

#2013-101

Also Terminates #2010-077

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

In the Matter of:)
The National Republic Bank of Chicago)
Chicago, Illinois)

AA-EC-2013-60

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over The National Republic Bank of Chicago, Chicago, 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 August 31, 2013, that is accepted by the Comptroller through his duly authorized representative; 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 that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) The Compliance Committee shall consist of at least three (3) directors of which at least two (2) shall not be employees, former employees, or controlling shareholders 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. The Chairman of the Board may not serve as a member of the Compliance Committee. 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 of 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 end of each calendar quarter, 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 reports, with any additional comments by the Board, to the Director on a quarterly basis or within such other time period as the Director may require in writing.

ARTICLE II

STRATEGIC PLAN

(1) By no later than December 31, 2013, the Board shall revise and forward to the Director for his review, pursuant to paragraph three (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;

(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 the systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) If the Board's Strategic Plan under paragraph one (1) of this Article includes a proposed sale or merger of the Bank, the Strategic Plan shall, at a minimum, address the steps that will be taken and the associated timeline to effect the implementation of that alternative.

(3) 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 no supervisory objection. At the next Board meeting following receipt of the

Director's written determination of no supervisory objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Strategic Plan.

(4) The Bank may not initiate any action that deviates significantly from the Strategic Plan (that has received a supervisory no-objection from the Director and that has been adopted by the Board) without a written determination of no supervisory objection from the Director. The Board must give the Director advance and 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.

(5) 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.

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

(7) Until the Strategic Plan required under this Article has been submitted by the Bank for the Director's review, received a written determination of no supervisory 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 Order without first obtaining the Director's prior written determination of no supervisory objection to such significant deviation. Any request to the Director for prior written determination of no supervisory objection to a significant deviation must be submitted to the Director at least thirty (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

(1) By no later than December 31, 2013, the Bank shall achieve and maintain the following minimum capital ratios (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital to adjusted total assets ratio at least equal to ten percent (10%); and
- (b) Total risk-based capital at least equal to twelve percent (12%).

(2) By no later than December 31, 2013, the Bank shall achieve and thereafter maintain, the following capital levels (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital at least equal to twelve percent (12%) of adjusted total assets; and

(b) Total risk-based capital at least equal to sixteen percent (16%) of risk-weighted assets.

(3) The requirements of paragraph two (2) of this Article shall apply, and shall supersede the requirements of paragraph one (1) of this Article for those periods during which the Bank's Commercial Real Estate¹ ("CRE") credit concentration is equal to or exceeds three hundred percent (300%) of Tier 1 capital plus the Allowance for Loan and Lease Losses ("ALLL").

(4) 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).

(5) 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 no event be less than the requirements of paragraph one (1) of this Article. The capital planning process shall be consistent with OCC Bulletin 2012-16 (June 7, 2012), *Guidance for Evaluating Capital Planning and Adequacy*, 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.

(6) Within sixty (60) days of the date of this Order, the Board shall forward to the Director for his review, pursuant to paragraph seven (7) of this Article, a written Capital Plan for the Bank, consistent with the Strategic Plan pursuant to Article II, covering at least a two (2) year period. The written Capital Plan shall, at a minimum:

¹ As defined in OCC Bulletin 2006-46 (December 6, 2006), *Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices: Interagency Guidance on CRE Concentration Management*.

(a) include specific plans for the maintenance of adequate capital, which shall in no event be less than the requirements of paragraph one (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;

(d) identify and establish a strategy to maintain capital adequacy and 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 on the Bank's capital.

(7) If the Bank's written Capital Plan outlines a sale or merger of the Bank, the written Capital Plan shall only address the steps that will be taken and the associated timeline, to ensure that within ninety (90) days after the receipt of the Director's written determination of no supervisory objection to the written Capital Plan, a definitive agreement for the sale or merger is executed.

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

(a) when the Bank is in compliance with its approved written Capital Plan and would remain in compliance with its approved written 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 no supervisory objection by the Director.

