

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

ALABAMA STATE BANKING DEPARTMENT
MONTGOMERY, ALABAMA

In the Matter of)

ALAMERICA BANK)
BIRMINGHAM, ALABAMA)

(INSURED STATE NONMEMBER BANK))

CONSENT ORDER

FDIC-14-0164b

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Alamerica Bank, Birmingham, Alabama (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER” (“CONSENT AGREEMENT”), dated August 20, 2014, that is accepted by the FDIC and the Alabama State Banking Department (“Department”) (the FDIC and the Department are sometimes referred to hereinafter as the “Supervisory Authorities”). With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices and violations of law or regulation relating to weaknesses in capital, asset quality, management, earnings, liquidity, sensitivity to market risk, and the Bank’s compliance with the Bank Secrecy Act, 31 U.S.C. §5311 et seq., 12 U.S.C. §1829b and 12 U.S.C. §§1951-1959, and its implementing regulations, 31 C.F.R. Chapter X and 12 C.F.R. Part 353, and 12 U.S.C. 1818(s) and its implementing regulation, 12 C.F.R. §326.8 (collectively

referred to as "BSA"), to the issuance of this Consent Order ("ORDER") by the FDIC and the Department. The Department may issue an ORDER pursuant to § 5-2A-12, Code of Alabama.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b) and § 5-2A-12, Code of Alabama, have been satisfied, the FDIC and the Department hereby order that:

BOARD OF DIRECTORS

1. (a) As of the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; insider transactions; investment activity; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including management's responses; programs and practices pertaining to the Bank's operations, including BSA compliance; all examination reports, visitation reports, and all other correspondence from the Supervisory Authorities; and compliance with this ORDER. Board meeting minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' Committee"), consisting of at least three members, to oversee the Bank's compliance with this ORDER. At least one of the members of such committee shall be a director not employed in any capacity by the Bank other than as a director. The Directors'

Committee shall formulate and review monthly reports detailing the Bank's actions with respect to compliance with this ORDER. The Directors' Committee shall present a report to the Board at each regularly scheduled Board meeting, and such report shall detail the Bank's adherence to this ORDER. Such report shall be recorded in the appropriate Board meeting minutes and shall be retained in the Bank's records. Establishment of this committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

(c) Within 30 days from the effective date of this ORDER, the Board shall develop and adopt an educational program for periodic training for each member of the Board. The educational program shall include, at a minimum:

(i) Specific training in the areas of lending, operations, and compliance with laws, rules, and regulations, including training in BSA compliance as more specifically required below, applicable to banks of comparable size and complexity chartered in the State of Alabama; and

(ii) Specific training in the duties and responsibilities of the Board in connection with the safe and sound operation of the Bank.

(d) Upon adoption of the educational program, it shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations. The Board shall document the training activities in the minutes of the next Board meeting following completion of any such training. The Board's actions as required by this paragraph shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations or visitations.

(e) Within 100 days from the effective date of this ORDER, the Board shall cause to have an independent audit conducted of all insider transactions specifically referenced in the Report of Examination dated March 3, 2014 (the "Report") and the July 8, 2013 Report of Visitation. The selection of the auditor shall be subject to the written approval of the Supervisory Authorities. The results of the audit shall be reported by the auditor in writing to the Board and the Supervisory Authorities simultaneously. Within 30 days of the completion of the audit, the Board shall hold a meeting of the Board to review the findings of the audit, and shall report those findings in the minutes of that board of directors meeting. A plan of action to address the findings and recommendations of the audit shall be adopted by the Board and provided to the Supervisory Authorities within 60 days of completion of the audit.

