FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of **MID CITY BANK, INC.** **OMAHA, NEBRASKA** **(Insured State Nonmember Bank)**	)	**CONSENT ORDER** **FDIC-09-506b**

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Mid City Bank, Inc., Omaha, Nebraska ("Bank"), under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation to the Issuance of a Consent Order" ("Consent Agreement"), dated November 18, 2009, which is accepted by the FDIC. With the Consent Agreement, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation, to the issuance of this Consent Order ("ORDER") by the FDIC.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby orders that:

1. Qualified Management.

(a) Within 60 days from the effective date of this ORDER, the Bank shall have qualified management, including a chief financial officer, a chief lending officer, and an appropriate number and type of senior officers with the requisite knowledge, skills, ability, and experience, giving consideration to the size and complexity of the Bank, to operate the Bank in a safe and sound manner, and in compliance with applicable laws and regulations, and restore the Bank to a satisfactory financial condition, including, but not limited to, capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to market risk. Each member of management shall be provided appropriate written authority from the board of directors to implement the provisions of this ORDER.

(b) Periodically during the life of this ORDER, the board of directors shall assess management's ability to:

(i) Comply with the requirements of this ORDER; all applicable State and Federal laws and regulations; FDIC and FFIEC policy statements; and the Bank's approved policies and procedures; and

(ii) Restore and thereafter maintain the Bank in a safe and sound condition, including, but not limited to, capital adequacy, asset quality, earnings, management effectiveness, liquidity, and sensitivity to market risk.

The board of directors shall report its findings in minutes of its meetings.

2. Assessment of Management.

(a) Within 60 days from the effective date of this ORDER, the board of directors, or a committee appointed by the board of directors, shall analyze and assess the Bank’s management and staffing performance and needs. The analysis and assessment shall be summarized in a written report (“Management Report”). At a minimum, the Management Report shall:

(i) Identify the type and number of officer 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 type and number of staff positions needed to carry out the Bank’s strategic plan, detailing any vacancies or additional needs;

(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 training and development needs;

(v) Identify and establish Bank committees needed to provide guidance and oversight to management; and

(vi) Evaluate the current and past performance of all existing Bank officers, including executive officers and staff members, 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.

(b) Within 10 days of completion of the Management Report, the board of directors will provide a copy of the Management Report to the Regional Director of the FDIC's Kansas City Regional Office, or his designee and the Nebraska Department of Banking & Finance ("NDB&F") and, collectively, ("Supervisory Authorities"), and will complete its review of the Management Report, which shall be recorded in the minutes of the meeting of the board of directors.

(c) Within 30 days of completion of the Management Report, the board of directors will develop a written Management Plan that incorporates the findings of the report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. A copy of the Management Plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment, 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 of directors to implement the plan fully and within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the board of directors shall immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan. At a minimum, the Management Plan shall:

(i) Contain a recitation of the recommendations included in the Management Report;

(ii) Incorporate a plan to provide necessary training and development for all employees;

(iii) Establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and staff member; and

(iv) Contain a current management succession plan.

3. Minimum Capital Requirements.

(a) While this ORDER is in effect, the Bank shall have and maintain the following minimum capital levels (as defined in

Part 325 of the FDIC's Rules and Regulations), after establishing an appropriate allowance for loan and lease losses:

(i) Tier 1 capital at least equal to 8 percent of total assets;

(ii) Tier 1 risk-based capital at least equal to 6 percent of total risk-weighted assets; and

(iii) Total risk-based capital at least equal to 10 percent of total risk-weighted assets.

(b) In the event any ratio is or falls below the minimum required by subparagraph 3(a), the Bank shall immediately notify the Supervisory Authorities and (1) within 30 days shall increase capital in an amount sufficient to comply with subparagraph 3(a), or (2) within 30 days shall submit a written plan to the Supervisory Authorities, describing the primary means and timing by which the Bank shall increase its capital ratios up to or in excess of the minimum requirements set forth above, as well as a contingency plan for the sale, merger, or liquidation of the Bank in the event the primary sources of capital are not available. Within 10 days of receipt of all comments from the Supervisory Authorities, and after consideration of all such comments, the board of directors shall approve the written plan, which approval shall be recorded in the minutes of the meeting of the board of directors.

