

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

STATE OF GEORGIA
DEPARTMENT OF BANKING AND FINANCE
ATLANTA, GEORGIA

Written Agreement by and between

NW SERVICES CORPORATION
Ringgold, Georgia

FEDERAL RESERVE BANK OF ATLANTA
Atlanta, Georgia

and

BANKING COMMISSIONER OF
THE STATE OF GEORGIA
Atlanta, Georgia

Docket No. 10-013--WA/RB-HC

WHEREAS, NW Services Corporation, Ringgold, Georgia (“NW SERV CORP”), a registered bank holding company, owns and controls Northwest Georgia Bank, Ringgold, Georgia (the “Bank”), a state chartered nonmember bank, and various nonbank subsidiaries;

WHEREAS, it is the common goal of NW SERV CORP, the Federal Reserve Bank of Atlanta (the “Reserve Bank”), and the Banking Commissioner of the State of Georgia (the “Commissioner”) to maintain the financial soundness of NW SERV CORP so that NW SERV CORP may serve as a source of strength to the Bank;

WHEREAS, NW SERV CORP, the Reserve Bank, and the Commissioner have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on February 22, 2010, the board of directors of NW SERV CORP, at a duly constituted meeting, adopted a resolution authorizing and directing L.W. Smith to enter into this Agreement on behalf of NW SERV CORP, and consenting to compliance with each and every provision of this Agreement by NW SERV CORP and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, NW SERV CORP, the Reserve Bank and the Commissioner agree as follows:

Source of Strength

1. NW SERV CORP shall take appropriate steps to fully utilize its financial and managerial resources, pursuant to Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4), to ensure that the Bank complies with the Consent Order entered into with the Federal Deposit Insurance Corporation (the FDIC”) and the Commissioner on November 12, 2009, and any other supervisory action taken by the Bank’s federal or state regulators.

Dividends and Distributions

2. (a) NW SERV CORP shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation (the “Director”) of the Board of Governors, and the Commissioner.

(b) NW SERV CORP shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank and the Commissioner.

(c) NW SERV CORP and its nonbank subsidiaries shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank, the Director, and the Commissioner.

(d) All requests for prior approval shall be received by the Reserve Bank and the Commissioner at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on NW SERV CORP's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, NW SERV CORP must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323) and the Georgia Department of Banking and Finance Statement of Policies.

Debt and Stock Redemption

3. (a) NW SERV CORP and any nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank and the Commissioner. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the

planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) NW SERV CORP shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank and the Commissioner.

Capital Plan

4. Within 60 days of this Agreement, NW SERV CORP shall submit to the Reserve Bank and the Commissioner an acceptable written plan to maintain sufficient capital at NW SERV CORP on a consolidated basis. The plan shall, at a minimum, address, consider, and include:

(a) The consolidated organization's and the Bank's current and future capital requirements, including compliance with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D) and the applicable capital adequacy guidelines for the Bank issued by the FDIC;

(b) the adequacy of the Bank's capital, taking into account the volume of classified credits, concentrations of credit, ALLL, current and projected asset growth, and projected retained earnings;

(c) the source and timing of additional funds necessary to fulfill the consolidated organization's and the Bank's future capital requirements;

(d) supervisory requests for additional capital at the Bank or the requirements of any supervisory action imposed on the Bank by its federal or state regulator;

(e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that NW SERV CORP serve as a source of strength to the Bank.

5. NW SERV CORP shall notify the Reserve Bank and the Commissioner, in writing, no more than 30 days after the end of any quarter in which the consolidated organization's capital ratios fall below the approved plan's minimum ratios. Together with the notification, NW SERV CORP shall submit an acceptable capital plan that details the steps NW SERV CORP will take to increase the consolidated organization's capital ratios to or above the approved plan's minimums.

Allowance for Loan and Lease Losses

6. Within 60 days of this Agreement, NW SERV CORP shall adopt a parent company ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17). Upon adoption, NW SERV CORP shall submit a description of the methodology to the Reserve Bank and thereafter, adhere to the methodology.

Compliance with Laws and Regulations

7. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, NW SERV CORP shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) NW SERV CORP shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Progress Reports

8. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank and the Commissioner written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

Approval and Implementation of Plan

9. (a) NW SERV CORP shall submit a written capital plan that is acceptable to the Reserve Bank and the Commissioner within the applicable time period set forth in paragraph 4 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, the Commissioner and, NW SERV CORP shall adopt the approved capital plan. Upon adoption, NW SERV CORP shall promptly implement the approved plan, and thereafter fully comply with it.

(c) During the term of this Agreement, the approved capital plan shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

10. All communications regarding this Agreement shall be sent to:

(a) Mr. Robert D. Hawkins
Assistant Vice President
Federal Reserve Bank of Atlanta
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470

- (b) Mr. Robert M. Braswell
Commissioner
Georgia Department of Banking and Finance
2990 Brandywine Road, Suite 200
Atlanta, GA 30341

- (c) Mr. Wesley L. Smith
President and CEO
NW Services Corporation
5063 Alabama Highway
Ringgold, Georgia 30736

Miscellaneous

11. Notwithstanding any provision of this Agreement, the Reserve Bank may, in their sole discretion, grant written extensions of time to NW SERV CORP to comply with any provision of this Agreement.

12. The provisions of this Agreement shall be binding upon NW SERV CORP and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

13. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Commissioner.

14. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Commissioner, or any other federal or state agency from taking any other action affecting NW SERV CORP, the Bank, any nonbank subsidiary of NW SERV CORP, or any of their current or former institution-affiliated parties and their successors and assigns.

15. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818) and by the Commissioner pursuant to the Official Code of Georgia Annotated § 7-1-91.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 26th day of February, 2010.

NW SERVICES CORPORATION

By: /s/ L.W. Smith
President

FEDERAL RESERVE BANK
OF ATLANTA

By: /s/ Robert D. Hawkins
Robert D. Hawkins
Assistant Vice President

BANKING COMMISSIONER OF THE
STATE OF GEORGIA

By: /s/ Robert M. Braswell
Robert M. Braswell
Commissioner