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

In the Matter of:	)	
Guaranty Bank	)	**AA-EC-14-33**
Milwaukee, WI	)	

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, Guaranty Bank, Milwaukee, Wisconsin ("Bank") is significantly undercapitalized pursuant to 12 U.S.C. § 1831o and 12 C.F.R. Part 6; and

WHEREAS, the Office of the Comptroller of the Currency ("OCC") is authorized, pursuant to 12 U.S.C. § 1831o, to take certain supervisory actions against significantly undercapitalized banks; and

WHEREAS, on May 30, 2012, the OCC notified the Bank that its Capital Restoration Plan had been disapproved and not accepted, and that the Bank was therefore subject to all provisions of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 applicable to significantly undercapitalized banks; and

WHEREAS, the Comptroller of the Currency ("Comptroller") finds it necessary in order to carry out the purpose of 12 U.S.C. § 1831o to issue this Prompt Corrective Action Directive ("Directive"), requiring the Bank to immediately follow proscriptions and take actions;

NOW THEREFORE, pursuant to the authority in 12 U.S.C. § 1831o, the Comptroller hereby issues this Directive.

ARTICLE I

JURISDICTION

(1) The Bank is a federal savings association as that term is defined in 12 U.S.C. § 1813(b) and is supervised and examined by the Comptroller pursuant to 12 U.S.C. § 5412(b).

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank, pursuant to 12 U.S.C. §§ 1813(q) and 1831o.

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1831o.

(4) This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

(5) A violation of this Directive constitutes a violation of a final order under 12 U.S.C. § 1831o and is subject to the assessment of civil money penalties under 12 U.S.C. § 1818(i)(2).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within five (5) days of issuance of this Directive, the Bank's Board of Directors ("Board") shall form a Compliance Committee of at least three (3) directors of which none shall be Chairman of the Board, President, Chief Executive Officer, 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. 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 submitted in writing to the Director for Special Supervision

("Director"). The Compliance Committee is responsible for ensuring compliance with this Directive and the March 11, 2009 Cease and Desist Order ("2009 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 to be taken to comply with each Article of this Directive and the requirements of the 2009 Order that the Bank has yet to meet;

(b) the actions taken to comply with this Directive and the 2009 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

(5) The Board shall ensure that the Bank has sufficient processes, personnel, and control systems to effectively implement and adhere to all provisions of this Directive and 2009 Order, and that Bank personnel have sufficient training and authority to execute their duties and responsibilities under this Directive and 2009 Order.

ARTICLE III

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) The Board shall ensure that the Bank has competent management in place on a full-time basis in all executive officer positions to carry out the Board's policies; correct the concerns

raised in the most recent Reports of Examination; ensure compliance with this Directive and the 2009 Order; ensure compliance with all applicable laws, rules, and regulations; ensure the Bank maintains accurate books and records; and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) The Board shall appoint a qualified, capable, full-time and permanent Chief Financial Officer. Pursuant to 12 U.S.C. § 1831i and 12 C.F.R. Part 163, Subpart H, the Bank must receive a written notice of intent not to disapprove from the OCC before appointing an individual as Chief Financial Officer. Accordingly, by no later than April 30, 2014, the Bank shall conduct appropriate due diligence, identify a qualified candidate for Chief Financial Officer, and provide the OCC with the prior written notice required by 12 U.S.C. § 1831i and 12 C.F.R. Part 163, Subpart H.

(3) Within sixty (60) days, the Board (with the exception of any Bank executive officers) shall prepare a written assessment of the capabilities of the Bank's executive officers to perform present and anticipated duties, taking into account the findings contained in the most recent Report of Examination, and factoring in the 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 most recent Report of Examination. Upon completion, a copy of the written assessment shall be submitted to the Director.

(4) If the Board determines that an officer's performance, skills or abilities need improvement, the Board will, within thirty (30) days following its determination, require the Bank to develop and implement a written program, with specific time frames, to improve the officer's

performance, skills and abilities. Upon completion, a copy of the written program shall be submitted to the Director.

(5) If the Board determines that an officer will not continue in his/her position, the Board shall document the reasons for this decision in its assessment performed pursuant to paragraph (3) of this Article, and shall within sixty (60) days of such vacancy identify and provide notice to the Director, pursuant to 12 C.F.R. Part 163, Subpart H, of a qualified and capable candidate for the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Order and the safe and sound operation of functions within the scope of that position's responsibility.

(6) For purposes of this Article, "executive officer" shall mean the President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Credit Officer, Chief Compliance Officer, Risk Manager, Internal Auditor, or any other position subsequently identified in writing by the Director.

(7) The Board shall perform, at least annually, a written performance appraisal for each Bank executive officer that establishes objectives by which the officer's effectiveness will be measured, evaluates performance according to the position's description and responsibilities, and assesses accountability for action plans to remedy issues raised in Reports of Examination or audit reports. If necessary and as appropriate, the Board shall engage a qualified independent third party to assist the Board in preparing the written performance appraisals. Upon completion, copies of the performance appraisals shall be submitted to the Director. The Board shall ensure that the Bank addresses any identified deficiencies in a manner consistent with paragraphs (4) and (5) of this Article.

ARTICLE IV

STRATEGIC PLAN

(1) By May 30, 2014, the Board shall revise and forward to the Director for his review pursuant to paragraph (4) of this Article, a written Strategic Plan covering at least a two (2) year period. The Strategic Plan must 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, 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 the strategic goals and objectives;

(d) identification of Bank personnel responsible for the strategic planning process and accomplishing each goal and objective of the Strategic Plan, including specific timeframes;

(e) a description of systems, metrics and tolerances designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives;

(f) 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;

(g) a description of the processes in place to ensure the Bank has sufficient and adequate processes, personnel, succession programs and control systems to effectively implement and adhere to the Strategic Plan, the 2009 Order, and this Directive; and

(h) 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.

