

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

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE

Written Agreement by and among)	
)	
NAB BANK)	Docket No. 03-011-WA/RB-SM
Chicago, Illinois)	
)	
FEDERAL RESERVE BANK)	
OF CHICAGO)	
Chicago, Illinois)	
)	
and)	
)	
STATE OF ILLINOIS OFFICE)	
OF BANKS AND REAL ESTATE)	
Springfield, Illinois)	
)	

WHEREAS, in recognition of their common goal to restore and maintain the financial soundness of NAB Bank, Chicago, Illinois, (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of Chicago (the "Reserve Bank"), and the State of Illinois Office of Banks and Real Estate (the "OBRE") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, as the result of the identification of deficiencies in its operations, the Bank is taking steps to enhance and improve its policies and procedures for compliance with all applicable laws and regulations, including the Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311 et seq.) and the regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. 103.11 et seq.) (collectively referred to as the Bank Secrecy Act (the

“BSA”)); and the applicable provisions of Regulation H of the Board of Governors (12 C.F.R. 208.62 and 208.63); and

WHEREAS, on May 19, 2003 the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Benjamin Wong 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 OBRE agree as follows:

Management

1. (a) Within 30 days of this Agreement, the board of directors shall engage an independent consultant (the “Independent Consultant”) acceptable to the Reserve Bank and the OBRE to conduct a review of the structure, functions, and performance of the Bank’s management and board of directors oversight of management activities (the “Consultant’s Review”), and to prepare a written report (the “Consultant’s Report”) that includes findings, conclusions, and written descriptions of any management or operational changes recommended as a result of the Consultant’s Review. The Consultant’s Review shall, at a minimum, address, consider, and include:

- (i) Management’s conduct of the activities and major operations of the Bank;
- (ii) board of directors’ monitoring and oversight of the Bank’s strategic direction, financial performance and condition, risk profile and risk tolerances; and

(iii) all management information systems, including the information provided to the board of directors in conducting its oversight.

(b) Within 10 days of the engagement of the Independent Consultant, but prior to the commencement of the Consultant's Review, the Bank shall submit to the Reserve Bank and the OBRE for approval an engagement letter that delineates: (i) the scope of the Consultant's Review; (ii) the date of submission of the Consultant's Report, no later than 75 days after the date of the Reserve Bank and OBRE's approval of the engagement letter; and (iii) the proposed resources to be dedicated to the Consultant's Review.

(c) The Bank shall fully cooperate with the Independent Consultant and grant access to all employees, books, records, documents, and communications necessary to conduct the Consultant's Review. A copy of the Consultant's Report shall be provided to the Reserve Bank and the OBRE at the same time that it is provided to the Bank, and all information including, but not limited to, work papers, programs and procedures related to the Consultant's Review shall be made available to the Reserve Bank and the OBRE by the Independent Consultant upon request.

2. Within 60 days after receipt of the Consultant's Report, the Bank shall submit a written management plan to the Reserve Bank and the OBRE describing specific actions that the board of directors proposes to take to fully address the findings and recommendations of the Consultant's Report.

3. (a) During the term of this Agreement, or as otherwise required by law, the Bank shall comply with the provisions of section 32 of the FDI Act (12 U.S.C. 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. Part 225, Subpart H) with respect to the appointment of any new directors or the hiring or promotion of any senior

executive officers as defined in Regulation O of the Board of Governors (12 C.F.R. Part 215). Prior to the addition of any director or the employment of any senior executive officer, the Bank shall also request and obtain the written approval of the OBRE.

(b) During the term of this Agreement, or as otherwise required by law, 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).

