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MERGER OR SHARE EXCHANGE

THE BANKSHARES, INC.

Certificate of Status	0
Certified Copy	0
Page Count	64
Estimated Charge	$70.00

This is the 1st merger - part 1 of 3 total filings. Per discussion, this is just the first page. The other 62 will be in an envelope up front.

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ARTICLES OF MERGER
OF
GATOR MERGER CORP.
INTO
THE BANKSHARES, INC.

Pursuant to the provisions of Section 607.1105 of the Florida Business Corporation Act (the "Act"), The BANKshares, Inc., a Florida corporation (the "Seller"), and Gator Merger Corp., a Delaware corporation (the "Buyer"), do hereby adopt the following Articles of Merger:

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

SECOND: The Plan of Merger is set forth in the Agreement and Plan of Merger, dated as of June 20, 2006 (the "Merger Agreement") by and among The BANKshares, Inc., a Delaware corporation, the Buyer and the Seller. A copy of the Merger Agreement is attached hereto as Exhibit A and made a part hereof by reference as if fully set forth herein.

THIRD: The Merger shall become effective at 12:01 a.m., Melbourne, Florida time, on January 5, 2007, in accordance with the provisions of Section 607.1105(b) of the Act.

FOURTH: The Merger Agreement was adopted by the shareholders of the Seller on September 26, 2006 and by the shareholders of the Buyer on June 19, 2006.

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

THE BANKSHARES, INC.

By: _____
Jeffrey S. Dick
As Its: Secretary

GATOR MERGER CORP.

By: _____
As Its: President

EXHIBIT A

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

by and among

The BANKshares, Inc., a Delaware corporation

Gator Merger Corp.

and

THE BANKshares, Inc., a Florida corporation

Dated as of June 20, 2006

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EXHIBITS

INDEX OF DEFINED TERMS

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of June 20, 2006 (this "*Agreement*"), by and among The BANKshares, Inc., a Delaware corporation ("*Parent*"), Gator Merger Corp., a Delaware corporation and a direct wholly-owned subsidiary of Parent ("*Merger Sub*"), and THE BANKshares, Inc., a Florida corporation (the "*Company*").

WHEREAS, the Board of Directors of the Company has unanimously (i) determined that it is in the best interests of the Company and the stockholders of the Company, and declared it advisable, to enter into this Agreement with Parent and Merger Sub providing for the merger of Merger Sub with and into the Company (the "*Merger*"), to be performed in accordance with the General Corporation Law of the State of Delaware (the "*DGCL*") and the Florida Business Corporation Act (the "*FBCA*"), upon the terms and subject to the conditions set forth herein; (ii) approved this Agreement in accordance with the FBCA, upon the terms and subject to the conditions set forth herein; and (iii) subject to the terms of this Agreement, resolved to recommend adoption of this Agreement by the stockholders of the Company;

WHEREAS, the Boards of Directors of Parent and Merger Sub have each approved, and the Board of Directors of Merger Sub has declared it advisable for Merger Sub to enter into, this Agreement providing for, among other matters, the Merger in accordance with the FBCA and the DGCL, upon the terms and subject to the conditions set forth herein;

WHEREAS, prior to the Closing, the Board of Directors of the Company will declare a special dividend (the "*Special Dividend*") to all of its stockholders of record as of the date of such declaration for the Special Dividend Amount, to be paid on December 29, 2006 (the "*Special Dividend Payment Date*");

WHEREAS, as a condition to, and simultaneously with, the execution of this Agreement, Parent and the Company are entering into a Stockholders Agreement (the "*Stockholders Agreement*") with the Stockholders, pursuant to which each Stockholder has agreed, among other things, to vote in favor of the adoption of this Agreement all shares of Company Common Stock beneficially owned by such Stockholder in accordance with and subject to the terms set forth in the Stockholders Agreement; and

WHEREAS, as a condition to, and simultaneously with, the execution of this Agreement, each Non-Compete Person is entering into a non-competition agreement with the Company (collectively, the "*Non-Competition Agreements*").

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

ARTICLE I

THE MERGER

SECTION 1.01 The Merger. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the FBCA and the DGCL, at the Effective Time (defined below), Merger Sub shall merge with and into the Company and the separate corporate existence of Merger Sub shall cease. The Company shall be the surviving corporation (hereinafter sometimes referred to as the "*Surviving Company*") in the Merger, and shall continue its corporate existence under the laws of the State of Florida.

SECTION 1.02 Closing; Effective Time. The closing of the Merger (the "*Closing*") shall take place at the offices of Simpson Thacher & Bartlett LLP, 1999 Avenue of the Stars, 29th Floor, Los Angeles, California (or such other place as the parties may mutually agree), on such date as Parent selects which is not more than ten (10) Business Days following the later to occur of (i) the satisfaction or waiver of all conditions to consummation of the Merger set forth in Article VII (other than those conditions that by their nature are to be satisfied at the consummation of the Merger, but subject to the satisfaction or waiver of those conditions at the Closing) and (ii) January 2, 2007. Parent shall give the Company at least five (5) Business Days prior written notice of the date on which the Closing is scheduled to occur. The date on which the Closing actually occurs is hereinafter referred to as the "*Closing Date*". At the Closing, the parties hereto shall cause the Merger to be consummated by filing articles of merger (the "*Articles of Merger*") with the Secretary of State of the State of Florida and a certificate of merger (the "*Certificate of Merger*") with the Secretary of State of the State of Delaware, each in accordance with applicable Law (the date and time of the filing of the Articles of Merger with the Secretary of State of the State of Florida and the Certificate of Merger with the Secretary of State of the State of Delaware, or such later time as is specified in the Certificate of Merger and the Articles of Merger and as is agreed to by the parties hereto, being hereinafter referred to as the "*Effective Time*") together with such certificates, documents or other instruments as may be required by Law.

SECTION 1.03 Effect of the Merger. The Merger shall have the effects set forth herein and in the applicable provisions of the FBCA and the DGCL. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Company.

SECTION 1.04 Articles of Incorporation and Bylaws.

(a) At the Effective Time, the articles of incorporation of the Company shall be amended and restated as is set forth on **Exhibit A** annexed hereto, and as so amended and restated, shall be the articles of incorporation of the Surviving Company until thereafter amended in accordance with the provisions thereof and as provided by applicable law.

(b) At the Effective Time, and without any further action on the part of the Company and Merger Sub, the by-laws of the Company shall be so amended as to read in their

entirety as is set forth in **Exhibit B** annexed hereto, and, as so amended, shall be the by-laws of the Surviving Company until thereafter amended in accordance with the provisions thereof and as provided by applicable law.

SECTION 1.05 Directors and Officers. The directors of the Company (other than any such director named on **Annex I** hereto) immediately prior to the Effective Time shall submit their resignations to be effective as of the Effective Time. Immediately after the Effective Time, Parent shall take the necessary action to cause the directors of Merger Sub immediately prior to the Effective Time, together with any persons named in **Annex I** hereto, to be the directors of the Surviving Company, each to hold office in accordance with the articles of incorporation and by-laws of the Surviving Company. The officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Company, each to hold office until the earlier of their resignation or removal.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS

SECTION 2.01 Effect on Capital Stock.

(a) At the Effective Time, as a result of the Merger and without any action on the part of the parties hereto or any holder of shares of Company Common Stock:

(i) Each share of common stock, par value $0.01 per share, of the Company (the "*Company Common Stock*"), excluding Treasury Shares and Dissenting Shares, issued and outstanding immediately prior to the Effective Time (each, a "*Share*" and, collectively, the "*Shares*"), shall be converted into the right to receive $69.17 in cash (the "*Merger Consideration*") payable to the holder thereof, without interest, upon surrender of such Shares in the manner provided in Section 2.06, less any required withholding taxes;

(ii) Each Share held in the treasury of the Company (other than shares in trust accounts, managed accounts and the like or Shares held in satisfaction of a debt previously contracted) and each Share owned by Parent, Merger Sub or any direct or indirect wholly-owned Subsidiary of Parent or the Company immediately prior to the Effective Time (collectively, "*Treasury Shares*") shall be canceled and retired without any conversion thereof and no payment or distribution shall be made with respect thereto; and

(iii) Each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Company.

SECTION 2.02 Treatment of Company Stock Options. As of the Effective Time, each unexercised option to purchase Shares (a "*Company Stock Option*") issued and outstanding immediately prior to the Effective Time shall be cancelled and only entitle the holder thereof, as

soon as reasonably practicable after surrender thereof, to receive from the Company an amount in cash, without interest, equal to the product of (x) the total number of shares of Company Common Stock subject to the Company Stock Option and (y) the excess, if any, of the Merger Consideration over the exercise price per share (the "*Exercise Price*") under such Company Stock Option, less any applicable taxes required to be withheld with respect to such payment (the "*Option Consideration*"). The Company shall take all necessary action prior to the Effective Time so that, at and as of the Effective Time, each Company Stock Option whether or not then exercisable shall terminate and be of no further effect and any rights thereunder to purchase shares of Company Common Stock shall also terminate and be of no further force or effect.

SECTION 2.03 Dissenting Shares.

(a) Notwithstanding anything in this Agreement to the contrary, Shares that are issued and outstanding immediately prior to the Effective Time and which are held by holders who have not voted in favor of or consented to the Merger and who have properly demanded and perfected their rights to be paid the fair value of such Shares in accordance with Sections 607-1301 through 607.1333 of the FBCA (the "*Dissenting Shares*") shall not be converted into the right to receive the Merger Consideration, and the holders thereof shall be entitled to only such rights as are granted by Sections 607.1301 through 607.1333 of the FBCA; provided, however, that if any such holder shall fail to perfect or shall effectively waive, withdraw or lose such holder's rights under Sections 607.1301 through 607.1333 of the FBCA, such holder's shares of Company Common Stock shall thereupon be deemed to have been converted, at the Effective Time, into the right to receive the Merger Consideration, as set forth in Section 2.01 of this Agreement, without any interest thereon.

(b) The Company shall give Parent (i) prompt notice of any appraisal demands received by the Company, withdrawals thereof and any other instruments served pursuant to Sections 607.1301 through 607.1333 of the FBCA and received by the Company and (ii) the opportunity to direct all negotiations and proceedings with respect to the exercise of appraisal rights under Sections 607.1301 through 607.1333 of the FBCA. The Company shall not, except with the prior written consent of Parent or as otherwise required by applicable Law, make any payment with respect to any such exercise of appraisal rights or offer to settle or settle any such rights.

SECTION 2.04 Rights as Stockholders; Stock Transfers. At the Effective Time, holders of Company Common Stock shall cease to be, and shall have no rights as, stockholders of the Company other than to receive the Merger Consideration. After the Effective Time, there shall be no transfers on the stock transfer books of the Company of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time.

SECTION 2.05 Reservation of Rights to Revise Structure. Parent may, at any time prior to the Effective Time (including, to the extent permitted by applicable Law, following adoption and approval of this Agreement and the Merger by the stockholders of the Company), change the method of effecting the combination of Merger Sub with the Company (including the provisions of this Article II); provided, however, that no such change shall (i) alter or change the amount or kind of the Merger Consideration to be paid to holders of Company Common Stock or

(ii) prevent, materially impede or materially delay consummation of the Merger or the other transactions contemplated by this Agreement.

SECTION 2.06 Exchange Procedures.

(a) Paying Agent. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with a bank or trust company designated by Parent and reasonably acceptable to the Company (the "*Paying Agent*"), for the benefit of the holders of Shares the aggregate amount of Merger Consideration payable in respect of Shares pursuant to Section 2.01(a) (the "*Exchange Fund*") upon surrender of certificates which immediately prior to the Effective Time represented Shares (a "*Certificate*"), it being understood that any and all interest or income earned on funds made available to the Paying Agent pursuant to this Agreement shall be turned over to Parent.

(b) Exchange of Certificates for Cash. As soon as practicable after the Effective Time, but in no event later than ten (10) Business Days thereafter, Parent shall cause the Paying Agent to mail to each former holder of record of Shares (i) a letter of transmittal specifying that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates (or affidavits of loss in lieu thereof and, if required, indemnities in accordance with Section 2.06(e)) to the Paying Agent, such letter of transmittal to be in such form and have such other provisions as Parent and the Company may reasonably agree, and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent (or an affidavit of loss in lieu thereof and, if required, an indemnity in accordance with Section 2.06(e)) together with such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefore the Merger Consideration (after giving effect to any required Tax deductions and withholdings in accordance with Section 2.06(f)), and the Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any amount payable upon due surrender of the Certificates. In the event of a transfer of ownership of Shares that is not registered in the transfer records of the Company, the proper amount of the Merger Consideration may be paid in exchange therefore to a Person other than the Person in whose name the Certificate so delivered is registered if the Certificate formerly representing such Shares is presented to the Paying Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable Taxes have been paid.

(c) No Liability. Notwithstanding the foregoing, neither the Paying Agent nor any party hereto shall be liable to any former holder of Shares for any amount properly delivered to a Governmental Authority pursuant to applicable abandoned property, escheat or similar laws.

(d) Unclaimed Funds. Any portion of the Exchange Fund that remains unclaimed by former holders of Shares for one hundred eighty (180) days after the Effective Time shall be paid to Parent. Any former holders of Shares who have not theretofore complied with this Article II shall thereafter look only to Parent for payment of the Merger Consideration deliverable in respect of their Shares upon due surrender of their Certificates (or affidavits of loss in lieu thereof) pursuant to this Article II, in each case, without any interest thereon.

(e) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent or the Paying Agent, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent will pay in exchange for such lost, stolen or destroyed Certificate the Merger Consideration deliverable in respect of such Shares represented by such Certificate.

(f) Withholding Rights. Parent or the Paying Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Shares such amounts as Parent or the Paying Agent is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so deducted and withheld by Parent or the Paying Agent, such amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Shares in respect of which such deduction and withholding was made by Parent or the Paying Agent.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub that, except as set forth on the corresponding section of the Disclosure Schedule delivered by the Company to Parent and Merger Sub prior to the execution of this Agreement (the "*Disclosure Schedule*"):

SECTION 3.01 Organization and Qualification; Subsidiaries.

(a) The Company is a bank holding company organized under the laws of the State of Florida and registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended (the "*BHC Act*"). The Company has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted. The Bank Brevard, a Florida corporation and direct wholly owned subsidiary of the Company ("*Bank Brevard*"), is a duly organized and validly existing Florida state-chartered commercial bank and is duly licensed by the Commissioner of the Florida Office of Financial Regulation, Division of Financial Institutions (the "*Commissioner*") to conduct banking business in the State of Florida and its deposits are insured by the Federal Deposit Insurance Corporation (the "*FDIC*") in the manner and to the fullest extent provided by applicable Law, and all premiums and assessments required to be paid in connection therewith have been paid when due. Bank Brevard is a member in good standing of both (i) the Federal Home Loan Bank of Atlanta and (ii) the FDIC. Each of the Company and Bank Brevard is duly qualified to do business and is in good standing in the State of Florida. Neither the Company nor Bank Brevard is required to be licensed or qualified to do business in any other jurisdiction. Except for its ownership of Bank Brevard, the Company does not own, either directly or through Bank Brevard, any stock or equity interest in any depository institution (as defined in 12 U.S.C. Section 1813(c)(1)).

(b) THE BANKshares Capital Trust I, a Delaware statutory trust (the "*Trust*") (i) has been duly created and is validly existing and in good standing as a statutory trust under the Delaware Statutory Trust Act, 12 Del. C. 3801, et seq. (the "*Statutory Trust Act*"), (ii) is duly licensed or qualified to do business and is in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so licensed or qualified and (iii) has all requisite power and authority to own or lease its properties and assets and to carry on its business as now conducted.

(c) The Company has no Subsidiaries other than Bank Brevard and the Trust. For purposes of this Agreement, "*Subsidiary*" means, as to any person, a corporation, limited liability company, partnership, trust or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such corporation, limited liability company, partnership, trust or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such person.

SECTION 3.02 Organizational Documents; Board and Stockholder Actions.

(a) The Company has heretofore furnished to Parent a complete and correct copy of the Organizational Documents of the Company and its Subsidiaries, in each case as currently in effect. The Organizational Documents of the Company and its Subsidiaries are in full force and effect and no other Organizational Documents are applicable to or binding upon the Company or its Subsidiaries. The Company is not in violation of any provisions of its Organizational Documents. The Company's Subsidiaries are not in violation of their Organizational Documents.

