FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

MISSISSIPPI DEPARTMENT OF BANKING AND CONSUMER FINANCE
JACKSON, MISSISSIPPI

In the Matter of	)	
	)	CONSENT ORDER
HERITAGE BANKING GROUP CARTHAGE, MISSISSIPPI	)	FDIC-10-182b
(Insured State Nonmember Bank)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for HERITAGE BANKING GROUP, CARTHAGE, MISSISSIPPI ("Bank"), under 12 U.S.C. § 1813(q).

The Mississippi Department of Banking and Consumer Finance ("DBCF") is the appropriate state banking agency for the Bank under Title 81, Chapter 1 of the Mississippi Code, Miss. Code. Ann. § 81-1-59.

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation to the Issuance of a Consent Order" ("STIPULATION"), dated May ___, 2010, that is accepted by a representative of the FDIC's Dallas Regional Office Legal Division and the Commissioner of the Mississippi Department of Banking and Consumer Finance ("Commissioner"). With this Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of laws or regulations relating to capital adequacy, asset quality, management, earnings, liquidity, or sensitivity to market risks, to the issuance of this Consent Order ("ORDER") by the FDIC and the DBCF.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Title 81, Chapter 1 of the Mississippi Code, Miss. Code Ann. § 81-1-125, have been satisfied, the FDIC and the DBCF hereby order that:

MANAGEMENT – BOARD SUPERVISION

1. Within 30 days after the effective date of this ORDER, the Bank's Board shall increase its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank's policies and objectives and for the supervision of the Bank's management, including all the Bank's activities. The Board's participation in the Bank's affairs shall include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the Board: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, nonaccrual, and recovered loans; investment activities; operating policies; and individual committee actions. The Bank's Board minutes shall document the Board's reviews and approvals, including the names of any dissenting directors.

MANAGEMENT PLAN

2. (a) Within 30 days after the effective date of this Order, the Bank shall retain a bank consultant acceptable to the Regional Director and the Commissioner. The consultant shall develop a written analysis and assessment of the Bank's management and staffing needs ("Management Plan") for the purpose of ensuring qualified management for the Bank.

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

(1) A description of the work to be performed under the contract or engagement letter;

(2) The responsibilities of the consultant;

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

(4) Identification of the specific procedures to be used when carrying out the work to be performed;

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

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

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

(8) A provision for unrestricted examiner access to work papers.

(c) The Management Plan shall be developed within 150 days after the effective date of this ORDER. The Management Plan shall include, at a minimum:

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

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

(3) 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;

(4) 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 as deemed necessary by the consultant. The resulting action plan may include requiring the officer to undergo additional training, the reallocation of personnel, and the redistribution of duties; and

(5) 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 Bank's Board meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and any subsequent modification.

CAPITAL INCREASE, CAPITAL MAINTENANCE, AND CAPITAL PLAN

3. (a) Within 90 days after the effective date of this ORDER, the Bank, after establishing an adequate Allowance for Loan and Lease Losses ("ALLL"), shall have and thereafter maintain its Tier 1 Leverage Capital ratio equal to or greater than 9 percent of the Bank's Average Total Assets; shall maintain its Tier 1 Risk-Based Capital ratio equal to or

greater than 11 percent of the Bank's Total Risk-Weighted Assets; and shall maintain its Total Risk-Based Capital ratio equal to or greater than 13 percent of the Bank's Total Risk Weighted Assets. In order to achieve and maintain such ratios, the Bank shall, within 90 days after the effective date of this ORDER either: (i) increase its Tier 1 Capital by no less than $5,964,000; or (ii) submit a written capital plan ("Capital Plan") to the Regional Director and the Commissioner that, at a minimum, guarantees that the Bank has funds immediately available to it in order to achieve and maintain the ratios required by this paragraph. The Capital Plan, if prepared, will be submitted to the Regional Director and the Commissioner for comment. After the Regional Director and the Commissioner respond to the Capital Plan, the Bank's Board shall adopt the Capital Plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(b) Any increase in the Bank's Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

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

(2) The direct contribution of cash subsequent to January 29, 2010, by the directors and shareholders of the Bank or by the Bank's holding company; or

(3) Receipt of an income tax refund or the capitalization subsequent to January 29, 2010, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

