

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Baytree National Bank & Trust Company)
Lake Forest, Illinois)

CONSENT ORDER

The Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over Baytree National Bank & Trust Company, Lake Forest, Illinois (“Bank”).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated April 17, 2009, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

Pursuant to the authority vested in it by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

NEW PRESIDENT AND CHIEF EXECUTIVE OFFICER

(1) Within 30 days, the Board shall appoint a capable interim President and Chief Executive officer who shall be vested with sufficient executive authority to fulfill the duties and responsibilities of the position and ensure the safe and sound operation of the Bank. Prior to the appointment, the Board shall seek a waiver pursuant to 12 C.F.R. § 5.51(e)(6)(i) of the notice of change of senior executive officers required by 12 C.F.R. 5.51(d)(1). If the waiver is granted,

the waiver does not affect the OCC's authority under 12 C.F.R. § 5.51(e)(6) to issue a notice of disapproval within 30 days of the expiration of the waiver.

(2) Within 90 days, the Board shall appoint a new, capable President and Chief Executive Officer who shall be vested with sufficient executive authority to fulfill the duties and responsibilities of the position and ensure the safe and sound operation of the Bank.

(3) Prior to the appointment of any individual to the position of President and Chief Executive Officer pursuant to either of the preceding paragraphs, the Board shall submit to the Assistant Deputy Comptroller the following information:

(a) the information sought in the "Changes in Directors and Senior Executive Officers" and "Background Investigations" booklets of the Comptroller's Licensing Manual and 12 C.F.R. § 5.51(e)(2); and

(b) a written description of the proposed officer's duties and responsibilities.

(4) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed President and Chief Executive Officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

ARTICLE II

INTERNAL CREDIT RISK RATING SYSTEM

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to an effective and on-going internal loan and lease risk rating system that accurately identifies, categorizes, and reports problem loans and leases. The system shall use a loan and lease grading process consistent with the guidelines set forth in the Rating Credit Risk booklet, A-RCR, of the Comptroller's Handbook. The system shall provide for the submission of a monthly written report to the Board detailing, at a minimum:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification of credit and collateral documentation exceptions;
- (c) the identification of all loans and leases not in conformance with the Bank's lending and leasing policies; and
- (d) the identification and status of credit related violations of law, rule or regulation.

For all loans and leases and violations of law identified by the system, the officer originating and responsible for the matter must be identified.

(2) The Board shall evaluate each internal loan and lease review report it receives pursuant to paragraph (1) of this Article and shall ensure that immediate, adequate, and continuing remedial action is taken, if appropriate, for all findings noted in the report.

(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.

ARTICLE III

HIGHER MINIMUM CAPITAL RATIOS

(1) The Bank shall achieve by June 30, 2009 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital at least equal to eight percent (8%) of adjusted total assets;
- (b) Total risk-based capital at least equal to twelve percent (12%) of risk-weighted assets.

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

(4) If the Bank fails to meet the minimum capital levels established in paragraph (1) of this Article, then, within 30 days of receiving written notice of such fact, the Bank shall develop and shall submit to the OCC for its review and prior determination of no supervisory objection a capital contingency plan, which shall detail the Board’s proposal to sell or merge the Bank, or liquidate the Bank under 12 U.S.C. § 181. After the OCC has advised the Bank that it does not take supervisory objection to the capital contingency plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the contingency plan. Failure to submit a timely, acceptable contingency plan may be deemed a violation of this Order, in the exercise of the OCC’s sole discretion.

ARTICLE IV

LOAN UNDERWRITING AND CREDIT AND COLLATERAL INFORMATION

(1) Within ninety (90) days the Board shall obtain current and satisfactory credit information on all loans lacking such information, in any Report of Examination (“ROE”), in any internal or

external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners.

