KANSAS OFFICE OF THE STATE BANK COMMISSIONER
TOPEKA, KANSAS
and
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	
	)	**ORDER TO**
MIDWEST COMMUNITY BANK	)	**CEASE AND DESIST**
PLAINVILLE, KANSAS	)	
	)	**OSBC—2008-264**
(Insured State Nonmember Bank)	)	**FDIC-08-373b**
	)	

The Midwest Community Bank, Plainville, Kansas (“Bank”), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and regulation alleged to have been committed by the Bank, as well as of its rights to a hearing on the charges under Kansas Statutes Annotated 9-1807 and section 8(b) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST (“CONSENT AGREEMENT”) dated February 18,2009, with the Commissioner of the Kansas Office of the State Bank Commissioner (“OSBC”) and Enforcement Counsel for the Federal Deposit Insurance Corporation (“FDIC”), whereby, solely for the purpose of this proceeding and without admitting or denying any charges of unsafe or unsound banking practices and violations of law and regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the OSBC and the FDIC.

The OSBC and the FDIC considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe and unsound banking practices and violations of law and regulation. The OSBC and the FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law and regulation:

A. Operating with management whose lending and funds management policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

B. Operating with a board of directors that has failed to provide adequate supervision over and direction to the management of the Bank.

C. Operating with an inadequate level of capital protection for the kind and quality of assets held and/or appropriate to the risk inherent in the activities engaged in by the Bank.

D. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held, and/or failing to make provision for an adequate allowance for possible loan and lease losses.

E. Operating with excessive loan losses and with an excessive level of adversely classified loans or assets.

F. Operating with inadequate liquidity in light of the Bank's asset and liability mix.

G. Operating with inadequate policies to monitor and control asset growth.

H. Violating law(s) or regulation(s), including:

1. The preferentiality prohibition(s) of section 215.4(a)(1) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.4(a)(1).

2. The credit and collateral requirements found in K.A.R. 17-11-18.

3. The appraisal requirements found in K.A.R. 17-11-21.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. Minimum Capital Requirements and Capital Plan.

(a) Within 30 days, the Bank shall submit a Capital Plan for review and comment to the OSBC and the Regional Director of the FDIC (collectively, “Supervisory Authorities”) to achieve and maintain by June 30, 2009, Tier 1 Leverage Capital ratio at least equal to 8.5 percent and Total Risk Based Capital ratio at least equal to 10.5 percent as defined in Part 325 of the FDIC’s Rules and Regulations), after establishing an appropriate allowance for loan and lease losses.

(b) At a minimum, the Capital Plan shall include:

(i) specific plans to achieve the capital levels required under the plan and this ORDER;

(ii) projections for asset growth and capital requirements, and such projections shall be based upon a detailed analysis of the Bank’s current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank’s strategic business plan, as amended and required in this ORDER;

(iii) the primary source(s) from which the Bank will strengthen its capital to meet the Bank’s needs; and

(iv) contingency plans that identify alternative sources of capital should the primary source(s) above not be available.

(c) Any increase in capital necessary to meet the requirements of the provisions of this paragraph may be accomplished by the following:

(i) the sale of new securities in the form of common stock;

(ii) the sale of noncumulative perpetual preferred stock;

(iii) the direct contribution of cash by the directors, shareholders, or parent holding company of the Bank; or

(iv) Any other method acceptable to the FDIC and approved in advance in writing by the Regional Director.

(d) No increase in Tier 1 capital necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's allowance for loan and lease losses or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of institution or affiliate stock or other securities, or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

(e) Within 15 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the capital plan. The board will review the Bank's capital plan monthly and update the plan as needed. All updates to the plan shall be submitted to the Supervisory Authorities.

2. Increase in Capital.

(a) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned, or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the Supervisory Authorities and the FDIC's Registration, Disclosure, and Securities Unit, 550

17th Street, N.W., Room F-6053, Washington, D.C. 20429, for review. Any changes requested by the Supervisory Authorities to be made in the plan or materials shall be made prior to dissemination. If the Regional Director allows any part of the increase in Tier 1 capital to be provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to, those terms and conditions relative to the interest rate and any convertibility factor, shall be presented to the Supervisory Authorities for prior approval.

(b) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or of other changes, which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

(c) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC’s Rules and Regulations.

3. Dividend Restriction.

While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the Supervisory Authorities.

4. Assessment of Qualified Management.

(a) Within 15 days from the effective date of this ORDER, the board of directors shall provide Supervisory Authorities with a proposed engagement letter to be executed with an independent third party acceptable to the Supervisory Authorities and that possesses appropriate expertise and qualifications to analyze and assess Bank Management. Bank Management for the purposes of this paragraph shall be defined as each “executive officer,” as that term is defined in section 215.2(e) of Regulation O, 12 C.F.R § 215.2(e).

