FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of	)	
	)	ORDER TO
GEORGIAN BANK	)	CEASE AND DESIST
ATLANTA, GEORGIA	)	
	)	FDIC- 2009 - 231b
INSURED STATE NONMEMBER BANK	)	
	)	

Georgian Bank, Atlanta, Georgia ("Bank"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with a representative of the Legal Division for the Federal Deposit Insurance Corporation ("FDIC") and the Commissioner ("Commissioner") for the State of Georgia, Department of Banking and Finance ("DEPARTMENT"), dated August 24, 2009, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the DEPARTMENT. The Commissioner may issue an order to cease and desist pursuant to section 7-1-91 of the Official Code of Georgia Annotated, GA Code Ann. Section 7-1-91 (1985).

The FDIC and the DEPARTMENT considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of law and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns cease and desist from the following unsafe and unsound banking practices and violations of laws and/or regulations:

(a) Operating with a board of directors ("Board") that has failed to provide adequate supervision over and direction to the management of the Bank;

(b) Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(c) Operating with inadequate equity capital and reserves in relation to the volume and quality of assets held by the Bank;

(d) Operating with a large volume of poor quality loans;

(e) Operating with an inadequate allowance for loan and lease losses ("ALLL");

(f) Following lax lending practices;

(g) Operating with inadequate provisions for liquidity and funds management;

(h) Operating in such a manner to produce weak earnings; and

(i) Operating in apparent violations of laws, regulations, and/or Statements of Policy as fully discussed in the FDIC and State of Georgia Joint Report of Examination dated February 2, 2009 ("Report").

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

BOARD OF DIRECTORS

1. (a) Within 30 days from 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; investment activity; operating policies; and individual committee actions. Board 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 ("Compliance Committee"), consisting of all outside Board members, responsible for ensuring compliance with the ORDER, overseeing corrective measures with respect with the ORDER, and reporting to the Board. Bank management shall provide the Compliance Committee with monthly reports detailing the Bank's actions with respect to compliance with the ORDER. The Compliance Committee shall present a report detailing the Bank's adherence to the ORDER to the

Board at each regularly scheduled Board meeting. Such report and any discussion shall be recorded in the minutes of the meeting of the Board and shall be retained in the Bank's records. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of the ORDER.

MANAGEMENT

2. The Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include the chief executive officer, senior lending officer, chief financial officer, and every vice president. Each member of management shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER.

(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 asset quality, capital adequacy, earnings, management effectiveness, sensitivity to market risk, and liquidity.

(c) During the life of this ORDER, the Bank shall notify the Regional Director of the FDIC's Atlanta Regional Office ("Regional Director") and Commissioner, (collectively, "Supervisory Authorities") in writing when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed. The Bank may not add any individual to its Board or employ any individual as a senior executive officer if the Regional Director issues a notice of disapproval pursuant to section 32 of the Act, 12 U.S.C. § 1831i.

CAPITAL

3. (a) Within 120 days from the effective date of this ORDER, the Bank shall have and maintain a Leverage Capital Ratio of not less than eight percent (8%) and a Total Risk-based Capital Ratio of at least ten percent (10%).

(b) Within 120 days from the effective date of this ORDER, the Bank shall develop and adopt a plan for maintaining the capital levels required by paragraph 3(a) during the life of this ORDER. The plan shall be submitted to the Supervisory Authorities for review.

(c) The level of capital to be maintained during the life of this ORDER pursuant to paragraph 3(a) shall be in addition to a fully funded ALLL, the adequacy of which shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(d) Any increase in Tier 1 capital and total risk based capital necessary to meet the requirements of paragraph 3(a) of the 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 other means acceptable to the Supervisory Authorities; or

(v) Any combination of the above means.

(e) Any increase in Tier 1 Capital necessary to meet the requirements of Paragraph 3 of this ORDER may not be accomplished through a deduction from the Bank's ALLL.

(f) If all or part of any necessary increase in capital required by paragraph 3 of this ORDER is accomplished by the sale of new securities of the Bank, the Board shall forthwith take all necessary steps to adopt and 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 any applicable 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 to be used in the sale of the securities shall be submitted to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room

F-6043, Washington, D.C. 20429, and the Commissioner, Georgia Department of Banking and Finance, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341, for review. Any changes requested to be made in the plan or materials shall be made prior to their dissemination.

(g) For the purposes of this ORDER, the terms “Tier 1 Capital,” “total risk-based capital,” “total assets,” and “total risk-weighted assets” shall have the meanings ascribed to them in Part 325 of the FDIC’s Rules and Regulations, 12 C.F.R. Part 325.

CHARGE-OFF

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" identified in the Report that have not been previously collected or charged-off. Elimination 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 of the receipt of any official report of examination of the Bank from the Supervisory Authorities, eliminate from its books, by collection, charge-off, or other proper entries, the remaining balance of any assets classified "Loss" and 50 percent of those classified "Doubtful" unless otherwise approved in writing by the Supervisory Authorities.