Risk Management

4. Within 30 days of receipt of the Consultant's Report required by paragraph 1(a) hereof, the Bank shall submit to the Reserve Bank and the OBRE an acceptable written plan designed to strengthen and improve management of the Bank's overall risk exposures in all areas of operations and financial activities, including but not limited to, loan activities, underwriting, internal controls, market and interest rate risk, and the information technology function. The plan shall, at a minimum, address, consider, and include:

- (a) Policies and procedures designed to identify, measure, monitor, and control risk exposures; define responsibilities; and set risk tolerance levels;
- (b) board of directors oversight of risk management processes in all areas;
- (c) management information systems and reporting procedures designed to ensure that appropriate management personnel, the board of directors, and its committees receive timely and accurate reports necessary to effectively manage risks and correct weaknesses and deficiencies;
- (d) internal controls designed to effectively manage risks and observe acceptable risk parameters; and

- (e) training for appropriate Bank personnel in all areas of risk management.

Loan Policies and Procedures

5. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE acceptable written loan policies and procedures that shall, at a minimum, address, consider, and include:

- (a) Underwriting standards for each type of credit extended by the Bank that emphasize the importance of cash flow analysis of the borrower and ensure that comprehensive financial statements, tax returns, and other financial data indicating the borrower's capacity to repay the loan are current at the time that the loan is extended and are regularly updated during the period that the loan remains outstanding;

- (b) adequate appraisal and valuation procedures, including guidelines on acceptable forms of collateral and when appraisals and other valuations of loan collateral are to be performed;

- (c) loan pricing methodology;

- (d) the nature and extent of the credit analysis to be performed on all loans, including requirements for complete credit and cash flow analysis to permit full assessment of the borrower's financial capacity to meet the terms of the credit extended;

- (e) guidelines for renewing, extending, or modifying the terms of existing loans and maintaining documentation of the bases for each renewal, extension, or modification;

- (f) a complete description of required loan documentation and collateral for each specific type of loan, and a requirement for the maintenance of such documentation in the loan files;

- (g) a requirement that all loans, including loan renewals, be supported by current and complete financial data and, where applicable, complete collateral documentation;
- (h) procedures for disbursement of loan proceeds and the documentation of such disbursements;
- (i) procedures for exceptions to the Bank's loan policies, including required documentation by the account officer and approval by the board of the directors;
- (j) loan approval processes, loan approval limits, and procedures for ratifying or approving extensions of credit, including renewals by lending personnel;
- (k) annual approval by the board of directors of all officer lending authority;
- (l) the designation of qualified personnel to establish and implement loan workout procedures for all delinquent, classified and watch list loans, and to provide a detailed monthly status report to the board of directors;
- (m) guidelines on handling and collecting problem loans, including procedures describing the review and approval process to be followed when additional advances or changes to the Bank's collateral position are proposed; and
- (n) additional measures as necessary to address all credit extension and loan administration deficiencies noted in the report of the examination commenced on October 28, 2002 (the "Report of Examination").

Loan Review Policies and Procedures

6. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE acceptable written procedures for the independent review of the loan portfolio and an acceptable loan grading system. The loan review procedures shall be designed to identify and

categorize problem credits and to assess the overall quality of the Bank's loan portfolio and shall, at a minimum, address, consider, and include:

- (a) Review of all new extensions of credit and renewals for compliance with the Bank's loan policy;
- (b) establishment of a formal loan watch list mechanism;
- (c) risk grading and reporting of all loans in excess of \$100,000 and description of the risk grades to be assigned to each loan;
- (d) designation of the individuals who will be responsible for determining loan grades;
- (e) requirements related to credit grading and loan review systems included in the December 23, 1993 and July 2, 2001 Interagency Policy Statements on the Allowance for Loan and Lease Losses;
- (f) for each loan identified as a watch list loan, a written statement, maintained in the appropriate credit file, detailing the reason why such loan merits special attention;
- (g) procedures to confirm the accuracy of all risk grades assigned by the Bank's loan officers;
- (h) monitoring and reporting of past due loans; and
- (i) periodic reporting to the board of directors of the status of the loan reviews and the action(s) taken by management to improve the Bank's position on each loan adversely graded or on the watch list.

Asset Improvement Plan

7. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE 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 \$100,000 that was past due as to principal or interest in excess of 90 days as of the date of this Agreement, was included on the Bank's problem loan watch list, or was adversely classified or listed as special mention in the Report of Examination.

