

#2012-053

Also Terminates #2008-041

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

<u>In the Matter of:</u>)	AA-EC-12-39
Metropolitan National Bank)	
Little Rock, Arkansas)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC"), through his National Bank Examiner, has supervisory authority over Metropolitan National Bank, Little Rock, Arkansas ("Bank");

WHEREAS, the Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a Stipulation and Consent to the Issuance of a Consent Order ("Stipulation and Consent"), dated March 21 , 2012 that is acceptable to the Comptroller; and

WHEREAS, by this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order ("Order") by the Comptroller;

NOW, THEREFORE, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders the following:

ARTICLE I

COMPLIANCE COMMITTEE

(1) The Board shall maintain 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. In the event of a change of the membership, the name of any new member shall be submitted in writing to the Director for Special Supervision ("Director"). The

Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order.

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

(3) Within thirty (30) days of this Order and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

(a) a description of the actions needed to achieve full compliance with each Article of this Order, Bank personnel responsible for implementing the corrective actions and the time frames for completion;

(b) actions taken to comply with each Article of this Order; and

(c) the results and status of those actions.

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

ARTICLE II

STRATEGIC PLAN

(1) On February 24, 2012 the Board submitted a three-year strategic plan to the Director for review and determination of supervisory non-objection. Such determination of non-objection was made by letter dated March 14, 2012. Within five (5) days of receiving the determination of supervisory non-objection, the Board shall adopt and the Bank shall implement and thereafter ensure adherence to the Strategic Plan.

(2) At least monthly, the Board shall review financial reports and earnings analyses prepared by the Bank that evaluate the Bank's performance against the goals and objectives established in the Strategic Plan, as well as the Bank's written explanation of significant differences between actual and projected balance sheets, income statements, and expense

accounts, including descriptions of extraordinary and/or nonrecurring items. Within ten (10) days of the completion of its review, the Board shall submit a copy of the reports to the Director.

(3) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance with the Strategic Plan, based on the Bank's monthly reports, analyses, and written explanations of any differences between actual performance and the Bank's strategic goals and objectives, and shall include a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Within ten (10) days of completing its evaluation, the Board shall submit a copy to the Director.

(4) Any subsequent amendments or revisions to the Strategic Plan shall be forwarded to the Director for review and prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Director, within 5 days the Board shall adopt and the Bank shall immediately implement and thereafter adhere to the Strategic Plan as amended or revised.

(5) The Bank shall not initiate any action that deviates significantly from the Board-approved Strategic Plan without first receiving a written determination of no supervisory objection from the Director. The Board shall give the Director advance, written notice of its intent to deviate significantly from the Strategic Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and 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 change in the Strategic Plan.

(6) For the purposes of this Article, changes that may constitute a significant deviation from the Strategic Plan include, but are not limited to, a change in the Bank's marketing strategies, marketing partners, underwriting practices and standards, credit

administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material impact on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

(7) The Board shall ensure that the Strategic Plan is updated annually, no later than January 31 each year, or more frequently if directed by the Director, to cover the next three (3) year period. The Bank shall submit the updated annual financial projections included in the Strategic Plan to the Director within ten (10) days of completion. If there is no significant deviation to the Strategic Plan in the annual update other than the updated financial projections, the Bank shall so certify to the OCC within ten (10) days of the Board's review and update. If the Bank proposes a significant deviation to the Strategic Plan in the annual update, or upon direction of the Director, the Bank shall submit an Amended Strategic Plan to the Director for review and supervisory non-objection and shall not implement any proposed significant deviation until it has received written supervisory non-objection from the OCC.

ARTICLE III

CAPITAL PLAN

(1) No later than July 20, 2012, the Bank shall achieve and thereafter maintain the following minimum capital ratios (as defined in 12 C.F.R. Part 3)¹:

(a) Tier 1 capital at least equal to eight percent (8%) of adjusted total assets²;

¹ The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be "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).

² Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure required to be computed for and stated in the Bank's most recent *Consolidated Report of Condition and Income* ("call report") minus end-of-quarter intangible assets and other deductions pursuant to section 2(c)(5) of Appendix A of 12 C.F.R. Part 3.

- (b) Total risk-based capital at least equal to twelve percent (12%) of risk-weighted assets.

(2) Within sixty (60) days, the Board shall forward to the Director for his determination of no supervisory objection, pursuant to paragraph (4) of this Article, a written Capital Plan for the Bank, consistent with the Strategic Plan referenced in paragraph (1) of Article II, covering at least a three-year period. The Capital Plan shall include:

- (a) specific plans for the maintenance of adequate capital at levels commensurate with the Bank's risk profile, business model and operations, but in no event less than those levels required in paragraph (1) of this Article;
- (b) quarterly 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 future needs; and
- (d) a contingency plan that identifies alternative methods should the source(s) of additional capital under (c) above not be available.

