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OFFICE OF FINANCIAL REGULATION

Commissioner Russell C. Weigel, III

December 13, 2023

VIA INTEROFFICE MAIL

Diane Cushing
Administrator
Amendment Section
Division of Corporations
Post Office Box 6327
Tallahassee, Florida 32314-6327

Dear Diane Cushing:

Please file the enclosed documents in the following sequence, using the effective dates and times as stated (see documents for reference):

- File Restated Articles of Incorporation of Flagler Bank, **effective 11:56pm Eastern Time on December 14, 2023;**
- File Restated Articles of Incorporation of Flagler Bancshares Corporation, Inc., **effective 11:57pm Eastern Standard Time on December 14, 2023;**
- File Articles of Merger of Flagler Successor Bank with and into Flagler Bank, **effective 11:58pm Eastern Standard Time on December 14, 2023**
- File Articles of Merger of Flagler Bank with and into Dort Financial Credit Union, **effective 11:59pm Eastern Standard Time on December 14, 2023**

Enclosed is a check payable to the Florida Division of Corporations representing payment for the filing fees for the above-mentioned documents and two certified copies.

Check Nos.	Amount
# 25096	$280.00

The distribution of the certified copies should be as follows:

(1) One copy to: Mr. John P. Greeley
Smith Mackinnon, PA
301 East Pine Street, Suite 750
Orlando, Florida 32801
Ph# 407-843-7300

(2) One copy to: Office of Financial Regulation
Division of Financial Institutions
200 East Gaines Street
Tallahassee, Florida 32399-0371

If you have any questions, please do not hesitate to me at (850) 410-9513.

Sincerely,

Jason M. Guevara
Financial Administrator
Division of Financial Institutions

ARTICLES OF MERGER
OF
FLAGLER BANK
WITH AND INTO
DORT FINANCIAL CREDIT UNION

P99066 & 3403

Pursuant to the provisions of the Florida Financial Institutions Codes (the "Codes"), the Florida Business Corporation Act (the "Act") and applicable law, Dort Financial Credit Union, a state chartered credit union organized under the laws of the State of Michigan, and Flagler Bank, a Florida banking corporation, do hereby adopt the following Articles of Merger for the purpose of merging Flagler Bank with and into Dort Financial Credit Union:

FIRST: The names of the parties to the merger (the "Merger") contemplated by these Articles of Merger are Dort Financial Credit Union and Flagler Bank. The surviving party in the Merger is Dort Financial Credit Union.

SECOND: The Plan of Merger is set forth in the Agreement and Plan of Merger by and among Flagler Bancshares Corporation, Dort Financial Credit Union, and Flagler Bank dated as of December 12, 2022 and amended on November 27, 2023 (the "Merger Agreement"). A copy of the Merger Agreement is attached hereto and made a part hereof by reference as if fully set forth herein.

THIRD: The Merger shall become effective at 11:59 p.m., Eastern Standard Time, on December 14, 2023, in accordance with the provisions of the Codes and the Act and applicable law.

FOURTH: The Merger Agreement was duly adopted and approved by the sole shareholder of Flagler Bank on December 12, 2022, and amended on November 27, 2023, in the manner required by the Act, the Codes and the articles of incorporation of Flagler Bank. There were no dissenting shareholders of Flagler Bank. The Merger Agreement was duly adopted and approved by the Board of Directors of Dort Financial Credit Union on December 5, 2022, pursuant to the applicable provisions of Michigan law. No approval of the Merger Agreement was required by the members of Dort Financial Credit Union.

FIFTH: The Merger Agreement was duly adopted and approved by Flagler Bank in accordance with the applicable provisions of the Codes and the Act. The Merger Agreement was duly adopted and approved by Dort Financial Credit Union in accordance with the applicable laws of the State of Michigan and the participation of Dort Financial Credit Union was duly authorized in accordance with the applicable laws of the State of Michigan.

[Signature page follows]

FILED
2023 DEC 13 AM 11:17
TALLAHASSEE, FLORIDA

IN WITNESS WHEREOF, the parties have caused these Articles of Merger to be executed by a duly authorized officer on December 11, 2023.

DORT FINANCIAL CREDIT UNION

By: _____
Brian Waldron
Chief Executive Officer

FLAGLER BANK

By: _____
Edward C. Sterling, III
President

FILED
2023 DEC 13 AM 11:17
TALLAHASSEE, FL

IN WITNESS WHEREOF, the parties have caused these Articles of Merger to be executed by a duly authorized officer on December 11, 2023.

DORT FINANCIAL CREDIT UNION

By: _____
Brian Waldron
Chief Executive Officer

FLAGLER BANK

By: _____
Edward C. Sterling, III
President

FILED
2023 DEC 13 AM 11:17
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

FLAGLER BANCSHARES CORPORATION,

FLAGLER BANK,

AND

DORT FINANCIAL CREDIT UNION

TABLE OF CONTENTS

EXHIBITS

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is made and entered into as of December 12, 2022, by and among FLAGLER BANCSHARES CORPORATION a Florida corporation and registered bank holding company (the "**Holding Company**"), its wholly-owned subsidiary, FLAGLER BANK, a Florida commercial bank ("**Seller**," and together with the Holding Company, the "**Selling Parties**," each a "**Selling Party**"), and DORT FINANCIAL CREDIT UNION, a Michigan chartered credit union ("**Buyer**"). Buyer, the Holding Company, and Seller may be referred to in this Agreement each as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, the board of directors of each of Buyer, the Holding Company and Seller have unanimously determined that this Agreement, the Merger (as defined below) and the related transactions contemplated hereby are advisable and in the best interests of Buyer, the Holding Company, Seller and their respective stockholders, members, constituencies and communities, as the case may be; and

WHEREAS, the Parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger and the related transactions contemplated hereby; and

WHEREAS, as a condition and inducement to Buyer's willingness to enter into this Agreement, as of the date hereof (1) each of the directors of Seller has entered into individual voting agreements with Buyer, each of which is attached hereto as Exhibit A-1 (the "**Shareholder Voting Agreements**"), pursuant to which each director, solely in their capacity as a stockholder, has agreed, among other things, to vote their shares of Holding Company Common Stock in favor of this Agreement and the transactions contemplated hereby; (2) each director of Seller, except for Ronald Y. Schram, Esq., has entered into individual non-solicitation agreements with Buyer, each of which is attached hereto as Exhibit A-2; (3) Ronald Y. Schram, Esq. has entered into a non-solicitation and non-competition agreement with Buyer, attached hereto as Exhibit A-3 (the "**Non-Competition Agreement**") and (4) Edward A. Sterling and Jose Cano have entered into individual retention and non-competition agreements with Buyer, each of which is attached hereto as Exhibit A-4 .

NOW THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. In addition to the terms defined elsewhere in this Agreement, as used herein, the following terms have the definitions indicated:

"**Account Loans**" are those savings account loans and negotiable orders of withdrawal, checking and other transaction account lines of credit associated with deposits which consist of

(a) all account loans secured solely by deposits, if any, and (b) any overdraft, checking balances or checking account line of credit loan balances, if any.

"**Accounts Receivable**" means all accounts receivable reflected on Seller's books and records as of the close of business on the Closing Date.

"**Accrued Interest**" on any Loans or Liquid Assets means interest that is accrued but not credited through the close of business on the Closing Date, and on any deposit or FHLB advances means interest that is accrued but unposted through the close of business on the Closing Date.

"**Acquisition Proposal**" has the meaning set forth in Section 5.07.

"**Aggregate Consideration**" has the meaning set forth in Section 2.05(c).

"**Agricultural Loan**" means a loan, the proceeds of which are intended to be used substantially finance production of crops and livestock, or to fund the purchase or refinance of capital assets such as farmland, machinery and equipment and farm real estate improvements.

"**Affiliate**" of a Party means any person, partnership, corporation, association or other legal entity directly or indirectly controlling, controlled by, or under common control with that Party.

"**Allowance**" means the specific and general reserves applicable to a Loan as determined by Seller in accordance with applicable regulatory standards and GAAP.

"**Alternative Structure**" has the meaning set forth in Section 2.01(b).

"**Automobile Receivable**" means a loan or installment sale contract arising from the purchase of, and secured by, an automobile, light-duty vehicle, all-terrain vehicle, boat or motorcycle.

"**Bank Accounts**" means all of Seller's deposit accounts, including, without limitation, those for payroll and cashier's checks.

"**Business Day**" means any Monday, Tuesday, Wednesday, Thursday, or Friday that is not a federal holiday generally recognized by Florida commercial banks.

"**Business Loan**" means a term or revolving Loan to a commercial enterprise secured by personal property or a mixture of real and personal property, or unsecured.

"**Buyer**" has the meaning set forth in the Recitals.

"**Buyer Disclosure Schedule**" means the relevant schedule that Buyer shall deliver to the Selling Parties on the date hereof setting forth items the disclosure of which is necessary or appropriate in response to an express disclosure requirement contained in a provision hereof.

"**Buyer Health Plan**" has the meaning set forth in Section 6.01(d).

"**CARES Act**" means the Coronavirus Aid, Relief, and Economic Security Act of 2020.

"**Cash on Hand**" means all petty cash, vault cash, ATM cash and teller cash.

"**Certificate of Merger**" has the meaning set forth in Section 2.03.

"**Claim**" has the meaning set forth in Section 6.02(a).

"**Closing**" and "**Closing Date**" shall have the meanings assigned to them in Section 2.02.

"**Closing Equity Value**" has the meaning set forth in Section 2.06(a).

"**Code**" has the meaning set forth in Section 3.17(a).

"**Commercial Mortgage Loan**" means a Loan secured by a Mortgage on real property used for commercial purposes, including five- or greater unit residential real property.

"**Construction Loan**" means a Loan, the proceeds of which are intended to be used substantially to finance the construction of improvements on real property.

"**Contracts**" means the service and maintenance agreements, leases of personal and real property, and any other agreements, licenses and permits to which Seller is a party (including contracts relating to the Safe Deposit Boxes); *provided, however*, that, for purposes of clarification only, such contracts shall not include (a) any "employee benefit plans" as defined in Section 3(3) of ERISA maintained, administered or contributed to or by Seller, (b) any employment agreements or change in control agreements to which Seller is a party, or (c) any non-qualified deferred compensation arrangements under which the deferred compensation thereunder would be immediately taxable to the participants pursuant to Code Section 457(f) if assigned to Buyer.

"**COVID-19**" means coronavirus disease 2019 and any of its variants and subvariants.

"**COVID-19 Loan**" means a loan originated pursuant to the CARES Act, including a PPP Loan, "Economic Stabilization Fund" loan, "Provider Relief Fund" loan, U.S. Department of Health & Human Services loan, or loan issued under the FRB's Mainstreet Lending Program.

"**COVID-19 Measures**" means any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester or any other law, order, directive, guideline or recommendation by any Governmental Authority in connection with or in response to COVID-19, including, but not limited to, the CARES Act.

"**DIFS**" means the Michigan Department of Insurance and Financial Services.

"**Disclosure Schedule Updates**" has the meaning set forth in Section 5.11.

"**Dissenting Laws**" has the meaning set forth in Section 2.08.

"**Dissenting Shares**" has the meaning set forth in Section 2.08.

"**Dissenting Stockholder**" has the meaning set forth in Section 2.08.

"**DOL**" means the United States Department of Labor.

"**Effective Time**" has the meaning set forth in Section 2.03.

"**Employee Benefit Plan**" of a Party, which includes any Affiliate of that Party, means (a) all employee benefit plans, programs, policies, agreements and arrangements of that Party (including any "employee benefit plan" as defined in Section 3(3) of ERISA, whether or not subject to ERISA) and (b) all employment, consulting, retention, change in control, pension, retirement (qualified and non-qualified), profit sharing, savings, bonus, deferred or incentive compensation, hospitalization, medical, life insurance, disability insurance, paid time off, paid holiday, termination or severance pay, stock purchase, restricted stock, stock option, performance shares, stock appreciation rights benefit plans, employee stock ownership, share purchase, equity-based compensation, health, welfare, or other similar plans, programs, policies, agreements and arrangements, including any Employee Pension Benefit Plan, Employee Welfare Benefit Plan, Stock Plan, and fringe benefit plan or program, in each case that is (x) sponsored, maintained or contributed to by that Party or any of its Affiliates for the benefit of any employee or any beneficiary or dependent thereof or (y) under which that Party or any of its Affiliates has or could have any liability with respect to any employee or any beneficiary or dependent thereof.

"**Employee Pension Benefit Plan**" has the meaning set forth in ERISA Section 3(2).

"**Employee Welfare Benefit Plan**" has the meaning set forth in ERISA Section 3(1).

"**Encumbrances**" means all mortgages, claims, charges, liens, encumbrances, easements, restrictions, options, pledges, calls, commitments, security interests, conditional sales agreements, title retention agreements, leases, and other restrictions of any kind whatsoever.

"**Environmental Laws**" has the meaning set forth in Section 3.18(a).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Excluded Assets, Contracts, Deposits and Other Liabilities**" has the meaning set forth in Section 5.19.

"**Exercised Option Shares**" has the meaning set forth in Section 2.05(a).

"**Exercised Option Share Consideration**" has the meaning set forth in Section 2.05(a).

"**Exercised Option Share Payment**" has the meaning set forth in Section 2.05(a).

"**FBCA**" means the Florida Business Corporation Act

"**FDIC**" means the Federal Deposit Insurance Corporation.

"**FFIC**" means the Florida Financial Institutions Codes.

"**Fee**" has the meaning set forth in Section 8.03.

"**First Step Merger**" has the meaning set forth in Section 2.01(a)(i).

"**First Step Merger Agreement**" has the meaning set forth in Section 2.01(a)(i).

"**FHLB**" means the Federal Home Loan Bank.

"**Fixed Assets**" means all furniture, equipment, trade fixtures, ATMs, office supplies, sales material, and all other tangible personal property owned or leased by Seller, located in or upon one of Seller's branch offices, loan production offices, or used in Seller's business, and described on Seller Disclosure Schedule 1.01(b), which includes the depreciated book value of those Fixed Assets as of September 30, 2022, and identifies any Encumbrance encumbering each Fixed Asset.

"**FOFR**" means the Florida Office of Financial Regulation.

"**FRB**" means the Board of Governors of the Federal Reserve System.

"**GAAP**" means generally accepted accounting principles consistently applied by Seller.

"**General Exceptions**" has the meaning set forth in Section 3.01(f).

"**Governmental Authority**" means the Regulators, any court, and any other administrative agency or commission or other federal, state or local governmental authority or instrumentality.

"**Hazardous Materials**" has the meaning set forth in Section 3.18(a).

"**Home Equity Loan**" means a closed-end or revolving Residential Mortgage Loan secured by a Mortgage with no lower priority than a second mortgage priority on the applicable Mortgaged Property.

"**Holding Company**" has the meaning set forth in the Recitals.

"**Holding Company Common Stock**" means each issued and outstanding share of common stock of the Holding Company, par value $0.01 per share.

"**Holding Company Stock Option**" means an option to purchase shares of Holding Company Stock that is outstanding and unexercised.

"**Holding Company Stock Plan**" means the Flagler Bank 2014 Stock Option Plan and the Flagler Bank 2019 Stock Option Plan.

"**Indemnified Parties**" has the meaning set forth in Section 6.02(a).

"**IRS**" means Internal Revenue Service.

"**Knowledge**" and the phrase "to the Knowledge" are defined so that, when any statement in this Agreement or in any list, certificate or other document delivered pursuant to this Agreement to any party hereto is made "to the Knowledge" of:

(a) an individual: that such person will be deemed to have "Knowledge" of a particular fact or other matter if: (i) such individual is actually aware of such fact or other matter; or (ii) an individual could be expected to discover or otherwise become aware of such fact or other matter in the ordinary course of business; and

(b) Seller, the Holding Company, the Selling Parties or Buyer: as the context requires, such Party will be deemed to have "Knowledge" of a particular fact or other matter if an executive officer of such Party has Knowledge of such facts or other information as set forth in Section (a) above. The phrase "to the Knowledge of the Selling Parties," or words of similar import, shall mean the Knowledge of Seller and/or the Knowledge of the Holding Company. If the Seller has Knowledge of a particular fact or other matter, the Holding Company shall also be deemed to have Knowledge of such fact or matter, and vice versa.

"**Letter of Transmittal**" has the meaning set forth in Section 2.07(a).

"**Liquid Assets**" means all bonds and other investment securities (including FHLB stock) owned by Seller on the Closing Date, together with Accrued Interest thereon, if any, and including any amounts due to or from brokers or custodians. A list of such bonds and investment securities owned as of September 30, 2022 (including the book value and market value thereof), is set forth in Seller Disclosure Schedule 1.01(c).

"**Loan Debtor**" means an obligor or guarantor, including a third party pledgor, with respect to the Loan Documents relating to a Loan.

"**Loan Documents**" means, with respect to each Loan, the constituent documents relating thereto, including, without limitation, the loan application, appraisal report, title insurance policy, promissory note, deed of trust, loan agreement, security agreement, and guarantee, if any.

"**Loan**" and "**Loans**" means all the loans owned by Seller (either wholly, as a participant or as a lead in a participation), each of which is either an Agricultural Loan, Account Loan, a Construction Loan, a Residential Mortgage Loan, a Commercial Mortgage Loan, an Automobile Receivable, a Business Loan or an Unsecured Loan, net of the Allowance maintained by Seller with respect to a Loan, any deferred fees or costs with respect to a Loan, including any unposted or in transit loan credits or debits, and all retained rights of Seller to service previously originated and sold Loans.

"**Material Adverse Effect**" has the meaning set forth in Section 3.04.

"**Materially Burdensome Regulatory Condition**" has the meaning set forth in Section 5.08.

"**Maximum Amount**" has the meaning set forth in Section 6.02(b).

"**Merger**" has the meaning set forth in Section 2.01(a)(ii).

"**Minimum Equity Value**" has the meaning set forth in Section 2.06(a).

"**Mortgage**" means a mortgage or deed of trust encumbering real property and, if applicable, fixtures and securing the obligations of a Loan Debtor with respect to a Loan.

"**Mortgaged Property**" means real property encumbered by a Mortgage.

"**Multiemployer Plan**" means as defined in ERISA Section 3(37).

"**NCUA**" means the National Credit Union Administration.

"**Option Consideration**" has the meaning set forth in Section 2.05(c).

"**Option Payment**" has the meaning set forth in Section 2.05(c).

"**OREO**" means other real estate owned, as such real estate is classified on Seller's books.

"**Outstanding Seller Common Stock**" has the meaning set forth in Section 2.05(a).

"**Party**" has the meaning set forth in the Recitals.

"**Paying Agent**" has the meaning set forth in Section 2.07(b).

"**Per Share Merger Consideration**" has the meaning set forth in Section 2.05(a).

"**Permitted Encumbrances**" has the meaning set forth in Section 3.05.

"**PPP**" means the SBA's Paycheck Protection Program created under the CARES Act.

"**PPP Loan**" means an SBA Loan issued to a Loan Debtor under the PPP.

"**Pre-Closing Tax Period**" shall mean all Tax years (and interim Tax periods) up to and including the Closing Date.

"**Prepaid Expenses**" means the prepaid expenses recorded or reflected on the books of Seller at the close of business on the Closing Date (including, without limitation, prepaid FDIC deposit premiums relating to deposits).

"**Real Estate**" means the Seller Real Estate and the OREO.

"**Records**" means (a) all open records and original documents relating to the Loans, Safe Deposit Boxes, the Bank Accounts, assets, or deposits; and (b) an account history of all accounts related to deposits, Loans, Cash on Hand, Liquid Assets, the Bank Accounts, and Safe Deposit Boxes. Records includes but is not limited to signature cards, customer cards, customer statements, legal files, pending files, all open account agreements, Retirement Account agreements, Safe Deposit Box records, and computer records.

"**Regulators**" means FDIC, FRB, NCUA, FOFR and DIFS, as applicable.

"**Requisite Field of Membership Expansion**" has the meaning set forth in Section 3.02.

"**Requisite Holding Company Vote**" has the meaning set forth in Section 7.03(c).

"**Requisite Regulatory Approvals**" has the meaning set forth in Section 3.02.

"**Residential Mortgage Loan**" means a Loan secured by a Mortgage on one-to four-unit residential real estate.

"**Retirement Accounts**" means any deposit account, generally known as Individual Retirement Accounts, Keoghs or Simplified Employee Pensions Plans, maintained by a customer for the stated purpose of the accumulation of funds to be drawn upon at retirement.