(b) The engagement shall require that the analysis and assessment shall be summarized in a written report to the board of directors (“Management Report”) within 45 days of executing the engagement letter.

(c) Within 10 days of receipt of the Management Report, the board of directors shall conduct a full and complete review of the Management Report, which review shall be recorded in the minutes of the meeting of the board of directors.

(d) Within 45 days of receipt of the Management Report, the board will develop a written Management Plan that incorporates the findings of the Management Report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action.

(e) At a minimum, the Management Plan shall:

(i) identify the type and number of Bank Management positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(ii) identify the authorities, responsibilities, and accountabilities attributable to each position, as well as the appropriateness of the authorities, responsibilities, and accountabilities, giving due consideration to the relevant knowledge, skills, abilities, and experience of the incumbent (if any) and the existing or proposed compensation;

(iii) present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives;

(iv) identify the appropriate level of current and deferred compensation to each member of Bank Management;

(v) evaluate the current and past performance of all existing Bank Management, indicating whether the individuals are competent and qualified to perform present and anticipated duties, adhere to the Bank’s established policies and practices, and operate the Bank in a safe and sound manner;

(vi) establish requirements and methodologies to periodically evaluate each individual’s job performance;

(vii) establish a plan to terminate, rotate, or reassign Bank Management as necessary, as well as recruit and retain qualified personnel consistent with the board’s analysis and assessment of Bank Management;

(viii) identify training and development needs, and incorporate a plan to provide such training and development; and

(ix) contain a current management succession plan.

(f) Within 60 days of receipt of the Management Report, a copy of the Management Report and Management Plan shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities and after consideration of such comment, the board of directors shall approve the Management Plan which approval shall be recorded in the minutes of the meeting of the board. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the board to fully implement the plan within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the board shall immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan.

5. Changes in Board of Directors and/or Senior Officers.

The Bank shall notify the Supervisory Authorities in writing of any resignations and/or terminations of any members of its board of directors and/or any of its senior officer(s) within 15 days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the FDI Act, 12 U.S.C. § 1831i and Subpart F of Part 303 of the FDIC’s Rules and Regulations, 12 C.F.R. §§ 303.100 through 303.103. In addition, the Bank shall notify the Supervisory Authorities in writing when it proposes to add any individual to the Bank’s board of directors or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual(s) to be added or employed.

6. Charge-off of Adversely Classified Assets.

(a) Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified “Loss” in the September 29, 2008, Report of Examination conducted by Supervisory Authorities (“Report of Examination”). Elimination or reduction of assets through proceeds of other loans made by the Bank is not considered collection for purposes of this provision.

7. Maintenance of Allowance for Loan and Lease Losses.

(a) Within 10 days from the date of this ORDER, the board of directors shall make a provision of at least $4,400,000 which will replenish the allowance for loan and lease losses (“allowance”) and reflect the potential for further losses in the loans or leases classified “Substandard” and “Doubtful” in the Report of Examination as well as all other loans and leases in its portfolio.

(b) Within 45 days from the effective date of this ORDER, the board shall establish a comprehensive policy and methodology for determining the appropriateness of the allowance. The policy shall provide for a review of the allowance at least once each calendar quarter and be completed at least 10 days prior to the end of each quarter in order that the results of the review conducted by the board may be properly reported in the quarterly Reports of Condition and Income. Such review shall, at a minimum, comply with the Federal Financial Banks Examination Council's Instructions for the Reports of Condition and Income, the Interagency Statement of Policy on the Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the appropriateness of the Bank's allowance, and any analysis of the Bank's allowance provided by the Supervisory Authorities.

(c) A deficiency in the allowance shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank's submission of its Report of Condition and Report of Income. The board of directors shall thereafter maintain an appropriate allowance.

8. Reduction of Adversely Classified Assets.

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop and complete a written plan to reduce the Bank's risk exposure in each Brooke-related asset in excess of

$125,000 and each non Brooke-related asset in excess of $250,000 classified “Substandard” or “Doubtful” in the Report of Examination. For purposes of this provision, “reduce” means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Supervisory Authorities. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank’s collateral position.

(b) In addition, the plan mandated by this provision shall also include, but not be limited to, the following:

(i) a schedule for reducing the outstanding dollar amount of each adversely classified asset, including dates for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its expected dollar balance on a quarterly basis);

(ii) specific action plans intended to reduce the Bank’s risk exposure in each classified asset;

(iii) a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank’s projected Tier 1 capital plus the allowance for loan and lease;

(iv) a provision for the Bank’s submission of monthly written progress reports to its board of directors; and

(v) a provision mandating board review of the progress reports, with a notation of the review recorded in the minutes of the meeting of the board of directors.

(c) The requirements of this paragraph do not represent standards for future operations of the Bank. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified assets. The plan may include a provision for increasing Tier 1 capital when necessary to achieve the prescribed ratio.