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

(c) If any such capital ratios are less than the percentages required by this ORDER, as determined as of the date of any Report of Condition and Income or at an examination by the FDIC or the DBCF, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director and the Commissioner, present to the Regional Director and the Commissioner a new capital plan ("New Capital Plan") to increase the Bank's Tier 1 Capital or to take other measures to bring all the capital ratios to the percentages required by this ORDER. Any New Capital Plan shall include the Contingency Plan referenced in subparagraph (a) of this section. After the Regional Director and the Commissioner respond to the New Capital Plan, the Bank's Board shall adopt the New Capital Plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(d) Thereafter, the Bank shall immediately initiate measures detailed in the New Capital Plan, to the extent such measures have not previously been initiated, to increase the Bank's Tier 1 Capital by an amount sufficient to bring all the capital ratios to the percentages required by this ORDER within 30 days after the Regional Director and the Commissioner respond to the New Capital Plan.

(e) 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 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, 550 17th Street N.W., 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.

(f) 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.

(g) In addition, 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's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(h) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

DIVIDEND RESTRICTION

4. As of 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.

LOAN POLICY

5. (a) Within 90 days after the effective date of this ORDER, and annually thereafter, the Bank's Board shall review the Bank's loan policy ("Loan Policy") and procedures for effectiveness and, based upon this review, shall make all necessary revisions to the Loan Policy in order 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 upon its completion.

(b) The initial revisions to the Bank's Loan Policy required by this paragraph, at a minimum, shall include provisions:

(1) 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; deviations on any borrower with aggregate debt in excess of $100,000 must be approved in advance by the Bank's loan committee; deviations on any borrower with aggregate debt in excess of $200,000 must be approved in advance by the Bank's Board;

(2) Establish review and monitoring procedures to ensure compliance with the December 6, 2006 Interagency Guidance on Concentrations in Commercial Real Estate Lending (2006 CRE Guidance);

(3) Requiring that all extensions of credit originated or renewed 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 current financial information, profit and loss statements or copies of tax returns, cash flow projections, and calculation of global debt service coverage; such information shall be maintained throughout the term of the loan;

(4) 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 Report of Examination;

(5) Requiring the establishment and maintenance of a loan grading system and internal loan watch list;

(6) Requiring a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank's internal loan watch list;

(7) Prohibiting the capitalization of interest or loan-related expenses, including taxes, insurance, principal and interest for other debt at the Bank or at other lenders, unless the Bank's Board 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 Bank's Board minutes;

(8) Requiring that extensions of credit to any of the Bank's executive officers, directors, or principal shareholders, or to any related interest of such person, be thoroughly reviewed for compliance with all provisions of Regulation O, 12 C.F.R. Part 215 and Section 337.3 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.3;

(9) Requiring prior written approval by the Bank's Board for any extension of credit, renewal, or disbursement to any of the Bank's executive officers, directors, or principal shareholders, in an amount which, when aggregated with all other extensions of credit to that person and related interests of that person, exceeds $50,000. For the purpose of this paragraph "Related Interest" is defined as in Section 215.2(n) of Regulation O, 12 C.F.R. § 215.2(n);

(10) Requiring a non-accrual policy in accordance with the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income;

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

(12) Addressing concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;

(13) Requiring guidelines and review of out-of-territory loans which, at a minimum, shall include complete credit documentation, approval by a majority of the Bank's Board prior to disbursement of funds, and a detailed written explanation of why such a loan is in the best interest of the Bank;

(14) Establishing measurable standards for extending unsecured credit;

(15) Incorporating collateral valuation requirements, including:

a. Maximum loan-to-collateral-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;

(16) Establishing standards for initiating collection efforts;

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

(18) Prohibiting the extension of a maturity date, advancement of additional credit or renewal of a loan to a borrower whose obligations to the Bank were classified "Substandard," "Doubtful," or "Loss," whether in whole or in part, as of November 9, 2009, or by the FDIC or DBCF in a subsequent Report of Examination, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are supported by current and complete financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's Board;

(19) Establishing officer tiered-lending limits and limitations on the aggregate level of credit to any one borrower which can be granted, not to exceed $100,000, without the prior approval of the Officers Loan Committee and not to exceed $250,000;without the prior approval of the Bank's Board

