



Legal Department

H91853

November 30, 2001

VIA FEDERAL EXPRESS

Florida Department of State
Division of Corporations
409 E. Gaines Street
Tallahassee, FL 32399

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-12/03/01--01037--005
*****70.00 *****70.00

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-12/03/01--01037--006
*****50.75 *****50.75

Re: Articles of Merger

To Whom It May Concern:

We enclose herewith for filing with Florida Department of State the Articles of Merger regarding Israel Discount Bank of New York and Manufacturers Bank of Florida, along with an official check the amount of \$70.00, representing the filing fee.

In addition, enclosed is an official check in the amount of \$50.75 for a certified copy of the Articles of Merger once they have been filed. Please forward the certified copy to my attention.

Should you have any questions, please contact the undersigned at (212) 551-8907.

Very truly yours,

Wen-Chi Chang
Senior Attorney

Encl.

Merger
LJS
12-6-2001

[P:\WC\FL-MERGER.DOC]

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
2001 DEC -6 AM 9:00

ARTICLES OF MERGER
Merger Sheet

MERGING:

MANUFACTURERS BANK OF FLORIDA, a Florida corporation (Document
#H91853)

INTO

ISRAEL DISCOUNT BANK OF NEW YORK, a New York entity not qualified in
Florida

File date: December 6, 2001

Corporate Specialist: Louise Flemming-Jackson

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

2001 DEC -6 AM 9: 00

ARTICLES OF MERGER
(Profit Corporations)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, F.S.

First: The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>
<u>Israel Discount Bank of New York</u>	<u>New York</u>

Second: The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>
<u>Manufacturers Bank of Florida</u>	<u>Florida</u>
_____	_____
_____	_____
_____	_____

Third: The Plan of Merger is attached.

Fourth: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State

OR 12 / 6 / 01 (Enter a specific date. NOTE: An effective date cannot be prior to the date of filing or more at 7:21 pm EST than 90 days in the future.)

Fifth: Adoption of Merger by surviving corporation - (COMPLETE ONLY ONE STATEMENT)
The Plan of Merger was adopted by the shareholders of the surviving corporation on _____

The Plan of Merger was adopted by the board of directors of the surviving corporation on 8/23/01 and shareholder approval was not required.

Sixth: Adoption of Merger by merging corporation(s) (COMPLETE ONLY ONE STATEMENT)
The Plan of Merger was adopted by the shareholders of the merging corporation(s) on 9/24/01

The Plan of Merger was adopted by the board of directors of the merging corporation(s) on _____ and shareholder approval was not required.

(Attach additional sheets if necessary)

PLAN OF MERGER
(Non Subsidiaries)

The following plan of merger is submitted in compliance with section 607.1101, F.S. and in accordance with the laws of any other applicable jurisdiction of incorporation.

First: The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>
<u>Israel Discount Bank of New York</u>	<u>New York</u>

Second: The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>
<u>Manufacturers Bank of Florida</u>	<u>Florida</u>
_____	_____
_____	_____
_____	_____

Third: The terms and conditions of the merger are as follows:

See attached Merger Agreement among Israel Discount Bank of New York and Manufacturers Bank of Florida and Colonial Bank dated as of September 14, 2001.

Fourth: The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

See attached Merger Agreement among Israel Discount Bank of New York and Manufacturers Bank of Florida and Colonial Bank dated as of September 14, 2001.

(Attach additional sheets if necessary)

MERGER AGREEMENT
AMONG
ISRAEL DISCOUNT BANK OF NEW YORK
AND
MANUFACTURERS BANK OF FLORIDA
AND
COLONIAL BANK

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**MERGER AGREEMENT AMONG
ISRAEL DISCOUNT BANK OF NEW YORK
AND MANUFACTURERS BANK OF FLORIDA
AND COLONIAL BANK**

This Merger Agreement (the "Agreement") is dated as of the 14th day of September, 2001 by and among Israel Discount Bank of New York, a New York State chartered commercial bank ("IDB"), Manufacturers Bank of Florida, a Florida chartered banking corporation ("Manufacturers"), and Colonial Bank, an Alabama banking corporation ("Colonial"). IDB, Manufacturers, and Colonial are individually referred to in this Agreement as a "Party" and collectively as the "Parties."

WITNESSETH THAT:

WHEREAS, the respective Boards of Directors of IDB, Manufacturers and Colonial deem it in the best interests of IDB and Manufacturers, respectively, and of their respective shareholders, that Manufacturers merge with and into IDB pursuant to this Agreement; and

WHEREAS, the Boards of Directors of IDB, Manufacturers and Colonial have authorized this Agreement and the Merger.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, representations, warranties and agreements herein contained, the Parties agree as follows:

**ARTICLE I
THE MERGER**

Section 1.1 Consummation of Merger; Closing Date.

(a) Subject to the provisions hereof, Manufacturers shall be merged with and into IDB (which shall hereinafter be referred to as the "Merger") pursuant to the banking law of the State of New York, and IDB shall be the surviving corporation (sometimes hereinafter referred to as "Surviving Bank" when reference is made to it after the Effective Time of the Merger (as defined below)). Subject to the terms and conditions hereof, unless otherwise agreed upon by Manufacturers and IDB, the effective time of the Merger shall occur after the close of business on December 5, 2001, or at such earlier date in Colonial's sole discretion with 10 days notice to the other Parties (the "Effective Time of the Merger"), assuming all of the following have occurred: (i) the effective date (including the expiration of any applicable waiting period) of

the last required Consent (as defined below) of any Regulatory Authority (as defined below) having authority over the transactions contemplated pursuant to this Agreement, (ii) the approval by the shareholder of IDB of the transactions contemplated by this Agreement, (iii) the approval by the shareholder of Manufacturers of the transactions contemplated by this Agreement, and (iv) the satisfaction or waiver of all other conditions precedent to the transactions contemplated by this Agreement. As used in this Agreement, "Consent" shall mean a consent, approval, authorization, waiver, clearance, exemption or similar affirmation by any person pursuant to any contract, permit, law, regulation or order, and "Regulatory Authorities" shall mean, collectively, the Alabama State Banking Department, the Florida Department of Banking and Finance, the New York Banking Department, the Federal Trade Commission (the "FTC"), the United States Department of Justice (the "Justice Department"), the Board of Governors of the Federal Reserve System (the "FRB"), and the Federal Deposit Insurance Corporation (the "FDIC").

(b) The closing of the Merger (the "Closing") shall take place at 6:00 p.m. Eastern Time on the day that the Effective Time of the Merger occurs, at the offices of Stroock & Stroock & Lavan LLP, 3300 First Union Financial Center, 200 S. Biscayne Blvd., Miami, FL 33131, or such other date, time and place as the Parties may agree (the "Closing Date"). Subject to the provisions of this Agreement, at the Closing there shall be delivered to each of the Parties hereto the opinions, certificates and other documents and instruments required to be so delivered pursuant to this Agreement.

(c) After the Effective Time of the Merger, the main office of the Surviving Bank shall be located at 511 Fifth Avenue, New York, New York. The Florida branch office(s) of the Surviving Bank shall be located at 4144 North Armenia Avenue, Tampa, Florida 33607.

Section 1.2 Effect of Merger.

At the Effective Time of the Merger, Manufacturers shall be merged with and into IDB and the separate existence of Manufacturers shall cease. The Articles of Association and Bylaws of IDB, as in effect on the date hereof and as otherwise amended prior to the Effective Time of the Merger, shall be the Articles of Association and Bylaws of the Surviving Bank until further amended as provided therein and in accordance with applicable law. The Surviving Bank shall continue to be a New York State chartered bank. Except as otherwise provided in this Agreement, the Surviving Bank shall have all the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of a banking association organized under the laws of New York State and shall thereupon and thereafter possess all other privileges, immunities and franchises of a private, as well as of a public nature, of each of the constituent corporations. All property (real, personal and mixed) and all debts on whatever account, including subscriptions to shares, and all choses in action, all and every other interest, of or belonging to or due to each of the constituent corporations so merged shall be taken and deemed to be transferred to and vested in the Surviving Bank without further act or deed. The title to any real estate, or any interest therein, vested in any of the constituent corporations shall not revert or be in any way impaired by reason of the Merger.

Section 1.3 Further Assurances.

From and after the Effective Time of the Merger, as and when requested by the Surviving Bank, the officers and directors of Manufacturers last in office shall be authorized to execute and deliver or cause to be executed and delivered in the name and on behalf of Manufacturers such deeds, certificates and other instruments and take or cause to be taken such further or other actions as shall be necessary in order to vest or perfect in or confirm of record or otherwise to the Surviving Bank title to and possession of all of the property, interests, assets, rights, privileges, immunities, powers, franchises and authority of Manufacturers, provided that the execution and performance of such deeds, certificates, instruments and acts shall be subject to the indemnification obligation of Colonial pursuant to Section 5.1(k) below.

Section 1.4 Directors.

From and after the Effective Time of the Merger, the Directors of the Surviving Bank shall consist of the individuals serving as Directors of IDB as of the Effective Time of the Merger.

Section 1.5 Name of Surviving Bank.

The name of the Surviving Bank shall be Israel Discount Bank of New York.

Section 1.6 Colonial Transaction.

(a) IDB acknowledges that prior to the Effective Time of the Merger:

(i) The Colonial BancGroup, Inc., a Delaware corporation and the corporate parent of Colonial ("BancGroup") will merge with the corporate parent of Manufacturers (the "C-M Merger");

(ii) BancGroup will make a capital contribution of all of the capital stock of Manufacturers to Colonial, its wholly-owned subsidiary bank, and

(iii) Manufacturers will declare and pay to Colonial a dividend of all assets, except those assets as set forth on the balance sheet of Manufacturers in Schedule 1.6(a), as amended or adjusted by mutual agreement of the Parties prior to closing, (the "New Manufacturers Balance Sheet") and will assign to Colonial, and Colonial will assume, all liabilities of Manufacturers other than those set forth on the New Manufacturers Balance Sheet attached hereto. The assets dividended to Colonial, shall include, without limitation, all of Manufacturers' rights to the name "Manufacturers Bank of Florida," Manufacturers' ABA routing number and Manufacturers' federal wire number(s).

