

**Annual Disclosure Statement**

**DECEMBER 2010**

**for FFIEC 041 Bank First Florida Bank**

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.  
Federal Deposit Insurance Corporation Format (FFIEC 041)

## Balance Sheet

(Dollar Amounts in Thousands)

ASSETS	December 31,	
	2010	2009
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	2,398	4,395
Interest-bearing balances	15,594	10,441
Securities:		
Held-to-maturity securities	0	0
Available-for-sale securities	53,198	2,919
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold	4,800	4,710
Securities purchased under agreements to resell	0	0
Loans and lease financing receivables:		
Loans and leases held for sale	1,278	218
Loans and leases, net of unearned income	78,865	76,067
LESS: Allowance for loan and lease losses	2,369	4,076
Loans and leases, net of unearned income and allowance	76,496	71,991
Trading assets	0	0
Premises and fixed assets (including capitalized leases)	2,240	1,006
Other real estate owned	4,219	2,514
Investments in unconsolidated subsidiaries and associated companies	0	0
Direct and indirect investments in real estate ventures	0	0
Intangible assets:		
Goodwill	0	0
Other intangible assets	0	0
Other assets	2,437	1,320
<b>Total assets</b>	<b>162,660</b>	<b>99,514</b>

continued.....

## Balance Sheet

(Dollar Amounts in Thousands)

## LIABILITIES

December 31,

2010

2009

	2010	2009
Deposits:		
In domestic offices	141,567	86,544
Noninterest-bearing	20,481	4,792
Interest-bearing	121,086	81,752
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased	0	0
Securities sold under agreements to repurchase	0	0
Trading liabilities	0	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	0	4,000
Subordinated notes and debentures	0	0
Other liabilities	376	1,029
<b>Total liabilities</b>	<b>141,943</b>	<b>91,573</b>

## EQUITY CAPITAL

Perpetual preferred stock and related surplus	0	0
Common stock	6,340	8,753
Surplus (exclude all surplus related to preferred stock)	24,934	9,297
Retained earnings	(9,389)	(10,109)
Accumulated other comprehensive income	(1,168)	0
Other equity capital components	0	0
<b>Total Bank equity capital</b>	<b>20,717</b>	<b>7,941</b>
Noncontrolling (minority) interests in consolidated subsidiaries	0	0
<b>Total equity capital</b>	<b>20,717</b>	<b>7,941</b>
<b>Total liabilities and equity capital</b>	<b>162,660</b>	<b>99,514</b>

continued.....

## Income Statement

(Dollar Amounts in Thousands)

December 31,

	2010	2009
Interest Income:		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties	1,163	796
All other loans secured by real estate	2,707	2,760
Commercial and industrial loans	797	610
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	1	0
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	71	33
Loans to foreign governments and official institutions	0	0
All other loans	0	0
Total interest and fee income on loans	4,739	4,199
Income from lease financing receivables	0	0
Interest income on balances due from depository institutions	48	270
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	454	44
Mortgage-backed securities	115	59
All other securities (includes securities issued by states and political subdivisions in the U.S.)	241	0
Interest income from trading assets	0	0
Interest income on federal funds sold and securities purchased under agreements to resell	18	6
Other interest income	0	0
Total interest income	5,615	4,578
Interest expense:		
Interest on deposits:		
Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	40	30
Nontransaction accounts:		
Savings deposits (includes MMDAs)	498	406
Time deposits of \$100,000 or more	765	654
Time deposits of less than \$100,000	434	823
Expense of federal funds purchased and securities sold under agreements to repurchase	0	0
Interest on trading liabilities and other borrowed money	11	6
Interest on subordinated notes and debentures	0	0
Total interest expense	1,748	1,919
Net interest income	3,867	2,659
Provision for loan and lease losses	587	5,829

