

STATEMENT OF POLICY #7

CAPITAL COMPUTATION

The Nebraska Department of Banking and Finance ("Department") hereby sets forth Statement of Policy #7 to be used in computing capital at a state-chartered bank.

For purposes of computing capital, "primary capital" is defined as common and perpetual preferred stock; capital surplus; undivided profits; capital reserves; minority interests in consolidated subsidiaries; allowances for possible loan and lease losses; and certain mandatory convertible debt (to the extent of twenty percent (20%) of primary capital exclusive of such debt). "Primary capital" does not include assets classified as loss, deferred tax asset, or intangible assets other than mortgage servicing rights. "Secondary capital" may consist only of subordinated notes and debentures, and limited life preferred stock. It also does not include intangibles. Secondary capital is preferred capital and long term debt.

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