

AGREEMENT BY AND BETWEEN
American National Bank of Minnesota
Baxter, Minnesota
and
The Comptroller of the Currency

American National Bank of Minnesota, Baxter, Minnesota (“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 found unsafe or unsound banking practices relating to credit administration and liquidity risk management at 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) Unless otherwise informed in writing by the Comptroller, all programs, reviews, 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:

Nancy M. Sundstrom
Assistant Deputy Comptroller
Minneapolis Field Office
222 South Ninth Street, Suite 800
Minneapolis, Minnesota 55402

ARTICLE II

CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall maintain the following capital levels (as defined in 12 C.F.R. Part 3):

- (a) Total Risk Based capital at least equal to twelve percent (12.0%) of risk-weighted assets; and
- (b) Tier 1 capital at least equal to nine percent (9.0%) of adjusted total assets.

(2) The requirement in this Agreement to maintain a specific capital level means that the Bank may not be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(3) Within thirty (30) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three year capital program. The program shall include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved capital program;
 - (ii) when the Bank is in compliance with 12 U.S.C. § 56 and 60; and
 - (iii) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller.

(4) Upon completion and after any subsequent revisions, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and adhere to the capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews shall be submitted to the Assistant Deputy Comptroller.

(5) If the OCC determines, in its sole judgment, that the Board has failed to submit an acceptable capital program as required by paragraph (3) of this Article, or fails to implement or adhere to a capital program for which the OCC has taken no supervisory objection pursuant to paragraph (4) of this Article, then within sixty (60) days of receiving written notice from the OCC of such fact, the Board shall develop and shall submit to the OCC for its review and prior determination of no supervisory objection a capital contingency plan, which shall detail the Board's proposal to sell or merge the Bank, or liquidate the Bank under 12 U.S.C. § 181. After the OCC has advised the Bank that it does not take supervisory objection to the capital contingency plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the contingency plan. Failure to submit a timely, acceptable contingency plan may be deemed a violation of this Agreement, in the exercise of the OCC's sole discretion.

ARTICLE III

LIQUIDITY MANAGEMENT

(1) Within sixty (60) days, the Board shall revise, implement, and thereafter ensure Bank adherence to a written liquidity management policy. In revising this policy, the Board shall refer to the "Liquidity" booklet, L-L, of the Comptroller's Handbook and the *Interagency Policy Statement on Funding and Liquidity Risk Management*. The revised policy shall provide for a coordinated asset/liability management strategy and include the enhancements set forth in the Report of Examination dated as of December 31, 2009 ("ROE"), and, at a minimum, shall include:

- (a) requirements and establishment of limits for minimum ratios of liquid assets in relation to total assets, liquid assets to wholesale funding, and

total wholesale funding to total deposits and borrowings, as well as other limits that are adjusted to the Bank's financial condition; and

- (b) adequate monthly management reports, that shall include a projected sources and uses report, that enable the Board and management to monitor the Bank's liquidity position and maintain liquidity at an adequate level relative to the Bank's financial condition as required in paragraph (1)(a) of this Article.

(2) Within sixty (60) days the Board shall revise, implement, and thereafter ensure adherence to a comprehensive Bank-specific Contingency Funding Plan consistent with the guidelines set forth in the "Liquidity" booklet, L-L, of the Comptroller's Handbook and the *Interagency Policy Statement on Funding and Liquidity Risk Management*. The plan shall, among other things, include:

- (a) a statement of the Board's strategy for maintaining adequate sources of stable funding given the Bank's anticipated liquidity and funding needs;
- (b) a definition of a liquidity crisis for the Bank;
- (c) an identification of early warning liquidity triggers;
- (d) an explicit quantification of the sources and uses of liquidity in stressed scenarios that correspond to the early warning liquidity triggers;
- (e) detailed action plans to identify and obtain sources of liquidity to meet projected shortfalls;
- (f) an identification of responsible bank personnel to declare, manage, and resolve a liquidity crisis;

(g) an internal and external communication process, including a process for reporting to the Board, for disseminating relevant information; and

(h) a process of regular testing to ensure that the plan is operationally robust.