(9) Prior to adoption by the Board, a copy of the Bank's written Capital Plan shall be submitted to the Director for prior written determination of no supervisory objection. The Board shall review and update the Bank's written Capital Plan at least annually and more frequently if required by the Director in writing. Revisions to the Bank's written Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall immediately implement and thereafter ensure adherence to the written Capital Plan and any amendments or revisions thereto.

(10) At least monthly, the Board shall review financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the written Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including descriptions of extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board will require the Bank to take to address any deficiencies. At least quarterly the Board shall prepare a written evaluation of the Bank's performance against the written Capital Plan, which shall include a description of the actions the Board will require the Bank to take to address any deficiencies. The Board's monthly reviews and preparation of the quarterly written evaluations shall be documented in the Board meeting minutes. The Board shall retain a copy of these monthly reviews and Board meeting minutes and shall forward a

copy of these quarterly written evaluations and Board meeting minutes to the Director within ten (10) days of completion of its quarterly written evaluations.

(11) If the Bank fails to maintain the capital ratios required by paragraph one (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 no supervisory 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 TO ENSURE EFFECTIVE MANAGEMENT

(1) Within ninety (90) days of the date 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 as defined in 12 C.F.R. § 5.51(c)(3) 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 required by Article II and correct the concerns raised in the ROE or any subsequent 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, and Chief Financial Officer;

(c) a management employment and succession program to promote the retention and continuity of capable management;

(d) sufficient 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 ensure that management appropriately responds to any audit, or compliance or regulatory criticisms, including but not limited to, provisions for loan and lease losses, loan accrual designations, and loan risk rating designations; and

(f) 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 Handbook* (October 2010) and "Duties and Responsibilities of Directors" booklet (March 1990) 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, adherence to the Strategic Plan, objectives established by the

Board, and the effectiveness of developing and successfully implementing action plans to remedy issues raised in Reports of Examination or audit reports. Upon completion and at the request of the Director, copies of each performance appraisal shall be submitted to the Director. The Board shall ensure that the Bank addresses any identified deficiencies in a manner consistent with paragraph one (1) of this Article.

ARTICLE V

CONCENTRATION RISK MANAGEMENT

(1) By no later than December 31, 2013, the Board shall develop and adhere to a written concentration risk management program for identifying, monitoring, and controlling risks associated with concentrations of credit and ensure that it addresses all concentrations of credit-related corrective actions in the most recent ROE and is consistent with the guidance set forth in OCC Bulletin 2006-46 (December 6, 2006), *Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices: Interagency Guidance on CRE Concentration Management*, and the “Concentrations of Credit” booklet of the *Comptrollers’ Handbook* (December 13, 2011). The program shall include, but is not limited to, the following:

- (a) policy guidelines addressing the level and nature of exposures acceptable to the Bank and setting concentration limits, including limits on commitments to individual borrowers and appropriate sub-limits;
- (b) procedures to identify and quantify the nature and level of risk presented by concentrations, including review of changes in conditions in the Bank’s markets;
- (c) procedures to periodically review and revise, as appropriate, risk exposure limits and sub-limits to conform to any changes in the Bank’s strategies and to respond to changes in market conditions;

(d) quarterly portfolio-level stress tests or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;

(e) appropriate strategies for managing concentration levels, including a contingency plan to reduce or mitigate concentrations deemed imprudent for the Bank's earnings, capital, or in the event of adverse market conditions; and

(f) quarterly reports to the Board, which shall at a minimum include the following:

(i) a summary of concentration levels, by type and sub-type;

(ii) a summary of the Bank's market analysis;

(iii) strategies implemented to ensure or obtain compliance when concentrations approach or exceed Board-approved limits; and

(iv) a summary of changes in risk levels by concentration type and sub-type, with discussion of recommended changes in credit administration procedures (i.e., underwriting practices, risk rating, monitoring, training).

(2) Upon completion, the Board shall thereafter adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the written concentration management program.

(3) Upon completion, the Board shall forward a copy of the program required in paragraph one (1) of this Article, and any concentration reports, studies, or analysis to the Director within ten (10) days of completion.

