FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	CONSENT ORDER
THE FARMERS BANK FORSYTH, GEORGIA	)	FDIC-11-641b
(Insured State Nonmember Bank)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for The Farmers Bank, Forsyth, Georgia, ("Bank"), under section 3(q) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER" ("CONSENT AGREEMENT"), dated December 19, 2011, 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. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to weaknesses in asset quality, management, earnings, capital, liquidity, 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 section 8(b) of the Act, 12 U.S.C. § 1818(b) and under section 7-1-91 of the Official Code of Georgia Annotated, have been satisfied, the FDIC and the Department hereby order that:

BOARD OF DIRECTORS

1. (a) As of the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; investment activity; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including management's responses; and compliance with this ORDER. Board meeting 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"), charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The Directors' Committee shall formulate and review monthly reports detailing the Bank's actions with respect to compliance with this ORDER. The Directors' Committee shall present a report detailing the Bank's adherence to this ORDER to the Board at each regularly scheduled Board meeting. Such report shall be recorded in the appropriate minutes of the Board's meetings 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. (a) Within 60 days from the effective date of this ORDER, the Bank shall have and retain qualified management with the qualifications and experience commensurate with assigned duties and responsibilities at the Bank. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this ORDER. At a minimum, management shall include the following:

(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 safe and sound banking practices; and

(ii) A senior lending officer with a significant amount of appropriate lending, collection, and loan supervision experience, 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, management effectiveness, risk management, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Regional Director of the FDIC's Atlanta Regional Office ("Regional Director") and the Department (collectively, "Supervisory Authorities"), in writing, of the resignation or termination of any of the Bank's directors or senior executive officers. Prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 of the Act, 12 U.S.C. § 1831i, 12 C.F.R. §§ 303.100-303.104, and any State requirement for prior notification and approval. If the Regional Director or the Department issues a notice of disapproval pursuant to 12 U.S.C. § 1831i, with respect to the proposed individual, then such individual may not be added to the Board or employed by the Bank.

CAPITAL

3. (a) Within 60 days from the effective date of this ORDER, the Bank shall have Tier 1 Capital in such amount as to equal or exceed 8 percent of its Total Assets, and shall have Total Risk-Based Capital in such an amount as to equal or exceed 10 percent of the Bank's total risk-weighted assets.

(b) During the life of this ORDER, the Bank shall maintain a Leverage Capital Ratio of at least 8 percent and a Total Risk-Based Capital Ratio of at least 10 percent as those capital ratios are defined in 12 C.F.R. § 325.

(c) The level of Tier 1 Capital to be maintained during the life of this ORDER pursuant to this paragraph 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 this ORDER. In developing the capital plan, the Bank shall 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.

(e) In addition, the capital plan must include a contingency plan in the event that the Bank has failed to:

(i) Maintain the minimum capital ratios required by this paragraph;

(ii) Submit an acceptable capital plan as required by this paragraph; or

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

(f) The 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.

CHARGE-OFF LOSS AND DOUBTFUL

4. (a) Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" and

50 percent of those assets or portions of assets classified "Doubtful," as identified by the October 11, 2011, joint FDIC and Department examination of the Bank, that have not been previously collected or charged-off. If an asset is classified "Doubtful", the Bank may, in the alternative, charge-off the amount that is considered uncollectible in accordance with the Bank's written analysis of loan or lease impairment. Such analysis shall be accomplished in accordance with generally accepted accounting principles, the Federal Financial Institutions Examination Council's ("FFIEC") *Instructions for Preparation of Consolidated Reports of Condition and Income (FFIEC 031 and 041)*, http://www.ffiec.gov/, Interagency Statements of Policy on the ALLL, and other applicable regulatory guidance that addresses the adequacy of the Bank's ALLL. Elimination of any 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 entry, the remaining balance of any asset classified "Loss" and 50 percent of those assets classified "Doubtful" unless otherwise approved in writing by the Supervisory Authorities. If an asset is classified "Doubtful", the Bank may, in the alternative, charge-off the amount that is considered uncollectible in accordance with the Bank's written analysis of loan or lease impairment.

