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MERGER OR SHARE EXCHANGE

THE BANKSHARES, INC.

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MERGER
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**ARTICLES OF MERGER
OF
THE BANKSHARES, INC.
WITH AND INTO
THE BANKSHARES, INC.**

Pursuant to the provisions of Sections 607.1104 and 607.1105 of the Florida Business Corporation Act (the "Act"), The BANKshares, Inc., a Delaware corporation ("Parent"), and THE BANKshares, Inc., a Florida corporation ("Subsidiary"), do hereby adopt the following Articles of Merger:

FIRST: The names of the corporations which are parties to the merger contemplated by these Articles of Merger are Parent and Subsidiary. The merger provides for the merger of Subsidiary with and into Parent (the "Merger"). The surviving corporation in the Merger is Parent.

SECOND: The Plan of Merger is attached hereto as Exhibit A and made a part hereof by reference as if fully set forth herein.

THIRD: The Merger shall become effective at 12:02 A.M., Melbourne, Florida time, on January 5, 2007, in accordance with the provisions of Section 607.1105(b) of the Act.

FOURTH: Pursuant to Section 607.1104(1)(a) of the Act, shareholder approval of the Merger was not required to properly effect the Merger under the Act. The Plan of Merger was duly adopted by the Parent's board of directors on January 5, 2007 in accordance with Section 607.1104(1)(a) of the Act. A duly executed copy of the resolutions of Parent's board of directors authorizing and adopting the Plan of Merger is attached hereto as Exhibit B.

FIFTH: Pursuant to Section 607.1104(2) of the Act, Parent, as the sole shareholder of Subsidiary, duly waived the mailing requirement of Section 607.1104(2) of the Act. A duly executed copy of such waiver is attached hereto as Exhibit C.

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

IN WITNESS WHEREOF, the parties have caused these Articles of Merger to be executed effective as of January 5, 2007.

THE BANKSHARES, INC.,
a Delaware corporation

THE BANKSHARES, INC.,
a Florida corporation

By: _____
Name: Mark Merlo
Title: President

By: *William Brennan*
Name: William Brennan
Title: President

IN WITNESS WHEREOF, the parties have caused these Articles of Merger to be executed effective as of January 5, 2007.

THE BANKSHARES, INC.,
a Delaware corporation

By: _____

Name: Mark Merlo
Title: President

THE BANKSHARES, INC.,
a Florida corporation

By: _____

Name: William Brennan
Title: President

EXHIBIT A

PLAN OF MERGER

The plan of Merger is as follows:

Section 1. The Merger.

(a) **The Merger.** At the Effective Time, THE BANKshares, Inc., a Florida corporation ("Subsidiary") shall merge with and into The BANKshares, Inc., a Delaware corporation ("Parent"), and the separate existence of Subsidiary shall cease (the "Merger"). Parent shall be the surviving corporation in the Merger (the "Surviving Corporation"), and shall continue its corporate existence under the laws of the State of Delaware.

(b) **Certificate of Incorporation.** At the Effective Time, Parent's certificate articles of incorporation shall be the articles of incorporation of the Surviving Corporation.

(c) **Bylaws.** At the Effective Time, Parent's bylaws shall be the bylaws of the Surviving Corporation.

(d) **Directors and Officers of the Surviving Corporation.** At the Effective Time, the directors of Parent shall be the directors of the Surviving Corporation.

(e) **Effect of the Merger.** The Merger shall have the effects set forth in the applicable provisions of the General Corporation Law of the State of Delaware and the Florida Business Corporation Act (the "Act"). Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, immunities, powers and franchises of each of Parent and Subsidiary shall vest in the Surviving Corporation and all debts, liabilities and duties of each of Parent and Subsidiary shall become the debts, liabilities and duties of the Surviving Corporation.

Section 2. Cancellation of Shares.

As of the Effective Time, automatically by virtue of the Merger and without any action on the part of any person, each share of common stock, \$0.01 per share, of Subsidiary ("Subsidiary Common Stock"), excluding any dissenting shares, issued and outstanding immediately prior to the Effective Time shall be cancelled.

Section 3. Rights as Stockholders; Stock Transfers.

At the Effective Time, holders of Subsidiary Common Stock shall cease to be, and shall have no right as shareholders of Subsidiary. After the Effective Time, there shall be no transfers on the stock transfer books of Subsidiary of the shares of Subsidiary

Common Stock that were issued and outstanding immediately prior to the Effective Time.

