TEXAS DEPARTMENT OF BANKING, AUSTIN, TEXAS
and
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	CONSENT ORDER
UNITED CENTRAL BANK GARLAND, TEXAS	)	COMMISSIONER ORDER No. 2011-051
(INSURED STATE NONMEMBER BANK)	)	FDIC-11-398b

The Texas Department of Banking ("Department" or "State") is the appropriate state banking agency for United Central Bank, Garland, Texas ("Bank"), under Texas Finance Code, Title 3, Subtitle A, §§ 31.001 et. seq.

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

The Bank, by and through its duly elected and acting board of directors, has executed a "STIPULATION TO THE ISSUANCE OF A CONSENT ORDER" ("STIPULATION"), dated September ___, 2011, that is accepted by the State and the FDIC. With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to asset quality and liquidity, capital protection and earnings, management and oversight by the board of directors, and the Bank's Compliance Management System, to the issuance of this CONSENT ORDER ("ORDER") by the Texas Banking Commissioner ("Commissioner") and the Acting Regional Director of the Dallas Regional Office of the FDIC ("Regional Director").

Having determined that the requirements for issuance of an order under Texas Finance Code § 35.002 and 12 U.S.C. § 1818(b) have been satisfied or waived, the Commissioner and the FDIC hereby order that:

CAPITAL PLAN

1. (a) On or before 60 days after the effective date of this ORDER, the Bank, after establishing an Allowance for Loan and Lease Losses as required in Provision 12 shall submit a written capital plan ("Capital Plan") to achieve and maintain its Tier 1 Leverage Capital ratio equal to or greater than 9 percent of the Bank's Average Total Assets and to achieve and maintain its Total Risk-Based Capital ratio equal to or greater than 15 percent of the Bank's Total Risk Weighted Assets, by March 31, 2012.

(b) Such Capital Plan shall detail the steps that the Bank shall take to achieve and maintain the capital requirements set forth in Provision 1(a) above. In developing the Capital Plan, the Bank must take into consideration the overall risk profile of the Bank, including but not limited to:

(1) The volume of the Bank's adversely classified assets;

(2) The nature and level of the Bank's asset concentrations;

(3) The adequacy of the Bank's Allowance for Loan and Lease Losses ("ALLL");

(4) The anticipated level of retained earnings;

(5) Anticipated and contingent liquidity needs; and

(6) The source and timing of additional funds to fulfill future capital needs.

(c) In addition, the Capital Plan must include a Disposition Plan in the event that the Bank has (1) failed to maintain the minimum capital ratios required by Provision 1(a),

(2) failed to submit an acceptable capital plan as required by this subparagraph, or (3) failed to implement or adhere to a Capital Plan to which the Commissioner and the Regional Director have taken no written objection pursuant to this subparagraph. Said Disposition Plan shall include a plan to sell or merge the Bank. The Disposition Plan, at a minimum, shall address the steps that will be taken and the associated timeline to ensure that a definitive agreement for the sale or merger is executed not later than ninety (90) days after the receipt of the Commissioner's and Regional Director's written determination of no objection to the Disposition Plan. The Bank shall implement the Disposition Plan upon written notice from the Commissioner and the Regional Director.

(d) The Capital Plan shall be submitted to the Commissioner and to the Regional Director. After the Commissioner and the Regional Director respond to the Capital Plan, the Bank's board of directors shall adopt the Capital Plan, including any modifications or amendments requested by the Commissioner and the Regional Director.

(e) Thereafter, to the extent such measures have not previously been initiated, the Bank shall immediately initiate measures detailed in the Capital Plan, to increase its capital by an amount sufficient to bring all the Bank's capital ratios to the percentages required by this ORDER within 60 days after the Commissioner and the Regional Director respond to the Capital Plan. Such increase in capital and any increase in 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 June 30, 2011, by the directors and/or shareholders of the Bank or by the Bank's holding company; or

(3) Receipt of an income tax refund or the capitalization subsequent to June 30, 2011, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

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

(f) If any such capital ratios are less than required by the ORDER, as determined as of the date of any Report of Condition and Income or at an examination by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Commissioner or the Regional Director, present to the Commissioner and the Regional Director a new Capital Plan to increase the Bank's Tier 1 Capital of the Bank or to take such other measures to bring all the capital ratios to the percentages required by this ORDER. The new Capital Plan shall also include a Disposition Plan as set forth in Provision 1(c). After the Commissioner and the Regional Director respond to the new Capital Plan, the Bank's board of directors shall adopt the new Capital Plan, including any modifications or amendments requested by the Commissioner and the Regional Director. Nothing in this subparagraph shall prevent the Commissioner and the Regional Director from notifying the Bank to implement the Disposition Plan in the Capital Plan required by Provision 1(a).

