

OFFICE OF THRIFT SUPERVISION

Receivership of a Federal Savings Association

Date: June 3, 2011
Order No.: 2011-40
OTS No.: 18016

The Acting Director of the Office of Thrift Supervision (OTS), or his designee, in cooperation with the Federal Deposit Insurance Corporation (FDIC), has determined to appoint the FDIC as receiver of Atlantic Bank & Trust, Charleston, South Carolina (Institution).

GROUNDS FOR APPOINTMENT OF FDIC AS RECEIVER FOR THE INSTITUTION

The Acting Director, or his designee, based upon the administrative record, finds and determines the following:

- (i) The Institution is undercapitalized, and has materially failed to implement a capital restoration plan submitted and accepted;
- (ii) The Institution is critically undercapitalized; and
- (iii) The Institution has substantially insufficient capital.

The Institution is a federally chartered stock savings association, the accounts of which are insured by the Deposit Insurance Fund. The Institution's home office is in Charleston, South Carolina, and the Institution has two branch offices, in Myrtle Beach, South Carolina and Savannah, Georgia. The Institution is a wholly owned subsidiary of Atlantic Banc Holdings, Inc. (Holding Company).

The Institution's Thrift Financial Report (TFR) for March 31, 2011, reported approximately \$208.2 million in assets, \$205.3 million in liabilities, and a net loss for the quarter ended March 31, 2011 of approximately \$4.4 million. At March 31, 2011, the Institution reported tangible, tier 1 (core), and total risk-based capital of 1.37 percent, 1.37 percent, and 3.21 percent, respectively. Based on the tangible capital ratio in the Institution's March 31, 2011, TFR, the Institution is critically undercapitalized under OTS's Prompt Corrective Action (PCA) regulation.¹

¹ 12 C.F.R. § 565.4(b)(5) (2011).

DISCUSSION OF GROUNDS FOR APPOINTMENT OF A RECEIVER FOR THE INSTITUTION

Section 5(d)(2)(A) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(d)(2)(A), provides that OTS may appoint a receiver for any insured savings association if OTS determines that one or more grounds specified in section 11(c)(5) of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1821(c)(5), exist.

Undercapitalized and Has Materially Failed to Implement an Approved Capital Restoration Plan

Under section 11(c)(5)(K)(iv) of the FDIA, OTS may appoint a receiver if a savings association is undercapitalized and has materially failed to implement a capital restoration plan submitted and accepted under 12 U.S.C. § 1831o(e)(2).

As discussed above, OTS has determined that the Institution is critically undercapitalized. The Institution submitted a capital restoration plan to OTS, and OTS conditionally approved the capital restoration plan under 12 U.S.C. § 1831o(e)(2) on April 7, 2011. The capital restoration plan contemplated recapitalization of the Institution through the proposed acquisition of the Institution and subsequent merger of the Institution into another depository institution. The proposed acquiror, however, has terminated the merger plan.

Therefore, the Acting Director, or his designee, concludes that the Institution is undercapitalized and that the Institution has failed to implement an approved capital restoration plan.

Critically Undercapitalized

Under section 11(c)(5)(L)(i) of the FDIA, OTS may appoint a receiver for a savings association if it is critically undercapitalized, as defined in 12 U.S.C. § 1831o(b). Under section 1831o(b), a depository institution is critically undercapitalized if it fails to meet any level of capital specified under section 1831o(c)(3)(A) of the FDIA. Section 1831o(c)(3)(A) provides for the appropriate banking agency to set a ratio of tangible equity to total assets at which a savings association is critically undercapitalized. OTS has promulgated 12 C.F.R. § 565.4(b)(5), which defines an institution as critically undercapitalized if it has a ratio of tangible equity to total assets that is equal to or less than two percent. As of March 31, 2011, the Institution reported a tangible capital ratio of 1.37 percent. Thus, the Acting Director, or his designee, concludes that the Institution is critically undercapitalized.