CLASSIFIED ASSET REDUCTION

5. (a) Within 60 days from the effective date of this ORDER, the Bank shall submit a written plan to the Supervisory Authorities to reduce the remaining assets classified "Doubtful" and "Substandard" Within 30 days from the receipt of any official Report of Examination of the

Bank from the FDIC or the Department, the Bank shall amend the plan to address the additional assets classified "Doubtful" and "Substandard" in such Report of Examination. The plan, and any amendments required by this paragraph, shall address each asset so classified with a balance of $500,000 or greater and provide the following:

(i) The name under which the asset is carried on the books of the Bank;

(ii) Type of asset;

(iii) Actions to be taken in order to reduce the classified asset; and

(iv) Timeframes for accomplishing the proposed actions.

(b) The plan, and any amendments required by this paragraph, shall also include, at a minimum:

(i) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and

(ii) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

(c) In addition, the Bank's plan, and any amendments required by this paragraph, shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the plan, and any amendments required by this paragraph, shall require the submission of monthly progress reports to the Board and mandate a review by the Board.

(d) The Bank shall present the plan, and any amendments required by this paragraph, to the Supervisory Authorities for review. Within 30 days from the Supervisory Authorities' response, the plan, including any requested modifications or amendments, shall be adopted by the Board and the approval shall be recorded in the Board minutes. The Bank shall then immediately implement the plan.

(e) For purposes of the plan, and any amendments required by this paragraph, the reduction of adversely classified assets as shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's ALLL and may be accomplished by:

(i) Charge-off;

(ii) Collection;

(iii) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; and/or

(iv) Increase in the Bank's Tier 1 Capital.

CONCENTRATIONS OF CREDIT

6. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit for review a written plan for systematically reducing and monitoring the Bank's Commercial Real Estate ("CRE") Loans concentration of credit to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location ("Concentration Reduction Plan"). Within 30 days from the receipt of any official Report of Examination of the Bank from the FDIC or the Department, the Bank shall amend the Concentration Reduction Plan to address any additional CRE Loans identified in such Report of Examination.

(b) The Concentration Reduction Plan, and any amendments required by this paragraph, shall comply with applicable guidance referenced in *Guidance on Concentrations in*

Commercial Real Estate Lending, Sound Risk Management Practices, FIL-104-2006 (Dec. 12, 2006), and *Managing Commercial Real Estate Concentrations in a Challenging Environment*, FIL-22-2008 (Mar. 17, 2008). The Concentration Reduction Plan, and any amendments required by this paragraph, shall include, but not be limited to:

(i) Dollar levels and percent of total capital to which the Bank shall reduce each concentration;

(ii) Timeframes for achieving the reduction in dollar levels in response to the paragraph above;

(iii) Provisions for controlling and monitoring of CRE, including plans to address the rationale for CRE levels as they relate to growth and capital targets, segmentation, and testing of the CRE portfolio to detect and limit concentrations with similar risk characteristics; and

(iv) Provisions for the submission of monthly written progress reports to the Board for review and notation in minutes of the Board meetings.

(c) The Concentration Reduction Plan, and any amendments required by this paragraph, shall be submitted to the Supervisory Authorities for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Supervisory Authorities, and after incorporation and adoption of all comments, the Board shall approve the Concentration Reduction Plan, which approval shall be recorded in the Board meeting minutes. Thereafter, the Bank shall implement and fully comply with the Concentration Reduction Plan.

NO ADDITIONAL CREDIT

7. (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 credit already extended to a borrower after full collection, in cash, of interest due from the 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."

(c) The preceding limitations on additional credit 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 extension of any additional credit pursuant to this paragraph, either in the form of an 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 that:

(i) The failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, including an explanatory statement of why it would be detrimental to the Bank's best interests;

(ii) The Bank's position would be improved thereby, including an explanatory statement of how the Bank's position would be improved; and

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

(e) Any additional extensions of credit to classified borrowers made under this provision shall be reported to the Supervisory Authorities at 90-day intervals with the other reporting requirements set forth in this ORDER. At a minimum, the 90-day reports shall include the name of the classified borrower, the amount of additional credit extended, and the total outstanding balance of credit extended to the classified borrower.

