

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

In the Matter of)	
)	
COLUMBIA SAVINGS BANK)	ORDER TO CEASE AND DESIST
CINCINNATI, OHIO)	
)	FDIC-07-183b
(Insured State Nonmember Bank))	
)	

Columbia Savings Bank, Cincinnati, Ohio ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law, rule, or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and under section 1163.03 of the Ohio Revised Code, Ohio Rev. Code Ann. § 1163.03 (2007), entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with representatives of the Federal Deposit Insurance Corporation ("FDIC") and the State of Ohio, Division of Financial Institutions ("Division"), dated November 8, 2007, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule,

or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the Division.

The FDIC and the Division considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations. The FDIC and the Division, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violation of law, rule, or regulation:

- A. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
- B. Operating with a board of directors that has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule, or regulation.
- C. Operating with an excessive level of adversely classified assets, delinquent loans, nonaccrual loans and other real estate owned.

- D. Operating with an inadequate loan policy.
- E. Engaging in hazardous lending and lax collection practices, including, but not limited to:
- Failing to adequately monitor and control exposure to one-to-four family, non-owner occupied, residential investor loans;
 - Extending credit with inadequate diversification of risk;
 - Failing to obtain proper loan documentation;
 - Failing to obtain current and complete financial information;
 - Failing to adequately document supporting analysis for modification of loan terms;
 - Failing to adequately identify and report problem credits, including non-accruals;
 - Failing to implement an adequate loan grading system; and
 - Failing to implement an adequate loan review function.
- F. Violating laws, rules, or regulations, including:
- The requirements of section 103.22(b)(1) of the Treasury Department's Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulation, 31 C.F.R. § 103.22(b)(1).

- G. Operating with an inadequate level of capital protection for the kind and quality of assets held.
- H. Operating with an excessive provision expense and an inadequate net interest margin.
- I. Operating with inadequate liquidity in light of the Bank's asset and liability mix.
- J. Operating with an inadequate asset/liability funds management policy.
- K. Operating with inadequate information technology policies, programs and audit coverage.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

MANAGEMENT

1. (a) Within 120 days from the effective date of this ORDER, the Bank's board of directors shall develop a written analysis and assessment of the Bank's management and staffing needs for the purpose of providing qualified management for the Bank. Within 30 days from the effective date of this ORDER, the board of directors shall engage an experienced independent advisor to provide assistance in developing a plan that addresses the management and staffing needs identified in the board's analysis ("Management Plan").

(b) The Bank shall provide the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director") and the Division with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. The contract or engagement letter, at a minimum, should include:

- (i) A description of the work to be performed under the contract or engagement letter;
- (ii) The responsibilities of the consultant;
- (iii) An identification of the professional standards covering the work to be performed;
- (iv) Identification of the specific procedures to be used when carrying out the work to be performed;
- (v) The qualifications of the employee(s) who are to perform the work;
- (vi) The time frame for completion of the work;
- (vii) Any restrictions on the use of the reported findings; and
- (viii) A provision for unrestricted FDIC and Division examiner access to workpapers.

(c) The Management Plan shall be developed within 120 days from the effective date of this ORDER. The Management Plan shall include, at a minimum:

- (i) Identification of both the type and number of officer and staff positions needed to properly manage and supervise the affairs of the Bank;
- (ii) Identification and establishment of such committee(s) comprised exclusively of Bank directors ("board committee(s)") as are needed to provide guidance and oversight to active management.
- (iii) Evaluation of all Bank officers to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition; and
- (iv) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those officer or staff member positions identified by the analysis and assessment required by this paragraph of this ORDER.

(d) The Management Plan shall be submitted to the Regional Director and the Division for review and comment upon its completion. Within 30 days from the receipt of any comments from the Regional Director and the Division and after the adoption of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the board of directors' meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and/or any subsequent modification.

