

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

Written Agreement by and between)
)
ANB BANCSHARES, INC.)
Rogers, Arkansas)
)
and)
)
FEDERAL RESERVE BANK)
OF ST. LOUIS)
St. Louis, Missouri)
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)
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Docket No. 08-001-WA/RB-HC

WHEREAS, in recognition of their common goal to restore the financial soundness of ANB Bancshares, Inc., Rogers, Arkansas (“Bancshares”), a registered bank holding company that owns and controls ANB Financial N. A., Rogers, Arkansas (“Bank”), a national bank, and several nonbank subsidiaries, Bancshares and the Federal Reserve Bank of St. Louis (the “Reserve Bank”) have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on January 29, 2008, the board of directors of Bancshares at a duly constituted meeting adopted a resolution authorizing and directing Daniel Dykema, Chairman and Chief Executive Officer, to enter into this Agreement on behalf of Bancshares, and consenting to compliance with each and every applicable provision of this Agreement by Bancshares and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1813(u) and 1818(b)(3)) (the “FDI Act”).

NOW, THEREFORE, the Reserve Bank and Bancshares hereby agree as follows:

Source of Strength

1. Bancshares shall take appropriate steps to fully utilize its financial and managerial resources to assist the Bank in functioning in a safe and sound manner pursuant to Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”)(12 C.F.R. § 225.4).

Capital Plan

2. Within 45 days of this Agreement, Bancshares shall submit to the Reserve Bank an acceptable written consolidated capital plan. The plan shall be designed to ensure that the consolidated organization maintains an adequate capital position in light of its financial condition, risk profile, and planned growth. The plan shall, at a minimum, address, consider, and include:

(a) the consolidated organization’s current and future capital requirements, including compliance with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measures and Tier 1 Leverage Measures, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D);

(b) the adequacy of capital at the Bank, taking into account the volume of adversely classified credits, concentrations of credit, adequacy of loan loss reserves, current and projected growth of assets, and projected retained earnings;

(c) the volume of problem or volatile assets held by the consolidated organization that could require the maintenance of higher capital levels;

(d) the source and timing of additional funds to fulfill the consolidated organization’s future capital requirements;

- (e) supervisory requests for additional capital at the Bank and the requirements of any supervisory action imposed on the Bank by the OCC;
- (f) the requirement of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that Bancshares serve as a source of strength to the Bank; and
- (g) procedures for Bancshares to notify the Reserve Bank, in writing, within ten days of the end of any calendar quarter that the holding company's consolidated capital ratios or the Bank's capital ratios (tier 1 leverage, tier 1 risk-based, or total risk based) fall below the plan's minimum and to submit to the Reserve Bank an acceptable written plan that details the steps Bancshares will take to increase its capital ratios above the plan's minimum within 30 days of such calendar quarter-end date.

Cash Flow

3. Within 45 days of this Agreement, Bancshares shall submit to the Reserve Bank an acceptable written plan for 2008 and 2009 to service its outstanding debt and other obligations, including trust preferred securities, without incurring additional debt. The plan shall, at a minimum, address, consider, and include:

- (a) appropriate earnings, growth, capital, and cash flow projections;
- (b) the source and timing of funds;
- (c) alternative sources of funds; and
- (d) projected use of funds.

Debt and Stock Redemption

4. (a) Bancshares shall not, directly or indirectly, incur, increase, or guarantee any debt, including debt to shareholders, without the prior written approval of the Reserve Bank.

All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Bancshares shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

Dividend Payment and Distributions

5. (a) Bancshares shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(b) During the term of this Agreement, Bancshares shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (“Director”).

(c) During the term of this Agreement, Bancshares and its non-bank subsidiaries shall not make any distributions of interest, principal or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director (*see*, Appendix A to Part 225 – Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure, section II.A.1.c.iv. (12 C.F.R. Part 225 App. A)).

