

AGREEMENT BY AND BETWEEN
Eaton National Bank and Trust Company
Eaton, Ohio
and
The Comptroller of the Currency

Eaton National Bank and Trust, Eaton, Ohio (“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 or unsound banking practices relating to credit administration and asset quality.

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) 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:

Julie A. Blake
Assistant Deputy Comptroller
Comptroller of the Currency
4555 Lake Forest Drive, Suite 610
Blue Ash, Ohio 45242-3760

ARTICLE II

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall ensure implementation of and adherence to the Bank’s Loan Policy in effect as of the date hereof, including but not limited to those portions of the policy that address:

- (a) credit analysis and underwriting standards;
- (b) requirements for obtaining appraisals and independent review of appraisals prior to loan approval;
- (c) loan structure, including maximum amortization periods, limits on numbers of extensions/renewals, and maximum maturities;
- (d) loan officers’ responsibility for risk rating their credits; and
- (e) placing loans on nonaccrual.

(2) Within sixty (60) days, the Board shall amend the Bank’s written loan policy to include, at a minimum:

- (a) a performance appraisal process for lenders that, at a minimum, includes:
 - (i) annual or more frequent performance appraisals;

- (ii) specific job descriptions for each lending officer position;
- (iii) written performance standards and assessment factors tied to individual job descriptions;
- (iv) compensation/incentive programs which adequately consider each lender's performance relative to compliance with bank lending policies, efforts to maintain complete credit file documentation, accuracy in credit risk rating, and compliance with other loan administration matters; and

(b) designation of a primary trade area of the Bank and establishment of guidelines and limitations for loans originating outside of the trade area.

(3) The Board shall ensure that the Bank has processes, personal, and control systems to ensure implementation of and adherence to the Loan Policy, as amended.

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 dated December 31, 2008 (“ROE”), in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to individual workout plans designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, 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." Each workout plan shall include, at a minimum:

- (a) an 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 a global cash flow analysis of the borrower's repayment ability; and
- (d) the primary and secondary actions to eliminate the basis of criticism and the time frame for accomplishment.

(3) Upon adoption, a copy of the workout plans for all criticized assets equal to or exceeding two hundred and fifty thousand dollars (\$250,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall conduct a review, on at least a quarterly 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 plans adopted pursuant to this Article;
- (c) the status and effectiveness of the plans; and
- (d) the need to revise the plans or take alternative action.

(5) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis (in a format similar to Appendix A, attached hereto).

(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 the ROE, in any subsequent Report of Examination, 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 exceed two hundred and fifty thousand dollars (\$250,000) only if each of the following conditions is met:

- (a) the Board or designated committee 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 designated committee) 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 plans adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

ARTICLE IV

LOAN RISK RATING SYSTEM

(1) Within thirty (30) days, and on an ongoing basis thereafter, the Board must ensure that the Bank's internal risk ratings of commercial credit relationships in excess of \$250,000 (covered relationship), as assigned by responsible loan officers and by independent loan review,

are timely, accurate, and consistent with the regulatory credit classification criteria set forth in the “Rating Credit Risk” booklet, A-RCR, of the Comptroller’s Handbook. At a minimum, the Board must ensure, on an ongoing basis, that with respect to the assessment of credit risk of any covered relationship:

- (a) the primary consideration is the strength of the borrower’s primary source of repayment (i.e., the probability of default rather than the risk of loss);
- (b) if the primary source of repayment is cash flow from the borrower’s operations, the strength of the borrower’s cash flow is determined through analysis of the borrower’s historical and projected financial statements, past performance, and future prospects in light of conditions that have occurred;
- (c) collateral, non-government guarantees, and other similar credit risk mitigants that affect potential loss in the event of default (rather than the probability of default) are taken into consideration only if the primary source of repayment has weakened and the probability of default has increased;
- (d) collateral values should reflect a current assessment of value based on actual market conditions and project status;
- (e) credit risk ratings are reviewed and updated whenever relevant new information is received, but no less frequently than annually; and
- (f) the credit risk rating analysis is documented and available for review by the Board and the OCC upon request.

(2) Within thirty (30) days, and on an ongoing basis thereafter, the Board must ensure that any covered relationship with a high probability of payment default or other well-defined weakness is rated no better than Substandard, unless the debt is secured by marketable securities or cash.