(b) The plan for each loan or other asset shall be formally approved by the Bank's loan committee and shall, at a minimum, include:

(i) A description of the current status of the loan or other asset, including book and nonbook carrying value and the nature and value of supporting collateral; and

(ii) proposed actions to improve, reduce, or eliminate the loan or other asset, time frames for such actions, and the projected balance owing and value of anticipated collateral.

(c) Within 30 days of the end of each calendar quarter following the date of this Agreement, the Bank shall submit a written progress report to update the asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset, changes in the nature and value of supporting collateral, and a copy of the Bank's current internal watch list.

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 OBRE.

(b) The Bank shall immediately achieve and maintain, through charges to current operating income, an adequate valuation reserve for loan losses. The adequacy of the reserve shall be determined in light of the volume of criticized loans; the current level of past due and nonperforming loans; past loan loss experience; trends of delinquent, nonaccrual, and charged-off accounts; present and prospective economic conditions; evaluation of the probable losses in the Bank’s loan portfolio, including the potential for the existence of unidentified losses in loans adversely classified and the imprecision of loss estimates; and the requirements of the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated December 21, 1993 and July 2, 2001. A written record shall be maintained indicating the methodology used in determining the amount of reserve needed to cover total loans and documentation to support the methodology shall be maintained for subsequent supervisory review.

(c) For the duration of this Agreement, at a minimum on a calendar quarterly basis, the Bank shall conduct an assessment of its nonperforming loans and loan loss reserves and submit documentation of each quarterly assessment to the Reserve Bank and the OBRE within 30 days of the end of each calendar quarter.

Capital and Dividends

9. Within 45 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The Bank's current and future capital requirements, including compliance with the Capital Adequacy Guidelines of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) any planned asset growth;

(c) the volume of adversely classified assets and the potential for additional asset quality problems at the Bank;

(d) the anticipated level of retained earnings of the Bank, with particular attention to maintaining adequate loan loss reserves; and

(e) the source and timing of additional funds to fulfill the future capital and allowance for loan and lease loss needs of the Bank.

10. The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the OBRE, and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the "Division"). Requests for approval shall be received by the Reserve Bank and the OBRE at least 30 days prior to the proposed dividend declaration date and shall contain, but not be limited to, current and projected information on earnings, cash flow, capital levels, and asset quality of the Bank.

Asset/Liability Management

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE acceptable written asset/liability management policies designed to improve the management of the Bank's liquidity and sensitivity to market risk.

(a) The policies regarding liquidity shall, at a minimum, address, consider, and include:

- (i) Short-term, intermediate-term, and long-term liquidity scenarios and funding strategies;
- (ii) appropriate standards for volume, mix and maturity of the Bank's loans, investments, core and non-core deposits, off-balance sheet commitments, and alternative funding sources;
- (iii) liquidity targets and parameters;
- (iv) appropriate oversight and review by management and the board of directors; and
- (v) an appropriate contingency funding plan.

(b) The policies regarding sensitivity to market risk shall, at a minimum, address, consider, and include:

- (i) Identification of individuals responsible for measuring, monitoring, and controlling interest rate sensitivity, including earnings at risk and economic value of equity;
- (ii) appropriate oversight and review by management and the board of directors;
- (iii) maintenance of documentation to support the validity and accuracy of assumptions used in measuring interest rate risk;
- (iv) parameters for controlling interest rate risk based on capital levels, earnings performance, and the risk tolerance of the Bank; and
- (v) action plans to reduce potential interest rate risk in the event that rate sensitivity results fall outside approved limits.

12. Within 15 days of this Agreement, the Bank shall establish an Asset/Liability Committee (the "ALCO"), whose responsibilities shall include, but not be limited to, reviewing,

on a monthly basis, all asset/liability management decisions made by the Bank's management, paying particular attention to whether each decision was made in accordance with approved policies. All exceptions to the policies shall be documented by the ALCO as to the reason for the exceptions and the continuance of the exceptions, taking into account the Bank's overall goals and strategies. The ALCO shall maintain full and complete minutes of its actions and shall provide monthly written reports to the board of directors to enable the board to make informed decisions regarding the Bank's management of market risk and liquidity.

