
CAMELS Self-Directed Retirement Account (“SDIRA”)

Establishing a SDIRA Program (Overview of Processes and Structures)

Implementation Guide/SDIRA Resource Center



CAMELS CONSULTING GROUP LLC

"INCREASING SHAREHOLDER VALUE"

Introduction SDIRA Resource Center

- **Provide a structured product/process in which customers can utilize a Self-Directed/IRA (“SDIRA”) program for acquiring and retaining common stock in (Bank Holding Company/Bank Name).**
- **Self-Directed IRA an important tool for addressing large block sales, support continuous purchases, and readily access long-term investment funds. Supports stock liquidity with purchase capability.**
- Provide bank operations specific guidance in setting up a proprietary SDIRA program that addresses the necessary steps and processes of either doing internal or external transfers (provided steps/processes can also be utilized for attracting 401 K plans;
 - Procedure for securing funds either internal/external through a Traditional IRA platform thereby documenting ‘cash inflow’ for purchasing common stock of (Bank Holding Company/Bank Name)
 - Utilization of current providers of IRA support documentation
- Provide bank operations guidance in on-going maintenance of a SDIRA that addresses from initial opening, contributions, to distribution;
 - Provide process for opening a SDIRA
 - Provide processes for on-going contributions
 - Provide process to addresses handling of cash dividends
 - Provide process for safekeeping of certificates
 - Provide process for IRS reporting
 - Provide process for distribution (RMD) once the owner reaches 70.5 or early withdrawal
- Provide processes for liquidation of stock holdings within Self-Directed IRA (Bank as Transfer Agent Facilitating Trading Platform)
- Utilization of current operational system where feasible for program implementation (Internal IT Systems, Shareholder Accounting System (recommended firms), Established IRA Program Protocol, and IRA Forms Providers)

CAMELS SDIRA Resource Center/ Support Elements

The following key elements will be fully defined and need to be in-place to effectively implement the described Self-Directed IRA program, specifically to hold common stock of (Bank Holding Company/Bank Name). Due to the unique nature of holding privately held stock certificates some manual documentation will be required. *(Offered program is not designed to handle stock holdings of other companies either privately or publicly held.)*

- Process for establishing the Fair Market Value (“FMV”) of the common stock within the Self-Directed IRA Account. **CAMELS provides a ‘specially priced’ quarterly Stock Valuation Reports (establishing the FMV of common stock) purchased for placement in a Self-directed IRA program.**
- Utilization of industry provided Self-Directed IRA forms, as offered by bank’s IRA forms provider.
- Program integrates a Statement Savings Account/CD (cash account) for the placement of initial funds, contributions, and dividends to acquire common stock and address cash dividends within the SDIRA.
- Recommended Shareholder Accounting System (or similar product) for accounting/reporting of dividends to IRA Self-Directed holder and documenting holdings.
- Details preparation of excel spreadsheet for the manual management of the respective account (each account would have its own spreadsheet for tracking of contributions, dividends, FMV, and distributions, (Optional, not required)). **Please note, shareholder accounting system provides needed documentation of funds and transaction flow.**
- Preparation of Automatic Deposit Authorization form for addressing stock/cash dividends and additional cash contributions(s).

