FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	**ORDER TO**
	)	**CEASE AND DESIST**
CONCORD BANK	)	
ST. LOUIS, MISSOURI	)	**FDIC-08-368b**
	)	
(Insured State Nonmember Bank)	)	

Concord Bank, St. Louis, Missouri ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and regulation alleged to have been committed by the Bank, as well as 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 having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") dated February 11, 2009, with counsel for the Federal Deposit Insurance Corporation ("FDIC"), whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law and regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and violations of law and regulation. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, 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, cease and desist from the following unsafe or unsound banking practices and violations of law and regulation:

A. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

B. Operating with a board of directors that has failed to provide adequate supervision over and direction to the management of the Bank.

C. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held, and/or failing to make provision for an adequate allowance for possible loan and lease losses.

D. Engaging in hazardous lending and lax collection practices, including, but not limited to:

1. the failure to obtain adequate collateral;

2. the failure to complete an analysis of current financial information;

3. the extension of credit with inadequate diversification of risk;

E. Operating with an excessive level of adversely classified loans or assets, and/or delinquent loans and/or non-accrual loans.

F. Operating with inadequate liquidity in light of the Bank’s asset and liability mix.

G. Violating laws and/or regulations, including:

1. the legal lending limit restrictions of the State of Missouri as set forth in Missouri Revised Statutes § 362.170;

2. the preferentiality prohibition(s) of section 215.4(a)(1) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.4(a)(1);

3. the requirements of Part 103 of the Treasury Department’s Financial Record-keeping and Reporting of Currency and Foreign Transactions Regulation, 31 C.F.R. Part 103 §§ 18-38.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. <u>Qualified Management</u>.

(a) Within 60 days from the effective date of this ORDER, the Bank shall have qualified management, including a chief financial officer, a chief lending officer, and an appropriate number and type of senior 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. Each member of management shall be provided appropriate written authority from the board of directors to implement the provisions of this ORDER.

(b) Immediately, and periodically during the life of this ORDER, but no less frequently than quarterly, the board of directors shall assess management's ability to:

(i) Comply with the requirements of this ORDER; all applicable State and Federal laws and regulations; FDIC and FFIEC policy statements; and the Bank's approved policies and procedures; and

(ii) Restore and thereafter maintain the Bank in a safe and sound condition, including, but not limited to, capital adequacy, asset quality, earnings, management effectiveness, liquidity, and sensitivity to market risks.

The board shall report its findings in minutes of the board of directors meetings.

2. <u>Changes in Board of Directors and/or Senior Officers</u>.

The Bank shall notify the FDIC and the Missouri Division of Finance (collectively "Supervisory Authorities") in writing of any resignations and/or terminations of any members of its board of directors and/or any of its Senior Executive Officer(s) as defined in 12 C.F.R. § 303.101(b) ("Senior Executive Officer") within 15 days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the FDI Act, 12 U.S.C. § 1831i and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 303.100 through 303.103. In addition, the Bank shall notify the Supervisory Authorities in writing when it proposes to add any individual to the board of directors or employ any individual as a Senior Executive Officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual(s) to be added or employed.

3. Minimum Capital Requirements.

(a) The Bank shall achieve and maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations), after establishing an adequate allowance for loan and lease losses:

(i) Tier 1 capital at least equal to Eight (8.0) percent of total assets;

(ii) Tier 1 risk-based capital at least equal to Eight (8.0) percent of total risk-weighted assets; and

(iii) Total risk-based capital at least equal to Eleven (11.0) percent of total risk-weighted assets.

(b) In addition, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, App. A.

4. Capital Plan.

(a) In the event any of the above ratios set forth in paragraph 3 above fall below the required minimum, the board shall, within 15 days thereafter, develop a capital plan that shall be submitted to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meetings of the board of directors. Thereafter, the Bank shall implement and fully comply with the capital plan. At a minimum, the program shall include:

(i) Specific plans to achieve the capital levels required under the plan and this ORDER;

(ii) Specific plans for the maintenance of adequate capital that may in no event be less than the requirements of the provisions of this paragraph;

(iii) Projections for asset growth and capital requirements, and such projections shall be based upon a detailed analysis of the Bank’s current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank’s strategic business plan;

(iv) Projections for the amount and timing of the capital necessary to meet the Bank’s current and future needs;

(v) The primary source(s) from which the Bank will strengthen its capital to meet the Bank’s needs; and

(vi) Contingency plans that identify alternative sources of capital should the primary source(s) under (v) above not be available.

