

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

**In Re: NAFH National Bank (Proposed)  
Miami, Florida**

**Application for Federal Deposit Insurance**

### **ORDER**

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("FDIC") pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act regarding the application for Federal deposit insurance with membership in the Deposit Insurance Fund for NAFH National Bank ("Bank"), a proposed new national bank to be located at 9350 South Dixie Highway, Miami, Florida 33156, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be, and the same is hereby approved, subject to the following conditions:

1. Initial paid-in-capital funds of not less than \$137,000,000 shall be provided.
2. Federal deposit insurance shall not become effective unless the Bank is the successful bidder for, and subsequently acquires certain assets and assumes deposits and certain other liabilities from the FDIC as receiver for Metro Bank of Dade County – Miami, Florida; Turnberry Bank – Aventura, Florida; and First National Bank of the South – Spartanburg, South Carolina.
3. The Bank shall maintain Tier 1 common equity to total assets ratio, as defined in the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions ("Policy Statement"), of at least 10 percent upon acquiring Metro Bank and Turnberry and throughout the first three years of operation. After such 3-year period and for so long as the Investors, directly or indirectly, own Bank, Bank shall maintain no lower level of capital adequacy than "well capitalized" as defined in the appropriate capital regulations and guidance of the OCC. Bank shall at all times maintain an adequately funded allowance for loan and lease losses. For purposes of this Order, Investors shall include R. Eugene Taylor and the other members of the management team, including Christopher G. Marshall, R. Bruce Singletary, and Kenneth A. Posner; North American Financial Holdings, Inc.; Crestview Partners II, L.P. and its affiliated entities; FBR Capital Markets & Co. and its affiliated entities; and Franklin Mutual Advisers, LLC.
4. The Bank and each Investor shall be bound by, and comply with, all applicable provisions of the Policy Statement including, but not limited to, Condition 3 of this Order which provides that the Bank shall maintain Tier 1 common equity to total assets ratio of

at least 10 percent upon acquiring Metro Bank of Dade County, Turnberry Bank, and First National Bank of the South throughout the first three years of operation.

5. Any changes in the proposed management of the Bank or the proposed ownership shall be approved by the FDIC prior to opening.
6. Within 60 days of the date of this Order and at all times thereafter, at least fifty (50) percent of the Bank's Board of Directors shall be independent directors with banking or related financial management expertise. For purposes of this Order, an "independent director" is one that (a) is not a principal, director, member, officer, or employee of the Bank, North American Financial Holdings, Inc., or any other Investors provided that a person who is an outside director of North American Financial Holdings, Inc., and is independent of management of North American Financial Holdings, Inc., may serve as an independent director of the Bank (b) is otherwise "independent of management" within the meaning of 12 C.F.R. Part 363, and (c) has not been otherwise determined by the OCC or FDIC to lack sufficient independence. In each case, service by these individuals on the Bank's Board of Directors will be subject to the prior review and non-objection by the OCC and the appropriate FDIC Regional Director.
7. The Audit Committee of the Bank's Board of Directors shall be comprised of at least three Bank directors, none of whom are officers or employees of the Bank, and all of whom are independent directors.
8. The Bank shall provide to the appropriate FDIC Regional Director, with a copy sent to the OCC, the employment agreements and compensation arrangements (including salary benefits, deferred compensation, stock options or incentives, retention bonuses, and severance payments) for the Bank's senior executive officers, and obtain the prior written non-objection of the appropriate Regional Director for those agreements and compensation arrangements prior to execution. The compensation for directors and officers shall be comparable to similar sized insured depository institutions. The submission shall include a compensation study or similar documentation to support the reasonableness of the proposed compensation.
9. During the Bank's first three years of operation, the Bank shall obtain the prior written non-objection of the appropriate FDIC Regional Director prior to implementing any stock benefit plan developed by either the Bank or the holding company, offered to Bank employees, and not previously reviewed by the FDIC as part of the application for deposit insurance.
10. The Bank shall obtain adequate fidelity coverage prior to the date deposit insurance becomes effective.
11. The Bank shall adopt and maintain an accrual accounting system.

