

#2004-36

AGREEMENT BY AND BETWEEN
National Independent Trust Company
Ruston, Louisiana
and
The Office of the Comptroller of the Currency

National Independent Trust Company, Ruston, Louisiana (“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, through his/her National Bank Examiner, has examined the Bank, and his/her findings are contained in the Report of Examination for the examination that commenced on June 2, 2003 (“ROE”).

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/her 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 information, reports, plans, and/or other written submissions which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded by overnight mail to:

James F. DeVane, Jr., Assistant Deputy Comptroller
Houston East Field Office
1301 McKinney Street, Suite 3410
Houston, Texas 77010-9010

ARTICLE II

COMPLIANCE COMMITTEE

- (1) Within thirty (30) days, the Board shall appoint a Compliance Committee of at least four (4) directors, of which no more than two (2) shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). Upon appointment, the names of the members of the Compliance Committee 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 thirty (30) days of the appointment of the Committee and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:
 - (a) actions taken to comply with each Article of this Agreement; and

- (b) the results 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.

ARTICLE III

CAPITAL AND LIQUIDITY MAINTENANCE

- (1) Within ninety (90) days, the Bank shall maintain at least a minimum of \$4 million in Tier 1 Capital, or such other higher amount as may be required by the OCC pursuant to the exercise of its regulatory authority under 12 C.F.R. Part 3, Subpart E.
- (2) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year capital program. The program shall include: specific plans and time frames for maintaining adequate Tier 1 capital that may in no event be less than \$4,000,000, or such other higher amount as may be required by the OCC pursuant to the exercise of its regulatory authority under 12 CFR Part 3, Subparts C and/or E. The program should also include:
 - (a) projections of the sources and timing of additional capital to meet the Bank's current and future needs, commensurate with the Bank's overall risk profile and significant increases in managed and non-managed fiduciary assets;
 - (b) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs; and
 - (c) contingency plans that identify alternative methods should the primary source(s) under (b) above not be available.
- (3) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for review and 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 annual reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(4) The Bank may declare a dividend only upon the submission of a written request to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection.

(5) So as to be able to meet the daily liquidity needs of the Bank, within ninety (90) days, the Bank shall achieve and thereafter at all times maintain Liquid Assets, as that term is defined in Article XVII, in an amount equal to at least the greater of: (i) \$ 2 million or (ii) (a) the Bank's projected daily operating expenses for the next sixty (60) days plus (b) any other expenses that the Bank will incur for the next sixty (60) days.

(6) If the Bank fails to maintain Tier 1 capital required under Paragraph (1) of this Article, or if the Bank's Liquid Assets fall below the amount required under Paragraph (5) of this Article, then the Bank shall be treated as if it were an insured depository institution, and shall be deemed to be undercapitalized for the purposes of 12 U.S.C. § 1831o and 12 C. F.R. § 6, and the Comptroller shall have the authority to take any action authorized under all provisions of 12 U.S.C. § 1831o and 12 C.F.R. § 6 applicable to an undercapitalized national bank. For purposes of section 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of the Bank's capital so that it is not undercapitalized, and any other action deemed advisable by the Comptroller to address the Bank's capital deficiency or the safety and soundness of its operations.

(7) Within thirty (30) days from the effective date of this Agreement, the Bank and Argent Financial Group, Inc. (“AFGI”), the Parent Company of the Bank (“Parent”) shall submit a proposed Capital Assurances and Liquidity Maintenance Agreement (“CALMA”) to the Assistant Deputy Comptroller for a written determination of no supervisory objection. The CALMA shall, among other things, ensure: (i) the maintenance of Tier 1 Capital in accordance with Paragraph (1) of this Article; (ii) the maintenance of liquidity in accordance with Paragraph (5) of this Article, and (iii) the Parent’s agreement to pledge all necessary collateral, and/or provide all necessary security to guarantee the Parent’s performance under the CALMA. Not later than three (3) days after receiving the Assistant Deputy Comptroller’s written determination of no supervisory objection, the Bank’s Board and the Parent’s Board shall execute the CALMA, and shall provide the Assistant Deputy Comptroller with copies of (i) the fully executed CALMA entered into between the Bank and its Parent; and (ii) the resolutions adopted by the Bank’s Board and the Parent’s Board evidencing their respective approvals and authorizations to enter into and be bound by the CALMA.

