



Comptroller of the Currency
Administrator of National Banks

Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Conditional Approval #464
May 2001

April 24, 2001

Halcyon E. Skinner, Esq.
McGuire Woods LLP
Bank of America Tower
50 North Laura Street, Suite 3300
Jacksonville, Florida 32202-3661

Re: Purchase of Two Branches of Republic Bank, St. Petersburg, Florida by CNB National
Bank, Lake City, Florida CAIS # 2001-SE-02-0003

Dear Mr. Skinner:

This is to inform you that on April 24, 2001, the Office of the Comptroller of the Currency (“OCC”) conditionally approved the proposal for CNB National Bank, Lake City, Florida (“CNB”) to purchase certain assets and assume certain liabilities of the Live Oak, Florida branch and the Lake City, Florida branch of Republic Bank, St. Petersburg, Florida (“Republic”). A copy of the OCC’s decision document is enclosed.

This conditional approval is granted based on a thorough review of all information available, including commitments and representations made in the application, the merger agreement, and those of your representatives. This conditional approval and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

This application is subject to the condition that CNB shall comply with its agreement with the Department of Justice dated March 19, 2001.

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The condition of this approval is a condition “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

If the bank is subject to 12 CFR 11, you are reminded to submit any required preliminary proxy materials or information statement to the OCC’s Securities and Corporate Practices Division. Otherwise, you are reminded to submit definitive copies of the proxy materials or information statement sent to the appropriate district office at the same time they are distributed to the shareholders.

The steps to complete the purchase and assumption are contained in the Business Combination booklet.

As a reminder, the district office must be advised in writing in advance of the desired effective date for the purchase and assumption so that the OCC may issue the necessary certification letter.

The effective date must be after the applicable Department of Justice injunction period (i.e., 15 days after the date of this letter) and after receipt of any other required regulatory approvals.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- 1) A Secretary’s Certificate for each institution, certifying that a majority of the board of directors approved.
- 2) An executed purchase and assumption agreement with Articles of Association for the resulting bank attached.
- 3) A Secretary’s Certificate from each institution, certifying that the shareholder approvals have been obtained, if required.

If the purchase and assumption is not consummated within one year from the approval date, the approval shall automatically terminate unless the OCC grants an extension of the time period.

If you have questions, please contact Debra M. Burke at 404-588-4525.

Sincerely,

-signed-

John O. Stein, II
Licensing Manager

Decision Document

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE AND ASSUME TWO BRANCHES OF REPUBLIC BANK, ST. PETERSBURG, FLORIDA BY CNB NATIONAL BANK, LAKE CITY, FLORIDA, UNDER THE CHARTER AND TITLE OF CNB NATIONAL BANK.

Introduction

On January 22, 2001, application was made to the Comptroller of the Currency for prior authorization to purchase and assume two branches of Republic Bank, St. Petersburg, Florida by CNB National Bank, Lake City, Florida, under the charter and title of CNB National Bank. This application was based on an agreement entered into between the proponents on December 20, 2000.

Participating Financial Institutions

As of October 31, 2000, the two branches of Republic Bank ("Republic"), a state-chartered institution, subject to the Purchase and Assumption Agreement, had total deposits of \$64 million. On November 30, 2000, CNB National Bank ("CNB") had total deposits of \$356 million and operated 13 offices. CNB is 100% owned and controlled by CNB Florida Bancshares, Inc., a one-bank holding company.

Competitive Analysis

The relevant geographic markets for this proposal are Columbia and Suwannee Counties, Florida. These counties are relevant and separate banking markets (as defined by the Federal Reserve Bank of Atlanta, Georgia), where competition between CNB and Republic is direct and immediate.

As of June 30, 2000, in Columbia County, CNB ranks first with approximately \$112 million in deposits or 28 percent market share of total deposits. Republic ranks fifth with approximately \$35 million in deposits or 9 percent market share of total deposits. After the transaction, CNB will have a 37 percent market share of total deposits and continue to rank first. After the elimination of Republic from the Columbia market CNB will compete with five other banking alternatives. These alternatives include one large institution and four local banks.

As of June 30, 2000, in Suwannee County, CNB ranks third with approximately \$47 million in deposits or 16 percent market share of total deposits. Republic ranks last with approximately \$31 million in deposits or 10 percent market share of total deposits. After the transaction, CNB will have a 27 percent market share of total deposits and rank second in the market. After the elimination of Republic from the Suwannee market CNB will compete with three other banking alternatives. These alternatives include one large institution and two local banks. For each County, the OCC carefully considered the report of the Department of Justice, which similarly found the proposed transaction would not have a significant adverse effect on

competition subject to its letter of agreement with CNB.¹ Therefore, consummation of this proposal will not have a significantly adverse effect on competition in the relevant geographic market provided that CNB complies with its agreement with the Department of Justice.

Banking Factors

The Bank Merger Act requires the OCC to consider “...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served.” We find that the financial and managerial resources of Republic and CNB do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served. The customers of CNB and Republic will benefit from access to a larger branch network in Columbia and Suwannee Counties. In addition, the customers of Republic will have access to additional products/services that are not currently offered by Republic. There will be at least two branch closings as a result of the transaction. The branches have not been identified as of this date. Written notice of the closings was provided in the newspaper notice to the public in accordance with OCC policy.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed no evidence that the applicants’ records of helping to meet the credit needs of their communities, including low-and moderate-income neighborhoods, is less than satisfactory.

¹ In reaching this conclusion, the Department of Justice relied on commitments by CNB in a March 19, 2001 letter of agreement. CNB agreed that, for a period of three months prior to selecting a buyer or lessor for a branch closed as a result of the subject transaction, it will issue a notice on a weekly or bi-weekly basis in a relevant industry publication(s), as approved by the Department of Justice, for the sale or lease of the branch. CNB agrees that it will provide a copy of the notice to the Department before publication. CNB further agrees that, during the notice period, it will accept offers from commercial banks that are equivalent to, or better than, offers from non-bank bidders, and will give interested banks an opportunity to meet or exceed outstanding offers from non-bank bidders. In addition, CNB will not impose any conditions in deeds or lease agreements that would preclude the future use of any of the closed branches by a commercial bank. These commitments apply to any of the branches closed in Columbia and Suwannee Counties, Florida, and will remain in effect for a period of three years following the consummation of the subject transaction.

In addition, CNB agrees that it will suspend the operation of any existing non-compete agreements and to not enter into any new non-compete agreements with any current CNB or Republic loan officer or branch manager in Columbia and Suwannee Counties, Florida. These commitments will remain in effect for a period of 180 days following consummation of the subject transaction.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 USC 1828(c)) and/or 12 CFR 5.33, and find that it will not significantly lessen competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application, 2001-SE-02-0003, is approved subject to the condition noted in a separate letter to CNB from the OCC, dated April 24, 2001.

-signed-

John O. Stein, II
Licensing Manager

Dated: 04-24-01

ACN #2001 SE 02 0003