(b) The minute books of the Company and its Subsidiaries previously made available to Parent contain true, complete and correct records in all material respects of all meetings and other material corporate actions held or taken since January 1, 2003 of their respective stockholders and boards of directors (including committees of their respective boards of directors) through the date hereof.

SECTION 3.03 Capitalization.

(a) As of the date hereof, the authorized capital stock of the Company consists solely of 3,000,000 shares of Company Common Stock, of which 620,000 shares are issued and outstanding. Section 3.03(a) of the Disclosure Schedule sets forth a list of all Company Stock Options, the name of each Company Stock Option holder, the date of the grant, the expiration date, the number of shares of Company Common Stock that may be acquired upon the exercise of each such Company Stock Option, the number of shares of Company Common Stock subject to each such Company Stock Option that is currently exercisable, the status of any Company Stock Option grant as qualified or non-qualified under Section 422 of the Code and the exercise price of such Company Stock Options. As of the date hereof, 36,700 shares of Company Common Stock were reserved for issuance upon the exercise of outstanding Company Stock Options issued pursuant to the Amended and Restated 1996 The Bank Brevard Employee Stock Option Plan (the "*1996 Company Stock Option Plan*") and an additional 3,300 shares of

Company Common Stock were available for issuance pursuant to future grants. As of the date hereof, the Company also has a Company 2006 Employee Stock Option Plan (together with the 1996 Company Stock Option Plan, the "*Company Stock Option Plans*") which authorizes the issuance of 55,000 shares of Company Common Stock, but no options issued under the Company's 2006 Employee Stock Option Plan are outstanding as of the date hereof. As of the date hereof, no shares of Company Common Stock are held in treasury by the Company or otherwise owned directly or indirectly by the Company. The outstanding shares of Company Common Stock have been duly authorized and are validly issued, fully paid and nonassessable, and other than as set forth in Section 3.03(a) of the Disclosure Schedule, are not subject to preemptive rights (and were not issued in violation of any preemptive rights). Except as set forth in Section 3.03(a) of the Disclosure Schedule, (A) there are no outstanding options or other rights of any kind which obligate the Company or its Subsidiaries to issue or deliver any shares of capital stock, voting securities or other equity interests of the Company or any securities or obligations convertible into or exchangeable into or exercisable for any shares of capital stock, voting securities or other equity interests of the Company (collectively, "*Company Securities*"); (B) there are no outstanding obligations of the Company or its Subsidiaries to repurchase, redeem or otherwise acquire any Company Securities; and (C) there are no other options, calls, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of the Company to which the Company or its Subsidiaries is a party.

(b) Section 3.03(b) of the Disclosure Schedule lists the name, jurisdiction of incorporation, authorized and outstanding shares of capital stock and record and beneficial owners of such capital stock for each entity in which the Company beneficially owns or controls, directly or indirectly, any equity interest, regardless of whether such entity is a Subsidiary. Except as set forth in Section 3.03(b) of the Disclosure Schedule, neither the Company nor any Subsidiary beneficially owns or controls, directly or indirectly, any equity interest in any entity, or engages in any activity, which is not a permissible investment or activity for a bank holding company under the BHC Act. The Company owns, directly or indirectly, all of the issued and outstanding shares of capital stock of, or all other equity interests in, Bank Brevard, free and clear of any liens, charges, encumbrances, adverse rights or claims and security interests whatsoever ("*Liens*"). The Company owns, directly or indirectly, all of the issued and outstanding Common Securities (as defined in the Placement Agreement) of the Trust, free and clear of any Liens. All of the shares of capital stock of, or equity interests in, each of the Company's Subsidiaries are duly authorized and validly issued and are fully paid, nonassessable and, other than as set forth in Section 3.03(b) of the Disclosure Schedule, are free of preemptive rights with no personal liability attaching to the ownership thereof. Except as set forth on Section 3.03(b) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has outstanding debt or debt instruments providing for voting rights with respect to such Company Subsidiary to the holders thereof. Neither the Company nor any Subsidiary thereof has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase, sale or issuance of any shares of capital stock or any other equity security of any Subsidiary of the Company or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

SECTION 3.04 Authority. The Company has all requisite corporate power and authority necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the Merger and the other transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions so contemplated (other than adoption of this Agreement by the holders of at least a majority of the outstanding Shares (the "*Company Requisite Vote*"), the filing with the Secretary of State of the State of Florida of the Articles of Merger as required by the FBCA and the filing with the Secretary of State of the State of Delaware of the Certificate of Merger as required by the DGCL). This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and any implied covenant of good faith and fair dealing. The Board of Directors of the Company has unanimously authorized the execution, delivery and performance of this Agreement and approved the consummation of the transactions contemplated hereby, and taken all corporate actions required to be taken by the Board of Directors of the Company for the consummation of the transactions contemplated hereby. The Board of Directors of the Company has unanimously, by resolutions duly adopted at a meeting duly called and held (i) approved, and declared advisable, the agreement of merger (within the meaning of Section 607.1103 of the FBCA and Section 252 of the DGCL) contained within this Agreement, (ii) determined that the terms of this Agreement and the Merger are fair to, and in the best interests of, the Company and its stockholders, and (iii) recommended that the stockholders of the Company adopt this Agreement at the Company Meeting, which resolutions have not as of the date hereof been subsequently rescinded, modified or withdrawn in any way. The only vote of the stockholders of the Company required to adopt this Agreement and approve the transactions contemplated hereby is the Company Requisite Vote.

SECTION 3.05 Regulatory Approvals; No Violations.

(a) No consents, approvals, permits, authorizations of, or waivers by, or notices, reports, filings or registrations with, any federal, state or local court, governmental, legislative, judicial, administrative or regulatory authority (including any Regulatory Authorities), agency, commission, body or other governmental entity (each, a "*Governmental Authority*") or with any third party are required to be made or obtained by the Company or any of its Subsidiaries in connection with the execution, delivery and performance by the Company of this Agreement or to consummate the Merger and the other transactions contemplated hereby except for (i) filings of applications or notices with, and approvals or waivers by, the Board of Governors of the Federal Reserve System ("*Federal Reserve Board*"), the Florida Office of Financial Regulation, and the Commissioner, (ii) the adoption of this Agreement by the Company Requisite Vote, (iii) filing with the Secretary of State of the State of Florida of the Articles of Merger required by the FBCA and the Secretary of State of the State of Delaware of the Certificate of Merger as

required by the DGCL and (iv) the consents set forth in Section 3.05(a) of the Disclosure Schedule. As of the date hereof, the Company is not aware of any reason why the approvals set forth in this Section 3.05(a) and in Section 7.01(b) will not be received without the imposition of a condition, restriction or requirement of the type described in Section 7.03(d).

(b) Subject to receipt of the approvals referred to in the preceding paragraph, and the expiration of any related waiting periods, the execution, delivery and performance of this Agreement by the Company does not, and the consummation by the Company of the Merger and the other transactions contemplated hereby will not, (i) conflict with or violate the Organizational Documents of the Company, (ii) conflict with or violate the Organizational Documents of any Subsidiary of the Company, (iii) conflict with or violate any federal, state, local or foreign statute, law, ordinance, rule, regulation, order, judgment, decree, arbitration award, agency requirement or legal requirement ("*Law*") applicable to the Company or any of its Subsidiaries or by which its or any of their respective properties are bound or (iv) (A) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both would become a default) or result in the loss of a benefit under, (B) give rise to any right of termination, cancellation, amendment or acceleration of, (C) result in any adverse change in the rights or obligations of any such party under or (D) result in the creation of any Lien on any of the properties or assets of the Company or its Subsidiaries pursuant to, any loan or credit agreement, note, bond, mortgage, indenture, contract, agreement, lease, license, permit or other instrument or obligation (each, a "*Contract*") to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or its or any of their respective properties are bound, including, without limitation, under the Indenture, the Declaration of Trust, or any agreements entered into in connection therewith.

SECTION 3.06 Financial Reports; Undisclosed Liabilities.

(a) The consolidated balance sheet of the Company as of December 31, 2005 and December 31, 2004, and the related consolidated statements of earnings, stockholders' equity and cash flows for the years then ended (including the related notes and schedules), audited by Hacker, Johnson & Smith PA, fairly present in all material respects the financial position of the Company and its Subsidiaries on a consolidated basis as of such dates and the results of operations, retained earnings and changes in cash flows, as the case may be, of the Company and its Subsidiaries on a consolidated basis for the periods then ended, all in accordance with GAAP consistently applied during the periods involved. The books and records of the Company and its Subsidiaries have been, and are being, maintained in accordance with GAAP.

(b) The Company and each of its Subsidiaries has timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that it was required to file since December 31, 2002 with (i) the Federal Reserve Board, the FDIC and the Commissioner and (ii) any other applicable Regulatory Authority (collectively, the "*Regulatory Filings*"), and all other reports, registrations and statements required to be filed by it since December 31, 2002, including any report, registration or statement required to be filed pursuant to the laws of the United States or the State of Florida, and has paid all fees and assessments due and payable in connection therewith. As of their respective dates, such reports,

registrations and statements complied in all material respects with all of the laws, rules and regulations of the applicable Regulatory Authority with which they were filed.

(c) Since December 31, 2002, except as otherwise disclosed or reflected in the financial statements referred to in Section 3.06(a), neither the Company nor any of its Subsidiaries has incurred any material obligations or liabilities (whether or not accrued, contingent or otherwise and whether or not required to be disclosed, including those related to environmental and occupational safety and health matters) other than in the ordinary and usual course of business consistent with past practice (excluding the incurrence of expenses related to this Agreement and the transactions contemplated hereby).

(d) Since December 31, 2002, except as otherwise disclosed or reflected in the financial statements referred to in Section 3.06(a), (i) the Company and each of its Subsidiaries has conducted its business only in, and has not engaged in any material transaction other than according to, the ordinary and usual course of such business consistent with past practice and (ii) no event has occurred or circumstance arisen that, individually or taken together with all other facts, circumstances and events has had or could be reasonably likely to have a Company Material Adverse Effect.

(e) Except as set forth in Section 3.06(e) of the Disclosure Schedule, since December 31, 2005, there has not been (i) any damage, destruction or other casualty loss with respect to any asset or property owned, leased or otherwise used by either the Company or any of its Subsidiaries, whether or not covered by insurance, (ii) any declaration, setting aside or payment of any dividend or other distribution in cash, stock or property in respect of the capital stock of either the Company or any of its Subsidiaries, (iii) any change by the Company or any of its Subsidiaries in their respective accounting principles, practices, procedures or methods or (iv) any increase in the compensation payable or that could become payable by the Company or any of its Subsidiaries to any of their respective directors, officers or employees or any amendment of any Benefit Plans other than increases or amendments, in each case in the ordinary and usual course of business consistent with past practice, (v) any granting to any director, officer, employee or consultant of the Company or any of its Subsidiaries of the right to receive any severance or termination pay not provided for under any Benefit Plan, or (vi) any entry by the Company or any of its Subsidiaries into any employment, consulting, change of control or severance agreement or arrangement with any director, officer, employee or consultant of the Company or any of its Subsidiaries.

(f) Neither the Company nor any of its Subsidiaries has any securities that are registered, or are required to be registered, under the Securities Act of 1933, as amended (the "*Securities Act*") or the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). At all times since December 31, 2002 until the date hereof, the Company Common Stock was, and as of the date hereof the Company Common Stock is, held of record by fewer than three hundred (300) persons.

SECTION 3.07 Litigation. No civil, criminal or administrative litigation, claim, action, suit, arbitration, hearing, investigation or other proceeding before any Governmental Authority (collectively, "*Actions*") is pending or, to the knowledge of the Company, threatened against the Company, any of its Subsidiaries or any of their respective Affiliates, and, to the

knowledge of the Company, there are no facts or circumstances that could result in any Actions being brought against the Company, any of its Subsidiaries or any of their respective Affiliates.

SECTION 3.08 Regulatory Matters.

(a) Neither the Company nor any of its Subsidiaries nor any of their respective properties is, directly or indirectly, a party to or subject to any injunction, order, judgment, decree, written agreement, memorandum of understanding, regulatory restriction or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Governmental Authority, including any Governmental Authority charged with the supervision or regulation of financial institutions or their holding companies or issuers of securities or engaged in the insurance of deposits (including the Commissioner, the Federal Reserve Board and the FDIC) (collectively, the "*Regulatory Authorities*"), nor has the Company or any of its Subsidiaries adopted any policies, procedures or board resolutions at the request or suggestion of any Regulatory Authority that in any material manner relate to its capital adequacy, liquidity and funding policies, payment of dividends, its credit, risk management or compliance policies, or its internal controls, management or business operations. Each of the Company and its Subsidiaries has paid all assessments made or imposed by any Regulatory Authority.

(b) Neither the Company nor any of its Subsidiaries has been advised by, and does not have any knowledge of facts which could give rise to an advisory notice by, any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such injunction, order, judgment, decree, agreement, memorandum of understanding, commitment letter, extraordinary supervisory letter or similar submission, or the adoption of any such policies, procedures or board resolutions. There is no unresolved violation, criticism, comment or exception by any Regulatory Authority with respect to any report or statement relating to any examinations or inspections of the Company or any of its Subsidiaries.

SECTION 3.09 Compliance With Laws.

(a) The Company and each of its Subsidiaries (i) are in compliance in all material respects with all Laws applicable thereto or to the employees conducting their respective businesses, including the Equal Credit Opportunity Act (15 U.S.C. Section 1691 et seq.), as amended, the Community Reinvestment Act of 1977, as amended, the Fair Housing Act (420 U.S.C. Section 3601 et seq.), as amended, the Home Mortgage Disclosure Act (12 U.S.C. Section 2801 et seq.), as amended, the Currency and Foreign Transaction Reporting Act (31 U.S.C. Section 5311 et seq.), as amended (Bank Secrecy Act), the Truth in Lending Act, the Fair Credit Reporting Act, Title III of the USA Patriot Act and all other applicable bank secrecy laws, fair lending laws and other laws relating to discriminatory business practices and (ii) has all permits, licenses, franchises, variances, exemptions, certificates of authority, orders, authorizations, consents and approvals of, and has made all filings, applications, notices and registrations with, all Governmental Authorities that are required in order to permit it to own or lease its assets and properties and to conduct its business as presently conducted. All such permits, licenses, franchises, variances, exemptions, certificates of authority, orders,

authorizations, consents and approvals are in full force and effect and, to the knowledge of the Company, no suspension, cancellation or material limitation of any of them is threatened.

(b) No investigation or review by any Governmental Authority with respect to the Company or any of its Subsidiaries is pending or, to the knowledge of the Company, threatened, nor has the Company or any of its Subsidiaries received any notification or communication from any Governmental Authority (i) asserting that the Company or any of its Subsidiaries is not in compliance with any of the Laws which such Governmental Authority enforces or (ii) threatening to revoke any license, franchise, permit or governmental authorization (nor, to the knowledge of the Company, do any grounds for any of the foregoing exist).

SECTION 3.10 Material Contracts.

(a) Except as set forth in Section 3.10(a) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries is a party to, bound by or subject to any Contract (whether written or oral) (i) that would be a "material contract" within the meaning of Item 601(b)(10) of the SEC's Regulation S-K if the Company had securities registered under the Exchange Act, (ii) that purports to limit in any respect either the type of business in which the Company or any of its Subsidiaries (or, after giving effect to the Merger, the Surviving Company and its Affiliates) may engage or the manner or locations in which any of them may so engage in any business, (iii) which relates to the incurrence of indebtedness (other than deposit liabilities, advances and loans from a Federal Home Loan Bank, and sales of securities subject to repurchase, in each case in the ordinary course of business) in the principal amount of $25,000 or more or (iv) which provides for the payment by the Company or any of its Subsidiaries of material payments upon a change of control thereof.

