

**FORMAL WRITTEN AGREEMENT
BORDER BANCSHARES, INC.
AUGUSTA, MAINE**

This document constitutes a Written Agreement (Agreement), as contemplated by Title 9-B M.R.S.A. Section 231, and is entered into on August 11, 2009 between the Maine Bureau of Financial Institutions (“the BFI”) and Border Bancshares, Inc. (“Bancshares”), a registered bank holding company. Bancshares owns and controls one subsidiary bank, Border Trust Company, Augusta, Maine (“the Bank”).

WHEREAS, after being advised of the acceptance of a Stipulation and Consent to Issuance of an Order to Cease and Desist (“the Consent Agreement”) dated August 11, 2009 by the Bank and the issuance of a Cease and Desist Order (“the Order”) by the Federal Deposit Insurance Corporation (“the FDIC”) and the BFI on August 12, 2009, the parties have entered into this Agreement in acknowledgement of their common goal to improve the overall condition of Bancshares and the Bank;

Now, THEREFORE, intending to be legally bound, the parties mutually agree that:

- 1) Bancshares shall not declare or pay any dividends to common shareholders, without the prior written approval of the BFI.
- 2) Bancshares shall not declare or pay dividends to preferred shareholders, unless the Tier 1 Leverage Capital ratio of the Bank equals or exceeds 8% after payment of the dividend, without the prior written approval of the BFI.
- 3) Bancshares shall not issue any capital securities, unless the securities qualify as Tier 1 capital pursuant to 12 CFR Section 225, Appendix A.
- 4) Bancshares shall invest 100% of any Tier 1 capital raised in the Bank, unless the BFI provide written approval for a lesser amount.
- 5) Bancshares shall not increase its borrowings or incur any new debt, without the prior written approval of the BFI, except for accrued payables incurred in the ordinary course of business, such as obligations for trade payables, taxes, etc.
- 6) Bancshares shall not re-finance, re-write, extend or otherwise modify any of its existing debt or borrowings, without the prior written approval of the BFI.
- 7) Bancshares shall not redeem or repurchase its common or preferred stock, while this agreement is in effect, without the prior written approval of the BFI.
- 8) Bancshares shall not incur other operating expenses, excluding interest on debt, in excess of \$25,000 in a calendar year, unless Bancshares obtains prior written approval from the BFI.
- 9) Within ninety (90) days of the effective date of this Agreement, Bancshares shall submit a debt reduction plan to the BFI for review and approval.
- 10) All communications regarding this Agreement shall be directed to Earle F. Harvey, Executive Vice President of Bancshares, and Donald W. Groves, Deputy Superintendent, BFI.

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- 11) Within thirty (30) days of the end of each calendar quarter following the effective date of this Agreement, the Board of Directors of Bancshares shall furnish to the BFI written progress reports that detail the form and manner of all actions taken to comply with this Agreement.
- 12) Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended by the BFI.

Acknowledged and signed this 11th day of August, 2009 at Augusta, Maine.

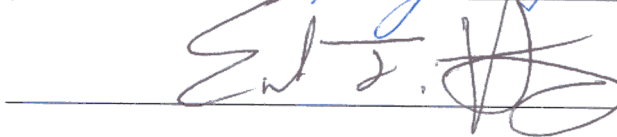
Wallace Bisson



William Hagerty

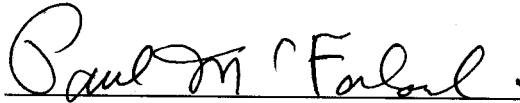


Earle Harvey

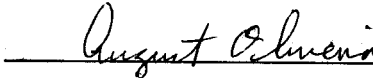


Edwin Harvey

Paul McFarland

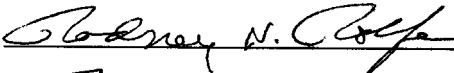


August Oliveira



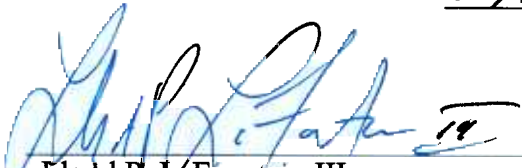
Reginald Perry

Rodney Rolfe



Ronald Stoddard





Lloyd P. LaFountain III
Superintendent
Maine Bureau of Financial Institutions