

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

In the Matter of)	Docket Nos.	98-038-B-FHC
)		98-038-B-I
)		98-038-CMP-FHC
INCUS CO. LTD.,)		98-038-CMF-I
Tortola, British Virgin Islands,)		98-038-E-I
And)		
CARLOS HANK RHON,)		
An institution-affiliated party of)		
Incus Co., Ltd. and Laredo)		
National Bancshares, Laredo, TX)		
Respondents.)		

The Board of Governors of the Federal Reserve System (the “Board of Governors”) and Incus Co., Ltd. (“Incus”), Tortola, British Virgin Islands, a registered bank holding company, and Carlos Hank Rhon (“Hank Rhon”), a director and institution-affiliated party, as that term is 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) & 1818(b)(3)), of Incus and Laredo National Bancshares, Laredo, Texas, also a registered bank holding company, agree as follows:

1. On December 16, 1998, the Board of Governors issued a Notice of Intent to Prohibit against Hank Rhon, and a Notice of Charges and a Notice of Assessment of Civil Money Penalties against Incus and Hank Rhon (collectively, the “Notice”), pursuant to sections 7(j), 8(b), 8(e) and 8(i) of the FDI Act (12 U.S.C. §§ 1817(j), 1818(b), 1818(e) & 1818(i)) and sections 8(b) and 8(d) of the Bank Holding Company Act, as amended (the

“BHC Act”) (12 U.S.C. §§ 1847(b) & (d)). Incus and Hank Rhon have denied that they committed the violations alleged in the Notice.

2. On April 25, 2001, the board of directors of Incus adopted a resolution authorizing and directing Carlos Hank Rhon to enter into this Settlement (the “Settlement”) on behalf of Incus and consenting to compliance by the board of directors of Incus and Incus’s institution-affiliated-parties with each and every provision of this Settlement. By entering into this Settlement, Incus has waived any and all rights it might otherwise have pursuant to 12 U.S.C. §§ 1818 and 1847 or 12 C.F.R. Part 263, or otherwise to: (i) a hearing for the purpose of taking evidence with respect to any matter implied or set forth in the Notice or herein; (ii) to obtain judicial review of any provision herein; and (iii) to challenge or contest in any manner the issuance, validity, terms and effectiveness of the matters set forth herein.
3. By affixing his signature hereunder, Hank Rhon also consents to comply with each and every provision hereof, and has waived any and all rights he might otherwise have pursuant to 12 U.S.C. §§ 1818 and 1847 or 12 C.F.R. Part 263, or otherwise to: (i) a hearing for the purpose of taking evidence with respect to any matter implied or set forth in the Notice or herein; (ii) to obtain judicial review of any provision herein; and (iii) to challenge or contest in any manner the issuance, validity, terms and effectiveness of the matters set forth herein.
4. Prior to the taking of any testimony or adjudication of or finding on any issue of fact or law set forth in the Notice or herein, and without an admission of wrongdoing, or an adoption, approval or admission of any allegation made or implied by the Board of

Governors in connection herewith, and solely for the purpose of settlement of this proceeding without the necessity for protracted or extended hearings or testimony, Incus and Hank Rhon enter into this settlement as follows:

- (a) With respect to Incus's holdings of Laredo National Bancshares and related matters:
- i. Incus and Hank Rhon will enter into a voting trust agreement (the "Voting Trust Agreement") in the form attached hereto within 10 days of the date of this Settlement;
 - ii. all securities, voting or nonvoting, of Laredo National Bancshares or any of its direct or indirect subsidiaries, in which either Incus or Hank Rhon or any affiliate (as that term is defined in 12 U.S.C. § 371c(b)(1)) of Incus or related interest (as that term is defined in 12 C.F.R. § 215.2(n)) of Hank Rhon (collectively, "Affiliates and Related Interests") now has or hereafter acquires an interest, and any securities, voting or nonvoting, of any insured depository institution or holding company thereof received by Hank Rhon or Incus or any Affiliates or Related Interests as dividends or received as a result of dissolution, total liquidation or merger of Laredo National Bancshares or any of its direct or indirect subsidiaries will be placed into a trust, pursuant to the Voting Trust Agreement. Such securities shall be held or distributed according to the terms of the Voting Trust Agreement. The initial placement of such securities will occur

immediately after both trustees have received regulatory approval as set forth in Paragraph 4(a)(vi) hereof;

- iii. without the prior approval of the Board of Governors, Hank Rhon, Incus and any Affiliates or Related Interests, and any person acting in concert with Incus or Hank Rhon will not, directly or indirectly, acquire any additional equity securities (or derivatives of equity securities, including options) of Laredo National Bancshares, its direct or indirect subsidiaries or successors, *except that* (1) Incus may receive stock dividends and additional shares issued pursuant to stock splits on the shares of Laredo National Bancshares held in Incus's name; and (2) additional shares of capital stock of Laredo National Bancshares (or other securities convertible into or exchangeable for any such capital stock) may be acquired pursuant to a subscription or other offering of such shares (or other securities). Such securities may be received or acquired if all such equity securities are immediately placed into the voting trust pursuant to Paragraph 4(a)(ii) hereof, and following such receipt or acquisition, the Trustees do not hold either a greater percentage of the common stock, or a greater percentage of the equity capital of Laredo National Bancshares than they did immediately prior to such receipt or acquisition;
- iv. in addition to the prior commitments made by Hank Rhon and Incus in 1994 and referred to in Paragraph 10 hereof, any sale, pledge or other transfer of any of the securities held in the voting trust or any right, title or

interest in such securities will be subject to the prior approval of the Board of Governors, and to the provisions of Section 9(c) of the Voting Trust Agreement;