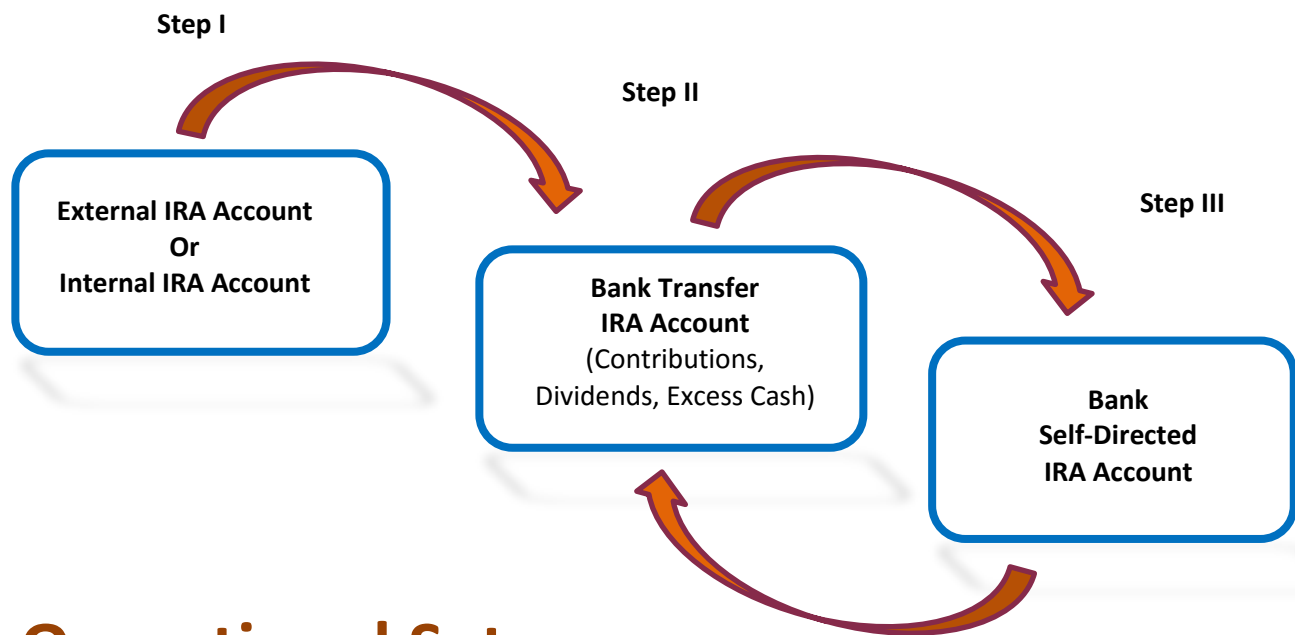
CAMELS SDIRA Resource Center

Implementation Guidance *(program overview)*

1. Processes for Bank to set-up self-directed IRA *(verification that self-directed IRA is being established to acquire (Holding Company/Bank Name) common stock only)*
2. Funds from current IRA internal/external (Transfer) contributions are sent to Bank
 - a. Prospective Customer/Existing Customer opens IRA Statement Savings/CD identified for Self-Directed IRAs
 - b. Customer fills out Traditional IRA Self-Directed form as provided by IRA Forms Provider *(establishing account structure)*
 - c. Customer fills out Self-Directed IRA Stock Purchase form and signs directing the purchase of company stock *(due to potential liquidity issues actual stock purchases to fulfill number of shares identified for purchase maybe spread out over the course of several weeks or longer is fully explained)*
 - d. Direct deposit form for dividends to be utilized for IRA Savings account
 - e. Bank opens Self-Directed IRA using current Provider forms *(if forms not on system)*
 - f. Additional Purchases: Based on contributions/dividends based on customer authorization.
3. Shareholder Accounting System(s) Recommended Selected Firms (www.stocktractsoftware.com or www.cambridge-tech.com) : These systems are an integral component of managing and tracking of Self-Directed IRA holdings and is recommended by CAMELS.
4. Custodial Issues: Processes can provide for safe-keeping procedures (recommendation for 'book entry' with provision of account holder ledger statements).
5. Reporting for fair market value, 1099 R for distributions and 5498, contributions, as of year-end.