(b) (i) Each Contract to which the Company or any of its Subsidiaries is a party is valid and binding on the Company or its Subsidiaries, as the case may be, and in full force and effect (other than due to the ordinary expiration of the term thereof), and, to the knowledge of the Company, is valid and binding on the other parties thereto, (ii) the Company and each of its Subsidiaries has in all material respects performed all obligations required to be performed by it to date under each such Contract and (iii) neither the Company nor any of its Subsidiaries is in default under any Contracts to which it is a party, by which it or its assets, business, or operations may be bound or affected, or under which it or its assets, business, or operations receive benefits, 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. Section 3.10(b) of the Disclosure Schedule sets forth a true and complete list of (x) all Contracts pursuant to which consents or waivers are or may be required and (y) all notices which are or may be required to be given, in each case, prior to the performance by the Company of this Agreement and the consummation of the Merger and the other transactions contemplated hereby. No power of attorney or similar authorization given directly or indirectly by the Company or any of its Subsidiaries is currently outstanding.

SECTION 3.11 Opinion of Financial Advisor; No Brokers.

(a) The Board of Directors of the Company has received the written opinion letter of its financial advisor, Hovde Financial, Inc., to the effect that the Merger Consideration

to be received by the holders of Company Common Stock in the Merger is fair to such holders from a financial point of view, a copy of which opinion has been delivered to Parent.

(b) None of the Company, its subsidiaries, nor any of their respective officers, directors, employees, agents or representatives has employed any broker or finder or incurred any liability for any brokerage or financial advisory fees, commissions or finders fees or similar fees in connection with the Merger and the other transactions contemplated by this Agreement except that the Company has engaged Hovde Financial, Inc. to provide it with the fairness opinion referred to in Section 3.11(a) pursuant to the arrangements which have been disclosed in writing to Parent prior to the date hereof.

SECTION 3.12 Employee Benefit Plans.

(a) Section 3.12(a) of the Disclosure Schedule contains a true and complete list of each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), including, without limitation, "multiemployer plans" within the meaning of Section 4001(a)(3) of ERISA), and all stock purchase, stock option, severance, employment, change-in-control, fringe benefit, vacation, perquisite, collective bargaining, bonus, incentive, deferred compensation, employee loan and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA (including any funding mechanism therefore now in effect or required in the future as a result of the transaction contemplated by this Agreement or otherwise), whether formal or informal, oral or written, legally binding or not, under which (i) any current or former employee, director or independent contractor of the Company or its Subsidiaries (the "*Employees*") has any present or future right to benefits and which are contributed to, sponsored by or maintained by the Company or its Subsidiaries or (ii) the Company or its Subsidiaries has had or has any present or future liability. All such plans, agreements, programs, policies and arrangements shall be collectively referred to as the "*Benefit Plans*".

(b) With respect to each Benefit Plan, the Company has provided to the Buyer a current, accurate and complete copy (or, to the extent no such copy exists, an accurate description) thereof and, to the extent applicable: (i) any related adoption agreement, trust agreement or other funding instrument; (ii) the most recent determination letter, if applicable; (iii) any summary plan description and other written communications (or a description of any oral communications) by the Company or any of its Subsidiaries to the Employees concerning the extent of the benefits provided under a Benefit Plan; (iv) a summary of any proposed amendments or changes anticipated to be made to the Benefit Plans at any time within the twelve months immediately following the date hereof, (v) for the three most recent years and as applicable, (A) the Form 5500 and attached schedules, (B) audited financial statements and (C) actuarial valuation reports; and (vi) all filings made by the Company or any of its Subsidiaries with any Governmental Authority including but not limited to any filings under the Voluntary Compliance Resolution or Closing Agreement Program or the Department of Labor Delinquent Filer Program.

(c) (i) Each Benefit Plan has been established, operated and administered in all material respects in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code and other applicable laws, rules and regulations; (ii) each Benefit Plan

which is intended to be qualified within the meaning of Sections 401(a) or 4975(e)(7) of the Code is so qualified and has received a favorable determination or opinion letter as to its qualification, and each trust established in connection with any Benefit Plan which is intended to be exempt from federal taxation under Section 501(a) of the Code is so exempt, and nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such qualification or exempt status; (iii) no event has occurred and no condition exists that would reasonably be expected to subject the Company or any of its Subsidiaries, either directly or by reason of their affiliation with any member of their "Controlled Group" (defined as any organization which is a member of a controlled group of organizations within the meaning of Sections 414(b), (c), (m) or (o) of the Code), to any material tax, fine, lien, penalty or other liability imposed by ERISA, the Code or other applicable Laws, rules and regulations; (iv) for each Benefit Plan with respect to which a Form 5500 has been filed, no material change has occurred with respect to the matters covered by the most recent Form since the date thereof; (v) no "reportable event" (as such term is defined in Section 4043 of ERISA) that could reasonably be expected to result in material liability, no nonexempt "prohibited transaction" (as such term is defined in Section 406 of ERISA and Section 4975 of the Code) or "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA and Section 412 of the Code (whether or not waived)) has occurred with respect to any Benefit Plan; (vi) all prior employer (including pre-tax employee) contributions and payments or benefits provided pursuant to such Benefit Plans and all other compensatory payments made to any current or former director, officer, employee or consultant of the Company or any of its Subsidiaries have been deductible under the Code, including under Sections 162 and 404, as applicable; (vii) there is no present intention that any Benefit Plan be materially amended, suspended or terminated, or otherwise modified to change benefits (or the levels thereof) under any Benefit Plan at any time within the twelve months immediately following the date hereof; (viii) neither the Company nor any of its Subsidiaries has incurred any current or projected liability in respect of post-employment or post-retirement health, medical or life insurance benefits for current, former or retired employees of Company or any of its Subsidiaries, except as required to avoid an excise tax under Section 4980B of the Code or otherwise except as may be required pursuant to any other applicable Law, and neither the Company nor any of its Subsidiaries has any liability under Part 6 of Subtitle B of Title I of ERISA with respect to unsatisfied continuation coverage obligations under a healthcare plan maintained or formerly maintained by any member of their "Controlled Group"; and (x) neither the Company nor any of its Subsidiaries nor, to their knowledge, any other Person has any express or implied commitment, whether legally enforceable or not, to modify, change or terminate any Benefit Plan, other than with respect to a modification, change or termination required by ERISA, the Code or other applicable Law.

(d) No Benefit Plan is: (i) a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA) and neither the Company, any of its Subsidiaries nor any member of their Controlled Group has at any time sponsored or contributed to, or has or had any liability or obligation in respect of, any multiemployer plan; (ii) a pension plan (within the meaning of Section 3(2) of ERISA) subject to Section 412 of the Code or Title IV of ERISA; (iii) a multiple employer plan for which the Company or any of its Subsidiaries could incur liability under Sections 4063 or 4064 of ERISA; or (vi) a voluntary employee benefit association under 501(c)(9) of the Code.

(e) With respect to any Benefit Plan, (i) no actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the knowledge of the Company or any of its Subsidiaries, threatened; (ii) no facts or circumstances exist that could give rise to any such actions, suits or claims; (iii) no written or oral communication has been received from the Pension Benefit Guaranty Corporation (the "*PBGC*") in respect of any Benefit Plan subject to Title IV of ERISA concerning the funded status of any such plan or any transfer of assets and liabilities from any such plan in connection with the transactions contemplated herein; (iv) no administrative investigation, audit or other administrative proceeding by the Department of Labor, the PBGC, the Internal Revenue Service or other governmental agencies are pending, threatened or in progress (including, without limitation, any routine requests for information from the PBGC); and (v) all tax, annual reporting and other governmental filings required by ERISA, the Code or other applicable Law with respect to the Benefit Plans have been timely filed with the appropriate Governmental Authority and all notices and disclosures have been timely provided to participants.

(f) There has been no amendment to, announcement by the Company or any of its Subsidiaries relating to, or change in Employee participation or coverage under, any Benefit Plan which would increase the expense of maintaining such plan above the level of the expense incurred therefore for the most recent fiscal year.

(g). Except as set forth on Section 3.12(g) of the Disclosure Schedule, neither the execution of this Agreement, shareholder approval of the Merger nor the consummation of the transactions (either alone or in combination with any subsequent event) contemplated hereby will (i) entitle any Employees to severance pay or any increase in severance pay upon any termination of employment after the date hereof, (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other obligation pursuant to, any of the Benefit Plans, (iii) limit or restrict the right of either the Company or any of its Subsidiaries or, after the consummation of the transactions contemplated hereby, Parent or the Surviving Company to merge, amend or terminate any of the Benefit Plans or result in any liability on account of such merger, amendment or termination (other than liability for ordinary administrative expenses typically incurred under such Benefit Plan), (iv) cause the Company or any of its Subsidiaries or, after the consummation of the transactions contemplated hereby, Parent or the Surviving Company to record additional compensation expense on its income statement with respect to any outstanding stock option or other equity-based award or (v) result in payments under any of the Benefit Plans or otherwise which would not be deductible under section 280G of the Code.

SECTION 3.13 Labor Matters.

(a) Neither the Company nor any of its Subsidiaries is a party to or is bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, and neither the Company nor any of its Subsidiaries is the subject of a proceeding asserting that it has committed an unfair labor practice (within the meaning of the National Labor Relations Act) or seeking to compel either the Company or any of its Subsidiaries to bargain with any labor union or labor organization as to wages or conditions of employment, nor is there pending or, to the knowledge of the Company, threatened, nor has there

been at any time during the past five years, any labor strike, dispute, walk-out, work stoppage, slow-down or lockout involving either the Company or any of its Subsidiaries. The Company is not aware of any activity involving its employees seeking to certify a collective bargaining unit or engaging in other organizational activity.

(b) Except as set forth on Section 3.13(b) of the Disclosure Schedule, (i) each Employee is an "at will" employee (whose employment may be terminated at any time by the Company or its Subsidiaries) and has the right to work for the Company or its Subsidiaries, and (ii) each of the independent contractors and consultants of the Company or its Subsidiaries ("*Independent Contractors*") may be terminated at any time with or without reason. Section 3.13(b) of the Disclosure Schedule sets forth a true and complete list of each Employee and each Independent Contractor and his or her base salary, wage or fee, as applicable, as of April 30, 2006. The Company and its Subsidiaries are and have been in material compliance with all applicable Law respecting labor, employment, immigration, fair employment practices, terms and conditions of employment, workers' compensation, occupational safety, plant closings, wages and hours, and any other Law applicable to any Employees or Independent Contractors. Except as set forth on Section 3.13(b) of the Disclosure Schedule, there are no pending or threatened claims, causes of action or suits by or on behalf of any Employees relating to employment and employment practices, occupational safety and health standards, terms and conditions of employment and wages and hours, and fair labor practices and, to the knowledge of the Company, no investigations, inquiries or proceedings before the U.S. National Labor Relations Board, the U.S. Equal Employment Opportunity Commission, the U.S. Department of Labor, the U.S. Department of Justice, the U.S. Occupational Health and Safety Administration or any other state or federal governmental authority in the U.S. with respect to or relating to the terms and conditions of employment of the Company's employees. Each of the Company and its Subsidiaries has withheld all amounts required by Law or agreement to be withheld from wages, salaries or other payments to Employees and none of the Company or any of its Subsidiaries is or has been liable for any arrears of wages, salaries or other benefits provided under the Benefit Plans or any Taxes or any penalty for failure to comply with any of the foregoing. None of the Company and its Subsidiaries is or has been liable for any payment to any trust or other fund or to any Governmental Authority with respect to unemployment compensation benefits, social security, or other benefits or obligations for employees (other than routine payments to be made in the ordinary course of business and consistent with past practice).

(c) There are no pending claims against the Company or any of its Subsidiaries under any Benefit Plan or under workers' compensation plan or policy or for long-term disability (other than regular claims for benefits in accordance with the terms of such Benefit Plans and policies) and (ii) there are no claims pending or threatened between the Company or any of its Subsidiaries on the one hand and any Employee or Independent Contractor on the other hand.

(d) To the knowledge of the Company, no Employee or Independent Contractor is or has been in violation of any term of any employment contract, non-disclosure agreement, non-competition agreement, or any restrictive covenant to a former employer relating (i) to the right of any such person to be employed or retained by the Company or its Subsidiaries because of the nature of the business conducted or presently proposed to be conducted by the Company and its Subsidiaries, or (ii) to the use by or for the benefit of any of the Company or its

Subsidiaries of the trade secrets, intellectual property, or confidential or proprietary information of others. To the knowledge of the Company, no Employee or Independent Contractor is or has been in violation of any term of any employment contract, non-disclosure agreement, non-competition agreement, or restrictive covenant with the Company relating to the business of the Company or its Subsidiaries.

(e) Other than as set forth on Section 3.13(e) of the Disclosure Schedule, as of the date of this Agreement, no current Employee (with the title of Vice President or above) or Independent Contractor has given notice to the Company or any of its Subsidiaries of his or her intent to terminate his or her employment or independent contractor relationship with the Company or any of its Subsidiaries. The Company and its Subsidiaries are in material compliance with all Laws concerning the classification of employees and independent contractors and have properly classified all such persons for purposes of participation in the Benefit Plans.

(f) The Company and its Subsidiaries have provided Buyer with copies of all written employment, management, consulting or severance agreements which have been entered into between the Company and its Subsidiaries on the one hand and any current Employee or current Independent Contractor on the other hand, including any amendments thereto. Other than as expressly set forth in such agreements or amendments, there have been no material changes to the remuneration or benefits of any kind payable or due to any Employee or Independent Contractor.

SECTION 3.14 Environmental Matters.

(a) (i) The Company and each of its Subsidiaries have complied at all times in all material respects and are in compliance in all material respects with all applicable Environmental Laws; (ii) no real property (including soils, groundwater, surface water, buildings or other structures) currently or formerly owned or operated by the Company or any of its Subsidiaries or in which the Company or any of its Subsidiaries holds or has held a fiduciary or management role, or, to the knowledge of the Company, any property in which the Company or any of its Subsidiaries holds or has held a Lien (including any property in which the Company or any of its Subsidiaries holds or has held a fiduciary or management role, a "*Company Loan Property*"), is or has been contaminated with, or has or has had any release or threatened release of, any Hazardous Substance at any time; (iii) the Company and each of its Subsidiaries could not be deemed the owner or operator under any Environmental Law of any Company Loan Property which is or has been contaminated with, or has or has had any release or threatened release of, any Hazardous Substance; (iv) neither the Company nor any of its Subsidiaries is subject to liability for any Hazardous Substance disposal or contamination on any third-party property; (v) neither the Company nor any of its Subsidiaries has received any notice, demand, letter, claim or request for information alleging any violation of, or liability under, any Environmental Law; (vi) neither the Company nor any of its Subsidiaries is subject to any order, decree, injunction or other agreement with any Governmental Authority or any indemnity or other agreement with any third party under any Environmental Law or relating to any Hazardous Substance; (vii) to the knowledge of the Company, there are no circumstances or conditions (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, prior manufacturing operations, dry-cleaning or automotive services) involving the

Company or any of its Subsidiaries, any currently or formerly owned or operated property, or any Company Loan Property, that could reasonably be expected to result in any claim, liability, investigation, cost or restriction against the Company or any of its Subsidiaries, or result in any restriction on the ownership, use, or transfer of any property pursuant to any Environmental Law, or adversely affect the value of any currently owned property or Company Loan Property and (viii) the Company has delivered to Parent copies of all environmental reports, studies, sampling data, correspondence, filings and other environmental information in its possession or reasonably available to it relating to the Company and each of its Subsidiaries, and any currently or formerly owned or operated property or any Company Loan Property.

(b) For purposes of this Agreement, the following terms shall have the meanings assigned below:

(i) "*Environmental Laws*" means any federal, state or local law, regulation, order, decree, permit, authorization, opinion, common law or agency requirement relating to: (A) the protection, investigation or restoration of the environment, health, safety, or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance; or (C) noise, odor, wetlands, employee exposure, indoor air, pollution, contamination or any injury or threat of injury to persons or property in connection with any Hazardous Substance.

(ii) "*Hazardous Substance*" means any substance in any concentration that is: (A) listed, classified or regulated pursuant to any Environmental Law; (B) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive materials or radon; or (C) any other substance which has been, is or may be the subject of regulatory action by any Governmental Authority in connection with any Environmental Law.

SECTION 3.15 Tax Matters.

(a) All Tax Returns required to be filed by or on behalf of the Company and its Subsidiaries have been timely filed (taking into account all extensions of due dates), and all such Tax Returns were and are true, complete and correct in all material respects.

(b) All Taxes payable by or with respect to the Company and its Subsidiaries have been timely paid. All assessments for Taxes due and owing by or with respect to the Company and its Subsidiaries with respect to completed and settled examinations or concluded litigation have been paid. There are no Tax Liens on any assets of the Company or its Subsidiaries other than for current Taxes not yet due and payable.

