

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION
TALLAHASSEE, FLORIDA

Written Agreement by and among

CENTURY BANK OF FLORIDA
Tampa, Florida

FEDERAL RESERVE BANK OF
ATLANTA
Atlanta, Georgia

and

STATE OF FLORIDA OFFICE OF
FINANCIAL REGULATION
Tallahassee, Florida

Docket No. 09-103-WA/RB-SM

OFR ADMINISTRATIVE
FILE NO: 0659-F1-07/09

WHEREAS, in recognition of their common goal to maintain the financial soundness of Century Bank of Florida, Tampa, Florida (the “Bank”), a state chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of Atlanta (the “Reserve Bank”), and the State of Florida Office of Financial Regulation (the “OFR”) have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on August 25, 2009, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Jose Vivero to enter into this Agreement on behalf of the Bank, and consenting to compliance with each and

every provision of this Agreement by the Bank and its institution-affiliated parties, as defined in Section 3(u) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1813(u)), and Section 655.005(1)(i), Florida Statutes.

NOW, THEREFORE, the Bank, the Reserve Bank, and the OFR agree as follows:

Board Oversight

1. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and the OFR a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to improve the Bank’s condition and maintain effective control over and supervision of the Bank’s senior management and major operations and activities, including, but not limited to, credit risk management, loan underwriting, credit administration, the adequacy of the allowance for loan and lease losses (“ALLL”), capital, and earnings;

(b) a description of the information and reports that will be regularly reviewed by the board of directors in its oversight of the operations and management of the Bank, including information on the Bank’s adversely classified assets, ALLL, capital, liquidity, and earnings;

(c) the establishment of measures to ensure Bank staff’s adherence to approved policies and procedures; and

(d) the establishment of written procedures to ensure corrective actions are promptly taken to address regulatory findings.

Management Review

2. Within 30 days of this Agreement, the board of directors of the Bank shall retain an independent consultant acceptable to the Reserve Bank and the OFR to conduct a review of all managerial and staffing needs of the Bank and the qualifications and performance of all senior Bank management and all loan officers (the “Management Review”), and to prepare a written report of findings and recommendations (the “Report”). The primary purpose of the Management Review shall be to aid in the development of a suitable management structure that is adequately staffed by qualified and trained personnel, particularly in the areas of problem loan resolution and credit risk management. Within 10 days of the engagement of the independent consultant, but prior to the commencement of the Management Review, the Bank shall submit an engagement letter to the Reserve Bank and the OFR for approval. The engagement letter shall require the independent consultant to submit the Report within 45 days of the approval of the engagement letter and to provide a copy of the Report to the Reserve Bank and the OFR at the same time that it is provided to the Bank. The Management Review shall, at a minimum, address, consider, and include:

- (a) The identification of the type and number of officers needed to manage and supervise properly the affairs of the Bank;
- (b) an evaluation of each officer to determine whether the individual possesses the ability, experience, and other qualifications required to perform competently present and anticipated duties, including the ability to comply with applicable laws and regulations, adhere to the Bank’s established policies and procedures, restore and maintain

the Bank to a safe and sound condition, and comply with the requirements of this Agreement; and

(c) the number and qualifications of staff necessary to properly administer the Bank's loan workout function.

3. Within 30 days of the Bank's receipt of the Report, the board of directors of the Bank shall submit a written management plan (the "Management Plan") to the Reserve Bank and the OFR that fully addresses the findings and recommendations in the Report and describes the specific actions that the board of directors proposes to take in order to strengthen the Bank's management, including, but not limited to, plans to hire or appoint additional or replacement personnel.

Credit Risk Management

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR an acceptable written plan to strengthen credit risk management practices. The plan shall, at a minimum, address, consider, and include:

(a) Procedures to periodically review and revise risk exposure limits to address changes in market conditions and strategies to minimize credit losses;

(b) procedures for timely and accurate identification of credit risk in the loan portfolio; and

(c) procedures to enhance the Bank's monitoring and controlling the level of problem assets.

Lending and Credit Administration

5. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR an acceptable written plan to improve loan underwriting and credit administration that, at a minimum, addresses, considers, and includes:

(a) Underwriting standards that are appropriate for each type of loan product offered by the Bank, including, at a minimum, documented analysis of the borrower's repayment source, creditworthiness, global cash flow, leverage, liquidity, and overall debt service ability;

(b) underwriting standards for loan participations;

(c) procedures to identify and report all loan policy and loan documentation exceptions;

(d) procedures to remediate loan documentation exceptions;

(e) adequate staffing of the loan workout function by qualified individuals; and

(f) enhanced appraisal review procedures to ensure the quality of appraisals and the reliability of appraised values.

