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

In the Matter of	)	CONSENT ORDER
ALLIANCE BANK CENTRAL TEXAS WACO, TEXAS	)	FDIC-12-364b
(Insured State Nonmember Bank)	)	COMMISSIONER ORDER No. 2012-017

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

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

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 August 21, 2012, that is accepted by the FDIC and the Department. With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to weaknesses in asset quality, deterioration in capital protection and earnings, and deficiencies in management and oversight by the Board, to the issuance of this CONSENT ORDER ("ORDER") by the Regional Director of the Dallas Regional Office of the FDIC ("Regional Director") and the Texas Banking Commissioner ("Commissioner").

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 or waived, the FDIC and the Commissioner hereby order that:

MANAGEMENT – BOARD SUPERVISION

1. (a) Within thirty (30) days after the effective date of this ORDER, the Bank's Board shall increase its participation in Bank affairs by assuming responsibility for the approval of the Bank's policies and objectives and for the oversight of the Bank's senior management, including approval of a process to monitor all the Bank's activities and compliance with Bank policies. The Board's participation in the Bank's affairs shall include, at a minimum:

(1) Holding monthly meetings to monitor the overall condition of the Bank, its risk profile, and compliance with internal policies, regulations, statutes, statements of policy, and rules. Board reviews and approvals shall include, but are not limited to: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, non-accrual, and recovered loans; classified asset reports; investment activities; operating policies; individual committee actions; and any exceptions to law or internal policies.

(2) Ensuring that Board's meeting minutes accurately document the Board's reviews and approvals of the above reports, and include the names of any dissenting directors;

(3) Ensuring that the Board reviews and documents the approval of all employment contracts (both proposed contracts as well as renewals

of existing contracts) entered into between the Bank and members of the executive management team;

(4) Performing an annual written performance evaluation on members of the Bank's executive management team. Document the evaluation in the Board's minutes and ensure that the evaluation is placed in the affected employees personnel file.

(b) Within ninety (90) days, the Board shall participate in an enhanced training program on their duties and responsibilities as directors in order to ensure the safe and sound operation of the institution; the Board's meeting minutes should document the type of training received and list the directors who participated in the training program.

MANAGEMENT STAFFING STUDY

2. (a) Within thirty (30) days after the effective date of this ORDER, the Bank shall retain a management 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 assisting the Board in retaining 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 FDIC and Department access to work papers.

(c) The Management Plan shall be developed within ninety (90) days after the effective date of this ORDER. The Management Plan shall include, at a minimum:

(1) Identification of the experience, type, and number of officer positions needed to properly manage and supervise the affairs of the Bank with particular emphasis placed on the positions of chief executive officer, chief lending officer, and chief credit officer;

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

(3) 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 established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition;

(4) 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; and

(5) A program and process that provides for an annual evaluation of the performance of the chief executive officer in regard to the safe and sound operation of the bank and compliance with rules, regulations, and internal policies.

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

(e) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in any of the Bank's directors or Senior Executive Officers. Prior to the addition of any individual to the Bank's Board 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. For purposes of this ORDER, "Senior Executive Officer" is defined in Section 303.101(b) of the FDIC's Rules and Regulations, 12 C.F.R. §303.101(b). 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.

BOARD COMMITTEE REQUIREMENTS

3. (a) Within thirty (30) days after the Regional Director and the Commissioner have commented on the management study's results, the Bank's Board shall restructure the Bank's current Board committees to ensure that each Board committee is supervised by an Independent Director. At least fifty percent of the members of all Board committees shall be 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, any subsidiary of the Bank, or any of the Bank's affiliated organizations, or a shareholder owning more than ten percent of the outstanding shares of the Bank;

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

(3) Who is not indebted to the Bank, directly or indirectly, by marriage, common financial interest, or the indebtedness of any entity in which the individual has a substantial financial interest in an amount exceeding ten percent of the Bank's total Tier 1 Capital and Allowance for Loan and Lease Losses ("ALLL"); or

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

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

4. (a) Within thirty (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 Department as a result of its examination of the Bank as of May 21, 2012, and any subsequent examination. 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 ninety (90) 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 the May 21, 2012, examination ("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 $250,000 or greater. 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) Actions to be taken in order to reduce the classified asset; and

(4) Time frames for accomplishing the proposed actions.