ARTICLE VI

RISK RATING, NONACCRUAL RECOGNITION, AND SUBSTITUTE BORROWERS

(1) Effective upon the date of this Order, the Board shall ensure that the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records and that the Bank properly recognizes income.

(2) Within ninety (90) days of the date of this Order, the Board shall implement and adhere to a written program, which, at a minimum, shall:

(a) use a risk grading system that is consistent with and reconcilable to the Uniform Agreement on the Classification of Assets and Appraisal of Securities Held By Banks and Thrifts, OCC Bulletin 2004-20 (June 15, 2004), and the Interagency Uniform Retail Credit Classification and Account Management Policy, OCC Bulletin 2000-20 (September 8, 2000), where applicable;

(b) be consistent with the guidelines set forth in the “Rating Credit Risk” booklet (April 2001) of the *Comptroller’s Handbook*;

(c) incorporate a process to ensure risk ratings are assigned by lending officers on a timely basis and are accurate based on receipt and analysis of current and satisfactory financial and collateral information;

(d) incorporate a process to ensure the Bank’s loans and other assets are timely placed on nonaccrual where appropriate with the Instructions for Consolidated Reports of Income and Condition;

(e) require that appropriate analysis and documentation is maintained in the credit files to support the current and previous risk rating and accrual determination for each credit relationship;

(f) incorporate a process to ensure that substitute borrower transactions are treated in accordance with FASB ASC 310-40 “Troubled Debt Restructurings By Creditors”;
and

(g) incorporate management information systems that periodically provide feedback to the Board about the effectiveness of the program from senior management and the individual lending officers.

(3) Upon adoption, the Board shall forward a copy of the written program adopted pursuant to this Article to the Director.

ARTICLE VII

PROBLEM ASSET MANAGEMENT

(1) The Bank shall take immediate and continuing action to protect its interests in 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 OCC Examiners during any examination.

(2) Within ninety (90) days of the date of this Order, the Board shall review and revise and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to a written program designed to reduce the level of the Bank's criticized assets. The program shall include, but not be limited to, the following:

(a) reporting of classified asset levels by type to the Board or a designated committee thereof every month;

(b) reporting of special mention asset levels by type to the Board or a designated committee thereof every month; and

(c) developing strategies for reducing levels of classified and special mention assets by asset type.

(3) The Board's program developed in accordance with paragraph two (2) of this Article shall include developing individual workout plans designed to eliminate the basis of criticism and protect the Bank's interest, for all criticized assets, credit relationships or parcels of other real estate owned ("OREO") with a carrying value of seven hundred and fifty thousand dollars (\$750,000) or more, and will require the Board to review and adopt, quarterly, the individual

workout plans. Each individual workout plan shall cover an entire credit relationship and shall include, at a minimum, analysis and documentation of the following, as applicable:

(a) origination date, original and current balance, stated purpose of the loan, name(s) of the borrower(s), name(s) of the guarantor(s), and the original expected sources of repayment;

(b) identification of the individual(s) responsible for managing the criticized asset and completing the requirements of the written plan and the originating and current loan officers, if different;

(c) identification of the current expected primary and secondary sources of repayment and an analysis of their adequacy;

(d) the number of extensions or modifications granted for the loan, including a determination of whether the loan is considered a Troubled Debt Restructuring as set forth in Accounting Standards Codification (“ASC”) Subtopic 310-40 “Receivables – Troubled Debt Restructurings by Creditors” (formerly Financial Accounting Standards Board (“FASB”) Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended by FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan") and the Consolidated Reports of Condition and Income (“Call Report”) instructions;

(e) a description of the basis for criticism, current risk rating, charge-off history, and past-due and accrual status, with supporting comments for each;

(f) the current value of supporting collateral, results of inspections, and the Bank’s current lien position on such collateral, and all other documentation necessary to support the collateral valuation;

(g) an analysis of current and satisfactory credit information, including analysis of borrower's and guarantor's global cash flow, and of business cash flow where loans are to be repaid from operations;

(h) the proposed action(s) to eliminate the basis of criticism, a discussion of changes since the prior report, and the time frame for eliminating said basis of criticism, including, if appropriate, an exit strategy;

