FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of **MERAMEC VALLEY BANK** **VALLEY PARK, MISSOURI** **(Insured State Nonmember Bank)**	)	**CONSENT ORDER** **FDIC-09-474b**

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Meramec Valley Bank, Valley Park, Missouri ("Bank"), under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation to the Issuance of a Consent Order" ("Stipulation"), dated November 23, 2009, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation, to the issuance of this Consent Order ("Order") by the FDIC.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby orders that:

1. Qualified Management.

(a) Within 90 days from the effective date of this ORDER, and annually thereafter while this ORDER is in effect, the Bank's board of directors shall assess Bank management to determine whether the Bank has an appropriate number and type of officers with the requisite knowledge, skills, ability, and experience, giving consideration to the size and complexity of the Bank, to operate the Bank in a safe and sound manner, and in compliance with applicable laws and regulations, and restore the Bank to a satisfactory financial condition, including, but not limited to, capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to market risk. In the event the board identifies any deficiencies in management, the board shall develop a plan within 30 days to remedy such deficiency.

(b) Each member of management shall be provided appropriate written authority from the board of directors to implement the provisions of this ORDER.

(c) For the requirements of subparagraph (a) and (b) of this provision, the board shall record its findings, assessments, and plans in its minutes, and include them in the quarterly progress reports required under this ORDER.

2. Minimum Capital Requirements.

(a) While this ORDER is in effect, the Bank shall have and maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations), after establishing an appropriate allowance for loan and lease losses:

(i) Tier 1 capital at least equal to 8 percent of total assets; and

(ii) Total risk-based capital at least equal to 12 percent of total risk-weighted assets.

(b) In the event any ratio is or becomes less than the minimum required by subparagraph (a) of this provision, the Bank shall immediately notify the Regional Director of the FDIC Kansas City Regional Office ("Regional Director") and Commissioner for the Missouri Department of Finance (collectively "Supervisory Authorities") and within 30 days shall: (1) increase capital in an amount sufficient to comply with subparagraph (a) of this provision, or (2) submit a written plan to the Supervisory Authorities, describing the primary means and timing by which the Bank shall increase its capital ratios up to or in excess of the minimum requirements set forth above, as well as a contingency plan in the event the primary sources of capital are not available. Thereafter at the next board meeting, the board shall approve the written plan and record such approval in its minutes, and the Bank shall implement and fully comply with the written plan.

(c) Any increase in Tier 1 capital necessary to meet the requirements of this section may not be accomplished through a deduction from the allowance for loan and lease losses.

3. Dividend Restriction.

While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the Supervisory Authorities.

4. Reduction of Adversely Classified Assets.

(a) Within 60 days from the effective date of this ORDER, the Bank shall formulate written plans to reduce the Bank's risk exposure in each asset in excess of $200,000 adversely classified as "Substandard" in the June 29, 2009 Report of Examination ("Report of Examination"). For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset to warrant its removal from adverse classification by the Supervisory Authorities. In developing the plans mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including sources of repayment and repayment ability, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank’s collateral position.

(b) Upon completion of the plans, the board of directors shall approve the plans, which approval shall be recorded in the minutes of the meeting of the board of directors. A copy of each approved plan shall be placed in the applicable credit file(s). Thereafter, the Bank shall implement and fully comply with the plans.

5. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has any loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or adversely classified “Substandard," either internally or by either of the Supervisory Authorities in a Report of Examination in the last 18 months and is uncollected, or is classified “Substandard” or “Doubtful” in any future Reports of Examination from either of the Supervisory Authorities and remains uncollected.

(b) Subparagraph (a) of this provision shall not apply if the Bank’s failure to renew or extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to extending additional credit pursuant to this subparagraph (b), whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank's board of directors, who shall conclude:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with an explanation of why the failure to extend such credit would be detrimental;

(ii) that the extension of such credit would improve the Bank's position, with an explanatory statement of why the Bank's position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(c) The board of directors' conclusions and approval made under subparagraph (b) of this provision shall be made a part of the minutes of the board, with a copy retained in the borrower's credit file.

6. Loan Policy.

Within 30 days from the effective date of this ORDER, the Bank's board of directors shall review and revise the Bank's loan policy to address the comments in the Report of

Examination, and particularly addressing the criticisms in the Report of Examination regarding commercial real estate lending, and plans for reducing the concentrations of credit listed on the “Concentrations” pages of the Report of Examination. Thereafter, the Bank shall follow the revised loan policy and shall provide a copy of that loan policy to the Supervisory Authorities.