The Classified Asset Plan shall also, at a minimum:

(1) Review the financial position of each borrower, including the source of repayment, repayment ability, alternate repayment sources, and a global cash flow analysis (if applicable); and

(2) Evaluate the available collateral for each 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 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 and a provision mandating a review by the Bank's Board.

(c) For purposes of the Classified Asset Plan, the reduction of adversely classified assets 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 Department; or

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

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

(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 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. The Bank's ability to adhere to the approved Classified Asset Plan will be evaluated to determine overall compliance efforts with this provision of the ORDER.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

5. (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 Department 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 Department 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.

LOAN REVIEW AND PROBLEM LOAN IDENTIFICATION

6. (a) Within thirty (30) days after the effective date of this ORDER, the Bank's Board 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 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) Credit and collateral documentation exceptions;

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

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

(6) Concentrations of credit;

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

(c) Within sixty (60) days of the effective date of this ORDER, the Bank's Board shall ensure the internal loan review system is supplemented with an external loan review program. The external loan review reports shall be reviewed by the Bank's Board.

LOAN POLICY

7. (a) Within ninety (90) days after the effective date of this ORDER, and annually thereafter, the Bank's Board shall review the Bank's loan policy and procedures ("Loan Policy") 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.

(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 Bank's Board is receiving timely and fully documented reports on loan activity, including any deviations from established policy;

(2) Reducing lending limits for all lending personnel;

(3) Enhancing the Director's Loan Committee responsibility and authority by reducing the dollar amount of loans subject to the committee's review, requiring monthly meetings, and compiling reports as set forth in paragraph 6 of this ORDER;

(4) Requiring that all extensions of credit other than fully amortizing consumer loans less than $50,000, originated or renewed by the Bank be supported by current credit information, current real-estate appraisals or evaluations (as required by applicable regulations), 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, global cash flow analysis, cash flow projections, and aging reports for accounts receivable, review requirements for working capital loans and shall be maintained throughout the term of the loan;

(5) Requiring that the Director's Loan Committee review and monitor the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" and "Doubtful" in the Report of Examination;

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

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

(8) Prohibiting the capitalization of interest, loan-related fees, or loan-related expenses unless the Bank's Board or Director's Loan Committee formally approves such extensions of credit as being in the best interest of the Bank, provides detailed written support of its position, including the repayment capacity of the borrower in the Bank's Board or committee minutes;

(9) 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 by an independent party or external loan review 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.

(10) Requiring prior written approval by the Bank's Board or Director's Loan Committee for any extension of credit, renewal, or disbursement in an amount which, when aggregated with all other extensions of credit to that person and related interests of that person, exceeds $500,000. 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);

(11) Requiring non-accrual and troubled debt restructuring guidelines in accordance with the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income;

(12) Requiring accurate reporting of past due loans to the Bank's Board on at least a monthly basis, and include details on previous past due loans that have been removed from the list by providing applicable information on renewals or extensions, or other actions that extend the maturity date beyond the original terms;

(13) 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;

(14) Establishing standards for extending unsecured credit;

(15) Establishing guidelines for the use of guarantors, including:

(a) Individual limitations when aggregating all debt guarantees at the Bank and other institutions;

(b) Standards for enhancing the credit worthiness of a borrowing relationship with a guarantor;

(c) Ensure that disclosures are provided to the borrower and the board, when the guarantor is a shareholder, officer, or insider of the Bank;

(d) Standardize procedures for releasing guarantors that require, at a minimum:

(i) Documentation indicating why the release is in the best interest of the Bank; and

(ii) Board approval.

(16) Establishing guidelines for formal written credit memoranda based upon size and type of credit, including:

(a) Consistently applied Pre-funding and Post-funding analysis;

(b) Documenting the rationale for approving exceptions to loan policy;

(c) Consistently applied financial analysis;

(d) Inclusion of all pertinent payment histories of loan renewals, particularly those renewed with new note numbers; and,

(17) 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;

(18) Establishing standards for initiating collection efforts and problem loan workout situations;

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

(20) 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 May 21, 2012, or by the FDIC or Department 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 or Director's Loan Committee; and

(21) 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 Loan Policy to the Regional Director and the Commissioner for comment. After the Regional Director and the Commissioner have responded 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 shall be implemented immediately to the extent that they are not already in effect at the Bank.