(c) The requirements of subparagraphs 4(a) and 4(b) of this ORDER are not to be construed as standards for future operations and, in addition to the foregoing, the Bank shall eventually reduce the total of all adversely classified assets. As used in subparagraphs 4(a) and 4(b), the word "reduce" means:

(i) to collect;

(ii) to charge-off; or

(iii) to sufficiently improve the quality of assets adversely classified to warrant removing any adverse classification, as determined by the Supervisory Authorities.

NO ADDITIONAL CREDIT

5. (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 (after collection in cash of interest due from the borrower) any credit already extended to any 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" or “Special Mention” and is uncollected.

(c) Paragraph 5(b) 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 extending of any additional credit pursuant to this paragraph, either in the form of a renewal, 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:

(i) why the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank;

(ii) that the Bank's position would be improved thereby; and

(iii) how the Bank's position would be improved.

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

LENDING POLICY

6. Within 60 days from the effective date of this ORDER, the Bank shall review, revise, and implement its written lending policy to provide effective guidance and control over the Bank's lending function, which policy shall include, at a minimum, revisions to address all items of criticism enumerated in the Report. The written policy should include specific guidelines for placing loans on nonaccrual, procedures and limitations on interest reserves and deferred payment plans, and requirements for appraisals and evaluations consistent with outstanding regulatory guidance and the Uniform Standards of Professional Appraisal Practice ("USPAP"). The policy shall include requirements for re-appraising and/or re-evaluating real estate pledged as collateral on an ongoing basis that take into consideration changing market conditions and economic factors. Such policy and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

REDUCE CONCENTRATIONS OF CREDIT

7. Within 90 days from the effective date of this ORDER, the Bank shall perform a risk segmentation analysis with respect to the Concentrations of Credit listed

on the Concentrations pages of the Report and any other Concentration of Credit deemed important by the Bank. Concentrations should be identified by product type, geographic distribution, individual borrowers, underlying collateral or other asset groups which are considered economically related and in the aggregate represent a large portion of the Bank's capital account. The Bank should refer to the Financial Institution Letter (FIL) 104-2006 dated December 12, 2006, entitled *Concentrations in Commercial Real Estate Lending*, *Sound Risk Management Practices*, for information regarding risk segmentation analysis. A copy of this analysis will be provided to the Supervisory Authorities. The Bank agrees to develop a plan to reduce any segment of the portfolio which the Supervisory Authorities deem to be an undue concentration of credit in relation to the Bank's capital account. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

ALLOWANCE FOR LOAN AND LEASE LOSSES

8. (a) Within 10 days from the date of this ORDER, the Board shall make a provision which will replenish the ALLL for the loans charged off as a result of this examination and reflect the potential for further losses in the remaining loans or leases classified "Substandard" and "Doubtful" as well as all other loans and leases in its portfolio.

(b) Within 30 days from the effective date of this ORDER, the Board shall review and revise its ALLL policy and methodology for determining the adequacy of the ALLL. The policy shall provide for a review of the ALLL at least once each calendar quarter and be completed 21 days after the end of each calendar quarter in order that the results of the review conducted by the Board may be properly reported in the quarterly Reports of Condition and Income. The review should focus on the results of the Bank's internal loan review, loan and lease loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure of significant credits, concentrations of credit, and present and prospective economic conditions. The review should include a review of compliance with Statement of Financial Accounting Standards Number 114, including the identification of and the appropriate value for collateral dependent loans. A deficiency in the ALLL shall be remedied in the calendar quarter it is discovered, prior to submitting the Report of Condition, by a charge to current operating earnings. The minutes of the Board meeting at which such review is undertaken shall indicate the results of the review. The Bank's policy for determining the adequacy of the Bank's ALLL and its implementation shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

PLAN FOR EXPENSES AND PROFITABILITY

9. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and fully implement a written plan and a comprehensive budget for all categories of income and expense. The plan and budget required by this paragraph shall include formal goals and strategies, consistent with sound banking practices and taking into account the Bank's other written policies, to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, reduce dependency on brokered deposits, 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.

(b) The plan and budget required by paragraph 9(a) of this ORDER shall be acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(c) Following the end of each calendar quarter, the Board shall evaluate the Bank's actual performance in relation to the plan and budget required by paragraph 9(a) of 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.

ELIMINATE/CORRECT ALL VIOLATIONS OF LAW AND CONTRAVENTIONS OF STATEMENTS OF POLICY

10. Within 60 days from the effective date of this ORDER, the Bank shall, consistent with safe and sound banking practices, eliminate and/or correct all violations of laws, regulations, and contraventions of statements of policy identified in the Report. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

LIQUIDITY AND FUNDS MANAGEMENT

11. (a) Beginning with the effective date of this ORDER, Bank management shall review its liquidity position weekly 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 each weekly analysis shall be made a part of the Board minutes and submitted to the Supervisory Authorities on a weekly basis.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement a written liquidity contingency plan. The written liquidity contingency plan shall incorporate the applicable guidance contained in Financial Institution Letter (FIL) 84-2008 dated August 26, 2008, entitled *Liquidity Risk Management*. The liquidity contingency plan shall provide restrictions on the use of brokered deposits consistent with safe and sound banking practices. Such plan shall be submitted to the Supervisory Authorities for review and approval, and its implementation shall be in a form and manner acceptable to the Supervisory Authorities, as determined at subsequent examinations and/or visitations.

