

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

_____)	
Written Agreement by and between)	
)	
GREAT RIVER BANK & TRUST)	Docket No. 07-024-WA/RB-SM
Davenport, Iowa)	
)	
and)	
)	
FEDERAL RESERVE BANK)	
OF CHICAGO)	
Chicago, Illinois)	
_____)	

WHEREAS, in recognition of their common goal to restore and maintain the financial soundness of Great River Bank & Trust, Davenport, Iowa (the “Bank”), a state chartered bank that is a member of the Federal Reserve System, the Bank and the Federal Reserve Bank of Chicago (the “Reserve Bank”) have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on September 18, 2007, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Stephen G. Suiter to enter into this Agreement on behalf of the Bank, and consenting to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1813(u)(3)), with each and every provision of this Agreement.

NOW, THEREFORE, the Bank and the Reserve Bank agree as follows:

Management

1. (a) Within 60 days of this Agreement, the board of directors of the Bank shall complete an assessment of the Bank's management and staffing needs, with particular emphasis in the areas of lending, operations, and compliance, and the qualifications and performance of all senior Bank officers (the "Management Review"). The primary purpose of the Management Review shall be to aid in the development of a management structure suitable to the Bank that is adequately staffed by qualified and trained officers. The Management Review shall, at a minimum, address, consider, and include:

(i) identification of both the type and number of officer positions needed to properly manage and supervise the affairs of the Bank;

(ii) evaluation of each Bank officer to determine whether the individual possesses the ability, experience, and other qualifications required to perform competently present and anticipated duties, comply with applicable laws and regulations, adhere to the Bank's policies and procedures, restore and maintain the Bank to a safe and sound condition, and comply with the requirements of this Agreement; and

(iii) a plan to recruit, hire, or appoint additional or replacement officers with the requisite ability, experience, and other qualifications required to perform competently their assigned duties.

(b) Upon completion of the Management Review, the Bank shall forward to the Reserve Bank a written report that includes findings and conclusions of the Management Review and a description of specific actions that the board of directors proposes to take to strengthen the Bank's management.

(c) Within 60 days of this Agreement, the Bank shall take all actions necessary to employ a permanent, full-time chief lending officer with the requisite ability, qualifications, and demonstrated experience needed to oversee the lending function of the Bank.

(d) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Bank shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. § 225.71 *et seq.*).

(e) The Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Board Oversight

2. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to improve the Bank's condition and maintain effective control over, and supervision of, the Bank's senior management and major operations and activities, including, at a minimum, its credit risk management program;

(b) measures to strengthen the board loan committee's oversight of lending activities;

(c) the responsibility of the board of directors to monitor management's adherence to approved policies and procedures, and compliance with applicable laws and regulations; and

(d) a description of the detailed information to be included in periodic reports to be reviewed by the board of directors in its oversight of the operations and management of the Bank, including but not limited to, information on exceptions to the Bank's loan policies and procedures, loan review, the Bank's adversely classified assets, loan loss reserve adequacy, auditor and regulatory recommendations, and earnings.

Lending and Credit Administration

3. Within 90 days of this Agreement, the Bank shall amend and submit to the Reserve Bank acceptable written loan policies and procedures that shall, at a minimum, address, consider and include:

(a) Procedures for making exceptions to the Bank's loan policies, including required documentation by the account officer and approval by the board of directors;

(b) guidelines for obtaining and reviewing real estate appraisals that are consistent with the Interagency Statement on Independent Appraisal and Evaluation Functions, dated October 27, 2003 (SR 03-18, October 28, 2003), and Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994 (SR-94-55, October 28, 1994), as well as the requirements of Subpart G of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. Part 225, Subpart G), made applicable to state member banks by section 208.50 of Regulation H of the Board of Governors (12 C.F.R § 208.50);

(c) guidelines addressing floor plan loans, including but not limited to standards for advances, lien perfection, and floor plan audits; and

(d) collection policies and procedures that are designed to ensure that past due loans are promptly addressed.

Loan Review

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan for the on-going review and grading of the Bank's loan portfolio by a qualified independent third party or by qualified staff that is independent of the Bank's credit granting function. The program shall, at a minimum, address, consider, and include:

- (a) The scope and frequency of the loan review;
- (b) loan grading standards and criteria for assessing the credit quality of the loans;
- (c) loan grading descriptions and a scale that adequately differentiate the degrees of risks among loans;
- (d) application of loan grading standards and criteria to the loan portfolio;
- (e) identification of any loan that is not in conformance with the Bank's loan policy; and
- (f) monthly written reports to the board of directors that identify the status of those loans that are adversely graded and the prospects for full collection or strengthening of the quality of any such loans.

Asset Improvement

5. (a) Within 60 days of this Agreement, the Bank shall submit to the board of directors and to the Reserve Bank an acceptable written plan designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of \$100,000, that (i) is past due as to principal or interest more

than 90 days as of the date of this Agreement; (ii) is on the Bank's watch list; or (iii) was adversely classified in the report of examination of the Bank conducted by the Reserve Bank that commenced on January 8, 2007 (the "Report of Examination").

(b) Within 30 days of the date that any additional loan or other asset in excess of \$100,000, becomes past due as to principal or interest for more than 90 days, is on the Bank's watch list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank an acceptable written plan to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current watch list, time renewal report, extension report, and past due/non-accrual report.

