

AGREEMENT BY AND BETWEEN  
The Central National Bank of Alva  
Alva, Oklahoma  
and  
The Comptroller of the Currency

The Central National Bank of Alva, Alva, Oklahoma (“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 has determined that the Bank has engaged in unsafe and unsound banking practices relating to its Board and management oversight, credit underwriting and administration, consumer compliance and Bank Secrecy Act/Anti-Money Laundering compliance program.

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) This Agreement shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4.

## Article II

### COMPLIANCE COMMITTEE

(1) Within five (5) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, a majority of which may not be employees or controlling shareholders of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or an immediate family member, as defined in 12 C.F.R. § 215.2, 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.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement and shall meet at least monthly.

(3) By no later than June 30, 2010, and by the end of 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 provide a summary report of the progress reached in attaining compliance with each Article of this Agreement to the Assistant Deputy Comptroller within fifteen (15) days of each calendar quarter end.

(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  
Wichita Field Office  
3450 North Rock Road, Suite 505  
Wichita, Kansas 67226

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures and programs required by this Agreement.

### Article III

#### MANAGEMENT AND BOARD SUPERVISION

(1) Effective immediately, the Board shall ensure that the Bank has competent management and staff in place on a full-time basis to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within thirty (30) days of this Agreement, the Board shall employ an independent outside management consultant ("Consultant").

(3) Prior to the appointment or employment of any consultant or entering into any contract with a consultant, the Board shall submit the name and qualifications of the proposed

consultant and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(4) Within sixty (60) days of the receipt of the written determination of no supervisory objection to the proposed consultant, the Consultant shall complete a study of current management and Board supervision presently being provided to the Bank, the Bank's management structure, and its staffing requirements in light of the Bank's present condition. The findings and recommendations of the Consultant shall be set forth in a written report (the "Management Study") to the Board. At a minimum, the Management Study shall contain:

- (a) the identification of present and future management and staffing requirements of each area of the Bank, with particular emphasis given to the lending management and staff;
- (b) detailed written job descriptions for all officers;
- (c) an evaluation of each director's and officer's knowledge, skills, abilities and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of the officer's position;
- (d) recommendations as to whether management or staffing changes should be made, including the need for additions to, or deletions from, the current Board, Senior management, and the lending management and staff;
- (e) objectives by which management's and the Board's effectiveness will be measured;
- (f) a training program to address identified weaknesses in the skills and abilities of the Bank's staff and management team;

- (g) an evaluation of current lines of authority, reporting responsibilities and delegation of duties for all officers, including identification of any overlapping duties or responsibilities;
- (h) a recommended organization chart that clearly reflects areas of responsibility and lines of authority for all officers;
- (i) an assessment of the Board's strengths and weaknesses along with a director education program designed to strengthen identified weaknesses;
- (j) an assessment of whether Board members are receiving adequate information on the operation of the Bank to enable them to fulfill their fiduciary duties and other responsibilities under law;
- (k) recommendations to expand the scope, frequency and sufficiency of information provided to the Board by management;
- (l) an evaluation of the extent of responsibility of current management and/or the Board for present weaknesses in the Bank's condition;
- (m) recommendations to ensure the Board exercises proper oversight over the affairs of the Bank; and
- (n) recommendations to correct or eliminate any other deficiencies in the supervision or organizational structure of the Bank.

(5) Within five (5) days of completion of the Management Study, a copy shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(6) Within thirty (30) days of receipt of the OCC's no objection to the Management Study, the Board shall prepare and submit a Management Plan to correct the deficiencies noted

in the Management Study to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(7) Within five (5) days of receipt of the OCC's no objection to the Management Plan, the Board shall adopt, implement and thereafter adhere to the Management Plan.

#### Article IV

##### CAPITAL AND STRATEGIC PLAN

(1) Effective immediately, the Bank shall only declare dividends:

- (a) when the Bank is in compliance with the Bank's Three-Year Plan to which the Assistant Deputy Comptroller has previously taken no supervisory objection;
- (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
- (c) with the prior written determination of no supervisory objection of the Assistant Deputy Comptroller.

(2) Effective as of the date of this Agreement, the Board shall take the necessary steps to ensure compliance with the Bank's Three-Year Plan to which the Assistant Deputy Comptroller has previously taken no supervisory objection. The Board shall also periodically (no less than annually) review the Bank's compliance with, and appropriateness of, the Bank's Three-Year Plan and make adjustments as necessary. The Board shall ensure the strategic goals and objectives to be accomplished over the short and long term, and the three (3) year financial forecast in the Three-Year Plan are updated at least annually.

