FIRST STATE BANK

Online Banking Agreement

Updated 11.10.2014

Your acceptance of this agreement is required to enroll in online banking. Please read the entire agreement before completing your enrollment.

This Online Banking Agreement (the "Agreement") is entered into between First State Bank and the undersigned customer of the Bank, who hereby enrolls in this online banking product. The customer is referred to in this Agreement as "you" or "your". The Bank is referred to in this Agreement as "Bank" “FSB”, "we", "us", and/or "our".

General Terms Applicable to All

This Online Banking Agreement describes the terms and conditions that govern your use of the Bank’s online banking services which includes how to obtain information about your account, transfer funds between your accounts, and request certain other bank services. When you use or access or permit any other person(s) or entity(ies) to use or access our online banking service, you agree to the terms and conditions of this Agreement. This Agreement is a supplement to any other agreements or terms and conditions governing accounts you may have with us; such other agreements and terms and conditions shall remain in full force and effect. The Bank encourages you to review this Agreement on a regular basis.

Electronic Disclosure and Consent

By accepting this Agreement you are consenting to receive any future communications from the Bank in an electronic format, and we may discontinue sending paper communications unless you withdraw your consent. This consent includes but is not limited to disclosures relating to online banking services, account disclosures such as changes to terms and conditions or other important information relating to your accounts with the Bank, privacy notices, other legal or regulatory disclosures or notices as required by law including those that are not otherwise governed by the terms and conditions of an electronic disclosure and consent. Please note that consenting to receive Communications under this Disclosure will not automatically enroll you in Paperless Statements.

These communications will be provided to you utilizing one or more of the following formats: posting a notice on our website, by email, or by delivering a secure message to your online banking inbox which will be accompanied by an email to notify you of the availability of a new secure message. Any such message and / or posting may contain a Portable Document File (PDF) and will be considered to have been received by you within 3 calendar days regardless of whether or not you have logged into online banking during that time frame.

In order to provide electronic disclosures, a current e-mail address is required. It is your responsibility to provide us with the correct contact information including your e-mail address. You may change your email address within online banking under the “user options” link. You can also update your e-mail address by calling the phone number above or mailing the address above. Do not send confidential information to us through e-mail.

Additionally, you **confirm that you have the ability to open PDF formatted files.** If you receive a communication and are unable to read it for any reason, you are responsible for notifying the Bank so that the issue can be resolved or paper copies can be sent. In any case you have the right to request a paper

copy of any communication provided in electronic form at no cost to you. Please contact our Online Banking Department for these requests by calling the phone number above or mailing the address above.

You also have the right to withdraw your consent to receive disclosures electronically at any time by terminating your online banking account at no cost. Instructions can be found under the heading Termination or Discontinuation below.

Notices

You agree that by using our online services, all communications which we may be required to give you arising from our obligations under this Agreement or any of our other online services may be sent to you electronically or in any other manner permitted by law.

Description of Online Banking Services

FSB's consumer and business customers enjoy the benefit of using our online banking services with no monthly or annual fees.

1. You can obtain the following account information:
   a) Certain account history for the current and previous statement cycles. You may also export this information directly to your computer through such formats as:
      i) Quicken or QuickBooks
      ii) Microsoft Money
      iii) Microsoft Excel
   b) Interest information on your interest-bearing deposit accounts and loan accounts.
   c) Account-related information such as the current balance on accounts, loan payment amounts, payment due dates and certificates of deposit maturity dates.

2. One time or recurring fund transfers between your FSB accounts:
   a) Transfer funds from checking or savings to checking or savings
   b) Make loan payments via transfer from checking or savings

3. Secure Messaging
   a) For sending secure non-urgent communications to the Bank

      Note: You should not rely on secure messaging for time-sensitive information such as reporting a compromised account credentials or when written notice is required.

Additional Services

The following additional services are available to Online Banking customers; however, these services must be enrolled in separately. In some cases additional terms and conditions and/or fees may apply and will be disclosed.

- eStatements
- eAlerts
- Mobile Web Banking
- Bill Pay
- PFM - Personal Financial Manger
- Mobile App
- Mobile Deposit

New Services or Features

The Bank may through the normal course of business make additional services or features available through online banking. By using these services/features, you agree to be bound to this online Agreement with respect to those services/features.