- v. Hank Rhon and Incus will, on or before the date of this Settlement, propose two initial voting trustees acceptable to the Board of Governors in its sole discretion. Should a trustee resign, be disabled, die in office, or be removed by the Board of Governors, Hank Rhon and Incus will propose a successor trustee acceptable to the Board in its sole discretion within 20 business days after the trustee has tendered a resignation, become disabled, died in office, or been removed by the Board of Governors;
- vi. Hank Rhon and Incus will use their reasonable best efforts to ensure that the voting trustees will file under the Change in Bank Control Act and any other applicable state or federal law with the appropriate financial institution regulatory agencies within 20 business days after the Board of Governors approves such trustee. In the event that any proposed voting trustee or successor trustee is denied approval by an appropriate federal or state financial institution regulatory agency (and before any request for a hearing on a denial or judicial review), Hank Rhon and Incus will within 20 business days propose another voting trustee, who will be acceptable to the Board of Governors in its sole discretion. Approval by the Board of Governors of a proposed voting trustee or successor trustee pursuant to this Settlement will not require that the Board of Governors or any other

federal or state regulatory agency approve the proposed voting trustee under the Change in Bank Control Act, or other federal or state law, as appropriate;

- vii. neither Hank Rhon nor Incus, directly or indirectly, will take any action or omit to take any action that would result in a breach of any provision of the Voting Trust Agreement entered into pursuant to Paragraph 4(a)(i) hereof;
- viii. Hank Rhon, Incus, and any Affiliates or Related Interests, directly or indirectly, will not have any material financial or business relationship with the voting trustees under the Voting Trust Agreement entered into pursuant to Paragraph 4(a)(i) hereof, and will not provide compensation to them, other than as provided for under the terms of the Voting Trust Agreement;
- ix. any person who is an officer or director of Incus or of any Affiliates or Related Interests may act as a director, officer or employee of, or otherwise become involved in the management or operation of, Laredo National Bancshares or any of its direct or indirect subsidiaries only with the Board of Governors' prior written approval or as otherwise permitted in Paragraph 4(c)(i) hereof, and Section 8(e) of the Voting trust Agreement; provided, that solely for purposes of this subsection 4(a)(ix), "Affiliates or Related Interests" does not include Laredo National Bancshares or any of its direct or indirect subsidiaries;

- x. the Voting Trust Agreement entered into pursuant to Paragraph 4(a)(i) hereof will not be modified without the prior written approval of the Board of Governors; and
 - xi. Hank Rhon and Incus will immediately report in writing to the Federal Reserve Bank of Dallas any “covered transaction” (as defined in 12 U.S.C. § 371c(b)(7)) and any other transaction covered by Regulation O of the Board of Governors, 12 C.F.R. Part 215, entered into between any insured depository institution that is controlled directly or indirectly by Laredo National Bancshares, and any Affiliates or Related Interests at or before the time the transaction is entered into.
- (b) Incus and Hank Rhon will, jointly and severally, make payments as follows:
- i. on the date of this Settlement, \$10,750,000;
 - ii. after the date of this Settlement, \$29,250,000 as follows:
 - (1) if any of the following events occurs before the date seven years after the date of this Settlement, payments shall be made as follows:
 - (A) five percent of any cash dividends received on or other distributions made with respect to the securities held subject to the terms of the Voting Trust Agreement;
 - (B) five percent of the proceeds of any sale or other transfer of the securities held under the Voting Trust Agreement;

(C) if a transfer of securities held under the Voting Trust Agreement is made to a person who is not independent (as that term is used in Section 8(c) of the Voting Trust Agreement), five percent of the fair market value of the securities transferred (to the extent that five percent of such fair market value exceeds five percent of the proceeds of such transfer paid under clause (B), above); and

(D) five percent of the value of the fractional proportional interest represented by the securities held subject to the terms of the Voting Trust Agreement in the proceeds of the sale or other transfer of the shares of a direct or indirect subsidiary of Laredo National Bancshares or sale or other transfer of substantially all of the assets of any direct or indirect subsidiary of Laredo National Bancshares;

The payments will be paid within 10 business days pursuant to the terms of the Voting Trust Agreement with respect to (A) or (B) hereof, and within 20 business days with respect to (C) or (D) hereof;

(2) prior to seven years after the date of this Settlement, the amount payable may be discounted (based on an interest rate of 5 percent per annum simple interest), provided that the aggregate payments under this Paragraph 4(b)(ii) reach the maximum amount payable.

In calculating the discount on any given date, the maximum amount payable is calculated as \$29,250,000 divided by the sum of 1 plus the product of 0.05 times D. D equals the number of days from the given date to the date that is seven years from the date of this Settlement divided by 365. In addition to the amounts paid under Paragraph 4(b)(ii)(1), additional payments may be made to reach the maximum amount payable on any given date;

(3) on the date seven years from the date of this Settlement, if the aggregate payments made under Paragraph 4(b)(ii)(1) and (2) did not reach the maximum amount payable under Paragraph 4(b)(ii), the amount payable is the difference between \$40 million and the aggregate payments made pursuant to Paragraphs 4(b)(i) and 4(b)(ii)(1) and (2);

iii. Hank Rhon and Incus will provide sufficient additional collateral (such as a letter of credit or marketable securities) to the Board of Governors in such form and amount as are acceptable to the Board of Governors, if securities held under the Voting Trust Agreement are transferred from the Voting Trust Agreement before the full amount payable under Paragraph 4(b)(i) and (ii) hereof is received by the Board of Governors and the book value of the remaining securities held in the Voting Trust Agreement is not sufficient to pay the remaining balance of such amount;

