

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

SPRINGFIELD, ILLINOIS

_____)	
In the Matter of)	CONSENT ORDER
)	
MCHENRY SAVINGS BANK)	
MCHENRY, ILLINOIS)	FDIC-10-739b
)	2010-DB-111
(ILLINOIS CHARTERED)	
INSURED NONMEMBER BANK)	
_____)	

McHenry Savings Bank, McHenry, Illinois ("**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 Sections 9009, 9015, 9018, 11001, and 11002 of the Savings Bank Act ("**SBA**"), 205 ILCS 205/9009, 9015, 9018, 11001 and 1102, and having waived those rights, 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 Illinois Department of Financial and Professional Regulation, Division of Banking, ("Division"), dated October 29, 2010, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices the Bank consented to the issuance of a CONSENT ORDER ("**ORDER**") by the FDIC and the Division.

The FDIC and the Division considered the matter and determined that they had reason to believe the Bank had engaged in unsafe or unsound banking practices and therefore accepted the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and the SBA, 205 ILCS 205/1001 et seq., have been satisfied, 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), or in Sections 1007.05 and 11005 of the SBA, 205 ILCS 205/1007.05 and 11005, and its successors and assigns, take affirmative action as follows:

1. Within five (5) days from the effective date of this ORDER the Bank shall have and thereafter retain a minimum liquidity position of not less than fifteen (15%) percent of Total Assets.

2. (a) Within ten (10) days of the effective date of this ORDER, the Bank shall develop a written contingency funding plan ("**Liquidity Plan**"). The Liquidity Plan shall identify sources of liquid assets to meet the Bank's contingency funding needs over time horizon's of one month, two months, and three months. The Liquidity Plan shall be prepared in conformance with the Liquidity Risk Management Guidance found at FIL-84-2008 and the Interagency Policy Statement on Funding and Liquidity Risk Management found at FIL-13-2010, and shall include provisions to address the liquidity issues detailed in the Report of Examination dated April 5, 2010.

(b) Upon the effective date of this ORDER, the Bank shall monitor and review its liquidity position daily to ensure that the Bank has sufficient liquid assets to meet current and anticipated liquidity needs. The liquidity ratios the Bank uses will be prepared using FFIEC Uniform Bank Performance Report guidelines. The results of the daily reviews shall be presented to the board of directors each month and the results of board review and any actions taken recorded in the minutes.

(c) Upon the effective date of this ORDER, the Bank shall establish and maintain an account relationship with the Federal Reserve Bank of Chicago to exchange and settle payment transactions through a clearing account balance.

(d) The Bank shall conduct liquidity stress testing to simulate varying market conditions to aid in identifying alternative courses of action to meet the Bank's funding needs.

(e) On each day the Bank is open for business during the life of this ORDER it shall submit a liquidity analysis report to the Division and the Regional Director of the FDIC's Chicago Regional Office ("Regional Director"). The liquidity analysis shall be in a format acceptable to the Division and the Regional Director.

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

3. 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 of proxy statement preceding the Bank's next shareholder meeting.

4. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Division and Regional Director 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.

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

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 Division and the FDIC.

Pursuant to delegated authority.

Dated: October 29, 2010.

/s/_____
M. Anthony Lowe
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

/s/_____
Jorge A. Solis
Director
Illinois Department of Financial
and Professional Regulation
Division of Banking