Section 4. Dissenting Shares.

Shareholders of the Subsidiary who, except for the applicability of Section 607.1104 of the Act, would be entitled to vote and who dissent from the merger pursuant to Section 607.1321 of the Act, are entitled, upon compliance with the provisions of the Act regarding appraisal rights, to be paid the fair value of their shares.

Section 5. Effective Time of the Merger.

The effective time of the Merger shall be 12:02 AM, Melbourne, Florida time on January 5, 2007 (the "Effective Time").

EXHIBIT B
PARENT RESOLUTIONS

(see attached)



THE BANKSHARES, INC.
Unanimous Written Consent of the Board of Directors
January 5, 2007

The undersigned, constituting the entire board of directors (the "Board") of The BANKshares, Inc., a Delaware corporation (the "Corporation"), acting without a meeting pursuant to Section 141(f) of the Delaware General Corporation Law, as amended, do hereby take the following action by written consent.

I. THE MERGER

WHEREAS, the Corporation has entered into that certain Agreement and Plan of Merger (the "Merger Agreement") dated as of June 20, 2006 by and among the Corporation, Gator Merger Corp. ("Merger Sub"), and THE BANKshares, Inc., a Florida corporation ("TBI"), pursuant to which, among other matters, Merger Sub will merge with and into TBI and the separate existence of Merger Sub will cease (the "First Merger"), with TBI continuing its existence as the surviving corporation following the First Merger;

WHEREAS, immediately following the First Merger, the Board has deemed it advisable and in the best interest of the stockholders of the Corporation that the Corporation entered into a plan of merger, dated as of January 5, 2007 (the "Plan of Merger"), pursuant to which, among other matters, TBI will merge with and into the Corporation, terminating the separate existence of TBI (the "Second Merger" and, together with the First Merger, the "Merger"), with the Corporation continuing its existence as the surviving corporation following the Second Merger; and

WHEREAS, the Board has deemed it advisable and in the best interest of the Corporation and its stockholders that the Corporation enter into certain documents in connection with the Second Merger, including without limitation (1) a certificate of merger, to be filed with the Secretary of State of the State of Delaware on or about January 5, 2007 and (2) articles of merger (with the Plan of Merger attached thereto), to be filed with the Secretary of State of the State of Florida on or about January 5, 2007 (the Plan of Merger, together with the documents referred to in clauses (1) through (2) of this paragraph, collectively, the "Merger Documents"), the most recent draft of the Merger Documents having been reviewed by the Board.

NOW, THEREFORE, BE IT RESOLVED, that the forms, terms and provisions of the Merger Documents in the forms previously provided to the Board with such changes thereto as any President, Vice President or other executive officer of the Corporation and Mark Merlo and Jay Pietrzak (each, an "Authorized Person" and together, the "Authorized Persons") executing and delivering the same shall deem appropriate or necessary, the performance by the Corporation of its obligations thereunder and the transactions contemplated thereby or necessary or incidental thereto (including without limitation, the consummation of the Merger) be, and each of them hereby is, in all respects, authorized and approved in all respects; and further

RESOLVED, that the execution and delivery by the Corporation of the Merger Documents be, and hereby is, authorized and approved, and any Authorized Person be, and each of them hereby is, authorized and directed to execute and deliver, in the name and on behalf of the Corporation, the Merger Documents with such changes, deletions and additions thereto as deemed appropriate or proper by any such Authorized Person, the execution and delivery of the Merger Documents being conclusive evidence of such determination; and further

RESOLVED, that any Authorized Person be, and each of them hereby is, authorized, in the name and on behalf of the Corporation, to do and perform all such further acts and things, to execute and deliver in the name and on behalf of the Corporation, and where necessary or appropriate, to file with the appropriate governmental authorities, all such certificates, instruments, applications, notices, affidavits, powers of attorney, consents to service of process, certified copies of minutes of stockholders' and directors' meetings, bonds, agreements and other writings and documents as may be required, and to make all such payments, and to take all such other actions as in the judgment of such Authorized Person shall be deemed necessary, appropriate or advisable in order to carry out and effectuate the intent and purposes of the foregoing resolutions (or any of them), and any or all of the transactions contemplated by the Merger Documents, the authority therefor to be conclusively evidenced by the taking of such action or the execution of such documents.

