

AGREEMENT BY AND BETWEEN

The First National Bank

Mulberry Grove, Illinois

and

The Comptroller of the Currency

The First National Bank, Mulberry Grove, Illinois (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices relating to asset quality, loan supervision, earnings, capital, conflicts of interest, insider transactions and internal audit at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

Lesslie A. Swip  
Assistant Deputy Comptroller  
St. Louis Field Office  
2350 Market Street, Suite 100  
St. Louis, MO 63103

## ARTICLE II

### CREDIT UNDERWRITING

(1) Effective immediately, the Bank may grant, extend, renew, or materially alter or restructure any loan or other extension of credit over one hundred thousand dollars (\$100,000) only after:

- (a) Documenting, in writing, the specific reason or purpose for the extension of credit;

- (b) Identifying, in writing, the expected source of repayment;
- (c) Structuring the repayment terms to coincide with the expected source of repayment;
- (d) Documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable; and,
- (e) Obtaining and analyzing current and satisfactory financial/credit information, including financial information on guarantors, when applicable.

(2) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure adherence to the requirements of this Article.

### ARTICLE III

#### CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination ("ROE"), in any subsequent ROE, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) By November 30, 2007, and quarterly thereafter, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets exceeding one hundred thousand dollars (\$100,000), criticized in the ROE, in any subsequent ROE, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) Identification of the expected sources of repayment;

- (b) The current value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) An analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) The proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding one hundred thousand dollars (\$100,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

#### ARTICLE IV

##### INTERNAL CREDIT RISK RATING SYSTEM

(1) By November 30, 2007, the Board shall improve, implement, and thereafter ensure Bank adherence to an effective and on-going internal loan and lease risk rating system that accurately identifies and categorizes problem loans and leases. The system shall use a loan and lease grading process consistent with the guidelines set forth in the Comptroller's Handbook section titled "Rating Credit Risk." The system shall provide for a monthly written report to the Board detailing loan and lease risk ratings, and total for each category in a dollar and percent of capital format.

(2) The Board shall submit a copy of the bank's revised internal loan and lease risk rating system to the Assistant Deputy Comptroller for her prior determination of no objection.

Provided that the Board has submitted the risk rating system to the Assistant Deputy Comptroller on or before November 30, 2007 and is not advised in writing of any objection to the rating system within 30 days of such submission, the Board and the Bank shall be deemed to be in compliance with the requirements of this paragraph.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

## ARTICLE V

### CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall achieve by December 31, 2007 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital at least equal to 10.00% of risk-weighted assets;
- (b) Tier 1 capital at least equal to 6.50% of adjusted total assets.<sup>1</sup>

(2) The requirement in this Agreement to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(3) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year capital program. The program shall include:

- (a) Specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);

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<sup>1</sup> Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for Call Report purposes minus end-of-quarter intangible assets.

- (b) Projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) Projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) The primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) Contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and
- (f) A dividend policy that permits the declaration of a dividend only:
  - (i) When the Bank is in compliance with its approved capital program;
  - (ii) When the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
  - (iii) With prior written determination of a no supervisory objection from the Assistant Deputy Comptroller.

(4) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

## ARTICLE VI

### CONFLICT OF INTEREST POLICY

(1) By November 30, 2007, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written, comprehensive conflict of interest policy applicable to the Bank's and the Bank's holding company's directors, principal shareholders, executive officers, affiliates, and employees ("Insiders") and related interests of such Insiders. The policy, in addition to defining a conflict of interest, shall address:

- (a) Avoidance of conflicts of interest and breaches of fiduciary duty, and the appearance of conflicts of interest;
- (b) Loans to Insiders, and immediate family members;
- (c) Involvement in the loan approval process of Insiders who may benefit directly or indirectly from the decision to grant credit;
- (d) Disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure of "related interests" as defined by 12 C.F.R. Part 215;
- (e) Requirements for arms-length dealing in any transactions by Insiders, or their related organizations, involving the Bank's sale, purchase, or rental of property and services;
- (f) Disclosure of any Insider's material interest in the business of a borrower, an applicant, or other customer of the Bank; and
- (g) Restrictions on and disclosure of receipt of anything of value by Insiders, directly or indirectly, from borrowers, loan applicants, other customers, or suppliers of the Bank.

(2) Upon adoption, a copy of this conflict of interest policy shall be forwarded to the Assistant Deputy Comptroller for review.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

(4) By November 30, 2007, the Board or Board Committee shall conduct a review of the Bank's existing relationships with its and its holding company's directors, executive officers, affiliates, principal shareholders, employees, and their related interests for the purpose of identifying relationships not in conformity with the policy. The Board shall ensure that:

- (a) Any nonconforming relationships are brought into conformity with the policy within thirty (30) days; and
- (b) Within sixty (60) days the Bank is properly reimbursed for:
  - (i) Any excess or improper payments, including expenses reimbursed, to Insiders and their related interests; and
  - (ii) Any excess or improper payments for services provided by Insiders and their related interests.

(5) Thereafter, the Board shall review all proposed transactions, or modifications of existing relationships, between the Bank and any of its or its holding company's directors, executive officers, affiliates, principal shareholders, employees, and their related interests. Affected parties must abstain from all bank decisions related to their credit relationships. Documentation supporting these reviews shall be in writing and preserved in the Bank.



## ARTICLE VII

### INTERNAL AUDIT

(1) Effective immediately, management will comply with Bank policy, which requires a management response within 30 days of the audit report and corrective action within 90 days of the report, at which time a follow-up audit is completed.

(2) The internal auditor shall formally monitor audit exceptions, management responses and corrective actions, and submit a quarterly report to the Board.

(3) The scope of the internal audit program will be expanded to include procedures to address capital and dividends, conflicts of interest, fixed assets, other real estate owned, repossessions, and employee expense accounts.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article. The Board shall ensure the internal auditor possesses the experience, independence, and authority to carry out the Bank's internal audit program and the requirements of this Article.

## ARTICLE VIII

### VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent ROE. The quarterly progress reports required by Article X of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) By November 30, 2007, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall

adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within sixty (60) days of receipt of any subsequent ROE which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

(5) The Board shall ensure that the Bank has policies, processes, personnel, and control systems to ensure implementation of and adherence to the procedures developed pursuant to this Article.

## ARTICLE IX

### COMPLIANCE OVERSIGHT

(1) The Board shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement, the Matters Requiring Attention and the violations cited in the March 5, 2007 ROE and each examination thereafter.

(2) By December 31, 2007, and every ninety (90) days thereafter, the Board shall complete a written progress report setting forth in detail:

- (a) A description of the action needed to achieve full compliance with each Article of this Agreement, each Matter Requiring Attention, and each violation cited in the March 5, 2007 ROE and each examination thereafter;
- (b) Actions taken to comply with each Article of this Agreement, each Matter Requiring Attention, and each violation cited in the March 5, 2007 ROE and each examination thereafter; and
- (c) The results and status of those actions.

(3) The Board shall forward a copy of the progress report to the Assistant Deputy Comptroller within ten (10) days of completing such report.

## ARTICLE X

### CLOSING

(1) Although the Board has by this Agreement consented to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time requirements specified in this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) This Agreement shall be effective upon execution by the parties hereto, and its provisions shall continue in full force and effect until such time as they shall be amended by written mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) Authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) Require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) Follow up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) Require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that

neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set her hand on behalf of the Comptroller.

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Lesslie A. Swip  
Assistant Deputy Comptroller  
St. Louis Field Office

October 23, 2007

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Date