6. Distribution Structure: Mandatory (Required Minimum Distribution –RMD distributions are addressed through existing cash discount and wholes shares held within SDIRA. *(Respective Bank does not liquidate stock but customer is directed to Respective Bank Transfer Agent or Market Maker to facilitate liquidation.)*
7. SDIRA follows same operating guidance as outlined for a regular IRA specific to distributions, age, contributions, and make-up contributions, etc.
8. Stock Purchases: In conjunction with bank’s operating policy SDIRA purchases are directed to the bank’s internal trading desk or market maker for fulfillment. Determination of acquisition price is determined by the established ‘fair market value’ of company’s stock. Recommendation for privately held (Bank Holding Company/Bank Name) is to utilize a third party prepared quarterly stock valuations to support all stock purchases and 1099Rs. CAMELS Group is a recognized provider of stock valuation reports for privately held companies.
9. Stock Sales: Bank in addressing SDIRA distributions provides account holder in whole shares and/or cash held in cash account. Account holder on receipt of shares can then elect to turn shares into cash. Account holder would present to bank’s trading desk/transfer agent shares for sale in the open market.
10. SDIRA Resource Center through CAMELS Group provides marketing assistance in planned introduction of Self-Directed IRA program for acquiring company stock.

Implementation Guidance SDIRA



Operational Set-up:

Several ‘operational’ pre-steps need to be addressed by bank operations for the implementation of Self-Directed IRA program. This includes securing correct IRA Self-Directed forms (selection of forms provider) and set-up of special deposit ‘Transfer’ account.

Specifically, if bank operations do not currently utilize an IRA forms provider or does not have a Self-Directed IRA form within their system, such form must be procured. IRA forms providers have been previously identified (Support Elements). Bank compliance/Operations may already have forms integrated within their IT System or off-line availability supporting a Traditional IRA.

Step I: External or Internal Bank IRA Account

Once fund source is identified, (funds would be either from external bank source or an existing internal bank IRA account) the setting up of a Self-Directed IRA account can commence. Funds are specifically placed inside a bank Traditional IRA (special SDIRA segregated savings account numbers set-up within bank IT System) having been moved as a “Transfer” of funds to identified bank IRA (savings) account. It is important to ensure that Transfer is properly documented

ensuring that a “Rollover” is not triggered (an owner is limited to the number of ‘rollovers’ that can occur and limits investment opportunity of funds).

Step II: IRA Transfer Account Established

A traditional SDIRA Account (newly created and titled variable rate savings certificate in banks IT System) is set-up to accommodate a transfer of IRA funds. This account will be utilized for the housing of Transfer Funds to acquire common stock, house future cash dividends, remaining cash from initial purchase, and future contributions. *(Suggested Name: IRA Self-Directed Cash)*