"**Return Items**" has the meaning set forth in Section 3.13(b)(1).

"**Routing and Telephone Numbers**" means the routing number of Seller used in connection with deposits, upon approval from the FRB of the transfer of this number to Buyer under the name "Dort Financial Credit Union," and the telephone and facsimile numbers associated with Seller.

"**Safe Deposit Boxes**" means all right, title and interest of Seller in and to any safe deposit business conducted through one of Seller's branches as of the close of business on the Closing Date.

"**SBA**" means the United States Small Business Administration.

"**SBA License**" means a license granted under the Small Business Act (15 U.S.C. 632 et seq.) and any other authorization needed in order to originate and service SBA Loans.

"**SBA Loan**" means a loan to a Loan Debtor that is guaranteed by the SBA.

"**Seller**" has the meaning set forth in the Recitals.

"**Seller 401(k) Plan**" has the meaning set forth in Section 6.01(e).

"**Seller Book Value**" has the meaning set forth in Section 2.06(a).

"**Seller Common Stock**" means each issued and outstanding share of common stock of Seller, par value $3.00 per share.

"**Seller Disclosure Schedule**" has the meaning set forth in the first paragraph of Article III.

"**Seller Health Plan**" has the meaning set forth in Section 6.01(d).

"**Seller Real Estate**" means the real estate, buildings and fixtures owned by the Selling Parties as of the date hereof as described in Seller Disclosure Schedule 1.01(d) attached hereto, but specifically excludes OREO.

"**Seller Stock Certificate**" has the meaning set forth in Section 2.05(a).

"**Seller Stock Option**" has the meaning set forth in Section 2.05(c).

"**Seller Subsidiary**" has the meaning set forth in Section 3.01(c).

"**Severance Amount**" has the meaning set forth in Section 6.01(b).

"**Specified Contracts**" has the meaning set forth in Section 3.14(g).

"**Special Meeting**" means the special meeting of the holders of Holding Company Common Stock held for the purpose of voting on this Agreement and consummation of the Transactions.

"**Superior Proposal**" means an Acquisition Proposal made by a third party after the date hereof and prior to obtaining the Requisite Holding Company Vote, which, in the good faith judgment of the board of directors of Seller and the board of directors of the Holding Company, taking into account the various legal, financial and regulatory aspects of the proposal and the person making such proposal, (x) if accepted, is more likely than not to be consummated, and (y) if consummated, is reasonably likely to result in a more favorable transaction than the Transactions for Seller and Holding Company and their shareholders and other relevant constituencies; provided, that for the purposes of a "Superior Proposal," the reference to "25% or more of the assets or deposits of Seller or Holding Company" in the definition of "Acquisition Proposal" shall be increased to "substantially all of the assets and deposits of Seller and Holding Company."

"**Surviving Entity**" has the meaning set forth in Section 2.01(a)(ii).

"**Stock Plan**" means any stock incentive, stock option, stock ownership or similar employee benefits plan of a Party.

"**Transactions**" means the First Step Merger and Merger as contemplated by Article II; provided, however, that the Transactions may be effected pursuant to Section 2.01(b).

"**Transaction Expenses**" has the meaning set forth in Section 2.06(a).

"**Unfunded Commitment**" means the commitment entered into by Seller to fund additional advances under any Loan, or under any new unfunded Loan commitment on or after the Closing Date.

"**Unsecured Loan**" means a loan which is not secured by assets of the Loan Debtor or Loan Debtors or any third party, including but not limited to overdrawn accounts of deposit.

ARTICLE II
THE MERGER AND RELATED MATTERS

Section 2.01 The Transactions; Surviving Entity.

(a) As promptly as practicable following the satisfaction or waiver of the conditions to each of the Party's obligations hereunder, and subject to the terms and conditions of this Agreement:

(i) The Holding Company and Seller shall enter into an agreement and plan of merger in the form attached hereto as Exhibit B (the "**First Step Merger Agreement**"). Subject to the terms and conditions of the First Step Merger Agreement, including the satisfaction of the requirements of Section 5.19 hereof, the Holding Company shall file Restated Articles of Incorporation with the Florida Secretary State in the form attached hereto as Exhibit C to become a Florida banking corporation and successor institution pursuant to § 658.40(4), Fla. Stat. and shall merge with and into Seller (the "**First Step Merger**"); the separate existence of the Holding Company shall cease; and by virtue of the First Step Merger, automatically and without any action on the part of the Holding Company, Seller or any stockholder of the Holding Company, each share of Holding Company Common Stock issued and outstanding immediately prior to the effective time of the First Step Merger (other than Dissenting Shares) shall be converted into the right to receive one share of Seller Common Stock and each Holding Company Stock Option issued and outstanding immediately prior to the effective time of the First Step Merger shall be converted into one Seller Stock Option (with all other terms and conditions, including the underlying exercise price, to remain unchanged).

(ii) Immediately following the First Step Merger, Buyer shall acquire the assets and liabilities of Seller by merger of Seller with and into Buyer (the "**Merger**"); the separate existence of Seller shall cease; and Buyer shall be the continuing entity in the Merger (the "**Surviving Entity**"), all in accordance with FBCA, FFIC, or such other applicable federal or state law. At the Effective Time, each outstanding share of Seller Common Stock shall be converted into the right to receive the Per Share Merger Consideration pursuant to Sections 2.05 and 2.07.

(b) Buyer and Seller shall be empowered, upon their mutual written agreement, at any time prior to the Effective Time, to change the method or structure of effecting the combination of Buyer and Seller (including the provisions of Section 2.01(a) hereof), if and to the extent they both deem such change to be necessary, appropriate, or desirable (the "**Alternative Structure**"). provided that no such change shall (i) alter or change the amount or kind of Aggregate Consideration; (ii) materially impede or delay the receipt of any regulatory approval in such a manner as would reasonably be expected to delay the Effective Time beyond the Termination Date; (iii) results in any material or adverse federal or income tax consequences to the Holding Company stockholders; (iv) adversely affect the federal and state tax treatment of the Transaction to Buyer or any Seller Party; (v) increase the obligations, liabilities or duties of the Selling Parties prior to the Effective Time; or (vi) cause Seller's charter to remain in existence

immediately following the Effective Time. If it is reasonably determined that the Transactions cannot be effected as set forth in Section 2.01(a), the Parties shall, in good faith, attempt to agree to an Alternative Structure or any other mutually agreeable change to the method or structure to effectuate the combination of Buyer and Seller within fifteen (15) Business Days following such determination by the Parties. If such mutual agreement is reached, this Agreement and any related documents shall be appropriately amended in order to reflect the Alternative Structure or any other mutually agreeable change to the method or structure to effectuate the combination of Buyer and Seller.

Section 2.02 Closing. The closing of the Transactions (the "**Closing**") shall take place (i) at 10:00 a.m., Eastern Time, on the date that is five (5) Business Days after the satisfaction or waiver (subject to applicable law) of the latest to occur of the conditions set forth in Article VII hereof (other than those conditions that by their nature can only be satisfied at Closing, but subject to the satisfaction or waiver thereof), or (ii) on such other date and time as may be mutually agreed to in writing by the Parties. The date on which the Closing actually occurs is referred to as the "**Closing Date**."

Section 2.03 Effective Time. Subject to the terms and conditions of this Agreement, each of the First Step Merger and the Merger shall be effected by (i) filing articles of mergers with the Florida Department of State – Division of Corporations in accordance with the FBCA and the FFIC (each, a "**Certificate of Merger**") and (ii) filing a copy of this Agreement, the First Step Merger Agreement and a copy of the approvals of FOFR and the FDIC with the DIFS and the NCUA. The First Step Merger shall be effective on the date and time specified in the applicable Certificate of Merger in accordance with relevant provisions of the FBCA and the FFIC, or such other time as shall be provided by applicable law. The Merger shall immediately follow the effective time of the First Step Merger and shall be effective at the date and time specified in the applicable Certificate of Merger in accordance with the relevant provisions of the FBCA and the FFIC, or such other time as shall be provided by applicable law (such date and such time with respect to the Merger is referred to as the "**Effective Time**").

Section 2.04 Effect of the Merger. At and after the Effective Time, (i) the Merger shall have the effects set forth in this Agreement and the applicable provisions of the FBCA and FFIC; (ii) the Certificate of Authorization of Buyer as in effect immediately prior to the Effective Time shall be the Certification of Authorization of the Surviving Entity until duly amended in accordance with applicable law; (iii) the name of the Surviving Entity shall be "Dort Financial Credit Union," (iv) the bylaws of Buyer as in effect immediately prior to the Effective Time shall be by the bylaws of the Surviving Entity; and (v) the directors of Buyer immediately prior to the Effective Time shall be the directors of the Surviving Entity.

Section 2.05 Merger Consideration; Conversion of Shares.

(a) At the Effective Time, by virtue of the Merger and without any action on the part of the Parties or any stockholder of Seller, each share of Seller Common Stock issued and outstanding immediately prior to the Effective Time (other than shares cancelled and retired pursuant to Section 2.05(b), the Exercised Option Shares and Dissenting Shares and hereinafter referred to as the "**Outstanding Seller Common Stock**") shall become and be converted into the right to receive from Buyer the Per Share Merger Consideration and thereupon shall no longer be

outstanding and shall automatically be cancelled and shall cease to exist. Each certificate previously evidencing any Outstanding Seller Common Stock (a "**Seller Stock Certificate**," it being understood that any reference herein to Seller Stock Certificate shall be deemed to include reference to book-entry account statements relating to the ownership of shares of Seller Common Stock) shall represent only the right to receive, upon surrender of such certificate in accordance with this Agreement, the Per Share Merger Consideration. The holders of Seller Stock Certificates shall cease to have any rights with respect thereto.

The "**Per Share Merger Consideration**" shall be an amount equal to the quotient of (i) the Merger Consideration divided by (ii) the sum of the total number of shares of Outstanding Seller Common Stock and the total number of Dissenting Shares (excluding shares cancelled and retired pursuant to Section 2.05(b) and Exercised Option Shares).

"**Exercised Option Shares**" shall mean any shares that are issued by the Holding Company pursuant to the exercise of any Seller Stock Option prior to Closing.

Subject to adjustments contemplated by Section 2.06, the "**Merger Consideration**" shall be an amount equal to $99,065,992.

At the Effective Time, each Exercised Option Share shall be converted into the right to receive from Buyer an amount equal to the Per Share Merger Consideration and thereupon shall no longer be outstanding and shall automatically be cancelled and shall cease to exist (the "**Exercised Option Share Payment**"). The aggregate of the Option Share Payment paid to all holders of Option Shares shall be referred to as the "**Exercised Option Share Consideration**."

(b) Each share of Seller Common Stock held as treasury stock or otherwise held by Seller (other than in a fiduciary capacity), if any, immediately prior to the Effective Time shall automatically be cancelled and retired and cease to exist, and no portion of the Merger Consideration shall be exchanged therefor.

(c) Each option to purchase shares of Seller Common Stock (a "**Seller Stock Option**") that is outstanding and unexercised as of the date hereof, at the Effective Time and without any action on the part of the holder thereof, shall become automatically vested and exercisable in full and cancelled, and the holder thereof shall have the right to receive from Seller on (or immediately prior to) the Closing Date a cash payment in respect of such cancelled Seller Stock Option in an amount, rounded down to the nearest whole cent, equal to the product of (i) Per Share Merger Consideration minus the per share exercise price of such Seller Stock Option multiplied by (ii) the number of shares of Seller Common Stock subject to such Seller Stock Option, to the extent not previously exercised (the "**Option Payment**"). The aggregate of the Option Payments paid to all holders of the Seller Stock Options shall be referred to as the "**Option Consideration**," and together with the Merger Consideration and the Exercised Option Share Consideration, the "**Aggregate Consideration**." The right of a holder of a Seller Stock Option to receive the Option Payment shall be subject to their execution and delivery to Buyer of an Option Cancellation Agreement in the form attached hereto as Exhibit D. To the extent that any unexercised Seller Stock Option has an exercise per share that is greater than the Per Share Merger Consideration, any such Seller Stock Option shall be automatically cancelled in

exchange for no consideration without any further action. The Option Payment shall be subject to applicable payroll, federal, state and local income tax withholding and, as a result, the amount of the Option Payment shall be reduced by the aggregate required tax withholding and either Buyer or Seller shall deliver such withheld amount to the applicable taxing authority.

Section 2.06 Minimum Equity and Merger Consideration Adjustment.

(a) If the Closing Equity Value is less than the Minimum Equity Value, then the Aggregate Consideration shall be reduced by an amount equal to the difference between (i) the Minimum Equity Value, less (ii) the Closing Equity Value, and the Merger Consideration, Option Consideration and Exercised Option Share Consideration shall in turn be reduced proportionately. Exhibit E-1 sets forth the method of calculating the Aggregate Consideration under such circumstances, including an example of such calculation for illustrative purposes only, including the manner in which the reduction to the Aggregate Consideration pursuant to this Section 2.06(a) would be allocated to the Merger Consideration and the Option Consideration. If the Closing Equity Value is equal to or greater than the Minimum Equity Value, there will be no adjustment to the Aggregate Consideration.

"**Closing Equity Value**" shall mean Seller Book Value (i) minus any unrealized gains and plus any unrealized losses in Seller's investment portfolio due to mark-to-market adjustments, and (ii) plus the expenses incurred by the Holding Company and Seller in connection with, or as a result of, the Transactions (including legal, accounting, and investment banking fees and expenses for the termination and de-conversion of Seller's data processing agreement, accrued bonuses, and change in control, severance and salary continuation agreement payments to be made by the Holding Company and Seller in connection with the Transactions (which expenses shall be capped at $2,500,000), and the insurance premiums contemplated by Section 6.02, and taxes, if any, accrued prior to Closing by Holding Company or Seller as a result of the Transactions), (the "**Transaction Expenses**"). Exhibit E-2 sets forth the method of calculation and, by way of example only, a preliminary estimate of the Closing Equity Value.

"**Seller Book Value**" means the total consolidated equity capital of the Selling Parties estimated as of the Closing Date, calculated in accordance with GAAP and in accordance with applicatory regulatory requirements. For the sake of clarity and avoidance of doubt, Seller Book Value is intended to equal such amount as would be reported as the "Total equity capital" on line 28 of Schedule RC – Balance Sheet of Seller's Call Reports (based on the current form of FFIEC Form 051) as of the Closing Date after giving effect to the First Step Merger, including taxes, if any, accrued prior to Closing as a result of the Transactions.

"**Minimum Equity Value**" shall mean Fifty-One Million Six Hundred Seventeen Thousand One Hundred Ninety and No/100 Dollars ($51,617,190.00).

(b) Not less than five (5) Business Days prior to the Closing Date, the Selling Parties shall deliver to Buyer for its comment and approval a good faith estimate, including detailed calculations, of (a) the Merger Consideration, the Per Share Merger Consideration and the Option Payments to be paid to each holder thereof pursuant to Sections 2.05(a) and 2.05(c) of this Agreement, and (b) Seller's Closing Equity Value. If Buyer disagrees with the calculation of the good faith estimate of the Merger Consideration, the Per Share Merger Consideration, the

Option Payments and/or Seller's Closing Equity Value, Buyer shall provide written notice to the Selling Parties and Buyer and the Selling Parties shall meet as soon as practicable to resolve any such disagreement. If Buyer and the Selling Parties cannot resolve any such disagreement within ten (10) days of the date of Buyer's written notice, then an independent accounting firm mutually agreed to in writing by Buyer and the Selling Parties shall resolve any such disagreement as soon as practicable which resolution shall be final and binding on Buyer and the Selling Parties. The fees of any such accounting firm shall be divided equally between the Parties.

Section 2.07 Payment Procedures.

(a) Buyer will cause appropriate transmittal materials ("**Letter of Transmittal**") in a form satisfactory to Buyer and Seller to be mailed as soon as practicable after the Effective Time, but in no event later than five (5) Business Days thereafter, to each holder of record of Seller Common Stock as of the Effective Time. A Letter of Transmittal will be deemed properly completed only if, in the case of holders of certificated shares of Seller Common Stock, the completed Letter of Transmittal is accompanied by one or more Seller Stock Certificates (or customary affidavits and, if required by Buyer pursuant to Section 2.07(g), indemnification regarding the loss or destruction of such Seller Stock Certificates or the guaranteed delivery of such Seller Stock Certificates) representing all shares of Seller Common Stock to be converted thereby. The Letter of Transmittal and instructions shall include applicable provisions with respect to delivery of an "agent's message" or other appropriate instructions with respect to shares of Seller Common Stock that are book-entry shares.

(b) At or prior to the Closing, Buyer shall deposit, or cause to be deposited an amount of cash sufficient to pay the Aggregate Consideration with ClearTrust, LLC or another party as mutually agreed to by Buyer and Seller (the "**Paying Agent**") for the benefit of the holders of shares of Seller Common Stock in accordance with this Section 2.07. If requested by Buyer, and as permitted by applicable law and so long as there are no adverse tax or accounting consequences to any Seller Party or its stockholders, at or immediately prior to the Closing, Seller shall deposit, out of its liquid assets, cash sufficient to pay all or a portion of the Aggregate Consideration with the Paying Agent. Any such cash deposited by Seller shall be treated as the assets of Seller for the purposes of the calculation of Seller's Closing Equity Value and, upon Closing, such deposit shall be treated as delivered by Buyer as Aggregate Consideration.

(c) The Letter of Transmittal shall (i) specify that delivery shall be effected, and risk of loss and title to the Seller Stock Certificates shall pass, only upon delivery of the Seller Stock Certificates to the Paying Agent; (ii) be in a form and contain any other provisions as Buyer may reasonably determine; and (iii) include instructions for use in effecting the surrender of the Seller Stock Certificates in exchange for the Merger Consideration. Upon the proper surrender of the Seller Stock Certificates to the Paying Agent, together with a properly completed and duly executed Letter of Transmittal, the holder of such Seller Stock Certificates shall be entitled to promptly receive from the Paying Agent in exchange therefore a check in the amount equal to the cash that such holder has the right to receive pursuant to Section 2.05. Seller Stock Certificates so surrendered shall forthwith be canceled. Promptly following receipt of the properly completed Letter of Transmittal and any necessary accompanying documentation, the Paying Agent shall distribute the Merger Consideration as provided herein. If there is a transfer of ownership of any shares of Seller Common Stock not registered in the transfer records of

Seller, the Merger Consideration shall be issued to the transferee thereof if the Seller Stock Certificates representing such Seller Common Stock are presented to the Paying Agent, accompanied by all documents required, in the reasonable judgment of Buyer and the Paying Agent, to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid.

(d) The stock transfer books of Seller shall be closed immediately upon the Effective Time and from and after the Effective Time there shall be no transfers on the stock transfer records of Seller of any shares of Seller Common Stock. If, after the Effective Time, Seller Stock Certificates are presented to Buyer, they shall be canceled and exchanged for the Merger Consideration deliverable in respect thereof pursuant to this Agreement in accordance with the procedures set forth in this Section 2.07.

(e) Any portion of the aggregate amount of cash deposited with the Paying Agent pursuant to Section 2.07(b) or any proceeds from any investments thereof that remains unclaimed by the stockholders of Seller for six (6) months after the Effective Time shall be repaid by the Paying Agent to Buyer upon the written request of Buyer. After such request is made, any stockholders of Seller who have not theretofore complied with this Section 2.07 shall look only to Buyer for the Merger Consideration deliverable in respect of each share of Seller Common Stock such stockholder holds, as determined pursuant to Section 2.05 of this Agreement, without any interest thereon. If outstanding Seller Stock Certificates are not surrendered prior to the date on which such payments would otherwise escheat to or become the property of any governmental unit or agency, the unclaimed items shall, to the extent permitted by any abandoned property, escheat or other applicable laws, become the property of Buyer (and, to the extent not in its possession, shall be paid over to it), free and clear of all claims or interest of any person previously entitled to such claims. Notwithstanding the foregoing, neither the Paying Agent nor any party to this Agreement (or any affiliate thereof) shall be liable to any former holder of Seller Common Stock for any amount delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(f) Buyer and the Paying Agent shall be entitled to rely upon Seller's stock transfer books to establish the identity of those persons entitled to receive the Merger Consideration, which books shall be conclusive with respect thereto. In the event of a dispute with respect to ownership of stock represented by any Seller Stock Certificate, Buyer and the Paying Agent shall be entitled to deposit any Merger Consideration represented thereby in escrow with an independent third party and thereafter be relieved with respect to any claims thereto.