## Article V

### CREDIT UNDERWRITING AND ADMINISTRATION

(1) The Board shall take the necessary steps to ensure that current and satisfactory credit and proper collateral information is maintained on all loans. Within thirty (30) days of notification, the Board shall ensure that the Bank obtains any missing credit or collateral information described in the Report of Examination for the examination that commenced on February 16, 2010 (“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.

(2) Effective as of the date of this Agreement, the Bank may not grant, extend, renew, modify or restructure any loan or other extension of credit, or purchase any loan participation, equal to or exceeding two hundred thousand dollars (\$200,000), without:

- (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 current and satisfactory credit information, including performing and documenting analysis of credit information and a detailed cash flow analysis of all expected repayment sources;
- (e) determining and documenting whether the loan complies with the Bank’s Loan Policy and if it does not comply, providing identification of the exception and justification to support waiving the policy exception;

- (f) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
- (g) providing an accurate risk assessment grade and proper accrual status for each credit;
- (h) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable;
- (i) ensuring that any participations purchased are consistent with sound banking practices, guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34; and
- (j) obtaining the written approval of the Bank's Loan Committee or Board.

(4) The Bank shall not waive the requirements of Paragraph (2) of this Article unless a majority of the Board or a designated committee thereof finds that the extension of credit is necessary to promote the best interests of the Bank and documents in writing the reason(s) that the failure to comply with Paragraph (2) of this Article is necessary to promote the best interests of the Bank. The required documentation of this approval shall be retained in the Board minutes and in the relevant credit file.

## Article VI

### LOAN POLICY

(1) Within thirty (30) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a revised loan policy. The revised loan policy shall incorporate the guidelines set forth in Loan



Portfolio Management, A-LPM, of the *Comptroller's Handbook* and shall incorporate, but not be limited to, the following:

- (a) a description of acceptable types of loans;
- (b) maturity scheduling related to the anticipated source of repayment, the purpose of the loan, and the useful life of the collateral;
- (c) maximum ratio of loan value to appraised value or acquisition costs of collateral securing the loan;
- (d) collection procedures, to include follow-up efforts, that are systematically and progressively stronger;
- (e) a definition of the Bank's trade area;
- (f) a limitation on aggregate outstanding loans in relation to other balance sheet accounts;
- (g) limits for the number and dollar amount of exceptions allowable at any given time;
- (h) a system for measuring exceptions against the Board approved limits;
- (i) guidelines and limitations on concentrations of credit:
  - (i) establish limits on concentrations of credit by category; and
  - (ii) implement sufficient detail on concentration reports;
- (j) guidelines for loans to insiders, including a statement that such loans will not be granted on terms more favorable than those offered to similar outside borrowers;
- (k) measures to correct the deficiencies in the Bank's lending procedures noted in any ROE; and

(1) guidelines for periodic review of the Bank's adherence to the revised lending policy.

(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.

## Article VII

### APPRAISAL AND EVALUATION PROCESS

(1) Effective immediately, the Board shall take the necessary steps to ensure that the Bank complies with the Appraisal policy to which the Assistant Deputy Comptroller has previously taken no supervisory objection.

## Article VIII

### CRITICIZED ASSET 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) Within sixty (60) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program designed to reduce the Bank's criticized assets (the "Criticized Assets Program"). The Criticized Assets Program shall include or address the following matters:

- (a) aggregate reporting of criticized asset levels by type to the Board or a designated committee thereof every month; and
- (b) specific plans for the reduction of criticized assets by asset type with target reductions by month.

(3) The Board's compliance with Paragraph (2) of this Article shall include the development of procedures for the monthly review and preparation of written determinations by the Board or a designated committee thereof regarding the effectiveness of the responsible officer's efforts to eliminate the weaknesses in each criticized credit relationship totaling two hundred thousand dollars (\$200,000) or more, and that require the preparation of Criticized Asset Reports ("CARs" or "CAR") that contain, at a minimum, analysis and documentation of the following:

- (a) an identification of the expected sources of repayment and an analysis of their adequacy;
- (b) 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 the collateral valuation;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment;
- (e) trigger dates for positive borrower actions or for loan officers to reassess the strategy, enact collection plans, and make appropriate downgrades or place on nonaccrual; and

(f) a determination of whether the asset is impaired and the amount of the impairment, consistent with FASB Codification Topic 310 Receivables, Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan.

(4) 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 required by this Article.

