FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.
and
MISSISSIPPI DEPARTMENT OF BANKING AND CONSUMER FINANCE
JACKSON, MISSISSIPPI

In the Matter of RICHTON BANK & TRUST COMPANY RICHTON, MISSISSIPPI (Insured State Nonmember Bank)	ORDER TO CEASE AND DESIST FDIC 06-158b

Richton Bank & Trust Company, Richton, Mississippi ("Bank"), through its board of directors, having been advised of its right to the issuance and service of a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b) and Title 81, Chapter 1 of the Mississippi Code, Miss. Code Ann. § 81-1-125, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC") and a representative of the MISSISSIPPI DEPARTMENT OF BANKING AND CONSUMER FINANCE ("State") dated February 23, 2007, whereby, solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST

("ORDER") by the FDIC and the State.

The FDIC and the State considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC and the State, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS ORDERED, that the Bank, institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), of the Bank and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of laws and/or regulations:

(a) Operating the Bank with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

(b) Operating the Bank without adequate supervision and direction by the Bank's board of directors over the management of the Bank to prevent unsafe and unsound banking practices and violations of laws or regulations.

(c) Operating the Bank with an inadequate level of capital protection for the kind and quality of assets held by the Bank.

(d) Operating the Bank with inadequate earnings to fund growth and augment capital.

(e) Operating the Bank with an excessive level of adversely classified assets.

(f) Operating the bank with an inadequate allowance for loan and lease losses for the volume, kind, and quality of loans and leases held.

(g) Engaging in hazardous lending with ineffective and/or lax collection practices, including, but not limited to:

1. Renewing or extending credit without adequate and appropriate supporting documentation.

2. Failing to obtain proper loan documentation.

3. Failing to obtain adequate collateral.

4. Failing to establish and monitor collateral margins for secured loans.

5. Failing to establish and enforce adequate loan repayment programs.

6. Failing to obtain current and complete financial information.

7. Failing to adhere to prudent loan administration practices.

(h) Operating the Bank in contravention of sound written loan policies and procedures.

(i) Failing to accurately reflect the condition of the Bank in Consolidated Reports of Condition and Income.

(j) Operating the Bank in violation of applicable Federal and State laws and regulations.

(k) Operating the Bank with inadequate internal review policies or procedures or internal routines and controls.

(l) Operating the Bank with an inadequate audit program.

(m) Operating the Bank without adequate liquidity or proper regard for funds management in consideration of the Bank’s asset and liability mix.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties and its successors and assigns take affirmative action as follows:

1. (a) Within 90 days after the effective date of this ORDER, the Bank shall perform, or cause to be performed, a written analysis and assessment of the Bank's management and staffing needs for the purpose of providing qualified management for the Bank ("Management Plan"). Recognizing the importance of the Bank Secrecy Act, the Bank will continue its efforts to ensure full compliance with its requirements and not reduce the level of Bank resources dedicated to its compliance.

(b) The Bank shall provide the Regional Director and the Commissioner with a copy of the proposed procedures for management analysis and assessment, or engagement letter and contract with the consultant, for review and comment before it is executed or implemented. The procedures or the contract and engagement letter, at a minimum, should include:

(i) A description of the work to be performed;

(ii) The responsibilities of the parties performing said duties;

(iii) An identification of the professional standards covering the work to be performed;

(iv) The identification of the specific procedures to be used when carrying out the work to be performed;

(v) The qualifications of the employee(s) who are to perform the work;

(vi) The time frame for completion of the work;

(vii) Any restrictions on the use of the reported findings; and

(viii) A provision for unrestricted examiner access to workpapers.

(c) The Management Plan shall include, at a minimum:

(i) The identification of both the type and number of officer positions needed to properly manage and supervise the affairs of the Bank;

(ii) The identification and establishment of Bank committees needed to provide guidance and oversight to active management;

(iii) An evaluation of all Bank officers to determine whether these individuals possess the ability, experience, and other qualifications required to perform present and anticipated duties, including adherence to the Bank’s revised policies and practices, and restoration and maintenance of the Bank in a safe and sound condition;

(iv) A detailed analysis of each officer’s strengths and weaknesses, as applicable to his/her position, and a plan of action to improve the performance of each officer in his or her position. Action may include hiring new employees, training, reallocation of personnel, redistribution of duties, etc; and

(v) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience, and other qualifications to fill those officer positions identified in the Management Plan.