(20) Requiring that collateral appraisals be completed and maintained in the Bank's loan files for the life of the loans, prior to the making of secured extensions of credit, and that periodic collateral valuations be performed and maintained in the Bank's loan files for the life of the loans, for all secured loans listed on the Bank's internal watch list, criticized in any internal or outside audit report of the Bank, or criticized in any Report of Examination of the Bank by the FDIC or the DBCF;

(21) Prohibiting the issuance of standby letters of credit unless the letters of credit are well secured and/or are supported by current and complete financial information;

(22) Requiring specific guidance for consolidation loans which guidance, at a minimum, shall require Officer Loan Committee approval for all consolidation loans in which the aggregate debt of the borrower exceeds $100,000 and Board approval for all consolidation loans in excess of $250,000;

(23) Requiring standards for loan documentation that, at a minimum, require that all loans or relationships in excess of $100,000 have all loan documentation permanently placed in the loan file in order to determine the original date of the loan, the specific purpose of the loan, the expected amortization, the borrower's repayment history, increases or decreases in collateral value, renewals without full payment of interest due, capitalization of interest, payment skips, and modifications of payment due date;

(24) Requiring that complete, updated loan documentation be obtained prior to the renewal, refinance, or extension of any loan, and the amendment of any of the original terms of a loan, including, but not limited to, modification of payment due dates or modification of interest and/or principal payments;

(25) Prohibiting the payment of any overdraft on behalf of an executive officer, director, principal shareholder or related interest of that

person in excess of $2,500 without the prior written approval of the Bank's loan committee, and the payment of any overdrafts on behalf of an executive officer, director, principal shareholder or related interest of that person in excess of $5,000 without the prior written approval of the Bank's Board, and imposing limitations on the use of Cash Items account;

(26) Prohibiting the payment of any overdraft in excess of $5,000 without the prior written approval of the Bank's loan committee, and the payment of any overdrafts in excess of $10,000 without the prior written approval of the Bank's Board, and imposing limitations on the use of Cash Items account;

(27) Establishing limitations on the maximum volume of loans in relation to total assets; and

(28) Establishing review and monitoring procedures to ensure compliance with FDIC's regulation on appraisals pursuant to Part 323 of the FDIC's Rules and Regulations, 12 C.F.R. Part 323.

(c) The Bank shall submit the foregoing Loan Policy to the Regional Director and the Commissioner for comment. After the Regional Director and the Commissioner respond to the Loan Policy, the Bank's Board shall adopt the Loan Policy as amended or modified by the Regional Director and the Commissioner. The Loan Policy will be implemented immediately to the extent that it is not already in effect at the Bank.

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

6. (a) Within 5 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss by the FDIC or the DBCF as a result of its examination of the Bank as of November 9, 2009. 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 60 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 as of November 9, 2010 ("Classified Asset Reduction Plan"). The Classified Asset Reduction Plan shall address each asset or relationship so classified with a balance of $250,000 or greater and provide the following:

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

(2) Type of asset;

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

(4) Time frames for accomplishing the proposed actions.

The Classified Asset Reduction Plan shall also include, at a minimum,

(1) Review the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and

(2) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

In addition, the Bank's Classified Asset Reduction Plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the Classified Asset Reduction Plan shall contain a provision requiring the submission of monthly progress reports to the Bank's Board and a provision mandating a review by the Bank's Board.

(c) The Bank shall provide a copy of the Classified Asset Reduction Plan to the Regional Director and the Commissioner. Within 30 days after the Regional Director's and the Commissioner's response, if any, the Classified Asset Reduction Plan, including any requested modifications or amendments shall be adopted by the Bank's Board, which approval shall be recorded in the Bank's Board meeting minutes. The Bank shall then immediately initiate measures detailed in the Classified Asset Reduction Plan to the extent such measures have not been initiated.

(d) For purposes of the Classified Asset Reduction Plan, the reduction of adversely classified assets as of November 9, 2010 shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's ALLL and may be accomplished by:

(1) Charge-off;

(2) Collection;

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

(4) Increase in the Bank's Tier 1 Capital.

(e) 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 DBCF.

