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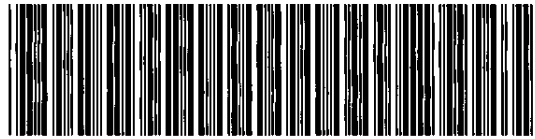
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December 3, 2007

Department of State, Florida  
Clifton Building  
2611 Executive Center Circle  
Tallahassee FL 32301

Re: Order #: 7087647 SO  
Customer Reference 1: 0001/584  
Customer Reference 2:

Dear Department of State, Florida:

Please obtain the following:

Citrus & Chemical Bancorporation, Inc. (FL)  
Merger (Discontinuing Company)  
Florida

Enclosed please find a check for the requisite fees. Please return document(s) to the attention of the undersigned.

If for any reason the enclosed cannot be processed upon receipt, please contact the undersigned immediately at (850) 222-1092. Thank you very much for your help.

Sincerely,

Connie R Bryan  
Senior Fulfillment Specialist  
Connie.Bryan@wolterskluwer.com

**ARTICLES OF MERGER**  
**OF**  
**CITRUS & CHEMICAL BANCORPORATION, INC.**  
**AND**  
**THE COLONIAL BANGROUP, INC.**

07 DEC - 3 PM 2:28  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS

The undersigned corporations, CITRUS & CHEMICAL BANCORPORATION, INC. and THE COLONIAL BANGROUP, INC., file these Articles of Merger and certify that:

1. Citrus & Chemical Bancorporation, Inc., a Florida corporation, is hereby merged with and into The Colonial BancGroup, Inc., a Delaware corporation, pursuant to an Agreement and Plan of Merger dated as of July 17, 2007 (the "Plan of Merger"), a copy of which is attached as Exhibit A, and in accordance with the provisions of the Florida Business Corporation Act and the General Corporation Law of Delaware.

2. The surviving corporation is The Colonial BancGroup, Inc., a Delaware corporation.

3. The merger shall be effective at 8:00 p.m., Eastern Time, on December 3, 2007.

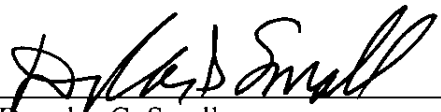
4. The Plan of Merger was approved by the Board of Directors of The Colonial BancGroup, Inc., on July 18, 2007. Pursuant to the General Corporation Law of Delaware, approval of the Plan of Merger by the shareholders of The Colonial BancGroup, Inc., was not required.


5. The Plan of Merger was approved by the Board of Directors of Citrus & Chemical Bancorporation, Inc. on July 17, 2007, and was approved by the shareholders of Citrus & Chemical Bancorporation, Inc. on November 15, 2007.

Dated: December 3, 2007.

**CITRUS & CHEMICAL  
BANCORPORATION, INC.**

**THE COLONIAL BANGROUP, INC.**

By:   
Douglas G. Small  
President and  
Chief Executive Officer

By:   
Sarah H. Moore  
Senior Executive Vice President  
and Chief Financial Officer

**EXHIBIT A**

**AGREEMENT AND PLAN OF MERGER**

**by and between**

**THE COLONIAL BANCGROUP, INC.**

**and**

**CITRUS & CHEMICAL BANCORPORATION, INC.**

**dated as of**

**July 17, 2007**

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## AGREEMENT AND PLAN OF MERGER

**THIS AGREEMENT AND PLAN OF MERGER** is made and entered into as of this the 17th day of July, 2007, by and between **CITRUS & CHEMICAL BANCORPORATION, INC.** ("Acquired Corporation"), a Florida corporation, and **THE COLONIAL BANCGROUP, INC.** ("BancGroup"), a Delaware corporation.

### WITNESSETH

**WHEREAS**, Acquired Corporation operates as a bank holding company for its wholly owned subsidiary, Citrus & Chemical Bank (referred to herein as the "Bank"), with its principal office in Bartow, Florida; and

**WHEREAS**, BancGroup is a bank holding company with a Subsidiary bank, Colonial Bank, N.A., operating in Alabama, Florida, Georgia, Nevada, and Texas; and

**WHEREAS**, Acquired Corporation wishes to merge with BancGroup; and

**WHEREAS**, it is the intention of BancGroup and Acquired Corporation that such Merger shall qualify for federal income tax purposes as a "reorganization" within the meaning of section 368(a) of the Code, as defined herein;

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

### ARTICLE 1 NAME

**1.1 Name.** The name of the corporation resulting from the Merger shall be "The Colonial BancGroup, Inc."

### ARTICLE 2 MERGER -- TERMS AND CONDITIONS

**2.1 Applicable Law.** At the Effective Time, Acquired Corporation shall be merged with and into BancGroup (herein referred to as the "Resulting Corporation" whenever reference is made to it as of the time of merger or thereafter). The Merger shall be undertaken pursuant to the provisions of and with the effect provided in the Delaware General Corporation Law (the "DGCL"), and the applicable provisions of the Florida Business Corporation Act (the "FBCA"). The offices and facilities of Acquired Corporation and of BancGroup shall become the offices and facilities of the Resulting Corporation.

**2.2 Corporate Existence.** As of the Effective Time, the corporate existence of Acquired Corporation and of BancGroup shall, as provided in the DGCL and the FBCA, be merged into and continued in the Resulting Corporation, and the Resulting Corporation shall be

deemed to be the same corporation as Acquired Corporation and BancGroup. All rights, franchises and interests of Acquired Corporation and BancGroup, respectively, in and to every type of property (real, personal and mixed) and choses in action shall be transferred to and vested in the Resulting Corporation by virtue of the Merger without any deed or other transfer. The Resulting Corporation as of the Effective Time, and without any order or other action on the part of any court or otherwise, shall hold and enjoy all rights of property, franchises and interests, including appointments, designations and nominations and all other rights and interests as trustee, executor, administrator, transfer agent and registrar of stocks and bonds, guardian of estates, assignee, and receiver and in every other fiduciary capacity and in every agency, and capacity, in the same manner and to the same extent as such rights, franchises and interests were held or enjoyed by Acquired Corporation and BancGroup, respectively, immediately prior to the Effective Time.

**2.3 Articles of Incorporation and Bylaws.** At the Effective Time, the certificate of incorporation and bylaws of the Resulting Corporation shall be the restated certificate of incorporation and bylaws of BancGroup as they exist immediately before the Effective Time.

**2.4 Resulting Corporation's Officers and Board.** The board of directors and the officers of the Resulting Corporation as of the Effective Time shall consist of those persons serving in such capacities of BancGroup as of the Effective Time.

**2.5 Shareholder Approval.** This Agreement shall be submitted to the shareholders of Acquired Corporation at the Shareholders Meeting to be held as promptly as practicable consistent with the satisfaction of the conditions set forth in this Agreement. Upon approval by the requisite vote of the shareholders of Acquired Corporation as required by applicable Law, and the satisfaction of such other conditions as set forth herein, the Merger shall become effective thereafter as soon as commercially reasonable in the manner provided in section 2.7.

**2.6 Further Acts.** If, at any time after the Effective Time, the Resulting Corporation shall consider or be advised that any further assignments or assurances in law or any other acts are necessary or desirable (i) to vest, perfect, confirm or record, in the Resulting Corporation, title to and possession of any property or right of Acquired Corporation or BancGroup, acquired as a result of the Merger, or (ii) otherwise to carry out the purposes of the Merger and this Agreement, BancGroup and its officers and directors shall execute and deliver all such proper instruments, deeds, assignments and assurances in law and do all acts necessary or proper to vest, perfect or confirm title to, and possession of, such property or rights in the Resulting Corporation and otherwise to carry out the purposes of this Agreement; and the proper officers and directors of the Resulting Corporation are fully authorized in the name of Acquired Corporation or BancGroup, or otherwise, to take any and all such action as may be necessary to effect the terms of this Agreement and Plan of Merger.

**2.7 Effective Time and Closing.** The Merger shall become effective as of the later of the date and time the Certificate of Merger is accepted for filing by the Secretary of State of the State of Delaware and the Articles of Merger are accepted for filing by the Florida Department of State (such time being herein called the "Effective Time"). Assuming all other conditions stated in this Agreement have been or will be satisfied or waived as of the Closing,

the Closing shall take place at the offices of Miller, Hamilton, Snider & Odom, L.L.C., 100 Colonial Bank Boulevard, Suite B101, Montgomery, Alabama on a date specified by BancGroup and agreeable to Acquired Corporation that shall be as soon as commercially reasonable after the later to occur of the Shareholder Meeting or all required regulatory approvals (including waiting periods) under Section 8.2, or at such other place and time that the Parties may mutually agree.

**2.8 Merger of Subsidiary Bank.** BancGroup and Acquired Corporation anticipate the possibility that after the Effective Time, the Bank will merge with and into Colonial Bank, N.A., BancGroup's Subsidiary bank (the "Bank Merger"). The exact timing and structure of the Bank Merger have not been finalized at this time, and BancGroup in its discretion will determine if such Bank Merger shall proceed and will finalize such timing and structure at a later date. Acquired Corporation will reasonably cooperate with BancGroup in consummating the Bank Merger, including the calling of any special meetings of the board of directors of the Bank and the filing of any regulatory applications, at BancGroup's sole cost and expense.

### **ARTICLE 3 CONVERSION OF ACQUIRED CORPORATION STOCK**

#### **3.1 Conversion of Acquired Corporation Stock.**

(a) (i) At the Effective Time, and subject to sections 3.1(a)(ii), 3.1(a)(iii), 3.1(a)(iv), and 3.3, each share of common stock of Acquired Corporation outstanding and held by Acquired Corporation's shareholders ("Acquired Corporation Stock"), shall be converted into the right to receive shares of BancGroup Common Stock and/or cash (the "Merger Consideration") as specified below. Each outstanding share of Acquired Corporation Stock at the Effective Time shall be converted into the right to receive either (A) 1.57 shares (subject to section 3.3 hereof) of BancGroup Common Stock or (B) \$39.02 in cash in accordance with sections 3.1(a)(ii), (iii) and (iv) of this Agreement.

(ii) A holder of Acquired Corporation Stock may, prior to the Shareholders Meeting, file a written election form (an "Election Form") with the Acquired Corporation specifying whether such holder prefers to have the Merger Consideration paid to such holder in shares of BancGroup Common Stock only, cash only, or any proportion of cash and whole shares of BancGroup Common Stock that such holder desires to receive, subject to the limitation on cash and share consideration in sections 3.1(a)(iii) and (iv) of this Agreement.

(iii) Notwithstanding section 3.1(a)(ii) of this Agreement and notwithstanding any elections made pursuant to the Election Forms, the aggregate amount of cash to be distributed in the Merger for Acquired Corporation Stock shall be the amount of 50% of the number of shares of outstanding Acquired Corporation Stock at the time of the Closing times \$39.02 (the "Cash Consideration") (approximately \$102,875,195 assuming 5,272,947 shares of Acquired Corporation Stock are outstanding at the time of the Closing) even if the aggregate amount of cash elected by stockholders (the "Aggregate Cash Amount") is less than or exceeds the Cash Consideration. Notwithstanding section 3.1(a)(ii) of this Agreement and notwithstanding any elections made pursuant to the Election Forms, the aggregate number of shares of BancGroup Common Stock to be distributed in the Merger shall be 50% of the number of shares of the outstanding Acquired

Corporation Stock at the time of the Closing times 1.57 (the "Stock Consideration") (approximately 4,139,263 shares of BancGroup Common Stock assuming 5,272,947 shares of Acquired Corporation Stock are outstanding at the time of the Closing), even if the aggregate number of shares of BancGroup Common Stock elected by stockholders (the "Aggregate Stock Amount") is less than or exceeds the Stock Consideration. If the aggregate of all Acquired Corporation shareholders' Cash Elections (or Stock Elections) exceeds the Cash Consideration (or the Stock Consideration), the Merger Consideration distributable to each holder of Acquired Corporation Stock shall be adjusted by taking the following steps: (1) determine the amount by which the Aggregate Cash Amount (or Aggregate Stock Amount) exceeds the Cash Consideration (or Stock Consideration); (2) reduce the amount of cash (or BancGroup Common Stock) that each such Shareholder who elects, or is deemed to elect, cash (or BancGroup Common Stock) will receive on a pro rata basis until the Aggregate Cash Amount (or the Aggregate Stock Amount) is equal to the Cash Consideration (or the Stock Consideration) (the aggregate amount of this reduction shall be referred to as the "Excess Election"); (3) determine the number of shares of Acquired Corporation Stock that each Acquired Corporation Shareholder's pro rata portion of the Excess Election represents (which will be the pro rata portion of the Excess Election divided by \$39.02 in the case of a Cash Excess Election (or the pro-rata portion of the Excess Election divided by 1.57 in the case of a BancGroup Common Stock Excess Election)); (4) increase such Shareholder's stock (or cash) component of such Shareholder's Merger Consideration by 1.57 shares of BancGroup Common Stock (or \$39.02) for each share of Acquired Corporation Stock determined in step (3) above.

(iv) Elections made shall apply to all shares of record of Acquired Corporation Stock held immediately prior to the Effective Time by a record holder making the election. If an Acquired Corporation shareholder does not submit an Election Form, then such holder shall be deemed to have elected to receive \$19.51 in cash and 0.785 shares of BancGroup Common Stock for each share of Acquired Corporation Stock as his or her portion of the Merger Consideration. Interest will not be paid on any cash to be paid as part of the Merger Consideration.

(b) Promptly after the execution of this Agreement, the Board of Directors of Acquired Corporation shall pass resolutions effecting the following:

(i) any unvested options to purchase Acquired Corporation Stock ("Acquired Corporation Options") shall become vested and exercisable as of the Closing; and

(ii) all outstanding Acquired Corporation Options shall be exercised at the Effective Time for cash as described in subparagraph (c) of this Section 3.1.

(c) All Acquired Corporation Options shall be exercised at the Effective Time through a cashless exercise with such exercised stock being exchanged for cash payable on or within five (5) business days after the Effective Time. As a result of this cashless exercise, the amount of cash to be received shall be determined by calculating the difference between (i) the number obtained by multiplying the number of shares of Acquired Corporation Stock issuable pursuant to his or her Acquired Corporation Options times \$39.02 less (ii) the number obtained by multiplying the number of shares of Acquired Corporation Stock issuable pursuant to his or her Acquired Corporation Options times the exercise price per share (as determined pursuant to

the applicable stock option plan and stock option agreement of the Acquired Corporation). In the event that the exercise prices of all Acquired Corporation Options are not the same, the above calculation shall be made for each series of options. The amount of cash paid to holders of Acquired Corporation Options shall not be considered as part of the Cash Consideration.

**3.2 Fractional Shares.** No fractional shares of BancGroup Common Stock shall be issued, and each holder of shares of Acquired Corporation Stock having a fractional interest arising upon the conversion of such shares into shares of BancGroup Common Stock shall, at the time of surrender of the certificates previously representing Acquired Corporation Stock, be paid by BancGroup an amount in cash equal to the fractional interest times \$24.85 per share.