(5) A copy of each CAR prepared during the month of each quarter end (*e.g.*, March, June, September, and December), along with any Board comments regarding the effectiveness of the effort to eliminate the weaknesses in each credit, shall be submitted to the Assistant Deputy Comptroller within fifteen (15) days of each calendar quarter end.

(6) Effective as of the date of this Agreement, the Bank may not 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 of credit equal or exceed two hundred thousand dollars (\$200,000), unless each of the following conditions is met:

(a) the Board or a designated committee thereof 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 Board or a designated committee thereof approves the

credit extension and documents in writing, the reasons that such extension are necessary to promote the best interests of the Bank; and

- (b) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of credit.

## Article IX

### CREDIT RISK RATINGS

(1) Effective immediately, the Board shall take the necessary steps to ensure that the risk associated with the Bank's loans is properly reflected and accounted for on the Bank's books and records, to include, at a minimum, the monthly review of all credit relationships that equal or exceed two hundred thousand dollars (\$200,000) by the loan officers to ensure that:

- (a) the Bank's loans and other assets are appropriately and timely risk rated and charged off using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*; and
- (b) the Bank's loans and other assets are timely placed on nonaccrual in accordance with the guidelines set forth in the Call Report.

(2) Within sixty (60) days of this Agreement, the Board shall prepare a written program designed to ensure that the Bank complies with Subparagraphs (a) and (b) of this Article, that contains at a minimum:

- (a) immediate and ongoing training for the lending staff with respect to the application of Subparagraphs (a) and (b) of this Article;

(b) procedures to ensure loan officers are held accountable for failing to appropriately and timely risk rate and/or place loans on nonaccrual, including but not limited to, consideration of loan officer and staff failure to properly risk rate and/or place loans on nonaccrual in periodic performance reviews and compensation.

(3) After the Board has developed the program required by this Article, the Board shall immediately implement and thereafter ensure adherence to its terms, and shall within five (5) days of completion, submit a copy to the Assistant Deputy Comptroller.

## Article X

### EXTERNAL LOAN REVIEW

(1) Within thirty (30) days of this Agreement, the Board shall employ a qualified consultant to perform semi-annual asset quality reviews of the Bank's loan portfolio. The scope of the external loan review shall include seventy percent (70%) by dollar volume of the commercial, agricultural, and commercial real estate portfolios on an annual basis, and provide for a written report to be filed with the Board after each review, with the first report due no later than July 31, 2010, and shall use a loan and lease grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*. Such reports shall, at a minimum, include comments and conclusions regarding:

- (a) the loan review scope and coverage;
- (b) overall quality of the loan and lease portfolios;
- (c) the identification, type, rating, and amount of problem loans and leases;
- (d) the identification and amount of delinquent and nonaccrual loans;

- (e) the identification/status of credit related violations of law or regulation;
- (f) loans not in conformance with the Bank's lending policies;
- (g) credit underwriting and documentation exceptions;
- (h) credit analysis and documentation of such;
- (i) accuracy of internal risk ratings;
- (j) the identity of the loan officer who originated each loan reported in accordance with Subparagraphs (b) through (g) of the Article;
- (k) overall credit administration practices; and
- (l) completeness and effectiveness of problem loan workout plans.

(2) Prior to the appointment or employment of any individual as loan review consultant or entering into any contract with any consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(3) The Board or a designated committee shall review the independent loan review reports and ensure that, if appropriate, immediate, adequate, and continuing remedial action, is taken upon the findings noted in the reports.

(4) Within five (5) days of the Board or designated committee review pursuant to Paragraph (3) of this Article, the Board shall forward a copy of the independent loan review report to the Assistant Deputy Comptroller.

(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 maintained in the books and records of the Bank.

(6) The Bank shall not terminate the consultant's asset quality review services without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

## Article XI

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Effective immediately, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses ("Allowance") in accordance with Generally Accepted Accounting Principles ("GAAP"). The Allowance policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006 (OCC Bulletin 2006-47), and July 20, 2001 (OCC Bulletin 2001-37), and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with FASB Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan;
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans, consistent with FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies;



- (c) procedures for validating the Allowance methodology;
- (d) procedures to ensure that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:
  - (i) trends in the Bank's internal risk ratings, delinquent and nonaccrual loans;
  - (ii) results of the Bank's external loan review, including but not limited to, the accuracy of internal risk ratings;
  - (iii) concentrations of credit in the Bank;
  - (iv) present and prospective economic conditions; and
  - (v) applicable experience of the Bank's lending staff.

(2) The program shall provide for a process for summarizing and documenting, for the Board's review and approval, the amount to be reported in the Call Reports for the Allowance. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, 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.

