

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

In the Matter of:)	AA-EC-12-80
CenTrust Bank, National Association)	
Northbrook, Illinois)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), through his authorized representative, has supervisory authority over CenTrust Bank, National Association, Northbrook, Illinois (“Bank”);

WHEREAS, 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 (“Stipulation and Consent”), dated July 25, 2012 that is acceptable to the Comptroller; and

WHEREAS, 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;

NOW, THEREFORE, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders the following:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Order, the Board shall appoint and maintain an active Compliance Committee of at least three (3) directors, of which no more than two (2) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be immediately submitted in writing to the Director for Special Supervision (“Director”). The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Order.

(2) The Compliance Committee shall meet at least monthly.

(3) Within thirty (30) days of the date of this Order and every thirty (30) days thereafter, or within such other time period as the Director requires in writing, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the actions needed to achieve full compliance with each Article of this Order, Bank personnel responsible for implementing the corrective actions and the timeframes for completion;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Director within ten (10) days of receiving such report.

ARTICLE II

STRATEGIC PLAN

(1) Within sixty (60) days of the date of this Order, the Board shall forward to the Director for his review, pursuant to paragraph (3) of this Article, a written Strategic Plan for the Bank that is acceptable to the Director, covering at least a two-year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances, over the short and long term;

- (c) an assessment of the Bank's strengths, weaknesses, opportunities and threats that impact strategic goals and objectives;
- (d) an identification and prioritization of initiatives and opportunities, including timeframes that take into account the requirements of this Order;
- (e) a description of the Bank's targeted market(s) and competitive factors in its identified target market(s) and a description of control systems to mitigate risks in the Bank's markets;
- (f) an assessment of the present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (g) assigned responsibilities and accountability for the strategic planning process; and
- (h) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments or revisions, shall be submitted to the Director for review and prior written determination of supervisory non-objection. At the next Board meeting following receipt of the Director's written determination of supervisory non-objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and ensure adherence to the Strategic Plan and any amendments or revisions thereto.

(3) The Bank may not initiate any action that deviates significantly from the Strategic Plan (that has received written supervisory non-objection from the Director and that has been adopted by the Board) without a written determination of supervisory non-objection from the Director. The Board must give the Director advance, written notice of its intent to deviate significantly from the Strategic Plan, along with an assessment of the impact of such change on the Bank's condition,

including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Strategic Plan. For the purposes of this Article, changes that may constitute a significant deviation from the Strategic Plan include, but are not limited to, a change in the Bank's marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material impact on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

(4) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Strategic Plan and shall include a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Upon completion of its evaluation, the Board shall submit a copy to the Director.

(5) The Board shall review and update the Strategic Plan at least annually and more frequently if necessary or if required by the Director in writing.

(6) Until the Strategic Plan required under this Article has been submitted by the Bank for the Director's review, has received a written determination of supervisory non-objection from the Director, and is being implemented by the Bank, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed before this Consent Order without first obtaining the Director's prior written determination of supervisory non-objection to such significant deviation. Any request to the Director for prior written determination of supervisory non-objection

to a significant deviation must be submitted to the Director at least 30 days in advance of the significant deviation, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change.

ARTICLE III

CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall continue to meet and maintain the following capital ratios (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital to adjusted total asset ratio at least equal to nine percent (9%); and
- (b) Total risk-based capital ratio at least equal to twelve percent (12%).

(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).¹

(3) Within sixty (60) days of the date of this Order, the Board shall develop and implement an effective internal capital planning process to assess the Bank's capital adequacy in relation to its overall risks and to ensure maintenance of appropriate capital levels, which shall in

¹ The Bank may not solicit, accept, renew, or roll over any brokered deposit (as defined in 12 C.F.R. § 337.6(a)(2)) except in compliance with the applicable restrictions of 12 U.S.C. § 1831f and 12 C.F.R. § 337.6.

no event be less than the requirements of paragraph (1) of this Article. The capital planning process shall be consistent with OCC Bulletin 2012-16 (Guidance for Evaluating Capital Planning and Adequacy) (June 7, 2012), and shall ensure the integrity, objectivity, and consistency of the process through adequate governance. The Board shall document the initial capital planning process and thereafter review and document the capital planning process at least annually or more frequently if requested by the Director in writing.