(d) The Management Plan shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion. Within 30 days after the receipt of any comments from the Regional Director and the Commissioner, and after the adoption of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the board of directors’ meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and any subsequent modification.

2. (a) Within 90 days after the effective date of this ORDER, the Bank shall have and retain qualified management. At a minimum, such management shall include: (i) a chief executive officer with a demonstrated ability in managing a bank of comparable size; and (ii) a senior lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio and with prior experience in upgrading a low quality loan portfolio. The management positions described in this paragraph may be held by the same individual. Such person(s) shall be provided the necessary written authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

(ii) Operate the Bank in a safe and sound manner;

(iii) Comply with applicable laws and regulations; and,

(iv) Restore all aspects of the Bank's operations to a safe and sound condition, including asset quality, capital adequacy, earnings, and management effectiveness.

(b) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in any of the Bank's directors or Senior Executive Officers. For purposes of this ORDER, "Senior Executive Officer" is defined as in Section 303.101(b) of the FDIC Rules and

Regulations, 12 C.F.R. § 303.101(b). Prior to the addition of any individual to the Bank's board of directors or the employment of any individual as a Senior Executive Officer, the Bank shall comply with the requirements of Section 32 of the Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100 - 303.103.

3. (a) Within 90 days after the effective date of this ORDER, the Bank shall add one (1) Independent Director to its board of directors. Within 180 days after the effective date of this ORDER, the Bank shall have a board of directors comprised of a majority of Independent Directors. For purposes of this ORDER, a person who is an Independent Director shall be any individual: (a) who is not an officer of the Bank, any subsidiary of the Bank, or any of its affiliated organizations; (b) who does not own more than five percent of the outstanding shares of the Bank; (c) who is not related by blood or marriage to an officer or director of the Bank or to any shareholder owning more than five percent of the Bank's outstanding shares, and who does not otherwise share a common financial interest with such officer, director, or shareholder; and (d) who is not indebted to the Bank directly or indirectly by blood, marriage or common financial interest, including the indebtedness of any entity in which the individual has a substantial financial interest in an amount exceeding five percent of the Bank's total Tier 1 Capital and Allowance for Loan and Lease Losses; or (e) who is deemed to be an Independent Director for purposes of this ORDER by the Regional Director and the Commissioner. The addition of any new

Bank directors required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's bylaws, by means of appointment or election at a regular or special meeting of the Bank's shareholders.

4. (a) Within 30 days after the effective date of this ORDER, and for so long thereafter as this ORDER is outstanding, the Bank shall achieve and maintain Tier 1 Capital equal to or greater than seven and one-half percent (7.5%) of its average Total Assets after establishing an Allowance for Loan and Lease Losses as required herein.

(b) If such ratio is less than seven and one-half percent (7.5%) as determined at an examination by the FDIC or the State, or if such ratio is less than seven and one-half percent (7.5%) upon the filing of quarterly Reports of Condition and Income, the Bank shall, within 60 days thereafter, present to the Regional Director and the Commissioner for review and comment a plan to increase the Tier 1 Capital of the Bank or to take other measures to bring the ratio to seven and one-half percent (7.5%). After incorporating any regulatory comments, the Bank's board of directors shall adopt the plan and immediately initiate measures detailed in the plan to increase its Tier 1 Capital by an amount sufficient to bring the ratio to seven and one-half percent (7.5%) within 60 days after the receipt of any regulatory comments. Such increase in Tier 1 Capital, and any increase in Tier 1 Capital necessary to meet the ratio required by this ORDER, may be accomplished by:

(i) The sale of securities in the form of common stock;

(ii) The direct contribution of cash subsequent to the effective date of this Order by the directors and/or shareholders of the Bank or by the Bank's holding company;

(iii) Subsequent to the effective date of this Order, receipt of an income tax refund or the capitalization of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

(iv) Any other method approved by the Regional Director and the Commissioner.

(c) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's board of directors shall adopt and implement a plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan, and in any event not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and

Securities Disclosure Section, Washington, D. C. 20429, for review. Any changes requested to be made in the plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Commissioner for prior approval.