(2) Within ninety (90) days the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in any ROE, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(3) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from operations;
 - (i) Failure to obtain the information in (3)(d) shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information in (3)(d) would be detrimental to the best interests of the Bank.
 - (ii) A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed by this Office in subsequent examinations of the Bank; and

- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

(4) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit only if such grant, extension, renewal, alteration, or restructure:

- (a) complies with the Bank's lending policy, and
- (b) has none of the following structural weaknesses, as described in Appendix F to the Rating Credit Risk booklet, A-RCR, of the Comptroller's Handbook:

- (i) repayment highly dependent on projected asset values;
- (ii) repayment highly dependent on projected cash flows;
- (iii) repayment highly dependent on projected equity values;
- (iv) repayment dependent on projected refinancing or recapitalization;
- (v) advances to fund interest payments (e.g., capitalization of interest and use of interest reserves), except when such advances are made to fund interest during the construction phase of a real estate construction loan in a manner consistent with the guidance in the Commercial Real Estate and Construction Lending booklet, A-CRE, of the Comptroller's Handbook;
- (vi) repayment terms that are not supported by the borrower's and guarantor's documented capacity to repay; and
- (vii) inadequate guarantor support.

(5) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit in excess of \$100,000 to any borrower only if the terms of such loan

or extension of credit are consistent with the terms that were approved by the committee or officer authorized to approve such loan or extension of credit.

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

ARTICLE V

CRITICIZED ASSETS

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

(2) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written plan (“Workout Plan”) designed to eliminate the basis of criticism of assets criticized in any 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” with balances that equal or exceed two hundred and fifty thousand dollars (\$250,000). This Workout Plan shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the current value of supporting collateral less the estimated costs of disposal;
- (c) the position of the Bank’s lien on such collateral where applicable;
- (d) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (e) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of each Workout Plan shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall conduct a review, on at least a monthly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds two hundred and fifty thousand dollars (\$250,000);
- (b) management's adherence to the Workout Plan adopted pursuant to this Article;
- (c) the status and effectiveness of the Workout Plan; and
- (d) the need to revise the Workout Plan or take alternative action.

(5) A copy of the most recent monthly review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(6) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in any ROE, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions equal or exceed two hundred and fifty thousand dollars (\$250,000) only if each of the following conditions is met:

- (a) the Board (or a delegated committee thereof) finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or a delegated committee thereof) approves the

credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and

- (b) a comparison to the Workout Plan shows that the plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the approval of the Board or delegated committee required by paragraph (6)(a) of this Article shall be maintained in the credit file of the affected borrower(s) and a centralized file for review by the Board, senior management, loan review and National Bank Examiners.

(8) The Board shall ensure that the Bank has policies, processes, personnel, and control systems to ensure implementation of and adherence to the requirements, including Workout Plans, of this Article.

ARTICLE VI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) By June 30, 2009, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“ALLL”) in accordance with generally accepted accounting principles. The ALLL policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council’s “Interagency Policy Statement on the Allowance for Loan and Lease Losses” dated December 13, 2006, (OCC Bulletin 2006-47) (“Interagency Statement”) and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with FASB Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan;

- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, and address the nine qualitative factors set forth in the Interagency Statement;
- (c) procedures for validating the ALLL methodology;
- (d) procedures for summarizing and documenting, for the Board's review and approval, the amount to be reported in the Consolidated Reports of Condition and Income ("Call Reports") for the ALLL. Any deficiency between the ALLL balance as determined by the analysis required by this Article and the Bank's actual ALLL balance, regardless of the amount of such deficiency, shall be remedied through additional provision expense in the quarter it is discovered, prior to the filing of the Call Reports.

(2) Upon adoption, a copy of the policies and procedures shall be forwarded to the Assistant Deputy Comptroller for review and determination of no supervisory objection.

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

ARTICLE VII

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 any ROE.

(2) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in any ROE.

- (3) Within ten (10) days of receipt of any 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 any ROE.
- (4) Within 30 days, the Board 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.
- (5) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.
- (6) The Board shall ensure the Bank has policies, processes, personnel, and control systems to ensure implementation of and adherence to the procedures developed pursuant to this Article.

