FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of **CITIZENS BANK & TRUST COMPANY** **CHILLICOTHE, MISSOURI** **(Insured State Nonmember Bank)**	)))))))))	**CONSENT ORDER** **FDIC-10-080b**

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency under 12 U.S.C. § 1813(q_)for Citizens Bank & Trust Company, Chillicothe, Missouri, a state-chartered depository trust company ("Bank").

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 April 6, 2010, that is hereby accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices, 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. **Assessment of Management**.

(a) From the effective date of this ORDER, the Bank shall take action to have and maintain qualified management.

(b) Within 15 days from the effective date of this ORDER, the Board shall engage an independent third party ("Consultant") acceptable to the FDIC's Regional Director for the Kansas City Region ("Regional Director") and Commissioner of the Missouri Division of Finance ("MDOF"), (collectively, "Supervisory Authorities"), and that possesses appropriate expertise and qualifications to analyze and assess the management needs of the Bank and the performance of the Bank's current senior executive officers, as defined in 12 C.F.R. § 303.101(b).

(c) The Bank shall provide the Supervisory Authorities 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, shall include:

(i) a description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and a maximum aggregate fee;

(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 Consultant employee(s) who are to perform the work;

(vi) a provision for unrestricted access by the Supervisory Authorities to the Consultant's workpapers;

(vii) a certification that the Consultant is not affiliated in any manner with the Bank; and

(viii) a requirement that within 90 days of engagement the Consultant shall deliver a written report to the Board ("Consultant's Report") summarizing the Consultant's (A) analysis of the Bank's management needs, (B) assessment of the performance of the Bank's current senior executive officers and (C) recommendations regarding any changes or additions to the Bank's senior executive officers.

(d) Within 45 days of receipt of the Consultant's Report, the Board will develop a written plan ("Management Plan") that addresses the findings of the Consultant's Report, states the actions to be taken by the Bank in response to each recommendation contained in the Consultant's Report, and establishes a time frame for completing each action. At a minimum, the Management Plan shall:

(i) contain a recitation of the recommendations included in the Consultant's Report;

(ii) identify the type and number of senior executive officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(iii) identify the authority and responsibilities of each senior executive officer position;

(iv) present a clear and concise description of the relevant knowledge and experience required for each senior executive officer position;

(v) evaluate the current and past performance of all existing Bank senior executive officers, indicating whether the individuals are competent and qualified to perform present and anticipated duties and operate the Bank in a safe and sound manner;

(vi) identify the appropriate level of current and deferred compensation to each senior executive officer position;

(vii) establish requirements and methodologies to periodically evaluate each individual's job performance;

(viii) identify and/or establish Bank committees needed to provide guidance and oversight to management;

(ix) establish a plan to terminate or reassign senior executive officers, as necessary, as well as recruit and retain qualified personnel, consistent with the Board's analysis and assessment of the Bank's staffing needs;

(x) establish procedures to periodically review and update the Management Plan;

(xi) contain a current organizational chart that identifies all existing and proposed senior executive officer positions, and delineates lines of authority and accountability;

(xiii) contain a current management succession plan; and

(xiv) contain a procedure to ensure compliance with section 32 of the Act, 12 U.S.C. § 1831i, when applicable to changes/additions in directors and senior executive officers of the Bank.

(e) A copy of the Consultant's Report and the Management Plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities and after consideration of all such comments, the Board shall approve the Management Plan which approval shall be recorded in the minutes of the meeting of the Board. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the Board to fully implement the Management Plan within the specified time frames. In the event the Management Plan, or any portion thereof, is not implemented, the Board shall immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan.

2. Reduction of Adversely Classified Assets.

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop and complete a written plan to reduce the Bank's risk exposure in each asset in excess of $500,000 classified "Substandard" or "Doubtful" in the November 30, 2009 FDIC Report of Examination ("Report of Examination"). For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from such adverse classification.

(b) In developing the plans mandated by this paragraph, the Bank shall, at a minimum, 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.

(c) The plans mandated by this provision shall include, at a minimum, the following:

(i) specific action plans intended to reduce the Bank's risk exposure in each classified asset;

(ii) a requirement that monthly written progress reports be submitted to the Board; and

(iii) a requirement that the Board review the progress reports and record with a notation of the review in the minutes of the Board meetings at which such reports are reviewed.