Equipment, Browser Access, Data Providers

You are responsible for obtaining, installing, maintaining and operating all software, hardware or other equipment used by you to access our online banking services at your expense. You are responsible for the security and security settings of your equipment. This responsibility includes but is not limited to, utilizing up to date web-browsers, antivirus, anti-spyware, anti-malware and other security software. Browser requirements can be found on our website and may be updated at any time. You are responsible for obtaining the appropriate data services of your choice to access our online banking services or any of its additional services. The Bank is not responsible for any fees which may be assessed to you by your service provider. We do not warrant nor will we be responsible for any errors or failures from the malfunction or failure of your equipment, software, hardware or data providers. You agree that FSB is not responsible for any virus or other related problem that you may encounter using our online banking services. You acknowledge that use of the Bank's online banking services is a choice and is for your convenience.

Hours of Operation

You can access FSB's online banking service through the First State Bank website, www.stuartbank.com, 24-hours a day. However, at certain times some or all of the service may not be available due to maintenance, for security reasons or other circumstances that may arise.

Initiating Transactions

You can initiate account transfers via online banking 24 hours a day 7 days a week; however, transactions will only be posted on a business day. Business days are Monday through Friday excluding Saturday, Sunday, a federal holiday or any other day the bank is closed for business.

On-demand transfers initiated through online banking prior to 6:00 P.M. CST on a business day will be posted to your account on the same business day. Transfers initiated on Saturday, Sunday, a federal holiday or any other day the bank is closed for business will be posted the next business day. On-demand transfers between FSB deposit accounts will memo post immediately for use. When you initiate an on-demand transaction you will be provided a confirmation number. Please write down this number when you receive it. It will help resolve any questions you may have concerning your transaction.

You may also schedule one time or reoccurring transfers to auto initiate in the future. Transfers scheduled to auto initiate will be deducted from your account at the end of the business day on which the transfer is set to be auto initiated. If you direct the initiation of a transaction to occur on a day other than a business day, it will be initiated on the following business day.

Holds

If a hold has been placed on deposits made to an account from which you wish to transfer funds, you cannot transfer the portion of the funds held until the hold expires. You agree that you will instruct us to make a transfer only when a sufficient balance is or will be available in the designated account at the time of the transfer. You understand that we will not act on any transfer instruction from you if sufficient funds are not available in the account that you designated.

Correcting or Canceling Your Transaction

You cannot cancel your transfer after it has been entered in online banking and the information transmitted to us. However, you can correct information about a transfer before you send us the information, or you can use FSB's online banking service to make an off-setting transaction after it has been entered.

Restrictions on Transfers from Savings and Money Market Accounts

Your ability to make transfers from your savings accounts and money market account is restricted by Federal Reserve Board Regulation D. For each savings/money market account, you may make up to six transfers or withdrawals by means of preauthorized, automatic, telephonic or computer transfer to another account of yours or to a third party or by check, debit card, or similar order to a third party during any statement cycle. The following transfers do NOT count towards these limits:

1. Transfers from your savings account(s) or money market account(s) to repay any amounts owed to First State Bank.
2. Transfers made by mail, messenger, ATM or in person.

Once a savings account or money market account has violated the Regulation D limits, First State Bank will notify you and may convert the account to an account allowing unlimited activities. Consult your account disclosures to review the fees applicable to your account.

Periodic Statements

You will receive a monthly account statement from us for your checking and money market deposit accounts. You will receive a monthly account statement from us for your savings accounts that have been linked to your checking account or if there are electronic funds transfers from the savings account in a particular month. In any case, you will receive a savings statement at least quarterly. These printed statements will detail your online banking activities.

Direct Deposits

If you have arranged to have direct deposits made to your account at least once every sixty (60) days from the same person or company, you can call us at (515) 523-2721 to find out whether or not the deposit has been made.

Change in Terms

Except as otherwise required by applicable law, we may add, remove, or otherwise modify any of the terms and conditions of this Agreement, its related services, and applicable fees and charges, at any time without notice to you, and such changes will be effective immediately.

You may decline changes by deactivating your online banking services (see Termination or Discontinuation section). By using any of the Bank's Online Banking features after the changes have been made or the effective date has passed, if applicable, you agree to be bound by the new terms and conditions. We also reserve the option, in our business judgment, to waive, reduce or reverse charges or fees in individual situations. The exercise of this option by the Bank does not waive any right we have to assess future charges or fees under the terms of this Agreement.

Security Procedures

By accessing FSB's online banking service, you hereby acknowledge that you will be entering a web site owned by First State Bank, which may be used only for authorized purposes. The Bank may monitor and audit usage of the system and all persons are hereby notified that use of the services constitutes consent to such monitoring and auditing. Unauthorized attempts to upload information and/or change information on these web sites are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986. For additional security information, please see our Security Statement posted on our web site.