The transactions described in (i) – (iii) above will hereinafter collectively be referred to as the "Colonial Transaction". Manufacturers, as structured following the Colonial Transaction

(hereinafter referred to as "New Manufacturers") will be the entity merging with IDB. The Parties acknowledge that the New Manufacturers Balance Sheet is intended as a reasonable approximation of the financial condition of New Manufacturers as of the Effective Time of the Merger. All references in this Agreement to Manufacturers in the context of the Effective Time of the Merger shall be deemed to be references to New Manufacturers.

(b) IDB and Manufacturers acknowledge and agree that the only assets and liabilities that shall remain in New Manufacturers after the Colonial Transaction are those set forth in the New Manufacturers Balance Sheet, such assets and liabilities contained therein being referred to as "Included Assets" and "Retained Liabilities" and, in the event that assets or liabilities other than the Included Assets or Retained Liabilities inadvertently remain in the possession or title of New Manufacturers at the Effective Time of the Merger, IDB shall execute and deliver to Colonial any and all such further instruments of conveyance, assignment and transfer and take such other actions as Colonial may reasonably request to deliver title and possession to Colonial of such assets, and for Colonial to assume such liabilities, as were inadvertently retained by New Manufacturers.

Section 1.7 Main Office.

At the Effective Time of the Merger, the principal office of New Manufacturers shall be located at 4144 N. Armenia Avenue, Tampa, Florida 33607.

Section 1.8 Purchase Price.

(a) Upon the execution and delivery of this Agreement by IDB and Colonial, IDB shall deliver to BancGroup, in immediately available funds, the sum of One Hundred Twenty-Five Thousand Dollars (\$125,000) (the "Initial Consideration"), in addition to the sum of \$75,000 previously delivered to BancGroup pursuant to the terms of that certain Letter of Intent dated August 15, 2001 between BancGroup and IDB. The Initial Consideration and the aforementioned \$75,000 shall be nonrefundable and shall be in addition to any amounts due at Closing as determined pursuant to subsection "(b)" of this Section 1.8.

(b) At the Effective Time of the Merger, by virtue of the Merger and without any further action on the part of the holders thereof:

(i) each issued and outstanding share of common stock of New Manufacturers, par value \$1.00 ("Common Stock"), shall be canceled and converted into the right to receive a cash payment (the "Per Share Payment") equal to the quotient of (i) the Aggregate Outstanding Shares Purchase Price (as hereinafter defined), divided by (ii) the sum of the total number of issued and outstanding shares of Common Stock;

(ii) for purposes of this Agreement, the Aggregate Outstanding Shares Purchase Price shall be that amount of cash equal to the sum of (A) Book Value of New Manufacturers (as hereinafter defined) plus (B) One Million Dollars (\$1,000,000);

(iii) for purposes hereof Book Value shall be determined as follows: Book Value shall be equal to Stockholders' Equity as set forth on the New Manufacturers Balance Sheet, as of the Closing Date, and as certified by PricewaterhouseCoopers LLP

(iv) at the Closing, IDB shall deliver to Colonial the Aggregate Outstanding Shares Purchase Price in immediately available funds. The parties acknowledge that the actual funds to be transferred will be the net sum of One Million Dollars (\$1,000,000).

(v) at the Closing, IDB shall pay to Colonial in immediately available funds \$47,441 as reimbursement for documentary stamp taxes and \$18,500 for filing fees related to the Colonial transaction. These amounts will constitute an offset to IDB's obligations under Section 4.1.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF IDB

Section 2.1 Representations and Warranties of IDB.

IDB represents and warrants to Manufacturers that the statements contained in this Article II are correct and complete as of the date of this Agreement and shall be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article II), except representations and warranties which are confined to a specified date shall speak (i) only as of such date or (ii) as expressly provided for in this Agreement. "Material Adverse Effect" on a Party shall mean an event, change, or occurrence which, individually or together with any other event, change, or occurrence, has a material adverse impact on (i) the financial position, 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 (a) changes in banking and similar laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in GAAP or regulatory accounting principles generally applicable to banks, savings associations, and their holding companies, (c) actions and omissions of a Party (or any of its Subsidiaries) taken with the prior informed written consent of the other Party in contemplation of the transaction contemplated hereby, and (d) the direct effects of compliance with this Agreement on the operating performance of the Parties, including expenses incurred by the Parties in consummating the transactions contemplated by the Agreement. For purposes of this Agreement, the term "Knowledge" when used with respect to any Party means the actual knowledge of the Chairman, President, Chief Financial Officer or Chief Accounting Officer of that Party.

(a) Organization, Qualification, and Corporate Power. IDB is a New York State chartered bank duly organized, validly existing, and in good standing under the laws of the State of New York. IDB is duly authorized to engage in the business of banking in New York as an insured bank under the Federal Deposit Insurance Act, as amended (the "FDIA"). IDB is duly authorized to conduct business and is in good standing under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties requires such qualification except where the lack of such qualification would not have a Material Adverse Effect on its (i) business, financial condition or results of operations, or (ii) ability to consummate the transactions contemplated by this Agreement (together, as to any Party, its "Condition"). IDB has full corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. IDB has in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits and licenses necessary for it to own or lease its properties and assets and to carry on its business as now conducted, the absence of which, individually or in the aggregate, would have a Material Adverse Effect on the Condition of IDB.

(b) Authorization of Transaction. IDB has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder; provided, however, that IDB cannot consummate the Merger unless and until all requisite approvals are received from the Regulatory Authorities and the approval of the shareholder of IDB has been obtained. Subject to the foregoing sentence, (i) this Agreement has been duly executed and delivered by IDB and subject to the due authorization, execution and delivery by the other parties hereto, this Agreement constitutes a valid and binding agreement of IDB, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies, (ii) the performance by IDB of its obligations under this Agreement and the consummation of the Merger and the other transactions provided for under this Agreement have been or will be duly and validly authorized by all necessary corporate action on the part of IDB, and (iii) the Board of Directors of IDB has approved the execution, delivery and performance of this Agreement and the consummation of the Merger and the other transactions provided for under this Agreement. Other than to or from the Regulatory Authorities, IDB does not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except where the failure to give notice, to file, or to obtain any authorization, consent, or approval would not have a Material Adverse Effect on the Condition of IDB.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby (including that certain Branch Purchase and Assumption Agreement between IDB and Colonial of even date herewith the "P & A Agreement")) (i) subject to the receipt of the approvals contemplated in Section 2.1(b) above, will violate any statute, regulation, rule, judgment, order, decree, stipulation, injunction, charge, or other restriction of any government, governmental agency, or

court to which IDB is subject or any provision of the Articles of Association or Bylaws of IDB, or (ii) with the passing of time or the giving of notice or both, will conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any contract, lease, sublease, license, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest, or other obligation to which IDB is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets) except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Security Interest would not have a Material Adverse Effect on the Condition of IDB or, at the Effective Time of the Merger, would create or otherwise result in a lien or other encumbrance in any amount on the Included Assets or Retained Liabilities. For purposes of this Agreement, the term "Security Interest" means any mortgage, pledge, security interest, encumbrance, charge, or other lien, other than (a) mechanics, materialmen, and similar liens, (b) liens for taxes not yet due and payable or for taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) liens arising under workers compensation, unemployment insurance, social security, retirement, and similar legislation, (d) liens on goods in transit incurred pursuant to documentary letters of credit, (e) purchase money liens and liens securing rental payments under capital lease arrangements, and (f) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money. For purposes of this Agreement, the term "Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

(d) [omitted]

(e) Compliance with Laws.

(i) IDB is in compliance in all respects with all laws, regulations, reporting and licensing requirements and orders applicable to its business or to its employees conducting its business, with any Regulatory Agreements (as hereinafter defined) applicable to IDB, and with its internal policies and procedures, except where the breach or violation of any of which, individually or in the aggregate, would not have a Material Adverse Effect on the Condition of IDB.

(ii) IDB has not received any written notification or communication from any Regulatory Authorities (A) asserting that IDB is not in substantial compliance with any of the statutes, regulations, or ordinances which such Regulatory Authority enforces which as a result of such noncompliance would have a Material Adverse Effect on the Condition of IDB, (B) threatening to revoke any license, franchise, permit or governmental authorization which is material to the Condition of IDB, (C) requiring or threatening to require IDB, or indicating that IDB may be required, to enter into or be subject to a cease and desist order, agreement, memorandum of understanding or any other agreement or undertaking (or to cause its Board of Directors to adopt any resolutions) restricting or limiting or purporting to restrict or limit in any manner the operations of IDB, including, without limitation, any restriction on the payment of

dividends, or (D) directing, restricting or limiting, or purporting to direct, restrict or limit in any manner the operations of IDB, including, without limitation, any restriction on the payment of dividends (any such notice, communication, order, agreement, memorandum, resolutions or undertaking described in this sentence is herein referred to as a "Regulatory Agreement"). Within the last ten (10) years, IDB has not consented to, entered into, agreed to enter into, or been made subject to, any Regulatory Agreement. IDB has no Knowledge that any Regulatory Authority is considering imposing on IDB any Regulatory Agreement.

(f) Legal Proceedings. There are no actions, suits or proceedings instituted or pending or, to the Knowledge of IDB, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against IDB, or against any property, asset, interest or right of IDB, that have a reasonable probability either individually or in the aggregate of having a Material Adverse Effect on the Condition of IDB.

(g) Absence of Certain Changes or Events. Since December 31, 2000, the business of IDB has been operated only in the Ordinary Course consistent with past practices, and since such date there has not been, occurred or arisen: (i) any damage, destruction, loss or casualty whether or not covered by insurance which has had or is reasonably likely to have a Material Adverse Effect on the Condition of IDB; (ii) any extraordinary losses required by GAAP to be disclosed as such that have been suffered and not adequately reserved against, whether or not in the Ordinary Course of Business; or (iii) any other event, development or condition of any character including any change in results of operations, financial condition, method of accounting or accounting practices, nature of business, or manner of conducting the business of IDB that has had, or is reasonably likely to have, a Material Adverse Effect on the Condition of IDB.

