

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 8th day of May, 1995 (the "Effective Date"), by and between Bankers Savings Bank, Coral Gables, Florida (the "Institution"), a state chartered stock association, having its main office located at 2222 Ponce De Leon Boulevard, Coral Gables, Florida 33134 and the Office of Thrift Supervision ("OTS"), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C., acting through its Southeast Regional Director or his designee ("Regional Director").

WHEREAS, the OTS is the primary federal regulator of the Institution; and

WHEREAS, based on the Report of Examination dated October 31, 1994 ("ROE"), the OTS is of the opinion that the Institution has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Institution is subject and/or (ii) are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against the Institution; and

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Institution will: (i) comply with all applicable laws and regulations and (ii) engage in safe and sound practices; and

WHEREAS, the Institution, acting through its Board of Directors (the "Board") without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises, the mutual undertakings set forth herein, the parties hereto agree as follows:

COMPLIANCE WITH LAWS, REGULATIONS & SAFE AND SOUND PRACTICES

The Institution shall take all necessary and appropriate actions to achieve compliance with the following laws, regulations, and safe and sound business practices:

1. Section 563.161 of the OTS Regulations, 12 C.F.R. § 563.161 (regarding management and financial policies/compensation); and

2. Sections 563.176 of the OTS Regulations, 12 C.F.R. § 563.176 (regarding interest rate risk management policies and procedures).

CORRECTIVE PROVISIONS

BOARD OF DIRECTORS AND MANAGEMENT

3. The Institution shall actively seek new, qualified members for the Board, who are not members of Management (defined herein as the officers of the Institution, as the term "Officer" is defined at 12 C.F.R. §561.35) and who are not deemed to be acting in concert (as that term is defined in 12 C.F.R. Part 574) with current members of the Board or Management. The minutes of the meetings of the Board of Directors shall fully document these efforts.

4. Within 30 days of the Effective Date, Bankers shall obtain a qualified independent consultant ("QIC") to assist the Board of Directors in addressing the matters required by Paragraphs 5 (review of management and board), 9 (interest rate risk) and 10 (business plan) of this Agreement. Bankers shall retain the QIC only in accordance with the requirements of Thrift Bulletin 50.

5. Within 75 days of the Effective Date, the Board shall review present management and shall formulate and submit to the Regional Director a management plan which shall contain:

- A. An organizational chart that designates lines of authority, responsibility, and compensation for each officer position. The Board also shall perform a written review of each director's responsibilities and compensation.
- B. Job descriptions for each officer position on the organizational chart.
- C. A review of each existing officer's performance, abilities, background and assignments to positions within the organizational structure. If the existing management and other personnel do not have sufficient expertise to develop and carry out the policies described in this Agreement, the plan shall establish those positions that require employment of personnel from outside the Institution.

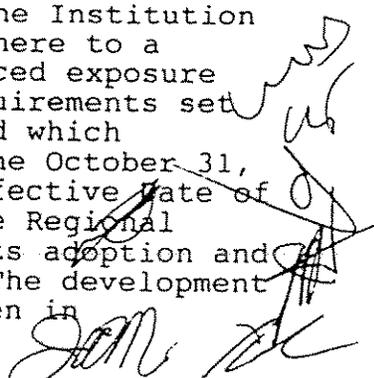
6. As required by Section 32 of the FDIA, 12 U.S.C. § 1831i, and Section 574.9 of the OTS Regulations, 12 C.F.R. §

574.9, the Institution shall provide at least 30 days prior written notice of the addition of any director or senior executive officer (as those terms are defined in § 574.9) to the OTS before the employment becomes effective.

7. Pursuant to OTS Regulatory Bulletin 27a, the Institution shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director or senior executive officer, of the Institution or any subsidiary thereof, unless it first (i) provides a minimum of 30 days advance notice of the proposed transaction and (ii) receives a written notice of non-objection from the Regional Director.