12. Federal deposit insurance shall not become effective until the Bank has been granted a charter, has authority to conduct banking business, and its establishment and operation as a depository institution has been fully approved by the OCC.
13. Federal deposit insurance shall not become effective until each registered or proposed bank holding company has obtained approval of the FRB to acquire voting stock control of the proposed depository institution prior to its opening for business.
14. The Bank shall submit a detailed, revised Business Plan within 60 days after the acquisition of a failed insured depository institution from the FDIC as receiver to the appropriate FDIC Regional Director, and shall obtain the prior written non-objection of the Regional Director prior to implementing the revised plan. For three years following the commencement of operations, the Bank shall provide to the appropriate FDIC Regional Director within 45 calendar days after the end of each calendar quarter, a business plan variance report detailing compliance with the revised Business Plan and an explanation of any material deviations.
15. For three years following the commencement of banking operations, the Bank shall provide to the appropriate FDIC Regional Director at least 60 days prior notice of any proposed material changes to the revised Business Plan.
16. The Bank shall provide to the appropriate FDIC Regional Director copies of the monthly reports provided to the FDIC pursuant to any Loss-Share Agreement by and between the FDIC, as receiver for Metro Bank of Dade County, Turnberry Bank, and First National Bank of the South.
17. The Bank shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance coverage becomes effective and shall submit to the appropriate FDIC Regional Director (i) a copy of the audited annual financial statements and the independent auditor's report thereon within 90 days after the end of the Bank's fiscal year; (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the Bank; and (iii) written notification within 15 days after a change in the Bank's independent auditor occurs.
18. Full disclosure shall be made to all proposed directors and stockholders of the Bank of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) a shareholder who directly or indirectly controls ten percent or more of any class of the Bank's outstanding voting stock; or (iii) an associate or interest of any such person.
19. Until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its approval should an interim development be deemed to warrant such action.

20. If deposit insurance has not become effective within six months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, this approval shall expire at the end of said six-month period.

Dated at Washington, D.C. this 16 day of July, 2010.

**FEDERAL DEPOSIT INSURANCE CORPORATION**

By: \_\_\_\_\_  
Lisa Arquette *o*  
Associate Director  
Division of Supervision and Consumer Protection

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

**In Re: NAFH National Bank (Proposed)  
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**Application for Federal Deposit Insurance**

### **STATEMENT**

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1815), the Federal Deposit Insurance Corporation (FDIC) received an Interagency Charter and Federal Deposit Insurance Application on behalf of NAFH Bank, NA, a proposed new institution that will be located at 9350 South Dixie Highway, Miami, Florida 33156. The application is intended to establish a newly chartered national bank for the purpose of acquiring certain assets and assuming certain liabilities of Metro Bank of Dade County – Miami, FL; Turnberry Bank – Aventura, FL; and First National Bank of the South, Spartanburg, South Carolina, from the FDIC in its capacity as receiver in a purchase and assumption transaction. The organizers have concurrently applied for a national bank charter and filed a Bank Merger Act application with the Office of the Comptroller of the Currency ("OCC") to facilitate the proposed acquisition.

In accordance with FDIC regulations, the deposit insurance application will not be subject to public notice, as the application is in furtherance of the resolution of failing institutions, Metro Bank of Dade County, Turnberry Bank, and First National Bank of the South (12 C.F.R. section 303.23 (b)). The OCC intends to waive its public notice requirements pursuant to its regulations (12 U.S.C. section 1828(c)(3), (4)(C)(i), and (6)).

The Bank will be a wholly-owned subsidiary of North American Financial Holdings, Inc. (the "Company"), a Delaware corporation organized to become a regulated bank holding company. The Company will be owned by approximately 40 investors, the largest of which is Crestview Partners II L.P., which owns up to 24.9% of the shares of the Company. Capital of \$605 million (up to \$900 million with the exercise of additional purchase rights) will be provided by the Company, which intends to become a publicly traded company and will continue pursuing acquisition opportunities in the financial services industry. R. Eugene Taylor is the Chief Executive Officer and Chairman of the Board.

The Company will become a bank holding company given its level of ownership interest of the Bank. In addition, certain of the principal shareholders of Company, including Crestview Partners II L.P., Oak Hill Advisors, and FBR Capital Markets, have executed passivity, anti-association and information agreements with the Federal Reserve Board with respect to their investments in the Company and the Bank.

FDIC Staff analyzed the deposit insurance application based upon the Company, as well as the Bank, being the successful bidder. The Company intends to provide the Bank with sufficient capital, funding, and managerial resources to accomplish several strategic

priorities. The high-level strategy proposed by the organizers is to stabilize operations with strong capitalization and an established management team, transition away from the previous business model and into more traditional assets, and reemphasize traditional retail branch deposit generation. The organizers' long-term strategic intent is to build a premier retail bank.

The financial projections show that the Bank will be capitalized with an amount sufficient to achieve a Tier 1 common equity to total assets ratio, as defined in the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions, of not less than 10 percent upon acquiring Metro Bank of Dade County, Turnberry Bank, and First National Bank of the South, and throughout the first three years of operation. Future earnings prospects appear attainable, and management is considered satisfactory. Corporate powers to be exercised are consistent with the purpose of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent.

Accordingly, based upon a careful evaluation of all available facts and information and in consideration of the factors of Section 6 of the FDI Act, the Associate Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR  
DIVISION OF SUPERVISION AND CONSUMER PROTECTION  
FEDERAL DEPOSIT INSURANCE CORPORATION**