(i) trigger dates for positive borrower actions or for loan officers or other responsible staff to reassess the strategy, enact collection plans, and make appropriate downgrades or place the loan on nonaccrual;

(j) a determination whether the loan should be placed on nonaccrual and/or is impaired, and the amount of any impairment, consistent with FASB ASC 310-10 "Receivables - Overall – Subsequent Measurement – Impairment" ("FASB ASC 310-10");

(k) a historical record of the action(s) taken to protect the Bank's interests in the asset that, at a minimum, includes the date of the action, the identity of the party who took the action(s), and the rationale for any departure from approved proposed action(s); and

(l) include for loans made for the purpose of constructing upon or developing real estate:

(i) project development status, including the percentage complete and the estimated cost to complete unfinished projects;

(ii) a comparison of construction and development costs to the budgeted amount;

(iii) a comparison of sales activity to the original sales projections;

(iv) amount of initial interest reserve and the amount of any subsequent additions to the reserve; and

(v) other significant information relating to the project.

(4) Workout plans for OREO shall, at a minimum, comply with the provisions of Article XIV (Audit), paragraph two (2).

(5) Upon adoption by the Board, copies of individual workout plans shall be forwarded to the Director.

(6) The Board shall conduct a review, on at least a quarterly basis, to:

(a) determine management's adherence to each individual workout or action plan;

(b) evaluate the effectiveness of each individual workout or action plan; and

(c) approve revisions to the plans or alternative actions.

(7) A copy of each quarterly review shall be forwarded to the Director.

(8) Effective immediately, the Bank may not extend credit, directly or indirectly, including renewals, extensions, capitalization of accrued interest, or overdrafts to a borrower whose loans or other extensions of credit are criticized internally, in the ROE, in any subsequent ROE, in any internal or external loan review, or in any list provided to management by OCC Examiners and whose aggregate loans or other extensions of credit equal or exceed seven hundred and fifty thousand dollars (\$750,000), unless and until the Board, or a designated committee thereof, finds and documents in writing that each of the following conditions is met:

(a) the extension of additional credit is necessary to promote the best interests of the Bank;

(b) the Bank has performed a written credit and collateral analysis as required by paragraph three (3)(f) through (h) of this Article, and, if necessary, the proposed action referred to in paragraph three (3)(k) of this Article is revised, as appropriate; and

(c) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of credit.

(9) A copy of the findings and approval of the Board or designated committee thereof shall be maintained in the credit file of the affected borrower.

(10) Within ninety (90) days of the date of this Order, the Board shall ensure that a program is in place to hold loan officers and other responsible employees accountable for adherence to policies and procedures adopted pursuant to paragraph three (3) of this Article, including, but not limited to, consideration of such adherence (or failure to adhere) in periodic performance reviews and compensation decisions.

ARTICLE VIII

ANNUAL CREDIT REVIEWS

(1) Within sixty (60) days of the date of this Order, the Board shall adopt and implement, and thereafter the Bank shall adhere to, an annual credit review program for commercial credit relationships with balances equal to or exceeding seven hundred and fifty thousand dollars (\$750,000). The annual credit review shall document, at a minimum:

- (a) the specific reason or purpose of the loan;
- (b) the expected source(s) of repayment;
- (c) past repayment performance;
- (d) terms and covenants related to each loan;
- (e) an analysis of current and complete credit information, including a global cash flow analysis of the guarantor's repayment ability, where repayment is dependent in whole or in part on the guarantor;
- (f) an analysis of current collateral coverage and documentation of the Bank's lien position; and

(g) the assigned credit risk rating, including, if applicable, accrual designation and the amount of any impairment reserve.

ARTICLE IX

LOAN REVIEW

(1) Within thirty (30) days, the Board shall employ or designate a sufficiently experienced and qualified person(s) or firm to ensure the timely and independent identification and categorization of problem credits.