MANAGEMENT

2. (a) Within 120 days from the effective date of this ORDER, the Bank shall have and retain qualified management with the qualifications and experience commensurate with assigned duties and responsibilities at the Bank, including the Bank's BSA compliance program. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this ORDER. At a minimum, management shall include the following:

(i) A chief executive officer with proven ability in managing a bank of comparable size and in effectively implementing lending, investment and operating policies in accordance with safe and sound banking practices;

(ii) A senior lending officer with a significant amount of appropriate lending, collection, and loan supervision experience, and experience in upgrading a low quality loan portfolio; and

(iii) A chief operating officer with a significant amount of appropriate experience in managing the operations of a bank of similar size and complexity in accordance with sound banking practices.

(b) The qualifications of management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

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

(iii) Comply with applicable laws and regulations; and

(iv) Restore all aspects of the Bank to a safe and sound condition, including, but not limited to, capital adequacy, asset quality, management effectiveness, earnings, liquidity, sensitivity to market risk, and risk management.

(c) During the life of this ORDER, the Bank shall notify the Supervisory Authorities, in writing, of the resignation or termination of any of the Bank's directors or senior executive officers. Prior to the addition of any individual to the 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, 12 C.F.R. §§ 303.100-303.104. The Bank shall also obtain the written approval of the Department prior to the addition of any individual to the Board or the employment of any individual as an executive officer. If the Regional Director issues a notice of disapproval pursuant to 12 U.S.C. § 1831i, or the Department issues a letter of disapproval with respect to the proposed individual, then such individual may not be added to the Board or employed by the Bank.

(d) Within 30 days from the effective date of this ORDER, the Bank shall retain a bank consultant who will develop a written analysis and assessment of the Bank's management needs ("Management Report") for the purpose of providing qualified management for the Bank. The choice of bank consultant will be subject to the written approval of the Supervisory Authorities.

(e) The Management Report shall be developed within 60 days from the effective date of this ORDER and shall include, at a minimum:

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

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

(iii) Written evaluation of all senior executive officers to determine whether such individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including, but not limited to, adherence to the Bank's established policies and practices, restoration of the Bank to a safe and sound condition, and maintenance of the Bank in a safe and sound condition thereafter;

(iv) Evaluation of all Bank officers' compensation, including salaries, director fees, and other benefits;

(v) 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 consistent with the needs identified in the Management Report; and

(vi) An organizational chart.

(f) Within 15 days from the effective date of this ORDER, the Bank shall provide the Supervisory Authorities with a copy of the proposed engagement letter or third party contract for review before it is executed.

(g) The contract or engagement letter, at a minimum, shall include:

(i) A description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(ii) The responsibilities of the firm or individual;

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

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

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

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

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

(viii) A provision for unrestricted examiner access to work papers; and

(ix) A certification that neither the firm, nor any individual involved in the work to be performed, is affiliated in any manner with the Bank.

(x) The requirement that the bank consultant provide the Management Report to the Bank and the Supervisory Authorities simultaneously.

(h) Within 30 days from receipt of the Management Report, the Bank shall formulate a written plan ("Management Plan") that incorporates the findings of the Management Report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. At a minimum, the Management Plan shall:

(i) Contain a recitation of the recommendations included in the Management Report;

(ii) Incorporate a plan to provide necessary training and development for all employees and officers;

(iii) Establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and staff member; and

(iv) Contain a current management succession plan.

(i) Such Management Plan and its implementation shall be satisfactory to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

CAPITAL

3. (a) During the life of this ORDER, the Bank shall maintain a Leverage Ratio of at least 9 percent (9%) and a Total Risk-Based Capital Ratio of at least 12 percent (12%) as those capital ratios are defined in 12 C.F.R. Part 325.

(b) The level of Tier 1 Capital to be maintained pursuant to this paragraph shall be in addition to a fully funded allowance for loan and lease losses ("ALLL"), the adequacy of which shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(c) If any such capital ratios are less than the percentages required by this ORDER, as determined as of the date of any Consolidated Reports of Condition and Income or at an examination by the FDIC or the Department, the Bank shall, within 30 days from receipt of a written notice of the capital deficiency from the Supervisory Authorities, present to the Supervisory Authorities a plan to increase the Bank's Tier 1 Capital or to take other measures to bring all the capital ratios to the percentages required by this ORDER. After the Supervisory Authorities respond to the plan, the Board shall implement the plan, including any modifications and/or amendments requested by the Supervisory Authorities.

