

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:) AA-EC-09-115
First National Bank of Georgia,)
Carrollton, Georgia)

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, First National Bank of Georgia, Carrollton, Georgia (“Bank”) is a national bank subject to the provisions of 12 U.S.C § 1831o and 12 C.F.R. Part 6;

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) is authorized, pursuant to 12 U.S.C. § 1831o and 12 C.F.R. Part 6, to issue directives to take prompt corrective action (“PCA”) to resolve the problems of national banks at the least long term cost to the deposit insurance fund, thereby effecting the purposes of 12 U.S.C. § 1831o; and

WHEREAS, the OCC may issue a PCA directive based upon a bank’s capital category;

WHEREAS, the Bank, in its June 30, 2009, Consolidated Report of Condition and Income (“Call Report”), reported that it was “significantly undercapitalized” for PCA purposes;

WHEREAS, by September 30, 2009, the Bank fell to “critically undercapitalized” for PCA purposes and also remained significantly undercapitalized based on its capital ratios reported in the September 30, 2009, Call Report; and

WHEREAS, the OCC has the discretion to issue an immediately effective PCA directive when the OCC finds it necessary to carry out the purposes of PCA under 12 U.S.C. § 1831o.

NOW THEREFORE, the Comptroller of the Currency of the United States (“Comptroller”) finds it necessary in order to carry out the purposes of 12 U.S.C. § 1831o to issue this immediately effective Prompt Corrective Action Directive (“Directive”) pursuant to 12 U.S.C. § 1831o and 12 C.F.R. Part 6.

ARTICLE I
JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C § 1 *et seq.*

(2) The OCC is “the appropriate Federal banking agency” within the meaning of 12 U.S.C. § 1813(q)(1) and for the purposes of 12 U.S.C. § 1831o.

(3) The Bank is an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2) and within the meaning of 12 U.S.C. § 1831o.

(4) This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

ARTICLE II
MINIMUMS CAPITAL RATIOS

(5) The Bank shall achieve by December 31, 2009, and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3):

(a) Tier 1 Leverage Ratio at least equal to nine percent (9%) of adjusted total assets¹;

(b) Total Risk Based Capital Ratio of at least equal to thirteen percent (13%).

(6) The requirement in this Order to meet and maintain a specific capital level means that the Bank is not “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(7) The Bank and any subsidiary thereof shall not issue any securities or enter into any agreement, letter of intent or understanding to merge, consolidate, sell all or substantially all

of its assets and liabilities, or otherwise be acquired, or enter into any agreement or understanding to reorganize unless it first receives the OCC's written non-objection of such action.

(8) If the Bank improves from a lower to a higher PCA capital category, it shall continue to comply with this Directive, unless modified, terminated, suspended or set aside by the OCC in writing.

ARTICLE III **COMPLIANCE WITH MANDATORY RESTRICTIONS**

(9) The Bank shall comply with all of the mandatory prompt corrective action provisions set forth in 12 U.S.C. § 1831o and 12 C.F.R. Part 6 that automatically apply to the Bank based upon the Bank's prompt corrective action capital category. For a "critically undercapitalized" bank that also qualifies as "significantly undercapitalized" pursuant to 12 U.S.C. § 1831o(b)(1)(D) and 12 C.F.R. § 6.4, such as the Bank, the following restrictions apply:

- (a) Pursuant to 12 U.S.C. § 1831o(d)(1) and 12 C.F.R. § 6.6(a), the Bank shall make no capital distribution if, after making the distribution, the Bank would be undercapitalized, unless such capital distribution is for the repurchase, redemption, retirement or other acquisition of shares or ownership interests:
 - (i) that is made in connection with the issuance of additional shares or obligations of the Bank in at least an equivalent amount;

¹ Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for Call Report purposes minus end-of-quarter intangible assets.

- (ii) that will reduce the Bank's financial obligations or otherwise improve the Bank's financial condition; and
 - (iii) the Bank first receives a written non-objection from the OCC;
- (b) The Bank shall not pay any management fee (as defined in 12 C.F.R. § 6.2(e)) to any controlling person of the Bank (as defined in 12 C.F.R. § 6.2(c)) if, after making the payment, the Bank would be undercapitalized. 12 U.S.C. § 1831o(d)(2) and 12 C.F.R. § 6.6(a);
- (c) The Bank shall not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding quarter unless (i) the OCC has accepted the Bank's Capital Restoration Plan, (ii) the increase in assets is consistent with the Plan, and (iii) the Bank's ratio of tangible equity to assets increases during the calendar quarter at a rate sufficient to enable the Bank to become adequately capitalized within a reasonable time. 12 U.S.C. § 1831o(e)(3) and 12 C.F.R. § 6.6(a)(2)(iv);
- (d) The Bank shall not, directly or indirectly, acquire any interest in any company or insured depository institution, establish or acquire any additional branch office, or engage in any new line of business, unless (i) the OCC has accepted the Bank's Capital Restoration Plan, the Bank is in compliance with the Plan, and the OCC determines that the action is consistent with, and will further achievement of the Plan, or (ii) the FDIC Board of Directors approves the action. 12 U.S.C. § 1831o(e)(4) and 12 C.F.R. § 6.6(a)(2)(v); and