Strategic Plan and Budget

13. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE a written strategic plan and a budget for the Bank's proposed business activities for the remainder of 2003. The plan shall, at a minimum, provide for or describe:

- (i) Management, lending, and operational objectives, given the condition of the Bank as reflected in the Report of Examination;
- (ii) an earnings improvement plan;
- (iii) the operating assumptions that form the bases for major projected income and expense components, and the sources and uses of new funds;
- (iv) financial performance objectives, including plans for asset growth, earnings, liquidity, and capital, supported by detailed quarterly and annual pro forma financial statements, including projected budgets, balance sheets and income statements; and
- (v) the establishment of a monthly review process to monitor the actual income and expenses of the Bank in comparison to budgetary projections.

(b) A strategic plan and a budget for each calendar year subsequent to 2003 shall be submitted to the Reserve Bank and the OBRE at least one month prior to the beginning

of that calendar year. The board of directors shall each month review actual performance for that month in comparison to each month's budgetary projections and document analysis of significant variances.

Internal Controls and Regulatory Reporting

14. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE acceptable written procedures designed to strengthen the Bank's internal controls and maintain the accuracy of the Bank's books and records. These procedures shall, at a minimum, address, consider, and include:

(a) Maintenance of complete and accurate books and records, including financial reports and general ledger, in all cases reflecting consistent application of generally accepted accounting principles ("GAAP");

(b) appropriate segregation of duties in all areas of the Bank's operations;

(c) management information systems that ensure that appropriate management personnel receive timely and accurate reports necessary to effectively manage business risks and correct weaknesses and deficiencies; and

(d) corrective steps to address all internal controls deficiencies noted in the Report of Examination, including but not limited to, deficiencies in the areas of credit extension and administration, Fedline procedures, IT, and information security.

15. The Bank shall ensure that all Consolidated Reports of Condition and Income are submitted or published by the Bank in a timely manner, that each Report accurately reflects the Bank's condition on the date for which it is submitted or published and is prepared in accordance with GAAP, and that all records indicating how Reports are prepared are maintained for subsequent supervisory review.

Audit

16. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OBRE an acceptable written internal audit program. The program shall, at a minimum, address, consider, and include:

(i) Adherence to generally accepted auditing standards, including the scope and frequency of audits and submission of periodic audit reports and written management responses to the board of directors or an appropriate committee;

(ii) guidelines and the designation of resources to ensure that internal audits are completed as scheduled and that audits are performed for all areas that have been designated as warranting attention; and

(iii) corrective steps to address the criticisms of audit scope and staffing set forth in the Report of Examination.

(b) Within 90 days of this Agreement, the Bank shall take all steps necessary to employ an internal auditor and audit staff that have the experience and skill necessary to implement the Bank's internal audit program.

17. (a) Within 20 days of this Agreement, the Bank shall engage an independent public accounting firm acceptable to the Reserve Bank and the OBRE to conduct a full scope audit of the Bank for 2002, to be conducted in accordance with generally accepted auditing standards. The audit shall commence by no later than 60 days after the date of this Agreement.

(b) Within 15 days of retaining the independent firm, the Bank shall submit to the Reserve Bank and the OBRE an acceptable engagement letter governing the scope and terms of the audit.

(c) Within 10 days of receipt of the independent public accounting firm's audit report and any management letter resulting from the audit, the Bank shall provide the Reserve Bank and the OBRE a copy of the audit report and management letter.

(d) Within 45 days of the receipt of the audit report and management letter, the Bank shall submit to the Reserve Bank and the OBRE an acceptable written plan to correct all deficiencies noted in the audit report or management letter.

