

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 3 day of August, 1995 (the "Effective Date"), by and between Osage Federal Savings and Loan Association of Pawhuska (the "Association"), a federally-chartered mutual association, having its main office located at Pawhuska, Oklahoma, and the Office of Thrift Supervision ("OTS"), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C., acting through its Midwest Regional Director or his/her designee ("Regional Director").

WHEREAS, the OTS is the primary federal regulator of the Association; and

WHEREAS, based on the Report of Examination dated May 22, 1995 ("ROE"), the OTS is of the opinion that the Association has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Association is subject and/or (ii) are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against the Association; and

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will: (i) comply with all applicable laws and regulations and (ii) engage in safe and sound practices; and

WHEREAS, the Association, acting through its Board of Directors (the "Board") and without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises, the mutual undertakings set forth herein, the parties hereto agree as follows:

CORRECTIVE PROVISIONS

1. **REDUCTION IN INTEREST-RATE RISK.**

(a) Subject to subsection (d) hereof, by no later than December 31, 1995, and thereafter through June 29, 1996, the Association shall, under interest-rate risk scenarios reflecting an instantaneous shift in interest rates of each plus and minus 200 basis points (assuming a parallel shift in the yield curve):

(i) maintain a net portfolio value ("NPV") ratio of at least 4.0%;

(ii) incur a decrease in NPV, if at all, of no more than 50%; and

(iii) incur a decrease in net interest income, if at all, of no more than 30%.

(b) Subject to subsection (d) hereof, by no later than June 30, 1996, and thereafter through December 30, 1996, the Association shall, under interest-rate risk scenarios reflecting an instantaneous shift in interest rates of each plus and minus 200 basis points (assuming a parallel shift in yield curve):

(i) maintain a NPV ratio of at least 5.0%;

(ii) incur a decrease in NPV, if at all, of no more than 40%; and

(iii) incur a decrease in net interest income, if at all, of no more than 25%.

(c) Subject to subsection (d) hereof, by no later than December 31, 1996, and thereafter, the Association shall, under interest-rate risk scenarios reflecting an instantaneous shift in interest rates of each plus and minus 200 basis points (assuming a parallel shift in yield curve):

(i) maintain a NPV ratio of at least 5.5%;

(ii) incur a decrease in NPV, if at all, of no more than 35%; and

(iii) incur a decrease in net interest income, if at all, of no more than 25%.

(d) For purposes of subsections (a), (b), and (c) hereof, the Association shall not be deemed to be in violation of such provisions for failure to meet any of the stated thresholds, provided that:

(i) the Association does not vary from the stated threshold by more than 10% of such threshold; and

(ii) within 30 calendar days (or such longer period approved in writing by the Regional Director in response to a written request by the Association) of any time in which the Association fails to satisfy the stated threshold, it shall eliminate such variance in order to satisfy the stated threshold.

2. ANALYSIS OF INTEREST-RATE RISK.

No later than the 60th calendar day of the month following the end of each calendar quarter, beginning with the calendar quarter containing the Effective Date, the Board shall adopt and submit to the Regional Director a written report providing its detailed analysis of:

- (a) the interest-rate risk of the Association for that calendar quarter, including but not limited to a report, as of the end of such calendar quarter, of the actual capital levels, earnings, and interest-rate risk exposure of the Association compared to the corresponding projected capital levels, earnings, and interest-rate risk exposure;
- (b) whether the Association's interest-rate risk for that calendar quarter conforms to the interest-rate risk strategy in effect upon the Effective Date (or any subsequent interest-rate risk strategy submitted to the Regional Director by the Board and approved in writing by the Regional Director);
- (c) the reasons for variance(s), if any, from the goals of the interest-rate risk strategy in effect upon the Effective Date (or any subsequent interest-rate risk strategy submitted to the Regional Director by the Board and approved in writing by the Regional Director); and
- (d) whether such variance(s), if any, warrant a new interest-rate risk strategy for submission to the Regional Director and, if so, what such new interest-rate risk strategy should be.

