FEDERAL DEPOSIT INSURANCE CORPORATION WASHINGTON, D.C.

In the Matter of)
STATEWIDE BANK)
COVINGTON, LA)
(Insured State Nonmember Bank))

ORDER TO CEASE AND DESIST

FDIC-08-369b

The Statewide Bank, COVINGTON, LA ("Bank"), through its board of directors, having been advised of its right to the issuance and service of a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged 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") with counsel for the Federal Deposit Insurance Corporation ("FDIC") dated March 3, 2009, whereby, solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC. The FDIC and the Louisiana Office of Financial Institutions ("State") considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS ORDERED, that the Bank, institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), of the Bank and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of laws and/or regulations:

- Operating the Bank with an inadequate level of capital protection for the kind and quality of assets held by the Bank.
- 2. Engaging in speculative or hazardous investment practices.
- 3. Operating with an inadequate investment policy.
- 4. Operating the Bank with an excessive level of adversely classified loans or assets.
- 5. Operating the Bank with an excessive level of delinquent and nonaccrual loans.
- 6. Creating concentrations of credit.
- 7. Operating the Bank with inadequate written loan policies and procedures.
- 8. Operating the Bank with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
- Operating the Bank in violation of applicable Federal and State laws and regulations.
- 10. Operating the bank without a realistic or comprehensive strategic plan.

- 11. Operating the Bank with inadequate earnings to fund growth, support dividend payments and augment capital.
- 12. Operating the Bank without adequate liquidity or proper regard for funds management in light of the Bank's asset and liability mix.

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

CAPITAL MAINTENANCE

(1) (a) On, or before, March 31, 2009, and until stated otherwise in this ORDER, the Bank, after establishing an Allowance for Loan and Lease Losses, shall increase and maintain its Tier 1 Leverage Capital ratio equal to or greater than seven percent (7%) of the Bank's Average Total Assets; shall maintain its Tier 1 Risk-Based Capital ratio equal to or greater than nine percent (9%) of the Bank's Total Risk-Weighted Assets; and shall maintain its Total Risk-Based Capital ratio equal to or greater than ten and one-half percent (10.5%) of the Bank's Total Risk Weighted Assets.

(b) On, or before, June 30, 2009, and until stated otherwise in this ORDER, the Bank, after establishing an Allowance for Loan and Lease Losses, shall increase and maintain its Tier 1 Leverage Capital ratio equal to or greater than seven and one-half percent (7.5%) of the Bank's Average Total Assets; shall maintain its Tier 1 Risk-Based Capital ratio equal to or greater than nine and one-half percent (9.5%) of the Bank's Total Risk-Weighted Assets; and shall maintain its Total Risk-Based Capital ratio equal to or greater than eleven percent (11%) of the Bank's Total Risk Weighted Assets.

(c) On, or before, September 30, 2009, and while this ORDER is in effect, the Bank, after establishing an Allowance for Loan and Lease Losses, shall maintain its Tier 1 Leverage Capital ratio equal to or greater than eight percent (8%) of the Bank's Average Total Assets; shall maintain its Tier 1 Risk-Based Capital ratio equal to or greater than ten percent (10%) of the Bank's Total Risk-Weighted Assets; and shall maintain its Total Risk-Based Capital ratio equal to or greater than twelve percent (12%) of the Bank's Total Risk Weighted Assets.

(d) If any such capital ratios are less than required by the ORDER, as of the date of any Report of Condition and Income ("CALL Report") or as determined at an examination by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director of the FDIC ("Regional Director") or the Commissioner of the Louisiana Office of Financial Institutions ("Commissioner"), present to the Regional Director and the Commissioner a plan to increase the Bank's Tier 1 Capital of the Bank or to take such other measures to bring all the capital ratios to the percentages required by this ORDER ("Capital Plan"). After the Regional Director and the Commissioner respond to the Capital Plan, the Bank's board of directors shall adopt the Capital Plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(e) Thereafter, to the extent such measures have not previously been initiated, the Bank shall immediately initiate measures detailed in the Capital Plan, to increase its Tier 1 Capital by an amount sufficient to bring all the Bank's capital ratios to the percentages required by this ORDER within 60 days after the Regional Director and the Commissioner respond to the Capital Plan. Such increase in Tier 1 Capital and any increase in Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

- (1) The sale of securities in the form of common stock; or
- (2) The direct contribution of cash subsequent to August 25, 2008 by the directors and/or shareholders of the Bank or by the Bank's holding company; or
- Receipt of an income tax refund or the capitalization subsequent to August 25, 2008 of a bona fide tax refund certified as being accurate by a certified public accounting firm; or
- (4) Any other method approved by the Regional Director and the Commissioner.