**3.3 Adjustments.** In the event that prior to the Effective Time BancGroup Common Stock shall be changed into a different number of shares or a different class of shares by reason of any recapitalization or reclassification, stock dividend, combination, stock split, or reverse stock split of the BancGroup Common Stock, an appropriate and proportionate adjustment shall be made in the number of shares of BancGroup Common Stock into which the Acquired Corporation Stock shall be converted.

**3.4 BancGroup Stock.** The shares of Common Stock of BancGroup issued and outstanding immediately before the Effective Time shall continue to be issued and outstanding shares of the Resulting Corporation.

**3.5 Dissenting Rights.** Any shareholder of Acquired Corporation who shall not have voted in favor of this Agreement and who has complied with the applicable procedures set forth in the FBCA, relating to rights of dissenting shareholders, shall be entitled to receive payment for the fair value of his Acquired Corporation Stock. If after the Effective Date a dissenting shareholder of Acquired Corporation fails to perfect, or effectively withdraws or loses his or her right to appraisal and payment for such holder's shares of Acquired Corporation Stock, BancGroup shall issue and deliver the consideration to which such holder of shares of Acquired Corporation Stock is entitled under Section 3.1 (without interest) upon surrender by such holder of the certificate or certificates representing shares of Acquired Corporation Stock held by him or her.

**3.6 Election and Exchange Procedures.** Each holder of record of shares of the Acquired Corporation Stock ("Holder") shall have the right, subject to the limitations set forth in this Article 3, to submit an election and exchange his or her Acquired Corporation stock certificates (the "Acquired Corporation Stock Certificates") in accordance with the following procedures:

(a) **The Election.** Each Holder may specify in a request made in accordance with the provisions of this Section 3.6 (herein called an "Election") (i) the number of shares of Acquired Corporation Stock owned by such Holder with respect to which such Holder desires to receive a portion of the Stock Consideration (a "Stock Election") and (ii) the number of shares of Acquired Corporation Stock owned by such Holder with respect to which such Holder desires to receive a portion of the Cash Consideration (a "Cash Election").

(b) Form of Election. BancGroup shall prepare a form reasonably acceptable to the Acquired Corporation (the "Form of Election") which shall be mailed to the Acquired Corporation's stockholders (voting and non-voting) so as to permit the Acquired Corporation's stockholders to exercise their right to make an Election prior to the Election Deadline (as defined in Section 3.6(d)).

(c) Distribution of Forms of Election. BancGroup shall make the Form of Election initially available at the time that the Proxy Statement (as defined herein) is made available to the stockholders of the Acquired Corporation, to such stockholders, and shall use all reasonable efforts to make available as promptly as possible a Form of Election to any stockholder of the Acquired Corporation who requests such Form of Election following the initial mailing of the Forms of Election and prior to the Election Deadline. In no event shall the Form of Election be made available for the first time less than twenty (20) calendar days prior to the Election Deadline.

(d) Proper Election and Exchange Agent. Any Election shall have been made properly only if the Person authorized to receive the Elections and to act as Exchange Agent under this Agreement (the "Exchange Agent") shall have received, by 5:00 p.m. local time in the city in which the principal office of such Exchange Agent is located, on the date of the Election Deadline, a Form of Election properly completed and signed and accompanied by Acquired Corporation Stock Certificates to which such Form of Election relates or by an appropriate customary guarantee of delivery of such certificates, as set forth in such Form of Election from a member of any registered national securities exchange or a commercial bank or trust company in the United States; provided, that such certificates are in fact delivered to the Exchange Agent by the time required in such guarantee of delivery. Failure to deliver shares of Acquired Corporation Stock covered by such a guarantee of delivery within the time set forth on such guarantee shall be deemed to invalidate any otherwise properly made Election, unless otherwise determined by BancGroup, in its sole discretion. As used herein, "Election Deadline" means 5:00 p.m. on the date that is the day prior to the date of the Acquired Corporation Stockholder Meeting. If BancGroup or the Exchange Agent shall determine in its reasonable discretion that any Election is not properly made with respect to any shares of Acquired Corporation Stock, such Election shall be deemed to be not in effect, and the shares of Acquired Corporation Stock covered by such Election shall, for purposes hereof, be treated as if no Election had been made, unless a proper Election is thereafter timely made.

(e) Modification and Revocation of Form of Election. Any Acquired Corporation stockholder may, at any time prior to the Election Deadline, change or revoke his or her Election by written notice received by the Exchange Agent prior to the Election Deadline accompanied by a properly completed and signed, revised Form of Election or by withdrawal prior to the Election Deadline of his or her Acquired Corporation Stock Certificate, or of the guarantee of delivery of such certificates, previously deposited with the Exchange Agent. All Elections shall be revoked automatically if the Exchange Agent is notified in writing by BancGroup or the Acquired Corporation that this Agreement has been terminated in accordance with Article 13, and Acquired Corporation Stock Certificates shall be promptly returned to the Acquired Corporation's Stockholders.

(f) Proper Designation and Taxes. If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name an Acquired Corporation Stock Certificate so surrendered is registered, it shall be a condition to such payment that such Acquired Corporation Stock Certificate shall be properly endorsed or otherwise be in proper form for transfer and the Person requesting such payment shall pay to the Exchange Agent any transfer or other similar Taxes required as a result of such payment to a Person other than the registered holder of such Acquired Corporation Stock Certificate, or establish to the reasonable satisfaction of the Exchange Agent that such Tax has been paid or is not payable. The Exchange Agent or BancGroup shall be entitled to deduct and withhold from the Merger Consideration (including cash in lieu of fractional shares of BancGroup Common Stock) and from payments made to holders of Acquired Corporation Options otherwise payable pursuant to this Agreement to any holder of Acquired Corporation Stock or of Acquired Corporation Options such amounts as the Exchange Agent or BancGroup, as the case may be, is required to deduct and withhold under the Code, or any provision of state, local or foreign Tax law, with respect to the making of such payment. To the extent the amounts are so withheld by the Exchange Agent or BancGroup, as the case may be, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of shares of Acquired Corporation Stock or of Acquired Corporation Options in respect of whom such deduction and withholding was made by the Exchange Agent or BancGroup, as the case may be.

(g) Power of Determination. BancGroup, in the exercise of its reasonable discretion, shall have the right to make all determinations, not inconsistent with the terms of this Agreement, governing (A) the issuance and delivery of BancGroup Stock Certificates into which shares of Acquired Corporation Stock are converted in the Merger and (B) the method of payment for shares of Acquired Corporation Stock converted into the right to receive the Cash Consideration and cash in lieu of fractional shares of BancGroup Common Stock where the holder of the applicable Acquired Corporation Stock Certificate has no right to receive whole shares of BancGroup Common Stock.

(h) Exchange Procedures. Within five (5) Business Days after the Effective Time, the Resulting Corporation shall cause the Exchange Agent to mail to each holder of an Acquired Corporation Certificate (who has not previously submitted his Acquired Corporation Certificate): (i) a letter of transmittal ("Letter of Transmittal") which shall specify that delivery shall be effected and risk of loss and title to the Acquired Corporation Certificates shall pass only upon delivery of the Acquired Corporation Certificates to the Exchange Agent and which Letter of Transmittal shall be in customary form and have such other provisions as BancGroup or the Resulting Corporation, as the case may be, may reasonably specify and (ii) instructions for effecting the surrender of such Acquired Corporation Certificates in exchange for the Merger Consideration. Upon surrender of an Acquired Corporation Certificate to the Exchange Agent together with such Letter of Transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Acquired Corporation Certificate shall be entitled to receive in exchange therefor, and Resulting Corporation shall instruct Exchange Agent to transmit as promptly as commercially practicable, (i) one or more shares of BancGroup Common Stock (which may be in uncertificated book-entry form unless a physical certificate is requested) representing, in the aggregate, the whole number of shares that such holder has the right to

receive pursuant to this Agreement and (ii) a check for any cash portion of the Merger Consideration and for the cash that such holder has the right to receive pursuant to this Agreement, including cash in lieu of any fractional shares of BancGroup Common Stock and dividends and other distributions required or permitted by this Agreement. No interest will be paid or will accrue on any cash payable for the cash portion of the Merger Consideration. In the event of a transfer of ownership of Acquired Corporation Stock which is not registered in the transfer records of Acquired Corporation, one or more shares of BancGroup Common Stock evidencing, in the aggregate, the proper number of shares of BancGroup Common Stock and a check for the cash portion of the Merger Consideration, the cash in lieu of any fractional shares of BancGroup Common Stock and any dividends or other distributions to which such holder is entitled pursuant to this Agreement, may be issued with respect to such Acquired Corporation Stock to such a transferee if the Acquired Corporation Certificate representing such shares of Acquired Corporation Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid.

(i) No Further Ownership Rights in Acquired Corporation Stock. All shares of BancGroup Common Stock issued and cash paid upon conversion of shares of Acquired Corporation Stock in accordance with the terms of this Article 3 (including any cash paid pursuant to this Agreement) shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to the shares of Acquired Corporation Stock. Until surrendered as contemplated by this Section 3.6, each Acquired Corporation Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration and any dividends or distributions to which a holder of Acquired Corporation Stock on or prior to the Effective Time is entitled to receive under this Agreement.

(j) No Liability. None of BancGroup, the Acquired Corporation, the Resulting Corporation or the Exchange Agent shall be liable to any Person in respect of any Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(k) Lost Certificates. If any Acquired Corporation Certificate shall have been lost, stolen, destroyed, upon the making of an affidavit of that fact by the Person claiming such Acquired Corporation Certificate to be lost, stolen, or destroyed and, if required by the Resulting Corporation that posting by such Person of a bond in such reasonable amount as the Resulting Corporation may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will deliver in exchange for such lost, stolen or destroyed Acquired Corporation Certificate the applicable Merger Consideration with respect to the shares of Acquired Corporation Stock formerly represented thereby, any cash in lieu of fractional shares of BancGroup Common Stock, and unpaid dividends and distributions on shares of BancGroup Common Stock deliverable in respect thereof, in each case, pursuant to this Agreement.

(l) Stock Transfer Books. The stock transfer books of the Acquired Corporation shall be closed immediately at the Effective Time and there shall be no further registration of transfers of shares of Acquired Corporation Stock thereafter on the records of Acquired



Corporation. On or after the Effective Time, any Acquired Corporation Certificates presented to the Exchange Agent or the Resulting Corporation for any reason shall be converted into the Merger Consideration with respect to the shares of Acquired Corporation Stock formerly represented thereby, any cash in lieu of fractional shares of BancGroup Common Stock to which the holders thereof are entitled pursuant to this Agreement and any dividends or other distributions to which the holders thereof are entitled pursuant to this Agreement.

#### **ARTICLE 4**

#### **REPRESENTATIONS, WARRANTIES AND COVENANTS OF BANCGROUP**

No representation or warranty contained in this Article 4 shall be deemed untrue or incorrect, and BancGroup shall not be deemed to have breached a representation or warranty as a consequence of the existence or absence of any fact, event or circumstance, unless such fact, event or circumstance is not set forth in BancGroup's disclosure schedules to this Agreement and, whether individually or in the aggregate with all other facts, events or circumstances that have not been set forth in BancGroup disclosure schedules to this Agreement, has had or is reasonably likely to have a Material Adverse Effect. Except as disclosed in any BancGroup disclosure schedule to this Agreement, BancGroup represents, warrants and covenants to and with Acquired Corporation as follows:

**4.1 Organization.** BancGroup is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. BancGroup has the necessary corporate powers to carry on its business as presently conducted and is qualified to do business in every jurisdiction in which the character and location of the Assets owned by it or the nature of the business transacted by it requires qualification or in which the failure to qualify could, individually or in the aggregate, have a Material Adverse Effect. BancGroup is duly registered as a financial holding company under the Bank Holding Company Act of 1956, as amended.

**4.2 Capital Stock.**

(a) The authorized capital stock of BancGroup consists of (i) 400,000,000 shares of Common Stock, \$2.50 par value per share, of which as of March 31, 2007, 156,662,992 shares were validly issued and 152,954,381 were outstanding, fully paid and nonassessable and are not subject to preemptive rights (not counting additional shares subject to issue pursuant to stock option and other plans), (ii) 50,000,000 shares of Preferred stock, \$2.50 par value per share, none of which are issued and outstanding, and (iii) 1,000,000 shares of Preference Stock, \$2.50 par value per share, none of which are issued and outstanding. The shares of BancGroup Common Stock to be issued in the Merger are duly authorized and, when so issued, will be validly issued and outstanding, fully paid and nonassessable, will have been registered under the 1933 Act, and will have been registered or qualified under the securities laws of all jurisdictions in which such registration or qualification is required, based upon information provided by Acquired Corporation.

(b) The authorized capital stock of each Subsidiary of BancGroup is validly issued and outstanding, fully paid and nonassessable, and each Significant Subsidiary (as defined

in Section 1-02 of Regulation S-X under the Securities Act of 1933, as amended) is wholly owned, directly or indirectly, by BancGroup.

**4.3 Financial Statements; Taxes.** (a) BancGroup has delivered to Acquired Corporation copies of the following financial statements of BancGroup:

(i) Consolidated statements of condition as of December 31, 2005, December 31, 2006, and March 31, 2007;

(ii) Consolidated statements of income for each of the three years ended December 31, 2006, and for the three months ended March 31, 2007;

(iii) Consolidated statements of cash flows for each of the three years ended December 31, 2006, and for the three months ended March 31, 2007; and

(iv) Consolidated statements of changes in shareholders' equity for each of the three years ended December 31, 2006, and for the three months ended March 31, 2007.

All such financial statements are in all Material respects in accordance with the books and records of BancGroup and have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated unless otherwise stated, all as more particularly set forth in the notes to such statements. Each of the consolidated statements of condition presents fairly as of its date the consolidated financial condition of BancGroup and its Subsidiaries. Except as and to the extent reflected or reserved against in such balance sheets (including the notes thereto), BancGroup and its Subsidiaries did not have, as of the dates of such balance sheets, any Material Liabilities or obligations (absolute or contingent) of a nature customarily reflected in a balance sheet or the notes thereto. The consolidated statements of income, cash flows and changes in shareholders' equity present fairly the results of operations and changes in financial position of BancGroup and its Subsidiaries for the periods indicated. The foregoing representations, insofar as they relate to the unaudited interim financial statements of BancGroup for the three months ended March 31, 2007, are subject in all cases to normal recurring year-end adjustments and the omission of footnote disclosure.