(8) The Bank shall take all actions to exercise its rights and to enforce the terms of the CALMA, if and when necessary. The Bank shall not modify, amend or terminate, or agree or consent to a modification, agreement or termination of the CALMA without securing the Assistant Deputy Comptroller’s prior written determination of no supervisory objection to such action. Within one (1) calendar day following the Bank’s demand or request to the Parent for compliance with the CALMA, the Bank shall provide the Assistant Deputy Comptroller with a copy of the Bank’s written demand or request.

(9) 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

STRATEGIC PLAN

(1) Within ninety (90) days, the Bank shall submit to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection, a Strategic Plan for the Bank covering at least a three-year period. After receiving notification that no supervisory objection will be made to the Strategic Plan, the Board of the Bank shall immediately adopt, implement, and thereafter ensure adherence to the Strategic Plan.

(2) The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, any off-balance sheet activities, fiduciary activities, cash flow, liabilities, capital adequacy, 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, shall 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) specific earnings and profit goals;
- (e) time frames for achieving specific earnings and profit goals;

- (f) an action plan to improve the Bank's earnings, and to accomplish identified goals and objectives. The action plan shall address, inter alia, individual responsibilities, accountability, and specific time frames for achieving stated goals and objectives;
- (g) a financial forecast for the three year period covered by the Strategic Plan, broken down on a monthly basis for the first year of the budget and annually for the remaining budget periods, to include projections for major balance sheet and income account statements, cash flow statements, specific earnings and profit goals, and the timeframes needed to achieve them (collectively, an Operating Budget);
- (h) an identification of the Bank's present and future product lines that will be used, and market segments that will be developed, so as to accomplish the Bank's strategic goals and objectives;
- (i) 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 this Article;
- (j) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;
- (k) 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;

- (l) systems to monitor the Bank's progress in meeting the plan's goals and objectives;
- (m) provisions for annual Bank Board review and assessment of the Bank's capital and liquidity positions;
- (n) specific business assumptions, and how Bank management will, through the year, track and address changes to those assumptions;
- (o) an analysis of the Bank's proposed acquisitions and/or mergers; and
- (p) provision for an annual Bank Board review of the adequacy of the Bank's
 - (i) fidelity bond insurance and
 - (ii) errors and omissions insurance for its directors, officers and employees.

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

(4) Prior to making any changes that may have a material impact on the Strategic Plan adopted pursuant to this Article, the Bank shall give the Assistant Deputy Comptroller thirty (30) days advance written notice of such changes, and shall not implement such changes without receiving a prior determination of no supervisory objection. The Bank expressly acknowledges that if the Assistant Deputy Comptroller issues a written determination of no supervisory objection, the Bank still must comply with the obligations and decisions detailed in this Agreement, as well as any other additional obligations and conditions that the Comptroller deems appropriate. For purposes of this paragraph, changes that may have a material impact on the strategic plan include, but are not limited to, any material changes to:

- (a) marketing strategies, marketing partners, or acquisition channels;
 - (b) standards for account acquisition (including custodial, administrative or fiduciary);
 - (c) account management strategies;
 - (d) fee structure or incentive pay methods;
 - (e) accounting processes and practices;
 - (f) the current business focus, including entering into or exiting from a business segment;
 - (g) any other changes in personnel, operations or external factors that may have a material impact on the Bank's operations or financial performance;
 - (h) funding strategies and capital maintenance; and
 - (i) any variance in the Bank's net pre-tax earnings from the projections contained in the Bank's Operating Budget that would result in (a) a ten percent (10%) or greater reduction in the Bank's Tier 1 Capital during any single month; or (b) a cumulative ten percent (10%) or greater reduction in the Bank's Tier 1 Capital in any three (3) consecutive month period.
- (5) The Bank shall provide the Assistant Deputy Comptroller, on a quarterly basis, a copy of the monthly Board packages of information provided to each Bank director, which package shall include, at a minimum, a report detailing: (i) the Bank's profit and loss information; and (ii) Board and Audit Committee minutes, including all attachments.