(g) If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Seller Stock Certificate to be lost, stolen or destroyed and, if required by the Paying Agent or Buyer, the posting by such person of a bond in such amount as the Paying Agent may reasonably direct as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent will issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration deliverable in respect thereof pursuant to Section 2.05.

(h) The Paying Agent or Buyer will be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement or the transactions contemplated

hereby to any holder of Seller Common Stock such amounts as the Paying Agent is required to deduct and withhold with respect to the making of such payment under the Code, or any applicable provision of U.S. federal, state, local or non-U.S. tax law. To the extent that such amounts are properly withheld by the Paying Agent or Buyer, such withheld amounts will be treated for all purposes of this Agreement as having been paid to the holder of Seller Common Stock in respect of whom such deduction and withholding were made by the Paying Agent or Buyer.

Section 2.08 Appraisal Rights. Notwithstanding anything in this Agreement to the contrary, shares of Seller Common Stock issued and outstanding immediately prior to the Effective Time and held by a stockholder who has not voted in favor of the Merger or consented thereto in writing and who has properly demanded appraisal rights in the manner provided by the FBCA and the FFIC ("**Dissenting Shares**") shall not be converted into a right to receive a portion of the Merger Consideration, unless such stockholder fails to perfect or withdraws or otherwise loses his, her or its right to appraisal. From and after the Effective Time, a stockholder who has properly exercised such appraisal rights shall not have any rights of a stockholder of Seller with respect to shares of Seller Common Stock, except those provided under applicable provisions of the FBCA and FFIC (any stockholder duly making such demand being hereinafter called a "**Dissenting Stockholder**"). A Dissenting Stockholder shall be entitled to receive payment of the appraised value of each share of Seller Common Stock held by him or her in accordance with the applicable provisions of the FBCA and FFIC (the "**Dissenting Laws**"), unless, after the Effective Time, such stockholder fails to perfect or withdraws or loses his or her right to appraisal, in which case such shares of Seller Common Stock shall be converted into and represent only the right to receive the Per Share Merger Consideration, without interest thereon, upon surrender of the Seller Stock Certificates, pursuant to Section 2.05. Buyer shall have the right to participate in all discussions, negotiations and proceedings with respect to any such demands for appraisal. Seller shall not, except with the prior written consent of Buyer, voluntarily make, or offer to make, any payment with respect to, or settle or offer to settle, any such demand for appraisal. Seller shall not waive any failure to timely deliver a written demand for appraisal or the taking of any other action by such Dissenting Stockholder as may be necessary to perfect appraisal rights under the FBCA and FFIC. Any payments made in respect of Dissenting Shares shall be made by Buyer.

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ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLING PARTIES

On the date hereof, the Selling Parties have delivered to Buyer a schedule ("**Seller Disclosure Schedule**") setting forth, among other things, items the disclosure of which is necessary or appropriate either (i) in response to an express disclosure requirement contained in a provision hereof or (ii) as an exception to one or more representations or warranties contained in this Article III or to one or more of the Selling Parties' covenants contained in Article V. The mere inclusion of an item in the Seller Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by a Selling Party that such item represents a material exception, fact, event or circumstance or that such item is reasonably expected to result in a Material Adverse Effect on any Selling Party. Any disclosure made with respect to a section of Article III shall be deemed to qualify any other section of Article III if its relevance to the information called for in such section or subsection is reasonably apparent on its face.

The Selling Parties represent and warrant to Buyer, jointly and severally, as follows:

Section 3.01 Organization, Authority and Capitalization.

(a) Seller is a Florida state-chartered commercial bank, duly organized, validly existing and in good standing under laws of the State of Florida with the full 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, and is duly licensed and qualified to do business and is in good standing in each jurisdiction in which the nature of business conducted by its or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect on the Selling Parties. The deposits of Seller are insured by the FDIC to the fullest extent permitted by law, and all premiums and assessments required to be paid in connection therewith have been paid when due. Seller is a member in good standing of the FHLB and owns the requisite amount of stock therein.

(b) The Holding Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is duly registered as a bank holding company under the BHCA. Holding Company has full corporate power and authority to own, lease and operate its properties and to conduct its business as now conducted and is duly licensed or qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so licensed or qualified and in good standing would not have a Material Adverse Effect on the Selling Parties.

(c) Seller Disclosure Schedule 3.01(c) lists every subsidiary or affiliate of the Selling Parties (the "**Seller Subsidiaries**" and each a "**Seller Subsidiary**"). The Selling Parties own, directly or indirectly, all of the capital of each subsidiary, free and clear of any liens, claims, defects, mortgages, pledges, charges, encumbrances and security interests. Each Seller Subsidiary, other than Seller, is a corporation, limited liability company or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and each has all requisite company, partnership or corporate (as applicable) power and authority to own or lease its properties and assets and to carry on its business as now conducted. Other than shares of capital stock of the Seller Subsidiaries, neither the Holding Company nor Seller owns or controls, directly or indirectly, or have the right to acquire directly or indirectly, an equity interest in any corporation, company, association, partnership, joint venture or other entity, except for FHLB and First National Bankers Bank stock, permissible equity interests held in the investment portfolios of the Holding Company or Seller, equity interests held by Seller or Seller Subsidiary in a fiduciary capacity and equity interests held in connection with the lending activities of Seller.

(d) The respective minute books of the Holding Company, Seller and each Seller Subsidiary accurately record, in all material respects, all material corporate actions of their respective stockholders and boards of directors (including committees).

(e) Prior to the date of this Agreement, true and correct copies of the articles of incorporation, articles of association and bylaws for each of the Holding Company and Seller, as applicable, have been made available to Buyer.

(f) The execution, delivery, and performance by the Selling Parties of this Agreement is within the corporate power of each of the Selling Parties and have been duly authorized by all necessary corporate action on their part, subject to any required approvals of this Agreement and the Transactions by the Regulators, the shareholders of Seller, including the Holding Company, and the shareholders of the Holding Company. This Agreement has been duly executed and delivered by each of the Selling Parties and constitutes the valid and legally binding obligation of each of the Selling Parties, enforceable against them in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or similar laws affecting or relating to creditors' rights generally and subject to general principles of equity (the "**General Exceptions**").

(g) As of the date of this Agreement, the authorized capital stock of the Holding Company consists of 10,000,000 shares of Holding Company Common Stock, par value $0.01 per share, and no shares of preferred stock. As of date hereof, there were (i) 2,527,441 shares of Holding Common Stock outstanding, (ii) no shares of Holding Company Common Stock held in treasury, (iii) 30,500 shares of Holding Company Common Stock reserved for issuance upon the exercise of outstanding Holding Company Stock Options and (iv) no shares of Holding Company Common Stock reserved for issuance pursuant to future grants under the Holding Company Stock Plan. As of the date of this Agreement, there are no other shares of capital stock or other equity or voting securities of the Holding Company issued, reserved for issuance or outstanding. Seller Disclosure Schedule 3.01(g) sets forth the name of each holder of a Holding Company Stock Option, identifying the number of shares each such holder may acquire pursuant to the exercise of such options, the grant, vesting and expiration dates, and the exercise price relating to the options held, and whether the Holding Company Stock Option is an incentive stock option or a nonqualified stock option. As of the date hereof, there are no awards of restricted stock of the Holding Company issued pursuant to an equity incentive plan or otherwise. All of the issued and outstanding shares of the Holding Company Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which stockholders of the Holding Company may vote. No trust preferred or debt securities of the Holding Company are issued or outstanding. Other than shares of Holding Company Common Stock reserved for issuance upon the exercise of outstanding Holding Company Stock Options issued prior to the date of this Agreement as described in this Section 3.01(g), as of the date of this Agreement, there are no outstanding subscriptions, options, warrants, stock appreciation rights, phantom units, scrip, rights to subscribe to, preemptive rights, anti-dilutive rights, rights of first refusal or similar rights, puts, calls, commitments or agreements of any character relating to, or securities or rights convertible or exchangeable into or exercisable for, or valued by reference to, shares of capital stock or other equity or voting securities of or ownership interest in the Holding Company, or contracts, commitments, understandings or arrangements by which the Holding Company may become bound to issue additional shares of its capital stock or other equity or voting securities of or ownership interests in the Holding Company, or that otherwise obligate the Holding Company to issue, transfer, sell, purchase, redeem or otherwise

acquire, any of the foregoing. There are no voting trusts, stockholder agreements, proxies or other agreements in effect to which the Holding Company is a party or is bound with respect to the voting or transfer of the Holding Company Common Stock or other equity interests of the Holding Company. Except as described in Seller Disclosure Schedule 3.01(g), the Holding Company has not repurchased any shares of Holding Company Common Stock since January 1, 2022.

(h) As of the date of this Agreement, the authorized capital stock of Seller consists of 5,000,000 shares of Seller Common Stock, par value $3.00 per share, and no shares of preferred stock. As of the date of this Agreement, there were 2,459,417 shares of Seller Common Stock issued and outstanding, all of which are (i) validly issued, fully paid and nonassessable and free of preemptive rights, and (ii) owned by the Holding Company free and clear of any liens.

Section 3.02 Conflicts; Consents; Defaults. Except as may be set forth in the Seller Disclosure Schedule 3.02, neither the execution and delivery of this Agreement by any Selling Party nor the consummation of the Transactions will (a) conflict with, result in the breach of, constitute a default under or accelerate the performance required by, any order, law, regulation, contract, instrument or commitment to which any Selling Party is a party or by which it is bound, which breach or default would have a Material Adverse Effect on any Selling Party; (b) violate the articles of incorporation, articles of association or bylaws of any Selling Party; (c) require any consent, approval, authorization or filing under any law, regulation, judgment, order, writ, decree, permit, license or agreement to which any Selling Party is a party; or (d) require the consent or approval of or notice to any other party to any material contract, instrument or commitment to which any Selling Party is a party, in each case other than any required approvals of this Agreement, the Transactions, the expansion of Buyer's field of membership so that Seller's customers and residents of Palm Beach County, Florida and each Florida County that is contiguous to Palm Beach County, Florida shall have the opportunity to become members of Buyer as of the Closing Date (the "**Requisite Field of Membership Expansion**") by the Regulators (the "**Requisite Regulatory Approvals**"); the shareholders of Seller, including Holding Company; and the holders of Holding Company Common Stock.

Section 3.03 Financial Information. Except as set forth in the Seller Disclosure Schedule 3.03, the Holding Company's audited consolidated balance sheet as of December 31, 2021, and related audited consolidated income statement for the year ended December 31, 2021, together with the notes thereto, and the Holding Company's consolidated balance sheet and income statement as of and for the nine months ended September 30, 2022 (collectively referred to herein as "**Seller Financial Statements**"), copies of which have been provided to Buyer, have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved (except as may be disclosed therein, and in the case of interim statements, for the absence of footnotes and normal year-end adjustments) and fairly present, in all material respects, the consolidated results of operations and cash flows of the Holding Company and its subsidiaries, on a consolidated basis, as of the dates and for the periods indicated, in accordance with GAAP.

Section 3.04 Absence of Changes. No events or transactions have occurred since December 31, 2021, which have resulted in a Material Adverse Effect on any Selling Party. For purposes of this Agreement, "**Material Adverse Effect**", with respect to Selling Parties or

Buyer, as applicable, means any change, event or effect that is both material and adverse to (a) the financial condition, results of operation, assets or business of any Selling Party or Buyer, as applicable, or (b) the ability of any Selling Party or Buyer, as applicable, to perform its respective obligations under this Agreement, other than (i) the effects of any change attributable to or resulting from changes in political, economic or market conditions, laws, regulations or accounting guidelines applicable to depository institutions generally or in general levels of interest rates; (ii) changes or proposed changes after the date hereof in applicable law; (iii) any national or global pandemic, epidemic or other material public health emergency or disease outbreak or incident (including renewed or escalated, locally or nationally, COVID-19), escalation or worsening of hostilities, declared or undeclared acts of war, sabotage, military action or terrorism, or the general anticipation of such events; (iv) changes or proposed changes after the date hereof in GAAP or authoritative interpretation thereof, (v) employee departures or terminations or termination of relationships with customers after announcement of this Agreement; (vi) changes in prevailing interest and deposit rates; (vii) the issuance of or compliance with any directive or order of any Regulator; (viii) actions or omissions taken by any Selling Party or Buyer, as applicable, pursuant to the terms of this Agreement or with the prior written consent of Buyer, including expenses incurred by a Selling Party or Buyer, as applicable, in consummating the Transactions, including the tax effects of the Transactions on any Selling Party or any shareholder of any Selling Party; or (ix) the announcement of this Agreement and the Transactions contemplated hereby.

Section 3.05 Title to Real Estate. Except as may be disclosed in the Seller Disclosure Schedule 3.05, the Selling Parties have good, marketable and insurable title, free and clear of Encumbrances (except taxes which are a lien but not yet payable and utility easements, rights-of-way, and other restrictions which would not have a Material Adverse Effect on Seller (the "**Permitted Encumbrances**")). To the Knowledge of the Selling Parties, the Seller Real Estate complies in all material respects with all applicable private agreements, zoning requirements and other governmental laws and regulations relating thereto, and to the Knowledge of the Selling Parties there are no condemnation proceedings pending or threatened with respect to the Seller Real Estate. The Selling Parties represent and warrant that, except as set forth in Seller Disclosure Schedule 3.05:

(a) the Seller Real Estate complies in all material respects with all applicable private agreements, zoning requirements and other governmental laws and regulations relating thereto, and, to the Knowledge of the Selling Parties, none of the Seller Real Estate or any portion thereof is the subject of any official complaint or notice by any Governmental Authority of violation of any applicable zoning ordinance or building code, and there is no zoning ordinance, building code, use or occupancy restriction with respect to any such building, structure or improvement which will or reasonably could materially interfere with the use of any of the Seller Real Estate;

(b) to the Knowledge of the Selling Parties, there are no condemnation proceedings pending or threatened with respect to the Seller Real Estate;

(c) the Seller Real Estate, including the mechanical, electrical, plumbing, HVAC and other major building systems servicing the improvements on the Seller Real Estate, is in generally good condition for its intended purpose, ordinary wear and tear excepted, and has been

maintained in accordance with reasonable and prudent business practices applicable to like facilities;

(d) to the Knowledge of the Selling Parties, all utilities currently servicing the Seller Real Estate are installed, connected and operating, with all charges paid in full in all material respects. The Seller Real Estate is served by all utilities reasonably required to operate the business of the Selling Parties in accordance with past practices and there are no inadequacies in any material respect with respect to such utilities, and, to the Knowledge of the Selling Parties, no fact or condition exists which would result in the termination or restriction of the future access from the Real Estate to any presently existing highways or roads adjoining or situated on the Real Estate or to any sewer or other utility facility servicing, adjoining or situated on the Seller Real Estate;

(e) all permanent certificates of occupancy and all other material permits, consents and certificates required by all governmental authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been issued for, and in connection with the operation of, the Seller Real Estate, have been paid for, and are in full force and effect; there are no agreements, consent orders, decrees, judgments, licenses, permits, conditions or other directives, issued by any Governmental Authority or court which restrict the future use, or require any change in the present use, or operations of the Seller Real Estate; and

(f) there is no option to purchase, right of first offer, right of first refusal or other provision granting any person any right to acquire all or any portion of the Seller Real Estate. No Selling Party owes, nor will any Selling Party owe in the future, any brokerage commissions or finder's fees with respect to the Seller Real Estate. No Selling Party has collaterally assigned or granted any other security interest in the Seller Real Estate or any leases, nor subleased, licensed or otherwise granted any person the right to use or occupy such Seller Real Estate or any portion thereof.

Section 3.06 Title to Assets Other Than Real Estate. The Selling Parties are the lawful owner of and have good and marketable title to the Loans, Liquid Assets, Cash on Hand, cash in the Bank Accounts, Prepaid Expenses, Accounts Receivable, Fixed Assets and other assets owned by the Selling Parties, free and clear of all Encumbrances other than the lien of the FHLB with respect to certain of the Loans and investment securities. Each such tangible asset has been used and maintained in all material respects in accordance with applicable law, normal industry practice and is in good operating condition and repair (subject to normal wear and tear that are not material in nature or cost), and is suitable for the purposes for which it presently is used and presently is proposed to be used. All buildings and improvements located on or at property owned or leased by any Selling Party are in good condition and repair in all material respects, ordinary wear and tear excepted, and are useable in the ordinary course of business.

Section 3.07 Loans. Seller represents and warrants as to each Loan that, except as may be set forth in the Seller Disclosure Schedule 3.07:

(a) The applicable Selling Party is the sole owner and holder of the Loan and all servicing rights relating thereto. The Loan is not assigned or pledged (other than to the FHLB),

and Seller has good and marketable title thereto. The applicable Selling Party has the full right, subject to no interest or participation of, or agreement with, any other party (other than to the FHLB), to sell and assign any Loan to any Person, free and clear of any right, claim or interest of any Person (other than to the FHLB), and such sale and assignment would not impair the enforceability of that Loan.

(b) Except for any Unfunded Commitment, the full principal amount of the Loan has been advanced to the Loan Debtor, either by payment direct to him, her or it, or by payment made on his, her or its approval, and there is no requirement for future advances thereunder. The unpaid principal balance of each Loan and the amount of the Unfunded Commitment in each case as of September 30, 2022, is as stated on Seller Disclosure Schedule 3.07(b).

(c) To Seller's Knowledge, each of the Loan Documents is genuine, and each is the legal, valid and binding obligation of the maker thereof, subject to the General Exceptions. To the Knowledge of Seller, all parties to the Loan Documents had legal capacity to enter into the Loan Documents, and the Loan Documents have been duly and properly executed by such parties.

(d) All federal, state and local laws and regulations affecting the origination, administration and servicing of the Loan prior to the Closing Date, including without limitation, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity and disclosure laws, have been complied with, or corrected, in all material respects, except where the failure to do so would not have a Material Adverse Effect on Seller. Without limiting the generality of the foregoing, Seller has timely provided all disclosures, notices, estimates, statements and other documents required to be provided to the Loan Debtor under applicable law and has documented receipt of such disclosures, estimates, statements and other documents as required by law and Seller's loan origination policies and procedures except where the failure to do so would not have a Material Adverse Effect on Seller.

(e) To Seller's Knowledge, the Loan Debtor has no rights of rescission, setoff, counterclaims, or defenses to the Loan Documents, except such defenses arising by virtue of General Exceptions.

(f) Set forth in Seller Disclosure Schedule 3.07(f) is: (i) a description of each Loan with reasonable particularity, including the unpaid principal balance of each Loan and the Unfunded Commitment as of September 30, 2022; (ii) a list of each Loan that is in default or where, to Seller's Knowledge, there is any event applicable to the Loan that, with the giving of notice or the passage of time, would constitute an event of default; and (iii) a list of each Loan that is classified by Seller as substandard, doubtful, or loss or is on non-accrual status, pursuant to Seller's written policies and procedures made available to Buyer.

(g) Seller has not modified any Loan in any material respect or waived any material provision of or default under the Loan or the related Loan Documents, except in accordance with its loan administration policies and procedures. Any such modification or waiver is in writing and is contained in the Loan file.

(h) Seller has taken all actions reasonably necessary to cause each Loan secured by personal property to be perfected by a security interest having first priority or such other priority as provided for in the relevant Loan Documents.

(i) To Seller's Knowledge and except as set forth on Seller Disclosure Schedule 3.07(i), the Loan Debtor is the owner of all collateral for the Loan, free and clear of any Encumbrance except for the security interest in favor of Seller and any other Encumbrance expressly permitted under the relevant loan approval or Loan Documents.

(j) Set forth in Seller Disclosure Schedule 3.07(j) is a list of all Loans to any directors, executive officers or principal shareholders (as such terms are defined in Regulation O of the FRB's regulations (12 C.F.R. Part 215)) of the Selling Parties, (B) there are no employee, officer, director or other affiliate Loans on which the borrower is paying a rate other than that reflected in the note or other relevant credit or security agreement or on which the borrower is paying a rate that was not in compliance with Regulation O and (C) all such Loans are and were originated in compliance in all material respects with all applicable laws.

