

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

Written Agreement by and between

FLORIDA FIRST CITY BANKS, INC.  
Fort Walton Beach, Florida

and

FEDERAL RESERVE BANK OF ATLANTA  
Atlanta, Georgia

Docket No. 10-008-WA/RB-HC

WHEREAS, Florida First City Banks, Inc., Fort Walton Beach, Florida (“Florida First”), a registered bank holding company, owns and controls First City Bank of Florida, Fort Walton Beach, Florida (the “Bank”), a state chartered nonmember bank, and a nonbank subsidiary;

WHEREAS, it is the common goal of Florida First and the Federal Reserve Bank of Atlanta (the “Reserve Bank”) to maintain the financial soundness of Florida First so that Florida First may serve as a source of strength to the Bank;

WHEREAS, Florida First and the Reserve Bank have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on February 23, 2010, the board of directors of Florida First, at a duly constituted meeting, adopted a resolution authorizing and directing Robert E. Bennett, Jr. to enter into this Agreement on behalf of Florida First, and consenting to compliance with each and every provision of this Agreement by Florida First and its 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)).

NOW, THEREFORE, Florida First and the Reserve Bank agree as follows:

**Source of Strength**

1. The board of directors of Florida First shall take appropriate steps to fully utilize its financial and managerial resources, pursuant to Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4), to ensure that the Bank complies with the Cease & Desist Order entered into with the FDIC and the Florida Office of Financial Regulation on \_\_\_\_\_ and any other supervisory action taken by the Bank’s federal or state regulators.

**Dividends and Distributions**

2. (a) Florida First shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation (the “Director”) of the Board of Governors of the Federal Reserve System (the “Board of Governors”).

(b) Florida First 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.

(c) Florida First and its nonbank subsidiary 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.

(d) All requests for prior approval shall be received by the Reserve Bank 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 Florida First's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Florida First 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).

### **Debt and Stock Redemption**

3. (a) Florida First and its nonbank subsidiary 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) Florida First shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

### **Compliance with Laws and Regulations**

4. (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, Florida First 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.*).

(b) Florida First 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).

### **Progress Reports**

5. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

### **Communications**

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

- (a) Mr. Robert D. Hawkins  
Assistant Vice President  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470
  
- (b) Mr. Robert Bennett, Jr., President  
Florida First City Banks, Inc.  
135 Perry Avenue, SE  
Fort Walton Beach, Florida 32549

### **Miscellaneous**

7. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to Florida First to comply with any provision of this Agreement.

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

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

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

11. 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).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 26th day of February, 2010.

FLORIDA FIRST CITY BANKS,  
INC.

FEDERAL RESERVE BANK  
OF ATLANTA

By: /s/ Robert E. Bennett

By: /s/Robert D. Hawkins  
Mr. Robert D. Hawkins  
Assistant Vice President