

J83026

(Requestor's Name)

(Address)

(Address)

(City/State/Zip/Phone #)

☐

PICK-UP

☐

WAIT

☐

MAIL

(Business Entity Name)

(Document Number)

Certified Copies \_\_\_\_\_ Certificates of Status \_\_\_\_\_

Special Instructions to Filing Officer:

Office Use Only



800039616068

08/13/04--01005--002 \*\*70.00

FILED

04 AUG 12 PM 4:55

SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

8/13/04  
merger  
sf

**CT CORPORATION**

August 12, 2004

Secretary of State, Florida  
409 East Gaines Street  
Tallahassee FL 32399

Re: Order #: 6168541 SO  
Customer Reference 1:  
Customer Reference 2:

Dear Secretary of State, Florida:

Please file the attached:

Premier Community Bank of South Florida (FL)  
Merger (Discontinuing Company)  
Florida

Enclosed please find a check for the requisite fees. Please return evidence of filing(s) to my attention.

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

Sincerely,

Ashley A Mitchell  
Fulfillment Specialist  
Ashley\_Mitchell@cch-lis.com

660 East Jefferson Street  
Tallahassee, FL 32301  
Tel. 850 222 1092  
Fax 850 222 7615

A WoltersKluwer Company

RECEIVED  
04 AUG 12 PM 4:43  
DEPT. OF STATE  
DIVISION OF CORPORATIONS  
TALLAHASSEE, FLORIDA

**ARTICLES OF MERGER**  
**OF**  
**PREMIER COMMUNITY BANK OF SOUTH FLORIDA**  
**AND**  
**UNION STATE BANK**

**FILED**


04 AUG 12 PM 4:55

SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

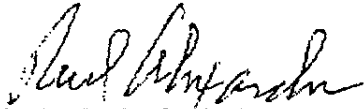
The undersigned corporations, Premier Community Bank of South Florida and Union State Bank, file these Articles of Merger and certify that:

1. Premier Community Bank of South Florida, a Florida banking corporation, is hereby merged with and into Union State Bank, an Alabama banking corporation, pursuant to an Agreement and Plan of Merger dated as of March 8, 2004, (the "Agreement") a copy of which is attached as Exhibit A, and in accordance with the provisions of the Florida Business Corporation Act.
2. The surviving corporation is Union State Bank, an Alabama banking corporation.
3. The merger shall be effective at 7:31 p.m., Eastern Daylight Time, on August 12, 2004.
4. The Agreement was approved by the Board of Directors of Union State Bank on July 13, 2004, and was approved by the sole shareholder of Union State Bank on July 13, 2004.
5. The Agreement was approved by the Board of Directors of Premier Community Bank of South Florida on March 8, 2004, and was approved by the sole shareholder of Premier Community Bank of South Florida on March 8, 2004.

**PREMIER COMMUNITY BANK OF SOUTH FLORIDA**

  
By: Richard A. Kuci, Jr.  
Its: President

UNION STATE BANK

A handwritten signature in cursive script, appearing to read "Reed Alexander", written over a horizontal line.

By: Reed Alexander

Its: Chairman and CEO

EXHIBIT A

PLAN AND AGREEMENT OF MERGER  
BETWEEN  
UNION STATE BANK  
AND  
PREMIER COMMUNITY BANK OF SOUTH FLORIDA

MERGER AGREEMENT  
AMONG  
UNION STATE BANK  
AND  
PREMIER COMMUNITY BANK OF SOUTH FLORIDA  
AND  
COLONIAL BANK, N.A.

