

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	)	
	)	AMENDED
CHESTERFIELD STATE BANK	)	CONSENT ORDER
CHESTERFIELD, ILLINOIS	)	
	)	FDIC-24-0001b
(INSURED STATE NONMEMBER BANK)	)	2024-DB SUP-02
	)	

The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency for Chesterfield State Bank, Chesterfield, Illinois, (Bank) under Section 3(q) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. § 1813(q). The Illinois Department of Financial and Professional Regulation, Division of Banking (Division) is the appropriate state supervisor and chartering agency for the Bank. The FDIC and the Division issued a Consent Order against the Bank on July 25, 2024. The FDIC and the Division have determined that it is now necessary to amend the existing Consent Order to address serious new conditions and deficiencies and also recognize certain improvements.

The Bank, having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the additional unsafe or unsound banking practices and violations of law or regulation alleged to have been committed by the Bank, and of its right to a hearing on the

charges under 12 U.S.C. § 1818(b), and under 38 Ill. Adm. Code Part 100, regarding hearings before the Division, and having waived those rights, entered into a STIPULATION TO THE ISSUANCE OF AN AMENDED CONSENT ORDER (STIPULATION) with representatives of the Federal Deposit Insurance Corporation (FDIC) and the Division, dated August 13, 2026, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of additional unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank consented to the issuance of this AMENDED CONSENT ORDER (AMENDED 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 practices or violations of law or regulation and, therefore, have determined to accept the STIPULATION.

Having also determined that the requirements for issuance of an amended order under 12 U.S.C. § 1818(b) and section 48(6) of the Illinois Banking Act, 205 ILCS 5/48(6), 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), and its successors and assigns, take affirmative action as follows:

MANAGEMENT

1. (a) While this AMENDED ORDER is in effect, the Bank shall have and thereafter retain qualified management. Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall be provided the necessary written authority to implement the provisions of this AMENDED ORDER. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this AMENDED ORDER;

- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations; and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to interest rate risk.

(b) During the life of this AMENDED ORDER, prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall request and obtain the FDIC's and Division's written approval. For purposes of this AMENDED ORDER, "senior executive officer" is defined as in section 32 of the Act, 12 U.S.C. § 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b).

(c) The Board shall assess staffing levels and the expertise and skill of candidates selected to perform critical bank operations, to ensure viability of the institution. A copy of the assessment required by this paragraph shall be submitted to, and determined to be acceptable by, the Regional Director and the Division within sixty (60) days from the effective date of this AMENDED ORDER.

BOARD PARTICIPATION

2. (a) As of the effective date of this AMENDED ORDER, the Bank's board of directors 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; audit reports; internal control reviews, including management's responses; reconciliation of general ledger accounts; and compliance with this AMENDED ORDER Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this AMENDED ORDER, the Bank's board of directors shall develop, adopt, and implement a program that will provide for monitoring of the Bank's compliance with this AMENDED ORDER.

CAPITAL

3. (a) As of the effective date of this AMENDED ORDER, the Bank shall have and maintain its level of Tier I capital as a percentage of its average total assets ("Leverage ratio") at a minimum of nine percent (9%) and its level of qualifying total capital as a percentage of risk-weighted assets ("total risk based capital ratio") at a minimum of twelve percent (12%). For purposes of this AMENDED ORDER, Tier I capital, qualifying total capital, total assets, and risk-weighted assets shall be calculated in accordance with Part 324 of the FDIC Rules and Regulations, 12 C.F.R Part 324.

(b) If, while this AMENDED 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 process for 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 Accounting and Securities Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to the Division at its Springfield Office, located at 320 West Washington Street, 5th Floor, Springfield, Illinois 62786 for its 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.