Step III: Bank Self-Directed IRA Account

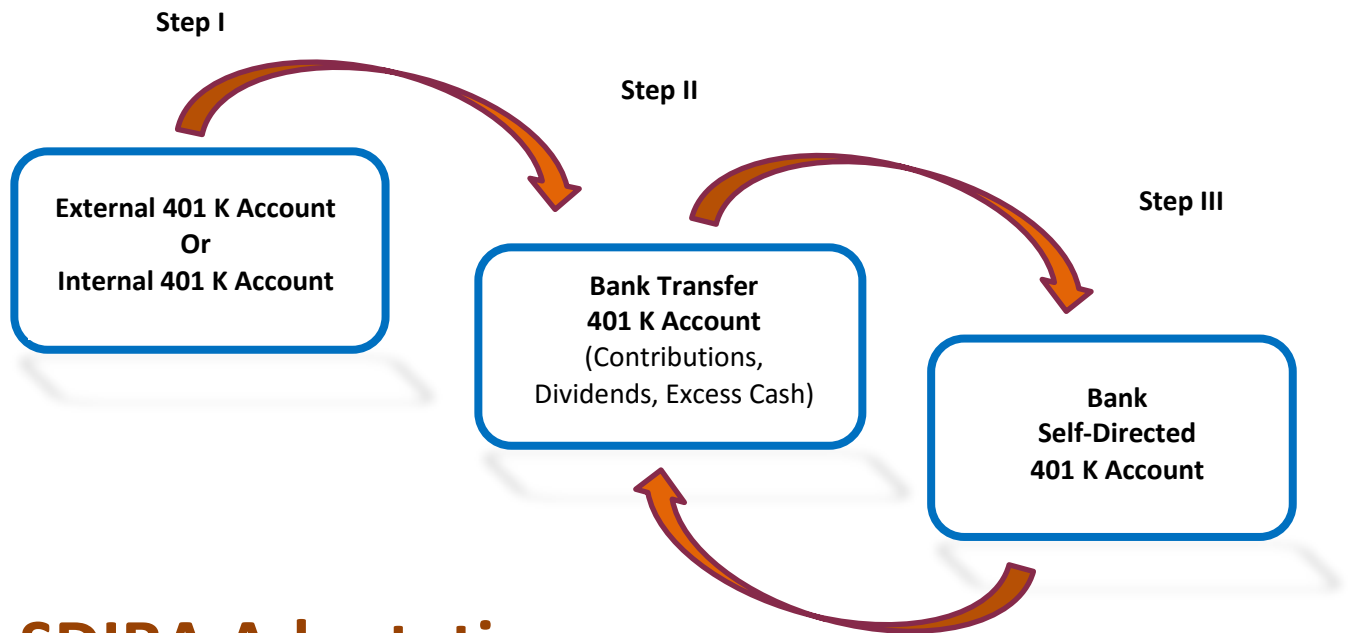
Self-Directed IRA account is established with common stock purchased through initial distribution of funds from IRA Transfer account. Common stock holdings can be increased dependent on contributions of cash to IRA Transfer Account combined with remaining left over cash of initial purchase and future dividends.

Bank operations to make determination of how often the cash account component of the Self-Directed IRA is reviewed for ability to purchase common stock of (Bank Holding company/Bank name). Recommendation is that this be reviewed quarterly to maintain interest in contributing to the Self-Directed IRA. Please note that distributions would also occur on a quarterly basis to coincide with birthdate of reaching age 70.5.

The Self-directed IRA has both a ‘cash’ and ‘stock’ component. The cash account (designated variable rate savings account) is established by customer in Bank, as a component of the setting up of a Self-Directed IRA. (The customer then directs Bank Holding Company/Bank Stock Transfer Agent to utilize the cash in the purchase of Bank Holding Company/Bank common stock.) The ‘cash account’ is the driver of the Self-directed IRA.

Account Holder directs bank to either make purchases at all times based on available funds or individual purchases only at the direction of the account holder. Actual stock purchases are only made based on availability of shares for sale. Situations may occur when shares are not available.

Implementation Guidance 401 K



SDIRA Adaptations:

Similar process of acquiring 401 K account; Roth SDIRA, etc. for purchasing of (Bank Holding Company/Bank Name) common shares.

Account Set-Up Process:

1. Customer contacts bank to set-up Self-Directed IRA (*verification that self-directed IRA is being established to acquire common stock of Bank Holding Company/Bank Name only*)
2. Funds from external (another bank/brokerage firm) IRA (roll-over) or contribution are sent to selected bank, as Custodian
 - a. Bank Customer opens IRA Variable Rate Certificate of Deposit or other established savings instrument for Self-Directed IRAs as depository SDIRA account when check is received. (*cash portion of plan*)
 - b. Customer fills out Traditional IRA Self-Directed (Roth, 401K, etc.) form as provided through bank operations secured from IRA Forms Provider (*establishing account structure*)