- iv. without further notice to Hank Rhon or Incus, the Board of Governors may liquidate any pledged security that is not held subject to the terms of the Voting Trust Agreement, if the full amount payable under Paragraph 4(b)(i) and (ii) hereof is not received on or before the date seven years from the date of this Settlement, and apply the proceeds of the liquidation of such collateral to payment of any unpaid amount;
- v. the payments called for in this Settlement will be remitted, payable to the “Board of Governors of the Federal Reserve System,” by wire transfer, or will be forwarded to Jennifer J. Johnson, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, DC 20551, or her successor. The Board of Governors will make remittance of the same to the Treasury of the United States as required by statute; and
- vi. no portion of the payments made under this Settlement may be, directly or indirectly, paid, advanced, reimbursed, or otherwise funded by Laredo National Bancshares or any of its direct or indirect subsidiaries, including Laredo National Bank or South Texas National Bank, *provided, however*, payments to satisfy the obligations under Paragraph 4(b)(ii) hereof, only, may be made from lawfully declared dividends of Laredo National Bancshares (or any successor) provided that the organization remains “well capitalized” (as defined in 12 C.F.R. § 225.2(r)(1)) after the dividends have been declared.

- (c) i. Although he has no intention or desire to do so (other than as set forth herein with respect to Laredo National Bancshares), Hank Rhon will not act as a director, officer, employee, agent for, or controlling shareholder of (except as a shareholder of Incus), or otherwise become involved in the management or operation of, Laredo National Bancshares or any of its direct or indirect subsidiaries, or of any other insured depository institution or holding company thereof, without the prior written approval of the Board of Governors and any other applicable regulatory agency. Nothing in this subsection will be construed to prohibit a communication between Hank Rhon and a director or senior officer of Laredo National Bancshares or any of its direct or indirect subsidiaries that does not involve Hank Rhon in the management or operation of the entity involved;
 - ii. Hank Rhon will not vote any shares of an insured depository institution or holding company thereof without the prior written approval of the Board of Governors; *provided, however*, Hank Rhon may own voting shares (not to exceed five percent of any class of voting shares outstanding) and exercise voting rights thereof of any insured depository institution or holding company thereof whose shares are listed for trading on a national securities exchange or the NASDAQ National Market System.
- 5. On the date of this Settlement, the Notice is dismissed with prejudice.
- 6. The Board of Governors will take no other action against Incus or Hank Rhon that would arise out of the allegations, facts, and circumstances described in the Notice. Neither the

existence of this Settlement, nor the Voting Trust Agreement will be a basis for the Board of Governors to take supervisory action with respect to the status of Incus and Laredo National Bancshares as Financial Holding Companies under applicable provisions of the BHC Act or Regulation Y, 12 C.F.R. Part 225.

7. Incus and Hank Rhon agree to waive any and all claims relating in any manner to the investigation that preceded issuance of the Notice, the Notice or the provisions herein they may have against the Board of Governors, any member of the Board of Governors or any officer, employee or former employee (while acting within the scope of his or her employment) of the Board of Governors.
8. Each provision of this Settlement will remain effective and enforceable until stayed, modified, terminated or suspended by the Board of Governors. Incus and Hank Rhon may apply to the Board of Governors to have this Settlement and the Voting Trust Agreement terminated, modified, or amended, and may request that the Board of Governors provide guidance as to whether proposed conduct is permitted under the terms of this Settlement.
9. No amendment to the provisions herein will be effective unless made in writing by the Board of Governors, and by Incus or Hank Rhon, as applicable. Paragraphs 6 and 7 hereof shall survive termination or suspension of this Settlement. No representations, either oral or written, except those provisions as set forth herein were made to induce any of the parties to agree to the provisions as set forth herein.
10. Nothing in this Settlement supersedes or limits the effectiveness or the enforceability of the commitments made by Hank Rhon and Incus that are attached to the January 31, 1994

Letter from William W. Wiles, Secretary of the Board, approving the applications of Incus Co., Ltd. and Kline Investment Co., Ltd. under section 3 of the BHC Act, and determining not to disapprove the Notice of Change in Bank Control filed by Carlos Hank Rhon.

11. Violation of the provisions of this Settlement will be treated as a violation of an order of the Board of Governors under sections 7(j)(16), 8(b), and 8(i)(2) of the FDI Act, 12 U.S.C. §§ 1817(j)(16), 1818(b), & 1818(i)(2), and sections 8(b) and 8(d) of the BHC Act, 12 U.S.C. §§ 1847(b) & (d), as applicable, and will be enforceable as such pursuant to the provisions of the FDI Act and the BHC Act.
12. All communications regarding this Settlement will be addressed to:
 - (a) J. Virgil Mattingly, Jr., Esq.
General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, NW
Washington, DC 20551
 - (b) Robert Hankins
Senior Vice President
Federal Reserve Bank of Dallas
2200 North Pearl
Dallas, TX 75201
 - (c) Incus Co., Ltd.
c/o Abe Wilson
600 San Bernardo Avenue
Laredo, TX 78042
 - (d) Carlos Hank Rhon
c/o Abe Wilson
600 San Bernardo Avenue
Laredo, TX 78042

