

AGREEMENT BY AND BETWEEN  
First National Bank of Central Alabama  
Aliceville, Alabama  
and  
The Comptroller of the Currency

First National Bank of Central Alabama, Aliceville, Alabama (“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 found unsafe and unsound banking practices relating to credit risk and loan underwriting at the Bank.

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) 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 the:

Assistant Deputy Comptroller  
Birmingham Field Office  
100 Concourse Parkway, Suite 240  
Birmingham, AL 35244

## 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 four (4) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank (as defined under 12 C.F.R. 5.50(d)(3) as 25%) 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 sixty (60) 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

#### BOARD TO ENSURE COMPETENT MANAGEMENT

(1) The board will within ninety (90) days develop and implement a written program, with specific timeframes, to improve the supervision and management of the bank. At a minimum the written program shall include:

- (a) detailed written job descriptions for all executive officers;
- (b) a recommended organization chart that clearly reflects areas of responsibility and lines of authority for all officers, including the Bank's president and chief executive officer;
- (c) objectives by which the officer's effectiveness will be measured; and
- (d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(2) Within ninety (90) days, the Board shall ensure that the Bank has competent management in place on a full-time basis in its executive management positions, including Chief Executive Officer; President; Senior Loan Officer; and Chief Operating Officer positions, to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner. To make this assessment, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties in light of the Bank's present condition. This assessment should be based on:

- (a) an evaluation of current lines of authority, reporting responsibilities and delegation of duties for all officers, including identification of any overlapping duties or responsibilities;
- (b) the identification of present and future management and staffing requirements of each area of the Bank, with particular emphasis given to the lending area; and
- (c) an evaluation of each incumbent officer's qualifications and abilities and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of his/her officer position.

Upon completion of this assessment, the Board will determine whether management changes will be made, including the need for additions to or deletions from current management. A copy of the review shall be submitted to the Assistant Deputy Comptroller, along with individuals appointed to the above executive management positions.

(3) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the

Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

#### ARTICLE IV

#### STRATEGIC PLAN

(1) Within ninety (90) days, the Board shall 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 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;

- (f) a management employment and succession program to promote the retention and continuity of capable management;
- (g) product line development and market segments that the Bank intends to promote or develop;
- (h) an action plan to improve bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;
- (i) 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;
- (j) a plan to maintain appropriate levels of capital needed to achieve long term objectives;
- (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) Prior to adoption of the strategic plan by the Board, a copy shall be forwarded to the Assistant Deputy Comptroller for review and determination of supervisory non-objection. Such determination will be made within thirty (30) days of receipt of the strategic plan. Immediately upon receiving a determination of supervisory non-objection, the strategic plan shall be implemented.

(4) 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; 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.

(5) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three year capital program. The program shall include:

- (a) specific plans for the maintenance of adequate capital;
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:
  - (i) when the Bank is in compliance with its approved capital program; and
  - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60.

(6) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior 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 capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.



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

## ARTICLE V

### COMMERCIAL REAL ESTATE CONCENTRATION RISK MANAGEMENT

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written commercial real estate (CRE) concentration risk management program consistent with OCC Bulletin 2006-46. The program shall include, but not necessarily be limited to, the following:

- (a) Policies to support established concentration limits and how these fit into the overall strategic plan for the Bank;
- (b) CRE lending policy to clarify and strengthen underwriting standards, including an effective appraisal ordering and review process;
- (c) Management information systems to include strengthened reporting of policy exceptions by volume and trend analysis;
- (d) Portfolio stress testing and sensitivity analysis; and,
- (e) Credit risk review, to include an effective, accurate, and timely risk-rating system.

(2) 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

### LOAN PORTFOLIO MANAGEMENT

(1) The Board shall, within ninety (90) days, develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management.

The program shall include, but not be limited to:

- (a) procedures to ensure satisfactory and perfected collateral documentation;
- (b) procedures to ensure an effective appraisal ordering and review process;
- (c) 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;
- (d) procedures to ensure compliance with appropriate credit underwriting standards, particularly for commercial real estate loans;
- (e) guidelines for loans to insiders, including a statement that such loans will not be granted on terms more favorable than those offered to similar outside borrowers, and a process to ensure compliance with these insider guidelines and regulations;
- (f) procedures to ensure conformance with loan approval requirements;
- (g) a system to track and analyze exceptions;
- (h) 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

- (i) 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, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.
- (3) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to systems which provide for effective monitoring of:
  - (a) early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;
  - (b) compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function, including those related to insider loans;
  - (c) adequacy of credit and collateral documentation; and
  - (d) concentrations of credit.
- (4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program and systems developed pursuant to this Article.