(3) Upon adoption of the revised policies required by paragraphs (1) and (2) of this Article, a copy of the written policies shall be forwarded to the Assistant Deputy Comptroller for a determination of no supervisory objection.

ARTICLE IV

LIQUIDITY

(1) The Board shall immediately increase the liquidity of the Bank to a level that is sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base. Such actions shall include, but are not limited to:

(a) increasing the level of liquid, unencumbered assets including investments or other instruments easily converted to cash;

(b) reducing the volume of wholesale funding including, but not limited to, borrowings, national market deposits, and brokered deposits;

(c) obtaining lines of credit from correspondent banks;

(d) recovering charged-off assets; and

(e) injecting additional equity capital, as required.

(2) The Board shall review the Bank's liquidity on at least a monthly basis and take actions to ensure the Bank maintains adequate liquidity levels consistent with paragraph 1 of this Article.

ARTICLE V

CRITICIZED ASSETS/WORKOUT PLANS

(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 thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to individual 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, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." Each workout plan shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the current 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 a global cash flow analysis of the borrower's repayment ability; and
- (d) actions designed to eliminate the basis of criticism of and protect the bank's interest in the asset, including timeframes for implementing and evaluating the effectiveness of those actions.

(3) Upon adoption, a copy of the workout plans 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 workout plans adopted pursuant to this Article;
- (c) the status and effectiveness of the plans; and
- (d) the need to revise the plans 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 or extensions (including loan modifications and payment extensions), to a borrower whose loans, leases, 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, leases, or other extensions exceed five hundred thousand dollars (\$500,000) only if each of the following conditions are 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 plans 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 shall be maintained in the file of the affected borrower.

ARTICLE VI

CREDIT RISK IDENTIFICATION

(1) Within sixty (60) days, the Board shall establish and thereafter ensure Bank adherence to an effective and on-going credit risk rating system that assures the timely identification and categorization of problem credits. The system shall use a loan grading system consistent with the guidelines set forth in "Rating Credit Risk" booklet of the Comptroller's Handbook and provide for:

- (a) effective monitoring of early problem loan identification to assure the timely identification and rating of loans based on lending officer submission; and
- (b) timely risk rating downgrades when conditions warrant without compromise or delays based on unfounded reliance on guarantors, payment history, borrower character or potential future events.

ARTICLE VII

CREDIT AND COLLATERAL EXCEPTIONS

(1) Within sixty (60) days the Board shall obtain current and satisfactory credit information on all loans, leases, and other extensions of credit lacking such information,

including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of credits lacking such information provided to management by the National Bank Examiners.

(2) Within sixty (60) days the Board shall ensure proper collateral documentation is maintained on all credits and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by National Bank Examiners. This will include obtaining real estate evaluations prior to loan renewals.

(3) If the Board and management are unable to obtain the credit information or collateral documentation required by paragraphs (1) and (2) of this Article within sixty (60) days, the Board and management shall document their efforts to obtain such information or documentation, and maintain documentation of their efforts in the loan file.

(4) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan, lease, or other extension of credit equal to or exceeding three hundred thousand dollars (\$300,000) 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 global cash flow analysis with appropriate adjustments including living expenses where applicable, where loans, leases, or other extensions of credit are to be repaid from operations;

- (i) Failure to obtain the information in paragraph (4)(d) of this Article shall require a majority of the full Board or its delegated committee to certify in writing the specific reasons why the Bank did not obtain and analyze the information in paragraph (4)(d) of this Article;
- (ii) A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed by this Office in subsequent examinations of the Bank; and
- (e) documenting the value of collateral (with adequate supporting material and in compliance with 12 C.F.R. Part 34), and properly perfecting the Bank's lien on it where applicable.

ARTICLE VIII

CLOSING

(1) Although the Board has agreed to submit certain programs, reviews, reports or plans to the Assistant Deputy Comptroller for review or written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank and to ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Agreement.

(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, including ensuring that the Bank has necessary processes, personnel, and control systems;
- (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