(b) All Tax returns required to be filed by or on behalf of BancGroup and its Subsidiaries have been timely filed (or requests for extensions therefore have been timely filed and granted and have not expired), and all returns filed are complete and accurate in all Material respects. All Taxes shown on these returns to be due and all additional assessments received have been paid. The amounts recorded for Taxes on the balance sheets provided under section 4.3(a) are, to the Knowledge of BancGroup, sufficient in all Material respects for the payment of all unpaid federal, state, county, local, foreign or other Taxes (including any interest or penalties) of BancGroup and its Subsidiaries accrued for or applicable to the period ended on the dates thereof, and all years and periods prior thereto and for which BancGroup and its Subsidiaries may at such dates have been liable in its own right or as transferee of the Assets of, or as successor to, any other corporation or other party. No audit, examination or investigation is presently being conducted or, to the Knowledge of BancGroup, threatened by any taxing authority which is likely to result in a Material Adverse Effect. BancGroup and its Subsidiaries

have withheld from its employees (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods in Material compliance with all Tax withholding provisions of applicable federal, state, foreign and local Laws (including without limitation, income, social security and employment Tax withholding for all types of compensation).

**4.4 No Conflict with Other Instrument.** The consummation of the transactions contemplated by this Agreement will not result in a breach of or constitute a Default (without regard to the giving of notice or the passage of time) under any Material Contract, indenture, mortgage, deed of trust or other Material agreement or instrument to which BancGroup or any of its Subsidiaries is a party or by which they or their Assets may be bound; will not conflict with any provision of the restated certificate of incorporation or bylaws of BancGroup or the articles of incorporation or bylaws of any of its Subsidiaries; and will not violate any provision of any Law, regulation, judgment or decree binding on them or any of their Assets.

**4.5 Absence of Material Adverse Change.** Since the date of the most recent statement of condition provided under section 4.3(a)(i) above, there have been no events, changes or occurrences which have had or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on BancGroup.

**4.6 Approval of Agreement.** The board of directors of BancGroup, or its Executive Committee, has approved this Agreement and the transactions contemplated by it and has authorized the execution and delivery by BancGroup of this Agreement. This Agreement constitutes the legal, valid and binding obligation of BancGroup, enforceable against it in accordance with its terms. Approval of this Agreement by the stockholders of BancGroup is not required by applicable Law. Subject to the matters referred to in section 8.2, BancGroup has full power, authority and legal right to enter into this Agreement and to consummate the transactions contemplated by this Agreement. BancGroup has no Knowledge of any fact or circumstance under which the appropriate regulatory approvals required by section 8.2 will not be granted without the imposition of Material conditions or Material delays on BancGroup or Colonial Bank, N.A.

**4.7 Tax Treatment.** BancGroup has no present plan to sell or otherwise dispose of a significant portion of the Assets of Acquired Corporation, subsequent to the Merger, and BancGroup intends to continue the historic business of Acquired Corporation.

**4.8 Title and Related Matters.** BancGroup or its Subsidiaries have good and marketable title to all the properties, interests in properties and Assets, real and personal, that are Material to the business of BancGroup, reflected in the most recent statement of condition referred to in section 4.3(a), or acquired after the date of such balance sheet (except properties, interests and Assets sold or otherwise disposed of since such date, in the ordinary course of business), free and clear of all mortgages, Liens, pledges, charges or encumbrances except (i) mortgages and other encumbrances referred to in the notes of such balance sheet, (ii) liens for current Taxes not yet due and payable and (iii) such imperfections of title and easements as do not Materially detract from or interfere with the present use of the properties subject thereto or affected thereby, or otherwise Materially impair present business operations at such properties.

To the Knowledge of BancGroup, the Material structures and equipment of BancGroup and its Subsidiaries comply in all Material respects with the requirements of all applicable Laws.

**4.9 Subsidiaries.** Each Subsidiary of BancGroup has been duly incorporated and is validly existing as a corporation in good standing or with active status under the Laws of the jurisdiction of its incorporation, and each Subsidiary has been duly qualified as a foreign corporation to transact business and is in good standing or with active status under the Laws of each other jurisdiction in which it owns or leases properties, or conducts any business so as to require such qualification and in which the failure to be duly qualified could have a Material Adverse Effect upon BancGroup and its Subsidiaries considered as one enterprise; BancGroup's banking subsidiary has its deposits fully insured by the Federal Deposit Insurance Corporation to the extent permitted by the Federal Deposit Insurance Act; and the businesses of the non-bank Subsidiaries of BancGroup are permitted businesses of registered bank holding companies that are financial holding companies.

**4.10 Contracts.** Neither BancGroup nor any of its Subsidiaries is in violation of its respective certificate of incorporation or bylaws or in Default in the performance or observance of any Material obligation, agreement, covenant or condition contained in any Contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it or its property may be bound except where such violation could not be reasonably expected to have a Material Adverse Effect on BancGroup.

**4.11 Litigation.** Except as disclosed in or reserved for in BancGroup's financial statements, there is no Litigation before or by any court or Agency, domestic or foreign, now pending, or, to the Knowledge of BancGroup, threatened against or affecting BancGroup or any of its Subsidiaries (nor is BancGroup aware of any facts which could give rise to any such Litigation) which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which is likely to have any Material Adverse Effect or prospective Material Adverse Effect, or which is likely to materially and adversely affect the properties or Assets thereof or which is likely to materially affect or delay the consummation of the transactions contemplated by this Agreement; all pending legal or governmental proceedings to which BancGroup or any Subsidiary is a party or of which any of their properties is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, are, considered in the aggregate, not Material; and neither BancGroup nor any of its Subsidiaries have any contingent obligations which could be considered Material to BancGroup and its Subsidiaries considered as one enterprise which are not disclosed in the Registration Statement as it may be amended or supplemented.

**4.12 Compliance.** BancGroup and its Subsidiaries, in the conduct of their businesses, are to the Knowledge of BancGroup, in compliance with all federal, state or local Laws applicable to the conduct of their businesses except where non-compliance could not be reasonably expected to have a Material Adverse Effect on BancGroup.

**4.13 Registration Statement.** At the time the Registration Statement becomes effective and at the time of the Shareholders Meeting, the Registration Statement, including the Proxy Statement which shall constitute a part thereof, will comply in all Material respects with

the requirements of the 1933 Act and the rules and regulations thereunder, will not contain an untrue statement of a Material fact or omit to state a Material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Proxy Statement made in reliance upon and in conformity with information furnished in writing to BancGroup by Acquired Corporation or any of its representatives expressly for use in the Proxy Statement or information included in the Proxy Statement regarding the business of Acquired Corporation, its operations, Assets and capital.

**4.14 SEC Filings.** (a) BancGroup has heretofore delivered to Acquired Corporation copies of BancGroup's: (i) Annual Report on Form 10-K for the fiscal year ended December 31, 2006; (ii) 2006 Annual Report to Shareholders; (iii) Quarterly Reports on Form 10-Q for the quarter ended March 31, 2007; and (iv) any reports on Form 8-K, filed by BancGroup with the SEC since December 31, 2006. Since December 31, 2005, BancGroup has timely filed all reports and registration statements and the documents required to be filed with the SEC under the rules and regulations of the SEC and all such reports and registration statements or other documents have complied in all Material respects, as of their respective filing dates and effective dates, as the case may be, with all the applicable requirements of the 1933 Act, the 1934 Act and the Sarbanes-Oxley Act of 2002. As of the respective filing and effective dates, none of such reports or registration statements or other documents contained any untrue statement of a Material fact or omitted to state a Material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The documents to be incorporated by reference into the Registration Statement, at the time they were filed with the SEC, complied in all Material respects with the requirements of the 1934 Act and Regulations thereunder and when read together and with the other information in the Registration Statement will not contain an untrue statement of a Material fact or omit to state a Material fact required to be stated therein or necessary to make the statements therein not misleading at the time the Registration Statement becomes effective or at the time of the Shareholders Meeting.

**4.15 Form S-4.** The conditions for use of a registration statement on SEC Form S-4 set forth in the General Instructions on Form S-4 have been or will be satisfied with respect to BancGroup and the Registration Statement.

**4.16 Brokers.** All negotiations related to this Agreement and the transaction contemplated by this Agreement, have been carried on by BancGroup with Acquired Corporation without the intervention of any other person, other than Hovde Financial, Inc. ("Hovde"), Acquired Corporation's investment banker and advisor, in any manner as to give rights to any valid claim against BancGroup for finders fees, brokerage commissions, or other like or similar payment for services rendered incident to this undertaking.

**4.17 Government Authorization.** BancGroup and its Subsidiaries have or will have all Permits that are or will be legally required to enable BancGroup or any of its Subsidiaries to conduct their businesses in all Material respects as now conducted by each of them.

**4.18 Absence of Regulatory Communications.** Neither BancGroup nor any of its Material Subsidiaries is currently subject to, or has otherwise received during the past three (3) years, any written communication directed specifically to it from any Agency to which it is subject or pursuant to which such Agency has imposed or has indicated it may impose any *Material restrictions on the operations of it or the business conducted by it or in which such Agency has raised a Material question concerning the condition, financial or otherwise, of such company.*

**4.19 Disclosure.** No representation or warranty, or any statement or certificate furnished or to be furnished to Acquired Corporation by BancGroup, contains or will contain any untrue statement of a Material fact, or omits or will omit to state a Material fact necessary to make the statements contained in this Agreement or in any such statement or certificate not misleading.

## **ARTICLE 5 REPRESENTATIONS, WARRANTIES AND COVENANTS OF ACQUIRED CORPORATION**

No representation or warranty contained in this Article 4 shall be deemed untrue or incorrect, and Acquired Corporation shall not be deemed to have breached a representation or warranty as a consequence of the existence or absence of any fact, event or circumstance, unless such fact, event or circumstance is not set forth in Acquired Corporation's disclosure schedules to this Agreement and, whether individually or in the aggregate with all other facts, events or circumstances that have not been set forth in Acquired Corporation disclosure schedules to this Agreement, has had or is reasonably likely to have a Material Adverse Effect. Except as disclosed in any Acquired Corporation disclosure schedule to this Agreement, Acquired Corporation represents, warrants and covenants to and with BancGroup as follows:

**5.1 Organization.** Acquired Corporation is a Florida corporation, and Bank is a state chartered bank. Each Acquired Corporation Company is duly organized, validly existing and in active status under the respective Laws of its jurisdiction of incorporation and has all requisite power and authority to carry on its business as it is now being conducted and is qualified to do business in every jurisdiction in which the character and location of the Assets owned by it or the nature of the business transacted by it requires qualification and in which the failure to qualify could, individually, or in the aggregate, have a Material Adverse Effect.

**5.2 Capital Stock.** As of the date of this Agreement, the authorized capital stock of Acquired Corporation consisted of the following:

- 9,000,000 shares of Class A common stock (non voting), no par value per share, 4,110,793 shares of which are issued and outstanding;
- 1,000,000 shares of Class B common stock (voting), no par value per share, 433,424 shares of which are issued and outstanding; and
- 200,000 shares of Class C common stock (voting), no par value, 72,873 shares of which are issued and outstanding (but which have a value of ten times the value of Class A and Class B Common Stock).

All of such shares which are outstanding are validly issued, fully paid and nonassessable and not subject to preemptive rights. Acquired Corporation has 635,383 shares of common stock subject to issuance pursuant to the exercise of stock options under its stock option plans of which 246,083 are exercisable (or which, under their own terms, shall become exercisable prior to the Effective Time). Except for the foregoing and except for such requirements pursuant to Acquired Corporation's Employee Stock Ownership Plan, Acquired Corporation does not have any other arrangements or commitments obligating it to issue shares of its capital stock or any securities convertible into or having the right to purchase shares of its capital stock, including the grant, issuance or vesting of additional Acquired Corporation Options.

**5.3 Subsidiaries.** Acquired Corporation does not have any Subsidiaries other than the Bank.

Acquired Corporation owns all of the issued and outstanding capital stock of the Bank free and clear of any liens, claims or encumbrances of any kind. All of the issued and outstanding shares of capital stock of each Acquired Corporation Company have been validly issued and are fully paid and non-assessable. As of the date of this Agreement, there were (i) with respect to the Bank, 200,000 shares of common stock, par value \$5.00 per share, authorized and 200,000 shares issued and outstanding and no shares of preferred stock. Other than as listed above, no Acquired Corporation Company has any other form of stock authorized or outstanding. The Bank has no arrangements or commitments obligating it to issue shares of any of its capital stock or any securities convertible into or having the right to purchase shares of any of its capital stock.

**5.4 Financial Statements; Taxes.** (a) Acquired Corporation has delivered to BancGroup copies of the following financial statements of Acquired Corporation:

(i) Consolidated balance sheets as of December 31, 2005, December 31, 2006, and March 31, 2007;

(ii) Consolidated statements of income for each of the three years ended December 31, 2006, and for the three months ended March 31, 2007;

(iii) Consolidated statements of cash flows for each of the three years ended December 31, 2006, and for the three months ended March 31, 2007; and

(iv) Consolidated statements of changes in shareholders' equity for the three years ended December 31, 2006, and for the three months ended March 31, 2007.

All such financial statements are in all Material respects in accordance with the books and records of Acquired Corporation and have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated unless otherwise stated, all as more particularly set forth in the notes to such statements. Each of the consolidated balance sheets presents fairly as of its date the consolidated financial condition of Acquired Corporation. Except as and to the extent reflected or reserved against in such balance sheets (including the notes thereto), Acquired Corporation did not have, as of the dates of such balance sheets, any Material Liabilities or obligations (absolute or contingent) of a nature customarily reflected in a balance sheet or the notes thereto. The consolidated statements of income, cash flows and changes in shareholders' equity present fairly the results of operations and changes in financial position of Acquired Corporation for the periods indicated. The foregoing representations, insofar as they relate to the unaudited interim financial statements of Acquired Corporation for the three months ended March 31, 2007, are subject in all cases to normal recurring year-end adjustments and the omission of footnote disclosure.

(b) All Tax returns required to be filed by or on behalf of Acquired Corporation have been timely filed (or requests for extensions therefore have been timely filed and granted and have not expired), and all returns filed are complete and accurate in all Material respects. All Taxes shown on these returns to be due and all additional assessments received have been paid. The amounts recorded for Taxes on the balance sheets provided under section 5.4(a) are, to the Knowledge of Acquired Corporation, sufficient in all Material respects for the payment of all unpaid federal, state, county, local, foreign and other Taxes (including any interest or penalties) of Acquired Corporation accrued for or applicable to the period ended on the dates thereof, and all years and periods prior thereto and for which Acquired Corporation may at such dates have been liable in its own right or as a transferee of the Assets of, or as successor to, any other corporation or other party. No audit, examination or investigation is presently being conducted or, to the Knowledge of Acquired Corporation, threatened by any taxing authority which is likely to result in a Material Tax Liability, no Material unpaid Tax deficiencies or additional liability of any sort has been proposed by any governmental representative and no agreements for extension of time for the assessment of any Material amount of Tax have been entered into by or on behalf of Acquired Corporation. Acquired Corporation has not executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due that is currently in effect.