Section 3.08 Residential and Commercial Mortgage Loans and Certain Business Loans. Except as set forth in the Seller Disclosure Schedule 3.08, Seller represents and warrants as to each Residential Mortgage Loan, Commercial Mortgage Loan and Business Loan that is secured in whole or in part by a Mortgage that:

(a) To Seller's Knowledge, after reasonable investigation, the Mortgage is a valid first lien on the Mortgaged Property securing the related Loan (or a subordinate lien if expressly permitted under the relevant Loan Documents), and the Mortgaged Property is free and clear of all Encumbrances having priority over the first lien (or if a subordinate lien, such subordinate lien has priority over any other lien that is known to Seller and that is not identified in the relevant Loan Documents as having priority over the subordinate lien) of the Mortgage, except for liens that are not material in amount and Permitted Encumbrances, and, in the case of a Home Equity Loan or a Mortgage securing a guarantee of a Business Loan, the permitted lien of the senior mortgage or deed of trust.

(b) The Mortgage contains customary provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure.

(c) Except as set forth in the Loan file, all of which actions were taken in the ordinary course of business, Seller has not (i) satisfied, canceled, or subordinated the Loan in whole or in part; (ii) released the Mortgaged Property, in whole or in part, from the lien of the Loan; or (iii) executed any instrument of release, cancellation, modification, or satisfaction.

(d) To Seller's Knowledge or except as set forth on Seller Disclosure Schedule 3.08(d), all real estate taxes, government assessments, insurance premiums, and municipal charges, and leasehold payments which previously became due and owing have been paid, or an escrow payment has been established in an amount sufficient to pay for every such item which remains unpaid for Loans in which the Loan Documents require such escrow. Except as set forth

in the Loan file, if applicable, Seller has not advanced funds, or induced, solicited, or knowingly received any advance of funds by a party other than the Loan Debtor.

(e) To Seller's Knowledge, there is no proceeding pending for the total or partial condemnation of the Mortgaged Property and no Mortgaged Property is materially damaged by waste, earth movement, fire, flood, windstorm, earthquake, or other casualty.

(f) To Seller's Knowledge, the Mortgaged Property is free and clear of all mechanics' liens or liens in the nature thereof, and no rights are outstanding that under law could give rise to any such lien.

(g) To Seller's Knowledge, all of the improvements which are included for the purpose of determining the appraised value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of the Mortgaged Property, and no improvements on adjoining properties encroach upon the Mortgaged Property, except as allowed by Seller's underwriting guidelines.

(h) The Loan meets, or is exempt from, applicable state or federal laws, regulations and other material requirements pertaining to usury, and the Loan is not usurious.

(i) Each Loan for which private mortgage insurance was required by Seller under its underwriting guidelines is insured by a licensed private mortgage insurance company; and, to the Knowledge of Seller, each such insurance policy is in full force and effect and all premiums due thereunder have been paid.

(j) No claims have been made under any lender's title insurance policy respecting any of the Mortgaged Property, and, to its Knowledge, Seller has not done, by act or omission, anything which would materially impair the coverage of any such lender's title insurance policy.

(k) To Seller's Knowledge, there is in force for each Loan (or there is in process for renewal), a hazard insurance policy, including, to the extent required by applicable law, flood insurance, all such insurance policies contain a standard mortgagee clause naming Seller and its successors and assigns as mortgagee, and all premiums thereon have been paid. Where applicable, the Mortgage obligates the Loan Debtor thereunder to maintain the hazard insurance policy at the Loan Debtor's cost and expense and, on the Loan Debtor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at such Loan Debtor's cost and expense, and to seek reimbursement therefor from the Loan Debtor. No Selling Party has not engaged in, and has no Knowledge of the Loan Debtor's having engaged in, any act or omission which would materially impair the coverage of any such policy, the benefits of the endorsement provided for therein, or the validity and binding effect of either.

(l) As to each Residential Mortgage Loan, the Mortgaged Property consists of a one- to four-family, owner-occupied primary residence, second home or investment property.

(m) Except for any Loan that only represents a participation interest, the Loan was originated and underwritten in the ordinary course of Seller's business and by an authorized employee of Seller. Any Loan that only represents a participation interest was underwritten in the ordinary course of Seller's business and by an authorized employee of Seller.

(n) Neither (i) the information presented as factual concerning the income, employment, credit standing, purchase price and other terms of sale, payment history or source of funds submitted to any Selling Party for the purpose of making the Loan; nor (ii) the information presented as factual in the appraisal with respect to the Mortgaged Property, contained, to Seller's Knowledge, any material omission or misstatement or other material discrepancy at the time the information was obtained by such Selling Party.

(o) All appraisals have been performed and rendered, and if external, ordered, in accordance with the requirements of the underwriting guidelines of Seller and in compliance, in all material respects, with all laws and regulations then in effect relating and applicable to the origination of Loans, which requirements may include, without limitation, requirements as to appraiser independence, appraiser competency and training, appraiser licensing and certification, and the content and form of appraisals.

(p) To Seller's Knowledge, no Mortgaged Property is in violation of any Environmental Law.

(q) None of the Commercial Mortgage Loans or Business Loans are intended to meet the guidelines or specifications of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Section 3.09 Automobile Receivables. Seller represents and warrants to Buyer as to any Automobile Receivable that:

(a) The Automobile Receivable represents a bona fide sale or finance of the vehicle described therein to the vehicle purchaser or owner for the amount set forth therein.

(b) The vehicle described in the Automobile Receivable has been delivered to and accepted by the vehicle purchaser and such acceptance shall not have been revoked, or at the time of the finance of the vehicle, was in possession of the owner, and there has been no change in such possession to the Knowledge of Seller.

(c) The security interest created by the Automobile Receivable is a valid first lien in the motor vehicle covered by the Automobile Receivable and all action that is reasonably necessary to be taken has been taken to create and perfect such lien in such motor vehicle to afford such lien first priority status.

(d) To the Knowledge of Seller, the down payment relating to the Automobile Receivable has been paid in full by the vehicle purchaser in cash and/or trade as shown in such Automobile Receivable, if applicable, and no part of the down payment consisted of notes or postdated checks.

(e) The statements made by the vehicle purchaser or owner and the information submitted by the vehicle purchaser or owner in connection with the Automobile Receivable are true and complete to Seller's Knowledge.

(f) Each Automobile Receivable complies, in all material respects, with all applicable provisions of laws and regulation which are applicable to the transaction represented by the Automobile Receivable.

(g) At the time of making such Automobile Receivable, Seller had no Knowledge of any circumstances or conditions with respect to the Automobile Receivable, the related vehicle, the vehicle purchaser or owner, or vehicle purchaser's or owner's credit standing that can reasonably be expected to materially adversely affect Seller's security interest in the Automobile Receivable.

Section 3.10 Unsecured Loans. Except as provided in the Seller Disclosure Schedule 3.10 or in the case of any Unsecured Loan of less than $1,000, no Unsecured Loan has been charged-off since December 31, 2021, under Seller's normal procedures.

Section 3.11 Allowance. The Allowance as of September 30, 2022, including the methodology underlying the calculation, is set forth in the Seller Disclosure Schedule 3.11. Except as set forth in the Seller Disclosure Schedule 3.11, the Allowance shown on the Seller Financial Statements as of September 30, 2022, with respect to the Loans is as of such date adequate in the judgment of management and consistent with applicable regulatory standards and GAAP to provide for possible losses on items for which reserves were made.

Section 3.12 Investments. Except for investments pledged to secure Federal Home Loan Bank advances or public deposits or as otherwise set forth in the Seller Disclosure Schedule 3.12, none of the investments reflected in the Seller Financial Statements as of September 30, 2022, and none of the investments made by the Selling Parties since September 30, 2022, are subject to any restriction, whether contractual or statutory, which materially impairs the ability of the Selling Parties to dispose freely of such investment at any time and each of such investments complies with regulatory requirements concerning such investments.

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Section 3.13 Deposits.

(a) Seller has made available (or will make available) to Buyer a true and complete copy of the account forms for all deposits offered by Seller. Except as listed in the Seller Disclosure Schedule 3.13(a), all the accounts related to the deposits held by Seller are in material compliance with all applicable laws and regulations and were originated in material compliance with all applicable laws and regulations.

(b) Set forth in Seller Disclosure Schedule 3.13(b) is a true and correct schedule of the deposits held by Seller prepared as of the date indicated thereon (which shall be updated through the Closing Date), listing by category and the amount of such deposits, together with the amount of Accrued Interest thereon. All deposits are insured to the fullest extent permissible by the FDIC. Subject to the receipt of all requisite regulatory approvals, Seller has and will have at the Closing Date all rights and full authority to transfer and assign the deposits without restriction. With respect to the deposits:

(1) Subject to items returned without payment in full ("**Return Items**") and immaterial bookkeeping errors, all interest accrued or accruing on the deposits has been

properly credited thereto, and properly reflected on Seller's books of account, and Seller is not in default in the payment of any such interest;

(2) Subject to Return Items and immaterial bookkeeping errors, Seller has timely paid and performed all of its obligations and liabilities relating to the deposits as and when the same have become due and payable;

(3) Subject to immaterial bookkeeping errors, Seller has administered all of the deposits in accordance with applicable duties and good and sound financial practices and procedures, or if not, Seller has corrected such errors prior to the execution date of this Agreement, and has properly made all appropriate credits and debits thereto; and

(4) Except as described on Seller Disclosure Schedule 3.13(b), none of the deposits are subject to any Encumbrances or any legal restraint or other legal process, other than Loans, customary court orders, levies, and garnishments affecting the depositors, and control agreements for secured parties.

Section 3.14 Contracts. The Seller Disclosure Schedule 3.14 lists or describes the following:

(a) Each Loan and credit agreement, conditional sales contract, indenture, or other title retention agreement or security agreement relating to money borrowed by any Selling Party;

(b) Each guaranty by any Selling Party of any obligation for the borrowing of money or otherwise (excluding any endorsements and guarantees in the ordinary course of business and letters of credit issued by Seller in the ordinary course of its business) or any warranty or indemnification agreement;

(c) Each Selling Party lease or license with respect to (i) real property, or (ii) personal property involving an annual amount in excess of $10,000, including a description of the term, renewal terms, assignment or transfer provisions, termination provisions and any termination fees for each such lease or license;

(e) The name, annual salary and primary department assignment as of September 30, 2022 of each employee of any Selling Party, and each employment or consulting agreement or arrangement with respect to employees and consultants of any Selling Party; and

(f) Each agreement, loan, contract, lease, guaranty, letter of credit, line of credit or commitment of Seller not referred to elsewhere in this Section 3.14 which (i) involves payment by Seller (other than as disbursement of loan proceeds to customers) of more than $10,000 annually or $25,000 in the aggregate over its remaining term, unless it is terminable within one (1) year without premium or penalty; (ii) will, as a result of the consummation of the Transactions, require payment of a termination fee of more than $10,000; (iii) will, as a result of the consummation of the Transactions, require notice or consent to assignment or other transfer to Buyer; (iv) involves payments based on profits of Seller; (v) relates to the future purchase of goods or services in excess of the requirements of its respective business at current levels or for normal operating purposes; or (vi) was not made in the ordinary course of business. Seller Disclosure Schedule 3.14 sets forth a description of the term, renewal terms, assignment or

transfer provisions, termination provisions and termination fees for each such agreement, loan, contract, lease, guaranty, letter of credit, line of credit or commitment of Seller.

(g) Final and complete copies of each document, plan or contract listed and described in the Seller Disclosure Schedule 3.14 have been provided to Buyer (collectively, the "**Specified Contracts**"). Except as set forth on in Seller Disclosure Schedule 3.14(g), Seller is not in default in any material respect, nor has any event occurred (including as a result of COVID-19 or COVID-19 Measures) that with the giving of notice or the passage of time or both would constitute a default in any material respect by any of the Selling Parties or which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination of or, or by another party under, or in any manner release any party thereto from any obligation under, any Specified Contract and, to the Knowledge of the Selling Parties, no other party is in default in any material respect, nor has any event occurred which with the giving of notice or the passage of time or both would constitute a default by any other party or which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination of or by Seller under, or in any manner release any party thereto from any obligation under any such Specified Contract, except for such defaults which would not have a Material Adverse Effect on any Selling Party. There are no renegotiations or outstanding rights to negotiate any amounts to be paid or payable to or by Seller under any Specified Contract required to be set forth in Seller Disclosure Schedule 3.14 other than with respect to non-material amounts in the ordinary course of business, and no person has made a written demand for such negotiations.

Section 3.15 Tax Matters.

(a) Except as set forth in the Seller Disclosure Schedule 3.15, the Selling Parties have filed with the appropriate governmental agencies all federal, state and local income, franchise, excise, sales, use, real and personal property and other tax returns and reports required to be filed by it. None of the Selling Parties (i) is delinquent in the payment of any taxes shown on such returns or reports or on any assessments received by it for such taxes; (ii) has Knowledge of any pending or threatened examination for income taxes for any year by the IRS or any state tax agency; (iii) is subject to any agreement extending the period for assessment or collection of any federal or state tax; or (iv) is a party to any action or proceeding with, nor has any claim been asserted against it by, any Governmental Authority for assessment or collection of taxes. To the Knowledge of the Selling Parties, none of the Selling Parties is the subject of any threatened action or proceeding by any Governmental Authority for assessment or collection of taxes. The Selling Parties have not elected to defer the payment of any "applicable employment taxes" (as defined in Section 2302(d)(1) of the CARES Act) pursuant to Section 2302 of the CARES Act and the Selling Parties have not claimed any "employee retention credit" pursuant to Section 2301 of the CARES Act.

(b) Holding Company and each Seller Subsidiary are collectively a single pass-through entity for federal income tax purposes, with Holding Company at all times since January 1, 2017 being an "S" corporation under Section 1361 of the Code and within the meaning of the corresponding state income tax laws in each applicable state and with each Seller Subsidiary at all times since January 1, 2017 during its ownership by Holding Company being a Qualified Subchapter S Subsidiary under the Code and within the meaning of the corresponding state income tax laws in each applicable state, and in each case, no governmental authority as

challenged in writing the status of the Holding Company as an "S" corporation or a Seller Subsidiary as a Qualified Subchapter S Subsidiary. No event has ever occurred or is expected to occur that could, prior to the Effective Time, adversely affect the "S" corporation status of the Holding Company or the Qualified Subchapter S Subsidiary status of any Seller Subsidiary for federal income tax purposes.

Section 3.16 Employee Matters.

(a) Except as may be disclosed in the Seller Disclosure Schedule 3.16(a), no Selling Party entered into any collective bargaining agreement with any labor organization with respect to any group of employees of Seller, and to the Knowledge of the Selling Parties, there is no present effort nor existing proposal to attempt to unionize any group of employees of any Selling Party.

(b) Except as may be disclosed in the Seller Disclosure Schedule 3.16(b), (i) each Selling Party is and has been in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including, without limitation, any such laws respecting employment discrimination and occupational safety and health requirements, and Seller is not engaged in any unfair labor practice; (ii) there is no unfair labor practice complaint against any Selling Party pending or, to the Knowledge of the Selling Parties, threatened before the National Labor Relations Board; (iii) there is no labor dispute, strike, slowdown or stoppage actually pending or, to the Knowledge of the Selling Parties, threatened against or directly affecting Seller; and (iv) except with respect to COVID-19 and COVID-19 Measures, no Selling Party experienced any work stoppage or other such labor difficulty during the past five (5) years.

Section 3.17 Employee Benefit Plans.

(a) Seller Disclosure Schedule 3.17(a) sets forth a complete and accurate list of all Employee Benefit Plans of the Selling Parties. With respect to each Employee Benefit Plan of the Selling Parties, the Selling Parties have made available to Buyer prior to the execution of this Agreement true and correct copies of: (i) the governing plan document and all amendments thereto (or, if such Employee Benefit Plan of a Selling Party is unwritten, a written description of its material terms); (ii) the summary plan description, any summaries of material modifications and any other material employee communications; (iii) the annual reports on Form 5500 for the last three (3) plan years; (iv) any actuarial valuations; (v) material contracts including trust agreements, insurance contracts, and administrative services agreements; (vi) the most recent determination or opinion letters for any Employee Benefit Plan of a Selling Party intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"); and (vii) any correspondence with the DOL, IRS, or any other governmental entity regarding such Employee Benefit Plan of a Selling Party. No Employee Benefit Plan of the Selling Parties is subject to any laws other than those of the United States or any state, county or municipality in the United States.

(b) Each Employee Benefit Plan of the Selling Parties (and each related trust, insurance contract, or fund) complies in form and in operation in all material respects with the applicable requirements of ERISA, the Code, and other applicable legal requirements. No such

Employee Benefit Plan is under audit (and the Selling Parties do not have Knowledge of any pending or threatened audit) by the IRS or the DOL.

(c) All premiums or other payments due for all periods ending on or before the Closing Date have been paid or will be paid with respect to each Employee Benefit Plan of the Selling Parties.

(d) No current or former director, officer or employee of the Selling Parties or any Affiliate (i) is entitled to or may become entitled to any benefit under any welfare benefit plans (as defined in ERISA Section 3(1)) after termination of employment with a Selling Party or any Affiliate, except to the extent such individuals may be entitled to continue their group health care coverage pursuant to Code Section 4980B, or (ii) is currently receiving, or entitled to receive, a disability benefit under a long-term or short-term disability plan maintained by a Selling Party or an Affiliate.

(e) Except for agreements with the Selling Parties or Affiliates listed on Seller Disclosure Schedule 3.17(e), executives, employees and service providers of the Selling Parties and Affiliates are not a party to or entitled to benefits under any employment agreement; change in control agreement, non-qualified deferred compensation plan, split dollar agreement or similar type of agreement.

(f) To the Knowledge of the Selling Parties, no facts or circumstances exist that could, directly or indirectly, subject Buyer or any of its direct or indirect Affiliates to any lien, tax, penalty or other liability of any nature with respect to any Selling Party's Employee Benefit Plan, including any Multiemployer Plan.

(g) The Selling Parties do not maintain and are not required to contribute to any defined benefit retirement plan which is subject to Title IV of ERISA and do not have any liability with respect to any plan that is, (i) a defined benefit pension plan subject to Title IV of ERISA, (ii) a pension plan subject to Section 302 of ERISA or Section 412 of the Code, or (iii) a multi-employer pension plan (as that term is defined in Sections 4001(a)(3) and 3(37) of ERISA.

(h) Any Employee Benefit Plan of the Selling Parties may be amended and terminated at any time.

(i) Except as set forth and quantified in reasonable detail in Seller Disclosure Schedule 3.17(i), neither the execution and delivery of this Agreement nor the consummation of any of the transactions contemplated hereby will (either alone or in combination with any other event): (i) result in the payment to any current or former employee, director, officer, manager, consultant or independent contractor of any money or other property; (ii) accelerate the vesting of or provide any additional rights or benefits (including funding of compensation or benefits through a trust or otherwise) to any current or former employee, director, officer, manager, consultant or independent contractor; (iii) limit or restrict the ability of Buyer or its Affiliates to merge, amend or terminate any Employee Benefit Plan of the Selling Parties; or (iv) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code (whether or not such payment is considered to be reasonable compensation for services rendered), or (v) result in corporate level taxes as a result of the termination of the Holding Company's "S" corporation

status or termination of each Seller Subsidiary's Qualified Subchapter S Subsidiary status under the Code or applicable state law, including, but not limited to, Section 1374 of the Code; and no Selling Party has any liability or obligation to "gross up" any Person for any liability under Sections 409A or 4999 of the Code, in each case, as a result of the execution of this Agreement. Seller Disclosure Schedule 3.17(i) quantifies in reasonable detail the change in control payments under any of the Selling Parties' Employee Benefit Plans that may become payable as a result of the transactions contemplated by this Agreement and whether any such payments may result in "excess parachute payments" within the meaning of Section 280G(b) of the Code.

Section 3.18 Environmental Matters.

(a) As used in this Agreement, "**Environmental Laws**" means all applicable local, state and federal environmental and health and safety (with respect to the exposure to Hazardous Materials) laws and regulations in effect as of the Closing Date in all jurisdictions in which the Selling Parties have done business or owned, leased or operated property, including, without limitation, the Federal Resource Conservation and Recovery Act, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Federal Clean Water Act, the Federal Clean Air Act, and the Federal Occupational Safety and Health Act, which pertain to Hazardous Materials; and "**Hazardous Materials**" means (i) pollutants, contaminants, petroleum or petroleum products, radioactive substances, solid wastes or hazardous or extremely hazardous, special, dangerous, or toxic wastes, substances, chemicals or materials which are considered to be hazardous or toxic and regulated under any Environmental Law, including any "hazardous substance" as defined in or under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C., Sec. 9601, et seq., as amended and reauthorized, and any "hazardous waste" as defined in or under the Resource Conservation and Recovery Act, 42 U.S.C., Sec. 6902, et seq., and all amendments thereto and reauthorizations thereof in effect as of the Closing Date, and (ii) any other pollutants, contaminants, hazardous, dangerous or toxic chemicals, materials, wastes or other substance regulated by Environmental Law, including any industrial process or pollution control waste or asbestos.