ARTICLE V

REMEDIAL ACTION AND CONTINGENCY PLANS

- (1) If the Assistant Deputy Comptroller determines that the Bank has: (i) failed to submit an acceptable Strategic Plan as required by Article IV of this Agreement; (ii) failed to implement or adhere to the Bank's specific, measurable, and verifiable objectives included in the Strategic Plan, to which the Assistant Deputy Comptroller has taken no supervisory objection pursuant to Article IV; or (iii) significantly deviated from, or materially changed, the Strategic Plan without first securing the Assistant Deputy Comptroller's written determination of no supervisory objection to that deviation or change, then, within fifteen (15) days of receiving notice from the Assistant Deputy Comptroller of such fact, the Bank's Board shall submit, at the option of the Bank; (i) a Remedial Action Plan; or (ii) a Contingency Plan, to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.
- (2) If the Bank elects to submit a Remedial Action Plan, such Plan shall detail the following as a minimum:

 - (a) The objective(s) that is/are to be reached by the Remedial Action Plan;
 - (b) The action(s) that the Bank will take under the Remedial Action Plan to reach the objective(s); and
 - (c) The date(s) by which the objective(s) will be met under the Remedial Action Plan.
- (3) Promptly upon being informed that the Assistant Deputy Comptroller does not take supervisory objection to the Bank's Remedial Action Plan, the Bank's Board shall ensure the Bank's implementation of and adherence to the Remedial Action Plan.

(4) If the Assistant Deputy Comptroller determines that (a) he objects to the Remedial Action Plan, and within fifteen (15) days the Bank is unable to amend the Plan or resolve the supervisory objections to the Assistant Deputy Comptroller's satisfaction; or (b) after the Bank's receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Remedial Action Plan, the Bank has failed to promptly implement the Remedial Action Plan, or that the Remedial Action Plan has failed to achieve its stated objectives within its stated timeframes, then, within thirty (30) days of receipt of that determination from the Assistant Deputy Comptroller the Bank's Board shall develop and submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a Contingency Plan.

(5) The Contingency Plan shall detail in writing the Bank Board's proposal to: (i) sell; (ii) merge; and/or (iii) liquidate the Bank's operations. In the event that the Contingency Plan submitted by the Bank's Board outlines a sale or merger of the Bank, the Contingency Plan, at a minimum, shall address the steps that will be taken to ensure that the sale or merger occurs not later than thirty (30) calendar days after the issuance of the Assistant Deputy Comptroller's written determination of supervisory non-objection and all necessary regulatory approvals. If the Contingency Plan outlines a liquidation of the Bank, the Contingency Plan shall detail the actions and steps necessary to accomplish the liquidation without loss or cost to the OCC, and the dates by which each step of the liquidation shall be completed, including the date by which the Bank will terminate its national bank charter.

(6) After the Assistant Deputy Comptroller has advised the Bank in writing that he does not take supervisory objection to the Contingency Plan, the Bank's Board shall

immediately implement, and shall thereafter ensure adherence to, the terms of the Contingency Plan.

ARTICLE VI

BOARD TO ENSURE COMPETENT MANAGEMENT

- (1) Within ninety (90) days, the Board shall ensure that the Bank has competent management in place on a full-time basis in its Senior Trust Officer position to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day trust administration function of the Bank in a safe and sound manner.
- (2) Within thirty (30) days, the Board shall identify and appoint an individual with demonstrated experience and skills in providing overall risk management to implement the Bank's risk management program. This individual shall report to the Board of Directors of the Bank and shall be independent of other Bank operations.
- (3) Within ninety (90) days, the Board shall review the capabilities of the Bank's management team to perform present and anticipated duties and the Board will determine whether management changes should be made, including the need for additions to or deletions from current management. At a minimum, the management team shall include the Chief Executive Officer, the Senior Trust Officer and those officers/positions responsible for Account Administration, Investment Administration, Operations, Sales/Marketing, Participant Oversight, Compliance, Audit, and Risk Management. Such review shall address the need for any changes to the organizational structure and reporting lines within the Bank as well as the span of control for each officer.

(4) For the incumbent officers comprising the management team mentioned in Paragraph (3) of this Article, the Board shall assess each of these officers' experience, other qualifications and performance compared to the position's description, duties and responsibilities.

(5) If the Board determines that an officer will continue in his/her position but that the officer's depth of skills needs improvement, the Board will within sixty (60) days develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program to improve the effectiveness and accountability of the 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 for review and 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 program.

