

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

Written Agreement by and among

ACME HOLDING COMPANY INC. EMPLOYEE
STOCK OWNERSHIP PLAN
Mulberry, Arkansas

ACME HOLDING COMPANY, INC.
Mulberry, Arkansas

ALLIED BANK
Mulberry, Arkansas

and

FEDERAL RESERVE BANK OF ST. LOUIS
St. Louis, Missouri

Docket Nos. 12-024-WA/RB-HC
12-024-WA/RB-SM

WHEREAS, in recognition of their common goal to maintain the financial soundness of ACME Holding Company Inc. Employee Stock Ownership Plan (“ACME ESOP”), ACME Holding Company, Inc. (“ACME”), both registered bank holding companies, and their subsidiary bank, Allied Bank (the “Bank”), a state-chartered bank that is a member of the Federal Reserve System, all of Mulberry, Arkansas, ACME ESOP, ACME, the Bank, 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 May 2, 2012, ACME ESOP’s Trustee and ACME’s and the Bank’s boards of directors, at duly constituted meetings, adopted resolutions authorizing and directing Alexander P. Golden, III to enter into this Agreement on behalf of ACME ESOP, ACME and the Bank, and

consenting to compliance with each and every applicable provision of this Agreement by ACME ESOP, ACME, and the Bank, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, ACME ESOP, ACME, the Bank, and the Reserve Bank agree as follows:

Source of Strength

1. ACME ESOP’s Trustee and ACME’s board of directors shall take appropriate steps to fully utilize ACME ESOP’s and ACME’s financial and managerial resources, pursuant to section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with this Agreement, and any other supervisory action taken by the Bank’s federal or state regulator.

Credit Risk Management

2. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan to strengthen credit risk management practices. The plan shall, at a minimum, address, consider, and include:

- (a) The responsibility of the board of directors to establish appropriate risk tolerance guidelines and risk limits;
- (b) periodic review and revision of risk exposure limits to address changes in market conditions;
- (c) timely and accurate identification and quantification of credit risk within the loan portfolio; and

- (d) strategies to minimize credit losses and reduce the level of problem assets.

Concentrations of Credit

3. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan to strengthen the Bank's management of asset concentrations, including steps to reduce or mitigate the risk of concentrations in light of current market conditions. The plan shall be consistent with the Interagency guidance on Concentrations in commercial Real Estate Lending, Sound Risk Management Practices, dated December 12, 2006 (SR 07-1), and, at a minimum, address, consider, and include:

- (a) Establishment of concentration of credit risk tolerances or limits by types of loan products, geographic locations, and other common risk characteristics or sensitivities; and

- (b) a schedule for reducing and the means by which the Bank will reduce the level of CRE concentrations, and timeframes for achieving the reduced levels.

Lending and Credit Administration

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written lending and credit administration program that shall, at a minimum, address, consider, and include:

- (a) Documented analysis of the borrower's and guarantor's repayment sources, credit worthiness, global cash flow, leverage, liquidity, and overall debt services ability;

- (b) types of financial and collateral information that must be obtained and the timing and frequency for receipt of such information; and

- (c) standards for renewing, extending, or modifying existing loans.

Asset Improvement

5. The Bank shall not, directly or indirectly, extend, renew, or restructure any credit to or for the benefit of any borrower, including any related interest of the borrower, whose loans or other extensions of credit are criticized in the report of examination conducted by the Reserve Bank and the Arkansas State Bank Department that commenced on September 26, 2011 (the “Report of Examination”), or in any subsequent report of examination, without the prior approval of a majority of the full board of directors or a designated committee thereof. The board of directors or its committee shall document in writing the reasons for the extension of credit, renewal, or restructuring, specifically certifying that: (i) the Bank’s risk management policies and practices for loan workout activity are acceptable; (ii) the extension of credit is necessary to improve and protect the Bank’s interest in the ultimate collection of the credit already granted and maximize its potential for collection; (iii) the extension of credit reflects prudent underwriting based on reasonable repayment terms and is adequately secured; and all necessary loan documentation has been properly and accurately prepared and filed; (iv) the Bank has performed a comprehensive credit analysis indicating that the borrower has the willingness and ability to repay the debt as supported by an adequate workout plan, as necessary; and (v) the board of directors or its designated committee reasonably believes that the extension of credit will not impair the Bank’s interest in obtaining repayment of the already outstanding credit and that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the meetings of the board of directors or its committee, as appropriate, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower’s credit file for subsequent supervisory review. For purposes of this Agreement, the

term “related interest” is defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)).

6. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan designed to improve the Bank’s position through repayment, amortization, liquidation, additional collateral, or other means on each loan, relationship, or other asset in excess of \$200,000, including other real estate owned (“OREO”), that are past due as to principal or interest more than 90 days as of the date of this Agreement, are on the Bank’s problem loan list, or were adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan, relationship, or other asset in excess of \$200,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank’s problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank an acceptable written plan to improve the Bank’s position on such loan, relationship, or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank’s current problem loan list, a list of all loan renewals and extensions without full collection of interest in the last quarter, and past due/non-accrual report. The board of directors shall review the progress reports before submission to the Reserve Bank and the Division and shall document the review in the minutes of the board of directors’ meetings.

Allowance for Loan and Lease Losses

7. (a) Within 30 days from the receipt of any future federal or state report of examination, the Bank shall charge off all assets classified “loss” unless otherwise approved in writing by the Reserve Bank.

(b) The Bank shall maintain a sound process for determining, documenting, and recording an adequate ALLL in accordance with regulatory reporting instructions and relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17).