(3) Upon adoption, a copy of the policies and procedures required by this Article shall be forwarded to the Assistant Deputy Comptroller.

## Article XII

### INTEREST RATE RISK

(1) Within thirty (30) days of this Agreement, the Board prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a program, including policies and procedures, designed to ensure the Bank's interest rate risk is managed in a safe and sound manner. The interest rate risk program shall provide for a coordinated interest rate risk strategy and incorporate the guidelines set forth in Interest Rate Risk, L-IRR, of the *Comptroller's Handbook*, including, but not be limited to:

- (a) the establishment of adequate management reports on which to base sound interest rate risk management decisions;
- (b) implementation of effective tools to measure and monitor the Bank's performance and overall interest rate risk profile;
- (c) employment of competent personnel to manage interest rate risk;
- (d) prudent limits on the nature and amount of interest rate risk that can be taken; and
- (e) periodic review of the Bank's adherence to the program, policies and procedures required by this Article.

(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.

## Article XIII

### TRUST ASSET MANAGEMENT AND ADMINISTRATION

(1) Within forty-five (45) days of this Agreement, the Board prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a program, including policies and procedures, designed to ensure that the Bank's trust asset administration, including appropriate oversight of asset management activities, is operated in accordance with applicable fiduciary principles and applicable laws.

(2) The Bank's compliance with Paragraph (1) of this Article shall include prudent investor standards for proper trust asset administration and compliance with applicable laws, rules, regulations, and prudent investing guidelines to include, at a minimum:

- (a) a comprehensive training program to administer the Bank's trust activities in a safe and sound manner;
- (b) processes for account acceptance, account termination, and initial and post account review;
- (c) quarterly meetings to supervise conformance with Bank trust policy procedures and controls;
- (d) procedures for implementation and maintenance of separation of duties for the posting of the Bank's asset management records, and the authority to move assets from the custodian;
- (e) procedures for the independent daily reconciliation of all asset movement at the custodian;
- (f) reconciliation of all assets held at the custodian to the Bank's asset management records at a minimum monthly; and

- (g) a schedule of investment securities and other assets held in custody that is separated by outside brokers and is independently reconciled to each broker's statement at least monthly.

(3) The Board's compliance with Paragraph (1) of this Article shall also include the creation of a trust audit committee which meets at least quarterly, and that maintains detailed written minutes of all its activities, including but not limited to:

- (a) discussions with the internal and/or external auditors concerning the scope of the annual audit program to be performed;
- (b) an opinion that the scope of the audit program provides suitable audit coverage of department activities as required by 12 C.F.R. § 9.9;
- (c) a review of the competence and independence of the internal auditor;
- (d) a review of all trust department audit and examination reports within thirty (30) days of their receipt;
- (e) sufficient documentation to conduct annual account reviews;
- (f) discussions with the trust officer and auditor(s) concerning all matters cited in the audit and examination reports of the trust department and their opinions of the present condition; and
- (g) a determination that all matters involving violations of law or regulation, contravention of sound fiduciary business principles relating to investments, organization, administration and operations, and deficiencies in the Bank's policies, practices or controls disclosed in trust department audit and examination reports are noted and corrected as required by 12 C.F.R. § 9.9.

(4) 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.

#### Article XIV

##### INTERNAL AUDIT

(1) Within sixty (60) days of this Agreement, the Board shall establish an audit committee that complies with the requirements of 12 C.F.R. § 363.5. The audit committee shall meet at least quarterly.

(2) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(3) Within thirty (30) days of this Agreement, the Board shall determine whether any changes are needed regarding the Bank's Internal Auditor, including the responsibilities, authority, structure, independence or skills of the Bank's Internal Auditor. In particular, the Board shall ensure that the Internal Auditor operates independent of management and has sufficient training, authority, and skill to perform the assigned responsibilities.

(4) Within thirty (30) days of this Agreement, the Board shall determine whether any changes are needed regarding the Internal Auditor's supporting staff, including the responsibilities, authority, structure, independence, competencies, or capabilities of the Internal Auditor's supporting staff.

(5) Within sixty (60) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent and comprehensive internal audit program that:

- (a) includes procedures to assist in completing internal operations audits;
- (b) detects irregularities and weak practices in the Bank's operations;
- (c) determines the Bank's level of compliance with all applicable laws, rules, and regulations;
- (d) assesses and reports the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (e) evaluates the Bank's adherence to established policies and procedures;
- (f) establishes a line of communication for audit reporting issues between the internal auditor, audit committee, and board of directors;
- (g) ensures audit work papers and documentation of conclusions provide a meaningful audit trail and validation for findings and recommendations;
- (h) ensures timely management responses and corrective actions on identified weaknesses; and
- (i) establishes an annual audit plan using a risk-based approach sufficient to achieve these objectives.

