

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____)	
In the Matter of)	
)	CONSENT ORDER
CITIZENS STATE BANK)	
KINGSLAND, GEORGIA)	
)	FDIC-10-007b
(Insured State Nonmember Bank))	
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Citizens State Bank, Kingsland, Georgia (“Bank”) under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation to the Issuance of a Consent Order” (“Stipulation”), dated April 1, 2010, that is accepted by the FDIC and the Georgia Department of Banking and Finance (“Department”). The Department may issue an order pursuant to section 7-1-91 of the Official Code of Georgia Annotated, GA Code Ann. Section 7-1-91 (1985).

With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law and/or regulation relating to weaknesses in asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk, to the issuance of this Consent Order (“ORDER”) by the FDIC and the Department.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and section 7-1-91 of the Official Code of Georgia Annotated, GA Code Ann. Section 7-1-91 (1985) have been satisfied, the FDIC and the Department hereby order that:

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. This participation shall continue to 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 ("Directors' Committee"), consisting of all of the members, up to a maximum of five members, to oversee the Bank's compliance with the ORDER. 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.

(c) At the next meeting of the shareholders of the Bank, and at each succeeding meeting of the shareholders at which Bank directors are to be elected, the members of the Board who are also shareholders shall nominate and support the election of candidates to the Board who are independent with respect to the Bank, in such number as are necessary to cause a majority of the Board directors to be and to remain independent with respect to the Bank.

(d) Within 60 days from the effective date of this ORDER, the Bank's Board shall develop and adopt an educational program for periodic training for each member of the Board. The educational program shall include, at a minimum:

- (i) specific training in the areas of lending, operations, and compliance with laws, rules and regulations applicable to banks chartered in the state of Georgia; and
- (ii) specific training in the duties and responsibilities of the Board in connection with the safe and sound operation of the Bank.

Upon adoption of the educational program, it shall be submitted to the Supervisory Authorities for review and comment. The Board shall document the training activities in the minutes of the next Board meeting following completion of the training. The Board's actions as required by this paragraph shall be satisfactory to the Regional Director of the FDIC's Atlanta Regional Office ("Regional Director") and the Commissioner of the Department, hereinafter referred to as the "Supervisory Authorities" as determined at subsequent examinations.

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 qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include a chief executive officer, chief credit officer, and a chief financial officer with supervisory experience levels for the Bank's risk profile. Each member of management shall be provided appropriate written authority from the 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, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the 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.

(d) During the life of this Order, the Bank shall notify the Supervisory Authorities in writing within ten days when any Board member or executive officer resigns or is terminated.

CAPITAL

3. (a) Within 120 days from the effective date of this ORDER, the Bank shall have 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. The Bank shall maintain these levels during the life of this ORDER.

(b) Within 30 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 Allowance for Loan and Lease Losses ("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 of this 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 a plan involving the public distribution of the Bank's securities and, in any event, not less than 15 days prior to the dissemination of the materials to be used in the public distribution, the plan and any materials to be used in a public distribution of the Bank's 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-6066, 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.

DIVIDENDS

4. a) While this ORDER is in effect, the Bank shall not declare or pay dividends or bonuses without the prior written approval of the Supervisory Authorities. All requests for prior approval shall be received at least 30 days prior to the proposed dividend declaration date or bonus payment (at least 5 days with respect to any request filed within the first 30 days after the date of this ORDER) and shall contain, but not be limited to, an analysis of the impact such dividend or bonus payment would have on the Bank's capital, income, and/or liquidity positions.

(b) During the term of this ORDER, the Bank shall not make any distributions of interest, principal or other sums on subordinated debentures, if any, without the prior written approval of the Supervisory Authorities.

CHARGE-OFF

5. (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 of Examination dated as of November 9, 2009 (“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 10 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.

ADVERSELY CLASSIFIED ASSETS

6. (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 \$200,000 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 of 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 paragraph 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 Board meeting.

(c) The 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:

- (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";
- (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 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 proscribed 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.

ALLOWANCE FOR LOAN AND LEASE LOSSES

7. (a) Immediately upon the entry of this ORDER, the Board shall make a provision to replenish the ALLL which, as the date of the examination, is underfunded as identified on page 9 of the Report.

