

AGREEMENT BY AND BETWEEN
First Citizens Bank of Polson, N.A.
Polson, Montana
and
The Comptroller of the Currency

First Citizens Bank of Polson, N.A., Polson, Montana (“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 April 19, 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

(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. § 5.51(c)(6)(ii). 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) 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 the:

Assistant Deputy Comptroller
Salt Lake City/Billings Field Office
2795 East Cottonwood Parkway, Suite 390
Salt Lake City, Utah 84121

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) members, of which no more than one (1) shall be an employee 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) Beginning on September 30, 2008, and after every calendar quarter thereafter, the Compliance Committee shall, within ten (10) days of the end of each quarter, 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 thirty (30) days of each quarter end.

ARTICLE III

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination conducted as of April 19, 2008 (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) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to fully address assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
 - (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
 - (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- and

(d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding one hundred thousand dollars, (\$100,000.00) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(5) 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 one hundred thousand dollars (\$100,000.00);
- (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.

(6) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis in a format similar to Appendix A (attached hereto).

(7) The Bank may 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 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 exceed one hundred thousand dollars (\$100,000.00) 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, 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; and
- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(8) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

ARTICLE IV

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Immediately following the signing of this Agreement, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (“Allowance”) and shall establish a program for the maintenance of an adequate Allowance. This program shall be designed to meet Generally Accepted Accounting Principles and regulatory guidance set forth in FAS 5, FAS 114, OCC Bulletin 2001-37, OCC Bulletin 2006-47, and the “Allowance for Loan and Lease Losses” booklet of the Comptroller’s Handbook, and shall focus particular attention on the following factors:

- (a) results of the Bank's internal loan review;
- (b) results of the Bank's external loan review;
- (c) an estimate of inherent loss exposure on each significant credit;
- (d) loan loss experience;
- (e) trends of delinquent and nonaccrual loans;
- (f) concentrations of credit in the Bank;
- (g) present and prospective economic conditions;
- (h) lending policies and procedures, including underwriting and collection, charge off and recovery practices;
- (i) changes in nature and volume of the portfolio;
- (j) changes in lending management and staff;
- (k) changes in the loan review system; and
- (l) historical and industry average loss that should be applied to each category of loans.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Clear explanations and documentation for the Allowance analysis should be maintained. The methodology to determine ALLL adequacy must sufficiently account for weakness in qualitative factors. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, 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 V

CREDIT RISK

(1) Within forty-five (45) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to reduce the high level of credit risk in the Bank.

The program shall include, but not be limited to:

- (a) procedures to strengthen credit underwriting, particularly in the construction and development loan portfolio;
- (b) procedures to strengthen management of disbursement operations for construction and development loans;
- (c) procedures to monitor the level of classified assets and collect each classified asset;
- (d) procedures to monitor loan grading including market information;
- (e) procedures to establish risk limits for concentrations of credit for new lending areas and new products;
- (f) an action plan to identify concentrations of all loan types within the portfolio; and
- (g) an action plan to reduce concentration levels and limit growth of single family construction loans until appropriate risk controls are established.

(2) Procedures to strengthen credit underwriting in the commercial real estate loan portfolio, including loan presentations and analysis for:

- (a) periodic, meaningful, well-documented, inspections are performed on all construction projects and advances are compared against inspections on a line item basis;
- (b) inspection and disbursement processes are consistently independent of the lending officer functions;
- (c) written inspection reports consistently provided;
- (d) use of checklist and analysis in the appraisal review processes;
- (e) draws requests are advanced in accordance with construction progress and budget;
- (f) lien waivers are obtained from contractors and subcontractors for construction and development disbursements; and
- (g) verification of guarantors' liquid assets.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article. At least quarterly, the Board shall prepare a written assessment of the Bank's credit risk, which shall evaluate the Bank's progress under the aforementioned program. The Board shall submit a copy of this assessment to the Assistant Deputy Comptroller.