LOAN COMMITTEE AND LOAN REVIEW REQUIREMENTS

7. (a) Within 30 days after the effective date of this ORDER, the Bank's Board shall establish a loan review committee, which may consist of the entire Board, to periodically review the Bank's loan portfolio and identify and categorize problem credits. A copy of the report shall be noted in the minutes of the Bank's Board at least monthly. This report shall include the following information:

(1) The overall quality of the loan portfolio;

(2) The identification, by type and amount, of each problem or delinquent loan;

(3) The identification of all loans not in conformance with the Bank's lending policy; and

(4) The identification of all loans to officers, directors, principal shareholders or their related interests.

(b) At least four members of the loan review committee shall be Independent Directors, unless such committee consists of the entire Board. For purposes of this ORDER, a person who is an Independent Director shall be any individual:

(1) Who is not an officer of the Bank, any subsidiary of the Bank, or any of its affiliated organizations;

(2) Who does not own more than 5 percent of the outstanding shares of the Bank;

(3) Who is not related by blood or marriage to an officer or director of the Bank or to any shareholder owning more than 5 percent of the Bank's outstanding shares, and who does not otherwise share a common financial interest with such officer, director or shareholder; and

(4) 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 5 percent of the Bank's total Tier 1 Capital and ALLL; or

(5) Who is deemed to be an Independent Director for purposes of this ORDER by the Regional Director and the Commissioner.

EXTERNAL LOAN REVIEW

8. (a) Within 45 days after the effective date of this ORDER, the Bank shall hire a consultant who is acceptable to the FDIC and the DBCF to conduct an external loan review at the Bank. Within 120 days after the effective date of this ORDER, the consultant shall review all relationships in excess of $100,000 and all relationships in excess of $50,000 that have a past due history, other than relationships reviewed or adversely classified by the FDIC and the DBCF at the November 9, 2009 examination or in the external loan review dated June 30, 2009. The consultant will also review the Bank's (1) loan underwriting practices, (2) loan administrative practices, (3) loan officer authority; (4) compliance with the Bank's loan policy, (5) assess qualification and training needs of the loan committee, (6) assess the Bank's internal loan review system. The consultant will then provide a written report to the Bank of its findings, with a copy

of the report furnished to the FDIC and the DBCF.

(b) Within 45 days of the Bank's receipt of the consultant's report, the Bank shall notify the FDIC and the DBCF in writing of the actions it has taken and the actions it proposes to take in response to the consultant's findings.

(c) Within 120 days after its original report, the consultant shall conduct a follow-up review to determine what actions, if any, the Bank has taken with respect to the findings contained in the consultant's original report. Within 30 days of completion of the follow-up review, the consultant will file a follow-up report with the Bank, and the consultant will provide a copy of the follow-up report to the FDIC and the DBCF.

INTERNAL LOAN REVIEW

9. (a) Within 90 days after the effective date of this ORDER, the Bank shall review and take corrective measures for all loan origination and loan administration deficiencies cited in the November 9, 2009 Report of Examination.

(b) With regard to all such loan originations and loan administrative deficiencies referenced in the preceding subparagraph that exceed $50,000, the Bank shall obtain all loan documentation to determine the original date of the loan, the specific purpose of the loan, the expected amortization, the borrower's repayment history, increases or decreases in collateral value, renewals without full payment of interest due, capitalization of interest, and payment skips and other forms of due date advancement.

(c) From and after the effective date of this ORDER, the Bank shall obtain and maintain all loan documentation necessary to determine the original date of the loan, the specific purpose of the loan, the expected amortization, the borrower's repayment history, increases or decreases in collateral value, renewals without full payment of interest due, capitalization of interest, and payment skips and other forms of due date advancement.

INTERNAL WATCH LIST

10. Within 30 days after the effective date of this ORDER, the Loan Committee shall review the Bank's internal watch list in order to assure loans are properly rated. Thereafter, the internal watch list shall be reviewed and updated at least monthly. The internal watch list shall be submitted to the Board for review on a monthly basis.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

11. (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 by the FDIC or the DBCF as the result of its examination of the Bank, either in whole or in part, and is 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 DBCF as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's Board 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 meeting.

