

The FDIC and the Division have 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 48(6) of the Illinois Banking Act, 205 ILCS 5/48(6), have been satisfied, the FDIC and the Division 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 action as follows:

MANAGEMENT

1. (a) As of the effective date 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 FDIC's and Division's written approval. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the Act, 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 Bank's 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 management's 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 30 days from the effective date of this ORDER, the Bank's board of directors shall develop, adopt, and implement a program that will provide for monitoring of the Bank's compliance with this ORDER.

(c) Within 120 days of the effective date of this ORDER, the Bank shall retain two additional directors who are independent with respect to the Bank. For purposes of this ORDER, a person who is an independent director shall be an individual: (i) who is not an officer of the Bank; (ii) who is not related by blood or marriage to an officer or director of the Bank or to any shareholder owning or possessing a controlling interest in the Bank; and (iii) who does not otherwise share a common financial interest with such officer, director or shareholder.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

3. (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 extension of credit (including any portion thereof) that has been charged off the books of the Bank or classified "Loss" in the Report of Examination dated April 2, 2018 ("ROE"), or in any future Reports of Examination or Visitations subsequently issued by the FDIC or the Division, 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", "Doubtful", or was listed for "Special Mention" in the ROE, or in any future Reports of Examination or Visitations subsequently issued by the FDIC or the Division, and is 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 member of the Bank's board of directors, 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

4. (a) Within 90 days from the effective date of this ORDER, the Bank shall adopt, implement, and adhere to, a written plan to reduce the Bank's risk position in each asset in excess of \$100,000 which is, delinquent or classified "Substandard" or "Doubtful" in the ROE. In developing such plan, the Bank shall, at a minimum:

- (i) Prohibit an extension of credit for the payment of interest, unless 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 such borrower, including source of repayment, repayment ability and alternative repayment sources;
- (iii) Delineate areas of responsibility for loan officers; and
- (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 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 Division.

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

CONCENTRATIONS OF CREDIT

5. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate, adopt, and implement a written plan to manage each of the concentrations of credit identified in the ROE in a safe and sound manner, and to reduce those certain concentrations of credit identified in the ROE in a safe and sound manner, consistent with the recommendations in

the ROE. The plan shall provide for written procedures for the ongoing measurement and monitoring of the concentrations of credit, performance of portfolio stress testing analysis to assess the impact of changing economic conditions, and the setting of limits on concentrations commensurate with the Bank's capital position, safe and sound banking practices, and the overall risk profile of the Bank.

(b) Management shall provide for quarterly written concentration reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

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

LOAN REVIEW AND GRADING SYSTEM

6. Within 90 days from the date of this ORDER, the Bank shall develop, adopt, implement, and adhere to comprehensive loan grading and review procedures. The procedures shall require that such loan grading and review will be performed by a qualified individual. The loan review shall at a minimum:

(a) Require periodic confirmation of the accuracy and completeness of the watch list and all risk grades assigned by the Bank's loan officers;

(b) Identify loans or relationships that warrant special attention of management;

(c) Identify violations of law, rules, or regulations and credit and collateral documentation exceptions and track corrective measures;

- (d) Review the bank's application of Financial Accounting Standards Board Accounting Standards Codification FASB ASC Subtopic 310-10 (which now supersedes prior FAS 114 guidelines); and
- (e) Identify loans not in conformance with the Bank's loan policy.

LOAN POLICY

- 7. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to an acceptable loan policy.
- (b) The loan policy required by this paragraph, at a minimum, shall include the following provisions:
 - (i) Establishing review and monitoring procedures for compliance with the FDIC's regulation on appraisals, 12 C.F.R. Part 323;
 - (ii) Identifying the Bank's normal trade area;
 - (iii) Establishing review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;
 - (iv) Requiring that all extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation, have a clearly defined and stated purpose; and have a predetermined and realistic repayment source and schedule.
 - (v) Incorporating collateral valuation requirements, including: maximum loan-to-collateral-value limitations; requirements for

periodic updating of valuations; and a requirement that the source of valuations be documented in Bank records;

- (vi) Requiring the establishment and maintenance of an effective loan review and grading system and internal loan watch list;
- (vii) Correcting the loan underwriting and credit administration deficiencies noted in the ROE.

ALLOWANCE FOR LOAN AND LEASE LOSSES

8. (a) From the effective date of this ORDER, and prior to the submission of all Reports of Condition and Income required by the FDIC, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and thereafter maintain 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 Division.

