

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

OKLAHOMA STATE BANKING DEPARTMENT
OKLAHOMA CITY, OKLAHOMA

_____)	
In the Matter of)	CONSENT ORDER
)	
THE FARMERS BANK)	
CARNEGIE, OKLAHOMA)	FDIC-18-0171b
)	
(Insured State Nonmember Bank))	OSBD-18-C&D-2
_____)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for THE FARMERS BANK, CARNEGIE, OKLAHOMA ("Bank"), under 12 U.S.C. § 1813(q).

The Oklahoma State Banking Department ("State") is the appropriate state banking agency for the Bank, pursuant to Oklahoma law under the Oklahoma Banking Code Title 6 Okla. Stat. § 101 *et seq.* (the "Code").

The Bank, by and through its duly elected and acting board of directors, has executed a "STIPULATION TO THE ISSUANCE OF A CONSENT ORDER" ("STIPULATION"), dated February 21, 2019, that is accepted by the FDIC and the State. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to capital, management, loan policies, classified borrowers, and allowance for loan and lease losses, to the issuance of this CONSENT ORDER ("ORDER") by the FDIC.

Having determined that the requirements for issuance of an order under section 8(b) of the Act and section 204(B) of the Code and the provisions of the Oklahoma Administrative Procedures Act, Title 75 Okla. Stat. § 250 et seq., have been satisfied, the FDIC and the State hereby orders that:

MANAGEMENT

1. (a) The Bank shall have and retain qualified management. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management personnel shall be evaluated on their ability to:

- (1) Comply with the requirements of the ORDER;
- (2) Operate the Bank in a safe and sound manner;
- (3) Comply with applicable laws and regulations; and
- (4) Restore all aspects of the Bank to a safe and sound condition, including improving the Bank's asset quality, capital adequacy, earnings, management effectiveness, liquidity, and its sensitivity to market risk.

In addition, the Board shall ensure that the amount of compensation paid to each member of management is commensurate with his or her duties and responsibilities at the Bank. The Bank's Board of Directors' minutes shall document the Board's reviews and approvals of management's compensation.

(b) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in management. The notification must

include the name(s) and background(s) of any replacement personnel and must be provided 30 days prior to the individual(s) assuming the new position(s).

MANAGEMENT – BOARD SUPERVISION

2. Within 45 days after the effective date of this ORDER, the Bank's Board of Directors shall increase its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank's policies and objectives and for the supervision of the Bank's management, including all of the Bank's activities. The Board's participation in the Bank's affairs shall include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the Board: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, non-accrued, and recovered loans; investment activities; operating policies; and individual committee actions. The Bank's Board of Directors' minutes shall document the Board's reviews and approvals, including the names of any dissenting Directors. Additionally, the Bank's Board of Directors shall receive training on banking laws and regulations.

MANAGEMENT - INDEPENDENT DIRECTORS

3. (a) Within 90 days after the effective date of this ORDER, the Bank shall add to its Board of Directors two new members who are Independent Directors with prior banking experience. For purposes of this ORDER, a person who is an Independent Director shall be any individual:

- (1) Who is not an officer of the Bank;
- (2) Who does not own more than 5 percent of the outstanding shares of the Bank;

- (3) Who is not related by blood or marriage to an officer or Director of the Bank or to any shareholder owning more than 5 percent of the Bank's outstanding shares, and who does not otherwise share a common financial interest with such officer, Director or shareholder; and
- (4) Who is not indebted to the Bank directly or indirectly by blood, marriage or common financial interest, including the indebtedness of any entity in which the individual has a substantial financial interest in an amount exceeding 5 percent of the Bank's total Tier 1 Capital and Allowance for Loan and Lease Losses; or
- (5) Who is deemed to be an Independent Director for purposes of this ORDER by the Regional Director and the Commissioner. The addition of any new Bank Directors required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's bylaws, by means of appointment or election at a regular or special meeting of the Bank's shareholders.

POLICY FOR REIMBURSEMENT OF INSIDERS' EXPENSES

4. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written policy covering expense reimbursements to its Directors, officers, and employees. At a minimum, the policy shall include:

- (1) Provisions which specify reasonable limitations for all categories of expenses related to customer entertainment and business development;
- (2) Provisions which require complete documentation of all expenses related to customer entertainment and business development prior to Bank reimbursement. At a minimum, the Bank shall require the submission of original receipt(s), identification of the person(s) entertained, and the business purpose of the expense; and
- (3) Provisions which prohibit the reimbursement of personal expenses of the Bank's Directors, officers, and employees.

