

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

NEBRASKA DEPARTMENT OF
BANKING AND FINANCE
LINCOLN, NEBRASKA

Written Agreement by and among

NEBRASKA BANKERS' BANK
Lincoln, Nebraska

FEDERAL RESERVE BANK
OF KANSAS CITY
Kansas City, Missouri

and

NEBRASKA DEPARTMENT OF
BANKING AND FINANCE
Lincoln, Nebraska

Docket No. 09-066-WA/RB-SM

WHEREAS, Nebraska Bankers' Bank, Lincoln, Nebraska (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Federal Reserve Bank of Kansas City (the "Reserve Bank"), and the Nebraska Department of Banking and Finance (the "Banking Department") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, the Bank provides correspondent and certain other banking services to other banks, many of which own shares of the Bank's parent holding company; originates loans secured by bank or bank holding company stock, loans to bank directors, officers, shareholders, employees and related interests, and other loans to affiliates of banks; and purchases loan

participations from banks who own shares of its parent holding company or otherwise are customers of the Bank; and

WHEREAS, on July 23, 2009 the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing David Ochsner, President, to enter into this Agreement on behalf of the Bank, and consenting to compliance with each and every applicable provision of this Agreement 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)).

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

Portfolio Management

1. (a) As of the date of this Agreement, the Bank shall not, without the prior written approval of the Reserve Bank and the Banking Department, take any action that would result in an increase in the aggregate dollar value of the Bank's loan portfolio above the aggregate dollar value balance as of June 19, 2009, plus any legally binding commitments as of June 19, 2009.

(b) The restrictions of paragraph 1(a) of this Agreement shall continue in force and effect until the Bank:

(i) submits to the Reserve Bank and the Banking Department a plan to reduce concentrations, the credit risk management plan, loan policies and procedures, and revised allowance for loan and lease losses ("ALLL") program, described in paragraphs 2, 3, 4 and 7 of this Agreement;

(ii) is notified in writing by the Reserve Bank and the Banking Department that the aforesaid policies, procedures, plan, and program are acceptable;

(iii) adopts and takes acceptable steps to implement the aforesaid policies, procedures, plan, and program; and

(iv) is notified in writing by the Reserve Bank and the Banking Department that the above described conditions have been met.

2. Within 30 days of this Agreement, the Bank shall submit an acceptable plan to the Reserve Bank and the Banking Department for reducing the Bank's concentrations of credit. The plan shall include, but not be limited to, a schedule for reducing the levels of concentrations, including concentrations in commercial real estate loans, and timeframes for achieving the reduced levels.

Credit Risk Management

3. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department an acceptable written plan to strengthen credit risk management practices at the Bank. The plan shall, at a minimum, address, consider, and include:

(a) Procedures for timely and accurate identification of credit risk in the loan portfolio including implementation of portfolio-level stress testing for commercial real estate loans;

(b) procedures to identify, limit, and manage concentrations of credit that are consistent with the Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, December 12, 2006 (SR 07-1);

(c) procedures to improve the accuracy of management's internal credit risk rating system and timeliness of updates to the internal watch list; and

(d) procedures to enhance management's monitoring and controlling of the level of problem assets.

Loan Policies and Procedures

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department acceptable revised written loan policies and procedures that shall, at a minimum, address, consider, and include:

(a) Revisions to the loan policy to enhance the underwriting requirements and approval processes for loan participations;

(b) underwriting standards that are appropriate for each type of loan product booked by the Bank;

(c) establishment of concentration of credit limits by loan type, geographic location, counterparty, borrower, and other common risk characteristics or sensitivities;

(d) compliance with the Real Estate Lending and Appraisal Standards set forth in Subpart E and Appendix C of Regulation H of the Board of Governors of the Federal Reserve (the "Board of Governors")(12 C.F.R. § 208 Subpart E and Appendix C);

(e) establishment of an acceptable appraisal review procedure to ensure the accuracy of appraisals;

(f) procedures to ensure that all material documentation is obtained from the lead bank in all loan participations prior to the loan purchase; and

(g) controls to ensure compliance with the unsecured lending guidelines established by the loan policy.