(d) Any increase in Tier 1 Capital necessary to meet the requirements of this ORDER may be accomplished by the following:

- (i) Sale of common stock;
- (ii) Sale of noncumulative perpetual preferred stock;
- (iii) Direct contribution of cash by the Board, shareholders, and/or parent holding company;
- (iv) Any combination of the above means; or
- (v) Any other means acceptable to the Supervisory Authorities.

(e) No increase in Tier 1 Capital that is necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's ALLL without the prior written approval of the Supervisory Authorities.

(f) If all or part of any necessary increase in Tier 1 Capital required by this ORDER is accomplished by the sale of new securities, the Board shall take all necessary steps to implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held 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 applicable federal securities laws. Prior to the implementation of the plan and, in any event, not less than 15 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 Alabama State Banking Department, 401 Adams Avenue, Suite 680, Montgomery, Alabama 36130-1201, and to the FDIC, Division of Risk Management Supervision, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room MB-5073, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or materials by the FDIC or the Department shall be made prior to the dissemination of the plan and materials. If the increase in Tier 1 Capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to interest rate and convertibility factor, shall be presented to the Supervisory Authorities for prior approval.

(g) In complying with the provisions of the Capital paragraph of this ORDER, if all or part of any necessary increase in Tier 1 Capital required by this ORDER is accomplished by the sale of securities, the Bank shall provide written notice of any material events to any subscriber and/or purchaser of the Bank's securities until closing of the offering and disbursement of funds to the Bank from escrow. A material event is an occurrence that would likely be viewed by a reasonable investor as directly affecting the decision to purchase, or not to purchase, the Bank's securities through an offering. The written notice required by this paragraph shall be furnished within 10 days from the date a material event was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the Bank's original offering information.

CHARGE-OFF LOSS AND DOUBTFUL

4. (a) Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the Report that have not been previously collected or charged-off. Elimination of any of these assets through proceeds of other loans made by the Bank is not considered collection for purposes of this paragraph.

(b) Additionally, while this ORDER remains in effect, the Bank shall, within 30 days from the receipt of any official Report of Examination of the Bank from the FDIC or the Department, eliminate from its books, by collection, charge-off, or other proper entry, the remaining balance of any asset classified "Loss" and 50 percent of those assets classified "Doubtful" unless otherwise approved in writing by the Supervisory Authorities. If an asset is classified "Doubtful", the Bank may, in the alternative, charge-off the amount that is considered uncollectible in accordance with the Bank's written analysis of loan or lease impairment.

CLASSIFIED ASSET REDUCTION

5. (a) Within 60 days from the effective date of this ORDER, and also within 60 days from the receipt of any future regulatory examination report, the Bank shall submit a written plan to the Supervisory Authorities to reduce the remaining assets classified "Doubtful" and "Substandard" therein. The plan shall address: each loan and loan relationship so classified; and all other assets so classified with a balance of \$350,000 or greater. The plan will provide the following:

- (i) The name under which the asset is carried on the books of the Bank;
- (ii) Type of asset;
- (iii) Actions to be taken in order to reduce the classified asset; and
- (iv) Timeframes for accomplishing the proposed actions.

(b) The plan shall also include, at a minimum:

- (i) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and
- (ii) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

(c) In addition, the Bank's plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the plan shall require the submission of monthly progress reports to the Board and mandate a review by the Board.

(d) The Bank shall present the plan to the Supervisory Authorities for review. Within 30 days from the Supervisory Authorities' response, the plan, including any requested modifications or amendments, shall be adopted by the Board and the approval shall be recorded in the Board minutes. The Bank shall then immediately implement the plan.

(e) For purposes of the plan, the reduction of adversely classified assets as of the Report or any future regulatory examination report 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:

- (i) Charge-off;
- (ii) Collection;
- (iii) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the Department; and/or
- (iv) Increase in the Bank's Tier 1 Capital.

