

AGREEMENT BY AND BETWEEN
First National Bank of Wynne
Wynne, Arkansas
and
The Comptroller of the Currency

First National Bank of Wynne, Wynne, Arkansas (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has examined the Bank and found an excessive level of criticized assets attributed to unsafe and unsound credit risk management practices which resulted in the purchase of private label mortgage backed securities and loan participations. These purchases were made without an adequate assessment of the bank’s risk management system and staff capabilities to control the resulting increased risk.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

F. Christian Dunn, Assistant Deputy Comptroller
Little Rock Field Office
10201 West Markham, Suite 105
Little Rock, Arkansas

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the

membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within ninety (90) days of the date of this Agreement and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

ARTICLE III

STRATEGIC PLAN

(1) Within ninety (90) days, the Board shall modify, adopt, implement, and thereafter ensure Bank adherence to a written strategic plan for the Bank covering at least a three-year period. The strategic plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in the volume of nonperforming assets, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) an assessment of the Bank's present and future operating environment;
- (c) the development of strategic goals and objectives to be accomplished over the short and long term;
- (d) an identification of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in (1)(c) of this Article;
- (e) an assessment of the Bank's future liquidity and funding needs, and limitations on the Bank's use of wholesale and credit sensitive liabilities to meet those needs;
- (f) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under (1)(c) of this Article;
- (g) a management employment and succession program to promote the retention and continuity of capable management;
- (h) product line development and market segments that the Bank intends to promote or develop;
- (i) an action plan to improve bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;

- (j) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan;
- (k) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;
- (l) specific plans to establish responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and
- (m) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the strategic plan.

(3) The Bank must give the Assistant Deputy Comptroller at least sixty (60) days advance written notice of its intent to deviate significantly from the strategic plan.

- (a) For purposes of this Article, changes that may constitute a significant deviation from the strategic plan include, but are not limited to, any significant deviations from marketing strategies, marketing partners, acquisition channels; underwriting practices and standards, account management strategies and test programs; collection strategies, partners or operations; fee structure, pricing, or fee application methods; accounting processes and practices; funding strategy; loan growth

projections; or any other changes in personnel, operations or external factors that may have a material impact on the Bank's operations or financial performance.

- (b) Prior to making any changes that significantly deviate from the Bank's strategic plan, the Board shall perform an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls and written policies and procedures to identify, measure, monitor, and control the risks associated with the product or service. The evaluation shall include an assessment of the impact of such change on the Bank's condition, including a profitability analysis.

ARTICLE IV

REDUCING THE LEVEL OF CRITICIZED ASSETS

(1) The Bank shall continue to take action to protect its interest in those assets (including investment securities) that are criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days, the Board shall review, revise, and thereafter ensure Bank adherence to its written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, by an internal or external loan review, or any list provided to management by the National Bank Examiners during any examination as “doubtful”, “substandard” or “special mention”. This program shall require the Bank to consider for each criticized asset, a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon completion of the revisions to the Bank's written program, a copy of the program shall be promptly submitted to the Assistant Deputy Comptroller. Any subsequent modifications or additions to the program shall be forwarded to the Assistant Deputy Comptroller within thirty (30) days of such modification or addition.

(4) The Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds five hundred thousand (\$500,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program to take alternative action.

(5) A copy of each review, including status updates for each criticized asset or criticized portion thereof that equals or exceeds five hundred thousand dollars (\$500,000), shall be forwarded to the Assistant Deputy Comptroller quarterly. The status updates shall follow a format similar to Appendix A, attached hereto.

(6) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed five hundred thousand dollars (\$500,000) only if each of the following condition is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the documentation produced in accordance with the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the approval of the Board or the designated committee shall be maintained in the file of the affected borrower.

(8) 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 Article.

ARTICLE V

CREDIT RISK MANAGEMENT

(1) Within thirty (30) days, the Board shall continue to ensure adherence to a written program to improve the Bank's credit risk management. The program shall include, but not limited to:

- (a) procedures to ensure satisfactory and perfected collateral documentation;
- (b) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information;
- (c) procedures to ensure that loan participations purchased are underwritten and administered in accordance with Bank policy and the guidelines in Banking Circular 181 (Revised August 2, 1984);
- (d) procedures to ensure adherence to the guidance on commercial real estate lending outlined in OCC Bulletin 2006-46.
- (e) procedures to ensure that global cash flow analyses are prepared in support of all new nonagricultural loan requests of \$500,000 or more;
- (f) procedures to ensure conformance with loan approval requirements;
- (g) a system to track and analyze credit, collateral, and policy exceptions;
- (h) procedures to ensure periodic post-funding analysis including preparation of annual global cash flow analyses supporting all non-agricultural credit relationships in excess of \$500 thousand;
- (i) a definition of the Bank's trade area, and guidelines and limitations on loans originating outside the bank's trade area;

- (j) procedures to ensure the accuracy of internal management information systems;
- (k) a performance appraisal process, including performance appraisals, job descriptions, and incentive programs for loan officers, which adequately consider their performance relative to policy compliance, documentation standards, accuracy in credit grading, and other loan administration matters, and
- (l) procedures to track and analyze concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios.

