

#2012-107

Also Terminates #2011-005

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

In the Matter of:)
One Bank & Trust, N.A.)
Little Rock, Arkansas)

AA-EC-12-58

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over One Bank & Trust, N.A., 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 May 23, 2012, that is accepted by the Comptroller through his duly authorized representative; 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 that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Order, the Board shall appoint and maintain an active Compliance Committee of at least three (3) directors of which at least two (2) shall not be employees, former employees, or controlling shareholders of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be immediately

submitted in writing to the Director of 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 the date of this Order, and every thirty (30) days thereafter or within such other time period as the Director requires in writing, 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 timeframes 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 report, with any additional comments by the Board, to the Director within ten (10) days of receiving such report.

ARTICLE II

STRATEGIC PLAN

(1) Within sixty (60) days of the date of this Order, the Board shall revise and forward to the Director for his review, pursuant to paragraph (3) of this Article, a written Strategic Plan for the Bank that is acceptable to the Director, covering at least a three-year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;

- (b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;
- (c) an assessment of the Bank's strengths, weaknesses, opportunities and threats that impact strategic goals and objectives;
- (d) an identification and prioritization of initiatives and opportunities, including timeframes that take into account the requirements of this Order;
- (e) a description of the Bank's targeted market(s) and competitive factors in its identified target market(s) and a description of control systems to mitigate risks in the Bank's markets;
- (f) an assessment of the present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (g) assigned responsibilities and accountability for the strategic planning process; and;
- (h) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) If the Board's Strategic Plan under paragraph (1) of this Article includes a proposed sale or merger of the Bank, the Strategic Plan shall, at a minimum, address the steps that will be taken and the associated timeline to effectuate the implementation of that alternative.

(3) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments or revisions, shall be submitted to the Director for review and prior written determination of no supervisory objection. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank,

subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Strategic Plan.

(4) The Bank may not initiate any action that deviates significantly from the Strategic Plan (that has received a supervisory no-objection from the Director and that has been adopted by the Board) without a written determination of no supervisory objection from the Director. The Board must 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. 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, products and services, 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.

(5) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Strategic 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 its evaluation, the Board shall submit a copy to the Director.

(6) The Board shall review and update the Strategic Plan at least annually and more frequently if necessary or if requested by the Director in writing.

(7) Until the Strategic Plan required under this Article has been submitted by the Bank for the Director's review, has received a written determination of no supervisory objection from the Director, and is being implemented by the Bank, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed before this Consent Order without first obtaining the Director's prior written determination of no supervisory objection to such significant deviation. Any request to the Director for prior written determination of no supervisory objections to a significant deviation must be submitted to the Director at least 30 days in advance of the significant deviation, 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.

ARTICLE III

CAPITAL PLAN

(1) The Bank shall continue to meet and maintain the following minimum capital ratios (as defined in 12 C.F.R. Part 3):

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

(2) 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).

(3) Within ninety (90) days of the date of this Order, the Board shall forward to the Director for his review, pursuant to paragraph five (5) of this Article, a written Capital Plan for the Bank, consistent with the Strategic Plan pursuant to Article II, covering at least a three-year period. The Capital Plan shall include:

- a) specific plans for the maintenance of adequate capital, which may in no event be less than the requirements of 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;

¹ Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total assets figure required to be computed for and stated in a bank's most recent quarterly Consolidated Report of Condition and Income minus end-of-quarter intangible assets, deferred tax assets, and credit-enhancing interest-only strips, that are deducted from Tier 1 capital, and minus nonfinancial equity investments for which a Tier 1 capital deduction is required pursuant to section 2(c)(5) of appendix A of 12 C.F.R. § Part 3.

- (c) a description of the assumptions used to determine financial projections and growth targets;
 - (d) projections of the sources and timing of additional capital to meet the Bank's future needs, as set forth in the Strategic Plan;
 - (e) identification of the primary sources from which the Bank will strengthen and maintain an appropriate capital structure to meet the Bank's future needs, as set forth in the Strategic Plan;
 - (f) specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order and the restrictions against brokered deposits in 12 C.F.R. § 337.6; and
 - (g) contingency plans that identify alternative methods to strengthen capital should the primary source(s) under paragraph (3)(e) of this Article not be available.
- (4) 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 declaration or payment of any dividend;
 - (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60;
 - (c) when the Bank is in compliance with the minimum capital ratios set forth in paragraph (1) of this article; and
 - (d) with the prior written determination of no supervisory objection by the Director.
- (5) Prior to adoption by the Board, a copy of the Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. The Board shall review and update the Bank's Capital Plan at least annually and more frequently if necessary or if requested by the Director in writing. Revisions to the Bank's Capital Plan shall be submitted to

the Director for a prior written determination of no supervisory objection. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, 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 amendments or revisions thereto.