The registration process and use of the Access ID and Password is a security procedure established by Bank to authenticate the identity of the person attempting to gain access. The security procedure is not designed for the detection of errors and we make no representation or warranty as to the security of the information. We may require you to change your Access ID and Password from time to time for security reasons. You should keep your Access ID and Password in a secure location. Any person having access to your Access ID and Password will be able to access FSB's online banking service. With the Online Banking ID and Password, a third party will be able to use your Online Banking Service to add new payees to the Bill Pay Service. **YOU ARE RESPONSIBLE FOR SAFEGUARDING YOUR ACCESS ID AND PASSWORD. PROVIDING EITHER TO ANOTHER PERSON CONSTITUTES A GRANT OF AUTHORITY TO ACCESS YOUR ACCOUNTS UNDER REGULATION E ("REG E").**

(a) You agree to comply with the "Security Procedures" and any other Security Procedures Bank directs you to use, and you acknowledge and agree that the Security Procedures, including (without limitation) any code, password, personal identification number, user identification technology, token, certificate, or other element, means, or method of authentication or identification used in connection with a Security Procedure ("Security Devices"), constitute commercially reasonable security procedures under applicable law for the initiation of transfers and access to confidential customer information. You authorize us to follow any and all instructions entered and transactions initiated using applicable Security Procedures unless and until you have notified us, that the Security Procedures or any Security Device has been stolen, compromised, or otherwise become known to persons other than you or your representative(s) and until we have had a reasonable opportunity to act upon such notice. You agree that the initiation of a transaction using applicable Security Procedures constitutes sufficient authorization for Bank to execute such transaction notwithstanding any particular signature requirements identified on any signature card or other documents relating to your deposit account maintained with Bank, and you agree and intend that the submission of transactions and instructions using the Security Procedures shall be considered the same as your written signature in authorizing us to execute such transaction. You acknowledge and agree that you shall be bound by any and all transactions initiated through the use of such Security Procedures, whether authorized or unauthorized, and by any and all transactions and activity otherwise initiated by you, to the fullest extent allowed by law. You further acknowledge and agree that the Security Procedures are not designed to detect error in the transmission or content of communications or transaction initiated by you and that you bear the sole responsibility for detecting and preventing such error.

(b) You agree to keep all Security Procedures and Security Devices protected, secure, and strictly confidential and to provide or make available the same only to your authorized representative(s). You agree not to disclose or provide any Security Procedures or Security Devices to any unauthorized person. Where you have the ability to change or modify a Security Device from time to time (e.g., An Access ID or User Name), you agree to change Security Devices frequently in order to ensure the security of the Security Device. You agree to notify us immediately, according to notification procedures prescribed by us, if you believe that any Security Procedures or Security Device have been stolen, compromised, or otherwise become known to persons other than you or your authorized representative(s) or if you believe that any transaction or activity is unauthorized or in error. In the event of any actual or threatened breach of security, we may issue you a new Security Device or establish new Security Procedures as soon as reasonably practicable, but we shall not be liable to you or any third party for any delay in taking such actions.

(c) We reserve the right to modify, amend, supplement, or cancel any or all Security Procedures, and/or to cancel or replace any Security Device, at any time and from time to time in our discretion. We will endeavor to give you reasonable notice of any change in Security Procedures; provided that we may make any change in Security Procedures without advance notice to you if we, in our judgment and discretion, believe such change to be necessary or desirable to protect the security of our systems and assets. Your implementation and use of any changed Security Procedures after any change in Security Procedures shall constitute your agreement to the change and your agreement that the applicable Security Procedures, as changed, are commercially reasonable and adequate for the purposes intended.

Privacy & Confidentiality

Please see our Privacy Policy for information concerning confidentiality. First State Bank respects our customer's confidentiality and we restrict access to nonpublic personal information about you to those employees who need to know that information to provide procedures or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

The Bank will not solicit account information from you through e-mail. **Your private information such as account number, social security number, and online banking credentials will never be solicited by FSB.** If you receive e-mail communication asking for this type of data, you should not respond to the e-mail. If you are the recipient of this type of e-mail and wish to file a complaint, we suggest contacting the following government sponsored website and follow their recommended procedures: onguardonline.gov/filecomplaint.html. The Bank may occasionally send you an informational e-mail regarding updated electronic banking features to enhance your internet banking experience. **Never Send Confidential Information via Email.**

Limitation of Liability Relating to Available Online Services

Except as otherwise provided in this Agreement or otherwise expressly provided by applicable law or regulation, you agree that neither First State Bank nor any party that provides internet, mobile access or provides equipment used to access FSB's online banking services or any agent, independent contractor, or subcontractor of any of the foregoing will be liable for any loss, injury, or damage including without limitation, direct, indirect, incidental, special, consequential, or punitive damages, whether under a contract, tort or any other theory of liability, arising in any way from the installation, use or maintenance of FSB's online banking services or the internet, mobile access provider used to access the available FSB's online banking services, or the equipment used to access the available online services including, without limitation any loss, injury or damage relating to any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus, line failure or unauthorized interception for access to your communication with us, even if we or the Service Providers are aware of the possibility of such event.