Thereafter, the board of directors shall implement and fully comply with the written plan.

(c) Any increase in Tier 1 capital necessary to meet the requirements of subparagraph 3(a) may not be accomplished through a deduction from the allowance for loan and lease losses.

4. 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.

5. Capitalized Interest, Interest Reserves and Origination Fees.

(a) Within 90 days from the effective date of the ORDER, the Bank shall review and identify all loans originated and/or held by the Bank for which all or any part of interest reserves, accrued but unpaid interest and/or loan origination fees (including broker fees) have been added to the principal of the loan or otherwise booked on the accounts of the Bank either during the term of the loan or as part of its renewal. This information shall be compiled into a report including the borrower’s name, loan origination date and amount, current outstanding loan amount, interest reserve dollar amount, term of the interest reserve, funding history of the interest reserve, cumulative amount of capitalized interest and amount of capitalized fees. This report shall be maintained, updated and reviewed by the board of directors on a quarterly basis in connection with preparation of the Bank’s Call Reports. The report shall be provided to the Supervisory Authorities upon request.

(b) Within 90 days from the effective date of this ORDER, the Bank shall analyze each loan that includes capitalized interest and/or capitalized fees identified pursuant to subparagraph (a) above. For those loans, <u>and for any future loans</u>, the Bank shall not capitalize interest unless a thorough review and analysis of current financial information has determined the borrower to be creditworthy and there is an expectation of repayment based upon a reasonably ascertainable event. The Bank shall retain documentation of such determination in the borrower’s credit file. Any exception to this prohibition shall have the prior review and approval of the board of directors, which shall be documented with the supporting documentation in the board of directors’ meeting minutes and the borrower’s loan file.

(c) For any loans with capitalized interest or capitalized fees that do not meet the criteria of subparagraph (b), such capitalized interest and capitalized fees shall be reversed or charged off in accordance with the methods permitted in the Call Report Instructions.

(d) Notwithstanding anything above to the contrary, the Bank shall not in any event add accrued but unpaid interest into the unpaid balance of a loan if the loan was adversely classified in the Bank’s most recent Report of Examination by either the FDIC or the NDB&F, or identified by the Bank’s internal loan review program as “Substandard,” “Doubtful,” “Loss,” “Value Impaired,” or “Nonaccrual.”

6. Reduction of Adversely Classified Assets.

(a) Within 60 days from the effective date of this ORDER, the Bank shall formulate written plans to reduce the Bank’s risk exposure in each asset in excess of $250,000 adversely classified as “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 plans mandated by this subparagraph, 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) Upon completion of the plans, the Bank shall immediately submit the plans 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 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 plans.

7. 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" or "Doubtful," either internally or by either of the Supervisory Authorities in a Report of Examination in the last 18 months and is uncollected, or classified "Substandard" or "Doubtful" in any future Reports of Examination from either of the Supervisory Authorities and is uncollected. The requirements of this subparagraph 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) Subparagraph (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 subparagraph, 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, or a designated committee thereof, who shall conclude:

(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 the failure to extend such credit 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 meeting minutes of the board of directors, or designated committee, with a copy retained in the borrower's credit file.

8. **Asset Documentation Exceptions**.

Within 60 days from the effective date of this ORDER, the board of directors shall take all possible steps to correct the asset documentation exceptions listed in the Report. If efforts to correct the exceptions are unsuccessful, the asset file shall document the corrective efforts. The board of directors also shall strengthen the Bank's documentation procedures to ensure that current and complete files are maintained and that all necessary documentation is obtained and evaluated before any future credit or loan is extended by the Bank.

9. **Implementation of Loan Review**.