8. The Institution shall not make any "golden parachute payment", as that term is defined in Section 18(k) of the FDIA, 12 U.S.C. § 1828(k), and as it may be further defined in regulations adopted by the Federal Deposit Insurance Corporation ("FDIC") under that authority, unless it first (i) provides a minimum of 30 days advance notice of the proposed payment and (ii) receives a written notice of non-objection from the Regional Director with regard thereto.

INTEREST RATE RISK

9. Within 105 days of the Effective Date, the Institution shall develop, adopt, implement, and thereafter adhere to a written policy for the management of, and the reduced exposure to, interest rate risk, which incorporates the requirements set forth in OTS Thrift Bulletins 13, 13-1 and 13-2 and which specifically addresses the deficiencies noted in the October 31, 1994 ROE. Within ~~50~~ 60 days after the Effective Date of this Agreement, the Institution shall submit to the Regional Director a certified Board resolution evidencing its adoption and implementation of the interest rate risk policy. The development of the interest rate risk policy shall be undertaken in conjunction with the business plan discussed infra. 

BUSINESS PLAN

10. Within 105 days of the Effective Date, the Institution shall prepare, adopt and submit to the Regional Director the first in a series of three one year business plans that cover the fiscal years 1995, 1996 and 1997. The 1996 and 1997 business plans shall be prepared and adopted at least 60 days prior to the first day of the respective fiscal year to which it applies. Each plan shall detail the Institution's operating strategy for the fiscal year it pertains to, including pro forma financial statements and relevant assumptions for the period covered in the plan. The business plan shall at a minimum: specify the lines of business the Institution will pursue; identify target markets; specify how the target markets will be served profitably with the lines of business offered; detail the Board's plans to raise additional capital as needed to support the risk profile of the

Institution; reduce the exposure to interest rate risk; and improve core earnings. The pro forma financial statements should reflect a specific reduction of noninterest operating expenses over the course of each plan. The Board shall review and approve each business plan and monitor compliance with its terms at least quarterly.

11. The Institution shall produce quarterly variance reports within 30 days after the close of each quarter to which the business plan applies. Said quarterly variance reports shall detail actual operating results versus projected results. The report also shall include an explanation of any material deviation from the projection and a specific description of the measures that have been implemented or are proposed to correct any adverse deviation. A deviation shall be considered material when the Institution:

- A. engages in any type of activity inconsistent with the business plan;
- B. exceeds the level of any activity contemplated in the business plan by more than 10%, unless the activity involves assets risk-weighted 50% or less, in which case a variance of more than 25% shall be deemed to be a material deviation;
- C. does not meet the targets set for the reduction of noninterest operating expenses; or
- D. does not meet the targets set for exposure to interest rate risk.

The Institution shall retain a copy of the reports in the Board minutes, and shall, within 5 days after preparation of the quarterly variance report, forward a copy to the Regional Director's designee.

12. Without the prior written approval of the Regional Director, the Institution shall not increase its Total Assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph shall be expressly incorporated in the business plan required by Paragraph 10. However, the institution may fund outstanding loans in process obligations and legally binding commitments, in existence as of February 17, 1995, that require funding during the quarter in excess of the amount equal to net interest credited.

RECORDKEEPING AND INTERNAL CONTROLS

13. Bankers shall develop, adopt, implement and thereafter adhere to written policies and procedures that provide for appropriate internal controls for the purchase, retention and disposal of furniture, fixtures and equipment. Such policies

shall expressly name which officers are permitted to make such purchases, provide for specific dollar limitations to be placed on each individual so designated before further approval is required by the Board, and provide for the preparation of an inventory schedule, including identification tags, as well as, at least, annual inventories.

14. Bankers shall develop, adopt, implement and thereafter adhere to written policies and procedures that provide for appropriate internal controls for the reimbursement of travel expenses. Such policies shall clearly define what costs may be reimbursed, and require that receipts be provided for proper documentation. The policy shall also provide for acceptable limits on expenses incurred in connection with attendance at Board meetings.

