

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: SE-11-005
)	
ATLANTIC BANK AND TRUST)	Effective Date: January 25, 2011
)	
Charleston, South Carolina)	
OTS Docket No. 18016)	

ORDER TO CEASE AND DESIST

WHEREAS, Atlantic Bank and Trust, Charleston, South Carolina, OTS Docket No. 18016 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Southeast Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association, its institution-affiliated parties,¹ and its successors and assigns, shall cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting the unsafe or unsound banking practices that resulted in:

- (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
- (b) operating with inadequate earnings to augment capital and support reserves;
- (c) operating with an excessive level of adversely classified loans and assets;
- (d) operating the Association with an inadequate interest rate risk policy and reasonable net present value limits; and
- (e) operating with an inadequate contingency funding plan.

2. The Association, its institution-affiliated parties, and its successors and assigns, shall also cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws and regulations:

- (a) 31 C.F.R. Section 103.27(d) (regarding accurate and timely filing of currency transaction reports); and
- (b) 12 C.F.R. § 203.4 (regarding HMDA).

¹ The term “institution-affiliated party” is defined at 12 U.S.C. § 1813(u).

Capital.

3. By March 31, 2011, the Association shall have and maintain a Tier 1 (Core) Capital Ratio equal to or greater than eight percent (8%) and a Total Risk-Based Capital Ratio equal to or greater than twelve percent (12%).²

4. By February 28, 2011, the Association shall submit a written plan to achieve and maintain the Association's capital at the levels prescribed in Paragraph 3 (Capital Plan) that is acceptable to the Regional Director. At a minimum, the Capital Plan shall:

- (a) identify the specific sources of additional capital needed, and the timeframes and methods by which the additional capital will be raised, including specific target dates and corresponding capital levels;
- (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
- (c) address the requirements and restrictions imposed by this Order relating to capital under different forward-looking scenarios involving progressively stressed economic environments;
- (d) include detailed quarterly financial projections, including Tier 1 (Core) and Total Risk-Based Capital Ratios;
- (e) address the Association's level of classified assets, ALLL, earnings, asset concentrations, liquidity needs, and trends in the foregoing areas; and
- (f) address current and projected trends in real estate market conditions.

² The requirement in Paragraph 3 to have and maintain a specific capital level means that the Association may not be deemed to be "well-capitalized" for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. §565.4(b)(1)(iv).

5. Upon receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Association shall implement and adhere to the Capital Plan. A copy of the Capital Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within twenty (20) days after the Board meeting.

6. At each monthly board meeting, beginning with the first board meeting following receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Board shall review the Association's compliance with the Capital Plan. At a minimum, the Board's review shall include:

- (a) a comparison of actual operating results to projected results;
- (b) detailed explanations of any material deviations;³ and
- (c) a discussion of specific corrective actions or measures that have been or will be implemented to address each material deviation.

7. Within fifteen (15) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 3; (b) the Association fails to comply with the Capital Plan prescribed in Paragraph 4; or (c) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

8. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary dissolution by filing an appropriate application with the OTS in conformity with

³ A deviation shall be considered material under this Paragraph of the Order when the Association: determines that it needs to adjust its identified sources of additional capital, timeframes, methods, or target dates by which it will raise capital.

applicable laws, regulations and regulatory guidance.

9. Upon receipt of written notification from the Regional Director, the Association shall implement and adhere to the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each month following implementation of the Contingency Plan.

Business Plan.