(4) Within sixty (60) days of the date of this Order, the Board shall forward to the Director for his review, pursuant to paragraph (6) of this Article, a written Capital Plan for the Bank, consistent with the Strategic Plan pursuant to Article II, covering at least a two-year period. The Capital Plan shall, at a minimum:

- (a) include specific plans for the maintenance of adequate capital, which may in no event be less than the requirements of paragraph (1) of this Article;
- (b) identify and evaluate all material risks;
- (c) determine the Bank's capital needs in relation to material risks and strategic direction, as set forth in the Strategic Plan;
- (d) identify and establish a strategy to strengthen capital, if necessary, and establish a contingency or back-up capital plan commensurate with the Bank's overall risk and complexity;
- (e) include detailed quarterly financial projections; and
- (f) include specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order that will have an impact upon the bank's capital.

(5) The Bank may declare or pay a dividend or make a capital distribution only:

(a) when the Bank is in compliance with its approved Capital Plan and would remain in compliance with its approved Capital Plan immediately following the declaration or payment of any dividend or the capital distribution;

(b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and,

(c) following the prior written determination of supervisory non-objection by the Director.

(6) Prior to the adoption by the Board, a copy of the Capital Plan shall be submitted to the Director for a prior written determination supervisory non-objection. The Board shall review and update the Bank's Capital Plan at least annually and more frequently if necessary or if required by the Director in writing. Revisions to the Bank's Capital Plan shall be submitted to the Director for a prior written determination of supervisory non-objection. At the next Board meeting following receipt of the Director's written determination of supervisory non-objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to the Capital Plan and any amendments or revisions thereto.

(7) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Capital Plan and shall include a description of the actions the Board will require the Bank to take to address any deficiencies, which shall be documented in the Board meeting minutes. Upon completion of its evaluation, the Board shall submit a copy to the Director.

(8) If the Bank fails to maintain the capital ratios required by paragraph (1) of this Article, fails to submit a Capital Plan as required by paragraph four (4) of this article, or fails to implement a Capital Plan to which the Director has provided a written determination of supervisory non-objection, then the Bank may, in the Director's sole discretion, be deemed undercapitalized for purposes of this Order. The Bank shall take such corrective measures as the OCC may direct in writing from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6 for national banks. For purposes of this requirement, an

action “necessary to carry out the purpose of this section” under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank’s capital to the minimum ratios required by this Order, and any other action deemed advisable by the OCC to address the Bank’s capital deficiency or the safety and soundness of its operations.

ARTICLE IV

BOARD AND MANAGEMENT

(1) Within one hundred and twenty (120) days of this Order, the Board shall adopt and take the necessary steps to implement corporate governance and decision-making processes to correct the Bank’s deficiencies in management leadership and Board oversight as described in the most recent Report of Examination (“ROE”). At a minimum, the Board shall ensure and document the following:

- (a) senior executive officers are capable of performing present and anticipated duties, factoring in each officer’s past actual performance, experience, and qualifications, compared to their position description, duties and responsibilities, with particular emphasis on their proposed responsibilities to execute the Strategic Plan and correct the concerns raised in the ROE;
- (b) clear lines of responsibility and authority for each member of senior management, including but not limited to, the Chairman of the Board, Chief Executive Officer, President, Chief Credit Officer, Chief Operating Officer, and Chief Financial Officer;
- (c) a management employment and succession program to promote the retention and continuity of capable management;
- (d) sufficient policies, processes, personnel, and control systems to effectively implement and adhere to all provisions of this Order, and that Bank personnel have sufficient training and authority to execute their duties and responsibilities under this Order;

- (e) a process to evaluate, at least annually, the Bank's overall internal operations, staffing, Board and management oversight and information systems, policies, procedures and other risk management systems with time sensitive strategies to address any deficiencies;
- (f) a process exists to ensure that management appropriately responds to any audit or compliance or regulatory deficiencies; and
- (g) that the Board receives and reviews sufficient Bank information from management (including scope, frequency and content) on the operation of the Bank and compliance with this Order to enable them to provide oversight and fulfill their fiduciary duties and other responsibilities under law and as outlined in the OCC's The Directors Book and "Duties and Responsibilities of Directors" booklet of the *Comptroller's Handbook*.

(2) The Board shall establish, at least annually, the objectives by which senior executive officers' effectiveness will be measured.

(3) The Board shall perform and prepare an annual written performance appraisal for each Bank senior executive officer that evaluates performance according to the position's description and responsibilities. Each annual written performance appraisal also must address the following as it applies to each senior executive officer:

- (a) compliance with objectives established by the Board;
- (b) compliance with Board approved policies and procedures;
- (c) compliance with Board approved strategic and capital plans;
- (d) compliance with action plans to remedy issues raised in Reports of Examination or audit reports; and
- (e) compliance with laws, regulations, and regulatory guidance.

(4) The Board shall ensure that the Bank addresses any deficiencies identified pursuant to paragraph three (3) of this Article.