Loan Review

6. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR an acceptable written program for the on-going review and grading of the Bank's loan portfolio. The program shall, at a minimum, address, consider, and include:

(a) The scope and frequency of loan review, including external loan reviews;

- (b) standards and criteria for assessing the credit quality of loans;
- (c) application of loan grading standards and criteria to the loan portfolio;
- (d) controls to ensure adherence to the revised loan review and grading standards; and
- (e) written reports to the board of directors, at least quarterly, that identify and report the status of those loans that are nonperforming or adversely graded and the prospects for full collection or strengthening of the quality of any such loans.

Asset Improvement

7. (a) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, who is obligated to the Bank in any manner on any extension of credit or portion thereof that has been charged off by the Bank or classified, in whole or in part, “loss” in the report of examination of the Bank by the Reserve Bank that commenced on February 17, 2009 (the “Report of Examination”) or in any subsequent report of examination, as long as such credit remains uncollected.

(b) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, whose extension of credit has been classified “doubtful” or “substandard” in the Report of Examination or in any subsequent report of examination, without the prior approval of the Bank’s board of directors. The board of directors shall document in writing the reasons for the extension of credit or renewal, specifically certifying that: (i) the extension of credit is necessary to protect the Bank’s interest in the ultimate collection of

the credit already granted or (ii) the extension of credit is in full compliance with the Bank's written loan policy, is adequately secured, and a thorough credit analysis has been performed indicating that the extension or renewal is reasonable and justified, all necessary loan documentation has been properly and accurately prepared and filed, the extension of credit will not impair the Bank's interest in obtaining repayment of the already outstanding credit, and the board of directors reasonably believes that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the board of directors meetings, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower's credit file for subsequent supervisory review. For purposes of this Agreement, the term "related interest" is defined as set forth in Section 215.2(n) of Regulation O of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 215.2(n)) and Section 658.48(4), Florida Statutes.

8. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR an acceptable written plan designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of \$100,000, including, other real estate owned ("OREO"), that (i) is past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination. In developing the plan for each loan, the Bank shall, at a minimum, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment

sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$100,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank and the OFR an acceptable written plan to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and the OFR to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current problem loan list, extension report, and past due/non-accrual report. The board of directors shall review the progress reports before submission to the Reserve Bank and the OFR and shall document the review in the minutes of the board of directors' meetings.

Allowance for Loan and Lease Losses

9. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report of Examination that have not been previously collected in full or charged off. Thereafter the Bank shall, within 30 days from the receipt of any federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank and the OFR.

(b) Within 60 days of this Agreement, the Bank shall review and revise its allowance for ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17), and the findings and recommendations regarding the ALLL set forth in the Report of Examination, and submit a description of the revised methodology to the Reserve Bank and the OFR. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include, at a minimum, the reliability of the Bank's loan grading system, the volume of criticized loans, concentrations of credit, the current level of past due and nonperforming loans, past loan loss experience, evaluation of probable losses in the Bank's loan portfolio, including adversely classified loans, and the impact of market conditions on loan and collateral valuations and collectability.

(c) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure adherence to the revised ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and

the OFR, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Capital Plan

10. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

(a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the volume of adversely classified assets;

(c) the adequacy of the ALLL;

(d) any planned asset growth;

(e) the anticipated level of retained earnings;

(f) anticipated and contingent liquidity needs; and

(g) the source and timing of additional funds to fulfill the future capital and ALLL needs of the Bank.

11. The Bank shall notify the Reserve Bank and the OFR, in writing, no more than 30 days after the end of any quarter in which the Bank's capital ratios (total risk-based, Tier 1, or leverage) fall below the approved plan's minimum ratios. Together with the notification, the Bank shall submit an acceptable capital plan that

details the steps the Bank will take to increase the Bank's capital ratios to or above the approved plan's minimums.

Earnings Plan and Budget

12. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the OFR a written business plan for the remainder of 2009 to improve the Bank's condition. The plan, at a minimum, shall provide for or describe:

(i) identification of the major areas where, and means by which, the board of directors and management shall seek to improve the Bank's earnings and operating performance;

(ii) a realistic and comprehensive budget for the remainder of calendar year 2009, including income statement and balance sheet projections; and

(iii) a description of the operating assumptions that form the basis for, and adequately support, major projected income, expense, and balance sheet components.

