FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of	)	
	)	CONSENT ORDER
HERITAGE FIRST BANK ORANGE BEACH, ALABAMA	)	FDIC-10-636b
	)	
(INSURED STATE NONMEMBER BANK)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Heritage First Bank, Orange Beach, Alabama ("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 October 20, 2010, that is accepted by the FDIC and the Alabama State Banking Department ("Department"). The Department may issue an order pursuant to the Code of Alabama Annotated Section 5-2A-12 (1980). With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in asset quality, capital adequacy, earnings, management effectiveness, sensitivity to market risk, and liquidity, 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 Code of Alabama Annotated Section 5-2A-12 (1980) have been satisfied, the FDIC and the Department hereby order that:

DIRECTORS

1. (a) Immediately upon the effective date of this ORDER, the Board shall enhance 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. At each Board meeting (to be held no less frequently than monthly), this enhanced participation shall include, at a minimum, the following areas which shall be reviewed and approved: capital adequacy; liquidity; classified and criticized assets; reports of income and expenses; concentrations of credit; 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.

(c) Within 30 days from the effective date of this ORDER, the Board shall engage an independent third party acceptable to the FDIC and the Department (collectively, "Supervisory Authorities") and that possesses appropriate expertise and qualifications to analyze and assess both the Board and management ("Board and Management Review"). The Board and Management Review shall address the Board's performance and the qualifications of its members. The Board and Management Review shall also address the effectiveness of the overall management structure and the qualifications and performance of the individual officers, identified in paragraph 2(a) of the ORDER. In addition, the Board and Management Review shall provide a cost/benefit analysis of the managerial support provided to the Bank by the holding company, Heritage First Bancshares, Inc., Rome, Georgia.

(d) Within 90 days from the effective date of this ORDER, the Board shall receive a written report ("Board and Management Report") detailing the findings of the Board and Management Review, including any recommended changes to improve the Board and/or management. Within 30 days of receipt of the Board and Management Report, the Board will conduct a full and complete review of the Board and Management Report, which review shall be recorded in the minutes of the Board meeting.

(e) Within 30 days of receipt of the Board and Management Report, the Board will develop a written Board and Management Plan that incorporates the findings of the Board and Management Report, a plan of action in response to each recommendation contained in the Board and Management Report, and a time frame for completing each action. The Board and Management Plan shall also contain a detailed management organizational chart and comprehensive job descriptions for each Bank officer. A copy of the Board and Management Report and Board and Management Plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment, and after consideration of such comment, the Board shall approve the Board and Management Plan which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Board and Management Plan and any modifications thereto.

(f) Within 60 days from the effective date of this ORDER, the Bank shall develop a formal director training program, including periodic independent, third-party presentations regarding the roles, responsibilities, and potential liabilities of Bank directors. The program and its implementation shall be in a form and manner acceptable to the Supervisory Authorities, as determined at subsequent examinations and/or visitations.

MANAGEMENT

2. Within 120 days of 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 the chairman of the Board, chief executive officer, chief financial officer, chief credit officer, and any other officer deemed to be integral through the Board and Management Review. Each Bank officer shall have an appropriate level of experience and expertise that is needed to perform his or her duties. Each member of management shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER.

(b) The qualification of management shall be assessed on their 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, regulations and statements of policy; and

(iv) restore all aspects of the Bank to a safe and sound condition, including asset quality (e.g. upgrading a low quality loan portfolio), capital adequacy, earnings, risk management, management effectiveness, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall provide written notice to the 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 completed Interagency Biographical and Financial Report, which shall 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. The Bank may not add any individual to its Board or employ any individual as senior executive officer unless the Superintendent of the Department ("Superintendent") provides prior written approval of such individual and Regional Director of the FDIC's Atlanta Regional Office does not issue a notice of disapproval pursuant to section 32 of the Act, 12 U.S.C. §1831i, with respect to any proposed individual.

CAPITAL

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall have and maintain Tier 1 Capital of not less than nine percent (9%) of total assets and a Total Risk-based Capital Ratio of at least twelve percent (12%).

(b) Within 60 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) Within 60 days from the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities a written capital plan. Such capital plan shall detail the steps that the Bank shall take to achieve and maintain the capital requirements set forth in paragraphs 3(a) and 3(b) above. In developing the capital plan, the Bank must take into consideration:

(i) the volume of the Bank's adversely classified assets;

(ii) the nature and level of the Bank's asset concentrations;

(iii) the adequacy of the Bank's ALLL;

(iv) the anticipated level of retained earnings;

(v) anticipated and contingent liquidity needs; and

(vi) the source and timing of additional funds to fulfill future capital needs.

In addition, the capital plan must include a contingency plan in the event that the Bank:

(i) fails to maintain the minimum capital ratios required by this paragraph;

(ii) fails to submit an acceptable capital plan as required by this paragraph; or

(iii) fails to implement or adhere to a capital plan to which the Supervisory Authorities have taken no written objection pursuant to this paragraph.

Said contingency plan shall include a plan to sell or merge the Bank. The Bank shall implement the contingency plan upon written notice from the Supervisory Authorities.

(e) Any increase in Tier 1 capital necessary to meet the requirements of paragraph 3(a) of this ORDER may be accomplished by the following:

(i) the sale of common stock;

(ii) the direct contribution of cash by the Board, shareholders, and/or parent holding company; or

(iii) any other means acceptable to the Supervisory Authorities.

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 Tier 1 Capital required by paragraph 3 of this ORDER is accomplished by the sale of new securities, 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-6066, Washington, D.C. 20429, and the Alabama State Banking Department, 401 Adams Avenue, Suite 680, Montgomery, Alabama 36130-1201, for review. Any changes requested to be made in the plan or materials shall be made prior to their dissemination.