(g) 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 its Tier 1 Capital by an amount sufficient to bring all the Bank's capital ratios to the percentages required by this ORDER within 60 days after the Commissioner and the Regional Director respond to the new Capital Plan.

(h) If all or part of the increase in 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 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 Commissioner and the Regional Director for prior approval.

(i) 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.

(j) 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.

(k) 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.

MANAGEMENT — SPECIFIC POSITIONS

2. (a) Within 120 days after the effective date of this ORDER, the Bank shall have and retain qualified management, each of whom is approved in writing by the Commissioner and the Regional Director. At a minimum, such management shall include all Senior Executive Officers (as that term is defined in 12 CFR 303.101(b), including the Chairman of the Board), all of whom have a demonstrated ability in performing at a bank of comparable size and complexity.

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:

(1) Comply with the requirements of this ORDER;

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

(3) Comply with applicable laws and regulations; and

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

(b) While this ORDER is in effect, the Bank shall notify the Commissioner and the Regional Director in writing 30 days prior to 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 § 303.101(b) of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101(b). Prior to the addition of any individual to the 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's Rules and Regulations, 12 C.F.R. §§ 303.100 - 303.103. Additionally, the Bank will obtain the written approval of the Commissioner prior to removing any executive officers or directors. Additionally, the Commissioner shall have the power to disapprove the appointments of any proposed new director and any new Senior Executive Officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed director or Senior Executive Officer.

<u>MANAGEMENT — BOARD SUPERVISION</u>

3. (a) On or before 30 days after the effective date of this ORDER, the Bank's board of directors shall add:

(1) one or more new non-officer director(s), subject to proper regulatory approval as set forth in Provision 2 above; and

(2) one or more advisory director(s), that has/have prior experience as a director or executive officer of a federally insured depository institution.

(b) Within 30 days after the effective date of this ORDER, the Bank's board of directors shall increase its participation in Bank affairs 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:

(1) 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, non-accrued, and recovered loans; investment activities; operating policies; and individual committee actions; and

(2) Board meeting minutes which document the board's reviews and approvals of the above reports, and which include the names of any dissenting directors.

(c) The Bank shall provide an effective continuing education program for Bank's directors.

(1) The initial training shall be completed within 120 days after the effective date of this Order. Thereafter, the Bank shall conduct additional director training on a regular basis, but not less than annually.

(2) Director training shall include, but not be limited to, the review of all relevant federal and state laws, rules and regulations relating to banking in Texas. It shall also include training on the appropriate role of the directors. The training shall ensure that all directors are aware of and comply with all applicable banking laws, rules, and regulations.

(3) The Bank shall identify the method of training and source of training materials.

(4) The Bank shall document in the board minutes that the directors have received training on their duties and responsibilities in order to ensure the safe and sound operation of the institution.

MANAGEMENT STUDY AND PLAN

4. (a) On or before 30 days after the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Commissioner and the Regional Director. The consultant shall develop a written analysis and assessment of the Bank's management and staffing needs ("Management Study") for the purpose of providing qualified executive management for the Bank.

(b) The Bank shall provide the Commissioner and the Regional Director with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. 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 Study shall be developed within 60 days after the effective date of this ORDER. The Management Study shall include, at a minimum:

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

(2) Identification of job requirements including educational background and prior banking experience needed for all Senior Executive Officers (as that term is defined in 12 CFR 303.101(b), including the Chairman of the Board), along with recommendations for implementing a reasonable plan to recruit qualified individuals to these positions;

(3) Identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;

(4) Evaluation of all executive 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 established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition;

(5) Evaluation of staffing levels to determine changes necessary to restore and maintain the Bank in a safe and sound condition;

(6) Suggested training programs for directors, management and staff to assist the individuals in performing their assigned duties; and

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

(d) Within 30 days of the receipt of the Management Study, the Board shall develop a Management Plan ("Management Plan") to address the recommendations and findings of the Management Study and to provide for management succession, both interim and permanent, and shall submit the Management Plan to the Commissioner and Regional Director for review and comment.

