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

STATE OF IOWA
IOWA DIVISION OF BANKING
SUPERINTENDENT OF BANKING
DES MOINES, IOWA

Written Agreement by and among IOWA PRAIRIE BANK Brunsville, Iowa FEDERAL RESERVE BANK OF CHICAGO Chicago, Illinois and IOWA DIVISION OF BANKING Des Moines, Iowa	Docket No. 21-009-WA/RB-SM IDOB No. WA 21-01

WHEREAS, in recognition of their common goal to maintain the financial soundness of Iowa Prairie Bank, Brunsville, Iowa (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of Chicago (the "Reserve Bank"), and the Iowa Superintendent of Banking (the "Superintendent") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing the undersigned 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.

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

Board Oversight

1. Within 60 days of this Agreement, the board of directors of the Bank shall submit a written plan acceptable to the Reserve Bank and the Superintendent to strengthen board oversight of the management and operations of the Bank. The plan shall include the following nine items:

(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 major operations and activities, including the Bank's credit risk management, asset quality, capital, and earnings;

(b) steps to monitor management's adherence to approved policies and procedures, and applicable laws and regulations and to monitor exceptions to approved policies and procedures;

(c) enhanced internal controls to ensure compliance with laws and regulations;

(d) the identification of present and future staffing needs;

(e) the proper segregation of duties among staff;

(f) management succession planning;

(g) steps to ensure that officers and staff have the requisite qualifications, skills, and training to competently perform present and anticipated duties;

(h) steps to improve the information and reports that will be regularly reviewed by the board of directors in its oversight of the operations and management of the Bank, including information on the Bank's credit risk management, adversely classified assets, allowance for loan and lease losses ("ALLL"), capital, earnings; and the status of measures taken to address supervisory findings; and

(i) the maintenance of adequate and complete minutes of all board and committee meetings, approval of such minutes, and their retention for supervisory review.

Credit Risk Management

2. Within 60 days of this Agreement, the Bank shall submit a written plan acceptable to the Reserve Bank and the Superintendent to strengthen credit risk management practices and the effective and timely grading of the Bank's loan portfolio. The plan shall address, consider, and include the following six items:

(a) internal controls to ensure compliance with applicable legal lending limits, such as those set forth in section 524.904 of the Iowa code, to include procedures to ensure accurate accounting and documentation of related loan participations;

(b) procedures to ensure compliance with loan documentation and collateral requirements to minimize exceptions, including (i) establishment of an exception tracking system, and (ii) required periodic monitoring by the board of directors and senior management;

(c) standards and criteria for assessing the credit quality of loans, including a description of the factors used to assign appropriate risk grades to loans;

(d) procedures for the early identification of problem loans;

(e) procedures to re-evaluate the grading of loans in the event of material changes in the borrower's performance or the value of the collateral; and

(f) procedures to evaluate the grading of all loans assigned less than a pass grade at least quarterly.

Asset Improvement

3. The Bank shall not, directly or indirectly, extend, renew, or restructure any credit to or for the benefit of any borrower, including any related interest of the borrower, whose loans or other extensions of credit are criticized in the report of joint examination conducted by the Reserve Bank and the Superintendent dated October 13, 2020 (the "Report of Examination"), or in any subsequent report of examination, without the prior approval of a majority of the full board of directors or a designated committee thereof. The board of directors or its designated committee shall document in writing the reasons for the extension of credit, renewal, or restructuring, specifically certifying that: (i) the Bank's risk management policies and practices for loan workout activity are acceptable; (ii) the extension of credit is necessary to improve and protect the Bank's interest in the ultimate collection of the credit already granted and maximize its potential for collection; (iii) the extension of credit reflects prudent underwriting based on reasonable repayment terms and is adequately secured; and all necessary loan documentation has been properly and accurately prepared and filed; (iv) the Bank has performed a comprehensive credit analysis indicating that the borrower has the willingness and ability to repay the debt as supported by an adequate workout plan, as necessary; and (v) the board of directors or its designated committee reasonably believes that the extension of credit will not impair the Bank's interest in obtaining repayment of the already outstanding credit and 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 meetings of the board of directors or its designated committee, as appropriate, 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)).

4. (a) Within 60 days of this Agreement, the Bank shall submit a written plan acceptable to the Reserve Bank and the Superintendent designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan, relationship, or other asset in excess of $150,000, including other real estate owned ("OREO"), that (i) are past due as to principal or interest more than 90 days as of the date of this Agreement, (ii) are on the Bank's problem loan list, or (iii) were adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan, relationship, or other asset in excess of $150,000, 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 a written plan acceptable to the Reserve Bank and the Superintendent to improve the Bank's position on such loan, relationship, 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 Superintendent 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, a list of all loan renewals and extensions without full collection of interest in the last quarter, and past due/non-accrual report. The board of directors shall review the progress reports before submission to the Reserve Bank and the Superintendent and shall document the review in the minutes of the board of directors' meetings.

Allowance for Loan and Lease Losses

5. (a) Within 60 days of this Agreement, the Bank shall review and revise its ALLL methodology and submit a description of the revised methodology to the Reserve Bank and the Superintendent. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include: (i) the reliability of the Bank's loan grading system, (ii) the volume of criticized loans, (iii) concentrations of credit, (iv) the current level of past due and nonperforming loans, (v) past loan loss experience, (vi) evaluation of probable losses in the Bank's loan portfolio, including adversely classified loans, and (vii) the impact of market conditions on loan and collateral valuations and collectability.

