

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

In the Matter of:)
)
First National Bank of Danville) AA-EC-09-44
Danville, Illinois)

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, First National Bank of Danville, Danville, Illinois (“Bank”) is a national bank subject to the provisions of 12 U.S.C § 1831*o* and 12 C.F.R. Part 6; and

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) is authorized, pursuant to 12 U.S.C. § 1831*o* and 12 C.F.R. Part 6, to issue directives to take prompt corrective action (“PCA”); and

WHEREAS, the Bank, in its March 31, 2009, Consolidated Report of Condition and Income (“Call Report”) and its amendment on May 13, 2009, reported that it was “**significantly undercapitalized**” for PCA purposes; and

WHEREAS, on May 14, 2009, the OCC issued a Notice of Intent to issue this PCA Directive (“Directive”) pursuant to 12 U.S.C. § 1831*o* and 12 C.F.R. Part 6;

WHEREAS, on May 20, 2009, the Bank responded to the OCC’s Notice of Intent; and

WHEREAS, the OCC has carefully considered the Bank’s response to the Notice of Intent; and

WHEREAS, the OCC has determined to issue this Directive in order to resolve the Bank’s problems at the least long-term cost to the Deposit Insurance Fund, thereby effecting the purposes of 12 U.S.C. § 1831*o*;

NOW, THEREFORE, pursuant to 12 U.S.C. § 1831*o* and 12 C.F.R. Part 6, the OCC directs the Bank and its Board of Directors (“Board”) to do the following:

ARTICLE I

IMPROVING AND MAINTAINING CAPITAL

(1) The Bank shall immediately submit an acceptable Capital Restoration Plan (“CRP”), conforming to 12 U.S.C. § 1831*o*(e)(2) and 12 C.F.R. § 6.5 and the OCC’s letters dated May 1, 2009 and June 3, 2009.

(2) The Bank shall become adequately capitalized (as defined in 12 C.F.R. § 6.4) by June 25, 2009.

(3) Within sixty days (60) of the issuance of this Directive, the Bank shall achieve and maintain the following capital levels:

- (a) tier 1 leverage capital at least equal to seven percent (7%); and
- (b) total risk based capital at least equal to ten percent (10%).

(4) The Bank and any subsidiary thereof shall not issue any securities or enter into any agreement, letter of intent or understanding to merge, consolidate, sell all or substantially all of its assets and liabilities, or otherwise be acquired, or enter into any agreement or understanding to reorganize unless it first receives the OCC’s written non-objection of such action.

(5) If the Bank improves from a lower to a higher PCA capital category, it shall continue to comply with this Directive, unless modified, terminated, suspended or set aside by the OCC in writing.

(6) The Bank shall cease all unsafe and unsound practices described in the OCC’s Report of Examination transmitted to the Bank on or about May 13, 2009.

ARTICLE II

OTHER ACTION REQUIRED

(1) Pursuant to 12 U.S.C. § 1831o(f)(2) and 12 C.F.R. § 6.6(b), immediately upon issuance of this Directive, the Bank shall not do any of the following without the prior written approval of the Bank's Board of Directors and the prior written non-objection of the OCC:

- (a) Enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, or other similar action;
- (b) Engage in the sale or transfer of any Bank asset or pool of assets exceeding a fair market value of one hundred thousand dollars (\$100,000). Any asset sale or transfer less than \$100,000 should be reported to the OCC after the sale;
- (c) Transfer any asset to the holding company or other affiliated party or person;
- (d) Engage in any transaction for the transfer of funds, the extension of credit, acceptance or transference of risk and/or the conferring of another type of benefit, directly or indirectly, involving any Bank affiliates, as defined in 12 U.S.C. § 371c as if section 371c(d)(1) did not apply, or current or former Bank directors, shareholders, senior executive officers, or their respective family members;
- (e) Extend any additional credit to any classified borrower without prudent justification;

- (f) Amend the bank's charter or bylaws, except to the extent necessary to carry out any other requirement of law, regulation, or order;
- (g) Make any change in accounting methods; or
- (h) Increase compensation or other payments, including bonuses, to employees, directors, agents or independent contractors.

(2) Effective immediately upon issuance of this Directive, the Bank shall ensure that all documents, books and records are accurately maintained on the premises of the Bank in their original state for a period of five (5) years.

(3) The Bank shall cooperate fully with the FDIC's efforts to avoid a loss or otherwise minimize exposure to the Deposit Insurance Fund. Such cooperation includes, but is not limited to, responding to requests for information, providing full access to personnel, agents and service providers, accommodating on-site visits, and permitting the FDIC to provide otherwise confidential information to third parties to facilitate the liquidation or other resolution of the Bank in anticipation of the possible appointment of the FDIC as conservator, receiver, or other legal custodian.

(4) Within five (5) days of the issuance of this Directive, the Bank shall form a Compliance Committee, whose membership shall include at least three members of the Bank's board of directors, and whose purpose shall be to ensure compliance with this Directive.

(5) Not later than ten (10) days following the end of each month after the date of the issuance of this Directive:

- (a) The Compliance Committee shall prepare, and the full board of directors shall review, a written report (i) specifying whether the Bank was in compliance with each of the requirements of this Directive during the

preceding month; (ii) a verification of the Bank's PCA capital category; and (iii) specifying whether the Bank is in compliance with all restrictions that apply automatically to a bank in that category; and

- (b) The Bank shall submit to the OCC a summary of actions taken during the preceding month in furtherance of the Bank's efforts to comply with paragraph (2) and (3) of Article I, including descriptions of any material discussions with potential purchaser(s) of stock or Bank obligations, acquirer(s) or merger partner(s) and any due diligence performed by potential purchaser(s) of stock or Bank obligations, acquirer(s) or merger partner(s).

ARTICLE III

GENERAL PROVISIONS

(1) This PCA Directive constitutes a final order under 12 U.S.C. § 1831*o* and is enforceable under 12 U.S.C. § 1818(i). Each provision of this Directive shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other persons participating in the affairs of the Bank.

(2) Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Directive to be made upon, given or furnished to, delivered to, or filed with the OCC shall be in writing and sent by first class U.S. mail (or by reputable overnight courier or hand delivery via messenger) to the Director of Special Supervision, 250 E Street, S.W., Washington, D.C., 20219.

(3) If any provision in this Directive is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the