(c) Each Acquired Corporation Company has withheld from its employees (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods in Material compliance with all Tax withholding provisions of applicable federal, state, foreign and local Laws (including without limitation, income, social security and employment Tax withholding for all types of compensation). Each Acquired Corporation Company is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with all applicable information reporting and Tax withholding requirements under federal, state and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under section 3406 of the Code.



**5.5 Absence of Certain Changes or Events.** Except as set forth on Schedule 5.5, since the date of the most recent balance sheet provided under section 5.4(a)(i) above, no Acquired Corporation Company has

(a) issued, delivered or agreed to issue or deliver any stock, bonds or other corporate securities (whether authorized and unissued or held in the treasury) except shares of common stock issued upon the exercise of existing Acquired Corporation Options and shares issued as director's qualifying shares;

(b) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability (absolute or contingent) except borrowings, obligations (including purchase of federal funds) and Liabilities incurred in the ordinary course of business and consistent with past practice;

(c) paid any Material obligation or Liability (absolute or contingent) other than current Liabilities reflected in or shown on the most recent balance sheet referred to in section 5.4(a)(i) and current Liabilities incurred since that date in the ordinary course of business and consistent with past practice;

(d) declared or made, or agreed to declare or make, any payment of dividends or distributions of any Assets of any kind whatsoever to shareholders, or purchased or redeemed, or agreed to purchase or redeem, directly or indirectly, or otherwise acquire, any of its outstanding securities; provided, however, that Acquired Corporation may (i) continue to make quarterly cash dividends of no more than \$.08 per share of its Class A and B common stock and \$.80 per share of its Class C common stock and at times consistent with past practices and as set forth on Schedule 5.5(d) to this Agreement, (ii) if the Effective Time has not occurred by December 31, 2007, make its special annual dividend of no more than \$.10 per share of its Class A and B Common Stock and \$1.00 per share of its Class C Common Stock, and (iii) accelerate the vesting of Acquired Corporation Options held by the Acquired Corporation's executive officers (138,700 shares of Class A Common Stock underlying such options).

(e) except in the ordinary course of business or as requested by BancGroup, sold or transferred, or agreed to sell or transfer, any of its Assets, or canceled, or agreed to cancel, any debts or claims;

(f) except in the ordinary course of business, entered or agreed to enter into any agreement or arrangement granting any preferential rights to purchase any of its Assets, or requiring the consent of any party to the transfer and assignment of any of its Assets;

(g) waived any rights of value which in either event in the aggregate are Material considering its business as a whole;

(h) except in the ordinary course of business, made or permitted any amendment or termination of any Contract, agreement or license to which it is a party if such amendment or termination is Material considering its business as a whole;

(i) except in accordance with normal and usual practice (and except for a \$250,000 bonus payable to the Acquired Corporation's president), made any accrual or arrangement for or payment of bonuses or special compensation of any kind or any severance or termination pay to any present or former officer or employee;

(j) except in accordance with normal and usual practice, increased the rate of compensation payable to or to become payable to any of its officers or employees or made any Material increase in any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan (other than an increase in BOLI coverage for the Acquired Corporation's president), payment or arrangement made to, for or with any of its officers or employees;

(k) failed to operate its business in the ordinary course in a manner intended to preserve its business intact and intended to preserve the goodwill of its customers and others with whom it has business relations;

(l) entered into any other transaction Material to the Acquired Corporation and its Subsidiaries taken as a whole other than in the ordinary course of business or as requested by BancGroup; or

(m) agreed in writing, or otherwise, to take any action described in clauses (a) through (l) above.

Between the date hereof and the Effective Time, no Acquired Corporation Company, without the express written approval of BancGroup, will do any of the things listed in clauses (a) through (m) of this section 5.5 except as permitted therein or as contemplated in this Agreement, and no Acquired Corporation Company will enter into or amend any Material Contract, other than Loans or renewals thereof entered into in the ordinary course of business, without the express written consent of BancGroup.

## **5.6 Title and Related Matters.**

(a) Title. Each Acquired Corporation Company has good and marketable title to all the properties, interest in properties and Assets, real and personal, that are Material to the business of such Acquired Corporation Company, reflected in the most recent balance sheet referred to in section 5.4(a)(i), or acquired after the date of such balance sheet (except properties, interests and Assets sold or otherwise disposed of since such date, in the ordinary course of business), free and clear of all mortgages, Liens, pledges, charges or encumbrances except (i) mortgages and other encumbrances referred to in the notes to such balance sheet, (ii) Liens for current Taxes not yet due and payable and (iii) such imperfections of title and easements as do not Materially detract from or interfere with the present use of the properties subject thereto or affected thereby, or otherwise Materially impair present business operations at such properties. To the Knowledge of Acquired Corporation, the Material structures and equipment of each Acquired Corporation Company comply in all Material respects with the requirements of all applicable Laws.

(b) Leases. Schedule 5.6(b) sets forth a list and description of all real property owned or leased by any Acquired Corporation Company, either as lessor or lessee. Complete and accurate copies of all such leases have been furnished to BancGroup.

(c) Personal Property. Schedule 5.6(c) sets forth a depreciation schedule of each of Acquired Corporation Company's fixed Assets as of June 30, 2007.

(d) Computer Hardware and Software. Schedule 5.6(d) contains a description of all agreements relating to data processing computer software and hardware now being used in the business operations of any Acquired Corporation Company and providing for annual payments in excess of \$50,000 per year. Acquired Corporation is not aware of any defects, irregularities or problems with any of its computer hardware or software which renders such hardware or software unable to satisfactorily perform the tasks and functions to be performed by them in the business of any Acquired Corporation Company. Complete and accurate copies of all Contracts, plans and other items so listed have been furnished to BancGroup.

**5.7 Commitments**. Except as set forth in Schedule 5.7, no Acquired Corporation Company is a party to any oral or written (i) Contract for the employment of any officer or employee which is not terminable on 30 days' (or less) notice, (ii) profit sharing, bonus, deferred compensation, savings, stock option, severance pay, pension or retirement plan, agreement or arrangement, (iii) other than made in the ordinary course of business, loan agreement, indenture or similar agreement relating to the borrowing of money by such party, (iv) guaranty of any obligation for the borrowing of money or otherwise, excluding endorsements made for collection, and guaranties made in the ordinary course of business, (v) consulting or other similar Material Contracts, (vi) collective bargaining agreement, (vii) other than made in the ordinary course of business, agreement with any present or former officer, director or shareholder of such party, (viii) other than made in the ordinary course of business, any contract that is not terminable within ninety (90) days or (ix) other than made in the ordinary course of business, other Contract, agreement or other commitment which is Material to the business, operations, property, prospects or Assets or to the condition, financial or otherwise, of any Acquired Corporation Company. Complete and accurate copies of all Contracts, plans and other items so listed have been furnished to BancGroup.

**5.8 Charter and Bylaws**. Schedule 5.8 contains true and correct copies of the articles of incorporation and bylaws of each Acquired Corporation Company, including all amendments thereto, as currently in effect. Except as may be required by any regulatory agency (and Acquired Corporation has no Knowledge of any regulatory action that might require such a change), there will be no changes in such articles of incorporation or bylaws prior to the Effective Time, without the prior written consent of BancGroup.

**5.9 Litigation**. Except as set forth on Schedule 5.9, there is no Litigation (whether or not purportedly on behalf of Acquired Corporation) pending or, to the Knowledge of Acquired Corporation, threatened against or to which any Acquired Corporation Company is a party (nor does Acquired Corporation have Knowledge of any facts which are likely to give rise to any such Litigation) at law or in equity, or before or by any governmental department, commission, board,

bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, which involves the possibility of any judgment or Liability not fully covered by insurance in excess of a reasonable deductible amount or which is reasonably likely to have a Material Adverse Effect on Acquired Corporation, and no Acquired Corporation Company is in Default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality, which Default would be reasonably likely to have a Material Adverse Effect on Acquired Corporation. To the Knowledge of Acquired Corporation, each Acquired Corporation Company has complied in all Material respects with all Material applicable Laws and Regulations including those imposing Taxes, of any applicable jurisdiction and of all states, municipalities, other political subdivisions and Agencies, in respect of the ownership of its properties and the conduct of its business, which, if not complied with, would be reasonably likely to have a Material Adverse Effect on Acquired Corporation.

**5.10 Material Contract Defaults.** No Acquired Corporation Company is in Default in any Material respect under the terms of any Material Contract and, to the Knowledge of Acquired Corporation, there is no event which, with notice or lapse of time, or both, may be or become an event of Default on the part of an Acquired Corporation Company under any such Material Contract in respect of which adequate steps have not been taken to prevent such a Default from occurring, which in each case or in the aggregate, could be reasonably likely to result in a Material Adverse Effect on the Acquired Corporation.

**5.11 No Conflict with Other Instrument.** The consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of or constitute a Default under any Material Contract which Default could be reasonably likely to result in a Material Adverse Effect on the Acquired Corporation, to which any Acquired Corporation Company is a party, will not conflict with any provision of the articles, charter or bylaws of any Acquired Corporation Company; and will not violate any provision of any Law, regulation, judgment or decree binding on them or any of their Assets.

**5.12 Governmental Authorization.** Each Acquired Corporation Company has all Permits that, to the Knowledge of Acquired Corporation, are or will be legally required to enable any Acquired Corporation Company to conduct its business in all Material respects as now conducted by each Acquired Corporation Company.

**5.13 Absence of Regulatory Communications.** No Acquired Corporation Company is subject to, nor has any Acquired Corporation Company received during the past three years, any written communication directed specifically to it from any Agency to which it is subject or pursuant to which such Agency has imposed or has indicated it may impose any Material restrictions on the operations of it or the business conducted by it or in which such Agency has raised any Material question concerning the condition, financial or otherwise, of such company. The Acquired Corporation represents that it is not the subject of any regulatory investigation or the subject of any regulatory sanction as of the date of this Agreement.

**5.14 Absence of Material Adverse Change.** To the Knowledge of Acquired Corporation, since the date of the most recent balance sheet provided under section 5.4(a)(i), there have been no adverse events, changes or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Acquired Corporation.

**5.15 Insurance.** Each Acquired Corporation Company has in effect insurance coverage and bonds with reputable insurers which, in respect to amounts, types and risks insured, management of Acquired Corporation reasonably believes to be adequate for the type of business conducted by such company. No Acquired Corporation Company is liable for any Material retroactive premium adjustment. To the Knowledge of Acquired Corporation, all insurance policies and bonds are valid, enforceable and in full force and effect, and no Acquired Corporation Company has received any notice of any Material premium increase or cancellation with respect to any of its insurance policies or bonds. Within the last three years, no Acquired Corporation Company has been refused any insurance coverage which it has sought or applied for, and nothing has come to its attention which would lead it to believe that existing insurance coverage cannot be renewed as and when the same shall expire, upon terms and conditions as favorable as those presently in effect, other than possible increases in premiums that do not result from any extraordinary loss experience. To the Knowledge of Acquired Corporation, all policies of insurance presently held or policies containing substantially equivalent coverage will be outstanding and in full force with respect to each Acquired Corporation Company at all times from the date hereof to the Effective Time. Acquired Corporation has furnished BancGroup with copies of such insurance contracts as are set forth on Schedule 5.15.

**5.16 Pension and Employee Benefit Plans.**

(a) To the Knowledge of Acquired Corporation, all employee benefit plans of each Acquired Corporation Company have been established in compliance with, and such plans have been operated in Material compliance with, all applicable Laws, except in each case or in the aggregate, to the extent the same could not reasonably be expected to have a Material Adverse Effect on Acquired Corporation. No Acquired Corporation Company sponsors or otherwise maintains a "pension plan" within the meaning of section 3(2) of ERISA or any other retirement plan other than the Section 401K plan of Acquired Corporation that is intended to qualify under section 401 of the Code, nor do any unfunded (or improperly accrued for) Liabilities exist with respect to any employee benefit plan, past or present. To the Knowledge of Acquired Corporation, no employee benefit plan, any trust created thereunder or any trustee or administrator thereof has engaged in a "prohibited transaction," as defined in section 4975 of the Code, which may have a Material Adverse Effect on the condition, financial or otherwise, of any Acquired Corporation Company. Any pension plan reflected on Schedule 5.16 will be fully funded (or properly accrued for) by Acquired Corporation prior to the Effective Time.

(b) To the Knowledge of Acquired Corporation, no amounts payable to any employee of any Acquired Corporation Company as a result of the transactions contemplated hereby will fail to be deductible for federal income tax purposes by virtue of Section 280G of the Code and regulations thereunder; provided however, no representation is made under this

Section 5.16(b) with respect to payments made under the contracts otherwise disclosed in any schedule hereto. Notwithstanding the introductory language to this Article 5, the representation contained in Section 5.16(b) shall not be deemed to be true even if such amounts payable would not be reasonably likely to cause a Material Adverse Effect to Acquired Corporation. The Parties agree that PricewaterhouseCoopers will be the final arbiter as to whether and to what extent such severance payments exceed Section 280G limits.

(c) Without limiting the representations of 5.16(a), Acquired Corporation represents that all employee benefit plans of each Acquired Corporation Company (i) is fully funded; (ii) has accrued all liabilities; and (iii) has filed all regulatory filings, including without limitation, 5500 filings for 2006 and all prior years.

**5.17 Buy-Sell Agreements.** To the Knowledge of Acquired Corporation, there are no agreements among any of its shareholders granting to any person or persons a right of first refusal in respect of the sale, transfer, or other disposition of any shares of outstanding securities by any shareholder of Acquired Corporation, any similar agreement or any voting agreement or voting trust in respect of any such shares.

**5.18 Brokers.** Except for services provided to Acquired Corporation by Hovde and FIG Partners, LLC, negotiations relative to this Agreement and the transactions contemplated by this Agreement have been carried on by Acquired Corporation directly with BancGroup, or its advisors, and without the intervention of any other person, either as a result of any act of Acquired Corporation, or otherwise, in such manner as to give rise to any valid claim against Acquired Corporation for a finder's fee, brokerage commission or other like payment. The general terms and the exact fee (or fee formula) which will be paid to Hovde and FIG Partners, LLC by Acquired Corporation at or prior to the Effective Time is described in Schedule 5.18.

**5.19 Approval of Agreements.** The board of directors of Acquired Corporation has approved this Agreement and the transactions contemplated by this Agreement and has authorized the execution and delivery by Acquired Corporation of this Agreement. Subject to the matters referred to in Section 8.2(a), Acquired Corporation has full power, authority and legal right to enter into this Agreement, and, upon appropriate vote of the shareholders of Acquired Corporation in accordance with this Agreement, Acquired Corporation shall have full power, authority and legal right to consummate the transactions contemplated by this Agreement.

**5.20 Disclosure.** No representation or warranty, nor any statement or certificate furnished or to be furnished to BancGroup by Acquired Corporation, contains or will contain any untrue statement of a Material fact, or omits or will omit to state a Material fact necessary to make the statements contained in this Agreement or in any such statement or certificate not misleading.

