

AGREEMENT BY AND BETWEEN  
Community National Bank in Monmouth  
Monmouth, Illinois  
and  
The Comptroller of the Currency

Community National Bank in Monmouth, Monmouth, Illinois (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe or unsound banking practices relating to credit administration, loan review, and the Allowance for Loan and Lease Losses at the Bank, as detailed in the February 13, 2017, Report of Examination (“ROE”).

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall at all times operate in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(7)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) The Bank is designated in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible depository institution” for purposes of 12 C.F.R. § 5.3(h), unless otherwise informed in writing by the Comptroller.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller (“ADC”) pursuant to this Agreement shall be forwarded to the:

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

## ARTICLE II

### SENIOR LOAN OFFICER

(1) Within ninety (90) days, the Board shall ensure that the Bank hires an individual with prior experience in commercial lending to serve as the senior loan officer. The individual shall be vested with the executive authority to fulfill the duties and responsibilities of the position and

ensure the safe and sound operation of functions within the scope of the position's responsibility.

(2) Subsequent to the initial installation of a qualified senior loan officer, if the position becomes vacant at any time, the Board shall, within ninety (90) days of such vacancy, hire or appoint a capable person to the vacant position who shall be vested with the executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of the position's responsibility.

(3) If the Board is unable to hire a qualified individual for the senior loan officer position within the timeframes required by this Article, despite its best efforts, the Board shall provide the Assistant Deputy Comptroller a written summary, with accompanying documentation, of its efforts to locate appropriate candidates. Thereafter, the Board shall provide quarterly written reports to the Assistant Deputy Comptroller summarizing and documenting its continuing efforts to locate such a candidate.

(4) Prior to the appointment of any individual to the senior loan officer position, the Board shall submit to the Assistant Deputy Comptroller the following information:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" booklet of the Comptroller's Corporate Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board's reasons for selecting the proposed officer; and
- (c) a written description of the proposed officer's duties and responsibilities.

(5) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new senior executive officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

(6) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

### ARTICLE III

#### CREDIT ADMINISTRATION AND RISK RATINGS

(1) Within one hundred fifty (150) days from the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller, for review and prior written determination of no supervisory objection, a written program to improve the Bank's commercial and agricultural loan administration and its overall risk rating policy. The Program shall include, at a minimum:

- (a) a requirement that management obtain timely and accurate financial information and documentation prior to extending commercial and agricultural loans;
- (b) a review of all existing commercial and agricultural loan files to ensure that they contain sufficient and prudent documentation related to the financial condition of the borrower and collateral securing the loan and to identify any loans with documentation exceptions;
- (c) a system to accurately track, aggregate, analyze, report, and follow up on commercial and agricultural loan documentation exceptions to the Board or a designated committee thereof, including a time frame to resolve exceptions and a requirement for management to provide a detailed report to the Board when exceptions are not resolved within the specified time frame;

- (d) a revised loan policy that incorporates the regulatory risk rating definitions set forth in the “Rating Credit Risk” booklet of the Comptroller’s Handbook;
- (e) a process to ensure that loans and other assets are graded based upon current facts and existing/reasonable (considering the loan purpose) repayment terms with a focus upon whether the primary repayment source is threatened by a well-defined weakness and whether the credit relies heavily upon secondary repayment sources, especially illiquid collateral or an unsubstantiated guarantor;
- (f) a requirement that lending officers conduct at least annual, formal reviews for determining the appropriate risk rating and accrual determination of loans;
- (g) a requirement to maintain appropriate analysis and documentation in the credit files to support the current and previous risk rating or accrual determination for all credit relationships totaling one hundred thousand dollars (\$100,000) or more; and
- (h) a process to ensure that risk ratings are independently validated, including the Board and management’s timely review of loan review reports.

(2) Beginning December 31, 2017, and on a quarterly basis thereafter, management will provide the Board or a designated committee thereof with written reports. These reports shall include, at a minimum, the following information:

- (a) identification of commercial and agricultural loans with credit or collateral documentation exceptions, and a stated timeframe to resolve those exceptions; and
- (b) identification and status of any commercial or agricultural credit related violations of law, rule, or regulation.