(a) Within 30 days of the effective date of this ORDER, the board of directors shall develop a program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the system shall provide for:

(i) Prompt 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) 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;

(iii) Identification of trends affecting the quality of the loan portfolio and potential problem areas;

(iv) Assessment of the overall quality of the loan portfolio;

(v) Identification of credit and collateral documentation exceptions;

(vi) Identification and status of violations of laws, rules, or regulations with respect to the lending function;

(vii) Identification of loans that are not in conformance with the Bank’s lending policy;

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

(ix) A mechanism for reporting periodically, but in no event less than quarterly, the information developed in subparagraphs (i) through (viii) above to the board of directors. The report should 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 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the board of directors 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 of directors 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 board of directors’ meetings.

10. Maintenance of Allowance for Loan and Lease Losses.

(a) Within 10 days from the effective date of this ORDER, the board of directors shall make a provision which will replenish the allowance for loan and lease losses (“ALLL”) for the loans charged off as a result of the most recent internal loan review or in the most recent examination and reflect the potential for further losses in the remaining loans or leases classified “Substandard” and “Doubtful” as well as all other loans and leases in its portfolio.

(b) Within 30 days from the effective date of this ORDER, the board of directors shall establish a comprehensive policy and methodology for determining the ALLL. The policy shall provide for a review of the ALLL at least once each calendar quarter. Said review should be completed at least 10 days prior to the end of each quarter in order that the findings of the board of directors may be properly reported in the Bank’s Call Reports. Such reviews shall, at a minimum, be made in accordance with the Call Report Instructions, 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 ALLL, and any analysis of the Bank’s ALLL provided by either of the Supervisory Authorities.

(c) Within 30 days from the effective date of this ORDER, the Bank shall submit the policy and ALLL methodology 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 policy, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and fully comply with the policy.

(d) A deficiency in the Bank's ALLL 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 Call Report. The board of directors shall thereafter maintain an appropriate ALLL.

11. Implementation of Loan Policy.

Within 60 days from the effective date of this ORDER, the board of directors shall review and revise the Bank's written loan policies and procedures to address the comments and criticisms in the Report of Examination. The Bank's revised loan policies and procedures shall be provided to the Supervisory Authorities for review and comment. Within 30 days of receipt of any comment from the Supervisory Authorities, and after consideration of any recommended changes, the Bank shall approve the loan policies and procedures, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and fully comply with the revised loan policies. In the event the Bank considers making a loan that would not conform with the Bank's loan policies, the loan shall receive prior review and approval by the board of directors. The reason for non-conformance and the board of directors’ prior review and approval shall be documented in the minutes of the board of directors’ meeting and in the loan file for that loan.

12. Business/Strategic Plan and Profit and Budget Plan.

(a) Within 120 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the board of directors shall develop and fully implement a written three-year business/strategic plan and one-year profit and budget plan covering the overall operation of the Bank and its goals and strategies, consistent with sound banking practices, and taking into account the Bank’s other written plans, policies, or other actions as required by this ORDER.

(b) The business/strategic plan shall provide specific objectives for asset growth, loan portfolio mix, market focus, earnings projections, capital needs, and liquidity position. The profit and budget plan shall include goals and strategies for improving the earnings of the Bank. The budget shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(c) The business/strategic plan and the profit and budget plan, and any subsequent modification thereto, shall be submitted to the Supervisory Authorities for review and comment. No more than 30 days after the receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the board of directors shall approve the business/strategic plan and the profit and budget plan, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and fully comply with the plans.

13. Violations of Laws and Regulations.

Within 60 days from the effective date of this ORDER, the board of directors shall take all possible steps to correct the violations listed in the Report. The board of directors also shall implement procedures to prevent future violations.

14. Progress Reports Detailing Compliance with ORDER.

Within 30 days of the end of the calendar quarter of the effective date of this ORDER, and within 30 days of the end of each calendar quarter 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.

15. 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 by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

16. Miscellaneous.

The provisions of this ORDER shall not bar, estop or otherwise prevent the Supervisory Authorities or any other federal or state agency or department from taking any action against the Bank, any of the Bank’s current or former institution-affiliated parties, or agents for violations of any law or regulation, or engaging in unsafe or unsound banking practices.

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.

Issued Pursuant to Delegated Authority.

Dated the 20th day of November, 2009

By:

/s/

Mark S. Moylan
Deputy Regional Director
Kansas City Regional Office