

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION
TALLAHASSEE, FLORIDA

_____)	
In the Matter of)	CONSENT ORDER
)	
BANK OF NAPLES)	
NAPLES, FLORIDA)	FDIC-11-036b
)	OFR 823-FI-01/11
(Insured State Nonmember Bank))	
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Bank of Naples, Naples, Florida, (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation to the Issuance of a Consent Order” (“STIPULATION”), dated March 2, 2011, that is accepted by the FDIC and the Florida Office of Financial Regulation (“OFR”). With this STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in asset quality, management, earnings, capital, liquidity, and sensitivity to market risk, to the issuance of this Consent Order (“ORDER”) by the FDIC and the OFR. The OFR may issue an ORDER pursuant to Chapter 120 and Section 655.033, Florida Statutes (2010).

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and under Chapter 120 and Section 655.033, Florida Statutes (2010), have been satisfied, the FDIC and the OFR hereby order that:

BOARD OF DIRECTORS

1. (a) As of the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; investment activity; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including management's responses; reconciliation of general ledger accounts; and compliance with this ORDER. Board meeting minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' Committee"), consisting of at least four members, to oversee the Bank's compliance with this ORDER. At least three of the members of such committee shall be directors not employed in any capacity by the Bank other than as a director. The Directors' Committee shall formulate and review monthly reports detailing the Bank's actions with respect to compliance with this ORDER. The Directors' Committee shall present a report to the Board at each regularly scheduled Board meeting, and such report shall detail the Bank's adherence to this ORDER. Such report shall be recorded in the appropriate Board meeting minutes and shall be retained in the Bank's records. Establishment of this committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

(c) Within 90 days from the effective date of this ORDER, the Board shall develop and adopt an educational program for periodic training for each member of the Board. The educational program shall include, at a minimum:

(i) Specific training in the areas of lending, operations, and compliance with laws, rules, and regulations applicable to banks of comparable size and complexity chartered in the state of Florida; and

(ii) Specific training in the duties and responsibilities of the Board in connection with the safe and sound operation of the Bank.

(d) Upon adoption of the educational program, it shall be acceptable to the Regional Director of the FDIC's Atlanta Regional Office ("Regional Director") and the OFR (collectively, the "Supervisory Authorities") at the initial review and at subsequent examinations and/or visitations. The Board shall document the training activities in the minutes of the next Board meeting following completion of any such training. The Board's actions as required by this paragraph shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations or visitations.

CONFLICTS OF INTEREST

2. Within 90 days from the effective date of this ORDER, the Bank shall implement written policies and procedures designed to bring to the attention of each member of the Board conflicts of interest that may exist in approving loans or other transactions in which officers, directors, or principal shareholders of the Bank ("Insiders") are involved. Such policies and procedures shall, at a minimum, ensure that each member of the Board has been apprised of any potential conflict prior to making a decision or acting specifically on any loan or other transaction in which Insiders and/or their business associates are involved, directly or indirectly. The results of any

deliberations by the Board regarding potential conflicts shall be reflected in the minutes of its meetings.

MANAGEMENT

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall have and retain qualified management with the qualifications and experience commensurate with assigned duties and responsibilities at the Bank. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this ORDER. At a minimum, management shall include the following:

(i) A chief executive officer with proven ability in managing a bank of comparable size and in effectively implementing lending, investment and operating policies in accordance with safe and sound banking practices;

(ii) A senior lending officer with a significant amount of appropriate lending, collection, and loan supervision experience, and experience in upgrading a low quality loan portfolio; and

(iii) A chief operating officer with a significant amount of appropriate experience in managing the operations of a bank of similar size and complexity in accordance with sound banking practices.

(b) The qualifications of management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

(ii) Operate the Bank in a safe and sound manner;

(iii) Comply with applicable laws and regulations; and

(iv) Restore all aspects of the Bank to a safe and sound condition, including,

but not limited to, asset quality, capital adequacy, earnings, management effectiveness, risk management, liquidity and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Supervisory Authorities, in writing and within ten business days, of the resignation or termination of any of the Bank's directors or senior executive officers and provide the reason for the resignation or termination of the individual. Prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer or executive officer, as those terms are defined in 12 C.F.R. § 303.101, and in Section 655.005, Florida Statutes (2010), the Bank shall comply with the requirements of 12 U.S.C. § 1831i, 12 C.F.R. §§ 303.100-303.104, Section 655.0385, Florida Statutes (2010), and Rule 69U-100.03852, Florida Administrative Code (2010). The notification shall include a description of the background and experience of the individual or individuals to be added or employed and must be received at least 60 days before such addition or employment is intended to become effective. If the Regional Director or OFR issues a notice of disapproval pursuant to Section 32 of the Act, 12 U.S.C. § 1831i, or Section 655.0385(2), Florida Statutes (2010), with respect to any proposed individual, then such individual may not be added or employed by the Bank.