(c) The unpaid Taxes of the Company and its Subsidiaries (A) did not, as of December 31, 2005, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet included in the December 31, 2005 financial statements (rather than in any notes thereto), and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company and its Subsidiaries in filing its Tax Returns. Since the date of the December 31, 2005 financial

statements, the Company and its Subsidiaries have not generated any taxable income from extraordinary gains or losses outside the ordinary course of business consistent with past custom and practice.

(d) No action, suit, proceeding, investigation, claim or audit has commenced and no notice has been given that such audit or other proceeding is pending or threatened with respect to the Company or its Subsidiaries.

(e) Neither the Company nor its Subsidiaries has requested, or been granted any waiver of any federal, state, local or foreign statute of limitations with respect to, or any extension of a period for the assessment of, any Tax. No extension or waiver of time within which to file any Tax Return of, or applicable to, the Company or its Subsidiaries has been granted or requested which has not since expired.

(f) Neither the Company nor its Subsidiaries is or has ever been (nor does the Company have any liability for unpaid Taxes because it once was) a member of an affiliated, consolidated, combined or unitary group (other than a group the common parent of which is the Company). Neither the Company nor its Subsidiaries is a party to any Tax allocation, Tax indemnity or Tax sharing agreement or is liable for the Taxes of any other Person under Treasury Regulations §1.1502-6 (or any similar provision of state, local or foreign law), as transferee or successor, by contract, or otherwise.

(g) The Company and its Subsidiaries have complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes and have, within the time and in the manner required by Law, withheld and paid over to the proper Governmental Authorities all amounts required to be so withheld and paid over, pursuant to all applicable Laws.

(h) None of the Company or its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of any (i) change in the method of accounting for a taxable period or portion thereof ending on or prior to the Closing Date, (ii) intercompany transaction (including, without limitation, any intercompany transaction subject to Section 367 or 482 of the Code) entered into on or prior to the Closing Date, (iii) excess loss account described in the Treasury Regulations under Section 1502 of the Code with respect to a taxable period or portion thereof ending on or prior to the Closing Date, (iv) material prepaid amount received on or prior to the Closing Date, or (v) or for any other reason.

(i) No closing agreement pursuant to Section 7121 of the Code (or any similar provision of state, local or foreign law) has been entered into by or with respect to the Company or any of its Subsidiaries.

(j) No power of attorney has been executed with respect to any matter relating to Taxes of the Company or any of its Subsidiaries, which is currently in force.

(k) Neither the Company nor any of its Subsidiaries has been a party to any distribution occurring during the last two years in which the parties to such distribution treated the distribution as one to which Section 355 or Section 361 of the Code is applicable.

(l) Neither the Company nor any of its Subsidiaries has entered into any transactions that are or would be part of any "reportable transaction" under sections 6011, 6111 or 6112 of the Code (or any similar provision under any state or local law).

(m) For purposes of this Agreement, the following terms shall have the meanings assigned below:

(i) "*Tax*" (including, with correlative meanings, the terms "*Taxes*" and "*Taxable*") means all federal, state, local and foreign taxes, charges, fees, customs, duties, levies or other assessments, however denominated, including, without limitation, all net income, gross income, profits, gains, gross receipts, sales, use, value added, goods and services, capital, production, transfer, franchise, windfall profits, license, alternative or add-on minimum withholding, payroll, employment, disability, employer health, excise, estimated, severance, stamp, occupation, property, environmental, unemployment, capital stock or any other taxes, charges, fees, customs, duties, levies or other assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions.

(ii) "*Tax Returns*" means any return, amended return or other report (including elections, declarations, forms, disclosures, schedules, estimates and information returns) required to be filed with any taxing authority with respect to any Taxes including, without limitation, any documentation required to be filed with any taxing authority or to be retained in respect of information reporting requirements imposed by the Code or any similar foreign, state or local law.

SECTION 3.16 Risk Management Instruments.

(a) Neither the Company nor any of its Subsidiaries is a party to or has agreed to enter into any Derivative Transaction and does not own any securities that (i) are referred to generically as "structured notes," "high risk mortgage derivatives," "capped floating rate notes" or "capped floating rate mortgage derivatives" or (ii) could have changes in value as a result of interest or exchange rate changes that significantly exceed normal changes in value attributable to interest or exchange rate changes. Attached hereto in Section 3.16 of the Disclosure Schedule is a copy of the Company's investment portfolio, which sets forth all securities owned or held by the Company and its Subsidiaries.

(b) "*Derivative Transactions*" means any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, credit-related events or conditions or any indexes, or any other similar transaction or combination of any of these transactions, or any debt or equity instruments

evidencing or embedding any such types of transactions, and any related credit support, collateral or other similar arrangements related to such transactions.

SECTION 3.17 Books and Records; Controls and Procedures.

(a) The books and records of the Company and its Subsidiaries have been fully, properly and accurately maintained in all material respects, there are no material inaccuracies or discrepancies of any kind contained or reflected therein, and they fairly present in all material respects the financial position and results of operations of each of the Company and its Subsidiaries.

(b) Except as set forth on Section 3.17(b) of the Disclosure Schedule, since January 1, 2006, the Company's auditors and the Audit Committee of the board of directors of the Company have not been advised of: (i) any material deficiencies in the design or operation of internal controls over financial reporting which could reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial data or (ii) any fraud, whether or not material, that involves management. Except as set forth on Section 3.17(b) of the Disclosure Schedule, since January 1, 2006, no material weakness in internal controls has been identified by the Company's auditors; and since the date of the most recent evaluation thereof, there have been no significant changes in internal controls that could reasonably be expected to materially and adversely affect internal controls.

SECTION 3.18 Insurance. Section 3.18 to the Disclosure Schedule sets forth a true and complete list of all of the insurance policies, binders or bonds maintained by the Company and each of its Subsidiaries (collectively, "*Insurance Policies*") and all insurance claims filed by the Company and any of its Subsidiaries under such Insurance Policies which have not been paid in full as of the date hereof and the amounts claimed thereunder. To the knowledge of the Company, all Insurance Policies are with reputable insurers and provide full and adequate coverage for all normal risks incident to the business of the Company and its Subsidiaries and its properties and assets and are in character and amount at least equivalent to that carried by persons engaged in similar businesses and subject to the same or similar perils or hazards. All of the Insurance Policies are in full force and effect; neither the Company nor any of its Subsidiaries is in default thereunder; and all claims thereunder have been filed in due and timely fashion.

SECTION 3.19 Allowance For Loan Losses. Bank Brevard's allowance for loan losses ("*ALL*") is, and shall be as of the Effective Time, in compliance with Bank Brevard's existing methodology for determining the adequacy of its ALL as well as the standards established by applicable Governmental Authorities and the Financial Accounting Standards Board and is and shall be adequate under all such standards.

SECTION 3.20 Loan Matters.

(a) (i) Section 3.20(a) of the Disclosure Schedule sets forth a list of all extensions of credit (including commitments to extend credit) ("*Loans*") by the Company and each of its Subsidiaries to any directors, executive officers and principal stockholders (as such terms are defined in Regulation O ("*Regulation O*") of the Federal Reserve Board (12 C.F.R.

Part 215)) of the Company or any of its Subsidiaries; (ii) there are no Loans to any such directors, executive officers or principal stockholders on which the borrower is paying a rate other than that reflected in the note or the relevant credit agreement or, except for Loans made by the Company and its Subsidiaries to its employees in accordance with its policies as disclosed in Section 3.20(a) of the Disclosure Schedule, on which the borrower is paying a rate which was below market at the time the Loan was made; and (iii) except as listed in Section 3.20(a) of the Disclosure Schedule, all such Loans are and were made in compliance in all material respects with all applicable Laws.

(b) To the knowledge of the Company, each outstanding Loan (including Loans held for resale to investors and excluding Loan participations purchased from other financial institutions) has been solicited and originated and is administered and serviced, and the relevant Loan files are being maintained, in all material respects in accordance with the relevant loan documents, the Company's underwriting standards (and, in the case of Loans held for resale to investors, the underwriting standards, if any, of the applicable investors) and with all applicable requirements of Law.

(c) Except as set forth in Section 3.20(c) of the Disclosure Schedule, none of the agreements pursuant to which the Company or any of its Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default by the obligor on any such Loan.

(d) Each of the Company and its Subsidiaries, as applicable, is approved by and is in good standing: (i) as a supervised mortgagee by the Department of Housing and Urban Development ("*HUD*") to originate and service Title I FHA mortgage loans; (ii) as a GNMA I and II Issuer by the Government National Mortgage Association ("*Ginnie Mae*"); (iii) by the Department of Veteran's Affairs ("*VA*") to originate and service VA loans; and (iv) as a seller/servicer by the Federal National Mortgage Association ("*Fannie Mae*") and the Federal Home Loan Mortgage Corporation ("*Freddie Mac*") to originate and service conventional residential mortgage Loans.

(e) Except as set forth in Section 3.20(e) of the Disclosure Schedule, none of the Company or any of its Subsidiaries is now nor has it ever been subject to any fine, suspension, settlement or other agreement or other administrative agreement or sanction by, or any reduction in any loan purchase commitment from, HUD, Ginnie Mae, the VA, Fannie Mae, Freddie Mac or other investor, or any federal or state agency relating to the origination, sale or servicing of mortgage or consumer Loans. Neither the Company nor any of its Subsidiaries has received any notice, nor does it have any reason to believe, that Fannie Mae or Freddie Mac propose to limit or terminate the underwriting authority of the Company and any of its Subsidiaries or to increase the guarantee fees payable to such investor.

SECTION 3.21 Transactions With Affiliates. Except as set forth in Section 3.21 of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has engaged in any transactions with Affiliates within the meaning of Sections 23A and 23B of the Federal Reserve Act.

SECTION 3.22 Properties.

(a) Section 3.22(a) the Disclosure Schedule contains a complete and correct list of all real property or premises owned, leased or subleased in whole or in part by the Company or any of its Subsidiaries and, with respect to leased or subleased properties, a list of all applicable leases or subleases and the name of the lessor or sublessor. None of such premises or properties have been condemned or otherwise taken by any Governmental Authority and, to the knowledge of the Company, no condemnation or taking is threatened or contemplated and none of such premises or properties is subject to any claim, Contract or Law which might adversely affect its use or value for the purposes it is now used. None of the premises or properties of the Company or any of its Subsidiaries is subject to any current or potential interests of third parties or other restrictions or limitations that would impair or be inconsistent in any respect with the current use of such property by the Company or any of its Subsidiaries, as the case may be.

(b) Each of the leases referred to in the Disclosure Schedule is valid and existing and in full force and effect, and no party thereto is in default and no notice of a claim of default by any party has been delivered to either the Company or any of its Subsidiaries or is now pending, and there does not exist any event that with notice or the passing of time, or both, would constitute a default or excuse performance by any party thereto; provided that with respect to matters relating to any party other than the Company or its Subsidiaries, the foregoing representation is based on the knowledge of the Company.

(c) The Company and each of its Subsidiaries have good title to their respective properties and assets (other than property as to which it is lessee) except (i) statutory Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in the financial statements referred to in Section 3.06(a), (ii) pledges of assets in the ordinary and usual course of business to secure public deposits and (iii) defects and irregularities of title and encumbrances that do not impair the use thereof for the purposes for which they are held.

SECTION 3.23 Financing Documents. Neither the Placement Agent nor any holder of Capital Securities (as defined in the Placement Agreement) under the Placement Agreement has or will (i) initiate any Action for breach of representations or warranties by the Company and/or the Trust contained in the Placement Agreement or (ii) make any claim for indemnification against the Company and/or the Trust under the Placement Agreement.

SECTION 3.24 Employment Agreements. At the Closing, each of the Employment Agreements will have been duly executed and delivered by the Company and the applicable Executive and, assuming consummation of the Merger, will be in full force and effect.

SECTION 3.25 Intellectual Property.

(a) The Company and each of its Subsidiaries own, have licensed from a third party, or otherwise possess legally enforceable rights to use all patents, registered or unregistered trademarks, trade names, service marks, and copyrights, Internet domain names, technology, trade secrets, know-how, computer software programs or applications and tangible or intangible

proprietary or confidential information or materials that are used in their businesses as currently conducted (the foregoing being the "*Company Intellectual Property Rights*".

(b) (i) Neither the Company nor any of its Subsidiaries is, nor will they be as a result of the execution and delivery of this Agreement or the performance of their respective obligations hereunder, in violation of any licenses, sublicenses or other agreements to which they are a party and pursuant to which they are authorized to use any third-party patents, trademarks, trade names, service marks, Internet domain names, copyrights, trade secrets or computer software or any other third-party intellectual property or similar rights (collectively, "*Third-Party Intellectual Property Rights*"); (ii) neither the Company's nor any of its Subsidiaries' entry into this Agreement nor the performance of their obligations hereunder shall impair the right of the Company or its Subsidiaries to use any Company Intellectual Property Rights as used currently in the conduct of their respective businesses; (iii) no claims are currently pending or, to the knowledge of the Company, are threatened by any person with respect to (A) the Company Intellectual Property Rights or (B) Third-Party Intellectual Property Rights; (iv) the Company does not know of any valid grounds for any bona fide claims (A) that the business of either the Company or its Subsidiaries as currently conducted or as proposed to be conducted infringes or misappropriates any Third Party Intellectual Property Rights; (B) challenging the ownership, validity or enforceability of any Company Intellectual Property Rights; or (C) challenging the Company's or its Subsidiaries' license or legally enforceable right to use any Third-Party Intellectual Rights; (v) to the knowledge of the Company and each of its Subsidiaries, no third-party is infringing or misappropriating any Company Intellectual Property Rights; and (vi) the Company and each of its Subsidiaries have taken all reasonable steps necessary to protect, preserve and maintain the secrecy and confidentiality of the proprietary and confidential information and trade secrets included in the Company Intellectual Property Rights.

(c) The Company and each of its Subsidiaries comply with all U.S., state, foreign and multinational Laws, reputable industry practice and its own policies (which are in conformance with reputable industry practice) with respect to the protection of personal privacy, personally identifiable information, sensitive personal information and any special categories of personal information regulated thereunder, whether any of same is accessed or used by the Company, any of its Subsidiaries or any business partners.

SECTION 3.26 Information Provided. No representation or warranty of the Company contained in this Agreement or the schedules hereto contains any untrue statement of a material fact, or omits to state any material fact, which is required to be stated herein or therein, or is necessary, in order to make the statement herein or therein not misleading. The Company and its Subsidiaries are not aware of any fact pertaining to the Company or its Subsidiaries that adversely affects the assets, business, prospects, financial or other condition or results of operations of the business conducted by the Company and its Subsidiaries that has not been set forth in this Agreement or the schedules hereto.

SECTION 3.27 Trust Business. The Company and its Subsidiaries have properly administered all accounts for which it acts as a fiduciary, including accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents, applicable state and federal law and regulation and common law. None of the Company, any Subsidiary of the

Company, or any director, officer or employee of the Company or any of its Subsidiaries has committed any breach of trust or fiduciary duty with respect to any fiduciary account administered by the Company and its Subsidiaries and the accountings for each such fiduciary account are true and correct and accurately reflect the assets of such fiduciary account.

SECTION 3.28 Takeover Statutes. The Company has taken all action required to be taken by it in order to exempt this Agreement, the Stockholders Agreement, the Merger, and the transactions contemplated hereby and thereby, and this Agreement, the Stockholders Agreement, the Merger, and the transactions contemplated hereby and thereby are exempt from, any "fair price", "moratorium", "control share", "affiliate transaction", "business combination", or other similar anti-takeover statute or regulation enacted under state or federal laws in the United States applicable to the Company, including Section 607.0901 and Section 607.0902 of the FBCA.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub hereby, jointly and severally, represent to the Company as follows:

SECTION 4.01 Organization; Qualification. Each of Parent and Merger Sub is duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing as a foreign limited liability company or corporation, respectively, in each jurisdiction where the ownership or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, existing or in good standing or to have such power or authority would not prevent or materially delay the consummation of the transactions contemplated by this Agreement. Parent owns beneficially and of record all of the outstanding capital stock of Merger Sub.