(e) Prior to the addition of any individual to the board of directors or the employment of any individual as a "senior executive officer" as defined in section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b), the Bank shall comply with the requirements of section 32 of the Act, 12 U.S.C. § 1831(i), and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100-303.104. Further, the Bank shall request and obtain the Division's written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

ADDITION OF MEMBERS TO THE BOARD OF DIRECTORS

2. Within 90 days from the effective date of this ORDER, the Bank shall add to its board of directors two new members who are independent directors, subject to the approval of the

Regional Director and Division as otherwise required by this ORDER. For purposes of this paragraph, a person who is an independent director shall be any individual:

(a) Who is not an officer of the Bank;

(b) Who does not control more than 5 percent of the voting power of the Bank;

(c) Who is not related by blood or marriage to an officer or director of the Bank or to a person controlling more than 5 percent of the Bank's voting power, and who does not otherwise share a common financial interest with such officer, director or person; and

(d) Who is not indebted to the Bank directly or indirectly, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 5 percent of the Bank's total Tier 1 capital and allowance for loan and lease losses; or

(e) Who is deemed to be an independent director for purposes of this ORDER by the Regional Director and the Division. The addition of any new Bank directors required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's articles of incorporation and constitution, by means of appointment or election at a regular or special meeting of the Bank's shareholders.

NON-OWNER OCCUPIED RESIDENTIAL PROPERTY LOANS

3. (a) As of the effective date of this ORDER, the Bank shall not originate any additional loans secured by non-owner occupied residential property. This restriction does not prohibit the Bank from financing the sale of Bank-owned residential properties to creditworthy borrowers, provided accounting and reporting of foreclosed asset sales are done in accordance with Federal Financial Institutions Examination Council ("FFIEC") Instructions for the Consolidated Reports of Condition and Income and such financing does not result in the Bank's failure to comply with the plan to reduce these credits required by this paragraph.

(b) Within 30 days from the effective date of this ORDER, the Bank shall develop a report to identify and track the Bank's loans secured by non-owner occupied property, including the Landlord Lending Program loans. The report shall include at a minimum:

- (i) The original amount and date of each credit;
- (ii) Outstanding balance as of December 31, 2006;
- (iii) Current outstanding balance;
- (iv) Date and amount of the original appraisal;
- (v) Date and amount of any new appraisal;
- (vi) Delinquency status;

- (vii) Occupancy and rent rolls;
- (viii) Date and amount of any charge-offs;
- (ix) Nature of any capitalized amounts; and
- (x) Status of any foreclosures and legal actions.

The report shall be submitted to the board of directors for its monthly review. A copy of the initial report shall be submitted to the Regional Director and the Division for review and opportunity to comment. All subsequent reports completed by the Bank after its receipt of comments from the Regional Director and Division shall reflect changes made in response to said comments.

(c) Within 45 days from the effective date of this ORDER, the Bank shall develop a plan acceptable to the Regional Director and the Division to reduce its concentration of loans secured by non-owner occupied residential property, including Landlord Lending Program loans. A copy of this plan shall be submitted to the Regional Director and the Division for review and comment.

(d) Within 15 days from the receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of

a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

REDUCTION OF ADVERSELY CLASSIFIED ASSETS

4. (a) Within 45 days from the effective date of this ORDER, the Bank shall adopt a written plan acceptable to the Regional Director and the Division to reduce the Bank's risk position in each asset in excess of \$100,000 that is classified in whole or in part "Substandard" or "Doubtful" in the Joint Report of Examination as of May 7, 2007 ("Joint Report"). A copy of the written plan shall be submitted to the Regional Director and the Division for review and comment.

(b) In developing the plan required by this paragraph, the Bank shall, at a minimum:

(i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and

(ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

(c) Such plan shall include, but not be limited to:

(i) Dollar levels to which the Bank shall reduce each asset within six and twelve months from the effective date of this ORDER; and

(ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings at which the review takes place.

(d) As used in this paragraph, "reduce" means to: collect; charge off; or improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC or the Division.