(2) Upon completion of the revisions of the Bank's written program, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

(3) Within sixty (60) days, the Board shall continue to ensure Bank adherence to systems that provide for effective monitoring of:

- (a) early problem loan identification to assure the timely identification and ratings of loans and leases based on lending officer submissions;
- (b) statistical records that will serve as a basis for identifying sources of problem loans and leases by industry, size, collateral, division, group, indirect dealer, and individual lending officer;
- (c) previously charged-off assets and their recovery potential;
- (d) compliance with Bank's lending policies and laws, rules and regulations pertaining to the Bank's lending function;

- (e) the bank's ongoing post funding analysis program and assurance that annual global cash flow analyses are prepared in support of all nonagricultural credit relationships in excess of \$1 million; and
- (f) adequacy of credit and collateral documentation; and
- (g) concentrations of credit..

(4) Beginning on October 31, 2009, and on a monthly basis, thereafter, management should continue to provide the Board with written reports including, at a minimum, the following information:

- (a) the identification, type, rating and amount of problem loans and leases;
- (b) the identification and amount of delinquent loans and leases;
- (c) credit and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (a) through (d) of this Article and Paragraph.
- (f) an analysis of concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios; and
- (g) the identification of loans and leases not conforming to the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(5) 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 Article.

ARTICLE VI

RECOGNITION OF OTHER-THAN-TEMPORARY IMPAIRMENT

(1) Within sixty (60) days, the Bank shall develop and implement policies and procedures to ensure the timely identification and ongoing monitoring of investment securities (debt and equity) with other-than-temporary impairment.

(2) The Bank's policy shall call for a quarterly written review of those securities with a fair value below amortized cost in order to evaluate whether a decline in the fair value is other-than-temporary. This review shall be performed by entities or individuals independent of both the seller of the security and the bank personnel or department that purchased the securities. Such a review shall encompass, as applicable, the factors specified in Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), and other accounting guidance. The factors include:

- (a) whether fair value is significantly below amortized cost;
- (b) the period of time the decline has existed;
- (c) the Bank's intent to hold the security for a period of time needed to recover its amortized cost basis;
- (d) the Bank's intent and the ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value;
- (e) downgrades in securities from investment grade to below investment grade or other sudden and significant downgrades;

- (f) the financial condition of the issuer;
- (g) whether the decline is attributable to adverse conditions specifically related to the issuer or to specific conditions in an industry or in a geographic area;
- (h) if dividends have been reduced or eliminated;
- (i) any failure to make scheduled interest or principal payments;
- (j) changes in tax laws, regulations, or other governmental policies significantly affecting the issuer; and
- (k) forecasts of economic, market or industry trends.

(3) For those securities that the bank does not plan to hold for a sufficient period of time to recover the recorded value, or when the issuer of the security defaults, impairment in the fair value of the security will typically be considered other- than-temporary.

(4) For other securities adversely affected by the factors listed in paragraph (2), the Bank must provide objective and verifiable evidence documenting why it should not use an other-than-temporary classification. The objective evidence must indicate the reasons the decline in value below amortized cost is “temporary” and detail how the decline in value can reasonably be expected to be reversed. Objective evidence supporting “temporary” impairment may include the issuer's financial performance (including such factors as earnings trends, dividend payments, asset quality and specific events), the financial condition and near term prospects of the issuer, and the economic conditions and prospects for the issuer's region and industry.

(5) If the bank determines that an impairment of a particular investment is other-than-temporary, the investment must be written down to fair value, through earnings, in the period it

occurred. Quoted market prices shall be used to support fair value, when available. If a quoted market price is not available, the estimate of fair value shall be based on the best information available in the circumstances. Once other-than-temporary impairment has been recognized, the fair value is the new cost basis of the asset. The new cost basis is not adjusted by subsequent recoveries of value at a later date.