(b) Except as may be disclosed in the Seller Disclosure Schedule 3.18, to the Knowledge of the Selling Parties, (i) the Selling Parties are in material compliance with applicable Environmental Laws; (ii) there has been no release of Hazardous Materials in violation of Environmental Law at or affecting the Real Estate, and there are no Environmental Remedial Costs, in each case which has given or reasonably would be expected to give rise to liability of any Selling Party or Environmental Remedial Costs in excess of $50,000; (iii) there are no Hazardous Materials in the soils, groundwater or surface waters of the Real Estate that exceed applicable clean-up levels in violation of Environmental Laws; and (iv) no Real Estate is currently listed on or proposed for listing on the United Stated Environmental Protection Agency's National Priorities List, or any other analogous state governmental list of properties or sites that require investigation, remediation or other response action under applicable Environmental Laws. Except as may be disclosed in the Seller Disclosure Schedule 3.18, and to the Knowledge of the Selling Parties, after reasonable investigation, no Selling Party has received in the past ten years any written notice from any person or entity indicating that a Selling Party is in violation of any Environmental Law or that a Selling Party is responsible (or potentially responsible) for the cleanup or other remediation of any Hazardous Materials at, on or beneath any such property, in each case, the subject of which remains unresolved.

Section 3.19 No Undisclosed Liabilities. The Selling Parties do not have any material liability, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due (and, to the Knowledge of the Selling Parties, there is no past or present fact, situation, circumstance, condition or other basis for any present or future action, suit or proceeding, hearing, charge, complaint, claim or demand against any Selling Party giving rise to any such liability) required in accordance with GAAP to be reflected in an audited balance sheet of the Holding Company or the notes thereto (including as a result of COVID-19 and COVID-19 Measures), except (a) for liabilities set forth or reserved against in the Seller Financial Statements, (b) for liabilities occurring in the ordinary course of business of the Selling Parties since December 31, 2021, (c) liabilities relating to the Transactions, and (d) as may be disclosed in the Seller Disclosure Schedule 3.19.

Section 3.20 Litigation. Except as set forth in the Seller Disclosure Schedule 3.20, there is no action, suit, proceeding or investigation pending against a Selling Party or, to the Knowledge of the Selling Parties, threatened against any Selling Party or any Seller Subsidiary, before any court or arbitrator or any governmental body, agency, or official involving a monetary claim for $25,000 or more or for equitable relief (*i.e.*, specific performance or injunctive relief).

Section 3.21 Performance of Obligations. To the Knowledge of the Selling Parties, each Selling Party has performed in all material respects all obligations required to be performed by it to date under the Contracts, the deposits held by Seller, and the Loan Documents, and Seller is not in material default under, and, to the Knowledge of the Selling Parties, no event has occurred which, with action by a third party, could result in a material default under, any such agreements or arrangements.

Section 3.22 Compliance with Law. Each of the Selling Parties and each Seller Subsidiary has all material licenses, franchises, permits and other governmental authorizations that are legally required to enable it to conduct its business in all material respects and has conducted its business in compliance in all material respects with all applicable federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses.

Section 3.23 Brokerage. Except as set forth in Seller Disclosure Schedule 3.23, no Selling Party nor any of their respective officers or directors has employed any broker, finder, financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Transactions.

Section 3.24 Interim Events. Since December 31, 2021, except as set forth in Seller Disclosure Schedule 3.24, none of the Selling Parties has (a) paid or declared any dividend or made any other distribution to its shareholders except as would not have a Material Adverse Effect on any Selling Party; (b) had any material business interruptions or material liabilities arising out of, resulting from or related to COVID-19 or COVID-19 Measures, including (i) the material failure of the Selling Parties' employees, agents and service providers to timely perform services, (ii) any material labor shortages, (iii) material reductions in customer/client demand, (iv) any claim of force majeure by a Selling Party or a counterparty to any material contract, (v) materially reduced hours of operations or materially reduced aggregate labor hours,

(vi) material restrictions on uses of the Seller Real Estate, or (vii) the failure by any Selling Party to comply with any COVID-19 Measures in any material respects; or (c) taken any other action, which, if taken after the date of this Agreement, would have required the prior written consent of Buyer under Section 5.06.

Section 3.25 Records. The Records are and shall be sufficient to enable Buyer to conduct a banking business with respect thereto under the same standards as the Selling Parties have heretofore conducted such business.

Section 3.26 Community Reinvestment Act. Seller received a rating of "Satisfactory" in its most recent examination or interim review with respect to the Community Reinvestment Act. Seller has not been advised of any supervisory concerns regarding its compliance with the Community Reinvestment Act.

Section 3.27 Insurance. All material insurable properties owned or held by the Selling Parties are adequately insured by licensed insurers in such amounts and against fire and other risks insured against by extended coverage and public liability insurance, as the Selling Parties believe is customary with banks of similar size and location. Seller Disclosure Schedule 3.27 sets forth, for each material policy of insurance maintained by the Selling Parties, the amount and type of insurance, the name of the insurer, the amount of the annual premium and with such policy is "claims made" or "occurrence based." All amounts due and payable under such insurance policies are fully paid, and all such insurance policies are in full force and effect. To the Knowledge of the Selling Parties, no event has occurred which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination thereunder, or in any manner release any party thereto from any obligation under any insurance policy maintained by or on behalf of any Selling Party.

Section 3.28 Regulatory Enforcement Matters. Except as may be disclosed in the Seller Disclosure Schedule 3.28 (unless prevented from being shared pursuant to Part 309 of the FDIC rules and regulations), no Selling Party is subject to, and no Selling Party has received any notice or advice that it may become subject to, any order, agreement or memorandum of understanding with any federal or state agency charged with the supervision or regulation of commercial banks or bank holding companies or engaged in the insurance of financial institution deposits or any other governmental agency having supervisory or regulatory authority with respect to such Selling Party.

Section 3.29 Regulatory Approvals. The information furnished or to be furnished by the Selling Parties for the purpose of enabling the Selling Parties or Buyer to complete and file all requisite regulatory applications and notices is or will be true and complete in all material respects as of the date so furnished. There are no facts known to any Selling Party which the Selling Parties have disclosed to the Buyer in writing, which, insofar as the Selling Parties can now reasonably foresee, may have a Material Adverse Effect on the ability of Buyer or the Selling Parties to obtain all Requisite Regulatory Approvals or to perform its obligations pursuant to this Agreement.

Section 3.30 Representations Regarding Financial Condition.

(a) The Selling Parties are not entering into this Agreement in an effort to hinder, delay or defraud its creditors.

(b) No Selling Party is insolvent.

(c) No Selling Party has no intention to file proceedings for bankruptcy, insolvency or any similar proceeding for the appointment of a receiver, conservator, trustee, or guardian with respect to its business or assets prior to the Closing.

Section 3.31 Condition and Sufficiency of Assets. To the Knowledge of the Selling Parties, except as may be disclosed in Seller Disclosure Schedule 3.31, the buildings, structures and equipment of or in Seller Real Estate are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, structures or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in the aggregate in nature or in cost. To the Knowledge of the Selling Parties, the Seller Real Estate is in material compliance with the Americans with Disabilities Act of 1990, as amended, and the regulations promulgated thereunder, and in material compliance with all other building and development codes and other restrictions, including subdivision regulations, utility tariffs and regulations, conservation laws and zoning laws and ordinances. To the Knowledge of the Selling Parties, the buildings, structures and equipment that Seller purports to own or lease are sufficient for the continued conduct of the business of Seller after the Closing in substantially the same manner as conducted prior to the Closing. To the extent the condition of any asset(s) is/are deficient, but fail(s) to constitute a Material Adverse Effect, the Selling Parties shall not be liable or responsible for any cost of repairs unless the cumulative costs for the necessary repair(s) to correct the deficiency exceeds $20,000 per location of Seller Real Estate.

Section 3.32 SBA Matters; COVID-19 Loans. Seller has an SBA License. There are no COVID-19 Loans. Except as set forth on Seller Disclosure Schedule 3.32, Seller has no SBA Loans that constitute Loans.

Section 3.33 Disclosure. No representation or warranty contained in this Article III and no statement or information relating any Selling Party or any assets or liabilities contained in (a) this Agreement (including the Seller Disclosure Schedules and Exhibits hereto), or (b) in any certificate or document furnished or to be furnished by or on behalf of a Selling Party to Buyer pursuant to this Agreement, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements made herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

Section 4.01 Organization and Authority. Buyer is a Michigan state-chartered credit union, insured by the National Credit Union Share Insurance Fund, and is duly organized, validly existing, and in good standing (to the extent applicable) under the laws of the State of Michigan with full power and authority to carry on its business as now being conducted and to own and

operate the properties which it now owns and/or operates. The execution, delivery, and performance by Buyer of this Agreement are within Buyer's corporate power, and have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and legally binding obligation of Buyer, enforceable against it in accordance with its terms, subject to the General Exceptions.

Section 4.02 Conflicts; Defaults. Neither the execution and delivery of this Agreement by Buyer nor the consummation of the Transactions will (a) conflict with, result in the breach of, constitute a default under, or accelerate the performance required by, the terms of any order, law, regulation, contract, instrument or commitment to which Buyer is a party or by which Buyer is bound; (b) violate the creation documents or bylaws of Buyer; (c) require any consent, approval, authorization or filing under any law, regulation, judgment, order, writ, decree, permit or license to which Buyer is a party or by which Buyer is bound, in each case, other than any required approvals of this Agreement and the Transactions by the Regulators and the shareholders of Seller and Holding Company. Buyer is not subject to any agreement or understanding with any regulatory authority which would prevent or adversely affect the consummation by Buyer of the Transactions.

Section 4.03 Litigation. There is no action, suit, proceeding or investigation pending against Buyer, or to the Knowledge of Buyer, threatened against or affecting Buyer, before any court or arbitrator or any governmental body, agency or official which alone or in the aggregate would, if adversely determined, adversely affect the ability of Buyer to perform its obligations under this Agreement, which in any manner questions the validity of this Agreement or which could have a Material Adverse Effect on the financial condition of Buyer. Buyer is not aware of any facts that would reasonably afford a basis for any such action, suit, proceeding or investigation.

Section 4.04 Absence of Changes. No events or transactions have occurred since December 31, 2021, which have resulted in a Material Adverse Effect as on Buyer.

Section 4.05 Regulatory Approvals. The information furnished or to be furnished by Buyer for the purpose of enabling the Selling Parties or Buyer to complete and file all requisite regulatory applications or notices for approval of the Transactions is or will be true and complete as of the date so furnished. There are no facts known to Buyer which, insofar as Buyer can now reasonably foresee, may have a Material Adverse Effect on the ability of Buyer to obtain all requisite regulatory approvals or to perform its obligations pursuant to this Agreement.

Section 4.06 Financial Ability. As of the Effective Date, Buyer will have the financial ability to pay the Aggregate Consideration to consummate the transaction contemplated by this Agreement.

Section 4.07 Financial Information. The audited consolidated balance sheet of Buyer as of December 31, 2021, and related audited income statement for the year ended December 31, 2021, together with the notes thereto, and Buyer's balance sheet and income statement as of and for the nine (9) months ended September 30, 2022, together with the notes thereto, have been prepared in accordance with GAAP and fairly present, in all material respects, the consolidated

financial position and the consolidated results of operations and cash flows of Buyer as of the dates and for the periods indicated.

Section 4.08 Compliance with Law. Buyer has all licenses, franchises, permits and other governmental authorizations that are legally required to enable it to conduct its business in all material respects and has conducted its business in compliance in all material respects with all applicable federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses.

Section 4.09 Licenses; Permits. Buyer holds all material licenses, certificates, permits, franchises and rights from all appropriate federal, state or other Governmental Authorities necessary for the conduct of its business as currently conducted and the ownership of its current assets. There is no pending, or to Buyer's Knowledge threatened, litigation against Buyer and its subsidiaries seeking to challenge or prohibit the transactions contemplated by this Agreement.

Section 4.10 Regulatory Enforcement Matters. The Buyer is not subject to, and has not received any notice or advice that it may become subject to, any order, agreement or memorandum of understanding with any federal or state agency charged with the supervision or regulation of credit unions or engaged in the insurance of credit union deposits or any other governmental agency having supervisory or regulatory authority with respect to the Buyer.

Section 4.11 Regulatory Approvals. The information furnished or to be furnished by the Buyer for the purpose of enabling the Selling Parties or Buyer to complete and file all requisite regulatory applications is or will be true and complete in all material respects as of the date so furnished. There are no facts known to the Buyer, which, insofar as the Buyer can now reasonably foresee, may have a Material Adverse Effect on the ability of Buyer or the Selling Parties to obtain all requisite regulatory approvals or to perform its obligations pursuant to this Agreement.

ARTICLE V
COVENANTS

Section 5.01 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of Seller and Buyer agrees to use its commercially reasonable 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 under applicable laws, so as to permit consummation of the Transactions as promptly as practicable and shall cooperate fully with the other Party to that end.

Section 5.02 Holding Company Shareholder Approval.

(a) Subject to Section 5.02(b), Holding Company agrees, as soon as reasonably practicable, but no later than ninety (90) days after the date of this Agreement, to take, in accordance with applicable law and its articles of incorporation and bylaws, all action necessary to convene the Special Meeting to consider and vote upon the approval and/or adoption of this Agreement and the Transactions, with the Special Meeting to be held no later than thirty (30) days following the mailing of the proxy materials related thereto. Subject to Section 5.02(b),

Holding Company's board of directors shall recommend to the holders of the Holding Company Common Stock that such holders approve and/or adopt this Agreement and the Transactions (the "**Holding Company Recommendation**"), unless, after having consulted with and considered the advice of outside legal counsel and its financial adviser, it has determined in good faith that to do so would be inconsistent with the duties of directors under Florida law, and, subject to the foregoing, will take any other action required to the extent consistent with the duties of directors under Florida law, to call, give notice of, and use commercially reasonable efforts to convene and hold the Special Meeting and distribute a proxy statement that includes a statement to the effect that the Holding Company's board of directors has recommended that the Holding Company's stockholders vote in favor of the approval and adoption of this Agreement and the Transactions (the "**Proxy Statement**"). In accordance with FBCA and the FFIC, in connection with the Special Meeting, the Holding Company will notify its shareholders of record for purposes of the Special Meeting of their appraisal rights under the Dissenting Laws in the Proxy Statement or otherwise. The Holding Company will give Buyer prompt written notice of any written notice or demands for appraisal for any Holding Company Common Stock, any attempted withdrawals of such demands and any other notice given or instrument served relating to the exercise of dissenters' rights granted under the Dissenting Laws, including the name of each dissenting stockholder and the number of shares of Holding Company Common Stock to which the dissent relates.

(b) Neither Selling Party's board of directors nor any committee thereof shall (i) change, withdraw, modify or qualify the Holding Company Recommendation in any manner adverse to the Buyer or refuse to make the Holding Company Recommendation (any such change, withdrawal, modification, qualification or refusal, a "**Holding Company Change in Recommendation**"); (ii) adopt, approve, recommend, endorse or otherwise declare advisable the adoption of any Acquisition Proposal; or (iii) cause or permit Seller or the Holding Company to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement constituting or related to, or which is intended to or is reasonably likely to lead to, any Acquisition Proposal. Notwithstanding the foregoing, subject to Sections 5.07, 8.01 and 8.03, prior to the date of the Special Meeting, the Holding Company's board of directors may take any of the actions specified in the preceding sentence after the third (3rd) business day following Buyer's receipt of a written notice (the "**Notice of Superior Proposal**") from the Selling Parties (x) advising that the Holding Company's board of directors has decided that a bona fide unsolicited written Acquisition Proposal that it received (that did not result from a breach of this Section 5.02(b) or Section 5.07 or from an action by a representative of a Selling Party that would have been such a breach if committed by a Selling Party) constitutes a Superior Proposal (it being understood that the Selling Parties shall be required to deliver a new Notice of Superior Proposal in respect of any revised Superior Proposal from such third party or its affiliates that the Selling Parties propose to accept, and the subsequent period shall be two (2) Business Days), (y) specifying the material terms and conditions of, and the identity of the party making, such Superior Proposal, and (z) containing an unredacted copy of the relevant transaction agreements with the party making such Superior Proposal, if, but only if: (A) Buyer does not make, after being provided with reasonable opportunity to negotiate with the Holding Company and Seller, within three (3) Business Days of receipt of a Notice of Superior Proposal, a written offer that the Holding Company's board of directors determines, in good faith after consultation with its outside legal counsel and financial advisors, results in the applicable

Acquisition Proposal no longer being a Superior Proposal; and (B) the Holding Company's board of directors reasonably determines in good faith, after consultation with and having considered the advice of outside legal counsel and its financial advisor, that the failure to take such actions would be inconsistent with its fiduciary duties to the Holding Company's stockholders under applicable law and that such Acquisition Proposal is a Superior Proposal and such Superior Proposal has been made and has not been withdrawn and continues to be a Superior Proposal after taking into account all adjustments to the terms of this Agreement that are committed to in writing by the Buyer pursuant to this Section 5.02(b).

(c) Any action taken by the Holding Company pursuant to Section 5.02(b) or Section 5.07 shall not change the approval of the Holding Company's board of directors for purposes of causing any takeover laws to be inapplicable to this Agreement and the Shareholder Voting Agreements and the Transactions.

(d) The Special Meeting shall be adjourned or postponed for at least fifteen (15) calendar days if, as of the time for which such meeting is originally scheduled, there are insufficient shares of Holding Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting, or if on the date of such meeting, the Holding Company has not received proxies representing a sufficient number of shares necessary to obtain the Requisite Holding Company Vote, and subject to the terms and conditions of this Agreement, the Holding Company shall continue to use commercially reasonable efforts to solicit proxies from its stockholders in order to obtain the Requisite Holding Company Vote, provided that the Holding Company shall not be required to adjourn or postpone the Special Meeting more than one time for the reasons set forth in this sentence.

(e) For purposes of this Agreement, any breach of Holding Company's obligations under this Section 5.02 shall be deemed to be a breach by each of Holding Company and Seller.

Section 5.03 Field of Membership. Buyer and the Selling Parties shall cooperate with each other and take all actions necessary to ensure that the customers of the Seller and other residents of Palm Beach County, Florida and each contiguous county thereof shall have the opportunity to be included in Buyer's field of membership as defined in its charter, and become members of Buyer as of the Closing Date, including assisting in efforts attempting to obtain any required consents of Seller's customers to become members ("opt-in" letters) prior to the Closing Date, if applicable.

Section 5.04 Press Releases. Each of Buyer and each Selling Party agree that it will not, without the prior approval of the other Party (which approval shall not unnecessarily withheld, conditioned or delayed), issue any press release or written statement for general circulation relating to the Transactions (except for any release or statement that, in the opinion of outside legal counsel to such Party, is required by law or regulation and as to which such Party has used its commercially reasonable efforts to discuss with the other Party in advance. In addition, all public statements, written or otherwise, made with respect to this Agreement and the Transactions shall be made, with respect to Buyer, solely by its President and Chief Executive Officer, and, with respect to Seller, solely by its President and Chief Executive Officer (or by any third party to which such executive officers mutually agree in writing). Selling Parties and

Buyer shall inform all of their respective agents, officers, directors and employees of this requirement.

Section 5.05 Access to Records and Information; Personnel; Customers.

(a) From and after the date of this Agreement and upon reasonable advance notice, the Selling Parties shall afford to the officers and authorized representatives of Buyer reasonable access during regular business hours to the office, properties, books, contracts, commitments and records of Selling Parties in order that Buyer may have full opportunity to make such investigations as it shall desire of the Selling Parties' business; *provided, however*, that Seller shall not be required to take any action: (i) that would provide access to or to disclose information where such access or disclosure would violate or prejudice the rights or business interests or confidences of any customer; (ii) that would result in the waiver by any Selling Party of the privilege protecting communications between it and any of its counsel; (iii) to provide access to or disclose information that relates to any Selling Party's negotiation or discussion of an Acquisition Proposal; or (iv) which would violate any Law or regulations. Subject to the foregoing, from and after the date of this Agreement, the officers of each Selling Party shall furnish Buyer with such additional financial and operating data and other information relating to the assets, properties and business of the Selling Parties as Buyer shall from time-to-time reasonably request. Selling Parties shall consent, upon reasonable advance notice, to the review by the officers and authorized representatives of Buyer of the reports and working papers of the Selling Parties' independent and third-party auditors (upon reasonable advance notice to and the consent of such auditors).

