FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of AMERICAN TRUST BANK ROSWELL, GEORGIA (Insured State Nonmember Bank)	))))))))	ORDER TO CEASE AND DESIST FDIC-09-301b

AMERICAN TRUST BANK, ROSWELL, GEORGIA ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices 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 of the Federal Deposit Insurance Corporation ("FDIC") and the Commissioner (the "Commissioner") for the State of Georgia, Department of Banking and Finance (the "Department"), dated October 2, 2009, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the Commissioner. The Commissioner may issue an order to cease and desist pursuant to Official Code of Georgia Annotated § 7-1-91 (1985).

The FDIC and the Commissioner considered the matter and determined that they have reason to believe that the Bank has engaged in unsafe or unsound banking practices. The FDIC and the Commissioner, 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 such 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 or unsound banking practices:

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

(b) operating with inadequate management whose polices and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(c) operating with inadequate capital for the risk profile of the Bank;

(d) violating statements of policy as more fully described on pages 11 and 12 of the FDIC Report of Examination dated March 23, 2009 ("Report");

(e) operating with an excessive volume of adversely classified, Other Real Estate ("ORE") and special mention assets;

(f) operating with an inadequate allowance for loan and lease losses ("ALLL");

(g) following hazardous lending practices and operating with an inadequate loan policy;

(h) operating with inadequate liquidity and funds management;

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

(j) operating with inadequate policies and procedures to monitor and control risks within concentrations of credit in the Bank's loan portfolio.

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

DIRECTORS

1. (a) Immediately upon 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: capital adequacy; liquidity; classified and criticized assets; 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 the ORDER, the Board shall establish a Board committee ("Directors’ Committee"), consisting of at least five members, to oversee the Bank’s compliance with the ORDER. A majority of the members of the Directors’ Committee shall not be officers of the Bank. The Directors’ Committee shall receive from Bank management monthly reports regarding the Bank’s actions with respect to compliance with this ORDER. The Directors’ Committee shall present a report regarding the Bank’s adherence to the ORDER to the Board at each regularly scheduled Board meeting. Such report shall be recorded in 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. Within 60 days from the effective date of this ORDER, the Bank shall have and retain qualified management.

(a) Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this ORDER. At a minimum management shall include:

(i) A chief executive officer with proven ability in managing a bank of comparable size and in effectively implementing lending, investment, and operating policies in accordance with sound banking practices;

(ii) A chief financial officer with demonstrated ability in all financial areas including but not limited to, accounting, regulatory reporting, budgeting and planning, management of the investment function, liquidity management and interest rate risk management; and

(iii) A senior lending officer with a significant amount of appropriate lending, collection, loan supervision and loan work-out experience for the type and quality of the Bank's loans, and experience in upgrading a low quality loan portfolio.

(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, liquidity, management effectiveness, risk management, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall provide written notice to the Regional Director ("Regional Director") of the FDIC and the Commissioner (collectively, "Supervisory Authorities") when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer as that term is defined in Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101. The notification to the Supervisory Authorities shall comply with the requirements set forth in 12 C.F.R. Part 303, Subpart F. The notification should include a description of the background and experience of the individual or individuals to be added or employed and must be received at least 60 days before such addition or employment is intended to become effective. If the Regional Director issues a notice of disapproval pursuant to section 32 of the Act, 12 U.S.C. § 1831i, with respect to any proposed individual, then such individual may not be added or employed by the Bank.

CAPITAL

3. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and adopt a capital plan that requires the maintenance of Tier 1 capital in such an amount as to equal or exceed 8 percent of the Bank's total assets and total risk-based capital in such an amount as to equal or exceed 10 percent of the Bank's total risk-weighted assets. Thereafter, the Bank shall maintain Tier 1 capital and total risk based capital ratios equal to or exceeding 8 percent and 10 percent, respectively, during the life of this ORDER.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop and adopt a plan to meet the minimum risk-based capital requirements for a well-capitalized bank, as described in the FDIC Statement of Policy on Risk-Based Capital contained in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, Appendix A.

The Plan shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(c) The level of Tier 1 capital and total risk-based capital to be maintained during the life of this ORDER pursuant to this paragraph 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 this paragraph of the ORDER may not be accomplished through a deduction from the Bank's ALLL. For purposes of this ORDER, the terms "Tier 1 capital", "total risk based capital", and "total assets" shall have the meaning ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

DIVIDENDS

4. While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the Supervisory Authorities.

CONCENTRATIONS OF CREDIT

5. 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 the Concentrations page of the Report and any other concentration deemed important by the Bank. 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. A copy of this analysis shall be provided to the Supervisory Authorities and the Board 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

Tier 1 Capital. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations or visitation.

CHARGE-OFF

6. (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" in the Report that have not been previously collected or charged-off unless otherwise approved in writing by the Supervisory Authorities.

(b) Additionally, 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 FDIC or the Department, eliminate from its books, by collection, charge-off, or other proper entries, the remaining balance of any asset classified "Loss" unless otherwise approved in writing by the Supervisory Authorities.

(c) Within 30 days from the effective date of the ORDER, the Bank shall establish a reserve for contingent liabilities and charge all contingent liabilities classified "Loss" in the Report to the reserve. Thereafter, the Bank shall maintain an adequate reserve for contingent liabilities as an "other liability" on the Bank's balance sheet.