(e) Within 30 days from the receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

REDUCTION OF DELINQUENCIES

5. (a) Within 45 days from the effective date of this ORDER, the Bank shall adopt a written plan acceptable to the Regional Director and the Division to reduce its level of delinquent loans. The plan shall include, but not be limited to, provisions that:

(i) Prohibit the extension of credit for the payment of interest;

- (ii) Delineate areas of responsibility for collections;
- (iii) Establish acceptable guidelines for the collection of delinquent credits; and
- (iv) Establish dollar levels to which the Bank shall reduce delinquencies within six and twelve months from the effective date of this ORDER; and
- (v) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(b) A copy of the written plan shall be submitted to the Regional Director and the Division for review and comment.

(c) Within 30 days from receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

(d) As used in this paragraph, "reduce" means to collect; charge off; or improve the quality of such assets so

they would no longer be considered delinquent by the FDIC or the Division.

LOSS CHARGE-OFF

6. As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the Joint Report. Any such charged-off asset shall not be rebooked without the prior written consent of the Regional Director and the Division. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

7. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged off the books of the Bank or classified "Loss" so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard" or "Doubtful" and is uncollected unless the loan is well secured and/or adequately

supported by current and complete financial information, and Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

TECHNICAL EXCEPTIONS

8. Within 90 days from the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Joint Report.

LOAN POLICY

9. (a) Within 90 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policy and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policy necessary to strengthen lending procedures and abate additional loan deterioration. The revised written loan policy shall be submitted to the Regional Director and the Division for review and comment upon its completion.

(b) The initial revisions to the Bank's loan policy required by this paragraph shall include, but need not be limited to provisions that:

- (i) Designate the Bank's normal trade area;

- (ii) Establish monitoring procedures to ensure that all lending personnel adhere to established lending procedures and that the directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;
- (iii) Establish the lending authority of the board loan committee;
- (iv) Establish officer lending limits and limitations on the aggregate level of credit to any one borrower which can be granted without the prior approval of the board loan committee;
- (v) Establish limitations on the maximum volume of loans in relation to total assets and/or the Bank's Tier 1 capital and allowance for loan and lease losses ("ALLL");
- (vi) Establish requirements and procedures for the procurement and maintenance of complete and current credit files, including current borrower financial information;
- (vii) Require that all extensions of credit originated or renewed by the Bank be

supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a clearly defined and stated purpose; and have a predetermined and realistic repayment source and schedule.

Credit information and collateral documentation shall include current financial information, profit and loss statements or copies of tax returns, and cash flow projections, and shall be maintained throughout the term of the loan;

- (viii) Establish guidelines for permissible loan payment or maturity date extensions;
- (ix) Establish guidelines for modification of loan terms;
- (x) Establish guidelines for cash-out refinancing of loans secured by one-to-four family non-owner occupied real estate;
- (xi) Require that collateral appraisals be completed prior to making secured extensions of credit, and that periodic collateral valuations be performed for all other real estate and secured loans listed on the

Bank's internal watch list, criticized in any internal or outside audit report of the Bank, or criticized in any regulatory report of examination of the Bank;

- (xii) Incorporate collateral valuation requirements, including: (A) maximum loan-to-collateral-value limitations; (B) a requirement that the valuation be completed prior to a commitment to lend funds; (C) a requirement for periodic updating of valuations for loans and other real estate; and (D) a requirement that the source of valuations be documented in Bank records;
- (xiii) Establish review and monitoring procedures for compliance with 12 C.F.R. Part 323, the FDIC's Rules and Regulations on "Appraisals";
- (xiv) Address concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations,