(d) In complying with the provisions of this ORDER and until such time as any such public offering is terminated, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or other change which is materially different from the information reflected in any offering materials used in connection with the sale of the Bank's securities. The written notice required by this paragraph shall be furnished within 10 days after the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber who received or was tendered the information contained in the Bank's original offering materials.

(e) In addition to the requirements of subparagraphs (a) and (b) of this paragraph, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, App. A.

(f) For the purposes of this ORDER, the terms “Allowance for Loan and Lease Losses”, “Tier 1 Capital”, and “Total Assets” shall be as defined in Part 325 of the FDIC's Rules and Regulations, respectively Sections 325.2(a), (v), and (x), 12 C.F.R. §§ 325.2(a), (v), and (x). "Average Total Assets" shall be calculated according to the methodology set forth in the Report of Examination.

5. (a) Within 30 days after the effective date of this ORDER, the Bank shall contract for an extensive, independent loan review by a company or individual acceptable to the Regional Director and the Commissioner. At a minimum, such loan review shall consider all weaknesses identified at the March 20, 2006, joint examination of the Bank ("March 20, 2006, Examination"). Within 10 days after receipt of the completed loan review, the Bank shall provide a copy of the loan review to the Regional Director and the Commissioner.

(b) Within 90 days after the effective date of this ORDER, and annually thereafter, the Bank's board of directors shall review the Bank's loan policy and procedures for effectiveness and, based upon this review, make all necessary revisions to the policy to strengthen the Bank's lending procedures and abate additional loan deterioration. The revised written loan policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(c) The initial revisions to the Bank's loan policy required by this paragraph shall, at a minimum, include provisions:

(i) Designating the Bank's normal trade area;

(ii) Establishing review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;

(iii) Requiring that all extensions of original credit and all renewals, modifications, extensions, or consolidations of existing credit by the Bank be supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a defined and stated purpose; and have a predetermined and realistic repayment source and schedule. Credit information and collateral documentation shall include a fully completed loan application, current financial information, profit and loss statements or copies of tax returns, cash flow projections, and collateral evaluations (real estate and chattels), including the original and all subsequent evaluations; such documentation shall be maintained in the credit file throughout the term of the loan;

(iv) Requiring that extensions of credit retain their original loan number from the date of origination until paid in full, provided that, if two or more extensions of credit are consolidated, the surviving extension of credit shall retain the account number of the earliest extension of credit included in the consolidation;

(v) Establishing procedures for the performance of cash flow analysis by loan officers prior to funding;

(vi) Requiring loan committee review and monitoring of the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" in the March 20, 2006, Report;

(vii) Requiring the strengthening of the Bank's internal loan grading system and internal loan watch list;

(viii) Prohibiting the capitalization of interest or loan-related expenses unless the Loan Review Committee formally approves such extensions of credit as being in the best interest of the Bank and provides detailed written support of its position in the committee minutes;

(ix) Prohibiting new extensions of credit, including overdrafts, or advancing additional funds on existing lines of credit for the purpose of paying principal or interest on existing extensions of credit;

(x) Requiring nonaccrual guidelines in accordance with the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income;

(xi) Requiring accurate reporting of past due loans to the Bank's board of directors on at least a monthly basis;

(xii) Establishing standards for extending unsecured credit;

(xiii) Incorporating collateral valuation requirements, including: (a) maximum loan-to-value limitations; (b) a requirement that the valuation be completed prior to a commitment to lend funds; (c) a requirement for periodic updating of valuations; and (d) a requirement that the source of valuations be documented in Bank records;

(xiv) Establishing procedures for the disbursement of loan proceeds where such proceeds are used for the purchase of collateral, for construction, or for home improvements; with respect to construction or home improvement loans, requiring periodic inspections of construction phases before disbursement of additional construction loan proceeds;

(xv) Establishing standards for initiating collection efforts;

(xvi) Establishing guidelines for timely recognition of loss through charge-off;

(xvii) Establishing loan officer lending limits and limitations on the aggregate level of credit to any one borrower which can be granted without the prior approval of the Executive Loan Committee or the Loan Review Committee; individual loan officer lending limits shall not be combined to allow approval of loans exceeding one individual loan officer's lending authority;

(xviii) Prohibiting the payment of any Non Sufficient Funds ("NSF") checks that would result in an overdraft in excess of $1,000 without the prior written approval of the Bank's Senior Credit Officer and one other senior Bank officer, and imposing limitations on the use of the Bank's Cash Items account; and

(xix) Establishing review and monitoring procedures to ensure compliance with FDIC's regulations on appraisals, 12 C.F.R. Part 323, and real estate lending standards and guidelines, 12 C.F.R. Part 365 and Appendix A to Part 365.

