

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 19th day of November, 1997 ("the Effective Date"), by and between **LEE D. ADAMANATIDIS, GEORGE A. BAVELIS, EUGENE DEAL, BARBARA DEAL, D.A.V. COMPANY, EFFIE ELIOPULOS, RICHARD O. JOHNSON, ERNIE MALAS, SANFORD SOLOMON, THE VOLDNESS COMPANY, and GERALD ZAMENSKY**, ("the Bavelis Group" or "the Group"), stockholders of Sterling BancGroup, Inc., Columbus, Ohio, OTS No. H-2614 ("SBG" or "the Holding Company"), the parent holding company of Sterling Bank, F.S.B., West Palm Beach, Florida, OTS No. 8402, ("Sterling Bank" or "the Institution"), a federally chartered, stock savings association, and the Office of Thrift Supervision ("the 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 Southeastern Regional Director or his designee ("Regional Director"). For purposes of this Agreement, all references to the Bavelis Group's stock shall include any corporate or partnership entities that own shares of stock in SBG and that are themselves owned or controlled by one or more members of the Bavelis Group.

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

WHEREAS, based upon information available to the OTS in its capacity as the primary federal regulator of the Holding Company and the Institution, the OTS is of the opinion that the Bavelis Group has engaged in acts and practices that have resulted in violations of certain of the laws and regulations to which the the Bavelis Group is subject; and

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

WHEREAS, the Bavelis Group, without admitting or denying that such grounds exist, except those as to jurisdiction, which are admitted, wishes to cooperate with the OTS and to evidence its intent to comply with all applicable laws and regulations.

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

Compliance With Laws And Regulations

1. The Bavelis Group shall comply with the provisions of Section 7(j) of the Federal Deposit Insurance Act, 12 U.S.C. § 1817(j)¹ and 12 C.F.R. Part 574 (1997).

Increase in Ownership

2. As of the Effective Date of this Agreement:
 - a. no member of The Bavelis Group may increase his or her ownership in any class of voting securities of the Holding Company unless and until the OTS has issued its notice of intent not to disapprove the Group's Notice of Change in Control or its approval of the Group's Holding Company Application (hereafter referred to as "Application Approval"), which application is required to be submitted by the Bavelis Group pursuant to Paragraph 3 of this Agreement, although members of the Bavelis Group may agree to acquire voting securities of the Holding Company, from each other only, and subject at all times to receipt of the Application Approval;
 - b. all shares of the Holding Company's stock that are owned or controlled by the Bavelis Group, directly or indirectly, that are in excess of 9.9 percent of the total outstanding shares of stock of the Holding Company are considered to be Excess Shares ("Excess Shares"); and
 - c. the Bavelis Group may not vote more than 9.9 percent of the Holding Company's outstanding stock, on any issue put to a shareholder vote, unless and until the Group has received the Application Approval.

Filing of Notice; Divestiture

3. a. Within thirty (30) days of the Effective Date of this Agreement, the Bavelis Group shall file with the OTS the appropriate Application, Notice or Rebuttal that is required by 12 C.F.R. Part 574, to permit the Group to own or control shares in excess of 9.9 percent of the total outstanding shares of stock of the Holding Company (hereafter referred to as "the Application").

1. All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

If the Bavelis Group receives notice that the OTS has disapproved the Application, objected to the Application, or that the OTS has deemed the Application withdrawn (hereafter referred to as "Application Denial"), the members of the Bavelis Group shall, within sixty (60) days, dispose of all Excess Shares in compliance with the terms of this Agreement.

- b. If the Bavelis Group fails to make the appropriate filing required by Paragraph 3.a. above, the members of the Bavelis Group shall, within sixty (60) days, dispose of all Excess Shares in compliance with the terms of this Agreement.
- c. No member of the Bavelis Group may sell, transfer, or otherwise divest of Excess Shares, pursuant to the instructions in Paragraph 3.b. above, to any party with whom he, she, or any other member of the Group is acting in concert, pursuant to the provisions of 12 C.F.R. § 574.4(d) and 12 C.F.R. § 574.2(c).
- d. In the event the Bavelis Group is required to dispose of the Excess Shares pursuant to Paragraphs 3.a. or 3.b. above, the Excess Shares shall be transferred to an independent trustee acceptable to the Regional Director ("Trustee"), under trust terms and conditions acceptable to the Regional Director, with instructions to dispose of the Excess Shares within 365 days of the date such Excess Shares are transferred to the Trustee. During the period the Trustee holds the Excess Shares:
 - (i) members of the Bavelis Group may find buyers for some or all of the Excess Shares (subject to the restrictions of Paragraph 3.c. above);
 - (ii) no member of the Bavelis Group may otherwise exercise any ownership or control over the Trustee or the Excess Shares;
 - (iii) the Excess Shares must be voted pro-rata with all other votes cast on any matter coming before the shareholders of the Holding Company for a vote; and
 - (iv) the Trustee may not take any action otherwise prohibited in Paragraph 5 below.