(d) Should the Bank be unable to maintain the required capital level specified in subparagraph (a) above, then within sixty (60) days of receipt of written direction from the Regional Director and the Division, the Bank shall develop, adopt, and implement a written plan to sell, merge itself into another federally insured financial institution, self-liquidate, or otherwise immediately obtain a sufficient capital investment into the Bank to fully meet the capital requirements of this paragraph. A copy of the plan required by this paragraph shall be submitted to, and determined to be acceptable by, the Regional Director and the Division.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

4. (a) As of the effective date of this AMENDED ORDER, the Bank shall not extend or renew, directly or indirectly, any existing credit or any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extension of credit (including any portion thereof) that has been charged off the books of the Bank or classified “Loss” in the Report of Examination dated March 9, 2026 (ROE) or in any future Reports of Examination or Visitation Transmittal Letters (Visitations) subsequently issued by the FDIC or the Division, so long as such credit remains uncollected.

(b) As of the effective date of this AMENDED ORDER, the Bank shall not extend or renew, directly or indirectly, any existing credit or additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified “Substandard”, “Doubtful”, or was listed for “Special Mention” in the ROE, or in any future Reports of Examination or Visitations subsequently issued by the FDIC or the Division, and is uncollected unless the Bank’s board of directors 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. Such statement shall include an analysis of the borrower’s ability to repay the loan on a reasonable amortization schedule based on the type of loan and collateral position in accordance with Part 365, Appendix A of the FDIC Rules and Regulations. A copy of the statement shall be signed by each member of the Bank’s board of directors and incorporated in the minutes of the applicable board of directors’ meeting. A copy of the statement shall be placed in the appropriate loan file.

(c) As of the effective date of this AMENDED ORDER, the Bank shall submit a monthly report to the Regional Director and the Division indicating all loans extended or renewed to borrowers under this provision. The report shall include the amount and terms of

the credit, collateral, and overall credit analysis. Such report shall be accompanied by the statement required by subparagraph (b) above signed by the directors indicating their approval that the extension was in the best interest of the Bank.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

5. (a) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall develop, adopt, and implement a written plan to reduce the Bank's risk position in each asset in excess of \$50,000 which is, delinquent or classified "Substandard" or "Doubtful" in the ROE. In developing such plan, the Bank shall, at a minimum:

- i) Prohibit an extension of credit for the payment of interest, unless the Board provides, in writing, a detailed statement of why the extension is in the best interest of the Bank in accordance with the requirements of paragraphs 4(b) and (c), above;
- ii) Provide for review of the current financial condition of each such borrower, including source of repayment, repayment ability and alternative repayment sources;
- iii) 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 AMENDED ORDER; and
- iv) Provide 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.

(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) The plan required by this paragraph shall be acceptable to the Regional Director and the Division.

CREDIT ADMINISTRATION AND UNDERWRITING

6. (a) As of the effective date of this AMENDED ORDER, the Bank shall maintain appropriate loan records sufficient to document the underwriting analysis and perfected collateral position. Such documentation shall include: fully signed executed promissory note(s), complete copy of recorded mortgage(s) with recordation date identified by public records, complete signed and dated personal financial statements from individual borrowers and guarantors, full and current tax return documents, current business cash flow statements within 120 days of the business' fiscal year end, title lien search, title policy and/or opinion, documentation of appropriate insurance, and complete real estate appraisals performed by licensed independent appraisers.

(b) As of the effective date of this AMENDED ORDER, the Bank shall track the number of loans originated with Loan Policy exceptions and report the number, dollar amount, and types of exceptions to the Board of Directors at least quarterly.

LOAN REVIEW AND GRADING SYSTEM

7. (a) Within 90 days from the date of this AMENDED ORDER, the Bank shall develop, adopt, and implement comprehensive loan grading and review procedures. The procedures shall require that such loan grading and review will be performed by a qualified and independent individual who is not the loan officer who was involved in the loan approval process. The loan review shall at a minimum:

(i) Require periodic confirmation of the accuracy and completeness of the

- watch list and all risk grades assigned by the Bank's loan officers;
- (ii) Identify loans or relationships that warrant special attention of management;
 - (iii) Identify violations of law, rules, or regulations and credit and collateral documentation exceptions and track corrective measures;
 - (iv) Review the bank's application of Financial Accounting Standards Board Accounting Standards Codification FASB ASC Subtopic 310-10 (which now supersedes prior FAS 114 guidelines); and
 - (v) Identify loans not in conformance with the Bank's loan policy.

