

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

Written Agreement by and between

HASTINGS BANCORP, INC.  
Hastings, Nebraska

and

FEDERAL RESERVE BANK OF  
KANSAS CITY  
Kansas City, Missouri

Docket No. 08-021-WA/RB-HC

WHEREAS, in recognition of their common goal to maintain the financial soundness of Hastings Bancorp, Inc., Hastings, Nebraska (“Bancorp”), a registered bank holding company that owns and controls Hastings State Bank, Hastings, Nebraska (the “Bank”), a state chartered nonmember bank, Bancorp and the Federal Reserve Bank of Kansas City (the “Reserve Bank”) have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on September 10, 2008, the board of directors of Bancorp, at a duly constituted meeting, adopted a resolution authorizing and directing Paul H. Powers, Secretary/Treasurer, to enter into this Agreement on behalf of Bancorp, and consenting to compliance by Bancorp and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)), with each and every provision of this Agreement.

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

**Dividends**

1. (a) Bancorp 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”).

(b) Bancorp shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(c) Bancorp and its nonbank subsidiaries shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(d) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on Bancorp’s capital, earnings, and cash flow; the Bank’s capital, asset quality, earnings, and loan loss reserve needs; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Bancorp must also demonstrate that the requested declaration or payment of dividends is 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).

## **Debt and Stock Redemption**

2. (a) Bancorp and its nonbank subsidiaries shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Bancorp shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

## **Cash Flow Projections**

3. Within 60 days of this Agreement, Bancorp shall submit to the Reserve Bank a written statement of the company's planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for the remainder of the current fiscal year. Bancorp shall submit to the Reserve Bank a Cash Flow Projection for each subsequent fiscal year at least one month prior to the beginning of such fiscal year.

## **Appointment of New Officers and Directors, and Severance and Indemnification Payments**

4. (a) 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, Bancorp 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.*).

(b) Bancorp 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**

5. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure Bancorp's compliance with the provisions of this Agreement and the results thereof.

## **Communications**

6. 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. Paul H. Powers  
Secretary/Treasurer  
Hastings Bancorp, Inc.  
530 North Burlington Avenue  
Hastings, Nebraska 68901

## **Miscellaneous**

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

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

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

10. 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

11. 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 10th day of September, 2008.

Hastings Bancorp, Inc.

Federal Reserve Bank of Kansas City

By:     /s/ Paul H. Powers      
Paul H. Powers  
Secretary/Treasurer

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