(6) 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.

(7) 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.

(8) If the Bank fails to maintain the capital ratios required by paragraph (1) of this Article, violates paragraphs (3), or fails to implement a Capital Plan to which the Director has provided a written no supervisory objection, then the Bank may, in the Director's sole discretion, be deemed 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 national banks. 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 to the minimum ratios 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

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within one hundred and twenty (120) days of the date of this Order, the Board shall adopt and take the necessary steps to implement corporate governance and decision-making processes to correct the Bank's deficiencies in management leadership and Board oversight as described in the most recent Report of Examination ("ROE). At a minimum, the Board shall ensure and document the following:

- (a) executive officers are capable of performing present and anticipated duties, factoring in each officer's past actual performance, experience, and qualifications, compared to their position description, duties and responsibilities, with particular emphasis on their proposed responsibilities to execute the Strategic Plan and correct the concerns raised in the ROE;
- (b) clear lines of responsibility and authority for each member of senior management, including but not limited to, the Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, Chief Credit Officer, and Chief Financial Officer;
- (c) a management employment and succession program to promote the retention and continuity of capable management;
- (d) 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;
- (e) a process to evaluate, at least annually, the Bank's overall internal operations,

staffing, Board and management oversight and information systems, policies, procedures and other risk management systems with time sensitive strategies to address any deficiencies;

- (f) a process exists to ensure that management appropriately responds to any audit or compliance or regulatory criticisms;
- (g) that the Board receives and reviews sufficient Bank information from management (including scope, frequency and content) on the operation of the Bank and compliance with this Order to enable them to provide oversight and fulfill their fiduciary duties and other responsibilities under law and as outlined in the OCC's The Directors Handbook and Duties and Responsibilities of Directors (Section 501 of the *Comptroller's Handbook*).

(2) The Board shall establish, at least annually, the objectives by which executive officers' effectiveness will be measured.

(3) The Board shall perform and prepare an annual written performance appraisal for each Bank executive officer that evaluates performance according to the position's description and responsibilities, adherence to the Strategic Plan, objectives established by the Board and the effectiveness of developing and successfully implementing action plans to remedy issues raised in Reports of Examination or audit reports. Upon completion and at the request of the Director, copies of the performance appraisal shall be submitted to the Director. The Board shall ensure that the Bank addresses any identified deficiencies in a manner consistent with paragraph (1) of this Article.

ARTICLE V

LOAN PORTFOLIO MANAGEMENT

- (1) Within sixty (60) days of the date of this Order, the Board shall revise the Bank's

credit policy, consistent with the Loan Portfolio Management booklet of the *Controller's Handbook*, to improve the Bank's loan portfolio management. At a minimum, the credit policy should be revised to address retail lending underwriting, troubled debt restructurings ("TDRs"), approvals and reporting of TDRs, rebooking of charged off loans, amortization periods for loans secured by land and rental properties, supervisory loan-to-value identification and reporting (Real Estate Lending Regulation, 12 C.F.R. 34, Subpart D, Appendix A) and any other deficiencies in the Bank's lending procedures noted in the most recent Report of Examination ("ROE").

(2) The Board shall ensure that all Bank lenders or any other personnel performing credit analyses are adequately trained in cash flow analysis, particularly analysis using information on a global cash flow basis, evaluation of contingent liabilities, and verification of liquidity, and that processes are in place to ensure that additional training is provided as needed.

(3) The Board shall ensure that the Bank has adequate Management Information Systems ("MIS"), including adequate and accurate loan policy exception and concentration of credit reports, to ensure that the Board and management are provided timely, accurate, consistent, complete and relevant information necessary to manage effectively the Bank's loan portfolio.

ARTICLE VI

PROBLEM ASSET MANAGEMENT

(1) Within sixty (60) days of the date 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 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 five hundred thousand dollars (\$500,000) 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 are 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 VII

CREDIT AND COLLATERAL EXCEPTIONS

(1) Except as otherwise provided herein, the Bank shall obtain current and complete credit information on all loans lacking such information, including those listed in the most recent ROE (within sixty (60) days from the effective date of this Order), in any subsequent ROE (within sixty (60) days from the issuance of such ROE), in any internal or external loan review (within sixty (60) days from the completion of such review), or in any listings of loans lacking such information provided to management by the National Bank Examiners (within sixty (60) days from receipt of such listing). The Bank shall maintain a list of any credit exceptions that have not been corrected within the timeframe discussed above. This list shall include an explanation of the actions taken to correct the exception, the reasons why the exception has not yet been corrected, and a plan to correct the exception.