(h) Statements True and Correct. No representation or warranty made by IDB in this Agreement, no written statement or certificate included in an Exhibit or Schedule by IDB in connection with this Agreement, and no written statement or certificate to be furnished by IDB to Manufacturers pursuant to this Agreement contains any untrue or misleading statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by IDB for inclusion in any other documents to be filed with any Regulatory Authority in connection with the transactions contemplated hereby, will at the respective time such documents are filed fail to comply in any material respect with the laws, rules and regulations applicable to IDB, contain any untrue or misleading 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. All documents that IDB is responsible for filing with any Regulatory Authority in connection with the Merger will comply as to form and substance in all material respects with the provisions of applicable law.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF COLONIAL AND NEW MANUFACTURERS**

Section 3.1 Representations and Warranties of Colonial and New Manufacturers

Colonial and New Manufacturers, respectively, represent and warrant to IDB that the statements contained in this Article III are, as to Colonial, correct and complete in all material respects as of the date of this Agreement and, in respect of New Manufacturers and Colonial, shall be correct and complete in all material respects as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article III), except representations and warranties which are confined to a specified date shall speak (i) only as of such date or (ii) as otherwise expressly contemplated by this Agreement. All representations made as to facts concerning Manufacturers are made by Manufacturers. All representations made as to facts concerning Colonial are made by Colonial. All representations made as to facts concerning New Manufacturers are made by Colonial and New Manufacturers.

(a) Organization, Qualification, and Corporate Power.

(i) New Manufacturers will be a Florida banking corporation, chartered as a commercial bank under the authority of Chapter 658, Florida Statutes, duly organized, validly existing, and in good standing under the laws of Florida. New Manufacturers will be duly authorized to engage in its business in Florida as an insured institution under the FDIC. New Manufacturers will be duly authorized to conduct business and will be in good standing under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties will require such qualification, except where the lack of such qualification would not have a Material Adverse Effect on its Condition. New Manufacturers will have full corporate power and authority to carry on the business in which it will be engaged and to own and use the properties owned and used by it. New Manufacturers will have in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits and licenses necessary for it to own or lease its properties and assets and to carry on its business as conducted on the Closing Date, the absence of which, individually or in the aggregate, would have a Material Adverse Effect on the Condition of New Manufacturers.

(ii) Colonial is an Alabama banking corporation, duly authorized to engage in its business in Florida. Colonial is duly authorized to conduct business and is in good standing under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect on its Condition. Colonial has full corporate power and authority to carry on the business in which they are engaged and to own and use the properties owned and used by it. Colonial has in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits and licenses necessary for it to own or lease its properties and assets and to carry on its business as now conducted, the absence of

which, individually or in the aggregate, would have a Material Adverse Effect on the Condition of Colonial.

(b) Capitalization. The authorized capital stock of New Manufacturers will consist of 3,400,000 shares of common stock, par value \$1.00, (the "New Manufacturers Shares"), of which 2,471,662 New Manufacturers Shares will be issued and outstanding on the Closing Date, and of which 928,338 will be authorized but unissued on the Closing Date. There will be no other classes of capital stock of New Manufacturers authorized. New Manufacturers will hold no New Manufacturers Shares as treasury stock. All of the issued and outstanding New Manufacturers Shares will have been duly authorized and will be validly issued, fully paid and nonassessable. None of the outstanding New Manufacturers Shares will have been issued in violation of any preemptive rights of the current or past stockholders of New Manufacturers. There will be no outstanding or authorized options, warrants, rights, contracts, calls, puts, rights to subscribe, conversion rights, or other agreements or commitments to which New Manufacturers will be a party or which will be binding upon New Manufacturers or, to the Knowledge of Colonial, any other party providing for the issuance, voting, transfer, disposition, or acquisition of any of the capital stock of New Manufacturers. There will be no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to New Manufacturers.

(c) New Manufacturers Subsidiaries. New Manufacturers will have no Subsidiary or Subsidiaries.

(d) Authorization of Transaction.

(i) Manufacturers has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder; provided, however, that New Manufacturers cannot consummate the Merger unless and until all requisite Consents are received from the Regulatory Authorities and the approval of Colonial, as New Manufacturers' sole shareholder. Subject to the foregoing sentence, (A) this Agreement has been duly executed and delivered by Colonial and Manufacturers and, subject to the due authorization, execution and delivery by the other parties hereto, this Agreement will constitute the valid and binding agreement of Colonial and Manufacturers, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies and (B) before the C-M Merger, Manufacturers Board of Directors will have authorized and ratified the execution, delivery and performance of this Agreement and the consummation of the Merger and the other transactions provided for under this Agreement. Other than to or from the Regulatory Authorities, New Manufacturers will not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except where the failure to give notice, to file, or to obtain any authorization, consent, or approval would not have a Material Adverse Effect on the Condition of New Manufacturers.

(ii) Colonial has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder; provided, however, that Colonial cannot consummate the Merger unless and until all requisite approvals are received from the Regulatory Authorities. Subject to the foregoing sentence, (A) this Agreement has been duly executed and delivered by Colonial and, subject to the due authorization, execution and delivery of the other parties hereto, this Agreement constitutes a valid and binding agreement of Colonial, enforceable against its in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies, (B) assuming the consummation of the C-M Merger, the performance by Manufacturers of its obligations under this Agreement and the consummation of the Merger and the other transactions provided for under this Agreement have been or will be duly and validly authorized by all necessary corporate action on the part of Colonial, and (C) the Board of Directors of Colonial has authorized the execution, delivery and performance of this Agreement and the consummation of the Merger and the other transactions provided for under this Agreement. Other than to or from the Regulatory Authorities, Colonial does not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except where the failure to give notice, to file, or to obtain any authorization, consent, or approval would not have a Material Adverse Effect on the Condition of Colonial.

(e) Noncontravention. Except as set forth on Schedule 3.1(e), neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, (i) subject to the receipt of the approvals contemplated in Section 3(d) above, will violate any statute, regulation, rule, judgment, order, decree, stipulation, injunction, charge, or other restriction of any government, governmental agency, or court to which New Manufacturers will be subject or any provision of the Articles of Incorporation or Bylaws of New Manufacturers or Colonial or (ii) with the passing of time or the giving of notice or both, will conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any contract, lease, sublease, license, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest, or other obligation to which New Manufacturers or Colonial is or will be a party or by which either is or will be bound or to which any of its respective assets is or will be subject (or result in the imposition of any Security Interest upon any of its respective assets) except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Security Interest would not have a Material Adverse Effect on the Conditions of New Manufacturers or Colonial.

(f) Undisclosed Liabilities. To New Manufacturers' Knowledge, New Manufacturers will have no liability (whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), including any liability for taxes, except for liabilities accrued or reserved against in the New Manufacturers Balance Sheet.

(g) Brokers' Fees. Neither New Manufacturers, nor any of its officers, directors or employees, nor Colonial nor any of its officers, directors or employees, has or will have any liability or obligation to pay any fees or commissions to, or has or will have employed, any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(h) Taxes.

(i) For purposes of this Agreement, "Tax" or "Taxes" shall mean any federal, state, local or foreign net or gross income, gross receipts, license, franchise, capital, capital stock, intangibles, services, payroll, employment, excise, severance, stamp, occupation, premium (including taxes under Code § 59A), customs duties, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, due or accrued as of the Effective Time of the Merger or assessed during the statutes of limitations period which relates to the time prior to the Effective Time of the Merger, or other Tax, governmental fee or like assessment or charge of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not, imposed by any governmental entity or other Tax authority or arising under any Tax law or agreement, including, without limitation, any joint venture or partnership agreement.

(ii) For purposes of this Agreement, "Tax Return" shall mean any return, declaration, report, claim for refund, form, or information or return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

(iii) For purposes of this Agreement, "Code" shall mean the Internal Revenue Code of 1986, as amended or, if appropriate, any predecessor statute and all regulations promulgated thereunder, as the same have from time to time been amended.

(iv) (A) Manufacturers and any affiliated group, within the meaning of Section 1504(a) of the Code or combined or unitary groups, of which Manufacturers is or has been a member has filed, will file or will cause to be filed in a timely manner (within any applicable extension periods) all Tax Returns required to be filed by the Code or by applicable state, local or foreign Tax laws; (B) all Taxes required on such Tax Returns have been timely paid in full or will be timely paid in full by the due date thereof; (C) to Manufacturers' Knowledge, all such Tax Returns (insofar as they relate to the activities or income of Manufacturers) are true, correct and complete; (D) no adjustment relating to such Tax Returns has been proposed formally or, to Manufacturers' Knowledge, informally by any governmental entity or Tax authority, and, to Manufacturers' Knowledge, no basis exists for any such adjustment; (E) there is no pending or, to Manufacturers' Knowledge, threatened investigation, audit, examination, deficiency, action or proceeding for the assessment or collection of any Taxes against Manufacturers, or any corporation that was included in the filing of a Tax Return with Manufacturers on a consolidated, unitary or other combined basis; and (F) all Taxes which Manufacturers in respect of Manufacturers are required by law to withhold or to collect for

payment have been duly withheld and collected, and have been paid to the proper governmental entity or taxing authority, or are being withheld by Manufacturers.

(v) There are no outstanding agreements or waivers extending the statutory period of limitation for assessment or collection of Tax applicable to any Tax Return required to be filed with respect to Manufacturers, and neither Manufacturers, or any affiliated group, within the meaning of Section 1504(a) of the Code, of which Manufacturers is or has been a member has requested any extension of time within which to file any Tax Return, which return has not yet been filed.

(vi) Manufacturers has, and has provided in the New Manufacturers Balance Sheet, adequate reserves for any Taxes due or to become due for New Manufacturers for any taxable period, whether arising prior to, on or after the Merger.

(vii) Deferred Taxes of Manufacturers have been provided for in the New Manufacturers Balance Sheet in accordance with GAAP, subject in the case of interim financial statements to normal recurring year-end adjustments.