(6) If a position mentioned in Paragraph (3) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in Paragraph (3) of this Article becomes vacant, the Board shall conduct a

search to fill the vacant position within sixty (60) days. This person shall be capable and shall be vested with sufficient executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility.

(7) The information required by this Article is in addition to that set forth in 12 C.F.R. § 5.51 requiring banks in troubled condition to provide prior notice of the proposed addition of any individual to the Board of Directors or the employment of any individual as a senior executive officer of the bank.

ARTICLE VII

RESTRICTIONS ON THE CREATION OR ESTABLISHMENT OF NEW PARTICIPANTS

(1) The Bank shall immediately cease and desist from further expansion under the current structure, which utilizes Subscription Agreements and Trust Services Agreements (the "contracts") to create new participant companies (referred to by the Bank as "divisions") as described in the ROE.

(2) Within ninety (90) days, the Board shall conduct a review of the current participant activity. This review shall include:

- (a) a complete review and assessment of the reputation, strategic, transaction, compliance, and overall financial risks associated with the participant relationship;
- (b) a legal analysis of all fiduciary and business aspects of each participant company relationship, including the ability of the Bank to legally operate in the state in which the participant is located and the legality of the Bank to serve as a successor trustee in such state;

- (c) a determination of all steps necessary to effectuate a transfer of trust assets in the event of termination of a participant contract;
 - (d) a review of the provisions for adequate management oversight, policies, procedures, and reporting processes covering all significant administrative, operational and investment activities involving the participant companies;
 - (e) a review of the appropriate control measures, including internal audit, compliance program, and the overall risk management function, that are in place to confirm that the participant companies are in compliance with all laws, regulations, policies, procedures, operating practices, and sound fiduciary principles.
- (3) The Bank shall develop policies to address deficiencies or procedures needed as a result of the review. A copy of the review and the policies shall be forwarded to the Assistant Deputy Comptroller for review and 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 policies.
- (4) Within sixty (60) days, the Board shall take action to renegotiate the participant contracts to allow the Bank to terminate the contracts on December 31 of each year upon thirty (30) days notice. The revised contracts shall be submitted to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection.
- (5) Within sixty (60) days, the Board shall take action to terminate the contract with Kanawha Investment and Trust Company (Kanawha) due to the significant self-dealing and conflict of interest transactions involving Kanawha that are described in the ROE.
- (6) Within five (5) days after the effective date of this Agreement, the Bank shall provide a copy of this Agreement to each participant company and take such measures as

are necessary to ensure that all policies, procedures and programs required by this Agreement are complied with by such participant companies.

(7) Future expansion of the Bank's activities shall be conducted in accordance with the provisions of a Strategic Plan acceptable to the Assistant Deputy Comptroller as described in Article IV.

ARTICLE VIII

INTERNAL AUDIT

(1) Within sixty (60) days, the Board, or an Audit Committee thereof, shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) evaluate the Bank's adherence to established policies and procedures; ensure adequate audit coverage in all areas and all Bank locations; establish an annual audit plan using a risk-based approach sufficient to achieve these objectives; and
- (d) provide audit coverage for the activities of the participant companies.

(2) As part of this audit program, the Board or Audit Committee shall evaluate the audit reports prepared by the internal audit staff and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

- (3) The Board or Audit Committee 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.
- (4) The Board or Audit Committee shall ensure that the audit function is supported by an adequate number of internal auditors who possess a reasonable level of prior audit experience, knowledge, and other qualifications that are consistent with the nature and complexity of the fiduciary activities and operations engaged in by the Bank.
- (5) The Board or Audit Committee shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board or Audit Committee thereof, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board or Audit Committee and not through any intervening party.
- (6) All audit reports shall be in writing. The Board or Audit Committee shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.
- (7) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller for review and 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 program.

ARTICLE IX

INFORMATION TECHNOLOGY AUDIT PROGRAM

- (1) Within ninety (90) days, the Board shall develop an effective and independent internal Information Technology (“IT”) audit program. At a minimum, the IT audit

program shall be performed by an independent and qualified individual, and include fundamental elements of a sound audit program as described in the Federal Financial Institutions Examination Council's Information Systems Examination Handbook.