(c) Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure adherence to the Bank’s ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank, within 30 days after the end of each calendar quarter, a written report regarding the board of directors’ quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of the ALLL for that quarter.

Capital Plan

8. Within 60 days of this Agreement, ACME and the Bank shall submit to the Reserve Bank an acceptable joint written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, to include:

(a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the adequacy of the Bank's capital, taking into account the volume of classified assets, concentrations of credit, the adequacy of the ALLL, current and projected asset growth, projected earnings, and anticipated and contingency funding needs;

(c) the source and timing of additional funds to fulfill ACME's and the Bank's future capital requirements; and

(d) the requirements of section 38A of the FDI Act, 12 U.S.C. § 1831o-1 and 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that ACME serve as a source of strength to the Bank.

9. ACME and the Bank shall notify the Reserve Bank, in writing, no more than 30 days after the end of any calendar quarter in which any of ACME's capital ratios or the Bank's capital ratios (total risk-based, Tier 1 risk-based, or leverage) fall below the approved capital plan's minimum ratios. Together with the notification, ACME and the Bank shall submit an acceptable written plan that details the steps ACME or the Bank, as appropriate, will take to increase ACME's or the Bank's capital ratios to or above the approved capital plan's minimums.

Liquidity and Funds Management

10. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written funding plan designed to enhance management of the Bank's liquidity position. The plan shall, at a minimum, address, consider, and include:

- (a) Measures to enhance the monitoring, measurement, and reporting of the Bank's liquidity position;
- (b) measures to reduce the Bank's reliance on noncore funding sources; and
- (c) identification of contingent liquidity sources.

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable revised written contingency funding plan that, at a minimum, identifies available sources of liquidity and includes adverse scenario planning.

Interest Rate Risk Management

12. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan to enhance interest rate risk management practices that are appropriate for the size and complexity of the Bank. The plan shall, at a minimum, address, consider, and include:

- (a) An adequate system for measuring, monitoring, and controlling the Bank's interest rate risk;
- (b) appropriate parameters governing the economic risk to the Bank's capital due to changes in interest rates; and
- (c) the interagency guidance on Interest Rate Risk dated January 11, 2010 (SR 10-1).

Dividends and Distributions

13. (a) ACME and the Bank 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 (the “Director”).

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

(c) ACME and its nonbank 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.

(d) The Bank shall not make, and ACME ESOP shall not accept, any employer contribution from the Bank to ESOP without the prior approval of the Reserve Bank and the Director.

(e) All requests for prior written 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. All requests shall contain, at a minimum, current and projected information, as appropriate, on the parent’s capital, earnings, and cash flow; the Bank’s capital, asset quality, earnings, and ALLL needs; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, ACME, and the Bank, as appropriate, must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors’ Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page

4-323). For requests for the Bank to make contributions to ACME ESOP, ACME ESOP and the Bank must demonstrate, at a minimum, that the proposed contributions are consistent with the Bank's historical contribution practices, that the contributions are necessary in order for ACME ESOP to meet current obligations (as defined in the ACME Holding Company, Inc. Employee Stock Ownership Plan and Trust), and that the contributions will not adversely affect the Bank's ability to comply with an acceptable capital plan.

Debt and Stock Redemption

14. (a) ACME ESOP, ACME, and its non-bank subsidiaries, shall not, directly or indirectly, incur, increase, or guarantee any debt 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, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

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

Compliance with Laws and Regulations

15. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, ACME and the Bank 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.). ACME and the Bank shall not appoint any individual to the Bank's board of directors or employ or change the responsibilities of any individual as a senior executive officer if the Reserve Bank notifies ACME or the Bank of disapproval within

the time limits prescribed by Subpart H of Regulation Y.

(b) ACME and the Bank shall comply with the restrictions on indemnification and severance payments 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).

Compliance with Agreement

16. Within 45 days after the end of each calendar quarter following the date of this Agreement, the boards of directors of the Bank shall submit 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.

Approval and Implementation of Plans and Programs

17. (a) ACME and the Bank shall submit written plans and programs that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 2, 3, 4, 6(a), 6(b), 7(c), 8, 10, 11, and 12 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, ACME and the Bank, as applicable, shall adopt the approved plans and programs. Upon adoption, ACME and the Bank, as applicable, shall promptly implement the approved plans and programs, and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and programs shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

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

- (a) Mr. Timothy A. Bosch
Vice President
Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, Missouri 63166

- (b) Mr. Alexander P. Golden, III
Chairman and Chief Executive Officer
ACME Holding Company, Inc.
311 Main Street
P.O. Drawer A
Mulberry, AR 72947

- (c) Mr. Alex Golden
Chairman and President
Allied Bank
311 Main Street
P.O. Drawer A,
Mulberry, AR 72947

Miscellaneous

19. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to ACME and the Bank to comply with any provision of this Agreement.

20. The provisions of this Agreement shall be binding upon ACME ESOP, ACME and the Bank and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

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

22. 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 ACME ESOP, ACME and the Bank or any of their current or former institution-affiliated parties and their successors and assigns.

23. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this 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 2nd of May, 2012.

ACME HOLDING COMPANY INC.
EMPLOYEE STOCK OWNERSHIP
PLAN

FEDERAL RESERVE BANK
OF ST. LOUIS

By: /s/ Alex Golden
Alex Golden
Trustee

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

ACME HOLDING COMPANY, INC.

By: /s/ Alexander P. Golden, III
Alexander P. Golden, III
Chairman and Chief Executive Officer

ALLIED BANK

By: /s/ Alex Golden
Alex Golden
Chairman and President