## TABLE OF CONTENTS

	<u>Page</u>
<b>ARTICLE I</b>	
<b>THE MERGER</b>	
Section 1.1	Consummation of Merger; Closing Date.....2
Section 1.2	Effect of Merger.....3
Section 1.3	Further Assurances.....4
Section 1.4	Directors.....4
Section 1.5	Name of Surviving Bank .....4
Section 1.6	Colonial Transaction.....4
Section 1.7	Branch and Main Office.....5
Section 1.8	Purchase Price.....5
<b>ARTICLE II</b>	
<b>REPRESENTATIONS AND WARRANTIES OF BANK</b>	
Section 2.1	Representations and Warranties of BANK .....7
<b>ARTICLE III</b>	
<b>REPRESENTATIONS AND WARRANTIES OF NEW PREMIER AND COLONIAL BANK, N.A.</b>	
Section 3.1	Representations and Warranties of New Premier and Colonial Bank .....10
<b>ARTICLE IV</b>	
<b>TAX MATTERS</b>	
Section 4.1	Tax Indemnity .....17
Section 4.2	Miscellaneous .....18
<b>ARTICLE V</b>	
<b>COVENANTS AND AGREEMENTS</b>	
Section 5.1	Covenants.....19
<b>ARTICLE VI</b>	
<b>CONDITIONS TO THE OBLIGATIONS OF BANK AND PREMIER</b>	
Section 6.1	Conditions to Obligation to Close .....23
<b>ARTICLE VII</b>	
<b>TERMINATION</b>	
Section 7.1	Termination.....25
<b>ARTICLE VIII</b>	
<b>MISCELLANEOUS</b>	
Section 8.1	Miscellaneous .....26

## **SCHEDULES**

Schedule 1.6(a)	Form of New Premier's Balance Sheet
Schedule 3.1(e)	Statute at Issue
Schedule 3.1(m)	Legal Proceedings



**MERGER AGREEMENT AMONG  
UNION STATE BANK  
PREMIER COMMUNITY BANK OF SOUTH FLORIDA  
AND COLONIAL BANK, N.A.**

This Merger Agreement (the "Agreement") is dated as of the 8th day of March, 2004 by and among Union State Bank, an Alabama banking corporation ("BANK"), Premier Community Bank of South Florida, a Florida chartered banking corporation ("Premier"), and Colonial Bank, N.A. a national association ("Colonial"). BANK, Premier, 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 BANK, Premier and Colonial deem it in the best interests of BANK and Premier, respectively, and of their respective shareholders, that Premier merge with and into BANK pursuant to this Agreement; and

WHEREAS, the Boards of Directors of BANK, Premier 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, Premier shall be merged with and into BANK (which shall hereinafter be referred to as the "Merger") pursuant to the banking law of the States of Alabama and Florida, and BANK 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 Premier and BANK, the effective time of the Merger shall occur after the close of business on such date in Colonial's sole discretion with at least 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 BANK of the transactions contemplated by this Agreement, if necessary, (iii) the approval by the shareholder of Premier 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 Office of the Comptroller of the Currency (the "OCC"), 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 Miller, Hamilton, Snider & Odom, L.L.C., One Commerce Street, Suite 305, Montgomery, Alabama, 36104, 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 15 North 20<sup>th</sup> Street, Pell City, Alabama 35125. The Florida branch office(s) of the Surviving Bank shall be located at such location as may be designated by Colonial prior to closing the Merger.

#### Section 1.2 Effect of Merger.

At the Effective Time of the Merger, Premier shall be merged with and into BANK and the separate existence of Premier shall cease. The Articles of Incorporation and Bylaws of BANK, as in effect on the date hereof and as otherwise amended prior to the Effective Time of the Merger, shall be the Articles of Incorporation 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 an Alabama banking corporation. 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 corporation organized under the laws of the State of Alabama 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 Premier last in office shall be authorized to execute and deliver or cause to be executed and delivered in the name and on behalf of Premier 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 Premier, 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(i) below. Premier and BANK will deliver to Colonial limited powers of attorney authorizing Colonial to perform such acts and execute and deliver such documents as may be necessary or helpful in transferring such property, interests, assets, rights, privileges, immunities, powers, franchises and authority of Premier (excluding the assets set forth on the New Premier Balance Sheet) to Colonial or to enable Colonial to pay such taxes or fees that Colonial has agreed to pay on behalf of Premier pursuant to this Agreement after the Closing.

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 BANK as of the Effective Time of the Merger.

Section 1.5 Name of Surviving Bank.

*The name of the Surviving Bank shall be Union State Bank.*

Section 1.6 Colonial Transaction.

(a) BANK 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 Premier (the "B-B Merger");

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

(iii) Premier will declare and pay to Colonial a dividend of all assets, except those assets as set forth on the balance sheet of Premier in Schedule 1.6(a), as amended or adjusted by mutual agreement of the Parties prior to closing, (the "New Premier Balance Sheet") and will assign to Colonial, and Colonial will assume, all liabilities of Premier other than those set forth on the New Premier Balance Sheet. The Parties acknowledge that the New Premier

Balance Sheet as set forth on Schedule 1.6(a) is merely an approximation, but do not anticipate that the final Schedule 1.6(a) will be materially different. The assets dividdended to Colonial, shall include, without limitation, all of Premier' rights to the names "Premier Community Bank, Premier Community Bank of Florida, Premier Community Bank of South Florida and Premier Community Bank of Southwest Florida," the Premier Banks' ABA routing numbers and the Premier Banks' federal wire numbers.