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## Income Statement

(Dollar Amounts in Thousands)  
December 31,

	2010	2009
Noninterest income:		
Income from fiduciary activities	0	0
Service charges on deposit accounts	171	90
Trading revenue	0	0
Fees and commissions from securities brokerage	0	0
Investment banking, advisory, and underwriting fees and commissions	0	0
Fees and commissions from annuity sales	0	0
Underwriting income from insurance and reinsurance activities	0	0
Income from other insurance activities	0	0
Venture capital revenue	0	0
Net servicing fees	0	0
Net securitization income	0	0
Net gains (losses) on sales of loans and leases	600	305
Net gains (losses) on sales of other real estate owned	(337)	(475)
Net gains (losses) on sales of other assets (excluding securities)	0	0
Other noninterest income	237	49
Total noninterest income	671	(31)
Realized gains (losses) on held-to-maturity securities	272	0
Realized gains (losses) on available-for-sale securities	0	(4)
Noninterest expense:		
Salaries and employee benefits	1,746	1,721
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	668	839
Goodwill impairment losses	0	0
Amortization expense and impairment losses for other intangible assets	0	0
Other noninterest expense	1,674	1,717
Total noninterest expense	4,088	4,277
Income (loss) before income taxes and extraordinary items, and other adjustments	135	(7,482)
Applicable income taxes	0	0
Income (loss) before extraordinary items and other adjustments	135	(7,482)
Extraordinary items and other adjustments, net of income taxes	0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests	135	(7,482)
LESS: Net income (loss) attributable to noncontrolling (minority) interests	0	0
Net income (loss) attributable to bank	135	(7,482)

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## Income Statement

(Dollar Amounts in Thousands)

December 31,

MEMORANDA:

	2010	2009
Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes _____	0	0

*The following item to be completed by banks with \$1 billion or more in total assets:*

Income from the sale and servicing of mutual funds and annuities _____	N/A	N/A
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Income on tax-exempt loans and leases to states and political subdivisions in the U.S. _____	0	0
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Income on tax-exempt securities issued by states and political subdivisions in the U.S. _____	0	0
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Number of full-time equivalent employees at end of current period _____	31	20
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*The following item is to be completed by:*

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans.

Interest and fee income on loans to finance agricultural production and other loans to farmers _____	N/A	N/A
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Trading revenue (from cash instruments and derivative instruments)  
(To be completed by banks that reported average trading assets of \$2 million or more for any quarter of the preceding calendar year.):

Interest rate exposures _____	N/A	N/A
Foreign exchange exposures _____	N/A	N/A
Equity security and index exposures _____	N/A	N/A
Commodity and other exposures _____	N/A	N/A
Credit exposures _____	N/A	N/A

Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:

Net gains (losses) on credit derivatives held for trading _____	0	0
Net gains (losses) on credit derivatives held for purposes other than trading _____	0	0

*The following item to be completed by banks with \$300 million or more in total assets:*

Credit losses on derivatives _____	N/A	N/A
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Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year? _____	<b>YES / NO</b>	<b>YES / NO</b>
	NO	NO

*The following item is to be completed by banks that are required to complete Schedule RC-C, part I, Memorandum items 8.b and 8.c.*

Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)) _____	N/A	N/A
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*The following items are to be completed by banks that have elected to account for assets and liabilities under a fair value option.*

Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:

Net gains (losses) on assets _____	N/A	N/A
Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk _____	N/A	N/A
Net gains (losses) on liabilities _____	N/A	N/A
Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk _____	N/A	N/A

continued.....

### Income Statement

(Dollar Amounts in Thousands)

MEMORANDA:

December 31,

2010

2009

Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities:

Total other-than-temporary impairment losses	0
Portion of losses recognized in other comprehensive Income (before Income taxes)	0
Net impairment losses recognized in earnings	0

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## Changes in Equity Capital

(Dollar Amounts in Thousands)  
December 31,

	2010	2009
Total bank equity capital most recently reported at the end of the prior year		
Reports of Condition and Income	7,941	15,391
Restatements due to corrections of material accounting errors and changes in accounting principles	0	0
Balance end of previous calendar year as restated	7,941	15,391
Net income (loss) attributable to bank	135	(7,482)
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	13,809	36
Treasury stock transactions, net	0	0
Changes incident to business combinations, net	0	0
LESS: Cash dividends declared on preferred stock	0	0
LESS: Cash dividends declared on common stock	0	0
Other comprehensive income	(1,168)	(4)
Other transactions with parent holding company	0	0
<b>Total bank equity capital end of current period</b>	<b>20,717</b>	<b>7,941</b>