**5.21 Registration Statement.** At the time the Registration Statement becomes effective and at the time of the Shareholders Meeting, the Registration Statement, including the proxy statement which shall constitute part thereof (the "Proxy Statement"), will not contain an untrue statement of a Material fact or omit to state a Material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not

misleading; provided, however, that the representations and warranties in this section shall only apply to statements in or omissions from the Proxy Statement relating to descriptions of the business of Acquired Corporation, its Assets, properties, operations, and capital stock or to information furnished in writing by Acquired Corporation or its representatives expressly for inclusion in the Proxy Statement.

**5.22 Loans; Adequacy of Allowance for Loan Losses.** All reserves for loan losses shown on the most recent financial statements furnished by Acquired Corporation have been calculated in accordance with prudent and customary banking practices and are reasonably adequate in all Material respects to reflect the inherent and actual risks in the loans of the Acquired Corporation. Acquired Corporation has no Knowledge of any fact which is likely to require a future Material increase in the provision for loan losses or a Material increase or decrease in the loan loss reserve reflected in such financial statements, to the extent such increase or decrease would be reasonably likely to have a Material Adverse Effect on Acquired Corporation. To the Knowledge of Acquired Corporation, each loan reflected as an Asset on the financial statements of Acquired Corporation is the legal, valid and binding obligation of the obligor of each loan, enforceable in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and to general equitable principles and complies in all Material respects with all Laws to which it is subject, except to the extent such unenforceability could not be reasonably likely to have a Material Adverse Effect on Acquired Corporation. Acquired Corporation does not have in its portfolio any loan exceeding its legal lending limit. Except as disclosed on Schedule 5.22, as of the date of this Agreement (and to be updated at the Closing) Acquired Corporation, has no known delinquent, substandard, doubtful, loss, nonperforming or problem loans which could individually cause a loss in excess of \$250,000.

**5.23 Environmental Matters.** Except as provided in Schedule 5.23, to the Knowledge of Acquired Corporation, each Acquired Corporation Company is in Material compliance with all Laws and other governmental requirements relating to the generation, management, handling, transportation, treatment, disposal, storage, delivery, discharge, release or emission of any waste, pollution, or toxic, hazardous or other substance (the "Environmental Laws"), and Acquired Corporation has no Knowledge that any Acquired Corporation Company has not complied with all regulations and requirements promulgated by the Occupational Safety and Health Administration that are applicable to any Acquired Corporation Company. To the Knowledge of Acquired Corporation, there is no Litigation pending or threatened with respect to any violation or alleged violation of the Environmental Laws. Except as disclosed on Schedule 5.23, to the Knowledge of Acquired Corporation, with respect to Assets of any Acquired Corporation Company, including any Loan Property, (i) there has been no spillage, leakage, contamination or release of any substances for which the appropriate remedial action has not been completed, except for such that, individually or in the aggregate, will not have a Material Adverse Effect; (ii) no owned or leased property is contaminated with or contains any hazardous substance or waste, except for such that, individually or in the aggregate, will not have a Material Adverse Effect; and (iii) there are no underground storage tanks on any Loan Property or on any premises owned or leased by any Acquired Corporation Company. Moreover, to the Knowledge of Acquired Corporation, no Acquired Corporation Company has extended credit, either on a secured or unsecured basis, to any person or other entity engaged in any activities which would

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require or requires such person or entity to obtain any Permits which are required under any Environmental Law which has not been obtained.

**5.24 Collective Bargaining.** There are no labor contracts, collective bargaining agreements, letters of undertakings or other arrangements, formal or informal, between any Acquired Corporation Company and any union or labor organization covering any Acquired Corporation Company's employees, and none of said employees are represented by any union or labor organization.

**5.25 Labor Disputes.** To the Knowledge of Acquired Corporation, each Acquired Corporation Company is in Material compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, wages and hours. No Acquired Corporation Company is or has been engaged in any unfair labor practice, and, to the Knowledge of Acquired Corporation, no unfair labor practice complaint against any Acquired Corporation Company is pending before the National Labor Relations Board. There have not been, nor to the Knowledge of Acquired Corporation, are there presently, any attempts to organize employees, nor to the Knowledge of Acquired Corporation, are there plans for any such attempts.

**5.26 Derivative Contracts.** Except as set forth on Schedule 5.26, no Acquired Corporation Company is a party to or has agreed to enter into a swap, forward, future, option, cap, floor or collar financial contract, or any other interest rate or foreign currency protection contract or derivative security not included in Acquired Corporation's financial statements delivered under Section 5.4 hereof which is a financial derivative contract (including various combinations thereof).

## **ARTICLE 6 ADDITIONAL COVENANTS**

**6.1 Additional Covenants of BancGroup.** BancGroup covenants to and with Acquired Corporation as follows:

(a) **Registration Statement and Other Filings.** As soon as reasonably practicable after the execution of this Agreement, BancGroup shall prepare and file with the SEC the Registration Statement on Form S-4 (or such other form as may be appropriate) and all amendments and supplements thereto, in form reasonably satisfactory to Acquired Corporation and its counsel, with respect to the Common Stock to be issued pursuant to this Agreement. BancGroup shall use commercially reasonable efforts to prepare all necessary filings with any Agencies which may be necessary for approval to consummate the transactions contemplated by this Agreement and shall use commercially reasonable efforts to cause the Registration Statement to become effective under the 1933 Act as soon as reasonably practicable after the filing thereof and take any action required to be taken under other applicable securities Laws in connection with the issuance of the shares of BancGroup Common Stock upon consummation of the Merger. Copies of all such filings shall be furnished to Acquired Corporation and its



counsel, sufficiently in advance to permit Acquired Corporation and its counsel to provide substantive review and comment. BancGroup will advise Acquired Corporation and its counsel promptly after it receives notice and/or knowledge thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, the issuance of any stop order, the suspension of the qualification of the BancGroup Common Stock issuable in connection with the Merger for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Registration Statement (or Proxy Statement) and responses thereto or requests by the SEC for additional information.

(b) Blue Sky Permits. BancGroup shall use its best efforts to obtain, prior to the effective date of the Registration Statement, all necessary state securities Law or “blue sky” Permits and approvals required to carry out the transactions contemplated by this Agreement.

(c) No Control of Acquired Corporation by BancGroup. Notwithstanding any other provision hereof, until the Effective Time, the authority to operate the Acquired Corporation and the Bank and establish and implement the business policies of Acquired Corporation and the Bank shall continue to reside solely in Acquired Corporation’s and Bank’s officers and boards of directors.

(d) Listing. Prior to the Effective Time, BancGroup shall use commercially reasonable efforts to cause the shares of BancGroup Common Stock to be issued in the Merger to be listed on the NYSE or other quotation system on which such shares are primarily traded.

(e) Employee Benefit Matters. At the Effective Time, all employees of any Acquired Corporation Company shall, at BancGroup's option, either become employees of the Resulting Corporation or its Subsidiaries or be entitled to severance benefits in accordance with Colonial Bank, N.A.'s severance policy as of the date of this Agreement, which is attached hereto as Schedule 6.1(e). All employees of any Acquired Corporation Company who become employees of the Resulting Corporation or its Subsidiaries at the Effective Time shall be entitled, to the extent permitted by applicable Law, to participate in all benefit plans of Colonial Bank, N.A., including retirement plans, to the same extent as Colonial Bank, N.A. employees, except as stated otherwise in this section. Employees of any Acquired Corporation Company who become Employees of Resulting Corporation or its Subsidiaries shall continue under Acquired Corporation’s “Paid Time Off” program instead of BancGroup’s normal vacation policies until December 31, 2007 (if the Effective Time is prior to that date) or the Effective Time if after December 31, 2007. After such applicable date, the “Paid Time Off” program will be terminated and BancGroup’s normal vacation policies will apply to such former Acquired Corporation Company employees. Employees of any Acquired Corporation Company who become employees of the Resulting Corporation or its Subsidiaries at the Effective Time shall be allowed to participate as of the Effective Time in the medical and dental benefits plan of Colonial Bank, N.A. as new employees of Colonial Bank, N.A., and the time of employment of such employees who are employed at least 30 hours per week with any Acquired Corporation Company as of the Effective Time shall be counted as employment under such dental and medical plans of Colonial Bank, N.A. for purposes of calculating any 30 day waiting period and pre-existing condition limitations. To the extent permitted by applicable Law and for all active plans and benefits, the period of service with the appropriate Acquired Corporation Company of all employees who

become employees of the Resulting Corporation or its Subsidiaries at the Effective Time shall be recognized for vesting, eligibility and period of service requirements. In addition, if the Effective Time falls within an annual period of coverage under the medical plan of the Resulting Corporation and its Subsidiaries, each such Acquired Corporation Company employee shall be given credit for covered expenses paid by that employee under comparable employee benefit plans of the Acquired Corporation Company during the applicable coverage period through the Effective Time towards satisfaction of any annual deductible limitation and out-of-pocket maximum that may apply under that group health plan of the Resulting Corporation and its Subsidiaries. In addition, employees that would otherwise be entitled to incentive compensation shall be paid prorated incentive compensation through the Effective Time, and prorated ESOP contributions for 2007 shall be made through the date of termination of the ESOP.

(f) BancGroup will take no action that would prevent or impede the merger from qualifying as a tax-free reorganization within the meaning of Section 368 of the Code, and BancGroup will treat the merger consistently with such qualification for all income Tax purposes. BancGroup will comply with all reporting requirements applicable to reorganizations within the meaning of Section 368 of the Code.

(g) Indemnification. (i) Subject to the conditions set forth in the succeeding paragraphs, after the Effective Time (and until the expiration of the applicable statute of limitations with respect to any claims against such persons) BancGroup shall, and shall cause Colonial Bank, N.A. to, indemnify, defend and hold harmless each director, officer and employee of each Acquired Corporation Company (each being an "Indemnified Party") against all Liabilities arising out of actions or omissions occurring upon or prior to the Effective Time (including without limitation the transactions contemplated by this Agreement) to the extent required under the bylaws and any existing indemnification agreements, each as in effect on the date hereof, of the Acquired Corporation Company and to the extent permitted or required under the DGCL and other applicable Laws, and subject to the limitations contained in 12 U.S.C. §1828(K) and 12 CFR Part 359 of the FDIC regulations.

(ii) BancGroup shall use commercially reasonable efforts to cause individuals serving as directors and officers of any Acquired Corporation Company on the Closing Date to be covered for at least two years from the Closing Date by either (i) the directors' and officers' liability insurance policy maintained by the Acquired Corporation immediately prior to the Closing Date with respect to acts or omissions occurring on or prior to the Effective Time that were committed by such officers and directors as such; or (ii) "tail" insurance policies with a claims period of at least two years from the Effective Time with respect to directors and officers' liability insurance in an amount and scope at least as favorable as the Acquired Corporation's existing policies for claims arising from facts or events that occurred on or prior to the Effective Time.

(iii) Any Indemnified Party wishing to claim indemnification under this subsection (h), upon learning of any such Liability or Litigation, shall promptly notify BancGroup thereof. In the event of any such Litigation (whether arising before or after the Effective Time) (A) BancGroup or Colonial Bank, N.A. shall have the right to assume the defense thereof with counsel reasonably acceptable to such Indemnified Party and, upon

assumption of such defense, BancGroup shall not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if BancGroup or Colonial Bank, N.A. elects not to assume such defense or counsel for the Indemnified Parties advises that there are substantive issues which raise conflicts of interest between BancGroup and the Indemnified Parties, the Indemnified Parties may retain counsel satisfactory to them, and BancGroup or Colonial Bank, N.A. shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefor are received; provided, that BancGroup shall be obligated pursuant to this subsection to pay for only one firm of counsel for all Indemnified Parties in any jurisdiction, (B) the Indemnified Parties will cooperate in the defense of any such Litigation; and (C) BancGroup shall not be liable for any settlement effected without its prior consent (which consent shall not be unreasonably withheld or delayed); and provided further that BancGroup and Colonial Bank, N.A. shall not have any obligation hereunder to any Indemnified Party (i) when and if a court of competent jurisdiction shall determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable Law, or (ii) it is determined that indemnification is prohibited under 12 USC §1828(K) or 12 CFR Part 359.

(iv) Acquired Corporation hereby represents and warrants to BancGroup that it has no Knowledge of any claim, pending or threatened, or of any facts or circumstances that could give rise to any obligation by BancGroup to provide the indemnification required by this section 6.1(g) other than as described in any schedule to this Agreement and claims arising from any transaction contemplated by this Agreement.

(v) In the event the Resulting Corporation or Colonial Bank, N.A., or any of their respective successors or assigns transfers all or substantially all of its respective properties and assets to any person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Resulting Corporation or Colonial Bank, N.A., as the case may be, shall succeed to or otherwise be bound by the obligations set forth in this Section 6.1(g).

**6.2 Additional Covenants of Acquired Corporation.** Acquired Corporation covenants to and with BancGroup as follows:

(a) Operations. Acquired Corporation will conduct its business and the business of each Acquired Corporation Company in a proper and prudent manner and will use its commercially reasonable efforts to maintain its relationships with its depositors, customers and employees. Without the prior written consent of BancGroup, no Acquired Corporation Company will engage in any Material transaction outside the ordinary course of business or make any Material change in its accounting policies or methods of operation, nor will Acquired Corporation willingly permit the occurrence of any change or event which would render any of the representations and warranties in Article 5 hereof untrue in any Material respect at and as of the Effective Time with the same effect as though such representations and warranties had been made at and as of such Effective Time, unless such representation or warranty is made as of a specific date. Except as set described in detail on Schedule 6.2(a), Acquired Corporation shall cause the Bank to postpone all branch relocation and/or expansion plans prior to the Effective

Time or the date of termination pursuant to this Agreement. Acquired Corporation will take no action that would prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368 of the Code, and Acquired Corporation will treat the merger consistently with such qualification for all income Tax purposes. Acquired Corporation will comply with all reporting requirements applicable to reorganizations within the meaning of Section 368 of the Code.

(b) Shareholders Meeting; Commercially Reasonable Efforts. Acquired Corporation will cooperate with BancGroup in the preparation of the Registration Statement and any regulatory filings and will use commercially reasonable efforts (including with reference to the anticipated timing of any regulatory approvals) to cause the Shareholders Meeting to be held for the purpose of approving the Merger as soon as practicable after the latter of the effective date of the Registration Statement or clearance by the SEC of the Proxy Statement for mailing, and will use commercially reasonable efforts to bring about the transactions contemplated by this Agreement, including shareholder approval of this Agreement, as soon as practicable unless this Agreement is terminated as provided herein.

