

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

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION
DIVISION OF FINANCIAL INSTITUTIONS
TALLAHASSEE, FLORIDA

Written Agreement by and among

RIVERSIDE GULF COAST BANKING
COMPANY
Cape Coral, Florida

RIVERSIDE BANK OF THE GULF COAST
Cape Coral, Florida

FEDERAL RESERVE BANK
OF ATLANTA
Atlanta, Georgia

and

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION
Tallahassee, Florida

Docket No. 08-041-WA/RB-HC
08-041-WA/RB-SM

WHEREAS, Riverside Gulf Coast Banking Company, Cape Coral, Florida (“Riverside”), a registered bank holding company, owns and controls Riverside Bank of the Gulf Coast, Cape Coral, Florida (the “Bank”), a state chartered bank that is a member of the Federal Reserve System, and various nonbank subsidiaries;

WHEREAS, in recognition of their common goal to maintain the financial soundness of Riverside and the Bank, Riverside, the Bank, the Federal Reserve Bank of Atlanta (the “Reserve Bank”), and the State of Florida, Office of Financial Regulation, Division of Financial

Institutions, Tallahassee, Florida (the “Division”) have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on October 28, 2008, the boards of directors of Riverside and the Bank, at a duly constituted joint meeting, adopted resolutions authorizing and directing Vernon Smith, Chairman, Riverside Gulf Coast Banking Company and Vice Chair, Riverside Bank of the Gulf Coast to enter into this Agreement on behalf of Riverside and the Bank, and consenting to compliance with each and every applicable provision of this Agreement by Riverside, the Bank, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”)(12 U.S.C. §§ 1813(u) and 1818(b)(3)), and Section 655.005, Florida Statutes.

NOW, THEREFORE, Riverside, the Bank, the Reserve Bank, and the Division 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 Division 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, the Bank’s credit administration and processes to mitigate risks associated with credit concentrations; and

(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, concentrations of credits, allowance for loan and lease losses ("ALLL"), capital, liquidity, and earnings.

Management and Staffing Review

2. Within 10 days of this Agreement, the board of directors of the Bank shall retain an independent consultant acceptable to the Reserve Bank and the Division to conduct a review of all managerial and staffing needs of the Bank and the qualifications and performance of all senior Bank management (the "Management Review") and to prepare a written report of findings and recommendations (the "Consultant's Report"). The primary purpose of the review shall be to aid in the development of a suitable management structure that is adequately staffed by qualified and trained personnel. The terms of the consultant agreement shall require that the Management Review be completed within 45 days of retention of the independent consultant and that the Consultant's Report be submitted to the board of directors of the Bank, the Reserve Bank, and the Division within 10 days of completion of the Management Review.

3. 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; and

(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 adhere to applicable laws and regulations and 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.

4. Within 45 days of the Bank's receipt of the Consultant's Report, the board of directors of the Bank shall submit a written management plan (the "Management Plan") to the

Reserve Bank and the Division that fully addresses the findings and recommendations in the Consultant's Report and describes the specific actions that the board of directors proposes to take in order to strengthen the Bank's management.

Credit Risk Management

5. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan that describes the specific actions that the board of directors proposes to take 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 to identify, limit, and manage concentrations of credit that are consistent with the Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, dated December 12, 2006 (SR 07-1);
- (c) procedures for timely and accurate identification of credit risk in the loan portfolio;
- (d) enhanced stress testing of loans and portfolio segments;
- (e) procedures to reduce the level of loan technical exceptions;
- (f) revisions to the loan policy to enhance underwriting requirements for commercial real estate ("CRE") loans; and
- (g) consideration of current and proposed CRE concentrations in the strategic plan, including a strategy to manage and mitigate CRE risks.

Loan Review Program

6. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written program for the ongoing review and grading of the Bank's loan portfolio by a qualified independent party or by qualified staff that is independent of the Bank's lending function. The program shall, at a minimum, address, consider, and include:

- (a) The scope and frequency of loan review;
- (b) standards and criteria for assessing the credit quality of loans;
- (c) application of loan grading standards and criteria to the loan portfolio; and
- (d) written reports to the board of directors, at least quarterly, that identify the

status of those loans that are 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" or "doubtful" in the report of examination of the Bank conducted by the Reserve Bank that commenced on March 3, 2008 ("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 "substandard" in the Report of Examination or in any subsequent report of examination, without the prior approval of the 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 (12 C.F.R. § 215.2(n)).

8. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division 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 \$1 million, including other real estate owned ("OREO") and pools of loans, that: (i) are past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) are on the Bank's problem loan list; or (iii) were adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$1 million, 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 Division 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 Division 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.

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 Division.

(b) Within 60 days of this Agreement, the Bank shall review and revise its 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 Division. 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 collectibility.

(c) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division 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 Division, 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 the ALLL for that quarter.

Capital Plan

10. Within 60 days of this Agreement, Riverside shall submit to the Reserve Bank an acceptable written plan to maintain sufficient capital at Riverside on a consolidated basis, and the Bank shall submit to the Reserve Bank and the Division an acceptable written plan to maintain sufficient capital at the Bank as a separate legal entity on a stand-alone basis. The plans shall, at a minimum, address, consider, and include, as appropriate:

(a) Riverside's current and future capital requirements, including compliance

with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D);

(b) the Bank's current and future capital requirements, including 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);

(c) the adequacy of the Bank's capital, taking into account the volume of classified credits, concentrations of credit, ALLL, current and projected asset growth, and projected retained earnings;

(d) the source and timing of additional funds to fulfill Riverside's and the Bank's future capital requirements;

(e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that Riverside serve as a source of strength to the Bank; and

(f) procedures for Riverside and the Bank to notify the Reserve Bank and the Division, in writing, no more than 30 days after the end of any quarter in which Riverside's consolidated capital ratios or the Bank's capital ratios (total risk-based, Tier 1, or leverage) fall below the appropriate plan's minimum ratios and to submit to the Reserve Bank and the Division an acceptable written plan that details the steps Riverside or the Bank, as appropriate, will take to increase Riverside's or the Bank's capital ratios to or above the respective plan's minimum within 30 days of such calendar quarter-end date.