- c. Customer fills out Self-Directed IRA Stock Purchase form (signs) directing the purchase of (Bank Holding Company/Bank Name) stock *(due to potential liquidity issues stock purchases to fulfill number of shares identified for purchase maybe spread out over the course of several weeks or longer purchased at the then FMV of the common stock.)*
 - d. Customer fills out direct deposit form for dividends to be deposited to IRA Deposit account *(designated cash account for purchasing of stock)*
 - e. **Optional Process: Not Recommended.** (Bank does not have automated system for management of shareholder ownership or ability to account for ownership of shares through a 'book entry' system. Complete manual process requiring a spreadsheet and Self-Directed form kept for each account to track contributions and fair market value (annual), and to include customer information such as address, SSN, date of birth, and beneficiaries. To be housed in individual files within secured environment. Files are to be kept in a locked, fireproof location at central location under dual control ***(optional record keeping system, if bank does not have integrated IRA system).***)
 - f. Additional Purchases (Manual System): Not Recommended. IRA Certificate of Deposit Account on completing first stock purchase (initial Transfer Account), subsequent purchases would also be handled as a "Transfer Over" transaction. These are separate transactions under their IRA plan and will be a separate line item on the 'tracking form' for each investor. Record date and number of shares purchased to be recorded.
3. Shareholder Accounting System (recommended firms): The system is an integral component of managing and tracking of Self-Directed IRA holdings. When issuing (Bank Holding Company/Bank Name) stock purchased within Shareholder Accounting System utilize the provided identifier of IRA Holding. Also identify (Bank), as custodian and utilize bank address. Utilize

Customers Address as mailing address for ownership notifications (for cash dividends, splits, etc.) Ensure that the investor's birthdate is logged into shareholder accounting system for future identification purposes.

4. **Optional Process: (Not Recommended)** Custodial Process for Holding Certificates: Once the purchase has been completed, the stock certificate only will be placed in a common IRA safekeeping box (*box number to be established*). Custodial process calls for two bank officers to fill out the admittance card with the date, time of entry, and their initials. A CSR/or designate will use a guard key and the Bank's key to remove the box from the vault. Two officers will complete the addition or removal of the IRA(s) and/or stock certificate(s). Once this is completed, the CSR/or designate will place the box back in the vault and return the Bank key to the officers. An inventory sheet will be maintained and placed in the box for tracking of documents. ***(Alternative is to provide ledger statements quarterly or some determined period of time bi-annual or annually 'statement of ownership' through your selected Shareholder Accounting System. Quarterly mailing of ledger statement identifying ownership considered preferable.)***
5. Dividends are not reported to IRS but through selected shareholder accounting system provided to Customer's IRA Account. (basically viewed as an interest payment) Dividends placed within IRA Certificate of Deposit Account.
6. Manual reporting for fair market value, 1099 R for distributions, required minimum distributions, as of year-end (from spreadsheet)
7. Contributions must be made to the account for the previous year prior to the tax deadline (April 15th), a 5498 will be manually produced and mailed by May 31st of each year.
8. Utilize Shareholder Accounting System): for identifying investors who have reached the age of required mandatory distribution ("RMD") owner reaches 70.5, the required minimum distribution will be calculated). If a distribution is required (letter sent to IRA shareholder), the distribution will be completed based on review and preparation of RMD calculation by bank operations. Bank operations instructs transfer agent (or whomever controls stock accounting system) to prepare stock certificate based on

calculation (whole shares only) to facilitate stock distribution. Shares distributed (whole shares Only) would be based on the FMV of shares and distributed in number of shares that meets the dollar calculation of the RMD. Transfer Agent will be based on determined distribution schedule provide owner shares. Transfer Agent does not liquidate shares to cash but only provides designated number of shares to owner according to payout. Additionally, if SDIRA cash account has funds available then those funds as well would be part of the RMD.

Internal (Bank) Operational Guidance Will Need to Be Developed.

**See Recommended Guidance
Memorandums offering Key topic issues
for management determination.**

Next Steps:

Prepared program elements above are provided to assist in establishing a process of implementing a Self-Directed IRA program to house (Bank Holding Company/Bank Name) common stock. **CAMELS Consulting Group (“CAMELS”) is prepared to provide additional assistance in program integration within (Bank Holding Company/Bank Name) offering specific guidance addressing operational, reporting, and sales in the introduction of the program (internal/external) customers.** CAMELS will document needed program elements and the operational practices needed to manage a Self-Directed IRA Program within bank.

