FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

THE TEXAS DEPARTMENT OF BANKING
AUSTIN, TEXAS

In the Matter of	CONSENT ORDER
TEXAS CHAMPION BANK CORPUS CHRISTI, TEXAS	FDIC 16-0250b
(Insured State Nonmember Bank)	COMMISSIONER ORDER No. 2017-001

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Texas Champion Bank Corpus Christi, Texas ("Bank"), under Section 3(q)(2) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q)(2).

The Texas Department of Banking ("DEPARTMENT") is the State regulator for the Bank pursuant to Texas Finance Code, Title 3, Subtitle A, §§ 31.001 et seq.

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 February 9, 2017, that is accepted by the FDIC and the DEPARTMENT. With the Stipulation, the Bank has consented, without admitting or denying any unsafe or unsound banking practices or violations of law or regulation relating to credit administration and underwriting, management, capital and liquidity, to the issuance of this CONSENT ORDER ("ORDER") by the FDIC.

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

COMPLIANCE COMMITTEE

1. (a) Within 60 days after the effective date of this ORDER, the Bank's Board of Directors shall establish a subcommittee of the Board of Directors charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The subcommittee shall report monthly to the entire Board of Directors of the Bank, and a copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Bank's Board of Directors' meeting. Nothing contained herein shall diminish the responsibility of the entire Board of Directors of the Bank to ensure compliance with the provisions of this ORDER. The entire Board of Directors of the Bank may serve as the Compliance Committee if they elect to do so.

CAPITAL MAINTENANCE

2. (a) Within 90 days after the effective date of this ORDER and while this ORDER is in effect, the Bank, after establishing an appropriate Allowance for Loan and Lease Losses, shall maintain a Leverage Capital Ratio equal to or greater than 10 percent and a Total Capital Ratio equal to or greater than 13 percent.

(b) 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 Regional Director of the FDIC's Dallas Regional Office ("Regional Director") or the

Banking Commissioner of Texas ("Commissioner"), present to the Regional Director and the Commissioner a Plan to increase the Bank's Tier 1 Capital or to take such other measures to bring all the capital ratios to the percentages required by this ORDER. After the Regional Director and the Commissioner respond to the Plan, the Bank's Board of Directors shall adopt the Plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(c) Thereafter, to the extent such measures have not previously been initiated, the Bank shall immediately initiate measures detailed in the Plan 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 30 days after the Regional Director and the Commissioner respond to the Plan. Such increase in Tier 1 Capital and any increase in 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 October 11, 2016, by the Directors and/or shareholders of the Bank or by the Bank's holding company; or

(3) Receipt of an income tax refund subsequent to October 11, 2016, of a bona fide tax refund certified as being accurate by a certified public accounting firm;

(4) Sale of assets; or

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

(d) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's Board of Directors shall adopt and implement a Plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the Plan. Should the implementation of the Plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the Plan, and in any event, not less than 20 days prior to the dissemination of such materials, the Plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review. Any changes requested to be made in the Plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Commissioner for prior approval.

(e) 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.

(f) The Capital Plan must include a Contingency Plan ("Contingency Plan") that shall include a plan to sell or merge the Bank in the event that the Bank:

(1) Fails to maintain the minimum capital ratios required by the Order,

(2) Fails to submit an acceptable Capital Plan or

(3) Fails to implement or adhere to a Capital Plan to which no written objection was provided by the Regional Director and the Commissioner.

The Bank shall be required to implement the Contingency Plan only upon written notice from the Regional Director and the Commissioner.

(g) 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.

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

3. (a) Within 30 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 State as a result of the joint October 11, 2016 Visitation. 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 reduce the remaining assets classified Doubtful and Substandard as of October 11, 2016 ("Classified Asset Plan") to the Regional Director and the Commissioner for review. The Classified Asset Plan shall address each asset so classified with a balance of $750,000 or greater. The Classified Asset Plan shall include any classified assets identified subsequent to the

October 11, 2016 Visitation by the Bank internally or by the FDIC or the Department in a succeeding Visitation or Examination. For each identified asset, the Classified Asset Plan should provide the following information:

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

(2) Type of asset;

(3) A detailed explanation, including supporting documentation of the actions to be taken to reduce the classified asset, and the rationale used to develop the plan; and

(4) Time frames for accomplishing the proposed actions and target levels for each time frame.

The plan shall also include, at a minimum:

(5) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and

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

(c) In addition, the Bank's plan shall contain a schedule detailing the estimated reduction of total adversely classified items as a percentage of Tier 1 Capital plus the Allowance for Loan and Lease Losses at the end of each calendar quarter. Further, the plan shall contain a provision requiring the submission of quarterly progress reports to the Bank's Board of Directors and a provision mandating a review by the Bank's Board of Directors.

(d) The Bank shall present the plan to the Regional Director and the Commissioner for review. Within 30 days after the Regional Director's and the Commissioner's written response, the 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 plan to the extent such measures have not been initiated.