MISCELLANEOUS

3. COMPLIANCE WITH AGREEMENT.

- (a) The Board and officers of the Association shall take immediate action to cause the Association to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.
- (b) The Board, on a quarterly basis, shall adopt a board resolution (the "Compliance Resolution"), formally resolving that, following a diligent inquiry of relevant information (including reports prepared by management), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Association has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.
- (c) The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.
- (d) No later than the 60th calendar day of the month following the end of a calendar quarter, beginning with the end of the calendar quarter containing the Effective Date, the Association shall

provide to the Regional Director a certified true copy of the Compliance Resolution adopted at the Board meeting. The Board, by virtue of the Association's submission of a certified true copy of each such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as provided below. In the event that one or more Directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the minutes of the Association.

4. **DEFINITIONS.**

All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

5. **SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS.**

Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

6. **DURATION, TERMINATION OR SUSPENSION OF AGREEMENT.**

(a) This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below, and (ii) remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

(b) The Regional Director, in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

7. **TIME LIMITS.**

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

8. **EFFECT OF HEADINGS.**

The Section headings herein are for convenience only and shall not affect the construction hereof.

9. **SEPARABILITY CLAUSE.**

In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof

shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

10. NO VIOLATIONS OF LAW, RULE, REGULATION OR POLICY STATEMENT AUTHORIZED; OTS NOT RESTRICTED.

Nothing in this Agreement shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject or (ii) restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

11. SUCCESSORS IN INTEREST/BENEFIT.

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

12. SIGNATURE OF DIRECTORS.

Each Director of the Association signing the Agreement attests, by such act, that she or he, as the case may be, voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Association.

13. INTEGRATION CLAUSE; IMPACT ON OTHER ENFORCEMENT DOCUMENTS.

(a) This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

(b) Upon execution of this Agreement by both parties, the Supervisory Agreement of July 19, 1994, between the OTS and the Association, shall be of no further effect (except with regard to violations, if any, in existence prior to execution of this Agreement).

14. ENFORCEABILITY OF AGREEMENT.

The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and the Association, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

THE ASSOCIATION

By:

By:

Name

151
David E. Bradley
Regional Deputy Director
for the Midwest Regional
Director

Name

151
Mark White
Chief Executive Officer

DIRECTORS OF THE ASSOCIATION

151
Director

151
Director

151
Director

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Director

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Director

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Director

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly appointed and qualified Secretary of
age Federal Savings and Loan Association of Pawhuska, Pawhuska, Oklahoma ("the
association"), hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Association ("Board of Directors") was held on August 23, 1995;
2. At said meeting, a quorum was present and voting throughout;
3. The following is a true copy of resolutions duly adopted by the Association's Board of Directors, which resolutions have not been rescinded or modified and are now in full force and effect:

WHEREAS, the Board of Directors of the Association wishes to cooperate with the OTS and to demonstrate that said Board of Directors and the Association have the intent to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices; and

WHEREAS the Directors of the Association have read and considered the proposed Supervisory Agreement ("Agreement"), which shall be attached to the minutes of this meeting; and

WHEREAS after due consideration, the Directors of the Association have determined to cause the Association to enter into the proposed Agreement which is in the best interest of the Association;

NOW THEREFORE, BE IT RESOLVED, that the Association be and it hereby is authorized to enter into the Agreement in the form attached to the minutes of the meeting,

FURTHER RESOLVED, that the execution and delivery of, and performance of all of the provisions of the Agreement be, and they hereby are, authorized and approved,

FURTHER RESOLVED, that the Directors and Officers of the Association be, and they hereby are, authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Association to comply in all respects with the terms of the Agreement.

4. All members of the Board of Directors were present and voted at the meeting (except None) and all members of the Board of Directors (except None) voted in favor of the resolution;

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal
of the Association on this 23 day of August, 1995.

151
Name: Frances Altaffer
Title: Secretary

(SEAL)