BUDGET

8. (a) Within 60 days from the effective date of this ORDER, the Bank shall implement a written plan and a comprehensive budget for all categories of income and expense for the calendar year ending December 31, 2012. The plan and budget required by this paragraph shall include formal goals and strategies, consistent with sound banking practices, and take into account the Bank's other written policies in order 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 description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components. Within 30 days from the completion of any merger with any other insured depository institution or institutions, the Bank shall amend the plan to address any changes to the plan as a result of the merger or mergers. Thereafter, the Bank shall formulate such a plan and budget by December 31 of each subsequent year and submit the plan and budget to the Supervisory Authorities for review and comment by January 15 of each subsequent year. The

plan and budget required by this ORDER, and any amendments required by this paragraph, shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

(b) On a monthly basis, the Board shall evaluate the Bank's actual performance in relation to the plan and budget required by 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. The actual performance compared to the budget shall be submitted to the Supervisory Authorities with the quarterly progress reports required by this ORDER.

STRATEGIC PLAN

9. (a) Within 60 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities an acceptable written business/strategic plan covering the overall operation of the Bank. At a minimum the plan shall establish objectives for the Bank's earnings performance, growth, balance sheet mix, liability structure, capital adequacy, and reduction of nonperforming and underperforming assets, together with strategies for achieving those objectives. The plan shall also identify capital, funding, managerial, and other resources needed to accomplish its objectives. Within 30 days following the completion of any merger with any other insured depository institution or institutions, the Bank shall amend the plan to address any changes to the plan as a result of the merger or mergers. Such plan shall specifically provide for the following:

(i) Goals for the composition of the loan portfolio by loan type including strategies to diversify the type and improve the quality of loans held;

(ii) Goals for the composition of the deposit base including strategies to reduce reliance on volatile and costly deposits; and

(iii) Plans for effective risk management and collection practices.

(b) The Board shall approve the business/strategic plan, and any amendments required by this paragraph, which approval shall be recorded in the Board meeting minutes for the meeting at which the business/strategic plan was approved.

INTEREST RATE RISK POLICY

10. Within 60 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 of the Bank and the complexity of its assets. The policy shall comply with the *Joint Agency Policy Statement on Interest Rate Risk*, FIL-52-96 (July 12, 1996), and the *FFIEC Advisory on Interest Rate Management*, FIL-2-2010 (Jan. 20, 2010). The policy shall include guidelines governing the means by which the interest rate risk position will be monitored, the establishment of risk parameters, and periodic reporting to management and the Board regarding interest rate risk with adequate information provided to assess the level of risk. Within 30 days following the completion of any merger with any other insured depository institution or institutions, the Bank shall amend the policy to address any changes to the plan as a result of the merger or mergers. Such policy, and any amendments required by this paragraph, and its implementation shall be satisfactory to the Supervisory Authorities as determined at the initial review and at subsequent examinations and/or visitations.

LIQUIDITY AND FUNDS MANAGEMENT

11. (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. Within 30 days following the completion of any merger with any other insured depository institution or institutions, the Bank shall amend the plan to address any modifications to the plan as a result of the merger or mergers.

(b) The plan, and any amendments required by this paragraph, shall incorporate the guidance contained in *Liquidity Risk Management*, FIL-84-2008 (Aug. 26, 2008). The plan, and any amendments required by this paragraph, shall provide restrictions on the use of brokered and internet deposits consistent with safe and sound banking practices.

(c) A copy of the plan, and any amendments required by this paragraph, shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations. The Bank shall adopt, implement, and follow the plan, and any amendments required by this paragraph, and its implementation shall be in a form and manner acceptable to the Supervisory Authorities at the initial review and 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 Board meeting minutes.

BROKERED DEPOSITS

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

ASSET GROWTH

13. 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 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.

RESTRICTIONS OF CERTAIN PAYMENTS

14. While this ORDER is in effect, the Bank shall not declare or pay dividends, bonuses, or make any other form of payment outside the ordinary course of business resulting in a reduction of capital, 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 (or at least 5 days with respect to any request filed within the first 30 days from 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.

(e) 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.

PROGRESS REPORTS

15. (a) Within 30 days from the end of the first quarter following the effective date of this ORDER, and within 30 days from the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Consolidated Reports of Condition and of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities has released the Bank in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the appropriate Board meeting minutes.

SHAREHOLDER DISCLOSURE

16. (a) Within 30 days from the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its parent holding company. The description shall fully describe this ORDER in all material respects.

The provisions of this ORDER shall not bar, stop, 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 in writing.

Issued Pursuant to Delegated Authority

Dated: 1/13/12

By:

/s/

Thomas J. Dujenski
Regional Director
Division of Risk Management Supervision
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 6th of January, 2012.

/s/

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