REDUCTION OF DELINQUENCIES

12. (a) Within 30 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner a written plan for the reduction and collection of delinquent loans ("Delinquency Plan"). Such Delinquency Plan shall include, but not be limited to, provisions which:

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

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

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

(4) Establish dollar levels to which the Bank shall reduce delinquencies within 90, 120, 150, 180, and 210 days after the effective date of this ORDER; and

(5) Provide for the submission of monthly written progress reports to the Bank's Board for review and notation in the Bank's Board meeting minutes.

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

(1) Charge-off; or

(2) Collect.

(c) After receipt of the Regional Director's and the Commissioner's comments, if any, the Bank's Board shall adopt the Delinquency Plan as modified or amended by the Regional Director or the Commissioner. The Delinquency Plan will be implemented immediately to the extent that the provisions of the Delinquency Plan are not already in effect at the Bank.

TECHNICAL EXCEPTIONS

13. (a) Within 90 days after the effective date of this ORDER, the Bank shall correct all technical exceptions and/or deficiencies in the loans in the previous FDIC Report of Examination dated March 23, 2009 and Report of Examination dated November 9, 2009. If all technical exceptions and/or deficiencies are not corrected within 90 days after the effective date of this ORDER, the Bank's loan files shall contain documentation establishing measures the Bank undertook to correct the technical exceptions and/or deficiencies.

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

ALLL AND AMENDED CALL REPORTS

14. (a) Within 5 days after the effective date of this ORDER, the Bank shall make provisions to its ALLL in an amount equal to at least $2,099,000. 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. After the initial provision is made, the Bank shall thereafter maintain a reasonable ALLL. Prior to the end of each calendar quarter, the Bank's Board 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 the prevailing and prospective economic conditions. The minutes of the Bank's Board meetings at which such reviews are undertaken shall include complete details of the reviews and the resulting recommended increases in the ALLL.

(b) Within 30 days after the effective date of this ORDER, the Bank shall review Consolidated Reports of Condition and Income filed with the FDIC on or after September 30, 2009, and 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 a reasonable 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.

(c) Provisions for loan losses must be based on the inherent risk in the Bank's loan portfolio. The Bank's Board must document in writing any decision not to require provisions for loan losses in the Board minutes.

(d) At a minimum, the procedure the Bank develops to calculate the ALLL shall require (1) the identification of each loan that is not investment quality, (2) the identification of each loan that is impaired, (3) the identification of each loan that is impaired and is collateral dependent, and (4) a notation of the amount of impairment on each such loan as determined by the Bank's impairment calculation.

ASSET/LIABILITY COMMITTEE

15. Within 5 days after the effective date of this ORDER, the Bank's Asset/Liability Committee ("ALCO") shall take an active role in monitoring the Bank's liquidity and report monthly to the Bank's Board concerning the Bank's liquidity. The ALCO's minutes shall

accurately reflect the matters discussed at the ALCO's meetings, the ALCO's findings, and the ALCO's recommendations.

INTEREST RATE RISK

16. Within 60 days after the effective date of the ORDER, the Bank shall develop, adopt, and implement an interest rate risk policy ("Interest Rate Risk Policy") and procedures that shall include, at a minimum:

(a) Measures designed to control the nature and amount of interest rate risk the Bank takes, including those that specify risk limits and define lines of responsibilities and authority for managing risk;

(b) A system for identifying and measuring interest rate risk;

(c) A system for monitoring and reporting risk exposures; and

(d) A system of internal controls, independent review, and audit to ensure the integrity of the overall risk management process.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

17. (a) Within 60 days after the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner a written plan addressing liquidity, the Bank's relationship of volatile liabilities to temporary investments, and rate sensitivity objectives ("Liquidity/Asset Liability Plan"). Annually thereafter, while this ORDER is in effect, the Bank shall review the Liquidity/Asset Liability Plan for adequacy and, based upon such review, shall make necessary revisions to the Liquidity/Asset Liability Plan to strengthen funds management procedures and maintain adequate provisions to meet the Bank's

liquidity needs. The initial Liquidity/Asset Liability Plan shall include, at a minimum, provisions:

(1) Establishing the Bank's ratios of total loans to total assets and total loans to total deposits;

(2) Establishing a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;

(3) Identifying the source and use of borrowed and/or volatile funds;

