

**FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.**

IN THE MATTER OF:)	
)	
)	
TALBOT STATE BANK)	CONSENT ORDER
WOODLAND, GEORGIA)	FDIC-23-0025b
)	
(Insured State Nonmember Bank))	
)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Talbot State Bank, Woodland, Georgia (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER” (“STIPULATION”), dated **September 15**, 2023, that is accepted by the FDIC and the Georgia Department of Banking and Finance (“Department”) (collectively, the “Supervisory Authorities”). The Department may issue an order pursuant to O.C.G.A. § 7-1-91.

With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices and/or violations of law or regulation relating to weaknesses in management, liquidity, funds management, and interest rate risk to the issuance of this CONSENT ORDER (“ORDER”) by the Supervisory Authorities.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and O.C.G.A. § 7-1-91 have been satisfied, the Supervisory Authorities hereby order that:

BOARD OF DIRECTORS

1. As of the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies, procedures, and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size and in comparable condition. This participation shall include regular meetings to be held no less frequently than monthly at which the regular business of the Bank shall be reviewed and compliance with this ORDER shall be specifically and comprehensively discussed. Board meeting minutes shall fully document these meetings.

NOTIFICATIONS

2. During the life of this ORDER, the Bank shall notify the Supervisory Authorities, in writing, of the resignation or termination of any of the Bank's directors or executive officers. Prior to the addition of any individual to the Board or the employment of any individual as an executive officer, the Bank shall comply with the requirements of section 32 of the Federal Deposit Insurance Act, 12 U.S.C. § 1831i, 12 C.F.R. §§ 303.100-303.104. The Bank shall also obtain the written approval of the Department prior to the addition of any individual to the Board or the employment of any individual as an executive officer. If the FDIC Regional Director issues a notice of disapproval pursuant to 12 U.S.C. § 1831i or the Department issues a letter of disapproval with respect to the proposed individual, then such individual may not be added to the Board or employed by the Bank.

BUSINESS PLAN

3. Within ninety (90) days from the effective date of this ORDER, the Board shall establish an effective business plan ("Business Plan") that contains reasonable strategies, goals, and projections. The Business Plan shall address the Bank's next three (3) years of operations

and, at a minimum, establish objectives for the Bank's earnings performance, growth, balance sheet mix, liability structure, and capital, together with strategies for achieving those objectives.

- (a) Upon completion, the Business Plan shall be submitted to and approved by the Supervisory Authorities, and the Bank shall make any revisions directed by the Supervisory Authorities.
- (b) The Board shall notify the Supervisory Authorities of any proposed deviation of fifteen (15) percent or more within its balance sheet from the projected Business Plan or a material change (i.e. new loan or deposit product) from the submitted Business Plan within sixty (60) days prior to the proposed implementation of any such deviation or changes. The Bank shall obtain a non-objection letter from the Supervisory Authorities prior to implementation of any such material deviation or change to the Business Plan.
- (c) The Board shall forward quarterly variance reports that compare budget to actual performance to the Supervisory Authorities. The budget should be derived from the Business Plan and pro-forma approved by the Supervisory Authorities. The variance reports should include all material line items listed on the statements of condition and statements of income and expenses. The variance report should include explanations for any line items with a variance of more than fifteen (15) percent.
- (d) The Business Plan shall be updated by December 31 of each year during which this ORDER remains in effect, resulting in a rolling three (3) year plan.

CAPITAL

4. As long as this ORDER remains in effect, the Bank shall maintain a Tier 1 Leverage Capital ratio of at least eight (8) percent and a Total Capital ratio of at least ten (10) percent. These capital ratios are defined in Part 324 of the FDIC Rules and Regulations, 12 C.F.R. Part 324. The Tier 1 Leverage Capital ratio shall be maintained in addition to a fully funded

Allowance for Credit Losses on loans. In the event capital ratios fall below the minimum requirements, Supervisory Authorities shall be notified and capital shall be increased in an amount sufficient to meet the minimum ratios required by the provision within sixty (60) days.

LIQUIDITY, FUNDS MANAGEMENT, AND INTEREST RATE RISK

5. Within ninety (90) days from the effective date of this ORDER, the Board shall reassess the Bank's balance sheet structure, asset duration, and reevaluate and establish acceptable interest rate risk tolerance levels.

(a) The Board shall establish maturity and duration limits for investments and deposits. The limits should be included in the written policy ("Investment Policy"). Such policy and its implementation shall be satisfactory to the Supervisory Authorities as determined at the initial review and at subsequent examinations and/or visitations.

(b) The Board shall establish an investment strategy that includes diversification standards of bond maturities which will be included in the Investment Policy. The Board should also review and provide prior approval of investments exceeding a pre-determined maturity level, as defined in the Investment Policy.

(c) Throughout the effective life of this ORDER, the Bank shall not accept, renew, or rollover any brokered deposits, as defined in 12 C.F.R §337.6(a)(2), unless it is in compliance with the requirements of 12 C.F.R §337.6(b), which limits the solicitation and acceptance of deposits by institutions that are less than well capitalized. The Bank shall comply with the restrictions on the effective yields on deposits as described in 12 C.F.R §337.7.

DIVIDENDS

6. As long as this Order remains in effect, the Bank shall not declare or pay dividends or bonuses, without the prior written consent of the Supervisory Authorities. All requests for prior

approval shall be received at least thirty (30) days prior to the proposed dividend or bonus payment declaration date (or at least five (5) days with respect to any request filed within the first thirty (30) days from the date of this ORDER) and shall contain, but not be limited to, an analysis of the impact such dividend or bonus payment would have on the Bank's capital, income, and/or liquidity positions.

PROGRESS REPORTS

7. Within thirty (30) days from the end of the first quarter following the effective date of this ORDER, and within thirty (30) days from the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have released the Bank in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the appropriate Board meeting minutes.

DISCLOSURE TO SHAREHOLDERS

8. Within thirty (30) days from the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its parent holding company. The description shall fully describe this ORDER in all material respects.

OTHER ACTIONS

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC, the Department, or any other federal or state agency or department from taking any other action

against the Bank, the Bank's current or former institution-affiliated parties, and/or any of their respective directors, officers, employees, and agents, including, but not limited to, the imposition of civil money penalties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the Supervisory Authorities.

Issued Pursuant to Delegated Authority,

Dated: September 19, 2023

By:

/s/
John F. Vogel
Acting Regional Director
Division of Risk Management
Supervision
Federal Deposit Insurance
Corporation

The Georgia Department of Banking and Finance having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the Georgia Department of Banking and Finance to the same degree and to the same legal effect that such ORDER would be binding if the Department had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to O.C.G.A. § 7-1-91.

Dated: September 15, 2023

By:

/s/ _____
Kevin B. Hagler
Commissioner
Department of Banking and
Finance
State of Georgia