UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
SPRINGFIELD, ILLINOIS

Written Agreement by and among FIRST STATE BANK OF RED BUD Red Bud, Illinois FEDERAL RESERVE BANK OF ST. LOUIS St. Louis, Missouri and ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION DIVISION OF BANKING Springfield, Illinois	Docket Nos. 09-012-WA/RB-SM 2009-DB-08

WHEREAS, in recognition of their common goal to maintain the financial soundness of First State Bank of Red Bud, Red Bud, Illinois (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of St. Louis (the "Reserve Bank"), and the Illinois Department of Financial and Professional Regulation, Division of Banking (the "Department") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on March 17, 2009, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Ronald W. Wallace to enter into this

Agreement on behalf of the Bank, and consenting to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1813(u)), with each and every provision of this Agreement.

NOW, THEREFORE, the Bank, the Reserve Bank, and the Department agree as follows:

Board Oversight

1. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and the Department a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to improve the Bank's condition and maintain effective control over, and supervision of, the Bank's senior management and major operations and activities, including but not limited to, the Bank's credit risk management, loan underwriting, credit administration, and problem loan workout administration; and

(b) a description of the information and reports that will be regularly reviewed by the board of directors in its oversight of the operations and management of the Bank, including but not limited to, the Bank's loan approval process, adversely classified assets, status of collection of payments on past due loans, loan workouts, allowance for loan and lease losses ("ALLL"), capital, liquidity, and earnings.

Management

2. (a) Within 90 days of this Agreement, the Bank shall adopt a management succession plan to attract and retain qualified management. At a minimum, such plan shall include actions and a timetable to retain a permanent chief executive officer with proven ability

in managing a bank of comparable size and experience in improving asset quality. Qualified management must have the ability to:

(i) Comply with the requirements of this Agreement;

(ii) operate the Bank in a safe and sound manner;

(iii) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity; and

(iv) comply with applicable laws, rules, and regulations.

3. In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Bank shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors of the Federal Reserve System ("Board of Governors")(12 C.F.R. §§ 225.71 *et seq.*) and also provide written notice to the Department. The Bank shall not appoint any individual to the Bank's board or employ or change the responsibilities of any individual as senior executive officer if the Reserve Bank or the Department notifies the Bank of disapproval within the time limits prescribed by Subpart H of Regulation Y of the Board of Governors.

4. The Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Lending and Credit Administration

5. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Department an acceptable written plan that describes the specific actions that the board of directors proposes to take to strengthen the Bank's lending and credit administration practices. The plan shall, at a minimum, address, consider, and include:

(a) Credit administration procedures that require documented analysis of the borrower's repayment source, creditworthiness, and debt service ability and the maintenance of credit files that adequately document the borrower's ability to repay the loan according to its terms, including the identification and analysis of credit weaknesses, and the periodic submission by borrowers of current financial statements;

(b) the loan approval process, including measures to strengthen and improve the effectiveness of the loan committee;

(c) procedures for the timely and accurate identification of credit risk in the loan portfolio;

(d) enhanced management information systems to provide accurate and timely information to the Bank's management and board of directors, including, updated problem loan or watch reports and the identification of borrowers who are not current with interest payments in accordance with the original loan terms;

(e) establishing an independent, effective real estate appraisal and evaluation program;

(f) procedures to correct all documentation and credit information deficiencies noted in the report of the findings from the examination of the Bank commenced on September 22, 2008 by the Reserve Bank and the Department (the "Report of

Examination”), including the adoption of written policies and procedures designed to minimize loan documentation exceptions and strengthen the timely gathering of loan and collateral documentation; and

(g) measures to address the deficiencies in lending and credit administration noted in the Report of Examination.

Asset Improvement

6. (a) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, who is obligated to the Bank in any manner on any extension of credit or portion thereof that has been charged off by the Bank or classified, in whole or in part, “loss” in the Report of Examination or in any subsequent report of examination, as long as such credit remains uncollected.

(b) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, whose extension of credit has been classified “doubtful” or “substandard” in the Report of Examination or in any subsequent report of examination, without the prior approval of the board of directors. The board of directors shall document in writing the reasons for the extension of credit or renewal, specifically certifying that: (i) the extension of credit is necessary to protect the Bank’s interest in the ultimate collection of the credit already granted; or (ii) the extension of credit is in full compliance with the Bank’s written loan policy, is adequately secured, and a thorough credit analysis has been performed indicating that the extension or renewal is reasonable and justified, all necessary loan documentation has been properly and accurately prepared and filed, the extension of credit will not impair the Bank’s interest in obtaining repayment of the already outstanding credit, and the board of directors reasonably believes that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the board of directors meetings, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower's credit file for subsequent supervisory review. For purposes of this Agreement, the term "related interest" is defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)).

7. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Department an acceptable written plan designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of $200,000, including other real estate owned ("OREO"), that: (i) is past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of $200,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank and the Department an acceptable written plan to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and the Department to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current problem loan list, extension report, and past due/non-accrual report.