Bank Secrecy Act, Regulation H and OFAC Compliance

18. To assist the Bank to correct any existing violations of the BSA, Regulation H of the Board of Governors, and the regulations of the U.S. Department of the Treasury's Office of Foreign Asset Control ("OFAC") (31 C.F.R. 500 et seq.), and to develop policies and procedures designed to ensure future compliance with all applicable laws and regulations:

(a) Within 30 days of this Agreement, the Bank shall engage the services of an independent consultant (the "BSA Consultant") acceptable to the Reserve Bank and the OBRE, to conduct a comprehensive review of the Bank's anti-money laundering and OFAC compliance and to make recommendations, as appropriate, for new policies and procedures to be implemented by the Bank. The comprehensive review shall include, at a minimum, a review of the Bank's policies and procedures for compliance with the BSA, sections 208.62 and 208.63 of Regulation H of the Board of Governors (12 C.F.R. 208.62 and 208.63), and OFAC rules and regulations.

(b) Within 10 days of the engagement of the BSA Consultant, but prior to the commencement of the review, the Bank shall submit to the Reserve Bank and the OBRE for approval an engagement letter that delineates the scope of the review, the proposed resources to

be dedicated to the review, and the date of submission of the BSA Consultant's report, no later than 90 days after the date of the Reserve Bank and OBRE's approval of the engagement letter.

(c) A copy of the BSA Consultant's report detailing the findings, conclusions, and recommendations from the review shall be provided to the Reserve Bank and the OBRE at the same time it is provided to the Bank.

(d) Upon completion of the review, the Bank shall ensure that all transactions previously required to be reported have been reported in accordance with applicable regulations and guidelines.

19. Within 45 days of the completion of the BSA Consultant's report required by paragraph 18 hereof, the Bank shall submit to the Reserve Bank and the OBRE an acceptable enhanced customer due diligence program. The program shall be designed to reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation H of the Board of Governors (12 C.F.R. 208.62). The enhanced customer due diligence program shall include:

(a) A risk focused assessment of the customer base of the Bank to:

(i) Identify the categories of customers whose transactions and banking activities are usual and routine; and

(ii) determine the appropriate level of enhanced due diligence necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of illicit activities at or through the Bank.

(b) For those customers whose transactions require enhanced due diligence, procedures to:

(i) Determine the appropriate documentation necessary to confirm the identity and business activities of the customer;

(ii) understand the normal and expected transactions of the customer; and

(iii) report suspicious activities in compliance with existing reporting requirements set forth in Regulation H of the Board of Governors (12 C.F.R. 208.62).

20. Within 45 days of the completion of the BSA Consultant's report required by paragraph 18 hereof, the Bank shall submit to the Reserve Bank and the OBRE an acceptable BSA compliance program as required by Regulation H of the Board of Governors (12 C.F.R. 208.63). The program shall, at a minimum:

(a) Establish a system of internal controls to ensure compliance with the BSA, including policies and procedures to detect and monitor transactions to ensure that they are not being conducted for illegitimate purposes; procedures for compliance with recordkeeping and reporting requirements for currency transactions over \$10,000 and currency transaction reporting exemption procedures (31 C.F.R. 103.22); and procedures to ensure compliance with all relevant laws and regulations;

(b) provide for independent testing of compliance with the BSA and the rules and regulations issued thereunder and ensure that compliance audits are performed frequently, are fully documented, and are conducted with the appropriate segregation of duties;

(c) ensure that the Bank's BSA compliance program is managed by a qualified officer who shall have responsibility for all BSA compliance and related matters, including, without limitation, (i) the identification and timely, accurate and complete reporting to law enforcement and supervisory authorities of unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank, and (ii) monitoring the Bank's compliance and ensuring that full and complete corrective action is taken with respect to all previously identified violations and deficiencies; and

(d) provide appropriate training to all affected personnel, conducted by competent staff, which includes all relevant BSA and related requirements with a specific concentration on accurate recordkeeping, form completion and the detection and reporting of known or suspected criminal activity; and ensure that the training is reviewed on a regular basis so that all personnel have the most current and up to date information.