ARTICLE V

LOAN PORTFOLIO MANAGEMENT

(1) Within ninety (90) days of the date of this Order, the Board shall adopt, and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to a written program to improve the Bank's loan portfolio management. The program and corresponding procedures shall be consistent with the "Loan Portfolio Management" booklet of the *Comptroller's Handbook*. The program shall include, but not be limited to, the following minimum requirements:

- (a) procedures to ensure conformance with sound loan underwriting and approval requirements, including a prohibition on conflicts of interests;
- (b) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information;
- (c) procedures to ensure satisfactory and perfected collateral documentation;
- (d) procedures to track and analyze policy exceptions;
- (e) procedures to identify, measure, monitor and control concentrations of credit that are consistent with the "Concentration of Credit" booklet of the *Comptroller's Handbook*; and
- (f) procedures to ensure the timely, complete and accurate internal loan portfolio management information systems exist.

(2) The Board shall ensure that all Bank lenders or any other personnel performing credit analyses receive loan policy training at least annually and be adequately trained in cash flow

analysis, particularly analysis using information on a global cash flow basis, evaluation of contingent liabilities, and verification of liquidity. Processes and procedures must be in place to ensure that additional training is provided as needed.

ARTICLE VI

CREDIT RISK RATINGS

(1) Within ninety (90) days, the Board shall adopt, and the Bank, subject to Board review and ongoing monitoring, shall implement and there after ensure adherence to a written program designed to ensure that the risks associated with the Bank's loan portfolio are properly reflected and accounted for on the Bank's books and records. The program shall include, at a minimum, provisions requiring that:

- (a) The Bank's loans and other assets are appropriately and timely risk rated and charged off by the lending officers using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in "Rating Credit Risk" booklet of the *Comptroller's Handbook*; and,
- (b) officers and other appropriate personnel are held accountable, including in performance evaluations and compensation, for failing to appropriately and timely risk rate and/or place loans on nonaccrual.

(2) Within ninety (90) days of the date of this Order, the Board shall revise, adopt, and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to an effective, independent, and on-going loan review system to review, at least quarterly, the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits. The system shall provide for a quarterly written report to be filed with the Board or a designated committee after each review and 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*. Further, the loan review system shall be consistent with generally accepted accounting principles (“GAAP”). Such written reports shall include, at a minimum, conclusions regarding the following:

- (a) the overall quality of the loan and lease portfolios;
- (b) the overall underwriting and approval process;
- (c) the overall credit administration process;
- (d) the volume and types of concentrations of credit and corresponding internal risk management systems;
- (e) the identification, type, rating, and amount of all problem loans and leases;
- (f) the identification and amount of delinquent and nonaccrual loans and leases;
- (g) the identification and status of credit related violations of law, rule, or regulation;
- (h) credit underwriting and documentation exceptions;
- (i) credit analysis and documentation of such analysis;
- (j) accuracy of internal risk ratings;
- (k) completeness and effectiveness of problem loan workout plans;
- (l) the accuracy of the Bank’s recognition of troubled debt restructurings;
- (m) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank;
- (n) loans and other extensions of credit that are exceptions to, or not in conformance with the Bank’s lending policies and procedures;
- (o) identify the loan officers who originated and are currently servicing each loan reported in accordance with subparagraphs (e) through (n) of the Article; and
- (p) the accuracy of specific allocations to the Allowance for Loan and Lease Losses (“Allowance”) and the Allowance methodology.

(3) The Board shall evaluate the written report(s) prepared to monitor compliance with paragraphs one (1) and two (2) of this article. Further, the Board shall ensure that immediate, adequate, and continuing remedial action is taken to correct any deficiencies noted in these report(s).

ARTICLE VII

CREDIT AND COLLATERAL EXCEPTIONS

(1) The Bank shall obtain current and complete credit information on all loans lacking such information, including those listed in the most recent ROE (within ninety (90) days from the effective date of this Order), in any subsequent ROE (within sixty (60) days from the issuance of such ROE), in any internal or external loan review (within sixty (60) days from the completion of such review), or in any listings of loans lacking such information provided to management by the National Bank Examiners (within sixty (60) days from receipt of such listing). The Bank shall maintain a list of any credit exceptions that have not been corrected within the timeframe discussed above. This list shall include an explanation of the actions taken to correct the exception, the reasons why the exception has not yet been corrected, and a plan to correct the exception.

(2) The Bank shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the most recent ROE (within ninety (90) days from the effective date of this Order), in any subsequent ROE (within sixty (60) days from the issuance of such ROE), in any internal or external loan review (within sixty (60) days from the completion of such review), or in any listings of loans lacking such information provided to management by the National Bank Examiners (within sixty (60) days from the receipt of such listing). The Bank shall maintain a list of any collateral exceptions that have not been corrected within the timeframe discussed above. This list shall include an explanation of the actions taken to correct the exception, the reasons why the exception has not yet been corrected, and a plan to correct the exception.