## Changes in Allowance for Loan and Lease Losses

Balance most recently reported at the end of the prior year		
Reports of Condition and Income	4,076	962
Recoveries	153	4
LESS: Charge-offs	2,447	2,720
LESS: Write-downs arising from transfers of loans to a held-for-sale account	0	0
Provision for loan and lease losses	587	5,829
Adjustments	0	0
<b>Balance end of current period</b>	<b>2,369</b>	<b>4,075</b>

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Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2010 2009

Loans secured by real estate:

Construction, land development, and other land loans:		
1-4 family residential construction loans	0	0
Other construction loans and all land development and other land loans	0	0
Secured by farmland	0	0
Secured by 1-4 family residential properties:		
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0	0
Closed-end loans secured by 1-4 family residential properties		
Secured by first liens	0	0
Secured by junior liens	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	0	0
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	0	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	0	0
Loans to foreign governments and official institutions	0	0
All other loans	0	0
Lease financing receivables	0	0
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0	0
Loans and leases reported above which are wholly or partially guaranteed by the U.S. Government	0	0
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	0	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0	0

MEMORANDA:

Restructured loans and leases included in Schedule RC-N, items 1 through 8.		
Loans secured by 1-4 family residential properties	0	0
Other loans and all leases	0	0
Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
<i>The following four items are to be completed by banks with \$300 million or more in total assets:</i>		
Loans secured by real estate to non-U.S. addressees (domicile)	N/A	N/A
Loans to and acceptances of foreign banks	N/A	N/A
Commercial and industrial loans to non-U.S.addressees (domicile)	N/A	N/A
Leases to individuals for household, family, and other personal expenditures	N/A	N/A
<i>The following item is to be completed by:</i>		
• banks with \$300 million or more in total assets		
• banks with less than \$300 million or more in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans:		
Loans to finance agricultural production and other loans to farmers	N/A	N/A
Loans and leases held for sale and loans measured at fair value	0	0
Loans measured at fair value:		
Fair value	0	0
Unpaid principal balance	0	0
<i>The following item is to be completed by banks with \$300 million or more in total assets:</i>		
Derivative contracts:		
Fair value of amounts carried as assets	N/A	N/A

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**Past Due and Nonaccrual Loans, Leases, and Other Assets**

(Dollar Amounts in Thousands)

**Nonaccrual:**

December 31,

**2010**

**2009**

Loans secured by real estate:

Construction, land development, and other land loans:		
1-4 family residential construction loans	0	0
Other construction loans and all land development and other land loans	874	1,437
Secured by farmland	0	0
Secured by 1-4 family residential properties:		
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0	0
Closed-end loans secured by 1-4 family residential properties:		
Secured by first liens	0	1,215
Secured by junior liens	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	164	1,148
Loans secured by other nonfarm nonresidential properties	0	419
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	8	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	0	0
Loans to foreign governments and official institutions	0	0
All other loans	0	0
Lease financing receivables	0	0
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0	0
Loans and leases reported above which are wholly or partially guaranteed by the U.S. Government	0	0
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	0	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0	0

**MEMORANDA:**

Restructured loans and leases included in Schedule RC-N, items 1 through 8:		
Loans secured by 1-4 family residential properties	0	0
Other loans and all leases	0	0
Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
<i>The following four items are to be completed by banks with \$300 million or more in total assets:</i>		
Loans secured by real estate to non-U.S. addressees (domicile)	N/A	N/A
Loans to and acceptances of foreign banks	N/A	N/A
Commercial and industrial loans to non-U.S. addressees (domicile)	N/A	N/A
Leases to individuals for household, family, and other personal expenditures	N/A	N/A
<i>The following item is to be completed by:</i>		
• banks with \$300 million or more in total assets		
• banks with less than \$300 million or more in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans:		
Loans to finance agricultural production and other loans to farmers	N/A	N/A
Loans and leases held for sale and loans measured at fair value	0	0
Loans measured at fair value:		
Fair value	0	0
Unpaid principal balance	0	0
Additions to nonaccrual assets during the quarter	385	2,959
Nonaccrual assets sold during the quarter	0	0

I do hereby attest that this Disclosure Statement has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct in the best of my knowledge and belief.

*A. Ross Kraft*  
 Officer's Signature

*CFO*  
 Officer's Title

*JANUARY 20, 2011*  
 Date