

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF WISCONSIN

DEPARTMENT OF FINANCIAL INSTITUTIONS

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In the Matter of)	
)	
THE EQUITABLE BANK, S.S.B.)	AMENDED
WAUWATOSA, WISCONSIN)	CONSENT ORDER
)	
)	FDIC-10-099b
(STATE CHARTERED INSURED)	
<hr/> MUTUAL SAVINGS BANK))	

The Federal Deposit Insurance Corporation ("**FDIC**") and the Department of Financial Institutions for the State of Wisconsin ("**WDFI**") issued a CONSENT ORDER ("**ORDER**") against The Equitable Bank, S.S.B., Wauwatosa, Wisconsin ("**Bank**") dated May 14, 2010. The FDIC and WDFI have determined that it is necessary to amend the ORDER to address current conditions and circumstances.

The Bank, having already been advised of its rights to a NOTICE OF CHARGES AND OF HEARING detailing the additional unsafe or unsound banking practices alleged to have been committed by the Bank, and of its right to a hearing on those charges under section 8(b) of the Federal Deposit Insurance Act ("**Act**"), 12 U.S.C. § 1818(b), and under section 220.04(9) of the Wisconsin Statutes, Wis. Stat. § 220.04(9) regarding hearings before the WDFI and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN AMENDED CONSENT ORDER

("STIPULATION") with the representatives of the FDIC and WDFI, dated February 9, 2012, whereby, solely for the purpose of this proceeding and without admitting or denying the additional charges of unsafe or unsound banking practices alleged, the Bank consented to the issuance of an AMENDED CONSENT ORDER ("**AMENDED ORDER**") by the FDIC and the WDFI.

The FDIC and the WDFI considered the matter and determined that the requirements for issuance of an amendment to an order under 12 U.S.C. § 1818(b) and the Wisconsin Statutes § 220.04(9) have been satisfied. The FDIC and the WDFI therefore accepted the STIPULATION and now **HEREBY ORDER** that the ORDER be and is hereby amended to require the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, to take the following additional affirmative actions:

MANAGEMENT

1. (a) During the life of this AMENDED ORDER, the Bank shall have and retain qualified management. Management shall continue to be provided the necessary written authority to implement the provisions of this AMENDED ORDER. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this AMENDED ORDER;
- (ii) Operate the Bank in a safe and sound manner;

- (iii) Comply with applicable laws, rules, and regulations; and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to interest rate risk.

(b) During the life of this AMENDED ORDER, prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall request and obtain the WDFI's written approval. For purposes of this AMENDED ORDER, "senior executive officer" is defined as in section 32 of the Act, 12 U.S.C. § 1831i, and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b).

BOARD PARTICIPATION

2. (a) As of the effective date of this AMENDED ORDER, the board of directors shall maintain its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of Banks of comparable size. This participation shall include meetings to continue to be held no less frequently than monthly at which, at a minimum, the following areas shall continue to be reviewed and

approved: reports of income and expenses; new, overdue, renewal, charged off, and recovered loans; adoption or modification of operating policies; audit reports; and compliance with this AMENDED ORDER. Board minutes shall continue to document these reviews and approvals, including the names of any dissenting directors.

(b) Within thirty (30) days from the effective date of this AMENDED ORDER, the Bank's board of directors shall have in place a program that will provide for monitoring of the Bank's compliance with this AMENDED ORDER.

CAPITAL

3. (a) Within ninety (90) days from the effective date of this AMENDED ORDER, the Bank shall have and maintain its level of Tier 1 capital as a percentage of its total assets ("**capital ratio**") at a minimum of eight (8.00%) percent and its level of qualifying total capital as a percentage of risk-weighted assets ("**total risk based capital ratio**") at a minimum of twelve (12.00%) percent. For purposes of this AMENDED ORDER, Tier 1 capital, qualifying total capital, total assets, and risk-weighted assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("**Part 325**"), 12 C.F.R. Part 325.