(d) All requests for prior approval shall be received at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities (at least 5 days with respect to any request filed within the first 30 days after the date of this Agreement). All requests shall contain, but not

be limited to, current and projected information on consolidated earnings; cash flow, capital, asset quality and allowance for loan and lease loss needs of the Bank; identification of the sources of funds for the proposed payment or distribution; and, to the extent that the proposed payment or distribution will be made with dividends paid by a Bank, whether the Bank's federal regulator has approved the dividend payment to Bancshares. The Reserve Bank and the Director will determine whether to approve a request to pay dividends or distributions pursuant to Federal Reserve policy, including but not limited to, the proposed payment's impact on Bancshares's continued ability to serve as a source of financial strength to the Subsidiary Banks (*see*, November 14, 1985, Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, Federal Reserve Regulatory Service, 4-877 at page 4-323).

Affiliate Transactions

6. (a) Bancshares shall take all necessary action to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and Bancshares.

(b) Within 60 days of this Agreement, Bancshares shall conduct a review of all existing contracts for services between Bancshares and the Bank to determine if the fees paid by the Bank to Bancshares are reasonable and in compliance with sections 23A and 23B of the Federal Reserve Act, Regulation W of the Board of Governors, and SR 79-533, "Diversion of Bank Income by Parent BHC," dated March 19, 1979. Bancshares shall submit a written report to the Reserve Bank regarding the findings of its review within 10 days of completing the review. Bancshares shall retain records regarding the review required by this paragraph for subsequent supervisory review.

Compensation

7. (a) Bancshares shall not, directly or indirectly, increase any salaries, bonuses, or directors' fees, or make any other payments, including, but not limited to, reimbursement of expenses or payment of indebtedness, to or on behalf of any of Bancshares' directors or executive officers without the prior written approval of the Reserve Bank.

(b) Notwithstanding the provisions of this paragraph, Bancshares does not need to obtain the prior written approval of the Reserve Bank for the reimbursement of reasonable expenses that aggregate no more than \$500 per month for each executive officer, provided that such reasonable expenses are incurred in performing routine duties, which have been adequately documented and reported on Bancshares' books and records.

Appointment of New Officers and Directors, and Severance and Indemnification Payments

8. Bancshares shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*) in the appointment of new directors and the hiring or promotion of senior executive officers and with the restrictions on severance payments and indemnification of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Approval, Implementation, and Progress Reports

9. (a) Bancshares shall submit written plans that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 2 and 3 of this Agreement. Bancshares shall adopt the approved plans within 10 days of approval by the Reserve Bank. During the term of this Agreement, the approved plans shall not be amended or rescinded without the prior written approval of the Reserve Bank.

(b) Once adopted, Bancshares shall take immediate steps to implement the approved plans and thereafter shall continue to fully comply with the approved plans.

10. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall furnish to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the corrections required by this Agreement have been accomplished and the Reserve Bank has, in writing, released Bancshares from making further reports.

Communications

11. All communications regarding this Agreement shall be sent to:

(a) Timothy A. Bosch
Vice President
Federal Reserve Bank of St. Louis
1421 Dr. Martin Luther King Drive
St. Louis, Missouri 63106

(b) Dan Dykema
Chairman and Chief Executive Officer
ANB Bancshares, Inc.
3605 Southern Hills Blvd.
Rogers, Arkansas 72758

Miscellaneous

12. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Bancshares to comply with any provision of this Agreement.

13. The provisions of this Agreement shall be binding upon Bancshares and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

14. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Reserve Bank.

15. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting Bancshares, the Bank, or the non-bank subsidiaries or any of their current or former institution-affiliated parties and their successors and assigns.

16. Pursuant to section 50 of the FDI Act (12 U.S.C. §1831aa), this written agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 29th day of January, 2008.

ANB BANCSHARES, INC.

FEDERAL RESERVE BANK
OF ST. LOUIS

By: /s/ Daniel Dykema
Mr. Daniel Dykema
Chairman and Chief Executive Officer

By: /s/ Timothy A. Bosch
Mr. Timothy A. Bosch
Vice President