Control By The Bavelis Group

4. From the Effective Date of this Agreement until the earlier of such time as either (i) the Application Approval is obtained, or (ii) an Application Denial is received, or (iii) thirty (30) days from the Effective Date if the Bavelis Group fails to file the appropriate Application, no member of the Bavelis Group may take any action that would cause either the Holding Company or the Institution to:

- a. operate other than in the ordinary course of business, in compliance with all applicable laws and regulations;
 - b. engage in any material transaction;
 - c. add new members to their respective Boards of Directors without prior notice to and approval from the Regional Director; or
 - d. add any member of the Bavelis Group as an officer, employee or agent of the Holding Company or the Institution.
5. From the earlier of such time as either (i) an Application Denial is received, or (ii) thirty (30) days from the Effective Date of the Agreement, if the Bavelis Group fails to file the appropriate Application, and for so long as the Bavelis Group owns, controls or holds with the power to vote any Excess Shares, no member of the Bavelis Group, either individually or in concert with others, may take any of the actions listed in 12 C.F.R. § 574.100 II.A. 1-6 (inclusive) (such provisions being the various actions prohibited a person seeking to rebut a presumption of control of a savings association or holding company) without the prior written approval of the Regional Director, except that they may:
- a. thirty (30) days after the occurrence of either (i) or (ii) above continue to retain only one Bavelis Group representative on the Board of Directors of the Holding Company and the Institution (who may exercise his fiduciary duty as a director consistent with the referenced provisions in 12 C.F.R. 574.100) for so long as any Excess Shares remain; and
 - b. maintain pre-existing deposit and loan relationships at the Institution so long as such relationships are on a basis no more favorable than those generally offered to the public.

Definitions

6. 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 Directive 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

7. 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

8. 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 the OTS or the Bavelis Group shall be in writing and mailed, first class or overnight courier, or by means of electronic transmission, or physically delivered, and addressed as follows:

OTS: Michael Anderson, Review Examiner
Office of Thrift Supervision - Southeast Region
1475 Peachtree Street, N.E.
Atlanta, Georgia 30309

The Bavelis Group:

George A. Bavelis
52 E. 15th Avenue
Columbus, Ohio 43201

with a copy provided to:

John L. Douglas, Esq.
Alston & Bird L.L.P.
One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309-3424

Duration, Termination or Suspension of Agreement

9. 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).

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

Time Limits

11. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted. Such time limitations may be extended by the Regional Director, in his sole discretion, upon written application by the Bavelis Group.

Effect of Headings

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

Separability Clause

13. 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 sole discretion determines otherwise.

No Violations of Law, Rule, Regulation or Policy Statement
Authorized; OTS Not Restricted; Relation To State Law

14. Nothing in this Agreement shall be construed as: (i) allowing the Bavelis Group to violate any law, rule, regulation, or policy statement to which they are subject or (ii) restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

Successors in Interest/Benefit

15. 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 Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Integration Clause

16. This Agreement represents the final written agreement of the Parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

Enforceability of Agreement

17. This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Bavelis Group. The Group acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C. §1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and the Bavelis Group hereby execute this Agreement as of the Effective Date.

The Bavelis Group:

15/
Lee D. Adamanatidis

15/
George A. Bavelis

15/
Eugene Deal

15/
Barbara Deal

(The Bavelis Group, Cont.)

151

D.A.V. Company
By: Peter Martin Clarkson

151

Effie Eliopoulos

151

Richard O. Johnson

151

Ernie Malas

151

Sanford Solomon

The Voldness Company
By: I.D. "Red" Voldness

Gerald Zamensky

OFFICE OF THRIFT SUPERVISION

By:

151

John E. Ryan
Southeast Regional Director

(The Bavelis Group, Cont.)

D.A.V. Company
By: Peter Martin Clarkson

Effie Eliopulos

Richard O. Johnson

Ernie Malas

Sanford Solomon

15/

The Voldness Company
By: I.D. "Red" Voldness

Gerald Zamensky

OFFICE OF THRIFT SUPERVISION

By:

15/

John E. Ryan
Southeast Regional Director

(The Bavelis Group, Cont.)

D.A.V. Company
By: Peter Martin Clarkson

Effie Eliopulos

Richard O. Johnson

Ernie Malas

Sanford Solomon

The Voldness Company
By: I.D. "Red" Voldness

151

Gerald Zamensky

.....OFFICE OF THRIFT SUPERVISION.....

By:

151

John E. Ryan
Southeast Regional Director