ETHICS PROGRAM

4. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written ethics policy ("Ethics Policy") and program ("Ethics Program"). The Ethics Policy shall state the ethical standards expected of directors, officers, employees, agents, and other persons participating in the conduct of the affairs of the Bank ("Covered Individuals") in the performance of their duties and responsibilities.

(b) The Ethics Program shall establish the definitions, instructions, and format to be followed by Covered Individuals in the preparation of comprehensive conflict disclosure statements ("Statements") to be filed for review by an ethics counselor and/or ethics committee and shall require:

- (i) Initial Statements from all existing Covered Individuals;
- (ii) Initial Statements from any person who newly becomes a Covered Individual;
- (iii) Periodic Statements from all Covered Individuals; and
- (iv) Immediate reporting of new conflicts or discovery of previously unreported conflicts.

(c) At a minimum, the Ethics Program shall address the:

- (i) Acceptance of gifts, entertainment, favors, and loans;
- (ii) Use of official information;
- (iii) Employment of relatives;
- (iv) Use of Bank property;
- (v) Reimbursement of travel expenses;
- (vi) Disclosure of indebtedness to the Bank or any other financial institution;
- (vii) Financial interests and obligations that appear to conflict with the Covered Individual's duties and responsibilities, including, but not limited to, participation of any sort in any transaction or loan in which the Covered Individual, his or her spouse, child, partner, or any organization in which the Covered Individual has a financial interest, or serves as an officer, director, trustee, or partner, is involved;
- (viii) Purchase of Bank property;
- (ix) Provision of goods or services to the Bank; and
- (x) Acceptance of outside employment and/or maintenance of other activities.

(d) The Ethics Policy and the Ethics Program shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

CAPITAL

5. (a) Within 120 days from the effective date of this ORDER, the Bank shall have Tier 1 Capital in such amount as to equal or exceed 8 percent of its total assets, and shall have Total Risk-Based Capital in such an amount as to equal or exceed 12 percent of the Bank's total risk-weighted assets.

(b) During the life of this ORDER, the Bank shall maintain a Leverage Capital Ratio of at least 8 percent and a Total Risk-Based Capital Ratio of at least 12 percent as those capital ratios are defined in 12 C.F.R. § 325.

(c) The level of Tier 1 Capital to be maintained during the life of this ORDER pursuant to this paragraph shall be in addition to a fully funded allowance for loan and lease losses ("ALLL"), the adequacy of which shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(d) Within 60 days from the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities a written capital plan. Such capital plan shall detail the steps that the Bank shall take to achieve and maintain the capital requirements set forth in this ORDER. In developing the capital plan, the Bank shall take into consideration:

- (i) The volume of the Bank's adversely classified assets;
- (ii) The nature and level of the Bank's asset concentrations;
- (iii) The adequacy of the Bank's ALLL;
- (iv) The anticipated level of retained earnings;
- (v) Anticipated and contingent liquidity needs; and
- (vi) The source and timing of additional funds to fulfill future capital needs.

(e) In addition, the capital plan must include a contingency plan in the event that the Bank has failed to:

- (i) Maintain the minimum capital ratios required by this paragraph;
- (ii) Submit an acceptable capital plan as required by this subparagraph; or
- (iii) Implement or adhere to a capital plan to which the Supervisory

Authorities have taken no written objection pursuant to this paragraph.

(f) The contingency plan shall include a plan to sell or merge the Bank. The Bank shall implement the contingency plan upon written notice from the Supervisory Authorities.

(g) Any increase in Tier 1 Capital necessary to meet the requirements of this ORDER may be accomplished by the following:

- (i) Sale of common stock;
- (ii) Sale of noncumulative perpetual preferred stock;
- (iii) Direct contribution of cash by the Board, shareholders, and/or parent holding company;
- (iv) Any combination of the above means; or
- (v) Any other means acceptable to the Supervisory Authorities.

