

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 among

PERSONS BANKING COMPANY, INC.
Macon, Georgia

FEDERAL RESERVE BANK OF
ATLANTA
Atlanta, Georgia

and

BANKING COMMISSIONER OF THE
STATE OF GEORGIA
Atlanta, Georgia

Docket No. 10-204-WA/RB-HC

WHEREAS, Persons Banking Company Inc., Macon, Georgia (“Persons”), a registered bank holding company, owns and controls The Peoples Bank, Covington, Georgia; The Bank of Perry, Perry Georgia; Farmers Bank, Forsyth, Georgia; and Spivey State Bank, Swainsboro, Georgia (the “Banks”), each a state-chartered nonmember bank and various nonbank subsidiaries;

WHEREAS, it is the common goal of Persons, 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 Persons so that Persons may serve as a source of strength to the Banks;

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

WHEREAS, on September 28, 2010, the board of directors of Persons, at a duly constituted meeting, adopted a resolution authorizing and directing G. Ogden Persons, III to enter into this Agreement on behalf of Persons, and consenting to compliance with each and every provision of this Agreement by Persons 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, Persons, the Reserve Bank, and the Commissioner agree as follows:

Source of Strength

1. The board of directors of Persons shall take appropriate steps to fully utilize Persons’ financial and managerial resources, pursuant to section 225.4 (a) of Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Banks, including, but not limited to, taking steps to ensure that the Banks comply with any supervisory action taken by any of the Banks’ federal or state regulators.

Dividends and Distributions

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

(c) Persons 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 Persons' capital, earnings, and cash flow; the Banks' capital, asset quality, earnings, and allowance for loan and lease losses (the "ALLL"); and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Persons 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) Persons 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) Persons 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, Persons shall submit to the Reserve Bank and the Commissioner an acceptable written plan to maintain sufficient capital at Persons on a consolidated basis. The plan shall, at a minimum, address, consider, and include:

(a) The consolidated organization's and each 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 Banks issued by each Bank's federal regulator;

(b) the adequacy of each Bank's capital, taking into account the volume of classified credits, its risk profile, the adequacy of the allowance for loan and lease losses, current and projected asset growth, and projected earnings;

(c) the source and availability of additional funds necessary to fulfill the consolidated organization's and each Bank's future capital requirements on a timely basis;

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

(e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors that Persons serve as a source of strength to the Banks.

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

Affiliate Transactions

6. (a) Persons shall take all necessary action to ensure that each of the Banks comply with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Banks and Persons.

(b) Persons shall not cause the Banks to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

Approval and Implementation of Plan

7. (a) Persons shall submit a written capital plan that is acceptable to the Reserve Bank and the Commissioner within the applicable time periods set forth in paragraphs 4 and 5 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, Persons shall adopt the approved capital plan. Upon adoption, Persons 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 and the Commissioner.

Compliance with Laws and Regulations

8. (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, Persons shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831(i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*), and also provide written notice to the Commissioner.

(b) Persons 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 FDIC's regulations (12 C.F.R. Part 359).

Progress Reports

9. 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.

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
Department of Banking and Finance
2990 Brandywine Road
Suite 200
Atlanta, Georgia 30341

- (c) Mr. G. Ogden Persons, III
President and Chief Executive Officer
Persons Banking Company, Inc.
4562 Forsyth Road
Macon, Georgia 31210

Miscellaneous

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

12. The provisions of this Agreement shall be binding upon Persons 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 Persons, the Banks, 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).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 14th day of October, 2010.

PERSONS BANKING COMPANY, INC.

FEDERAL RESERVE BANK OF
ATLANTA

By: /s/ G. Ogden Persons, III
G. Ogden Persons, III
President and Chief Executive Officer

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