT RISK RATINGS

(1) Within thirty (30) days of the date of this Agreement, the Board shall develop a program to ensure that the risks associated with the Bank's loans and other assets are properly reflected and accounted for on the Bank's books and records, and appropriately reported to the Board and management. Such program shall include, at a minimum, provisions requiring that:

- (a) the Bank's loans and other assets are appropriately and timely risk rated using a loan grading system that is consistent with guidelines set forth in Rating Credit Risk, A-RCR of the *Comptroller's Handbook*; and
- (b) Internal loan reviews of the Bank's Overland Park, Kansas branch and all other Bank locations are completed on a timely basis, consistent with a written loan review coverage plan to be approved by the Board on an annual basis.

(2) Upon completion, the Board shall submit a copy of the program required by Paragraph (1) of this Article to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the Assistant Deputy Comptroller has advised the Bank that there is no supervisory objection to the program, the Board shall immediately implement, and thereafter ensure adherence to, the terms of the program.

## ARTICLE VI

### PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Agreement, the Board shall take immediate and continuing action to protect its interest in those assets criticized as “doubtful”, “substandard”, or “special mention” in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) The Board’s compliance with Paragraph (1) of this Article shall include the development of procedures for the submission and review of a written program for all criticized credit relationships totaling three hundred thousand dollars (\$300,000) or above that require, at a minimum, analysis and documentation of the following:

- (a) an identification of the root cause of the problem, and if the Bank’s plan is to retain or exit the credit relationship;
- (b) the proposed actions to eliminate the basis of criticism and the time frames for their accomplishment, incorporating:
  - (i) specific workout objectives;
  - (ii) target dates;
  - (iii) performance criteria to measure progress toward problem resolution; and
  - (iv) reinforcement accountability in the workout process.
- (c) an identification of the expected sources of repayment;



- (d) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (e) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable as well as other necessary documentation to support collateral valuation; and
- (f) trigger dates for positive borrower actions or for loan officers to reassess the strategy and enact collection plans.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding three hundred thousand dollars (\$300,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall conduct a review on at least a quarterly basis to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds three hundred thousand dollars (\$300,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

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

(6) Effective as of the date of this Agreement, the Bank may not extend credit, directly or indirectly, including renewals, extensions, capitalization of accrued interest, or renew its purchase of a participation purchased, to a borrower whose loans or other extensions of credit

are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions total three hundred thousand dollars (\$300,000), or more, unless 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, extending or capitalizing 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;
- (b) the Board's formal plan to collect or strengthen the criticized asset will not be compromised; and
- (c) a copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

## ARTICLE VII

### CAPITAL PLAN

- (1) Effective immediately, the Bank shall only declare dividends:
  - (a) when the Bank is in compliance with its approved capital plan;
  - (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
  - (c) with the prior written approval from the Assistant Deputy Comptroller, which shall be granted or denied within thirty (30) days of the receipt of a

written dividend request from the Bank.

(2) Within thirty (30) days, the Board shall formalize the Bank's capital plan to ensure it is written, covers at least a three-year period, and includes the following:

- (a) specific plans for the maintenance of adequate capital as required by the OCC and sufficient to be well capitalized under 12 C.F.R. Part 6;
- (b) specific plans to reduce credit risk, including curtailment of CRE lending pending improvement in CRE risk management practices and risk reduction, and establish Board tolerance for credit risk consistent with support provided by the Bank's capital;
- (c) specific plans to reduce the use of brokered deposits;
- (d) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, and earnings;
- (e) dividend policy that only permits the declaration of a dividend in accordance with Paragraph (1) of this Article;
- (f) projections of the primary sources and timing of additional capital to meet the Bank's future needs; and
- (g) contingency plans that identify alternative methods should the primary sources not be available.

(3) The Board shall review the capital plan required by Paragraph (2) of this Article on at least an annual basis, or more frequently as necessary, and make any necessary revisions within thirty (30) days of the review.

(4) Upon completion, the Board shall submit a copy of the updated capital plan

required by Paragraph (2) of this Article to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the Assistant Deputy Comptroller has advised the Bank that there is no supervisory objection to the capital plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the capital plan.

## ARTICLE VIII

### CLOSING

(1) Although the Board has by this Agreement consented 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.

(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 him from so doing.

(3) Any time requirements specified in 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) This Agreement shall be effective upon execution by the parties hereto, and its provisions shall continue in full force and effect until such time as they shall be amended by written mutual consent of the parties to this 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 certain standards or 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;
- (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 noncompliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner for any noncompliance 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 has hereunto set his hand.

/s/

9/11/2008

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Thomas J. Jorn  
Assistant Deputy Comptroller  
Wichita Field Office

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Date