NO ADDITIONAL CREDIT

6. (a) Beginning with the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been charged off or classified, in whole or in part, "Loss" or "Doubtful" and is 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) Additionally, during the life of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been classified, in whole or part, "Substandard."

(c) The preceding limitations on additional credit for loans or other extensions of credit from the Bank classified, in whole or part, "Substandard" shall not apply if the Bank's failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to the extension of any additional credit pursuant to this paragraph, either in the form of an extension or further advance of funds, such additional credit shall be approved by a majority of the Board or a designated committee thereof, who shall certify in writing that:

(i) The failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, including an explanatory statement of why it would be detrimental to the Bank's best interests;

(ii) The Bank's position would be improved thereby, including an explanatory statement of how the Bank's position would be improved; and

(iii) An appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(d) The signed certification shall be made a part of the meeting minutes of the Board or its designated committee and a copy of the signed certification shall be retained in the borrower's credit file.

(e) Any additional extensions of credit to classified borrowers made under this provision shall be reported to the Supervisory Authorities at 90-day intervals with the other reporting requirements set forth in this ORDER. At a minimum, the 90-day reports shall include

the name of the classified borrower, the amount of additional credit extended, and the total outstanding balance of credit extended to the classified borrower.

LENDING

7. Within 30 days from the effective date of this ORDER, the Bank shall ensure the full implementation of its written lending and collection policy to provide effective guidance and control over the Bank's lending function, which implementation shall include the resolution of those exceptions enumerated in the Report. In addition, the Bank shall obtain adequate and current documentation for all loans in the Bank's loan portfolio. Such policy and its implementation shall be in a form and manner acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

LOAN REVIEW

8. Within 30 days from the effective date of this ORDER, the Bank shall review and, if necessary, revise its internal loan review and grading system, and ensure its full and effective implementation, in order to provide for the periodic review of the Bank's loan portfolio in order to identify and categorize the Bank's loans, and other extensions of credit which are carried on the Bank's books as loans, on the basis of credit quality. Such system and its implementation shall be satisfactory to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

OTHER REAL ESTATE

9. Within 60 days from the effective date of this ORDER, the Board shall develop a written policy for managing the Other Real Estate of the Bank. Such policy shall be consistent with all

applicable laws, regulations, and other regulatory guidelines regarding appraisals, including, but not limited to, the FDIC's appraisal regulations as described in 12 C.F.R. § 323, *Guidance on Other Real Estate*, FIL-62-2008 (July 1, 2008), and the Department's Statement of Policy on the Booking and Holding of Other Real Estate. The Bank shall submit the policy to the Supervisory Authorities for review. The Bank shall approve the policy, with any requested revisions by the Supervisory Authorities, which approval shall be recorded in the Board meeting minutes. Thereafter, the Bank shall implement and fully comply with the policy.

CONCENTRATIONS OF CREDIT

10. (a) Within 45 days from the effective date of this ORDER, the Bank shall perform a risk segmentation analysis and develop a plan with respect to the concentrations of credit listed on the Concentrations page of the Report. The analysis and plan shall incorporate applicable guidance set forth in *Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices*, FIL-104-2006 (Dec. 12, 2006). Concentrations shall be identified by product type, geographic distribution, underlying collateral, or other asset groups which are considered economically related and, in the aggregate, represent a large portion of the Bank's Tier 1 Capital and ALLL. A copy of this analysis and plan shall be provided to the Supervisory Authorities. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit for review a written plan for systematically reducing and monitoring the Bank's Acquisition, Development and Construction Loans concentration of credit identified in the Report to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location ("Concentration Reduction Plan").