The transactions described in (i) – (iii) above will hereinafter collectively be referred to as the "Colonial Transaction". Premier, as structured following the Colonial Transaction (hereinafter referred to as "New Premier") will be the entity merging with BANK. The Parties acknowledge that the New Premier Balance Sheet is intended as a reasonable approximation of the financial condition of New Premier as of the Effective Time of the Merger. All references in this Agreement to Premier in the context of the Effective Time of the Merger shall be deemed to be references to New Premier.

(b) BANK and Premier acknowledge and agree that the only assets and liabilities that shall remain in New Premier after the Colonial Transaction are those set forth in the New Premier 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 Premier at the Effective Time of the Merger, BANK 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 Premier. At the Closing, BANK and Premier will execute and deliver to Colonial a Special Power of Attorney granting Colonial the authority to make such conveyances, assignments and transfers as contemplated by this paragraph.

(c) BANK and Premier acknowledge and agree that BancGroup is concurrently entering into similar arrangements with two other financial institutions involving the sale of Florida state-chartered subsidiary banks currently owned by Premier's corporate parent (the "Other Charter Sales"). BANK further acknowledges that the timing of the consummation of the transactions contemplated hereby may be impacted by the Other Charter Sales.

#### Section 1.7 Main Office.

At the Effective Time of the Merger, the principal office of New Premier shall be located at such location as may be designated prior the Closing.

#### Section 1.8 Purchase Price.

(a) BANK has previously delivered to Colonial the amount of \$25,000 (the "Initial Consideration") pursuant to the terms of that certain Letter of Intent dated January 30, 2004

between BancGroup and BANK. The Initial Consideration is nonrefundable, except in the circumstances that the Closing does not occur because (i) all third-party consents are not obtained, (ii) BancGroup's independent auditors refuse to provide BancGroup the Tax Opinion (as hereinafter defined), (iii) the transactions contemplated herein would interfere in completing the B-B Merger prior to June 30, 2004 or (iv) BancGroup decides that circumstances have arisen that materially and adversely impact the economic benefits of completing the transactions contemplated herein, in which case, BancGroup will refund \$10,000 to BANK. If the Merger is completed, the Initial Consideration will be applied as part of the Aggregate Outstanding Shares Purchase Price as determined pursuant to subsection (b)(ii) 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 Premier, par value \$1.00 ("Common Stock"), shall be cancelled 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 Premier (as hereinafter defined) plus (B) Eight Hundred Twenty-five Thousand Dollars (\$825,000);

(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 Premier Balance Sheet, as of the Closing Date, and as certified by PricewaterhouseCoopers LLP.

(iv) at the Closing, BANK shall deliver to Colonial the Aggregate Outstanding Shares Purchase Price in immediately available funds. Net of the payments owed pursuant to the Branch Purchase and Deposit Assumption Agreement between BANK and Colonial of even date, the parties acknowledge that the actual funds to be transferred will be the net sum of Eight Hundred Thousand Dollars (\$800,000).

(v) at the Closing, BANK shall pay to Colonial in immediately available funds the lesser of \$18,750 or 25% of fees and expenses incurred by Premier or Colonial for transferring real estate or leasehold improvements pursuant to this agreement and the Other Charter Sales, including payments for documentary stamp taxes and filing fees, provided that the first \$10,000 of such fees and expenses shall be paid by Colonial.

## ARTICLE II REPRESENTATIONS AND WARRANTIES OF BANK

### Section 2.1 Representations and Warranties of BANK.

BANK represents and warrants to Premier 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, and (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. 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. BANK is an Alabama banking corporation duly organized, validly existing, and in good standing under the laws of the State of Alabama. BANK is duly authorized to engage in the business of banking as an insured bank under the Federal Deposit Insurance Act, as amended (the "FDIA"). BANK 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"). BANK 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. BANK 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 BANK.

