

AGREEMENT BY AND BETWEEN
First Federal Savings Bank
Ottawa, Illinois
and
The Comptroller of the Currency

First Federal Savings Bank, Ottawa, Illinois (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors and other customers 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, as described in the Report of Examination dated as of September 30, 2011 (“ROE”), unsafe or unsound banking practices in the Bank’s lending policies relating to credit and collateral exceptions, internal credit risk rating, loan workout plans, and troubled debt restructurings, as well as an unsafe or unsound contingency funding plan.

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. § 163.555. 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. § 163.555, unless otherwise informed in writing by the Comptroller. As a result, the following restrictions apply:

- (a) The Bank is required to notify the OCC of the proposed addition of any individual to the board of directors or the employment of any individual as a senior executive officer at least thirty (30) days before such addition or employment becomes effective, as required by the 12 C.F.R. § 163.560 and 12 U.S.C. § 1831i;
- (b) The Bank is restricted from making any “golden parachute payment” (including severance payments and agreements relating thereto), within the meaning and subject to the restrictions of 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359, except as may be permitted under the above-mentioned statute and regulation; and
- (c) The Bank will not qualify for expedited treatment for applications and notices filed with the OCC. See 12 C.F.R. § 116.5.

ARTICLE II

LENDING POLICY

(1) Within sixty (60) days from the date of this Agreement, the Board shall review and revise the Bank's written loan policy in accordance with 12 C.F.R. §§ 160.101 and 160.170.

The revised policy shall incorporate, at a minimum, the following:

- (a) a description of acceptable types of loans, with any loan products no longer offered by the Bank removed from the policy;
- (b) guidance as to triggers and timeframes for obtaining and analyzing current and satisfactory credit information on borrowers;
- (c) guidance as to triggers and timeframes for obtaining current collateral valuations on new and existing extensions of credit;
- (d) loan structuring guidelines incorporating the anticipated source of repayment, the purpose of the loan, and the useful life of the collateral;
- (e) guidelines and limitations on concentrations of credit, particularly with respect to non-owner occupied 1-4 family loans; and
- (f) guidelines for periodic review of the Bank's adherence to the revised lending policy.

(2) Upon adoption, the policy shall be implemented, the Board shall thereafter ensure Bank adherence to the policy, and a copy of the policy shall be forwarded to the Assistant Deputy Comptroller for review.

ARTICLE III

CREDIT AND COLLATERAL EXCEPTIONS

(1) Within sixty (60) days from the date of this Agreement, the Board shall ensure the Bank obtains current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners or Federal Thrift Regulators at the conclusion of an examination.

(2) Within sixty (60) days from the date of this Agreement, the Board shall ensure the Bank obtains proper collateral documentation on all loans and corrects each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners or Federal Thrift Regulators 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, in writing, 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 the Bank did not obtain and analyze the information in (3)(d).
- (ii) A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed 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.

ARTICLE IV

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the 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 or Federal Thrift Regulators during any examination.

(2) Within sixty (60) days from the date of this Agreement, the Board shall adopt and thereafter ensure Bank implementation and adherence to individual workout plans designed to protect the Bank's interest in or 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 or Federal Thrift Regulators 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 guarantor's repayment ability where repayment is dependent in whole or in part on any guarantor;
- (d) actions designed to eliminate the basis of criticism of or protect the Bank's interest in the asset, including timeframes for implementing and evaluating the effectiveness of those actions; and
- (e) the current risk rating and accrual status.

(3) Upon initial adoption, a copy of the workout plans for all criticized assets equal to or exceeding two hundred thousand dollars (\$200,000) 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 thousand dollars (\$200,000);
- (b) management's adherence to the workout plans adopted pursuant to this Article;
- (c) the status and effectiveness of the workout plans; and
- (d) the need to revise the workout plans or take alternative action.

(5) The Bank may extend credit, directly or indirectly, including renewals or extensions, 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 or Federal Thrift Regulators during any examination and whose aggregate loans or other extensions exceed five hundred thousand dollars (\$500,000) 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 workout plan adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

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

ARTICLE V

LOAN RISK RATING SYSTEM

(1) Within ninety (90) days from the date of this Agreement, and on an ongoing basis thereafter, the Board must ensure that the Bank's internal risk ratings of commercial or agricultural credit relationships (covered relationship), as assigned by responsible loan officers and by any independent loan reviewer, 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 determination of the strength of the borrower's cash flow is based on current financial information and is limited to 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 Comptroller upon request.