(e) Within 15 days from the receipt of any comments from the Commissioner and the Regional Director, 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/or any subsequent modification.

CONSUMER COMPLIANCE MANAGEMENT SYSTEM

5. (a) Within 120 days after the effective date of this ORDER, the Bank shall develop and implement a consumer Compliance Management System that is commensurate with the level of complexity of the Bank's operations. The Compliance Management System shall:

(1) Include oversight by the Bank's board of directors and senior management that includes the following actions:

a. Ensures adherence with all the provisions of this ORDER;

b. Ensures the Bank operates with an adequate Compliance Management System as described in the Federal Deposit Insurance Corporation's Compliance Examination Manual, Tab II ("Compliance Examinations"), pages II-2.1-4 ("Compliance Management System"); and

c. Ensures that the Compliance Officer receives ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank's Compliance Management System.

(2) Include the development and implementation of a compliance program that is reviewed and approved annually by the Bank's board of directors, with the board's approval reflected in the minutes of the Bank's board of directors. The Compliance Program shall include written policies and procedures that shall:

a. Provide Bank personnel with all the information that is needed to perform a business transaction; and

b. Reflect changes, based on periodic updates, in the Bank's business and regulatory environment.

(3) Include the implementation and maintenance of a training program related to Consumer Laws for all Bank personnel, including senior management and the Bank's board of directors, commensurate with their individual job functions and duties. The Compliance Officer shall be responsible for the administration of

this program, and shall provide training to officers and employees on a continuing basis.

(4) Include compliance monitoring procedures that have been incorporated into the normal activities of every department. At a minimum, monitoring procedures should include ongoing reviews of:

a. Applicable departments and branches;

b. Disclosures and calculations for various loan and deposit products;

c. Document filing and retention procedures;

d. Marketing literature and advertising; and

e. Internal compliance communication system that provides to Bank personnel appropriate updates resulting from revisions to Consumer Laws.

(5) Require an annual independent, comprehensive, and written audit as described in the Federal Deposit Insurance Corporation's Compliance Examination Manual, Tab II, pages II-2.1-4. The Bank's board of directors shall document its efforts, including the review of and corrective measures made pursuant to the audit's findings, in the minutes of the Bank's board of directors. The audit shall:

a. Provide for sufficient transactional testing, as appropriate, for all areas of significant compliance risk, including those areas identified in the FDIC's Compliance Examination Report dated November 29, 2010; and

b. Identify the causes that resulted in the violations of law or exceptions noted in the Audit Report with sufficient information to provide management direction in formulating corrective action.

(b) Within 90 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of consumer laws and regulations identified in the FDIC's Compliance Examination Report dated November 29, 2010, and ensure that the Bank's Compliance Management System will facilitate compliance with all Consumer Laws and regulations in the future.

AUDITED FINANCIAL STATEMENTS

6. (a) Within 120 days after the effective date of this Order, the Bank's board of directors shall obtain audited financial statements of the Bank as of and for the years ended December 31, 2009 and 2010.

(b) Within 120 days after the effective date of this Order, the Bank's board of directors shall ensure that the Bank's accounting practices are consistent and in compliance with generally accepted accounting principles and call report instructions.

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

7. (a) Within 15 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 Department or the FDIC as a result of its examination of the Bank as of February 14, 2011. 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 Commissioner and the Regional Director to reduce the remaining assets classified “Doubtful” and “Substandard” as of February 14, 2011, (“Classified Asset Plan”). The Bank shall also update the Classified Asset Plan as needed to reflect any assets subsequently classified as Doubtful or Substandard by the Bank internally or by the Department or the FDIC. The Classified Asset Plan shall address each asset so classified with a balance of $1,000,000 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 taken in order to reduce the classified asset (“reduction” of adversely classified assets is defined in subsection (d) of this provision); and

(4) Timeframes for accomplishing the proposed actions.

The Classified Asset Plan shall also, 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 Plan shall contain a schedule detailing the projected reduction of total classified assets as a percentage of total capital on a quarterly basis. Further, the Classified Asset Plan shall contain a provision requiring the submission of monthly progress reports to the Bank's board of directors and a provision mandating a review of the Classified Asset Plan by the Bank's board of directors.

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

(d) For purposes of the Classified Asset Plan, the reduction of adversely classified assets as of February 14, 2011, shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's Allowance for Loan and Lease Losses 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 Commissioner or the FDIC; 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 Department or the FDIC.