(2) 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 minimums contained in the 2009 Order. 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.

(3) If the Board's Strategic Plan under paragraph (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 effectuate the implementation of that alternative.

(4) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments or revisions, must 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.

(5) 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 at least thirty (30) days 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.

(6) 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.

(7) 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.

(8) 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 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 Directive 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 objections 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 V

COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

(1) Effective immediately, the Board shall ensure the Bank's books and records are maintained in compliance with GAAP and are consistent with safe or sound banking practices including, but not limited to, ensuring all assets are accounted for in accordance with GAAP and appropriate adjustments are made as required by any Reports of Examination.

ARTICLE VI

ACCURATE BOOKS AND RECORDS

(1) The Board shall immediately ensure that all of the Bank's books and records are accurately maintained and preserved on the premises of the Bank and that no Bank documents,

books, or records are destroyed, altered, or removed from the Bank's premises until further written notice from the Director, except that such documents, books, and records may be altered and amended, in the course of ordinary Bank business, in order to record the taking and withdrawals of deposits, and the making of loans, the receiving of loan payments, along with the recording of other ordinary Bank business.

(2) For purposes of this Article, "documents, books, or records" shall have the broadest possible meaning reasonably imaginable and shall include, without limitation, paper and electronic records of all kinds, reports, notes, calendars, phone logs, e-mails, voice-mails, financial instruments, and tapes.

(3) The Bank shall provide OCC personnel with prompt and unrestricted access to the documents, books, records, Directors, officers, and staff of the Bank.

(4) Within thirty (30) days of this Directive, the Board shall take the necessary steps to ensure that the Bank timely files complete and accurate Consolidated Reports of Condition and Income ("Call Reports") in accordance with the Federal Financial Institutions Examination Counsel's "Instructions for Preparation of Consolidated Reports of Condition and Income," to include at a minimum:

(a) the designation of an officer with the knowledge, skills, and abilities necessary to ensure the Bank timely and accurately files its Call Reports;

(b) training of appropriate Bank personnel in Call Report preparation;

(c) procedures to ensure the Bank retains documentation providing an appropriate audit trail for all Call Report schedules; and,

(d) the performance of an independent review and verification of the accuracy of all Call Report schedules in advance of each Call Report filing.

ARTICLE VII

THIRD-PARTY CONTRACTS INVOLVING SALE, MERGER, OR RECAPITALIZATION OF THE BANK

(1) Effective immediately, 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 be in writing and 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 contractor or service provider's performance to ensure that the contractor or service provider is complying with the written contract or engagement. The Board shall immediately take appropriate action if the contractor or service provider is not complying with the written contract or engagement and shall maintain documentation of any such actions.

ARTICLE VIII

OTHER ACTIONS REQUIRED

(1) Immediately upon issuance of this Directive, the Bank shall not do any of the following without the prior written approval of the Board and the prior written supervisory non-objection of the Director:

(a) enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, or other similar action;

(b) engage in the sale or transfer of any Bank asset or pool of assets exceeding a fair market value of two hundred thousand dollars ($250,000). Any asset sale or transfer less than $250,000 should be reported to the Director after the sale;

(c) transfer any asset to a current or former institution-affiliated party, as defined by 12 U.S.C. § 1813(u), a current or former institution-affiliated party's related interests, including any family member, or to an affiliate, as defined by 12 U.S.C. § 371c, or to its holding company or other affiliated party or person;

(d) engage in any transaction for the transfer of funds, the extension of credit, acceptance or transference of risk and/or the conferring of another type of benefit, directly or indirectly, involving any Bank affiliates, as defined in 12 U.S.C. § 371c as if section 371c(d)(1) did not apply, or current or former Bank directors, shareholders, senior executive officers, or their respective family members;

(e) amend the Bank's charter or bylaws, except to the extent necessary to carry out any other requirement of law, regulation, or order;

ARTICLE IX

OTHER PROVISIONS

(1) The provisions of this Directive supplement, and do not replace, the requirements of the 2009 Order. In addition, the Bank remains under a continuing obligation to submit an acceptable capital restoration plan.

(2) This Directive is enforceable under 12 U.S.C. § 1818(i). Each provision of this Directive shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other persons participating in the affairs of the Bank.

(3) Although the Bank is 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 and the completeness and accuracy of the Bank's books and records.

(4) In each instance in this Directive in which the Board or a Board committee is required to ensure adherence to and undertake to perform certain obligations of the Bank, including the obligation to implement plans, policies or other actions, it is intended to mean that the Board or Board committee 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 Directive;

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

(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 on any non-compliance with such actions.

(5) The provisions of this Directive are effective upon issuance of this Directive 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 Directive shall have been stayed, amended, suspended, waived, or terminated in writing by the Comptroller.

(6) Any time limitations imposed by this Directive shall begin to run from the effective date of this Directive. Such time limitations may be extended in writing by the Director for good cause upon written application by the Board. Such application shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the Directive within the required timeframe, and be accompanied by relevant supporting

documentation and any other facts upon which the Bank relies. The Director's decision concerning a request is final and not subject to further review.

(7) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the laws of the United States of America to undertake any action affecting the Bank, or any institution-affiliated party (IAP) of the Bank, nothing in this Directive shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(8) The Bank may submit a request for modification or recession of this Directive to the OCC, upon a change in circumstance pursuant to 12 C.F.R. § 6.24. During review of any such request, this Directive shall remain in effect.

IT IS SO ORDERED, this 1st day of April, 2014.

_/s_____________________________
Henry Fleming
Director for Special Supervision