(2) Within forty-five (45) days from the date of this Agreement, 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. The presence of illiquid collateral or the

existence of a plan for improvement does not, and a non-government guarantee generally will not, mitigate the probability of default or a well-defined weakness.

ARTICLE VI

TROUBLED DEBT RESTRUCTURINGS

(1) Within sixty (60) days from the date of this Agreement, the Board shall adopt a written policy governing the identification, accounting, and control of troubled debt restructurings (“TDRs”) in accordance with Thrift Bulletin 85, *Regulatory and Accounting Issues Related to Modifications and Troubled Debt Restructurings of 1-4 Residential Mortgage Loans*, and any relevant subsequent or successive guidance. The policy shall, at a minimum:

- (a) address underwriting qualification guidelines for considering approval of TDRs;
- (b) require documented credit and impairment analysis at the time of modification;
- (c) include periodic evaluations to monitor performance and determine whether TDR status, risk classification, and accrual status remain appropriate;
- (d) be consistent with the accounting requirements contained in the Instructions for Preparation of Consolidated Reports of Condition and Income; and
- (e) require the monthly presentation to the Board of all loans meeting TDR criteria.

(2) Upon adoption, the policy shall be implemented, the Board shall thereafter ensure Bank adherence to the policy, and a copy of the policy shall be forwarded to the Assistant Deputy Comptroller.

ARTICLE VII

CONTINGENCY FUNDING PLAN

(1) Within sixty (60) days from the date of this Agreement, the Board shall adopt, implement, and thereafter ensure adherence to a comprehensive Bank-specific Contingency Funding Plan consistent with the guidelines set forth in the OTS Examination Handbook Section 530, *Liquidity Risk Management*, the 2010 Interagency Policy Statement on Funding and Liquidity Risk Management, and any relevant subsequent or successive guidance. The plan shall, at a minimum, include:

- (a) a statement of the Board's strategy for maintaining adequate sources of stable funding given the Bank's anticipated liquidity and funding needs;
- (b) a definition of a liquidity crisis for the Bank;
- (c) an identification of early warning liquidity triggers;
- (d) an explicit quantification of the sources and uses of liquidity in stressed scenarios that correspond to the early warning liquidity triggers;
- (e) detailed action plans to identify and obtain sources of liquidity to meet projected shortfalls;
- (f) an identification of responsible bank personnel to declare, manage, and resolve a liquidity crisis;
- (g) an internal and external communication process, including a process for reporting to the Board, for disseminating relevant information; and

(h) a process of regular testing to ensure that the plan is operationally robust.

(2) Upon adoption, the policy shall be implemented, the Board shall thereafter ensure Bank adherence to the policy, and a copy of the policy shall be forwarded to the Assistant Deputy Comptroller.

ARTICLE VIII

OTHER PROVISIONS

(1) Although the Board has agreed to submit certain reports, policies, and plans to the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

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

Assistant Deputy Comptroller
Peoria Field Office
One Technology Plaza, 211 Fulton Street, Suite 604
Peoria, IL 61602-1350

(3) 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.

(4) 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.

(5) 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.

(6) Reference in this Agreement to statutes, regulations, and other published regulatory guidance shall be deemed to include references to all amendments to such provisions as have been made as of the date hereof and references to successor provisions as they become applicable.

(7) 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) ensure that the Bank has the necessary processes, personnel, and control systems in place to implement its obligations under the terms of this Agreement;
- (b) 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;
- (c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (e) require corrective action be taken in a timely manner of any non-compliance with such actions.

(8) 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 his hand on behalf of the Comptroller.

/s/

Gary L. Baranowski
Assistant Deputy Comptroller
Peoria Field Office

6/8/12

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.

<u>/s/</u> Donald Anderson	<u>6/19/12</u> Date
<u>/s/</u> Thomas Cassidy	<u>6/8/12</u> Date
<u>/s/</u> Richard Farrell	<u>6/8/12</u> Date
<u>/s/</u> Tony Kensinger	<u>6/8/12</u> Date
<u>/s/</u> John Roark	<u>6/8/12</u> Date
<u>/s/</u> Ralph Walter	<u>6/8/12</u> Date
<u>/s/</u> James Wright	<u>6/8/12</u> Date