(h) No increase in Tier 1 Capital that is necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's ALLL.

(i) If all or part of any necessary increase in Tier 1 Capital required by this ORDER is accomplished by the sale of new securities, the Board shall take all necessary steps to implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material

disclosures necessary to comply with applicable federal securities laws. Prior to the implementation of the plan and, in any event, not less than 15 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the OFR, Division of Financial Institutions, 200 East Gaines Street, Tallahassee, Florida 32399-0371 and the FDIC, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or materials by the Supervisory Authorities shall be made prior to the dissemination of the plan and materials. If the increase in Tier 1 Capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to interest rate and convertibility factor, shall be presented to the Supervisory Authorities for prior approval.

(j) In complying with the provisions of the Capital paragraph of this ORDER, the Bank shall provide written notice of any planned or existing development, or other changes that are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities, to any subscriber and/or purchaser of the Bank's securities. The written notice required by this paragraph shall be furnished within ten days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

ALLOWANCE FOR LOAN AND LEASE LOSSES AND CALL REPORT

6. (a) Immediately upon the issuance of this ORDER, the Board shall make a provision to replenish the ALLL, which as of the date of the examination was underfunded as set forth in the Report.

(b) Within 60 days from the effective date of this ORDER, the Bank shall review Consolidated Reports of Condition and Income filed with the FDIC on or after June 30, 2010, and shall amend said reports if necessary to accurately reflect the financial condition of the Bank as of the date of each such report. In particular, such reports shall contain an adequate ALLL. Reports filed after the effective date of this ORDER shall accurately reflect the financial condition of the Bank as of the reporting date.

(c) Within 60 days from the effective date of this ORDER, the Bank must determine the Bank's ALLL adequacy using Financial Accounting Standards Board Accounting Standards Codification ("ASC") 450 (Topic 450, "Contingencies") and ASC 310-10-35 (Section 35, "Subsequent Measurement General," of Subtopic 310-10). Provisions for loan losses must be based on the inherent risk in the Bank's loan portfolio. The Bank must also adhere to the guidance set forth in the *Interagency Policy Statement on the Allowance for Loan and Lease Losses*, FIL-105-2006 (Dec. 13, 2006). The Board must document and support in writing any decision to not require provisions for ALLL in the Board meeting minutes.

CHARGE-OFF LOSS AND DOUBTFUL

7. (a) Within ten days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" and 50 percent of those assets or portions of assets classified "Doubtful" in the Report of Examination dated October 4, 2010, (the "Report"), that have not been previously collected or charged-off. If an asset is classified "Doubtful", the Bank may, in the alternative, charge-off the amount that is considered uncollectible in accordance with the Bank's written analysis of loan or lease impairment. Such analysis shall be accomplished in accordance with generally accepted accounting principles, the Federal Financial Institutions Examination Council's *Instructions for Preparation of Consolidated Reports of Condition and Income (FFIEC 031 and 041)*,

<http://www.ffiec.gov/>, Interagency Statements of Policy on the ALLL, and other applicable regulatory guidance that addresses the adequacy of the Bank's ALLL. Elimination of any of these assets through proceeds of other loans made by the Bank is not considered collection for purposes of this paragraph.

(b) Additionally, while this ORDER remains in effect, the Bank shall, within 30 days from the receipt of any official Report of Examination of the Bank from the FDIC or the OFR, eliminate from its books, by collection, charge-off, or other proper entry, the remaining balance of any asset classified "Loss" and 50 percent of those assets classified "Doubtful" unless otherwise approved in writing by the Supervisory Authorities.

NO ADDITIONAL CREDIT

8. (a) Beginning with the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been charged off or classified, in whole or in part, "Loss" or "Doubtful" and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing credit already extended to a borrower after full collection, in cash, of interest due from the borrower.

(b) Additionally, during the life of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been classified, in whole or part, "Substandard."

(c) The preceding limitations on additional credit shall not apply if the Bank's failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to the extension of any additional credit pursuant to this paragraph, either in the form of an extension or further advance of funds, such additional credit shall be approved by a majority of the Board or a designated committee thereof, who shall certify in writing that:

(i) The failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, including an explanatory statement of why it would be detrimental to the Bank's best interests;

(ii) The Bank's position would be improved thereby, including an explanatory statement of how the Bank's position would be improved; and

(iii) An appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(d) The signed certification shall be made a part of the meeting minutes of the Board or its designated committee and a copy of the signed certification shall be retained in the borrower's credit file.