10. Within sixty (60) days, the Association shall submit a new comprehensive business plan for calendar year 2011 (Business Plan) that addresses all corrective actions in the August 9, 2010 OTS Report of Examination (2010 Examination) relating to the Association's business operations to the Regional Director for review and non-objection. Thereafter, the Association shall submit an updated one year Business Plan at least sixty (60) days prior to the end of each calendar year. At a minimum, the Business Plan shall conform to applicable laws, regulations and regulatory guidance and include:

- (a) plans to improve the Association's core earnings and achieve profitability on a consistent basis throughout the term of the Business Plan;
- (b) detailed strategies and actions the Association will take to reduce the overall risk profile of the Association, including specific targets and dates and supporting documentation to demonstrate the reduction in the overall risk profile of the Association;
- (c) minimum capital ratios targets that consider the Association's overall financial performance and trends, as well as the bank's loan concentrations;
- (d) detailed strategies and actions to reduce the outstanding balance of the commercial real estate loan portfolio;

- (e) detailed discussion of the Association's business lines and products;
- (f) quarterly pro forma financial projections (balance sheet, regulatory capital ratios, and income statement) for each quarter covered by the Business Plan; and
- (f) consideration of the requirements of this Order.

11. Upon receipt of written notification of non-objection from the Regional Director, the Association shall implement and adhere to the Business Plan. A copy of the Business Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within twenty (20) days after the Board meeting.

12. Any material modifications⁴ to the Business Plan must receive the prior written non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.

13. Within thirty (30) days after the end of each calendar quarter, beginning with the Quarter ending March 31, 2011, the Board shall review quarterly variance reports on the Association's compliance with the Business Plan (Variance Reports). The Variance Reports shall:

- (a) identify variances, expressed in dollars and percentages, in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
- (b) contain an analysis and explanation of identified variances; and
- (c) discuss the specific measures taken or to be taken to address identified variances.

⁴ A modification shall be considered material under this Section of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the Business Plan; or (b) exceed the level of any activity contemplated in the Business Plan or fail to meet target amounts established in the Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material modification.

14. A copy of the Variance Reports and Board meeting minutes shall be provided to the Regional Director within ten (10) days after the Board meeting.

Loan Modifications.

15. Within sixty (60) days, the Association shall develop a loan modification program (Loan Modification Program) that addresses all corrective actions contained in the 2010 Examination concerning loan modifications. The Loan Modification Program shall conform to all applicable laws, regulations and regulatory guidance and shall:

- (a) require documentation of management's efforts to obtain a principal reduction from the borrower;
- (b) prohibit the extension of additional funds, forgiveness of any debt, or forbearance in any manner without the prior written non-objection of the Regional Director;
- (c) require compliance with the bank's loan underwriting and documentation policies and procedures; and
- (d) require adherence to safe and sound banking and lending practices.

Lending.

16. Effective immediately, the Association may only originate or purchase, or commit to originate or purchase, owner occupied, non-investor Qualifying Mortgage Loans as defined at 12 C.F.R. § 567.1, Savings Account Loans which are fully secured by savings or time deposit accounts over which the Association establishes proper collateral controls, and demand deposit accounts with overdraft protection lines not to exceed One Thousand Dollars (\$1,000.00) for qualifying accountholders.

17. Effective immediately, the Association may only renew, extend, modify, or restructure existing commercial real estate loans to facilitate a workout consistent with the Association's Loan Modification Program.

Growth.

18. Effective immediately, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written notice of non-objection of the Regional Director.

Problem Asset Plan.

19. Within sixty (60) days, the Association shall prepare, implement and adhere to individual written workout plans for each problem asset, group of loans to any one borrower or lending relationship of Five Hundred Thousand Dollars (\$500,000.00) or greater (Asset Workout Plan).

Each Asset Workout Plan shall be submitted to the Regional Director and, at a minimum:

- (a) contain detailed strategies and actions that are designed to eliminate the basis of criticism or classification for each asset, and must not include the acquisition of troubled loans from other lenders to the same borrower as a strategy;
- (b) include specific timeframes for the completion of all detailed strategies and actions, including an exit strategy for each problem asset;
- (c) include a list of any credit and collateral documentation that is needed to comply with the Associations lending and appraisal policies; and
- (d) detail the actions and steps the Association will take to obtain any needed credit and collateral documentation.

