

AGREEMENT BY AND BETWEEN  
Cornerstone Bank and Trust, N.A.  
Carrollton, Illinois  
and  
The Comptroller of the Currency

Cornerstone Bank and Trust, N.A., Carrollton, IL (“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 unsound and unsafe banking practices relating to the absence of an effective internal audit program, noncompliance with the regulatory requirements on appraisals and evaluations, inadequate standards and practices relating to information security, and inadequate corporate contingency planning activities.

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) Unless otherwise informed in writing by the Comptroller, all reports, programs, 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

### INTERNAL AUDIT PROGRAM

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program. At a minimum, the program should address:

- (a) the areas to be reviewed and when they will be reviewed;
- (b) who will be reviewing each of the areas detailed in (a) above;
- (c) procedures to be used for all audits completed internally;
- (d) timeframe for submission of audit reports;
- (e) reporting structure of audit findings;
- (f) procedures to follow-up on audit deficiencies, including who will perform follow-up testing and respective timeframes;

- (g) procedures for informing the Board of when audits and required follow-up actions are completed;
- (h) actions the Board will take if the required audits, including follow-up actions, are not completed as planned; and
- (i) the individual responsible for ongoing monitoring of the audit program.

(2) Upon completion, a copy of the audit program shall be forwarded to the Assistant Deputy Comptroller.

(3) As part of this audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports. Audit reports should include at a minimum:

- (a) audit scope and objectives;
- (b) a concise summary of key results and conclusions, including identification of root causes of significant weaknesses;
- (c) detailed audit results;
- (d) the indication of any violations of law or regulation or noncompliance with Bank policies and procedures;
- (e) management's commitments to correct identified deficiencies, including a timeframe and the individual responsible for action; and
- (f) the timeframe of a follow-up review, if necessary.

(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.

(5) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(6) The Board shall ensure that the audit reports are submitted in a timely manner. On a monthly basis, the Board shall receive a status report on each audit due per the audit program. If audits are not completed per the program, the report shall detail the reasons for the delinquent audit and a timeframe for completion. The Board shall forward a copy of the status report to the Assistant Deputy Comptroller on a quarterly basis.

(7) The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(8) The Board shall ensure that deficiencies identified during an audit receive the proper attention and that a sound follow-up process is in place. Follow-up procedures should include testing of revised policy and procedures to assess the effectiveness of management's corrective actions. Findings shall be communicated in a monthly report to the Board.

### 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 June 1, 2009 ("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" that exceeds one hundred and fifty thousand dollars (\$150,000). 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 cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed specific actions the Bank is taking to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the workout plan for each criticized asset equal to or exceeding one hundred and fifty thousand dollars (\$150,000) 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 workout plans developed pursuant to this Article.

(5) 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 one hundred and fifty thousand dollars (\$150,000);

- (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.
- (6) A copy of each review shall be maintained and placed in the credit file of each affected borrower and a copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis along with the workout plans developed for paragraph (2).

#### ARTICLE IV

##### REAL ESTATE VALUATIONS

(1) Within sixty (60) days, the Board shall obtain a current appraisal or evaluation, as appropriate, of the real estate securing each of the loans discussed in the Violations of Laws and Regulations section of the ROE.

(2) Within ninety (90) days of receipt of each of the appraisals or evaluations obtained pursuant to paragraph (1) above, the Board shall review and evaluate management's reassessment of the risk rating and accrual status of such loan, as well as the amount of impairment, if any, in accordance with FASB ASC 310-10, *Receivables-Overall-Subsequent Measurement-Impairment* (formerly known as, FASB Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan.)

(3) Within sixty (60) days, the Board shall provide appropriate training to Bank personnel to ensure adherence to the Bank's Real Estate Lending Policy and the requirements of the regulation.

(4) Within sixty (60) days, the Board shall develop, implement, and ensure adherence to a process to ensure that real estate collateral is reappraised in a timely manner to support problem loan identification, work-out strategies, identification of impairment, and impact to the Allowance for Loan and Lease Losses. The process shall include criteria for when appraisals are to be updated, such as when a credit deteriorates, when there are materially negative market trends, or when stress testing indicates concentrations are increasingly susceptible to market variances.

