

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

JONES BANCSHARES, L.P.  
Waycross, Georgia

PRIMESOUTH BANCSHARES, INC.  
Waycross, Georgia

FEDERAL RESERVE BANK OF  
ATLANTA  
Atlanta, Georgia

and

STATE OF GEORGIA  
DEPARTMENT OF BANKING AND FINANCE  
Atlanta, Georgia

Docket Nos. 11-069-WA/RB-HC1  
11-069-WA/RB-HC2

WHEREAS, Jones Bancshares, L.P., Waycross, Georgia (“Bancshares”) is a registered bank holding company that owns and controls PrimeSouth Bancshares, Inc., Waycross, Georgia (“PrimeSouth”), a registered bank holding company that owns PrimeSouth Bank, Blackshear, Georgia (the “Bank”), a state-chartered nonmember bank, and one nonbank subsidiary;

WHEREAS, it is the common goal of Bancshares, PrimeSouth (collectively, the “Companies”), 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 the Companies so that the Companies may serve as a source of strength to the Bank;

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

WHEREAS, on June 16, 2011, the general partner of Bancshares and the board of directors of PrimeSouth, at duly constituted meetings, adopted resolutions authorizing and directing James C. Jones, III and James C. Jones, Jr. to enter into this Agreement on behalf of the Companies, and consenting to compliance with each and every provision of this Agreement by the Companies and their 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, the Companies, the Reserve Bank, and the Commissioner agree as follows:

**Source of Strength**

1. The general partner of Bancshares and the board of directors of PrimeSouth shall take appropriate steps to fully utilize the Bancshares’ and PrimeSouth’s 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 Bank, including, but not limited to, taking steps to ensure that the Bank complies with the Consent Order dated January 31, 2011 that was issued by the Federal Deposit Insurance Corporation (“FDIC”), and any other supervisory action taken by the Bank’s federal or state regulator.

**Dividends, Distributions, and Other Payments**

2. (a) PrimeSouth shall not declare or pay any dividends and Bancshares shall not make any distributions to partners 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) The Companies 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) PrimeSouth shall not make any payments to Bancshares without the written approval of the Reserve Bank and the Commissioner.

(d) The Companies and any nonbank subsidiary 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.

(e) 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 or other proposed distribution, 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, as applicable, on Bancshares’ or PrimeSouth’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. Bancshares and PrimeSouth, as applicable, must also demonstrate that the requested dividend or distribution, as applicable, 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).

### **Debt and Stock Redemption**

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

(b) Bancshares and PrimeSouth shall not, directly or indirectly, purchase or redeem any shares of stock or other ownership interests, as applicable, without the prior written approval of the Reserve Bank and the Commissioner.

### **Compliance with Laws and Regulations**

4. (a) In appointing any new director or senior executive officer for PrimeSouth or senior executive officer for Bancshares, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Bancshares and PrimeSouth, as applicable, 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) The Companies 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**

5. Within 30 days after the end of each calendar quarter following the date of this Agreement, the Companies 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 only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

### **Communications**

6. All communications regarding this Agreement shall be sent to:
  - (a) Mr. Steve Wise  
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  
State of Georgia  
2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341-5565
  - (c) Mr. James C. Jones, III  
Jones Bancshares, Inc.  
General Partner  
P.O. Box 2149  
Waycross, Georgia 31502
  - (d) Mr. J.C. Jones, Jr.  
Chairman  
PrimeSouth Bancshares, Inc.  
530 Memorial Drive  
Waycross, Georgia 31502

### **Miscellaneous**

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

8. The provisions of this Agreement shall be binding upon Bancshares and PrimeSouth and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

9. 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.

10. 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 the Companies, the Bank, the nonbank subsidiary of the Companies, or any of their current or former institution-affiliated parties and their successors and assigns.

11. 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 12<sup>th</sup> day of July, 2011.

JONES BANCSHARES, L.P.

FEDERAL RESERVE BANK  
OF ATLANTA

By: /s/ James C. Jones, III  
James C. Jones, III  
General Partner

By: /s/ Steve Wise  
Steve Wise  
Vice President

PRIMESOUTH BANCSHARES, INC.

STATE OF GEORGIA  
DEPARTMENT OF BANKING  
AND FINANCE

By: /s/ J.C. Jones, Jr.  
J.C. Jones, Jr.  
Chairman

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