FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of EASTSIDE COMMERCIAL BANK CONYERS, GEORGIA (INSURED STATE NONMEMBER BANK)	))))))))	ORDER TO CEASE AND DESIST FDIC-09-217b

Eastside Commercial Bank, Conyers, 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 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 for the Legal Division of the Federal Deposit Insurance Corporation ("FDIC"), and the Commissioner ("Commissioner") for the State of Georgia, Department of Banking and Finance ("DEPARTMENT"), dated September 30, 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 regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the DEPARTMENT.

The FDIC and the DEPARTMENT considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of regulations. The FDIC and the DEPARTMENT, 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:

(a) Operating with a board of directors ("Board") that has failed to provide adequate supervision over and direction to 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 in relation to the volume and quality of assets held by the Bank;

(d) Operating with inadequate liquidity in light of the Bank's asset and liability mix;

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

(f) Operating with an inadequate loan policy;

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

(h) Operating with a business strategy that has resulted in unprofitable operations and poor asset quality; and

(i) Operating in Violation of regulations and policy, as identified on pages 14-17 of the FDIC Report of Examination of the Bank dated December 22, 2008 ("ROE").

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) Beginning with 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. The Board shall prepare in advance and follow a detailed written agenda for each meeting, including consideration of the actions of any committees. Nothing in the foregoing sentences shall preclude the Board from considering matters other than those contained in the agenda. 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, including loan-to-value exceptions; 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 ("Directors' Committee"), consisting of at least three members, to oversee the Bank's compliance with the ORDER. Two of the members of the Directors' Committee shall not be officers of the Bank. The Directors' Committee shall receive from Bank management monthly reports detailing the Bank's actions with respect to compliance with the ORDER. The Directors' Committee shall present a report detailing the Bank's adherence to the ORDER to the Board at each regularly scheduled Board meeting. Such report shall be recorded in the appropriate minutes of the Board's meeting and shall be retained in the Bank’s records. Establishment of this committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

MANAGEMENT

2. The Bank shall have and retain qualified management.

(a) Each member of management shall have the qualifications and experience commensurate with assigned duties and responsibilities at the Bank. Each member of management shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER. Management shall include the chief executive officer, senior lending officer, and chief financial officer. All management officials shall have an appropriate level of experience and expertise that is needed to perform his or her duties.

(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, but not limited to, asset quality, capital adequacy, earnings, management effectiveness, risk management, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Supervisory Authorities in writing of the resignation or termination of any of the Bank’s directors or senior executive officers. Prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of Section 32 of the Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100-303.104 and any requirement of the State of Georgia for prior notification and approval.

CAPITAL

3. (a) During the life of this ORDER, the Bank shall maintain Tier 1 Capital and total risk based capital ratios equal to or exceeding 8.00 percent and 10.00 percent, respectively, during the life of this ORDER.

(b) The level of Tier 1 Capital and total risk based capital to be maintained during the life of this ORDER pursuant to subparagraph 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.

(c) 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. 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 Rules and Regulations, 12 C.F.R. Part 325.

LIQUIDITY AND FUNDS MANAGEMENT POLICY

4. (a) Within 30 days from the effective date of this ORDER, management shall review and revise the Bank’s written plan addressing liquidity, contingency funding, and asset liability management. A copy of the revised plan shall be submitted to the Supervisory Authorities upon its completion for review and comment. Within 30 days from the receipt of any comments from the Supervisory Authorities, the Bank shall incorporate those recommended changes. Thereafter, the Bank shall implement and follow the plan. Quarterly during the life of this ORDER, the Bank shall review this plan

for adequacy and, based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs.

(b) The plan shall include, at a minimum:

(i) a limitation on the ratio of the Bank's total loans to assets;

(ii) a limitation of the ratio of the Bank's total loans to funding liabilities;

(iii) identification of a desirable range and measurement of dependence on non-core funding;

(iv) establishment of lines of credit that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved inadequate;

(v) a requirement for retention of sufficient investments that can be promptly liquidated to ensure the maintenance of the Bank's liquidity posture at a level consistent with short-term and long-term objectives;

(vi) establishment of contingency plans to restore liquidity to that amount called for in the Bank's liquidity policy; and

(vii) establishment of limits for borrowing federal funds and other funds, including limits on dollar amounts, maturities, and specified sources/lenders.

CASH DIVIDENDS

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

BROKERED DEPOSITS

6. During the life of this ORDER, the Bank shall not accept, renew, or rollover brokered deposits without obtaining a brokered deposit waiver approved by the FDIC pursuant to Section 29 of the Act, 12 U.S.C. § 183lf. Within 30 days of the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities a written play for eliminating its reliance on brokered deposits. The plan should contain details as the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid or rolled over. The Supervisory Authorities shall have the right to reject the Bank's plan. On the twenty-fifth day of each month, the Bank shall provide a written progress report to the Supervisory Authorities detailing the level, source, and use of brokered deposits with specific reference to progress under the Bank’s plan. For purposes of this ORDER, brokered deposits are defined as described in Section 337.6(a)(2) of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6(a)(2), to include any deposits funded by third party agents or nominees for depositors, including depositors managed by a trustee or custodian when each individual beneficial interest is entitled to a right to federal deposit insurance.