(b) The board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this paragraph.

(c) No increase in Tier 1 capital necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's allowance for loan and lease losses or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of institution or affiliate stock or other securities, or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

5. Strategic Planning.

(a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and adopt a comprehensive business/strategic plan covering at least an operating period of three years. 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.

(b) The written strategic plan shall address short-term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms; intermediate goals and project plans; and long-range goals and project plans. In addition, the plan shall address, at a minimum:

(i) Strategies for pricing policies and asset/liability management;

(ii) The anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and the ratio of net interest income to average earning assets;

(iii) The dollar volume of total loans, total investment securities, and total deposits;

(iv) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) Goals for reducing problem loans;

(vi) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(vii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(viii) Formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the strategic plan to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and follow the strategic plan.

6. Salaries, Bonuses, Management Fees and Dividend Restrictions.

The Bank shall not increase salaries of Senior Executive Officers, pay bonuses to Senior Executive Officers, pay management fees or declare or pay any cash dividends without the prior written approval of the Supervisory Authorities.

7. Ethics Policy.

(a) Within 90 days from the effective date of this ORDER, the Bank shall revise its written ethics policy ("Ethics Policy") and implement a program ("Ethics Program") to address regulatory concerns identified on pages 3 and 4 in the FDIC's Report of Examination dated August 18, 2008. The Ethics Policy should be designed to bring to the attention of each member of the board conflicts of interest which may exist in approving loans or other transactions in which officers, directors or principal stockholders of the Bank ("Insiders") are involved.

The Ethics Policy will state the ethical conduct and other standards expected of directors, officers, employees, agents and other persons participating in the conduct of the affairs of the Bank (“Covered Individuals”), in the performance of their duties and responsibilities, and establish the definitions, instructions and format to be followed by Covered Individuals in the preparation of comprehensive conflict disclosure statements (“Statements”) to be filed for review by an Ethics Counselor and/or Ethics Committee. At a minimum, the Ethics Program will prohibit self-dealing by Insiders or their advancing personal, business, or other interests, or those of others, at the expense of the Bank.

(b) The Bank shall submit the Ethics Policy and Ethics Program to the Supervisory Authorities for review and comment. Within 30 days from the receipt of any such comments from the Supervisory Authorities and after due consideration of any recommended changes, the Bank shall approve the Ethics Policy and Ethics Program, which approval shall be recorded in the minutes of the meeting of the board of directors. The Bank shall thereafter implement and enforce the Ethics Policy and Ethics Program.

8. Concentrations of Credit.

(a) Within 30 days from the effective date of this ORDER, the Bank shall develop and submit a written plan to the Supervisory Authorities for systematically reducing and monitoring the Bank's concentrations of credit as listed on page 34 through page 36 in the FDIC's Report of Examination dated August 18, 2008, to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location. At a minimum, the plan shall include:

(i) Dollar levels and percent of capital to which the Bank shall reduce each concentration;

(ii) Timeframes for achieving the reduction in dollar levels identified in response to (i) above;

(iii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors; and

(iv) Procedures for monitoring the Bank's compliance with the plan.

(b) The Bank shall submit the concentration plan to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the concentration plan.

9. Implementation of Loan Review.

(a) Within 30 days of the effective date of this ORDER, the board shall develop a 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 system 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) 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;

(iii) Identification of trends affecting the quality of the loan portfolio and potential problem areas;

(iv) Assessment of the overall quality of the loan portfolio;

(v) Identification of credit and collateral documentation exceptions;

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

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

(viii) Identification of loans to directors, officers, principal shareholders, and their related interests; and

(ix) A mechanism for reporting periodically, but in no event less than quarterly, the information developed in (i) through (viii) above to the board of directors. The report should also describe the action(s) taken by management with respect to problem credits.

(b) The Bank shall submit the program to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the program, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the program.

(c) Upon implementation, a copy of each report shall be 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. 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.

10. 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 $250,000 adversely classified as "Substandard" or "Doubtful" in the 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 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 source of repayment, repayment ability, and alternative repayment sources, 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 Bank shall immediately submit the plans to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the plans, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plans.