(b) After the receipt of all Requisite Regulatory Approvals, and the approval of this Agreement and the Transactions by the shareholders of the Holding Company, Buyer may, at its own expense and to the extent permitted by applicable law, be entitled to deliver information, brochures, bulletins, press releases, and other communications to depositors, borrowers and other customers of Seller concerning the Transactions to which Buyer is a party and concerning the business and operations of Buyer; *provided, however*, that Seller must approve any such written communications before they are sent, which consent will not be unreasonably withheld, conditioned, or delayed. Communications may be sent prior to receipt of the Requisite Regulatory Approvals upon the consent of both Buyer and Seller.

(c) After the execution of the Agreement, the Selling Parties and Buyer shall begin working together on the system conversion process. The Selling Parties will provide access to the necessary data and information to allow for a conversion to occur on or about the Closing Date.

(d) On a monthly basis or as frequently as they are available following the date hereof and through the Closing Date, the Selling Parties shall provide information to Buyer in a format reasonably acceptable to Buyer concerning the status of the following matters:

(i) Any communication from or contacts by any Regulator concerning any regulatory matters affecting any Selling Party as to which such Regulator has jurisdiction, unless, in the reasonable judgment of counsel to the Selling Parties, such disclosure: (A) is non-disclosable confidential supervisory information,

including reports of examination and related communications; (B) would result in any Selling Party's board of directors violating a fiduciary duty; (C) would violate any banking laws or regulations; or (D) a Regulator objects to any such disclosure;

(ii) Current information on the quality and performance of the Loans including information on the status of any delinquencies, non-performing Loans, OREO, new Loans, information concerning refinancings and payments made on such Loans, and information indicating that any of the representations and warranties relating to the Loans are no longer accurate in all material respects; and

(iii) Information concerning Seller's total deposits and, by deposit product, their weighted average interest rate.

(e) Within fifteen (15) days following the close of each month between the date hereof and the Closing Date, the Holding Company shall provide Buyer with unaudited consolidated financial statements of the Selling Parties for such month prepared in accordance with the Holding Company's current internal practices.

(f) From the date of this Agreement to the Closing Date, the Selling Parties will cause one or more of their designated representatives to confer or correspond on a regular basis, but no less frequently than monthly, with the Chief Executive Officer of Buyer (or his designees) to report the general status of the ongoing operations of Selling Parties.

Section 5.06 Operation in Ordinary Course. From the date hereof to the Closing Date, each Selling Party shall: (a) not engage in any transaction affecting Seller's locations, deposits, liabilities, or assets except in the ordinary course of business, and shall operate and manage its business in the ordinary course consistent with past practices; (b) use commercially reasonable efforts to maintain the Seller Real Estate in a condition substantially the same as on the date of this Agreement, reasonable wear and use excepted; (c) maintain its books of accounts and records in the usual, regular and ordinary manner; (d) use commercially reasonable efforts to duly maintain compliance in all material respects with all laws, regulatory requirements and agreements to which it is subject or by which it is bound; and (e) provide Buyer with prompt written notice of any action, suit, proceeding or investigation instituted or threatened against any Selling Party. Without limiting the generality of the foregoing, prior to the Closing Date, the Selling Parties shall (unless required by any Regulator or with the prior written consent of Buyer, which consent shall not be unreasonably withheld, delayed or conditioned and provided, however, if consent is withheld, Buyer must notify the Selling Party in writing within three (3) Business Days of the request or such inaction shall be considered the equivalent of prior written consent (and if there is no objection by the Buyer during such three (3) Business Day period, then such consent shall be deemed to be granted)):

(i) maintain the Fixed Assets and Seller Real Estate in their present state of repair, order and condition, reasonable wear and tear and casualty excepted;

(ii) maintain its financial books, accounts and records in accordance with GAAP;

(iii) maintain its current schedule of internal and external compliance audits in accord with past custom and practice;

(iv) charge off assets in accordance with GAAP as consistently applied;

(v) comply, in all material respects, with all applicable laws and regulations relating to its operations;

(vi) except as provided in Seller Disclosure Schedule 5.06(e)(iv), not authorize or enter into any contract or amend, modify or supplement any contract relating to or affecting its operations or involving any of its assets or liabilities which obligates any Selling Party to expend $20,000 or more;

(vii) not take any action, or enter into or authorize any transaction, other than in the ordinary course of business and consistent with past practice, relating to or affecting in any material way its operations or involving any of its assets or liabilities;

(viii) not knowingly and voluntarily take any act which, or knowingly and voluntarily omitting to take any act the omission of which, likely would result in a breach of any material contract, commitment or obligation of any Selling Party;

(ix) not make any material changes in its accounting systems, policies, principles or practices relating to or affecting its operations or involving any of its assets or liabilities, except in accordance with GAAP and regulatory requirements;

(x) except as provided in Seller Disclosure Schedule 5.06(e)(x), not enter into or renew any data processing service contract;

(xi) not engage or participate in any material transaction or incur or sustain any material obligation except in the ordinary course of business;

(xii) except as provided in Seller Disclosure Schedule 5.06(e)(xii), not make or purchase any new Loan, or modify, renew, increase the amount of or extend the term of any existing Loan, nor make any extension of credit to an existing customer, in a single Loan in an amount over $1,500,000 or in an aggregate amount over $4,000,000 to one borrower, except after delivering to Buyer written notice, including a complete loan package for such Loan, in a form consistent with Seller's policies and practice, at least three (3) Business Days prior to the origination of such Loan, and such Loan shall be made in the ordinary course of business consistent with past practice, Seller's current loan policies and applicable rules and regulations

of applicable Governmental Authorities with respect to the amount, term, security and quality of such borrower or borrower's credit;

(xiii) undertake any actions which are inconsistent with a program to use all reasonable efforts to maintain good relations with its employees and customers;

(xiv) not transfer, assign, encumber, or otherwise dispose of, or enter into any contract, agreement, or understanding to transfer, assign, encumber, or otherwise dispose of, any of its assets except in the ordinary course of business;

(xv) not invest in any Fixed Assets or improvements in excess of $50,000 for any single item, or $150,000 in the aggregate, except for commitments previously disclosed to Buyer in writing, made on or before the date of this Agreement for replacements of furniture, furnishings and equipment, normal maintenance and refurbishing, purchased or made in the ordinary course of business and for emergency and casualty repairs and replacements;

(xvi) not increase or agree to increase the salary, remuneration, or compensation of its employees or pay or agree to pay any bonus (except as otherwise contemplated by Section 3.17(i) or Seller Disclosure Schedule 5.06(e)(xvi)) to any such employees, other than routine increases and bonuses in the ordinary course of business in conformity with past custom and practice;

(xvii) except as expressly provided for elsewhere in this Agreement or Seller Disclosure Schedule 5.06(e)(xvii), not pay incentive compensation to employees for purposes of retaining their services;

(xviii) except in accordance with Seller Disclosure Schedule 5.06(xviii), not enter into any new employment agreements with employees of any Selling Party or any consulting or similar agreements with directors of any Selling Party; *provided, however*, that a Selling Party shall be permitted to engage the assistance of temporary or contract employees, to the extent such Selling Party deems necessary, to assist Seller in the performance of its obligations under this Agreement;

(xix) not fail to use its commercially reasonable efforts to preserve its present operations intact, keep available the services of its present officers and employees or to preserve its present relationships with persons having business dealings with it;

(xx) not amend or modify any of its promotional, deposit account or practices other than amendments or modifications in the ordinary course of business or otherwise consistent with the provisions of this Agreement;

(xxi) maintain deposit rates substantially in accord with rates offered by other financial institutions in Seller's market or pursuant to Seller's policies and procedures;

(xxii) not materially change or amend its schedules or policies relating to service charges or service fees;

(xxiii) comply in all material respects with the Contracts;

(xxiv) except in the ordinary course of business consistent with past practices and standards and in accordance with Selling Parties' written policies and procedures (including creation of deposit liabilities), (A) enter into repurchase agreements, (B) enter into purchases or sales of federal funds, (C) execute sales of certificates of deposit, (D) borrow or agree to borrow any material amount of funds, or (E) directly or indirectly guarantee or agree to guarantee any material obligations of others except pursuant to outstanding letters of credit; *provided, however*, the no Selling Party shall take any additional FHLB advances other than overnight or other short-term (less than ninety (90) days) advances, which shall not exceed five percent (5%) of the total assets of the Selling Parties in the aggregate;

(xxv) not purchase or otherwise acquire any investment security for its own account except for obligations of the government of the United States or agencies of the United States having maturities of not more than five (5) years, provided, however, that in no event shall Seller acquire any investment securities with a classification as "held to maturity," or engage in any activity that would be inconsistent with the classification of investment securities as either "held to maturity" or "available for sale";

(xxvi) except as required by applicable law or regulation not: (A) implement or adopt any material change in its interest rate risk management and hedging policies, procedures or practices; (B) fail to follow in all material respects its existing policies or practices with respect to managing its exposure to interest rate risk; or (C) fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to interest rate risk;

(xxvii) not voluntarily take any material action that would change Seller's loan loss reserves which is not in compliance with Seller's past practices consistently applied and in compliance with GAAP;

(xxviii) except as provided on Seller Disclosure Schedule 5.06(xxviii), not declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any equity securities of Seller or Holding Company;

(xxix) (A) not settle or compromise, or offer or propose to settle or compromise, (1) any proceeding involving or against any Selling Party, other than any settlement or compromise solely for monetary relief of not more than

$25,000 individually or $50,000 in the aggregate and that does not involve any equitable relief or limitations on the conduct of any Selling Party and which does not include any findings of fact or admission of culpability or wrongdoing by any Selling Party, or (2) any proceeding that relates to the Transactions; or (B) not institute any proceeding;

(xxx) not make or change any material tax election, change an annual tax accounting period, file any amended tax return, enter into any closing agreement, waive or extend any statute of limitations with respect to taxes, settle or compromise any tax liability, claim, or assessments, or surrender any right to claim a refund of taxes;

(xxxi) maintain the "S" corporation status of the Holding Company and the Qualified Subchapter S Subsidiary status of each Seller Subsidiary for federal income tax purposes and within the meaning of the corresponding state income tax laws in each applicable state; or

(xxxii) not enter into any contract (conditional or otherwise) or resolve to do any of the foregoing.

Section 5.07 Acquisition Proposals. Seller and Holding Company each agree that it shall not, and shall cause its respective officers, directors, agents, advisors and affiliates not to, solicit or encourage inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential information to, or have any discussions with, any person relating to, any tender or exchange offer, proposal for a merger, consolidation, sale of assets and assumption of liabilities, or other business combination involving Seller or Holding Company or any proposal or offer to acquire in any manner a substantial equity interest in, 25% or more of the assets or deposits of Seller or Holding Company, other than the Transactions (any of the foregoing, an "**Acquisition Proposal**"). Notwithstanding the foregoing, if Seller and Holding Company are not otherwise in violation of this Section 5.07, the board of directors of Holding Company and Seller, and the Holding Company and Seller, may (i) take the action contemplated by Section 5.02 and (ii) provide information to, and may engage in such negotiations or discussions with, a person with respect to an Acquisition Proposal, directly or through representatives, if Holding Company's or Seller's board of directors, after consulting with and considering the advice of its financial advisor and its outside legal counsel, determines in good faith that its failure to provide information or to engage in any such negotiations or discussions could reasonably be expected to constitute a failure to discharge properly the fiduciary duties of such directors in accordance with applicable law. The Selling Parties shall promptly (within one Business Day) advise Buyer following the receipt by it of any written Acquisition Proposal and the substance thereof (including the identity of the person making such Acquisition Proposal and a copy of such Acquisition Proposal), and advise Buyer of any developments with respect to such Acquisition Proposal promptly (within one Business Day) upon the occurrence thereof.

Section 5.08 Regulatory Applications and Third-Party Consents. As promptly as practicable after the date of this Agreement, but in no event later than sixty (60) days after execution of this Agreement, Buyer and the Selling Parties shall file all applications, filings, notices, consents, permits, requests, or registrations required to obtain authorizations of any

Regulator and consents of all third parties necessary to consummate the Transactions, which shall include application by Buyer to amend its charter, to the extent necessary, to ensure that its field of membership shall include all, or substantially all, customers of Seller and such charter amendment shall be approved by the NCUA and DFS in advance of the Closing Day. In addition, as applicable, Buyer shall take any and all actions necessary so that all, or substantially all, of Seller's customers deposit accounts are insured by the National Credit Union Share Insurance Fund at the time of Closing. Buyer and the Selling Parties will use their commercially reasonable efforts to obtain such authorizations from the Regulators and consents from third parties as promptly as practicable and will consult with one another with respect to the obtaining of all such authorizations and consents necessary or advisable to consummate the Transactions. The Selling Parties and Buyer agree to use their commercially reasonable efforts to cooperate in connection with obtaining such authorizations and consents. Each Party will keep the other Party apprised of the status of material matters relating to completion of the Transactions. Copies of the non-confidential portions of applications and correspondence related to the Transactions to, from and between each Party and its respective Regulators shall be promptly provided to the other Party. Each of Buyer and the Selling Parties agrees to furnish the other Party, in advance of the filing, with all non-confidential information and applications concerning itself and its respective 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 Buyer or Seller to any third party or any Regulator. Buyer and the Selling Parties shall promptly advise each other upon receiving any communication from any Regulators or other Governmental Authority whose consent or approval is required for consummation of the Transactions that causes such party to believe that there is a reasonable likelihood that such consent or approval will not be obtained or that the receipt of any such required consent or approval will be materially delayed. Notwithstanding the foregoing, nothing contained herein shall be deemed to require Buyer to take any action, or commit to take any action, or agree to any term, condition or restriction, in connection with obtaining the foregoing permits, consents, approvals and authorizations of third parties or any Regulator, which would have a Material Adverse Effect on the Buyer (a "**Materially Burdensome Regulatory Condition**").

Section 5.09 Title Insurance and Surveys. The Selling Parties shall make available to Buyer prior to the Closing Date copies of its most recent owner's closing title insurance policy, binder or abstract and surveys on each parcel of the Seller Real Estate, or such other evidence of title reasonably acceptable to Buyer. At Buyer's expense, Buyer may obtain updated title reports, abstracts or surveys on such Seller Real Estate at the Closing, as Buyer shall reasonably request; *provided, however*, that such reports must be ordered within sixty (60) calendar days after the execution of this Agreement or this right shall be deemed waived.

Section 5.10 Environmental Reports.

(a) The Selling Parties shall make available to Buyer copies of any material environmental reports in its reasonable possession that it has obtained or received with respect to the Seller Real Estate and the OREO within ten (10) Business Days after the date hereof.

(b) Buyer, in its discretion, within ten (10) days after the later of the date hereof or the date that the Buyer has had a reasonable opportunity to become aware of any recognized environmental conditions (as defined in ASTM Standard E1527-13 ("RECs") with respect to

Real Estate of the Selling Parties, may request in writing that the Selling Parties order a Phase I environmental assessment with respect to any Real Estate of the Selling Parties ("**Phase I Report**"). Not later than forty-five (45) days after such notice, the Selling Parties shall obtain, at Buyer's sole cost and expense, such Phase I Report(s) and promptly deliver the same to Buyer.

(c) If any Phase I Report identifies any, such report recommends subsurface investigation, Buyer may, not later than five (5) days after receipt of such report, obtain a Phase II environmental assessment ("**Phase II Report**") from a mutually acceptable qualified environmental engineering firm at Buyer's sole cost; provided, however, that Phase II Reports may not be requested with respect to single family non-agricultural property unless Buyer has a good faith reason to believe that such property might contain Hazardous Materials in violation of Environmental Laws. Prior to commencing any work, Buyer shall provide an access and indemnity agreement to be mutually agreed upon by the Selling Parties and Buyer.

(d) Buyer agrees that the Phase II Report(s) and all underlying data, laboratory analysis, or other documentation provided by the environmental consultant to Buyer shall be maintained as confidential and shall not be disseminated, disclosed or provided to any individual, party or entity, including Governmental Authorities, brokers, or any employees or agents of any of the foregoing, unless authorized in writing by a Selling Party and except as may be required by law.

(e) Any Phase I Report and Phase II Report or other environmental report requested pursuant to this Section 5.10 shall be at Buyer's sole cost and expense.

(f) Buyer will restore at its sole cost and expense any property for which it has undertaken an environmental investigation to the condition existing immediately prior to such investigation.

Section 5.11 Supplemental Information; Disclosure Supplements. From and after the date hereof to the Effective Time, if any Party becomes aware of any facts, circumstances or of the occurrence or impending occurrence of any event that does or could reasonably be expected to cause one or more of such Party's representations and warranties contained in this Agreement to be or to become inaccurate, misleading, incomplete or untrue in any material respect as of the Closing Date, such Party shall promptly give detailed written notice thereof to the other Party and use reasonable and diligent efforts to change such facts or events to make such representations and warranties true, unless the same shall have been waived in writing by the other Party. In addition, from and after the date hereof to the Effective Time, and at and as of the Effective Time, each Party shall supplement or amend any of its representations and warranties which apply to the period after the date hereof by delivering monthly written updates, if any changes should occur ("**Disclosure Schedule Updates**"), to the other Party with respect to any matter hereafter arising and not disclosed herein or in the Seller Disclosure Schedules that would render any such representation or warranty after the date of this Agreement materially inaccurate or incomplete as a result of such matter arising. Any required Disclosure Schedule Update shall be provided by each Party to the other Party within thirty (30) days after the conclusion of each month prior to the Closing Date. A matter identified in a Disclosure Schedule Update that causes any warranty or representation to be materially breached shall not cure or be deemed to cure such breach.

Section 5.12 Confidentiality of Records. Buyer and its authorized agents and representatives shall receive and treat all Records, documents and information obtained pursuant to any provision of this Agreement as confidential, until the Transactions have been consummated, and if not consummated, shall thereafter continue to maintain such confidentiality and not use such information for any purpose whatsoever, and shall, upon the request of Seller, return to Seller all originals and copies of such documents or other materials containing such information or Records. Until the Closing Date, Buyer shall use all such information only for purposes of effectuating the Transactions.

Section 5.13 Installation/Conversion of Signage/Equipment. Prior to Closing and after the receipt of all Requisite Regulatory Approvals, and the approval of this Agreement and the Transactions by the shareholders of Holding Company, at times mutually agreeable to Buyer and Seller, Buyer may, at Buyer's sole expense, install teller equipment, platform equipment, security equipment, computers, and signage at Seller's locations, and Seller shall cooperate with Buyer in connection with such installation; *provided, however*, that (a) such installation shall not interfere with the normal business activities and operation of Seller's locations; (b) no such signage shall be installed at Seller's locations more than five Business Days before the Closing Date; and (c) Buyer's name as appearing on any such signage shall be covered by an opaque covering material until after the close of business on the Closing Date.

Section 5.14 Board and Committee Meetings. Seller shall provide Buyer with copies of the materials prepared for and provided to directors (board packages) in connection with board and committee meetings (if any) no later than ten (10) business days after such meetings occur, except for any confidential materials that include discussion of this Agreement and the Transactions or any matters related to an Acquisition Proposal or any other matter that has been determined to be confidential, and except for information where such disclosure would violate or prejudice the rights of its customers, jeopardize the attorney-client privilege of the Selling Parties or Holding Company, relates to confidential Regulator examination material or correspondence, or contravene any law, rule, regulation, order, judgement, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement or in the ordinary course of business.

Section 5.15 Cooperation on Conversion of Systems. At Buyer's sole expense, the Selling Parties agree to commence immediately using their commercially reasonable efforts to ensure an orderly transfer of information, processes, systems and data to Buyer and to otherwise assist Buyer in facilitating the conversion of all of the Selling Parties' systems into or to conform with, Buyer's systems so that, as of the Closing, the systems of the Selling Parties are readily convertible to Buyer's systems to the fullest extent possible without actually converting them prior to Closing, *provided, however*, the Selling Parties shall not be required to take any actions that would interfere with or prevent the performance of the normal business operations of the Selling Parties in any material respects, or violate applicable law or policy. Minimum Share Deposits in Buyer. Seller's Loan Debtors and any other customers without a minimum of $5.00 in a Seller deposit account immediately prior to the Effective Time must have a minimum deposit of $5.00 at Buyer on the Closing Date in order to satisfy Buyer's membership requirements. Buyer agrees to open a deposit share account for any Loan Debtor who does not have a deposit balance of at least $5.00 in Seller on the Closing Date (which deposit account will be assumed by Buyer) and to fund such new deposit share account with a $5.00 deposit, in compliance with its policies and applicable law. Financial Statements. Prior to the Closing Date,

the Holding Company shall deliver to Buyer a monthly consolidated balance sheet and income statement of the Holding Company as of the end of each month promptly after they become available. Such monthly financial statements shall be prepared consistent with past practice and in conformity in all material respects with GAAP (excluding footnote disclosure and subject to normal, recurring year-end adjustments) applied on a basis consistent with the Seller Financial Statements described in Section 3.03.