- industries, and groups of borrowers,
including, but not limited to one-to-four
family non-owner occupied real estate;
- (xv) Require the establishment and maintenance of
a loan grading system and internal loan
watch list;
 - (xvi) Require a nonaccrual policy in accordance
with the FFIEC Instructions for the
Consolidated Reports of Condition and
Income;
 - (xvii) Require accurate reporting of past due loans
to the board loan committee on at least a
monthly basis;
 - (xviii) Establish standards for initiating
collection efforts;
 - (xix) Require a written plan to lessen the risk
position in each line of credit identified
as a problem credit on the Bank's internal
loan watch list;
 - (xx) Prohibit the extension of a maturity date,
advancement of additional credit or renewal
of a loan to a borrower whose obligations to
the Bank were classified "Substandard" or
"Doubtful," whether in whole or in part, in

the Joint Report or in any subsequent Report of Examination issued by the FDIC or the Division, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are adequately supported by current and complete financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's board of directors;

- (xxi) Establish guidelines for timely recognition of loss through charge-off; and
- (xxii) Require board loan committee review and monitoring of the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" and "Doubtful" in the Joint Report.

(c) Within 30 days from the receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the board of directors shall approve the written loan policy and any subsequent modification thereto, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the amended written loan policy.

LOAN REVIEW

10. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop a written loan review program. The program, at a minimum, shall address each of the following requirements:

- (i) Frequency of loan review;
- (ii) Scope of loan review;
- (iii) Thresholds for inclusion within the scope of loan review for both individual credits and aggregate borrowing relationships, including one-to-four family non-owner occupied credits and relationships;
- (iv) Frequency of reporting results of loan review to management, board committee(s), and the board of directors;
- (v) Identification of loans warranting special attention by management and the board of directors; and
- (vi) Documentation of reasons special attention is warranted.

(b) A copy of the written program shall be submitted to the Regional Director and the Division for review and comment. Within 30 days from the receipt of any comments from the Regional Director and the Division, and after the adoption

of any recommended changes, the Bank shall adopt the program, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the program.

ALLOWANCE FOR LOAN AND LEASE LOSSES

11. (a) Prior to submission or publication of all Reports of Condition and Income required by the FDIC and the Division after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which each review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or the Division.

(b) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

(c) While this ORDER is in effect, the Bank shall submit to the Regional Director and Division a paper copy of all Reports of Condition and Income filed with the FDIC.

LOAN COMMITTEE

12. (a) As of the effective date of this ORDER, the board loan committee shall meet at least monthly and shall be composed of at least 3 members, a majority of whom shall be independent directors as defined in this ORDER.

(b) The loan committee shall, at a minimum, perform the following functions:

- (i) Evaluate, grant and/or approve loans in accordance with the Bank's loan policy amended to comply with this ORDER. The loan committee shall provide a thorough written explanation of any deviations from the loan policy, which explanation shall address how said exceptions are in the Bank's best interest. The written explanation shall be included in the minutes of the corresponding committee meeting;
- (ii) Review and monitor the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Doubtful" or "Substandard" in the Joint Report or included on the Bank's internal watch list;

- (iii) Review and give prior written approval for all advances, renewals, or extensions of credit to any non-owner occupied real estate borrower or the borrower's related interests when the aggregate volume of credit extended to the borrower and the borrower's related interests exceeds \$100,000. For purposes of this ORDER, the term "related interest" is defined pursuant to section 215.2(n) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.2(n); and
- (iv) Maintain written minutes of the committee meetings, including a record of the review and status of the aforementioned loans. Such minutes shall be written, reviewed and approved by the board of directors at its next regularly scheduled meeting.

CAPITAL

13. (a) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Report of Condition and Income its Tier 1 capital as a percentage of its total assets ("capital ratio") for that calendar quarter. The board shall review and analyze

the adequacy of the Bank's capital ratio. If the board determines that the capital ratio is inadequate, and in any event, if the capital ratio is less than 8 percent, the Bank shall, within 30 days from the date of the required determination, increase its capital ratio to the amount determined by the board to be adequate or to 8 percent, whichever is higher, and thereafter shall retain that capital ratio until the next quarterly analysis. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any increase in Tier 1 capital required by this paragraph may be accomplished by the following:

- (i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or
- (ii) The elimination of all or part of the assets classified "Loss" in the Joint Report without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset that was not charged off pursuant to this ORDER; or