(b) Within thirty (30) days from the effective date of this AMENDED ORDER, the Bank shall provide to the Regional Director of the FDIC's Chicago Regional Office ("**Regional**

Director") and the WDFI a written capital plan detailing how the Bank intends to comply with the requirements of subparagraph (a) of this capital provision. Said plan shall include, at a minimum:

- (i) timelines for implementation;
- (ii) requirements that all transactions shall be consummated in full compliance with all laws, rules, and regulations; and
- (iii) contingency provisions for the sale or merger of the bank.

(c) The plan required by this paragraph shall be acceptable to the Regional Director and the WDFI.

CONCENTRATIONS OF CREDIT

4. (a) Within sixty (60) days from the effective date of this AMENDED ORDER, the Bank shall revise its written plan to manage each of the concentrations of credit identified in the Report of Examination dated September 6, 2011 ("**ROE**"). At a minimum the plan must provide written procedures for the ongoing measurement and monitoring of the concentrations of credit and a limit on concentrations commensurate with the Bank's capital and overall risk position, and shall include, but not be limited to:

- (i) Dollar levels to which the Bank shall reduce each concentration; and
- (ii) Provision for the submission of monthly written progress reports to the Bank's board

of directors for review and notation in the minutes of the board of directors' meetings.

(b) A copy of the plan required by this paragraph shall be submitted to the Regional Director and the WDFI.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

5. (a) Within ninety (90) days from the effective date of this AMENDED ORDER, the Bank shall revise its written plan to reduce the Bank's risk position in each loan relationship and Other Real Estate parcel asset in excess of \$500,000 which is more than ninety (90) days delinquent or classified "Substandard" or "Doubtful" in the ROE. The plan shall include, but not be limited to, provisions which:

- (i) Prohibit an extension of credit for the payment of interest, unless the Board or a committee thereof (with subsequent review by the Board) provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank;
- (ii) Provide for review of the current financial condition of each delinquent or classified borrower, including a review of borrower cash flow and collateral value;
- (iii) Delineate areas of responsibility for loan officers;

(iv) Establish dollar levels to which the Bank shall reduce delinquencies and classified assets within six (6) and twelve (12) months from the effective date of this AMENDED ORDER; and

(v) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(b) As used in this paragraph, "reduce" means to: (1) collect; (2) charge off; (3) sell; or (4) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the WDFI.

(c) A copy of the plan required by this paragraph shall be submitted to the Regional Director and the WDFI.

(d) While this ORDER remains in effect, the plan shall be revised to include assets which become more than ninety (90) days delinquent after the effective date of this AMENDED ORDER or are adversely classified at any subsequent examination or visitation.

ALLOWANCE FOR LOAN AND LEASE LOSSES

6. (a) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this AMENDED ORDER, the board of directors of the Bank

shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or the WDFI.

PROFIT PLAN AND BUDGET

7. (a) Within ninety (90) days from the effective date of this AMENDED ORDER, the Bank shall revise its written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2012. The plan required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

- (i) Realistic and comprehensive budgets;
- (ii) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections;

- (iii) Identification of major areas in, and means by which, earnings will be improved; and
- (iv) A description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

(c) During each monthly board meeting following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year for which this AMENDED ORDER is in effect.

(e) Copies of the plans and budgets required by this paragraph shall be submitted to the Regional Director and the WDFI.

PROGRESS REPORTS

8. Within thirty (30) days from the end of each calendar quarter following the effective date of this AMENDED ORDER, the Bank shall furnish to the Regional Director and the WDFI written progress reports signed by each member of the Bank's board of

directors, detailing the actions taken to secure compliance with the AMENDED ORDER and the results thereof.

The effective date of this AMENDED ORDER shall be the date of its issuance by the FDIC and the WDFI.

The provisions of this AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this AMENDED ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and the WDFI.

All provisions of the existing ORDER shall remain in full force and effect except as otherwise modified by this AMENDED ORDER.

Pursuant to delegated authority.

Dated: February 15, 2012.

/S/_____

M. Anthony Lowe
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

/S/_____

Michael J. Mach
Administrator, Division of Banking
Department of Financial
Institutions
State of Wisconsin