(2) Except as otherwise provided herein, the Bank shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the most recent ROE (within sixty (60) days from the effective date of this Order), in any subsequent ROE (within sixty (60) days from the issuance of such ROE), in any internal or external loan review (within sixty (60) days from the completion of such review), or in any listings of loans lacking such information provided to management by the National Bank Examiners (within sixty (60) days from the receipt of such listing). The Bank shall maintain a list of any collateral exceptions that have not been corrected within the timeframe discussed above. This list shall include an explanation of the actions taken to correct the exception, the reasons why the exception has not yet been corrected, and a plan to correct the exception.

ARTICLE VIII

APPRAISAL AND EVALUATION PROCESS

(1) Within sixty (60) days of the date of this Order, the Board shall revise, adopt, and the Bank (subject to Board review and ongoing monitoring), shall implement and thereafter ensure adherence to a revised real estate appraisal program. The revised program shall be consistent with 12 C.F.R. Part 34 and applicable regulatory guidance, including the Interagency Appraisal and Evaluation Guidelines, OCC 2010-42, dated December 10, 2010, and the “Commercial Real Estate and Construction Lending” booklet of the *Comptroller’s Handbook*. At a minimum, the real estate appraisal program shall incorporate specific guidelines that:

- (a) provide for the independence and qualifications of the person ordering, performing, and reviewing appraisals or evaluations;
- (b) establish selection criteria and procedures to evaluate and monitor the ongoing performance of appraisers and persons who perform evaluations;
- (c) ensure that appraisals and evaluations contain sufficient information to support the credit decision;
- (d) maintain criteria for the content and appropriate use of evaluations consistent with safe and sound banking practices;
- (e) provide for the receipt and review of the appraisal or evaluation report in a timely manner to facilitate the credit decision;
- (f) develop criteria to assess whether an existing appraisal or evaluation may be used to support a subsequent transaction;
- (g) implement internal controls that promote compliance with these program standards, including those related to monitoring third party arrangements;
- (h) establish criteria for collateral valuation monitoring; and

- (i) establish criteria for obtaining appraisals or evaluations for transactions that are not otherwise covered by the appraisal requirements of 12 C.F.R. § 34.
- (2) Upon adoption, a copy of the program shall be forwarded to the Director.

ARTICLE IX

LOAN REVIEW

(1) Within forty-five (45) days of the date of this Order, the Board shall revise, adopt, and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to an effective, independent, and on-going loan review system to review, at least quarterly, the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits. The system shall provide for a quarterly written report to be filed with the Board or a designated committee after each review and shall use a loan and lease grading system consistent with the guidelines set forth in "Rating Credit Risk" and "Allowance for Loan and Lease Losses" booklets of the *Comptroller's Handbook*. Further, the loan review system will be consistent with generally accepted accounting principles ("GAAP"). Such reports shall include, at a minimum, conclusions regarding:

- (a) the overall quality of the loan and lease portfolios;
- (b) the identification, type, rating, and amount of problem loans and leases;
- (c) the identification and amount of delinquent and nonaccrual loans and leases;
- (d) credit underwriting and documentation exceptions;
- (e) the identification and status of credit related violations of law, rule, or regulation;
- (f) credit analysis and documentation of such analysis;
- (g) accuracy of internal risk ratings;
- (h) completeness and effectiveness of problem loan workout plans;

- (i) the accuracy of the Bank's recognition of troubled debt restructurings;
- (j) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank;
- (k) loans and other extensions of credit that are exceptions to or not in conformance with the Bank's lending policies and procedures;
- (l) identify of the loan officer who originated each loan reported in accordance with subparagraphs (a) through (k) of this Article;
- (m) overall credit administration practices;
- (n) concentrations of credit;
- (o) the accuracy of specific allocations to the Allowance for Loan and Lease Losses ("Allowance") and the Allowance methodology; and
- (p) an evaluation of the Bank's efforts to manage and account for its Other Real Estate Owned in accordance with generally accepted accounting principles ("GAAP").

(2) The Board shall evaluate the loan review written report(s) and shall ensure that immediate, adequate, and continuing remedial action is taken to correct any deficiencies noted in the report(s).