(c) Prohibited Negotiations. (i) Except with respect to this Agreement and the transactions contemplated hereby, no Acquired Corporation Company nor any affiliate thereof nor any investment banker, attorney, accountant, or other representative (collectively, "Representatives") retained by an Acquired Corporation Company shall directly or indirectly solicit any Acquisition Proposal by any Person. Except to the extent the Acquired Corporation's Board of Directors, after consultation with counsel, determines in good faith it necessary to comply with its fiduciary duties, no Acquired Corporation Company or any Representative thereof shall furnish any non-public information that it is not legally obligated to furnish, negotiate with respect to, or enter into any Contract with respect to, any Acquisition Proposal, and each Acquired Corporation Company shall direct and use its reasonable efforts to cause all of its Representatives not to engage in any of the foregoing, but Acquired Corporation may communicate information about such an Acquisition Proposal to its shareholders if and to the extent, after consultation with counsel, that it determines in good faith that it is required to do so in order to comply with its legal obligations. Acquired Corporation shall promptly notify BancGroup orally and in writing in the event that any Acquired Corporation Company receives after the date hereof any written inquiry or proposal relating to any such Acquisition Proposal. Acquired Corporation shall immediately cease and cause to be terminated any existing activities, discussions, or negotiations with any Persons other than BancGroup conducted heretofore with respect to any of the foregoing.

(ii) If Acquired Corporation (A) willfully breaches this Agreement and the Merger is not consummated, (B) enters into a letter of intent or definitive agreement regarding an Acquisition Proposal with any third party (other than BancGroup or any of its Subsidiaries) prior to the earlier of (i) the Effective Time or (ii) the termination of this Agreement pursuant to Article 13 hereof (other than a termination pursuant to paragraph (a) of section 13.2 hereof or by Acquired Corporation pursuant to paragraphs (b), (c) or (d) of section 13.2 hereof), or (C) if Acquired Corporation receives or is the subject of an Acquisition Proposal from a third party (other than BancGroup or its Subsidiaries) prior to the termination of this Agreement pursuant to Article 13 hereof (other than a termination pursuant to paragraph (a) of

section 13.2 hereof or by Acquired Corporation pursuant to paragraphs (b), (c) or (d) of section 13.2 hereof), and within twelve (12) months after termination of this Agreement pursuant to Article 13 hereof (other than a termination pursuant to paragraph (a) of section 13.2 hereof or by Acquired Corporation pursuant to paragraphs (b), (c) or (d) of section 13.2 hereof) an Acquisition Proposal is consummated with such third party, Acquired Corporation covenants and agrees that it shall pay to BancGroup upon written demand at any time (Y) after Acquired Corporation enters into an agreement which is legally binding on Acquired Corporation regarding an Acquisition Proposal or (Z) at any time on or after the date of consummation of such Acquisition Proposal, which ever is the first to occur, the principal sum of \$8,000,000. Such payment shall compensate BancGroup for its direct and indirect costs and expenses in connection with the transactions contemplated by this Agreement, including BancGroup's management time devoted to negotiation and preparation for the Merger and BancGroup's loss as a result of the Merger not being consummated. The Parties acknowledge and agree that it would be impracticable or extremely difficult to fix the actual damages resulting from the foregoing events and, therefore, the Parties have agreed upon the foregoing payment as liquidated damages which shall not be deemed to be in the nature of a penalty. Other than the payment provided for in this section 6.2(c)(ii) and any Liability for expenses as set forth in Section 15.10 hereof, there shall be no other Liability or obligation on the part of any Acquired Corporation Company or their respective directors or officers resulting from any of the events described in this section 6.2(c)(ii).

(d) Director Recommendation. Except to the extent the Board of Directors of Acquired Corporation determines in good faith that it is required to do otherwise in order to comply with their fiduciary duties, the members of the Board of Directors of Acquired Corporation agree to support publicly the Merger and to recommend that Acquired Corporation shareholders vote to approve the Merger at any meeting of the shareholders in which the Merger is considered.

(e) Voting. Acquired Corporation shall on the date of execution of this Agreement obtain and submit to BancGroup an agreement from its directors and its Chief Executive Officer and Chief Operating Officer substantially in the form set forth in Exhibit A.

(f) Financial Statements and Monthly Status Reports. Acquired Corporation shall furnish to BancGroup:

(i) As soon as practicable and in any event within 45 days after the end of each quarterly period in each fiscal year (other than the last quarterly period), consolidated statements of operations of Acquired Corporation for such period and for the period beginning at the commencement of the fiscal year and ending at the end of such quarterly period, and a consolidated statement of financial condition of Acquired Corporation as of the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding periods ending in the preceding fiscal year, subject to changes resulting from year-end adjustments;

(ii) With reasonable promptness, such additional financial data as BancGroup may reasonably request (including a schedule of any classified loans or loans subject

to a "policy exception" or "watch" status as a result of any matters related to compliance with Environmental Laws); and

(iii) Within 10 calendar days after the end of each month (or, if the financial statements referred to in clause (d) are not then available, as soon as possible thereafter) commencing with the next calendar month following the date of this Agreement and ending at the Effective Time, a written description of (a) any non-compliance with the terms of this Agreement, together with its then current estimate of the out-of-pocket costs and expenses incurred or reasonably accruable in connection with the transactions contemplated by this Agreement; (b) the status, as of the date of the report, of all existing or threatened litigation against any Acquired Corporation Company; (c) copies of minutes of any meeting of the board of directors of any Acquired Corporation Company and any committee thereof occurring in the month for which such report is made, including all documents presented to the directors at such meetings; and (d) monthly financial statements, including a balance sheet and income statement.

(iv) All information obtained by BancGroup or its representatives pursuant to this Section 6.2(f) shall be kept confidential in accordance with that certain confidentiality agreement dated May 8, 2007 unless required by Law or an Order to be disclosed.

(g) Fiduciary Duties. Except as disclosed in Schedule 6.2(g), prior to the Effective Time, Acquired Corporation will use its commercially reasonable efforts so that (i) no director or officer (each an "Executive") of any Acquired Corporation Company shall, directly or indirectly, own, manage, operate, join, control, be employed by or participate in the ownership, proposed ownership, management, operation or control of or be connected in any manner with, any business, corporation or partnership which is competitive to the business of any Acquired Corporation Company; provided that the ownership of such Executive as an investor of not more than one percent of the outstanding securities of stock of any corporation whose stock is listed for trading on any securities exchange or is quoted on the automated quotation system of the National Association of Securities Dealers, Inc., or the shares of any investment company as defined in Section 3 of the Investment Company Act of 1940, as amended, shall not in itself constitute a violation of Executive's obligations under this Section 6.2(g) and provided further that an Executive's representation of such an entity individually or through a professional firm, as an attorney, accountant, or in a similar professional capacity shall not in itself constitute a violation of Executive's obligations under this Section 6.2(g); (ii) all Executives, at all times, shall satisfy their fiduciary duties to Acquired Corporation and its Subsidiaries, and (iii) such Executives shall not (except as required in the course of his or her employment with any Acquired Corporation Company) communicate or divulge to, or use for the benefit of himself or herself or any other person, firm, association or corporation, without the express written consent of Acquired Corporation, any confidential information which is possessed, owned or used by or licensed by or to any Acquired Corporation Company or confidential information belonging to third parties which any Acquired Corporation Company shall be under obligation to keep secret or which may be communicated to, acquired by or learned of by the Executive in the course of or as a result of his or her employment with any Acquired Corporation Company.

(h) Certain Practices. At the request of BancGroup, (i) Acquired Corporation shall consult with BancGroup and advise BancGroup through Caryn Cope (334-676-5002) or her

designee of all of the Bank's loan requests (excluding renewals) over \$1,000,000 that are not single-family residential loan requests or of any other loan request outside the normal course of business, and (ii) Acquired Corporation will consult with BancGroup on a reasonable basis to coordinate various business issues. Acquired Corporation and the Bank shall not be required to undertake any of such activities, however, except as such activities may be in compliance with existing Law and Regulations.

(i) Sale of Subsidiary Bank Charter. BancGroup contemplates that it may enter into agreements with another financial institution to undertake a transaction or a series of transactions that occur as of or after the Effective Time and would have the effect of transferring the Bank's Charter to such other financial institution (a "Charter Sale"). Acquired Corporation agrees that it will take all commercially reasonable actions to assist BancGroup in such a Charter Sale, including, without limitation, approving such transactions as shareholder of the Bank, causing the Bank to prepare and execute such regulatory applications as may be required and to enter into such merger or other agreements as may be required to effectuate a Charter Sale.

(j) Losses and Loss of Business. Acquired Corporation shall promptly notify BancGroup if it suffers any Losses other than in the ordinary course of business, and Acquired Corporation shall promptly notify BancGroup if it has received notice or had Knowledge or reason to believe that any of its or the Bank's substantial customers has terminated or intends to terminate its relationship.

(k) Termination of Employee Stock Ownership Plan. Acquired Corporation shall immediately begin to take whatever steps are necessary to terminate its Employee Stock Ownership Plan (the "ESOP"). There shall be no duty to actually terminate the ESOP until five business days prior to the Closing. In addition, the Acquired Corporation shall continue to accrue and make its monthly contribution to the ESOP in accordance with past practices of Acquired Corporation through the date of termination of the ESOP.

(l) Sale of Company Owned Automobiles. Either prior to or within ten (10) business days of the Special Meeting (if the Merger is approved), Acquired Corporation shall offer to its employees who use company-owned automobiles, the ability to purchase such automobiles from the applicable Acquired Corporation Company at the value listed upon the books of Acquired Corporation Company. If an Acquired Corporation Company employee declines to purchase his or her automobile, then Acquired Corporation shall sell such unclaimed automobiles in a commercially reasonable manner.

(m) Termination of Contracts. Acquired Corporation shall take such commercially reasonable actions to terminate certain of its Contracts prior to the Effective Time (but effective as of the Effective Time) as may be requested by BancGroup.

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**ARTICLE 7**  
**MUTUAL COVENANTS AND AGREEMENTS**

**7.1 Commercially Reasonable Efforts; Cooperation.** Subject to the terms and conditions herein provided, BancGroup and Acquired Corporation each agrees to use its commercially reasonable efforts promptly to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable under applicable Laws or otherwise, including, without limitation, promptly making required deliveries of stockholder lists and stock transfer reports and attempting to obtain all necessary Consents and waivers and regulatory approvals, including the holding of any regular or special board meetings, to consummate and make effective, as soon as practicable, the transactions contemplated by this Agreement. Each Party to this Agreement shall use commercially reasonable efforts to cause its respective officers to fully cooperate with officers and employees, accountants, counsel and other representatives of the other Parties not only in fulfilling the duties hereunder of the Party of which they are officers but also in assisting, directly or through direction of employees and other persons under their supervision or control, such as stock transfer agents for the Party, the other Parties requiring information which is reasonably available from such Party.

**7.2 Press Release.** Each Party hereto agrees that, unless approved by the other Party in advance, such Party will not make any public announcement, issue any press release or other publicity or confirm any statements by any person not a party to this Agreement concerning the transactions contemplated hereby. Notwithstanding the foregoing, each Party hereto reserves the right to make any disclosure if such Party, in its reasonable discretion, deems such disclosure required by Law. In that event, such Party shall use reasonable efforts to provide to the other Party the text of such disclosure sufficiently in advance to enable the other Party to have a reasonable opportunity to comment thereon.

**7.3 Mutual Disclosure.**

(a) Each Party hereto agrees, upon request from the other Party, to promptly furnish to each other Party hereto its public disclosures and filings not precluded from disclosure by Law including but not limited to call reports, Form 8-K, Form 10-Q and Form 10-K filings, Y-3 applications, reports on Form Y-6, quarterly or special reports to shareholders, Tax returns, Form S-4 and S-8 registration statements and similar documents;

(b) promptly upon receipt thereof, each Party agrees to furnish to the other Party copies of all audit reports submitted to such Party by independent auditors in connection with each annual, interim or special audit of the books of such Party made by such accountants; and

(c) as soon as practicable, copies of all such financial statements and reports as each Party shall send to its stockholders and of such regular and periodic reports as each Party may file with the SEC or any other Agency shall be delivered to the other Party.



**7.4 Access to Properties and Records.** Each Party hereto shall afford the officers and authorized representatives of the other Party reasonable access to the Assets, books and records of such Party in order that such other Parties may have full opportunity to make such investigation as they shall desire of the affairs of such Party and shall furnish to such Parties such additional financial and operating data and other information as to its businesses and Assets as shall be from time to time reasonably requested. All such information that may be obtained by any such Party will be held in confidence by such party, will not be disclosed by such Party or any of its representatives except in accordance with this Agreement, and will not be used by such Party for any purpose other than the accomplishment of the Merger as provided herein.

**7.5 Notice of Adverse Changes.** Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Material Subsidiaries which (i) is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on it or (ii) would cause or constitute a Material breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or promptly to remedy the same.

## **ARTICLE 8 CONDITIONS TO OBLIGATIONS OF ALL PARTIES**

The obligations of BancGroup and Acquired Corporation to cause the transactions contemplated by this Agreement to be consummated shall be subject to the satisfaction, in the sole discretion of the Party relying upon such conditions, on or before the Effective Time of all the following conditions, except as such Parties may waive such conditions in writing:

**8.1 Approval by Shareholders.** At the Shareholders Meeting, this Agreement and the matters contemplated by this Agreement shall have been duly approved by the vote of the holders of not less than the requisite number of the issued and outstanding voting securities of Acquired Corporation as is required by applicable Law and Acquired Corporation's articles of incorporation and bylaws.

**8.2 Regulatory Authority Approval.** (a) Orders, Consents and approvals, in form and substance reasonably satisfactory to BancGroup and Acquired Corporation, shall have been entered by the Board of Governors of the Federal Reserve System and other appropriate bank regulatory Agencies (i) granting the authority necessary for the consummation of the transactions contemplated by this Agreement, including the possible merger of the Bank with Colonial Bank, N.A., if such merger is desired by Colonial Bank, N.A., as contemplated pursuant to section 2.8 hereof, but excluding the Charter Sale, and (ii) satisfying all other requirements prescribed by Law. No Order, Consent or approval so obtained which is necessary to consummate the transactions as contemplated hereby shall be conditioned or restricted in a manner which in the reasonable good faith judgment of the Board of Directors of BancGroup would so Materially adversely impact the economic benefits of the transaction as contemplated by this Agreement so as to render inadvisable the consummation of the Merger.

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(b) Each Party shall have obtained any and all other Consents (other than those referred to in Section 8.2(a) of this Agreement), if any, necessary for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on such Party. No Consent obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner which in the reasonable judgment of the Board of Directors of BancGroup would so Materially adversely impact the economic or business benefits of the transactions contemplated by this Agreement so as to render inadvisable the consummation of the Merger.

**8.3 Litigation.** There shall be no pending or threatened Litigation in any court or any pending or threatened proceeding by any governmental commission, board or Agency, with a view to seeking or in which it is sought to restrain or prohibit consummation of the transactions contemplated by this Agreement or in which it is sought to obtain divestiture, rescission or damages in connection with the transactions contemplated by this Agreement and no investigation by any Agency shall be pending or threatened which might result in any such suit, action or other proceeding.