Indemnity

Except for those losses caused directly by Bank's failure to exercise ordinary care or to act in good faith you acknowledge and agree that you are personally responsible for your actions while using the Online Service and agree to indemnify and hold us and our officers, directors, shareholders, employees, agents, and affiliates harmless from and against any and losses, costs, suits, damages, claims, liabilities and expenses of any kind that we may incur in connection with a third party claim or otherwise (including but not limited to reasonable attorneys' fees), in relation to your use of our online banking services or your failure to report required changes, transmission of incorrect data to Bank, or failure to maintain compliance with all laws, regulations, and rules, or by anyone using your account number or user

credentials or your violation of this Agreement or the rights of any third party (including but not limited to privacy rights). You agree to indemnify and hold Bank, its officers, directors, shareholders, employees , agents, and affiliates, harmless from and against arising from or related in any way to (i) any services performed in connection with this Agreement; (ii) Bank's action or inaction in accordance with or reliance upon any instruction or information received from any person reasonably believed by Bank to be an authorized representative of you; (iii) your breach of any of your covenants, agreements, responsibilities, representations or warranties under this Agreement and/or (iv) your breach of applicable laws, rules or regulations. Your obligations under this paragraph shall survive termination of this Agreement.

Termination or Discontinuation

This Agreement continues in full force and effect until terminated. You may terminate this Agreement and your use of First State Bank online banking services at any time by writing is us at First State Bank, Attn: File Maintenance, PO Box 400, 215 N Division, Stuart, Iowa 50250. You authorize us to complete fund transfers until we have had a reasonable opportunity to act upon your termination notice.

This Agreement and your use of First State Bank online services will be terminated automatically if your account(s) are closed or access to your account(s) is restricted for any reason. The Agreement and your use of the Bank's online banking services may be terminated at any time without prior notice due to insufficient funds in one of your accounts. We reserve the right to temporarily suspend or terminate the Bank's online banking services in situations deemed appropriate by us, at our sole and absolute discretion, including when we believe a breach of system security has occurred or is being attempted. We may consider repeated incorrect attempts to enter your user code or password as an indication of attempted security breach. Termination of the services does not affect your obligations under this Agreement with respect to occurrences before termination.

Your online banking credentials will expire after 365 days of inactivity. If you do not log into your online banking account at least once every 365 days, your account may be deactivated. In the event your account is deactivated, you will need to reenroll for online banking as a new user.

Severability/Governing Law

In the event any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions shall remain valid and enforceable. This Agreement shall be governed by the applicable federal law and the applicable substantive laws of the State of Iowa (exclusive of any conflict of laws rules of the State of Iowa which may result in the application of the substantive laws of another jurisdiction).

Dispute Resolution

You agree that if a dispute, claim or controversy of any kind arises out of or relates to this Agreement, use of our online banking services, or any transfers involving your online accounts regardless of the nature of the cause(s) of action asserted, including claims for injunctive, declaratory, or equitable relief, either you or we can choose, upon written demand, to have that dispute resolved by binding arbitration.

Arbitration is a more informal proceeding in which disputes are decided by one or more neutral arbitrators who receive the evidence and then issue a binding ruling in the form of an award. **Arbitration limits your ability to litigate claims in court and your right to a jury trial. You agree to waive any right that you might have had to a jury trial or the opportunity to litigate any claims in court before either a judge or jury.**

You further agree that you will not be able to bring a class action or other representative action (such as an action in the form of a private attorney general) nor will you be able to participate as a class member in a class action or other representative action in Arbitration or in court before either a judge or jury. **You will not have the right to participate as a class representative or member of any class of claimants for any claim subject to arbitration.** Notwithstanding anything to the contrary in this Agreement, any dispute regarding the prohibitions in this paragraph or about the enforceability of this dispute resolution clause shall be resolved by a court and not by an arbitrator. This subsection survives the termination of this Agreement.

Provisions Applicable to Consumer Accounts Only

A consumer account is one that is used primarily for personal, family or household purposes.