(d) The Bank shall submit the revised loan policy to the Regional Director and the Commissioner for review and comment. After incorporating any regulatory comments, the Bank's board of directors shall adopt the revised loan policy.

6. (a) Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a Loan Review Committee to monitor the Bank's loan review activities to ensure accurate and timely loan grading, as well as the identification and reporting of loan policy exceptions. The Loan Review Committee will review the external loan review reports, internal loan review reports, past due loan reports, nonaccrual loan reports, the watch list, and other management reports to ensure an accurate assessment of the quality of the loan portfolio. The Loan Review Committee will report its findings to the board of directors.

(b) The Loan Review Committee shall be comprised of at least two (2) Independent Directors, as defined in paragraph 2 above, the Senior Credit Officer, and the Collections Officer.

(c) In addition, the Loan Review Committee shall review a list of loan approvals, renewals, modifications, extensions, and release or substitution of collateral on loans of

$25,000 or greater and a sampling of loans below that amount. The Loan Review Committee shall maintain minutes of its meetings, which shall include the list of loans reviewed, together with a list of adversely rated credits identified (to include loan grade) and a list of any exceptions to policy identified. Any recommendations by the committee regarding such credits should also be included. The requirements of this paragraph shall not require the Loan Review Committee to review monthly amortizing loans up for renewal that are in compliance with loan policy guidelines after full collection, in cash, of interest due from the borrower.

7. (a) Within 30 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, (1) eliminate from its books by charge-off or collection, or (2) fully reserve in the Allowance for Loan and Lease Losses for any asset that is making all contractually required payments, all assets or portions of assets classified Loss by the FDIC or the State at the March 20, 2006, examination of the Bank. The Bank shall not rebook such loans without the prior written consent of the Regional Director and the Commissioner. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purpose of this paragraph.

(b) Within 90 days after the effective date of this ORDER, the Bank shall submit a written plan to the Regional Director and the Commissioner to reduce the remaining assets classified Doubtful and Substandard at the March 20, 2006, Examination of the Bank. With respect to any such assets in excess of $30,000, the plan shall address each asset so classified and provide the following:

(i) The name under which the asset is carried on the books of the Bank;

(ii) The type of asset;

(iii) Actions to be taken in order to reduce the classified asset; and

(iv) Time frames for accomplishing the proposed actions.

The plan shall encompass, at a minimum:

(i) A review of the financial position of each adversely classified borrower, including the source of repayment, repayment ability, and alternate repayment sources; and,

(ii) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

(c) The plan shall be formulated so that within 180 days after the effective date of this ORDER, the Bank shall achieve a reduction in the volume of the adversely classified assets identified at the March 20, 2006, Examination of the Bank, to a level not to exceed 40 percent of Tier 1 Capital plus the Allowance for Loan and Lease Losses. The plan may include a provision for increasing capital where necessary to achieve the prescribed ratio.

(d) The Bank shall present the plan to the Regional Director and the Commissioner for review and comment. After incorporating any regulatory comments, the plan shall be adopted and implemented by the Bank's board of directors within 30 days of the receipt of any regulatory comments.

(e) For purposes of the plan, the reduction of the level of adversely classified assets identified at the March 20, 2006, Examination of the Bank to a specified percentage of Tier 1 Capital plus the Allowance for Loan and Lease Losses may be accomplished by:

(i) Charge-off;

(ii) Collection;

(iii) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; or

(iv) Increase of Tier 1 Capital.

(f) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as determined at any future examination conducted by the FDIC or the State.

