

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

In the Matter of)
) CONSENT ORDER
)
BENCHMARK BANK) FDIC-10-355b
GAHANNA, OHIO)
)
(STATE CHARTERED)
INSURED NONMEMBER SAVINGS BANK)
)

Benchmark Bank, Gahanna, Ohio ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices 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, regarding right to a notice of charges and a hearing before the Ohio Division of Financial Institutions ("Division"), and having waived those rights, by and through its duly elected and acting Board of Directors ("Board"), entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A

CONSENT ORDER ("STIPULATION") with representatives of the Federal Deposit Insurance Corporation ("FDIC") and the Division, dated July 21, 2010. Pursuant to the STIPULATION, the Bank has consented, without admitting or denying the charges of unsafe or unsound banking practices relating to weaknesses in capital and asset quality, to the issuance of a CONSENT ORDER ("ORDER") by the FDIC and the Division.

The FDIC and the Division have considered this matter, thereby determining that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and by the Division under the Chapter 1163 of the Ohio Revised Code have been satisfied, and accepted the Stipulation.

Therefore, the FDIC and the Division hereby ORDER 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 take the following affirmative action as follows:

MANAGEMENT ASSESSMENT AND PLAN

1. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall retain an independent third party acceptable to the Regional Director and the Division, who will review the composition and structure of the Bank's

management and develop a written analysis and assessment of the Bank's management needs ("Assessment") for the credit administration and lending function of the Bank.

(b) The Bank shall provide the Regional Director and the Division with a copy of the proposed engagement letter or contract with the independent third party for review.

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

- (i) identification of both the type and number of officer positions needed to effectively oversee and manage the credit administration and lending function of the Bank;
- (ii) evaluation of all Bank officers and staff members who are engaged in the credit administration and lending function, 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

(iii) 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 this paragraph of this ORDER.

(d) The Bank shall forward a copy of the Assessment to the Regional Director and the Division within fifteen (15) days of its receipt.

(e) Within forty-five (45) days after receipt of the Assessment the Bank shall formulate and adopt a written plan to implement the recommendations of the Assessment. The plan shall fully address each of the findings and recommendations set forth in the Assessment.

(f) A copy of the plan required by this paragraph shall be submitted to the Regional Director and the Division.

BOARD PARTICIPATION

2. (a) As of the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the

Bank's activities, consistent with the role and expertise commonly expected for directors of Banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; adoption or modification of operating policies; individual committee reports; internal control reviews including managements responses; audit reports; and compliance with this ORDER. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within thirty (30) days from the effective date of this ORDER, the Board shall appoint a committee ("Order Compliance Committee") to monitor the Bank's compliance with this ORDER. The Order Compliance Committee will include a majority of outside directors. The Order Compliance Committee will meet at least monthly, keep detailed minutes of each meeting, and report its findings to the Board.

CAPITAL

3. (a) Within ninety (90) days from the effective date of this ORDER, the Bank shall have and maintain its level of Tier 1 capital as a percentage of its total assets ("capital

ratio") at a minimum of eight percent (8%) and its level of qualifying total capital as a percentage of risk-weighted assets ("total risk based capital ratio") at a minimum of thirteen percent (13%). By December 31, 2010, the Bank shall have and maintain its capital ratio at a minimum of nine percent (9%) and its total risk based capital ratio at a minimum of thirteen percent (13%). For purposes of this ORDER, Tier 1 capital, qualifying total capital, total assets, and risk-weighted assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) If, while this ORDER is in effect, the Bank increases capital by the sale of new securities, the Board 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. 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 twenty (20) days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to the Division, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120, for their review. Any changes requested to be made in the materials by the FDIC or the Division shall be made prior to their dissemination.

(c) 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 ten (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.

LOSS CHARGE-OFF

4. As of the effective date of this ORDER the Bank shall charge off from its books and records any loan classified "Loss" in the Report of Examination dated October 1, 2009 ("ROE") that have not been previously charged off or collected.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

5. (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 extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified "Loss" in the ROE, 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", "Doubtful", or is listed as Special Mention in the ROE, and is uncollected unless the Board 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 signed by each Director, and incorporated in the minutes of the applicable Board meeting. A copy of the statement shall be placed in the appropriate loan file.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

6. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall adopt, implement, and adhere to, a written plan to reduce the Bank's risk position in each asset, including real estate owned, in excess of three hundred thousand dollars (\$300,000) which is more than sixty (60) days delinquent or classified "Substandard" or "Doubtful" in the ROE. The plan shall include, but not be limited to, provisions which:

- (i) Prohibit an extension of credit for the payment of interest, unless the Board provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank;
- (ii) Provide for review of the current financial condition of each delinquent or classified borrower, including a review of borrower cash flow and collateral value;

- (iii) Delineate areas of responsibility for loan officers;
- (iv) Establish dollar levels to which the Bank shall reduce delinquencies and classified assets within six (6) and twelve (12) months from the effective date of this ORDER and every six (6) months thereafter while this ORDER remains in effect; and
- (v) Provide for the submission of monthly written progress reports to the Board for review and notation in minutes of the meetings of the Board.