CHARGE-OFF

7. While this ORDER remains in effect, the Bank shall, within 10 days from 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 asset classified “Loss” and 50 percent of the those classified “Doubtful” unless otherwise approved in writing by the Supervisory Authorities.

REDUCTION OF CLASSIFIED ASSETS

8. (a) Within 60 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 $500,000 classified Substandard in the ROE. For purposes of this paragraph, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by Supervisory Authorities. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, 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 actions 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 Board minutes.

(c) The plan mandated by this paragraph shall further require a reduction in the aggregate balance of assets classified “Substandard” and “Doubtful” in the ROE 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” or “Doubtful;”

(ii) within 360 days, a reduction of forty percent (40%) in the balance of assets classified “Substandard” or “Doubtful;”

(iii) within 540 days, a reduction of sixty-five percent (65%) in the balance of assets classified “Substandard” or “Doubtful;” and

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

(d) The requirements of this paragraph do not represent 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. The plan may include a provision for increasing Tier 1 Capital when necessary to achieve the prescribed ratio.

(e) Within 60 days from the effective date of this ORDER, 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 this ORDER.

REDUCTION OF CONCENTRATIONS OF CREDIT

9. Within 60 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 page 27 of the ROE. Concentrations should be identified by product type, geographic distribution, underlying collateral or other asset groups, which are considered economically related and in the aggregate represent a large portion of the Bank’s Tier 1 Capital. The Bank shall provide a copy of this analysis to the Supervisory Authorities. The Bank shall 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 Tier 1 Capital. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities.

NO ADDITIONAL CREDIT

10. (a) As of 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 is listed for "Special Mention" and is uncollected.

(c) Subparagraph 10(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.

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

ALLOWANCE FOR LOAN AND LEASE LOSSES

11. (a) Within 60 days from the effective date of this ORDER, the Board shall review the adequacy of the ALLL and ensure the Bank's written policy for determining the adequacy of the ALLL is comprehensive. For the purpose of this determination, the adequacy of the ALLL shall be determined after the charge-off of all loans or other items classified "Loss". The policy shall provide for a review of the ALLL at least once each calendar quarter. Said review shall be completed in time to properly report the ALLL in the quarterly Reports of Condition and Income. The review shall 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. A deficiency in the ALLL shall be remedied in the calendar quarter it is discovered, prior to submitting the Reports of Condition and Income, 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 ALLL and its implementation shall be satisfactory to the Supervisory Authorities.

LENDING AND COLLECTION POLICIES

12. Within 60 days from the effective date of this ORDER, the Bank shall revise and implement written lending and collection policies to provide effective guidance and control over the Bank’s lending function. Such policies and their implementation shall address all items of criticism enumerated on pages 11 through 17 of the ROE, including the capitalization of interest, goals for a portfolio mix, and use of appraisals, and shall be in a form and manner acceptable to the Supervisory Authorities.

WRITTEN STRATEGIC PLAN

13. Within 90 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities its written strategic plan consisting of long-term goals designed to improve the condition of the Bank and its viability and strategies for achieving those goals. The plan shall be in a form and manner acceptable to the Supervisory Authorities , but at a minimum shall cover three years and provide specific objectives for asset growth, market focus, earnings projections, capital needs, and liquidity position.

EARNINGS

14. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and fully implement a written plan to improve earnings at the Bank. The plan shall be forwarded to the Supervisory Authorities for review and comment and shall address at a minimum:

(i) goals and strategies for improving the earnings of the Bank;

(ii) an identification of the major areas that the Board will seek to improve the Bank's operating performance;

(iii) realistic and comprehensive budgets; and

(iv) a description of the operating assumptions that form the basis for and adequately support major projected income and expense items.

(b) Following the end of each calendar quarter, the Board shall evaluate the Bank's actual performance in relation to the plan required by subparagraph 14(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.

VIOLATIONS OF REGULATIONS AND STATEMENTS OF POLICY

15. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of regulation as well as all contraventions of statements of policy that are contained in the ROE. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws, regulations, and statements of policy.

PROGRESS REPORTS

16. Within 30 days from the end of the first quarter following the effective date of this ORDER, and within 30 days of the end of each 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 Bank's 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. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the minutes of the appropriate Board meeting.

DISCLOSURE

17. Following the issuance of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER (i) in conjunction with the Bank's next shareholder communication or (ii) 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, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 and to the Commissioner of the DEPARTMENT, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341, to review at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and the DEPARTMENT shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER shall become effective immediately on the date of its issuance. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof. 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 and the DEPARTMENT.

Pursuant to delegated authority.

Dated at Atlanta, Georgia, this 9th day of October, 2009.

__/s/______________________________
Doreen R. Eberley
Acting Regional Director
Atlanta Region
Federal Deposit Insurance Corporation

The Georgia Department of Banking and Finance, having duly approved the foregoing ORDER, pursuant to Ga. Code Ann. § 7-1-91, and the Bank, through its Board, agree that the issuance of the said ORDER by the Federal Deposit Insurance Corporation shall be binding as between the Bank and the Georgia Commissioner of Banking and Finance to the same degree and legal effect that such ORDER would be binding on the Bank if the Georgia Commissioner of Banking and Finance had issued a separate Order that included and incorporated all of the provisions of the foregoing ORDER.

Dated this 9th day of October, 2009.

By:_______/s/___________________
Robert M. Braswell
Commissioner of the Department of
Banking and Finance
State of Georgia