15. Bankers shall develop, adopt, implement and thereafter adhere to written policies and procedures that provide for appropriate internal controls for the use of corporate credit card accounts. Such policies shall require that all charges be supported by an original receipt, prohibit charging of personal expense items, and permit only full-time officers to use corporate credit cards.

16. Bankers shall develop, adopt, implement and thereafter adhere to written policies and procedures that provide for appropriate internal controls for the accurate maintenance of the minutes of each meeting of the Board or other Committees. The policies shall comply, at a minimum, with the procedures discussed in Paragraph 14 (page 6) of the Overview Section of the October 31, 1994 ROE.

17. Within 60 days after the Effective Date of this Agreement, the Institution shall submit to the Regional Director a certified Board resolution evidencing its adoption and implementation of the policies and procedures mandated by Paragraphs 13 through 16 of this Agreement.

CONFLICTS OF INTEREST

18. The Institution shall revise, implement, and thereafter adhere to policies and procedures designed to ensure that the Institution complies with the OTS Statement of Policy, 12 C.F.R. §571.7, and shall take action as necessary to reduce or to avoid the appearance of a conflict of interest in transactions between Bankers and its directors, officers, and other affiliated persons. Specifically, the Institution shall address those conflicts described in the October 31, 1994 ROE, and shall prohibit such transactions in the future. In addition, the Institution shall not purchase goods from or use the services of any affiliates or affiliated persons, except that services may be provided by affiliates and affiliated persons if they are provided at no cost to the Institution.

The Board shall be responsible for the Institution's compliance with the policies and procedures required by this Paragraph 18 of this Agreement, shall obtain and review quarterly reports from Management indicating the level of compliance, and document the Board's review in the minutes.

SHAREHOLDER RIGHTS AGREEMENT

19. The Institution shall, within 30 days of the Effective Date of this Agreement, provide evidence satisfactory to the Regional Director that the Shareholder Rights Agreement, dated February 22, 1994, has been legally terminated. If Bankers determines, in the future, to adopt a similar shareholder rights agreement, Bankers shall obtain the approval of the OTS prior to the adoption of said Shareholder Rights Agreement.

AUDIT COMMITTEE

20. The Audit Committee shall meet no less frequently than every quarter, and shall at that time review any reports issued by persons or companies performing audit services for Bankers. The Audit Committee shall also review and ascertain the adequacy of Management's responses to these reports. The Audit Committee shall keep minutes of its meetings, and those minutes shall, in addition to complying with Paragraph 16 of this Agreement, contain copies of all reports received and Management's response to those reports.

HOLDING OF OFFICE FACILITIES

21. The Institution shall immediately undertake a review of its office facilities, and the real estate adjacent to those facilities. This review shall determine what portion of its facility is necessary for use as an office, and what portion, if any, of its facility is being held as real estate held for investment. The review also shall determine whether the Institution is in compliance with 12 C.F.R. §545.77. The portion of its facilities that does not meet the criteria for office and related facilities shall be treated as real estate held for investment and appropriately deducted from capital. A report documenting this review shall be presented to the Board and the OTS within 60 days of the Effective Date of this Agreement, and shall be made a part of the minutes of the Board meeting at which it is presented. Within 5 days after the presentation of this review to the Board, a copy shall be forwarded to the OTS.

DIRECTOR RESPONSIBILITY

22. Notwithstanding the requirements of this Agreement that the Board submit various matters to the Regional Director for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the

safe and sound operation of the Institution at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

COMPLIANCE WITH AGREEMENT

23. The Board and Management of the Institution shall take immediate action to cause the Institution to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Institution to continue to carry out the provisions of this Agreement.