Section 5.18 Pre-Closing Adjustments. Each Selling Party agrees that it shall: (a) make any accounting adjustments or entries to its books of account and other financial records; (b) make or not make additional provisions to such Selling Party's allowance for Loan and lease losses; (c) sell or transfer any investment securities held by it; (d) charge-off any Loan; (e) create any new reserve account or make additional provisions to any other existing reserve account; (f) make changes in any accounting method; (g) accelerate, defer or accrue any anticipated obligation, expense or income item; and (h) make any other adjustments which would affect the financial reporting of the Selling Parties, on a consolidated basis after the Effective Time, in any case as Buyer shall reasonably request; provided, however, that no Selling Party shall be obligated to take any such requested action until immediately prior to the Closing and at such time as the Selling Parties shall have received reasonable assurances in writing that all conditions precedent to Buyer's obligations under this Agreement (except for the completion of actions to be taken at the Closing) have been satisfied, and no such adjustment which a Selling Party would not have been required to make but for the provisions of this Section 5.18 in and of itself shall result in a breach of any warranty or representation made herein, have any effect on the Seller's Closing Equity Value, change the amount of the Merger Consideration or delay the Closing or Buyer's receipt of the required regulatory contemplated by this Agreement.

Section 5.19 Pre-Closing Transfer of Excluded Assets, Contracts, Deposits and Other Liabilities. Prior to the consummation for the First Step Merger, Seller shall transfer to another financial institution or other entity any assets, contracts, deposits or other liabilities that the Buyer has advised Seller that Buyer is prohibited from holding and for which no grace period for Buyer to hold is available or which Buyer requests be so transferred ("**Excluded Assets, Contracts, Deposits and Other Liabilities**"). The Excluded Assets, Deposits and Other Liabilities shall be listed in Buyer Disclosure Schedule 5.19.

Section 5.20 Certain Tax Matters.

(a) Tax Returns. The Holding Company Shareholder Representative, at its sole cost and expense, shall prepare and timely file, or cause to be prepared and timely filed, all income Tax Returns of Holding Company and Seller for any Pre-Closing Tax Period, which are required to be filed after the Closing Date. Such Tax Returns shall be prepared in a manner consistent with the prior practices of Holding Company and Seller unless otherwise required by applicable law. Each such Tax Return shall be submitted by the Holding Company Shareholder Representative to Buyer (together with applicable schedules, statements and, to the extent requested by Buyer, supporting documentation) at least 45 days prior to the due date (taking into account any timely filed extensions) of such Tax Return. If Buyer objects to any item on any such Tax Return, it shall, within 20 days after delivery of such Tax Return, notify the Holding Company Shareholder Representative in writing that it so objects, specifying with particularity any such item

and stating the specific factual or legal basis for any such objection. If a notice of objection shall be duly delivered, the parties shall cooperate in good faith and use their reasonable efforts to resolve such items. If Buyer and the Holding Company Shareholder Representative are unable to reach an agreement within 10 days after receipt by the Holding Company Shareholder Representative of such notice of objection, the disputed items shall be resolved by a nationally recognized firm of independent certified public accountants selected by the Buyer and the Shareholder Representative (or, if the Buyer and the Shareholder Representative cannot agree on such firm, they shall cause their respective selected accounting firms to select a firm) (the "**Tax Referee**"), who shall resolve such dispute within a reasonable period of time based on the due date of such Tax Return and the Tax Return shall be filed to reflect the Tax Referee's resolution, which shall be final, conclusive and binding on the parties. Each party shall be responsible for its respective fees and expenses associated with any dispute, and the costs associated with any Tax Referee shall be paid equally by Buyer, on the one hand, and the Holding Company Shareholder Representative, on the other hand. In addition, the Holding Company Shareholder Representative shall prepare and timely file, or cause to be prepared and timely filed, all non-income related Tax Returns of Holding Company and Seller for a Pre-Closing Tax Period, which are required to be filed after the Closing Date. The preparation and filing of any Tax Returns of Holding Company and Seller that does not relate to a Pre-Closing Tax Period shall be exclusively within the control of the Buyer.

(b) Cooperation. The Holding Company Shareholder Representative and Buyer will provide each other with such cooperation and information as they may reasonably request of each other in connection with Tax matters attributable to a Pre-Closing Tax Period, including: (i) preparing or filing any Tax Return; (ii) determining a Tax liability or right of refund of Taxes; or (iii) in connection with any audit or other proceeding, in respect of Taxes. Buyer shall provide prompt written notice to the Holding Company Shareholder Representative of any audit or examination of a Pre-Closing Tax Period that may give rise to a Tax liability for the Holding Company shareholders (a "**Pre-Closing Tax Matter**"). Buyer shall permit the Holding Company Shareholder Representative to participate, at the expense of the Holding Company Shareholder Representative, in such audit or examination and shall make available relevant documents in connection therewith. Prior to any settlement or compromise of any audit or examination with respect to a Pre-Closing Tax Matter, the Holding Company Shareholder Representative shall be permitted to provide written comments on the proposed settlement or compromise which Buyer shall reasonably consider in good faith. The Holding Company Shareholder Representative shall have the right in its sole judgement to approve any settlement based upon the outcome of any Pre-Closing Tax Matter as long as any such settlement does not adversely affect Buyer in any way or cause Buyer to incur any amounts or expense for a Tax liability relating to a Pre-Closing Tax Period or any additional expenses in relation thereto.

(c) Maintenance of Status. Holding Company will remain an S corporation within the meaning of Sections 1361 and 1362 of the Code until the Closing Date. Seller will remain a qualified subchapter S subsidiary within the meaning of Section 1361(b)(3)(B) of the Code until the Closing Date.

(d) Section 338(h)(10) Election. Buyer shall not make an election with respect to Holding Company pursuant to Section 338(h)(10) of the Code without the prior written consent of Holding Company.

(e) Holding Company Shareholder Representative Fund. Prior to the Closing, Holding Company will establish a fund from its earnings in the amount of $75,000 to be used by the Holding Company Shareholder Representative for the sole purpose of covering any documented out-of-pocket expenses incurred by the Holding Company Shareholder Representative in connection with the matters contemplated in this Section 5.20. On the third anniversary of the date of the filing of the Tax Returns for the Pre-Closing Tax Period ending on the Closing Date, the Holding Company Shareholder Representative will return any unused portion of such fund to Buyer. The foregoing $75,000 fund shall be maintained in an account at Buyer and shall include a provision for the automatic transfer of the ownership of the remaining proceeds in such account to Buyer on the third anniversary of the date of the filing of the Tax Returns for the Pre-Closing Tax Period ending on the Closing Date.

(f) Holding Company Shareholder Representative. For purposes of this Agreement, the "Holding Company Shareholder Representative" shall mean Ronald Y. Schram and, in his absence, Edward C. Sterling, III.

ARTICLE VI
EMPLOYEES AND EMPLOYEE BENEFIT MATTERS

Section 6.01 Employees and Employee Benefit Matters.

(a) Buyer shall endeavor to retain as many of the Selling Parties' employees as it deems reasonably practical in its sole discretion. Buyer shall use its reasonable efforts to provide employees of the Selling Parties with meaningful career opportunities at Buyer following the Merger. Notwithstanding the foregoing, this Agreement is not intended to provide to any employee a legally enforceable right to continuing employment after the Effective Time, and all employees of the Selling Parties that continue employment with Buyer following the Effective Time shall become employees at will of Buyer.

(b) At and after the Effective Time, Buyer will provide any employee of the Selling Parties who is not otherwise covered by an individual employment agreement, change in control agreement or similar agreement and whose employment is involuntarily terminated by Buyer without cause within twelve (12) months following the Effective Time with a lump sum cash severance payment equal to two (2) weeks of pay for each full year of service with the Selling Parties, with a minimum benefit of four (4) weeks and a maximum benefit of twenty-six (26) weeks ("**Severance Amount**"), with such payment made within thirty (30) business days of the date of termination and subject to such person's execution of a customary release provided by Buyer.

(c) Prior to the Effective Time, Buyer shall take all reasonable action so that employees of the Selling Parties who are employed by Buyer at or after the Effective Time (i) shall receive employee benefits which are at a level comparable in the aggregate to similarly-

situated employees of Buyer, taking into account all relevant factors, including duties, geographic location, tenure, qualifications and abilities, and (ii) shall be entitled to participate in the Buyer Employee Benefit Plans at a level comparable to similarly-situated employees of Buyer (it being understood that inclusion of the employees of the Selling Parties in the Buyer Employee Benefit Plans may occur at different times with respect to different Buyer Employee Benefit Plans) to the extent that such participation does not result in a duplication of benefits and provided, further, that, with respect to clause (ii) until such time as Buyer fully integrates such employees into its plans, participation in the Seller Employee Benefit Plans (other than severance) shall be deemed to satisfy the foregoing standards. Buyer shall cause each Buyer Employee Benefit plan in which employees of the Selling Parties are eligible to participate to recognize the service of such employees with the Selling Parties (to the same extent as such service was credited for such purpose immediately prior to the Effective Time), for purposes of determining eligibility to participate in such Buyer Health Plan and the vesting of benefits, but not for purposes of accrual of benefits under any defined benefit pension plan, frozen plan or retiree health plan or to the extent that recognizing the service of such employees would result in a duplication of benefits.

(d) In the event of any termination of any Seller medical, dental, vision, health or disability plan, as applicable (collectively, "**Seller Health Plan**"), Buyer shall take all reasonable action to make available to the former Selling Parties employees (and their dependents) that continue employment with Buyer, medical, dental, vision, health or disability plan, as applicable (collectively, "**Buyer Health Plan**") on the same basis as it provides such coverage to similarly-situated Buyer employees, provided that Buyer shall take all reasonable action to cause each such Buyer Health Plan to (i) waive any preexisting condition limitations to the extent such conditions are covered under the applicable Buyer Health Plan, (ii) waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee on or after the Effective Time to the extent such employee had satisfied any similar limitation or requirement under an analogous Seller Health Plan prior to the Effective Time and (iii) provide credit towards the deductible and out-of-pocket maximum for eligible expenses incurred by the employees of the Selling Parties under the Seller Health Plans for the plan year in which coverage commences under the Buyer Health Plan.

(e) The Selling Parties shall, effective as of one (1) day prior to the Effective Time, terminate the Seller's 401(k) plan and any other plan that is intended to meet the requirements of Section 401(k) of the Code, and which is sponsored, or contributed to, by the Selling Parties or any Seller Subsidiary (collectively, the "**Seller 401(k) Plan**") and no further contributions shall be made to the Seller's 401(k) Plan except as required by law. At least ten (10) days prior to the Effective Time, the Seller shall provide to Buyer (i) executed resolutions of the board of directors of the Seller authorizing such termination, and (ii) executed amendments to the Seller 401(k) Plan which (A) in Buyer's reasonable judgment are sufficient to assure compliance with all applicable requirements of the Code and regulations thereunder, including such that the tax-qualified status of the Seller 401(k) Plan will be maintained at the time of termination, and (B) provide for the payment of participants' accounts upon plan termination in the form of a lump-sum.

(f) From and after the Effective Time, Buyer shall have sole discretion with respect to the determination as to whether or when to terminate, merge or continue any of the Selling Parties Employee Benefit Plans.

(g) Neither Holding Company, Seller, any of its Subsidiaries, nor any officer, director, manager, employee, agent or representative of Holding Company, Seller or its Subsidiaries shall make any communication to service providers of Holding Company, Seller or its Subsidiaries regarding any Buyer Employee Benefit Plan or any compensation or benefits to be provided after the Effective Time without the advance approval of Buyer.

(h) No provision in this Agreement shall modify or amend any other agreement, plan, program, or document relating to a Seller Employee Benefit Plan unless this Agreement explicitly states that the provision "amends" that other agreement, plan, program, or document. This shall not prevent the parties entitled to enforce this Agreement from enforcing any provision in this Agreement, but no other party shall be entitled to enforce any provision in this Agreement on the grounds that it is an amendment to another agreement, plan, program, or document relating to a Seller Employee Benefit Plan.

(i) Prior to the Effective Time, Seller shall terminate the Seller Survivor Income Plans listed in Seller Disclosure Schedule 6.01(i).

Section 6.02 Indemnification.

(a) For a period of six (6) years after the Closing Date, Buyer shall repay, recompensate, reimburse and indemnify, defend and hold harmless the present and former directors, officers and employees of Seller and Holding Company, and all such directors, officers and employees of Seller and Holding Company and their subsidiaries serving as fiduciaries under any of the respective benefits plans of Seller and Holding Company (the "**Indemnified Parties**") to the fullest extent allowable under Florida law (as applicable) against all costs and expenses (including reasonable attorneys' fees, expenses and disbursements), judgements, fines, losses, claims, damages, settlements or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (each, a "**Claim**"), arising out of or pertaining to the fact that the Indemnified Party prior to the Closing and only with respect to actions prior to Closing was a director, officer, employee, or fiduciary of Seller or Holding Company or their subsidiaries or any such benefit plan or is or was serving at the request of Seller or Holding Company and their subsidiaries as a director, officer, manager, employee, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other business or non-profit enterprise (including any Employee Benefit Plan), whether asserted or claimed prior to, at or after the Closing Date (including with respect to the consummation of the Transactions), and provide advancement of expenses to the Indemnified Parties (provided that the Indemnified Party to whom expenses are advanced provides an undertaking to repay advances if it shall be determined that such Indemnified Party is not entitled to be indemnified pursuant to Florida corporate law).

(b) Seller and Holding Company will obtain, at Buyer's sole cost and expense a directors' and officers' liability insurance tail policy based on the Selling Parties' existing directors' and officers' liability insurance policy covering only actions and events occurring prior

to the Closing that remains in effect for a period of six (6) years after the Closing Date; *provided*, that Buyer shall not be obligated to make premium payments for such six (6) year period in respect of such policy (or coverage replacing such policy) which exceeds, for the portion related to Seller's and Holding Company's directors and officers, 250% of the annual premium most recently paid by Seller (the "**Maximum Amount**"). If the amount of premium that is necessary to maintain or procure such insurance coverage exceeds the Maximum Amount, the Selling Parties shall use their reasonable best efforts to maintain the most advantageous policies of director's and officer's liability insurance obtainable for a premium equal to the Maximum Amount or may request Buyer procure at Buyer's expense, at a single premium cost equal to the Maximum Amount with comparable coverage and amounts containing terms and conditions which are substantially no less advantageous that the terms obtained by the Selling Parties.

(c) Any Indemnified Party wishing to claim indemnification under this Section 6.02 shall promptly notify Buyer upon learning of any Claim, provided that failure to so notify shall not affect the obligation of Buyer under this Section 6.02 unless, and only to the extent that, Buyer is actually and materially prejudiced in the defense of such Claim as a consequence. In the event of any such Claim (whether arising before or after the Effective Time), (i) Buyer shall have the right to assume the defense thereof and Buyer shall not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, unless such Indemnified Party is advised in writing by counsel that the defense of such Indemnified Party by Buyer would create an actual or potential conflict of interest (in which case, Buyer shall not be obligated to reimburse or indemnify any Indemnified Party for the expenses of more than one such separate counsel for all Indemnified Parties, in addition to one local counsel in the jurisdiction where defense of any Claim has been or is to be asserted); (ii) the Indemnified Parties will cooperate in the defense of any such matter; (iii) Buyer shall not be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) and Buyer shall not settle any Claim without such Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed); and (iv) Buyer shall have no obligation hereunder in the event that a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable laws and regulations.

(d) If Buyer or any of its successors and assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its property and assets to any individual, corporation or other entity, then, in each such case, proper provision shall be made so that the successors and assigns of Buyer and its subsidiaries shall assume the obligations set forth in this Section 6.02.

(e) These rights shall survive the Closing and are intended to benefit, and shall be enforceable by, each Indemnified Party and his or her heirs, representatives or administrators. After the Closing, the obligations of Buyer under this Section 6.02 shall not be terminated or modified in such a manner as to adversely affect any Indemnified Party unless the affected Indemnified Party shall have consented in writing to such termination or modification. If any Indemnified Party makes any claim for indemnification or advancement of expenses under this

Section 6.02 that is denied by Buyer, and a court of competent jurisdiction determines that the Indemnified Party is entitled to such indemnification or advancement of expense, then Buyer shall pay such Indemnified Party's costs and expenses, including legal fees and expenses, incurred in connection with enforcing such claim against Buyer. If any Indemnified Party makes any claim for indemnification or advancement of expenses under this Section 6.02 that is denied by Buyer, and a court of competent jurisdiction determines that the Indemnified Party is not entitled to such indemnification or advancement of expense, the Indemnified Party shall pay Buyer's costs and expenses, including legal fees and expenses, incurred in connection with defending such claim against the Indemnified Party.

(f) Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to Holding Company or Seller or any of their subsidiaries for any of their respective directors, officers or other employees, it being understood and agreed that the indemnification provided for in this Section 6.02 is not prior to or in substitution for any such claims under such policies.

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.01 Conditions to the Obligations of Seller. Unless waived in writing by the Selling Parties, the obligations of the Selling Parties to consummate the Transactions are subject to the satisfaction at or prior to the Closing of the following conditions:

(a) *Performance*. Each of the acts and undertakings and covenants of Buyer to be performed at or before the Closing pursuant to this Agreement shall have been duly performed in all material respects.

(b) *Representations and Warranties; Covenants*. The representations and warranties of Buyer set forth in this Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties) shall be true and correct in all respects 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 such representations and warranties are expressly made as of a particular date, in which case as of such date); provided, that for purposes of this sentence, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have a Material Adverse Effect on the ability of Buyer to perform its obligations pursuant to this Agreement.

(c) *Documents*. The Selling Parties shall have received the following documents from Buyer:

(1) Resolutions of Buyer's board of directors, certified by its Secretary or Assistant Secretary, authorizing the execution and delivery of this Agreement and the consummation of the Transactions to which Buyer is a party.

(2) A certificate of the Secretary or Assistant Secretary of Buyer as to the incumbency and signatures of officers.

(3) A certificate signed by a duly authorized officer of Buyer stating that the conditions set forth in Section 7.01(a) and Section 7.01(b) have been fulfilled.

(4) Such other instruments and documents as counsel for the Selling Parties may reasonably require as necessary or desirable to consummate the Transactions, all in form and substance reasonably satisfactory to counsel for the Selling Parties.

(d) *Tax Opinion.* As of the date of this Agreement, the Buyer, Seller and Holding Company have received a tax opinion from the accountants for the Seller and Holding Company as to the income tax consequences of the Transactions to Buyer, the Selling Parties, and the shareholders of the Holding Company (who will own shares of Seller Common Stock at the Effective Time) who own shares of capital stock of the Holding Company for investment purposes, and to the effect that (a) any shares held for investment purposes would be considered a capital asset under the Code Section 1221, (b) any gain or loss incurred by such shareholders as a result of the Transactions would be considered a capital gain or loss, (c) the only recognition of taxable income by shareholders of the Holding Company (who will own shares of Seller Common Stock at the Effective Time) shall be in connection with the Merger (and not the First Step Merger), (d) there would be no recognition of taxable income by the Selling Party as a result of the First Step Merger), and (e) there would be no recognition of taxable income by the Buyer as a result of the First Step Merger or the Merger, and there shall have been no change in any applicable provision of U.S. federal or state tax law that requires a change to such tax opinion as of the Effective Time.

Section 7.02 Conditions to the Obligations of Buyer. Unless waived in writing by Buyer, the obligations of Buyer to consummate the Transactions are subject to the satisfaction at or prior to the Closing of the following conditions:

(a) *Performance.* Each of the acts and undertakings and covenants of Seller and Holding Company to be performed at or before the Closing pursuant to this Agreement shall have been duly performed in all material respects.