With a copy to:

Richard W. Beckler, Esq.
Fulbright & Jaworski, LLP
801 Pennsylvania Ave., NW
Washington, DC 20004

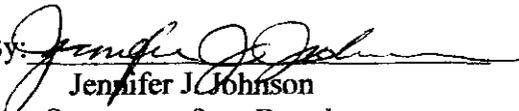
John C. Murphy, Jr., Esq.
Cleary, Gottlieb, Steen & Hamilton
2000 Pennsylvania Ave., NW
Washington, DC 20006

By order of the Board of Governors of the Federal Reserve System, effective this

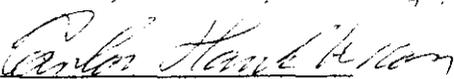
29th day of May 2001.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM


Carlos Hank Rhon

By: 
Jennifer J. Johnson
Secretary of the Board

INCUS CO., LTD.

By: 

Amended Voting Trust Agreement

This Amended Voting Trust Agreement is entered into as of August __, 2001 (this "Voting Trust Agreement"), by and among Incus Co. Ltd., a corporation established under the laws of the British Virgin Islands (the "Grantor"), Carlos Hank Rhon, an individual resident of Mexico City, Mexico ("Mr. Hank Rhon"), and _____ and _____, as trustees (each a "Trustee" and collectively the "Trustees").

WHEREAS, the Grantor is the record owner of 458,887 shares of common stock (the "Shares") of Laredo National Bancshares, a Texas corporation ("BHC"), Mr. Hank Rhon is the record owner of all of the issued and outstanding common stock of the Grantor, and the Trustees have consented to act as and have been appointed by Grantor and Mr. Hank Rhon as the trustees hereunder, subject to receipt of all required regulatory approvals, including any required regulatory approval of any change of control of BHC by the Board of Governors of the Federal Reserve System (the "Board");

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, it is agreed as follows:

1. Creation and Purpose of Voting Trust.

(a) Subject to the terms and conditions hereof, a voting trust with respect to the Shares is hereby created and established in accordance with Article 2.30 of the Texas Business Corporation Act for good and valid business, administrative and regulatory purposes. The voting trust created hereby shall become effective upon the execution and delivery of this Voting Trust Agreement and the receipt of all required regulatory approvals (the "Effective Date"). A copy of this Voting Trust Agreement has been deposited at the principal place of business of BHC in Texas at 700 San Bernardo Avenue, Laredo, Texas 78040, as required by such Article.

(b) The Trustees accept the trust created by this Voting Trust Agreement, and agree to serve as trustees hereunder, subject to the terms and conditions hereof, with the express limitation that the Trustees shall have no power or authority to offer, sell or encumber the Shares, Other BHC Securities or Financial Institution Voting Securities (as hereinafter defined), if any, except as expressly provided in Sections 9 and 10 hereof.

(c) On or within five (5) business days following the Effective Date, the Grantor shall deposit all of the Shares with the Trustees, duly endorsed for transfer to the Trustees; and promptly thereafter, (i) the Trustees shall surrender the certificates for the Shares to BHC or its transfer agent for cancellation, and new stock certificates thereof shall promptly be issued to and registered in the name of the Trustees, as trustees under this Voting Trust Agreement (copies of which are in the possession of Trustees and have been deposited with BHC at its principal place of business, 700 San Bernardo Avenue, Laredo, Texas 78040); and (ii) the Trustees shall issue and deliver to the Grantor a voting trust certificate substantially in the form set forth in Section 2 hereof ("Voting Trust Certificate").

(d) The Grantor shall be the beneficiary of the trust created by this Voting Trust Agreement.

2. Voting Trust Certificate. A Voting Trust Certificate to be issued and delivered to the Grantor shall be in substantially the following form, the terms of which are herein incorporated by reference:

VOTING TRUST CERTIFICATE

Number VTC _____ Shares

THIS VOTING TRUST CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE VOTING TRUST AGREEMENT DATED AS OF AUGUST __, 2001 BY AND AMONG INCUS CO. LTD., CARLOS HANK RHON, AND _____ AND _____, AS TRUSTEES, A COPY OF WHICH IS ON FILE AT THE OFFICE OF LAREDO NATIONAL BANCSHARES. SUCH COPY IS OPEN TO INSPECTION DAILY DURING BUSINESS HOURS BY ANY SHAREHOLDER OF LAREDO NATIONAL BANCSHARES OR ANY BENEFICIARY OF THE VOTING TRUST CREATED BY SUCH VOTING TRUST AGREEMENT. THIS CERTIFICATE AND THE INTEREST REPRESENTED HEREBY ARE TRANSFERABLE ONLY ON THE BOOKS OF SUCH TRUSTEES, UPON THE PRESENTATION AND SURRENDER HEREOF.

THIS CERTIFIES THAT Incus Co. Ltd. has deposited certificates evidencing 458,887 shares of common stock, \$1.00 par value, of Laredo National Bancshares, a Texas corporation (hereinafter "BHC"), with the undersigned Trustees pursuant to a Voting Trust Agreement dated as of August __, 2001, by and among Incus Co. Ltd., Carlos Hank Rhon and _____ and _____, as Trustees, a copy of which Voting Trust Agreement is on file in the office of BHC at 700 San Bernardo Avenue, Laredo, Texas 78040. The holder of this Certificate will be entitled to receive payments from dividends, liquidating or other distributions or sales proceeds collected by the Trustees with respect to such number of shares, and, upon the termination of the Voting Trust Agreement, to delivery of such shares, or to delivery of the proceeds received from the sale of such shares, all as provided by the Voting Trust Agreement. The holder of this Certificate takes it subject to all terms and conditions of the aforesaid Voting Trust Agreement and by acceptance of this Certificate acknowledges that receipt of this Certificate is for investment purposes and not with a view to distribution.

