

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

Written Agreement by and among

TS BANKING GROUP, INC.,  
Treynor, Iowa

TS CONTRARIAN BANCSHARES, INC.,  
Treynor, Iowa

and

FEDERAL RESERVE BANK OF CHICAGO  
Chicago, Illinois

Docket No. 26-016-WA/RB-HC

WHEREAS, TS Banking Group, Inc., Treynor, Iowa (“TSBG”), is a registered bank holding company that owns and controls TS Contrarian Bancshares, Inc., Treynor, Iowa (“Bancshares”), a registered bank holding company, and TS Bank, Treynor, Iowa, a state-chartered nonmember bank regulated by the Federal Deposit Insurance Corporation (“FDIC”) and the Iowa Division of Banking;

WHEREAS, Bancshares wholly owns and controls The Bank of Tioga, Tioga, North Dakota, a state-chartered nonmember bank regulated by the FDIC and the North Dakota Department of Financial Institutions, and First National Bank & Trust Company, Clinton, Illinois, a national bank regulated by the Office of the Comptroller of the Currency (“OCC”) (“FNBTC,” and collectively with TS Bank and The Bank of Tioga, the “Banks”);

WHEREAS, on July 16, 2025, the OCC entered into a Formal Agreement (the “Formal Agreement”) with FNBTC to address unsafe or unsound practices, including those related to capital, strategic planning, liquidity, and contingency funding planning;

WHEREAS, it is the common goal of TSBG, Bancshares (collectively, the “Companies”), and the Federal Reserve Bank of Chicago (the “Reserve Bank”) to maintain the financial soundness of the Companies so that they may serve as a source of strength to the Banks;

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

WHEREAS, the board of directors of the Companies have authorized the undersigned to enter into this Agreement on behalf of the Companies, and consent to compliance with each and every provision of this Agreement by the Companies.

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

**Source of Strength**

1. The boards of directors of the Companies shall take appropriate steps to fully utilize the Companies’ 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 financial and managerial strength to the Banks, including, but not limited to, demonstrating the ability to provide financial assistance to the Banks as required by 12 U.S.C. § 1831o-1(a) and (f) by, for example, raising additional capital or taking other steps to improve the financial condition of the Banks in the event of the financial distress of the Banks, and taking steps to ensure that FNBTC complies with

the Formal Agreement, and any other supervisory action taken by the Banks' federal or state regulators.

### **Capital Plan**

2. Within 60 days of the effective date of this Agreement, the Companies shall submit a written plan that is acceptable to the Reserve Bank to maintain sufficient capital (the "Capital Plan") at the Companies on a consolidated basis and to provide financial assistance to the Banks. The Capital Plan shall include the following three items:

- (a) an assessment of the adequacy of the Banks' capital, considering the current and anticipated sources of capital;
- (b) an action plan to raise additional capital or take other steps to improve the financial conditions of the Banks which may include contributing assets to the Banks up to the amount of the Companies' capital; and
- (c) an enhanced capital contingency plan that fully addresses both the Companies' and the Banks' short-term and long-term capital needs.

### **Cash Flow Projections**

3. Within 30 days of the effective date of this Agreement, each of the Companies shall submit to the Reserve Bank a written statement of their planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for the remainder of 2026. Each of the Companies shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2026 at least one month prior to the beginning of that calendar year.

## **Capital Conservation**

4. (a) Effective immediately, the Companies shall not, directly or indirectly, declare or pay dividends, engage in share repurchases, or make any other capital distribution in respect of common shares, preferred shares, or other capital instruments, including, without limitation, any interest payments due on subordinated debentures, without the prior written approval of the Reserve Bank and the Director of Supervision and Regulation of the Board of Governors (the “Director”). All requests for prior approval shall be received in writing at least 30 days prior to the earlier of the proposed declaration, payment, or distribution date, or required notice of deferral, and shall contain, at a minimum, current and projected information, as appropriate, on the Companies’ and Banks’ respective capital, earnings, and cash flow; the Banks’ asset quality, earnings, and allowance for credit losses; and identification of the source(s) of funding for the proposed payment or distribution.

(b) Effective immediately, the Companies shall not, directly or indirectly, incur, increase, prepay, or guarantee any debt without the prior written approval of the Reserve Bank and the Director. All requests for prior approval shall be received at least 30 days prior to the proposed transaction date and 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.

## **Compliance with Laws and Regulations**

5. (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, the Companies 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) The Companies 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**

6. Within 30 days after the end of each calendar quarter following the date of this Agreement, the Companies' boards of directors 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.

### **Approval and Implementation of Plans and Statements**

7. (a) The Companies shall submit the written plans and statements to the Reserve Bank as set forth in paragraphs 2 and 3 of this Agreement. Each plan or statement shall contain a timeline for full implementation of the plan or statement with specific deadlines for completion of each component of the plan or statement.

(b) Within 10 days of approval by the Reserve Bank of the written plan set forth in paragraph 2, the Companies shall adopt the approved plan. Upon adoption, the Companies shall promptly implement the approved plan and thereafter fully comply with them.

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

## **Communications**

8. All communications regarding this Agreement shall be sent to:
  - (a) Corey Gabel  
Assistant Vice President, Regional Director – Iowa  
Federal Reserve Bank of Chicago  
7601 Office Plaza Drive North #150  
West Des Moines, IA 50266
  - (b) Joshua M. Guttau  
Chairman and Chief Executive Officer  
TS Banking Group, Inc.  
15 East Main Street  
Treynor, IA 51575
  - (c) Joshua M. Guttau  
Chairman and Chief Executive Officer  
TS Contrarian Bancshares, Inc.  
15 East Main Street  
Treynor, IA 51575

## **Miscellaneous**

9. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Companies to comply with any provision of this Agreement.
10. The provisions of this Agreement shall be binding upon the Companies and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) 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 the Companies, the Banks, any nonbank subsidiary of the Companies, 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 6<sup>th</sup> day of July, 2026.

**TS BANKING GROUP**

**FEDERAL RESERVE BANK  
OF CHICAGO**

By: /s/ Joshua M. Guttau  
Joshua M. Guttau  
Chairman and Chief Executive Officer

By: /s/ Jennifer L. Barney  
Jennifer L. Barney  
Senior Vice President

**TS CONTRARIAN BANCSHARES, INC.**

By: /s/ Joshua M. Guttau  
Joshua M. Guttau  
Chairman and Chief Executive Officer