8. (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan for the reduction and collection of delinquent loans. Such plan shall include, but not be limited to, provisions which:

(i) Prohibit the extension of credit for the payment of interest;

(ii) Delineate areas of responsibility for implementing and monitoring the Bank’s collection policies;

(iii) Establish specific collection procedures to be instituted at various stages of a borrower's delinquency;

(iv) Establish dollar levels to which the Bank shall reduce delinquencies; and

(v) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the Bank's board of directors.

(b) For purposes of the plan, "reduce" means to:

(i) Charge-off; or

(ii) Collect.

(c) After incorporating any regulatory comments, the Bank's board of directors shall adopt and implement the plan.

9. (a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose existing credit has been classified Loss, either in whole or in part, by the FDIC or the State as the result of its examination of the Bank, and remains uncollected, or to any borrower who is already obligated in any manner to the Bank on any extension of credit, including any portion thereof, that has been charged off the books of the Bank and remains uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing credit already extended to a borrower after full collection, in cash, of interest due from the borrower.

(b) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose extension of credit is classified Doubtful and/or Substandard by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's board of directors has signed a detailed written statement giving reasons why failure to extend such credit would be detrimental to the best interests of the Bank. The statement shall be placed in the appropriate loan file and included in the minutes of the applicable Bank's board of directors' meeting.

10. Within 30 days from the effective date of this ORDER, the Bank shall review the recoveries on charged-off loans for calendar years 2000 through 2005 to identify all recoveries which were funded by loan proceeds (including overdrafts) at the Bank. All rebooked charge-off loans shall be identified and eliminated from the books of the Bank.

11. Within 90 days from the effective date of this ORDER, the Bank shall identify all loans in its loan portfolio collateralized by mobile homes, and make a reasonable, concentrated effort to perform a physical inspection of the collateral, document the file with photos, and determine the value using the NADA Manufactured Housing Appraisal Guide. A listing of the loans where the collateral value does not exceed the loan balance shall be provided to the Bank’s board of directors, and a supervisory plan shall be established to administer those loans.

12. Within 60 days from the effective date of this ORDER,

the Bank shall identify all loans with Creditor Placed Insurance ("CPI") and shall provide the following information:

i. The borrower's name;

ii. The loan number;

iii. The origination date of the loan;

iv. The original amount of the loan;

v. The current balance of the loan;

vi. The date and amount of each debit to the loan as payment for CPI;

vii. The Bank's plan for collection of the CPI premium; and,

viii. A description of the collateral and its current wholesale value.

13. (a) For all loans made by the Bank after the effective date of this ORDER, the Bank shall obtain evidence of standard physical damage insurance on all collateral prior to disbursement of any loan proceeds. If such evidence cannot be obtained and the borrower voluntarily elects to have CPI added to his or her loan, or CPI is subsequently force-placed, the premium amount will be amortized for the term of the policy, and the resulting amount will be added to the monthly payment.

(b) If CPI has been added to the balance of a borrower's loan and remains unpaid at the expiration date of the policy, no further additions for CPI coverage will be made unless one of the following has occurred:

i. The borrower has repaid the amount of the CPI premium previously added to outstanding debt; or

ii. The borrower has consented to a loan modification to increase monthly payments to repay the previous and current CPI premium.

14. (a) Within 90 days after the effective date of this ORDER, the Bank shall make a reasonable, concentrated effort to correct the technical exceptions identified at the March 20, 2006, Examination of the Bank. Efforts taken to correct technical exceptions shall be documented in the Bank's files.

(b) Within 30 days after the effective date of this ORDER, the Bank shall implement a system of monitoring loan documentation exceptions on an ongoing basis and implement procedures designed to reduce the occurrence of such exceptions in the future.

15. (a) Within 30 days after the effective date of this ORDER, the Bank shall make provisions to restore the Allowance for Loan and Lease Losses ("ALLL") to a level commensurate with the degree of risk in the loan portfolio. At a minimum, a provision of $1,305,000 should be recognized immediately. The allowance should be funded by charges to current operating income, and should be calculated in accordance with generally accepted accounting standards and ALLL supervisory guidance, including FAS 5 and 114 and the 2001 Interagency Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions. Thereafter,

and prior to the end of each calendar quarter, the Bank's board of directors shall review the adequacy of the Bank's ALLL. Such reviews shall include, at a minimum, the Bank's loan loss experience, an estimate of potential loss exposure in the portfolio, trends of delinquent and non-accrual loans and prevailing and prospective economic conditions. The minutes of the Bank's board of directors' meetings at which such reviews are undertaken shall include complete details of the analysis and the resulting recommended increases in the ALLL.