Audit

11. Within 60 days of this Agreement, the board of directors of the Bank shall submit

to the Reserve Bank and the Division an acceptable written audit program that shall, at a minimum, address, consider, and include:

- (a) Compliance with the Amended Interagency Policy Statement on the Internal Audit Function and its Outsourcing, dated March 17, 2003 (SR 03-5);
- (b) guidelines and time frames for audit report issuance; and
- (c) procedures for management to promptly review audit reports, respond in writing to criticisms in audit reports, document corrective actions taken and resolution dates, and track unresolved audit issues.

Earnings Plan and Budget

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

- (i) a realistic and comprehensive budget for calendar year 2009, including income statement and balance sheet projections; and
- (ii) 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 Division at least 30 days prior to the beginning of that calendar year.

Liquidity Management

13. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan designed to improve management of the Bank's liquidity

position and funds management practices. The plan shall, at a minimum, address, consider, and include:

- (a) Measures to enhance the monitoring, measurement, and reporting of the Bank's liquidity to the board of directors;
- (b) reduced reliance on short-term wholesale funding, including brokered deposits; and
- (c) specific liquidity targets and parameters and the maintenance of sufficient liquidity to meet contractual obligations and unanticipated demands.

14. Within 60 days of this Agreement, the Bank shall revise and submit to the Reserve Bank and the Division an acceptable written contingency funding plan that, at a minimum, identifies available sources of liquidity and includes adverse scenario planning.

Dividends and Distributions

15. (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 (the "Director"), and the Division.

(b) Riverside shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director.

(c) Riverside and any nonbank subsidiary of Riverside shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(d) Riverside and its nonbank subsidiaries shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(e) All requests for prior written approval shall be received by the Reserve Bank and the Division at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on the Riverside's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and ALLL needs; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Riverside and the Bank must also demonstrate that the requested declaration or payment of dividends is 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, as to the Bank, compliance with Section 658.37, Florida Statutes.

Debt and Stock Redemption

16. (a) Riverside and its nonbank subsidiaries shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Riverside shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

Information Technology

17. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan to improve the Bank's information technology function which shall, at a minimum, address, consider, and include:

(a) Preparation and submission to the board of directors for approval an information security program and annual status report as required by Appendix D-2 to Regulation H of the Board of Governors (12 C.F.R., Part 208, App. D-2), designed to enable the Bank to meet all applicable requirements for protecting nonpublic customer information and to assist the Bank in making future appropriate adjustments to its information security safeguards; and

(b) development of an information technology audit program.

Investment Portfolio Management

18. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and the Division acceptable written policies and procedures to monitor and report on the condition of the Bank's investment portfolio. The policies and procedures shall, at a minimum, address, consider, and include a quarterly analysis of the credit quality and market valuations of the Bank's investment securities.

Compliance with Laws and Regulations

19. (a) Riverside shall take all necessary actions to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and its affiliates, including Riverside and its nonbank subsidiaries.

(b) Riverside and its nonbank subsidiaries shall not cause the Bank to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

20. 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, Riverside and 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 of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. §§ 225.71 *et seq.*) and the notice provisions of Section 655.0385, Florida Statutes, for directors and executive officers as defined in Section 655.005, Florida Statutes.

21. Riverside and 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).

Compliance with the Agreement

22. (a) Within 10 days of this Agreement, the boards of directors of Riverside and the Bank shall appoint a joint committee (the “Compliance Committee”) to monitor and coordinate Riverside’s and 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 Riverside and 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)). At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the boards of directors of Riverside and 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 Division 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 Independent Consultant

23. (a) The written plans, programs, and the identification of the independent consultant required by paragraphs 2, 5, 6, 8(a), 8(b), 9(c), 10, 11, 13, 14, 17, 18 of this Agreement shall be submitted to the Reserve Bank and the Division for review and approval. Acceptable plans and programs shall be submitted within the time periods set forth in the Agreement and an acceptable independent consultant shall be retained within the period set forth in paragraph 2 of the Agreement.

(b) Within 10 days of approval by the Reserve Bank and the Division, the Bank shall adopt the approved plans and programs. Upon adoption, Riverside and the Bank shall promptly implement the approved plans and programs.

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

Communications

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

- (a) Mr. Steve Wise
Assistant 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 32399-0370

- (c) Mr. Vernon Smith
Chairman of the Board
Riverside Gulf Coast Banking Company
1600 South U.S. Hwy 1
Fort Pierce, Florida 34950

Miscellaneous

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

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

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

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

29. 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) and by the Division pursuant to Sections 655.033 and 655.041, Florida Statutes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 28th day of October, 2008.

RIVERSIDE GULF COAST BANKING COMPANY

By: /s/ Vernon Smith
Vernon Smith
Chairman

FEDERAL RESERVE BANK
OF ATLANTA

By: /s/ Steve Wise
Steve Wise
Assistant Vice President

RIVERSIDE BANK OF THE GULF COAST

By: /s/ Vernon Smith
Vernon Smith
Vice Chairman

THE STATE OF FLORIDA
Office of Financial Regulation
Division of Financial Institutions

By: /s/ Linda B. Charity
Linda B. Charity
Director