(i) Properties. New Manufacturers will have good and marketable title free and clear of all material liens, encumbrances, charges, defaults or equities of whatever character to all of the respective properties and assets, tangible or intangible which will remain as assets of New Manufacturers, reflected in the New Manufacturers Balance Sheets, except for liens disclosed in such Balance Sheets, liens arising in the Ordinary Course of Business after June 30, 2001 or liens which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Condition of New Manufacturers. At the Effective Time of the Merger, the sublease from Colonial to Manufacturers for the branch office located at 4144 North Armenia Avenue, Tampa, Florida, 33607 shall terminate and Manufacturers shall own no buildings, fixtures, equipment or other property and assets.

(j) Material Contracts. New Manufacturers as of the Effective Time of the Merger will not be a party to, or be bound or affected by, or will receive benefits under, any of the following (whether written or oral and excluding agreements for the extension of credit by New Manufacturers made in the Ordinary Course of Business), the performance, non-performance and/or breach of which would, individually or in the aggregate, have an Adverse Material Effect on IDB: (i) any employment agreement or understanding (including any understandings or obligations with respect to severance or termination pay liabilities or fringe benefits) with any present or former officer, director, or employee, including in any such person's capacity as a consultant (other than those which are terminable at will without any further amount being payable thereunder), (ii) any other agreement with any officer, director, employee, or affiliate, (iii) any agreement with any labor union, (iv) any agreement which limits the ability of New Manufacturers to compete in any line of business or which involves any restriction of the geographical area in which New Manufacturers may carry on its business (other than as may be required by law or applicable regulatory authorities), or (v) any agreement, contract, arrangement or commitment.

(k) Material Contract Defaults. New Manufacturers will not be in default, and neither New Manufacturers nor Colonial has neither received any written notice nor has any Knowledge that any other party is, in default in any material respect under any material contract, lease, sublease, license, franchise, permit, indenture, agreement, or mortgage for borrowed money, or instrument of indebtedness relating to New Manufacturers (except, as to the foregoing, extensions of credit by New Manufacturers in the Ordinary Course of Business), and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a default.

(l) Compliance with Laws.

(i) New Manufacturers will be in compliance in all respects with all laws, regulations, reporting and licensing requirements and orders applicable to its business or to its employees conducting its business, with any Regulatory Agreements applicable to Manufacturers, and with its internal policies and procedures, except where, in the opinion of counsel after discussions with applicable regulatory authorities, the breach or violation of any of which, individually or in the aggregate, would not have a Material Adverse Effect on the Condition of New Manufacturers.

(ii) Except as set forth on Schedule 3.1(l)(ii), Colonial has not received any written notification or communication from any Regulatory Authorities (A) asserting that New Manufacturers is not in substantial compliance with any of the statutes, regulations, or ordinances which such Regulatory Authority enforces which as a result of such noncompliance would have a Material Adverse Effect on the Condition of New Manufacturers, (B) threatening to revoke any license, franchise, permit or governmental authorization which is material to the Condition of New Manufacturers, (C) requiring or threatening to require New Manufacturers, or indicating that New Manufacturers may be required, to enter into or be subject to a cease and desist order, agreement, memorandum of understanding or any other agreement or undertaking (or to cause its Board of Directors to adopt any resolutions) restricting or limiting or purporting to restrict or limit in any manner the operations of New Manufacturers, including, without limitation, any restriction on the payment of dividends, or (D) directing, restricting or limiting, or purporting to direct, restrict or limit in any manner the operations of New Manufacturers, including, without limitation, any restriction on the payment of dividends. Colonial has no Knowledge that any Regulatory Authority is considering imposing on New Manufacturers any Regulatory Agreement.

(m) [omitted]

(n) Legal Proceedings. Except as set forth on Schedule 3.1(n) hereto, to the Knowledge of Colonial there are no actions, suits or proceedings instituted or pending or, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against New Manufacturers, or against any property, asset, interest or right of New Manufacturers, that have a reasonable

probability either individually or in the aggregate of having a Material Adverse Effect on the Condition of IDB following the Effective Time of the Merger.

(o) [omitted]

(p) Reports. Since December 31, 2000, Manufacturers has filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with any Regulatory Authority. Each such report and statement, including the financial statements, exhibits and schedules thereto, at the time of filing thereof complied in all material respects with the laws and rules and regulations applicable to it and did not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(q) Statements True and Correct. No representation or warranty made by Colonial in this Agreement, no written statement or certificate included in an Exhibit or Schedule by New Manufacturers in connection with this Agreement, and no written statement or certificate to be furnished by New Manufacturers to IDB pursuant to this Agreement contains any untrue or misleading statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. All documents that New Manufacturers is responsible for filing with any Regulatory Authority in connection with the Merger will comply as to form and substance in all material respects with the provisions of applicable law.

(r) [omitted]

(s) Labor Matters.

(i) New Manufacturers will not be a party to, or bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor will New Manufacturers be the subject of any material proceeding asserting that Manufacturers has committed an unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or conditions of employment nor is there any strike or other labor dispute involving Manufacturers pending or, to Colonial's Knowledge, threatened, nor are there any grievances outstanding against Manufacturers under any collective bargaining agreement or any union contract, any of which would have, individually or in the aggregate, a Material Adverse Effect on the Condition of New Manufacturers.

(ii) New Manufacturers will be in compliance with all applicable laws relating to employment of labor, including those related to wages, hours, collective bargaining and the payment and withholding of taxes and other sums as required by the appropriate governmental authority and has withheld and paid to the appropriate governmental authority or is holding for payment not yet due to such governmental authority all amounts required to be withheld from employees of Manufacturers and will not be liable for any arrears of wages, taxes,

penalties or other sums for failure to comply with any of the foregoing. New Manufacturers will have paid in full to all employees or adequately accrued for in accordance with GAAP consistently applied all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees and there is no claim with respect to payment of wages, salary or overtime pay that has been asserted or is now pending or, to Colonial's Knowledge, threatened before any governmental authority with respect to any person currently or formerly employed by Manufacturers. There is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted or is now pending or, to Colonial's Knowledge, threatened before the United States Equal Employment Opportunity Commission, or any other governmental authority in any jurisdiction in which Manufacturers has employed or currently employs any person.

ARTICLE IV TAX MATTERS

Section 4.1 Tax Indemnity.

(a) Except as provided herein, Colonial shall indemnify and hold IDB, Manufacturers and their Affiliates and each of their respective officers, directors, employees, stockholders, agents, and representatives (the "Buyer Indemnitees") harmless from and against the following Taxes: (i) Taxes imposed on any member of any affiliated, consolidated, unitary or other combined group with which Manufacturers or BancGroup files or has filed a Tax Return in any taxable period ending on, prior to or after the Merger on a consolidated, unitary or other combined basis; and (ii) Taxes imposed on IDB or Manufacturers attributable to (A) a breach of a warranty or representation set forth in Section 3.1(h) or (B) a breach of obligations or covenants of Colonial or Manufacturers set forth in this Agreement.

Without limiting the generality of the foregoing, except as provided herein, IDB shall not assume, or in any way be liable or responsible for, any liabilities, commitments or obligations of Manufacturers or Colonial with respect to Manufacturers, whether on the basis of joint and/or several liability, of any kind or nature whatsoever in respect of Taxes, known or unknown, accrued, fixed, contingent or otherwise, liquidated or unliquidated, choate or inchoate, due or to become due, regardless of whether they arise prior to, on or after the Merger.

(b) IDB shall be liable for, shall pay and shall hold Colonial and each of its Affiliates harmless for any and all transfer taxes imposed in connection with this Agreement and/or the transaction contemplated hereunder, including, without limitation, the Merger, the Colonial Transaction, bulk sales, sales, documentary, use, value-added, registration and other similar transfer taxes and related fees (including any penalties, interest and additions to such tax)

incurred in connection with this Agreement and the transactions contemplated hereby (other than the C-M Merger) (collectively "Transfer Taxes"). Colonial and IDB shall, and shall cause their Affiliates to, timely cooperate in making all filings and Tax Returns as may be required to comply with the provisions of such Tax laws. IDB shall pay any stock transfer taxes due as a result of the sale of Manufacturers' shares.

(c) For purposes of this Section 4.1, the indemnifying party shall indemnify the Buyer Indemnitees, or the Seller Indemnitees, as the case may be, for any and all reasonable out-of-pocket costs and expenses (including reasonable fees for attorneys and other outside consultants) reasonably incurred in connection with any Tax liability including, without limitation, costs incurred in connection with contesting any such liability for which the indemnifying party is liable under this Article IV.

(d) A party wishing to claim indemnification under this section shall promptly notify the indemnifying party of the event giving rise to an Indemnification right hereunder, but the failure to notify shall not relieve the indemnifying party of any liability it may have to such Indemnitee, except to the extent that the same materially prejudices the indemnifying party. In the event of any legal action (whether arising before or after the Effective Time) in connection with which there is an Indemnification right hereunder, (A) the indemnifying party shall have the right to assume the defense thereof through counsel reasonably satisfactory to the Indemnitee, and the indemnifying party shall not be liable to such Indemnitee for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnitee in connection with the defense thereof, except that if the indemnifying party elects not to assume such defense, or counsel for the Indemnitee advises that there are issues which raise conflicts of interest between the indemnifying party and the Indemnitee, the Indemnitee may retain counsel which is reasonably satisfactory to the indemnifying party, and the indemnifying party shall pay, promptly as statements therefor are received, the reasonable fees and expenses of such counsel for the Indemnitee (which may not exceed one firm in any jurisdiction unless the use of one counsel for such Indemnitee would present such counsel with a conflict of interest), (B) the Indemnitee will cooperate in the defense of any such matter including, but not limited to, the production of records and proper personnel to provide testimony, and (C) the indemnifying party shall not be liable for any settlement effected without its prior written consent (such consent not to be unreasonably withheld or delayed).

Section 4.2 Miscellaneous.