Asset Improvement

5. (a) 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, who is obligated to the Bank in any manner on any extension of credit or portion thereof that has been charged off by the Bank or classified, in whole or in part, “loss” in the report of examination of the Bank conducted by the Reserve Bank that commenced on February 2, 2009 (the “Report of Examination”) or in any subsequent report of examination, as long as such credit remains uncollected.

(b) 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 classified “doubtful” or “substandard” in the Report of Examination or in any subsequent report of examination, without the prior approval of the board of directors. The board of directors 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)).

6. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department 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 \$250,000, including other real estate owned ("OREO"), 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 problem loan list; or (iii) was adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$250,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank and the Banking Department 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 and the Banking Department 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 problem loan list, extension report, and past due/non-accrual report.

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 relevant federal or state report of examination, charge off all assets classified “loss” unless otherwise approved in writing by the Reserve Bank and the Banking Department.

(b) Within 60 days of this Agreement, the Bank shall review and revise its ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17), and the findings and recommendations regarding the ALLL set forth in the Report of Examination, and submit a description of the revised methodology to the Reserve Bank and the Banking Department. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include, at a minimum, the reliability of the Bank’s loan grading system, the volume of criticized loans, concentrations of credit, the current level of past due and nonperforming loans, past loan loss experience, evaluation of probable losses in the Bank’s loan portfolio, including adversely classified loans, and the impact of market conditions on loan and collateral valuations and collectibility.

(c) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure adherence to the revised ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written

documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Capital Plan

8. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

(a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the volume of adversely classified assets;

(c) the adequacy of the loan loss reserve;

(d) any planned asset growth;

(e) the anticipated level of retained earnings;

(f) anticipated and contingent liquidity needs; and

(g) the source and timing of additional funds to fulfill the future capital and loan loss reserve needs of the Bank.

9. The Bank shall notify the Reserve Bank and the Banking Department, in writing, no more than 30 days after the end of any quarter in which any of the Bank's capital ratios (total

risk-based, Tier 1, or leverage) fall below the plan's minimum ratios. Together with the notification, the Bank shall submit an acceptable capital plan that details the steps the Bank will take to increase the Bank's capital ratios to or above the plan's minimums.

Liquidity and Funds Management

10. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department an acceptable written funding plan that includes, at a minimum:

- (a) Measures to reduce asset/liability funding mismatches;
- (b) appropriate policy limits to minimize funding mismatches by funding type and maturity;
- (c) identification of contingent liquidity sources;
- (d) appropriate risk limits for each liquidity source; and
- (e) adverse scenario analyses and planning.

Interest Rate Risk Management

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department a written description of measures taken to enhance the monitoring, measurement, and reporting of the Bank's interest rate risk practices, which shall include:

- (a) An evaluation of the reasonableness of the net interest income policy limits for the earnings-at-risk model;
- (b) establishment of risk limits for the repricing gap model; and
- (c) providing interest rate risk management reports to the board for timely review.

Earnings Plan and Budget

12. (a) Within 30 days of this Agreement, the Bank shall submit to the Reserve

Bank and the Banking Department a written business plan for 2009 to improve the Bank's earnings and overall condition. The plan, at a minimum, shall provide for or describe:

(i) a realistic and comprehensive budget for calendar year 2009, including income statement and balance sheet projections; and

(ii) a description of the operating assumptions that form the basis for, and adequately support, major projected income, expense, and balance sheet components.

(b) Upon adoption, the Bank shall implement the business plan. Bank management shall report monthly to the Bank's board of directors on progress made in implementing the business plan. The written monthly reports shall compare actual financial results to those projected in the business plan. In the event that revisions to the plan are necessary, such revisions shall be forwarded to the Reserve Bank and the Banking Department within 15 days of adoption.

(c) A business plan and budget for each calendar year subsequent to 2009 shall be submitted to the Reserve Bank and the Banking Department at least 30 days prior to the beginning of that calendar year.

Dividends and Distributions

13. (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors, and the Banking Department.

(b) Any request to declare or pay dividends must be consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service,

4-877 at page 4-323). All requests for prior approval shall be received by the Reserve Bank and the Banking Department at least 30 days prior to the proposed dividend declaration date and shall contain, at a minimum, current and projected information on earnings, capital, asset quality, and loan loss reserve needs of the Bank.