Turning Stock Back Into Cash Support:

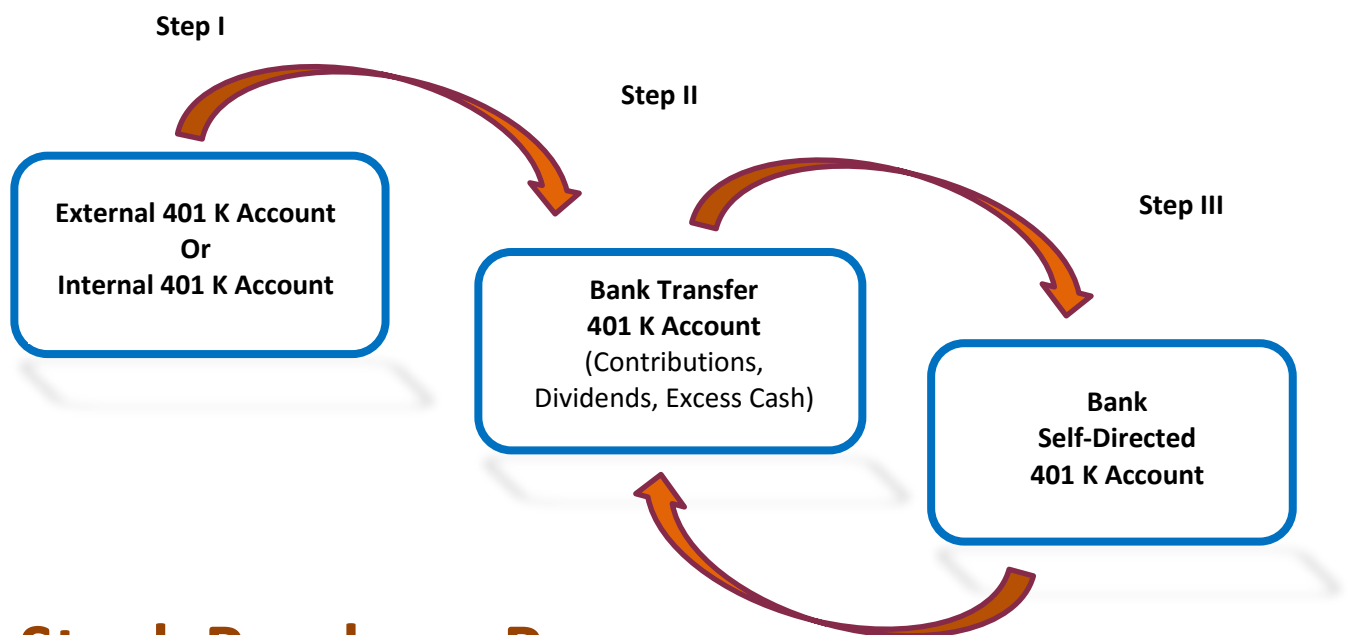
The existing bank transfer (trading desk) can support the ‘sell side’ of a SDIRA stock distribution, as an additional support function. The selling of stock is a completely separate activity from the actual distribution of stock from the Self-Directed IRA program.

Self-Directed IRA customer on receipt of distribution would then (if selling of all or partial amount of distribution) would contact (Bank Holding Company/Bank Name) Transfer Agent and present OMBI shares for selling. The existing process

of selling shares of OMBI through the OMB Transfer Agent would be followed. Currently bank, as Transfer Agent does not/may utilize an independent broker/dealer for the buying and selling of Bank Holding Company/Bank common stock.

Bank Holding Company/Bank common stock is privately held, with designated Transfer Agent does not warrant any level of liquidity of the stock nor warrant at any point of holding or selling the stock a per share value of the stock. Bank Holding Company/Bank Name will periodically provide through an independent third party the Fair Market Value of the common stock.

Implementation Guidance 401 K



Stock Purchase Process:

Similar process of acquiring 401 K account for purchasing of Bank holding Company/Bank Name common shares.