(b) A business plan and budget for each calendar year subsequent to 2009 shall be submitted to the Reserve Bank and the OFR at least 30 days prior to the beginning of that calendar year.

Dividends and Distributions

13. (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors, and the OFR.

(b) Any request to declare or pay dividends must be consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323), and the Bank must demonstrate compliance with Section 658.37, Florida Statutes. All requests for prior approval shall be received by the Reserve Bank and the OFR at least 30 days prior to the proposed dividend declaration date and shall contain, at a minimum, current and projected information on earnings, capital, asset quality, and ALLL needs of the Bank.

Compliance with Laws and Regulations

14. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Bank shall comply with the notice provisions of Section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*) and the notice provisions of Section 655.0385, Florida Statutes, and Rule 69U-100.03852, Florida Administrative Code, for directors and executive officers as defined in Section 655.005(1)(f), Florida Statutes.

(b) The Bank shall comply with the restrictions on indemnification and severance payments of Section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Information Technology and Security

15. Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank and OFR an acceptable plan, including timetables, to enhance the Bank's information security policies and procedures to ensure full compliance with Appendix D-

2 to Regulation H of the Board of Governors (12 C.F.R. Part 208, App. D-2) and to address the deficiencies noted regarding information technology in the Report of Examination.

Compliance with the Agreement

16. (a) Within 10 days of this Agreement, the board of directors of the Bank shall appoint a joint committee (the “Compliance Committee”) to monitor and coordinate the Bank’s compliance with the provisions of this Agreement. The Compliance Committee shall include a majority of outside directors who are not executive officers or principal shareholders of the Bank, as defined in Sections 215.2(e)(1) and 215.2(m)(1) of Regulation O of the Board of Governors (12 C.F.R. §§ 215.2(e)(1) and 215.2(m)(1)), and Section 655.005(1)(f), Florida Statutes. At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the board of directors of the Bank.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the Bank shall submit to the Reserve Bank and the OFR written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plans, Programs, and Engagement Letter

17. (a) The Bank shall submit written plans, programs, and an engagement letter that are acceptable to the Reserve Bank and the OFR within the applicable time periods set forth in paragraphs 2, 4, 5, 6, 8, 9(c), 10, and 15 of this Agreement. An independent consultant acceptable to the Reserve Bank and the OFR shall be retained by the Bank within the period set forth in paragraph 2 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank and the OFR, the Bank shall adopt the approved plans, programs, and engagement letter. Upon adoption, the Bank shall promptly implement the approved plans and programs and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and programs, and engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank and the OFR.

Communications

18. All communications regarding this Agreement shall be sent to:

- (a) Mr. Andre T. Anderson
Vice President
Federal Reserve Bank of Atlanta
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470
- (b) Ms. Linda B. Charity
Director
State of Florida
Office of Financial Regulation
Division of Financial Institutions
200 E. Gaines Street
Tallahassee, Florida 32399-0371
- (c) Mr. Jose Vivero
Chairman and Chief Executive Officer
Century Bank of Florida
716 West Fletcher Avenue
Tampa, Florida 33612

Miscellaneous

19. Notwithstanding any provision of this Agreement, the Reserve Bank and the OFR may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

20. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

21. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the OFR.

22. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the OFR, or any other federal or state agency from taking any other action affecting the Bank, any nonbank subsidiary or any of their current or former institution-affiliated parties and their successors and assigns.

23. Pursuant to Section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under Section 8 of the FDI Act (12 U.S.C. § 1818).

24. This Agreement is enforceable by the OFR as a “written agreement,” as the term is contained in Sections 655.033 and 655.041, Florida Statutes, pursuant to Chapters 120, 655, and 658, Florida Statutes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 25th day of August, 2009.

CENTURY BANK OF FLORIDA

FEDERAL RESERVE BANK OF
ATLANTA

By: /s/ Jose Vivero
Jose Vivero
Chairman and Chief Executive Officer

By: /s/ Andre T. Anderson
Andre T. Anderson
Vice President

STATE OF FLORIDA OFFICE OF
FINANCIAL REGULATION

By: /s/ Linda B. Charity
Linda B. Charity
Director
Division of Financial Institutions