(2) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review and 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 program.

ARTICLE X

RISK MANAGEMENT

(1) Within ninety (90) days, the Board shall develop a written risk management program to include, at a minimum, the following:

(a) identification of existing transaction, compliance, strategic, and reputation risks, and a written analysis of those risks;

(b) policies, procedures or standards which limit the degree of risk the Board is willing to incur, consistent with the Strategic Plan and the Bank's financial condition and level of capitalization. This includes analyzing and limiting the risks associated with any new lines of business or new fiduciary products and services.

The procedures shall ensure that strategic direction and risk tolerances are effectively communicated and followed throughout the Bank and should describe the actions to be taken where noncompliance with risk policies is identified; and,

(c) systems to measure and control risks within the Bank. Measurement systems should provide timely and accurate risk reports by customer, by department or division, and bankwide as appropriate.

The risk management program shall be consistent with the Bank Supervision Process booklet, EP-Sup, April 1996, and the Community Bank Supervision booklet, EP-CBS, July 2003, of the Comptroller's Handbook and shall be submitted to the Assistant Deputy Comptroller for review and 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 program.

(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 XI

FIDUCIARY COMPLIANCE PROGRAM

(1) Within sixty (60) days, the Board shall adopt a written fiduciary compliance program designed to ensure that the Bank is operating in compliance with all applicable laws, rules and regulations. This program shall include, but not be limited to:

- (a) a written description of the duties and responsibilities of the compliance officer;
- (b) adequate internal controls to ensure compliance with laws, rules, and regulations;
- (c) the preparation of a policies and procedures manual covering all laws, rules and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities;
- (d) annual updates of the written policies and procedures manual to ensure it remains current;

- (e) a testing program to verify compliance with laws, rules and regulations;
 - (f) procedures to ensure that exceptions noted through the testing program are corrected and responded to by appropriate Bank personnel;
 - (g) the education and training of all appropriate Bank personnel in the requirements of laws, rules and regulations applicable to the fiduciary activities in which the Bank is engaged; and
 - (h) periodic reporting of the results of the fiduciary compliance audit to the Board.
- (2) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review and 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 program.
- (3) 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 XII

VIOLATIONS OF LAW

- (1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination. The quarterly progress reports required by Article II of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures required in Paragraphs (2) and (3) shall be promptly forwarded to the Assistant Deputy Comptroller for review and 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 procedures.

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

ARTICLE XIII

CONFLICT OF INTEREST POLICY

- (1) Within thirty (30) days, the Board shall adopt a written, comprehensive conflict of interest policy applicable to the Bank's and the Bank's parent company directors, principal shareholders, executive officers, affiliates, and employees ("Insiders") and related interests of such Insiders. The policy, in addition to defining a conflict of interest, shall address:
 - (a) the avoidance of conflicts of interest and breaches of fiduciary duty, and the appearance of conflicts of interest;
 - (b) the disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure of "related interests" as defined by 12 C.F.R. Part 215;
 - (c) requirements for arms-length dealing in any transactions by Insiders, or their related interests, involving the Bank's sale, purchase, or rental of property and services;
 - (d) the disclosure of any Insider's material interest in the business of a customer of the Bank.
- (2) Upon adoption, a copy of this conflict of interest policy shall be forwarded to the Assistant Deputy Comptroller for review and 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 policy.
- (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 XIV

ACCOUNT ADMINISTRATION

- (1) Within sixty (60) days, the Board shall adopt written policies and procedures for proper account administration. The policies and procedures shall, at a minimum, address:
 - (a) the types of fiduciary accounts that the Bank is willing to accept and administer;
 - (b) the risks inherent in these account types and the controls necessary to mitigate these risks;
 - (c) the pre-acceptance review process to be followed for the approval and acceptance of an account, including the additional approvals necessary when an account will represent an exception to existing acceptance policy;
 - (d) the timely completion of a proper initial account review;
 - (e) the timely performance of annual account reviews comprised of sufficient scope and quality;
 - (f) implementation of effective management reports to monitor the completion of timely initial and annual account reviews and overall compliance with account administration policies and procedures.
- (2) Upon adoption, a copy of the written policy shall be forwarded to the Assistant Deputy Comptroller for review and 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 policy.

