

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF WISCONSIN

DEPARTMENT OF FINANCIAL INSTITUTIONS

_____	)	
In the Matter of	)	
	)	
BAY BANK	)	CONSENT ORDER
GREEN BAY, WISCONSIN	)	
	)	FDIC-12-097b
(STATE CHARTERED	)	
INSURED NONMEMBER BANK)	)	
_____	)	

Bay Bank, Green Bay, Wisconsin ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank, and of its right to a hearing on the 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 Wisconsin Department of Financial Institutions("WDFI"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("STIPULATION") with representatives of the Federal Deposit Insurance

Corporation ("FDIC") and the WDFI, dated July 19, 2012, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices relating to Capital, Asset Quality, and Management, the Bank consented to the issuance of a CONSENT ORDER ("ORDER") by the FDIC and WDFI.

The FDIC and the WDFI considered the matter and determined to accept the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. 1818(b) and Section 220.04 of the Wisconsin Statutes, Wis. Stat. § 220.04 (9), have been satisfied, the FDIC and the WDFI HEREBY ORDER, that 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, take affirmative actions as follows:

MANAGEMENT

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

- (i) Comply with the requirements of this 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 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 ORDER, "senior executive officer" is defined as in section 32 of the Act ("section 32"), 12 U.S.C. § 1831(i), 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 ORDER, the board of directors shall increase 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 be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; investment activity; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including managements responses; reconciliation of general ledger accounts; and compliance with this ORDER. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within sixty (60) days from the effective date of this 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 ORDER.

CAPITAL

3. (a) During the life of this 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 nine (9%) 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%) percent. For purposes of this 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) Should the Bank be unable to maintain the required capital levels specified in subparagraph (a) above, then within thirty (30) days of receipt of written direction from the Regional Director of the FDIC's Chicago Regional Office ("Regional Director") and the WDFI the Bank shall develop, adopt, and implement a written plan to sell or merge itself into another federally insured financial institution. A copy of the contingency plan shall be submitted to, and deemed to be acceptable by, the Regional Director and the WDFI.

LOSS CHARGE-OFF

4. Within ten (10) days from the date of this Memorandum, the Bank shall eliminate from its books, by collection, charge off, or other proper entries, all assets or portions of assets classified "Loss" in the joint Report of Examination dated January 9, 2012 ("ROE") that have not been previously charged-off or collected.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

5. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified "Loss" in the ROE, or in any subsequent examination or visitation, so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard", or is listed for Special Mention in the ROE, or in any subsequent examination or visitation, and remains uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be signed by each Director, and incorporated in the minutes of the applicable board of directors' meeting. A copy of the statement shall be placed in the appropriate loan file.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

6. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall adhere to its written plan to reduce the Bank's risk position in each asset in excess of \$200,000 which is, more than sixty (60) days delinquent or classified "Substandard" in the ROE.

(b) While this ORDER remains in effect, the plan shall be revised to include assets which become more than sixty (60) days delinquent after the effective date of this ORDER or are adversely classified at any subsequent examination or visitation.

SPECIAL MENTION

7. Within sixty (60) days from the effective date of this ORDER, the Bank shall correct or eliminate all deficiencies in the loans listed for Special Mention in the ROE.

CONCENTRATIONS OF CREDIT

8. Within forty-five (45) days from the effective date of this ORDER, the Bank shall formulate, adopt and implement a written plan to manage in a safe and sound manner each of the concentrations of credit identified in the ROE. At a minimum, the plan must provide for written procedures for the ongoing measurement and monitoring of

the Bank's concentrations of credit, establishment of a limit on concentrations commensurate with the Bank's capital position, safe and sound banking practices, and the overall risk profile of the Bank.

LIQUIDITY

9. Within sixty (60) days of the effective date of this ORDER, the Bank shall revise its written liquidity management policies to address all related recommendations contained in the Report of Examination. The Bank shall also develop and implement strategies aimed at reducing its dependence on potentially volatile funding sources and seek to formalize credit facilities that are relied upon as potential contingency funding sources.

PROFIT PLAN AND BUDGET

10. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall adopt, implement, and adhere to a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2012 and 2013. The plans 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) Within thirty (30) days from the end of each calendar quarter 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.

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

(d) The plans and budgets required by this paragraph shall be submitted to the Regional Director and Administrator for review and comment. Within sixty (60) days of receipt of any comments from the Regional Director or WDFI the Bank shall incorporate any changes required by the Regional Director or WDFI and thereafter adopt, implement, and adhere to the plan and budget.

DIVIDEND RESTRICTION

11. As of the effective date of this ORDER, the Bank shall not declare or pay any dividend without the prior written consent of the Regional Director and WDFI.

NOTIFICATION TO SHAREHOLDER

12. Following the effective date of this ORDER, the Bank shall send to its shareholder a copy of this ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

PROGRESS REPORTS

13. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and WDFI written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof.

CLOSING PARAGRAPHS

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

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

The provisions of this 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.

Pursuant to delegated authority.

Dated: August 16, 2012

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

/S/_____
Michael Mach
Administrator
Division of Banking
Department of Financial
Institutions
State of Wisconsin