(b) Authorization of Transaction. BANK 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 BANK cannot consummate the

Merger unless and until all requisite approvals are received from the Regulatory Authorities and the approval of the shareholder of BANK has been obtained. Subject to the foregoing sentence, (i) this Agreement has been duly executed and delivered by BANK and subject to the due authorization, execution and delivery by the other parties hereto, this Agreement constitutes a valid and binding agreement of BANK, 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 BANK 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 BANK, and (iii) the Board of Directors of BANK 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, BANK 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 BANK.

(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 BANK 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 BANK is subject or any provision of the Articles of Association or Bylaws of BANK, 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 BANK 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 BANK 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) Compliance with Laws.

(i) BANK 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 BANK, 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 BANK.

(ii) BANK is not subject to any written communication directed specifically to it from any Regulatory Authority to which it is subject or pursuant to which such Regulatory Authority has imposed or has indicated it may impose any material restrictions on the operations of it or the business conducted by it or in which such Regulatory Authority has raised any material question concerning the condition, financial or otherwise, except where such restriction or question would not lead to a Material Adverse Effect on the Condition of BANK or its ability to consummate the transactions contemplated herein.

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

(f) Absence of Certain Changes or Events. Since December 31, 2002, the business of BANK has been operated only in the Ordinary Course of Business 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 BANK; (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 BANK that has had, or is reasonably likely to have, a Material Adverse Effect on the Condition of BANK.

(g) Statements True and Correct. No representation or warranty made by BANK in this Agreement, no written statement or certificate included in an Exhibit or Schedule by BANK in connection with this Agreement, and no written statement or certificate to be



furnished by BANK to Premier 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 BANK 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 BANK, 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 BANK 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 PREMIER**

#### **Section 3.1    Representations and Warranties of Colonial and New Premier**

Colonial and New Premier, respectively, represent and warrant to BANK 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 Premier 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 Premier are made by Premier. All representations made as to facts concerning Colonial are made by Colonial. All representations made as to facts concerning New Premier are made by Colonial and New Premier.

#### **(a)    Organization, Qualification, and Corporate Power.**

(i)    New Premier 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 Premier will be duly authorized to engage in its business in Florida as an insured institution under the FDIC. New Premier 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 Premier 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 Premier 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 Premier.

(ii) Colonial is a national banking association, 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 Premier will consist of 8,200,000 shares of common stock, par value \$1.00, (the "New Premier Shares"), of which 3,728,121 New Premier Shares will be issued and outstanding on the Closing Date, and of which 4,471,879 will be authorized but unissued on the Closing Date. There will be no other classes of capital stock of New Premier authorized. New Premier will hold no New Premier Shares as treasury stock. All of the issued and outstanding New Premier Shares will have been duly authorized and will be validly issued, fully paid and nonassessable. None of the outstanding New Premier Shares will have been issued in violation of any preemptive rights of the current or past stockholders of New Premier. 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 Premier will be a party or which will be binding upon New Premier 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 Premier. There will be no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to New Premier.

(c) New Premier Subsidiaries. New Premier will have no Subsidiaries.

(d) Authorization of Transaction.

(i) Premier 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 Premier cannot consummate the Merger unless and until all requisite Consents are received from the Regulatory Authorities and the approval of Colonial, as New Premier's sole shareholder. Subject to the foregoing sentence, (A) this Agreement has been duly executed and delivered by Colonial and Premier 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 Premier, 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 B-B Merger, the Premier 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 Premier 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 Premier.

(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 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, (B) assuming the consummation of the B-B Merger, the performance by Premier 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 Premier will be subject or any provision of the Articles of Incorporation or Bylaws of New Premier 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 Premier 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 Premier or Colonial.

(f) Undisclosed Liabilities. To New Premier's Knowledge, New Premier 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 Premier Balance Sheet.

(g) Brokers' Fees. Neither New Premier, 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) Premier and any affiliated group, within the meaning of Section 1504(a) of the Code or combined or unitary groups, of which Premier 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 Premier's Knowledge, all such Tax Returns (insofar as they relate to the activities or income of Premier) are true, correct and complete; (D) no adjustment relating to such Tax Returns has been proposed formally or, to Premier's Knowledge, informally by any governmental entity or Tax authority, and, to Premier's Knowledge, no basis exists for any such adjustment; (E) there is no pending or, to Premier's Knowledge, threatened investigation, audit, examination, deficiency, action or proceeding for the assessment or collection of any Taxes against Premier, or any corporation that was included in the filing of a Tax Return with Premier on a consolidated, unitary or other combined basis; and (F) all Taxes which Premier in respect of Premier 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 Premier.