21. Within 45 days of the completion of the BSA Consultant's report required by paragraph 18 hereof, the Bank shall submit to the Reserve Bank and the OBRE an acceptable written plan designed to ensure compliance with OFAC regulations, as well as any rules and guidelines issued or administered by OFAC. The plan shall include, at a minimum, procedures to ensure that customer transactions are processed in accordance with OFAC requirements and in accordance with a regularly updated list of entities and individuals whose transactions or assets are required to be blocked, frozen or monitored.

Information Technology

22. Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank, the Division, and the OBRE an acceptable written plan designed to strengthen and improve the

Bank's information technology ("IT") activities. The plan shall, at a minimum, address, consider, and include:

- (a) Improvement of the Bank's internal IT audit function, including but not limited to, appropriate allocation of IT audit resources and preparation of an annual IT audit plan that details the scope, nature, frequency, and scheduling of all IT audit work;
- (b) management and oversight of IT operations, including but not limited to, adoption of written policies, procedures, standards and risk management practices and oversight of outsourcing relationships with third-party IT service providers;
- (c) procedures for development, acquisition and deployment of IT systems, including procedures to improve the IT quality assurance function;
- (d) steps to enhance the quality of IT services and IT security, including but not limited to, a contingency plan to recover critical systems and applications and procedures to enhance information security policies, procedures, and practices to ensure the quality of physical and electronic security; and
- (e) compliance with all requirements to safeguard nonpublic customer information as required by the regulations of the Board of Governors, including but not limited to, Appendix D-2 to Part 208 of Regulation H and Appendix F to Part 225 of Regulation Y.

Miscellaneous

23. (a) Within 5 days of this Agreement, the board of directors shall appoint a 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 three or more outside directors who are not officers or employees of the Bank and who do not directly or indirectly own more than ten percent of the outstanding shares of the Bank. At a minimum,

the Compliance Committee shall keep detailed minutes of each meeting, and shall report its findings to the board of directors on a monthly basis.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank and the OBRE a written progress report detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the Reserve Bank and the OBRE have, in writing, released the Bank from making further reports.

24. The written plans, policies, procedures, programs, and engagement letters required by paragraphs 1(b), 4, 5, 6, 7, 9, 11, 14, 16, 17(b), 17(d), 18(b), 19, 20, 21, and 22 of this Agreement shall be submitted to the Reserve Bank and the OBRE for review and approval. Acceptable plans, policies, procedures, programs and engagement letters shall be submitted within the time periods set forth in this Agreement. The Bank shall adopt the approved plans, policies, procedures, and programs within 10 days of approval by the Reserve Bank and the OBRE and then shall fully comply with them. During the term of this Agreement, the approved plans, policies, procedures, programs and engagement letters shall not be amended or rescinded without the prior written approval of the Reserve Bank and the OBRE.

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

- (a) Benjamin Wong
President, NAB Bank
222 West Cermak Road
Chicago, IL 60616
- (b) Josephine Cheng
Vice Chairman, NAB Bank
19396 Monte Vista Drive
Saratoga, CA 95070
- (c) Colette A. Fried
Regional Director - Illinois
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604
- (d) Scott D. Clarke
Assistant Commissioner
Office of Banks and Real Estate
500 East Monroe Street
Suite 900
Springfield, IL 62701

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

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

28. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank and the OBRE.

29. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the OBRE, or any other federal or state agency from

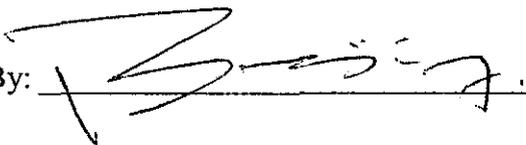
taking any other action affecting the Bank or any of its current or former institution-affiliated parties.

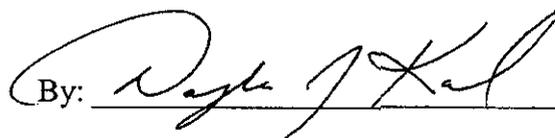
30. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of this 21 day of MAY, 2003.

NAB Bank

Federal Reserve Bank of Chicago

By: 

By: 

State of Illinois Office of
Banks and Real Estate

By: 