(3) The Bank may declare or pay a dividend or make a capital distribution only:

- (a) when the Bank is in compliance with its approved Capital Plan and would remain in compliance with its approved Capital Plan immediately following the payment of any dividend or capital distribution;
- (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
- (c) following the prior written determination of no supervisory objection by the Director.

(4) Prior to adoption by the Board, a copy of the Capital Plan shall be submitted to the Director for prior written determination of no supervisory objection. Within five (5) days of receiving a written determination of no supervisory objection from the Director, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to the Capital Plan, and any subsequent amendments or revisions. The Board shall review and update the Bank's Capital Plan on an annual basis, or more frequently if necessary or if requested by the Director in writing. Copies of the reviews shall be submitted to the Director. Revisions to the Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection to the revised Capital Plan from the Director, within 5 days the Board shall adopt and the Bank shall implement and adhere to the revised Capital Plan.

(5) At least quarterly the Board shall prepare a written evaluation of the Bank's performance against the Capital Plan and shall include a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Upon completion of the evaluation, the Board shall submit a copy to the Director.

(6) If the Bank's Capital Plan outlines a sale or merger of the Bank, including a transaction pursuant to 12 U.S.C. § 215a-3, the Capital Plan shall, at a minimum, address the steps that will be taken and the associated timeline to ensure that within ninety (90) days after the receipt of the Director's written determination of no supervisory objection to the Capital Plan, a definitive agreement for the sale or merger is executed.

(7) If the Bank fails to maintain the level of capital required by paragraph (1) of this Article, violates paragraph (2), or fails to implement a Capital Plan to which the Director has

provided a written determination of no supervisory objection, then the Bank may, in the Director's sole discretion, be deemed to be undercapitalized for purposes of this Order.

The Bank shall take such corrective measures as the OCC may direct in writing from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's capital ratios to the minimum levels required by this Order, and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

ARTICLE IV

PROBLEM ASSET MANAGEMENT

(1) Within sixty (60) days of this Order, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement, and thereafter ensure adherence to a written program designed to eliminate the basis of criticism of those assets criticized as "doubtful," "substandard," or "special mention" in the most recent Report of Examination ("ROE"), in any subsequent ROE, by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination. The program shall include:

- (a) sufficient staff having the qualifications, skills, and experience to effectively manage and resolve problem assets, who will be held accountable by the Bank's Board to successfully execute their assigned duties;
- (b) adequate management information systems to measure the status of workout plans on each problem asset; and
- (c) the development of Problem Asset Reports ("PARs") identifying all credit relationships and other assets totaling in aggregate one million dollars

(\$1,000,000) or more, criticized as "doubtful," "substandard," or "special mention." The PARs must be updated and submitted to the Board or a committee designated by the Board monthly and to the Director quarterly.

(2) Each PAR shall cover an entire credit relationship and other assets, and include, at a minimum, analysis and documentation of the following:

- (a) the origination date and any renewal or extension dates, amount, purpose of the loan or other asset, and the originating and current handling officer(s);
- (b) the expected primary and secondary sources of repayment, and an analysis of the adequacy of the repayment source;
- (c) the appraised value of supporting collateral, along with the date and source of the appraisal, and the position of the Bank's lien on such collateral, as well as other necessary documentation to support the current collateral valuation;
- (d) an analysis of current and complete credit information, including a global cash flow analysis where loans are to be repaid from operations;
- (e) results of any impairment analysis as required under Accounting Standards Codification ("ASC") Topic 310;
- (f) accurate risk ratings consistent with the classification standards contained in the *Comptroller's Handbook* on "Rating Credit Risk;"
- (g) appropriate accrual status pursuant to the FFIEC Instructions for the Preparation of Consolidated Reports of Condition and Income;
- (h) significant developments, including a discussion of changes since the prior PAR, if any; and

- (i) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment, including, if appropriate, an exit strategy.

(3) The Bank shall not extend credit, directly or indirectly, including renewals, modifications or extensions, to a borrower whose loans or other extensions of credit are criticized in any ROE, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination, unless and until a majority of the Board, or a designated committee thereof, determines in writing that each of the following conditions is met:

- (a) the extension of additional credit is necessary to promote the best interests of the Bank;
- (b) a written credit and collateral analysis is performed as required by paragraphs (2)(b), (c) and (d) of this Article and, if necessary, the proposed action referred to in paragraph (2)(i) of this Article is revised; and
- (c) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of additional credit.

(4) A copy of the findings and approval of the Board or designated committee thereof shall be maintained in the credit file of the affected borrower.