(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 Premier, and neither Premier, or any affiliated group, within the meaning of Section 1504(a) of the Code, of which Premier 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) Premier has adequate reserves for any Taxes due or to become due for any taxable period, whether arising prior to, on or after the Merger.

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

(i) Assets. New Premier will have good 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 Premier, reflected in the New Premier Balance Sheets, except for liens disclosed in such Balance Sheets, liens arising in the Ordinary Course of Business after January 31, 2004 or liens which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Condition of New Premier. At the Effective Time of the Merger, the sublease from Colonial to Premier for the branch office located at such location as shall be designated by Colonial shall terminate and Premier shall own no buildings, fixtures, equipment or other property and assets.

(j) Material Contracts. New Premier 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 or deposit accounts held by New Premier 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 BANK: (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 Premier to compete in any line of business or which involves any restriction of the geographical area in which New Premier 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 Premier will not be in default, and neither New Premier nor Colonial has 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 Premier (except, as to the foregoing, extensions of credit by New Premier 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 Premier 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 Premier, 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 Premier.

(ii) Colonial has not received any written notification or communication from any Regulatory Authorities asserting that New Premier is subject to any written communication directed specifically to it from any Regulatory Authority to which it is subject or pursuant to which such Regulatory Authority has imposed or has indicated it may impose any material restrictions on the operations of it or the business conducted by it or in which such Regulatory Authority has raised any material question concerning the condition, financial or otherwise, except where such restriction or question would not lead to a Material Adverse Effect on the Condition of New Premier or its ability to consummate the transactions contemplated herein.

(m) 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 Premier, or against any property, asset, interest or right of New Premier, that have a reasonable probability either individually or in the aggregate of having a Material Adverse Effect on the Condition of BANK following the Effective Time of the Merger.

(n) Reports. Since December 31, 2002, Premier 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.

(o) 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 Premier in connection with this Agreement, and no written statement or certificate to be furnished by New Premier to BANK 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 Premier 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.

(p) Labor Matters.

(i) New Premier 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 Premier be the subject of any material proceeding asserting that Premier 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 Premier pending or, to Colonial's Knowledge, threatened, nor are there any grievances outstanding against Premier 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 Premier.

(ii) New Premier 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 Premier 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 Premier 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 Premier. 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 Premier 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 BANK, Premier 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 Premier 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 BANK or Premier 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 Premier set forth in this Agreement.

Without limiting the generality of the foregoing, except as provided herein, BANK shall not assume, or in any way be liable or responsible for, any liabilities, commitments or obligations of Premier or Colonial with respect to Premier, 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) BANK shall be liable for, shall pay and shall hold Colonial and each of its Affiliates harmless for any and all sales and use taxes imposed in connection with this Agreement and/or the transaction contemplated hereunder, including, without limitation, the Merger and the Colonial Transaction (including any penalties, interest and additions to such tax) incurred in connection with this Agreement and the transactions contemplated hereby (other than the B-B Merger). Colonial and BANK 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.

(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 Indemnatee, 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 Indemnatee, and the indemnifying party shall not be liable to such Indemnatee for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnatee in connection with the defense thereof, except that if the indemnifying party elects not to assume such defense, or counsel for the Indemnatee advises that there are issues which raise conflicts of interest between the indemnifying party and the Indemnatee, the Indemnatee 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 Indemnatee (which may not exceed one firm in any jurisdiction unless the use of one counsel for such Indemnatee would present such counsel with a conflict of interest), (B) the Indemnatee 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 Premier under this Article IV, and the representations and warranties of Colonial and Premier 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, Premier, BANK 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 BANK 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. Colonial and BANK 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 and filings relating to the Other Charter sales or 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. Each Party shall use any information gained in connection with this the transactions contemplated by this Agreement only for the purposes contemplated by this Agreement and shall 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.

(c) Regulatory Matters and Approvals.

(i) Bank Regulatory Matters. BANK, Colonial and Premier, 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 Premier, BANK, or the Surviving Bank, or (B) render consummation of the Merger or the B-B 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) Government Filings. BANK 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.

(e) Notice of Material Adverse Developments. BANK 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(e) 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.

(f) 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.