24. The Board shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Agreement.

25. The Board, no later than 30 days following the end of a calendar quarter (including the calendar quarter during which the Effective Date occurs), shall adopt a board resolution (the "Compliance Resolution") formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Institution has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) identify all notices of exemption issued by the Regional Director that were outstanding as of the date of its adoption. Any director dissenting from the adoption of the Compliance resolution shall be identified in the Board minutes along with his reason for dissenting. No later than 5 days following the adoption of the Compliance Resolution, the Institution shall provide to the Regional Director a certified copy of the Compliance Resolution and the Board meeting minutes. The Board, by virtue of the Institution's submission of a certified copy of each such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except for dissenting directors.

DEFINITIONS

26. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA or OTS Memoranda. Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS

27. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

NOTICES

28. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with:

- A. The OTS by the Institution, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree St., N.E., Atlanta, Georgia 30309 or telecopied to (404)888-5634 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.
- B. The Institution by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to the Institution at Bankers Savings Bank, 2222 Ponce De Leon Boulevard, Coral Gables, Florida 33134 or telecopied to (305) 567-8921 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.
- C. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Agreement, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

DURATION, TERMINATION OR SUSPENSION OF AGREEMENT

29. This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below and (ii) remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

30. The Regional Director in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

TIME LIMITS

31. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

EFFECT OF HEADINGS

32. The Section headings herein are for convenience only and shall not affect the construction hereof.

SEPARABILITY CLAUSE

33. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

NO VIOLATIONS OF LAW, RULE, REGULATION OR POLICY STATEMENT
AUTHORIZED; OTS NOT RESTRICTED; RELATION TO STATE LAW

34. Nothing in this Agreement shall be construed as: (i) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject or (ii) restricting or estopping the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

35. As an Institution chartered under State law and subject to regulation and supervision by a State regulatory authority, the Institution may be subject to various restrictions imposed by the appropriate State-regulatory authority. The Institution must continue to comply with any such restrictions, notwithstanding the receipt by the Institution of authorizations or notices of non-objection of the Regional Director, except to the extent that such restrictions have been deemed to be pre-empted by Federal law.

SUCCESSORS IN INTEREST/BENEFIT

36. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Institution, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

THE INSTITUTION

By:

By:

151
Name: ~~Richard M. Riccobono~~
Title: Acting Regional Director

151
Name:
Chief Executive Officer

DIRECTORS OF THE INSTITUTION

151
~~James B. Burda~~

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William D. Nolan

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~~John E. Hunt, Sr.~~

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~~Michael J. Levine~~

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~~James W. Murphy~~

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Arthur Shapiro

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Robert J. Thomas

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly appointed and qualified Secretary of Bankers Savings Bank, Coral Gables, Florida, OTS No. 8408, (the "Institution") hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Institution was held on May 3, 1995;

2. At said meeting a quorum was present and voting throughout;

3. The following is a true copy of resolutions duly adopted by the Institution's Board of Directors, which resolutions have not been rescinded or modified and are now in full force and effect:

WHEREAS, the Board of Directors of the Institution wishes to cooperate with the OTS and to demonstrate that said Board and the Institution have the intent to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices; and

WHEREAS the Directors of the Institution have read and considered the proposed Supervisory Agreement ("Agreement") which shall be attached to the minutes of this meeting; and

WHEREAS after due consideration, the Directors of the Institution have determined to cause the Institution to enter into the proposed Agreement which is in the best interest of the Institution;

NOW THEREFORE, BE IT RESOLVED, that the Institution be and it hereby is authorized to enter into the Agreement in the form attached to the minutes of the meeting,

FURTHER RESOLVED, that the execution and delivery of, and performance of all of the provisions of the Agreement be, and they hereby are, authorized and approved,

FURTHER RESOLVED, that the Directors and Officers of the Institution be, and they hereby are, authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Institution to comply in all respects with the terms of the Agreement.

4. All members of the Board of Directors were present and voted at the meeting (except Patricia Wallace) and all members of the Board of Directors (except Patricia Wallace (abstained)) voted in favor of the resolution;

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Institution on this 3 day of May, 1995.

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Name:

Title:
(SEAL)