(f) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's board of directors shall adopt and implement a Capital Plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the Capital Plan. Should the implementation of the Capital Plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare 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 any other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the Capital Plan, and in any event, not less than 20 days prior to the dissemination of such materials, the Capital Plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review. Any changes requested to be made in the Capital Plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Commissioner for prior approval.

(g) In complying with the provisions of this ORDER and until such time as any such public offering is terminated, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or other change which is materially different from the information reflected in any offering materials used in connection with the sale of the Bank's securities. The written notice required by this paragraph shall be furnished within 10 days after the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber who received or was tendered the information contained in the Bank's original offering materials.

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

 (i) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

DIVIDENDS

(2) As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and Commissioner.

INVESTMENT STRATEGY

(3) (a) Within 30 days after the effective date of this ORDER, the Board shall appoint or recruit a qualified and experienced Investment Advisor with a demonstrated ability in making investments for a bank of comparable size. The qualifications of the Investment Advisor shall be evaluated based on his/her:

- (i) Knowledge of investments;
- (ii) Experience in the industry;
- (iii) Compliance with applicable laws and regulations; and
- (iv) Compliance with the requirements of the ORDER.

(b) Within 60 days after the effective date of this ORDER, the Board shall formulate a plan to reduce the number of adversely classified investments ("Investment Plan"). The Bank shall submit the Investment Plan to the Regional Director and the Commissioner for review and comment. Within 30 days from the receipt of any comments from the Regional Director and the Commissioner, the Investment Plan, including any requested modifications or amendments, shall be adopted by the Bank's board of directors. Thereafter, the Bank shall immediately implement such measures.

(c) The Investment Officer shall take an active role in monitoring the Bank's investment portfolio including (i) performing and documenting a pre-purchase analysis on each investment purchase and (ii) periodically testing the investment portfolio for impairment and by recognizing and reporting any 'other than temporary impairment' ("OTTI") in the Consolidated Reports of Condition and Income in the quarter in which the OTTI is identified.

(d) The Investment Officer shall report monthly to the board of directors and shall submit each investment purchase greater than \$250,000 to the board for its approval. The

monthly investment report and any approval for the purchase of investments greater than \$250,000 shall be reflected in the board minutes.

INVESTMENT POLICY

(4) (a) Within 60 days after the effective date of this ORDER, the Bank's board of directors shall revise the Bank's investment policy ("Investment Policy") to provide effective guidelines and control over the Bank's investment portfolio. At a minimum the Bank's Investment Policy should address the following:

- (1) Develop procedures for securities risk analysis;
- (2) Identify position limits;
- (3) Require performance review of investment portfolio; and,
- (4) Establish standards to evaluate securities dealers.

(b) The Investment Policy should also be consistent with the Federal Financial Institutions Examination Council's instructions for Consolidated Reports of Condition and Income, generally accepted accounting principals, and the Bank's loan, liquidity, and asset/liability management policies.

(c) The Bank shall submit the Investment Policy to the Regional Director and the Commissioner for review. Within 30 days from the receipt of any comments from the Regional Director and the Commissioner, the Investment Policy, including any modifications or amendments requested by the Regional Director and the Commissioner, shall be adopted by the Bank's board of directors. The Bank shall immediately initiate measures detailed in the Investment Policy, as amended or modified, to the extent such measures have not been initiated.

Any discussion of the Investment Policy, its modifications or amendments shall be stated in the Bank's board of directors' meeting minutes.

(d) The Investment Policy should be reviewed and updated annually.