II. FURTHER ACTIONS

RESOLVED, that the Corporation be, and hereby is, authorized to pay any and all fees, costs and expenses arising in connection with any of the foregoing resolutions; and further

RESOLVED, that any Authorized Person be, and each of them hereby is, authorized in the name and on behalf of the Corporation, to retain such legal, financial, accounting or other advisors with respect to the Merger Documents as such Authorized Person shall deem necessary, advisable or appropriate and to execute, deliver and enter into agreements or such other documents with advisors on such terms as such Authorized Person deems necessary, advisable or appropriate, and that the Corporation is authorized to pay any and all expenses and fees arising in connection therewith, and that the execution and delivery of such agreements or such other documents with advisors, and that the payment of such expenses and fees to advisors, being conclusive evidence of such determination, and the performance by the Corporation of its obligations thereunder and the consummation of the transactions contemplated thereby or necessary or incidental thereto be, and each of them hereby is, in all respects, authorized and approved; and further

RESOLVED, that all actions heretofore taken by any officer or director of the Corporation in connection with any matter referred to in any of the foregoing resolutions or in furtherance of the Merger Documents, and the transactions contemplated thereby are hereby approved, ratified and confirmed in all respects as fully as if such actions had been presented to this Board for its approval prior to such actions being taken; and further

RESOLVED, that each of the Authorized Persons be, and hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation, to do and perform, or cause to be done and performed, any and all such acts, deeds and things, to make, execute and deliver, or cause to be made, executed and delivered, all such agreements, undertakings, documents, forms, instruments, certificates or other papers, in the name and on behalf of the Corporation, to incur and pay all such fees and expenses and to engage such persons as such officer may, in the judgment of such officer or director, deem necessary, appropriate or advisable to effectuate or carry out fully the intents and purposes of the foregoing resolutions; the execution and/or delivery by such Authorized Person of any such agreement, undertaking, document, form, instrument, certificate or other paper or the payment of any such fees and expenses or the engagement of such persons or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor and the approval and ratification of this Board thereof.

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This Written Consent of the Board shall be filed with the minutes of the proceedings of the meetings of the Board of the Corporation and shall have the same force and effect as the unanimous vote of the Board of the Corporation. Delivery of executed signature pages of this written consent by facsimile transmission shall be effective as delivery of manually executed counterparts hereof.



Mark Merlo

[Signature Page to Parent Merger Documents Resolutions]

EXHIBIT C

PARENT WAIVER OF MAILING REQUIREMENT

(see attached)

**WAIVER OF MAILING REQUIREMENT
PURSUANT TO SECTION 607.1104(2) OF THE
FLORIDA BUSINESS CORPORATION ACT**

January 5, 2007

WHEREAS, The BANKshares, Inc., a Delaware corporation ("Parent"), desires to merge its wholly-owned subsidiary THE BANKshares, Inc., a Florida corporation ("Subsidiary") with and into itself (the "Merger"), with Parent being the surviving corporation following the Merger;

WHEREAS, Parent has authorized the filing of articles of merger with the Secretary of State of the State of Florida (the "Articles of Merger") and the plan of merger attached thereto (the "Plan of Merger") with respect to the Merger;

WHEREAS, pursuant to Section 607.1104(2) of the Florida Business Corporation Act (the "Act"), Parent is required to mail a copy or summary of the Plan of Merger to each shareholder of Subsidiary who does not waive this requirement in writing; and

WHEREAS, Parent is the sole shareholder of Subsidiary and has determined that it is in the best interest of Parent and its stockholders to waive the mailing requirement in Section 607.1104(2) of the Act with respect to the Merger.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, Parent hereby waives the mailing requirement in Section 607.1104(2) of the Act with respect to the Merger.

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IN WITNESS WHEREOF, Parent has caused this waiver to be executed as of the date first written above by an officer thereunto duly authorized.

THE BANKSHARES, INC.,
a Delaware corporation

By: _____


Name: Mark Merlo
Title: President

[Signature Page to Parent Waiver of Mailing Requirement]