(a) The parties agree to treat all payments made under this Article IV and under any other indemnity provision contained in this Agreement as adjustments to the Purchase Price for tax purposes and that such treatment shall govern for purposes hereof except to the extent that the laws of a particular jurisdiction provide otherwise, in which case such payments shall be made in an amount sufficient to indemnify the relevant party on a net after-tax basis.

(b) The covenants and obligations of Colonial and Manufacturers under this Article IV, and the representations and warranties of Colonial and Manufacturers set forth in Section 3.1(h) hereof, shall survive the Merger and shall remain in full force and effect until 90 days after the expiration of all statutes of limitations on assessment or collection of Tax.

(c) For purposes of this Article IV, all references to Colonial, Manufacturers, IDB and their Affiliates include successors thereto.

ARTICLE V COVENANTS AND AGREEMENTS

Section 5.1 Covenants.

The Parties agree as follows with respect to the period from and after the execution of this Agreement until the earlier of the consummation of the transactions contemplated by this Agreement or the termination of this Agreement:

(a) Current Information. During the period from the date of this Agreement to the Effective Time of the Merger (the "Executory Period"), Colonial and IDB shall, and shall cause its representatives to, confer on a regular and frequent basis with representatives of the other.

(b) Access to and Review of Information; Due Diligence. Colonial and IDB shall furnish promptly to the other Party (i) copies of all filings made with any Regulatory Authorities or other governmental authorities in connection with the transactions contemplated by this Agreement, as it relates to the Merger and the Colonial Transaction, and copies of all written communications received from such Regulatory Authorities and governmental authorities related thereto (other than correspondence that by applicable law cannot be disclosed), and (ii) all other information relevant to the transactions contemplated by this Agreement, as it relates to the Merger and the Colonial Transaction, concerning such Party's business, properties and personnel as the other Party may reasonably request, including, without limitation, reports of condition filed with Regulatory Authorities. In addition, subsequent to the C-M Merger, IDB shall have the right, but not the obligation, to conduct a due diligence examination of New Manufacturers, which examination shall last no more than five (5) business days. Each Party shall not, and shall cause its advisers and representatives not to, interfere unreasonably with the normal operations, customers or employee relations of the other Party, to follow procedures established by the Parties having due regard for the foregoing, and, prior to the Effective Time, to refrain from using for any purposes other than as set forth in this Agreement and to treat as confidential all information obtained by such Party hereunder or in connection herewith and not otherwise known to such Party. If this Agreement is terminated prior to the Effective Time, all documents in the possession of either Party hereto concerning the other Party obtained from the Party shall be promptly returned to the other Party. No investigation by a Party shall affect the

representations and warranties of the other Party to this Agreement, and each such representation and warranty shall survive any such investigation.

(c) Regulatory Matters and Approvals.

(i) Bank Regulatory Matters. IDB, Colonial and Manufacturers, as appropriate, shall cause to be promptly prepared and filed with the appropriate bank regulatory authorities applications for its approval of the Merger and the Colonial Transaction; and with any other Regulatory Authority having jurisdiction any other applications for approvals or Consents which may be necessary for the consummation of the transactions contemplated by this Agreement. Each Party shall use commercially reasonable efforts to take or cause to be taken all actions necessary for such applications and notices to be approved and shall provide the others with copies of all correspondence and notices to or from such agencies concerning such applications and notices. Commercially reasonable efforts shall include cooperation with another Party in its efforts to file an application or notice. No Consent obtained which is necessary to consummate the transactions contemplated by this Agreement shall be conditioned or restricted in a manner which in the reasonable judgment of a Party would (A) unduly impair or restrict the operations, or would have a Material Adverse Effect on the Condition, of Manufacturers, IDB, or the Surviving Bank, or (B) render consummation of the Merger unduly burdensome; provided, that such Party has used its reasonable efforts (it being understood that such reasonable efforts shall not include the threatening or commencement of any litigation) to cause such conditions or restrictions to be removed or modified as appropriate.

(ii) Other Governmental Matters. Subject to the last sentence of Section 5.1(c)(i), each of the Parties shall take any additional commercially reasonable action that may be necessary, proper, or advisable in connection with any other notice to, filings with, and authorizations, consents, and approvals of governments and governmental agencies that it may be required to give, make or obtain in connection with the transactions contemplated by this Agreement.

(d) [omitted]

(e) [omitted]

(f) Government Filings. IDB and Colonial shall file all reports, applications and other documents required to be filed with the appropriate bank regulators between the date hereof and the Effective Time of the Merger and shall make available to the other Party copies of all such reports promptly after the same are filed.

(g) Notice of Material Adverse Developments. IDB and Colonial shall give prompt written notice to the other Party of any Material Adverse Effect on its Condition, or any material adverse development affecting the assets, liabilities, business, financial condition, operations, results of operations, or future prospects of such Party taken as a whole, including without limitation (i) any material change in its business or operations, (ii) any material

complaints, investigations or hearings (or communications indicating that the same may be contemplated) of any Regulatory Authority, (iii) the institution or the threat of material litigation involving such Party, or (iv) any event or condition that might be reasonably expected to cause any of such Party's representations and warranties set forth herein not to be true and correct in all material respects as of the Closing Date. Each Party shall also give prompt written notice to each other Party of any other material adverse development affecting the ability of such Party to consummate the transactions contemplated by this Agreement. Any such notices shall be accompanied by copies of any and all pertinent documents, correspondence and similar papers relevant to a complete understanding of such material adverse development, which shall be promptly updated as necessary. Each Party shall have 20 business days after any other Party gives any written notice pursuant to this Section 5.1(g) within which to exercise any right it may have to terminate this Agreement pursuant to Section 7.1(a)(iii) or (iv) below by reason of the material adverse development. Unless one of the Parties terminates this Agreement within the aforementioned period, the written notice of a material development shall be deemed to have amended the schedules to this Agreement, to have qualified the representations and warranties contained herein, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the material adverse development.

(h) Filings with the Offices. Upon the terms and subject to the conditions of this Agreement, the Parties shall execute and file any and all documents in connection with the Merger for filing with any Federal and state offices.

(i) Press Releases. No Party shall issue any press release or other public disclosure of matters related to this Agreement (except with regard to the C-M Merger) without the prior consent of every other Party, and each Party shall consult with the others as to the form and substance of any press release or other public disclosure materially related to this Agreement, the Merger or any other transaction contemplated hereby; provided, however, that any Party may make any press release or other public disclosure it believes in good faith is required by law or regulation.

(j) Miscellaneous Agreements and Consents. Subject to the terms and conditions of this Agreement, each of the Parties hereto agrees to use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement as expeditiously as reasonably practicable, including, without limitation, using their respective reasonable best efforts to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the transactions contemplated hereby. Each Party shall use commercially reasonable efforts to obtain all approvals and Consents of all third parties and Regulatory Authorities necessary or, in the reasonable opinion of any Party, desirable for the consummation of the transactions contemplated by this Agreement. No Consent obtained which is necessary to consummate the transactions contemplated by this Agreement shall be conditioned or restricted in a manner which in the reasonable judgment of a Party would (A) unduly impair or restrict the

operations, or would have a Material Adverse Effect on the Condition, of the Surviving Bank, or (B) render consummation of the Merger unduly burdensome; provided, that such Party has used its reasonable efforts (it being understood that such reasonable efforts shall not include the threatening or commencement of any litigation) to cause such conditions or restrictions to be removed or modified as appropriate.

(k) Indemnification.

(i) From the date of this Agreement until the Effective Time, each of Colonial, New Manufacturers and IDB shall indemnify and hold harmless the other parties and their respective Affiliates against all Costs arising out of or incurred in connection with any untrue or misleading statement (or alleged untrue or misleading statement) of a material fact contained in any regulatory filing prepared in connection with the Merger, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not untrue or misleading; provided, however, that no party shall be liable to the extent that any Costs arise out of or are based solely on any untrue or misleading statement or omission or alleged untrue or misleading statement or omission made in reliance upon and in conformity with written information furnished to it, by or on behalf of other Party.

(ii) After the Effective Time of the Merger, Colonial shall indemnify, defend and hold harmless IDB and its officers, directors, employees and agents (each, an "Indemnified Party") from and against any and all demands, claims, allegations, assertions, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs and expenses including reasonable legal fees, interest, penalties, and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, asserted against, imposed upon, resulting to, required to be paid by, or incurred by any Indemnified Party, directly or indirectly, in connection with, arising out of, which could result in, or which would not have occurred but for the transaction contemplated by this Agreement, including but not limited to, (A) a breach of any representation or warranty made by New Manufacturers in this Agreement, in any certificate or document furnished pursuant hereto by New Manufacturers, (B) a breach or nonfulfillment of any covenant or agreement made by Colonial or New Manufacturers in or pursuant to this Agreement to which New Manufacturers is or is to become a party, and (C) any Covered Liability. For purposes of this Agreement, the term "Covered Liability" refers to any liability of New Manufacturers, whether due or to become due, whether accrued, absolute, contingent or otherwise, existing on the Effective Time of the Merger or arising out of any transactions entered into, or any state of facts existing prior to the Effective Time of the Merger.

(iii) Any Party indemnified pursuant to this Agreement is referred to herein as an "Indemnified Party," and the party obligated to provide the Indemnified Party with indemnification is referred to as an "Indemnifying Party." Any Indemnified Party wishing to claim indemnification under this section shall promptly notify the Indemnifying Party of the event giving rise to an Indemnification right hereunder, but the failure to notify shall not relieve the Indemnifying Party of any liability it may have to such Indemnified Party, except to the extent that the same materially prejudices the Indemnifying Party. In the event of any legal

extent that the same materially prejudices the Indemnifying Party. In the event of any legal action (whether arising before or after the Effective Time) in connection with which there is an Indemnification right hereunder, (A) the Indemnifying Party shall have the right to assume the defense thereof through counsel reasonably satisfactory to the Indemnified Party, and the Indemnifying Party shall not be liable to such Indemnified Party for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, except that if the Indemnifying Party elects not to assume such defense, the Indemnified Party may retain counsel which is reasonably satisfactory to the Indemnifying Party, and the Indemnifying Party shall pay, promptly as statements therefor are received, the reasonable fees and expenses of such counsel for the Indemnified Party (which may not exceed one firm in any jurisdiction unless the use of one counsel for such Indemnified Party would present such counsel with a conflict of interest), (B) the Indemnified Party will cooperate in the defense of any such matter including, but not limited to the provision of records and proper personnel to provide testimony, and (C) the Indemnifying Party shall not be liable for any settlement effected without its prior written consent (such consent not to be unreasonably withheld or delayed). Notwithstanding the above, in the event that the Indemnifying Party elects not to assume such defense, and the Indemnified Party elects not to assume such defense, the Indemnified Party may call upon the Indemnifying Party to pay or compromise said claim.