SECTION 4.02 Corporate Power; Authority. Each of Parent and Merger Sub has all requisite power and authority (corporate and other) to carry on its business as it is now being conducted and to own all its properties and assets. The execution, delivery and performance of this Agreement by each of Parent and Merger Sub and the consummation by each of Parent and Merger Sub of the transactions contemplated hereby have been duly and validly authorized by all necessary action by the Managers and by the Board of Directors of Parent and Merger Sub, respectively, and by all necessary action by Parent as the sole stockholder of Merger Sub, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize this Agreement, to perform their respective obligations hereunder, or to consummate the transactions contemplated hereby (other than the filing with the Secretary of State of the State of Florida of the Articles of Merger as required by the FBCA and with the Secretary of State of the State of Delaware of the Certificate of Merger as required by the DGCL). This Agreement has been duly and validly executed and delivered by Parent and Merger Sub and is enforceable against Parent and Merger Sub in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or to general equity principles.

SECTION 4.03 Regulatory Approvals; No Violations.

(a) No consents, approvals, permits, authorizations of, or waivers by, or notices, reports, filings or registrations with, any Governmental Authority or with any third party are required to be made or obtained by Parent or Merger Sub in connection with the execution, delivery and performance by Parent and Merger Sub of this Agreement or to consummate the Merger and the other transactions contemplated hereby except for (i) filings of applications or notices with, and approvals or waivers by, the Federal Reserve Board, the Florida Office of Financial Regulation and the Commissioner and (ii) the applicable requirements, if any, of the Exchange Act and the rules and regulations promulgated thereunder, and state securities, takeover and "blue sky" laws and (iv) filing with the Secretary of State of the State of Delaware of the Certificate of Merger as required by the DGCL. As of the date hereof, Parent is not aware of any reason why the approvals set forth in this Section 4.03(a) and in Section 7.01(b) will not be received without the imposition of a condition, restriction or requirement of the type described in Section 7.03(d).

(b) Subject to receipt of the approvals referred to in the preceding paragraph, and the expiration of related waiting periods, the execution, delivery and performance of this Agreement by Parent and Merger Sub does not, and the consummation by Parent and Merger Sub of the Merger and the other transactions contemplated hereby will not, (i) conflict with or violate the Organizational Documents of Parent or Merger Sub, as applicable, (ii) conflict with or violate any Law applicable to Parent or Merger Sub or by which any of their respective properties are bound or (iii) (A) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both would become a default) or result in the loss of a benefit under, (B) give rise to any right of termination, cancellation, amendment or acceleration of, (C) result in any change in the rights or obligations of any party under or (D) result in the creation of any Lien on any of the properties or assets of Parent or Merger Sub pursuant to, any Contract to which either Parent or Merger Sub is a party or by which either Parent or Merger Sub or any of their respective properties are bound.

SECTION 4.04 Litigation. No civil, criminal or administrative litigation, claim, action, suit, hearing, investigation or other proceeding before any Governmental Authority is pending or, to Parent's knowledge, threatened against Parent or Merger Sub that could have a material adverse effect on the ability of Parent or Merger Sub to consummate the Merger and the other transactions contemplated hereby.

SECTION 4.05 No Brokers. Other than Castle Creek Financial LLC, neither Parent or Merger Sub nor any of their respective officers, directors, employees, agents or representatives has employed any broker or finder or incurred any liability for any brokerage or financial advisory fees, commissions or finders fees or similar fees in connection with the Merger and the other transactions contemplated by this Agreement.

SECTION 4.06 Information Provided. No representation or warranty of the Parent contained in this Agreement contains any untrue statement of a material fact, or omits to state any material fact, which is required to be stated herein, or is necessary, in order to make the statement herein not misleading. Parent and Merger Sub are not aware of any fact pertaining to Parent or Merger Sub, or any other subsidiary of the Parent, that adversely affects the assets,

business, profits, financial or other condition or results of operations of the business conducted by the Parent and its subsidiaries, that has not been set forth in this Agreement.

SECTION 4.07 CRA Rating. As of the date hereof, each of the Subsidiaries or Affiliates of Parent that is an insured depository institution was rated "Satisfactory" or "Outstanding" following its most recent Community Reinvestment Act examination by the regulatory agency responsible for its supervision. Parent has received no written notice of any objection by any community group to the transactions contemplated hereby.

SECTION 4.08 No Financing Contingencies. Not later than the Closing Date, Parent will have available sufficient cash or other liquid assets or financing pursuant to binding agreements or commitments which may be used to fund this transaction. Parent's ability to consummate the transactions contemplated by this Agreement is not contingent on raising any equity capital, obtaining specific financing therefore, or the consent of any lender.

SECTION 4.09 Pro Forma Capital Requirements. Parent is, and on a pro forma basis giving effect for the Merger and any financing or capital contribution contemplated by Parent, will be "well capitalized," as defined by the Regulatory Authorities, and (ii) in compliance with all capital requirements, standards and ratios required by each state or federal bank regulator with jurisdiction over Parent, including without limitation, any such higher requirement, standard, or ratio as shall apply to institutions engaging in the acquisition of insured institution deposits, assets or branches, and no such regulator has given written notice to Parent that it will condition any of the regulatory approvals upon an additional increase in Parent's capital or compliance with any capital requirement, standard or ratio.

SECTION 4.10 Antitrust. Parent has no actual knowledge that it will be required to divest deposit liabilities, branches, loans or any business or line of business as a condition to the receipt of any of the regulatory approvals for the Merger.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.01 Conduct of Business Prior to the Effective Time. Except as expressly contemplated or permitted by this Agreement, or as required by applicable Law, during the period from the date of this Agreement to the Effective Time, the Company shall, and shall cause each of its Subsidiaries to, (i) conduct its business in the usual, regular and ordinary course consistent with past practice, (ii) use reasonable best efforts to maintain and preserve intact its business organization and advantageous customer and business relationships and retain the services of its key officers and employees and (iii) take no action which would reasonably be expected to adversely affect or delay its ability to consummate the transactions contemplated hereby.

SECTION 5.02 Forbearances of the Company. From the date hereof until the Effective Time, except as otherwise contemplated by this Agreement, without the prior written consent of Parent, the Company shall not, and shall not permit any of its Subsidiaries to:

(a) Capital Stock. Issue, sell, transfer, dispose of, permit to become outstanding, authorize the creation of, pledge or encumber any shares of capital stock, voting securities or other equity interest, or any options, warrants, convertible securities or other rights of any kind to acquire or receive any shares of capital stock, voting securities or other equity interests (including stock appreciation rights, phantom stock or similar instruments) of the Company or any of its Subsidiaries, except for the issuance of shares of Company Common Stock upon the exercise, in accordance with the terms of any Benefit Plan, of those Company Stock Options set forth on Section 3.03(a) of the Disclosure Schedule and outstanding on the date hereof.

(b) Dividends; Etc. Make, declare, pay or set aside for payment any dividend payable in cash, stock or property on or in respect of, or declare or make any distribution on, any shares of its capital stock, or directly or indirectly adjust, split, combine, reclassify, redeem, purchase or otherwise acquire any shares of its capital stock; provided, however, that the Company may declare and pay (i) the Special Dividend and (ii) dividends at a rate not in excess of the rate in effect during the last fiscal quarter preceding the fiscal quarter of the date hereof.

(c) Compensation; Employment Agreements; Etc. Enter into, adopt, establish, renew or allow to renew automatically, make any new grants of awards under, amend or otherwise modify or terminate any employment, consulting, transition, termination, severance, change in control, retention or similar agreements or arrangements, benefit, program, policy, trust, fund or other arrangement with any current or former director, officer, employee or independent contractor of the Company or any of its Subsidiaries or grant any salary or wage increase or increase any other compensation or employee benefit (including incentive or bonus payments), except (provided that Parent is given five (5) Business Days advance written notice thereof): (i) for normal individual increases in base salary or wage rates to current employees, directors and officers in the ordinary and usual course of business consistent with past practice, provided that no such increase shall result in an annual adjustment of more than 5% of the aggregate base salary and wages payable in 2005; or (ii) for other changes that are required by applicable Law or any Contract or Benefit Plan disclosed to Parent prior to the date hereof.

(d) Hiring and Promotion. Hire any person as an employee or promote any employee, except (provided that Parent is given five (5) Business Days advance written notice thereof) persons hired to fill any vacancies and whose employment is terminable at the will of the Company or any of its Subsidiaries, as the case may be, and whose base salary or wage rate, including any guaranteed bonus or any similar bonus, does not exceed $40,000 per annum.

(e) Benefit Plans. Enter into, terminate, establish, adopt or amend (except as may be required by applicable Law) any Benefit Plans, take any action to grant or approve the grant of, accelerate the vesting, accrual or exercisability of stock options (except as expressly provided by this Agreement), restricted stock or other compensation or benefits payable thereunder or increase the participant pool of any Benefit Plan (except that the Company or any of its Subsidiaries may renew its health insurance policies and programs in effect as of the date of this Agreement upon terms and conditions acceptable to the Company and Parent). Without limiting the generality of the foregoing, the Company shall not take any action which has the effect of increasing the Company's obligations or liabilities pursuant to the Company Stock Option Plans or any other Benefit Plan.

(f) Dispositions. Sell, transfer, lease, license, guarantee, mortgage, pledge, encumber or otherwise create any Lien on, dispose of or discontinue any of its assets, deposits, business or properties (other than sales of loans and loan participations made in the ordinary and usual course of business consistent with past practice and pursuant to Section 5.02(p)) except in the ordinary and usual course of business consistent with past practice and in a transaction that, together with all other such transactions, is not material to the Company or any of its Subsidiaries, as the case may be.

(g) Acquisitions. Acquire (other than by way of foreclosures or acquisitions of control of property other than real estate in a bona fide fiduciary capacity or in satisfaction of indebtedness previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice) all or any portion of the assets, deposits, business or properties of any other person except in the ordinary and usual course of business consistent with past practice and in a transaction that, together with all other such transactions, is not material to the Company or any of its Subsidiaries, as the case may be (and, in the case of purchases of loans and loan participations, in accordance with Section 5.02(p)).

(h) Capital Expenditures. Make any capital expenditures other than (i) capital expenditures provided for in the capital budget furnished by the Company to Parent prior to the date of this Agreement, and (ii) other capital expenditures in the ordinary and usual course of business consistent with past practice in amounts not exceeding $20,000 individually or $100,000 in the aggregate.

(i) Governing Documents. Amend or otherwise change its Organizational Documents or any similar governing instruments.

(j) Accounting Methods. Implement or adopt any change in its book or tax accounting principles, practices or methods, other than as may be required by GAAP or regulatory accounting principles, and as concurred in by the Company's independent public accountants.

(k) Contracts. Except with respect to Contracts relating to loans or loan participations made in the ordinary and usual course of business consistent with past practice and in accordance with Section 5.02(p), enter into, renew or allow to renew automatically, modify, amend or terminate, make any payment not then required under or waive, release or assign any material right or claims under, any Contract that calls for aggregate annual payments of $20,000 or more and which is not terminable at will or with sixty (60) days or less notice without payment of any amount other than for products delivered or services performed through the date of termination.

(l) Claims. Enter into any settlement, compromise or similar agreement with respect to, or take any other significant action with respect to the conduct of, any litigation, claim, action, suit, hearing, investigation or other proceeding to which the Company or any of its Subsidiaries is or becomes a party, which settlement, compromise, agreement or action involves payment by the Company or any of its Subsidiaries, as the case may be, of an amount that exceeds $5,000 individually or $10,000 in the aggregate and/or would impose any material restriction on the business of Company or any of its Subsidiaries, as the case may be, or the

Surviving Company or any of its Affiliates or create precedent for claims that are reasonably likely to be material to the Company or any of its Subsidiaries, as the case may be.

(m) Adverse Actions. Take any action or omit to take any action that would result in (i) any of the Company's representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time at or prior to the Effective Time, (ii) any of the conditions to the Merger set forth in Article VII not being satisfied on a timely basis or (iii) a material violation of any provision of this Agreement, except as may be required by applicable Law.

(n) Risk Management. Except as required by applicable Law, (i) implement or adopt any material change in its interest rate and other risk management policies, procedures or practices, (ii) fail to follow existing policies or practices of the Company and its Subsidiaries with respect to managing its exposure to interest rate and other risks or (iii) fail to use commercially reasonable efforts to avoid any material increase in its aggregate exposure to interest rate risk.

(o) Indebtedness. Incur or modify any indebtedness for borrowed money or other liability (other than deposits, federal funds borrowings and borrowings from the Federal Home Loan Bank) or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person (other than in connection with payments, processing and similar matters in the ordinary course of business consistent with past practices).

(p) Loans. (i) Make any loan or loan commitment or renewal or extension thereof to any person which would, when aggregated with all outstanding loans or loan commitments thereof made to such person and any Affiliate or immediate family member of such person, exceed $1,250,000 (on a secured basis) and $750,000 (on an unsecured basis) with respect to any new loan or loan commitment or any renewal or extension of any outstanding loan or loan commitment; (ii) take any action that would result in any discretionary releases of collateral or guarantees or otherwise restructure any loan or commitment for any loan with a principal balance in excess of $1,250,000 (on a secured basis) and $750,000 (on an unsecured basis) or (iii) purchase or sell any loan or loan participation exceeding $1,250,000 (on a secured basis) and $750,000 (on an unsecured basis), without as to (i), (ii) and (iii) above (A) if any such loan or loans are in excess of $1,250,000 in the aggregate, submitting a copy of the loan write up containing the information customarily submitted to the Company's Board of Directors or the applicable authorizing or reviewing body for such loans in connection with obtaining approval for such action to Parent at least three (3) full Business Days prior to taking such action; provided that, if Parent objects in writing to such loan or loan commitment or renewal or extension thereof or such purchase or sale within three (3) Business Days after receiving such loan write up, the Company shall obtain the approval of a majority of the members of its Board of Directors or the applicable authorizing or reviewing body for such loans prior to making such loan or loan commitment or renewal or extension thereof or such purchase or sale and (B) if any such loan or loans are in excess of $1,000,000 but not in excess of $1,250,000, submitting a copy of the loan write up containing the information customarily submitted to the Company's Board of Directors or the applicable authorizing or reviewing body for such loans in connection with obtaining approval for such action to Parent within three (3) full Business Days of making such loan; provided further that the Company may advance up to $100,000 to persons whose

aggregate loans exceed $1,250,000 in the aggregate to enable such persons to meet short-term capital requirements, so long as the Chief Executive Officer or other senior executive officer of the Company reports any such advances to the Board of Directors of the Company on a monthly basis.

(q) Investments. (i) Other than in the ordinary and usual course of business consistent with past practice in amounts not to exceed $250,000 individually and $1,000,000 in the aggregate or sales of overnight federal funds or in securities transactions as provided in (ii) below, make any investment either by contributions to capital, property transfers or purchases of any property or assets of any person and (ii) other than purchases of direct obligations of the United States of America or obligations of U.S. government agencies which are entitled to the full faith and credit of the United States of America, in any case with a remaining maturity at the time of purchase of one year or less, purchase or acquire securities of any type; provided, however, that in the case of investment securities, the Company or its Subsidiaries may purchase investment securities if, within five (5) Business Days after the Company or any such Subsidiary, as the case may be, requests in writing (which request shall describe in detail the investment securities to be purchased and the price thereof) that Parent consent to making of any such purchase, Parent has approved such request in writing or has not responded in writing to such request.

(r) Taxes. Commence , compromise or settle any litigation or proceeding with respect to any liability for Taxes, make or change any Tax election, file any amended Tax Return, enter into any closing agreement, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company or any of its Subsidiaries, take any action which is reasonably likely to have an adverse effect on any Tax position of the Company or any of its Subsidiaries or, after the Merger, the Surviving Company or any of its Affiliates, change any of its methods of reporting income or deductions for Tax purposes or take any other action with respect to Taxes that is outside the ordinary and usual course of business or inconsistent with past practice.

(s) Operations. Introduce any material new products or services; begin any material marketing campaigns; enter into any material new line of business; change its lending, underwriting, credit-grading or other material banking or operating policies in any material respects; or make or file any applications with any Governmental Authority for the opening, relocation or closing of any, or open, relocate or close any, branch, servicing center or other office or facility.

(t) Commitments. Agree or commit to do any of the foregoing.