LOAN REVIEW REQUIREMENTS

8. (a) Within 60 days after the effective date of this ORDER, the Bank's board of directors shall establish an internal loan review department to periodically review the Bank's loan portfolio and identify and categorize problem credits. The internal loan review department shall file a report with the Bank's board of directors at each regular board meeting. 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;

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

(5) The dollar amount of loans reviewed by the bank's internal loan review department and any external loan review during the preceding 12 months.

(b) The minimum loan penetration achieved annually by the bank's internal loan review department and any external loan review performed shall be 70 percent of the bank's total loans, excluding United Central Bank-North loans, residential mortgages, and consumer loans.

STRATEGIC RESTORATION PLAN

9. (a) On or before January 31, 2012, the Bank shall submit a Strategic Restoration Plan ("Strategic Restoration Plan") to the Commissioner and the Regional Director for review and comment. After consideration of all such comments, the Bank shall approve the Strategic Restoration Plan, which approval shall be recorded in the minutes of the Bank's board of directors meeting. Thereafter, the Bank shall implement and follow the Strategic Restoration Plan and not alter the Strategic Restoration Plan without the prior approval of the Commissioner and the Regional Director.

(b) The Strategic Restoration Plan required by this paragraph shall detail a plan to strengthen the financial condition of the Bank and 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. The Strategic Restoration Plan shall be consistent with:

(1) The Bank's Capital Plan, as detailed in Provision 1;

(2) The Management Plan, as detailed in Provision 4(d);

(3) The Classified Asset Plan, as detailed in Provision 7(b);

(4) The Profit Improvement Plan as detailed in Provision 10;

(5) The Concentration Reduction Plan as detailed in Provision 14(a);

(6) The Liquidity/Asset Liability Management/Funds Management Plan as detailed in Provision 15(a);

(7) The BSA Compliance Plan as detailed in Provision 19;

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

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

(c) Within 30 days after the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the Strategic Restoration Plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's board of directors' meeting at which such evaluation is undertaken.

(d) The Strategic Restoration Plan as required by this ORDER shall be revised and submitted to the Commissioner and the Regional Director for review and comment 30 days after the end of each calendar year for which this ORDER is in effect. Within 30 days after receipt of all such comments from the Commissioner and the Regional Director and after consideration of all such comments, the Bank shall approve the revised Strategic Restoration Plan, which approval shall be recorded in the minutes of the Bank's board of directors meeting. Thereafter, the Bank shall implement the revised Strategic Restoration Plan.

PROFIT IMPROVEMENT PLAN

10. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and the Regional Director for review and comment a written profit improvement plan ("Profit Improvement Plan") consisting of goals and strategies for improving the earnings of the Bank, beginning with calendar year 2012. The written Profit Improvement Plan shall include, at a minimum:

(1) Identification of the major areas in, and means by, which management under the direction of the board of directors 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 Improvement Plan and any subsequent modification thereto shall be submitted to the Commissioner and the Regional Director for review and comment. Within 30 days after the receipt of any comment from the Commissioner and the Regional Director, the Bank's board of directors shall approve the written Profit Improvement Plan which approval shall be recorded in the minutes of the Bank's board of directors. Thereafter, the Bank, its directors, officers, and employees shall follow the written Profit Improvement Plan and/or any subsequent modification. Thereafter, the Bank shall submit an updated Profit Improvement Plan to the Commissioner and Regional Director for review and comment within 30 days of each calendar year.

DIVIDEND RESTRICTION

11. 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 Commissioner and the Regional Director.

ALLOWANCE FOR LOAN AND LEASE LOSSES ("ALLL")

12. (a) Within 30 days after the effective date of this ORDER, the Board should ensure the ALLL has been increased by the $11 million adjustment required as a result of the February 14, 2011 examination, and that the increase is correctly reflected in the December 31, 2010 Call Report.

(b) Within 30 days of 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 reviews and the resulting recommended increases in the ALLL. The methodology for determining the Bank's ALLL adequacy must conform to generally accepted accounting principles and ALLL supervisory guidance. Specifically, the Bank must use Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Numbers 450 and 310 (formerly Statements Numbers 5 and 114 respectively) for determining the Bank's allowance for loan and lease losses reserve adequacy. Provisions for loan losses must be based on the inherent risk in the Bank's loan portfolio. The directorate must document with written reasons any decision not to require provisions for loan losses in the board minutes.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

13. (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 Department or the FDIC 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, any portion of which 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, or from paying expenses to protect the Bank's position in its collateral.