ARTICLE VIII

PROBLEM ASSET MANAGEMENT

(1) Within sixty (60) days of the date of this Order, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to a written program designed to eliminate the basis of criticism of those assets criticized as “doubtful,” “substandard,” or “special mention” in the most recent ROE, in any subsequent ROE, by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination. The program shall include:

- (a) processes to ensure that officers and other appropriate personnel are held accountable, including in performance evaluations and compensation, for failing to appropriately and timely manage problem assets and eliminate the basis of criticism;
- (b) adequate MIS to measure the status of workout plans on each problem asset; and
- (c) the development of Criticized Asset Reports (“CARs”) identifying all credit relationships and other assets totaling in the aggregate two hundred fifty thousand dollars (\$250,000) or more, criticized as “doubtful,” “substandard,” or “special mention.” The CARs must be updated and submitted to the Board or a committee designated by the Board monthly and to the Director quarterly.

(2) Each CAR shall cover an entire credit relationship and other assets, and include, at a minimum, analysis and documentation of the following:

- (a) the origination date and any renewal or extension dates, amount, purpose of the loan or other asset, and the originating and current handling officer(s);

- (b) the expected primary and secondary sources of repayment, and an analysis of the adequacy of the repayment source;
- (c) the appraised value of supporting collateral, along with the date and source of the appraisal, and the position of the Bank's lien on such collateral, as well as other necessary documentation to support the current collateral valuation;
- (d) an analysis of current and complete credit information, including a global cash flow analysis where loans are to be repaid from operations;
- (e) results of any impairment analysis as required under Accounting Standards Codification ("ASC") Topic 310;
- (f) accurate risk ratings consistent with the classification standards contained in the *Comptroller's Handbook* on "Rating Credit Risk;"
- (g) appropriate accrual status pursuant to the FFIEC Instructions for the Preparation of Consolidated Reports of Condition and Income;
- (h) significant developments, including a discussion of changes since the prior CAR, if any; and
- (i) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment, including, if appropriate, an exit strategy.

(3) The Bank shall not extend credit, directly or indirectly, including renewals, modifications or extensions, 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, unless and until a majority of the Board, or a designated committee thereof, determines in writing that each of the following conditions for loans or extensions of credit totaling in the aggregate two hundred fifty

thousand dollars (\$250,000) or more, criticized as “doubtful,” “substandard,” or “special mention” are met:

- (a) the extension of additional credit is necessary to promote the best interests of the Bank;
- (b) a written credit and collateral analysis is performed; and
- (c) the CAR for that borrower will not be compromised by the extension of additional credit.

ARTICLE IX

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days of the date of this Order, the Board shall adopt, and the Bank, subject to Board review and ongoing monitoring, shall implement and ensure compliance with written policies and procedures for the maintenance of an adequate Allowance for Loan and Lease Losses (“ALLL”). The policies and procedures shall be consistent with the guidance on maintaining a proper ALLL found in the Interagency Policy statement of the ALLL contained in OCC Bulletins 2001-37 (July 20, 2001) and 2006-47 (December 13, 2006) and with “Allowance for Loan and Lease Losses,” booklet of the *Comptroller’s Handbook*, and shall incorporate the following::

- (a) loan risk ratings;
- (b) results of the Bank’s independent loan review;
- (c) criteria for determining which loans will be reviewed under Accounting Standards Codification (“ASC”) Topic 310, how impairment will be determined, and procedures to ensure the analysis of loans complies with ASC 310 requirements;
- (d) criteria for determining loan pools under ASC 450 and an analysis of those loan pools;

- (e) recognition of non-accrual loans in conformance with GAAP and regulatory guidance;
- (f) loan loss experience;
- (g) trends of delinquent and non-accrual loans;
- (h) concentrations of credit in the Bank; and
- (i) present and projected economic and market conditions.

(2) The policy and procedures shall provide for a review of the ALLL by the Board at least once each calendar quarter. Any deficiency in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation of the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL shall be maintained.

(3) A copy of the Board's ALLL policy and procedures, and any subsequent revisions, shall be submitted to the Director.