Substantially Insufficient Capital

Under section 11(c)(5)(L)(ii) of the FDIA, OTS may appoint a receiver for a savings association if it has substantially insufficient capital. Pursuant to the authority granted in sections 5(t)(1)(A)(i) and 5(t)(2)(A) of the HOLA, OTS has promulgated 12 C.F.R. Part 567, requiring all savings associations that are not "1" rated to maintain a minimum tier 1 (core)

capital ratio of 4 percent and all savings associations to maintain a minimum total risk-based capital ratio of 8 percent of the savings association's risk-based assets, as defined. OTS has concluded previously that failure to maintain at least two-thirds of any capital required by 12 C.F.R. Part 567 constitutes a substantial capital insufficiency within the meaning of 12 U.S.C. § 1821(c)(5)(L)(ii). *See, e.g.*, OTS Orders No. 2009-21 (April 17, 2009) and No. 2008-33 (September 19, 2008).

The Institution is not "1" rated and had a tier 1 (core) capital ratio and a total risk-based capital ratio of 1.37 percent and 3.21 percent, respectively, as of March 31, 2011. Accordingly, the Institution's tier 1 (core) capital ratio and total risk-based capital ratio both are less than two-thirds of the applicable capital requirements. Therefore, the Acting Director, or his designee, concludes that the Institution has substantially insufficient capital.

The Acting Director, or his designee, therefore, has determined that grounds for the appointment of a receiver for the Savings Bank exist under section 5(d)(2) of the HOLA, and sections 11(c)(5)(K)(iv), (L)(i), and (L)(ii) of the FDIA, 12 U.S.C. §§ 1821(c)(5)(K)(iv), (L)(i), and (L)(ii).

ACTIONS ORDERED OR APPROVED

Appointment of a Receiver

The Acting Director, or his designee, hereby appoints the FDIC as receiver for the Institution, for the purpose of liquidation or winding up the affairs of the Institution, pursuant to section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2), and section 11(c)(6)(B) of the FDIA, 12 U.S.C. § 1821(c)(6)(B).

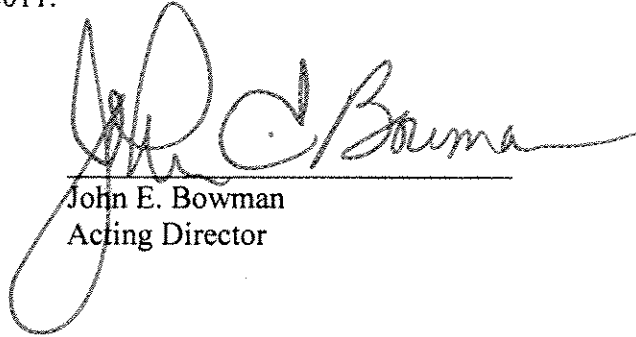
Delegation of Authority to Act for OTS

The Acting Director, or his designee, hereby authorizes the OTS Southeast Regional Director, or his designee, and the Deputy Chief Counsel for Business Transactions of the Chief Counsel's Office, or his designee, to: (i) certify orders; (ii) sign, execute, attest, or certify other documents of OTS issued or authorized by this Order; (iii) designate the persons or entity that will give notice of the appointment of a receiver for the Institution and serve the Institution with a copy of this Order pursuant to 12 C.F.R. § 558.2; and (iv) perform such other functions of OTS necessary or appropriate for implementation of this Order. All documents to be issued under the authority of this Order must be first approved, in form and content, by the Chief Counsel's Office. In addition, the Acting Director, or his designee, hereby authorizes the Deputy Chief Counsel for Business Transactions, or his designee, to make any subsequent technical corrections, that might be necessary, to this Order, or any documents issued under the authority of this Order.

By Order of the Acting Director of OTS, or his designee, effective: (a) as to the above matters regarding the delegation of authority, immediately upon signature; and (b) as to the

above matters regarding the appointment of the FDIC as receiver, immediately upon service of this Order on the Institution.

Executed this 3rd day of June, 2011.

A handwritten signature in black ink, appearing to read "John E. Bowman". The signature is written in a cursive style with a large, looping initial "J".

John E. Bowman
Acting Director