(b) Within 60 days of this Agreement, the Bank shall submit a written program for the maintenance of an adequate ALLL acceptable to the Reserve Bank and the Superintendent. The program shall include policies and procedures to ensure adherence to the 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 Call Report, 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 Superintendent 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 in determining the amount of ALLL for that quarter.

Capital Plan

6. Within 60 days of this Agreement, the Bank shall submit a written plan acceptable to the Reserve Bank and the Superintendent to maintain sufficient capital. The plan shall address, consider, and include the following three items:

(a) the Bank's current and future capital requirements, including compliance with the applicable requirement of Regulation Q of the Board of Governors (12 C.F.R. Part 217);

(b) the adequacy of the Bank's capital, taking into account the volume of adversely classified assets, the adequacy of the ALLL, current and projected asset growth, projected earnings, and anticipated and contingency funding needs; and

(c) the source and timing of additional funds to fulfill the Bank's future capital requirements.

7. (a) The Bank shall notify the Reserve Bank and the Superintendent, in writing, no more than 30 days after the end of any calendar quarter in which any of the Bank's capital ratios (total risk-based, Tier 1 risk-based, common equity Tier 1 or leverage) fall below the approved capital plan's minimum ratios. Together with the notification, the Bank shall submit a written plan acceptable to the Reserve Bank and the Superintendent that details the steps the Bank will take to increase the Bank's capital ratios to or above the approved capital plan's minimums.

(b) During the term of this Agreement, the Bank shall not enter into any agreement to sell or purchase any loan or other asset that, in the aggregate, would exceed 5 percent of the Bank's total assets at the end of the prior quarter without the prior written approval of the Reserve Bank and the Superintendent.

(c) All requests for prior written approval shall be received at least 30 days prior to the proposed sale or purchase. All requests shall contain, at a minimum, a description of the terms of the proposed sale or purchase; the identity of the proposed purchaser or seller; current and projected information on the Bank's capital, asset quality, earnings, and ALLL needs; and the identification of the sources of funds for any proposed purchase or sale.

Business Plan and Budget

8. (a) Within 60 days of this Agreement, the Bank shall submit a written business plan and a budget for 2021 acceptable to the Reserve Bank and the Superintendent to improve the Bank's earnings and overall condition. The plan shall include the following two items:

(i) a comprehensive budget for 2021, 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) A business plan and budget for each calendar year subsequent to 2021 shall be submitted to the Reserve Bank and the Superintendent at least 30 days prior to the beginning of that calendar year.

Regulatory Reporting

9. Within 60 days of this Agreement, the Bank shall submit a written plan acceptable to the Reserve Bank and the Superintendent to ensure that all regulatory reports filed with the Federal Reserve and the Superintendent accurately reflect the organization's financial condition and are filed in accordance with applicable instructions for preparation. At a minimum, the plan shall include formal policies and procedures for the preparation and maintenance of regulatory reporting, including, but not limited to the following four items:

(a) procedures to document explanations for adjustments to general ledger accounts and regulatory filings;

(b) review procedures to ensure the validity and accuracy of final reports; and

(c) procedures for the Bank to ensure that financial reports are completed in accordance with GAAP.

Dividends

10. (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 Superintendent.

(b) All requests for prior approval shall be received by the Reserve Bank and the Superintendent at least 30 days prior to the proposed dividend declaration date. All requests shall contain, at a minimum, current and projected information on earnings, capital, asset quality, and loan loss reserve needs of the Bank, as well as the source of funding for the proposed dividend.

Compliance with Laws and Regulations

11. (a) The Bank shall take all necessary steps to comply with all violations of law or regulation cited in the Report of Examination. In addition, the Bank shall take necessary steps to ensure future compliance with all applicable laws and regulations.

(b) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so the officer would assume a different senior executive officer position, the Bank shall comply with the notice provisions of section 32 of the Federal Deposit Insurance Act, as amended (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.).

(c) 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).

Progress Reports

12. 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 and the Superintendent 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 and Program

13. (a) The Bank shall submit the written plans and program to the Reserve Bank and the Superintendent within the applicable time periods set forth in paragraphs 1, 2, 4(a), 4(b), 5(b), 6, 7(a), 8 and 9 of this Agreement.

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

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

Communications

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

(a) Corey W. Gabel
Assistant Vice President, Regional Director – Iowa
Federal Reserve Bank of Chicago
7601 Office Plaza Drive North Suite 150
West Des Moines, Iowa 50266

(b) David D. Lundahl
Bank Analyst
Iowa Division of Banking
200 East Grand Avenue, Suite 300
Des Moines, Iowa 50309

(c) Steven J. Harms
President and Chief Executive Officer
Iowa Prairie Bank
240 Linn Street
Brunsville, Iowa 51008

Miscellaneous

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

16. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, as defined in section 3(u) of the FDI Act (12 U.S.C. § 1813(u)), in their capacities as such, and their successors and assigns.

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

18. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Superintendent, 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.

19. 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), and by the Superintendent pursuant to Iowa Code sections 524.223, 524.224, and 524.228.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 20th day of April, 2021.

IOWA PRAIRIE BANK

By: /s/ Steven J. Harms
Steven J. Harms
President and Chief Executive Officer

FEDERAL RESERVE BANK
OF CHICAGO

By: /s/ Richard Brunskil
Richard Brunskill
Vice President

IOWA DIVISION OF BANKING

By: /s/ Jeff Plagge
Jeff Plagge
Superintendent of Banking