(e) For purposes of the plan, the reduction of adversely classified assets as of October 11, 2016, 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 FDIC or the State; or

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

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

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

4. (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 State as the result of the October 11, 2016 Visitation, 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 State as the result of the October 11, 2016 Visitation, either in whole or in part, and is uncollected, unless the Bank's Board of Directors has signed a detailed written statement giving reasons why failure to extend such credit would be detrimental to the best interests of the Bank. The statement shall be placed in the appropriate loan file and included in the minutes of the applicable Bank's Board of Directors' meeting.

<u>REDUCTION OF DELINQUENCIES</u>

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

(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 60 days; and

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

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

(1) Charge-off; or

(2) Collect.

(c) After the Regional Director and the Commissioner have responded to the plan, the Bank's Board of Directors shall adopt the plan as amended or modified by the Regional Director and the Commissioner. The plan will be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

LOAN POLICY

6. (a) Within 90 days after the effective date of this ORDER, and annually thereafter, the Board of Directors of the Bank shall review the Bank's Loan Policy and procedures for effectiveness and, based upon this review, shall make all necessary revisions to the 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 and comment 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;

(2) Requiring the establishment of limitations on the number of exceptions to the Loan Policy that may be granted and develop a reporting system to track the exceptions and present them to the Bank's Board of Directors for review and approval;

(3) Addressing extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation; independent collateral inspections; 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, and cash flow projections, and shall be maintained throughout the term of the loan. Each loan extended or renewed should be presented to the Director's Loan Committee for review and approval prior to the granting of the extension or renewal for all loans.

(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" and "Doubtful" in the October 11, 2016 Visitation;

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

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

(7) Requiring accurate reporting of past due loans to the Bank's Board of Directors through the Director's Loan Committee at least monthly;

(8) Incorporating collateral valuation requirements, including:

  a. A requirement that the valuation be completed prior to a commitment to lend funds;

  b. A requirement to periodically inspect collateral and determine what situations and parameters an independent third party inspection is needed; and

  c. Standards for initiating collection efforts;

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

(10) Establishing guidelines for collateral appraisals or valuations be completed prior to the making of secured extensions of credit, and that periodic collateral valuations be performed 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 Visitation or Report of Examination of the Bank by the FDIC or the State;

(11) Requiring that the source of appraisals and valuations be documented in Bank records;

(12) Requiring the development and implementation of curtailment provisions for lines of credit; and

(13) Requiring the development of follow-up procedures when exceptions or concerns are discovered in field audits of collateral confirmation on accounts receivable lending.

(c) The Bank shall submit the foregoing policies to the Regional Director and the Commissioner for comment. After the Regional Director and the Commissioner has/have responded to the policies, the Bank's Board of Directors shall adopt the policies as amended or modified by the Regional Director and the Commissioner. The policies will be implemented immediately to the extent that they are not already in effect at the Bank.

LOAN REVIEW & PROBLEM LOAN IDENTIFICATION

7. (a) Within 30 days after the effective date of this ORDER, the Bank's Board of Directors shall require the Director's Loan Committee to periodically review the Bank's loan portfolio and identify and categorize problem credits. The Director's Loan Committee shall file a report with the Bank's Board of Directors at each 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 Loan Policy;

(4) A listing of all loans denied and approved, including extensions and renewals; the list should contain a summary, which details the rationale and analysis performed to arrive at the decisions for denial or approval for each loan;

(5) Credit and collateral documentation exceptions;

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

(7) Concentrations of Credit, including funded and unfunded commitments.

(b) The Board's review of the Director's Loan Committee report shall be reflected in the Board minutes, along with any discussion related to the report.

(c) Within 90 days of the effective date of this ORDER, the Bank's Board of Directors shall ensure the internal loan review system is supplemented by an acceptable external loan review program. The external loan review reports shall be reviewed by the Bank's Board and documented in the Board minutes.

SPECIAL MENTION & TECHNICAL EXCEPTIONS

8. (a) Within 60 days after the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for Special Mention in the October 11, 2016 Visitation. 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 and correcting loan documentation exceptions identified either by the Bank internally or by the FDIC or the Department in subsequent Visitations or Examinations to reduce the occurrence of such exceptions in the future.

MANAGEMENT – BOARD SUPERVISION

9. (a) Within 30 days after the effective date of this ORDER, the Bank's Board of Directors 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 of 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 of Directors' minutes shall thoroughly document the Board's reviews and approvals, the names of any dissenting Directors, and detailed discussions on all matters related to the Bank's affairs and potential actions to address audit and regulatory concerns.

(b) Within 30 days after the effective date of this ORDER, the Management will ensure that all reports and/or committee minutes submitted to the Bank's Board of Directors contain timely and accurate information to assist the Directorate in accurately ascertaining the level of risk and impact to the Bank.