(c) The Concentration Reduction Plan shall comply with applicable guidance referenced in *Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices*, FIL-104-2006 (Dec. 12, 2006), and *Managing Commercial Real Estate Concentrations in a Challenging Environment*, FIL-22-2008 (Mar. 17, 2008). The Concentration Reduction Plan shall include, but not be limited to:

(i) Dollar level and percent of total capital to which the Bank shall reduce the concentration;

(ii) Timeframes for achieving the reduction in dollar level in response to the paragraph above;

(iii) Provisions for controlling and monitoring of commercial real estate (“CRE”), including plans to address the rationale for CRE levels as they relate to growth and capital targets, segmentation, and testing of the CRE portfolio to detect and limit concentrations with similar risk characteristics; and

(iv) Provisions for the submission of monthly written progress reports to the Board for review and notation in minutes of the Board meetings.

(d) The Concentration Reduction Plan shall be submitted to the Supervisory Authorities for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Supervisory Authorities, and after incorporation and adoption of all comments, the Board shall approve the Concentration Reduction Plan, which approval shall be recorded in the Board meeting minutes. Thereafter, the Bank shall implement and fully comply with the Concentration Reduction Plan.

ALLOWANCE FOR LOAN AND LEASE LOSSES AND CALL REPORT

11. (a) Immediately upon the issuance of this ORDER, the Board shall make a provision to replenish the ALLL, which as of the date of the examination was underfunded as set forth in the Report.

(b) Within 60 days from the effective date of this ORDER, the Bank shall review Consolidated Reports of Condition and Income filed with the FDIC on or after December 31, 2013, and shall amend said reports if necessary to accurately reflect the financial condition of the Bank as of the date of each such report. In particular, such reports shall contain an adequate ALLL. Reports filed after the effective date of this ORDER shall accurately reflect the financial condition of the Bank as of the reporting date.

(c) Within 60 days from the effective date of this ORDER, the Bank must determine the Bank's ALLL adequacy using Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 450 (Topic 450, "Contingencies") and ASC 310-10-35 (Section 35, "Subsequent Measurement General," of Subtopic 310-10). Provisions for loan losses must be based on the inherent risk in the Bank's loan portfolio. The Bank must also adhere to the guidance set forth in the *Interagency Policy Statement on the Allowance for Loan and Lease Losses*, FIL-105-2006 (Dec. 13, 2006). The Board must document and support in writing in the Board meeting minutes any decision to not require provisions for ALLL.

(d) While this Order is in effect, the Bank shall not make any negative provisions to the ALLL without the prior written consent of the Supervisory Authorities.

ASSET GROWTH

12. While this ORDER is in effect, the Bank shall notify the Supervisory Authorities at least 60 days prior to undertaking asset growth that exceeds 5 percent or more per annum or initiating material changes in asset or liability composition. In no event shall asset growth result in noncompliance with the capital maintenance provisions of this ORDER unless the Bank receives prior written approval from the Supervisory Authorities.

BUDGET

13. (a) Within 45 days from the effective date of this ORDER, the Bank shall implement a written plan and a comprehensive budget for all categories of income and expense for the calendar year ending December 31, 2014. The plan and budget required by this paragraph shall include formal goals and strategies, consistent with sound banking practices, and take into account the Bank's other written policies in order to improve the Bank's net interest margin, reduce discretionary expenses, control overhead, and improve and sustain earnings of the Bank. The plan shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components. Thereafter, the Bank shall formulate such a plan and budget by November 30 of each subsequent year and submit the plan and budget to the Supervisory Authorities for review and comment by December 15. The plan and budget required by this ORDER shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

(b) On a monthly basis, the Board shall evaluate the Bank's actual performance in relation to the plan and budget required by this ORDER and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting at which

such evaluation is undertaken. The actual performance compared to the budget shall be submitted to the Supervisory Authorities with the quarterly progress reports required by this ORDER.