IN WITNESS WHEREOF, the Trustees have signed this Certificate on _____

as Trustee, on behalf of the Voting Trust

as Trustee, on behalf of the Voting Trust

ACKNOWLEDGEMENT OF RECEIPT:

INCUS CO. LTD.

By: _____

3. Maintenance of Records; Replacement of Voting Trust Certificate.

(a) The Trustees shall keep a list of the shares and other property deposited with them, and shall also keep a record of the Voting Trust Certificates issued by them, which record shall contain the name and address of the holders of the Voting Trust Certificates (which, in the case of the initial Voting Trust Certificate, shall be the Grantor), the number and class of shares represented by each such Certificate and the date when the holder became the owner thereof. Such list and record shall be open to all reasonable times to inspection by the Grantor.

(b) In case any Voting Trust Certificate shall become mutilated, lost, stolen or destroyed, the Trustees may provide for the issuance of a new Voting Trust Certificate in lieu of such lost, stolen or destroyed Voting Trust Certificate or in exchange for such mutilated Voting Trust Certificate, under such conditions with respect to indemnity and otherwise as the Trustees, in their reasonable discretion, may provide.

(c) The Trustees shall maintain complete and accurate records of all transactions involving Voting Trust Certificates (including any additional certificates which may be issued pursuant to the Voting Trust Agreement or other instruments held subject to the Voting Trust Agreement).

(d) All books and records of the Voting Trust shall be opened to inspection by the Board.

4. Dividends and Distributions: The Trustees shall receive and hold, subject to the terms of this Voting Trust Agreement, all dividends and other distributions declared and paid on the Shares, and on any other property held under the terms of the Voting Trust Agreement, including Other BHC Securities, and Financial Institution Voting Securities. "Other BHC Securities" are securities (or derivatives of securities, including options) of BHC, its subsidiaries, or successors. "Financial Institution Voting Securities" are securities that have voting rights on any matter, absolute or contingent, as to any other insured depository institution or holding company other than BHC, its subsidiaries or successors, that either (1) are not traded on a listed exchange or NASDAQ National Market, or (2) for securities that are traded on a listed exchange or NASDAQ, to the extent that, together with any other such voting securities owned or controlled by Mr. Hank Rhon or any Affiliates or Related Interests (as that term is defined in Paragraph 4(a)(ii) of the "Settlement Document," dated May 29, 2001, between the Grantor and Mr. Hank Rhon, and the Board, entered into to resolve *In re Incus Co., Ltd. and Carlos Hank Rhon*, FRB Docket Nos. 98-038), constitute more than 5 percent of the class of voting shares outstanding. Unless the dividend or distribution is covered under Section 5, the Trustees shall distribute to the Grantor all dividends and other distributions of property (except Other BHC Securities and Financial Institution Voting Securities); provided, that, until the Grantor and Hank Rhon have paid the entire amount required (the "Full Board Payment") under Paragraph 4(b) of the Settlement Document, the Trustees shall distribute to the Board 5% of the value of any such dividend or distribution received by the Trustees as set forth in Paragraph 4(b)(ii) of the Settlement Document. Other BHC Securities and Financial Institution Voting Securities shall be held by the Trustees for the benefit of the Grantor subject to the terms of this Voting Trust Agreement.

5. Dissolution of BHC. In the event of the dissolution or total liquidation of BHC, whether voluntary or involuntary, the Trustees shall receive the funds, securities, rights and other property to which the holders of the Shares, Other BHC Securities, or Financial Institution Voting Securities, if any, held by the Trustees hereunder are entitled. The Trustees shall first distribute (i) any such funds, or (ii) the proceeds of any other property (as provided in Section 10 hereof) to the Board in payment of any unpaid amounts payable to the Board under Paragraph 4(b)(ii) of the Settlement Document. The Trustees shall distribute the remainder of the funds and other property to the Grantor, provided, that Other BHC Securities and Financial Institution Voting Securities shall remain subject to this Voting Trust Agreement. Upon such distribution, all further obligations or liabilities of the Trustee to the Grantor in respect of such funds, securities, rights or other property so received shall cease. The Voting Trust Agreement shall terminate upon a complete distribution to the Grantor of all such funds, securities, rights and other property, and completion of appropriate documentation. Any distribution in partial liquidation of BHC shall be governed by Section 4, hereof.

6. Resignation or Removal of Trustee. Any Trustee may at any time resign by providing to the Grantor and the Board written notice of the resignation, which shall take effect sixty (60) days thereafter or upon prior acceptance thereof; provided, that if at the time a resignation is to become effective as set forth above there would not be at least one Trustee hereunder, such resignation shall not be effective until the appointment of at least one Successor Trustee (as defined below) in conformity with Section 7 hereof. Any Trustee will be deemed to have given a notice of resignation if the Trustee is disabled or otherwise unable to fulfill his or her duties hereunder for a period of sixty (60) consecutive days. The Board shall be entitled to remove any Trustee at any time in its discretion. The Grantor may request that the Board exercise its right to remove a Trustee.