CHARGE-OFF AND PLAN FOR REDUCTION OF CLASSIFIED ASSETS

(5) (a) Within 60 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss and one-half of the assets classified Doubtful by the FDIC or the State as a result of its examination of the Bank as of August 25, 2008. The Bank shall not rebook such loans without the prior written consent of the Regional Director and the Commissioner. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purpose of this paragraph.

(b) Within 60 days after the effective date of this ORDER, the Bank shall submit a written plan ("Reduction Plan") to the Regional Director and the Commissioner to reduce the remaining assets classified Doubtful and Substandard as of August 25, 2008. The Reduction plan shall address each asset so classified with a balance of \$250,000 or greater and provide the following:

- (1) The name under which the asset is carried on the books of the Bank;
- (2) Type of asset;
- (3) Actions to be taken in order to reduce the classified asset; and
- (4) Timeframes for accomplishing the proposed actions.

The Reduction Plan shall also include, at a minimum,

- Review the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and
- (2) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

The Reduction Plan shall be formulated so that, within 120 days after the effective date of this ORDER, the Bank shall achieve a reduction in the volume of the adversely classified assets reflected in the August 25, 2008 Report of Examination, to a level not to exceed 75 percent of Tier I Capital plus the ALLL as determined at the end of the most recent quarter end. The Reduction Plan may include a provision for increasing capital where necessary to achieve the prescribed ratio.

(c) The Bank shall present the plan to the Regional Director and the Commissioner for review. Within 30 days after the Regional Director's and the Commissioner's response, the Reduction Plan, including any requested modifications or amendments shall be adopted by the Bank's board of directors. The Bank shall then immediately initiate measures detailed in the plan to the extent such measures have not been initiated.

(d) For purposes of the Reduction Plan, the reduction of the level of adversely classified assets as of August 25, 2008, to a specified percentage of Tier I Capital plus the Allowance for Loan and Lease Losses may be accomplished by:

- (1) Charge-off;
- (2) Collection;

- (3) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; or
- (4) Increase of Tier I Capital.

(e) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as determined at any future examination conducted by the FDIC or the State.

REDUCTION OF DELINQUENCIES

(6) (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan for the reduction and collection of delinquent loans ("Delinquency Plan"). Such Delinquency Plan shall include, but not be limited to, provisions which:

- (1) Prohibit the extension of credit for the payment of interest;
- (2) Delineate areas of responsibility for implementing and monitoring the Bank's collection policies;
- (3) Establish specific collection procedures to be instituted at various stages of a borrower's delinquency;
- (4) Establish dollar levels to which the Bank shall reduce delinquencies, and
- (5) 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 Bank's board of directors.

- (b) For purposes of the Delinquency Plan, "reduce" means to:
 - (1) Charge-off; or
 - (2) Collect.

(c) After the Regional Director and the Commissioner have responded to the Delinquency Plan, the Bank's board of directors shall adopt the Delinquency Plan as amended or modified by the Regional Director and the Commissioner. The Delinquency Plan will be implemented immediately to the extent that the provisions of the Delinquency Plan are not already in effect at the Bank.

CONCENTRATIONS

(7) (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Commissioner for review and comment a written plan for systematically reducing and monitoring the Bank's portfolio of loans, securities, and other extensions of credit advanced or committed, directly or indirectly, to or for the benefit of any borrowers in commercial real estate (the "Concentration Plan"), to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location. At a minimum, the Concentration Plan shall include:

- Dollar levels and percent of capital to which the Bank shall reduce such 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 on the status of the Concentration Plan to the Bank's board of

directors for review and notation in minutes of the meetings of the board of directors;

- (iv) Procedures for monitoring the Bank's compliance with the Concentration Plan; and
- (v) When fully implemented, the Concentration Plan shall establish a limit for any concentration to a single obligor. Such limit shall be no more than 25 percent of the Bank's Tier 1 Capital.

(b) Within 30 days of receipt of all such comments from the Regional Director and Commissioner, and after consideration of all such comments, the Bank shall approve the revised Concentration 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.

(c) The Bank shall not make any new extensions or commitments of credit to or for the benefit of any borrower or associated entities so long as such extension or commitment would result in the Bank exceeding any limit contained in the Concentration Plan.