(d) Upon completion, the Bank shall submit the plan to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plan.

9. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or adversely classified “Substandard,” “Doubtful” in the Report of Examination and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the borrower.

(b) Paragraph (a) of this provision shall not apply if the Bank’s failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank’s board of directors, who shall fully document in its minutes that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with an explanation of why it would be detrimental;

(ii) that the extension of such credit would improve the Bank’s position, with an explanatory statement of why the Bank’s position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(c) The board of directors' conclusions and approval shall be made a part of the minutes of the board meeting, with a copy retained in the borrower's credit file.

10. <u>Concentrations of Credit</u>.

(a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit a written plan to the Supervisory Authorities for systematically reducing and monitoring the Bank's loan portfolio of individual and industry-related borrowers listed on the Concentrations pages of the Report of Examination, to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location.

(b) At a minimum, the plan shall include:

(i) dollar levels and percent of capital to which the Bank shall reduce each concentration;

(ii) timeframes for achieving the reduction in dollar levels identified in response to (i) above;

(iii) provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors; and

(iv) procedures for monitoring the Bank's compliance with the plan.

(c) The Bank shall submit the concentration plan to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the concentration plan.

11. Implementation of Independent Loan Review Program.

(a) Within 90 days of the effective date of this ORDER, the board shall develop a program of independent loan review that will provide for a review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the system shall provide for:

(i) identification of loans with credit weaknesses that warrant the special attention of management, including the name of the borrower, amount of the loan, reason why the loan warrants special attention, and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(ii) action plans to reduce the Bank's risk exposure from each identified relationship;

(iii) prompt identification of all outstanding balances and commitments attributable to each obligor identified under the requirements of subparagraph (i), including outstanding balances and commitments attributable to related interests of such obligors, including the obligor of record, relationship to the primary obligor identified under subparagraph (i), and an assessment of the risk exposure from the aggregate relationship;

(v) identification of trends affecting the quality of the loan portfolio, potential problem areas, and action plans to reduce the Bank's risk exposure;

(vi) identification and status of violations of laws, rules, or regulations with respect to the lending function and an action plan to address the identified violations;

(vii) identification of loans that are not in conformance with the Bank's lending policy and an action plan to address the identified deficiencies;

(viii) identification of loans to directors, officers, principal shareholders, and their related interests;

(ix) an assessment of the ability of individual members of the lending staff to operate within the framework of the Bank's loan policy and applicable laws, rules, and regulations, and an action plan to address the identified deficiencies; and

(x) a mechanism for reporting periodically, but in no event less than quarterly, the information developed in (i) through (ix) above to the board of directors. The report shall also describe the action(s) taken by management with respect to problem credits.

(b) The Bank shall submit the program to the Supervisory Authorities for review and comment. Within 15 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the program, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the program.

(c) Upon implementation, a copy of each report shall be submitted to the board of directors, as well as documentation of the actions taken by the Bank or recommendations to the board that address identified deficiencies in specific loan relationships or the Bank's policies, procedures, strategies, or other elements of the Bank's lending activities. Such reports and recommendations, as well as any resulting determinations, shall be recorded and retained in the minutes of the meeting of the board of directors.

12. Implementation of Loan Policy.

Within 60 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policies and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policies and procedures necessary to strengthen the Bank’s asset quality and lending functions and to prevent further deterioration. As required by this paragraph, the Bank’s loan policies shall be enhanced to address the recommendations listed in the Report of Examination.

13. <u>Correction of Technical Exceptions</u>.

(a) Within 120 days from the effective date of this ORDER, the Bank shall correct the exceptions listed on the “Assets with Credit Data or Collateral Documentation Exceptions” pages of the Report of Examination.

(b) For any exception that cannot be corrected, the Bank shall document to reason for such inability in the borrower’s credit file, and the board of directors shall review and include copy of the documentation in the board minutes.

(c) Progress reports detailing each outstanding exception and the Bank’s plan for corrective action shall be submitted to the board for review during each regularly scheduled meeting. The report shall be made part of, and the review noted, in the board’s minutes.

(d) From the effective date of this ORDER, the Bank shall ensure that the necessary supporting documentation is obtained and evaluated before any credit or loan is extended.

14. <u>Elimination and/or Correction of Violations of Laws, Rules, and Regulations</u>.

(a) Within 120 days after the effective date of this ORDER, the Bank, consistent with sound banking practices, shall eliminate and/or correct all violations of laws, rules and regulations cited in the Report of Examination.

(b) The Bank shall document each violation that cannot be corrected, and why, for review by the board of directors at its next monthly meeting. The board's review, discussion and any action upon the uncorrected violation or policy contravention shall be recorded in its minutes.

15. <u>Formulation and Adoption of Business/Strategic Plan</u>.