7. Successor Trustee. In the event of the resignation, death or removal of any Trustee, or the disability of any Trustee as provided in Section 6 hereof, the Grantor shall designate a successor Trustee to fill the vacancy so occurring, subject to the prior approval of the Board. The rights, power and privileges of each Trustee named hereunder shall be possessed by each successor Trustee ("Successor Trustee"). In the event that a Trustee shall provide written notice of resignation under Section 6 hereof and the effective date of such resignation is delayed beyond sixty (60) days from the date of such notice by the proviso in Section 6 hereof, then following consultation with the Grantor the resigning Trustee at his or her option may designate a person to serve as an interim Successor Trustee, subject to the prior approval of the Board, and the resignation of the resigning Trustee shall be effective upon the appointment of such interim Successor Trustee. Any interim Successor Trustee appointed under the immediately preceding sentence shall serve as, and have the rights, powers and privileges of, a Trustee hereunder until such time as the Grantor shall designate a replacement Successor Trustee with approval of the Board under this Section.

8. Voting Rights and Trustee Qualifications.

(a) The Trustees shall have equal rights and authority hereunder and it is intended that any action taken hereunder shall be a joint action of the Trustees. In the event of a disagreement with respect to any action to be taken in their capacity as Trustees, the Trustees shall consult with each other and use their best efforts to reach agreement with respect to such action. If, after such consultation, the Trustees remain unable to reach agreement with respect to such action, one Trustee ("Trustee A") shall vote the first 51 percent of the outstanding shares of the class of securities involved, and the other Trustee ("Trustee B") shall vote the remaining shares, if any. The Board shall designate the initial Trustee A, and the designations of Trustees A and B shall alternate between the Trustees on each second anniversary of the Effective Date thereafter.

(b) Subject to Section 8(e) hereof, the Trustees, acting in their absolute discretion, shall have the exclusive right to vote the Shares, Other BHC Securities and Financial Institution Voting Securities held by them hereunder or to give written consents in lieu of voting thereon, in person or by proxy at any and all meetings of shareholders, or when such consents are given in lieu of such meetings, for whatever purpose called or held, and in any and all proceedings, whether at a meeting of the shareholders or as may be required or authorized by law; provided, that the Trustees shall not take action that would cause an alteration to the articles of incorporation, or by-laws of BHC in any material respect without the prior approval of the Board.

(c) The Trustees shall only nominate and vote to elect members of the Board of Directors who are independent of the Grantor and Mr. Hank Rhon. Persons who are not independent for purposes of this agreement include any member of Mr. Hank Rhon's immediate family, his father, mother, brothers or sisters (including their spouses), or officers or employees of any company or other entity controlled by any of the foregoing. This Section 8(c) shall not exclude officers of BHC or officers or directors of its subsidiaries from serving as directors of BHC. The Trustees may nominate and vote to elect as a director of BHC a person who is a director (but not an officer or employee) of any Affiliate or Related Interest (as defined in Paragraph 4(a)(ii) of the Settlement Document) if the service of such person as a director of BHC has been approved pursuant to Paragraph 4(a)(ix) of the Settlement Document.

(d) No person other than the Trustees shall have any voting right in respect of the Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder so long as this Voting Trust Agreement is in effect. The Trustees shall have no beneficial interest in any such Shares, Other BHC Securities, or Financial Institution Voting Securities, which interest shall reside with the Grantor. The Trustees shall have no material financial, family or business relationship with the Grantor, BHC, Mr. Hank Rhon, or any Affiliates or Related Interests (as that term is defined in Paragraph 4(a)(ii) of the Settlement Document), other than the relationships established pursuant to this Voting Trust Agreement, and shall be compensated only as provided in Section 15 hereof. A Trustee may not serve as an officer or employee of BHC or its subsidiaries.

(e) The Trustees shall act independently. The Grantor and Mr. Hank Rhon shall not control or attempt to control the Trustees in carrying out their responsibilities hereunder, except as set forth below:

- (i) Grantor may direct the Trustees with respect to the consideration of any proposal relating to a proposed sale or other disposition (regardless of the form of such transaction) to an independent third party of BHC or any direct or indirect subsidiary of BHC, or of all or substantially all of the assets of BHC or of any direct or indirect subsidiary of BHC, or relating to the complete or partial liquidation or dissolution of BHC or any direct or indirect subsidiary of BHC;
- (ii) Grantor may inform the Trustees of its views concerning any proposal by BHC or any of its subsidiaries with respect to the authorization or issuance (in one or more transactions authorized or occurring during any 60 month period) of voting or nonvoting common stock, preferred stock, or convertible or nonconvertible bonds, debentures, derivatives of securities (including options), or other obligations that, if issued, would either increase the consolidated ratio of debt (including, for this purpose, preferred stock but excluding deposit liabilities) to common equity of BHC and its non-bank subsidiaries to 1:2 or higher, or on a fully-diluted basis reduce the percentage of outstanding shares or equity capital of BHC held subject to the terms of this Voting Trust Agreement by 20 percent or more.

(f) The Trustees shall report to the Grantor and to the Board any action taken pursuant to this Section 8. Such report of actions taken shall be made within twenty (20) days after the end of the calendar quarter in which the action was taken.