(b) While this ORDER is in effect, the Bank's Board of Directors shall conduct monthly reviews of all expenses submitted for customer entertainment, business development, and/or any other expense submitted by the Bank's officers and Directors, with the results of the reviews stated in the minutes of the meetings of the Board of Directors at which such reviews are performed. On a monthly basis, the Board shall either seek reimbursement for any expenses paid which are not in conformance with the policy established pursuant to this paragraph or shall state in the minutes of the Board of Directors' meeting the full justification for deviations from the policy.

(c) Within 30 days after the receipt of any such comments from the Regional Director and the Commissioner, and after adoption of any recommended changes, the Board shall approve the policy, which approval shall be recorded in the minutes of the Board of Directors' meeting. Thereafter, the Bank shall implement and follow the policy.

LOAN POLICY

5. (a) Within 45 days after the effective date of this ORDER, and annually thereafter, the Board of Directors of the Bank shall review the Bank's loan policy and procedures for effectiveness and, based upon this review, shall make all necessary revisions to the policy in order to strengthen the Bank's lending procedures and abate additional loan deterioration. The revised written loan policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(b) The initial revisions to the Bank's loan policy required by this paragraph, at a minimum, shall include provisions:

- (1) Establishing review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the Directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;
- (2) Requiring that all extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a defined and stated purpose; and have a predetermined and realistic repayment source and schedule. Credit information and collateral documentation shall include current financial information, profit and loss statements or copies of tax returns, and cash flow projections, and shall be maintained throughout the term of the loan;

- (3) Requiring the establishment and maintenance of an effective loan grading system;
- (4) Requiring that extensions of credit to any of the Bank's executive officers, Directors, or principal shareholders, or to any related interest of such person, be thoroughly reviewed for compliance with all provisions of Regulation O, 12 C.F.R. Part 215 and Section 337.3 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.3;
- (5) Establishing guidelines and procedures for identifying and monitoring High Volatility Commercial Real Estate (HVCRE);
- (6) Establishing guidelines and procedures for the approval and monitoring of loans exceeding supervisory loan-to-value limits.
- (7) Addressing concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;
- (8) Establishing standards for extending unsecured credit;
- (9) Prohibiting the extension of a maturity date, advancement of additional credit or renewal of a loan to a borrower whose obligations to the Bank are classified "Substandard," "Doubtful," or "Loss," whether in whole or in part, by the FDIC or State in a Report of Examination, without the full collection in cash of

accrued and unpaid interest, unless the loans are well secured and/or are supported by current and complete financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's Board of Directors;

- (10) Establishing a dollar amount and a time period for extending overdrafts without the prior approval of the Bank's Board of Directors; and,
- (11) Establishing review and monitoring procedures to ensure compliance with FDIC's regulation on appraisals pursuant to Part 323 of the FDIC's Rules and Regulations, 12 C.F.R. Part 323.

(c) The Bank shall submit the foregoing policies to the Regional Director and the Commissioner for comment. After the Regional Director and the Commissioner has/have responded to the policies, the Bank's Board of Directors shall adopt the policies as amended or modified by the Regional Director and the Commissioner. The policies will be implemented immediately to the extent that they are not already in effect at the Bank.

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

6. (a) Within 30 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss by the FDIC and the State as a result of their examination of the Bank as of September 17, 2018. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purpose of this paragraph.

(b) Within 60 days after the effective date of this ORDER, the Bank shall submit a written plan to reduce the remaining assets classified Doubtful and Substandard as of September 17, 2018, ("Classified Asset Plan") to the Regional Director and the Commissioner for review. The Classified Asset Plan shall address each asset so classified with a balance of \$500,000 or greater, in addition to each asset advanced, directly or indirectly, to or for the benefit of Bank Directors, executive officers, principal shareholders, or their related interests. The Classified Asset Plan shall include any classified assets identified subsequent to the September 17, 2018, examination by the Bank internally or by the FDIC or the Department in a subsequent visitation or examination. For each identified asset, the Classified Asset Plan should provide the following information:

- (1) The name under which the asset is carried on the books of the Bank;
- (2) Type of asset;
- (3) Actions to be taken in order to reduce the classified asset; and
- (4) Time frames for accomplishing the proposed actions.