- (e) The Bank shall not, without first receiving the OCC's written non-objection: (i) pay any bonus to any senior executive officer or (ii) provide compensation to any senior executive officer exceeding that officer's average rate of compensation (excluding bonuses, stock options, and profit-sharing) during the 12 calendar months preceding the calendar month in which the Bank became undercapitalized. 12 U.S.C. § 1831o(f)(4) and 12 C.F.R. § 6.6(a)(3).
- (f) The Bank shall not, beginning 60 days after the Bank became critically undercapitalized, make any payment of principal or interest on the Bank's subordinated debt pursuant to 12 U.S.C. § 1831o(h)(2)(A) & (B).
- (f) Pursuant to 12 U.S.C. § 1831o(i)(2), the Bank shall not, without first receiving the FDIC's prior written approval:
 - (i) enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, sale of assets, or other similar action with respect to which the Bank is required to give the OCC prior notice;
 - (ii) extend credit for any highly leveraged transaction;
 - (iii) amend the Bank's charter or bylaws, except to the extent necessary to carry out any other requirement of any law regulation, or order;
 - (iv) make any material change in accounting methods;
 - (v) engage in any "covered transactions" (as defined in 12 U.S.C. § 371c(b));
 - (vi) pay excessive compensation or bonuses; and

(vii) pay interest on new or renewed liabilities at a rate that would increase the Bank's weighted average cost of funds to a level significantly exceeding the prevailing rates of interest on insured deposits in the Bank's normal market areas.

(10) The Bank shall comply with all other restrictions applicable to it, including the following:

- (a) The Bank may not accept, renew or roll over any brokered deposit. 12 U.S.C. § 1831f(a) and 12 C.F.R. § 337.6(b)(3)(i); and
- (b) The Bank shall not accept new employee benefit plan deposits. 12 U.S.C. § 1821(a)(1)(D)(ii).

ARTICLE IV
OTHER ACTION REQUIRED

(11) Pursuant to 12 U.S.C. § 1831o(f)(2) and 12 C.F.R. § 6.6(b), immediately upon issuance of this Directive, the Bank shall not do any of the following without the prior written approval of the Bank's Board of Directors and the prior written non-objection of the OCC:

- (a) Enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, or other similar action;
- (b) Engage in the sale or transfer of any Bank asset or pool of assets exceeding a fair market value of one hundred thousand dollars (\$100,000). Any asset sale or transfer less than \$100,000 should be reported to the OCC after the sale;

- (c) Transfer any asset to the holding company or other affiliated party or person;
- (d) Engage in any transaction for the transfer of funds, the extension of credit, acceptance or transference of risk and/or the conferring of another type of benefit, directly or indirectly, involving any Bank affiliates, as defined in 12 U.S.C. § 371c, or current or former Bank directors, shareholders, senior executive officers, or their respective family members;
- (e) Extend any additional credit to any classified borrower without prudent justification;
- (f) Amend the bank's charter or bylaws, except to the extent necessary to carry out any other requirement of law, regulation, or order; or
- (g) Make any change in accounting methods.

(12) Effective immediately upon issuance of this Directive, the Bank shall ensure that all documents, books and records are accurately maintained on the premises of the Bank in their original state for a period of five (5) years.

ARTICLE V **GENERAL PROVISIONS**

(13) Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the PCA Directive to be made upon, given or furnished to, delivered to, or filed with the OCC shall be in writing and sent by first class U.S. mail (or by reputable overnight courier or hand delivery via messenger) addressed as follows:

Director
Special Supervision Division
250 E Street, S.W.
Washington, D.C. 20219

(14) This Directive is enforceable under 12 U.S.C. § 1818(i). Each provision of this Directive shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other persons participating in the affairs of the Bank.

(15) If any provision in this Directive is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless the OCC, in its sole discretion, determines otherwise.

(16) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, or any institution-affiliated party of the Bank, nothing in this Directive shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(17) Any time limitations imposed by this Directive shall begin to run from the effective date of this Directive. Such time limitations may be extended in writing by the Director of Special Supervision (“Director”) for good cause upon written application by the Board.

(18) The Bank may submit a written appeal of this Directive to the Comptroller. Such an appeal must be received by the Comptroller within fourteen (14) calendar days of the issuance of this Directive. If an appeal is filed in a timely manner, the Comptroller shall consider the appeal in accordance with the procedures under 12 C.F.R. § 6.21(a)2. During such period of review, this Directive shall remain in effect.

(19) If the Bank determines that: (i) it is unable to comply with any provision of this Directive; (ii) compliance with any provision of this Directive will cause undue hardship to the Bank; or (iii) the Bank requires an extension of any timeframe within this Directive, the Bank shall submit a written request to the Director asking for relief. Any written request submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances that supports the Bank's request. All such requests shall be accompanied by relevant supporting documentation, together with a copy of a Board Resolution authorizing the request. The Director's decision pertaining to the request is final.

(20) The provisions of this Directive are effective upon issuance of this Directive by the Comptroller, through the Director whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Directive shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

IT IS SO ORDERED, this 22nd day of December 2009.

signed

Henry Fleming
Director for Special Supervision