STRATEGIC PLAN

14. (a) Within 75 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities an acceptable written business/strategic plan covering the overall operation of the Bank. At a minimum, the plan shall establish objectives for the Bank's earnings performance, growth, balance sheet mix, liability structure, capital adequacy, and reduction of nonperforming and underperforming assets, together with strategies for achieving those objectives. The plan shall also identify capital, funding, managerial, and other resources needed to accomplish its objectives. Such plan shall specifically provide for the following:

- (i) Goals for the composition of the loan portfolio by loan type including strategies to diversify the type and improve the quality of loans held;
- (ii) Goals for the composition of the deposit base including strategies to reduce reliance on volatile and costly deposits; and
- (iii) Plans for effective risk management and collection practices.

(b) The Board shall approve the business/strategic plan, which approval shall be recorded in the Board meeting minutes for the meeting at which the business/strategic plan was approved.

LIQUIDITY AND FUNDS MANAGEMENT

15. (a) Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan to improve liquidity, contingency funding, interest rate risk, and asset/liability management.

(b) The plan shall incorporate the guidance contained in *Liquidity Risk Management*, FIL-84-2008 (Aug. 26, 2008). The plan shall provide restrictions on the use of brokered and internet deposits consistent with safe and sound banking practices.

(c) A copy of the plan shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations. The Bank shall adopt, implement, and follow the plan, and its implementation shall be in a form and manner acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

(d) Beginning with the effective date of this ORDER, the Bank's management shall review its liquidity position to ensure that the Bank has sufficient liquid assets or sources of liquidity to meet current and anticipated liquidity needs. This review shall include an analysis of the Bank's sources and uses of funds (cash flow analysis). The results of this review shall be presented to the Board for review each month, with the review noted in the Board meeting minutes.

BROKERED DEPOSITS

16. Throughout the effective life of this ORDER, the Bank shall not accept, renew, or rollover any brokered deposit, as defined in 12 C.F.R. § 337.6(a)(2), unless it is in compliance with the requirements of 12 C.F.R. § 337.6(b) which governs the solicitation and acceptance of

brokered deposits by insured depository institutions. The Bank shall comply with the restrictions on the effective yields on deposits as described in 12 C.F.R. § 337.6.

BANK HOLDING COMPANY OR OTHER AFFILIATES

17. As of the effective date of this ORDER, the Bank shall not make any payment or enter into any contract or other transaction directly or indirectly, to or for the benefit of the Bank's holding company or any other Bank affiliate, without the prior written consent of the Supervisory Authorities.

RESTRICTIONS ON CERTAIN PAYMENTS

18. (a) While this ORDER is in effect, the Bank shall not declare or pay dividends, bonuses, or make any other form of payment outside the ordinary course of business resulting in a reduction of capital, without the prior written approval of the Supervisory Authorities. All requests for prior approval shall be received at least 30 days prior to the proposed dividend or bonus payment declaration date (or at least 5 days with respect to any request filed within the first 30 days from the date of this ORDER) and shall contain, but not be limited to, an analysis of the impact such dividend or bonus payment would have on the Bank's capital, income, and liquidity positions.

(b) During the term of this ORDER, the Bank shall not make any distributions of interest, principal or other sums on subordinated debentures, if any, without the prior written approval of the Supervisory Authorities.

ETHICS PROGRAM

19. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written ethics policy ("Ethics Policy") and program ("Ethics Program"). The Ethics Policy shall state the ethical standards expected of directors, officers, employees, agents, and other persons participating in the conduct of the affairs of the Bank ("Covered Individuals") in the performance of their duties and responsibilities.

(b) The Ethics Program shall establish the definitions, instructions, and format to be followed by Covered Individuals in the preparation of comprehensive conflict disclosure statements ("Statements") to be filed for review by an ethics counselor and/or ethics committee and shall require:

- (i) Initial Statements from all existing Covered Individuals;
- (ii) Initial Statements from any person who newly becomes a Covered Individual;
- (iii) Periodic Statements from all Covered Individuals; and
- (iv) Immediate reporting of new conflicts or discovery of previously unreported conflicts.