(b) As used in this paragraph, "reduce" means to:

(1) collect; (2) charge off; (3) sell; or (4) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the Division.

(c) A copy of the plan required by this paragraph shall be submitted to the Regional Director and the Division.

(d) While this ORDER remains in effect, the plan shall be revised to include assets which become more than sixty (60) days delinquent after the effective date of this ORDER, are adversely classified at any subsequent

examinations, or are adversely classified by the Bank during an internal loan review.

CREDIT ADMINISTRATION AND RISK IDENTIFICATION

7. (a) Within ninety (90) days of the effective date of this ORDER, the Bank shall revise or formulate, adopt, and implement a written policies and procedures to address credit administration deficiencies identified in pages one (1) through seven (7) of the ROE.

(b) At a minimum, the policies and procedures required by this paragraph shall provide for:

- (i) an effective internal loan grading system;
- (ii) procedures for placing loans on nonaccrual status;
- (iii) procedures for minimizing loan documentation exceptions, including the collection of borrower financial statements;
- (iv) procedures for properly accounting for troubled debt restructurings;
- (v) procedures to ensure an adequate allowance for loan and lease losses; and

(vi) procedures to ensure proper accounting for the acquisition, holding, and disposition of other real estate owned.

(c) Copies of the policies and revisions thereto required by this paragraph shall be submitted to the Regional Director and the Division.

DIVIDEND RESTRICTION

8. As of the effective date of this ORDER, the Bank shall not declare or pay any dividend without the prior written consent of the Regional Director and the Division.

ALLOWANCE FOR LOAN AND LEASE LOSSES

9. (a) After the effective date of this ORDER, and prior to the submission of all Reports of Condition and Income required by the FDIC, the Board shall review the adequacy of the Bank's allowance for loan and lease losses ("ALLL"), provide for an adequate ALLL, and accurately report the same. The minutes of the Board meeting at which such 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 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 capital determinations required by this ORDER.

PROFIT PLAN AND BUDGET

10. (a) Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall adopt, implement, and adhere to a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2010 and 2011. The plans required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

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

- (i) realistic and comprehensive budgets;
- (ii) a budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections;

(iii) identification of major areas in, and means by which, earnings will be improved; and

(iv) a description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

(c) Within thirty (30) days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Board 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's meeting at which such evaluation is undertaken.

(d) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect.

(e) Copies of the written profit plans and budgets required by this paragraph shall be submitted to the Regional Director and the Division.

STRATEGIC PLAN

11. (a) Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall formulate, adopt,

and implement a realistic, comprehensive strategic plan. The plan required by this paragraph 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. The written strategic plan shall address, at a minimum:

- (i) strategies for pricing policies and asset/liability management; and
- (ii) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(b) Within thirty (30) days from the end of each calendar quarter following the adoption and implementation of the strategic plan described in (a) above, the Board 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 any actions taken by the Bank, in the minutes of the Board's meeting at which such evaluation is undertaken.

(c) The strategic plan required by this ORDER shall be revised thirty (30) days prior to the end of each calendar year during which this ORDER is in effect. Thereafter, the Bank shall approve the revised strategic plan, which approval

shall be recorded in the minutes of a Board's meeting, and the Bank shall implement and adhere to the revised strategic plan.

(d) Copies of the strategic plan and revisions thereto required by this paragraph shall be submitted to the Regional Director and the Division.

CONCENTRATIONS OF CREDIT

12. Within sixty (60) days from the effective date of this ORDER, the Bank shall formulate, adopt and implement a written plan to manage each of the concentrations of credit identified in the ROE in a safe and sound manner. At a minimum the plan must provide for written procedures for the ongoing measurement and monitoring of the concentrations of credit, and a limit on concentrations commensurate with the Bank's capital position, safe and sound banking practices, and the overall risk profile of the Bank.

VIOLATIONS

13. Within thirty (30) days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, rule, and regulations listed on pages 20 and 21 of the ROE and prevent the reoccurrence thereof. In the event the Bank cannot eliminate and/or correct a violation, it will notify the Regional Director and the

Division what steps it has taken and why it is unable to eliminate or correct the violation.

NOTIFICATION TO SHAREHOLDER

14. Following the effective date of this ORDER, the Bank shall send to its shareholder a copy of this ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

PROGRESS REPORTS

15. Within thirty (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 Board, detailing the actions taken to secure compliance with the ORDER and the results thereof.

CLOSING PARAGRAPHS

This ORDER shall be effective on the date of service on the Bank.

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: July 30, 2010.

FEDERAL DEPOSIT INSURANCE
CORPORATION

OHIO DIVISION OF FINANCIAL
INSTITUTIONS

_____/s/_____
M. Anthony Lowe
Regional Director
Chicago Regional Office

_____/s/_____
Carolyn L. Bradford
Superintendent

and

_____/s/_____
Kenneth N. Koher
Deputy Superintendent for
Banks