SPECIAL MENTION

12. Within 60 days from the effective date of this ORDER, the Bank shall correct the cited deficiencies in the loans listed for "Special Mention" in the Report.

REDUCTION OF CLASSIFIED ITEMS

13. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate a written plan to reduce the Bank's risk exposure in each asset in excess of $1,000,000 classified "Substandard" in the Report. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Supervisory Authorities. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) In addition, the written plan mandated by this paragraph shall also include, but not be limited to, the following:

(i) a schedule for reducing the outstanding dollar amount of each adversely classified asset, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its expected dollar balance on a quarterly basis);

(ii) specific action plans intended to reduce the Bank's risk exposure in each classified asset;

(iii) a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 capital plus the ALLL;

(iv) a provision for the Bank's submission of monthly written progress reports to its Board; and

(v) a provision mandating Board review of the progress reports, with a notation of the review recorded in the minutes of the meeting of the Board.

(c) The written plan mandated by this paragraph shall further require a reduction in the aggregate balance of assets classified "Substandard" in the Report in accordance with the following schedule. For purposes of this paragraph, "number of days" means number of days from the effective date of this ORDER.

(i) within 180 days, a reduction of twenty percent (20%) in the balance of assets classified “Substandard”;

(ii) within 360 days, a reduction of forty-five percent (45%) in the balance of assets classified “Substandard”; and

(iii) within 540 days, a reduction of sixty percent (60%) in the balance of assets classified “Substandard”; and

(iv) within 720 days, a reduction of seventy five percent (75%) in the balance of assets classified “Substandard”.

(d) The requirements of this paragraph are not to be construed as standards for future operations of the Bank. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified assets.

(e) The Bank shall submit the written reduction plan to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the meeting of the Board. Thereafter, the Bank shall implement and fully comply with the plan. Such plans shall be monitored and progress reports thereon shall be submitted to the Supervisory Authorities at 90-day intervals concurrently with the other reporting requirements set forth in paragraph 20 of this ORDER.

INTERNAL LOAN REVIEW

14. Within 90 days from the effective date of this Order, the Bank shall revise its internal loan review grading system to provide for 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 as determined at subsequent examinations and/or visitations.

CASH DIVIDENDS

15. The Bank shall not pay cash dividends without the prior written consent of the Supervisory Authorities.

BROKERED DEPOSITS

16. Upon the effective date of this ORDER, the Bank shall not accept, renew, or roll over any brokered deposit. Within 30 days of the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities a written plan for reducing its reliance on brokered deposits. The plan should contain details as to the current composition of brokered deposits by maturity and explain the means by which such deposits will be replaced. The Supervisory Authorities shall have the right to reject the Bank's plan. For purposes of this ORDER, brokered deposits are defined as described in Section 337.6 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6. In addition, the Board shall restrict the interest rates paid on new or renewed deposits to the rate restrictions contained in Section 337.6 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6, as amended May 29, 2009.

INTEREST RATE RISK

17. Within 60 days from the effective date of this ORDER, the Bank shall review its current interest rate risk policy to determine if is sufficient to adequately oversee the Bank's interest rate risk exposure, taking into consideration the Bank's financial condition and current economic trends. Board approved interest rate risk

parameters shall be established that take into consideration the Bank's capital position and earnings performance. The Bank's interest rate risk measurement system's assumptions should be independently reviewed for reasonableness to ensure the integrity of the system results. Key assumptions that bear particular attention include those dealing with rate movements, prepayment speeds, account aggregation, and embedded options in certain assets. The Board shall review the Bank's interest rate risk position monthly and this review shall be noted in the Board minutes.

ASSET GROWTH LIMITATIONS

18. During the life of this ORDER, the Bank shall limit asset growth to 10 percent per annum and in no event shall asset growth result in noncompliance with the capital maintenance provisions of this ORDER without receiving prior written approval of the Supervisory Authorities.

DISCLOSURE

19. Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Registration and Disclosure Section, Room F-6066, 550 17th Street, N.W., Washington, D.C. 20429, and to the Commissioner, Georgia Department of Banking and Finance, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341 for review at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC or the

Commissioner shall be made prior to dissemination of the description, communication, notice, or statement.

PROGRESS REPORTS

20. Within 30 days of the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days of the end of each calendar 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 Report of Condition and the Report 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.

This ORDER is effective immediately upon its issuance. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated at Atlanta, Georgia, this 31st day of August, 2009.

_______________/s/__________________
Doreen R. Eberley
Acting Regional Director
Atlanta Region
Federal Deposit Insurance Corporation

The Georgia Department of Banking and Finance ("DEPARTMENT"), having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the Georgia Commissioner of Banking and Finance to the same degree and to the same legal effect that such ORDER would be binding if the DEPARTMENT had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to section 7-1-91 of the Official Code of Georgia Annotated, O.C.G.A. § 7-1-91 (1985).

Dated this 24th day of August, 2009.

_______________/s/__________________
Robert M. Braswell
Commissioner
Department of Banking and Finance
State of Georgia