The plan shall also include, at a minimum:

- (1) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and
- (2) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

In addition, the Bank's plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the plan shall contain a provision requiring the submission of monthly progress reports to the Bank's Board of Directors and a provision mandating a review by the Bank's Board of Directors.

(c) The Bank shall present the plan to the Regional Director and the Commissioner for review. Within 30 days after the Regional Director's and the Commissioner's response, the plan, including any requested modifications or amendments shall be adopted by the Bank's Board of Directors which approval shall be recorded in the minutes of the meeting of the Bank's Board of Directors. The Bank shall then immediately initiate measures detailed in the plan to the extent such measures have not been initiated.

(d) For purposes of the plan, the reduction of adversely classified assets as of September 17, 2018, shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's Allowance for Loan and Lease Losses and may be accomplished by:

- (1) Charge-off;
- (2) Collection;
- (3) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; or
- (4) Increase in the Bank's Tier 1 Capital.

(e) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as determined at any future visitation or examination conducted by the FDIC or the Department. The Bank shall also

update the Classified Asset Plan as needed to reflect any assets subsequently classified as Doubtful or Substandard by the Bank internally or by the FDIC or the Department.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

7. (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 whose existing credit has been classified Loss by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, or to any borrower who is already obligated in any manner to the Bank on any extension of credit, including any portion thereof, that has been charged off the books of the Bank and remains uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing credit already extended to a borrower after full collection, in cash, of interest due from the borrower.

(b) 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 whose extension of credit is classified Doubtful and/or Substandard by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's Board of Directors has signed a detailed written statement giving reasons why failure to extend such credit would be detrimental to the best interests of the Bank. The statement shall be placed in the appropriate loan file and included in the minutes of the applicable Bank's Board of Directors' meeting.

SPECIAL MENTION AND TECHNICAL EXCEPTIONS

8. (a) Within 60 days after the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for Special Mention in the Report of Examination as of

September 17, 2018. Where efforts are unsuccessful, the Bank shall document the loan file to memorialize the corrective efforts attempted.

(b) Within 60 days after the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Report of Examination as of September 17, 2018. Where efforts are unsuccessful, the Bank shall document the loan file to memorialize the corrective efforts attempted.

(c) Within 60 days after the effective date of this ORDER, the Bank shall implement a system of monitoring and correcting loan documentation exceptions identified either by the Bank internally or by the FDIC or the Department in subsequent visitations or examinations to reduce the occurrence of such exceptions in the future.

CONCENTRATIONS – PLAN FOR REDUCTION

9. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan to reduce each of the individual borrower loan concentrations of credit identified in the Report of Examination as of September 17, 2018, to not more than 25 percent of the Bank's total Tier 1 Capital. Such plan shall prohibit any additional advances that would increase the concentrations or create new concentrations and shall include, but not be limited to:

- (1) Dollar levels to which the Bank shall reduce each concentration;
and
- (2) 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 Bank's Board of Directors.

(b) For purposes of the plan, “reduce” means to:

- (1) Charge-off;
- (2) Collect; or
- (3) Increase Tier 1 Capital.

(c) After the Regional Director and the Commissioner have responded to the plan, the Bank’s Board of Directors shall adopt the plan as amended or modified by the Regional Director and the Commissioner. The plan shall be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

**ALLOWANCE FOR LOAN AND LEASE LOSSES
AND
AMENDED CALL REPORTS**

10. (a) Within 30 days after the effective date of this ORDER, the Bank shall make provisions to its Allowance for Loan and Lease Losses (“ALLL”) in an amount equal to those loans required to be charged off by this Order. The allowance should be funded by charges to current operating income, and should be calculated in accordance with generally accepted accounting standards and ALLL supervisory guidance. After the initial provision is made, the Bank shall thereafter maintain a reasonable ALLL. Prior to the end of each calendar quarter, the Bank’s Board of Directors shall review the adequacy of the Bank’s ALLL. Such reviews shall include, at a minimum, the Bank’s loan loss experience, an estimate of potential loss exposure in the portfolio, trends of delinquent and non-accrual loans and prevailing and prospective economic conditions. The minutes of the Bank’s Board of Directors’ meetings at which such reviews are undertaken shall include complete details of the reviews and the resulting recommended increases in the ALLL.

(b) Within 30 days after the effective date of this ORDER, the Bank shall review Consolidated Reports of Condition and Income filed with the FDIC on or after September 30, 2018, and amend said reports if necessary to accurately reflect the financial condition of the Bank as of the date of each such report. In particular, such reports shall contain a reasonable ALLL. Reports filed after the effective date of this ORDER shall also accurately reflect the financial condition of the Bank as of the reporting date.