- (iii) The collection in cash of assets previously charged off; or
- (iv) The direct contribution of cash to earnings by the directors and/or the shareholders of the Bank; or
- (v) Any other means acceptable to the Regional Director and the Division; or
- (vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. If the securities to be offered are Bank shares that are not authorized and unissued, the Bank shall obtain the shareholders' and the Division's approval to amend the Bank's articles of incorporation to authorize the shares, and shall then amend the articles of incorporation accordingly. Should the implementation of the plan involve public distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the

circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC Accounting and Securities Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to the Ohio Department of Commerce, Division of Financial Institutions, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120, for review. Any changes requested to be made in the materials by the FDIC or the Division shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

DIVIDEND RESTRICTION

14. As of the effective date of this ORDER, the Bank shall pay no cash dividends without the prior written consent of the Regional Director and the Division. After February 29, 2008, this restriction does not prohibit the Bank from paying dividends not to exceed 40 percent of earnings provided the Bank is in full compliance with the capital requirements of this ORDER.

ASSET/LIABILITY MANAGEMENT

15. (a) Within 90 days from the effective date of this ORDER, the Bank shall adopt a written plan addressing liquidity and rate sensitivity objectives. Annually thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, shall make appropriate revisions necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. A copy of the plan and each revision thereof shall also be submitted to the Regional Director and the Division for review and comment.

(b) The initial plan required by this paragraph shall include, at a minimum, provisions that:

- (i) Require review of interest rate risk measurement and management reports by the board of directors on a quarterly basis;
- (ii) Require independent testing of the interest rate risk measurement and monitoring system on an annual basis;
- (iii) Establish reasonable policy limits for changes in interest rate risk exposures as estimated by the Bank's interest rate risk measurement system;
- (iv) Establish procedures for managing the Bank's sensitivity to interest rate risk that comply with the Joint Agency Statement of Policy on Interest Rate Risk (June 26, 1996), and the Joint Supervisory Statement on Investment Securities and End-user Derivative Activities (April 23, 1998); and
- (v) Require revising and approving investment and funds management policies at least annually.

(c) Within 30 days from the receipt of comments from the Regional Director and the Division, and after revising the

plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the plan.

STRATEGIC PLAN

16. (a) Within 120 days from the effective date of this ORDER, the Bank shall formulate a realistic, comprehensive strategic plan. The plan shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

- (i) Strategies for improving asset quality and sustaining satisfactory asset quality;
- (ii) Strategies for increasing earnings performance and sustaining satisfactory earnings performance, including a written profit plan;
- (iii) Strategies for improving capital and maintaining capital at a level consistent with the risk profile of the Bank;
- (iv) Strategies for improving liquidity and maintaining a sufficient liquidity position;

- (v) Strategies for providing sufficient staff levels;
- (vi) Strategies for providing sufficient management succession;
- (vii) Strategies for providing sufficient staff training;
- (viii) Strategies for identifying new lines business and new areas of lending, as well as identifying management's expertise in each new area;
- (ix) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) A copy of the strategic plan shall be submitted to the Regional Director and the Division for review and comment. Within 30 days from the receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting.

(d) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the strategic plan required by this paragraph and

record the results of the evaluation, and the actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Regional Director and the Division for review and comment 30 days prior to the end of each calendar year for which this ORDER is in effect. Within 30 days from the receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the revised plan.

BUDGET AND PROFIT PLAN

17. (a) Within 90 days from the effective date of this ORDER, the Bank shall adopt a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2008. The plan shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) A copy of the Bank's profit plan and budget for 2008 shall be submitted to the Regional Director and the

Division upon its completion for review and comment. Within 30 days from the receipt of comments from the Regional Director and the Division, and after adoption of any recommended changes, the Bank shall approve the plan and budget, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan and budget.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plan and budget required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year after 2008 that this ORDER is in effect and shall be submitted to the Regional Director and the Division for review and comment 30 days prior to the end of each year. Within 30 days of receipt of all comments from the Regional Director and the Division and after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

VIOLATIONS AND CONTRAVENTIONS

18. (a) Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of laws, rules, and regulations and contraventions of interagency guidelines listed in the Joint Report.