ARTICLE V

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall maintain and adhere to a written policy and procedures for the maintenance of an adequate Allowance for Loan and Lease Losses ("ALLL"). The policy and procedures shall be consistent with the guidance on maintaining a proper ALLL found in the Interagency Policy Statement on the ALLL contained in OCC Bulletin 2006-47 (December 13,

2006) and with "Allowance for Loan and Lease Losses," Booklet A-ALLL of the *Comptroller's Handbook*, and shall incorporate the following:

- (a) loan risk ratings;
- (b) results of the Bank's independent loan review;
- (c) criteria for determining which loans will be reviewed under Accounting Standards Codification ("ASC") Topic 310, how impairment will be determined, and procedures to ensure that the analysis of loans complies with ASC 310 requirements;
- (d) criteria for determining loan pools under ASC 450 and an analysis of those loan pools;
- (e) recognition of non-accrual loans in conformance with generally accepted accounting principles and regulatory guidance;
- (f) loan loss experience;
- (g) trends of delinquent and non-accrual loans;
- (h) concentrations of credit in the Bank; and
- (i) present and projected economic and market conditions.

(2) The policy and procedures shall provide for a review of the ALLL by the Board at least once each calendar quarter. Any deficiency in the ALLL shall be remedied in the quarter it is discovered, prior to filing the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation of the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL shall be maintained.

(3) A copy of the Board's ALLL policy and procedures, and any subsequent revisions, shall be submitted to the Director.

ARTICLE VI

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Bank requires an extension of any timeframe within this Order, the Board shall submit a written request to the Director asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with a provision and that require an extension of a timeframe within this Order.

(2) All such requests shall be accompanied by relevant supporting documentation, and any other facts upon which the Bank relies. The Director's decision concerning a request is final and not subject to further review.

ARTICLE VII

OTHER PROVISIONS

(1) Although the Bank is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Director, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

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

(3) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain

effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) The Board shall ensure that the Bank has sufficient processes, personnel, and control systems to effectively implement and adhere to all provisions of this Order, and that Bank personnel have sufficient training and authority to execute their duties and responsibilities under this Order.

(6) In each instance in this Order in which the Board or a Board committee 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 Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (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.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(8) All reports or plans which the Bank or Board has agreed to submit to the Director pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Director for Special Supervision
Comptroller of the Currency
250 E Street, S.W.
Mail Stop 2-7
Washington, DC 20219

with a copy to:
Comptroller of the Currency
Little Rock Field Office
1401 West Capital Avenue Suite 350
Little Rock, Arkansas 72201

(9) The terms of this Order, 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.

(10) The OCC and the Bank entered into a Formal Agreement dated May 22, 2008 ("Formal Agreement"). This Order replaces the Formal Agreement in its entirety and, therefore, the Formal Agreement is hereby terminated.

IT IS SO ORDERED, this 21st day of March, 2012.

/s

Henry Fleming
Director for Special Supervision

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Metropolitan National Bank)
Little Rock, Arkansas)

AA-EC-12-39

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC") intends to initiate cease and desist proceedings against Metropolitan National Bank, Little Rock, Arkansas ("Bank") pursuant to 12 U.S.C. § 1818 through the issuance of a Notice of Charges, for unsafe or unsound banking practices relating to asset quality, earnings and management, and for the failure to comply with the Formal Agreement dated May 22, 2008;

WHEREAS, the Bank, in the interest of compliance and cooperation, and without admitting or denying any wrongdoing, consents to the issuance of a Consent Order, dated March 21, 2012 ("Order") by executing this Stipulation and Consent to the Issuance of a Consent Order;

NOW THEREFORE, in consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

AGREEMENT

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

(3) 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(i), 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.

(4) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute the Consent Order.

(5) The Bank also expressly acknowledges that no officer or employee of the Comptroller 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.

(6) The terms and provisions of the Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Consent Order.

ARTICLE III

WAIVERS

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) any and all procedural rights available in connection with the issuance of the Order;
 - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19
 - (d) all rights to seek any type of administrative or judicial review of the Order; and
 - (e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

CLOSING PROVISIONS

(1) The provisions of this Stipulation and Consent Order shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

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

/s/

Henry Fleming
Director
Special Supervision Division

March 21, 2012

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/
Lunsford W. Bridges 3/21/2012
Date

/s/
Barbara R. Hoover 3/21/2012
Date

/s/
Tommy J. Lassiter 3/21/2012
Date

/s/
Richard D. Parker 3/21/2012
Date

/s/
Doyle W. Rogers 3/22/2012
Date

/s/
Doyle W. Rogers, Jr. 3/21/2012
Date