ARTICLE X

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 XI

OTHER REAL ESTATE OWNED - ACTION PLANS

(1) Within sixty (60) days of the date of this Order, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall ensure adherence to a program to ensure that Other Real Estate Owned (“OREO”) is managed in accordance with 12 U.S.C. § 29 and 12 C.F.R. Part 34 and the Other Real Estate Owned booklet of the *Comptroller’s Handbook*. The program shall, at a minimum, address and incorporate the following:

- (a) clear and centralized responsibility and authority for OREO properties;
- (b) accounting procedures for OREO properties in accordance with GAAP and the instructions to the Consolidated Report of Condition;
- (c) procedures to require timely appraisals pursuant to 12 C.F.R. § 34.85 and 12 C.F.R. Part 34, Subpart C;
- (d) diligent sales efforts;
- (e) the creation of a file for each OREO property containing at a minimum all the information addressed in this Article;
- (f) reporting systems; and
- (g) the preparation of quarterly action plans that provide the Board with the status of each OREO property that at a minimum address (a)-(d) of this Article.

ARTICLE XII

AUDIT

(1) Within sixty (60) days of the date of this Order, the Board shall appoint and maintain an Audit Committee of which at least a majority of the members shall not be employees 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. The current audit charter shall be revised to accurately set forth the objectives, authorities, responsibilities, and organization of the Audit Committee.

(2) Within sixty (60) days of the date of this Order, the Board shall adopt, implement,

and thereafter ensure Bank adherence to an independent, internal audit program sufficient to:

- (a) detect irregularities and weak practices in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (d) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards and problem loan identification and classification;
- (e) adequately cover Bank activities to maintain or improve the efficiency and effectiveness of a bank's risk management, internal controls, and corporate governance functions;
- (f) ensure timely follow-up on identified deficiencies to ensure their correction; and
- (g) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(3) Within ninety (90) days of the date of this Order, the Bank shall retain the services of a qualified and independent Certified Public Accountant to render an opinion on the Bank's December 31, 2012, Statement of Condition ("Balance Sheet") and its Income Statement for year 2012 and for each subsequent year-end Statement of Condition and Income Statement during the term of this Order.

(4) The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and maintain a written record describing the deficiency, the projected corrective action, and the status of the corrective action. The Board shall ensure that

management provides detailed explanations in those circumstances, if any, where the deficiencies cannot be remedied, and that the audit staff maintain a written record describing those actions. The Board shall provide for a timely independent written follow-up for any unremedied deficiencies.

ARTICLE XIII

LIQUIDITY RISK MANAGEMENT PROGRAM

(1) Within thirty (30) days of the date of this order, the Board or a designated committee shall revise and implement a written Wholesale Funding Plan (“Plan”) to ensure that the Bank makes prudent use of wholesale funding sources.

(2) The Plan shall set limits for the Bank’s use of wholesale funding sources based upon its anticipated liquidity and funding needs. The Plan shall include all wholesale funding sources currently utilized or contemplated to be utilized by this Bank, including, but not be limited to appropriate limits for Federal Home Loan Bank Funding.

Within thirty (30) days, the Board shall review, revise, and thereafter ensure adherence to a Contingency Funding Plan (“CFP”) that is reasonable and effective in ensuring that the Bank will continue to operate with adequate liquidity in the event of extraordinary demands against its funding base. At a minimum, the CFP shall be consistent with the guidance outlined in the Liquidity booklet of the *Comptroller’s Handbook*.

ARTICLE XIV

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule, or regulation cited in the most recent ROE, any subsequent ROE, or brought to the Board’s or Bank’s attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within ninety (90) days after the violation is

cited or brought to the Board's or appropriate committee's attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified time.

(2) Within sixty (60) days of the date of this Order and thereafter within receipt of an ROE, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to:

- (a) specific procedures to prevent violations as cited in the most recent ROE and future ROEs; and
- (b) general procedures addressing compliance management that incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

ARTICLE XV

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 XVI

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) 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.

(6) 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.

(7) 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 7-4
Washington, DC 20219

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

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.

(8) The OCC and the Bank entered into a Formal Agreement dated January 20, 2011 ("Formal Agreement"). This Order replaces the Formal Agreement in its entirety and, therefore, the Formal Agreement is hereby terminated.

IT IS SO ORDERED, this 23rd day of May, 2012.

/s/

James R. Moore
Director
Special Supervision Division

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

In the Matter of:)
One Bank & Trust, National Association)
Little Rock, Arkansas)

AA-EC-12-58

**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 One Bank & Trust, National Association, 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, violations of law and regulation and for the failure to comply with the Formal Agreement dated January 20, 2011;

WHEREAS, the Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated May 23, 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/

May 23, 2012

James R. Moore
Director
Special Supervision Division

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/
Paul Berry

5/21/12
Date

/s/
James Pappas

5/21/12
Date

/s/
Gary Rickenbach

5/21/12
Date

/s/
Layton Stuart

5/21/12
Date

/s/
Tom Whitehead

5/21/12
Date