ARTICLE VI

CREDIT UNDERWRITING AND ADMINISTRATION

(1) Effective as of the date of this Agreement, the Board shall ensure that all lending officers comply with all laws, rules, regulations, Bank policies and procedures, safe and sound

banking practices, and fiduciary duties. The Board shall ensure that there is a program in place that addresses:

- (a) requirements that lending officers appropriately analyze, document, and communicate appropriate credit and collateral information;
- (b) requirements that lending officers receive training on appropriate loan grading;
- (c) requirement to establish a training policy for loan officers to ensure they understand policy requirements; and
- (d) establishment of a tracking system to ensure that the appropriate documentation is obtained for financial and collateral requirements for each loan.

(2) Effective as of the date of this Agreement, the Bank may not grant, extend, renew, alter or restructure any loan or other extension of credit without:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the primary source of repayment in writing and lien status;
- (c) structuring the repayment terms to coincide with expected source of repayment;
- (e) obtaining current and satisfactory verified credit information, including performing and documenting analysis of credit

information and a detailed cash flow analysis of all expected repayment sources;

- (f) determining and documenting whether the loan complies with the Bank's Loan Policy and if it doesn't comply, providing identification of the exception and ample justification to support waiving the policy exception;
- (g) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
- (h) providing an accurate risk assessment grade;
- (i) documenting with adequate supporting material, the value of collateral and collateral type for each loan properly perfecting the Bank's lien on it where applicable; and
- (j) performing adequate documented credit analysis for participation loans in accordance with OCC's Banking Circular 181(Revised), dated August 2, 1984, and 12 C.F.R. Part 34.

(2) Within sixty (60) days of the date of this Agreement, the Board shall take the necessary steps to obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent ROE, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

ARTICLE VII

APPRAISALS

(1) Within ninety (90) days of the date of this Agreement, the Board shall revise, adopt, implement and thereafter ensure Bank adherence to a written program of policies and procedures designed to ensure the Bank obtains appraisals in compliance with USAP, 12 C.F.R. Part 34, Advisory Letter 2003-9, and OCC Bulletin 2005-6, *Appraisal Regulations and the Interagency Statement on Independent Appraisal and Evaluation Functions*, to include at a minimum:

- (a) revision of the appraisal policy, procedures and checklist to ensure technical compliance with the regulation;
 - (b) the required use of a standard appraisal form for ordering all appraisals;
 - (c) ensure independence is maintained in the appraisal ordering and review function which is independent of the lending function;
 - (d) the establishment of a policy requiring a comprehensive review of all appraisals to include:
 - (i) analysis commensurate with the type, size and complexity of the property being appraised; and
 - (ii) appraisals are comprehensive, timely, and detailed as to any adjustments to value.
 - (e) the establishment of a tickler system for tracking appraisals ordered, received, returned and reviewed.
- (2) Copies of these reports shall be forwarded to the Assistant Deputy Comptroller.

ARTICLE VIII

CONTINGENCY FUNDING PLAN

(1) Within sixty (60) days, the Board shall establish a plan that ensures the Bank operate with a robust liquidity monitoring program and maintain adequate sources of liquidity in relation to the Bank's needs. The formalized written liquidity plan should address the responsibilities of senior management during a funding crisis and include at a minimum:

- (a) a contingency funding plan that forecasts funding needs and funding sources under a stressed scenario;
- (b) establishment of triggers for initiating the plan;
- (c) identification of available sources of funding including quantity and order of preference;
- (d) identify specific scenarios that may limit the availability of certain funding sources and define an action plan for each scenario; and
- (e) actions that management will take to ensure funding are obtained at a reasonable cost.

(2) Monthly reports shall set forth liquidity requirements and sources. Copies of these reports shall be forwarded to the Assistant Deputy Comptroller.

ARTICLE IX

Restriction on the Payment of Dividends

- (1) Effective immediately, the Bank shall only declare dividends:
 - (a) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

- (b) with the prior written approval from the Assistant Deputy Comptroller, this shall be granted or denied within thirty (30) days of the receipt of a dividend request from the Bank.

ARTICLE X

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 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;
- (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 of 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, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

H. Gene Robinson
Assistant Deputy Comptroller
Salt Lake City/Billings Field Office

September 17, 2008

Date