11. Restrictions on Advances to Adversely Classified Borrowers.

(a) 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 classified "Loss" or "Doubtful" and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the borrower.

(b) 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 paragraph, 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, or a designated committee thereof, who shall certify, in writing:

(i) Why failure of the Bank to extend such credit would be detrimental to the best interests of the Bank.

(ii) That the extension of such credit would improve the Bank's position, including an explanatory statement of how the Bank's position would improve.

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

The written certification shall be made a part of the minutes of the meeting of the board of director, or designated committee, with a copy retained in the borrower's credit file.

12. Profit and Budget Plan.

Within 60 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 profit plan consisting of 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. The profit plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. No more than 30 days after the receipt of any comment from the Supervisory Authorities, the board of directors shall approve the profit plan which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank, its directors, officers, and employees shall fully implement the profit plan and any subsequently approved modification. The written profit plan shall include, at a minimum:

(a) Identification of the major areas in and means by which the board of directors will seek to improve the Insured Bank’s operating performance;

(b) Specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the allowance for loan and lease losses;

(c) Realistic and comprehensive budgets for all categories of income and expense items;

(d) A description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(e) Coordination of the Bank’s loan, investment, funds management, and operating policies; strategic plan; and allowance for loan and lease loss methodology with the profit and budget planning;

(f) A budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than quarterly; recording the results of the evaluation and any actions taken by the Bank in the minutes of the board of directors meeting at which such evaluation is undertaken; and

(g) Individual(s) responsible for implementing each of the goals and strategies of the Profit Plan.

13. Brokered Deposits.

Upon the effective date of this ORDER, and so long as this ORDER is in effect, the Bank shall not increase the amount of brokered deposits above the amount outstanding as of the effective date of this ORDER. Within 30 days of the effective date of this ORDER, the Bank shall submit a written plan for reducing its reliance on brokered deposits to the Supervisory Authorities. The plan shall detail the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid. The Bank shall submit the plan to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the

Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plan. For purposes of this ORDER, brokered deposits are defined in section 337.6(a)(2) of the FDIC Rules and Regulations to include any deposits funded by third-party agents or nominees for depositors, including deposits managed by a trustee or custodian when each individual beneficial interest is entitled to or asserts a right to federal deposit insurance.

14. <u>Liquidity Monitoring and Contingency Funding Plan</u>.

Within 60 days from the effective date of this ORDER, the board of directors shall develop liquidity monitoring procedures and a Contingency Funding Plan (CFP) as addressed on pages 10 and 11 of the FDIC's Report of Examination dated August 18, 2008. The Bank shall submit the liquidity monitoring procedures and the CFP to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the liquidity monitoring procedures and the CFP, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the procedures and CFP. Annually or more frequently thereafter, while this

ORDER is in effect, the Bank shall review the liquidity monitoring procedures and the CFP for adequacy and shall make revisions as necessary.

15. Funds Management and Investment Policy.

Within 60 days from the effective date of this ORDER, the board of directors shall amend the Funds Management and Investment Policy as addressed on pages 12 and 13 in the FDIC's Report of Examination dated August 18, 2008. Annually, the board of directors shall review the Funds Management and Investment Policy and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policies and procedures as necessary.

16. Violations and Contraventions of Statements of Policy.

(a) Within 60 days after the effective date of this ORDER, the Bank shall take steps necessary, consistent with sound banking practices, to eliminate and/or correct all violations of laws, rules and regulations cited by the FDIC, on page 22 through 25 in the FDIC's Report of Examination dated August 18, 2008. In addition, within 30 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable laws, rules and regulations.

(b) Within 60 days after the effective date of this ORDER, the Bank shall take steps necessary, consistent with sound banking practices, to eliminate and/or correct all contraventions of policy cited by the FDIC, on page 25 in the Report of Examination. In addition, within 30 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable policies.

17. Shareholder Disclosure.

Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, (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. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice 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.

18. Progress Reports.

(a) Within 30 days of the end of the first quarter following the effective date of this ORDER, and within 30 days of the end of each 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, including appropriate supporting documentation.

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

The ORDER shall become effective immediately upon its issuance by 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 FDIC.

Issued Pursuant to Delegated Authority.

Dated this __13th day of _February_, 2009.

Mark S. Moylan
Deputy Regional Director
Kansas City Regional Office