Mr. Gary Rice
Simpson, Thacher & Bartlett
Page Two

- non-qualified*
A FLA. CORP?
- (6) Castle Creek Capital Partners III, LP (Castle Creek) is a bank holding company by virtue of its ownership of Labe Bank, Chicago, Illinois. Castle Creek was established by John Eggemeyer, William Ruh and Mark Merlo. In addition, Eggemeyer Capital LLC is a personal investment company for John Eggemeyer; Ruh Capital LLC is a personal investment company for William Ruh; and Legions IV Advisory Corp., is a personal investment company for Mark G. Merlo. Castle Creek Capital III LLC is a fund that was organized and is controlled by John Eggemeyer, William Ruh and Mark Merlo.
- (7) On June 20, 2006, Holdings, a newly formed Delaware company that is wholly-owned by Castle Creek and Gator Merger Corp., an acquisition subsidiary of Holdings, entered into an Agreement and Plan of Merger to acquire THE BANKshares, Inc. The indirect acquisition of the Bank will be accomplished pursuant to the merger of Gator Merger Corp., a company established solely for the purpose of the proposed transaction, with and into THE BANKshares, Inc. THE BANKshares, Inc., will be the survivor of the merger, and as a result will become a direct, wholly-owned subsidiary of Holdings. Immediately thereafter, THE BANKshares, Inc., will merge with and into Holdings.
- (8) Upon consummation of the transaction, the application states that all of the current directors with the exception of Robert Downey will continue to serve as directors of the Bank and Robert Goldstein and Mark Merlo will join the board of directors. The proposed board of directors meets the requirements of Section 658.33, Florida Statutes.
- (9) Upon consummation of the transaction, the application states that all of the current executive officers will continue to serve as executive officers of the Bank. Dale Detmer, current Chairman, will remain as Chairman.
- (10) The Office conducted background investigations on John Eggemeyer, Mark Merlo and William Ruh. The Office discovered no information to preclude these individuals from indirectly or directly owning or controlling 10 percent or more of the outstanding shares of the Holding Company or Bank.
- (11) The Office conducted a background investigation on Robert Goldstein. The Office discovered no information to preclude Robert Goldstein or Mark Merlo from serving in their proposed capacity as directors of the Bank, per Section 658.27 and 658.28, Florida Statutes.
- (12) Based upon the information submitted by the Applicants and investigation by the Office, the Applicants are qualified by reputation, character, experience, and financial responsibility to control and operate the bank in a legal and proper manner and that the interests of the other stockholders, if any, and the depositors and creditors of the bank and the interests of the public generally will not be jeopardized by the proposed change in ownership, controlling interest, and management.

Having considered the application, the Office concludes that the application satisfies the criteria of Sections 658.28, 658.295 and 658.296, Florida Statutes. Consequently, the Office intends to approve this application subject to the following conditions:

- (1) That the Bank is subject to Sections 655.0385, and 655.948, Florida Statutes, and the Bank shall notify the Office of the proposed appointment of any individual to the board of directors or the

Mr. Gary Rice
Simpson, Thacher & Bartlett
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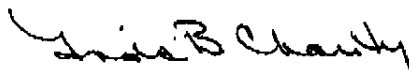
employment of any individual as an executive officer or equivalent position at least 60 days before such appointment or employment becomes effective. This requirement shall be in effect for two years following the acquisition of the Bank.

- (2) That written notice is provided to the Office when acquisition of control is accomplished. This written notice should include the exact number of shares of stock acquired by the Applicant.
- (3) That any substantial change in the structure of ownership from that proposed in the application must be reported to the Office to determine continued compliance with Section 658.28, Florida Statutes.
- (4) That the consummation of the acquisition of control conforms to all requirements of State and Federal Law.

The Office will issue a conditional Final Order of Approval after the expiration of the 21 day period contained in the Notice of Rights unless the Applicants elect to waive their rights to a hearing by providing written notification of such waiver to the Office. Before all the conditions specified above and other reasonable requirements of the Office have been fulfilled, or if any interim development is deemed by the Commissioner to warrant such action, the Commissioner retains the right to alter, suspend, or withdraw approval of the acquisition of the Bank. This approval shall expire six months from the date of the Commissioner's Final Order, unless in the meantime the Office has granted a request for an extension of time.

In taking this action, the Office has relied on the representations and commitments made by Applicant in the application and all supplemental information submitted. Every effort should be made to meet these representations and commitments. Please keep the Office advised of the steps being taken to comply with the conditions imposed in this Notice. If you have any questions, please contact the Office at (850) 410-9528.

Sincerely,



Linda B. Charity, Director
Division of Financial Institutions

LBC:br/s.acq1

cc: Federal Deposit Insurance Corporation, Atlanta, Georgia
Federal Reserve Bank of Atlanta
Federal Reserve Bank of San Francisco
Bureau of Bank Regulation
Orlando Area Financial Manager
Legal Services Office
Clerk, Financial Institutions