SECTION 5.03 Forbearances of Parent. From the date hereof until the Effective Time, except as expressly contemplated by this Agreement, without the prior written consent of the Company, Parent will not, and will cause Merger Sub not to, take or omit to take, or agree or commit to take or omit to take, any action that would result in (i) any of Parent's or Merger Sub's representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time at or prior to the Effective Time, (ii) any of the conditions to the Merger set forth in Article VII not being satisfied or (iii) a material violation of any provision of this Agreement, except as may be required by applicable Law.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.01 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each party hereto agrees to cooperate with the other and use its reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable on its part under this Agreement or under applicable Laws to consummate and make effective the Merger and the other transactions contemplated hereby as promptly as practicable, including the satisfaction of the conditions set forth in Article VII hereof.

SECTION 6.02 Stockholder Approval.

(a) As soon as practicable following the date of this Agreement, the Company, acting through its Board of Directors, shall take all action necessary to duly call and give notice of, a meeting of its stockholders (including any adjournment or postponement, the "*Company Meeting*"), to be held within thirty (30) calendar days after the Proxy Statement is first sent or mailed to its stockholders, for the purpose of adopting this Agreement and considering and voting upon any other matters required to be approved by the Company's stockholders for consummation of the Merger. Except with the prior approval of Parent, no other matters shall be submitted for the approval of the Company stockholders. Once the Company Meeting has been called and noticed, the Company shall not postpone or adjourn the Company Meeting without the consent of Parent (other than for the absence of a quorum or for the solicitation of additional proxies in favor of the Merger, and then only to a future date specified by Parent). Subject to Section 6.02(c), the Company shall solicit from its stockholders proxies in favor of the adoption and approval of this Agreement and the Merger and shall take all other action necessary or advisable to secure the vote or consent of its stockholders to adopt and approve this Agreement and the Merger.

(b) The Board of Directors of the Company shall recommend adoption of this Agreement by the stockholders of the Company and shall not (x) withdraw, modify or qualify in any manner adverse to Parent or Merger Sub such recommendation or (y) take any other action or make any other public statement in connection with the Company Meeting inconsistent with such recommendation (collectively, a "*Change in Recommendation*"), except as and to the extent expressly permitted by paragraph (c) of this Section 6.02. Subject to Section 6.06(b), notwithstanding any Change in Recommendation, this Agreement shall be submitted to the stockholders of the Company at the Company Meeting for the purpose of adopting this Agreement and nothing contained herein shall be deemed to relieve the Company of such obligation. In addition to the foregoing, the Company shall not submit to the vote of its stockholders any Acquisition Proposal other than the Merger at the Company Meeting (subject to the termination of this Agreement in accordance with the terms hereof prior to the Company Meeting). As used in this Agreement, "*Acquisition Proposal*" shall mean any inquiry, proposal or offer from any person (other than Parent, Merger Sub or any of their Affiliates) relating to (i) any merger, consolidation, reorganization or other direct or indirect business combination, recapitalization, liquidation, winding-up, or similar transaction, involving the Company or any of its Subsidiaries, (ii) the issuance or acquisition of shares of capital stock or other equity securities

of the Company or any of its Subsidiaries representing 10% or more of any class of the outstanding capital stock or voting power of the Company or any of its Subsidiaries, (iii) any tender, exchange offer or other offer or bid that if consummated would result in any person, together with all Affiliates thereof, beneficially owning shares of capital stock or other equity securities of the Company or any of its Subsidiaries representing 10% or more of any class of the outstanding capital stock or voting power of the Company or any of its Subsidiaries, (iv) the sale, lease, exchange, license (whether exclusive or not), or other disposition or transaction involving 10% or more of the fair market value of the business of the Company and its Subsidiaries, taken as a whole, or any other proposal or offer to acquire in any manner more than 10% of the fair market value of the business, assets or deposits of the Company and its Subsidiaries, taken as a whole, or (v) any other transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the consummation of the transactions contemplated hereby or which would reasonably be expected to diminish significantly the benefits to Parent or its Affiliates of the transactions contemplated hereby.

(c) Notwithstanding the foregoing, the Company and its Board of Directors shall be permitted to effect a Change in Recommendation if and only to the extent that:

(i) The Company shall have complied with the provisions of Section 6.06; and

(ii) (A) the Company shall have received an Acquisition Proposal after the date of this Agreement and the Board of Directors of the Company shall have concluded in good faith that such Acquisition Proposal constitutes a Superior Proposal (as defined below) after giving effect to all of the adjustments which may be offered by Parent pursuant to clause (D) below, (B) the Company's Board of Directors, based on the advice of its outside counsel, determines in good faith that failure to take such action would result in a violation of its fiduciary duties under applicable law, (C) the Company shall notify Parent, at least five Business Days in advance, of its intention to effect a Change in Recommendation in response to such Superior Proposal, specifying the material terms and conditions of any such Superior Proposal (including the identity of the party making such Acquisition Proposal) and furnishing to Parent a copy of the relevant proposed transaction agreements with the party making such Superior Proposal and other material documents, and (D) prior to effecting such a Change in Recommendation, the Company shall, and shall cause its financial and legal advisors to, during the period following the Company's delivery of the notice referred to in clause (C) above, negotiate with Parent in good faith (to the extent Parent desires to negotiate) to make such adjustments in the terms and conditions of this Agreement so that such Acquisition Proposal ceases to constitute a Superior Proposal. As used in this Agreement, "*Superior Proposal*" means any *bona fide* written Acquisition Proposal which the Company's Board of Directors concludes in good faith to be more favorable from a financial point of view to its stockholders than the Merger and the other transactions contemplated hereby, (1) after receiving the advice of its financial advisors (who shall be nationally recognized investment banking firms), (2) after taking into account the likelihood of consummation of such transaction on the terms set forth therein (as compared to, and with due regard for, the terms herein) and (3) after taking into account all appropriate legal (with the

advice of outside counsel), financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal and any other relevant factors permitted under applicable law; provided that for purposes of the definition of "Superior Proposal", the references to "more than 10%" in the definition of Acquisition Proposal shall be deemed to be references to "a majority" and the definition of Acquisition Proposal shall only refer to a transaction involving the Company and not Bank Brevard.

SECTION 6.03 Proxy Statement.

(a) The Company shall as promptly as practicable following the date hereof prepare and mail to its stockholders at its own expense a notice of meeting, proxy statement and form of proxy in accordance with applicable Law, including all applicable provisions of the FBCA and the DGCL (the "*Proxy Statement*"). The Company shall provide Parent with the opportunity to review and comment on the Proxy Statement and shall not mail the Proxy Statement without Parent's prior written consent (such consent not to be unreasonably withheld or delayed). The Proxy Statement shall include the recommendation of the Company's Board of Directors in favor of adoption and approval of this Agreement and the transactions contemplated hereby, except to the extent the Company's Board of Directors shall have adopted a Change in Recommendation as permitted by Section 6.02(c).

(b) The Company agrees that the Proxy Statement and any amendment or supplement thereto shall, at the date of mailing to stockholders and at the time of the Company Meeting, not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each of the Company and Parent agrees that if such party shall become aware prior to the time of the Company Meeting of any information furnished by such party that would cause any of the statements in the Proxy Statement to be false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other party thereof and to take the necessary steps to correct the Proxy Statement.

SECTION 6.04 Press Releases. Except as otherwise required by Law, the parties hereto shall consult with each other before issuing any press release with respect to the Merger or this Agreement and shall not issue any such press release or make any such public statements without the prior consent of the other parties, which consent shall not be unreasonably withheld or delayed. The parties hereto shall cooperate to develop all public announcement materials and make appropriate management available at presentations related to the transactions contemplated by this Agreement as reasonably requested by the other party.

SECTION 6.05 Access; Information.

(a) The Company agrees that upon reasonable notice and subject to applicable Laws relating to the exchange of information, it shall afford Parent and Parent's officers, employees, counsel, accountants and other authorized representatives reasonable access during normal business hours throughout the period prior to the Effective Time to its books, records (including Tax Returns and work papers of independent auditors), Contracts, properties and personnel and to such other information as Parent may reasonably request and, during such

period, it shall furnish promptly to Parent all information concerning its business, properties and personnel as Parent may reasonably request.

(b) Without limiting the generality of Section 6.05(a), prior to the Effective Time, upon reasonable prior notice and subject to applicable Laws relating to the exchange of information, Parent and Parent's representatives shall have the right to conduct a review to determine the accuracy of the representations and warranties and the satisfaction of the conditions to closing as provided hereunder.

(c) Each party agrees that any information obtained pursuant to this Section 6.05 (as well as any other information obtained prior to the date hereof in connection with the entering into of this Agreement) shall be subject to and governed by the Confidentiality Agreement, dated February 20, 2006, between the Company and Castle Creek Capital LLC by and for Parent (the "*Confidentiality Agreement*").

(d) No investigation by either party of the business and affairs of the other party shall affect or be deemed to modify or waive any representation, warranty, covenant or agreement in this Agreement, or the conditions to such party's obligation to consummate the transactions contemplated by this Agreement.

SECTION 6.06 No Solicitation.

(a) None of the Company, its Subsidiaries or any of their respective officers, directors, employees, agents, representatives and Affiliates (collectively, "*Representatives*") shall, directly or indirectly, (i) initiate, solicit, encourage or knowingly facilitate any inquiries or proposals with respect to any Acquisition Proposal, (ii) engage in any negotiations concerning, or provide any nonpublic information to, or have any discussions with, any person relating to, any Acquisition Proposal, (iii) waive, terminate, modify or fail to enforce any provision of any contractual "standstill" or similar obligation of any person other than Parent or its Affiliates or (iv) except as expressly permitted by Section 6.06(b), approve or recommend, or propose to approve or recommend, any Acquisition Proposal, or execute or enter into any letter of intent, agreement in principle, merger agreement, share purchase agreement, asset purchase or share exchange agreement, option agreement or other similar agreement relating to an Acquisition Proposal, or propose or agree to do any of the foregoing; provided that, in the event the Company receives an unsolicited *bona fide* Acquisition Proposal and the Company's Board of Directors concludes in good faith that such Acquisition Proposal would, if consummated, result in a Superior Proposal, prior to the Company Meeting the Company may, and may permit its Subsidiaries and its and their Representatives to, take any action described in clause (ii) above to the extent that the Board of Directors of the Company concludes in good faith (based on the advice of its outside counsel) that failure to take such actions would result in a violation of its fiduciary duties under applicable law; provided further that (x) prior to providing any nonpublic information permitted to be provided pursuant to the foregoing proviso, the Company shall have entered into a confidentiality agreement with such third party on terms no less favorable to the Company than the Confidentiality Agreement, and (y) the Company shall also furnish to Parent a copy of any confidential data or information that it is furnishing to any third party pursuant to this Section 6.06(a) to the extent not previously furnished to Parent. The Company will immediately cease and cause to be terminated any activities, discussions or negotiations it or its

Subsidiaries or any of their respective Representatives may have conducted before the date of this Agreement with any persons other than Parent and its Affiliates with respect to any Acquisition Proposal and will use its (and will cause its Subsidiaries and their Representatives to use their) reasonable best efforts to enforce any confidentiality or similar agreement relating to an Acquisition Proposal, including by requiring the other parties thereto to promptly return or destroy any confidential information previously furnished by the Company or its Subsidiaries or Representatives thereunder and by using its reasonable best efforts to obtain injunctions or other equitable remedies to prevent or restrain any breaches of such agreements and to enforce specifically the terms thereof in a court of competent jurisdiction. The Company will promptly (within one Business Day) advise Parent following receipt of any Acquisition Proposal, or of any request for nonpublic information or access to the books and records of the Company or its Subsidiaries in connection with a possible Acquisition Proposal, describing the substance thereof (including the identity of the person making such Acquisition Proposal or request for information or access), and will keep Parent apprised of any related developments, discussions and negotiations (including the terms and conditions of the Acquisition Proposal and any material changes thereto) on a current basis (and in any event no later than 24 hours after the occurrence of such developments, discussions or negotiations). Without limiting the foregoing, the Company shall promptly, and in any event within 24 hours, notify Parent orally and in writing if it determines to begin providing information or to engage in negotiations concerning an Acquisition Proposal pursuant to this Section 6.06.

(b) Notwithstanding anything in Section 6.06(a) to the contrary, if, at any time prior to the adoption of this Agreement by the Company's stockholders in accordance with this Agreement, the Company's Board of Directors determines in good faith, after consultation with its financial advisors and outside legal counsel, in response to a *bona fide* written Acquisition Proposal that was unsolicited and that did not otherwise result from a breach of Section 6.06(a), that such Acquisition Proposal is a Superior Proposal, the Company may terminate this Agreement and immediately prior to or concurrently with such termination, enter into any agreement, understanding, letter of intent or arrangement with respect to such Superior Proposal; provided, however, that the Company shall not terminate this Agreement, and any purported termination pursuant to this sentence shall be void and of no force or effect, unless the Company prior to or concurrently with such action pursuant to this Section 6.06(b) pays to Parent the fee payable pursuant to Section 8.02(b); and provided further, however, that the Company may only exercise its right to terminate this Agreement pursuant to this Section 6.06(b) if (A) the Company is not in material breach of any of the terms of this Agreement, (B) the Company's Board of Directors authorizes the Company, subject to complying with the terms of this Agreement, to enter into a binding written agreement concerning a transaction that constitutes a Superior Proposal, (C) the Company has provided a written notice to Parent (a "*Notice of Superior Proposal*") advising Parent that the Company has received a Superior Proposal and including all information required by clause (ii)(C) of Section 6.02(c) (it being understood that the delivery of a Notice of a Superior Proposal shall not in itself entitle Parent to terminate this Agreement pursuant to Section 8.01(e)(ii)), and (D) Parent does not, within ten Business Days following its receipt of the Notice of Superior Proposal, offer to make such adjustments in the terms and conditions of this Agreement so that such Acquisition Proposal ceases to constitute a Superior Proposal (provided that, during such ten Business Day period, the Company shall negotiate in

good faith with Parent, to the extent Parent wishes to negotiate, to enable Parent to make such offer).

(c) The Company agrees that any violation of the restrictions set forth in this Section 6.06 by any Representative of the Company or its Subsidiaries, at the direction or with the consent or prior knowledge or awareness of the Company or its Subsidiaries, shall be deemed to be a breach of this Section 6.06 by the Company.

SECTION 6.07 Regulatory Applications.

(a) Each of Parent and the Company shall cooperate and use its respective reasonable best efforts to prepare and file, or cause to be filed, all documentation to effect all necessary notices, reports and other filings and to obtain all permits, consents, approvals and authorizations necessary or advisable to be obtained from any third parties and/or Governmental Authorities in order to consummate the Merger and the other transactions contemplated hereby; and any initial filings with Governmental Authorities shall be made by Parent as soon as reasonably practicable after the execution hereof. Subject to applicable laws relating to the exchange of information, each of Parent and the Company shall have the right to review in advance, and to the extent practicable each shall consult with the other on, all material written information submitted to any third party and/or any Governmental Authority in connection with the Merger and the other transactions contemplated by this Agreement. In exercising the foregoing right, each of such parties agrees to act reasonably and as promptly as practicable. Each party hereto agrees that it shall consult with the other parties hereto with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and/or Governmental Authorities necessary or advisable to consummate the transactions contemplated by this Agreement and each party shall keep the other parties apprised of the status of material matters relating to completion of the transactions contemplated hereby (including promptly furnishing the other with copies of applications filed with, and notices or other communications received by Parent or the Company, as the case may be, from any third party and/or Governmental Authority with respect to the Merger and the other transactions contemplated by this Agreement).

(b) Each party agrees, upon request, to furnish the other party with all information concerning itself, its Subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on behalf of such other party to any third party and/or Governmental Authority.

SECTION 6.08 Indemnification; Director's and Officer's Insurance.

(a) From and after the Effective Time, Parent agrees that it will cause the Surviving Company to indemnify and hold harmless each present and former director and officer of the Company or its Subsidiaries (each, an "*Indemnified Party*" and, collectively, the "*Indemnified Parties*") against all costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of actions or omissions occurring at or prior to the Effective Time (including the

transactions contemplated by this Agreement), whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent that the Company would have been permitted under applicable law and the Organizational Documents of the Company as in effect on the date hereof to indemnify such Person (and Parent shall also cause the Surviving Company to advance expenses as incurred to the fullest extent permitted under applicable law, provided that the person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification). Parent's obligations under this Section 6.08(a) shall continue in full force and effect for a period of two (2) years from the Effective Time; provided, however, that all rights to indemnification in respect of any claim asserted or made within such period shall continue until the final disposition of such claim.