LOAN POLICY

(8) (a) Within 60 days after the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policy ("Loan Policy") and procedures for effectiveness and, based upon this review, shall make all necessary revisions to the Loan Policy in order to strengthen the Bank's lending procedures and abate additional loan deterioration. The revised written Loan Policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(b) The initial revisions to the Bank's Loan Policy required by this paragraph, at a minimum, shall include provisions:

- Establishing review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;
- (2) Requiring that all extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a defined and stated purpose; and have a predetermined and realistic repayment source and schedule. Credit information and collateral documentation shall include current financial information, profit and loss statements or copies of tax returns, and cash flow projections, and shall be maintained throughout the term of the loan;
- (3) Requiring the establishment and maintenance of a loan grading system and internal loan watch list;
- (4) Requiring a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank's internal loan watch list;
- (5) Prohibiting the capitalization of interest or loan-related expenses unless the Bank's board of directors formally approves such

extensions of credit as being in the best interest of the Bank and provides detailed written support of its position in the Bank's board minutes;

- (6) Requiring prior written approval by the Bank's board of directors for any extension of credit, renewal, or disbursement in an amount which, when aggregated with all other extensions of credit to that person and related interests of that person, exceeds \$3,000,000.
 For the purpose of this paragraph "Related Interest" is defined as in Section 215.2(n) of Regulation O, 12 C.F.R. § 215.2(n);
- Requiring a non-accrual policy in accordance with the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income;
- (8) Requiring accurate reporting of past due loans to the Bank's board of directors on at least a monthly basis;
- (9) Addressing concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;
- (10) Incorporating collateral valuation requirements, including:
 - a. Maximum loan-to-collateral-value limitations;
 - b. A requirement that the valuation be completed prior to a commitment to lend funds;

- c. A requirement for periodic updating of valuations; and
- d. A requirement that the source of valuations be documented in Bank records;
- (11) Establishing standards for initiating collection efforts;
- (12) Establishing guidelines for timely recognition of loss through charge-off;
- (13) Prohibiting the extension of a maturity date, advancement of additional credit or renewal of a loan to a borrower whose obligations to the Bank were classified "Substandard," "Doubtful," or "Loss," whether in whole or in part, as of August 25, 2008, or by the FDIC or the State in a subsequent Report of Examination, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are supported by current and complete financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's board of directors;
- (14) Establishing officer lending limits and limitations on the aggregate
 level of credit to any one borrower which can be granted without
 the prior approval of the Bank's board of directors;
- (15) Requiring that collateral appraisals be completed prior to the making of secured extensions of credit, and that periodic collateral valuations be performed for all secured loans listed on the Bank's internal watch list, criticized in any internal or outside audit report

of the Bank, or criticized in any Report of Examination of the Bank by the FDIC or the State;

- (16) Prohibiting the issuance of standby letters of credit unless the letters of credit are well secured and/or are supported by current and complete financial information;
- (17) Establishing limitations on the maximum volume of loans in relation to total assets; and
- (18) Establishing review and monitoring procedures to ensure
 compliance with FDIC's regulation on appraisals pursuant to Part
 323 of the FDIC's Rules and Regulations, 12 C.F.R. Part 323.
- (c) The Bank shall submit the foregoing Loan Policy to the Regional Director

and the Commissioner for comment. After the Regional Director and the Commissioner has/have responded to the Loan Policy, the Bank's board of directors shall adopt the Loan Policy as amended or modified by the Regional Director and the Commissioner. The Loan Policy will be implemented immediately to the extent that the Loan Policy is not already in effect at the Bank.

BANK MANAGEMENT

(9) (a) The Bank shall have and retain qualified management. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management personnel shall be evaluated on their ability to:

- (1) Comply with the requirements of the ORDER;
- (2) Operate the Bank in a safe and sound manner;

- (3) Comply with applicable laws and regulations; and
- (4) Restore all aspects of the Bank to a safe and sound condition,
 including improve the Bank's asset quality, capital adequacy,
 earnings, management effectiveness, liquidity, and its sensitivity to
 market risk.
- (b) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in management. The notification must include the name(s) and background(s) of any replacement personnel and must be provided 60 days prior to the individual(s) assuming the new position(s).