(g) In complying with the provisions of paragraph 3 of this ORDER, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities, a written notice of any planned or existing development or other changes that are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

(h) For the purposes of this ORDER, the terms "Tier 1 Capital," "total assets," and "Total Risk-based Capital Ratio" shall have, the meanings ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 325.2(v), 325.2(x), and 325.2(y).

RESTRICTIONS ON CERTAIN PAYMENTS

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 or bonus payment declaration date (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.

CONCENTRATIONS OF CREDIT

5. Within 30 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 Joint Report of Examination dated March 8, 2010 ("Report"). The Bank should refer to Financial Institution Letter ("FIL")104-2006, dated December 12, 2006, titled *Concentrations in Commercial Real Estate Lending, Sound Risk*

Management Practices, for information regarding risk segmentation analysis. 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 and reserve for ALLL, including commercial real estate lending and acquisition, development, and construction lending. A copy of this analysis shall be provided to the Supervisory Authorities and the Board 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 and reserve for ALLL. 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.

CHARGE-OFF

6. (a) Within 30 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" that have not been previously collected or charged-off unless otherwise approved in writing by the Supervisory Authorities. 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 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" and 50 percent of those classified "Doubtful" unless otherwise approved in writing by the Supervisory

Authorities. 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. (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" 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 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 the ALLL at least once 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 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 FAS 114 currently codified as ASC 310-10-35, Receivables – Overall – Subsequent Measurement, and FAS 5, currently codified as ASC 450, 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 as determined at subsequent examinations and/or visitations.

ADVERSELY 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, or relationship in excess of $100,000 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 Board meeting.

(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. For purposes of this paragraph, "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 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 paragraph 8(c) 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 written 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.

RESTRICTIONS ON ADVANCES TO ADVERSELY CLASSIFIED BORROWERS

9. (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, 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 classified, in whole or part, “Substandard” and is uncollected.

(c) Paragraph 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 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 as follows:

(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.

VIOLATIONS OF LAW AND REGULATION

10. Within 60 days from the effective date of this ORDER, the Bank will eliminate and/or correct all violations of laws, regulations, and/or contraventions of statements of policy in the Report and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws, regulations, and/or statements of policy.

LENDING AND COLLECTION POLICIES

11. Within 90 days from the effective date of this ORDER, the Bank shall review, revise, and implement its written lending and collection policy to provide effective guidance and control over the Bank's lending and credit administration functions, which implementation shall include the resolution of those exceptions enumerated in the Report. The written policy should include specific guidelines for concentrations of credit, placing loans on nonaccrual, limitations on interest reserves and deferred payment plans, procedures to ensure that the Bank performs appropriate underwriting prior to purchasing loan participations, and provisions which establish a written policy governing the Bank's Other Assets portfolio. In addition, the Bank shall obtain adequate and current

documentation for all loans in the Bank's loan portfolio. Such policy and its implementation shall be in a form and manner acceptable to the Supervisory Authorities.

PLAN FOR EXPENSES AND PROFITABILITY

12. (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 calendar year 2011 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 overhead expense structure, address charges related to asset quality deterioration, maintain the net interest margin, 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 plans and budgets required by this paragraph 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 12(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

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, concentrations of credit, deposit structure, funding strategies, market focus, earnings projections, capital needs, and liquidity position.

LIQUIDITY AND FUNDS MANAGEMENT

14. (a) Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan to improve liquidity, contingency funding, interest rate risk, and asset liability management.

(b) The plan shall incorporate the guidance contained in FIL 84-2008, dated August 26, 2008, titled *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 its 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.

INTEREST RATE RISK MANAGEMENT

15**.** Within 45 days from the effective date of this ORDER, the Bank shall develop and implement a written policy for managing interest rate risk in a manner that is appropriate to the size and complexity of the Bank and the complexity of its assets. The policy shall comply with FIL-52-96, dated July 12, 1996, *Joint Agency Policy Statement on Interest Rate Risk*, and FIL-2-2010, dated January 20, 2010, *FFIEC Advisory on Interest Rate Management*, 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. Such policy and its implementation shall be satisfactory to the Supervisory Authorities.

BROKERED DEPOSITS

16. (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.

ASSET GROWTH LIMITATIONS

17. During the life of this ORDER, the Bank shall limit asset growth to five percent per annum and shall not initiate material changes in asset or liability composition without receiving prior written approval of the Supervisory Authorities. 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.

PROGRESS REPORTS

18. (a) Within 30 days after the end of the first quarter following the effective date of this ORDER, and within 30 days after 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 written reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of this ORDER. The reporting requirements shall continue for the life of this ORDER unless modified or terminated in writing by the Supervisory Authorities.

(b) All progress reports and other written responses to this ORDER shall be reviewed by the Board and be made a part of the minutes of the appropriate Board meeting.

DISCLOSURE TO SHAREHOLDERS

19. 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 Superintendent, Alabama State Banking Department, 401 Adams Avenue, Suite 680, Montgomery, Alabama 36130-1201 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.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, the Department, 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 Supervisory Authorities.

Issued Pursuant to Delegated Authority

Dated this 22nd day of October, 2010.

By:

_____________/s/___________________
Thomas J. Dujenski
Regional Director
Atlanta Region
Federal Deposit Insurance Corporation

The Alabama Superintendent of Banks, having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the Federal Deposit Insurance Corporation shall be binding as between the Bank and the Alabama Superintendent of Banks to the same degree and legal effect that such ORDER would be binding on the Bank if the Alabama Superintendent of Banks had issued a separate ORDER that included and incorporated all the provisions of the foregoing ORDER pursuant to the provisions of the §5-2A-12, Code of Alabama, 1980.

Dated this 20th day of October, 2010.

/s/

John D. Harrison
Superintendent of Banks
Alabama State Banking Department