7. Implementation of Loan Review.

(a) Within 30 days of the effective date of this ORDER, the board shall review and revise the Bank’s written independent loan review program (“Loan Review Program”) for the periodic review of the Bank’s loan portfolio and the identification and categorization of problem credits. At a minimum, the Loan Review Program shall provide for:

(i) prompt identification of loans with credit weaknesses that warrant the special attention of management, including the name of the borrower, amount of the loan, reason why the loan warrants special attention; and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(ii) appropriate grading of adverse classification of loans, especially those with well-defined credit weaknesses that jeopardize repayment, so that timely action can be taken and credit losses can be minimized.

(iii) action plans to reduce the Bank’s risk exposure from each identified relationship;

(iv) prompt identification of all outstanding balances and commitments attributable to each obligor identified under the requirements of subparagraph (i), including outstanding balances and commitments attributable to related interests of such obligors, including the obligor of record, relationship to the primary obligor identified under subparagraph (i), and an assessment of the risk exposure from the aggregate relationship;

(v) identification of trends affecting the quality of the loan portfolio and potential problem areas;

(vi) assessment of the overall quality of the loan portfolio;

(vii) identification of credit and collateral documentation exceptions;

(viii) identification and status of violations of laws, rules, or regulations with respect to the lending function;

(ix) identification of loans that are not in conformance with the Bank’s lending policy;

(x) identification of loans to directors, officers, principal shareholders, and their related interests; and

(xi) written reports to the board of directors regarding items (i) through (x) above.

(b) Upon implementation of the Loan Review Program, a copy of each written report submitted to the board of directors shall include documentation of the actions taken by the Bank or recommendations to the board that address identified deficiencies in specific loan relationships or the Bank's policies, procedures, strategies, or other elements of the Bank's lending activities. Such reports and recommendations, as well as any resulting determinations, shall be recorded and retained in the minutes of the meeting of the board of directors at which the report is received and considered.

(c) The Bank shall approve the Loan Review Program, which approval shall be recorded in the minutes of the board of directors meeting at which the Loan Review Program is approved. Thereafter, the Bank shall submit a copy of the Loan Review Program to the Supervisory Authorities, and shall implement and comply with the Loan Review Program.

8. <u>Maintenance of Allowance for Loan and Lease Losses</u>.

(a) Within 30 days from the effective date of this ORDER, the board shall establish a comprehensive policy and methodology for determining the Allowance for Loan and Lease Losses ("ALLL"). The policy shall provide for a review of the ALLL at least once each calendar quarter. Said review should be completed in a timely manner to ensure that the findings of the board will be properly reported in the Bank’s Call Reports. Such reviews shall, at a minimum, be made in accordance with the Call Report Instructions, the Interagency Statement of Policy on the Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the appropriateness of the Bank’s ALLL, and any analysis of the Bank’s ALLL provided by either of the Supervisory Authorities.

(b) A deficiency in the Bank’s ALLL shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank’s submission of its Call Report. The board of directors shall thereafter maintain an appropriate ALLL.

(c) The Bank’s board of directors shall approve the policy, which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank shall submit the policy and ALLL methodology to the Supervisory Authorities, and, the Bank shall implement and fully comply with the policy.

9. Correction of Violations.

(a) Within 30 days from the effective date of this ORDER, the Bank shall correct the violations of law and/or regulation cited in the Report of Examination.

(b) For any violations that cannot be corrected, the Bank shall document why corrections could not be made, which report shall be reviewed by the board of directors at its next meeting, and whose review, discussion and any action taken shall be recorded in its minutes.

10. Business/Strategic Plan and Profit and Budget Plan.

(a) Within 120 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the board of directors shall develop and fully implement a written three-year business/strategic plan and one-year profit and budget plan covering the overall operation of the Bank and its goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this ORDER.

(b) The business/strategic plan shall provide specific objectives for asset growth, loan portfolio mix, market focus, earnings projections, capital needs, and liquidity position. The profit and budget plan shall include goals and strategies for improving the earnings of the Bank. The budget shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components, including projected salaries and bonuses.

(c) The board of directors shall approve the business/strategic plan and the profit and budget plan, which approval shall be recorded in the board meeting minutes. Thereafter, the business/strategic plan and the profit and budget plan, and any subsequent modification thereto, shall be submitted to the Supervisory Authorities, and the Bank shall implement and fully comply with the plans.

11. Disclosure of Order to Shareholders.

Following the effective date of this ORDER, the Bank shall provide a copy or otherwise furnish a description of this ORDER to its shareholders, (i) in conjunction with the Bank’s next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank’s next shareholder meeting. Any description shall fully describe the ORDER in all material respects. The proposed communication, statement, or notice and accompanying copy or description of the ORDER shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders.

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

12. Progress Reports Detailing Compliance with ORDER.

Within 30 days of the end of each quarter following the effective date of this ORDER, the Bank shall furnish a written progress report to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

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.

Issued Pursuant to Delegated Authority

Dated: December 3, 2009

By:

/s/

Mark S. Moylan
Deputy Regional Director