(b) ALLL provisions required by this paragraph shall be made prior to any capital determinations required by this ORDER.

(c) Within 90 days from the effective date of this ORDER, the bank shall develop, adopt, implement, and adhere to an ALLL methodology that accurately evaluates individual loans for impairment and determines allocations on groups of loans with similar risk characteristics.

PROFIT PLAN AND BUDGET

9. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2019, 2020 and 2021. 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.

(a) 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.

(b) 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.

(c) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect. Subsequent budgets will be prepared and submitted 30 days before the end of the calendar year.

(d) A copy of the plan required by this paragraph shall be submitted to, and deemed acceptable by, the Regional Director and the Division.

(e) While this ORDER remains in effect, the plan shall be revised to include assets which become delinquent after the effective date of this ORDER or are adversely classified at any subsequent examinations.

LIQUIDITY PLAN

10. Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a written contingency funding plan ("Liquidity Plan"). The Liquidity Plan shall identify sources of liquid assets to meet the Bank's contingency funding needs over time horizons of one month, two months, and three months. At a minimum, the Liquidity Plan shall include provisions to fully address the liquidity issues identified in the ROE. In addition, the Liquidity Plan shall require the Bank to establish and/or maintain an account relationship with the Federal Reserve Bank of St. Louis to exchange and settle payment transactions through a clearing account balance.

GROWTH RESTRICTION

11. During the life of this ORDER, the Bank shall not increase its total assets by more than five (5%) percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Regional Director and the Division. Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This growth plan shall not be

implemented without the prior written approval of the Regional Director and the Division. In no event shall the Bank increase its total assets by more than twelve (12.0%) percent annually. For the purpose of this paragraph, “total assets” shall be defined as in the Federal Financial Institutions Examination Council’s Instructions for the Consolidated Reports of Condition and Income.

STRATEGIC PLAN

12. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank’s current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

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

- (i) Strategies for pricing policies and asset/liability management;
- (ii) Forecasts for maintaining a sound funds management position;
and
- (iii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank will submit the strategic plan to the Regional Director and the Division for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors’ meeting.

(d) Within 60 days from the end of each calendar quarter following the effective date of this ORDER, the Bank’s board of directors shall evaluate the Bank’s actual

performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised 30 days prior to the end of each calendar year for which this ORDER is in effect.

(f) The strategic plan and any revisions thereto shall be acceptable to the Regional Director and the Division.

CORRECTION OF VIOLATIONS

13. Within 90 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, rule, and regulations listed in the ROE, and implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

IMPERMISSIBLE ACTIVITIES AND HOLDINGS

14. Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a plan to divest of all impermissible holdings, and implement procedures to ensure future compliance with applicable laws, rules and regulations.

AUDIT PROGRAM

15. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a comprehensive internal audit program ("Internal Audit Program"). At a minimum, the Internal Audit Program shall provide for audit coverage of all significant risk areas of the bank including, but not limited to, lending, insider transactions, internal controls, general ledger accounts, and policy conformance.

(b) A copy of the Internal Audit Program shall be submitted to, and deemed acceptable by, the Regional Director and the Division.

(c) Within 60 days from the effective date of this ORDER, the Bank shall provide for an External Audit of its financial statements and operating procedures, to be performed by an independent accounting firm.

INTERNAL ROUTINE AND CONTROLS

16. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a policy for the operation of the Bank in such a manner as to provide adequate internal routine and controls consistent with safe and sound banking practices.

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

EXPENSE DOCUMENTATION

17. Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a policy that mandates supporting documentation for employee expenses paid by the Bank and establishes monthly Board approval for all employee expenses paid by the Bank.

DIVIDENDS

18. As of the effective date of this ORDER, the Bank shall not declare or pay any dividends without the prior written consent of the Regional Director and the Division.

NOTIFICATION TO SHAREHOLDERS

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

PROGRESS REPORTS

20. Within 45 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Division 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 Division.

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 or the Division.

Pursuant to delegated authority.

Dated: September 20, 2018.

_____/s/
Christopher J. Newbury
Deputy Regional Director
Chicago Regional Office
Federal Deposit Insurance Corporation

_____/s/
Kerri A. Doll
Director, Division of Banking
Illinois Department of Financial
and Professional Regulation