**8.4 Registration Statement.** *The Registration Statement shall be effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement shall be in effect or threatened; no proceedings for such purpose, or under the proxy rules of the SEC or any bank regulatory authority pursuant to the 1934 Act, with respect to the transactions contemplated hereby, shall be pending before or threatened by the SEC or any bank regulatory authority; and all approvals or authorizations for the offer of BancGroup Common Stock shall have been received or obtained pursuant to any applicable state securities Laws, and no stop order or proceeding with respect to the transactions contemplated hereby shall be pending or threatened under any such state Law.*

**8.5 Tax Opinion.** *An opinion of PricewaterhouseCoopers LLP or such other reputable firm, shall have been received in form and substance reasonably satisfactory to the Acquired Corporation and BancGroup to the effect that (i) the Merger will constitute a "reorganization" within the meaning of section 368 of the Code; (ii) no gain or loss will be recognized by BancGroup or Acquired Corporation; (iii) no gain or loss will be recognized by the shareholders of Acquired Corporation who receive shares of BancGroup Common Stock except to the extent of any taxable "boot" received by such persons from BancGroup, and except to the extent of any dividends received from Acquired Corporation prior to the Effective Time; (iv) the basis of the BancGroup Common Stock received in the Merger will be equal to the sum of the basis of the shares of Acquired Corporation common stock exchanged in the Merger and the amount of gain, if any, which was recognized by the exchanging Acquired Corporation shareholder, including any portion treated as a dividend, less the value of taxable boot, if any, received by such shareholder in the Merger; (v) the holding period of the BancGroup Common Stock will include the holding period of the shares of Acquired Corporation common stock exchanged therefore if such shares of Acquired Corporation common stock were capital assets in the hands of the exchanging Acquired Corporation shareholder; and (vi) cash received by an Acquired Corporation shareholder in lieu of a fractional share interest of BancGroup Common Stock will be treated as having been received as a distribution in full payment in exchange for*

the fractional share interest of BancGroup Common Stock which he or she would otherwise be entitled to receive and will qualify as capital gain or loss (assuming the Acquired Corporation common stock was a capital asset in his or her hands as of the Effective Time).

## **ARTICLE 9 CONDITIONS TO OBLIGATIONS OF ACQUIRED CORPORATION**

The obligations of Acquired Corporation to cause the transactions contemplated by this Agreement to be consummated shall be subject to the satisfaction on or before the Effective Time of all the following conditions except as Acquired Corporation may waive such conditions in writing:

**9.1 Representations, Warranties and Covenants.** Notwithstanding any investigation made by or on behalf of Acquired Corporation, all representations and warranties of BancGroup contained in this Agreement shall be true in all Material respects on and as of the Closing Date as if such representations and warranties were made on and as of such Closing Date (except for representations and warranties made as of a specific date or time, which shall be true in all Material respects only as of such date or time), and BancGroup shall have performed in all Material respects all agreements, covenants and obligations required by this Agreement to be performed by it on or prior to the Closing Date.

**9.2 Adverse Changes.** There shall have been no changes after the date of the most recent balance sheet provided under section 4.3(a)(i) hereof in the results of operations (as compared with the corresponding period of the prior fiscal year), Assets, Liabilities, financial condition or affairs of BancGroup which in their total effect constitute a Material Adverse Effect, nor shall there have been any Material changes in the Laws governing the business of BancGroup which would impair the rights of Acquired Corporation or its shareholders pursuant to this Agreement.

**9.3 Closing Certificate.** In addition to any other deliveries required to be delivered hereunder, Acquired Corporation shall have received a certificate from the President or an Executive Vice President and from the Secretary or Assistant Secretary of BancGroup dated as of the Closing certifying that:

(a) the Board of Directors of BancGroup has duly adopted resolutions approving the substantive terms of this Agreement and authorizing the consummation of the transactions contemplated by this Agreement and such resolutions have not been amended or modified and remain in full force and effect;

(b) each person executing this Agreement on behalf of BancGroup is an officer of BancGroup holding the office or offices specified therein and the signature of each person set forth on such certificate is his or her genuine signature;

(c) the certificate of incorporation and bylaws of BancGroup referenced in Section 4.4 hereof remain in full force and effect;

(d) such persons have no knowledge of a basis for any Material claim, in any court or before any Agency or arbitration or otherwise against, by or affecting BancGroup or the business, prospects, condition (financial or otherwise), or Assets of BancGroup which would prevent the performance of this Agreement or the transactions contemplated by this Agreement or declare the same unlawful or cause the rescission thereof;

(e) to such persons' knowledge, the Registration Statement delivered to Acquired Corporation's shareholders, or any amendments or revisions thereto so delivered, as of the date thereof, did not contain or incorporate by reference any untrue statement of a Material fact or omit to state any Material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made (it being understood that such persons need not express a statement as to information provided by Acquired Corporation for inclusion in such Registration Statement);

(f) each of the representations and warranties of BancGroup made in Article 4 of the Agreement (other than any of such representations and warranties which speak as of a date prior to the date hereof which shall be true in all Material respects as of such date) are true in all Material respects as of the date hereof, and the conditions set forth in this Article 9 of the Agreement insofar as they relate to BancGroup have been satisfied; and

(g) BancGroup has performed in all Material respects all obligations required to be performed by it at or prior to the Closing Date under this Agreement.

**9.4 Opinion of Counsel.** Acquired Corporation shall have received an opinion of Miller, Hamilton, Snider & Odom, L.L.C., counsel to BancGroup, dated as of the Closing, that shall render opinions on such matters pertaining to the Closing as shall be reasonably satisfactory to Acquired Corporation.

**9.5 NYSE Listing.** The shares of BancGroup Common Stock to be issued under this Agreement shall have been approved for listing on the NYSE.

**9.6 Other Matters.** There shall have been furnished to such counsel for Acquired Corporation certified copies of such corporate records of BancGroup and copies of such other documents as such counsel may reasonably have requested for such purpose.

**9.7 Material Events.** There shall have been no determination by the board of directors of Acquired Corporation that the transactions contemplated by this Agreement have become impracticable because of any declaration of a banking moratorium in the United States or a general suspension of trading on the NYSE or any other exchange on which BancGroup Common Stock may be traded.

**9.8 Fairness Opinion.** Acquired Corporation shall have received from each of FIG Partners, LLC and Hovde Financial, Inc. a letter, dated as of the date of this Agreement, setting forth its opinion that the Merger Consideration to be received by the shareholders of Acquired Corporation under the terms of this Agreement is fair to them from a financial point of view.

**ARTICLE 10**  
**CONDITIONS TO OBLIGATIONS OF BANCGROUP**

The obligations of BancGroup to cause the transactions contemplated by this Agreement to be consummated shall be subject to the satisfaction on or before the Effective Time of all of the following conditions except as BancGroup may waive such conditions in writing:

**10.1 Representations, Warranties and Covenants.** Notwithstanding any investigation made by or on behalf of BancGroup, all representations and warranties of Acquired Corporation contained in this Agreement shall be true in all Material respects on and as of the Closing Date as if such representations and warranties were made on and as of such Closing Date (except for representations and warranties made as of a specific date or time, which shall be true in all Material respects only as of such date or time), and Acquired Corporation shall have performed in all Material respects all agreements, covenants and obligations required by this Agreement to be performed by it on or prior to the Closing Date.

**10.2 Adverse Changes.** There shall have been no changes after the date of the most recent balance sheet provided under section 5.3(a)(i) hereof in the results of operations (as compared with the corresponding period of the prior fiscal year), Assets, Liabilities, financial condition or affairs of Acquired Corporation which in their total effect constitute a Material Adverse Effect, nor shall there have been any Material changes in the Laws governing the business of Acquired Corporation which would impair the rights of BancGroup or its shareholders pursuant to this Agreement.

**10.3 Closing Certificate.** In addition to any other deliveries required to be delivered hereunder, BancGroup shall have received a certificate from the President or an Executive Vice President and from the Secretary or Assistant Secretary of Acquired Corporation dated as of the Closing certifying that:

(a) the Board of Directors of Acquired Corporation has duly adopted resolutions approving the substantive terms of this Agreement and authorizing the consummation of the transactions contemplated by this Agreement and such resolutions have not been amended or modified and remain in full force and effect;

(b) each person executing this Agreement on behalf of Acquired Corporation is an officer of Acquired Corporation holding the office or offices specified therein and the signature of each person set forth on such certificate is his or her genuine signature;

(c) the certificate of incorporation and bylaws of Acquired Corporation referenced in Section 5.8 hereof remain in full force and effect;

(d) such persons have no knowledge of a basis for any Material claim, in any court or before any Agency or arbitration or otherwise against, by or affecting Acquired Corporation or the business, prospects, condition (financial or otherwise), or Assets of Acquired

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Corporation which would prevent the performance of this Agreement or the transactions contemplated by this Agreement or declare the same unlawful or cause the rescission thereof;

(e) to such persons' knowledge, the Registration Statement delivered to BancGroup's shareholders, or any amendments or revisions thereto so delivered, as of the date thereof, did not contain or incorporate by reference any untrue statement of a Material fact or omit to state any Material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made (it being understood that such persons need not express a statement as to information provided by BancGroup for inclusion in such Registration Statement);

(f) each of the representations and warranties of Acquired Corporation made in Article 5 of the Agreement (other than any of such representations and warranties which speak as of a date prior to the date hereof which shall be true in all Material respects as of such date) are true in all Material respects as of the date hereof, and the conditions set forth in this Article 10 of the Agreement insofar as they relate to Acquired Corporation have been satisfied; and

(g) Acquired Corporation has performed in all Material respects all obligations required to be performed by it at or prior to the Closing Date under this Agreement.

**10.4 Opinion of Counsel.** BancGroup shall have received an opinion of Holland & Knight, counsel to Acquired Corporation, dated as of the Closing, that shall render opinions on such matters pertaining to the Closing as shall be reasonably satisfactory to BancGroup.

**10.5 Controlling Shareholders.** Each outside director and each person listed on Schedule 6.2(e) hereof shall have executed and delivered an agreement satisfactory to BancGroup to the effect that such person shall not make a "distribution" (within the meaning of Rule 145) of the Common Stock which he receives at the Effective Time and that such Common Stock will be held subject to all applicable provisions of the 1933 Act and the rules and regulations of the SEC thereunder. Acquired Corporation recognizes and acknowledges that BancGroup Common Stock issued to such persons may bear a legend evidencing the agreement described above.

**10.6 Other Matters.** There shall have been furnished to counsel for BancGroup certified copies of such corporate records of Acquired Corporation and copies of such other documents as such counsel may reasonably have requested for such purpose.

**10.7 Material Events.** There shall have been no determination by the board of directors of BancGroup that the transactions contemplated by this Agreement have become impracticable because of any state of war, declaration of a banking moratorium in the United States or general suspension of trading on the NYSE or any exchange on which BancGroup Common Stock may be traded.

**10.8 Landlord's Consents.** BancGroup shall have received any required consents from any landlords to any property leased by any Acquired Corporation Company.

**10.9 ESOP Dissolution.** Acquired Corporation's ESOP shall have been terminated and dissolved. Upon dissolution, each share of Class C common stock shall be converted into one share of Class B common stock and 9 shares of Class A common stock.

## **ARTICLE 11 TERMINATION OF REPRESENTATIONS AND WARRANTIES**

All representations and warranties provided in Articles 4 and 5 of this Agreement or in any closing certificate pursuant to Articles 9 and 10 shall terminate and be extinguished at and shall not survive the Effective Time. All covenants, agreements and undertakings required by this Agreement to be performed by any Party hereto following the Effective Time shall survive such Effective Time and be binding upon such Party. If the Merger is not consummated, all representations, warranties, obligations, covenants, or agreements hereunder or in any certificate delivered hereunder relating to the transaction which is not consummated shall be deemed to be terminated or extinguished, except that the last sentence of Section 7.4, and Sections 6.2(c)(ii), 6.2(f)(iv), 7.2, 13.3, Article 11, Article 12, Article 15, any applicable definitions of Article 14 and the Confidentiality Agreement shall survive. Items disclosed in the Exhibits and Schedules attached hereto are incorporated into this Agreement and form a part of the representations, warranties, covenants or agreements to which they relate.

## **ARTICLE 12 NOTICES**

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so received:

(a) If to Acquired Corporation, to Douglas G. Small, President and CEO, Citrus & Chemical Bancorporation, Inc., 600 North Broadway Avenue, Bartow, Florida 33830, facsimile (863) 519-2196, with a copy to Richard Hadlow, Holland & Knight, 100 North Tampa Street, Suite 4100, Tampa, Florida 33602, facsimile (813) 229-0134, or as may otherwise be specified in writing by Acquired Corporation to BancGroup.

(b) If to BancGroup, to Robert E. Lowder, Chairman and CEO, and Sarah H. Moore, Sr. EVP-CFO, Colonial Corporate Campus, 100 Colonial Bank Boulevard, Montgomery, Alabama 36117, facsimile (334) 676-5345, with copies to David B. Byrne, Jr., EVP-General Counsel, Colonial Corporate Campus, 100 Colonial Bank Boulevard, Montgomery, Alabama 36117, facsimile (334) 676-5069, telephone (334) 676-5460 and to Hugh C. Nickson, III, Esq., Miller, Hamilton, Snider & Odom, L.L.C., 100 Colonial Bank Boulevard, Suite B101, Montgomery, Alabama 36117, facsimile (334) 265-4533, telephone (334) 834-5550, email [HughNickson@mhsolaw.com](mailto:HughNickson@mhsolaw.com), or as may otherwise be specified in writing by BancGroup to Acquired Corporation.

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**ARTICLE 13**  
**AMENDMENT OR TERMINATION**

**13.1 Amendment.** This Agreement may be amended by the mutual consent of BancGroup and Acquired Corporation before or after approval of the transactions contemplated herein by the shareholders of Acquired Corporation.

**13.2 Termination.** This Agreement may be terminated at any time prior to or at the Effective Time whether before or after action thereon by the shareholders of Acquired Corporation, as follows:

(a) by the mutual consent of the respective boards of directors of Acquired Corporation and BancGroup;

(b) by the board of directors of either Party (provided that the terminating Party is not then in Material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a Material breach by the other Party of any representation or warranty contained in this Agreement which cannot be or has not been cured within thirty (30) days after the giving of written notice to the breaching Party of such breach and which breach would provide the non-breaching Party the ability to refuse to consummate the Merger under the standard set forth in section 10.1 of this Agreement in the case of BancGroup and section 9.1 of this Agreement in the case of Acquired Corporation;

(c) by the board of directors of either Party (provided that the terminating Party is not then in Material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a Material breach by the other Party of any covenant or agreement contained in this Agreement which cannot be or has not been cured within thirty (30) days after the giving of written notice to the breaching Party of such breach, or if any of the conditions to the obligations of such Party contained in this Agreement in Article 9 as to Acquired Corporation or Article 10 as to BancGroup shall not have been satisfied in full or waived; or

(d) by the board of directors of either Party if all transactions contemplated by this Agreement shall not have been consummated on or prior to April 19, 2008, if the failure to consummate the transactions provided for in this Agreement on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 13.2(d).