(2) 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 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 written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in "Rating Credit Risk" (April 2001) and "Allowance for Loan and Lease Losses" (June 1996) booklets of the *Comptroller's Handbook*. Such reports shall include, at a minimum, conclusions regarding:

- (a) the overall quality of the loan and lease portfolios;
- (b) the identification, type, rating, and amount of problem loans and leases;
- (c) the identification and amount of delinquent loans and leases;
- (d) credit and collateral documentation exceptions;
- (e) the identification and status of credit-related violations of law, rule, or regulation;
- (f) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of this Article;
- (g) concentrations of credit;

(h) loans and leases to executive officers, directors, and principal shareholders (and their related interests) of the Bank; and

(i) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

The Board shall evaluate the written loan review report(s) and shall ensure that immediate, adequate, and continuing remedial action is taken to correct any deficiencies noted in the report(s).

ARTICLE X

APPRAISALS AND EVALUATIONS OF REAL PROPERTY

(1) Within sixty (60) days of the date of this Order, the Board shall order and obtain a current appraisal or evaluation, as applicable, of the real estate securing each loan lacking an appropriate appraisal or evaluation.

(2) Within thirty (30) days of the date of this Order, the Board shall revise written policies and procedures governing the Bank's valuation of real estate collateral to ensure the safety and soundness of the Bank's real estate lending activities. The Bank's policies and procedures shall be consistent with the "Interagency Appraisal and Evaluation Guidelines," OCC Bulletin 2010-42 (December 10, 2010) ("Interagency Guidelines"), and, at a minimum, must include:

(a) a requirement that the Bank obtain an appraisal or perform an appropriate evaluation, as applicable, for all real estate-related financial transactions, consistent with the standards and requirements in 12 C.F.R. Part 34, Subpart C, which sets forth standards for when the Bank will reevaluate or reappraise real estate collateral to support timely problem loan identification, work-out strategies, identification of impairment, and

impact to the ALLL, and includes requirements distinguishing when an appraisal, as opposed to an evaluation, will be required under certain circumstances;

(b) an effective appraisal and evaluation review process, consistent with Section XV of the Interagency Guidelines; and

(c) criteria for obtaining appraisals or performing evaluations for transactions that are not otherwise covered by regulatory requirements.

ARTICLE XI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within thirty (30) days of the date of this Order, the Board shall adopt written policies and procedures for maintaining an adequate ALLL in accordance with U.S. generally accepted accounting principles (“GAAP”). The Bank’s ALLL policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council’s (“FFIEC”) (i) “Interagency Policy Statement on the Allowance for Loan and Lease Losses”, OCC Bulletin 2006-47 (December 13, 2006) (“Interagency Statement”); and (ii) “Interagency Guidance on ALLL Estimation Practices for Junior Liens” , OCC Bulletin 2012-6 (January 31, 2012), and shall, at a minimum, include:

(a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with GAAP, including FASB ASC 310-10;

(b) procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with GAAP, including FASB ASC 450-20 “Loss Contingencies,” and that shall require the Bank to document its estimation of credit losses and its analysis of the nine qualitative factors set forth in the Interagency Statement;

(c) procedures for validating the ALLL methodology;

(d) a process for summarizing and documenting, for the Board's prior review and approval, the amount to be reported in the Call Reports for the ALLL; and

(e) a process to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted and that any difference between the ALLL balance as determined by the analysis required by this Article and the Bank's actual ALLL balance shall be remedied through appropriate account adjustments in the quarter in which the difference is discovered, prior to filing the Call Report.

Upon adoption, the Board shall submit a copy of the policies and procedures required by this Article, or any subsequent amendments or changes to those policies and procedures, to the Director.

ARTICLE XII

OTHER REAL ESTATE OWNED

(1) Within thirty (30) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to a policy to ensure that 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 the Bank's OREO properties;

(b) proper accounting procedures for the Bank's OREO properties to be employed from the time of transfer to the Bank until and upon sale to a third party, including procedures related to Bank financing of OREO sales;

(c) procedures to require timely appraisals of the Bank's OREO properties pursuant to Article XI (Allowance for Loan and Lease Losses) and 12 C.F.R. § 34.85 and 12 C.F.R. Part 34, Subpart C;

(d) diligent efforts to sell OREO property; and

(e) reporting systems.