(c) At a minimum, the Ethics Program shall address the:

- (i) Acceptance of gifts, entertainment, favors, and loans;
- (ii) Use of official information;
- (iii) Employment/appointment of relatives;

- (iv) Use of Bank property;
- (v) Reimbursement of travel expenses;
- (vi) Disclosure of indebtedness to the Bank or any other financial institution;
- (vii) Financial interests and obligations that appear to conflict with the

Covered Individual's duties and responsibilities, including, but not limited to, participation of any sort in any transaction or loan in which the Covered Individual, his or her spouse, child, partner, or any organization in which the Covered Individual has a financial interest, or serves as an officer, director, trustee, or partner, is involved;

- (viii) Purchase of Bank property;
- (ix) Provision of goods or services to the Bank; and
- (x) Acceptance of outside employment and/or maintenance of other activities.

(d) The Ethics Program shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

BSA INTERNAL CONTROLS

20. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop a revised system of internal controls designed to ensure full compliance with the BSA ("BSA Internal Controls") taking into account its size and risk profile and addressing the deficiencies and recommendations contained in the ROE.

(b) At a minimum, the BSA Internal Controls shall include policies, procedures, and processes addressing the following areas:

- (i) Suspicious Activity Monitoring and Reporting: Taking into account its

size and risk profile, the Bank shall develop, adopt and implement policies, procedures, processes, and systems, including automated software monitoring systems, for monitoring, detecting, and reporting suspicious activity being conducted in all areas within or through the Bank. The Bank shall monitor all relevant areas of the Bank for suspicious activity, including, but not limited to: cash transactions, international and domestic wire transfers, and ACH and ATM transactions. The Bank shall cause the timely, accurate and complete filing of Suspicious Activity Reports (“SARs”), Currency Transaction Reports (“CTRs”), Reports of International Transportation of Currency or Monetary Instruments, Reports of Foreign Bank and Financial Accounts, and any other BSA related reports required by law or regulation (collectively, the “BSA Reports”). The Bank shall require the appropriate level of documentation and support for management’s decision to file or not to file a BSA Report, as required by law;

(ii) Due Diligence: The Bank shall review and enhance its customer due diligence (“CDD”) policies, procedures and processes for new and existing customers (“CDD Program”):

(A) the CDD Program shall be consistent with guidance for CDD set forth in the Federal Financial Institutions Examination Council’s *Bank Secrecy Act/Anti-Money Laundering Examination Manual* (www.ffiec.gov/bsa_aml_infobase/default.htm) (the “BSA Manual”); and

(B) the CDD Program shall operate in conjunction with the Bank’s Customer Identification Program (“CIP”).

(iii) At a minimum, the CDD Program shall include:

(A) a risk rating system to assess the Bank’s customer base to ensure that the risk level of each customer is accurately identified based on the potential for money laundering or other illicit activity posed by the customer’s activities. Each risk rating assessment

shall take into account the purpose of the account, the anticipated type and volume of account activity, types of products and services offered, and locations and markets served by the customer;

(B) an appropriate level of ongoing monitoring commensurate with the customer's risk level to ensure that the Bank can reasonably detect suspicious activity and accurately determine whether the customer requires enhanced due diligence ("EDD");

(C) a sufficient level of customer information at account opening and appropriate analysis of that information to assist and support the risk rating assigned;

(D) procedures for documenting and supporting the risk analysis conducted under the CDD process, including procedures for validating risk ratings assigned at account opening and resolving issues in the event insufficient or inaccurate information is obtained;

(E) procedures to reasonably ensure the timely identification and accurate reporting of known or suspected criminal activity, as required by Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(iv) Enhanced Customer Due Diligence: The Bank shall establish EDD policies, procedures, and processes to conduct EDD necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of suspicious activity ("EDD Program"), including but not limited to high risk accounts:

(A) the EDD program shall be consistent with the guidance for EDD set forth in the BSA Manual; and

(B) the EDD Program shall operate in conjunction with the Bank's CIP and CDD policies, procedures and processes.