(6) The Board shall ensure that the Bank has adequate processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE VII

INVESTMENT POLICY

(1) Within 60 days, the Board shall review and revise the Bank's investment policy and implement the revised policy, and thereafter ensure Bank adherence to the policy. The policy shall contain the basic elements of a sound investment policy consistent with regulatory guidance provided in An Examiner's Guide to Investment Products and Practices (December 1992), 12 C.F.R. Part 1, and OCC Bulletin 98-20 (April 27, 1998) and shall include:

- (a) an investment portfolio strategy that is consistent with Board approved Bank asset and liability management policies and interest rate risk tolerances;
- (b) individual and committee investment portfolio purchase and sale authority;

- (c) approval procedures that will include dollar size limits, quality limitations, maturity limitations, and concentration or diversification guidelines;
- (d) a requirement that investment securities be supported by adequate credit and interest rate risk measurement information as described in the “Interest Rate Risk” booklet of the Comptroller’s Handbook and in OCC Bulletin 98-20 (April 27, 1998);
- (e) required reviews and use of securities dealers;
- (f) periodic reports to and approval by the Board for all investment portfolio purchases and sales and strategy changes;
- (g) monthly review by the Board's investment committee of the Bank's investment portfolio activity to ensure adherence to the investment policy and to applicable banking and securities laws and regulations;
- (h) prudent investment risk diversification guidelines and concentration limits for private label mortgage backed securities (MBSs);
- (i) an independent, pre-purchase analysis of any private label mortgage backed security or asset backed security purchased by the Bank, consistent with OCC Bulletins 98-20 (Supervisory Policy Statement on Investment Securities and End-User Derivatives Activities) and 2002-19 (Unsafe and Unsound Investment Portfolio Practices: Supplemental Guidance); and
- (j) development of MIS reports to include the following:

- (i) quarterly independent valuations of each private label MBS that includes at least two (2) different sources; and
- (ii) monthly reports that detail the securities ratings of all bank owned securities from all Nationally Recognized Statistical Rating Organizations (including Moody's, Standard & Poor's, and Fitch).

(2) The revised investment policy shall be implemented and a copy shall be forwarded to the Assistant Deputy Comptroller.

(3) Copies of the following Bank MIS reports shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis:

- (a) the private label MBS analysis performed by the Bank's broker;
- (b) report listing all bank owned securities identified as below investment grade, and any downgrades of such securities by a Nationally Recognized Statistical Rating Organization;
- (c) market and book values for each private label MBS held; and
- (d) listing of sales transactions or purchases of private label MBS, to include copies of confirmation tickets.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE VIII

BROKERED DEPOSITS

(1) The Bank may accept Brokered Deposits (as defined by 12 C.F.R. § 337.6(a)(2)) for deposit at the Bank only after obtaining a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) The limitation of paragraph (1) shall include the acquisition of Brokered Deposits through any transfer, purchase, or sale of assets, including Federal funds transactions.

(3) If the Bank seeks to acquire Brokered Deposits, the Board shall apply to the Assistant Deputy Comptroller for written permission. Such application shall contain, at a minimum, the following:

- (a) the dollar volume, maturities, and cost of the Brokered Deposits to be acquired;
- (b) the proposed use of the Brokered Deposits, i.e., short-term liquidity or restructuring of liabilities to reduce cost;
- (c) alternative funding sources available to the Bank; and
- (d) the reasons why the Bank believes that the acceptance of the Brokered Deposits does not constitute an unsafe and unsound practice in its particular circumstances.
- (e) The Assistant Deputy Comptroller may require the submission of such additional information as necessary to make an informed decision. Upon consideration of the Bank's application, the Assistant Deputy Comptroller will determine whether the proposed acquisition of Brokered Deposits may be accomplished in a safe and sound manner and may condition the

Bank's acquisition as the Assistant Deputy Comptroller shall deem appropriate.

(4) Nothing in this article shall relieve the Bank of its obligation under 12 U.S.C. § 1831f to seek necessary approvals from the Federal Deposit Insurance Corporation before accepting Brokered Deposits and to comply with all the requirements of 12 U.S.C. § 1831f.

ARTICLE IX

CONCLUSION

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of

any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/S/
F. Christian Dunn
Assistant Deputy Comptroller
Little Rock Field Office

10/6/2009
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

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| <u>/S/</u> Bobby Caldwell | <u>10/6/2009</u> Date |
| <u>/S/</u> Danny Clements | <u>10/6/2009</u> Date |
| <u>/S/</u> John Ed Gregson | <u>10/6/2009</u> Date |
| <u>/S/</u> Harold Hardwick | <u>10/6/2009</u> Date |
| <u>/S/</u> Stephen B. Meyer | <u>10/6/2009</u> Date |
| <u>/S/</u> C. B. Moery, Jr. | <u>10/6/2009</u> Date |
| <u>/S/</u> W.D. Stewart, Jr. | <u>10/6/2009</u> Date |