(2) Within ninety (90) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to action plans for each parcel of OREO to ensure that these assets are managed in accordance with 12 U.S.C. § 29 and 12 C.F.R. Part 34, Subpart E.

At a minimum, the plans shall:

- (a) identify the Bank officer(s) responsible for managing and authorizing transactions relating to the OREO properties;
- (b) contain an analysis of each OREO property that compares the cost to carry against the financial benefits of near term sale;
- (c) detail the marketing strategies for each parcel;
- (d) identify targeted time frames for disposing each parcel of OREO;
- (e) establish targeted write-downs at periodic intervals if marketing strategies are unsuccessful;
- (f) establish procedures to require periodic market valuations of each property, and the methodology to be used; and
- (g) provide for reports to the Board on the status of OREO properties on at least a quarterly basis.

ARTICLE XIII

AUDIT TO VERIFY ACCURACY AND COMPLETENESS OF BANK DOCUMENTS,

BOOKS, AND RECORDS

(1) Within sixty (60) days of the date of this Order, the Bank shall identify and engage the services of a forensic auditor to verify the accuracy and completeness of the Bank's documents, books, and records as directed in writing by the OCC.

(2) The Bank shall ensure that the auditor retained pursuant to paragraph one (1) of this Article agrees in the engagement letter to provide the OCC with access to and copies of any work papers, drafts, reports, policies, and procedures relating to the services performed by the auditor for the Bank.

(3) Prior to engaging the auditor, the Bank shall submit the name and qualifications of this auditor and the proposed engagement contract to the Director for prior written determination of no supervisory objection. The audit must be completed within sixty (60) days of receipt of the Director's written determination of no supervisory objection. Immediately following completion, the Bank shall submit the results of the audit to the Director.

(4) Within ten (10) days of the date of receipt of the audit, the Board shall develop a plan to address the results of the audit ("Audit Plan"). The Audit Plan shall include, at a minimum, specific plans for:

- (a) making appropriate adjustments to the Bank's books and records;
- (b) exercising the Bank's rights or claims for damages, restitution, indemnification, or other monetary claims identified as a result of the audit; and
- (c) complying with any provisions of law or regulation, as applicable.

The Bank shall submit the Audit Plan to the Director for prior written determination of no supervisory objection. Upon receipt of a written determination of no supervisory objection to the Audit Plan, the Board shall adopt, and thereafter ensure that the Bank implements, subject to Board review and ongoing monitoring, and adheres to the Audit Plan. Any proposed changes to or deviations from the approved Audit Plan shall be submitted in writing to the Director for prior supervisory review and written determination of no supervisory objection.

ARTICLE XIV

AUDIT

(1) Within thirty (30) days of the date of this Order, the Board shall ensure the implementation and maintenance of an audit program and Audit Committee in compliance with 12 C.F.R § Part 363. The current audit charter shall be reviewed and revised to accurately set forth the objectives, authorities, responsibilities, and organization of the Audit Committee. The revised audit charter shall also be adopted by the Board.

(2) Within sixty (60) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent internal audit program sufficient to:

- (a) detect irregularities and weak practices in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (d) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards and problem loan identification and classification;
- (e) adequately cover Bank activities to maintain or improve the efficiency and effectiveness of the Bank's risk management, internal controls, and corporate governance functions;
- (f) ensure timely follow-up on identified deficiencies to ensure their correction; and
- (g) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and maintain a written record describing the deficiency, the projected corrective action, and the status of the corrective action. The Board shall ensure that management provides detailed explanations in those circumstances, if any, where the deficiencies cannot be remedied, and that the audit staff maintain a written record describing these circumstances. The Board shall provide for a timely independent written follow-up for any remedied deficiencies.

