

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK

ORDER NO.: 98-79

DATE: July 31, 1998

Republic Bancshares, Inc., St. Petersburg, Florida, a bank holding company (the "Applicant"), has applied for approval of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. §§ 1464(e) and 1828(c) and 12 C.F.R. §§ 552.2-1 and 563.22 for permission to organize and acquire Republic Bank, F.S.B., St. Petersburg, Florida (the "Savings Bank"), and for the Savings Bank to acquire the Brunswick, Georgia branch office of Barnett Bank, N.A., Jacksonville, Florida (collectively, "the Applications").

The Director or her designee (the "Director") has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1828(c) and 12 C.F.R. §§ 543.3, 552.2-1, and 563.22 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act, 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e.

In addition, the Director has considered a digest from the Southeast Regional Office, an analysis prepared by Corporate Activities and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the Director finds that the Applications satisfy the applicable approval standards provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The proposed transaction shall be consummated no earlier than 15 days nor later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director;
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Savings Bank shall certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the Savings Bank, and provided further that no additional information having an adverse bearing on any feature of the Applications has been brought to the attention of the Applicant, the Savings Bank or the OTS;
3. The Savings Bank shall obtain all required regulatory approvals prior to consummation, and will act to satisfy all requirements and conditions imposed by the OTS, and comply with all applicable laws, rules and regulations;
4. No later than 5 calendar days from the date of consummation of the proposed transaction, the Savings Bank shall file with the Regional Director, a certification by legal counsel stating the effective date of the proposed transaction and of the Savings Bank's insurance of accounts,

and that the transaction has been consummated in accordance with the provisions of all applicable laws and regulations, the Applications and this order;

5. The Savings Bank shall submit independent audit reports to the Regional Director for its first three fiscal years. These reports shall be in compliance with the audit rules set forth in 12 C.F.R. Section 562.4;
6. The Savings Bank shall operate within the parameters of its business plan. Any proposed major deviations or material changes from the plan, including those pertaining to Internet operations and the level of capital, shall receive the prior, written non-objection of the Regional Director. The request for change shall be submitted a minimum of 30 days before the proposed change is implemented;
7. Any material deviation from the Community Reinvestment Act Plan must be submitted to the Regional Director for review and non-objection. The revised plan should be submitted no later than 30 days prior to the desired implementation date;
8. No later than 5 calendar days from the date that the Savings Bank opens for business, the Chief Financial Officer shall provide a reconciliation of capital for the Savings Bank;
9. During the first three years of operation, any transactions between the Savings Bank and an affiliate shall be subject to a written agreement that must be submitted to the Regional Director for review and non-objection prior to execution and implementation;
10. The Savings Bank shall submit all of the required background information for the to-be-named outside director of the Savings Bank for OTS review and approval prior to the individual assuming the position on the board of directors;
11. The Savings Bank shall provide for the employment of senior executive officers who shall be charged with full administrative and managerial responsibilities of the Savings Bank under policies established by the board of directors. The performance of such individuals will be periodically reviewed and their continued employment will be subject to the Regional Director's approval for a period of three years;
12. The Savings Bank shall submit a legal opinion acceptable to the OTS Business Transactions Division stating that Georgia state law permits a Florida-chartered savings association to establish branches in Georgia, or submission of information demonstrating, to the satisfaction of the OTS, that the proposed branching otherwise complies with Section 5(r) of the HOLA; and
13. The Savings Bank's Year 2000 Project Management Program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC"), including the May 5, 1997 *FFIEC Year 2000 Project Management Awareness* statement, the December 17,

1997 FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk, the March 17, 1998 FFIEC Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness, the March 17, 1998 FFIEC Guidance Concerning the Year 2000 Impact on Customers, the April 10, 1998 Guidance Concerning Testing for Year 2000 Readiness, the May 13, 1998 Guidance Concerning Contingency Planning in Connection with Year 2000 Readiness, the May 13, 1998 Guidance on Year 2000 Customer Awareness Programs and any subsequent OTS or FFIEC Year 2000 guidance, regulations or other requirements.

By Order of the Director of the Office of Thrift Supervision, or her designee, effective

July 31, 1998



Richard M. Riccobono

Deputy Director