(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 Department or the FDIC 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 approved 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.

CONCENTRATIONS — PLAN FOR REDUCTION

14. (a) Within 75 days after the effective date of this ORDER, the Bank shall formulate and submit to the Commissioner and the Regional Director for review and comment a written plan to reduce the construction & development and commercial real estate concentrations of credit identified in the Report of Examination as of February 14, 2011 ("Concentration Reduction Plan"). Such Concentration Reduction Plan shall include, but not be limited to:

(1) Specific targets to which the Bank shall reduce each concentration; and

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

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

(1) Charge-off;

(2) Collect; or

(3) Increase Tier 1 Capital.

(c) After the Commissioner and the Regional Director have responded to the Concentration Reduction Plan, the Bank's board of directors shall adopt the Concentration Reduction Plan as amended or modified by the Commissioner and the Regional Director. The Concentration Reduction Plan shall be incorporated into the bank's Strategic Restoration Plan and be implemented immediately to the extent that the provisions of the Concentration Reduction Plan are not already in effect at the Bank.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT/FUNDS MANAGEMENT

15. (a) Within 75 days after the effective date of this ORDER, the Bank shall develop and submit to the Commissioner and the Regional Director for review and comment a written plan addressing liquidity, the Bank's relationship of volatile liabilities to temporary investments, rate sensitivity objectives, and asset/liability management. Annually thereafter, while this ORDER is in effect, the Bank shall review this plan for adequacy and, based upon such review, shall make necessary revisions to the plan to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

(1) Limiting the Bank's ratio of total loans to total deposits to not more than 85 percent;

(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 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) Developing a strategy for allowing brokered deposits to roll-off;

(10) Requiring compliance with Board approved policies relating to liquidity and funds management;

(11) 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

(12) Requiring monthly reports to the directors that describe the Bank's current liquidity position.

(b) Within 30 days after the receipt of all such comments from the Commissioner and the Regional Director, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the plan.

CORRECTION OF VIOLATIONS

16. (a) Within 90 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulations noted in the Joint Report of Examination dated February 14, 2011.

(b) Within 60 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, regulations, and Statements of Policy.

(c) Within 60 days after the effective date of this Order, the Bank shall correct, to the extent possible, any contravention of policy noted in the Report of Examination.

TECHNICAL EXCEPTIONS

17. (a) Within 90 days after the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Report of Examination as of February 14, 2011. Where efforts are unsuccessful, the Bank shall document the loan file to memorialize the corrective efforts attempted.

(b) Within 60 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.

LOAN POLICY COMPLIANCE

18. While this ORDER is in effect, the Bank shall document all loan policy exceptions and the reasons for the exceptions. The exceptions must then be approved by the Bank's loan committee. The loan committee must report all exceptions granted to the Bank's board. The Bank's board shall note such report and any discussion thereof in the minutes of the Bank's board of directors' meeting.

BANK SECRECY ACT ("BSA") INTERNAL CONTROLS

19. Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a revised written plan ("BSA Compliance Plan") for the continued administration of the Bank's Bank Secrecy Act Compliance Program and the Bank's Customer Identification Program ("CIP") designed to, among other things, ensure and maintain compliance with the BSA and its implementing rules and regulations. The Bank shall submit the revised BSA Compliance Plan to the Commissioner and the Regional Director for review and comment. Upon receipt of comments from the Commissioner and the Regional Director, if any, the Bank's board of directors shall review and approve the revised BSA Compliance Plan. The review and approval of the revised BSA Compliance Plan shall be recorded in the minutes of the Bank's board of directors. Thereafter, the Bank shall implement the revised BSA Compliance Plan.

At a minimum, the revised BSA Compliance Plan shall:

(a) Provide for a system of internal controls sufficient to comply in all material respects with the BSA and its implementing rules and regulations and establish a plan for implementing such internal controls. The system of internal controls shall provide, at a minimum:

(1) Procedures for conducting a risk-based assessment of the Bank's customer base to identify the categories of customers whose transactions and banking activities are routine and usual; and determine the appropriate level of enhanced due diligence necessary for those categories of customers whose transactions and banking activities are not routine and/or usual ("high-risk accounts");

(2) Policies and procedures with respect to high-risk accounts and customers identified through the risk assessment conducted pursuant to Provision 19(a)(1), including the adoption of adequate methods for conducting enhanced due diligence on high-risk accounts and customers at account opening and on an ongoing basis, and for monitoring high-risk client relationships on a transaction basis, as well as by account and customer;