9. Terms and Termination; Sale of Shares.

(a) Unless terminated in accordance with Section 5 hereof, this Voting Trust shall continue in effect until the earliest of the following: (i) the sale or other disposition of all the Shares, Other BHC Securities and Financial Institution Voting Securities such that, pursuant to Section 9(c) hereof, none of these instruments are held subject to the terms of this Voting Trust, the remittance of the proceeds thereof by the Trustees in accordance with this Voting Trust Agreement, and completion of appropriate documentation (including documentation for “additional collateral,” if required by Paragraph 4(b)(iii) of the Settlement Document); (ii) termination of the Voting Trust Agreement shall have been authorized by the Board and all necessary procedures in connection therewith shall have been completed; (iii) December 31, 2025, unless the Board extends the term of this Voting Trust Agreement for such additional term or terms as it determines in its discretion; or (iv) the expiration of the applicable Rule Against Perpetuities, determined using as measuring lives all of the descendants of Mr. Hank Rhon living at the date of this Voting Trust Agreement.

(b) The Trustees shall not sell or otherwise dispose of Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder except (i) upon the written

instructions of the Grantor, (ii) as provided in Section 8(e) hereof, or (iii) to comply with the provisions hereof relating to the amounts payable under Paragraph 4(b) of the Settlement Document. Except as provided in Section 10 hereof, there shall be no requirement to dispose of any Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder.

(c) Any sale or other disposition of Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder by the Trustees shall be approved by the Board. All Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder disposed of by the Trustees to a person who is not independent (as described in Section 8(c) hereof) shall remain subject to this Voting Trust Agreement (in which case the Trustees shall issue appropriate Voting Trust Certificates hereunder and shall apply the provisions hereof relating to distributions, dividends and similar matters in such manner as shall reflect persons other than the Grantor as holders of such Certificates).

(d) Upon consummation of a sale or other disposition of Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder, the Trustees shall distribute any amounts payable to the board under Paragraph 4(b)(ii) of the Settlement Document from the proceeds received from any such sale or disposition to the Board. Subject to Sections 9(e) and 10 hereof, the remainder of such proceeds shall thereupon be distributed to the Grantor, provided that documentation has been completed for “additional collateral,” if required by Paragraph 4(b)(iii) of the Settlement Document.

(e) Upon consummation of a sale or other disposition of Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder, or the termination of this Voting Trust Agreement pursuant to Section 9(a)(ii), 9(a)(iii), or 9(a)(iv) hereof, and except for the payments provided in Section 9(d) hereof, the Trustees shall distribute to or at the direction of the Grantor any funds, securities, rights or other property to which the holder of such Shares, Other BHC Securities or Financial Institution Voting Securities is entitled, including such Shares, Other BHC Securities or Financial Institution Voting Securities (or the proceeds of the sale or other disposition thereof), upon receipt and cancellation of the outstanding Voting Trust Certificates, and upon such distribution all further obligations of the Trustees to the Grantor in respect of any funds, securities, rights or other property so received and all Shares, Other BHC Securities or Financial Institution Voting Securities held hereunder shall cease; provided, that the Trustees shall not distribute any Other BHC Securities or Financial Institution Voting Securities which shall remain subject to this Voting Trust Agreement.

(f) The Trustees shall report on an annual basis to the Board on the number of Shares, Other BHC Securities and Financial Institution Voting Securities held pursuant to this Voting Trust Agreement, and shall report promptly to the Board any transactions regarding Shares, Other BHC Securities or Financial Institution Voting Securities.

10. Full Board Payment.

(a) Notwithstanding any other provisions of this Agreement, promptly after the date seven years after the date of the Settlement Document, unless the Trustees shall have received written confirmation from the Board that the full amount payable to the Board under

Paragraph 4(b)(ii) of the Settlement Document has been made, the Trustees shall take immediate steps for the final disposition of a sufficient number of Shares, other BHC Securities and/or Financial Institution Voting Securities still held on behalf of the Grantor under this Voting Trust Agreement to enable the Trustees to pay any remaining balance of the full amount payable to the Board. The Trustees shall comply with any instructions received from the Board with respect to the time and manner of disposition of the Shares, Other BHC Securities, or Financial Institution Voting Securities, if any, including sale at public auction. A sale under this provision shall not require approval of the Grantor, and Mr. Hank Rhon, any Affiliates and Related Interests may not participate in the consideration of such a sale.

(b) Notwithstanding any other provisions of this Agreement, to the extent that the Trustees are required to make a payment to the Board and do not have sufficient funds available therefor from dividends or other distributions, the Trustees shall sell or otherwise dispose of securities (including Shares, Other BHC Securities and Financial Institution Voting Securities), rights or other property in an amount intended to enable them to make such payment.

(c) Any determination by the Trustees of the value of dividends, distributions, proceeds, sale consideration or other assets (other than cash) for any purpose of this Voting Trust Agreement (including the amount of any payment to the Board required by Sections 4 or 9(d) hereof or this Section 10), if made in good faith, shall be conclusive and binding for all purposes absent manifest error.

11. Additional Shares. The Grantor or Mr. Hank Rhon may acquire additional shares of BHC or its subsidiaries, or finance or otherwise support the acquisition of additional shares of BHC or its subsidiaries by third parties only as provided in Paragraph 4(a)(iii) of the Settlement Document. If any such instruments are acquired and made subject to the terms of the Voting Trust Agreement, the Trustees shall cause additional Voting Trust Certificates to be issued hereunder as appropriate.

12. Expenses of Trustees. The Trustees shall have the right to incur such reasonable expenses and charges and employ such professional advisors and legal counsel as they may deem appropriate in the performance of their duties hereunder. Any such charges or expenses incurred shall be charged to the Grantor. In addition, the Trustees may deduct their fees and expenses and charges from any funds held by the Trustees for the benefit of the Grantor.