(4) Establishing lines of credit at correspondent banks, including the Federal Reserve Bank, that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved to be inadequate;

(5) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

(6) Establishing a minimum liquidity ratio and defining how the ratio is to be calculated;

(7) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;

(8) Addressing the use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for reasonable maturities commensurate with the use of the borrowed funds;

addressing concentration of funding sources; and addressing pricing and collateral requirements with specific allowable funding channels (i.e., brokered deposits, internet deposits, Fed funds purchased and other correspondent borrowings);

(9) Establishing procedures for managing the Bank's sensitivity to interest rate risk which comply with the Joint Agency Statement of Policy on Interest Rate Risk (June 26, 1996), and the Supervisory Policy Statement on Investment Securities and End-user Derivative Activities (April 23, 1998); and

(10) Include a projection of cash flows for the next three, six, and twelve month periods for a base case (expected) scenario as well as cash flow projections for those same time periods anticipating contingent events such as a reduction in brokered deposits, a further reduction of the Federal Home Loan Bank Line, unavailability of the Bank's secured Federal Funds line or a rapid withdrawal of uninsured deposits.

(b) Within 30 days after the receipt of any such comments from the Regional Director and the Commissioner, and after revising the Liquidity/Asset Liability Plan as necessary, the Bank shall adopt the Liquidity/Asset Liability Plan as amended or modified by the Regional Director and the Commissioner, which adoption shall be recorded in the minutes of a Board meeting. Thereafter, the Bank shall implement the Liquidity/Asset Liability Plan.

PROFIT PLAN

18. (a) Within 90 days after the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Board shall develop a written profit plan ("Profit Plan") consisting of goals and strategies for improving the earnings of the Bank for each calendar year. The written Profit Plan shall include, at a minimum:

(1) Identification of the major areas in, and means by, which the Board will seek to improve the Bank's operating performance;

(2) Realistic and comprehensive budgets;

(3) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections on not less than a quarterly basis; and

(4) A description of the operating assumptions that form the basis for and support major projected income and expense components.

(b) Such written Profit Plan and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner. Within 30 days after the receipt of any comment from the Regional Director and the Commissioner, the Bank's Board shall approve the written Profit Plan, which approval shall be recorded in the Bank's Board meeting minutes. Thereafter, the Bank, its directors, officers, and employees shall follow the written Profit Plan and/or any subsequent modification.

STRATEGIC PLAN

19. (a) Within 90 days after the effective date of this ORDER, the Bank shall prepare and adopt a comprehensive strategic plan ("Strategic Plan"). The Strategic Plan required

by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written Strategic Plan shall address, at a minimum:

(1) Strategies for pricing policies and asset/liability management;

(2) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(3) Goals for reducing problem loans;

(4) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(5) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings;

(6) Formulation of a mission statement and the development of a strategy to carry out that mission.

CORRECTION OF VIOLATIONS

20. (a) Within 90 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of laws and regulations noted in the Report of Examination.

(b) Within 30 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

(c) Within 90 days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted in the Report of Examination.

COMPLIANCE COMMITTEE – NON-EMPLOYEE DIRECTORS REQUIRED

21. Within 5 days after the effective date of this ORDER, the Bank's Board shall establish a committee of the board of directors of the Bank charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. Unles the committee consists of the full Board, at least six members of such committee shall be directors not employed in any capacity by the Bank other than as a director. The committee shall report monthly to the full Bank's Board, and a copy of the report and any discussion relating to the report or the ORDER shall be noted in the minutes of the Bank's Board meetings. The establishment of this subcommittee shall not diminish the responsibility or liability of the entire Bank's Board to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

22. 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, 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.

NOTIFICATION TO SHAREHOLDERS

23. After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction

with the Bank's next shareholder communication, and also (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, 550 17th Street N.W., Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, the DBCF, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance by the FDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors 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 has been modified, terminated, suspended, or set aside by the FDIC and the DBCF.

Dated this 4th day of June, 2010.

Issued pursuant to Delegated Authority:

/s/
Kristie K. Elmquist
Acting Dallas Regional Director
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation

/s/
John S. Allison
Commissioner
Mississippi Department of Banking and Consumer Finance