(6) As part of this audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(7) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to

the Board or the Board Audit Committee, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and/or Board Audit Committee (comprised of at least two (2) external directors) and not through any intervening party.

(8) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller.

## Article XV

### CONSUMER COMPLIANCE PROGRAM

(1) Within ninety (90) days of this Agreement, the Board shall review and add, as necessary, sufficient staffing to ensure the Bank complies with all applicable consumer laws and regulations.

(2) Within ninety (90) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written, risk-based consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules, and regulations. This program shall include at a minimum:

- (a) a written description of the duties and responsibilities of the Compliance Officer;
- (b) the establishment of employee and management accountability for noncompliance with relevant consumer laws, rules, and regulations;

- (c) revised policies and procedures to ensure they provide appropriate guidance regarding all relevant consumer protection laws, rules, and regulations, to include in particular, the Flood Disaster Protection Act;
- (d) timely updates of written policies and procedures to ensure they remain current;
- (e) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;
- (f) a formalized risk assessment process and annual audit plan to use in determining the frequency and scope of ongoing compliance monitoring and audit;
- (g) a comprehensive independent audit program to adequately test for compliance with consumer protection laws, rules, and regulations;
- (h) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;
- (i) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules, and regulations;
- (j) procedures for the dissemination of changes in laws, rules, regulations and OCC policy changes to affected Bank personnel; and
- (k) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.



(3) After the OCC has advised the Bank that it does not take supervisory objection to the program required by this Article, the Board shall immediately implement, and shall thereafter ensure adherence to its terms.

## Article XVI

### BSA PROGRAM

(1) To provide for compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 *et seq.*), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control (“OFAC”) (collectively referred to as the “Bank Secrecy Act” or “BSA”), the Board shall, within ninety (90) days of this Agreement, prepare and submit for a prior written determination of no supervisory objection, a revised BSA program to include, at a minimum:

- (a) the identification of the risks associated with the Bank’s products, services, customers, and geographies served;
- (b) an evaluation of existing internal controls to mitigate the identified risks;
- (c) policies and procedures for the appropriate identification and monitoring of transactions that pose greater than normal risk for compliance with the Bank Secrecy Act;
- (d) a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their specific assigned responsibilities for compliance with the requirements of the Bank Secrecy Act;

- (e) policies and procedures to provide for the Bank's monitoring of suspicious cash, monetary instruments, wire transfers, and other activities for all types of transactions, accounts, customers, products, services, and geographic areas;
- (f) policies and procedures for expanded account-opening procedures for all accounts that pose greater than normal risk for compliance with the Bank Secrecy Act;
- (g) policies and procedures for the maintenance of an integrated, accurate system for all Bank areas to produce periodic reports designed to identify unusual or suspicious activity, including patterns of activity, to monitor and evaluate unusual or suspicious activity, and to maintain accurate information needed to produce these reports;
- (h) periodic independent reviews, not less than each calendar year, of all account documentation for all high risk customers and accounts and the related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business or occupation and the stated purpose of the account; and
- (i) an independent audit program designed to ensure compliance with the Bank Secrecy Act in all areas of the Bank, including scope, testing, and documentation.

(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 Bank's revised BSA program.

Article XVII

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination. The quarterly progress reports required by Article I of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within thirty (30) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

## Article XVIII

### 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/

6/9/2010

\_\_\_\_\_  
Thomas J. Jorn  
Assistant Deputy Comptroller  
Wichita Field Office

\_\_\_\_\_  
Date

**IN TESTIMONY WHEREOF**, the undersigned, as the duly elected and acting Board of

Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

6/9/10

\_\_\_\_\_  
Harold A. Brizzolara

\_\_\_\_\_  
Date

/s/

6/14/10

\_\_\_\_\_  
Scott C. Hartman

\_\_\_\_\_  
Date

/s/

6/9/10

\_\_\_\_\_  
Kyle D. Hughbanks

\_\_\_\_\_  
Date

/s/

6/9/10

\_\_\_\_\_  
Mary Margaret Miller

\_\_\_\_\_  
Date

/s/

6/9/10

\_\_\_\_\_  
Marilyn A. Myers

\_\_\_\_\_  
Date

/s/

6/9/10

\_\_\_\_\_  
Stephen L. Myers

\_\_\_\_\_  
Date