

AGREEMENT BY AND BETWEEN  
Forrest City Bank, National Association  
Forrest City, Arkansas  
and  
The Comptroller of the Currency

Forrest City Bank, N.A., Forrest City, 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 found unsafe and unsound practices including practices related to the investment portfolio of 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) 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 the:

F. Christian Dunn  
Assistant Deputy Comptroller  
Little Rock Field Office  
10201 West Markham, Suite 105  
Little Rock, Arkansas 72205

## ARTICLE II

### PROGRESS REPORTING –QUARTERLY

(1) The Board shall submit quarterly progress reports to the Assistant Deputy Comptroller. These reports shall set forth in detail:

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

(2) The progress reports shall also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the Report of Examination or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending March 31, 2010 and will be due within fifteen (15) days of that date. Thereafter, progress reports will be due within fifteen (15) days after the quarter end.

(4) 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 III

#### CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall maintain, at a minimum, the following capital levels (which are defined in 12 C.F.R. Part 3):

- (a) Total Risk-Based capital at least equal to twelve percent (12%) of risk-weighted assets;
- (b) Tier 1 capital at least equal to eight percent (8%) of adjusted total assets.

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(3) Within (60) sixty days, the Board shall review, revise, and thereafter ensure compliance with its capital program, which shall span a three year period. The program shall include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);

- (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;
  - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
  - (iii) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller.

(4) Upon revision, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller within ten (10) days for a 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.

(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 IV

##### INVESTMENT POLICY

(1) Within sixty (60) days of the date of this Agreement, the Board shall review, revise, and thereafter ensure adherence to its Investment Policy, applicable internal control processes, and applicable MIS reports. The revised 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) a list of permissible investments that are in accordance with the Board's current investment portfolio strategy and that are of an appropriate complexity based on the Board's risk tolerance and the Bank's ability to properly analyze and monitor the securities;
- (c) individual and committee investment portfolio purchase and sale authorities that are prudent and take into account any weaknesses identified in the ROE;

- (d) requirements for a pre-purchase analysis that is commensurate with the following:
  - (i) the complexity of the securities;
  - (ii) the materiality of the investment in relation to capital; and
  - (iii) the overall quality of the investment portfolio as it relates to serving the liquidity and pledging needs of the Bank;
- (e) an independent analysis to validate any pre-purchase analysis completed on the Bank's purchase of Trust Preferred Securities Pools ("TRUPs") or other complex securities 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);
- (f) prudent investment risk diversification guidelines;
- (g) concentration limits that explicitly reference the limits outlined in 12 C.F.R. Part 1, that are specific for each particular sub-categories of investments (taking into account any weaknesses identified in the ROE), and that are otherwise appropriate for the Bank based on its current condition and risk-profile;
- (h) a written exit strategy should the Bank's investment securities (including but not limited to its portfolio of TRUPs) and/or other funding sources fail to perform as projected. The plan shall focus on limiting exposure to earnings and capital through planned sales and repayment of debt and include the following:

- (i) identification of potential risks;
- (ii) identification of specific triggers that require action on the Bank's behalf; and
- (iii) planned steps to be taken to exit the Bank's TRUP investments and related funding mechanisms.

(i) the development of MIS reports to include the following:

- (i) quarterly independent valuations of each TRUP that includes at least three (3) different sources; and
- (ii) monthly reports that detail the securities ratings from all Nationally Recognized Statistical Rating Organization (including Moody's, Standard & Poor's, and Fitch).

(2) Upon completion, the Bank's revised Investment Policy and internal control processes shall be submitted 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) independent analysis performed on TRUP and other complex securities;
- (b) report listing all securities identified as below investment grade, and any downgrades of securities by a Nationally Recognized Statistical Rating Organization;
- (c) market and book values for each TRUP held; and
- (d) a listing of sales transactions or purchases of TRUPs and any other complex securities, 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 V

### RECOGNITION OF OTHER-THAN-TEMPORARY IMPAIRMENT

(1) Within sixty (60) days, the Board shall review, revise, and thereafter ensure adherence to policies and procedures to ensure the timely, accurate identification and ongoing monitoring of investment securities (debt and equity) with other-than-temporary impairment. As a component of these procedures, the Board must ensure that its internal audit reviews the calculations and assumptions used in the OTTI analysis as part of the investment audit.