(g) Press Releases. No Party shall issue any press release or other public disclosure of matters related to this Agreement (except with regard to the B-B 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.

(h) 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 or the B-B 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.

(i) Indemnification.

(i) From the date of this Agreement until the Effective Time, each of Colonial, New Premier and BANK 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 BANK 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 Premier in this Agreement, in any certificate or document furnished pursuant hereto by New Premier, (B) a breach or nonfulfillment of any covenant or agreement made by Colonial or New Premier in or pursuant to this Agreement to which New Premier 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 Premier, 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 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.

(j) Employee Non-Solicitation. BANK agrees and covenants not to solicit for employment Colonial's Florida employees for two years following the Closing.

**ARTICLE VI  
CONDITIONS TO THE OBLIGATIONS  
OF BANK, COLONIAL AND NEW PREMIER**

Section 6.1 Conditions to Obligation to Close.

(a) Conditions to Obligation of New Premier and Colonial. The respective obligations of Colonial and New Premier 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 BANK, Colonial, New Premier 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 Premier;

(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) BANK 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 BANK and/or Premier (and no such judgment, order, decree, stipulation, injunction, or charge shall be in effect);

(v) BANK shall have delivered to New Premier 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 B-B 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;

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

(ix) The absence of any change in any applicable state or federal law or regulation which, in the judgment of Colonial, would so materially and adversely impact the economic benefits of the Merger so as to render inadvisable the consummation of the transactions contemplated hereby.

Colonial and Premier 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 BANK. The obligations of BANK 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 Premier or the Surviving Bank, or (B) render consummation of the Merger unduly burdensome, in each case as determined in the reasonable discretion of BANK;

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

(iii) New Premier 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 BANK and/or New Premier (and no such judgment, order, decree, stipulation, injunction or charge shall be in effect);

(v) The Colonial Transaction shall have been completed;

(vi) New Premier shall have delivered to BANK 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; and

(vii) The absence of any change in any applicable state or federal law or regulation (exclusive of a change in federal or state law that would permit BANK to establish a *de novo* branch in the State of Florida) which, in the judgment of BANK, would so materially and adversely impact the economic benefits of the Merger so as to render inadvisable the consummation of the transactions contemplated hereby.

BANK 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 Premier may terminate this Agreement by giving written notice to BANK at any time prior to the Effective Time of the Merger in the event BANK is in breach, and BANK may terminate this Agreement by giving written notice to Colonial and New Premier at any time prior to the Effective Time of the Merger in the event Colonial or New Premier 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 to BancGroup an opinion satisfactory in form and content to BancGroup, in its sole discretion, that the B-B Merger (as defined below) will constitute a reorganization under 368(a) of the Code; (B) BancGroup's independent auditors refuse to provide to BancGroup an opinion satisfactory in form and content to BancGroup, in its sole discretion, that the Colonial Transaction and/or the Merger will constitute (exclusive of the amounts paid to BancGroup pursuant to Sections 1.8(b)(ii) and (iv) hereof) a reorganization under Section 368(a) of the Code or will qualify under Sections 351 and 332 of the Code; (C)



the Colonial Transaction, Merger and/or the transactions contemplated by the P & A Agreement would cause BancGroup to be unable to consummate the B-B Merger on or before June 30, 2004; (D) the Colonial Transaction is not consummated on or before September 30, 2004; (E) Colonial receives notice that it will not be able to obtain a third party consent to the transactions contemplated by this Agreement and the P & A Agreement or (F) BancGroup, in its sole discretion and in good faith, determines that circumstances have arisen that would so materially and adversely impact the economic benefits of the Merger or the Colonial Transaction so as to render inadvisable the consummation of the Merger or the Colonial Transaction.

(iv) BANK, Colonial and New Premier 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) Premier may terminate this Agreement if the merger agreement between BancGroup and the corporate parent of Premier is terminated in accordance with its terms.

(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 further provided, that if Colonial terminates this Agreement pursuant to Section 7.1(a)(iii) (A)(B)(C)(E) or (F), then Colonial will refund \$10,000 of the Initial Consideration back to BANK.