User Credentials

Each individual with an ownership capacity in a First State Bank account may enroll separately to access FSB's online banking service. This includes each individual named on a joint account. Online banking credentials should never be shared. You agree that sharing this information with other constitutes your authorization for any transactions that occur through our online banking service including any transactions that may be unintentional or inadvertent, and you will be responsible for any losses, charges, or penalties incurred as a result. In addition, except as otherwise provided in this Agreement, you are responsible for transactions by unauthorized persons using your Access ID and Password. You are encouraged to change your password periodically to enhance security or anytime you feel your security may have been compromised.

Unauthorized Access

Tell us AT ONCE if you believe your online banking credentials have been lost or become known to an unauthorized person or if an unauthorized transaction has occurred involving your account.

Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum line of credit).

If you tell us within two (2) business days after you learn of the loss or theft of your online banking credentials, you can lose no more than $50 if someone used your online banking credentials without your permission. If you do NOT tell us within two (2) business days after you learn of the loss or theft of your online banking credentials, and we can prove we could have stopped someone from accessing your online banking account without your permission if you had told us, you could lose as much as $500.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed or made available to you, you may not get back any money lost after sixty (60) days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or hospital stay) kept you from telling us, we will extend the time periods. If you believe your online banking credentials have been stolen or that someone has transferred or may transfer money from your account without your permission, call 515-523-2721 or write us at First State Bank, PO Box 400, 215 N Division, Stuart, Iowa 50250. You should also call the number or write this address if you believe a transfer has been made using the information from your check without your permission.

WE CANNOT ACCEPT NOTIFICATION OF LOST OR STOLEN USER CODES OR PASSWORDS OR UNAUTHORIZED TRANSFERS VIA E-MAIL OR SECURE MESSAGING.

We reserve the right to block your access to FSB's online banking service to maintain or restore security to our web site and systems, if we reasonably believe your online banking credentials have been or may be obtained, are being used, or may be used by an unauthorized person(s).

Liability for Failure to Complete Transfers

If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough money in your account to make the transfer.
2. If the money in your account is subject to legal process or other claim restricting such transfer.
3. If the transfer would go over the credit limit on your overdraft line.
4. Your computer, the software, phone lines, or the Bank's computer systems were not working properly or were temporarily unavailable, and this problem should have been apparent to you when you attempted the transfer.
5. If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
6. If we have reasonable basis for believing that unauthorized use of your User Code, Password, or Account has occurred or may be occurring; or you or we have terminated your online banking access or closed the account.
7. There may be other exceptions stated in our agreement with you.

Error Resolution

In case of errors or questions about your electronic transfers telephone us at 515-523-2721 or write us at First State Bank, PO Box 400, 215 N Division, Stuart, Iowa 50250, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.

We will determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty five (45) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not credit your account.

If a notice of error involves an electronic fund transfer that occurred within thirty (30) days after the first deposit to the account was made, the error involves a new account. For errors involving new accounts, point of sale debit card transactions, or foreign-initiated transaction, we may take up to ninety (90) days to

investigate your complaint or question. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

We will tell you the result within three (3) business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Provisions Applicable to Non Consumer (Business Accounts) Only

*Any account that is **NOT** used primarily for personal, family or household purposes.*

User Credentials

You must be an authorized signer on all accounts in which business is transacted in order to be approved for online banking credentials. By signing up for online banking you agree to be responsible for the online banking credentials for the business you are representing. Online banking credentials should never be shared. You agree that sharing this information with others constitutes your authorization for any account transactions that occur any losses, charges, or penalties incurred as a result before you have notified us of possible unauthorized use and we have had a reasonable opportunity to act on that notice.

Unauthorized Access

Tell us AT ONCE if you believe your online banking credentials have been lost or become known to an unauthorized person or if an unauthorized transaction has occurred involving your account.

Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum line of credit).

You are ultimately responsible for any unauthorized payments, transfers or other transactions performed on any account that are made by a user using the online credentials you or any other administrators have provided, and that occur before you have notified us of possible unauthorized use and we have had a reasonable opportunity to act on that notice.

WE CANNOT ACCEPT NOTIFICATION OF LOST OR STOLEN USER CODES OR PASSWORDS OR UNAUTHORIZED TRANSFERS VIA E-MAIL OR SECURE MESSAGING.

We reserve the right to block your access to FSB's online banking service to maintain or restore security to our web site and systems if we reasonably believe your online banking credentials have been or may be obtained, are being used, or may be used by an unauthorized person(s).

Error Resolution

In case of errors or questions about your electronic transfers telephone us at 515-523-2721 or write us at First State Bank, PO Box 400, 215 N Division, Stuart, Iowa 50250, as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared. Any errors reported to us will be investigated and we will inform you of the results of our investigation.