Conflicts of Interest Policy

14. Within 30 days of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department an acceptable written code of ethics and conflicts of interest policy applicable to the Bank's directors, officers, and employees ("Covered Persons") to set out the fiduciary duties of all Covered Persons and the avoidance of conflicts of interest. The code of ethics and conflicts of interest policy shall be suitable for the activities and structure of bankers' banks. The policy, at a minimum, shall address, consider, and include:

- (a) The duty of care and loyalty owed by Covered Persons to the Bank;
- (b) the avoidance of conflicts of interest and the appearance of a conflict of interest;
- (c) a requirement that a Covered Person not participate in the approval or renewal of any loan to: (i) such Covered Person or related interest thereof; (ii) any respondent bank with which the Covered Person is affiliated; or (ii) any director, officer, or employee of any respondent bank with which the Covered Person is affiliated;
- (d) a requirement that a Covered Person not participate in the approval of the Bank's purchase of any loan participation from a respondent bank with which the Covered Person is affiliated;

(e) internal controls that monitor compliance with the code of ethics and conflicts of interest policy and report any noncompliance or exceptions to the policy to the board of directors; and

(f) training for all Covered Persons within 60 days of approval of the policy.

Board of Directors

15. (a) Within 60 days of this Agreement, the board of directors shall submit to the Reserve Bank and the Banking Department an acceptable written plan to increase the number of outside directors and shall report quarterly to the Reserve Bank on efforts to secure new outside directors.

(b) For purposes of this Agreement, the term “outside director” is defined as an individual who: (i) is not an executive officer, as defined in section 215.2(e)(1) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(e)(1)), or other employee of the Bank or its affiliates; (ii) is not an executive officer, other employee, or director of a shareholder of Midwest Independent Bancshares, Inc., Jefferson City, Missouri, the Bank’s holding company or a bank that has deposit accounts or otherwise uses the Bank’s services; (iii) is not a related interest, as defined in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)), of any of the above executive officers, other employees, directors, or shareholders; or (iv) is not an immediate family member, as defined in section 225.41(b)(3) of Regulation Y of the Board of Governors (12 C.F.R. § 225.41(b)(3)), of any of the above executive officers, other employees, directors, or shareholders.

Compliance with Laws and Regulations

16. 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.*).

17. The Bank shall comply with the appraisal requirements of Subpart G of Regulation Y of the Board of Governors (12 C.F.R. § 225.63) as cited in the Report of Examination.

18. 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).

Compliance with the Agreement

19. (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 the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall include a majority of outside directors who are not executive officers or principal shareholders of the Bank, as defined in sections 215.2(e)(1) and 215.2(m)(1) of Regulation O of the Board of Governors (12 C.F.R. §§ 215.2(e)(1) and 215.2(m)(1)). At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the board of directors of the Bank.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the Bank shall submit to the Reserve Bank and the Banking Department, as applicable, written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plans, Policies, and Procedures

20. (a) The Bank shall submit written plans, policies, procedures, and program that are acceptable to the Reserve Bank and the Banking Department, as applicable, within the time periods set forth in paragraphs 2, 3, 4, 6, 7, 8, 10, 14, and 15 of this Agreement.

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

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

Communications

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

- (a) Ms. Susan E. Zubradt
Vice President
Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198
- (b) Mr. John Munn
Director
Nebraska Department of Banking and Finance
Commerce Court
1230 'O' Street, Suite 400
Lincoln, Nebraska 68508-1402
- (c) Mr. David Ochsner
President
Nebraska Bankers' Bank
140 North 8th Street, Suite 260
Lincoln, Nebraska 68508

Miscellaneous

22. Notwithstanding any provision of this Agreement, the Reserve Bank and the Banking Department may, in their sole discretion, grant written extensions of time to the Bank to comply with any applicable provision of this Agreement.

23. 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.

24. Each provision of this Agreement shall remain effective and enforceable as to the Bank until jointly stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Banking Department.

25. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank and the Banking Department, 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.

26. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors 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 5th day of August, 2009.

NEBRASKA BANKERS' BANK

By: /s/ David Ochsner
David Ochsner
President

FEDERAL RESERVE BANK
OF KANSAS CITY

By: /s/ Susan E. Zubradt
Susan E. Zubradt
Vice President

NEBRASKA DEPARTMENT
OF BANKING AND FINANCE

By: /s/ John Munn
John Munn
Director