(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 XV

ASSET ADMINISTRATION

(1) Within sixty (60) days, the Board shall adopt written policies and procedures for proper asset administration. At a minimum, the policies and procedures shall provide for:

(a) guidance, control and oversight for the investment activities taking place in all of the Bank's divisions and locations;

(b) sound fiduciary investment standards for fixed income securities, including guidelines governing the selection and retention of these assets and a process to identify and monitor securities that are outside of these standards and guidelines; and

(c) a methodology applicable to the administration of closely held assets whereby current financial information is obtained, analyzed and used to update the current market value of these assets.

(2) Upon adoption, a copy of these policies and procedures shall be forwarded to the Assistant Deputy Comptroller for review and 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 policies and procedures.

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

ARTICLE XVI

REGULATORY REPORTS

- (1) Within thirty (30) days, the Board shall adopt policies and procedures, in accordance with the Instructions for Preparation of Consolidated Reports of Condition and Income, to ensure that all official and regulatory reports filed by the Bank accurately reflect the Bank's condition as of the date that such reports are submitted. Thereafter, the Board shall ensure Bank adherence to the policies and procedures adopted pursuant to this Article.
- (2) Upon adoption, the Board shall submit a copy of the policies and procedures to the Assistant Deputy Comptroller for review and 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 policies and procedures.
- (3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies developed pursuant to this Article.

ARTICLE XVII

DEFINITIONS

- (1) For purposes of this Agreement, the following terms shall have the below-described meanings:
 - (a) The term “Subscription Agreement” shall mean an agreement between Argent Financial Group, Inc. (AFGI), the Parent Company of the Bank, and a participant company whereby a participant company agrees to purchase 100 shares

of non-voting preferred stock of AFGI in order to enter into a Trust Services agreement with the Bank.

(b) The term “Trust Services Agreement” shall mean an agreement between the Bank and a participant company under which the Bank agrees to serve, for a fee, as fiduciary of the participant company’s accounts, to provide administrative services to the participant company, to lease employees of the participant company to perform services under the Bank’s direction, and to serve as investment manager for accounts originated by the participant company.

(c) The term “Liquid Assets” shall include only: (i) cash deposits; (ii) any investment securities listed in 12 C.F.R. § 1.2 to which the OCC has no prior supervisory objection, which securities shall be valued at the lower of their costs(s) or market value(s); (iii) deposits at insured depository institutions; (iv) fees receivable from clients of the Bank; and (v) such other assets to which the OCC has taken no prior supervisory objection. The term Liquid Assets shall not include encumbered or pledged assets by lien, right of set off, preference or otherwise; nor any other asset pledged as security in any financial transaction with the Bank or any subsidiary, affiliate, related party, or institution-affiliated party of the Bank.

(d) The term “affiliate” shall be defined as set forth in 12 U.S.C. § 371c(b)(1).

ARTICLE XVIII

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Bank determines that an exception to any provision of this Agreement is in the best interests of the Bank, or requires an extension of any timeframe within this

Agreement, the Board shall submit a written request to the Assistant Deputy Comptroller asking for relief.

(2) 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 any provision, that require the Assistant Deputy Comptroller to exempt the Bank from any provision, or that require an extension of any timeframe within this Agreement. All such requests shall be accompanied by relevant supporting documentation.

(3) The Assistant Deputy Comptroller's decision in granting the request is final and not subject to further review.

ARTICLE XIX

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review and prior 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.

(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 its 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 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 its 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/her hand on behalf of the Comptroller.

/s/ James F. DeVane, Jr.
James F. DeVane, Jr.
Assistant Deputy Comptroller
Houston East Field Office

5/3/04
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.

Signed	5/3/04
_____ Stuart B. Allen	_____ Date
Signed	5/3/04
_____ Kyle R. Boyd	_____ Date
Signed	5/3/04
_____ Will Carter	_____ Date
Signed	5/3/04
_____ D. Kyle McDonald	_____ Date
Signed	5-3-04
_____ Lucius D. McGehee	_____ Date
Signed	05-03-04
_____ Frank Oldham	_____ Date
Signed	5/3/04
_____ Jack S. Rome, Jr.	_____ Date
Signed	5-3-04
_____ Justin D. Stets	_____ Date
Signed	5/3/04
_____ John R. Williams	_____ Date