(b) Any Indemnified Party wishing to claim indemnification under paragraph (a) of this Section 6.08, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify Parent thereof, but the failure to so notify shall not relieve Parent of any liability it may have to such Indemnified Party if such failure does not materially prejudice Parent. In the event of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) Parent shall have the right to assume, or cause the Surviving Company to assume, the defense thereof and Parent shall not be liable to such Indemnified Party for any legal expenses or other counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, (ii) the Indemnified Party will cooperate in the defense of any such matter and (iii) Parent shall not be liable for any settlement effected without its prior written consent; provided that Parent shall not have any obligation hereunder to any Indemnified Party if and when a court of competent jurisdiction shall ultimately determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable Law.

(c) For a period of two (2) years from the Effective Time, Parent shall use its commercially reasonable efforts to provide or cause the Company to provide that portion of director's and officer's liability insurance ("*D&O Insurance*") that serves to reimburse the present and former officers and directors (determined as of the Effective Time) of the Company (as opposed to the portion that serves to reimburse the Company) with respect to claims against such directors and officers arising from facts or events which occurred before the Effective Time, which D&O Insurance shall contain at least the same coverage and amounts, and contain terms and conditions not materially less advantageous, as that coverage provided by the Company as of the date hereof; provided, however, that in no event shall Parent be required to expend or cause the Company to expend on an annual basis more than 150% of the last annual premium paid prior to the date hereof (the "*Insurance Cap*") to maintain or procure such D&O Insurance; provided further, however, that if Parent is unable to maintain or obtain the D&O Insurance called for by this Section 6.08, Parent shall use its commercially reasonable efforts to obtain as much comparable insurance as is available for the Insurance Cap; provided further that officers and directors of the Company may be required to make application and provide customary representations and warranties to Parent's insurance carrier for the purpose of obtaining such D&O Insurance.

(d) If Parent or any of its successors or assigns shall (i) consolidate with or merge into any other person and shall not be the continuing or surviving person of such

consolidation or merger or (ii) transfer all or substantially all of its properties and assets to any other person, then, and in each case, proper provision shall be made so that the successors and assigns of Parent shall assume the obligations set forth in this Section 6.08.

SECTION 6.09 Benefit Plans.

(a) For the twelve (12) month period immediately following the Effective Time, Parent agrees to cause the Company and its Subsidiaries to provide the then current employees of the Company and its Subsidiaries who continue employment with the Company or its Subsidiaries during such period with employee benefits (other than equity-based benefits or awards, including any shares granted or issued to any tax qualified retirement plan, and any special bonus arrangements) that are comparable in the aggregate to employee benefits (other than equity-based benefits or awards, including any shares granted or issued to any tax qualified retirement plan, and any special bonus arrangements) provided to such employees under the Benefit Plans immediately prior to the Effective Time. Parent will cause the employee benefit plans that such employees are or become eligible to participate in to take into account for purposes of eligibility and vesting thereunder service by such employees with the Company as if such service were with Parent or any of its Subsidiaries, as the case may be, to the same extent that such service was credited under any analogous Benefit Plan of the Company immediately prior to the Effective Time. Following the Effective Time, employees of the Company and its Subsidiaries will retain credit for unused vacation and sick days which were accrued with the Company as of the Effective Time. In addition, if the Effective Time falls within an annual period of coverage under any group health plan of the Parent or any of its Subsidiaries, each employee of the Company and its Subsidiaries shall be given credit for covered expenses paid by that employee under comparable employee benefit plans of the Company and its Subsidiaries during the applicable coverage period through the Effective Time toward satisfaction of any annual deductible limitation and out-of-pocket maximum that may apply under that group health plan of the Parent and its Subsidiaries. Nothing herein shall limit the ability of Parent or any of its Subsidiaries to amend or terminate any of the Benefit Plans in accordance with their terms at any time. If, within six (6) months of the Effective Time, any employee of the Company or its Subsidiaries is terminated by Parent solely as a result of the Merger (*i.e.*, elimination of duplicative jobs, etc.), and not as a result of inadequate performance or other good cause, Parent shall pay severance to each such employee in an amount equal to one week's pay for each year of such employee's prior employment; *provided, however,* that in no event will the total amount of severance for any single employee be less than two weeks or greater than eight weeks.

(b) Parent and Company agree to cooperate in good faith to mitigate the effects of Section 280G of the Code on the Company and its employees.

(c) The provisions of this Section 6.09 are for the sole benefit of the parties to this Agreement and nothing herein, expressed or implied, is intended or shall be construed to confer upon or give to any person (including for the avoidance of doubt any current or former employees, directors, officers, consultants or independent contractors of any of the Company or its Subsidiaries or their beneficiaries, other than the parties hereto and their respective permitted successors and assigns, any legal or equitable or other rights or remedies (with respect to the matters provided for in this Section 6.09) under or by reason of any provision of this Agreement.

SECTION 6.10 Non-Competition Agreements. The Company shall use its reasonable best efforts, on behalf of Parent and pursuant to the request of Parent, to cause each of the Non-Compete Persons to comply with such person's Non-Competition Agreement.

SECTION 6.11 Notification of Certain Matters. Each of the Company and Parent shall give prompt notice to the other (i) of the occurrence, or non-occurrence, of any event that, individually or in the aggregate, would make the timely satisfaction of any of the conditions set forth in Article VII impossible or unlikely or otherwise prevent, materially delay or materially impair the ability of the Company, Parent or Merger Sub, as the case may be, to consummate the transactions contemplated by this Agreement, or (ii) of any fact, event or circumstance known to it that would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained herein.

SECTION 6.12 Human Resources Issues. The Company will consult in good faith with Parent regarding the nature and content of any formal presentation of the transactions contemplated by this Agreement to employees of the Company and its Subsidiaries as a group and will include a Parent representative in any such presentation or any formal group meeting at which the transaction is explained or discussed, under an arrangement that is mutually satisfactory to both parties. The Company agrees to work in good faith with Parent to facilitate the timely and accurate dissemination of information to employees regarding matters related to the transactions contemplated by this Agreement in such a manner as to cause minimal disruption of the business of the Company and its Subsidiaries and its relationships with its and their employees and to facilitate the transition of such relationships to Parent.

SECTION 6.13 Third-Party Agreements, Etc.

(a) The Company shall use its best efforts to obtain or cause each of its Subsidiaries to obtain (i) within forty-five (45) calendar days after the date hereof, the consents or waivers listed in Section 3.10(b) of the Disclosure Schedule or otherwise required to be obtained from any third parties in connection with the Merger and the other transactions contemplated hereby (in such form and content as is approved in writing by Parent) and (ii) the cooperation of such third parties to effect a smooth transition in accordance with Parent's timetable at or after the Effective Time. The Company shall, and shall cause each of its Subsidiaries to, cooperate with Parent in minimizing the extent to which any Contracts will continue in effect following the Effective Time, in addition to complying with the prohibitions in Section 5.02(k).

(b) Parent agrees that all actions taken pursuant to this Section 6.13 shall be taken in a manner intended to minimize disruption to the customary business activities of the Company and each of its Subsidiaries.

SECTION 6.14 Stockholders Agreement. The Company shall use its reasonable best efforts, on behalf of Parent and pursuant to the request of Parent, to cause each Stockholder who is a party to the Stockholders Agreement to comply with such Stockholder Agreement. The Company acknowledges and agrees to be bound by and comply with the provisions of Section 3.04 of the Stockholders Agreement with respect to transfers of record ownership of shares of the Company Common Stock, and agrees to notify the transfer agent for any Company Common

Stock and provide such documentation and do such other things as may be necessary to effectuate the provisions of such Stockholders Agreement.

SECTION 6.15 Additional Agreements. In case at any time after the Effective Time of the Merger any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Company with full title to all properties, assets, rights, powers, approvals, privileges, immunities and franchises of the Company and each of its Subsidiaries, the proper officers and directors of each party to this Agreement shall take all necessary or appropriate action.

SECTION 6.16 Pre-Closing Adjustments. On or before the Closing Date, the Company shall make such accounting entries or adjustments, including additions to its ALL and charge-offs of loans, as Parent shall reasonably and customarily direct as a result of its ongoing review of the Company and each of its Subsidiaries (including its review of the information provided to it pursuant to Sections 6.05 and 6.11) or in order to implement its plans following the Effective Time or to reflect expenses and costs related to the Merger; provided, however, that unless the adjustment would otherwise be required by applicable Law or by regulatory accounting principles or GAAP applied on a basis consistent with the financial statements of the Company, (a) the Company shall not be required to take such actions more than one day prior to the Effective Time or prior to the time Parent agrees in writing that all of the conditions to its obligation to close as set forth in Section 7.02 have been satisfied or waived and each of the approvals in Section 7.01(b) have been received, and (b) no such adjustment shall (i) require any filing with any Governmental Authority, (ii) violate any Law applicable to the Company or its Subsidiaries, or (iii) constitute or be deemed to be a breach, violation of or failure to satisfy any representation, warranty, covenant, condition or other provision of this Agreement or otherwise be considered in determining whether any such breach, violation or failure to satisfy shall have occurred.

SECTION 6.17 Company Stock Options. Prior to the Effective Time, the Company shall take such actions as may be necessary, including obtaining the written consent of each optionholder, such that immediately prior to the Effective Time each vested Company Stock Option, whether or not then exercisable, shall be cancelled and only entitle the holder thereof, as soon as reasonably practicable after surrender thereof, to the Option Consideration set forth in Section 2.02. At the Effective Time, each Company Stock Option whether or not then exercisable shall terminate and be of no further effect and any rights thereunder to purchase shares of Company Common Stock shall also terminate and be of no further force or effect.

SECTION 6.18 Special Dividend.

(a) The Company shall prepare and submit its calculation (and shall include reasonable detail supporting its calculation) of the Estimated Consolidated Net Income to Parent at least 30 days prior (but no more than 45 days prior) to the Special Dividend Payment Date. Parent shall have ten (10) Business Days to review the Company's calculation. If Parent does not give the Company notice of a dispute (an "*ECNI Dispute Notice*") of the Company's calculation of the Estimated Consolidated Net Income during such ten (10) Business Day period, the Company's calculation shall be binding and final. If Parent does give the Company an ECNI Dispute Notice, the Company and Parent shall negotiate in good faith for ten (10) Business Days

to attempt to resolve the dispute as to the Estimated Consolidated Net Income. If Parent and the Company are still not able to resolve the dispute after such ten (10) Business Day Period, Parent's calculation of Estimated Consolidated Net Income shall prevail and become binding and final.

(b) Prior to the Effective Time, the Company shall take such actions as may be necessary to declare and pay the Special Dividend on the Special Dividend Payment Date in accordance with applicable Law.

SECTION 6.19 Subsequent Interim and Financial Statements. As soon as reasonably practicable and as soon as they are available, but in no event more than 15 days, after the end of each calendar month ending after the date of this Agreement, the Company shall furnish to Parent (i) consolidated and consolidating financial statements (including balance sheet, income statement and statement of changes in shareholders' equity) of the Company and its Subsidiaries as of and for such month then ended and (ii) copies of any internal management reports prepared by the Company or any of its Subsidiaries relating to the foregoing. All information furnished by the Company to Parent pursuant to this Section 6.19 shall be held in confidence by Parent to the extent required by, and in accordance with, the provisions of the Confidentiality Agreement.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 7.01 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or written waiver at or prior to the Effective Time of each of the following conditions:

(a) Stockholder Approval. The agreement of Merger contained in this Agreement shall have been approved and adopted by the requisite affirmative vote of the stockholders of the Company entitled to vote thereon.

(b) Regulatory Approvals. All regulatory approvals required to consummate the transactions contemplated hereby (including the approval of the Merger by the Federal Reserve Board under the BHC Act and by the Commissioner under the Florida banking law) shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired or been terminated (all such approvals and the expiration or termination of all such waiting periods being referred to herein as the "*Requisite Regulatory Approvals*").

(c) No Injunction. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the transactions contemplated by this Agreement (collectively, an "*Order*").

SECTION 7.02 Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to consummate the Merger is also subject to the fulfillment or written waiver prior to the Effective Time of each of the following additional conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct in all material respects, in each case as of the Closing Date as though made on and as of such date (unless any such representation or warranty is made only as of a specific date, in which event such representation and warranty shall be true and correct in all material respects as of such specified date).

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed by an executive officer of Parent, dated as of the Closing Date, to such effect.

SECTION 7.03 Conditions to Obligation of Parent and Merger Sub to Effect the Merger. The obligation of Parent and Merger Sub to consummate the Merger is also subject to the fulfillment or written waiver by Parent and Merger Sub prior to the Effective Time of each of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties set forth in Sections 3.03(a) and 3.11 shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent that such representations and warranties by their terms speak as of the date of this Agreement or some other date, in which case as of such earlier date); and (ii) the other representations and warranties of the Company set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent that such representations and warranties by their terms speak as of the date of this Agreement or some other date, in which case as of such earlier date) and Parent and Merger Sub shall have received a certificate signed on behalf of the Company by the Chief Executive Officer and Chief Financial Officer of the Company, dated as of the Closing Date, to such effect. For purposes of the foregoing clause (ii) of this Section 7.03(a), such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be true and correct, either individually or in the aggregate, and without giving effect to any materiality, material adverse effect or similar qualifications set forth in such representations and warranties, will have or would reasonably be expected to have a Company Material Adverse Effect.

(b) Updated Disclosure Schedule. The Disclosure Schedule shall be updated and made current as of the day prior to the Closing Date and a draft of the updated Disclosure Schedule shall have been delivered to Parent no later than 72 hours prior to the Effective Time; provided that such update of the Disclosure Schedule shall not in any way affect the representations and warranties set forth in Article III.

(c) Performance of Obligations of Company. The Company shall have performed in all material respects all obligations required to be performed by it under this

Agreement at or prior to the Closing Date, and Parent and Merger Sub shall have received a certificate signed on behalf of the Company by the Chief Executive Officer and the Chief Financial Officer of the Company, dated as of the Closing Date, to such effect.

(d) Burdensome Condition. There shall not be any action taken, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to the transactions contemplated by this Agreement, by any Governmental Authority, in connection with the grant of a Requisite Regulatory Approval or otherwise which Parent determines in good faith would reasonably be expected to (x) have a material adverse effect on the business, operations or prospects of the Surviving Company following the Effective Time or (y) reduce the benefits of the transactions contemplated hereby to such a degree that Parent would not have entered into this Agreement had such conditions, restrictions or requirements been known as of the date hereof.

(e) No Litigation. No Governmental Authority or any other person shall have instituted any proceeding or threatened to institute any proceeding seeking any Order.

(f) Shareholders' Equity and Reserves. As of June 30, 2006, (i) the shareholders' equity of the Company shall not be less than $15,700,000 and (ii) the Company's ALL shall not be less than $2,900,000 (except for any reduction in such ALL for loans fully reserved by the Company as of the date of this Agreement as set forth on Annex B hereto), in each case as determined in accordance with GAAP.

(g) Certain Agreements. Each of the Non-Competition Agreements shall be in full force and effect as of the Effective Time.

(h) Consents. The Company shall have obtained each of the consents listed in Section 3.05(a) of the Disclosure Schedule and any consents of the type required to be identified in Section 3.05(a) of the Disclosure Schedule but which were not so identified as of the date of this Agreement. A copy of each such consent, which shall be in form and substance reasonably satisfactory to Parent, shall have been delivered to Parent.

(i) Transaction Expenses. The Company shall have used its reasonable best efforts to cause its Advisors to submit final bills or estimates of final bills for all Professional Fees to the Company at least two (2) Business Days prior to the Closing Date. Based upon such final bills or estimates of such final bills, the Company shall have paid all Professional Fees in full prior to the Effective Time, and Parent shall have received written evidence from the Company to such effect prior to the Effective Time; provided that Parent shall have been given a reasonable opportunity to review on all invoices, bills and estimates relating to such Professional Fees prior to their payment; further provided that the aggregate amount of such Professional Fees shall be reasonable and shall in no event exceed $700,000. In no event shall Parent be liable for any such Professional Fees or for any amounts payable to the Company's Advisors.

