

#2009-200

AGREEMENT BY AND BETWEEN
First Bank Richmond, N.A.
Richmond, Indiana
AND
THE OFFICE OF THE COMPTROLLER OF THE CURRENCY

First Bank Richmond, N.A., Richmond, Indiana (“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 found unsafe or unsound banking practices relating to credit administration and supervision of 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. § 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) Pursuant to 12 C.F.R. §5.51(c)(6)(ii), the Bank shall be subject to the requirements of 12 C.F.R. § 5.51, unless otherwise informed in writing by the Comptroller. Pursuant to 12 C.F.R. § 5.3(g)(4), the Bank shall not be “eligible” unless otherwise informed in writing by the Comptroller.

(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 the:

Assistant Deputy Comptroller
Champaign Field Office
Harris Center 3001 Research Road, Suite E-2
Champaign, Illinois 61821

ARTICLE II

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized 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) Within forty-five (45) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to written workout plans designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, by Bank management, or in any list provided to Bank management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." The written workout plans 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 workout plans for all criticized assets equal to or exceeding five hundred thousand dollars (\$500,000) shall be forwarded to the Assistant Deputy Comptroller.

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

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds five hundred thousand dollars (\$500,000);
- (b) management's adherence to the written workout plan adopted pursuant to this Article;
- (c) the status and effectiveness of the written workout plan; and
- (d) the need to revise the written workout plan or take alternative action.

(5) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(6) 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 five hundred thousand dollars (\$500,000) 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, 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.

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

ARTICLE III

INTERNAL CREDIT RISK RATING SYSTEM

(1) Within forty-five (45) days, the Board shall re-develop, re-implement, and thereafter ensure Bank adherence to an effective and on-going internal loan and lease risk rating system that accurately identifies, categorizes, and reports problem loans and leases. The system shall use a loan and lease grading process consistent with the guidelines set forth in the Rating Credit Risk booklet, A-RCR, of the Comptroller's Handbook. The system shall provide for the submission of a monthly written report to the Board detailing, at a minimum:

- (a) the identification, type, rating, and amount of problem loans and leases and the name of the loan officer originating the problem loan or lease;
- (b) the identification and amount of delinquent loans and lease losses and the name of the loan officer originating the delinquent loan or lease;
- (c) the identification of credit and collateral documentation exceptions and the name of the loan officer originating the loan or lease with the credit or collateral documentation exception;
- (d) the identification of all loans and leases not in conformance with the Bank's lending and leasing policies and the name of the loan officer originating the loan or lease not in conformance;

- (e) the identification of all loans and leases where exceptions were granted under the Bank's lending and leasing policies;
- (f) concentrations of credit; and
- (g) the identification and status of credit related violations of law, rule or regulation.

(2) The Board shall evaluate each internal loan and lease review report it receives pursuant to paragraph (1) of this Article and shall ensure that immediate, adequate, and continuing remedial action is taken, if appropriate, upon all findings noted in the report.

ARTICLE IV INDEPENDENT LOAN REVIEW

(1) Within ninety (90) days, the Board shall employ a sufficiently experienced and qualified person(s) or firm ("Independent Reviewer") to ensure the timely and independent identification of the Bank's problem loans and leases.

(2) Prior to the employment of the Independent Reviewer, the Board shall submit the name and qualifications of the Independent Reviewer and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) Within ninety (90) days, the Board shall establish an effective, independent, and on-going loan review system which provides that the Independent reviewer shall review, at least annually, the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits. The system shall provide for a written report to be filed with the Board after each review, and shall use a loan and

lease grading system consistent with the guidelines set forth in “Rating Credit Risk” and “Allowance for Loan and Lease Losses” booklets of the Comptroller’s Handbook. Such reports shall include, at a minimum, conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent loans and lease losses;
- (c) the identification of credit and collateral documentation exceptions;
- (d) the identification of all loans and leases not in conformance with the Bank’s lending and leasing policies;
- (e) the identification of all loans and leases where exceptions were granted under the Bank’s lending and leasing policies;
- (f) concentrations of credit; and
- (g) the identification and status of credit related violations of law, rule or regulation.

(4) The Board shall evaluate the independent loan and lease review report(s) it receives pursuant to paragraph (3) of this Article and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(5) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be preserved in the Bank.

ARTICLE V

CREDIT UNDERWRITING

- (1) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan 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;
 - (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from operations;
 - (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.
- (2) Failure to obtain the information required by paragraphs (1)(d) and (1)(e) of this Article shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information required by paragraphs (1)(d) and (1)(e) would be detrimental to the best interests of the Bank. A copy of the Board certification shall be maintained in the credit file of the affected borrower(s) and a centralized file for review by the Board, senior management and examiners.

ARTICLE VI

BROKERED DEPOSITS

(1) The Bank's level of brokered deposits shall not exceed the amount of brokered deposits reported by the Bank on its June 30, 2009 Consolidated Report of Condition and Income ("Call Report"). "Brokered deposit" shall have the meaning set forth in 12 C.F.R. § 337.6(a)(2). The limitation of paragraph (1) shall include the acquisition of brokered deposits through any transfer, purchase, or sale of assets, including Federal funds transactions.

(2) If the Bank seeks to acquire brokered deposits exceeding the limitation in paragraph (1), the Board shall apply to the Assistant Deputy Comptroller for written permission. Such application shall contain, at a minimum, the following:

- (a) the dollar volume, maturities, and cost of the brokered deposits to be acquired;
- (b) the proposed use of the brokered deposits, e.g., short-term liquidity or restructuring of liabilities to reduce cost;
- (c) alternative funding sources available to the Bank; and
- (d) the reasons why the Bank believes that the acceptance of the brokered deposits does not constitute an unsafe and unsound practice in its particular circumstances.

(3) The Assistant Deputy Comptroller may require the submission of such additional information as necessary to make an informed decision. Upon consideration of the Bank's application, the Assistant Deputy Comptroller will determine whether the proposed acquisition of brokered deposits may be accomplished in a safe and sound

manner and may condition the Bank's acquisition as the Assistant Deputy Comptroller shall deem appropriate.

(4) Nothing in this article shall relieve the Bank of its obligation under 12 U.S.C. § 1831f to seek necessary approvals from the Federal Deposit Insurance Corporation before accepting brokered deposits and to comply with all the requirements of 12 U.S.C. § 1831f.

ARTICLE VII

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 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