13. Obligations and Liability of Trustees. The Trustees shall have no obligations or responsibilities, by implication or otherwise, except for those that are expressly set forth in this Voting Trust Agreement or except as may be required by law. No Trustee shall be liable by reason of any matter or thing in any way arising out of or in relation to this Voting Trust Agreement except for such loss or damage as the Grantor may suffer directly by reason of such Trustee's willful misconduct or gross negligence. No Trustee when acting hereunder shall be required to give a bond or other security for the faithful performance of his or her duties as such. The Trustees may consult with legal counsel and other professional advisors and the written advice of such counsel and professional advisors shall be full and complete authorization and

protection in respect of any action taken, suffered or omitted by a Trustee hereunder in good faith and in reliance thereon.

14. Indemnity, Etc.

(a) Each Trustee (which for purposes of this Section 14 shall include any financial service or similar or related entity or business with which a Trustee is associated and any director, officer, employee, attorney or agent of such entity or business) shall be indemnified by Mr. Hank Rhon and the Grantor, jointly and severally, from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses whatsoever reasonably incurred in investigating, preparing for or defending against any litigation (whether or not the Trustee is a party to such litigation), commenced or threatened, any claims whatsoever) (the "Indemnified Claims") arising out of or based upon this Voting Trust Agreement or the actions or failures to act of a Trustee hereunder, except to the extent such Indemnified Claims are caused by or result from such Trustee's gross negligence or willful misconduct (as determined by a final and unappealable order of a court of competent jurisdiction).

(b) The Trustees shall be entitled to the prompt reimbursement by the Grantor and Mr. Hank Rhon for the Trustees' out-of-pocket expenses (including reasonable attorneys' fees and expenses) incurred in investigating, preparing for and defending against any litigation, commenced or threatened, arising out of or based upon this Voting Trust Agreement or the actions or failures to act of the Trustees hereunder; provided, that a Trustee shall be obligated to return any such reimbursement if it is subsequently determined by a final and unappealable order of a court of competent jurisdiction that the Trustee was grossly negligent or engaged in willful misconduct in the matter in question.

15. Compensation for Services. During the period of service as Trustees, the Trustees shall receive from the Grantor or Mr. Hank Rhon the fees previously agreed upon in writing (as such fees may be modified from time to time). The Grantor and Mr. Hank Rhon, jointly and severally, hereby unconditionally agree to pay such fees to the Trustees, which shall be in addition to, and not in lieu of, the reimbursement of expenses provided for by Section 12 hereof and other undertakings and obligations provided for herein.

16. Survival; Other Matters.

(a) Sections 12, 13, 14 and 15 hereof shall survive the transfer of all or any portion of the Shares or other interests, the resignation or removal of a Trustee, the termination of the voting trust created hereby and the termination of this Voting Trust Agreement.

(b) This Voting Trust Agreement shall be binding upon and shall insure to the benefit of the parties and their respective successors and assigns. No successor Trustee shall be liable for any act, omission or default of any predecessor Trustee and vice versa and no Successor Trustee shall have any duty to investigate any events or circumstances which may have occurred prior to his or her appointment.

(c) This Voting Trust Agreement shall not confer any rights or remedies upon any person or entity other than the parties and their respective successors and assigns. No person or entity is an intended third party beneficiary of any provision of this Voting Trust Agreement.

(d) This Voting Trust Agreement may only be amended by an instrument in writing signed by the Grantor and the Trustees, with the prior approval of the Board.

17. Construction. The term “Trustees” as used herein shall be deemed to mean the Trustees named herein and any Successor Trustee.

18. Counterparts; Entire Agreement; Jurisdiction. This Voting Trust Agreement may be executed in counterparts and each shall be deemed to be an original. This Voting Trust Agreement expresses the entire agreement between the parties and is irrevocable except as expressly provided herein. The parties hereby irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts within the territory of the United States District Court for the Southern District of Texas and all actions arising out of or relating to this Voting Trust Agreement shall be commenced only in one of those courts.

19. Notices. Any notice to or communication with any of the Grantor, Mr. Hank Rhon, the Trustees or the Board shall be deemed sufficiently given or made when received and shall be given in writing, and delivered in person or sent by certified mail, postage prepaid, or by private courier service or by telecopy or telex, to such person at its address set forth below or at such other address as such person may hereafter furnish in writing to the others.

Trustees

[Name]
[Address]

[Name]
[Address]

Grantor

Incus Co. Ltd.
c/o Abe Wilson
600 San Bernardo Avenue
Laredo, TX 78042

Mr. Hank Rhon

Carlos Hank Rhon
c/o Grupo Hermes
Paseo de la Reforma 383
16th Floor
Mexico City 06580
Mexico

Board

Board of Governors of the Federal
Reserve System
Attn: J. Virgil Mattingly, Jr., Esq.
General Counsel
20th and C Streets, N.W.
Washington, DC 20551

20. Governing Law. This Voting Trust Agreement shall be governed by and construed in accordance with the laws of the State of Texas without reference to its choice of law provisions.

IN WITNESS WHEREOF, the parties have hereunto set their hands and in the case of the Grantor set opposite its signature the number of Shares initially deposited by it hereunder.

**Number of Shares to be
Deposited hereunder
458,887**

INCUS CO. LTD.

By: _____
Name:
Title:

CARLOS HANK RHON

Carlos Hank Rhon

_____, as Trustee,
on behalf of the Voting Trust

_____, as Trustee,
on behalf of the Voting Trust