ARTICLE XV

INFORMATION TECHNOLOGY AND VENDOR MANAGEMENT

(1) Within sixty (60) days of the date of this Order, the Board shall take all steps necessary to improve the management of the Bank's Information Technology ("IT") and Information Security activities to ensure the safety and soundness of its operations and the Bank's compliance with 12 C.F.R. Part 30, Appendix B, Safeguarding Customer Information, and to correct each deficiency, including without limitation, those related to user access levels, cited in the most recent ROE, or any supervisory or audit communication.

(2) Within sixty (60) days of the date of this Order, the Board shall develop and implement a written information security program and IT corporate governance guidelines consistent with the requirements of 12 C.F.R. Part 30, Appendix B to require:

(a) a risk assessment that includes all auditable areas (e.g., remote access, remote deposit capture, paper files) that identifies the inherent risk in each of the auditable areas and takes into consideration any mitigating factors;

(b) an annual report to the Board on the overall status of the information security program and the status of compliance with applicable regulatory requirements, which discusses material matters related to the Bank's program and addresses issues such as: the risk assessment; risk management and control decisions; service provider arrangements;

results of testing; security breaches or violations; recommendations for changes in the program; and management's responses;

(c) a review and approval of all policies related to IT on an annual basis; and

(d) engagement of an independent contractor to perform an annual external penetration test.

(3) Within sixty (60) days of the date of this Order, the Board shall develop and ensure implementation of processes for vendor management that conform with OCC Bulletin 2001-47 (November 1, 2001), *Third Party Relationships* and 12 C.F.R. Part 30, Appendix B.

Management must perform and document initial due diligence and ongoing monitoring of its third-party vendors. Management must develop a vendor risk assessment of the Bank's critical vendors to determine the depth and frequency of ongoing monitoring.

(4) The Board shall submit, upon the Director's request, a copy of the revised written information security program that addresses, at a minimum, the requirements of paragraphs one (1) through three (3) of this Article.

ARTICLE XVI

BANK SECRECY ACT PROGRAM

(1) Within sixty (60) days of the date of this Order, the Board shall revise, implement, and thereafter ensure adherence to the Bank's written program of policies and procedures to provide for compliance with the Bank Secrecy Act ("BSA"), as amended (31 U.S.C. § 5311 *et seq.*); the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C; and the rules and regulations of the Office of Foreign Assets Control (collectively referred to as the "Bank Secrecy Act" or "BSA"); and for the appropriate identification and monitoring of transactions that pose greater than normal risk for compliance

with the BSA. At a minimum, revisions to the Bank's written program shall be revised to address guidelines, procedures, and controls to:

- (a) incorporate brokered deposits into the BSA risk assessment;
- (b) incorporate money service businesses into the Office of Foreign Assets Control risk assessment;
- (c) document enhanced due diligence performed within the customer identification program;
- (d) enhance processes for monitoring suspicious activity in commercial lending;
- (e) enhance employee training regarding customer due diligence; and,
- (f) ensure presentations of suspicious activity reports to the Board are appropriately documented.

(2) Upon completion, the Board shall forward a copy of the program revisions required in paragraph one (1) of this Article to the Director.

(3) The Board shall conduct appropriate oversight of the BSA Officer function to ensure that the BSA Officer maintains a sufficient working knowledge of BSA requirements, is capable of executing the responsibilities of the BSA Officer position so as to ensure that risks are identified and a comprehensive framework for compliance exists, and has the authority to perform assigned responsibilities.

(4) The Board, or a designated committee thereof, shall ensure that the BSA audit function is independent and adequate in scope in light of the Bank's risk profile. The persons responsible for implementing the BSA audit function shall report directly to the Board, or a designated committee thereof, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party. All BSA audit reports shall be in writing and supported by adequate

workpapers. The Board, or a designated committee thereof, shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

ARTICLE XVII

LIQUIDITY MANAGEMENT

(1) Within sixty (60) days of the date of this Order, the Board or a designated committee thereof shall revise, adopt, and implement a liquidity policy that results in adherence to a comprehensive liquidity risk management program (“Program”). This Program must include assessing, on an ongoing basis, the Bank’s current and projected funding needs and ensuring that sufficient funds or access to funds exist to meet those needs and is appropriate in light of the Bank’s risk profile, Strategic Plan pursuant to Article II, Capital Plan pursuant to Article III, and the “Liquidity” booklet (June 2012) of the *Comptroller’s Handbook*. This Program must also include a contingency funding plan (“CFP”) that allows the Bank to operate with adequate liquidity in the event of extraordinary demands against its funding base. At a minimum, the CFP shall be consistent with the guidance outlined in the “Liquidity “booklet (June 2012) of the *Comptroller’s Handbook*.