(a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and adopt a comprehensive business/strategic plan covering at least an operating period for calendar years ending December 31, 2009 and December 31, 2010. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address short-term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms; intermediate goals and project plans; and long-range goals and project plans. In addition, the plan shall address, at a minimum:

(i) strategies for pricing policies and asset/liability management;

(ii) the anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and the ratio of net interest income to average earning assets;

(iii) the dollar volume of total loans, total investment securities, and total deposits;

(iv) plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) goals for reducing problem loans;

(vi) plans for attracting and retaining qualified individuals to fill vacancies in the executive officer and lending functions;

(vii) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(viii) formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the strategic plan to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and follow the strategic plan.

(d) Within 45 days from the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the meeting of the board of directors during which such evaluation is undertaken. In the event the board of directors determines that the strategic plan should be revised in any manner, the strategic plan shall be revised and submitted to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Regional Director and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement the revised plan.

16. <u>Funds Management Policies and Plans</u>.

(a) Within 60 days from the effective date of this ORDER, the Bank shall review its written funds management policies and plans, and amend each as necessary. The Bank shall submit the policies and plans, and any future modifications, to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities and after consideration of all such comments, the Bank shall approve the revised policies and plans, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the policies and plans.

(b) The Bank's funds management policies and plans, as amended pursuant to paragraph (a) of this provision, at a minimum shall:

(i) provide for the establishment of an asset/liability committee and define its membership, responsibilities and authorities, minimum frequency of meetings, reporting from management, and reporting to the board;

(ii) identify personnel responsible for the funds management functions within the Bank;

(iii) provide a statement of the Bank's long-term and short-term liquidity needs and plans for insuring that such needs are met;

(iv) provide for a periodic review of the Bank's deposit structure, including the volume and trend of total deposits and the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, brokered deposits and any other information needed;

(v) establish target liquidity and dependency ratios and/or parameters;

(vi) provide for a periodic calculation to measure the liquidity posture. Review performance with established liquidity ratio target. Review compliance with required legal reserves; and

(vii) establish parameters for use, volume, and maturities of brokered deposits, deposits obtained through solicitation services, and borrowings.

(c) Further, the plan shall:

(i) address coordination among the Bank's loan, investment, operating, and business and strategic plan (as defined in this ORDER) with the written funds management plan;

(ii) establish contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs. These contingency plans should at a minimum address the recommendations found on the Examination Conclusions and Comments pages of the Report of Examination and conform to the regulatory guidance found in the Financial Institution Letter 84-2008, dated August 26, 2008, on Liquidity Risk Management.

17. Reports of Condition and Income.

Effective immediately, the Bank shall file with the FDIC Consolidated Repots of Condition and Income that accurately reflect the financial condition of the Bank as of the reporting period. In particular, such Reports shall incorporate any adjustment in the Bank’s books made necessary or appropriate as a consequence of examination of the Bank during that reporting period conducted by either Supervisory Authority.

18. Program for Monitoring Bank’s Compliance with Order.

Within 30 days from the effective date of this ORDER, the board of directors shall adopt and implement a program that will provide for monitoring of the Bank’s compliance with this ORDER.

19. Progress Reports Detailing Compliance with ORDER.

(a) Within 30 days of the end of the first quarter following the effective date of this ORDER, and upon request by either Supervisory Authority thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Such written progress reports shall provide cumulative detail of the Bank’s progress toward achieving compliance with each provision of the ORDER, including at a minimum:

(i) description of the identified weaknesses and deficiencies;

(ii) provision(s) of the ORDER pertaining to each weakness or deficiency;

(iii) actions taken or in-process for addressing each deficiency;

(iv) results of the corrective actions taken;

(v) the Bank’s status of compliance with each provision of the ORDER; and

(vi) appropriate supporting documentation.

20. Disclosure of Order to Shareholders.

Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, (i) in conjunction with the Bank’s next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank’s next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

MISCELLANEOUS

The provision of this ORDER shall not bar, estop or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank’s current or former institution-affiliated parties.

Nothing herein shall prevent the FDIC from conducting on-site reviews and or examinations of the Bank, its affiliates, agents servicers, and other institution-affiliated parties at any time to monitor compliance with this ORDER. The ORDER shall be effective on the date of issuance. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the OSBC and the FDIC.

This ORDER shall be effective February 25th, 2009.

KANSAS STATE BANKING BOARD

By: ______________________________
James O'Sullivan, Chairman
Kansas State Banking Board

By: ______________________________
J. Thomas Thull, Secretary
Kansas State Banking Board

FEDERAL DEPOSIT INSURANCE CORPORATION
Issued Pursuant to Delegated Authority

By: ______________________________
Mark S. Moylan
Deputy Regional Director
Federal Deposit Insurance Corporation
Kansas City Regional Office