

AGREEMENT BY AND BETWEEN
First National Bank of Pasco
Dade City, Florida
and
The Comptroller of the Currency

First National Bank of Pasco, Dade City, Florida (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices relating to increasing credit risk at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
North Florida Field Office
5650 Breckenridge Park Drive
Suite 202
Tampa, Florida 33610

ARTICLE II

STRATEGIC AND CAPITAL PLAN

(1) Within ninety (90) days, the Board shall implement, and thereafter ensure Bank adherence to a written strategic and capital plan for the Bank covering at least a three-year period. The recently approved plan should be revised as needed based on the Bank’s financial conditions and any new events. The strategic and capital plan shall establish objectives for the Bank’s overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in the volume of nonperforming assets, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals;
- (b) an assessment of the Bank's present and future operating environment;
- (c) the development of strategic goals and objectives to be accomplished over the short and long term;

- (d) an identification of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in (1)(c) of this Article;
- (e) an evaluation of the Bank's internal operations, staffing requirements (including management succession) , board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under (1)(c) of this Article;
- (f) the development of capital trigger points based on risk upon which the Board will take additional action to maintain appropriate capital ratios;
- (g) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs and contingency plans that identify alternative methods should the primary source(s) not be available;
- (h) product line development and market segments that the Bank intends to promote or develop;
- (i) an action plan to improve Bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;
- (j) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan;
- (k) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;

- (l) specific plans to establish responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and
- (m) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the strategic plan.

(3) The Board shall review and update the Bank's plan on an annual basis, or more frequently if necessary. Any revisions to the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

ARTICLE III

BOARD OVERSIGHT

- (1) Within ninety (90) days, the Board shall provide each of the following:
 - (a) a recommended organization chart that clearly reflects areas of responsibility and lines of authority for all current and proposed officer positions (including Credit Risk Officer) and which considers the Bank's current and anticipated goals and objectives;
 - (b) a review of the Board's committee structure and an analysis of the responsibilities assigned to each committee; and,
 - (c) a performance appraisal program for evaluating the performance of the Chief Executive Officer/President, Chief Financial Officer, Senior Loan Officer

and Credit Risk Officer according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

(2) Within ninety (90) days, the Board shall assess the capabilities of the Bank's Chief Executive Officer/President, Chief Financial Officer and Senior Loan Officer, based on the officers' experience, other qualifications and performance compared to the newly revised position's description, duties and responsibilities. Within ninety (90) days upon hiring a Credit Risk Officer, the Board shall likewise assess this officer's performance compared to the position.

(3) The Board will make a determination as to whether existing staff has the capabilities to perform present and anticipated duties, taking into account the findings contained in the most recent Report of Examination. The Board will determine whether management changes will be made, including the need for additions to or deletions from current management.

(4) If the Board determines that an officer will continue in his/her position but that the officer's depth of skills needs improvement, the Board will, within thirty (30) days of determination, develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program to improve the effectiveness of the officer;
- (c) objectives by which the officer's effectiveness will be measured; and

(d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

(5) Upon adoption, a copy of the written programs required by this Article shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to all the programs developed pursuant to this Article.

(6) If a position mentioned in Paragraph (2) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in Paragraph (2) of this Article becomes vacant, the Board shall within thirty (30) days of concluding its review and assessment, including any realignment, fill any existing vacancy or new position by the appointment of a capable person to the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility.

(7) Prior to the appointment of any individual to an executive officer position, the Board shall submit to the Assistant Deputy Comptroller the following information:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" and "Background Investigations" booklets of the Comptroller's Licensing Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board's reasons for selecting the proposed officer;
and

(c) a written description of the proposed officer's duties and responsibilities.

(8) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

(9) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

(10) The Board will continue to ensure that the Bank has competent management in place on a full-time basis in its senior executive officer positions to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

ARTICLE IV

LOAN REVIEW AND PROBLEM LOAN IDENTIFICATION

(1) Within sixty (60) days, the Board or a designated committee shall establish an effective, independent, and on-going loan review system and internal officer grading system to review the Bank's loan and lease portfolios to assure the timely and accurate identification and categorization of nonaccrual loans and loans rated "Special Mention," "Substandard," "Doubtful," and "Loss." The system shall include, but not be limited to:

(a) an asset quality review scope that covers, on a semi-annual basis, a review of 100% of all retail loans that have been charged off or delinquent more than thirty (30) days in the past twelve (12) months and compare those findings with an extract of the entire residential loan portfolio; and,

- (b) procedures to maintain an independent loan review with expanded coverage, to include testing for the accurate treatment of nonaccrual status, timely recognition of loan impairment and inappropriate capitalization of interest and other expenses, where the frequency of the loan review will be commensurate with the risk in the loan portfolio and reports to the Board.

(2) The Board or a designated committee shall evaluate the loan and lease review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(3) Beginning immediately, the Board or a designated committee shall ensure that each loan officer assigns an appropriate risk rating for each loan in his/her respective portfolio, appropriately determines non-accrual status, and promptly initiates grading changes as circumstances warrant based upon:

- (a) Past due status, payment history, bankruptcy, or similar indicators; and/or
- (b) Lack of financial capacity indicated by current financial information and cash flow analysis.

ARTICLE V

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall, within ninety (90) days, develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management. The program shall include, but not be limited to:

- (a) procedures to ensure satisfactory and perfected collateral documentation, including updated evaluations and appraisals for problem loans consistent with regulatory guidance when there is deterioration in market conditions;

- (b) procedures to ensure timely recognition and reporting of loans identified as troubled debt restructures and as non-accrual as well as timely charge-offs;
- (c) procedures to facilitate timely annual reviews to validate accurate and timely internal risk ratings and loss recognition, as well as to reduce the level of financial statement and credit exceptions; and
- (d) procedures to ensure the accuracy of internal management information systems and the Consolidated Reports of Condition and Income, specifically as it relates to asset quality indicators and the allowance for loan lease losses.