(e) Any additional extensions of credit to classified borrowers made under this provision shall be reported to the Supervisory Authorities at 90-day intervals with the other reporting requirements set forth in this ORDER. At a minimum, the 90-day reports shall include the name of the classified borrower, the amount of additional credit extended, and the total outstanding balance of credit extended to the classified borrower.

CLASSIFIED ASSET REDUCTION

9. (a) Within 60 days from the effective date of this ORDER, the Bank shall submit a written plan to the Supervisory Authorities to reduce the remaining assets classified "Doubtful" and "Substandard" in the Report or within 60 days of the receipt of any future regulatory examination report. The plan shall address each asset so classified with a balance of \$250,000 or greater and provide the following:

- (i) The name under which the asset is carried on the books of the Bank;
- (ii) Type of asset;
- (iii) Actions to be taken in order to reduce the classified asset; and

- (iv) Timeframes for accomplishing the proposed actions.
- (b) The plan shall also include, at a minimum:
 - (i) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and
 - (ii) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.
- (c) In addition, the Bank's plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the plan shall require the submission of monthly progress reports to the Board and mandate a review by the Board.
- (d) The Bank shall present the plan to the Supervisory Authorities for review. Within 30 days from the Supervisory Authorities' response, the plan, including any requested modifications or amendments, shall be adopted by the Board and the approval shall be recorded in the Board minutes. The Bank shall then immediately implement the plan.
- (e) For purposes of the plan, the reduction of adversely classified assets as of October 4, 2010 shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's ALLL and may be accomplished by:
 - (i) Charge-off;
 - (ii) Collection;
 - (iii) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the OFR; and/or
 - (iv) Increase in the Bank's Tier 1 Capital.

LENDING

10. Within 60 days from the effective date of this ORDER, the Board shall review, revise, adopt, and implement its written lending and collection policy to provide effective guidance and

control over the Bank's lending and credit administration functions, which implementation shall include the resolution of those exceptions enumerated in the Report. The written policy shall include specific guidelines for concentrations of credit, placing loans on nonaccrual status, limitations on interest reserves and deferred payment plans, procedures to ensure that the Bank performs appropriate underwriting prior to purchasing loan participations, and provisions which establish a written policy governing the Bank's Other Assets portfolio. In addition, the Bank shall obtain adequate and current documentation for all loans in the Bank's loan portfolio. Such policy and its implementation shall be in a form and manner acceptable to the Supervisory Authorities at subsequent examinations and/or visitations.

OTHER REAL ESTATE

11. Within 90 days from the effective date of this ORDER, the Board shall develop a written policy for managing the Other Real Estate of the Bank. Such policy shall be consistent with all applicable laws, regulations, and other regulatory guidelines regarding appraisals, including, but not limited to, the FDIC's appraisal regulations as described in 12 C.F.R. § 323; Section 658.67(9), Florida Statutes (2010); and *Guidance on Other Real Estate*, FIL-62-2008 (July 1, 2008). The Bank shall submit the policy to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the policy.

CONCENTRATIONS OF CREDIT

12. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop and submit to the Supervisory Authorities a written plan for systematically reducing and monitoring the concentrations of credit identified in the Report to an amount which is

commensurate with the Bank's business strategy, management expertise, size, and location ("Concentration Reduction Plan").

(b) The Concentration Reduction Plan shall include, but not be limited to:

(i) Dollar levels and percent of total capital to which the Bank shall reduce the concentration;

(ii) Timeframes for achieving the reduction in dollar levels that are established in accordance with (i) above;

(iii) Provisions requiring compliance with *Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices*, FIL-104-2006 (Dec. 12, 2006), and *Managing Commercial Real Estate Concentrations in a Challenging Environment*, FIL-22-2008 (Mar. 17, 2008);

(iv) Provisions for controlling and monitoring of commercial real estate ("CRE"), including plans to address the rationale for CRE levels as they relate to growth and capital targets, segmentation, and testing of the CRE portfolio to detect and limit concentrations with similar risk characteristics; and

(v) Provisions for the submission of monthly written progress reports to the Board for review and notation in minutes of the Board meetings.