Allowance for Loan and Lease Losses

8. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report of Examination that have not been previously collected in full or charged off. Thereafter the Bank shall, within 30 days from the receipt of any federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank and the Department.

(b) Within 60 days of this Agreement, the Bank shall adopt an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure the maintenance and adherence to an ALLL methodology that is consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17(Sup)) and December 13, 2006 (SR 06-17), and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and the Department, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Capital Plan

9. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Department an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

(a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the volume of adversely classified assets;

(c) the adequacy of the ALLL;

(d) any planned asset growth;

(e) the anticipated level of retained earnings;

(f) anticipated and contingent liquidity needs; and

(g) the source and timing of additional funds to fulfill the future capital and ALLL needs of the Bank.

10. The board of directors shall monitor and review the sufficiency of the Bank's capital on a monthly basis and shall reflect such reviews in the minutes of the board of directors' meetings.

Strategic Plan and Budget

11. (a) Within 120 days of this Agreement, the Bank shall submit to the Reserve Bank and the Department a strategic plan to improve the Bank's earnings, and a budget for 2009. The written plan and budget shall include, but not be limited to:

(i) Identification of the major areas where, and means by which, the board of directors will seek to improve the Bank's operating performance;

(ii) financial performance objectives, including plans for asset growth and earnings supported by detailed monthly and annual pro forma financial statements, including projected budgets, balance sheets, and income statements;

(iii) a realistic and comprehensive budget that includes a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components, and provisions needed to establish and maintain an adequate ALLL; and

(iv) A budget review process incorporating the use of pro forma income statements in the analysis of budgeted versus actual income and expenses.

(b) The strategic plan, including a budget, for each calendar year subsequent to 2009 shall be submitted to the Reserve Bank and the Department at least one month prior to the beginning of that calendar year.

(c) Within 30 days after the end of each calendar quarter following the completion of the Strategic Plan and budget required by this Agreement, 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.

Asset/Liability Management

12. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Department an acceptable written plan to correct the deficiencies in asset/liability management noted in the Report of Examination.

Dividends

13. (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Department of Banking Supervision and Regulation of the Board of Governors, and the Department.

(b) Any request to declare or pay dividends must be consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323). All requests for prior approval shall be received by the Reserve Bank and the Department at least 30 days prior to the proposed dividend declaration date and shall contain, at a minimum, current and projected information on earnings, capital, asset quality, and ALLL of the Bank.

Compliance with the Agreement

14. (a) Within 15 days of this Agreement, the board of directors shall appoint a compliance committee (the "Compliance Committee") to monitor and coordinate the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall be comprised of at least three outside directors who are not executive officers or principal shareholders of the Bank, as defined in sections 215.2(e)(1) and 215.2(m)(1) of Regulation O of

the Board of Governors (12 C.F.R. §§ 215.2(e)(1) and 215.2(m)(1)). At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the board of directors.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the Bank shall submit to the Reserve Bank and the Department written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plans and Program

15. (a) The Bank shall submit written plans and a program that are acceptable to the Reserve Bank and the Department within the applicable time periods set forth in paragraphs 5, 7(a), 7(b), 8(b), 9, and 12 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank and the Department, the Bank shall adopt the approved plans and program. Upon adoption, the Bank shall promptly implement the approved plans and program and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and program shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Department.

Communications

16. All communications regarding this Agreement shall be sent to:

(a) Mr. Timothy A. Bosch
Vice President
Federal Reserve Bank of St. Louis
1421 Dr. Martin Luther King Drive
St. Louis, Missouri 63106-3716

(b) Mr. Scott D. Clarke
Assistant Director
Department of Financial and Professional Regulation
Division of Banking
500 E. Monroe, 10th Floor
Springfield, IL 62701

(c) Mr. Ronald W. Wallace
Interim Chief Executive Officer
First State Bank of Red Bud
115 West Market Street
Red Bud, IL 62278

Miscellaneous

17. Notwithstanding any provision of this Agreement, the Reserve Bank and the Department may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

18. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

19. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Department.

20. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Department, or any other federal or state agency from taking any other action affecting the Bank or any of its current or former institution-affiliated parties and their successors and assigns.

21. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818). In addition, this Agreement is enforceable by the Department under Section 48 of the Illinois Banking Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 17th day of March, 2009.

FIRST STATE BANK OF RED BUD

By: /s/ Ronald W. Wallace
Ronald W. Wallace
Interim Chief Executive Officer

FEDERAL RESERVE BANK
OF ST. LOUIS

By: /s/ Timothy A. Bosch
Timothy A. Bosch
Vice President

ILLINOIS DEPARTMENT OF
FINANCIAL AND
PROFESSIONAL REGULATION
DIVISION OF BANKING

By: /s/ Jorge A. Solis
Jorge A. Solis
Director, Division of Banking