(v) At a minimum, the EDD Program shall include:

(A) procedures to determine the frequency of ongoing reviews based on customer risk level;

(B) procedures to determine the appropriate documentation necessary to conduct and support ongoing reviews and analyses in order to reasonably understand the customer's normal and expected transactions; and

(C) procedures to reasonably ensure the timely identification and accurate reporting to law enforcement and supervisory authorities of known or suspected criminal activity against or involving the Bank, as required by Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(vi) The policies, procedures and processes that comprise the Bank's BSA Internal Controls shall operate in conjunction with each other and shall be consistent with the guidance for account/transaction monitoring and reporting set forth in the BSA Manual, including dissemination of the high risk customer list to appropriate departments within the Bank.

(c) The BSA Internal Controls shall be submitted to the Supervisory Authorities for non-objection or comment. Within 30 days of receipt of the Supervisory Authorities' non-objection or comments and after incorporation and adoption of all comments, the Board shall approve the BSA Internal Controls, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the BSA Internal Controls.

BSA REPORTS

21. Within 60 days from the effective date of this ORDER, the Bank shall implement monitoring and reporting procedures for the BSA Reports and ensure that all appropriate Bank employees are aware of and trained in the procedures, including accurate recordkeeping, form

completion, the detection and reporting of known and/or suspected criminal activity, and their responsibilities in implementing the procedures.

BSA TRAINING

22. (a) The Bank shall take all steps necessary, consistent with sound banking practices, to ensure that all appropriate personnel are aware of, and can comply with, the requirements of the BSA applicable to the individual's specific responsibilities to assure the Bank's compliance with the BSA.

(b) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt and implement effective training programs designed for the Board, management and staff and their specific compliance responsibilities on all relevant aspects of laws, regulations, and Bank policies, procedures and processes relating to the BSA (the "BSA Training Program"). The BSA Training Program shall ensure that all appropriate personnel are aware of, and can comply with, the requirements of the BSA on an ongoing basis, including as they relate to high-risk products and services. The BSA Training Program shall, at a minimum, include:

- (i) An overview of the BSA for new staff along with specific training designed for their specific duties and responsibilities upon hiring;
- (ii) Training on the Bank's BSA, AML and OFAC policies, procedures and processes along with new rules and requirements as they arise for appropriate personnel designed to address their specific duties and responsibilities;
- (iii) A requirement that the Bank fully document the training of each employee with respect to the BSA, AML and OFAC policies, procedures and processes, including the designated BSA Officer, as defined below; and
- (iv) A requirement that the BSA Training Program be conducted no less frequently than annually.

VIOLATIONS OF LAW, REGULATION, AND CONTRAVENTION OF POLICY

23. Within 45 days from the effective date of this ORDER, the Bank will eliminate and/or correct all violations of laws, regulations, and/or contraventions of statements of policy in the Report and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws, regulations, and/or statements of policy.

SHAREHOLDER DISCLOSURE

24. Within 10 days from 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 parent holding company. The description shall fully describe this ORDER in all material respects.

PROGRESS REPORTS

25. Within 30 days from the end of the first quarter following the effective date of this ORDER, and within 30 days from the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Consolidated Reports of Condition and of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have released the Bank in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the appropriate Board meeting minutes.

OTHER ACTIONS

26. 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 action against the Bank, the Bank's current or former institution-affiliated parties, and/or any of their respective directors, officers, employees, and agents, including, but not limited to, the imposition of civil money penalties.

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.

Issued Pursuant to Delegated Authority.

Dated this 29th day of August, 2014.

By:

/s/

Michael J. Dean
Acting Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

The Alabama Superintendent of Banks, having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the Federal Deposit Insurance Corporation shall be binding as between the Bank and the Alabama Superintendent of Banks to the same degree and legal effect that such ORDER would be binding on the Bank if the Alabama Superintendent of Banks had issued a separate ORDER that included and incorporated all the provisions of the foregoing ORDER pursuant to the provisions of § 5-2A-12, Code of Alabama.

Dated this 20th day of August, 2014.

/s/

John D. Harrison
Superintendent of Banks
Alabama State Banking Department