ARTICLE VI
CONDITIONS TO THE OBLIGATIONS
OF IDB, COLONIAL AND NEW MANUFACTURERS

Section 6.1 Conditions to Obligation to Close.

(a) Conditions to Obligation of New Manufacturers and Colonial. The respective obligations of Colonial and New Manufacturers to consummate the transactions to be performed by it in connection with the Closing are subject to satisfaction of the following conditions:

(i) The Parties shall have procured all Consents specified in Section 5.1(c) above, including but not limited to all necessary consents, authorizations and approvals of Regulatory Authorities which, with respect to those from the Regulatory Authorities, shall not contain provisions which (A) unduly impair or restrict the operations, or would have a Material Adverse Effect on the Condition, of IDB, Colonial, New Manufacturers or the Surviving Bank, or (B) render consummation of the Merger unduly burdensome, in each case as determined in the reasonable discretion of Colonial or New Manufacturers;

(ii) The representations and warranties set forth in Article II above shall be true and correct in all material respects at and as of the Closing Date;

(iii) IDB shall have performed and complied in all material respects with all its covenants required to be complied with hereunder through the Closing;

(iv) No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction wherein an unfavorable judgment, order, decree, stipulation, injunction, or charge could (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) affect adversely the right after the Effective Time of the Merger of the Surviving Bank to own, operate, or control substantially all of the assets and operations of IDB and/or Manufacturers (and no such judgment, order, decree, stipulation, injunction, or charge shall be in effect);

(v) IDB shall have delivered to New Manufacturers a certificate to the effect that each of the conditions specified above in Section 6.1(a)(i) through (iv) is satisfied in all respects;

(vi) The C-M Merger shall have been consummated;

(vii) Colonial shall have obtained all third-party consents or waivers necessary to effect the Colonial Transaction, the Merger and the P & A Agreement; and

(viii) If any of the events set forth in Section 7.1(a)(iii) shall have occurred.

Colonial and Manufacturers may waive any condition specified in this Section 6.1(a) if it executes a writing so stating at or prior to the Closing.

(b) Conditions to Obligation of IDB. The obligations of IDB to consummate the transactions to be performed by it in connection with the Closing are subject to satisfaction of the following conditions:

(i) The Parties shall have procured all of the third party approvals, authorizations and consents specified in Section 5.1(c) above, including but not limited to all necessary consents, authorizations and approvals of Regulatory Authorities which, with respect to those from the Regulatory Authorities, shall not contain provisions which (A) unduly impair or restrict the operations, or would have a Material Adverse Effect on the Condition, of New Manufacturers or the Surviving Bank, or (B) render consummation of the Merger unduly burdensome, in each case as determined in the reasonable discretion of IDB;

(ii) The representations and warranties set forth in Article III above shall be true and correct in all material respects in respect of New Manufacturers at and as of the Closing Date;

(iii) New Manufacturers shall have performed and complied in all material respects with all its covenants required to be complied with hereunder through the Closing;

(iv) No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction wherein an unfavorable judgment, order, decree, stipulation, injunction, or charge could (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) affect adversely the right after the Effective Time of the Merger of the Surviving Bank, to own, operate, or control substantially all of the assets and operations of IDB and/or New Manufacturers (and no such judgment, order, decree, stipulation, injunction or charge shall be in effect);

(v) The Colonial Transaction shall have been completed; and

(vi) New Manufacturers shall have delivered to IDB a certificate to the effect that each of the conditions specified above in Section 6.1(b)(i) through (v) is satisfied in all respects.

IDB may waive any condition specified in this Section 6.1(b) if it executes a writing so stating at or prior to the Closing.

ARTICLE VII TERMINATION

Section 7.1 Termination.

(a) Termination of Agreement. Any of the Parties may terminate this Agreement as provided below:

(i) The Parties may terminate this Agreement by mutual written consent at any time prior to the Effective Time of the Merger;

(ii) Colonial or New Manufacturers may terminate this Agreement by giving written notice to IDB at any time prior to the Effective Time of the Merger in the event IDB is in breach, and IDB may terminate this Agreement by giving written notice to Colonial and New Manufacturers at any time prior to the Effective Time of the Merger in the event

Colonial or New Manufacturers is in breach, of any representation, warranty, or covenant contained in this Agreement in any material respect. Each Party shall have the right to cure any such breach, if such breach is capable of being cured, within 30 days after receipt of written notice of such breach or within any such longer period mutually agreed to in writing by the Parties hereto ("Cure Period").

(iii) Colonial shall be entitled to terminate this Agreement if: (A) BancGroup's independent auditors refuse to provide an opinion, satisfactory to BancGroup in its sole discretion, that the C-M Merger (as defined in Section 1.6(a)(i) of this Agreement) may be accounted for using a pooling-of-interests method of accounting and state that the reasons for such refusal is the existence of this Agreement or any of the actions contemplated by this Agreement; (B) BancGroup's independent auditors refuse to provide an opinion satisfactory to BancGroup in its sole discretion, that the Merger, the Colonial Transaction, or the transactions contemplated pursuant to that certain Branch Purchase and Assumption Agreement between IDB and Colonial of even date herewith (exclusive of any amounts paid to Colonial pursuant to this Agreement) will constitute a tax-free reorganization for federal and state income tax purposes; (C) the Colonial Transaction or the Merger would cause BancGroup to be unable to consummate the C-M Merger on or before October 31, 2001; or (D) the Colonial Transaction or the Merger would create operational or business issues for BancGroup, Colonial or Manufacturers which Colonial determines are materially burdensome to BancGroup or Colonial.

(iv) IDB, Colonial and New Manufacturers each may terminate this Agreement by giving written notice to the other Parties at any time after the denial, and any final appeal or rehearing thereof (or if any denial by such authority is not appealed within the time limit for appeal), of any approval from a Regulatory Authority necessary to permit the Parties to consummate the Merger and the transactions contemplated by this Agreement or if any Consent shall be conditioned or restricted in the manner provided in Section 6.1(a)(i) or Section 6.1(b)(i), as appropriate;

(v) IDB, Colonial and New Manufacturers each may terminate this Agreement if the Merger shall not have been consummated on or prior to December 5, 2001 provided that the failure to consummate the Merger on or before such date is not caused by any breach of any of the representations, warranties, covenants or other agreements contained herein by the party electing to terminate pursuant to this Section 7.1(a)(v).

(b) Effect of Termination. If any Party terminates this Agreement pursuant to Section 7.1(a) above, all obligations of all Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then in breach); provided, however, that the confidentiality provisions contained in Section 5.1(b) above, the expense provisions in 8.1(k) below shall survive any such termination and all amounts previously paid by IDB to Colonial or BancGroup pursuant to this Agreement or the Letter of Intent dated August 15, 2001 shall be non-refundable.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1 Miscellaneous.

(a) Survival. None of the representations, warranties, and covenants of the Parties shall survive the Effective Time of the Merger, other than the provisions in Sections 4.1 and 5.1(k) above concerning indemnification, which shall survive for the full period permitted by the applicable statute of limitations.

(b) No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns; provided, however, that the provisions in Section 5.1(k) above concerning indemnification are intended for the benefit of the individuals specified and their respective legal representatives.

(c) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, that may have related in any way to the subject matter hereof.

(d) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Neither Party may assign this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Party.

(e) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(f) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Notices. All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing (including telex and telegraphic communication) and shall be (as elected by the person giving such notice) hand delivered by messenger or courier service, delivered by facsimile transmission, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to Manufacturers before: Alfred T. Rogers and

the C-M Merger

Anthony F. Gonzalez
Manufacturers Bank of Florida
4144 N. Armenia Avenue
Tampa, Florida 33607
(813) 877-4600
Facsimile Number: (813) 872-0668

and

John P. Greeley, Esq.
Smith Mackinnon, P.A.
Citrus Center, Suite 800
255 South Orange Avenue
Orlando, Florida 32801
(407) 843-7300
Facsimile Number: (407) 843-2448

If to New Manufacturers:

William A. McCrary
Colonial BancGroup
Colonial Financial Center
One Commerce Street
Montgomery, Alabama 36104
(334) 240-5060
Facsimile Number: (334) 240-5069

and

Willard H. Henson, Esq.
Miller, Hamilton, Snider & Odom
One Commerce Street, Suite 305
Montgomery, Alabama 36104
(334) 834-5550
Facsimile Number: (334) 265-4533

If to Colonial:

William A. McCrary
Colonial BancGroup
Colonial Financial Center
One Commerce Street
Montgomery, Alabama 36104
(334) 240-5060
Facsimile Number: (334) 240-5069

and

Willard H. Henson, Esq.
Miller, Hamilton, Snider & Odom
One Commerce Street, Suite 305
Montgomery, Alabama 36104
(334) 834-5550
Facsimile Number: (334) 265-4533

If to IDB:

Theodore D. Itzkowitz, Esq.
Israel Discount Bank of New York
511 Fifth Avenue
New York, New York 10017
(212) 551-8902
Facsimile Number (212) 551-8916

and

Michael Basile, Esq.
Stroock & Stroock & Lavan LLP
First Union Financial Center
200 S. Biscayne Boulevard, 33rd Floor
Miami, Florida 33131
(305) 789-9350
Facsimile Number: (305) 789-9302

or to such other address as any Party may designate by notice complying with the terms of this Section. Each such notice shall be deemed delivered (a) on the date delivered if by hand delivery; (b) on the date of transmission with confirmed answer back if by telex, facsimile or other telegraphic method; and (c) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Florida without regard to principles of conflict of laws.