(b) *Representations and Warranties.* The representations and warranties of Selling Parties set forth in Sections 3.01(g), 3.01(h), 3.04 and 3.23 (in each case after giving effect to the lead-in language to Article III) shall be true and correct (other than, in the case of Sections 3.01(g) and 3.01(h), such failures to be true and correct are de minimis) in each case 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 such representations and warranties are expressly made as of a particular date, in which case as of such date), and the representations and warranties of Selling Parties set forth in Sections 3.01(a), 3.01(b), 3.01(f), 3.02, 3.17(a) and 3.17(i) (in each case, read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in language to Article III) shall be true and correct in all material respects 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 such representations and warranties are expressly made as of a particular date, in which case as of such date). All other representations and warranties of the Selling Parties set forth in this

Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in language to Article III) shall be true and correct in all respects 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 such representations and warranties are expressly made as of a particular date, in which case as of such date); provided, that for purposes of this sentence, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have a Material Adverse Effect on any Selling Party or the Surviving Entity.

(c) *Documents*. Buyer shall have received the following documents from the Selling Parties:

(1) Resolutions of each Selling Party's board of directors, certified by their respective Secretary or Assistant Secretary, authorizing the execution and delivery of this Agreement and the consummation of the Transactions and resolutions of each Selling Party's shareholders approving this Agreement and the Transactions.

(2) A certificate from the Secretary or Assistant Secretary of each Selling Party as to the incumbency and signatures of officers.

(3) A certificate signed by a duly authorized officer of each Selling Party stating that the conditions set forth in Section 7.02(a) and Section 7.02(b) have been satisfied.

(4) Such other documents or instruments as counsel for Buyer may reasonably require, including updated Seller Disclosure Schedules, as necessary or desirable for consummation of the Transactions, including an Assignment and Assumption Agreement, a Bill of Sale and Assignment, a Retirement Account Transfer Agreement and a Limited Power of Attorney, all in the form and substance reasonably satisfactory to counsel for Buyer.

(d) The number of shares of Holding Company Common Stock or Seller Common Stock, that are Dissenting Shares shall be less than five percent (5%) of the number of shares of Holding Company Common Stock or Seller Common Stock, outstanding immediately prior to the effective time of the First Step Merger or the Effective Time, as applicable.

(e) None of the Requisite Regulatory Approvals necessary to consummate the Transactions contemplated by this Agreement shall include any term, condition or restriction that results in the imposition of a Materially Burdensome Regulatory Condition.

(f) The applicable Regulators shall have approved the Requisite Field of Membership Expansion.

Section 7.03 Condition to the Obligations of Seller and Buyer. The respective obligations of each Party under this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following conditions, none of which may be waived:

(a) *Regulatory Approvals.* The Requisite Regulatory Approvals will have been obtained and the applicable waiting periods, if any, under all statutory or regulatory waiting periods will have lapsed. There shall not be pending on the Closing Date any motion for rehearing or appeal from such approval or any suit or action seeking to enjoin the Transactions or to obtain substantial damages in respect of such transactions.

(b) *Absence of Proceedings and Litigation.* No order shall have been entered and remain in force at the Closing Date restraining or prohibiting any of the Transactions in any legal, administrative or regulatory proceeding, and no action or proceeding shall have been instituted or threatened on or before the Closing Date seeking to restrain or prohibit the Transactions or which would be reasonably likely to have a Material Adverse Effect on any Selling Party.

(c) *Shareholder Approval.* This Agreement and the Transactions shall have been approved by the affirmative vote of the holders of a majority of the outstanding shares of Holding Company Common Stock entitled to vote at the Special Meeting (the "**Requisite Holding Company Vote**").

(d) *Third Party Consents.* The Parties shall have obtained the consent or approval of each person (other than the governmental approvals or consents referred to in Section 7.03(a)) whose consent or approval shall be required to consummate the Transactions, except those for which failure to obtain such consents and approvals would not, individually or in the aggregate, have a Material Adverse Effect on the Surviving Entity (after giving effect to the consummation of the Transactions contemplated hereby).

(e) *First Step Merger.* Subject to Section 2.01(b), the First Step Merger shall have been duly authorized and approved by the parties thereto and the other terms and conditions of the First Step Merger shall have been satisfied so as to permit such transactions being contemplated thereby.

ARTICLE VIII
TERMINATION

Section 8.01 Termination. This Agreement may be terminated at any time prior to the Effective Time, upon the occurrence of any of the following conditions:

(a) *No Regulatory Approval.* By either the Selling Parties or Buyer, if (i) any Regulator or other Governmental Authority that must grant the Requisite Regulatory Approvals has denied approval of the Transactions (or an Alternative Structure) and such denial has become final and non-appealable or (ii) any court or other Governmental Authority of competent jurisdiction shall have issued a final, unappealable order enjoining or otherwise prohibiting consummation of the transactions contemplated by this Agreement, unless the failure to obtain the Requisite Regulatory Approvals shall be due to the failure of the Party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such Party set forth herein;

(b) *Material Breach of Representation, Warranty or Failure to Perform Covenant.* By either Buyer or the Selling Parties (provided that the Party seeking termination is not then in

material breach of any representation, warranty, covenant or other agreement contained herein), in the event of a breach of any covenant or agreement on the part of the other Party set forth in this Agreement, or if any representation or warranty of the other Party shall have become untrue, in either case such that the conditions set forth in Sections 7.01(a) and (b) or Sections 7.02(a) and (b), as the case may be, would not be satisfied and such breach or untrue representation or warranty has not been cured within thirty (30) days following written notice to the Party committing such breach or making such untrue representation or warranty, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the Termination Date); or

(c) *Delay*. By either the Selling Parties or Buyer in the event the Merger shall not have occurred by November 30, 2023 (the "**Termination Date**"), unless the failure of the Closing to occur by such date is due to the breach of any representation, warranty or covenant contained in this Agreement by the Party seeking to terminate;

(d) *Mutual Consent*. By the mutual consent of the Parties in a written instrument, if the Board of Directors of each Party so determines by a vote of a majority of the members of the entire Board;

(e) *Failure to Recommend Approval*. By Buyer if (i) the Seller or the Holding Company shall have materially breached its obligations under Sections 5.02 or 5.07 or (ii) if the board of directors of the Holding Company does not publicly recommend in the proxy statement that stockholders approve and adopt this Agreement or if, after recommending in the proxy statement that stockholders approve and adopt this Agreement, the board of directors of the Holding Company effects a Holding Company Change in Recommendation;

(f) *No Shareholder Vote*. By either the Selling Parties or Buyer if the Special Meeting has been held and the Requisite Holding Company Vote has not been obtained;

(g) *Materially Burdensome Regulatory Condition*. By Buyer if any of the Requisite Regulatory Approvals necessary to consummate the Transactions contemplated by this Agreement includes any term, condition or restriction that results in the imposition of a Materially Burdensome Regulatory Condition;

(h) *Field of Membership*. By Buyer if the Requisite Regulatory Approvals have been received but the applicable Regulators have not approved the Requisite Field of Membership Expansion as of the Closing Date; or

(i) *Superior Proposal*. By Holding Company if (i) the Selling Parties have not breached their obligations under Section 5.02 or Section 5.07, (ii) the Selling Parties have received and have determined to accept a Superior Proposal, and (iii) the Selling Parties enter into a definitive agreement with respect to the Superior Proposal contemporaneously with the termination of this Agreement.

Section 8.02 Effect of Termination and Abandonment. In the event of termination of this Agreement and the abandonment of the Transactions pursuant to this Article VIII, no Party to this Agreement or any of the officers or directors of any of them shall have any liability of any nature whatsoever hereunder or further obligation to any other party hereunder except as set forth in Section 8.03 and Section 8.04.

Section 8.03 Liquidated Damages. If either (a) Buyer terminates this Agreement pursuant to Section 8.01(e); (b) (i) there is a Holding Company Change in Recommendation and (ii) either Party subsequently terminates this Agreement pursuant to Section 8.01(f), (c) (i) the Buyer terminates this Agreement pursuant to Section 8.01(b) and the breach giving rise to such termination was knowing or intentional and prior to such breach an Acquisition Proposal has been publicly announced, disclosed or communicated and (ii) within twelve (12) months of such termination the Holding Company or Seller consummates or enters into any agreement with respect to an Acquisition Proposal, or (d) the Holding Company terminates this Agreement pursuant to Section 8.01(i) then, within five (5) Business Days of such termination in the case of (a), (b) or (d), and within five (5) Business Days of the Holding Company's or Seller's consummation or execution of an agreement in the case of (c), the Selling Parties shall pay Buyer by wire transfer in immediately available funds, as agreed upon liquidated damages and not as a penalty and as the sole and exclusive remedy of Buyer, Four Million Five Hundred Thousand and No/100 Dollars ($4,500,000) (the "**Fee**"). Notwithstanding anything to the contrary in this Agreement, in the circumstances in which the Fee is or becomes payable pursuant to this Section 8.03, Buyer's sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) against the Selling Parties or any of their Affiliates with respect to the facts and circumstances giving rise to such payment obligation shall be payment of the Fee pursuant to this Section 8.03, and upon payment in full of such amount, none of Buyer or any of its Affiliates nor any other person shall have any rights or claims against the Selling Parties or any of their Affiliates (whether at law, in equity, in contract, in tort or otherwise) under or relating to this Agreement or the Transactions. The Selling Parties shall be jointly and severally liable for payment of any Fee. The Selling Parties shall not be required to pay the Fee on more than one occasion.

Section 8.04 Willful and Material Breach. Notwithstanding anything to the contrary contained in this Agreement and except where the Fee is paid or is payable to Buyer, neither Buyer nor the Selling Parties shall be relieved or released from any liabilities or damages arising out of its willful and/or material breach of any provision of this Agreement occurring prior to termination, and the non-breaching Party shall be permitted to pursue any available legal remedies.

ARTICLE IX
GENERAL PROVISIONS

Section 9.01 Fees and Expenses. Except as expressly provided herein, each party to this Agreement shall bear the cost of all of its fees and expenses incurred in connection with the preparation of this Agreement and consummation of the Transactions. Notwithstanding the foregoing, in any action between the parties hereto seeking enforcement of any of the terms and provisions of this Agreement or in connection with any of the property described herein, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, and reasonable attorneys' fees and expenses as determined by the court.

Section 9.02 No Third-Party Beneficiaries. Except for (i) the rights set forth in Section 6.02 which are intended to benefit each Indemnified Party and his or her heirs and representatives, and (ii) if the Effective Time occurs, the right of the holders of Outstanding

Seller Common Stock to receive the Merger Consideration payable pursuant to this Agreement, the rights of holders of Exercised Option Shares to receive the Exercised Option Share Consideration payable pursuant to this Agreement and the rights of the holders of Seller Stock Options to receive the Option Consideration payable pursuant to this Agreement, this Agreement is not intended nor should it be construed to create any express or implied rights in any third parties.

Section 9.03 Notices. All notices, requests, demands, and other communication given or required to be given under this Agreement shall be in writing, duly addressed to the parties hereto as follows or at such other address, telephone or facsimile number as any such party may later specify by such written notice:

To Seller or Holding Company:
Flagler Bancshares Corporation
Flagler Bank
555 Northlake Blvd
North Palm Beach, FL 33408
Attn: Ronald Y. Schram
Email: ryschram@aol.com

and

Attn: Edward C. Sterling, III
Email: Esterling@flaglerbankusa.com

With a copy to:
Smith Mackinnon, PA
301 East Pine Street, Suite 750
Orlando, Florida 32801
Attn: John P. Greeley, Esq.
Email: jpg7300@aol.com

To Buyer:
Dort Financial Credit Union
9048 Holly Road
Grand Blanc, MI 48439
Attn: Brian Waldron, President and Chief Executive Officer
Email: bwaldron@dortfcu.org

With copy to:
Luse Gorman, PC
5335 Wisconsin Avenue, N.W., Suite 780
Washington, D.C. 20015
Attn: Jeffrey M. Cardone, Esq.
Elizabeth A. Cook, Esq.
Email: jcardone@luselaw.com
ecook@luselaw.com

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received five (5) Business Days after the same is so

addressed and mailed with postage prepaid. Notice sent by any other manner shall be effective only upon actual receipt thereof.

Section 9.04 Assignment. This Agreement may not be assigned by any Party hereto without the prior written consent of the other Parties hereto, and any attempted assignment in violation of this section is void and a material breach.

Section 9.05 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors or permitted assigns.

Section 9.06 Governing Law; Venue and Jurisdiction; Jury Trial Waiver. Subject to any applicable federal law, this Agreement shall be governed in all respects by the laws of the State of Florida, without giving effect to any conflict of laws rules thereof that would require the application of the laws of any other jurisdiction. Each of the Parties irrevocably submits to the jurisdiction of the state courts located in Palm Beach County, Florida and the federal court with jurisdiction over Palm Beach County, Florida with respect to the interpretation and enforcement of the provisions of this Agreement and in respect of the Transactions, and that such jurisdiction of such courts with respect thereto shall be exclusive, except solely to the extent that all such courts lawfully decline to exercise such jurisdiction. Each of the Parties hereby waives, and agrees not to assert, as a defense in any proceeding for the interpretation or enforcement hereof or in respect of any such transaction, that it is not subject to such jurisdiction. each of the parties hereto hereby irrevocably waives any and all right to trial by jury of any claim or cause of action in any legal proceeding arising out of or related to this Agreement or the transactions or events contemplated hereby or any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party hereto. The parties hereto each agree that any and all such claims and causes of action shall be tried by the court without a jury. Each of the parties hereto further waives any right to seek to consolidate any such legal proceeding in which a jury trial has been waived with any other legal proceeding in which a jury trial cannot or has not been waived.

Section 9.07 Entire Agreement. This Agreement, together with the Seller Disclosure Schedule, Disclosure Schedule Updates and Exhibits hereto, contains all of the agreements of the parties to it with respect to the matters contained herein and no prior or contemporaneous agreement or understanding, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Agreement.

Section 9.08 Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

Section 9.09 Severability. If any paragraph, section, sentence, clause, or phrase contained in this Agreement shall become illegal, null or void, or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, or against public policy, the remaining paragraphs, sections, sentences, clauses, or phrases contained in this Agreement shall not be affected thereby.

Section 9.10 Waiver. The waiver of any breach of any provision under this Agreement by any party hereto shall not be deemed to be a waiver of any preceding or subsequent breach under this Agreement.

Section 9.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

Section 9.12 Force Majeure. No Party hereto shall be deemed to have breached this Agreement solely by reason of delay or failure in performance resulting from a natural disaster or other act of God, including a pandemic or epidemic (including, without limitation, COVID-19). The Parties hereto agree to cooperate in an attempt to overcome such a natural disaster or other act of God and consummate the Transactions, but if any party hereto reasonably believes that its interests would be materially and adversely affected by proceeding, such party shall be excused from any further performance of its obligations and undertakings under this Agreement.

Section 9.13 Disclosure Schedules. All information set forth in the Exhibits, Seller Disclosure Schedules and Disclosure Schedule Updates hereto shall be deemed a representation and warranty of Seller as to the accuracy and completeness of such information in all material respects.

Section 9.14 Knowledge. Whenever any statement in this Agreement or in any list, certificate or other document delivered pursuant to this Agreement to any party hereto is made "to the Knowledge" of Buyer, Seller or Holding Company, such Knowledge shall have the meaning provided in Section 1.01.

Section 9.15 Survival. Only those agreements and covenants of the parties that are by their terms applicable in whole or in part after the Effective Time shall survive the Effective Time. All other representations, warranties, agreements and covenants shall be deemed to be conditions of the Agreement and shall not survive the Effective Time.

Section 9.16 Transfer Charges and Assessments. All transfer, assignment, sales, conveyancing and recording charges, assessments and taxes applicable to the sale and transfer of Seller's assets to Buyer and the assumption of Seller's liabilities by Buyer shall be paid and borne by Buyer.

Section 9.17 Time of the Essence. Whenever performance is required to be made by a party hereto under a specific provision of this Agreement, time shall be of the essence.

Section 9.18 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any covenants in this Agreement were not performed in accordance with their specific terms or otherwise were materially breached. It is accordingly agreed that, without the necessity of proving actual damages or posting bond or other security, the parties hereto shall be entitled to temporary and/or permanent injunction or injunctions to prevent breaches of such performance and to specific enforcement of the terms and provisions in addition to any other remedy to which they may be entitled, at law or in equity.

[Signature Page Follows]

The parties hereto have duly authorized and executed this Agreement as of the date first above written.

DORT FINANCIAL CREDIT UNION

By: _____
Name: Brian Waldron
Title: President and Chief Executive Officer

FLAGLER BANK

By: _____
Name: Edward C. Sterling, III
Title: President

FLAGLER BANCSHARES CORPORATION

By: _____
Name: Edward C. Sterling, III
Title: Chairman of the Board

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[Signature Page to Merger Agreement]

EXHIBITS INTENTIONALLY OMITTED

FIRST AMENDMENT TO THE AGREEMENT AND PLAN OF MERGER

This First Amendment (this "**Amendment**"), dated as of November 27, 2023, is by and among FLAGLER BANCSHARES CORPORATION ("**Holding Company**"), a Florida corporation and registered bank holding company, its wholly-owned subsidiary, FLAGLER BANK, a Florida commercial bank ("**Seller**"), and DORT FINANCIAL CREDIT UNION, a Michigan chartered credit union ("**Buyer**"). Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings ascribed to such terms in the Merger Agreement (as defined below).

WITNESSETH:

WHEREAS, Holding Company, Seller and Buyer are Parties to that certain Agreement and Plan of Merger, dated as of December 12, 2022 (the "Merger Agreement"); and

WHEREAS, Section 9.07 of the Merger Agreement provides that the Merger Agreement may be amended by an agreement in writing signed by the Parties thereto or their respective successors in interest and expressly stating that it is an amendment of the Merger Agreement; and

WHEREAS, the Parties have determined that it is in the best interests of each of the Parties to amend the Merger Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements contained in this Amendment to the Merger Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree to this Amendment and hereby amend the Merger Agreement only as follows:

1. Amendment to Section 8.01(c). Section 8.01(c) of the Merger Agreement is hereby amended to read in its entirety as follows:

(c) *Delay*. By either the Selling Parties or Buyer in the event the Merger shall not have occurred by January 31, 2024 (the "**Termination Date**"), unless the failure of the Closing to occur by such date is due to the breach of any representation, warranty or covenant contained in this Agreement by the Party seeking to terminate;

2. No Further Amendments. Except as expressly amended hereby, the Merger Agreement in all respects ratified and confirmed, and all the terms, conditions and provisions thereof shall remain in full force and effect. This Amendment is limited precisely as written and shall not be deemed to be an amendment to any other term or condition of the Merger Agreement or any of the documents referred to therein.

3. Effect of Amendment. This Amendment shall form a part of the Merger Agreement for all purposes and each Party thereto and hereto shall be bound hereby. From and after the execution of this Amendment by the Parties hereto, any reference to the Merger Agreement shall be deemed a reference to the Merger Agreement as amended hereby.

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4. Counterparts. This Amendment may be executed in two or more counterparts (including by electronic means), all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that each Party need not sign the same counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representative as of the date first above written.

DORT FINANCIAL CREDIT UNION

By: _____
Name: Brian Waldron
Title: President and Chief Executive Officer

FLAGLER BANK

By: _____
Name: Edward C. Sterling, III
Title: President

FLAGLER BANCSHARES CORPORATION

By: _____
Name: Edward C. Sterling, III
Title: Chairman of the Board

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[Signature page for First Amendment to Merger Agreement]

Commissioner Russell C. Weigel, III

Having been approved by the Office of Financial Regulation ("Office") on September 22, 2023, to allow for the merger of Flagler Successor Bank, North Palm Beach, Palm Beach County, Florida with and into Flagler Bank, North Palm Beach, Palm Beach County, Florida. Prior to the merger, Flagler Bancshares Corporation, North Palm Beach, Palm Beach County, Florida intends to file "Restated Articles of Incorporation" to become a successor institution ("Flagler Successor Bank") in accordance with section 658.40(4), Florida Statutes. Flagler Successor Bank will subsequently merge with and into Flagler Bank, prior to the merger with and into Dort Financial Credit Union. The Office does not object to the filing with the Department of State of the attached Restated Articles of Incorporation of Flagler Bancshares Corporation, Restated Articles of Incorporation of Flagler Bank, or the subsequent merger of Flagler Successor Bank into Flagler Bank and the merger of Flagler Bank with and into Dort Financial Credit Union.

Signed on this 12th **day of December 2023.**

Russell C. Weigel, III
Commissioner
Office of Financial Regulation

www.flofr.gov
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