(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

INDEPENDENT LOAN REVIEW

(1) The Board shall, within sixty (60) days after receipt of no supervisory objection from the Assistant Deputy Comptroller pursuant to paragraph (2) of this Article, appoint or employ a capable person(s) or firm to conduct an independent review and identification of the Bank's problem loans and leases (the "Independent Reviewer").

(2) Prior to appointing or employing the Independent Reviewer, the Board shall submit the resume and qualifications of the Independent Reviewer, including the proposed scope of their loan review engagement to the Assistant Deputy Comptroller for review and determination of no supervisory objection. The engagement shall provide for the periodic (and not less than annual) review of the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits. The engagement shall provide for a written report to be filed with the Board after each review, and the Independent Reviewer shall use a loan and lease grading system consistent with the guidelines set forth in "Rating Credit Risk"

and “Allowance for Loan and Lease Losses” booklets of the Comptroller’s Handbook. Such reports shall include, at a minimum, conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent loans and leases;
- (c) credit and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of the Article;
- (f) concentrations of credit;
- (g) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank;
- (h) loans and leases not in conformance with the Bank's lending and leasing policies, and
- (i) exceptions to the Bank’s lending and leasing policies.

(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.

(4) The Board shall evaluate the independent loan and lease review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(5) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be preserved in the Bank.

ARTICLE VI

CONCENTRATIONS OF CREDIT

(1) Within forty-five (45) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written asset diversification program consistent with “Loan Portfolio Management” booklet of the Comptroller's Handbook. The program shall include, but not necessarily be limited to, the following:

- (a) a written analysis of any concentration of credit identified in order to identify and assess the inherent credit risk;
- (b) an action plan approved by the Board to reduce the risk of any concentration deemed imprudent in the above analysis; and
- (c) an ongoing program to update the analysis described in subparagraph (a) and the action plans described in subparagraph (b) as long as the identified credit concentrations persist.

(2) For purposes of this Article, a concentration of credit is as defined in the “Loan Portfolio Management” booklet of the Comptroller's Handbook.

(3) The Board shall ensure that future concentrations of credit are subjected to the analysis required by subparagraph (a) and, if that analysis demonstrates that the concentration subjects the Bank to undue risk, it takes appropriate steps to mitigate such risk.

(4) The Board shall forward a copy of any analysis performed on existing or potential concentrations of credit to the Assistant Deputy Comptroller immediately following the review.

(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 VII

PARTICIPATIONS PURCHASED

(1) The Board shall, within ninety (90) days, develop, implement, and thereafter ensure Bank adherence to written procedures to ensure that if the Bank purchases, assumes or acquires in any manner, directly or indirectly, or as a fiduciary or nominee, any loan, loan participation, loan obligation or other asset, that:

- (a) such grant, purchase, assumption, or acquisition is consistent with safe and sound banking practices, the guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34;
- (b) the bank obtains and analyzes current and satisfactory credit and collateral information, including cash flow analysis where loans are to be repaid from operations;
- (c) the Bank maintains full current and satisfactory credit information to support purchased or assumed loans for the full life of the loan; and
- (d) all loans so purchased, assumed or acquired are in conformance with the Bank's lending policies.

(2) 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 VIII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within forty-five (45) days, 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), 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, consistent with FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies;
- (c) procedures for validating the ALLL methodology; and
- (d) a process 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 in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Call Reports, through additional provision expense.

(2) 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 IX

OTHER REAL ESTATE OWNED

(1) The Board shall, within sixty (60) days after receipt of no supervisory objective from the Assistant Deputy Comptroller pursuant to paragraph (2) of this Article, adopt, implement, and thereafter ensure Bank adherence to a policy to ensure that Other Real Estate Owned (OREO) is managed in accordance with 12 U.S.C. § 29 and 12 C.F.R. Part 34. The policy shall address:

- (a) responsibility and authority for OREO properties;
- (b) proper accounting procedures for OREO properties from transfer to the Bank and until and upon sale to a third party; and
- (c) procedures to require timely appraisals pursuant to 12 C.F.R. § 34.85 and 12 C.F.R. Part 34, Subpart C.

(2) Within thirty (30) days, the Board shall adopt and forward copies of the policy to the Assistant Deputy Comptroller for 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 policy developed pursuant to this Article.

ARTICLE X

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, 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 limitations imposed by 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) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by 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

IN TESTIMONY WHEREOF, the undersigned, authorized by the duly elected and acting Board of Directors of the Bank, has hereunto set his hand on behalf of the Bank.

_____/s/_____

Brian E. Shera, President/CEO

_____August 18, 2009_____

Date