

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

Written Agreement by and between

CRACO, INC.
Vinita, Oklahoma

and

FEDERAL RESERVE BANK OF KANSAS
CITY
Kansas City, Missouri

Docket No. 20-021-WA/RB-HC

WHEREAS, Craco, Inc., Vinita, Oklahoma (“Craco”), a registered bank holding company, owns and controls The First National Bank & Trust Company of Vinita, Vinita, Oklahoma (the “Bank”), a national bank, and various nonbank subsidiaries;

WHEREAS, it is the common goal of Craco and the Federal Reserve Bank of Kansas City (the “Reserve Bank”) to maintain the financial soundness of Craco so that Craco may serve as a source of strength to the Bank;

WHEREAS, Craco and the Reserve Bank have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on November 3, 2020, the board of directors of Craco, at a duly constituted meeting, adopted a resolution authorizing and directing James N. Ratcliff to enter into this Agreement on behalf of Craco, and consenting to compliance with each and every provision of this Agreement by Craco.

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

Source of Strength

1. The board of directors of Craco shall take appropriate steps to fully utilize Craco's financial and managerial resources, pursuant to section 38A of the Federal Deposit Insurance Act, as amended ("the FDI Act") (12 U.S.C. § 1831o-1) and section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the consent order entered into with the Office of the Comptroller of the Currency on July 16, 2020, and any other supervisory action taken by the Bank's federal regulator.

Dividends and Distributions

2. (a) Craco shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Supervision and Regulation of the Board of Governors (the "Director").

(b) Craco 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) Craco 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 Craco's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution.

Debt and Stock Redemption

3. (a) Craco 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) Craco 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

4. Within 60 days of this Agreement, Craco shall submit to the Reserve Bank a written statement of its planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for 2021. Craco shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2021 at least one month prior to the beginning of that calendar year.

Affiliate Transactions

5. (a) Craco shall take all necessary actions to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and its affiliates, including but not limited to Craco and its nonbank subsidiaries.

(b) Craco and its nonbank subsidiaries shall not cause the Bank to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

Compliance with Laws and Regulations

6. (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, Craco 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) Craco 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

7. Within 45 days after the end of each calendar quarter following the date of this Agreement, Craco shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

Communications

8. All communications regarding this Agreement shall be sent to:
 - (a) Porcia B. Block
Vice President
Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198
 - (b) James N. Ratcliff
Chairman, Board of Directors
Craco, Inc.
102 W Illinois
Vinita, Oklahoma 74301

Miscellaneous

9. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to Craco to comply with any provision of this Agreement.
10. The provisions of this Agreement shall be binding upon Craco and its institution-affiliated parties, as defined in sections 3(u) and 8(b) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.
11. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.
12. 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 Craco, the Bank, any nonbank subsidiary of Craco, or any of their current or former institution-affiliated parties and their successors and assigns.

13. 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 13th day of November, 2020.

CRACO INC.

FEDERAL RESERVE BANK
OF KANSAS CITY

By: /s/ James N. Ratcliff
James N. Ratcliff,
Chairman, Board of Directors

By: /s/ Porcia B. Block
Porcia B. Block
Vice President