## ARTICLE V

### INFORMATION TECHNOLOGY

(1) By June 30, 2010, the Board shall expand and approve your written information security program (“ISP”) to ensure the safety and soundness of its operations and to support the Bank’s efforts to comply with 12 C.F.R. Part 30, Appendix B, Safeguarding Customer Information. The ISP shall include administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The ISP shall be consistent with the security process described in the “Information Security” booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the ISP shall include:

- (a) a corporate-wide assessment of the risks to its customer information or customer information systems and a written report evidencing such assessment. The assessment shall include:
  - (i) the identification of reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse,

- alteration, or destruction of customer information or customer information systems;
- (ii) an assessment of the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and
  - (iii) an assessment of the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks.
- (b) a process to monitor and control the identified risks, commensurate with the sensitivity of the information as well as the complexity and scope of Bank activities;
- (c) a test plan that provides for regular testing of key controls, systems and procedures of its ISP. The frequency and nature of such tests shall be determined by the risk assessment. Such tests shall be conducted or reviewed by independent third parties or staff independent of those who develop or maintain the ISP.

(2) By June 30, 2010, the Board shall develop, implement, and thereafter adhere to a written policy to oversee and manage risks associated with outsourcing technology services to third party servicers, including technology service providers and vendors. This third party management program shall be consistent with OCC Bulletin 2001-47, "Third Party Relationships," dated November 1, 2001, and OCC Advisory Letter 2000-12, "Risk Management of Outsourcing Technology Services," dated November 28, 2000. At a minimum, the policy shall:



- (a) identify and maintain a vendor listing, including Gramm-Leach-Bliley Act (“GLBA”) vendors;
- (b) ensure GLBA vendor contracts meet regulatory requirements;
- (c) obtain the necessary documentation and perform ongoing vendor due diligence reviews and evaluations;
- (d) establish appropriate management information systems to track vendor activities; and
- (e) report to the Board on GLBA compliance and actions taken to date.

(3) By June 30, 2010, the Board shall develop and implement a formal enterprise-wide business continuity process that complies with the requirements set forth in the “Business Continuity Planning” booklet of the FFIEC Information Technology Examination Handbook dated March 2008. At a minimum, the business continuity process shall include:

- (a) a business impact analysis that includes:
  - (i) the identification of the potential impact of uncontrolled, non-specific events on the Bank’s business processes and its customers; and
  - (ii) an estimation of the maximum allowable downtime and acceptable levels of data, operations, and financial losses.
- (b) a risk assessment process that includes:
  - (i) the prioritization of potential business disruptions based upon severity and likelihood of occurrence;

- (ii) a gap analysis comparing the Bank's existing business resumption plans, if any, to what is necessary to achieve recovery time and point objectives; and
  - (iii) an analysis of threats based upon the impact on the Bank, its customers, and the financial markets, not just the nature of the threat.
- (c) a risk management process that includes:
  - (i) development of a written, enterprise-wide business continuity plan ("BCP") that includes each department; and
  - (ii) ongoing training to personnel on the Bank's recovery plan.
- (d) a risk monitoring process that includes:
  - (i) testing of the BCP and pandemic plan on at least an annual basis;
  - (ii) an independent audit and review of the BCP; and
  - (iii) updating of the BCP based upon changes to personnel and the internal and external environments.

(4) The Board shall provide a quarterly written progress report on each of the requirements of this Article to the Assistant Deputy Comptroller.

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

## ARTICLE VI

### PROGRESS REPORTING –QUARTERLY

(1) The Board shall submit quarterly progress reports to the Assistant Deputy Comptroller, St. Louis Field Office, 2350 Market Street, Suite 100, St. Louis, MO 63103. These reports shall set forth in detail:

- (a) actions taken since the prior progress report to comply with each Article of the Agreement;
- (b) results of those actions; and
- (c) a description of the actions needed to achieve full compliance with each Article of this Agreement.

(2) The progress reports shall also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the ROE or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending December 31, 2009, and will be due within forty-five (45) days of that date. Thereafter, progress reports will be due within forty-five (45) days after each quarter-end.

## ARTICLE VII

### CLOSING

(1) Although the Board has agreed to submit certain programs, plans, 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 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.

*Signed*  
\_\_\_\_\_  
Lesslie A. Swip  
Assistant Deputy Comptroller  
St. Louis Field Office

*11/24/2009*  
\_\_\_\_\_  
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.

Signed  
\_\_\_\_\_  
James T. Ashworth

11/24/2009  
\_\_\_\_\_  
Date

Signed  
\_\_\_\_\_  
David Dwyer

11-24-09  
\_\_\_\_\_  
Date

Signed  
\_\_\_\_\_  
Larry M. Franklin

11/24/09  
\_\_\_\_\_  
Date

Signed  
\_\_\_\_\_  
Larry Gillingham

11/24/09  
\_\_\_\_\_  
Date

Signed  
\_\_\_\_\_  
Joe C. Heitz

11-24-09  
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Date

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