ARTICLE VIII

DEPENDENCE ON WHOLESALE OR CREDIT SENSITIVE LIABILITIES

- (1) Within ninety (90) days the Board shall improve the Bank's liquidity position and maintain adequate sources of stable funding given the Bank's anticipated liquidity and funding needs. Such actions shall include, but not be limited to:
 - (a) reduction of wholesale or credit sensitive liabilities and/or increase of liquid assets; and
 - (b) revision of the Bank's strategic plan in light of the requirement of this Article.
 - (c) Create a contingency funding plan that identifies the following:
 - (i) Identification of various sources of funding, with ranking preferences;

- (ii) Identification of different crisis levels;
- (iii) Identification of key personnel, their responsibilities, and their lines of authority under various liquidity scenarios, including responsibilities for initiating communications inside and outside of the bank;
- (iv) A system for obtaining and regularly testing appropriate levels of secondary funding sources.

ARTICLE IX

CONFLICT OF INTEREST POLICY

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written, comprehensive Conflict of Interest Policy (“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) involvement in the loan approval process of Insiders who may benefit directly or indirectly from the decision to grant credit;
- (c) disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure to the Board of "related interests" as defined by 12 C.F.R. Part 215;

- (d) 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;
- (e) disclosure of any Insider's material interest in the business of a borrower, an applicant, or other customer of the Bank; and
- (f) 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 Policy shall be forwarded to the Assistant Deputy Comptroller.

(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) Within ninety (90) days, the Board, under the direction of its outside directors, shall conduct a review of the Bank's existing relationships with its and its holding company's Insiders 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 one hundred twenty (120) days; and
- (b) that within one hundred twenty (120) days the Bank is properly reimbursed for:
 - (i) any excess or improper payments to Insiders and their related interests; and

- (ii) any excess or improper payments for services provided by Insiders and their related interests.

Thereafter, the Board shall review all proposed transactions, or modifications of existing relationships, between the Bank and any Insiders and their related interests. Documentation supporting these reviews shall be in writing and preserved in the Bank.

ARTICLE X

CLOSING

- (1) Although the Board is by this Order required 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 it by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.
- (3) Any time limitations imposed by this Order shall begin to run from the earlier of the effective date of this Order or, for matters pertaining to a ROE, from the date of the ROE. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.
- (4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and

enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order 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 Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (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 Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(7) The terms of this Order, 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.

IT IS SO ORDERED, this 17th day of April, 2009.

/s/

Thomas C. Munz
Assistant Deputy Comptroller
Chicago North Field Office

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Baytree National Bank & Trust Company)
Lake Forest, Illinois)

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Baytree National Bank & Trust Company, Lake Forest, Illinois (“Bank”) pursuant to 12 U.S.C. § 1818(b) through the issuance of a Notice of Charges for unsafe and unsound banking practices relating to poor lending practices and violations of law;

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated April 17, 2009 (“Order”);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

- (1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*
- (2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

(4) Pursuant to 12 C.F.R. § 5.51(c)(6)(ii), the Bank shall be subject to the requirements of 12 C.F.R. § 5.51, unless otherwise informed in writing by the Comptroller. Pursuant to 12 C.F.R. § 5.3(g)(4), the Bank shall not be “eligible” unless otherwise informed in writing by the Comptroller.

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). 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(i), 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.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller 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.

ARTICLE III

Waivers

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
 - (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) any and all procedural rights available in connection with the issuance of the Order;
 - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19
 - (d) all rights to seek any type of administrative or judicial review of the Order; and
 - (e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

- (1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

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

/s/

Thomas C. Munz
Assistant Deputy Comptroller
Chicago North Field Office

4/17/09

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

Alan W. Adams

4/17/09

Date

/s/

Howard D. Adams

4/17/09

Date

/s/

Willard Bunn III

4/17/09

Date

/s/

W. Keith Smith

4/17/09

Date

/s/

Raymond W. Tibbitts

4/17/09

Date