6. The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, whose extension of credit has been adversely classified in the Report of Examination or in any subsequent report of examination or charged off, without the prior approval of the board of directors, who shall document in writing the reasons for the extension of credit or renewal, specifically certifying that: (i) the extension of credit is necessary to protect the Bank's interest in the ultimate collection of the credit already granted or (ii) the extension of credit is in full compliance with the Bank's written loan policy, is adequately secured, and a thorough credit analysis has been performed indicating that the extension or renewal is reasonable and justified, all necessary loan documentation has been properly and accurately prepared and filed, the extension of credit will

not impair the Bank's interest in obtaining repayment of the already outstanding credit, and the board of directors reasonably believes that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the board of directors meetings, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower's credit file for subsequent supervisory review. For purposes of this Agreement, the term "related interest" is defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)).

Allowance for Loan and Lease Losses

7. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report of Examination that have not been previously collected in full or charged off. Thereafter the Bank shall, within 30 days from the receipt of any federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank.

(b) The Bank shall maintain, in accordance with generally accepted accounting principles ("GAAP"), an adequate valuation reserve for loan and lease losses (the "ALLL"). The adequacy of the ALLL shall be determined in accordance with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 and December 13, 2006. The elements of supervisory guidance to be considered shall include, but are not limited to, the reliability of the Bank's loan grading system, the volume of criticized loans, the current level of past due and nonperforming loans, past loan loss experience, evaluation of probable losses in the Bank's loan portfolio,

including the potential for the existence of unidentified losses in loans adversely classified, the imprecision of loss estimates, and examiners' criticisms noted in the Report of Examination.

(c) The Bank shall conduct, at least on a quarterly calendar basis, an assessment of its ALLL and, within 30 days after the end of each calendar quarter, shall submit to the Reserve Bank the quarterly assessment, including the methodology used in determining the amount of ALLL for that quarter. The Bank shall maintain for subsequent supervisory review documentation to support the methodology used for each quarterly assessment.

Interest Rate Risk Management

8. Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written asset/liability management policy designed to improve management of the Bank's sensitivity to market risk. The policy shall conform to the guidelines established by the Joint Policy Statement on Interest Rate Risk, effective June 26, 1996 (SR 96-13, May 23, 1996) and shall, at a minimum, address, consider and include: (a) a periodic validation of the assumptions in the Bank's interest rate risk model that are used in the risk measurement process; and (b) a description of the information to be included in periodic reports to the Bank's Asset-Liability Committee and the board of directors regarding the Bank's sensitivity to market risk.

Earnings Plan and Budget

9. (a) Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank a written business plan for 2007 for improving the earnings and overall condition of the Bank. The plan, at a minimum, shall provide for or describe the major areas in and means by which the Bank's board of directors will seek to improve the Bank's operating performance and provide a realistic and comprehensive budget.

(b) A business plan for each calendar year subsequent to 2007 shall be

submitted to the Reserve Bank at least one month prior to the beginning of that calendar year.

Information Technology

10. Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan to improve the Bank's information technology function which shall, at a minimum, address, consider and include:

(a) Preparation and submission to the board of directors for approval an information security risk assessment and annual status report, as required by Appendix D-2 to Regulation H of the Board of Governors (12 C.F.R. Part 208, App. D-2), designed to enable the Bank to meet all applicable requirements for protecting nonpublic customer information and to assist the Bank in making future appropriate adjustments to its information security safeguards;

(b) an annual documented review of system access levels, including access to wire transfer systems, to ensure that proper access levels and internal controls are in place; and

(c) measures to correct the information security and technology deficiencies noted in the Report of Examination.

Dividends

11. The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the "Director"). All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date and shall contain, but not be limited to, current and projected information on consolidated earnings, and cash flow, capital, asset quality, and loan loss reserve needs of the Bank.

Compliance With Laws, Rules and Regulations

12. The Bank shall immediately take all steps necessary to correct the violations of

laws, rules, and regulations cited in the Report of Examination and to ensure future compliance with applicable federal and state banking laws, rules, and regulations by the Bank and all of its institution-affiliated parties, as defined in 12 U.S.C. § 1813(u).

Compliance with the Agreement

13. (a) Within 10 days of this Agreement, the board of directors of the Bank shall appoint a compliance committee (the “Compliance Committee”) to monitor and coordinate compliance with the provisions of this Agreement. The Compliance Committee shall be comprised of at least two outside directors who are not officers or principal shareholders, as defined in section 215(m) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(m)) of the Bank or its holding company, Princeton/LeClaire Agency, Inc., Princeton, Iowa, a registered bank holding company. At a minimum, the Compliance Committee shall meet no less often than monthly, shall keep detailed minutes of each meeting, and shall report its findings to the board of directors monthly.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the corrections required by this Agreement have been accomplished and the Reserve Bank has, in writing, released the Bank from making further reports.

Approval and Implementation of Plans, Policies, and Procedures

14. (a) The Bank shall submit written plans, policies, and procedures that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 3, 4, 5, 8, 9, and 10 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, the Bank shall adopt the approved plans, policies, and procedures. Upon adoption, the Bank shall implement the approved plans, policies, and procedures and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans, policies, and procedures shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

15. All communications regarding this Agreement shall be sent to:

- (a) Mr. Jeffrey A. Jensen
Assistant Vice President
Regional Director-Iowa
Federal Reserve Bank of Chicago
Des Moines Office
7601 Office Plaza Drive North, Suite 150
West Des Moines, Iowa 50266
- (b) Mr. Stephen G. Suiter
President
Great River Bank & Trust
3889 Elmore Avenue
Davenport, Iowa 52807-2504

16. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

17. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

18. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

19. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting the Bank or any of its current or former institution-affiliated parties and their successors and assigns.

20. This Agreement is a “written agreement” for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 21st day of September, 2007.

GREAT RIVER BANK &
TRUST

FEDERAL RESERVE BANK OF
CHICAGO

By: _____/s/_____
Mr. Stephen Suiter
President

By: _____/s/_____
Mr. Mark Kawa
Vice President