(i) Amendments and Waivers. To the extent permitted by law, the Parties may amend any provision of this Agreement at any time prior to the Effective Time of the Merger by a subsequent writing signed by each of the Parties; provided, however, that after approval of this Agreement by a Party's shareholders, there shall be made no amendment that adversely affects the economic value of the Merger to, or any other material right of, such shareholders without their further approval. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by

any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the termination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provisions with a term or provisions that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

(k) Expenses. Each Party shall bear its own expenses in connection with the negotiation and execution of this Agreement and the implementation and effectiveness of the Merger; provided, however, that IDB shall pay (i) all filing fees related to all applications and supplements thereto filed with federal and state banking authorities for prior approval of the Merger and shall deliver to Colonial the reimbursement set forth in Section 1.8(b)(v) of this Agreement, (ii) accounting fees incurred by Manufacturers in performing its obligations under Section 1.8(b)(iii) of this Agreement and (iii) legal fees incurred by Manufacturers in connection with this Agreement. Notwithstanding the foregoing, if any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing Party or Parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that action or proceeding, in addition to any other relief to which such Party or Parties may be entitled. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the prevailing Party.

(l) Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Party. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context otherwise requires.

(m) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(n) Jurisdiction and Venue. The Parties acknowledge that a substantial portion of negotiations and anticipated performance and execution of this Agreement occurred or shall occur in Florida, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the Parties irrevocably and unconditionally (i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement may be brought in a state or federal court of record in Tampa, Florida; (ii) consents to the jurisdiction of each such Court in any suit, action or proceeding; (iii) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (iv) agrees that service of any court paper may be effected on such Party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in said state.

(o) Remedies Cumulative. Except as otherwise expressly provided herein, no remedy herein conferred upon any Party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or by statute or otherwise. No single or partial exercise by any Party of any right, power or remedy hereunder shall preclude any other or further exercise thereof.

(p) Corporate Capacity. This Agreement and all documents executed at closing or executed by the Parties are or will be executed solely in corporate capacity, and by acceptance thereof all claims for damages or other relief under this Agreement and any closing documents against any director, officer or shareholder of a Party are hereby waived, released and satisfied.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement and have affixed their respective seals as of the date first above written, each by an officer designated by the Board and attested to by its Secretary, pursuant to a resolution of its Board of Directors, acting by a majority.

ISRAEL DISCOUNT BANK OF NEW YORK

(SEAL)

By: *[Signature]*

Attest: *[Signature]*
ASSISTANT, Secretary

(SEAL)

By: *[Signature]*
FIRST SENIOR VICE PRESIDENT

& COMPTROLLER
Attest: *[Signature]*
ASSISTANT, Secretary

MANUFACTURERS BANK OF FLORIDA

(SEAL)

By: *[Signature]*

Attest: *[Signature]*
Assistant, Secretary

COLONIAL BANK

(SEAL)

By: *[Signature]*

Attest: *[Signature]*
Assistant, Secretary

SCHEDULE 1.6 (a)

New Manufacturers
Condensed Consolidated Statement of Condition
As at September 14, 2001
(TO BE UPDATED AT CLOSING)
(In thousands of dollars)

ASSETS

CASH AND DUE FROM BANKS	\$	11,872
INVESTMENT SECURITIES AVAILABLE FOR SALE		1,378
LOANS		-
LESS: ALLOWANCE FOR POSSIBLE LOAN LOSSES		-
LOANS, NET		-
ACCRUED INTEREST AND OTHER ASSETS		-
TOTAL ASSETS	\$	<u>13,250</u>

LIABILITIES

DEPOSITS	\$	1,011
OTHER SHORT TERM BORROWINGS		-
OTHER LIABILITIES		-
TOTAL LIABILITIES		<u>1,011</u>

STOCKHOLDERS' EQUITY:

TOTAL CAPITAL		12,239
TOTAL STOCKHOLDERS' EQUITY		<u>12,239</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u>13,250</u>

SCHEDULE 3.1(e)

STATUTE AT ISSUE

1. The dividend of substantially all of the assets of Manufacturers Bank of Florida to Colonial Bank may arguably violate the face of Section 658.37 of the Florida Banking Code. However, based upon discussions with the staff of the Florida Banking Department, it is Colonial's understanding that the Regulators have the discretion to approve such dividend, and will, in fact, approve it.

SCHEDULE 3.1 (I)(ii)

COMMUNICATIONS WITH REGULATORY AUTHORITIES

1. Resolution of commitment by the Board of Directors of Manufacturers Bank of Florida to the FDIC dated March 17, 2001 regarding Compliance Report of Examination as of August 26, 1999.

SCHEDULE 3.1(n)
LEGAL PROCEEDINGS

Pending Litigation:

1. **Joseph Mendez**
Settlement drafts of the forbearance agreement have been exchanged. Final agreement should be executed by November 1, 2000.
2. **Christopher Phillips**
Certificate of Title entered and eviction letter sent to occupants of Phillips' home.
3. **Thomas Singletary**
Thomas Singletary appeared for his deposition and a report was sent to Manufacturers. It appears Manufacturers' judgment against Mr. Singletary is uncollectible at this time, but he can be subpoenaed for deposition in another 12 months to see if his financial situation has changed.
4. **Robert Taylor**
Appeared at his post-judgment deposition and offered to pay Manufacturers \$1,000.00 upon receipt of settlement proceeds from one of his cases plus \$250.00 per month. Our collection department is working on pursuing this matter.
5. **John Edward Unger**
Final Garnishment Judgment entered. Check has been received from Manufacturers and forwarded to plaintiff's counsel with request to satisfy garnishment judgment.
6. **Steve Wenzel**
Manufacturers has received and applied the insurance proceeds from the insurance company insuring the 1999 Chevy Suburban which was collateral for the Wenzels' loan. The Wenzels have offered to pay Manufacturers \$650.00 per month depending on the Wenzels' law firm's cash flow.
7. **Gretchen Lee Zayas**
Manufacturers' collateral which was released in error was sold before an injunction could be obtained from the Court. Legal research indicates that Manufacturers could not assert a cause of action for conversion of collateral or civil theft. There are judgments against the Zayas that will be ahead of any judgment on the note that Manufacturers can acquire against Gretchen Zayas.
8. **Parts Data**
Suit was filed against Parts Data and Larry Nardelli. Parts Data filed bankruptcy and will be dropped as a party defendant. Larry Nardelli submitted a settlement proposal which Manufacturers rejected. Counsel is proceeding to obtain a default judgment against Larry Nardelli.

9. **Leonardo Faedo, Jr.**
Manufacturers moved to dismiss Count II of Faedo's Complaint for civil theft and answered Count I, the negligence claim. Manufacturers' Motion to Dismiss is scheduled to be heard on November 27, 2000. Faedo has filed a Motion to Strike Manufacturers affirmative defenses and that motion will be heard at the same time as the bank's motion.
10. **Dennis and Linda Lopez**
Chapter 13. The Bank has an unsecured claim of \$10,215.42. The Debtors' Plan proposes payment of 20%. An Order Confirming Plan was entered on June 20, 1997 and the Bank is receiving payments from the Trustee.
11. **Ralph and Loretta Quinones**
Chapter 13. The Bank has secured claim for \$83,049.26. The Plan was confirmed on May 14, 1998 and Debtors made payments pursuant to contract directly to the Bank. The Debtors received a discharge on January 14, 2001.
12. **Benito and Linda Rodriguez**
Chapter 13. The Bank had an unsecured proof of claim allowed in the amount of \$18,752.87. Debtors paid 100% plus interest. The Debtors received a discharge on June 2, 200.
13. **Edward and Lou Ann Salmon**
Chapter 7. The debtors have received their Discharge and no distribution to creditors is expected.
14. **Belle R. Mata**
Chapter 13. The Bank has an unsecured claim of \$9,651.19. Debtor's Plan proposed payment of 20% to unsecured creditors. The Plan was confirmed June 11, 1999 and the Bank should be receiving payments directly from the Trustee.
15. **Bennie Small, Jr.**
Chapter 13, case number 98-16695-8C3. Debtor filed pro se (without an attorney) on September 24, 1998. The Bank had secured claims totaling \$45,000.00 secured by Debtor's homestead real estate. The case was dismissed. Chapter 13, case number 99-5831-8B3 was filed April 13, 1999. The Bank agreed to consolidate both loans, amortize the balance over 15 years at 12% per annum interest with a 7 year balloon. Small signed the new loan documents on August 17, 1999 but defaulted on the payments and I filed a Motion For Relief From Stay and obtained an Order requiring payments. An Order Dismissing Confirmed Chapter 13 Case was entered February 8, 2000. Chapter 13 case number 00-1887-8B3 was filed on July 31, 2000 and dismissed on April 26, 2001. Debtor is in default and I will move to reopen the foreclosure suit to amend the complaint and foreclose on the consolidated note. There is an issue as to the priority of the Bank's mortgage.
16. **David Griffin**

Chapter 7. The Bank has a state court judgment for \$130,000.00 based on fraud. I filed a \$523 Complaint to get the Bank's debt excepted from discharge and Final Judgment has been entered for the Bank on April 15, 1999. This file needs to be reviewed for collection.

17. **William David Pearson**

Chapter 13. The Bank had an approximately \$82,000.00 claim secured by real estate and assignment of contract proceeds. I obtained relief from stay to conclude the real estate foreclosure. The real estate was sold at foreclosure and the Bank received \$15,200.00. Pearson consulted an attorney to file suit on the contract but no suit was ever filed. An Order Denying Confirmation and Dismissing Case was entered August 24, 1999. I have filed a Motion for Deficiency Judgment and Pearson has finally been served. No hearing date has been set on the Motion.

18. **Terri Chandler**

Final Judgment of \$11,907.98 was entered on August 9, 2000. Both Chandler and her business Keystone Trailers, Inc. filed Chapter 7's on May 1, 2001. There are not assets to pay creditors.