ASSET/LIABILITY COMMITTEE

11. (a) Within 30 days after the effective date of this ORDER, the Bank shall appoint members to an Asset/Liability Committee ("ALCO"). The ALCO shall take an active role in monitoring the Bank's liquidity and report monthly to the Bank's Board of Directors concerning the Bank's liquidity.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

12. (a) Within 60 days after the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner for review and comment a written plan addressing asset/liability management. Annually thereafter, while this ORDER is in effect, the Bank shall review this plan for adequacy and, based upon such review, shall make necessary revisions to the plan to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

- (1) Requiring a minimum level of unencumbered liquid assets to total assets of 10 percent.

- (2) Establishing a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;
- (3) Identifying the source and use of borrowed and/or volatile funds;
- (4) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;
- (5) Establishing projections of cash flows arising from assets, liabilities, and off-balance-sheet items over an appropriate set of time horizons;
- (6) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;
- (7) Addressing the use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for reasonable maturities commensurate with the use of the borrowed funds; addressing concentration of funding sources; and addressing pricing and collateral requirements with specific allowable funding channels (i.e., brokered deposits, internet deposits, Fed funds purchased and other correspondent borrowings); and
- (8) Establishing procedures for effectively managing the Bank's sensitivity to interest rate risk, including obtaining a deposit study, incorporating the effects of growth within the interest rate risk

model, and ensuring that Board approved limits align throughout the Bank.

(b) Within 30 days after the receipt of all such comments from the Regional Director and the Commissioner, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a Board of Directors' meeting. Thereafter, the Bank shall implement the plan.

CAPITAL INCREASE AND MAINTENANCE

13. (a) Within 75 days after the effective date of this ORDER, the Bank shall increase its Tier 1 Capital to a level that satisfies the minimum ratio required as a nonstandard condition to the March 7, 2018, approval to establish a branch in Oklahoma City, Oklahoma. While this ORDER is in effect, the Bank, after establishing an Allowance for Loan and Lease Losses, shall maintain its Leverage ratio equal to or greater than 11 percent of the Bank's Average Total Assets; and shall maintain its Total Capital ratio equal to or greater than 15 percent of the Bank's Total Risk Weighted Assets. Any increase in the Bank's Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

- (1) The sale of securities in the form of common stock; or
- (2) The direct contribution of cash subsequent to September 17, 2018, by the Directors and shareholders of the Bank or by the Bank's holding company; or
- (3) Receipt of an income tax refund or the capitalization subsequent to September 17, 2018, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

(4) Any other method approved by the Regional Director and the Commissioner.

(b) If any such capital ratios are less than the percentages required by this ORDER, as determined as of the date of any Report of Condition and Income or at an examination by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director and the Commissioner, present to the Regional Director and the Commissioner a plan to increase the Bank's Tier 1 Capital or to take other measures to bring all the capital ratios to the percentages required by this ORDER. After the Regional Director and the Commissioner respond to the plan, the Bank's Board of Directors shall adopt the plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(c) Thereafter, the Bank shall immediately initiate measures detailed in the plan, to the extent such measures have not previously been initiated, to increase the Bank's Tier 1 Capital by an amount sufficient to bring all the capital ratios to the percentages required by this ORDER within 30 days after the Regional Director and the Commissioner respond to the plan.

(d) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's Board of Directors shall adopt and implement a plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's 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 any 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 FDIC, Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Commissioner for prior approval.

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

(f) The Capital Plan must include a contingency plan ("Contingency Plan") that shall include a plan to sell or merge the Bank in the event that the Bank:

- (1) Fails to maintain the minimum capital ratios required by the
ORDER,
- (2) Fails to submit an acceptable Capital Plan, or

- (3) Fails to implement or adhere to a Capital Plan to which no written objection was provided by the Regional Director and the Commissioner. The Bank shall be required to implement the Contingency Plan only upon written notice from the Regional Director and the Commissioner.

(g) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 324 of the FDIC's Rules and Regulations, 12 C.F.R. Part 3245.