CORRECTION OF VIOLATIONS

(10) (a) Within 90 days after the effective date of this ORDER, the Bank shalleliminate and/or correct all violations of law and regulation noted in the Report of Examination.

(b) Within 90 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

STRATEGIC PLAN

(11) (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and adopt a comprehensive strategic plan ("Strategic Plan"). The Strategic 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, at a minimum:
 - (1) Strategies for pricing policies and asset/liability management;
 - Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;
 - (3) Goals for reducing problem loans;
 - (4) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;
 - (5) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings;
 - (6) 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 Regional Director and the Commissioner for review and comment. After consideration all such comments, the Bank shall approve the Strategic Plan, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement and follow the Strategic Plan.

(d) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the Strategic Plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's board of directors' meeting at which such evaluation is undertaken.

(e) The Strategic Plan required by this ORDER shall be revised and submitted to the Regional Director and the Commissioner for review and comment 30 days after the end of each calendar year for which this ORDER is in effect. Within 30 days of receipt of all such

comments from the Regional Director and the Commissioner and after consideration of all such comments, the Bank shall approve the revised Strategic Plan, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement the revised Strategic Plan.

BUDGET AND PROFIT PLAN

(12) (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written profit plan ("Profit Plan") and a realistic, comprehensive budget for all categories of income and expense for calendar year 2009. The Profit plan required by this paragraph shall contain formal goals and strategies, be consistent with sound banking practices, reduce discretionary expenses, improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major protected income and expense components.

(b) Within 30 days from the end of each calendar quarter following completion of the Profit Plan and budget required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the Profit 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.

(c) A written Profit Plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and the Commissioner for review and comment within 30 days of the end of each year. Within 30 days of receipt of all such comments from the Regional Director and the Commissioner and after adoption of any recommended changes, the Bank shall approve the Profit plan, which approval

shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the Profit plan.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

(13) (a) Within 30 days after the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner for review and comment a written plan addressing liquidity ("Liquidity Plan"), the Bank's relationship of volatile liabilities to investments, rate sensitivity objectives, and asset/liability management. Annually thereafter, while this ORDER is in effect, the Bank shall review this Liquidity Plan for adequacy and, based upon such review, shall make necessary revisions to the Liquidity Plan to maintain adequate provisions to meet the Bank's liquidity needs. The initial Liquidity Plan shall include, at a minimum, provisions:

- Establishing lines of credit at correspondent banks, including the Federal Reserve Bank of Atlanta, and the Federal Home Loan Bank Board, that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved to be inadequate;
- (2) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

- (3) Establishing a minimum liquidity ratio and defining how the ratio is to be calculated;
- (4) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs; and
- (5) Addressing the use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for reasonable maturities commensurate with the use of the borrowed funds; addressing concentration of funding sources; and addressing pricing and collateral requirements with specific allowable funding channels (i.e., brokered deposits, internet deposits, Fed funds purchased and other correspondent borrowings).

(b) Within 30 days from the receipt of all such comments from the Regional Director and the Commissioner, and after revising the Liquidity Plan as necessary, the Bank shall adopt the Liquidity Plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the Liquidity Plan.

BOARD SUBCOMMITTEE

(14) Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a subcommittee of the board of directors charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The subcommittee shall report monthly to the entire board of directors of the Bank, and a copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Bank's board of directors' meeting. Nothing contained herein shall diminish the responsibility of the entire board of directors of the Bank to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

(15) (a) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports ("Progress Reports") signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such Progress Reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released, in writing, the Bank from making further Progress Reports.

After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction with the Bank's next shareholder communication, and also (2) 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 Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER shall be binding upon the Bank, its successors and assigns, and all institution-affiliated parties of the Bank. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, superseded, or set aside by the FDIC and the Commissioner.

This ORDER will become effective upon its issuance by the FDIC.

Pursuant to delegated authority.

Dated this 25th day of March 2009.

/s/ Thomas J. Dujenski Regional Director Dallas Region Division of Supervision and Consumer Protection Federal Deposit Insurance Corporation