Account Set-Up Process:

1. Customer contacts bank to set-up Self-Directed IRA (*verification that self-directed IRA is being established to acquire common stock of BHC only*)
2. Funds from current IRA (roll-over) or contribution are sent to bank, as Custodian
 - a. Bank/Customer opens IRA Variable Rate Certificate of Deposit (12 month) Savings for Self-Directed IRAs when check is received. (*cash portion of plan*)
 - b. Customer fills out Traditional IRA Self-Directed form as provided by IRA Forms Provider (*establishing account structure*)
 - c. Customer fills out Self-Directed IRA Stock Purchase form (signs) directing the purchase of BHC stock (*due to potential liquidity issues stock purchases to fulfill number of shares identified for purchase maybe spread out over the course of several weeks or longer purchased at the then FMV of BHC common stock.*)
 - d. Customer fills out direct deposit form for dividends to be deposited to IRA Variable Rate Certificate of Deposit account (*Notification of Direct Deposit placed into StockTrack accounting system or similar shareholder accounting system*)
 - e. **Optional Process (Not Recommended):** Bank opens Self-Directed IRA (*process manually addressed or integrated system*) A spreadsheet and Self- Directed form kept for each account to track contributions and fair market value (annual), and to include customer information such as address, SSN, date of birth, and beneficiaries. To be housed in individual files within secured environment. Files are to be kept in a locked, fireproof location at central location under dual control (***optional record keeping system, if bank does not have integrated IRA system***).
 - f. Additional Purchases: IRA Certificate of Deposit Account on completing first stock purchase (initial Transfer Account), subsequent purchases would also be handled as a “Transfer Over” transaction. These are separate transactions under their IRA plan and will be a separate line item on the ‘tracking form’ for each investor. Record date and number of shares purchased to be recorded.

3. Shareholder Accounting System: This system is an integral component of managing and tracking of Self-Directed IRA holdings. When issuing BHC stock purchased within Stock Accounting System utilize the provided identifier of IRA Holding. Also identify Bank, as custodian and utilize bank address. Utilize Customer's Address as mailing address for ownership notifications (for cash dividends, splits, etc.) Ensure that the investor's birthdate is logged into StockTrack for future identification purposes.
4. **Optional Process (Not Recommended):** Custodial Process for Holding Certificates: Once the purchase has been completed, the stock certificate only will be placed in a common IRA safekeeping box (*box number to be established*). Custodial process calls for two bank officers to fill out the admittance card with the date, time of entry, and their initials. A CSR/or designate will use a guard key and the Bank's key to remove the box from the vault. Two officers will complete the addition or removal of the IRA(s) and/or stock certificate(s). Once this is completed, the CSR/or designate will place the box back in the vault and return the Bank key to the officers. An inventory sheet will be maintained and placed in the box for tracking of documents. ***(Alternative is to provide ledger statements quarterly or some determined period of time bi-annual or annually 'statement of ownership' through a shareholder accounting system. Quarterly mailing of ledger statement identifying ownership considered preferable.)***
5. Dividends are not reported to IRS but through a shareholder accounting system): provided to Customer's IRA Account. (basically viewed as an interest payment) Dividends placed within IRA Certificate of Deposit Account.
6. Manual reporting for fair market value, 1099 R for distributions, required minimum distributions, as of year-end (from spreadsheet)
7. Contributions must be made to the account for the previous year prior to the tax deadline (April 15th), a 5498 will be manually produced and mailed by May 31st of each year.

8. Utilize a shareholder accounting system): for identifying investors who have reached the age of mandatory distribution (owner reaches 70.5, the required minimum distribution will be calculated). If a distribution is required (letter sent to IRA shareholder), the distribution will be completed by informing bank, as transfer agent to facilitate stock distribution. Transfer Agent will based on determined distribution schedule provide owner shares. Transfer Agent does not liquidate shares to cash but only provides designated number of shares to owner according to payout.