(2) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to systems which provide for effective monitoring of compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function.

ARTICLE VI

LENDING POLICY

(1) Within sixty (60) days, the Board shall review and revise the Bank's written loan policy. In revising this policy, the Board shall refer to the "Loan Portfolio Management" booklet of the Comptroller's Handbook. This policy shall be revised to incorporate the following:

- (a) requirements for obtaining appraisals and evaluations for other real estate owned and any problem loan credits to determine the current loan to value and any related acquisition costs, for purposes of renewal, modification and ongoing portfolio monitoring;
- (b) criteria to ensure acceptable concentration limitations and monitoring are established; and,

- (c) measures to correct the deficiencies in the Bank's lending procedures with respect to ensuring compliance with OCC Bulletin 2000-20, the Retail Credit Classification Policy, particularly as it pertains to mobile home lending.

(2) Upon adoption, a copy of the written policies and procedures shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to all policies and procedures developed pursuant to this Article.

ARTICLE VII

CREDIT RISK

(1) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to reduce the high level of credit risk in the Bank. The program shall include, but not be limited to:

- (a) procedures to strengthen credit underwriting, particularly in the commercial and retail portfolios, including mobile home loans;
- (b) procedures to comply with *OCC Bulletin 2000-20 Uniform Retail Classification and Account Management*, as it pertains to the timeliness of impairment analysis of delinquent 1-4 family residential loans and manufactured homes; and,
- (c) procedures to strengthen management of lending operations and to maintain an adequate, qualified staff in all credit risk functional areas.

(2) The Board shall submit a copy of the program to the Assistant Deputy Comptroller.

(3) At least quarterly, the Board shall prepare a written assessment of the Bank's credit risk, which shall evaluate the Bank's progress under the aforementioned program. The Board shall submit a copy of this assessment to the Assistant Deputy Comptroller.

ARTICLE VIII

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination ("ROE"), in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners.

(2) Within ninety (90) days, the Board shall maintain a written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent ROE, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding two hundred fifty thousand dollars (\$250,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall continue to conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds two hundred fifty thousand dollars (\$250,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

(5) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis in a format similar to Appendix A, attached hereto.

(6) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners and whose aggregate loans or other extensions exceed two hundred fifty thousand dollars (\$250,000) only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and

records, in writing, why such extension is necessary to promote the best interests of the Bank; and

- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

ARTICLE IX

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (“Allowance”) and shall establish a program for the maintenance of an adequate Allowance. This review and program shall be designed in light of the comments on maintaining a proper Allowance found in the “Allowance for Loan and Lease Losses” booklet of the Comptroller’s Handbook, and shall focus particular attention on the following factors:

- (a) results of the Bank's internal loan review;
- (b) results of the Bank's external loan review;
- (c) an estimate of inherent loss exposure on each significant credit;
- (d) an estimate of inherent loss exposure on each criticized credit in excess of two hundred fifty thousand dollars (\$250,000);
- (e) loan loss experience;
- (f) trends of delinquent and nonaccrual loans;
- (g) concentrations of credit in the Bank; and,

(h) present and prospective economic conditions.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) A copy of the Board's program shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program.

ARTICLE X

CONSUMER COMPLIANCE RISK MANAGEMENT

(1) Within sixty (60) days, the Board shall update, adopt, and thereafter ensure adherence to improved compliance risk management systems designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules and regulations. The compliance risk management system shall include, but not be limited to:

- (a) updated and revised policies and procedures that address secondary review processes (specific to Overdraft Protection and Flood Disaster Protection Act (FDPA)) for use by appropriate Bank personnel in the performance of their duties and responsibilities;
- (b) designation of an effective and qualified Compliance Officer by the Board of Directors;

- (c) a secondary review process and audit program that will adequately test for compliance with consumer protection laws, rules and regulations, with an expanded scope including adequate testing of loans subject to the Flood Disaster Protection Act, Overdraft Protection program and escrow account procedures;
- (d) additional processes to ensure that exceptions noted in the audit reports are corrected and addressed by the appropriate Bank personnel in a timely manner; and,
- (e) additional training of all appropriate Bank personnel specific to the above noted areas to ensure compliance with the requirements of all federal and state consumer protection laws, rules and regulations.

(2) A copy of the Board's policies, procedures and program shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program.

ARTICLE XI

PROGRESS REPORTING - QUARTERLY

- (1) The Board shall submit quarterly progress reports to the Assistant Deputy Comptroller. These reports shall set forth in detail:
- (a) actions taken since the prior progress report to comply with each Article of the Agreement;
 - (b) results of those actions; and

(c) a description of the actions needed to achieve full compliance with each Article of this Agreement.

(2) The progress reports shall also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the Report of Examination or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending December 31, 2011, and will be due within thirty (30) days of that date. Thereafter, progress reports will be due within thirty (30) days after the quarter end.

ARTICLE XII

OTHER PROVISIONS

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are

amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner;
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions; and,
- (e) ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the programs developed pursuant to this Agreement.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as

a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set her hand on behalf of the Comptroller.

/S/
Marilyn A. Bueno
Assistant Deputy Comptroller
Tampa Field Office

9/27/2011
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/S/
R. Duane Anderson

9/27/2011
Date

/S/
A. P. Gibbs

9/27/2011
Date

/S/
John E. Henson

9/27/2011
Date

/S/
Steven D. Hickman

9/27/2011
Date

/S/
Marlene H. Mann

9/27/2011
Date

/S/
Paul P. Midili

9/27/2011
Date

/S/
Ernest L. Peoples

9/27/2011
Date