20. Within thirty (30) days after the end of each calendar quarter, beginning with the quarter ending March 31, 2011, the Association shall submit a quarterly written asset status report

(Quarterly Asset Report) to the Board. The Board's review of the Quarterly Asset Report shall be documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum:

- (a) the current status of all Asset Workout Plans;
- (b) a comparison of problem assets to Tier 1 (Core) capital plus ALLL and Total Risk-Based capital;
- (c) a comparison of problem assets at the current quarter end with the preceding quarter;
- (d) a breakdown of problem assets by type and risk factor;
- (e) an assessment of the Association's compliance with the Problem Asset Reduction Plan; and
- (f) a discussion of the actions taken during the preceding quarter to reduce the Association's level of problem.

21. Within twenty (20) days after the end of each quarter, a copy of the Quarterly Asset Report shall be provided to the Regional Director.

Interest Rate Risk Management.

22. Within sixty (60) days, the Association shall revise its policies and procedures governing the Association's interest rate risk (IRR) management (IRR Policy) to include Board established net present value limits in accordance with TB 13a.

Liquidity Management.

23. Within sixty (60) days, the Association shall revise its liquidity and funds management policy (Liquidity Management Policy) to address all corrective actions set forth in the 2010

Examination relating to liquidity and funds management. The Liquidity Management Policy shall comply with all applicable laws, regulations and regulatory guidance.

24. Within sixty (60) days, the Association shall revise its Contingency Funding Plan to address all corrective actions set forth in the 2010 Examination. The Contingency Funding Plan shall comply with all applicable laws, regulations and regulatory guidance.

25. Effective immediately, the Association shall continue to submit to the Regional Director a weekly written assessment of its current liquidity position (Liquidity Report). The Liquidity Report shall be acceptable to the Regional Director and include an assessment of the Association's compliance with its Liquidity Management Policy and Contingency Funding Plan.

At a minimum, the Liquidity Report shall include:

- (a) cash on hand;
- (b) a maturity schedule of certificates of deposit, including, but not limited to, large uninsured deposits and brokered deposits;
- (c) the volatility of demand deposits, including escrow deposits;
- (d) a schedule of all funding obligations, including money market accounts, unfunded loan commitments, outstanding lines of credit and outstanding letters of credit;
- (e) a listing of funding sources, including federal funds sold; unpledged assets and assets available for sale; and borrowing lines by lender, including original amount, remaining availability, type and book value of collateral pledged, terms, and maturity date, if applicable;
- (f) an analysis of the continuing availability and volatility of present funding sources;
- (g) an analysis of the impact of decreased cash flow from the Association's loan portfolio resulting from delinquent and non-performing loans; and

(h) an analysis of the impact of decreased cash flow from the sale of loans or loan participations.

Directorate and Management Changes.

26. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers⁵ set forth in 12 C.F.R. Part 563, Subpart H.

Golden Parachute and Indemnification Payments.

27. Effective immediately, the Association shall not make any golden parachute payment⁶ or prohibited indemnification payment⁷ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Employment Contracts and Compensation Arrangements.

28. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570

⁵ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

⁶ The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

⁷ The term "prohibited indemnification payment" is defined at 12 C.F.R. § 359.1(l).

– Appendix A, and the Interagency Guidance on Sound Incentive Compensation Policies contained in OTS Chief Executive Officer Memorandum No. 354.

Dividends and Other Capital Distributions.

29. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director in accordance with applicable regulations and regulatory guidance. The Association’s written request for approval shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed declaration, dividend payment or distribution of capital.

Third Party Contracts.

30. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association⁸ or outside the Association’s normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract and a written determination that the arrangement or contract complies with the standards and guidelines set forth in Thrift Bulletin 82a (TB 82a); and (b) received written notice of non-objection from the Regional Director.

⁸ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association’s total capital, where there is a foreign service provider, or where it involves information technology that is critical to the Association’s daily operations without regard to the contract amount.

Brokered Deposits.

31. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b).

Violations of Law.

32. Within sixty (60) days, the Association shall ensure that all violations of law and/or regulation discussed in the 2010 Examination are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

Board Oversight of Compliance with Order.