ALLOWANCE FOR CREDIT LOSSES

8. (a) From the effective date of this AMENDED ORDER, and prior to the submission of all Reports of Condition and Income required by the FDIC, the board of directors of the Bank shall review the adequacy of the Bank's Allowance for Credit Losses (ACL), provide for an adequate ACL, and thereafter maintain 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 ACL recommended, if any, and the basis for determination of the amount of ACL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ACL provided by the FDIC or the Division.

- (i) ACL provisions required by this paragraph shall be made prior to any capital determinations required by this AMENDED ORDER.
- (ii) Within 90 days from the effective date of this AMENDED ORDER, the bank shall develop, adopt, implement, and adhere to a Current

Expected Credit Losses (CECL) methodology that accurately evaluates individual loans for impairment on a quarterly basis.

Impairment analyses should be documented and supported by updated borrower financial information and real estate valuations.

Additionally, loans individually analyzed for impairment should be removed from impairment analyses on groups of loans with similar risk characteristics.

LIQUIDITY PLAN

9. (a) Within sixty (60) days of the effective date of this AMENDED ORDER, the Bank shall develop, adopt, implement, and adhere to 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 horizons of one month, two months, and three months. At a minimum, the Liquidity Plan shall include viable provisions to provide for liquidity in various stress events. In addition, the Liquidity Plan shall require the Bank to establish and maintain diversified funding sources that would adequately cover liquidity contingency needs.

BANK SECRECY ACT (BSA) OFFICER AND OTHER ANTI -MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM (AML/CFT) WEAKNESSES

10. (a) During the life of this AMENDED ORDER and thereafter, the Bank shall have and retain a qualified BSA Officer to oversee all aspects of the Bank's AML/CFT Program and to ensure compliance with all applicable laws and regulations. The Board shall ensure that the Bank's BSA Officer and all personnel with AML/CFT responsibilities be provided the written authority and the necessary training, time, and resources to fully implement and comply with all requirements of this AMENDED ORDER.

(b) Within ninety (90) days from the effective date of this AMENDED ORDER, the Bank shall correct all other AML/CFT weaknesses identified in the ROE.

CORRECTION OF VIOLATIONS

11. (a) Within ninety (90) days from the effective date of this AMENDED ORDER, and within 90 days after receipt of any future Reports of Examination or Visitations subsequently issued by the FDIC or the Division, the Bank shall eliminate and correct all violations of law, rules, and regulations listed in the ROE or in any future Reports of Examination or Visitations.

(b) Within one hundred twenty (120) days from the effective date of this AMENDED ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable laws and rules and regulations.

DIVIDEND RESTRICTION

12. (a) As of the effective date of this AMENDED ORDER, the Bank shall not declare or pay any dividends without the prior written consent of the Regional Director and the Division. All requests for prior approval shall be received at least thirty (30) days prior to the proposed dividend and shall contain, but not be limited to, an analysis of the impact such dividend would have on the Bank's capital and earnings.

NOTIFICATION TO SHAREHOLDERS

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

PROGRESS REPORTS

14. (a) Within thirty (30) days from the end of each calendar quarter following the effective date of this AMENDED ORDER, the Bank shall furnish to the Regional Director and the Division written progress reports signed by each member of the Bank's board of directors detailing the actions taken to secure compliance with the AMENDED ORDER and the results thereof.

CLOSING PARAGRAPHS

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

The provisions of this AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this AMENDED 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: August 20, 2026.



Larisa M. Collado
Deputy Regional Director
Chicago Regional Office
Federal Deposit Insurance Corporation



Susana Soriano
Director, Division of Banking
Illinois Department of Financial
and Professional Regulation