## ARTICLE VII

### INTEREST RATE RISK POLICY

- (1) Within one hundred and twenty (120) days, the Board shall adopt, implement,

and thereafter ensure Bank adherence to a written interest rate risk policy. In formulating this policy, the Board shall refer to the “Interest Rate Risk” booklet of the Comptroller’s Handbook.

The policy shall provide for a coordinated interest rate risk strategy and, at a minimum, address:

- (a) the establishment of adequate management reports on which to base sound interest rate risk management decisions;
- (b) strategies to improve the net interest margin including a loan pricing policy that takes into consideration costs, general overhead, and probable loan losses, while providing for a reasonable margin of profit;
- (c) establishment and guidance of the Bank’s strategic direction and tolerance for interest rate risk;
- (d) implementation of effective tools to measure and monitor the Bank’s performance and overall interest rate risk profile;
- (e) prudent limits on the nature and amount of interest rate risk that can be taken, including specific limits for the investment portfolio; and
- (f) periodic review of the Bank's adherence to the policy.

- (2) Upon adoption, a copy of the written policy shall be forwarded to the

Assistant Deputy Comptroller for review.

- (3) 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

### LIQUIDITY AND ASSET/LIABILITY MANAGEMENT POLICY

(1) Within one hundred and twenty (120) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written liquidity, asset and liability management policy. In formulating this policy, the Board shall refer to the “Liquidity” booklet, L-L, of the Comptroller’s Handbook. The policy shall provide for a coordinated asset/liability management strategy and, at a minimum, address:

- (a) adequate management reports, to include a sources and uses of funds report, that enable the Board and management to monitor the Bank's liquidity position and maintain liquidity at an adequate level;
- (b) the liquidity, maturity and pledging requirements of the investment portfolio;
- (c) a requirement that investment securities be supported by an acceptable pre-purchase analysis, including adequate credit and interest rate risk measurement information;
- (d) development of a more detailed liquidity contingency plan;
- (e) guidelines concerning the nature, extent, and purpose of the Bank's use of brokered deposits consistent with the Bank's overall funds management strategies;
- (f) the nature, extent and purpose of Bank borrowings;
- (g) limits on concentrations of funding sources;
- (h) periodic review of the Bank's adherence to the policy; and

- (i) when instances of non-adherence are noted, strategies and timeframes to achieve compliance with policy guidelines.
- (2) Upon adoption, a copy of the written policy shall be forwarded to the Assistant Deputy Comptroller for review.
- (3) 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 IX

### BROKERED DEPOSITS

(1) If the Bank seeks to acquire (including through any transfer, purchase, or sale of assets, including Federal funds transactions) additional brokered deposits (as defined by 12 C.F.R. § 337.6(a)(2)), the Board shall submit a written request for no supervisory objection to such acquisition to the Assistant Deputy Comptroller. The request 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.
- (f) 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 X

### CLOSING

- (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 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 her hand on behalf of the Comptroller.

/S/  
Julie Pleimling  
Assistant Deputy Comptroller  
Birmingham Field Office

2/17/2010  
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.

<u>/S/</u> Cynthia Almond	<u>2/17/2010</u> Date
<u>/S/</u> Larry Bailey	<u>2/17/2010</u> Date
<u>/S/</u> W. F. Barnes	<u>2/17/2010</u> Date
<u>/S/</u> Doug Hollyhand	<u>2/17/2010</u> Date
<u>/S/</u> Jack Howell	<u>2/24/2010</u> Date
<u>/S/</u> J. E. Jordan	<u>2/17/2010</u> Date
<u>/S/</u> Ginny Lee	<u>2/17/2010</u> Date
<u>/S/</u> W. C. Martin, Jr.	<u>2/17/2010</u> Date
<u>/S/</u> W. R. McKinzey, Jr.	<u>2/24/2010</u> Date
<u>/S/</u> John Owens	<u>2/17/2010</u> Date
<u>/S/</u> Sam Parks	<u>2/17/2010</u> Date

/S/

---

Jack T. Pate

/S/

---

David Wright

2/17/2010

---

Date

2/17/2010

---

Date