33. Within thirty (30) days, the Board shall designate a committee to monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective actions required in the 2010 Examination (Compliance Committee). The Compliance Committee shall review all of management's corrective actions and make an independent determination of the Association's compliance with this Order. The Compliance Committee shall be comprised of three (3) or more directors, the majority of whom shall be independent⁹ directors.

⁹ For purposes of this Order, an individual who is "independent" with respect to the Association shall be any individual who:

- (a) is not employed in any capacity by the Association, its subsidiaries, or its affiliates, other than as a director;
- (b) does not own or control more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates;
- (c) is not related by blood or marriage to any officer or director of the Association or any of its affiliates, or to any shareholder owning more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates, and who does not otherwise share a common financial interest with any such officer, director or shareholder;

34. Within thirty (30) days after the end of each calendar quarter, beginning with the quarter ending March 31, 2011, the Compliance Committee shall submit a written compliance progress report to the Board (Compliance Tracking Report). The Compliance Tracking Report shall, at a minimum:

- (a) separately list each corrective action required by this and the 2010 Examination;
- (b) identify the required or anticipated completion date for each corrective action; and
- (c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action; and
- (d) detail the Compliance Committee's determinations regarding the Association's compliance with the Order and completion of all corrective actions required in the 2010 Examination.

35. Within forty-five (45) days after the end of each calendar quarter, beginning with the quarter ending March 31, 2011, the Board shall review the Compliance Tracking Report and all reports required by this Order. Following its review, the Board shall adopt a resolution: (a) certifying that each director has reviewed the Compliance Tracking Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the Compliance Tracking Report and the Board resolution shall be provided to the Regional Director within ten (10) days after the Board meeting.

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- (d) is not indebted, directly or indirectly, to the Association or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 10 percent (10%) of the Association's total Tier 1 (Core) capital; and
 - (e) has not served as a consultant, advisor, underwriter, or legal counsel to the Association or any of its affiliates.

Effective Date, Incorporation of Stipulation.

36. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

37. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

38. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

39. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

40. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

41. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:
Regional Director
Office of Thrift Supervision
1475 Peachtree St., N.E.
Atlanta, Georgia 30309
404.897.1861 (Fax)

- (b) To the Association:
Board of Directors
c/o John T. Chakeris, Chairman
Atlantic Bank & Trust
152 East Bay Street
Charleston, South Carolina 29401

No Violations Authorized.

42. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
James G. Price
Regional Director, Southeast Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: SE-11-005
)	
ATLANTIC BANK AND TRUST)	Effective Date: January 25, 2011
)	
Charleston, South Carolina)	
OTS Docket No. 18016)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Southeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Atlantic Bank and Trust, Charleston, South Carolina, OTS Docket No. 18016 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its August 9, 2010 examination of the Association (2010 Examination), the OTS finds that the Association has engaged in unsafe or unsound banking practices including:

- (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
- (b) operating with inadequate earnings to augment capital and support reserves;
- (c) operating with an excessive level of adversely classified loans and assets;
- (d) operating the Association with an inadequate interest rate risk policy and reasonable net present value limits; and
- (e) operating with an inadequate contingency funding plan.

4. Based on its 2010 Examination of the Association, the OTS finds that the Association has engaged in violations of law and regulation, including:

(a) 31 C.F.R. Section 103.27(d) (regarding accurate and timely filing of currency transaction reports); and

(b) 12 C.F.R. § 203.4 (regarding HMDA).

Consent.

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Association waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS

enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order 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 Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

ATLANTIC BANK AND TRUST
Charleston, South Carolina

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
John T. Chakeris
Chairman

By: _____ /s/
James G. Price
Regional Director, Southeast Region

Date: See Effective Date on page 1

_____/s/
F. Thomas David, Director

_____/s/
Neal E. Arnold, Director

_____/s/
Brent A. Case, Director

_____/s/
Charles T. Cole, Director