(2) The Bank shall continue to utilize the services of a qualified and independent person(s) or firm to provide a review of the Bank's ongoing quarterly other-than-temporary impairment ("OTTI") analysis. Such a review shall ensure that other-than-temporary impairment is identified and measured in accordance with generally accepted accounting principles and supervisory guidance (e.g., OCC Bulletin 2009-11 dated April 17, 2009, "Other-than-Temporary Impairment Accounting" and Call Report Instructions). A written report must be filed with the Board after each quarterly review. The review shall include an initial review retroactive to the last quarter of 2009 and then subsequent reviews at least once each calendar quarter prior to the filing of the Consolidated Reports of Condition and Income.

(3) The Board shall evaluate the independent other-than-temporary impairment review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s). Within fifteen (15) days after



receipt of the review, the Board shall cause the Bank to refile amended Reports of Condition and Income based on any material deficiencies identified in the initial review.

(4) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to address the findings noted in the report(s) shall be preserved in the Bank.

(5) 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 VI

### REDUCING THE LEVEL OF CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing 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 any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall continue to require the Bank to consider for each criticized asset, at 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 promptly be submitted to the Assistance 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 two-hundred and fifty thousand dollars (\$250,000);
- (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 or take alternative action.

(5) A copy of each review, including status updates for each criticized asset or criticized portion thereof that equals or exceeds two-hundred and fifty thousand dollars (\$250,000), 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 loan review, or in any list provided to management by the National Bank Examiners during any

examination and whose aggregate loans or other extensions exceed two-hundred and fifty thousand dollars (\$250,000) only if each of the following conditions 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 of 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 VII

### CREDIT AND COLLATERAL EXCEPTIONS

(1) Within sixty (60) days the Board shall obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of

loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(2) Within sixty (60) days the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(3) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from operations;
  - (i) Failure to obtain the information in (3)(d) shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information in (3)(d) would be detrimental to the best interests of the Bank.
  - (ii) A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed by this Office in subsequent examinations of the Bank; and

- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

(4) 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 VIII

### PROFIT PLAN

(1) Within sixty (60) days, the Board shall review, revise, and thereafter ensure Bank adherence to a written profit plan to improve and sustain the earnings of the Bank. This plan shall include, at minimum, the following elements:

- (a) identification of the major areas in and means by which the Board will seek to improve the Bank's operating performance;
- (b) realistic and comprehensive budgets, including projected balance sheets and year-end income statements;
- (c) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and
- (d) a description of the operating assumptions that form the basis for major projected income and expense components.

(2) The budgets and related documents required in paragraph one (1) above for 2010 shall be submitted to the Assistant Deputy Comptroller upon completion. The Board shall submit to the Assistant Deputy Comptroller annual budgets as described in paragraph one (1) above for each year this Formal Agreement remains in effect. The budget for each year shall be submitted on or before November 30, of the preceding year.

(3) The Board shall forward comparisons of its balance sheet and profit and loss statement to the profit plan projections to the Assistant Deputy Comptroller on a quarterly basis, within thirty (30) days after the end of each quarter.

(4) 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 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. 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.

(3) 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.

(4) 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.

(5) 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

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.

/S/  
\_\_\_\_\_  
Brad Beavers

2/17/2010  
\_\_\_\_\_  
Date

/S/  
\_\_\_\_\_  
John V. Casbeer, Jr.

2/17/2010  
\_\_\_\_\_  
Date

/S/  
\_\_\_\_\_  
Aubrey L. Jayroe

2/17/2010  
\_\_\_\_\_  
Date

/S/  
\_\_\_\_\_  
Dale L. Morris

2/17/2010  
\_\_\_\_\_  
Date

/S/  
\_\_\_\_\_  
Dwight Rutland

2/17/2010  
\_\_\_\_\_  
Date