

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

Written Agreement by and among

CALVERT FINANCIAL CORPORATION
Ashland, Missouri

MAINSTREET BANK
Ashland, Missouri

and

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

Docket Nos. 12-041-WA/RB-HC
12-041-WA/RB-SM

WHEREAS, in recognition of their common goal to maintain the financial soundness of Calvert Financial Corporation (“Calvert”), a registered bank holding company, and its subsidiary bank, Mainstreet Bank (the “Bank”), a state-chartered bank that is a member of the Federal Reserve System, both of Ashland, Missouri, Calvert, 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 June 5, 2012, Calvert’s and the Bank’s boards of directors, at duly constituted meetings, adopted resolutions authorizing and directing John H. Cochran, III to enter into this Agreement on behalf of Calvert and the Bank, and consenting to compliance with each and every applicable provision of this Agreement by Calvert 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, Calvert, the Bank and the Reserve Bank agree as follows:

Source of Strength

1. Calvert’s board of directors shall take appropriate steps to fully utilize Calvert’s financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. 1831o-1) and 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.

Board Oversight

2. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the Bank’s board of directors will take to improve the Bank’s condition and maintain effective control over, and supervision of, the Bank’s senior management and major operations and activities, including but not limited to, credit risk management, lending and credit administration, compliance with laws and regulations, and asset quality;

(b) the responsibility of the board of directors to monitor management’s adherence to approved policies and compliance with applicable laws and regulations and to monitor exceptions to any approved policies and procedures;

(c) steps to improve the information and reports that will be regularly reviewed by the board of directors and its committees in their oversight of the operations and management of the Bank, including information on the Bank’s credit risk management, lending and credit

administration, adversely classified assets, allowance for loan and lease losses (“ALLL”), capital, liquidity, audit, and earnings; and

- (d) management and board of directors succession planning.

Credit Risk Management

3. 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) Procedures to ensure the timely and accurate identification and quantification of credit risk within the loan portfolio; and
- (b) strategies to minimize credit losses and reduce the level of problem assets.

Lending and Credit Administration

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

- (a) Establishment of documentation standards for loans;
- (b) underwriting standards that require documented analyses of: (i) the borrower’s repayment sources, global cash flow, and overall debt service ability; and (ii) the value of any collateral;
- (c) policies and procedures to minimize underwriting and document exceptions;
- (d) standards for renewing, extending, or modifying existing loans, including, but not limited to, analysis, documentation, and approval requirements; and

(e) restrictions on the capitalization of interest without documented analysis supporting the capitalization of interest and approval by the Bank's board of directors.

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 of the Bank conducted by the Reserve Bank that commenced on January 9, 2012 (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 \$100,000, including other real estate owned ("OREO"), that: (i) is past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$100,000, including OREO: (i) becomes past due as to principal or interest for more than 90 days; (ii) is on the Bank's problem loan list; or (iii) 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 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.

Allowance for Loan and Lease Losses

7. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report

of Examination that have not been previously collected in full or charged off. Thereafter, the Bank shall, within 30 days from the receipt of any federal or state report of examination, 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 60 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, Calvert and the Bank shall jointly submit to the Reserve Bank and the Division an acceptable 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, including:

(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 credits, concentrations of credit, ALLL, current and projected asset growth, and projected retained earnings;

(c) the source and timing of additional funds to fulfill the Bank's future capital requirements and loan loss reserve needs; and

(d) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that Calvert serve as a source of strength to the Bank.

9. Calvert and the Bank shall notify the Reserve Bank, in writing, no more than 30 days after the end of any quarter in which any of 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, Calvert and the Bank shall submit an acceptable written plan that details the steps Calvert and the Bank will take to increase the Bank's capital ratios to or above the approved capital plan's minimums.

Earnings Improvement Plan and Budget

10. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank a written business plan for 2012 to improve the Bank's earnings and overall condition. The plan, at a minimum, shall provide for or describe:

(i) Identification of the major areas where, and means by which, the board of directors will seek to improve the Bank's operating performance;

(ii) a realistic and comprehensive budget for 2012, including income statement and balance sheet projections; and

(iii) a description of the operating assumptions that form the basis for, and adequately support, major projected income, expense, and balance sheet components.

(b) During the term of this Agreement, a business plan and budget for each calendar year subsequent to 2012 shall be submitted to the Reserve Bank at least 30 days prior to the beginning of that calendar year.

Audit

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan to enhance the Bank's audit program that is suitable to the Bank's risk profile. The program shall, at a minimum, address, consider and include:

(a) Policies and procedures to provide appropriate independence of the audit function;

(b) procedures to ensure (i) audit findings are reported to the audit committee and the board of directors in a timely manner, (ii) management addresses all audit findings in a timely manner, and (iii) required responses are monitored appropriately; and

(c) establishment of an appropriate audit schedule, which includes, but is not limited to, annual audits of the Bank's financial statements.

Cash Flow Projections

12. Within 60 days of this Agreement, Calvert shall submit to the Reserve Bank a written statement of planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for 2012. Calvert shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2012 at least one month prior to the beginning of that calendar year.

Dividends

13. (a) Calvert 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.

(b) Calvert 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) All requests for prior written approval shall be received at least 30 days prior to the proposed dividend declaration date. 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, Calvert, 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).

Debt and Stock Redemption

14. (a) Calvert and its nonbank 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) Calvert shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

Affiliate Transactions

15. (a) Within 60 days of this Agreement, Calvert and the Bank shall submit to the Reserve Bank acceptable policies and procedures to ensure that the Bank does not violate and Calvert does not cause the Bank to violate 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 its affiliates, including but not limited to Calvert and its nonbank subsidiaries.

(b) Bank shall not violate, and Calvert and its nonbank subsidiaries shall not cause the Bank to violate, any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

Compliance with Laws and Regulations

16. (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, Calvert 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.). Calvert 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 Calvert or the Bank of disapproval within the time limits prescribed by Subpart H of Regulation Y.

(b) Calvert 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).

Progress Reports

17. Within 45 days after the end of each calendar quarter following the date of this Agreement, the boards of directors of Calvert and 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

18. (a) Calvert 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 3, 4, 6, 7(c), 8, 9, 11, and 15 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, Calvert and the Bank, as applicable, shall adopt the approved plans and programs. Upon adoption, Calvert 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

19. 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) John Cochran
President and CEO
Calvert Financial Corporation
301 East Broadway
P.O. Box 228
Ashland, MO 65010
 - (c) John Cochran
President and CEO
Mainstreet Bank
301 East Broadway
P.O. Box 228
Ashland, MO 6010

Miscellaneous

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

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

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

23. 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 Calvert and the Bank or any of their current or former institution-affiliated parties and their successors and assigns.

24. 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 5th of June, 2012.

CALVERT FINANCIAL
CORPORATION

FEDERAL RESERVE BANK
OF ST. LOUIS

By: /s/ John Cochran
John Cochran
President and CEO

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

MAINSTREET BANK

By: /s/ John Cochran
John Cochran
President and CEO