(b) Within 30 days from the effective date of this ORDER, the Board shall review the adequacy of the ALLL and establish a comprehensive policy for determining the adequacy of the ALLL. 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 ALLL at least once each calendar quarter. Said review shall be completed within 20 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 of exposure of significant credits, concentrations of credit, and present and prospective economic conditions. The review should include a review of compliance with FAS 114 currently codified as 310-10-35, Receivables – Overall – Subsequent Measurement, including the identification of and the appropriate value for collateral dependent loans. The policy shall adhere to the guidance set forth in the *Interagency Policy Statement on the Allowance for Loan and Lease Losses*. 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.

NO ADDITIONAL CREDIT

8. (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 8(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) why the Bank's position would be improved thereby; including an explanatory statement of how the Bank's position would be improved; and
- (iii) that an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

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

SPECIAL MENTION

9. Within 90 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.

LIQUIDITY AND FUNDS MANAGEMENT

10. (a) 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, which plan shall include, at a minimum, revisions to address all items of criticism in the Report.

(b) The plan shall incorporate the guidance contained in Financial Institution Letter (“FIL”) 84-2008, dated August 26, 2008, entitled *Liquidity Risk Management*. The plan shall provide restrictions on the use of brokered and internet deposits consistent with safe and sound banking practices.

(c) A copy of the 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, and implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(d) Beginning with the effective date of this ORDER, the Bank’s management shall review its liquidity position 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 this review shall be presented to the Board for review each month, with the review noted in the minutes of the Board meeting.

BROKERED DEPOSITS

11. (a) Throughout the effective life of this ORDER, the Bank shall not accept, renew, rollover any brokered deposit, as defined by 12 C.F.R. § 337.6(a)(2), unless it is in compliance with the requirements of 12 C.F.R. § 337.6(b), governing solicitation and acceptance of brokered deposits by insured depository institutions.

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

CONCENTRATIONS OF CREDIT

12. 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 pages 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.

BUDGET

13. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and fully implement a written plan and a comprehensive budget for 2010 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, control overhead, and improve and sustain earnings of the Bank. The plan shall include a projected balance sheet and 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. The plan and budget

required by paragraph 13(a) of this ORDER shall be acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(b) 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 13(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.

WRITTEN STRATEGIC BUSINESS PLAN

14. Within 90 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities a written strategic plan consisting of long-term goals designed to improve the condition of the Bank 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.

POLICY FOR INTERNAL ROUTINE AND CONTROL

15. Within 90 days from the effective date of this ORDER, the Bank shall adopt and implement a policy for the operation of the Bank in such a manner as to provide adequate internal routine and controls within the Bank consistent with safe and sound banking practices. Such policy and its implementation shall, at a minimum, eliminate and/or correct all internal routine and control deficiencies as more fully set forth in the Report and shall be satisfactory to the Supervisory Authorities.

CONFLICTS OF INTEREST

16. Within 30 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement written policies and procedures designed to bring to the attention of

each member of the Board conflicts of interest which may exist in approving loans or other transactions in which officers, directors or principal shareholders of the Bank (“Insiders”) are involved. Such policies and procedures shall, at a minimum, ensure that each member of the Board has been apprised of any potential conflict prior to making a decision, or acting specifically on any loan or other transaction in which Insiders and/or their business associates are, directly or indirectly, involved. The results of any deliberations by the Board regarding potential conflicts shall be reflected in the minutes of its meetings.

INVESTMENT POLICY

17. Within 60 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank’s investment policy for adequacy and shall make the necessary revisions to address the actual and contemplated condition of investments held to maturity and/or available for sale.

BANK HOLDING COMPANY/OR OTHER AFFILIATES

POLICY GOVERNING RELATIONSHIPS

18. Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written policy satisfactory to the Supervisory Authorities which shall govern the relationship between the Bank and its holding company and its affiliates. The policy shall limit the payment of any management, consulting, or other fees or funds of any nature, directly or indirectly, to or for the benefit of the Bank's holding company or its affiliates to only those fees or funds paid in connection with necessary services actually performed by the Bank's holding company or its affiliates on behalf of or for the benefit of the Bank.

**VIOLATIONS OF LAW AND
CONTRAVENTIONS OF STATEMENTS OF POLICY**

19. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and/or regulation and contraventions of statements of policy in 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.