ARTICLE XVIII

THIRD PARTY CONTRACTS INVOLVING SALE, MERGER, OR RECAPITALIZATION

(1) The Bank shall not enter into any contract with a third party, to assist in the sale, merger, or recapitalization of the Bank that requires the payment of anything other than expenses prior to such sale, merger, or recapitalization, or that requires the Bank to pay, directly or indirectly, the cost of performing due diligence, or other services related to the transaction, unless the Bank first receives the Director’s written determination of no supervisory objection.

(2) Any request for the Director's written determination of no supervisory objection shall include:

(a) a description of the due diligence credit review, fairness opinion, or any other services to be performed by the third party, including a copy of the proposed contract or engagement;

(b) a description of the Bank's due diligence process for agreeing to the services to be performed by a potential purchaser or merger partner; and

(c) a determination by the Board that:

(i) the activities to be performed by the third party as part of the sale or merger requirements are fair and reasonable to the Bank;

(ii) the parties are able to perform under the contract or commitment;

(iii) the fees the Bank is required to pay to the third party are reasonable for the services provided; and

(iv) the contract is in the best interests of the Bank.

(3) Following any written determination of no supervisory objection by the Director, the Board shall regularly monitor the third party provider's performance to ensure that the third party provider is complying with the written contract or engagement. The Board shall immediately take appropriate action if the third party provider is not complying with the written contract or engagement and shall maintain documentation of any such actions.

ARTICLE XIX

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall promptly 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 the Bank's attention in writing by management, regulators,

auditors, loan review, or other compliance efforts. Within thirty (30) days after a violation is cited or brought to the Board's or the 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 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 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) 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.

ARTICLE XX

OTHER PROVISIONS

(1) Although the Bank is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Director, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) In each instance in this Order 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 sufficient processes, management, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Order, and that Bank management and personnel have sufficient training and authority to execute their duties under this Order;

(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 Order;

(c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(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.

(3) Each citation or referenced guidance included in this Order includes any subsequent guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

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

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

(6) If the Bank requires a waiver or suspension of any provision or an extension of any timeframe within this 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 Order.

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

(8) This 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.

(9) 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.

(10) 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.

(11) All reports or plans that 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
400 7th Street, S.W.
Suite 3E-218, MS 8E-12
Washington, DC 20219

with a copy to:
OCC
Chicago Field Office
1700 East Golf Road, Suite 800
Schaumburg, IL 60173

(12) The OCC and the Bank entered into a Formal Agreement dated April 2, 2010 ("Formal Agreement"). This Order replaces the Formal Agreement in its entirety and, therefore, the Formal Agreement is hereby terminated. Provided, however, that the Bank and its

institution-affiliated parties remain liable for any breach of the Formal Agreement preceding its termination.

IT IS SO ORDERED, this 31st day of August, 2013.

/s

Henry Fleming
Director for Special Supervision

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

In the Matter of:)	
The National Republic Bank of Chicago)	AA-EC-2013-60
Chicago, Illinois)	

**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 The National Republic Bank of Chicago, Chicago, 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, violations of law and regulation, and for the failure to comply with the Formal Agreement dated April 2, 2010;

WHEREAS, the Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated August 31, 2013 ("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 XI

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 XII

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 this 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 XIII

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 XIV

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
Henry Fleming
Director
Special Supervision Division

08/31/2013
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
Edward Fitzgerald

08/30/2013
Date

/s
Allan Nathan

08/30/2013
Date

/s
Dr. Upendranath Nimmagadda

08/30/2013
Date

/s
Dr. Usha Nimmagadda

08/30/2013
Date

/s
Hiren Patel

08/30/2013
Date