(j) Directors' Resignations. Parent shall have received the written resignation of each director of the Company required by Section 1.05 hereto (in such director's capacity as a director of the Company), effective as of the Effective Time.

(k) Dissenting Shareholders. At the Effective Time, the Company shall have complied with its obligations and duties under the FBCA with respect to the rights of dissenting stockholders, including the provision of the notice to holders required pursuant the FBCA, and the number of Dissenting Shares shall represent less than 5% of the outstanding Company Common Stock as of the Effective Time.

(l) Executives. Concurrently with the Closing, each of the Executives shall be employed by the Company pursuant to the terms of the Employment Agreements and no Executive shall have expressed any intention of terminating his employment.

(m) FIRPTA. The Company shall deliver to Parent at the Closing a duly executed and acknowledged certificate, in form and substance acceptable to Parent and in compliance with the Code and Treasury Regulations, certifying such facts as to establish that the sale of the Shares and any other transactions contemplated hereby are exempt from withholding pursuant to Section 1445 of the Code.

ARTICLE VIII

TERMINATION AND AMENDMENT

SECTION 8.01 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, notwithstanding adoption thereof by the stockholders of the Company:

(a) by the mutual written consent of the Company, Parent and Merger Sub;

(b) by Parent or the Company if the Merger is not consummated by December 31, 2006, except to the extent that the failure of the Merger then to be consummated arises out of or results from the knowing action or inaction of (i) the party seeking to terminate pursuant to this Section 8.01(b) or (ii) any of the Stockholders (if the Company is the party seeking to terminate), which action or inaction is in violation of its obligations under this Agreement or, in the case of any of the Stockholders, such Stockholder's obligations under the Stockholders Agreement;

(c) by Parent or the Company if the approval of any Governmental Authority required for consummation of the Merger and the other transactions contemplated by this Agreement shall have been denied by final and nonappealable action of such Governmental Authority or an application therefore shall have been permanently withdrawn at the invitation, request or suggestion of a Governmental Authority;

(d) by Parent or the Company (so long as, in the case of the Company, the Stockholders have complied in all material respects with the Stockholders Agreement) if the approval of the stockholders of the Company contemplated by this Agreement shall not have been obtained by reason of the failure to obtain the required vote at the Company Meeting or at any adjournment or postponement thereof;

(e) by the Company (i) if there shall have been a breach of any representation, warranty, covenant or agreement on the part of Parent or Merger Sub contained in this Agreement such that the conditions set forth in Sections 7.02(a) or 7.02(b) would not be satisfied and, in either such case, such breach is not capable of being cured or, if capable of being cured, is not cured within thirty (30) days after written notice thereof is given by the Company to Parent or (ii) prior to the adoption of this Agreement by the stockholders of the Company, in accordance with, and subject to the terms and conditions of, Section 6.06(b);

(f) by Parent if there shall have been a breach of any representation, warranty, covenant or agreement on the part of the Company contained in this Agreement such that the conditions set forth in Sections 7.03(a) or 7.03(c) would not be satisfied and, in either such case, such breach is not capable of being cured or, if capable of being cured, is not cured within thirty (30) days after written notice thereof is given by Parent to the Company;

(g) by Parent if there is a material breach by one or more Stockholders of any of the representations, warranties, covenants or agreements contained in the Stockholders Agreement, and, in any such case, such breach is not capable of being cured or, if capable of being cured, is not cured within thirty (30) days after written notice thereof is given by Parent to the breaching party; or

(h) by Parent if (i) the Board of Directors of the Company shall have (x) failed to recommend the Merger, or shall have withdrawn, modified or changed in a manner adverse to Parent or Merger Sub its recommendation of the Merger (or shall have disclosed its intention to withdraw, modify or adversely change such recommendation) or (y) failed to reconfirm its recommendation of this Agreement within five (5) Business Days after a written request by Parent to do so, (ii) the Company or any of its Representatives shall have breached the terms of Section 6.06 hereof in any respect adverse to Parent or Merger Sub or the Company or its Representatives shall have participated in any discussions or negotiations regarding any Acquisition Proposal for more than ten (10) days after the date on which such discussions or negotiations first commenced, or (iii) the Company shall have breached its obligations under Section 6.02 by failing to call, give notice of, convene and hold the Company Meeting in accordance with Section 6.02.

SECTION 8.02 Effect of Termination.

(a) In the event of the termination of this Agreement pursuant to Section 8.01, this Agreement (other than as set forth in Section 9.01) shall forthwith become void and there shall be no liability or obligation on the part of any party hereto except as provided in this Section 8.02; provided, however, that except as otherwise provided herein, no such termination shall relieve any party hereto of any liability or damages resulting from any willful breach of this Agreement.

(b) In the event that (i) an Acquisition Proposal shall have been made to the Company or any of its stockholders or any person shall have publicly announced or otherwise disclosed or made known to the Company an intention (whether or not conditional) to make an Acquisition Proposal with respect to the Company and thereafter this Agreement is terminated by either Parent or the Company pursuant to (A) Section 8.01(b) for failure of the Merger to be

consummated by the date specified therein and such failure is the result of the knowing action or inaction of the Company, or (B) Section 8.01(d); (ii) this Agreement is terminated by the Company pursuant to Section 8.01(e)(ii); or (iii) this Agreement is terminated by Parent pursuant to Section 8.01(f) or Section 8.01(h), then the Company shall (x) in the case of any such termination other than pursuant to Section 8.01(e)(ii), promptly, but in no event later than two (2) Business Days after the date of such termination or (y) in the case of termination pursuant to Section 8.01(e)(ii), prior to or concurrently with (and as a condition to the effectiveness of) such termination, pay a termination fee, representing liquidated damages, of $1,575,000 (the "*Termination Fee*") payable by wire transfer of immediately available funds to an account specified by Parent. Other than in connection with fraud, bad faith, or the willful breach of this Agreement by the Company or its Subsidiaries, the right of Parent to receive the Termination Fee under the circumstances where Parent is entitled to receive the Termination Fee is the exclusive remedy of Parent for any damages suffered as a result of the failure of the Merger to occur.

(c) The parties agree that the agreement contained in paragraph (b) above is an integral part of the transactions contemplated by this Agreement, that without such agreement Parent would not have entered into this Agreement, and that such amounts do not constitute a penalty. If the Company fails to promptly pay Parent the amounts due under paragraph (b) above within the time periods specified in such paragraph (b), the Company shall pay the costs and expenses (including attorneys' fees and expenses) incurred by Parent in connection with any action, including the filing of any lawsuit, taken to collect payment of such amounts, together with interest on the amount of any such unpaid amounts at the prime lending rate prevailing during such period as published in *The Wall Street Journal*, calculated on a daily basis from the date such amounts were required to be paid until the date of actual payment.

SECTION 8.03 Amendment. This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective Boards of Directors at any time prior to the Effective Time, whether before or after adoption of this Agreement by the stockholders of the Company; provided, however, that, after adoption of this Agreement by the stockholders of the Company, no amendment may be made which by Law requires the further approval of the stockholders of the Company without such further approval. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 8.04 Waiver. Any time prior to the Effective Time, any party hereto may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) subject to the requirements of applicable Law, waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. The failure of any party to assert any rights or remedies shall not constitute a waiver of such rights or remedies.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Survival. This Article IX and the agreements of the Company, Parent and Merger Sub contained in Sections 6.08, 6.09 and 6.15 shall survive the consummation of the Merger. This Article IX and the agreements of the Company, Parent and Merger Sub contained in the Confidentiality Agreement and Section 8.02 shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement shall not survive the consummation of the Merger or the termination of this Agreement.

SECTION 9.02 Expenses.

(a) Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement, the Merger and other transactions contemplated by this Agreement shall be paid by the party incurring such expense.

(b) Notwithstanding Section 9(a) hereof, other than as provided in Section 8(c), in the event of any Action arising out of or resulting from this Agreement, the prevailing party shall be entitled to recover its costs and expenses (including reasonable attorneys fees and expenses) incurred in connection therewith.

SECTION 9.03 Certain Definitions. For purposes of this Agreement, the term:

(a) "*Affiliate*" means, as to any person, any other person which, directly or indirectly, is in control of, is controlled by or is under common control with such person. For purposes of this definition, "*control*" of a person shall mean the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors or other management of such person or (ii) direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

(b) "*Business Day*" means Monday through Friday of each week, except a legal holiday recognized as such by the United States federal government or any day on which banking institutions in the State of Florida are authorized or obligated by Law to close.

(c) "*Change in Control Agreements*" means those certain agreements, dated as of April 22, 2004, between Bank Brevard and each of the Executives.

(d) "*Company Material Adverse Effect*" means any effect, circumstance, occurrence or change that has had, or would reasonably be expected to have, a material adverse effect on (i) the business, assets or deposit liabilities, properties, operations, results of operations, condition (financial or otherwise) or prospects of the Company and any of its Subsidiaries taken as a whole; provided, however, that any such effect, circumstance, occurrence or change resulting from any (x) change in law, rule or regulation or GAAP or interpretations thereof that applies to the Company or (y) changes in economic conditions affecting commercial banks generally (including changes in the prevailing interest rates), except to the extent such changes disproportionately affect the Company, shall not be considered when determining if a Company

Material Adverse Effect has occurred, or (ii) the Company's ability to perform its obligations under, and to consummate the transactions contemplated by, this Agreement on a timely basis.

(e) "*Code*" means the Internal Revenue Code of 1986, as amended.

(f) "*Declaration of Trust*" means that certain Declaration of Trust of the Trust dated as of December 15, 2005.

(g) "*Employment Agreements*" means the agreements in the form of **Exhibit C-1** and **Exhibit C-2** hereto.

(h) "*Estimated Consolidated Net Income*" means a good faith estimate of the Company's and its consolidated Subsidiaries' net earnings for fiscal year 2006 determined in accordance with GAAP and applied in the same manner as in the Company's audited consolidated financial statements for fiscal year 2005; provided, however, that there will not be included in the calculation of Estimated Consolidated Net Income (A) (i) any gain realized upon the sale or other disposition of any property, plant or equipment of the Company or its Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain realized on the sale or other disposition of the capital stock of any person, (ii) any after-tax extraordinary gain and (iii) the cumulative effect of a change in accounting principles, (B) any expenses incurred by the Company or its consolidated Subsidiaries for (i) payments due and payable to the Executives pursuant to the Change in Control Agreements, (ii) a payment to William Brennan in the amount of $1,775,100 in exchange for the cancellation of all of his Company Stock Options and a retention bonus of $546,185 payable to William Brennan so long as he remains continuously employed by Bank Brevard through December 31, 2006 and (iii) any Professional Fees due and payable in accordance with Section 7.03(i) hereof (including the limitations contained therein) and (C) any tax benefit received by the Company or any of its consolidated Subsidiaries in connection with the expenses set forth in subsection (B) of this Section 9.03(h).

(i) "*Executives*" means each of William Brennan and Jeffrey Dick.

(j) "*GAAP*" means generally accepted accounting principles in the United States, consistently applied over the period involved.

(k) "*Indenture*" means that certain indenture, dated as of December 15, 2005, between the Company and Wilmington Trust Company.

(l) "*knowledge of the Company*" means the actual knowledge after reasonable due inquiry of any of the following persons: William Brennan, Dale Dettmer and Jeffrey Dick.

(m) "*Non-Compete Person*" means each of the following persons: Angela Abbott Smith, Richard N. Baney, William Brennan, Ernest Briel, Dale Dettmer, Jeffrey Dick, Joseph Di Prima, Robert Downey, Joseph Flammino, James Katehakis, James Nance, Hubert Normile and Tanya Pruitt Herbert.

(n) "*Organizational Documents*" means, with respect to any person, such person's charter, by-laws, certificate of incorporation, limited liability company agreement, partnership agreement or other similar organizational or constituent documents.

(o) "*person*" means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act).

(p) "*Placement Agent*" means Wachovia Capital Markets, LLC.

(q) "*Placement Agreement*" means that certain Placement Agreement, dated December 15, 2005, among the Placement Agent, the Company and the Trust.

(r) "*Professional Fees*" means all fees and expenses of all attorneys, accountants, investment bankers and other advisors and agents for the Company ("*Advisors*") for services rendered in connection with this Agreement and the transactions contemplated hereby, regardless of which party paid such fees, including fees and expenses of Advisors arising out of, relating to or incidental to the discussion, evaluation, financing, negotiation and documentation of the transactions contemplated hereby.

(s) "*Special Dividend Amount*" means the amount equal to the lowest of (x) the sum of (i) $375,000 plus (ii) 50% of the amount (if any) by which the Company's Estimated Consolidated Net Income for 2006 exceeds $2,400,000, (y) the amount the Company can lawfully declare and pay as a dividend under applicable Law and (z) the maximum amount the Company can pay as a dividend under any Contract to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective properties are bound without giving rise to any of the events referred to in Section 3.05(b)(iv)(A)-(D).

(t) "*Stockholders*" means the collective reference to each of the following persons who are or may become party to the Stockholders Agreement: Angela Abbott Smith, Richard N. Baney, William Brennan, Ernest Briel, Dale Dettmer, Jeffrey Dick, Joseph Di Prima, Robert Downey, Joseph Flammino, James Katehakis, James Nance, Hubert Normile, Tanya Pruitt Herbert, George Roman, Walter Gatti, Chas. Schwab fbo R. Moore, Sam Cacciatore, Connie Chiles-Cooke, Scott Sorensen Retirement, Michael Gatto and Shekhar & Minal Desai.

SECTION 9.04 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Company:

c/o THE BANKshares, Inc.
300 S. Harbor City Blvd.

Melbourne, FL 32901
Attention: William Brennan
Facsimile: [(___) ___-____]

with an additional copy (which shall not constitute notice) to:

Smith Mackinnon PA
Suite 800
255 S. Orange Ave
Orlando, FL 32801
Attention: John P. Greeley
Facsimile: (407) 843-2448

(b) if to Parent or Merger Sub:

c/o The BANKshares, Inc.
6051 El Tordo/1329
Rancho Santa Fe, California 92067
Attention: Mark Merlo
Facsimile: (858) 756-8301

with additional copies (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Lee Meyerson, Esq.
Facsimile: (212) 455-2502

and

Simpson Thacher & Bartlett LLP
1999 Avenue of the Stars
29th Floor
Los Angeles, CA 90067
Attention: Thomas Wuchenich, Esq.
Facsimile: (310) 407-7502

SECTION 9.05 Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile), each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same instrument.

SECTION 9.06 Governing Law and Venue; Waiver of Jury Trial.

(a) This Agreement shall be deemed to be made in and in all respects shall be interpreted, construed and governed by and in accordance with the laws of the State of Delaware, without regard to the conflict of law principles thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.06.

SECTION 9.07 Entire Understanding; No Third Party Beneficiaries. This Agreement (including the Disclosure Schedule attached hereto and incorporated herein), the Confidentiality Agreement, the Stockholders Agreements and the Non-Competition Agreements constitute the entire agreement of the parties hereto and thereto with reference to the transactions contemplated hereby and thereby and supersede all other prior agreements, understandings, representations and warranties, both written and oral, between the parties or their officers, directors, agents, employees or representatives, with respect to the subject matter hereof. Except for Section 6.08, nothing in this Agreement, expressed or implied, is intended to confer upon any Person, other than the parties hereto or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.08 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

SECTION 9.09 Enforcement of the Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

SECTION 9.10 Interpretation. When reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein," "hereby" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall not be exclusive. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

SECTION 9.11 Assignment. This Agreement shall not be assignable by operation of law or otherwise without the prior written consent of each of the other parties; provided, however, that Parent may assign all or any of its rights and obligations hereunder to any direct or indirect wholly-owned Subsidiary of Parent.

SECTION 9.12 Effect. No provision of this Agreement shall be construed to require the Company or Parent or any Affiliates or directors of any of them to take any action or omit to take any action which action or omission would violate applicable Law.

[*Remainder of Page Left Blank Intentionally*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

THE BANKSHARES, INC.

By: _____
Name: William T. Brennan
Title: President and Chief Executive Officer

THE BANKSHARES, INC.

By: _____
Name: Mark Merlo
Title: President

GATOR MERGER CORP.

By: _____
Name: Mark Merlo
Title: President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

THE BANKSHARES, INC.

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Name: William T. Brennan
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By: _____
Name: Mark Merlo
Title: President

GATOR MERGER CORP.

By: _____
Name: Mark Merlo
Title: President