

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

Written Agreement by and between

UNION CITY CORPORATION  
El Reno, Oklahoma

and

FEDERAL RESERVE BANK OF  
KANSAS CITY  
Kansas City, Missouri

Docket No. 13-023-WA/RB-HC

WHEREAS, Union City Corporation, El Reno, Oklahoma (“Union City”), a registered bank holding company, owns and controls The Bank of Union, El Reno, Oklahoma (the “Bank”), a state-chartered nonmember bank, and two nonbank subsidiaries;

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

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

WHEREAS, on August 28, 2013, the board of directors of Union City, at a duly constituted meeting, adopted a resolution authorizing and directing John A. Shelley to enter into this Agreement on behalf of Union City, and consenting to compliance with each and every provision of this Agreement by Union City and its institution-affiliated parties, as defined

in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, Union City and the Reserve Bank agree as follows:

**Source of Strength**

1. The board of directors of Union City shall take appropriate steps to fully utilize Union City’s financial and managerial resources, pursuant to section 38A of 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 operates in a safe and sound manner and complies with the Consent Order entered into with the Federal Deposit Insurance Corporation and the Oklahoma State Banking Department on June 12, 2013 and any other supervisory action taken by the Bank’s federal or state regulator with respect to supervision and regulation of the Bank.

**Dividends and Distributions**

2. (a) Union City shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the “Director”).

(b) Union City 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) Union City 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 Union City'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. For requests to declare or pay dividends, Union City must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

### **Debt and Stock Redemption**

3. (a) Union City and any nonbank subsidiary 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) Union City and any nonbank subsidiary 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, Union City 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 2014. Union City shall submit to the Reserve

Bank a Cash Flow Projection for each calendar year subsequent to 2014 at least one month prior to the beginning of that calendar year.

### **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, Union City 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) Union City 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 45 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure 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**

7. All communications regarding this Agreement shall be sent to:

(a) Mr. Todd A. Offenbacher  
Vice President  
Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198

(b) Mr. John A. Shelley  
President and Chairman of the Board  
Union City Corporation  
2000 S. Country Club  
El Reno, Oklahoma 73036

**Miscellaneous**

8. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to Union City to comply with any provision of this Agreement.

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

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

11. 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 Union City, the Bank, any nonbank subsidiary of Union City, or any of their current or former institution-affiliated parties and their successors and assigns.

12. 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 30<sup>th</sup> day of August 2013.

UNION CITY CORPORATION

FEDERAL RESERVE BANK OF  
KANSAS CITY

By: /s/ John A. Shelley  
John A. Shelley  
President and  
Chairman of the Board

By: /s/ Todd A. Offenbacher  
Todd A. Offenbacher  
Vice President