(b) Within 30 days after the effective date of this ORDER, the Bank shall review all Consolidated Reports of Condition and Income filed with the FDIC on or after March 20, 2006, and shall amend said reports if necessary to accurately reflect the financial condition of the Bank as of the date of each such report. In particular, such reports shall contain an adequate ALLL. Reports filed after the effective date of this ORDER shall also accurately reflect the financial condition of the Bank as of the reporting date.

16. Within 30 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulation identified at the March 20, 2006, Examination of the Bank and also implement procedures to ensure future compliance with all applicable laws and regulations.

17. Within 60 days after the effective date of this ORDER, the Bank's board of directors shall revise its internal control program to address the internal control deficiencies identified at the March 20, 2006, Examination of the Bank.

18. Within 90 days from the effective date of this Order, the Bank will develop a written program which conforms to the Interagency Policy Statement on the Internal Audit Function and its Outsourcing, including the establishment of an audit committee and a delineation of its composition and responsibilities.

19. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2007. At least 30 days prior to each calendar year-end, the Bank shall formulate and submit to the Regional Director and the Commissioner, for review and comment, a written profit plan and realistic, comprehensive budget for the following year. The plans required by this provision shall contain formal goals and strategies, be consistent with sound banking practices, reduce discretionary expenses, improve the Bank's overall earnings, and contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

20. (a) Within 90 days from the effective date of this Order, the Bank shall formulate a written Employee Compensation Plan ("Compensation Plan"). The Compensation Plan shall provide written guidelines for salary, bonus, board and committee fees, vacation policy, sick leave, paid absences from official duties, and other forms of employee compensation and shall include, at a minimum:

i. A requirement that the Bank's board of directors establish a Compensation Committee of no less than three members, all of whom shall be Independent Directors as defined in this ORDER.

ii. A requirement that the Compensation Committee shall maintain written minutes of its meetings, including any reports to the Bank's board of directors.

iii. A requirement that the Compensation Committee meet no less frequently than annually and review the current total compensation of each officer and employee; evaluate the appropriateness of each individual's total compensation; and make recommendations to the Bank's board of directors regarding future compensation for each officer and employee.

(b) Within 90 days after the effective date of this ORDER, the Compensation Plan shall be submitted to the Regional Director and the Commissioner for review and comment. Within 30 days from the receipt of any such comments from the Regional Director and the Commissioner, and after adoption of any recommended changes, the Bank shall approve the policy, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement and follow the policy.

21. (a) Within 90 days after the effective date of this ORDER, the Bank shall develop, adopt, and implement written policies and procedures for identifying and evaluating potential conflicts of interest. Such procedures should allow for the identification of potential conflicts in lending, sale of Bank assets, contracting, or other transactions, involving Bank officers, directors, and staff, and ensure that the best interests of the Bank are the final determinant in all decisions.

22. Subsequent to the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

23. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a committee charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The committee shall report monthly to the entire board of directors of the Bank and a copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Bank's board of directors' meeting. Nothing contained herein shall diminish the responsibility of the entire board of directors of the Bank to ensure compliance with the provisions of this ORDER.

24. (a) Within 30 days after the end of each calendar quarter following the effective date of this ORDER, the Bank

shall furnish to the Regional Director and the Commissioner written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released, in writing, the Bank from making further reports.

25. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or description of this ORDER: (1) in conjunction with the Bank's next shareholder communication; and (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC Accounting and Securities Disclosure Section, Washington, D.C. 20429, 550 17th Street, N.W, Washington, D. C. 20429 for review at least 20 days prior to dissemination to the Bank's shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The effective date of this ORDER shall be ten (10) calendar days from the date of its issuance by the FDIC and the State.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successor and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC and the State.

Pursuant to delegated authority.

Dated: February 23, 2007.

John S. Allison Commissioner Mississippi Department of Banking and Consumer Finance	Stan Ivie Dallas Regional Director Federal Deposit Insurance Corporation