(b) Within 60 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations and conformance with applicable interagency guidelines.

INFORMATION SECURITY PROGRAM

19. (a) Within 120 days from the effective date of this ORDER, the Bank shall adopt and implement a written Customer Information Security Program to meet all the requirements of Section 501(b) of the Gramm-Leach-Bliley Act of 1999, 15 U.S.C. § 6801(b), and Appendix B of Part 364 of the FDIC Rules and Regulations, 12 C.F.R. Part 364, Appendix B.

(b) The program, at a minimum, shall address each of the following requirements:

- (i) Oversight and involvement of the board of directors;
- (ii) Identification of all reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse,

- alteration, or destruction of customer information or customer information systems;
- (iii) Management and control of identified risks commensurate with the sensitivity of information;
 - (iv) Regular testing of key controls, systems, and procedures of the information security program by independent third-parties or qualified independent staff in accordance with the risk assessment;
 - (v) Procedures to oversee service provider arrangements and exercise appropriate due diligence;
 - (vi) Adjustment of the program as appropriate when changes occur in the Bank's operating environment; and
 - (vi) Reporting to the board at least annually, the overall status of the information security program.

(c) The Customer Information Security Program required by this paragraph shall be submitted to the Regional Director and the Division for review and comment. Within 30 days from the receipt of any comments from the Regional Director and the Division, and after revising the Program as necessary,

the Bank shall adopt the Program, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the Program.

INFORMATION TECHNOLOGY AUDIT

20. (a) Within 30 days from the effective date of this ORDER, the Bank shall provide for the completion of a comprehensive written independent audit for the information technology function. The audit shall be based on an enterprise wide risk assessment and shall provide for coverage of all risk areas of the Bank.

(b) The Bank shall comply with the requirements of paragraph 1(b) of this ORDER as they apply to the Bank engaging an independent auditor.

(c) The Bank shall provide the Regional Director and the Division with a copy of the audit report within 10 days of its receipt.

INFORMATION TECHNOLOGY

21. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Division for review and comment comprehensive policies for functions within the Information Technology ("IT") area. IT functions to be addressed shall include, but not be limited to:

- (i) The disaster recovery function;

- (ii) The wire transfer function;
- (iii) The automated clearing house function;
- (iv) The on-line banking function; and
- (v) User access level controls.

(b) Within 30 days from the receipt of any comments from the Regional Director and the Division, and after the adoption of any recommended changes, the board of directors shall approve the IT policies and any subsequent modifications thereto, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the amended IT policies.

DISCLOSURE TO SHAREHOLDERS

22. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or description of this ORDER: (1) in conjunction with the Bank's next shareholder communication; and (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Accounting and Securities Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to the Ohio Department of Commerce, Division of Financial Institutions, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120, for review at least 20 days prior to

dissemination to shareholders. Any changes requested to be made by the FDIC and the Division shall be made prior to dissemination of the description, communication, notice or statement.

COMPLIANCE WITH ORDER

23. (a) Within 30 days from the effective date of this ORDER, the Bank's board of directors shall have in place a program that will provide for monitoring of the Bank's compliance with this ORDER.

(b) Following the required date of compliance with subparagraph (a) of this paragraph, the Bank's board of directors shall review the Bank's compliance with this ORDER and record its review in the minutes of the regularly scheduled board of directors' meeting subsequent to each review.

PROGRESS REPORTS

24. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Division written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Division have, in writing, released the Bank from making further reports.

The effective date of this ORDER shall be 10 calendar days after its issuance by the FDIC and the Division.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and the Division.

Pursuant to delegated authority.

Dated: November 13, 2007.

Sylvia H. Plunkett
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

John B. Reardon
Superintendent of Financial
Institutions

Robert E. True
Deputy Superintendent for
Savings and Loan Associations
and Savings Banks

Division of Financial
Institutions, State of Ohio