ARTICLE X

APPRAISAL AND EVALUATION PROCESS

(1) Within thirty (30) days of the date of this Order, the Board shall revise, adopt, and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to a revised real estate appraisal program that addresses appraisals and evaluations prior to and after the credit decision. The revised program shall be consistent with 12 C.F.R. Part 34 and applicable regulatory guidance, including the Interagency Appraisal and Evaluation Guidelines, OCC 2010-42, dated December 10, 2010, and the "Commercial Real Estate and Construction Lending" booklet of the *Comptroller's Handbook*. At a minimum, the real estate appraisal program shall incorporate specific guidelines that:

- (a) provide for the independence and qualifications of the person ordering, performing, and reviewing appraisals or evaluations;
- (b) establish selection criteria and procedures to evaluate and monitor the ongoing performance of appraisers and persons who perform evaluations;
- (c) ensure that appraisals and evaluations contain sufficient information to support the credit decision;
- (d) maintain criteria for the content and appropriate use of evaluations consistent with safe and sound banking practices;
- (e) provide for the receipt and review of the appraisal or evaluation report in a timely manner to facilitate the credit decision;
- (f) develop criteria to assess whether an existing appraisal or evaluation may be used to support a subsequent transaction;
- (g) implement internal controls that promote compliance with these program standards, including those related to monitoring third party arrangements;
- (h) establish criteria for collateral valuation monitoring; and
- (i) establish criteria for obtaining appraisals or evaluations for transactions that are not otherwise covered by the appraisal requirements of 12 C.F.R. § 34.

(2) Upon adoption, a copy of the program shall be forwarded to the Director.

ARTICLE XI

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule, or regulation cited in the most recent ROE or any subsequent ROE, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within ninety (90) days after the violation is cited or

brought to the Board's or Bank's attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified date.

(2) The monthly progress reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(3) Within ninety (90) days, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to:

- (a) specific procedures to prevent future violations as cited in the most recent ROE; and
- (b) general procedures addressing compliance management that incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be forwarded to the Director.

ARTICLE XII

OTHER PROVISIONS

(1) Although the Bank is by this Consent Order required to submit certain proposed actions and programs for the review or prior written determination of supervisory non-objection of the Director, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

(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) The provisions of this Consent Order are effective upon issuance 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 Consent Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller, through his authorized representative.

(4) Except as otherwise expressly provided herein, any time limitations imposed by this Consent Order shall begin to run from the effective date of this Consent Order.

(5) If the Bank requires a waiver or suspension of any provision or an extension of any timeframe within this Consent Order, the Board shall submit a written request to the Director asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail, with relevant supporting documentation, the special facts and circumstances that support the waiver or suspension of any provision or an extension of a timeframe within this Consent Order.

(6) The Director's decision concerning a request submitted pursuant to paragraph five (5) of this Article is final and not subject to further review.

(7) In each instance in this Consent Order in which the Board or a Board committee 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 Consent Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Consent 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.

(8) The Comptroller entered into an Operating Agreement with the Bank on February 4, 2011 (“the Operating Agreement”). This Consent Order replaces the Operating Agreement in its entirety and, therefore, the Operating Agreement is hereby terminated.

(9) This Consent 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.

(10) All reports or plans which the Bank or Board has agreed to submit to the Director pursuant to this Order shall be forwarded, by overnight mail, or via email, to the following:

Director for Special Supervision
Comptroller of the Currency
250 E. Street, S.W.
Mail Stop 7-4
Washington, DC 20219

with a copy to:
Chicago – Schaumburg Field Office
Comptroller of the Currency
Two Century Centre – Suite 800
1700 East Golf Road
Schaumburg, IL 60173

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 25th day of July, 2012.

/s/ James R. Moore

James R. Moore
Director for Special Supervision

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

In the Matter of:)
CenTrust Bank, National Association)
Northbrook, Illinois)

AA-EC-12-80

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

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) intends to initiate cease and desist proceedings against CenTrust Bank, National Association, Northbrook, Illinois (“Bank”) pursuant to 12 U.S.C. § 1818 through the issuance of a Notice of Charges, for unsafe or unsound banking practices relating to asset quality, earnings and management, and violations of law and regulation;

WHEREAS, the Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated July 25, 2012 (“Order”) by executing this Stipulation and Consent to the Issuance of a Consent Order;

NOW THEREFORE, 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).

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).

(3) 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.

(4) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute the Consent Order.

(5) 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.

(6) The terms and provisions of the Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Consent Order.

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

CLOSING PROVISIONS

(1) The provisions of this Stipulation and Consent Order 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/ James R. Moore

July 25, 2012

James R. Moore
Director
Special Supervision Division

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/ Jim McMahon
Jim McMahon

7/25/12
Date

/s/ Roger Smith
Roger Smith

7/25/12
Date

/s/ Harry Stinespring
Harry Stinespring

7/25/12
Date

/s/ John Thomas
John Thomas

7/25/12
Date