(3) Immediately upon receiving a determination of no supervisory objection from the

Assistant Deputy Comptroller, the Board shall adopt, implement and thereafter ensure adherence to the Program. Any subsequent amendments or changes to the Program shall be forwarded to the Assistant Deputy Comptroller for review and determination of no supervisory objection.

#### ARTICLE IV

##### EXTERNAL LOAN REVIEW

(1) Within ninety (90) days and annually thereafter, the Board shall obtain an individual or firm to conduct an external loan review of at least thirty (30) percent of the Bank's commercial and agricultural loan and lease portfolios (beginning with the portfolios existing as of December 31, 2016), and provide a written report addressing the timeliness and accuracy of risk rating of credits and credit information, accrual status, collateral documentation, and policy exceptions. The Board and management shall review the written report upon receipt. Such reports shall include, at a minimum, conclusions regarding:

- (a) the overall quality of the loan portfolio;
- (b) the identification, type, rating, and amount of problem loans and leases;
- (c) the accrual status and amount of impairment reserves, if necessary;
- (d) credit information and collateral documentation exceptions;
- (e) loans and leases to executive officers, directors, and principal shareholders (and their related interests) of the Bank; and
- (f) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(2) Within thirty (30) days of receipt, the Board shall evaluate the external loan and lease

review reports and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report.

(3) A copy of the final reports submitted to the Board, including documentation of the action(s) taken by the Bank to address concerns pursuant to Paragraph (2) of this Article, shall be forwarded to the Assistant Deputy Comptroller within 30 days of receipt.

## ARTICLE V

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“ALLL”) in accordance with the Federal Accounting Standards Advisory Board’s (“FASB”) generally accepted accounting principles (“GAAP”). The ALLL policies and procedures shall be consistent with the guidance set forth in OCC Bulletin 2006-47, “Interagency Policy Statement on the Allowance for Loan and Lease Losses” (“Interagency Statement”), 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, Receivables - Overall - Subsequent Measurement – Impairment); and

(b) a process for summarizing and documenting, for the Board’s prior review and approval, the amount to be reported in the Consolidated Reports of Condition and Income for the ALLL.

(2) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure

adherence to written policies and procedures 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.

### CLOSING

(1) Although the Board has agreed to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

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

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

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto, and its provisions shall continue in full force and effect unless or until such provisions are amended by written mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement.



(6) If the Bank requires a waiver or suspension of any provision or an extension of any timeframe within this Agreement, the Board shall submit a written request to the Assistant Deputy Comptroller 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 Agreement.

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

(8) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

(a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement, including ensuring that the Bank has adequate processes, personnel, and control systems;

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

(c) follow up on any non-compliance with such actions in a timely and appropriate manner; and

(d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(9) This Agreement is intended to be, and shall be construed to be, a supervisory "written

agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

7-17-2017

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Timothy B. Rowe  
Acting Assistant Deputy Comptroller  
Peoria Field Office

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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.

<p><u>        /s/        </u>          _____          Steven M. Armstrong</p>	<p><u>        7/17/17        </u>          _____          Date</p>
<p><u>        /s/        </u>          _____          Trevor J. Davies</p>	<p><u>        17 July 2017        </u>          _____          Date</p>
<p><u>        /s/        </u>          _____          Alexander C. Hardin</p>	<p><u>        17 July 2017        </u>          _____          Date</p>
<p><u>        /s/        </u>          _____          Douglas D. Hardin</p>	<p><u>        17 July 2017        </u>          _____          Date</p>
<p><u>        /s/        </u>          _____          Gary D. Martin</p>	<p><u>        7/17/17        </u>          _____          Date</p>
<p><u>        /s/        </u>          _____          Ronald G. Moore</p>	<p><u>        7-17-17        </u>          _____          Date</p>
<p><u>        /s/        </u>          _____          Robert H. Peirce</p>	<p><u>        7-17-17        </u>          _____          Date</p>
<p><u>        </u>          _____          James D. Romano</p>	<p><u>        </u>          _____          Date</p>
<p><u>        </u>          _____          Larry L. Spears</p>	<p><u>        </u>          _____          Date</p>