DIVIDEND RESTRICTION

14. While this ORDER is in effect, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

STRATEGIC PLAN

15. (a) Within 60 days after the effective date of this ORDER, the Bank shall prepare and adopt a comprehensive strategic plan. The strategic 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, at a minimum:
- (1) Strategies for pricing policies and asset/liability management;
 - (2) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;
 - (3) Goals for reducing problem loans;

(4) Plans for attracting and retaining qualified individuals to fill Board and management positions;

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

(c) The Bank shall submit the strategic plan to the Regional Director and the Commissioner for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of the Bank's Board of Directors' meeting. Thereafter, the Bank shall implement and follow the strategic plan.

(d) Within 30 days after 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 Bank's Board of Directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Regional Director and the Commissioner for review and comment 30 days after the end of each calendar year for which this ORDER is in effect. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the Bank's Board of Directors' meeting. Thereafter, the Bank shall implement the revised plan.

BUDGET AND PROFIT PLAN

16. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2019. The plan required by this paragraph shall contain formal goals and strategies, be consistent with sound banking practices, reduce discretionary expenses, improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

- (1) An analysis of the Bank's pricing structure; and
- (2) A recommendation for reducing the Bank's cost of funds.

(c) Within 30 days after the end of each calendar quarter following completion of the profit plan and budget required by this paragraph, the Bank's Board of Directors shall evaluate the Bank's actual performance in relation to the written profit plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Board of Directors' meeting when such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and the Commissioner for review and comment within 30 days after the end of each year. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after adoption of any recommended changes, the Bank shall approve the written profit plan and

budget, which approval shall be recorded in the minutes of a Board of Directors' meeting.

Thereafter, the Bank shall implement and follow the plan.

GROWTH PLAN

17. While this ORDER is in effect, the Bank shall not increase its Total Assets by more than 10 percent during any consecutive 12-month period without providing, at least 30 days prior to its implementation, a growth plan to the Regional Director and the Commissioner. Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This growth plan shall not be implemented without the prior written consent of the Regional Director and the Commissioner. In no event shall the Bank increase its Total Assets by more than 15 percent annually.

BUSINESS PLAN

18. While this ORDER is in effect, the Bank shall not enter into any new line of business without the prior written consent of the Regional Director and the Commissioner.

CORRECTION OF VIOLATIONS

19. (a) Within 90 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulation noted in the Report of Examination.

(b) Within 90 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

INTERNAL AUDIT CONTROL PROGRAM

20. Within 45 days after the effective date of this ORDER, the Bank's Board of Directors shall revise its internal control program to address the internal control deficiencies detailed in the Report of Examination. The internal auditor shall report quarterly to the Board. The report and any comments made by the Directors regarding the internal auditor's report shall be noted in the minutes of the Board meeting.

EXTERNAL AUDITS

21. (a) Within 90 days after the effective date of this ORDER, the Bank shall cause an external audit of its financial statements and a review of its internal controls to be performed by an independent public accounting firm acceptable to the Regional Director and the Commissioner.

(b) The Bank shall provide the Regional Director and the Commissioner with a copy of the proposed engagement letter with the accounting firm for review before it is executed. The engagement letter, at a minimum, should include:

- (1) A description of the work to be performed under the engagement letter;
- (2) The responsibilities of the accounting firm;
- (3) An identification of the professional standards covering the work to be performed;
- (4) An identification of the specific procedures to be used when carrying out the work to be performed;
- (5) The qualifications of the employee(s) who are to perform the work;
- (6) The time frame for completion of the work;

(7) Any restrictions on the use of the reported findings; and

(8) A provision for unrestricted examiner access to work papers.

(c) While this ORDER is in effect, the Bank shall forward copies of any external audit reports it receives to the Regional Director and the Commissioner within 10 days after the Bank's receipt of such reports.

COMPLIANCE COMMITTEE

22. Within 30 days after the effective date of this ORDER, the Bank's Board of Directors shall establish a subcommittee of the Board of Directors charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The subcommittee shall report monthly to the entire Board of Directors of the Bank, and a copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Bank's Board of Directors' meeting. Nothing contained herein shall diminish the responsibility of the entire Board of Directors of the Bank to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

23. Within 45 days after the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports signed by each member of the Bank's Board of Directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released, in writing, the Bank from making further reports.

SHAREHOLDER NOTIFICATION

24. After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction with the Banks' next shareholder communication, and also (2) 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 Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This 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 FDIC and the State.

Issued pursuant to delegated authority this 21st day of March, 2019.

/s/

Kristie K. Elmquist
Regional Director
Dallas Region
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

/s/

Mick Thompson
Commissioner
Oklahoma State Banking Department