(e) without further action by either Party, upon the execution by Acquired Corporation of an agreement which is legally binding on Acquired Corporation with any third party (other than BancGroup or its Subsidiaries) with respect to an Acquisition Proposal if, in connection therewith, BancGroup will have the right to demand the payment of the sum described in section 6.2(c)(ii) by the Acquired Corporation.



**13.3 Damages.** In the event of termination pursuant to section 13.2, this Agreement shall become void and have no effect other than as set forth in section 6.2(c)(ii) and except as provided in Article 11, and except that Acquired Corporation and BancGroup shall be liable for actual damages (but not indirect, special or consequential damages) for any willful breach of a warranty, representation, covenant or other agreement contained in this Agreement.

#### **ARTICLE 14 DEFINITIONS**

(a) The following terms, which are capitalized in this Agreement, shall have the meanings set forth below for the purpose of this Agreement:

Acquired Corporation	Citrus & Chemical Bancorporation, Inc.
Acquired Corporation Company	Shall mean Acquired Corporation, the Bank, any Subsidiary of Acquired Corporation or the Bank, or any person or entity acquired as a Subsidiary of Acquired Corporation or the Bank in the future and owned by Acquired Corporation or the Bank at the Effective Time.
Acquired Corporation Options	Options respecting the issuance of a maximum of 635,383 shares of Acquired Corporation common stock pursuant to Acquired Corporation's stock option plans.
Acquired Corporation Stock	The aggregate amount of 5,272,947 Shares of Class A, B and C common stock, no par value, of Acquired Corporation, increased by any shares obtained by the exercise of vested options of the Acquired Corporation, increased by the issuance of shares of Class A common stock and Class B common stock upon the termination of the ESOP, and less forfeitures applicable to the ESOP.
Acquisition Proposal	Shall mean, with respect to a Party, any tender offer or exchange offer or any proposal for a merger, acquisition of all of the stock or assets of, or other business combination involving such Party or any of its Subsidiaries or the acquisition of a substantial equity interest in, or substantial portion of the assets of, such Party or any of its Subsidiaries.
Agencies	Shall mean, collectively, the Federal Trade Commission, the United States Department of Justice, the Board of the Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, all state regulatory agencies having

jurisdiction over the Parties and their respective Subsidiaries, HUD, the VA, the FHA, the GNMA, the FNMA, the FHLMC, the NYSE, and the SEC.

Agreement	Shall mean this Agreement and Plan of Merger and the Exhibits and Schedules delivered pursuant hereto and incorporated herein by reference.
Assets	<i>Of a Person shall mean all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located.</i>
BancGroup	The Colonial BancGroup, Inc., a Delaware corporation with its principal offices in Montgomery, Alabama.
Bank	Citrus & Chemical Bank, a Florida state chartered commercial bank.
Closing	The submission of the certificates of officers, legal opinions and other actions required to be taken in order to consummate the Merger in accordance with this Agreement.
Code	The Internal Revenue Code of 1986, as amended.
Common Stock	BancGroup's Common Stock authorized and defined in the restated certificate of incorporation of BancGroup, as amended.
Confidentiality Agreement	Confidentiality Agreement executed by BancGroup and Acquired Corporation on or around May 8, 2007.
Consent	Any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.
Contract	Any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, obligation, plan, practice, restriction, understanding or undertaking of any kind or character, or other document to

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which any Person is a party or that is binding on any Person or its capital stock, Assets or business.

Default	Shall mean (i) any breach or violation of or default under any Contract, Order or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of or default under any Contract, Order or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right to terminate or revoke, change the current terms of, or renegotiate, or to accelerate, increase, or impose any Liability under, any Contract, Order or Permit.
DGCL	The Delaware General Corporation Law.
Effective Time	Means the date and time at which the Merger becomes effective as defined in section 2.7 hereof.
Environmental Laws	Means the laws, regulations and governmental requirements referred to in section 5.23 hereof.
ERISA	The Employee Retirement Income Security Act of 1974, as amended.
Executive Officers	Shall mean the "Named Executive Officers" as that term is defined by SEC regulation and Schedule 14(a).
Exhibits	A through C, inclusive, shall mean the Exhibits so marked, copies of which are attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto.
FBCA	Florida Business Corporation Act
GAAP	Means generally accepted accounting principles in the United States applicable to banks and bank holding companies in the United States consistently applied during the periods involved.
Knowledge	Means the actual knowledge of the Executive Officers of BancGroup, in the case of knowledge of BancGroup. In the case of Acquired Corporation it means the actual

knowledge of the Executive Officers of Acquired Corporation.

Law Any code, law, ordinance, regulation, reporting or licensing requirement, rule, or statute applicable to a Person or its Assets, Liabilities or business, including, without limitation, those promulgated, interpreted or enforced by any Agency.

Liability Any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including, without limitation, costs of investigation, collection and defense), deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

Lien Any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or property interest, other than (i) Liens for current property Taxes not yet due and payable, (ii) for depository institution Subsidiaries of a Party, pledges to secure deposits and other Liens incurred in the ordinary course of the banking business, (iii) Liens in the form of easements and restrictive covenants on real property which do not Materially adversely affect the use of such property by the current owner thereof, and (iv) Liens which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on a Party.

Litigation Any action, arbitration, complaint, criminal prosecution, governmental or other examination or investigation, hearing, inquiry, administrative or other proceeding but shall not include regular, periodic examinations of depository institutions and their Affiliates by Regulatory Authorities, relating to or affecting a Party, its business, its Assets (including Contracts related to it), or the transactions contemplated by this Agreement.

Loan Property	Any property owned by the Party in question or by any of its Subsidiaries or in which such Party or Subsidiary holds a security interest, and, where required by the context, includes the owner or operator of such property, but only with respect to such property.
Loss	Any and all direct or indirect payments, obligations, recoveries, deficiencies, fines, penalties, interest, assessments, losses, diminution in the value of Assets, damages, punitive, exemplary or consequential damages (including, but not limited to, lost income and profits and interruptions of business), liabilities, costs, expenses (including without limitation, reasonable attorneys' fees and expenses, and consultant's fees and other costs of defense or investigation), and interest on any amount payable to a third party as a result of the foregoing.
Material/Materially	For purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; provided that any specific monetary amount stated in this Agreement shall determine materiality in that instance.
Material Adverse Effect	On a Party shall mean an event, change or occurrence which has a Material adverse impact on (i) the financial position, Assets, business, or results of operations of such Party and its Subsidiaries, taken as a whole, or (ii) the ability of such Party to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement, provided that "Material adverse effect" shall not be deemed to include the impact of commercially reasonable: (a) expenses incurred, accrued or to be incurred in connection with the transaction contemplated hereby (b) changes in banking and similar laws of general applicability or interpretations thereof by courts or governmental authorities, (c) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks and their holding companies, (d) actions and omissions of a Party (or any of its Subsidiaries) taken with the prior informed consent of the other Party in contemplation of the transactions contemplated hereby, (e) the Merger (including the announcement thereof) and compliance with the provisions of this Agreement on the operating performance of the Parties, (f) changes in conditions in the U.S. or global economy or capital or financial markets generally, or (g) acts of war, sabotage or terrorism, or any escalation or

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	worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement.
Merger	The merger of Acquired Corporation with BancGroup as contemplated in this Agreement.
Merger Consideration	The consideration as provided in Section 3.1(a).
NYSE	The New York Stock Exchange.
Order	Any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any federal, state, local or foreign or other court, arbitrator, mediator, tribunal, administrative agency or Agency.
Party	Shall mean Acquired Corporation or BancGroup, and "Parties" shall mean both Acquired Corporation and BancGroup.
Permit	Any federal, state, local, and foreign governmental approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets or business.
Person	A natural person or any legal, commercial or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity.
Proxy Statement	The proxy statement used by Acquired Corporation to solicit the approval of its shareholders of the transactions contemplated by this Agreement, which shall include the prospectus of BancGroup relating to the issuance of the BancGroup Common Stock to the shareholders of Acquired Corporation.
Registration Statement	The registration statement on Form S-4, or such other appropriate form, to be filed with the SEC by BancGroup, to register the shares of BancGroup Common Stock offered to shareholders of Acquired Corporation pursuant to this Agreement, including the Proxy Statement.

Resulting Corporation	BancGroup, as the surviving corporation resulting from the Merger.
SEC	United States Securities and Exchange Commission.
Shareholders Meeting	The special meeting of shareholders of Acquired Corporation called to approve the transactions contemplated by this Agreement.
Significant Subsidiaries	Shall have the same definition as it does in Section 1-02 of Regulation S-X under the Securities Act of 1933, as amended.
Subsidiaries	Shall mean all those corporations, banks, associations, or other entities of which the entity in question owns or controls 5% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 5% or more of the outstanding equity securities is owned directly or indirectly by its parent; provided, however, there shall not be included any such entity acquired through foreclosure or any such entity the equity securities of which are owned or controlled in a fiduciary capacity.
Tax or Taxes	Means any federal, state, county, local, foreign, and other taxes, assessments, charges, fares, and impositions, including interest and penalties thereon or with respect thereto.
1933 Act	The Securities Act of 1933, as amended.
1934 Act	The Securities Exchange Act of 1934, as amended.

**ARTICLE 15  
MISCELLANEOUS**

**15.1 Expenses.** (a) Except as otherwise provided in this Section 15.1, each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel, except that BancGroup shall bear and pay the filing fees payable in connection with any Agency approvals and the Registration Statement and printing costs incurred in connection with the printing of the Registration Statement.

(b) Nothing contained in this Section 15.1 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by a Party of the terms of this Agreement or otherwise limit the rights of the nonbreaching Party.

**15.2 Benefit and Assignment.** Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

**15.3 Governing Law.** Except to the extent the Laws of the State of Delaware apply to the Merger, this Agreement shall be governed by, and construed in accordance with the Laws of the State of Florida without regard to any conflict of Laws.

**15.4 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to constitute an original. Each such counterpart shall become effective when one counterpart has been signed by each Party thereto.

**15.5 Headings.** The headings of the various articles and sections of this Agreement are for convenience of reference only and shall not be deemed a part of this Agreement or considered in construing the provisions thereof.

**15.6 Severability.** Any term or provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining terms and provisions thereof or affecting the validity or enforceability of such provision in any other jurisdiction, and if any term or provision of this Agreement is held by any court of competent jurisdiction to be void, voidable, invalid or unenforceable in any given circumstance or situation, then all other terms and provisions, being severable, shall remain in full force and effect in such circumstance or situation and the term or provision shall remain valid and in effect in any other circumstances or situation, except if such omitted term or provision would so Materially adversely impact the economic benefits of the transaction to a Party as contemplated by this Agreement so as to render inadvisable the consummation of the Merger.

**15.7 Construction.** Use of the masculine pronoun herein shall be deemed to refer to the feminine and neuter genders, and the use of singular references shall be deemed to include the plural and vice versa, as appropriate. No inference in favor of or against any Party shall be drawn from the fact that such Party or such Party's counsel has drafted any portion of this Agreement.

**15.8 Return of Information.** In the event of termination of this Agreement prior to the Effective Time, each Party shall return to the other, without retaining copies thereof, all confidential or non-public documents, work papers and other materials obtained from the other Party in connection with the transactions contemplated in this Agreement and shall keep such information confidential, not disclose such information to any other person or entity, and not use such information in connection with its business.



**15.9 Equitable Remedies.** The parties hereto agree that, in the event of a breach of this Agreement by either Party, the other Party may be without an adequate remedy at law owing to the unique nature of the contemplated transactions. In recognition thereof, in addition to (and not in lieu of) any remedies at law that may be available to the non-breaching Party, the non-breaching Party shall be entitled to obtain equitable relief, including the remedies of specific performance and injunction, in the event of a breach of this Agreement by the other Party, and no attempt on the part of the non-breaching Party to obtain such equitable relief shall be deemed to constitute an election of remedies by the non-breaching Party that would preclude the non-breaching Party from obtaining any remedies at law to which it would otherwise be entitled.

**15.10 Attorneys' Fees.** If any Party hereto shall bring an action at law or in equity to enforce its rights under this Agreement (including an action based upon a misrepresentation or the breach of any warranty, covenant, agreement or obligation contained herein), the prevailing Party in such action shall be entitled to recover from the other Party its costs and expenses incurred in connection with such action (including fees, disbursements and expenses of attorneys and costs of investigation).

**15.11 No Waiver.** No failure, delay or omission of or by any Party in exercising any right, power or remedy upon any breach or Default of any other Party shall impair any such rights, powers or remedies of the Party not in breach or Default, nor shall it be construed to be a waiver of any such right, power or remedy, or an acquiescence in any similar breach or Default; nor shall any waiver of any single breach or Default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any provisions of this Agreement must be in writing and be executed by the Parties to this Agreement and shall be effective only to the extent specifically set forth in such writing.

**15.12 Remedies Cumulative.** All remedies provided in this Agreement, by law or otherwise, shall be cumulative and not alternative.

**15.13 Entire Contract.** This Agreement, the Confidentiality Agreement and the documents and instruments referred to herein constitute the entire contract between the parties to this Agreement and supersede all other understandings with respect to the subject matter of this Agreement

[Signatures are on next page.]

IN WITNESS WHEREOF, Acquired Corporation and BancGroup have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

ATTEST:

CITRUS & CHEMICAL BANCORPORATION,  
INC.

Judy A. Burdette  
By: Judy A. Burdette  
Its: Secretary

Douglas G. Small  
By: Douglas G. Small  
Its: President and CEO

(CORPORATE SEAL)

ATTEST:

THE COLONIAL BANCGROUP, INC.

David B. Byrne, Jr.  
By: David B. Byrne, Jr.  
Its: Secretary

Robert E. Lowder  
By: Robert E. Lowder  
Its: Chairman and CEO

(CORPORATE SEAL)

IN WITNESS WHEREOF, Acquired Corporation and BancGroup have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

ATTEST:

CITRUS & CHEMICAL BANCORPORATION,  
INC.

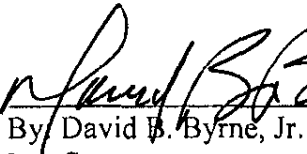
By: Judy Burdette  
Its: Secretary


By: Douglas G. Small  
Its: President and CEO

(CORPORATE SEAL)

ATTEST:

THE COLONIAL BANCGROUP, INC.

  
By: David B. Byrne, Jr.  
Its: Secretary

  
By: Robert E. Lowder  
Its: Chairman and CEO

(CORPORATE SEAL)