LENDING AND COLLECTION POLICIES

20. Within 60 days from the effective date of this ORDER, the Bank shall review, revise, adopt, and implement its written lending, underwriting and collection policy to provide effective guidance and control over the Bank's lending function, which policy shall include, at a minimum, revisions to address criticisms and recommendations enumerated in the Report pertaining to the administration of commercial real estate loans. The written policy should include specific guidelines for placing loans on nonaccrual and requirements for appraisals and evaluations consistent with outstanding regulatory guidance and the Uniform Standards of Professional Appraisal Practice. The policy should address all loan underwriting weaknesses identified in the Report. 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; conducting appropriate financial repayment analyses and documenting the source of repayment in the loan file; implementing proper loan grading systems; and establishing circumstances under which out of territory loans can be extended. 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.

OTHER REAL ESTATE POLICY

21. (a) Within 60 days from the effective date of this ORDER, the Board shall develop a written policy for managing the Other Real Estate (“ORE”) of the Bank. At a minimum, the policy shall provide for:

- (i) review of the ORE portfolio, at least quarterly, by a committee appointed by the Board;
- (ii) documentation that taxes and insurance premiums are paid in a timely manner;
- (iii) resolution of documentation exceptions;
- (iv) realistic and comprehensive budget for each parcel with a book value in excess of \$300,000, including projections of the Bank’s carrying costs (e.g., upkeep, repairs, and insurance costs) and projections of the marketing costs;
- (v) independent appraisal of each parcel at the time of foreclosure and periodically thereafter (but no more than 12 months from the date of the prior appraisal report);
- (vi) determination by the ORE committee that each parcel of ORE is listed with a real estate broker or otherwise made widely available for sale within an appropriate timeframe and at a realistic selling price;
- (vii) periodic progress reports from each real estate broker marketing the Bank’s ORE, including projected sales timeframes;

- (viii) detailed report from the ORE committee to the Board at least quarterly, with a copy of the report, including documentation of the action taken to facilitate the timely sale of ORE, made part of the Board minutes; and
- (ix) requirements for accounting, documentation, resale terms, and action plans for the orderly liquidation of ORE from the Bank's books.

(b) The Bank shall submit the policy 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 policy, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the policy.

INTEREST RATE RISK

22. Within 60 days from the effective date of this ORDER, the Bank shall review, revise, adopt, and implement a written policy for managing interest rate risk in a manner that is appropriate to the size of the Bank and the complexity of its assets. The policy shall comply with the FIL 52-96, dated July 12, 1996, entitled *Joint Inter-Agency Policy Statement on Interest Rate Risk*, shall be consistent with the comments and recommendations detailed in the Report and shall include, at a minimum, the means by which the interest rate risk position will be monitored, the establishment of risk parameters, and provision for periodic reporting to management and the Board regarding interest rate risk with adequate information provided to assess the level of risk. The Bank shall also submit the policy to the Supervisory Authorities for review and comment.

Such policy and its implementation shall be satisfactory to the Supervisory Authorities. The Board shall review the Bank's interest rate risk position monthly and this review shall be noted in the Board minutes.

NO MATERIAL GROWTH WITHOUT PRIOR NOTICE

23. While this ORDER is in effect, the Bank shall notify the Supervisory Authorities at least 60 days prior to undertaking asset growth that exceeds 10 percent (10%) or more per annum or initiating material changes in asset or liability composition. In no event shall asset growth result in noncompliance with the capital maintenance provisions of this ORDER unless the Bank receives prior written approval from the Supervisory Authorities.

INTERNAL LOAN REVIEW

24. Within 60 days from the effective date of this ORDER, the Bank shall adopt an effective 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 their initial review and subsequent examinations and/or visitations.

DISCLOSURE

25. 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, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 and the Commissioner, Georgia Department of Banking and Finance, 2990 Brandywine Rd., Suite 200, Atlanta, Georgia 30341-5565, at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and Commissioner shall be made prior to dissemination of the description, communication, notice, or statement.

PROGRESS REPORTS

26. 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 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.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of 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 provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority

Dated: April 14, 2010

/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, GA Code Ann. § 7-1-91 (1985).

Dated this 5th day of April, 2010.

/s/

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