## **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(i) 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 Premier before:  
the B-B Merger

Paul V. Mellini  
President and CEO  
P.C.B. Bancorp, Inc.  
5830 142<sup>nd</sup> Avenue North  
Clearwater, Florida 33760  
Facsimile Number: (727) 373-1931

and

Gregory C. Yadley, Esq.  
Shumaker, Loop & Kendrick, LLP  
101 East Kennedy Blvd.  
Tampa, Florida 33602  
Facsimile Number: (813) 229-1660

If to New Premier:

William A. McCrary  
General Counsel  
Colonial BancGroup  
Colonial Financial Center

One Commerce Street, Fifth Floor  
Montgomery, Alabama 36104  
Phone Number: (334) 240-5315  
Facsimile Number: (334) 240-5326

and

Hugh C. Nickson, III, Esq.  
Miller, Hamilton, Snider & Odom, L.L.C.  
One Commerce Street, Suite 305  
Montgomery, Alabama 36104  
Phone Number: (334) 834-5550  
Facsimile Number: (334) 265-4533

If to Colonial:

William A. McCrary, Esq.  
General Counsel  
Colonial BancGroup  
Colonial Financial Center  
One Commerce Street, Fifth Floor  
Montgomery, Alabama 36104  
Phone Number: (334) 240-5315  
Facsimile Number: (334) 240-5326

and

Hugh C. Nickson, III, Esq.  
Miller, Hamilton, Snider & Odom, L.L.C.  
One Commerce Street, Suite 305  
Montgomery, Alabama 36104  
(334) 834-5550  
Facsimile Number: (334) 265-4533

If to BANK:

Reed Alexander  
Chairman and CEO  
Union State Bank  
15 North 20<sup>th</sup> Street  
Pell City, Alabama 35125  
Phone Number: (205) 884-1520

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 Alabama 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 BANK shall pay and deliver to Colonial the reimbursement set forth in Section 1.8(b)(v) of 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 Alabama, 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 Mobile, Alabama; (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.

UNION STATE BANK

By:

*Karl Alexander*, *Karl Alexander*  
CEO and Chairman

Attest:

*[Signature]*  
Secretary, Dorothy Golden

(SEAL)

By:

Attest:

\_\_\_\_\_, Secretary

(SEAL)

PREMIER COMMUNITY BANK OF SOUTH FLORIDA

By:

Attest:

\_\_\_\_\_, Secretary

(SEAL)

COLONIAL BANK, N.A.

By:

Attest:

\_\_\_\_\_, Assistant

(SEAL)

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.

**UNION STATE BANK**

(SEAL)

By: \_\_\_\_\_

Attest: \_\_\_\_\_

\_\_\_\_\_  
Secretary

(SEAL)

By: \_\_\_\_\_

Attest: \_\_\_\_\_

\_\_\_\_\_  
Secretary

**PREMIER COMMUNITY BANK OF SOUTH FLORIDA**

(SEAL)

By: Paul V. Mellini

Attest: Paul V. Mellini, Chairman

\_\_\_\_\_  
Secretary

**COLONIAL BANK, N.A.**

(SEAL)

By: W. Flake Oakley

Attest: President, W. Flake Oakley

William A. McGary  
William A. McGary Assistant Secretary

**SCHEDULE 1.6(a)**  
**FORM OF NEW PREMIER'S [ ] BRANCH**

**ANTICIPATED**

**CONDENSED CONSOLIDATED STATEMENTS OF CONDITION**  
**AT JUNE 1, 2004**  
**(TO BE UPDATED AT CLOSING)**

[ ] **BRANCH**

**ASSETS:**

Cash and Due From Banks	5,010,662
Loans, Net of Unearned Income	-
Less: Allowance for Possible Loan Losses	-
Loans, Net	-
Premises & Equipment, Net	-
Excess of Cost over Tangible and Identified	-
Intangible Assets Acquired, Net	-
Mortgage Servicing Rights	-
Other Real Estate Owned	-
Accrued Interest and Other Assets	-
<b><u>TOTAL ASSETS</u></b>	<b><u>5,010,662</u></b>

**LIABILITIES:**

Deposits	1,010,662
Other Short Term Borrowing	-
Long-Term Debt	-
Other Liabilities	-
<b><u>TOTAL LIABILITIES</u></b>	<b><u>1,010,662</u></b>

**SHAREHOLDERS EQUITY:**

Total Capital	<u>4,000,000</u>
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b><u>4,000,000</u></b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>	<b><u>5,010,662</u></b>



### **SCHEDULE 3.1(e)**

#### **STATUTE AT ISSUE**

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