19. **Automated Petroleum**

Bank is Defendant in Hillsborough County suit for eminent domain. An Answer was filed February 22, 2001. The loan for which the real estate was collateral was paid off and the Bank was dismissed as a Defendant.

20. **Juan Santallana**

Bank had two auto loans with Debtor who filed Chapter 13 on February 4, 2000. Case was dismissed on September 13, 2000.

21. **H. Thomas Lewis, Jr.**

Debtor filed a Chapter case number 99-3345-8B3 on March 5, 1999 which was dismissed on October 20, 1999. Debtor filed a Chapter 13 case number 00-3770-8B3 on March 14, 2000 which was dismissed on October 20, 2000. Debtor filed a Chapter 13 case number 01-3186-8B3 on March 1, 2001. Bank has an unsecured claim for \$5,345.35 for which a proof of claim has been filed.

22. **Joseph Stephen Cuellar**

Debtor filed a Chapter 7 case number 01-0966-8B7 on January 19, 2001 and received a discharge on April 26, 2001. Bank is owed \$24,130 secured by a first mortgage on real estate. Foreclosure Complaint filed May 2, 2001 and Defendant served May 3, 2001.

23. **Himes Investments**

Foreclosure action on raw land in north Tampa for failure to pay back property taxes. Settlement reached whereby customer paid all outstanding property taxes, all outstanding payments and late fees and \$2,500.00 in legal costs to the Bank.

24. **KNL/Khajeh Noori**

Commercial real estate and equipment loan on medical testing laboratory. Customer has filed for Chapter 11 bankruptcy. First meeting of creditors held in April. Loan reserved at 15%.

25. **Preferred Seating**

Partners Bank loan. Bleacher contractor has shut down. Suit filed against borrower and owners, as well as factoring company that took some receivables ahead of the Bank's UCC. Seeking foreclosure of two parcels of real estate as well as collection of outstanding receivables. Currently negotiating for borrower to deed real estate in lieu of foreclosure and assign all receivables, as well as assist in pursuing factoring company and outstanding receivables. Loan currently reserved at 50%.

26. **Southeast Builders/Donald Brauner**

Foreclosure action on rental residential single family loan and vacant lot. Loan is guaranteed by Brauner and his father. Foreclosure just recently filed. No anticipated loss. Reserved at 15%

27. **Enrique and Stephanie Vargas**

Unsecured credit. Judgment obtained against husband of this divorced couple. Mr. Vargas has now moved to Peru. We have recorded the judgments and will seek collection if he returns to the United States.

Potential Environmental Claims Regarding Real Property:

1. **D. Lynn Dearing, Karen L. Dearing and Tampa Bay Metal Recycling, Inc.**
Remote, yet possible liability for damages by the Bank for environmental violations regarding this property. The Bank foreclosed the property and then attempted to sell the property. Opinion of counsel, Patrick W. Shelton, of the Law Firm of Holland & Knight, L.L.P., to the Bank states that because the Bank never took control of the property as defined by Florida Statute, the Bank has "an extremely strong defensive position to avoid any material loss arising from such claim."

Potential Claims by the Bank (Plaintiff)

1. **Amenitique, Inc./Bo Grektoorp/Maria and Jorge Leal**
This Partners loan was secured by a certificate of deposit belonging to the Leal's and pledged on the loan to Amenitique and Grektoorp. Upon a renewal, the Leal's apparently had possession of the original Partners CD and brought it in and convinced an employee to cash it, leaving the loan unsecured. We have made a demand upon the Leal's and Grektoorp for payment of the loan or a return of the collateral. We have consulted with Trenam, Kemker with a suit against the Leal's and Grektoorp in the planning.
2. **Leedy and Murphy, Inc./Monte Leedy**
Partners loan to a dry cleaner, secured by equipment and be a second mortgage on Leedy's home. Customer has been a perennial past due problem. Mr. Leedy recently retained an attorney and informed the Bank that he would be filing Chapter 7 bankruptcy

on both the company and himself personally. Since that time, a buyer has come forward for the equipment at the loan balance. We are consulting with bankruptcy counsel in order to avoid a preferential payment designation to a creditor.

3. **Miller Magnetic, Inc./Dr. Bruce Miller**

Dr. Miller has several loans with the bank as well as good sized deposits. We were informed by one of his employees that he intends to leave the country to evade his alimony and payments to the Bank. Investigation revealed that he has a significantly reduced cash flow and also has purchased an expensive condominium in Costa Rica. His alimony is \$11,000 per month. Once confronted, Dr. Miller agreed to pay out his unsecured line of credit and his equipment loan. Both have now been paid. There remains a credit card with a \$4,000 balance and a card and will bring in a partner/guarantor on the tractor trailer. The entire relationship is reserved at 15%.

4. **Mark Nelson**

Foreclosure on Partners loan on residential first mortgage in Hernando County.
Foreclosure in pending locating the borrower for service of process. Loan is reserved at 15%.

10/12/01

**FIRST AMENDMENT
TO
MERGER AGREEMENT
AMONG
ISRAEL DISCOUNT BANK OF NEW YORK
AND
MANUFACTURERS BANK OF FLORIDA
AND
COLONIAL BANK**

THIS FIRST AMENDMENT (this "First Amendment") is dated October 4, 2001, to the MERGER AGREEMENT dated as of September 14, 2001 (the "Merger Agreement"), by and between Colonial Bank ("Colonial"), an Alabama banking corporation having its principal office in Montgomery, Alabama; Manufacturers Bank of Florida ("MBank"), a Florida banking corporation having its principal office in Tampa, Florida; and Israel Discount Bank of New York ("IDB"), a New York state chartered commercial bank having its principal office in New York, New York.

WHEREAS, the parties to the Agreement wish to amend the Merger Agreement in certain respects;

IT IS AGREED, as follows:

1. All terms not otherwise defined herein shall have the meanings given to them in the Merger Agreement.
2. Except as otherwise stated herein, all provisions of the Merger Agreement shall remain in full force and effect.
3. Section 1.1 Consummation of Merger; Closing Date, subsection (a) of the Merger Agreement is hereby deleted in its entirety and in lieu thereof the following Section 1.1(a) shall be substituted:

(a) Subject to the provisions hereof, Manufacturers shall be merged with and into IDB (which shall hereinafter be referred to as the "Merger") pursuant to the banking law of the State of New York, and IDB shall be the surviving corporation (sometimes hereinafter referred to as "Surviving Bank" when reference is made to it after the Effective Time of the Merger (as defined below)). Subject to the terms and conditions hereof, unless otherwise agreed upon by Manufacturers and IDB, the effective time of the Merger shall occur at or

after the close of business on December 6, 2001 and before the opening of business on December 7, 2001, or at such earlier date in Colonial's sole discretion with 10 days notice to the other Parties (the "Effective Time of the Merger"), assuming all of the following have occurred: (i) the effective date (including the expiration of any applicable waiting period) of the last required Consent (as defined below) of any Regulatory Authority (as defined below) having authority over the transactions contemplated pursuant to this Agreement, (ii) the approval by the shareholder of IDB of the transactions contemplated by this Agreement, (iii) the approval by the shareholder of Manufacturers of the transactions contemplated by this Agreement, and (iv) the satisfaction or waiver of all other conditions precedent to the transactions contemplated by this Agreement. As used in this Agreement, "Consent" shall mean a consent, approval, authorization, waiver, clearance, exemption or similar affirmation by any person pursuant to any contract, permit, law, regulation or order, and "Regulatory Authorities" shall mean, collectively, the Alabama State Banking Department, the Florida Department of Banking and Finance, the New York Banking Department, the Federal Trade Commission (the "FTC"), the United States Department of Justice (the "Justice Department"), the Board of Governors of the Federal Reserve System (the "FRB"), and the Federal Deposit Insurance Corporation (the "FDIC").

4. Section 7.1 Termination of Agreement, subsection (a)(v) of the Merger

Agreement is hereby deleted in its entirety and in lieu thereof the following Section

7.1(a)(v) shall be substituted:

(i) IDB, Colonial and New Manufacturers each may terminate this Agreement if the Merger shall not have been consummated on or prior to the open of business on December 7, 2001 provided that the failure to consummate the Merger on or before such date is not caused by any breach of any of the representations, warranties, covenants or other agreements contained herein by the party electing to terminate pursuant to this Section 7.1(a)(v).

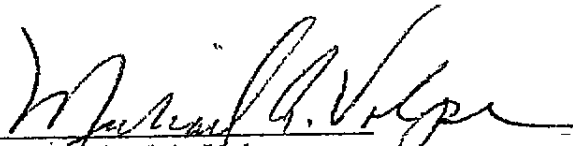
[Intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this First
Amendment as of the date first above written.

COLONIAL BANK

By: W. Flake Oakley
Its: Chief Financial Officer

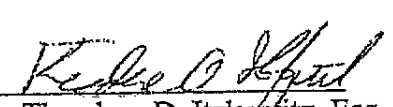
ISRAEL DISCOUNT BANK
OF NEW YORK



By: Michael A. Volpe
Its: First Senior Vice President
and Comptroller

MANUFACTURERS BANK
OF FLORIDA

By: Alfred T. Rogers
Its: President



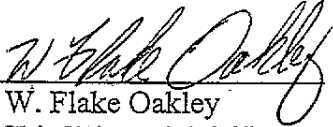
By: Theodore D. Itzkowitz, Esq.
Its: Secretary

IN WITNESS WHEREOF, the parties hereto have duly executed this First

Amendment as of the date first above written.

COLONIAL BANK

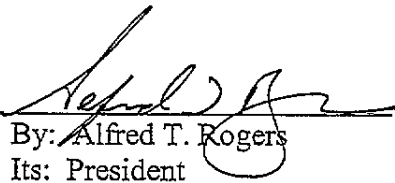
ISRAEL DISCOUNT BANK
OF NEW YORK


By: W. Flake Oakley
Its: Chief Financial Officer

By: Michael A. Volpe
Its: First Senior Vice President
and Comptroller

By: Theodore D. Itzkowitz, Esq.
Its: General Counsel and Secretary

MANUFACTURERS BANK
OF FLORIDA


By: Alfred T. Rogers
Its: President