(d) The Board shall approve the plans, which approval shall be recorded in the Board's minutes. Thereafter, a copy of the plan or portion thereof that pertains to a specific borrower shall be maintained in the borrower's credit file, and the Bank shall implement and fully comply with the plan.

3. 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 a 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" or "Doubtful" in the Report of Examination and is uncollected, or classified "Substandard" or "Doubtful" in any future FDIC or MDOF Reports of Examination and is uncollected.

(b) Subparagraph (a) of this provision shall not apply if the Bank's failure to 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 Board, or a committee thereof, 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 it would be detrimental (e.g., mitigation of loss; enhance collateral protection; or greater possible loss from contract liability);

(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 conclusions and approval made pursuant to subparagraph (b) of this provision shall be made a part of the minutes of the meeting of the Board, or the committee thereof, at which the extension of credit is approved, with a copy retained in the borrower's credit file.

4. Loan Review Program.

(a) Within 90 days of the effective date of this ORDER, the Board shall develop a written program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the written 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) identification of trends affecting the quality of the loan portfolio and potential problem areas;

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

(iv) identification of credit and collateral documentation exceptions;

(v) identification and status of any potential violations of laws, rules, or regulations with respect to the lending function and action taken to address such potential violations;

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

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

(viii) periodic written reports, but in no event less than quarterly, providing the information developed in (i) through (vii) above to the Board. The reports should also describe the action(s) taken by management with respect to each problem credit.

(b) The written program shall be provided to the Supervisory Authorities, and shall be approved by the Board. Such approval shall be recorded in the minutes of the Board and thereafter, the Bank shall implement the written program.

(c) Upon implementation, a copy of each report submitted to the Board, as well as 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, as well as any resulting determinations, shall be recorded and retained in the Board's minutes.

5. **Maintenance of Allowance for Loan and Lease Losses ("ALLL")**.

The Board shall review the Bank's ALLL at least once each calendar quarter. That review should be completed at such time 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.

6. <u>Maintenance of Capital</u>.

(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 ALLL:

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

(ii) Total risk-based capital at least equal to twelve percent 12%) 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 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 meeting of the Board, it 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 leverage capital necessary to meet the requirements of this section may not be accomplished through a deduction from the ALLL.

7. Restrictions on Dividends.

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.

8. Liquidity.

Within 60 days from the effective date of this ORDER, the Board shall review the Bank's liquidity and contingency funding policies and plans, and develop or amend each as necessary. Said policies should address how the Bank will increase its liquid assets and reduce its reliance on volatile liabilities for liquidity purposes. Thereafter, the Bank shall implement and fully comply with the policies and plans.

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

(a) The Board shall develop 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 Profit and Budget Plan shall be completed within 60 days from the effective date of this ORDER. The Business/Strategic Plan shall be completed within 120 days from the effective date of this ORDER. Within the first 45 days of each calendar year thereafter, the Profit and Budget Plan and the Business/Strategic Plan shall be reviewed and revised as necessary.

(c) The business/strategic plan shall provide specific objectives for asset growth or shrinkage, 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.

(d) The Board shall approve the business/ strategic plan and the profit and budget plan, which approval shall be recorded in the Board's 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.

10. Correction of Information Technology Deficiencies.

Within 120 days from the effective date of this ORDER, the Bank shall correct the information technology deficiencies listed, and also cited as a Contravention of Policy, in the Report of Examination.

11. Disclosure of ORDER to Shareholders.

Within 30 days of the effective date of this ORDER, the Bank shall provide a copy of this ORDER to its sole shareholder.

12. Progress Reports Detailing Compliance with ORDER.

(a) Within 45 days of the end of the first calendar quarter following the effective date of this ORDER, and within 45 days of the end of each calendar quarter thereafter, the Bank shall furnish written progress reports 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.

(b) Progress reports may be discontinued when the Supervisory Authorities have, in writing, released the Bank from making additional reports.

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: April 14, 2010

By:

/s/
Mark S. Moylan
Deputy Regional Director