(3) Policies, procedures, and systems for identifying, evaluating, monitoring, investigating, and reporting suspicious activity in the Bank's products, accounts, customers, services, and geographic areas, including:

a. Establishment of meaningful thresholds for identifying accounts and customers for further monitoring, review, and analyses;

b. Periodic testing and monitoring of such thresholds for their appropriateness to the Bank's products, customers, accounts, services, and geographic areas;

c. Review of existing systems to ensure adequate referral of information about potentially suspicious activity through appropriate levels of management, including a policy for determining action to be taken in the event of multiple filings of Suspicious Activity Reports ("SARs") on the same customer, or in the event a correspondent or other customer fails to provide due diligence information. Such procedures shall describe the circumstances under which an account should be closed and the processes and procedures to be followed in doing so;

d. Procedures and/or systems for each subsidiary and business area of the Bank to produce periodic reports designed to identify unusual or suspicious activity, to monitor and evaluate unusual or suspicious activity, and to maintain accurate information needed to produce these reports with the following features:

    i. The Bank's procedures and/or systems should be able to identify related accounts, countries of origin, location of the customer's businesses and residences to evaluate patterns of activity; and

ii. The periodic reports should cover a broad range of time frames, including individual days, a number of days, and a number of months, as appropriate, and should segregate transactions that pose a greater than normal risk for non-compliance with the BSA;

e. Documentation of management's decisions to file or not to file an SAR; and

f. Systems to ensure the timely, accurate, and complete filing of required SARs and any other similar or related reports required by law;

(4) Procedures to ensure customers and transactions are being compared to current Office of Foreign Assets Control ("OFAC") listings;

(5) Policies and procedures for transactions involving non-customers, including, but not limited to, wire transfer services, traveler's check services, and foreign exchange services;

(6) Procedures to ensure review of information and certifications provided to the Bank to support customer exemptions is adequately documented, including the amount of revenue derived from ineligible business activities;

(7) Procedures that address the documentation and scoring weaknesses noted in the Report of Examination dated February 14, 2011, with respect to the identification and periodic review of high-risk

accounts and customer due diligence as well as (a) the identification and monitoring of (i) non-governmental organizations and charities; (ii) embassy, foreign consulates, and politically exposed persons; (iii) privately-owned ATM operators; (iv) non-resident aliens; and (v) professional service providers, and (b) ensuring that risk-weighting is consistently applied and periodically updated on all high-risk customers;

(8) Procedures that address the weaknesses noted in the Report of Examination dated February 14, 2011, with respect to the Bank's customer identification program ("CIP"), including, but not limited to (a) the documentation of customer files and indentifying information, and (b) the correction of apparent violations;

(9) Assessment of the adequacy of staffing levels in relation to the BSA Compliance Program; and

(10) Training of all appropriate personnel in applicable aspects of BSA, including the Bank's internal BSA policies.

BUSINESS LINE

20. While this ORDER is in effect the Bank shall not enter into any new line of business or offer any new service without the prior written consent of the Commissioner and the Regional Director.

SHAREHOLDER NOTIFICATION

21. 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 shareholder (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, Washington, D.C. 20429, for review at least 20 days prior to dissemination to the shareholder. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

PROGRESS REPORTS

22. Commencing with the quarter ending December 31, 2011, and within 30 days after the end of each successive calendar quarter, the Bank shall furnish written progress reports ("Progress Reports") to the Commissioner and the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such Progress Reports may be discontinued when the corrections required by the ORDER have been accomplished and the Commissioner and the Regional Director have released the Bank in writing from making additional Progress Reports.

COMPLIANCE COMMITTEE

23. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a subcommittee of the board of directors of the Bank charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. At least two of the members of such subcommittee shall be directors not employed in any capacity by the Bank other than as a director. The subcommittee shall report monthly to the full board of directors of the Bank, 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 of directors' meetings. The

establishment of this subcommittee shall not diminish the responsibility or liability of the entire board of directors of the Bank to ensure compliance with the provisions of this ORDER.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the State, the FDIC, 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 upon its issuance by the Commissioner and 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 Commissioner and the FDIC.

This order is signed by the FDIC Dallas Regional Director, pursuant to delegated authority.

Issued and made effective this 15th day of September, 2011.

/s/
Charles G. Cooper
Banking Commissioner
Texas Department of Banking

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