(d) Elimination or reduction of assets through proceeds of other loans made by the Bank is not considered collection for purposes of this provision.

ALLOWANCE FOR LOAN AND LEASE LOSSES

7. Within 60 days from the effective date of this ORDER, the Board shall review the adequacy of the ALLL and revise its policy for determining the adequacy of the ALLL to ensure that it 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 within 21 days after the end of each calendar quarter in order that the findings of the Board with respect to the ALLL may be properly reported 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 the 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.

<u>ADVERSELY CLASSIFIED ASSETS</u>

8. (a) Within 30 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, or relationship in excess of $500,000 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 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 plan mandated by this provision shall also include, but not be limited to, the following:

(i) A quarterly schedule for reducing the outstanding dollar amount of adversely classified assets;

(ii) 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;

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

(iv) 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 plan mandated by this provision shall further require a reduction in the aggregate balance of assets classified "Substandard" in the Report in accordance with the following schedule:

(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 percent (40%) in the balance of assets classified "Substandard";

(i) Within 540 days, a reduction of sixty percent (60%) in the balance of assets classified "Substandard"; and

(ii) Within 720 days, a reduction of seventy-five percent (75%) in the balance of assets classified "Substandard".

(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 of the effective date of this ORDER, the Bank shall submit the 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 Board meeting. Thereafter, the Bank shall implement and fully comply with the plan. Such plan shall be monitored and progress reports thereon shall be submitted to the Supervisory Authorities at 90-day intervals concurrent with the other reporting requirements set forth in this ORDER.

RESTRICTIONS ON ADVANCES TO ADVERSELY CLASSIFIED BORROWERS

9. (a) While this ORDER is in effect, 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 or obligation with the Bank that has been, in whole or in part, charged off or classified "Loss" and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the borrower.

(b) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loans are adversely classified by the Supervisory Authorities as "Substandard" or “Special Mention” and is uncollected.

(c) Subparagraph 9(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 extending additional credit pursuant to this subparagraph 9, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank's Board, or a designated committee thereof, who shall certify, in writing:

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

(ii) Why the extension of such credit would improve the Bank's position, including an explanatory statement of how the Bank’s position would improve;

(iii) That an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended; and

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

SPECIAL MENTION ASSETS

10. Within 60 days from the effective date of this ORDER, the Bank shall develop a plan to correct all deficiencies in the assets listed for "Special Mention". After completing the development of the plan, the Bank shall immediately submit the 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 Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

CONTRAVENTIONS OF STATEMENTS OF POLICY

11. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all contraventions of statements of policy, which are more fully set out on pages 11 and 12 of the Report. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws, regulations, statements of policy, and regulatory guidance.

LIQUIDITY AND FUNDS MANAGEMENT

12. Within 60 days from the effective date of this ORDER, the Bank shall review and revise its written plan addressing liquidity, contingent funding, and asset liability management. A copy

of the plan shall be submitted to the Supervisory Authorities upon its completion for their review and comment. Within 30 days from the receipt of any comments from the Supervisory Authorities, the Bank shall incorporate any recommended changes. Thereafter, the Bank shall implement and follow the plan. Annually 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.

LENDING PRACTICES

13. (a) Within 60 days from the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities specific plans and proposals to effect the correction of all loan underwriting, loan administration, and loan portfolio management weaknesses detailed in the Report.

EARNINGS

14. Within thirty (30) days from the effective date of this ORDER, the Bank shall adopt, implement, and adhere to a written profit plan consisting of goals and strategies consistent with sound banking practices, and taking into account the Bank's other actions as required by this ORDER. The profit plan shall include, at a minimum:

(a) Realistic and comprehensive budgets;

(b) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections;

(c) Identification of major areas in, and means by which, earnings will be improved; and

(d) A description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

BROKERED DEPOSITS

15. (a) 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. § 1831f. 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.

(b) The Bank shall comply with the restrictions on the effective yields on deposits described in 12 C.F.R. § 337.6(b)(4).

STRATEGIC PLAN

16. (a) Within 60 days, the Bank shall develop and implement a policy governing the Bank's strategic planning process. At a minimum, the policy shall include formulating and maintaining a strategic plan which includes short-, intermediate-, and long-range planning, the development of project or action plans for achieving the goals and objectives set forth in the strategic plan, procedures for monitoring performance, and, as necessary, methods for periodic revisions to the strategic plan.

(b) The Bank shall submit the policy to the Supervisory Authorities for review and comment. Within 30 days from the receipt of any such comments from the Supervisory Authorities and after due consideration of any recommended changes, the Bank shall approve the policy, which approval shall be recorded in the minutes of the meeting of the Board. The Bank shall thereafter implement and enforce the policy.

PROGRESS REPORTS

17. Within 30 days of the end of the first calendar quarter following the effective date of this ORDER, and within 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 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.

DISCLOSURE TO SHAREHOLDERS

18. 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, Georgia Department of Banking and Finance, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341-5565, 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 upon the date of 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 in writing by the Supervisory Authorities.

Pursuant to delegated authority.

Dated this 9th day of October, 2009.

/s/
Doreen R. Eberley
Acting Regional Director
Division of Supervision and Consumer Protection
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 Official Code of Georgia Annotated § 7-1-91 (1985).

Dated this 9th of October, 2009.

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