(c) The Concentration Reduction Plan shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations. The Board shall approve the Concentration Reduction Plan, which approval shall be recorded in the Board meeting minutes. Thereafter, the Bank shall fully implement the Concentration Reduction Plan.

LOAN REVIEW

13. Within 60 days from the effective date of this ORDER, the Bank shall adopt an effective internal loan review and grading system to provide for the periodic review of the Bank's loan

portfolio in order to identify and categorize the Bank's loans, and other extensions of credit which are carried on the Bank's books as loans, on the basis of credit quality. Such system and its implementation shall be satisfactory to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

INTEREST RATE RISK POLICY

14. Within 60 days from the effective date of this ORDER, the Bank shall develop and implement a written policy for managing interest rate risk in a manner that is appropriate to the size of the Bank and the complexity of its assets. The policy shall comply with the *Joint Agency Policy Statement on Interest Rate Risk*, FIL-52-96 (July 12, 1996), and the *FFIEC Advisory on Interest Rate Management*, FIL-2-2010 (Jan. 20, 2010), and shall be consistent with the comments and recommendations detailed in the Report. The policy shall include guidelines governing the means by which the interest rate risk position will be monitored, the establishment of risk parameters, and periodic reporting to management and the Board regarding interest rate risk with adequate information provided to assess the level of risk. Such policy and its implementation shall be satisfactory to the Supervisory Authorities as determined at the initial review and at subsequent examinations and/or visitations.

LIQUIDITY AND FUNDS MANAGEMENT

15. (a) Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan to improve liquidity, contingency funding, and asset liability management.

(b) The plan shall incorporate the guidance contained in *Liquidity Risk Management*, FIL-84-2008 (Aug. 26, 2008). The plan shall provide restrictions on the use of brokered and internet deposits consistent with safe and sound banking practices.

(c) The Bank shall adopt, implement, and follow the plan, and its implementation shall be in a form and manner acceptable to the Supervisory Authorities at subsequent examinations and/or visitations.

(d) Beginning with the effective date of this ORDER, the Bank's management shall review its liquidity position to ensure that the Bank has sufficient liquid assets or sources of liquidity to meet current and anticipated liquidity needs. This review shall include an analysis of the Bank's sources and uses of funds (cash flow analysis). The results of this review shall be presented to the Board for review each month, with the review noted in the Board meeting minutes.

STRATEGIC PLAN

16. (a) Within 90 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities an acceptable written business/strategic plan covering the overall operation of the Bank. At a minimum the plan shall establish objectives for the Bank's earnings performance, growth, balance sheet mix, liability structure, capital adequacy, and reduction of nonperforming and underperforming assets, together with strategies for achieving those objectives. The plan shall also identify capital, funding, managerial, and other resources needed to accomplish its objectives. Such plan shall specifically provide for the following:

(i) Goals for the composition of the loan portfolio by loan type including strategies to diversify the type and improve the quality of loans held;

(ii) Goals for the composition of the deposit base including strategies to reduce reliance on volatile and costly deposits; and

(iii) Plans for effective risk management and collection practices.

(b) The Board shall approve the business/strategic plan, which approval shall be recorded in the Board meeting minutes for the meeting at which the business/strategic plan was approved.

BUDGET

17. (a) Within 90 days from the effective date of this ORDER, the Bank shall implement and submit to the Supervisory Authorities a written plan and a comprehensive budget for all categories of income and expense for the calendar year ending December 31, 2011. The plan and budget required by this paragraph shall include formal goals and strategies, consistent with sound banking practices, and take into account the Bank's other written policies in order to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, control overhead, and improve and sustain earnings of the Bank. The plan shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components. Thereafter, the Bank shall formulate such a plan and budget by November 30 of each subsequent year and submit the plan and budget to the Supervisory Authorities for review and comment by December 15 of each subsequent year. The plan and budget required by this ORDER shall be acceptable to the Supervisory Authorities at the initial review and at subsequent examinations and/or visitations.

(b) On a monthly basis, the Board shall evaluate the Bank's actual performance in relation to the plan and budget required by this ORDER and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting at which such evaluation is undertaken. The actual performance compared to the budget shall be submitted to the Supervisory Authorities with the quarterly progress reports required by this ORDER.