CONFLICTS OF INTEREST

8. Within sixty (60) days of the date of this ORDER, the Bank's Board shall revise the Conflict of Interest Policy to include the following:

(a) Full disclosure of any potential conflicts of interest before any insider or shareholder transactions are conducted;

(b) Prior approval of the Bank's Board on any transaction with an insider (as defined by Regulation O);

(c) Documentation that the interested party abstained from voting;

(d) Documentation to support that insider transactions are performed at arms-length; and

(e) Documentation in the Board minutes of any deliberation that took place in the Board meeting regarding actual or potential insider related transactions.

CAPITAL PLAN & MAINTENANCE

9. (a) Within ninety (90) days after the effective date of this ORDER and while this ORDER is in effect, the Bank, after establishing an ALLL, shall maintain its Tier 1 Leverage Capital ratio equal to or greater than 9.0 percent of the Bank's Average Total Assets, and shall maintain its Total Risk-Based Capital ratio equal to or greater than 13.0 percent of the Bank's Total Risk Weighted Assets.

(b) If any capital ratios are less than required by the ORDER, as determined by the date of any Report of Condition and Income or at an examination by the FDIC or the Department, the Bank shall, within thirty (30) days after receipt of a written notice of the capital deficiency from the Regional Director or the Commissioner, present to the Regional Director and the Commissioner a plan to increase the capital of the Bank or to take such other measures to bring all the capital ratios to the percentages required by this ORDER ("Capital Plan").

(c) The Capital Plan must include a contingency plan in the event that the Bank has failed to maintain the minimum capital ratios required; failed to submit an acceptable Capital Plan as required by this subparagraph; or failed to implement or adhere to a Capital Plan to which no written objection has been provided by the Regional Director and the Commissioner. The Contingency Plan shall include a plan to sell or merge the Bank. The Bank shall implement the Contingency Plan upon written notice from the Regional Director and Commissioner.

(d) 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. 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 ninety (90) days after the Regional Director and the Commissioner 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, 2012, 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, 2012, 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.

(e) 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 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 if a shareholder vote is required. 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 State and Federal securities laws. Prior to the implementation of the plan involving a public distribution of securities, 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 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) 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

10. 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.

ALLOWANCE FOR LOAN AND LEASE LOSSES

11. 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 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. The methodology for determining the Bank's ALLL adequacy must conform to generally accepted accounting principles and the December 13, 2006 Joint Interagency Statement of Policy regarding the ALLL. 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.

VIOLATIONS AND STATEMENTS OF POLICY

12. (a) Within sixty (60) days after the effective date of this ORDER, the Bank

shall eliminate and/or correct, to the extent possible, all violations of law and regulation noted in the Report of Examination.

(b) Within sixty (60) 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 sixty (60) days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted in the Report of Examination.

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

BUDGET AND PROFIT PLAN

13. (a) Within ninety (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 profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2012. The plan required by this paragraph must contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) Within thirty (30) days after the end of each calendar quarter following completion of the profit plan and budget required by this paragraph, the Bank's Board 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 meeting when such evaluation is undertaken.

(c) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and the

Commissioner for review and comment within 30 days after the end of each year. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after adoption of any recommended changes, the Bank shall approve the written profit plan and budget, which approval shall be recorded in the minutes of a Board meeting. Thereafter, the Bank shall implement and follow the plan.

CHANGE IN BUSINESS PLAN

14. From the date of this ORDER the Bank shall not enter into any new line of business or offer any new service without the prior written consent of the Regional Director and the Commissioner.

COMPLIANCE COMMITTEE

15. Within 30 days after the effective date of this ORDER, the Bank's Board shall establish a committee of the Bank's Board charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The majority of the 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.

SHAREHOLDER NOTIFICATION

16. 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

17. Within thirty (30) days after the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter, the Bank shall furnish written progress reports ("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 Progress Reports may be discontinued 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 Progress Reports.

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC, the Department, 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 FDIC and Commissioner.

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 in effect and enforceable except to the extent that any provision has been modified, terminated, suspended, or set aside by the FDIC and the Commissioner.

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

Issued and made effective this 21st day of August 2012.

/s/__________________________________
Kristie K. Elmquist
Regional Director
Federal Deposit Insurance Corporation

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