(c) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in Bank's directors or Senior Executive Officers. For the purpose of this ORDER, "Senior Executive Officer" is defined as in Section 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 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, changing, or adding any new Senior Executive Officer, other executive officers, or directors.

MANAGEMENT– STAFFING STUDY

10. (a) Within 60 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 providing qualified management for the Bank.

(b) The Bank shall provide the Regional Director and the Commissioner 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 Plan shall be developed within 90 days after the effective date of this ORDER. The Management Plan shall include, at a minimum:

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

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

(3) Evaluation of all Bank officers [and staff members] 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; and

(4) 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 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 from the receipt of any comments from the Regional Director and the Commissioner, and after the adoption of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the board of directors' meeting. Thereafter, the Bank, its Directors, officers, and employees shall implement and follow the Management Plan and/or any subsequent modification.

MANAGEMENT - INDEPENDENT DIRECTORS

11. (a) Within 90 days after the effective date of this ORDER, the Bank shall increase the number of Directors so that a majority of the Board of Directors is composed of Independent

Directors. 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, its subsidiaries, or 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 any individual with a substantial financial interest in an entity that has an indebtedness to the Bank in an amount exceeding 5 percent of the Bank's total Tier 1 Capital and Allowance for Loan and Lease Losses; or

(5) Who is deemed to be an Independent Director for purposes of this ORDER by the Regional Director and the Commissioner. The addition of any new Bank Director required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's bylaws, by means of appointment or election at a regular or special meeting of the Bank's shareholder.

PROFIT PLAN & BUDGET

12. (a) Within 60 days after the effective date of this ORDER, and within the first 60 days of each calendar year thereafter, the Board of Directors shall develop a written Profit Plan and Budget consisting of goals and strategies for improving the core 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 of Directors will seek to improve the Bank's core operating performance, Net Interest Margin, Overhead Expense, and Non-Interest Income;

(2) Realistic and comprehensive budgets;

(3) An analysis of the Bank's pricing structure;

(4) A recommendation for reducing the Bank's cost of funds;

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

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

(b) Within 30 days after the end of each calendar quarter following completion of the Profit Plan and Budget required by this paragraph and its approval as required by paragraph (c) below, the Bank's Board of Directors shall evaluate the Bank's actual performance in relation to the written Profit Plan and Budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Board of Directors' meeting when such evaluation is undertaken.

(c) Such written Profit Plan and Budget and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner for review and comment. Within 30 days after the receipt of any comment from the Regional Director and the Commissioner, the Bank's Board of Directors shall approve the written Profit Plan and Budget, 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 Plan and Budget and/or any subsequent modification.

BUSINESS PLAN

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

DIVIDEND & BONUS RESTRICTION

14. (a) While this ORDER is in effect, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

(b) While this ORDER is in effect, the Bank shall not pay executive officer bonuses without the prior written consent of the Regional Director and the Commissioner.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

15. (a) Within 90 days after the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner for review and comment a written plan addressing liquidity and non-core funding sources. 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 maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

(1) Establishing limitations on the total loan to total deposits ratio on a consolidated and unconsolidated basis within 90 days after the effective date of this ORDER;

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

(3) 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;

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

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

(6) 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); and

(7) Conducting stress testing regularly for a variety of bank-specific scenarios, including "a severe but plausible" scenario, of rate and brokered deposit restrictions and market-wide events across multiple time horizons.

(b) Within 30 days after the receipt of all such comments from the Regional Director and the Commissioner, 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.

INFORMATION TECHNOLOGY

16. (a) Within 60 days after the effective date of this ORDER, the Board shall correct the contravention to the Interagency Guidelines Establishing Information Security Standards (Standards) by ensuring the Information Technology Risk Assessment adequately represents the specific threats and mitigating controls of the bank's environment.

(b) Within 10 days after the completion of the written assessment referenced above, the Bank's Board of Directors shall review, approve, and submit its written assessment to the Regional Director and the Commissioner for review and comment.

(c) Within 60 days after receipt of the Regional Director's and the Commissioner's comments on the written assessment, the Bank shall adopt and implement all corrective measures detailed in the assessment.

(d) Furthermore, to ensure ongoing compliance with the Standards and proper oversight of the Information Security Program, monthly Board minutes should include documentation of the cybersecurity practices reviewed.

CORRECTION OF VIOLATIONS

17. (a) Within 60 days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted from the October 11, 2016 Visitation.

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

SHAREHOLDER NOTIFICATION

18. 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, 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.

PROGRESS REPORTS

19. Within 30 days after the end of the first calendar quarter following the effective date of this ORDER, and within 30 days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued related to specific paragraphs of this ORDER when the corrections required by the ORDER have been accomplished and the Regional

Director and Commissioner have released the Bank in writing from making additional reports related to such paragraphs.

The provisions of this ORDER shall not bar, stop, or otherwise prevent 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 on the date of issuance.

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 State.

Issued pursuant to delegated authority this 13th day of February, 2017.

/s/
Kristie K. Elmquist
Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

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