RESTRICTIONS OF CERTAIN PAYMENTS

18. (a) While this ORDER is in effect, the Bank shall not declare or pay dividends, pay bonuses, or make any other form of payment outside the ordinary course of business, resulting in a reduction of capital, without the prior written approval of the Supervisory Authorities. All requests for prior approval shall be received at least 30 days prior to the proposed dividend or bonus payment declaration date (or at least five days with respect to any request filed within the first 30 days after the date of this ORDER) and shall contain, but not be limited to, an analysis demonstrating that the proposed payment meets the criteria set forth in Section 658.37, Florida Statutes (2010), and detailing the impact such payment would have on the Bank's capital position, cash flow, concentrations of credit, asset quality and ALLL needs. The Supervisory Authorities will not approve a payment representing a reduction of capital unless the Supervisory Authorities determine that such payment will not have an adverse or unacceptable impact on the Bank's capital position, cash flow, concentrations of credit, asset quality and ALLL needs.

(b) During the term of this ORDER, the Bank shall not make any distributions of interest, principal or other sums on subordinated debentures, if any, without the prior written approval of the Supervisory Authorities.

BROKERED DEPOSITS

19. Throughout the effective life of this ORDER, the Bank shall not accept, renew, or rollover any brokered deposit, as defined in 12 C.F.R. § 337.6(a)(2), unless it is in compliance with the requirements of 12 C.F.R. § 337.6(b) which governs the solicitation and acceptance of brokered deposits by insured depository institutions. The Bank shall comply with the restrictions on the effective yields on deposits as described in 12 C.F.R. § 337.6.

ASSET GROWTH

20. While this ORDER is in effect, the Bank shall notify the Supervisory Authorities at least 60 days prior to undertaking asset growth that exceeds ten percent or more per annum or initiating material changes in asset or liability composition. In no event shall asset growth result in noncompliance with the capital maintenance provisions of this ORDER unless the Bank receives prior written approval from the Supervisory Authorities.

VIOLATIONS OF LAW, REGULATION, AND CONTRAVENTION OF POLICY

21. Within 60 days from the effective date of this ORDER, the Bank will eliminate and/or correct all violations of laws, regulations, and/or contraventions of statements of policy in the Report and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws, regulations, and/or statements of policy.

AUDIT PROGRAMS

22. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop internal and external audit programs that establish procedures to review the integrity of the Bank's operational and accounting systems. At a minimum the programs shall:

(i) Conform to the *Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations*, FIL-96-1999 (Oct. 22, 1999) and the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing*, FIL-21-2003 (Mar. 17, 2003);

(ii) Provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records; and

(iii) Provide for the delivery of monthly reports of internal audit findings, from the auditors directly to the Board.

(b) The Board meeting minutes shall reflect consideration of these reports and describe any discussion or action taken as a result thereof.

(c) The internal and external audit programs shall be acceptable to the Supervisory Authorities at subsequent examinations and/or visitations.

PROGRESS REPORTS

23. Within 45 days from the end of the first full quarter following the effective date of this ORDER, and within 45 days from the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Consolidated Reports of Condition and Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have released the Bank in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the appropriate Board meeting minutes.

SHAREHOLDER DISCLOSURE

24. Within 30 days from the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its parent holding company. The description shall fully describe this ORDER in all material respects.

OTHER ACTIONS

25. This ORDER shall not bar, stop, or otherwise prevent the FDIC, the OFR, or any other federal or state agency or department from taking any action against the Bank, the Bank's current or former institution-affiliated parties, and/or any of their respective directors, officers, employees, and agents, including, but not limited to, the imposition of civil money penalties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside in writing.

Issued Pursuant to Delegated Authority.

Dated: 8th day of March, 2011

/s/

By: _____

Thomas J. Dujenski
Regional Director
Division of Supervision and Consumer Protection
Atlanta Region
Federal Deposit Insurance Corporation

The Commissioner of the OFR, having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the OFR to the same degree and to the same legal effect that such ORDER would be binding if the OFR had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to Chapters 120, 655, and 658, Florida Statutes (2010), including specifically Sections 655.033 and 655.041, Florida Statutes (2010).

Dated this 4th day of March, 2011.

/s/

Linda B. Charity
Director
Division of Financial Institutions
Office of Financial Regulation
By Delegated Authority for the Commissioner
Office of Financial Regulation